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<b>Speakers:</b>	Kai Telanne, CEO Juha Nuutinen, CFO
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## PRESENTATION

### Elina Kukkonen, Alma Media

Good morning ladies and gentlemen, and welcome to join this interim report session of the second quarter and first half of Alma Media. My name is Elina Kukkonen and I'm responsible for the brand and communications here at Alma. We will begin the presentation shortly. First, our CEO will highlight the overall business performance of Alma's second quarter and the three business segments, and he will also pay attention on the effects of COVID-19 pandemic on Alma's business as well as the measures taken to mitigate the decline so far.

Kai Telanne will be followed by our CFO, Juha Nuutinen and he will go through the financials and the balance sheet of Alma Media. And then after that Kai Telanne will round up the second quarter and few words about the operating environment as well as the strategies of Alma.

And as usual, you are more than welcome to present any questions. We take questions first from our premises Alma House and then the conference call questions and typed online questions. So, don't hesitate to ask. We are happy to answer all your questions today so once again welcome. We all set and please, Mr Kai Telanne, CEO of Alma Media.

### Kai Telanne

Thank you, Elina. Good morning everybody. Good to see you here safe and healthy during these peculiar times. We had quite a strange second quarter, as noticed perhaps. There are good and bad. As we expected, the revenues went down significantly - 18%, 12 million euros. But happily, due to a very extensive cost savings initiatives in all business units and businesses, our profitability went down only 2 million euros.

As announced before, we did deploy a quite extensive cost savings procedure, straight after the COVID-19 emerged all over the place. We started to plan a three-step approach. And the first step was to take care of the security, healthy, and safety of the employees. And of course,

we concentrated more or less on the business continuity. That was the first step, and at that time we planned also different kind of scenarios for the year and for the new next normal, maybe.

We did move the whole company to remote work in a few days. That went quite well and since then we have been working more or less remotely in every country and we are starting to come back to the offices step by step after the summer holidays. That is the current plan.

We have proceeded according to the plan, more or less with the cost savings procedures. But the execution has been even better than expected, and that's just the key reason for a good result for the second quarter. Mainly those cost savings are coming from different kind of marketing expenses, personnel costs, like temporary layoffs, external purchases and different kind of postponements of non-critical development projects, of course, that we need to do.

Unfortunately, the uncertainty continues. We are and have seen some signs of recovery in every market. But still the environment is difficult and unstable, more or less, and the visibility remains very weak. But a good thing here is that we succeeded to divest some businesses, and because of a good cash flow and development of continuing businesses in previous months and years, our balance sheet is very solid. So, we are in a very good position to rebound from this crisis by the end of the year or during the next years.

On the right side of the slides you can see how the revenue changed during this COVID-19. This is the pure COVID change, and effect on different markets and businesses. And on the right side, the cost adjustments that we made in different businesses and the total amount of 8.4 million euros of cost savings during the second quarter.

As mentioned, there was a clear decline in revenue in all businesses, but quite a good developing of profitability still because of the cost savings and we ended up with the operating profit to 9.8 million euros, which is 2 million less than previous year, which was the all-time high year, by the way.

Digital business continued to - or its share continued to grow as expected, but quite a heavy decline also in digi business came mainly from Finland and from recruiting services abroad. Now, I'm going to go up more to the development of different business segments. Try to take a short deep diving in different businesses and after that CFO Juha Nuutinen will continue with the finances and the balance sheet issues.

Alma Markets as you already know is the biggest contributor of our profitability and growth, has been in that position for years now. There was a significant decline in revenues of 24%. That was pretty much as expected, but the profitability went down only by 28% because of good cost savings procedures. The profitability or the adjusted operating margin stayed at a very healthy 36.3% level.

Recruitment service is very important here. Two thirds of the revenues of that segment coming from recruitment services from 10 countries, housing around one fifth and then cars around 10%. Housing and cars business had been more resilient to the revenue decline. Cars almost at last year's level, and the houses, 13% minus.

Alma Talent was quite resilient on a profitability side, 12.4% operating margin. It was at last year's level. Quite a good performance there. Revenues went heavily down due to the advertising sales in Finland, but also because of the education and events businesses were more or less shutdown because of the lockdowns of the society. But because of a diversified sales mix and business mix, the other businesses performed quite well during the second quarter, like books, digital premises especially in Sweden and direct marketing. Quite a remarkable achievement there during the second quarter.

Very nice growth on digital subscription sales, 46%, which means that the good growth of digital subscriptions have continued from last year's level, still going nicely up, which is the reason for being able to keep the content revenues on Alma Talent segment at last year's level.

Adjusted operating profit, 2.8 million euros, went 15% down but operating margin at healthy last year's level. And then finally, Alma Consumer, which suffered mostly in our company of the very weak advertising market in Finland. In that segment, advertising fell 32%. The print advertising more than 50%. Content sales due to the decline in talent, the single copy sales, 13%. Luckily the decline has slowed down a little bit after the beginning of the quarter, but still it's going down.

The smallest digital services like Etua.fi performed well. We have some new - What happened? This scene here that went down, but no problem.

So, the consumer profitability was heavily down to 5.5% operating margin. Revenues down from 12.3 to 9.8 million euros. So, there we have the biggest concern and that's related to the Finnish - more or less to the Finnish advertising market or the local or global advertising market as well.

So, these were the highlights of different segments and the brief outlook or the summary of corporate second quarter. Now I give the stage to Juha Nuutinen, who will present you the financial position of the company and after that I will continue, as Elina told you, with some strategy issues and the outlook of the full year.

## Juha Nuutinen

Yes, thank you and good morning also on my behalf. In my presentation I'll focus on balance sheet issues and as well as cash flow comments.

Of course, the biggest event in the second quarter was the sale of our regional media and printing business and it affected heavily on our financial position and like you can see our net cash is 57 million at the moment and including that we paid also dividends with 37 million in May. So, that change was pretty a strong one.

We have at the moment, liabilities, 40 million, which is totally coming from the leasing liabilities. Now our equity ratio is 71% so it tells you that we have pretty strong balance sheet at the moment. However, this cash flow was not the strong one in this quarter and there's several reasons behind that. We had 3 million, little more than 3 million operating cash flow, and it's decreased quite a lot compared to the last year second quarter.

One of the biggest reason is discontinued operations because Regional Media had - April and May is pretty strong months from the regional media point of view, and June and because they are now missing from May and June, so that affected quite a lot. But also of course our weaker result is affecting also to our cash flow.

And in addition to our new recruitment business there are customer invoicing levels are much lower level at the moment than previous years, that's also affecting though, so that there are several reasons, but we are not so worried about it because this is, we know that it will be recovering and cash flow will be stronger in coming quarters.

Of course, this regional business sale was affecting heavily in our investment cash flow and there was a strong positive effect in that side. We had not so many capex investments in the second quarter. So, 1.3 million is the level from six months capex at the moment. Of course,

we are expecting that our result will be weaker in the second half this year, so this will have also affects to our cash flow, but not so much than it was in this quarter.

Many questions has been asking to us that do we have any credit losses or what we are - can we see that the credit loss risks are increasing somehow? But we can answer that there is not any major changes in our overdue receivables. So, we don't see any big increase in our credit loss risks at the moment and also we don't see any major evidence for impairment risk as well so our balance sheet is strong also from that point of view.

This is the graph which we haven't show you previously, but explanation for this is that we have said in interim report that our recruitment business revenue decreased by 29%, but the invoicing decreased 44% and this comes pretty much the way how we are doing business in recruitment business. This case comes from LMC which is our Czech operation and its 50% of our recruitment business so that's the reason why we take this as a case example here.

When we sell to customers, we are selling packages from one month to 12 month packages and there are quite a lot differences between our revenue recognition and compared to our invoicing levels and like you can see in Czech operation, we had mostly in our invoicing comes in January and February.

Then you can see quite sharp increase in those months, and we are doing the revenue recognition based on time, time-based revenue recognition, and that's why our revenue has been decreased much less in the second quarter than the invoicing like you see that in March, April and May, the invoicing levels has been really low and that's one of the reasons why we have estimated that our second half this year will be also, from revenue point of view, will be also lower than the last year even if the market could recover somehow, even if the invoicing levels would be higher in the third quarter or fourth quarter, we will see a revenue decrease as well in the second half because the lower invoicing levels in the second quarter will affect to our revenue also in the second part of the year, so that's good to understand, that the revenue, how the revenue recognition model works in our case.

Then the earnings per share, this is quite interesting graph also because of course the capital gain of 59 million from the regional media sales affected heavily to our earnings per share, so the total earnings per share was 0.76 cents and earnings per share from continuing operations was four cents. They are one adjusted items in the second quarter in continuing operations, and that was our sale of Swedish media business, and that affected negatively 2.9 million euros in our profit and loss.

But still, that's, in total if you calculate the first half we have 0.97 cents earnings per share. We haven't changed our long term financial targets. Of course, this corona epidemic will affect heavily to our digital business growth and that's why we have to see over the coronavirus case and our long term financial targets are still valid after the corona crisis.

Return on investments is 66%, and of course the capital gain is affecting here. We haven't divided our return on investments into continuing or discontinued operations.

So, that was the part of the balance sheet and cash flow and Kai will continue the operating environment.

## Kai Telanne

Thank you, Juha. Our business will live more or less hand in hand with the underlying economies, as we have noticed from previous years. And that's why we want to show you the current forecast of the underlying economies of the countries where we are doing business.

Of course, the Finnish one on the left side. The current estimate from the European Commission is minus 6.3%, and it's pretty much over the line for other countries as well, 6 to 10% minus this year. But then the question is that how will we recover from this? What is the next new normal? Are we going to have this kind of V-like shape recovery as some expect or do we have that kind of L-shaped recovery or slow recovery that we used to have in Finland after previous crises, like 1990s or 2000 or 2008?

So, the Finnish economy has been the worst one to recover for these kind of crises and the Eastern European countries have been more or less picking up faster than we, but you never know. There are different situations, of course, because of this crisis like Croatia which is heavily dependent on tourism and travelling. If the lockdowns are going to continue concerning travelling, for example, it takes time for Croatia to recover, but on the other hand like we have seen in Czech Republic or Sweden, the recovery has been faster, and it's been already seen there. But nevertheless, this is the environment that we have to expect.

Everybody is waiting for slow-ish, I could say slow-ish recovery compared to this year and with these figures it means that by the end of next year we won't be at - on GDP level, we won't be at the level of 2019 so we will get back several years with the GDP levels.

So, the point here is that we are preparing different kind of scenarios for our businesses and for the company. So, we are preparing a scenario for quick recovery, for a slow recovery and something in between. And they're different initiatives in different scenarios, of course and mostly the difference between these scenarios will tell about the speed of the development of our digital businesses, or the investment levels of different businesses more than ever of those. At the moment we don't see any reason for changing their strategy of ours at the moment.

Finnish ad market has been really bad. This is quite a similar situation in every European country, all over the world actually. But as we have seen during May and especially June, the decline has slowed down. I wouldn't call this a recovery with the minus of 30%, not yet. That's not recovery in our minds, but the decline has slowed down.

And of course, hand in hand with the openings of the societies and the businesses, the ad market will pick up. We know that there's a huge demand for - a need for advertising in different businesses. But of course, if there is not the needed demand of their businesses, the ad market won't go up.

We haven't seen any big changes in market shares in Finland. This is the big picture. This is from online advertising, which is the core of our strategy. Our market share has been stable during this crisis and we don't expect very rapid changes in that.

We have seen the older segments or sectors, advertising sectors, contracting heavily during the crisis. Of course, those sectors who suffered most due to the lockdown like tourism and entertainment, different kind of events, they went out from the advertising market almost totally and then retail and tele, which didn't suffer that much, or some of them like food retail even grew, take some money out, out or off from the ad budgets.

Totally second quarter almost 40% minus, pretty much as we expected to happen when the crisis began. Recruitment is of course important for us, not only for Finnish market but overall. Quite a similar development in all European markets and the revenues of ours went down according to these markets as well.

All right, as Juha told you, we finalised the divestment of our regional news media business to Sanoma at the end of April, got all the money and the cash and then the other divestment of print businesses happened in Sweden where we discontinued and divested our Ny Teknik, Lag & Avtal, Arbetarskydd, Personal & ledarskap and Teknikhistoria, all those print businesses to different parties. Many to the New Technology Media Group.

As you remember earlier this year, we already divested Affärsvärlden to Börsplus Ab, which means that that by now we have only digital businesses in Sweden, which is the object we should. Commercial real estate business, which is growing nicely and in a very, very profitable way. That's good. Dagens Media we sold in 2018 to Bonnier Business Media.

As Juha explained you, the expectations for the recruitment revenue development is affecting also to our outlook. In addition to the uncertainty of the operating environment and the poor visibility, we expect that due to the revenue recognition and the invoicing of the recruitment business we expect that the full year revenue will decline and due to that also the adjusting operating profit will decline. That shouldn't be any surprise for everybody, even though the market is slowly picking up, the speed is too slow for our businesses and revenues, our profitability to reach last year's level.

Despite the COVID crisis, we don't see any reason for changing the strategy, which means we are continuing to invest in growing our marketplaces businesses all over Europe, mainly in Central, Eastern Europe and Finland. We are continuing to leverage the professional media and services business, especially in Finland, maybe also in the other Nordic countries and thirdly we are developing different kind of digital consumer services around Iltalehti Consumer media. That is the broad level focus of our digital strategy.

We have some very important fundamentals for driving growth and value. Of course, the solid financial base, the balance sheet is one of the key elements, as Juha told you, we have quite a good situation, 71% equity ratio and room for 200- 250 million euros of new investments.

But then on business level, the key driver is the very good and wide audience that we have on daily basis on financial media and consumer media as well in Finland and of course, for those specific verticals in different countries. And the idea is to monetise this audience as good as possible and to drive the audience towards higher ARPU businesses, like different kind of digital paid services.

And of course, one of the key element doing this is the good data that we are getting and the good data capabilities that we have in the company at the moment and the good capability of leverage those skills inside the company. Of course, there will emerge new needs for data exploitation all the time, but we have a good stance for doing that.

So, the key target is to maintain the leading position in those marketplaces or in those marketplaces or vertical businesses that we are in, which means houses and premises, cars, recruitment especially and the same on business to business side. We are still - after this crisis we are waiting for double-digit growth of digital content and service revenues as well, and by doing that, we will keep our very good position in all the markets that we have at the moment.

So, that's in a nutshell, more or less, the current situation after the second quarter, and now we are more than happy to answer any question that you might have here in Alma House or online, so please post your questions. Juha and I, we are ready to answer your questions.

## Q&A

### Pia Rosqvist

Hi, this is Pia Rosqvist from Carnegie. With regards to your cost savings achieved in the second quarter, what is the outlook for the remainder of the year? Are you expecting to keep those cost savings in the second half as well?

### Kai Telanne

Yeah, that's a very good question. That depends very much on the market development. So, as I told you, we have different scenarios and different initiatives according to those scenarios and if there will be an increasing demand of our services and advertising, we might lose some costs or invest in marketing or that kind of measures. So, we will carefully follow the market development and decide step by step what to do with the costs.

And that is of course related to the revenue expectations, more or less. But having said that, it means that if we are going to see like the second phase of the pandemic coming in the autumn, we have room for cost savings and we have also room for increased cost savings, if needed. I sincerely hope that we don't need to do that or do that kind of thing, but you never know in this situation.

### Pia Rosqvist

Okay, thank you. Then with regards to your strategy and presence in Sweden now, when you exited the print media, what is your plans - what are your plans going forward?

### Kai Telanne

Well, at the moment we are concentrating on the business real estate digital business. We are investigating all the Scandinavian markets also, as well as the Eastern European markets in those areas that we have the best knowledge - like different kind of verticals. That is the current setup for this.

### Pia Rosqvist

Okay, thank you and then if I continue with the M&A pipeline now during the coronavirus, any changes there? Any changes to pricing or valuation?

## Kai Telanne

Well, not exactly. So, we have continued different kind of discussions around Europe. It looks like that at least not yet happened any big changes in valuations, so the valuations on those like the marketplaces are quite high. That's good and bad. It's good for our current businesses, of course. But for new investments, it's of course difficult.

## Pia Rosqvist

Okay, and today Sanoma announced their divestment of Oikotie for almost 20x EBITDA. With regards to your assets in Finland in online classified, can you assess any preliminary or any early effects on the competitive dynamics now Schibsted is taking over all equity?

## Kai Telanne

Not really, really. Schibsted been in the market for years with a little success, and Sanoma's been quite a good competitor as well with all their assets so we don't - in short then we don't expect any big changes. We will welcome Schibsted to the business. I expect them having also quite a bumpy road during these times because of the crisis.

## Pia Rosqvist

Okay, thank you, that's all for me. Thank you.

## Kai Telanne

Other questions? No questions from online. Do we have any?

## Nora Hallberg, Alma Media

Thank you for the questions here on the premises at Alma House, and operator, now we are ready to take questions online.

## Operator

Yes, thank you. Ladies and gentlemen. If you have question for the speakers, please press zero and one on your telephone keypad. And so, we have a question from Pete-Veikko Kujala from SEB. Please go ahead, sir.

## Pete-Veikko Kujala

Hi, it's Pete-Veikko Kujala from SEB. Thanks for taking my questions. Pia Rosqvist addressed most of the stuff that I had in mind already, but still asking about the cost cuts. So, did I understand correctly that, at least this time you have maintained all the kind of the same cost level that you had in Q2?



## Kai Telanne

Not really. So, it depends very much - if the market continues to pick up, there's no sense to keep the cost level as low as we have had during the second quarter, but if the market doesn't recover, we need to keep a low cost level so we have different kind of scenarios for different kind of revenue development.

So, it's not fair to expect that if the revenue growth will be faster or the decline, so to say, slower than expected we won't keep all the cost level as low as we have had in the second quarter. So, but anyway, we try - with these initiatives, we try to defend the profitability as well as possible.

## Pete-Veikko Kujala

Alright, Thanks and then regarding the invoicing in Alma Markets or in LMC. Do I kind of read the chart correctly that in the beginning of the year you basically do these kind of longer term invoicing deals over, for example the 12 month period and then during the year it's more short term?

## Kai Telanne

Exactly, usually it goes like that. The longest agreements, like 12 months, like subscriptions are sold and invoiced in the beginning of the year and then different kind of short ad-ons coming later and due to that, when the invoicing has been low, during the second quarter it is picking up but the slowdown has been so severe we expect that it's difficult to mitigate the slowdown of the invoicing by a picking up off the market during the last part of the year, that's why we expect the revenue decline might be close to the current one or somewhere near.

And having said that, it means that even though the market is picking up, we will see revenue decline in marketplaces because of the revenue recognition and the low invoicing of our recruitment business.

## Pete-Veikko Kujala

Yes, thanks for that clarification and then last one from me, still about the recruitment business. You mentioned kind of different development in the different countries across Europe. Do you have some kind of recovery scenarios? Do you see now, for example, in July that certain markets are picking up better than others, and if so then what countries are these? Thanks.

## Kai Telanne

Yeah, those countries where the lockdowns are a result or the countries are opening, the markets will pick up faster, of course. That's quite natural, and then of course from that point of view in our markets, the Croatia, for example seems to be quite difficult because the travelling and the tourism doesn't open that fast as some other sectors like retail or industrial sectors that are more important in Czech Republic and Slovakia, for example.

Factories are going on and opening and they are in full speed at the moment and more or less those countries are and want to open their societies faster than some others, but there's of course a huge need for every country to get in full speed of the economy as soon as possible, but in our case it seems that Finland - okay, Sweden is a different case - but Finland, Baltic countries, Czech Republic, Slovakia and the slowest one is Croatia in our case.

## Pete-Veikko Kujala

All right, that's all for me. Thanks a lot for this, thanks.

## Operator

So, we have another question. Please introduce yourself and ask your question. You have the floor.

## Sami Sarkamies

Hi, it's Sami Sarkamies from Nordea markets. I have three questions. Firstly, on the top line outlook for third quarter. Do you anticipate a more severe revenue decline going into the third quarter and do you expect that to be the low point of this year, based on current understanding?

## Kai Telanne

No, we don't expect more severe revenue decline.

## Sami Sarkamies

Okay, so is it going to be similar than Q2 or even better than Q2?

## Kai Telanne

I really don't know.

## Sami Sarkamies

Okay. Then on the cost savings, you plan to continue with these during third quarter. Should we assume a flat cost base in the third quarter, or could it even be lower than the second quarter due to seasonality?

## Kai Telanne

Compared to the last year's third quarter, we expect the cost to be lower. But if the markets are picking up, we don't expect the same level cost savings as we had during the second quarter. That is more or less the answer, but that depends very much on the market development which means that if we have had 20% cost savings during the second quarter compared to the last year, we won't, or we don't like to do that big cost savings during the third quarter if there is a market demand for different kind of services and advertising and circulation services and those subscriptions. If you understand what I mean. So, we want to continue in investing into marketing and sales, and so on if there's the needed demand in the market. But if there is not, we will of course save the costs.

## Sami Sarkamies

Great, that's very clear. And then finally on advertising media market in Finland. I think you were a bit more positive on June earlier when we met, but still the market fell by 28%. Do you foresee a more substantial improvement during the third quarter based on current read?

### Kai Telanne

We expect market to develop more favourably, but it's difficult to say what is the speed of the recovery, so all the signals and the discussions with the customers are saying that there is a need for activities and very positive discussions, but that depends very much on the epidemic. If we don't have - if we won't see a new wave, the situation might or should go as expected, but then we have to have in mind that if that happens, the vice versa will of course occur in that situation.

Yeah, as I told you before, we have scenarios for good and bad, but also which means that we have different kind of plans for costs and actions for different kind of market development as well.

### Sami Sarkamies

Thanks. That's all from me.

### Operator

So, we have no further questions by phone. Thank you.

### Nora Hallberg, Alma Media

Thank you. There are a couple of typed questions, but most of them have been answered already. But then there's one question and I read it. It's in Finnish, but I'll translate it. Norwegian Schibsted had a demerger some while ago and it had a spin-off of Adevinta. Would a similar move be for the benefit of Alma Media shareholders and would it be possible?

### Kai Telanne

Everything is possible. Of course, we have several options in the future. But the main target of course, and it's beneficial for all options, is to grow these businesses that we are in, which are profitable ones and nicely growing ones, then there's of course in the future the possibility to reorganise these businesses depending on other things as well. But of course, yes, we have that possibility. Always.

### Nora Hallberg, Alma Media

Thank you and these were all the typed questions. Thank you very much.

### Kai Telanne

Okay, in case we don't have any further questions, I will conclude this session. Thank you very much for being here and online and we will meet again on Thursday 22nd of October with the third quarter interim report presentation. Thank you very much. Have a nice summer and autumn. Stay healthy and safe.

