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Kai Telanne: Good morning everybody. Welcome to Alma Media first quarter 2020 Interim Report presentation. My name is Kai Telanne and I'm the CEO of Alma Media. This time we will do this fully remotely because of the corona pandemic. I have here with me our CFO Juha Nuutinen who will present you the financials and the balance sheet. We have also online Vesa-Pekka Kirsi head of our marketplaces. If you have any questions for him you can post them to him. We have also Elina Kukkonen, head of our communication, on the line assisting you with the questions for this presentation.

As you perhaps had time to already read the news we had, like the headline of our interim report says, we had a stable decent first quarter but then there's a note for the corona outbreak uncertainty caused for the coming months. I have a few notes for that as well. I'm pretty happy with the performance of the company. We had the all-time high development during the first two months of this year until the corona outbreak, our revenues and profitability were on a record high level. Because of a good recent performance, we have a very solid financial position: a very healthy balance sheet, almost net debt free balance sheet, and a very good liquidity. That's of course a good thing especially in these circumstances. We don't have any liquidity issues. We can continue with the strategy development and then running the business as normal as possible in these circumstances. As you can see revenues and earnings stable, on par with last year. In different business segments, pretty similar situation. All the businesses went nicely and smoothly up during the first two months. And since the corona

outbreak the revenues have gone down as well as the profitability. This will have of course a severe impact on our forthcoming revenues and profitability. Especially on the second quarter, we will come later to that.

Our digital businesses are growing as expected or even better. We had a 4% growth on digital, 54.2% of the revenues at the moment. This figure will of course change remarkably after the closing of the deal with Sanoma and after the divestment of our regional business by the end of this month. After that our digital revenue share will be almost 70%. First, I want to take a short deep dive into different business segments and after my presentation of these, Juha will continue with the financials.

I start from the Alma market which is the biggest contributor to our profitability, and the shareholder value, of course of the company. Like the headlines says sales and profitability were stable during the first quarter. On the record height level on January February and a clear slow-down in demand revenues, especially on recruitment advertising, after the corona outbreak which means two last weeks of March. Expenses were flat and due to that we had a good profitability level, 35% as expected. But I have to say that during the second quarter the sales will drop remarkably because of the close down of many businesses and the lock down of different countries and societies where we are doing our business.

Secondly, in the Alma Talent segment digital transformation continues smoothly and nicely. At the moment 42% of the business is digital. That is according to our strategy. Here we had a remarkably good development of digital content sales. The demand of financial news in this situation is of course high. And with the good work inside the company, our sales of digital subscriptions increased by 34%. We had also a good development on our Pro digital sales while expenses a little bit down with the cost cuts and the divestment of Affärsvärlden in Sweden. Profitability stayed on a healthy level of 14.4%.

Thirdly, Alma consumer, which is here mostly the Iltalehti and the smallish digital services around that, good development on digital, declining slowing development on print advertising. The revenue went up 6.2% due to the loan comparison service Etua.fi acquisition. Content sales on previous year's level and the single copy sales has, as mentioned, gone down due to the heavy restrictions and closed down outlets in in Finland. Of course, due to the high demand of news during this corona crisis the Iltalehti visitor base is at record high level, page views grew 50% during Q1. Adjusted expenses almost 10% up due to the Etua acquisition and personnel and marketing cost of Iltalehti.

And then fourthly, the discontinued operations, which means the old Alma Regions segment more or less. In this part of the business where the print advertising is the main contributor and

that part of the business is declining due to the crisis heavily. The market is down in general around 30%, and due to that the revenues of our regional businesses went down around 10%. There's also a good development in digital subscriptions but that is not enough to mitigate the decline in print advertising. And due to that profitability is going down. There's also an income of 8 million euros which is the gain on the share recognized in outsourcing the delivery operations to Finnish post. So this is of course difficult for the print business in the whole country.

That was the first part of this interim report presentation. Now I give the microphone to Juha Nuuttinen for financial issues. And then after that I will continue with a few strategic initiatives.

Juha Nuuttinen: Good morning also on my behalf. In my financial review I focus now on more on depth side, on our cashflow and balance sheet issues. We have a pretty solid financial status and on balance sheet at the moment we have net debt level amounted to 1 million euros at the end of March. We have interest bearing liabilities totalled at the moment 88 million euros. And those are fully or entirely of lease liabilities. We will do the sale of our regional media at the end of April. And in this connection, we will transfer pretty much half of our liabilities or interest-bearing liabilities to Sanoma. And that's why the amount of liabilities after that sale is around 45 million euros. We had a strong equity ratio, 56% at the end of March. Of course, this equity ratio is now higher than usually because the dividend pay-out were transferred from the March and will happen in May. So that affects also with this quite big decrease in our net debt level.

We had strong cashflow in the first quarter, like we usually have. This is pretty typical in our business that the first quarter is the strongest. Last year we have extra exceptionally good networking capital levels. That's why we have close to 3.5 million operating cashflow less than the last year, but still the first quarter operating cashflow is a strong one. We had some investments and especially acquisitions. We have this collective and Muuttomailma acquisitions total 6 million euros which happened in January this year. And those businesses are related to Alma Markets business segments. We will take a hit also from the cash flow point of view in the second quarter, like Kai told that our result will be decreased in the second quarter because of this corona virus issue. And the effect to cash flow is even more stronger than in our profit and loss, because especially in the Alma Market segment in recruitment, we have a more decreases invoicing amounts than in the revenue. But we will have good cash resource to handle that during the summer. One special note is also that at the end of April we will receive, or our cash reserves will be increased, by this sale of regional media business.

Our earnings per share were also remarkably high in this first quarter, 21 cents. If you look at the earnings per share from continuing operations, we were pretty even with the last year figure, 10 cents. And there is also adjusted items with 1 million euros positive which affects

there. So we were pretty aligned with the last year. But the increase, remarkable increase, comes from the discontinued operations. And here is the capital gain affecting a lot from delivery outsourcing which was realized in January this year. Also in this discontinued operations there is one thing which is affecting with 1 million euros positive. And that's the fact that we are not making depreciations anymore in the discontinued operations because of the IFRS rules.

Then last slide concerns our long-term financial targets. We have not changed those. We believe that after this financial crisis these long-term financial targets are pretty good level. And we are able to receive those after the crisis. But our digital business growth was 4%. This includes also discontinued operations. Our return on investments were exceptionally high 29%. And that comes from the capital gains from delivery outsourcing arrangements but also some capital gain from the Alma Markets business segment. So this was in a nutshell the financial reveal. And now we will continue with the strategy questions.

Kai Telanne: Thank you very much, Juha. To conclude my part of the presentation, I will take out some issues of the strategy and of course give you some light to the measures taken due to the corona pandemic to mitigate the damages that we will face evidently during the second quarter and the rest of the year. I start with the smallish investments that we had in the beginning of the year as Juha told you collective and Muuttomailma investments. We became a majority owner. And then the big one which is the divestment of the regional media and printing operations. We received in March the approval of the competition authorities and that leads to the closing of the deal at the end of April. Which means a third of the revenues of the company will be divested and the company will be more than ever a digital company with a heavy emphasis on marketplaces, business to business media and services and digital consumer media. You'll get a capital gain of 58 million euros on that sale in the second quarter figures.

And then to the coronavirus. As other companies, societies and countries, we took a health first approach to secure the safety of our employees as soon as we noticed that this will be a big problem for us. From the third week of March we have been working remotely, the whole company in a couple of days started working fully remotely, with no kind of interruptions in our services which has been of course very important for the whole communities and the customers. There's a huge need of quality information around this corona pandemic and virus. And that will of course continue I think for the for the whole year. I'm really satisfied with the with the way that we went to this mode. Of course, some of the employees are enjoying a lot doing remote work, some don't. That's of course the case in any situation.

We want to give you some light to the to the actions to mitigate the damages that will eventually be on the table due to the virus. As mentioned before, the last two weeks of March

have been difficult. The demand has decreased heavily because of the lockdowns of societies and the businesses. Especially the recruitment businesses is under heavy pressure, housing and car business and marketplaces are not that bad effected. The third week of March was difficult, but now seems they are picking up a little bit. We estimated that there was an impact of revenues in March around 1.5 million euros in Alma Market segment. We have prepared and taken certain actions to mitigate these cuts. We have cut marketing investments, external service purchasing. We have temporary layoffs, fixed term reductions in pay and so on in different countries. Depending of course on the local legislation and the possibilities that we can do there. We are scaling down some businesses like our Polish mobile service. We are contracting our recruitment consulting services in the Baltic countries. There's no demand at the moment and we are closing down our Workania business in Hungary. And altogether these actions will end up as expected around 3.6 million euros cost savings during the second quarter.

And then to Alma Talent, here we have of course a decreasing demand in advertising in cars which is a big customer segment in Alma Talent, and recruitment like in other places as well. Training events moved to digital channels and events, businesses and events, we had to postpone to autumn. Estimated revenue impact of these during March, around 0.4 million euros.

And in Alma Consumer segment, advertising sales down heavily especially on print side, cars and travel businesses impacted mostly. Single copy sales declined because of the outlets closed down. But then on the other hand record high numbers of visitors at Iltalehti.fi, as mentioned also before. Impact of revenues in March around 0.3 million euros, not very much but the second quarter will be not as favourable. Here we have in Finland possibilities is to do temporary layoffs, especially in those areas where the business is more or less dead at the moment, event and training businesses. We have recommended our employees for entire company in Finland to exchange a bonus holiday pays for time off. We are reducing external service purchasing and of course we have post-pone non-critical development projects. We have decided not to postpone or cut any important strategic initiative because we believe that at the end of the day they will more or less a normal life after the corona crisis. The expected cost savings in Alma Talent and Alma Consumer all together 2.4 million euros and combined all these actions taken will contribute about around 6 million euros cost cuts during the second quarter.

As you noticed we didn't give a new outlook for 2020 because of the uncertainty which has increased. Still the visibility for the for the coming months, quarters and for the year is very poor. And that is the reason for not issuing a guidance for the full year at this stage. Hopefully we can do that later when the situation clears up a little bit more.

After the closing of the divestment of the regional media and printing operations course the company will be totally different. We have more focus on digital businesses. Our strategy is to continue in grow market places, businesses in Finland and internationally, to leverage the professional media and especially the digital services, and then develop national multi-channel consumer media and services around Iltalehti.fi and the supporting digital services.

Elina Kukkonen: Yes. Good morning, also on my behalf. So we first start with the questions from the stream and there's the one question from Sebastian. So first of all, is it fair to multiply the 2 million revenue impact in March by three to get fair assumption of the revenue impact in the second quarter which would be six millions?

Kai Telanne: Well at least you can double it. Probably that that would be a fair assumption.

Elina Kukkonen: Good. And do you expect to reach the 2019 levels in 2020? Again also regarding the balance sheet is it fair to assume that you will to have more than 130 million net cash excluding IFRS16 at the end of the second quarter?

Kai Telanne: Juha can answer that.

Juha Nuutinen: Yes, that's a pretty good estimate. We are close to that figure at the end of June.

Elina Kukkonen: Good. And maybe Juha can continue here about the cash flow. So is it also fair to assume that you will always stay positive in terms of free cashflow from every quarter this year?

Juha Nuutinen: We assume yes, that we will have positive operating cash flow. The second quarter is the hardest. And like perhaps I told you earlier that our invoicing will be dropping faster than the revenue, so the biggest hit comes to the second quarter. But still yes, we believe that our operating cashflow still remains positive also in the second quarter.

Elina Kukkonen: Yes. Thank you. And then about the competition. Do you see any competitors currently running into the financial distress?

Kai Telanne: I don't have a clear picture on that but I assume that some of the heavily concentrated print businesses, due to the high rapid decrease of the print advertising, will be in difficulties.

Juha Nuutinen: If I can comment on the first question which concerned the revenue decrease in March, which this 2 million decrease was coming from the two weeks basically. And if this

situation is pretty similar than the last two weeks in March for the whole month it means 4 million revenue decrease in the one month. So we don't know how long this corona virus will have the effect but if it has the same effect that we had last two weeks in March the effect is 4 million in one month in our revenue.

Elina Kukkonen: Yes exactly. Then Sebastian, my question regarding 2021 levels. Do you expect to reach 2019 numbers in 2020 again?

Kai Telanne: Well that's a tough question. It depends very much on the speed of opening of the societies. My estimate is that does that like in all European countries the markets, the economies, have to be opened by the end of May or June latest. Otherwise we are in a bankruptcy. And if that happened then the situation will be different. But the second quarter will be quite difficult and the drop is quite significant. So it takes time to reach the last year's level, and different businesses and different business areas are in different situations. Like for recruitment I assumed that it takes more than a half year to recover. But for some other businesses like for cars and houses in our case it's faster. So we are in a better situation there but it's really difficult to estimate. It depends so much on the overall situation of these societies.

Elina Kukkonen: Yes. Thank you. We don't have any other questions from the stream so maybe we can move on to the operator. Operator, we are now ready to take questions from the teleconference lines.

Operator: Thank you. So we have our first question from Sami Sarkamies. One moment please.

Sami Sarkamies: Yes. I was asking about the covid-19 impacts. Do you anticipate revenues to bottom out the second quarter or could the situation become even worse during the third quarter due to delayed impacts?

Kai Telanne: Very difficult to estimate. It depends so much on the opening of these lockdowns. Now it seems that we have to open the societies and if that happens by the end of May for example, we estimate that the third quarter and the fourth quarter will be better than the second quarter. But if that doesn't happen the situation is of course difficult and worse. For now we haven't now estimated or made any clear precise estimations for third or fourth quarter. It's too early.

Sami Sarkamies: And then my second question would be on the cost savings you're planning for Q2. These seem all temporary in nature and amount to 6 million euros. Can you give us an estimate on how much you're planning to save on a full year level? So will some of these measures be such that they will also have an impact on the fourth quarter.

Kai Telanne: Well I can I can start that. Juha can continue. The view is that we can continue these kind of measures for the full year if needed. These kind of temporary, or marketing cost cuts, or external purchases can be delayed or postponed or whatever so this level can be reached. But then the question is that if the situation gets worse, if the societies aren't opening we need to find new initiatives and we are ready to do that. But we will very closely follow the overall situation and then decide if new initiatives are needed. But we don't want to destroy any businesses right now. Which means that we have not planned any big restructural things. We have, as told before, we are closing down smallish businesses like the Polish mobile, or at least decreasing those businesses, closing down some smallish businesses like the Workania business in Hungary. But those decisions need to be taken later on when we are seeing what is really happening in different societies.

Sami Sarkamies: Thank you. I don't have any further questions.

Kai Telanne: Thank you very much.

Operator: The next question is from Pia Rosqvist. Your line is open now.

Pia Rosqvist: Yes. Hi. It's Pia Rosqvist from Carnegie. Most of my questions have been answered but specifically with regards to the actions taken in market, the scaling down of the Polish mobile share base etc and closing down the business in Hungary. How fast do you assume you can scale up these again when the situation normalizes?

Kai Telanne: Quite quickly. Actually, the Workania business, that's a question mark. Do we need to, do we want to scale up that again, remains to be seen. But the Polish business might be interesting one. It's quite easy to scale it up because we don't close down the technology or the processes there, just the personnel which reflects of course the current demand in the market.

Pia Rosqvist: Thank you.

Kai Telanne: And of course, the Polish business is really small still or in terms of revenues, it's quite small business.

Pia Rosqvist: Thank you. No further questions.

Operator: Thank you. We have another question from Pete-Veikko Kujala. Your line is now open from SEB.

Pete-Veikko Kujala: Thanks for taking my questions. A couple more from me, most of the really relating to the market segment. Could you give some kind of an update on what percentage in

your Alma Market's revenues is coming from the SME segment? So small and medium sized businesses. Thanks.

Kai Telanne: Well Vesa-Pekka Kirsi is on online as well. Maybe that's the question of for him. Can you Vesa-Pekka answer this?

Vesa-Pekka Kirsi: I'm here. Thank you for the question. The SME part of the business has been growing steadily especially in Czech Republic where we've been you can say targeting more of the sales to the SME market. However, the share of the SME market is still not, small but it's not the major part, of the major part of the business comes from the big and large companies. Out of the top of my head I would say two thirds of our business in Czech comes from the SMEs and the rest from the large companies. The share is smaller in other markets.

Pete-Veikko Kujala: You were mentioning cost reductions in Q2 especially in the market segment, that was 3.6 million. So if the situation doesn't get better did I understand correctly that you can maintain this level also for the rest of the year if need be?

Kai Telanne: So you are asking that can we keep the cost cut level of 3.6 million euros for the forthcoming quarters as well? Is that the question?

Pete-Veikko Kujala: Yes.

Kai Telanne: We can do that if needed. But then my question is of course, the worry is that that is the situation getting worse or better. The current estimate is that the societies need to be opened and due to that the demand will increase which means that we have to accelerate and postpone those cost cuts for third and fourth quarter to speed up the recovery. But then the on the other hand if the situation continues, the overall market will be more difficult and we need to find new initiatives. So I'm quite confident with the current plan and the execution is well on place. But then the big question is that is this enough if the situation get worse.

Pete-Veikko Kujala: And relating to this, have you in the Alma Market segment done any layoffs already? Because I remember you integrated the Kolektiv business now in Q1 and I think that was something like 40 employees or something. But your employee count in the segment didn't come up. So have you done any layoffs already?

Kai Telanne: We have a actually. Vesa-Pekka can continue from this.

Vesa-Pekka Kirsi: Yes. The saving measures for the second quarter is roughly half of that is personnel related savings. Most of the savings we've done as a temporary measure as Kai and Juha have been telling today. Those are temporary layoffs in Finland, or salary reductions ,or

different kinds of measures that the country's systems allow. However, in especially in the CV Online, meaning the Baltic countries, and the Tau Online, which is in Croatia and the neighbouring areas, in those two operations we have also done permanent layoffs. These were due to businesses that we see at the moment not recovering speedily in the situation. And therefore the layoffs were necessary and meaningful in this situation. We are not planning at the moment for permanent layoffs widely across the organisations, as Kai was mentioning. We are prepared to bounce back to business if the situation recovers. However, if it doesn't we also are then working on the longer term savings planning. What measures we have to take then. But these plannings are undergoing at the moment.

Kai Telanne: Vesa-Pekka is referring, like in Baltic countries, referring to recruitment consultancy business which we estimate is not recovering with the permanent layoffs in those businesses in Baltic countries.

Pete-Veikko Kujala: That's all from me. Thank you.

Operator: For the moment we don't have any further questions from the telephone conference. There's one more, Joni Sandvall.

Joni Sandvall: Thanks for taking my question. One more question relating to M&A pipeline. After the closure of the deal you have a quite good financial position. How much you have actually head room now currently? And where you see most promising opportunities regarding M&A?

Kai Telanne: We are investigating several cases. Of course the eye is on marketplaces businesses, on B2B, digital services more or less. So like you said, we have a good head room for investments. We try definitely to use this possibility. It seems that new possibilities arising also due to the current situation. There might be some pressures on some companies all over the Europe, so we are in a good position in that sense for sure. As I told you before, we haven't stopped the strategic development which means that we are working on those initiatives all the time.

Joni Sandvall: OK. That's all from me. Thanks.

Operator: So now at the moment we don't have any further questions from the telephone conference.

Elina Kukkonen: OK. Thank you. Maybe I could take over here. There is one more question on stream that hasn't been answered yet. Joonas Häyhä from OP is asking about the advertising revenue. The advertising revenue in second quarter in Alma Talent and Alma Consumer, do you

think the decline will be similar than during the financial crisis? And then a follow up question on Alma Markets, do you think the decline in second revenue will be bigger than in Alma Talent and Alma Consumer?

Kai Telanne: Well Vesa-Pekka can continue with the markets. We haven't done any official estimate for the coming months but my personal estimate for the print business is that it will be pretty much the same as we have seen during the last two weeks of March by doubled. And that is of course a huge drop. On digital side, I think that that we will see some good news also which is based on the picking up of car sales and housing market picking up in Finland. But Vesa-Pekka you can continue with the marketplaces if you want.

Vesa-Pekka Kirsi: Maybe just as to quickly add. The question was whether the Alma Market's decline will be bigger than Alma Talent and Alma Consumer in the second quarter. But just to take a look on the market itself. As Kai was saying, it's actually quite interesting to see how the car sales and the housing sales is bouncing already back. It's especially visible in the visitor ratio of the sites as a first kind of a sign of a bounce back. The car sites as well as the housing sites, and their visitor rates are already back to pre-corona levels. This is, at least we hope, pre-empting the business recovery if the society opens as Kai has been speaking. But those are quite positive signs. 25% of Market's revenue comes from these businesses. The recruitment services bounce back most likely a bit slower. And as we've been hearing today, the second quarter we estimate to be the darkest around the recruitment services as the companies and the whole society's tried to know what to do, and we expect the third and the fourth quarter already to be easier for societies as well as for our business in the recruitment. Therefore, in the second quarter most likely we will see deeper declines in revenue for the Alma Markets than we did see in the first quarter if that was the question.

Elina Kukkonen: Yes. Thank you. There are no more questions from the stream. And operator, if we don't have any other questions from the telecoms lines, I think it's time...

Operator: We don't have any further questions.

Kai Telanne: All right. Thank you in that case. Thank you very much. I hope you can follow our AGM on 28th April. We do this with a health and safety approach remotely. And then the interim report for January–June on Friday 17th of July. Hope we can see you and hear you then. We really hope that we are then in a normal or more normal situation than right now. Stay safe and healthy. Thank you very much from this end.