

Alma Media Oyj (ALMA.FI) Q1 2024 Earnings Call, 19-Apr-2024 Corrected Transcript

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MANAGEMENT DISCUSSION SECTION

Elina Kukkonen Senior Vice President-Communications & Brand, Alma Media Oyj: “Good morning, ladies and gentlemen, and welcome to this Interim Report Session of Alma Media's First Quarter 2024. My name is Elina Kukkonen, I'm responsible for the Communications & Brand of Alma. We begin our presentation shortly and as usual, first to go on stage is our CEO, Mr. Kai Telanne, he will present the overall results of Alma Media and highlight the performance of our business segments; Alma Career, Alma Marketplaces and Alma News Media. After our CEO's presentation, our CFO, Mrs. Taru Lehtinen, will present the financial position of Alma Media today. And then Mr. Telanne continues about the strategy and operating environment, which is quite challenging at the moment, actually. We then close the session with your questions and answers and you're more than welcome to ask questions online. And we take first the questions here at the Alma premises and then our Director of Investor Relations, Mr. Teemu Salmi, will pick up the questions from online. With this short introduction, you're very welcome today and nice to have you following us also online. So please, Mr. Telanne, the stage is yours.”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj: “Thank you very much, Elina, and welcome on my behalf as well. And as noted, for the first time, we are presenting the report with the new segment structure. You have the possibility to take a deep dive into the new segment structure and the numbers and the achievements in there. As we started the year, we ordered or hoped for a step by step recovery in the market. Unfortunately, that has not happened. As we have seen, the market development has been quite unfavorable in most of the businesses of ours. Most of the regions, especially in Finland, as seen due to the difficulties in geopolitics, interest rates, consumer demand and some other factors as well. So, as many years – in many years before, we just have to adjust and that's what we have been doing to mitigate the development in the markets by some cost initiatives that we have in place without stopping any strategic development projects that we have in most of the segments. The overall picture and the view of the performance, from my point of view, in these circumstances is pretty good while we have been able to mitigate the difficulties and the lack of demand in most of the businesses so far pretty well. As reported, we were – with local currencies, we were on par with revenues and very close with the profitability as well. The further North you come, the more difficulties you face in the market, like in the career business, meaning that the further South you go, the better the market and the business seem to be. That's

the name of the game at the moment. Our adjusted operating profit went down by 5%; that was expected in these circumstances from our point of view. Digital business is growing partly by the acquisitions and the organic growth and partly by the decline in the paper – newspaper business. Of course, as expected, with the good cash flow and the profitability, our balance sheet is getting better and better, step by step, with gearing close to 60% and equity ratio more than 46%, which is actually quite a good situational stance and basis for further investments in the areas that we have decided. As said, the Alma Career revenue went down slightly, half of the decline came from exchange rates, Czech koruna. Marketplaces went up €2.2 million, mostly with the new acquisitions that we did like Netwheels and DOKS, but there we have seen also organic growth. And Alma News Media went down close to €1 million with revenues, with the decline in advertising market in Finland. And so the end result, €76.2 million. And the profitability decrease due to the revenue factors that we faced from Alma Career €0.6 million down on marketplaces, €0.7 million down, become and get closer into this – the details later. As said, the digital business' share of the revenues growing as expected and you can see the share of different revenue sources from the total on the right side of the slide, one third of the revenues from classified businesses, €50 million around from advertising, digital services €13 million, content €12.6 million and so. This is the portfolio content at the moment of the company. Let's take a short dive into the new business segments from the beginning of April. As said, Alma Career, as is, like it has been for many years right now, leading job boards in 11 countries and the main number is down there. Alma Marketplaces led by Santtu Elsinen, who is present online. Leading marketplaces in houses and premises, mobility services, business premises, comparison services and other industrial systems in Finland. And then the third segment, Alma News Media, Juha-Petri Loimovuori is here, the head of the segment News Media, all the news media assets that we have like Iltalehti, Kauppalehti, Talouselama, Teknikka&Talous, and so on, Arvopaperi. This is the composition that we have at the moment and that's how we drive the business from now on. I start from the Career, which is the biggest business and the biggest contributor to our revenues and profitability. Most of the revenues coming outside of Finland, adjusted operating profit on a healthy level, close to 40%. And as said in the beginning, the markets are healthy and developing in the south like Croatia, okay. In Central Europe, like in Czech Republic and difficult in northern part of the Europe, like Baltic countries and especially in Finland, and that's pretty much the picture of the economies in the area where we are present. The more difficulties we have into economies, the more difficult it is to run the recruitment business. We have been able to defend nicely our market position, so we haven't lost market share or customers. But the activities of the customer, especially on the bigger side, is slowing or has slowed down slightly. But the organic decline or the decline in local currencies was only 2% in the profitability, which is of course a good sign of the cost control and good sign of the ability to sell the services, also, the add-on services around the current classified businesses. We come later to the market focus in our markets and take a look at the Central, Eastern European markets as well. Invoicing and revenue recognition tells us more about the timing of the revenue development. And this has been the picture for quite a long time when the invoicing curve is above the revenue curve, meaning that the order backlog is developing and it's good, so to say. Now we are close to the revenue curve, meaning that the order backlog is not now increasing, but it's not bad either. Quite okay situation anyway. Let's move on to the marketplaces, the Finnish business and the Swedish commercial premises business as we have a combination of houses and premises, cars, comparison services, business premises, business insights, different kind of business insights. As we have seen for two, three years now, the difficulties realized also in our case from the real estate market, so the low demand on the housing market has started to effect on our businesses as well, not at the – or with the full speed. But anyway, while the new house or premises sale is at a very low level, it's been there for quite a long time now, but that's also affecting the volumes of our services as well. But we have good signs there, coming from the announcement or the expectations of the

interest rates starting to decline during the summer. So that will have a clear effect on the durable consumption and the related businesses like houses, premises, cars and that kind of businesses, which is, of course, really good sign for us as well. We have a good development in mobility services. As I said, we did some new acquisitions like Netwheels here, which we have already integrated into the services and the whole combination of businesses around mobility here. Most of the increase of the revenues comes from there. But we have also organic growth in the service with the used car sales, which is growing pretty okay. So the situation in the mobility side is really good, some market-related difficulties in the real estate business. But not in the business premises, especially in Sweden, we have had a really, really good development still and that's been growing and growing nicely for years right now with the high profitability. So that's really, really good. And then on the insight side, I would say that the digital part that we have around this business is growing nicely, double-digit, clearly. And of course, we have the offline businesses like education and events, it's not growing. So that's pressing a little bit of the revenue development and the profitability of the inside sector as well. But the focus areas around this, they are growing very, very good. But, of course, because of or due to the real estate market develop and high costs that we have around the development of the systems like industrial services, OviPro, we will have the extra cost the whole year, would say this year, and hopefully the situation will clear up by the end of the year so that we can get all the benefits for the new investments next year and on. So, that's the picture, quite solid, okay situation here. Also here actually in the marketplaces, we suffered heavily from the ad market decline, as you saw here the ad – advertising around the services, the marketplaces went down 18% in our case, which is quite a heavy, heavy decline. That comes from both car advertising and houses and premises because of the low level of construction business at the moment. A short market update of those two important areas like houses and premises and mobility. As said, we are on a low level, still the housing market going down 14% compared to the last year. And as you can see, the newly built apartments on a very, very low level, meaning that there's actually no new construction at the moment, which will actually eventually end up to a high pent-up demand when the situation clears up and we will see a remarkable change someday and we have pretty much the same situation with the mobility market, like the new car sales are at a very low level, well below, well, well below a five years average, meaning that the Finnish car consumption at a low level at total. Luckily the used car market has picked up and we have a growing amount of visitors on our sites and a growing amount of listings as well. There is the kind of underlying demand, but the problem is the new car. And of course, that comes mainly from the economy growing unfavorably. And then lastly, but not least the news media, all the news assets in the company like Iltalehti and Kauppalehti, as mentioned before, solid performance in a difficult market, advertising down more than at €1 million, but a very, very good cost control. We've been able, of course, to decline the print-related costs hand-in-hand with the decline of the print businesses, like subscriptions and advertising. So the printing and delivery costs around the offline business are declining, which is, of course, important in this case. Digital content sales nicely up. The digital subscription both in business-to-business media and also in Iltalehti, Iltalehti Plus, we had at the moment 52,000 paying customers and growing. So that's the summary of news media develop, 9.7% profitability going up from the comparable year and a nice plan to develop further. Okay, so that's the brief outlook into the numbers. And now, Taru will continue with the balance sheet and other figures as well. Thank you.”

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Taru Lehtinen Chief Financial Officer, Alma Media Oyj: “Thank you, Kai. So hello, everyone, also from my behalf. It's nice to see you here at Alma House as well as everyone joining us online. So, let's start with our long-term goals and how we have been able to perform against them. So in terms of revenue growth, we recorded 1.2% increase in Q1. The slight growth is attributed to the M&A actions which offset the impact of the fluctuations of the corona currency exchange rates. We were not

totally able to reach our long-term 5% target. But on the other hand, we were, again, able to keep our strong revenue baseline despite the challenging market condition. Our operating margin for Q1 stands at 21.2% and profitability is little bit lower than in our strong full year 2023. Due to the modest organic growth, revenue development and revenue in average, and of course because of increase of expenses in housing, housing business unit and increase of ICT costs. But however, we believe that our strategic initiatives and proactive cost controlling measures are enhancing our financial performance and profitability over the long-term accordingly. Finally, our leverage for Q1 decreased to 1.5 and still comfortably below our target of 2.5, demonstrating the strength of our financial position. In summary, despite some challenges, our Q1 performance reflects the resilience of our business and our ability to adapt to the changing market conditions. We remain firmly committed to delivering our long-term targets. And then let's focus next on Q1 financial position. During the beginning of the year, we did not raise any new financing loans and actually we did a small repayment concerning our leasing agreements. In total, our net debt decreased by €7.6 million, ending at €138 million. Gearing is at 60% and equity ratio at 46% and proceeding as expected. At the end of the March, we had quite strong cash flow – cash position due to the good cash flow from Q1, allowing us to secure the dividends that we actually paid this week. However, it's also worth of noting that the average interest rate for Q1 rose to 3.5% compared to the comparable period last year. The full year 2023 average interest rate was 3.2%. And like you know, the increase is because of the increase of higher market interest rates. In summary, Q1 continued the stable development of our balance sheet and despite the growing financing cost level, our solid financial performance has enabled us to maintain a robust financial position and our balance sheet still have room for investments. And then moving on to cash flow in Q1, our operating cash flow was €24.2 million, an increase from previous year which was €20.6 million. But we were not able to reach the really strong Q1 2022, which was driven by really strong growth of advanced payments. In the current year, the operating result and higher paid interest decreased the cash flow, offsetting the decrease in taxes paid. In addition to that, the decrease in working capital explain the growth of operating cash flow, though the decrease in customer advance payments received was €1.2 million compared to Q1 2023 and cash flow from – after investments was €8.6 million, lower compared to comparable period's €18.7 million. And this actually gives me a good bridge to move on investments. So in Q1, we invested a total of €15.7 million. Of this, €14.5 million was connected to M&A and acquisition of Netwheels, which strengthened our offering to mobility corporate customers and the remaining €1.3 million were directly towards capital expenditures to renew our digital services. This is slightly lower level than in previous year and but still, we are still continuing to invest to our digital industry solution in order to expand our services in customers' value chain. Depreciation also slightly below the previous year's level, amounting to €4.1 million. Despite the investments and the growth in assets and equity, our return on investment and return on equity continue to deliver at a good level. In the first quarter, earning per share was €0.13, €0.1 less than in the previous year and adjusted items costs amounted to €1.2 million compared to previous year €0.5 million. In the current year, we reported restructuring costs of €0.7 million for change negotiation in the media sales department. In addition to interest expenses, our financing items include a €0.9 million positive, fair value adjustment of the interest and exchange rate derivatives compared to previous year negative €0.8 million. And just to remind you that the realized income from the derivatives is shown in the operated cash flow, while the change in the fair value of the future expected return is shown in here. And then as a conclusion, once again, we defend our result against a market headwind and continued to invest our products according to our long-term plan. Thank you for your attention. And then moving on to operating environment.”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj: “Thank you very much,

Taru. Let's have a short look at the current environment and maybe about especially the forecast, how we're moving on. As said, we have had some headwind and the change has been postponed as said or everybody should have expected that at the end of the day or someday, this should change. The current forecasts have been, how would I say, taken down a little bit from the previous ones, but still the GDP development in European or Eastern European markets where we operate are positive, meaning that even the change in the markets have been postponed, there's still hope and wait for positive development. Most of the markets are above or should be above last year's figures. Only Estonia, Finland and Sweden are, of course, the Northern part of the Europe seem to be difficult, but in other parts, there should be quite a good basis for our business develop, especially on the recruitment side. As we have learned from the past, usually when the markets are starting to pick up or even a little bit earlier, the recruitment markets started to pick up. So usually the old logic has been that when we see that the recruitment demand and the labor demand starts to pick up, we can wait for the market to pick up as well as seen. A very good sign, of course, is that the forecast for the inflation is about half of the last year's levels in all the markets. That's very important, of course, for the consumer confidence and, of course, for the investments to start again. And if the invest – interest rates are starting to come down from the second half of the year, that will eventually clearly start the change in the market and release the demand more or less into durable business like houses and premises and cars. The good sign here is, of course, and sign of quite tight labor market, is that the unemployment rate is not growing during these times, during bad times either and the situation is quite, quite good. Like in Czechia, we have or the forecast is about 2.5% unemployment, meaning a full, full employment, more or less like in Prague, the metropolitan area, there's a high demand for skilled labor and good basis for our business then. Unfortunately there's not – in the view a change in the geopolitics. On the contrary, I would say like we have all the troubles there. And the other issues that we have in our site and to take care of are there, so these are the main drivers or issues that we have to carefully consider when developing our businesses and, of course, the long-term drivers like changing consumer behavior and maybe the increase in regulation as well are those that are driving the digital development of ours. There are good and bad, there are possibility this in this change like the consumer behavior need for new solutions in the digital arena, so to say. But then, of course, some difficulties may arise with the regulation, increasing regulation in the EU, which is, of course, a heavy task to tackle. But anyway, we can't do anything for the environment and we just have to adjust. The bad side is, of course, the Finnish market and the low demand on advertising. That tells us that the demand for our customers' businesses is still at the very low side. The February ad market development was really, really disappointing, especially for the newspaper advertising. Luckily we are not that dependent anymore on the newspaper business, but still the online advertising was not growing either. Despite the difficulties or the headwind in the environment, there's no need to change the strategy. We are very decisive with the development and we're driving the business with the current strategy. The main task is, of course, to secure the extremely good position in our current businesses and markets like in recruitment houses, premises, cars, finance and media, news media and so on in Finland. And, of course, we try to continue with the internationalization of the recruitment business, we are continuing and developing the business in the Balkan area at the moment. Hopefully you hear more about this later. And, of course, we grow around the current businesses, so we have these kind of adjacent businesses that we are developing around the current core business. So the strategy, as simple as that, it's been stable for years, we are moving from traditional offline business to digital, from digital media to services and from digital services and media to advanced digital platforms with the capabilities to secure and to develop high-end AI-supported services for both consumers and business customers, as simple as that. And we continue to concentrate on these three main areas; meaning marketplaces, information platforms and media platforms. And we drive the efficiency and the profitability of these with a very good

cooperation inside the company and mainly we share audiences, data technology and common sales. So this is the key and the recipe for the good performance and the profitability of the company. Moving from traditional advertising business to transactional businesses step by step, meaning that we try to get our share from new revenue sources like commissions from financing or insurances or whatever, outside of the traditional ad market to a bigger transactional market. Okay. That's the strategy, so no need to change just to secure the good continuation of the current strategy and secure that we can smoothly finalize the investments that we have on transactional businesses and on the industrial service tech development that we have in place at the moment. And the outlook, we stay with the view that we have had, meaning that we expect our full year revenue and adjusted operating profit to stay at last year's level. Thank you very much, that's the message. And if you have any questions, me, Taru, and all the management, we are here to answer those.”

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QUESTION AND ANSWER SECTION

Pia Rosqvist-Heinsalmi Analyst, Carnegie Investment Bank AB (Finland) Q: “Thank you. It's Pia Rosqvist from Carnegie. A question, I start with Career. In the report, you say that invoicing was down by 5%. What implications should we expect for the second half? Does it mean that revenues, there is a risk that the revenues are declining year-on-year in the second half?”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A: “No. We are not expecting the revenues to decline during the second half, but during the first half, that might happen. It seems that the market is on the lower side at the moment. So that is more or less the case. In the Career segment, there's actually differences between the different customer segments at the moment. Before when we came to the decreasing economies, the bigger customers seem to continue with the investments in people, meaning that they kept their volume more or less and the smaller customers started to decline and be more careful. And now when we have had – these difficulties have continued in the market, now it seems that the bigger customers have faced the problem or being started to be more cautious, meaning that the volume for the bigger customers are started to slow down. But the smaller customers seem to be more active at the moment, that is more or less, so there are changes. We have been able to mitigate the volume decline with good sales of the adjacent services. But the decline is not that big with local currencies, would say, so the situation is not dramatic. But yeah, that's the picture, the first half seem to be a little bit difficult.”

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Pia Rosqvist-Heinsalmi Analyst, Carnegie Investment Bank AB (Finland) Q: “Okay. Thank you. Then on advertising sales for the group, sales declined by 6% year-on-year. That is more than the market still. So what is burdening this and I'm trying to understand, since you did some changes in your solutions business?”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj: A “Yes.”

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Pia Rosqvist-Heinsalmi Analyst, Carnegie Investment Bank AB (Finland) Q: “Do we have any read-across from that here?”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj: A “Yeah, we have Tiina Kurki here who is responsible for the group level ad sales. But I tried to summarize a little bit, but you can back up if I'm wrong. I would say that the reason for us to be – to lose like market share, is that we are market leader in houses and premises, cars and then on business to business side as well where we don't have listings or that kind of businesses. Like for our classified services, as you said,

the decline in advertising was 18%, which is, of course, pressing the whole group's ad sales heavily and that 18%, of course, that comes from the construction business, like the new house construction business and the new cars. And then, of course, on the business-to-business side, while we don't have any listings, car advertising is really important for a business media. We are lagging behind with the car advertising as well and some others. And especially the programmatic advertising where we have been the market leader in Finland and now the programmatic, which is global business, is on a very low, low, low side. So, us being a market leader in a programmatic advertising, we are suffering heavily from the market decline.”

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Pia Rosqvist-Heinsalmi Analyst, Carnegie Investment Bank AB (Finland) Q: “Yeah, maybe still on Alma Solutions, the net savings of the cost efficiency measures you have done, are they kind of disappearing in this market?”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A “You mean the personal negotiations that we had? Maybe Taru wants to add on, answer this question.

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Taru Lehtinen Chief Financial Officer, Alma Media Oyj: A “No, we don't consider that we are losing, but of course, we don't know what is going to happen to the advertising sales market. But the purpose now is that we are strengthening and focusing to the right projects. And that way we'll bring some new profitability to advertising sales in that.

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A “It's really difficult to forecast how the revenue on the advertising is going to develop. But anyway we do all we can to mitigate the possible changes that we face in the market, yes. Other questions?”

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Sanna Perälä Analyst, Nordea Bank Abp (Broker Finland) Q “Hi, Sanna Perälä from Nordea. Regarding Marketplaces segment, where do you see the margin going forward? Is there an improvement potential there?”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A “Yeah, a lot of potential there. We have quite a bunch of investments there. Like said, for OviPro, which is the biggest investment for the industrial customers, meaning the services, the industrial systems for the housing agents. There's a plenty of room there on the revenue side and of course, where we get rid of the project costs by the end of the year that the profitability will step up. And the same we have on the car side, I mean, for the vehicle systems; there, we have this kind of same situation. So, yeah, the target is far above the current level on that side. And then here you have to remember that the market is on a very low side. So there might – we might see a high jump in the future if the market goes up and we get rid of the project costs in the segment. And then just want to remind that we have a very good development on the insight business as well meaning the digital insight services for the business usage more or less and that's really, really encouraging, 22% growth in recurring revenues on that side, on the digital side, which is, of course, the core.

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Sanna Perälä Analyst, Nordea Bank Abp (Broker Finland) Q “Thanks. That was very clear. Well, then moving on to mobility, you mentioned that the mobility revenue growth was very good. What was the level of organic growth like excluding that Netwheels in mobility?” Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A Single digit percents.

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Taru Lehtinen Chief Financial Officer, Alma Media Oyj A “Altogether, the M&A accounted €2 million and part of that is included in Insights. So it's like divided like one-fourth of that is considering the Insights business, more or less.

Sanna Perälä Analyst, Nordea Bank Abp (Broker Finland) Q :”Okay. Thank you. Then my last question is regarding the advertising market. Yes, we all know it's very weak, but do you feel like there could be some support from weak comparison numbers this year or does it still look like weakening further?”

Tiina Kurki, SVP, Alma Media Solutions Alma Media Oyj A: “Personal negotiations, yes. So and as we heard, the second half might be better in a economy. We don't know, it might be slightly better. So it depends a lot of the economy, the situation, how we will be able to cope with that. We do all different things at the moment to improve our revenue in advertising sales as well. So, the forecast is that we wait a little bit better second half than the first half.”

Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj: “A Yeah, clearly what is needed in the market is hope at the moment. As we know, the other customers are lagging the visibility as we and hope is needed in a difficult situation. And I would say that if the change of the interest rates will happen, that will change the overall atmosphere and the consumption would start to pick up and will obviously affect the ad market as well.”

Petri Gostowski Analyst, Inderes Oyj Q: “Petri Gostowski from Inderes, you mentioned that the housing market weakness has been visible now in your figures. Just wanted to ask if it's purely linked to the lower volumes or are you seeing any signs of trouble within your customers given that their business environment is very weak?”

Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj: A “Yeah, the difficulties – the volumes come from the difficulties with the customers. Yes, because there's no activities. But that's – as we know, the need for consumers to change the houses or the premises is still there. But they don't have courage or the money at the moment to move on. So the volume decline in advertising comes from the difficulties in the change there in the market. We haven't lost market share, which is, so we are well in the situation there. But, of course, we do all that we can to help our customers to survive and to develop and to speed up the market as good as possible and that's why we are developing the services continuously without interrupting the project that we have despite the difficulties in the revenue side.”

Petri Gostowski Analyst, Inderes Oyj Q “Thank you.”

Pia Rosqvist-Heinsalmi Analyst, Carnegie Investment Bank AB (Finland) Q Thank you. It's Pia from Carnegie again. In difficult markets, it's not untypical to see competitors starting to behave irrationally. So, is this something which you identify in any of your markets in recruitment or in the Finnish market?”

Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A: “Yeah, usually in a tight market when things go badly, the price competition starts to evolve and increase. And that has, of course, happened all over the place and that's normal. That's no news for us. We, as being one of the biggest players, we, of course, try to defend the price levels and try not to do anything stupid. So, there are situation, of course, that we lose some campaigns by staying where we are and not taking



part of the price competition. But yes that is obvious that that will happen or we see that kind of cases where we don't think that there's no sense in that.”

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Pia Rosqvist-Heinsalmi Analyst, Carnegie Investment Bank AB (Finland) Q “Thank you. And just in Career, there are no new players bubbling under, which we should be aware of?”

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Kai Telanne President, Chief Executive Officer & Chairman, Alma Media Oyj A: “Not really, there are – there are competitors in all of them, all over the place and they are not new ones, actually, but the obvious ones. And there are also some smaller players that has – who have been there for quite a long, long in the biggest markets. I don't know, Vesa-Pekka, have you a better view on that or is this the case more or less?

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Vesa-Pekka Kirsi Senior Vice President & Head of Alma Career, Alma Media Oyj: A “Thanks, Kai. I think Kai actually described it quite well. The usual suspects on the big end, the global giants, so to speak, and then the local people that have been competing with us before. But Pia, I guess you're right there, the desperation of the marketplace is everywhere. And I think we, as well as the others, are trying to see how to move forward. I would point out the same that Kai said that even in those markets where we've been declining mostly in the north and in the Baltics, we've been fighting for the market share still quite successfully. But the competition itself is pretty much where it has been, even though we've been expecting AI and other innovations to bring something totally new, but that has not been seen.

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Kai Telanne President, Chief Executive Officer, Alma Media Oyj: A “Actually, I didn't point it out, but – and I don't remember it, we disclosed it before, but we have quite a lot of AI initiatives in place, actually, more than 50 projects inside the company all over the place, meaning that we aim at deploying the AI in every business during this year, meaning that for classified businesses, we are deploying and embedding the capabilities inside the services and the same for other services as well, even for the news media. So like the journalists there used the AI for gathering the raw material and making some kind of summaries and those and whatever. And for the coding, like for the ICT development, the management has promised me that we can get 30% off from the cost with the AI. I remember that I said always to them that I remember your statement. But as they already deploy, we use the AI for the coding, especially for the testing, as I've heard it, it is useful, it is really useful for the cost effectiveness and that's important for us because we have so much to do in the different businesses all over the place. All right. If you don't have any other questions... Maybe we can move to online questions.”

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Teemu Salmi, IR Director, Alma Media Oyj: Q “First one from our analyst in SEB, Nikko Ruokangas. Are you now any more worried about reaching the guidance compared to in February when you initially gave the guidance, given the challenging market environment?

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Kai Telanne: A “No, we are still confident that despite the difficulties in the market during the, maybe the first half of the year, we can reach the target.

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Teemu Salmi, IR Director, Alma Media Oyj: Q “Perfect. How do you see the trend developing inside the quarter in different business areas? What kind of demand did you see in March compared to January-February? So the trend developing inside the Q1 in different business areas.

Kai Telanne A: "We haven't got the market numbers yet from Kantar ... but the finger touch, the feeling and I would say that the overall view has been that the March, not in the advertising market really, but in other businesses, it's been better than the first two months, meaning that the situation should be improving.

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Teemu Salmi, IR Director, Alma Media Oyj: Q "Perfect. You said that you have initiated new cost efficiency actions. Which divisions and which will these affect?

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Kai Telanne A: "We have maybe discussed this before already, but to start the year, we always do at least two different plans, like two different scenarios. And if the year and the market doesn't start favorably, we deploy the Plan B more or less, meaning that we have already this kind of cost initiatives to start and planned in advance. And in this kind of circumstances, the situation is those cost initiatives are mainly from this kind of moving cost, like from marketing, a little bit from personnel costs, sales, we can postpone some non-necessary investments or that kind of things and so on. So that will happen in every segment. So, actually at the moment, we have the Plan B in place in every segment and there are, of course, differences what you can do and what is wise to do in different businesses. And the effects and the results will be seen from the third quarter on this year, third or fourth, fourth quarter, mostly. The second quarter might be too early.

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Teemu Salmi, IR Director, Alma Media Oyj: A "Thank you. And then Mastan Mirza is asking a holistic question: Just would like to know about the future of Alma. Like where could investors see Alma in the next two to three years in terms of revenue and any dividend increases we could expect in the coming days?"

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Kai Telanne A: "We have disclosed the core business areas as shown you before the three areas, meaning marketplaces, insight services and media. And those are the areas where we will invest in. We are not going to other places. We continue with the transformation of those and the internationalization. As said, we are moving now to the Balkan area. We aim at growing more than 5% per year with increasing profitability and as said and mentioned before, we have room to improve with the profitability, clearly. We have high targets on Career, we have the Career United project, which concentration on integrating the different markets and countries into one common idea of doing the business and some shared services. We have high expectations on the marketplaces as said where have invested in and a good plan in place for news media as well. So the answer is that more than 5% yearly long-term target for growth with increasing profitability. At the moment, we are close to the 25%, 24% or something and that's not a – the most difficult target for us is not the profitability, but the growth. And the growth, the difficulty with the growth comes from Finland. Of course, Finland is not growing. So that's the biggest difficulty. We have done more than 70 transactions M&As since 2005 and the journey will continue. While the balance sheet is developing as seen with the good cash flow, the possibilities to bigger transactions improves and we will use the M&A as a tool as before. So the board, the management, the board and the shareholders of Alma have all committed to the strategy and that will definitely continue. And in terms of dividends, we have promised to pay at least 50% of the earnings per share every year and with the current strategy and the targets, meaning dividends are improving, step by step, they are improving.

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Teemu Salmi, IR Director, Alma Media Oyj: Q "From Raj Mahdran .. Is the company planning to utilize AI to enhance productivity? And if so, in what ways are you implementing them?"

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Kai Telanne A: "Productivity, we have actually this kind of three layers, three step approach in AI. Of

course, in the beginning, we are in an experimental mode. So we had promised that we have AI at the use of every Alma Media this year, we are in good speed with that. But at the first layer, in AI development is, of course, the cost effectiveness, so the productivity. How do we deploy the AI at the use of journalists, at the use of marketing, at the use of subscription sales or whatever. And that happens on top of the good data layer that we have, a lot of data and a very good basis for the AI development that we have developed, the data layer and the lake that we have in Alma. So the productivity is the first layer, then the second layer is the product development. So new services or new features in the products and the services that we have in the market, meaning that we are deploying AI into the search features or whatever or other services like Career. How do we match make better than we have done so far? How do we guarantee that the employers and the employees are finding themselves with the best ways you can? And then the third layer in the AI deployment – development is the new services, totally new services. And, of course, the further you go in those circles, the more difficult it becomes. It needs creativity to develop totally new services. But of course, we try to do that and that will happen, eventually that will happen when we have the AI fully at our services, we will find the new ways to and the new services as well. And, of course, we have to be aware if that happens in the markets where we are in. There are some kind of new players, incomers in our current businesses to fight with us, the incumbents in a new way.

I remind you that you can contact us in any time if you have further questions, so don't hesitate to do that. On behalf of Taru as well, it was a great pleasure to start the year with you and we'll be in touch. Hope you have a nice weekend, and like summer-kind weekend in Finland. Thank you.”

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