



## Alma Media Q2/2018

Kai Telanne, President & CEO

Juha Nuutinen, CFO

# Agenda

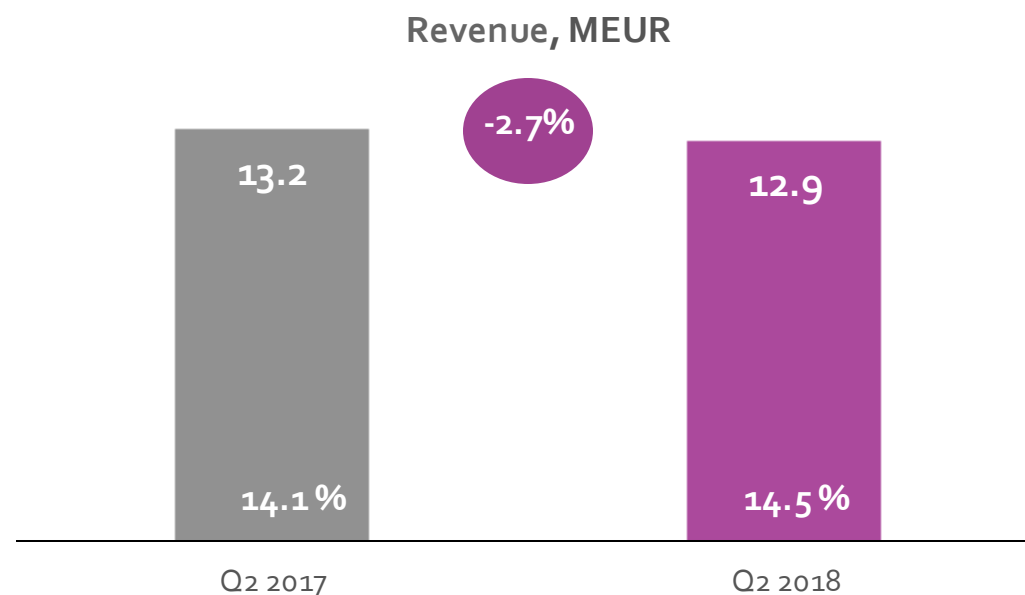
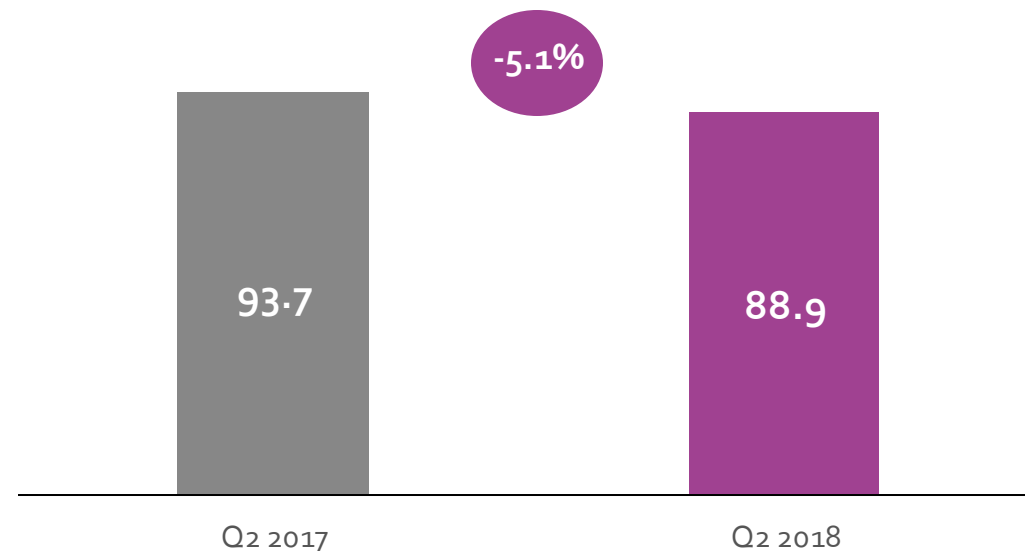
- Performance highlights
- Advertising market development
- Business development by unit
- Financial position
- Strategy and outlook
- Q&A



# Alma Media Q2/ 2018 in brief

## Adjusted operating profit at good year-on-year level

- Alma Media's revenue decreased by 5.1% to MEUR 88.9. Divested and acquired businesses' net effect on revenue was MEUR -4.4.
- Adjusted operating profit on par with the comparison period at MEUR 12.9.



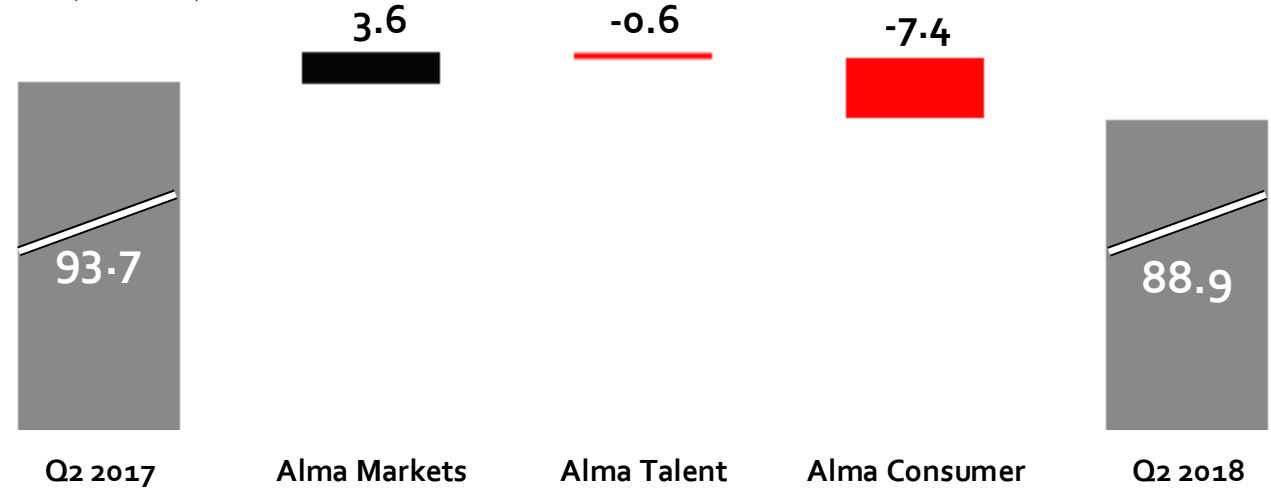
Adjusted operating profit, MEUR  
% revenue

# Revenue and adj. operating profit Q2/2018

Businesses developed at unequal pace

- Alma Markets as again the strongest driver of growth and profitability.
- At Alma Talent stable revenue development and improved profitability in Finland. Challenges continued in Sweden.
- The structural transformation of media was reflected in the Alma Consumer's result as print media continued to decline.

Revenue (MEUR) Q2

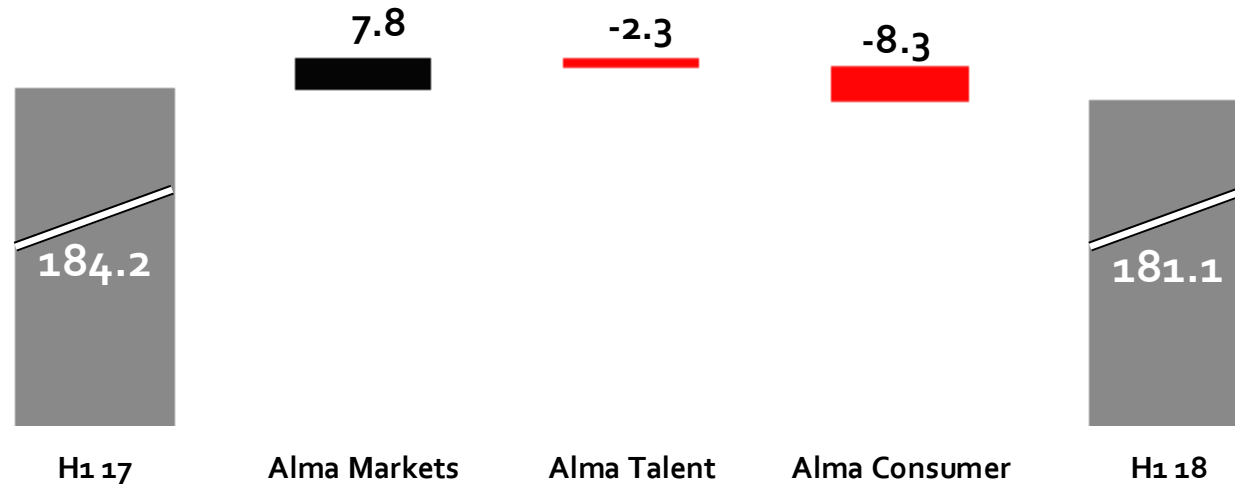


Adjusted operating profit (MEUR) Q2



# Revenue and adj. operating profit H1/2018

Revenue (MEUR) H1

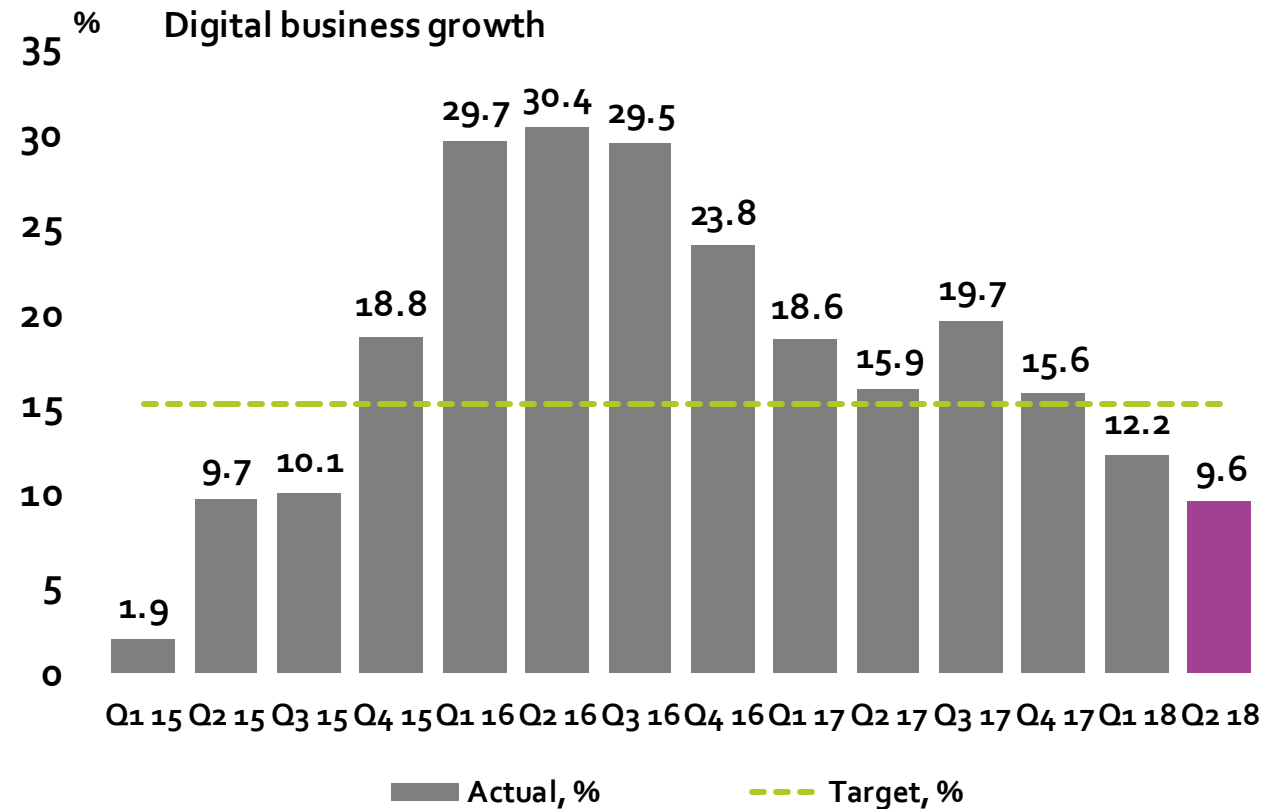
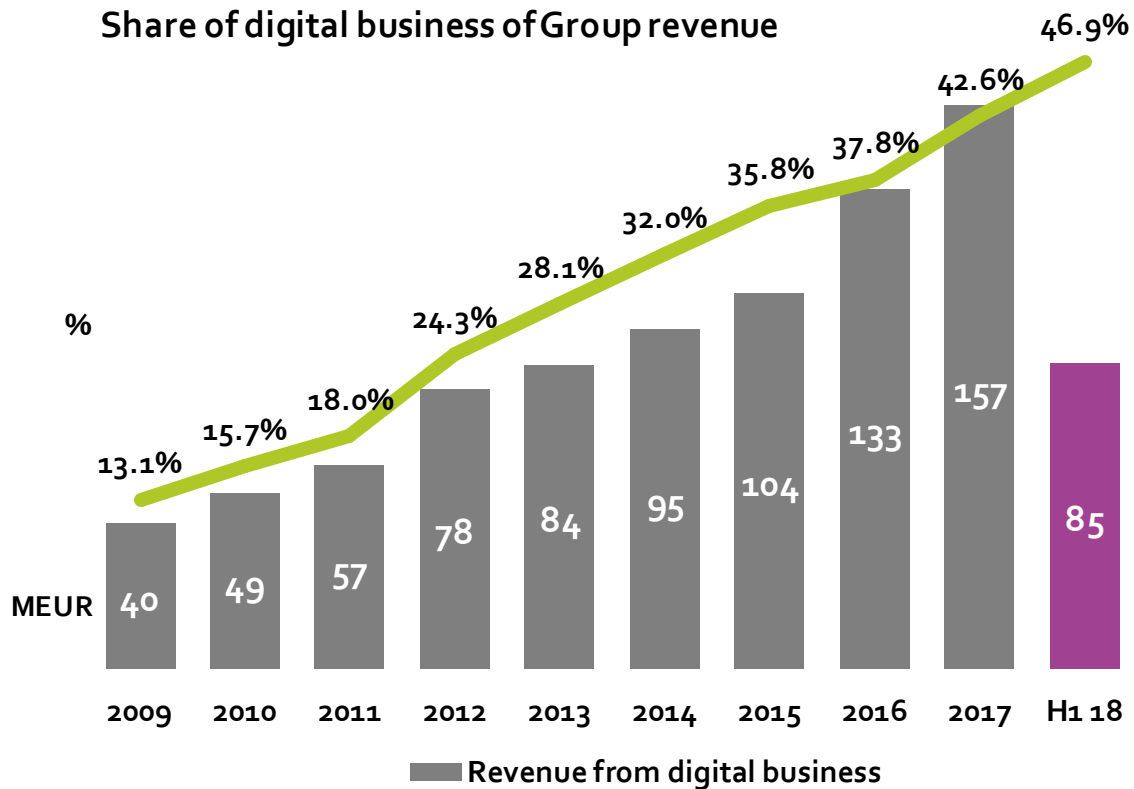


Adjusted operating profit (MEUR) H1



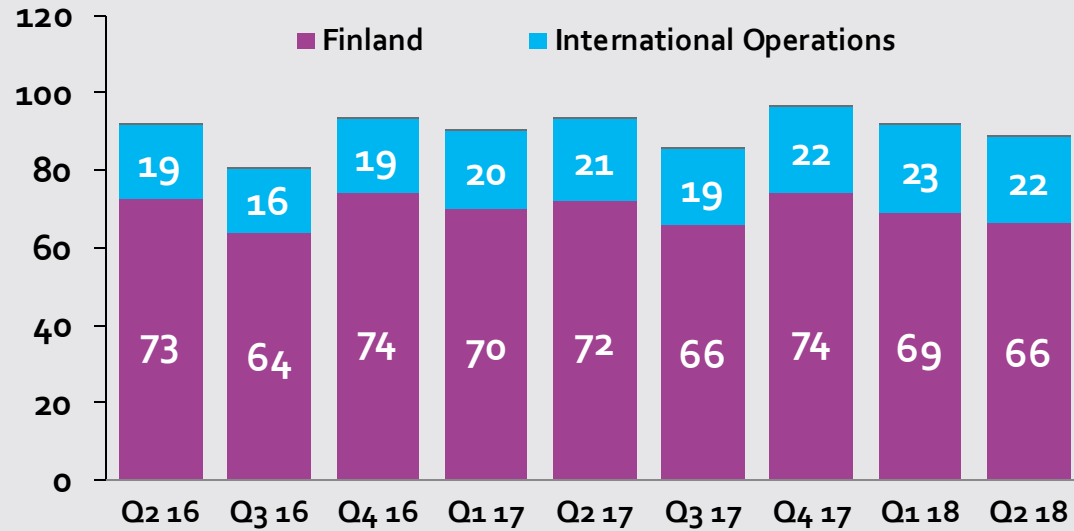
# Digital business growth

- The share of digital business of Group revenue is approaching 50 %.

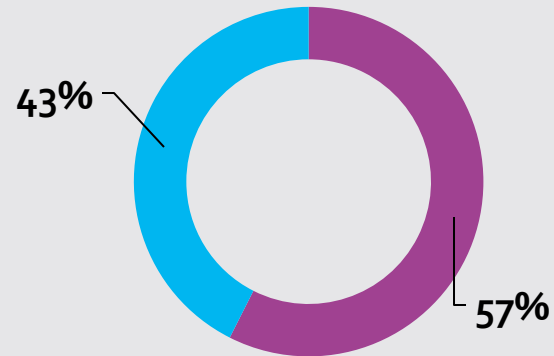


# International business

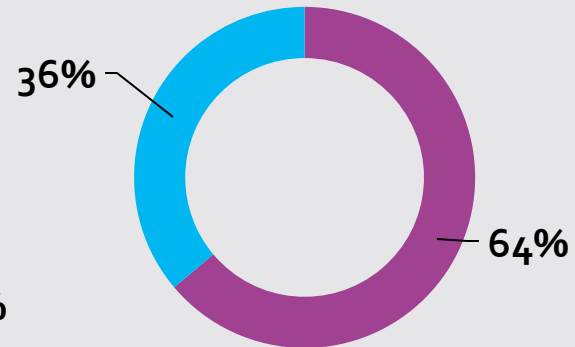
Revenue Q2/2016–Q2/2018



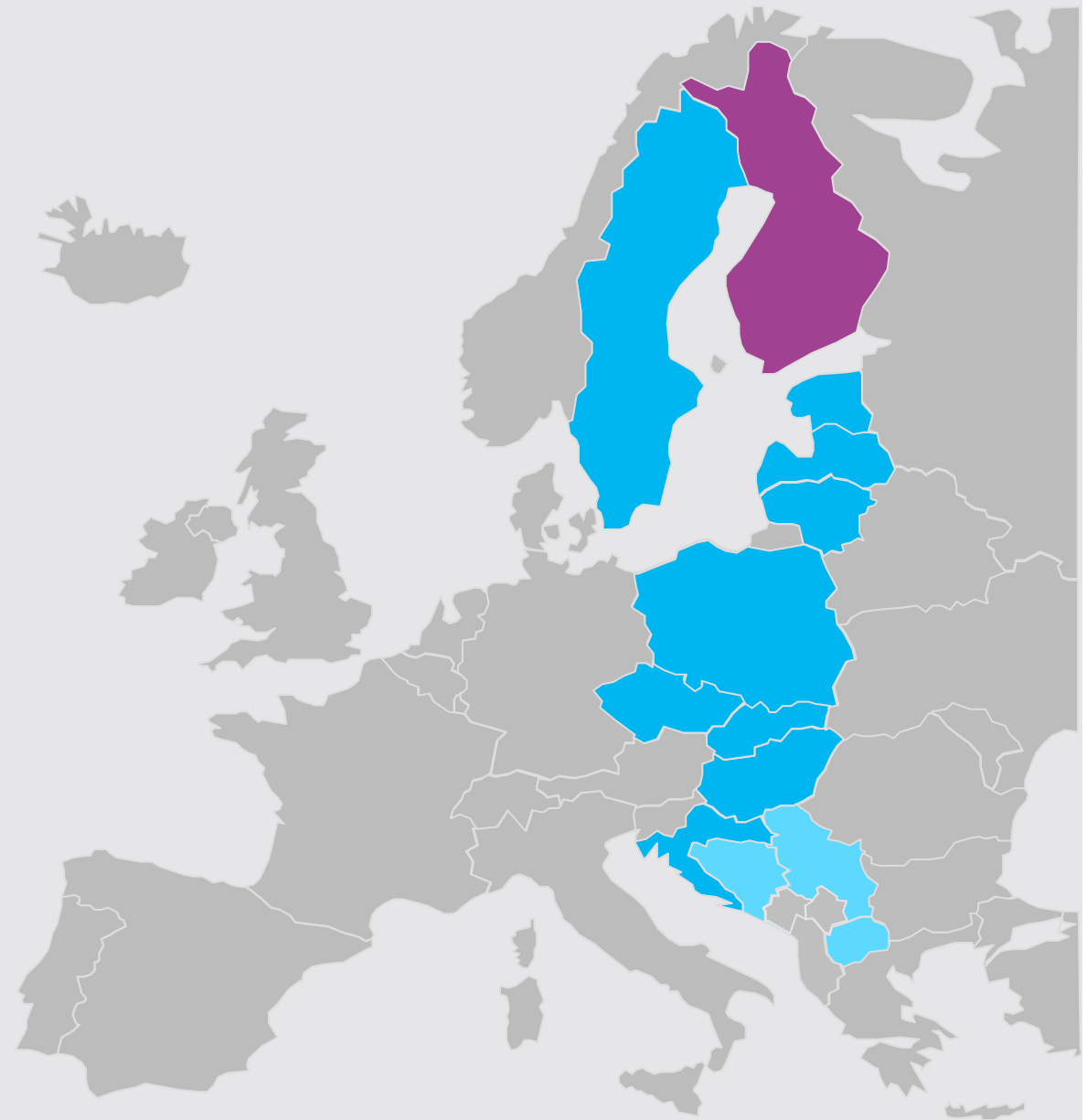
Operating profit Q2/2018



Personnel Q2/2018



■ Finland ■ International Operations ■ Finland ■ International Operations

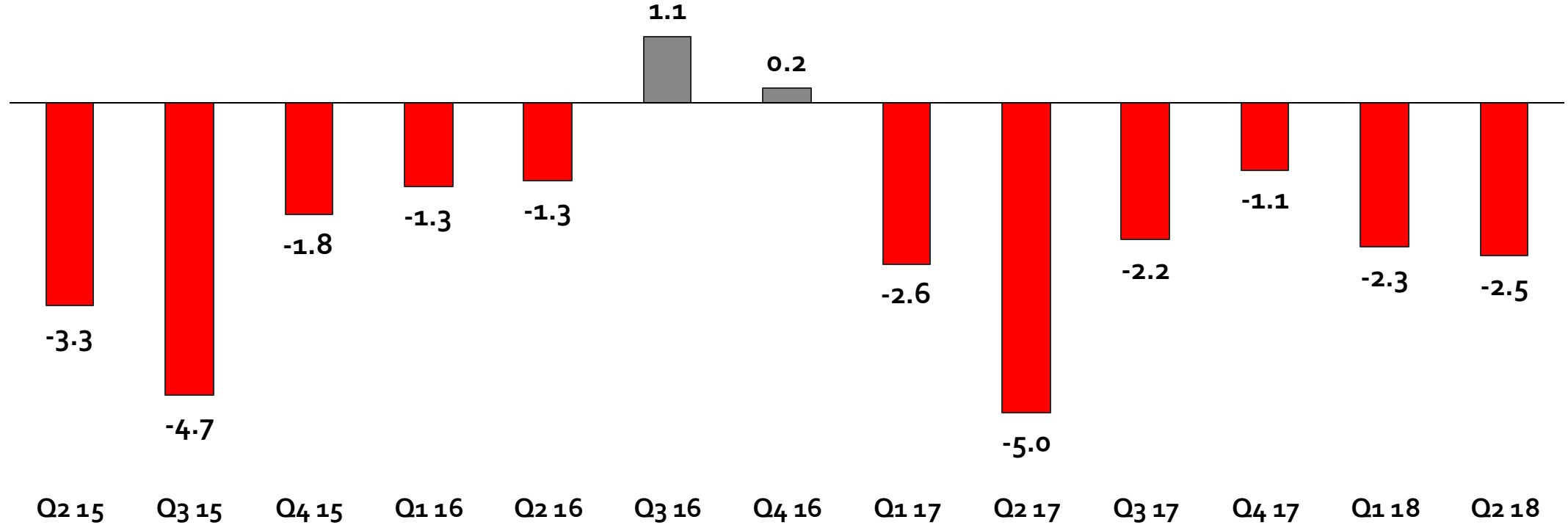


An aerial photograph of a person on a blue stand-up paddleboard (SUP) on a large body of water. The sun is high in the sky, creating a bright, shimmering reflection on the water's surface that extends from the top center towards the middle of the frame. The water is dark blue with small ripples. The person is positioned on the right side of the frame, facing away from the viewer. The overall scene is serene and suggests outdoor recreation.

# ADVERTISING MARKET DEVELOPMENT IN FINLAND



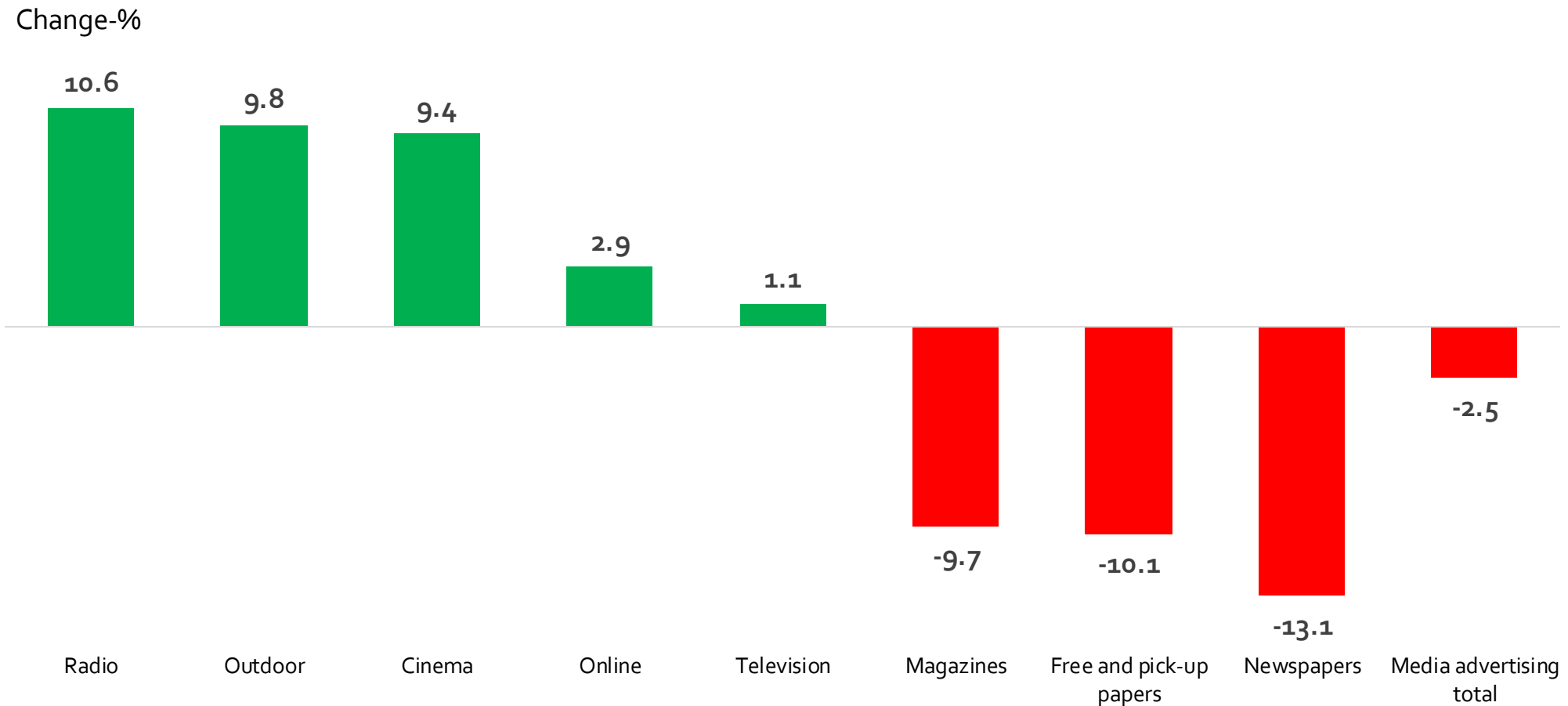
# The domestic advertising market remains subdued



Change in media advertising in Q2/2015 – Q2/2018  
Source: KantarTNS



# Advertising trends by media group in Finland Q2/2018



January-May/2018 development in Sweden:

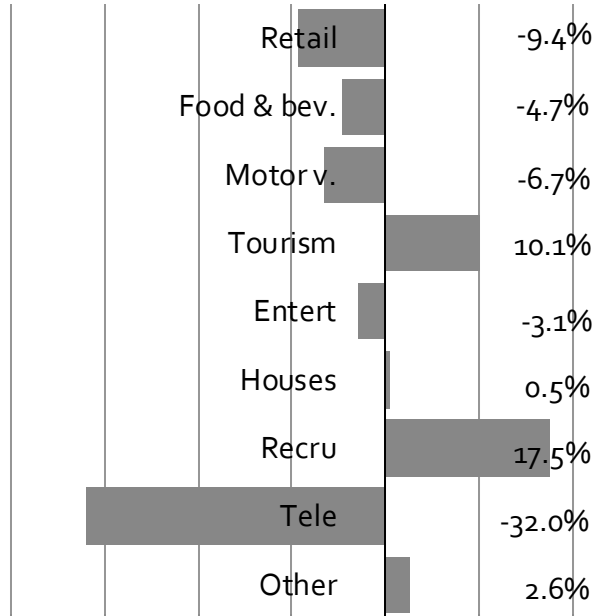
- total advertising volume +5.6% (+3.6%), online media +5.4% (+10.8%), trade magazines -19.8% (+9.0%)

Source: KantarTNS,  
Sveriges Mediebyråer



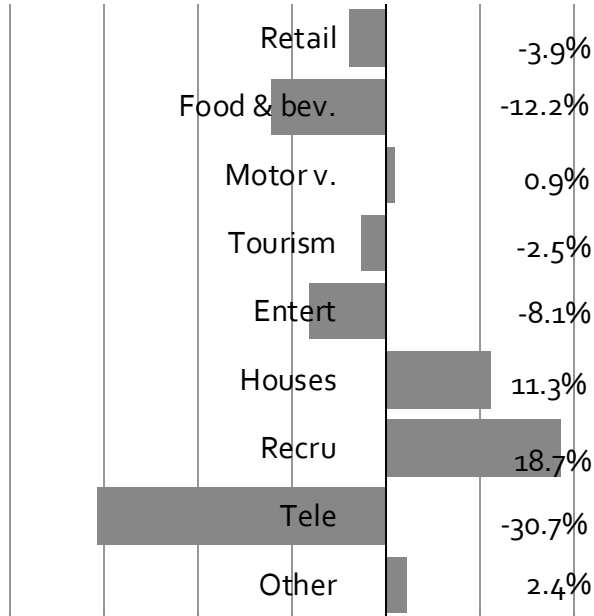
# The Finnish economic upturn is reflected in housing and job advertisements

Q3 2017 vs 2016



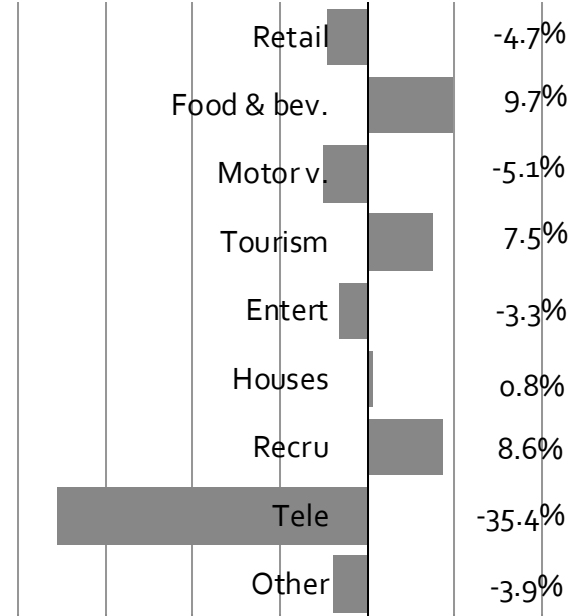
Total -2.2 %

Q4 2017 vs 2016



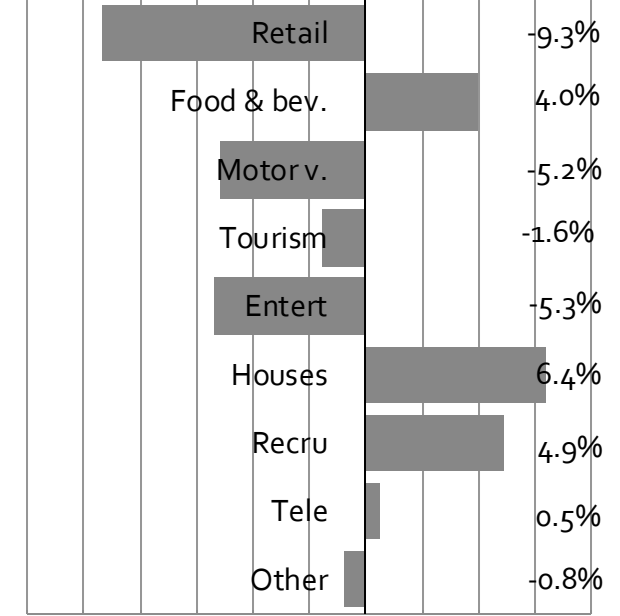
Total -1.1 %

Q1 2018 vs 2017



Total -2.3 %

Q2 2018 vs 2017

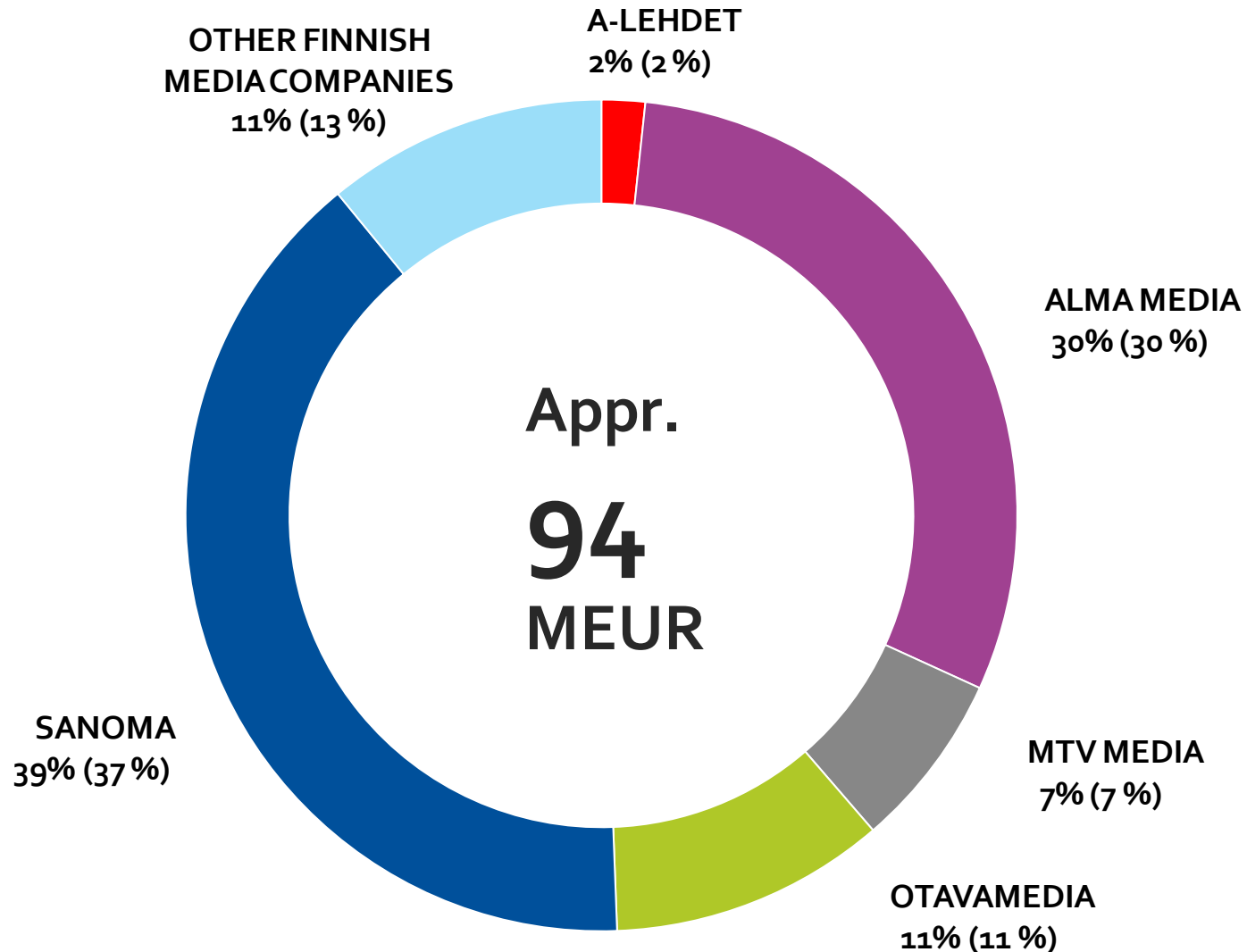


Total -2.5 %

Biggest advertising sectors  
Source: Kantar TNS



# Online advertising in Finland by media companies in H1/2018



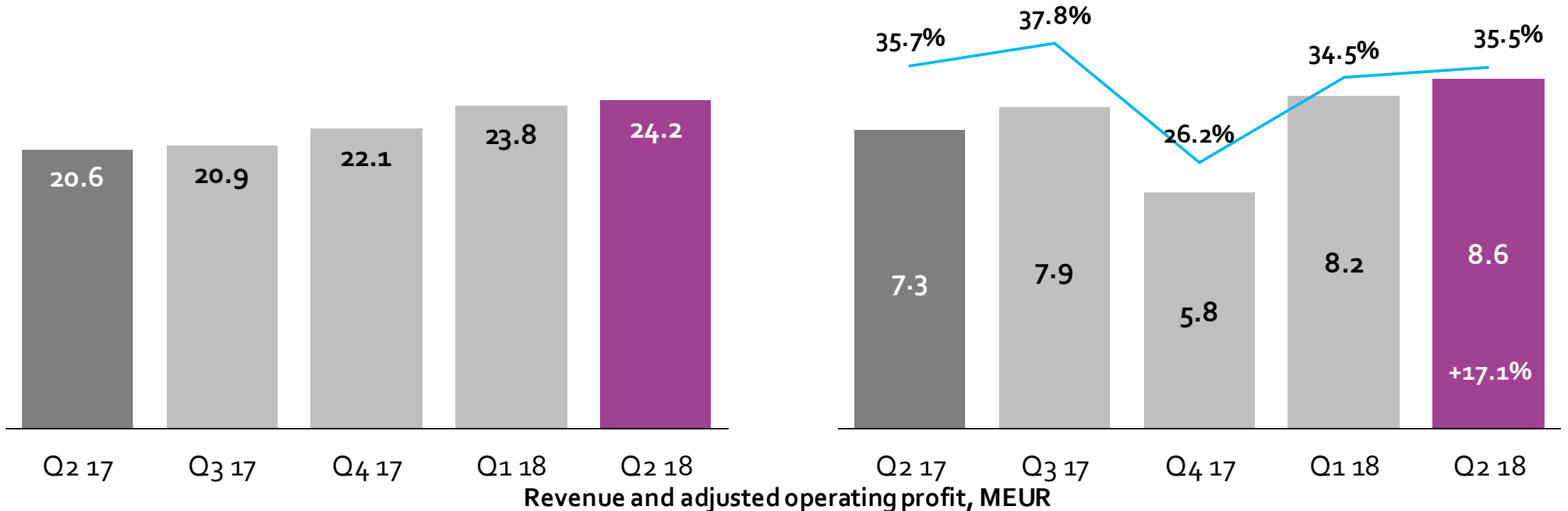
Online advertising  
by media companies  
H1/2018 (versus H1/2017.)  
Source: Kantar TNS

# DEVELOPMENT BY BUSINESS SEGMENTS



# Alma Markets Q2/2018: Profitable business growth continued

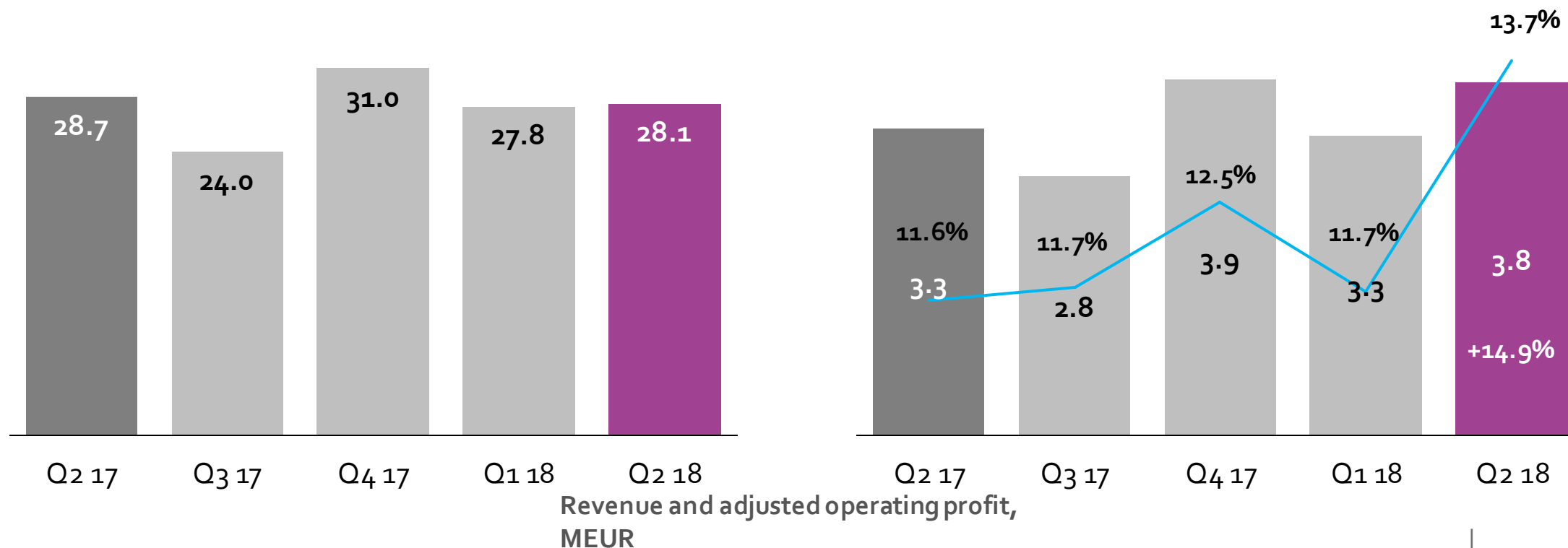
- International recruitment services and domestic marketplaces both contributed to segment's excellent performance, supported by favourable market development. Revenue growth remained strong in Finland, the Czech Republic and Croatia.
- Recruitment business revenue +15.6%, accounted for 76.1% of the segment's revenue.
- Adjusted total expenses +18.1% to MEUR 15.7. Expenses up due to launch and marketing investments in a new mobile recruitment service in Poland (MEUR 0.4), among other things.



Acquisitions increased the segment's revenue by MEUR 0.7 and operating profit by MEUR 0.2.

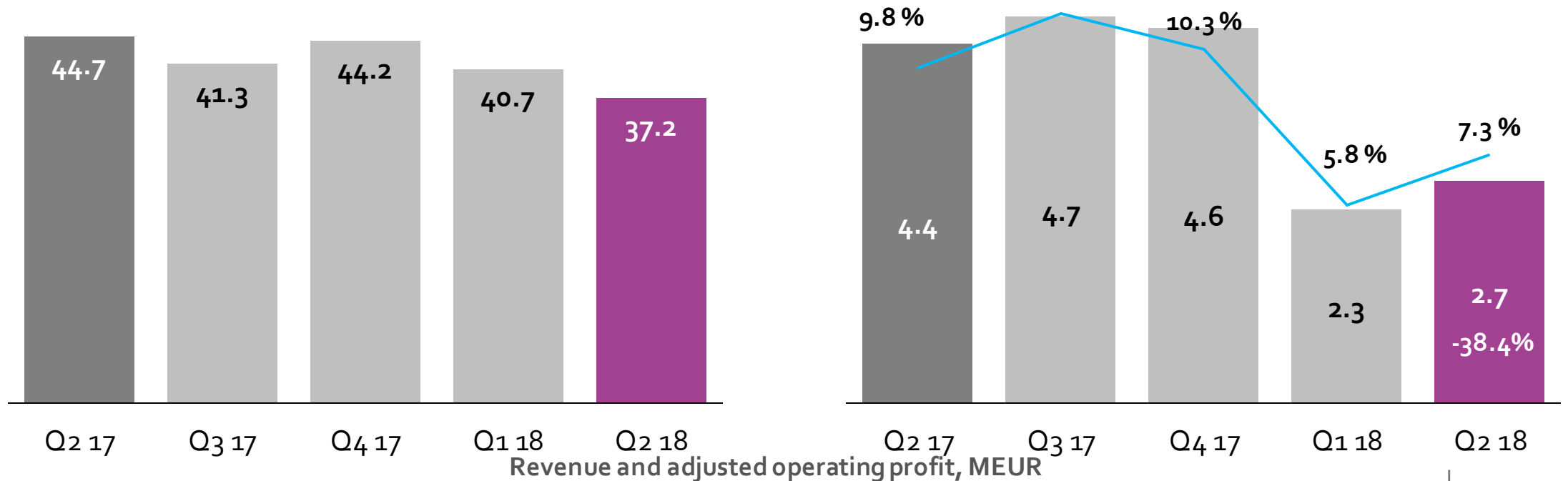
# Alma Talent Q2/2018: Profitability improved in Finland, but the business development in Sweden was weak

- Advertising sales -1.0%, digital advertising sales +3.1%. In Finland, advertising was on par with the previous year in Q2, but advertising continued to decline in Sweden. Acquired businesses increased advertising revenue by MEUR 0.3.
- Content revenue -1.8%. Digital content revenue grew by 3.1%.
- Adjusted total expenses -3.8% to MEUR 24.3. Total expenses decreased in Finland due to cost savings and previously implemented restructuring measures.



# Alma Consumer Q2/2018: The decline of print media sales reduced profitability

- Revenue was reduced e.g. by the divestment of the newspaper business in Lapland. The result was weighed down by the decline of advertising sales in print media and the falling single-copy sales of Italehti. The development of programmatic buying revenue weaker than expected.
- Excluding divested operations advertising sales was -8.4% (digital was -2.9% and print media was -11.9%) and content revenue -4.7%. Content revenue from regional media was on par with Q2/2017. Content revenue fell due to the decline of Italehti's print circulation.
- Adjusted total expenses -14.3% to MEUR 34.6. The effect of divested businesses was MEUR -5.4.



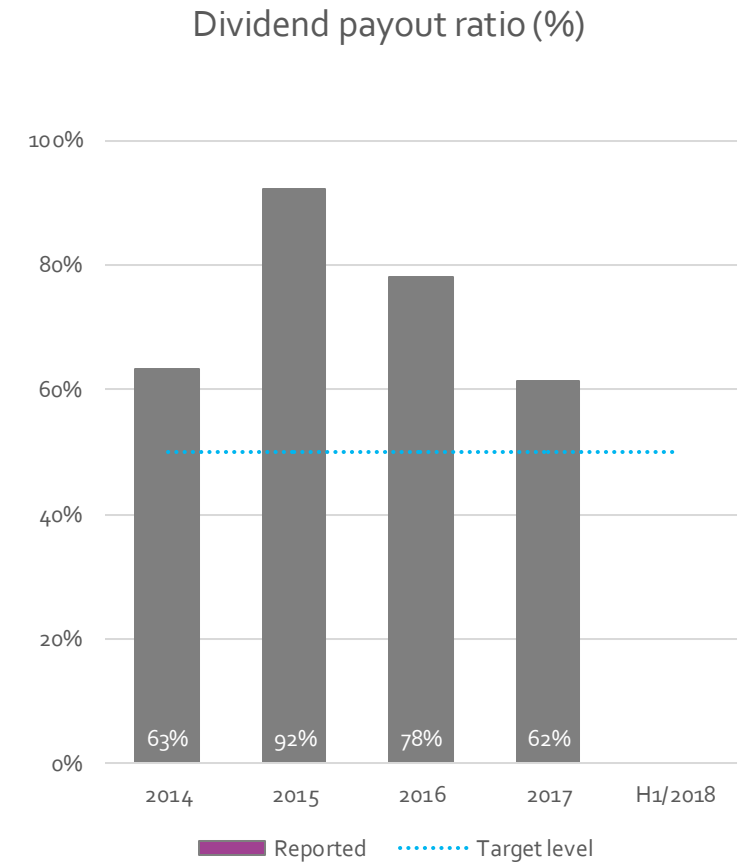
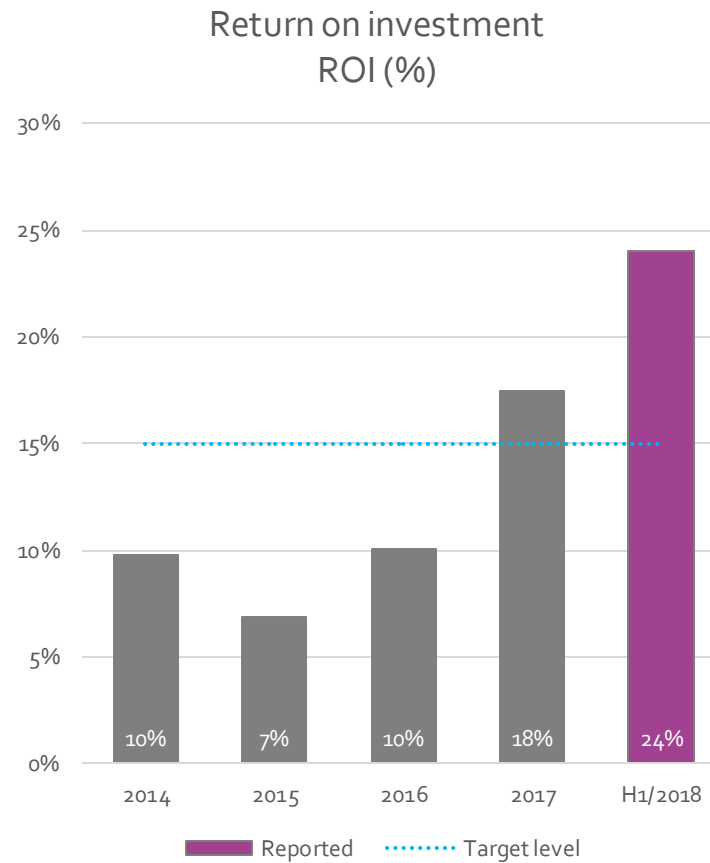
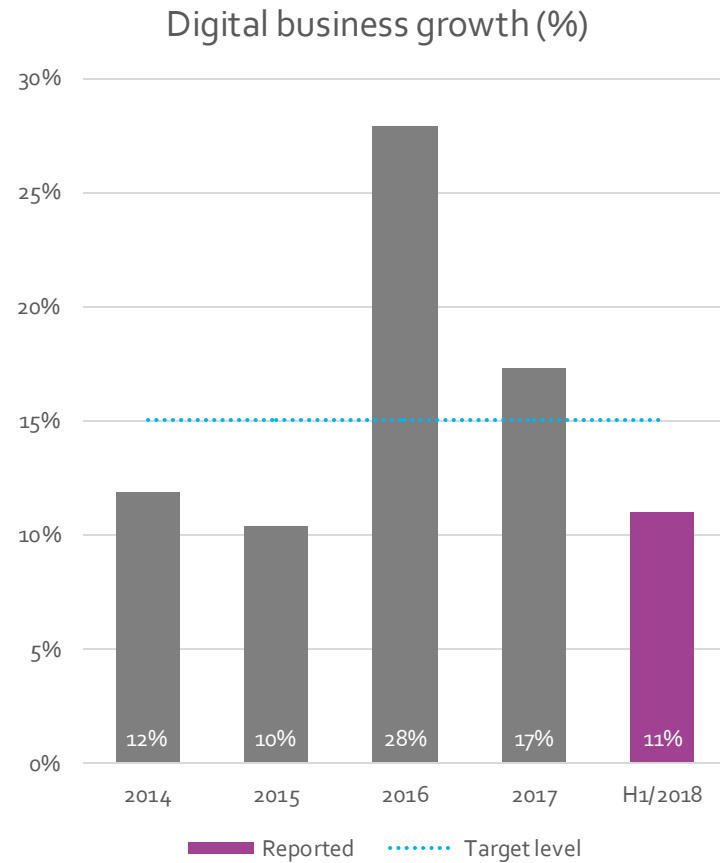




# FINANCIAL POSITION

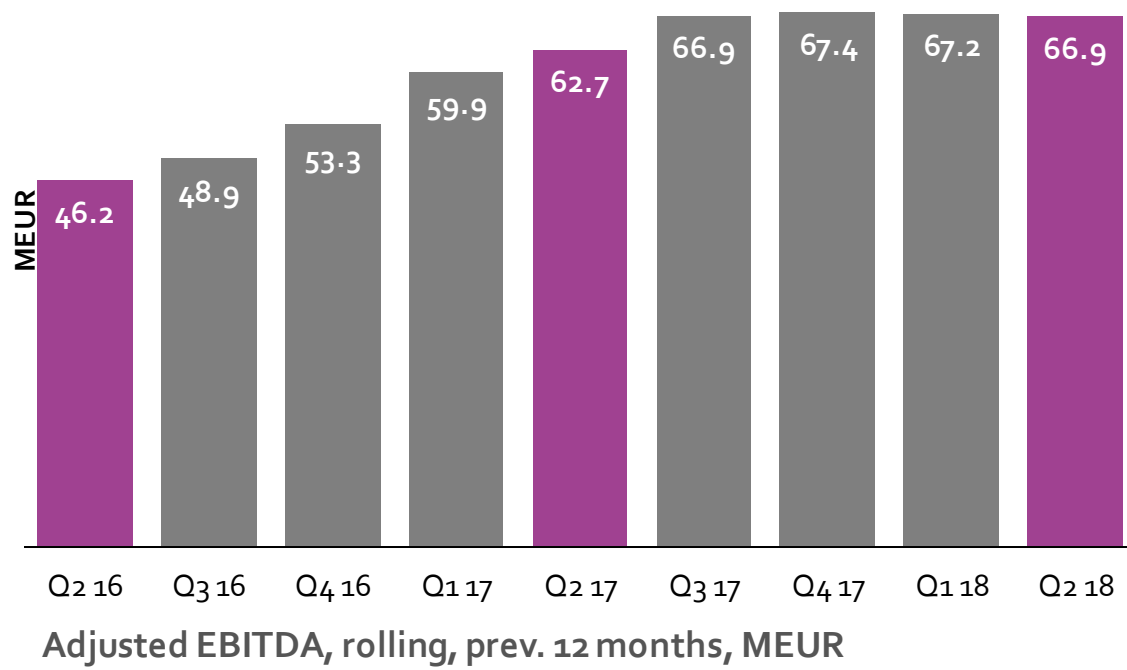
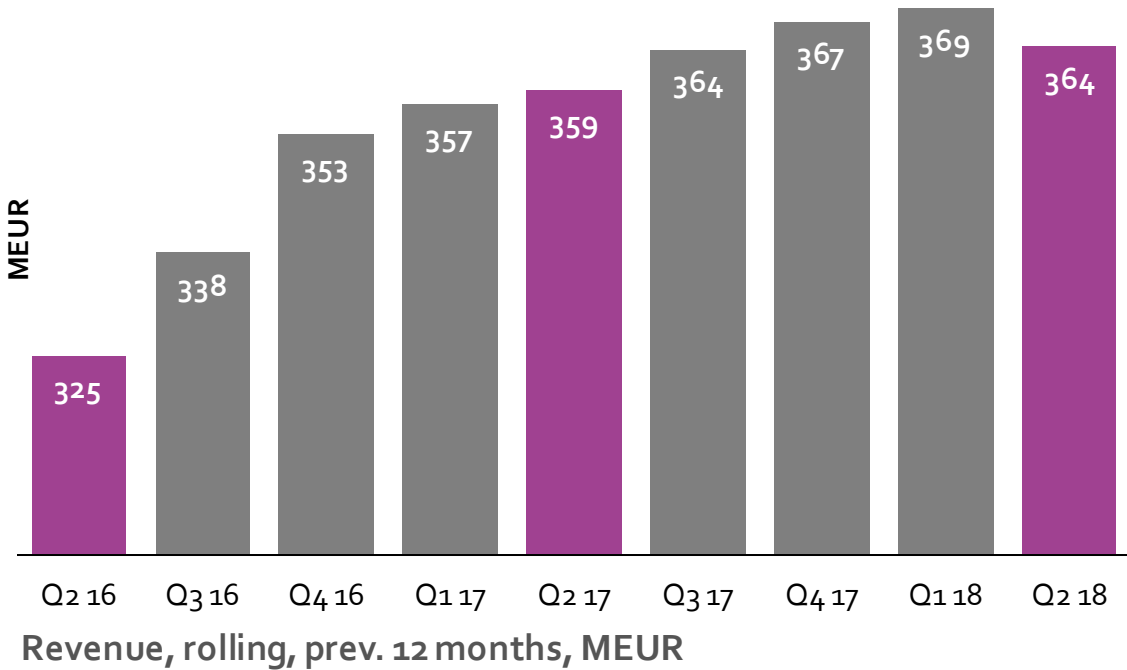
Juha Nuutinen, CFO

# Long-term financial targets



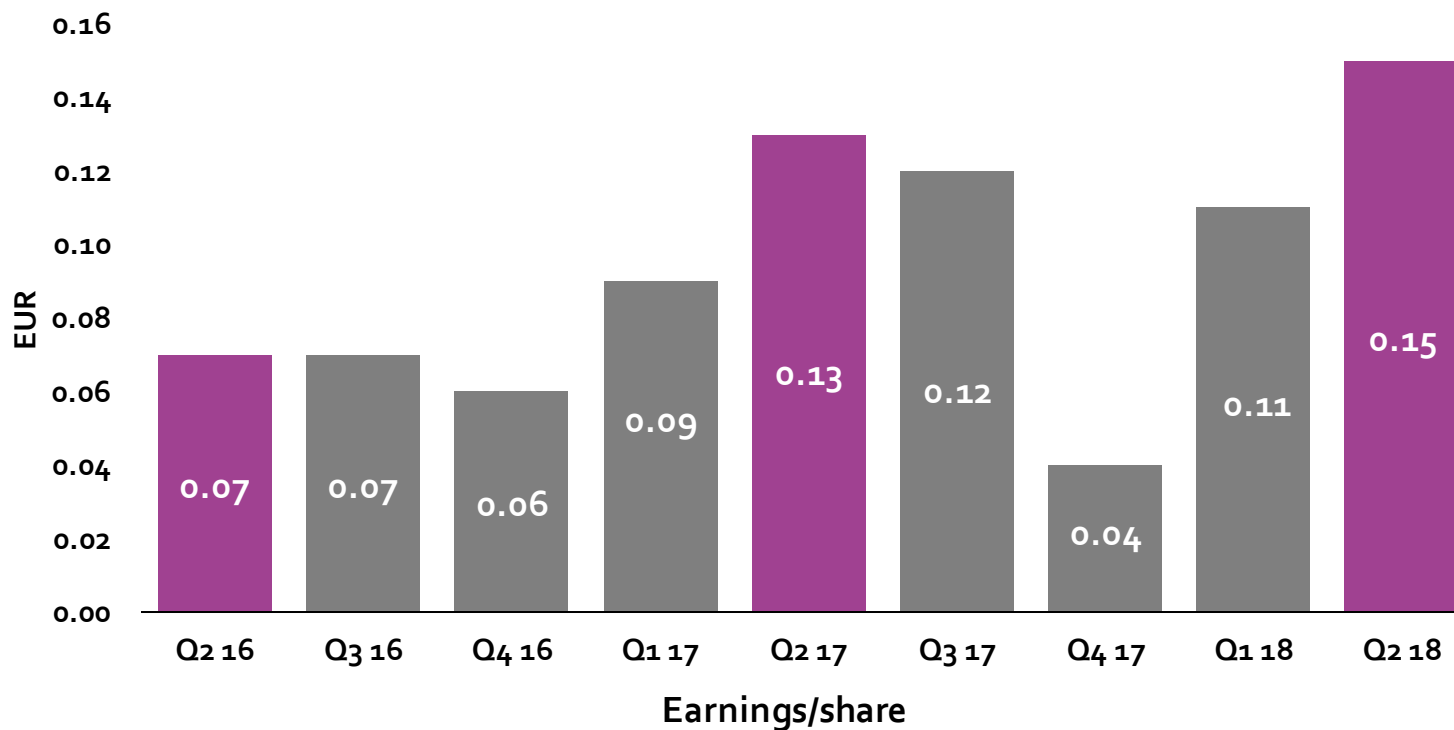
# Development of revenue and EBITDA

Organic revenue growth -0.5% in Q2/2018.



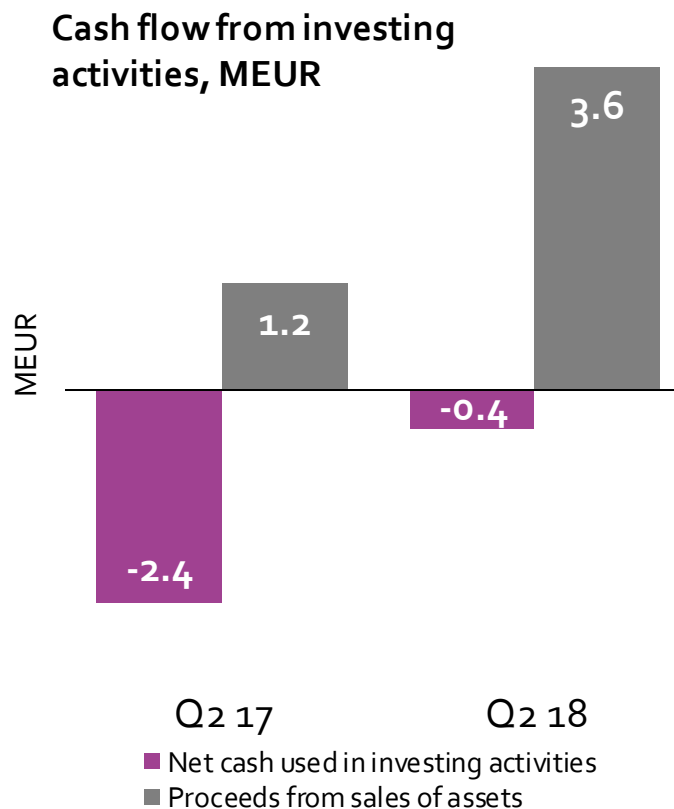
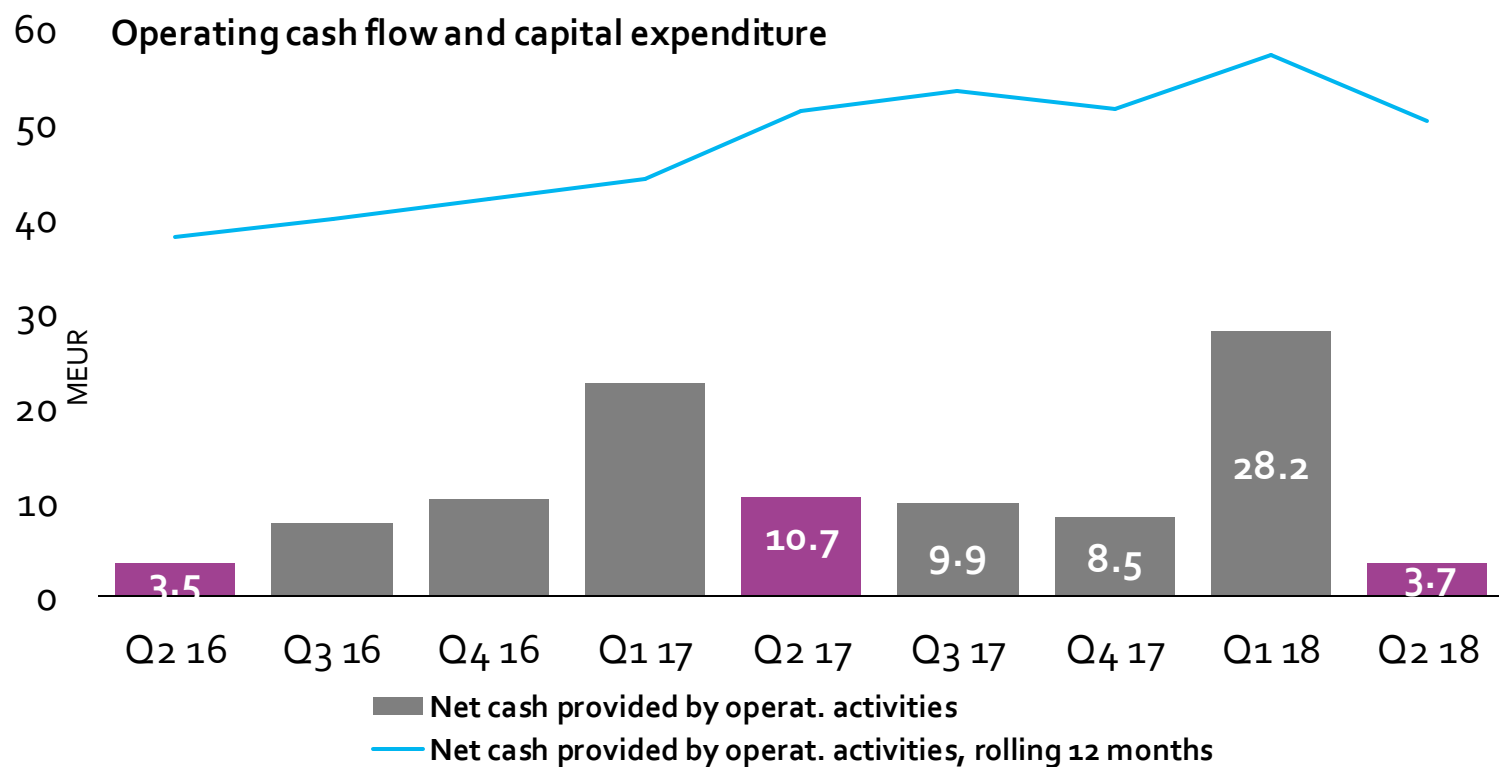
# EPS

- Earnings per share in Q2 were EUR 0.15 (EUR 0.13). Adjusted items MEUR 4.5 (Q2/2017: MEUR 1.8).



# Operating cash flow and capital expenditure

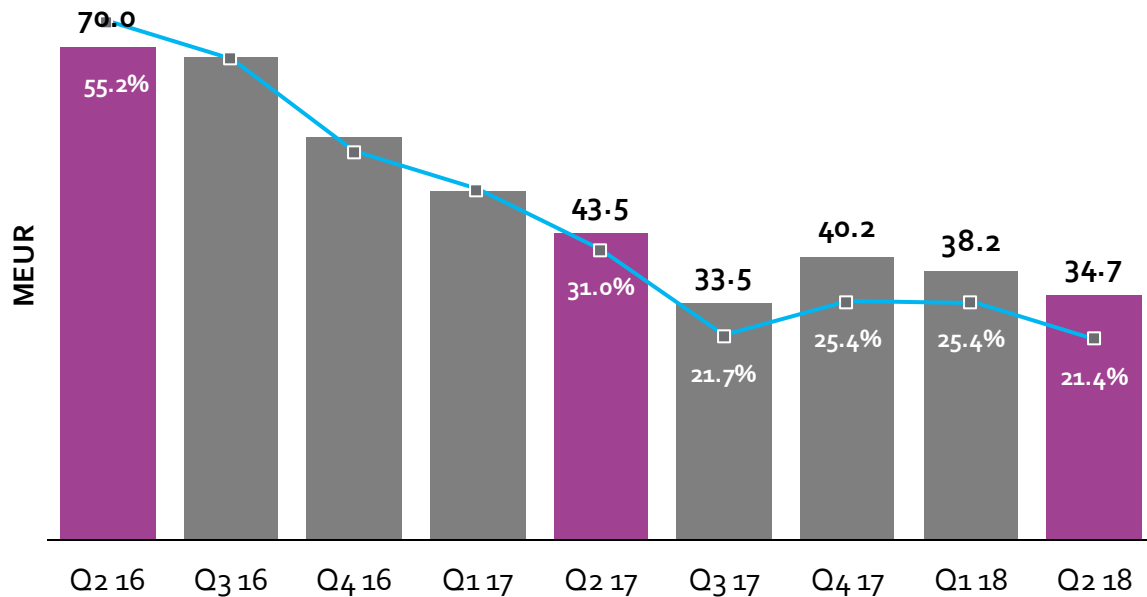
- In Q2/2018, cash flow from operating activities was MEUR 3.7 (10.7) . The decrease is due on higher taxes paid year-on-year and higher working capital. Cumulative cash flow from operating activities in H1 was on par with the previous year.
- In Q2/2018, cash flow from investment activities was MEUR 2.6 (-1.2), including the divestment of the newspaper business in Lapland.
- Cash flow before financing activities amounted to MEUR 6.3 (9.5) in Q2/2018.



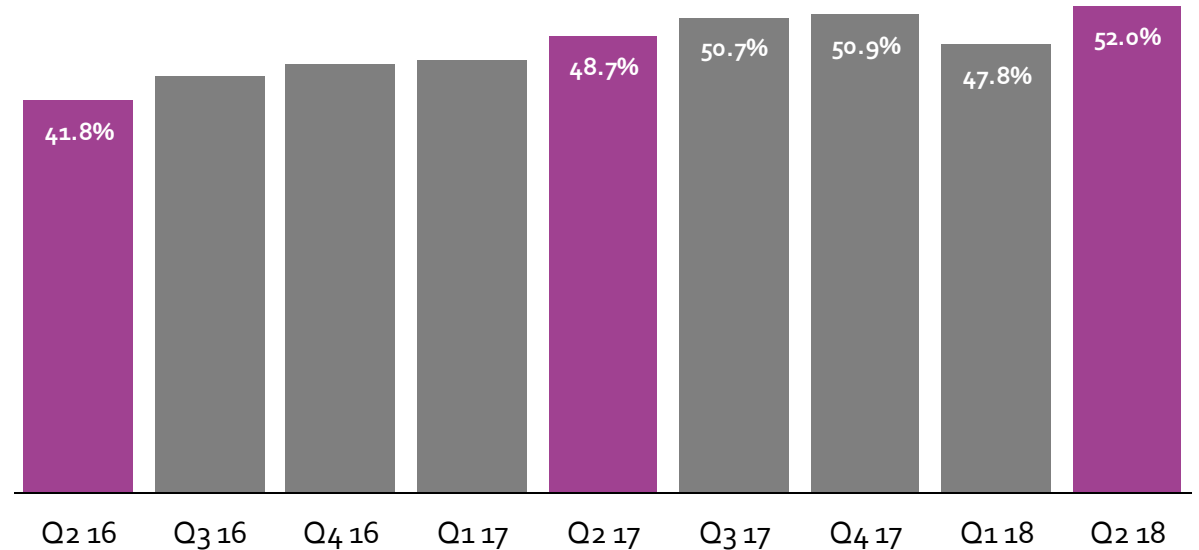
# Interest-bearing liabilities and equity ratio

- At the end of June, the gearing ratio was 21.4% and net debt stood at MEUR 34.7.
- At the end of June, interest-bearing liabilities totalled MEUR 58.8, of which MEUR 54.1 were non-current liabilities.
- Equity ratio was 52.0 %.

Net debt, MEUR and gearing, %  
Q2/2016–Q2/2018



Equity ratio,  
Q2/2016–Q2/2018



# IFRS 16 and estimated effects on Alma Media's financial position

IFRS 16: Estimated effect on Alma Media financial reporting (preliminary)	31.12.2017		31.12.2018	
Balance sheet (MEUR)	Assets	Liabilities	Assets	Liabilities
Property & other lease	60.1	60.1	52.1	52.1
Car lease	0.8	0.8	0.8	0.8
IT lease	-1.7	-1.8	-1.7	-1.8
<b>Total</b>	<b>59.1</b>	<b>59.1</b>	<b>51.2</b>	<b>51.1</b>

Profit & Loss (MEUR)	Full-Year 2018
Other expenses - <i>decrease</i>	7.8
Ebitda	7.8
Depreciation - <i>increase</i>	-7.2
Ebit	0.6
Interest expense - <i>increase</i>	-0.6
Result	0.0

IFRS 16: Balance sheet and key financial ratios (preliminary)	Reported Dec 2017	Adjusted Dec 2017
Assets total, MEUR	333.8	392.9
Interest bearing debt, MEUR	61.3	120.4
Net debt, MEUR	40.2	99.3
Equity ratio, %	50.9	42.8
Net debt/EBITDA ratio	0.6	1.3
EBITDA, MEUR	66.9	74.7
EBITDA adjusted, MEUR	67.4	75.2
EBIT, MEUR	46.6	47.2
EBIT adjusted, MEUR	51.1	51.7
EPS	0.39	0.39

# STRATEGY

Kai Telanne, President and CEO





# Accelerating sustainable growth

## GROWTH DRIVERS

DIGITAL BUSINESS  
MULTI-CHANNEL MEDIA SOLUTIONS  
STRONG BRANDS  
SERVICE BUSINESS  
INTERNATIONALISATION  
NEW BUSINESS AREAS  
STRONG FINANCIAL POSITION

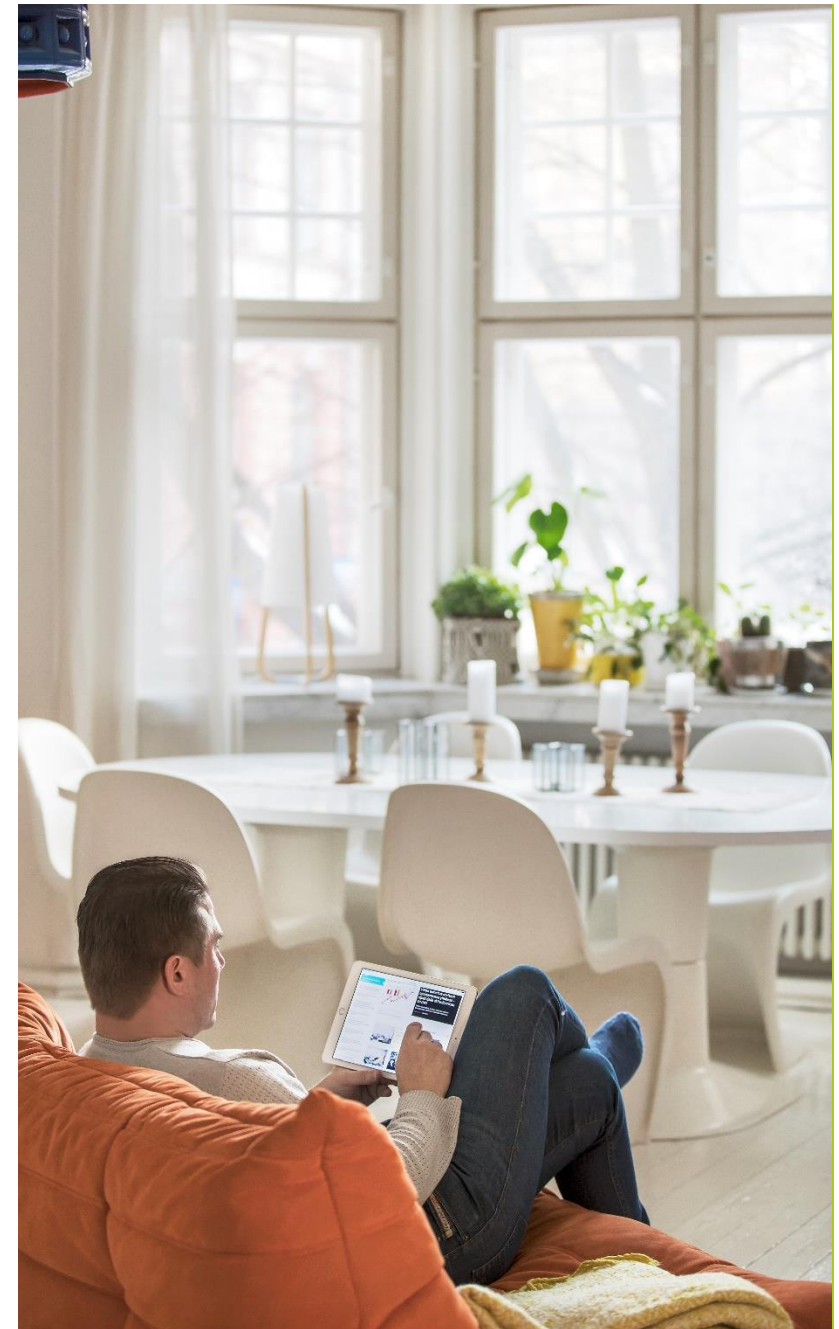
ALMA

## GROUP STRATEGIC INITIATIVES

ALMA MEDIA SOLUTIONS  
ECOM CONTENT AND SERVICES  
DATA  
ALMA THEMES AND SERVICES  
TRAFFIC MANAGEMENT

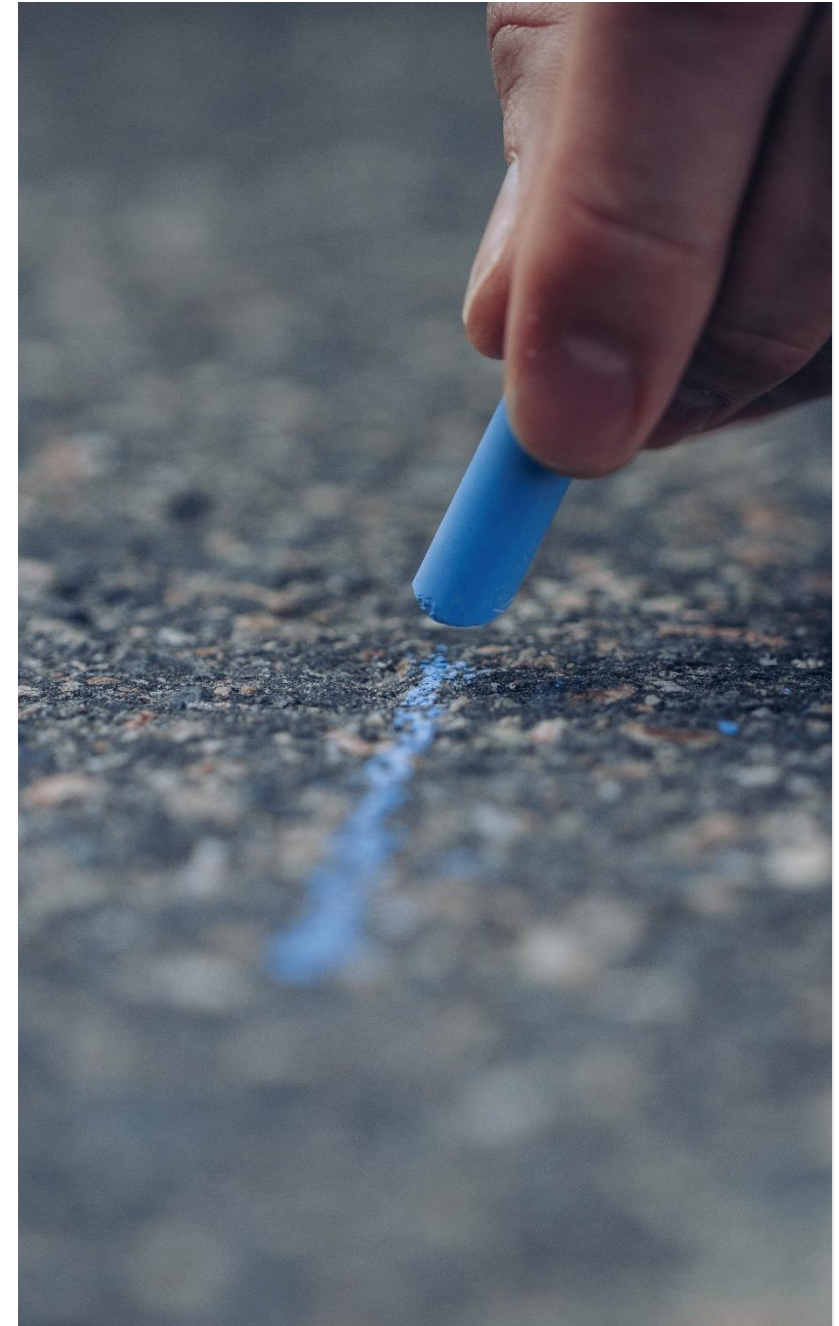
# eCom

- The strategic eCom initiative aims to achieve growth in digital content revenue and in the user volumes of digital content products. Stabilizing digital products as part of the consumer's daily life.
- Measures taken in Q2
  - developing the quality and value of digital content ("Tähtijutut"/star stories)
  - increasing user activity, visiting frequency and subscriber retention
  - strengthening digital culture and cooperation inside the organisation.



# Divestment and discontinued operations in June-July 2018

- Business development in Sweden was below target level
  - decision to discontinue Alma Talent Events Ab business operations
  - Dagens Media Sverige Ab (Dagens Media and Medievärlden) was sold to Bonnier Business Media.
- Alma Talent sold its CRM system reselling and maintenance business to CRM-service Oy.
- Alma Consumer sold its Matkapörssi and Lentokeskus businesses to Lakeuden Matkat Oy.
- Alma Media sold its old office and production facility in Tampere to Ab Sagax.



# Integration of Alma Consumer completed

- Objectives
  - digital business growth in content, services and advertising
  - ensuring the revenue development of print media
  - the best services and marketing solutions
  - strengthening local, regional and national operations.
- The unit's management model has been finalised and the management team appointed. In addition, the content sales and digital development functions were organised.
- Statutory personnel negotiations held in relation to the integration process led to reductions corresponding to eight person-years.
- The business unit's strategy process will begin in Q3.
  - One of the goals of the strategy process is to identify new business initiatives.



# Outlook

## Operating environment in 2018

The Finnish economy is expected to experience strong growth in 2018. Alma Media's significant operating countries in Eastern Central Europe, such as the Czech Republic and Slovakia, are expected to see economic growth of 3–4%. The structural transformation of the media will continue in 2018; online content sales will grow, while the demand for print media will decline.

## Outlook for 2018 (unchanged)

In 2018, Alma Media expects its full-year revenue to remain at the previous year's level and its adjusted operating profit to increase from the 2017 level. The full-year revenue for 2017 was MEUR 367.3, and the adjusted operating profit was MEUR 51.1.

# THANK YOU! QUESTIONS?

Upcoming events in the investor calendar

- Q3/2018: 25.10.2018



2020