Alma Media

Extensive report

6/11/2024

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Inderes corporate customer

This report is a summary translation of the report “Kasvun käynnistymistä odotetaan säästöliekillä” published on 6/10/2024 at 10:42 pm EEST

Burning low while waiting for growth to take off

The majority of Alma Media's revenue streams come from growing and highly profitable digital businesses. Given these factors and its track record of capital reallocation, we believe the company has good conditions for value creation. In our view, the current valuation of the stock is quite neutral and its expected return is well in line with our required return. Thus, we reiterate our EUR 10.5 target price and lower our recommendation to Reduce (previous Accumulate).

Competitive and mainly digital businesses with high ROIC

In all, 82% (2023) of Alma Media's revenue and we estimate even a larger share of the result comes from digital businesses that are growing in the long term and highly profitable. The core of these businesses are digital recruitment services and housing and automotive marketplaces, where the company has excellent competitiveness due to its strong market position. This creates a solid foundation on which the company can develop new digital services that strengthen the overall offering and value creation potential. The growth of these services is also valuable, as they typically do not tie up significant capital and their profitability is high. The growth of the current business portfolio is slowed by the development of domestic print media, whose revenue we expect will continue to shrink, driven by the media revolution. However, their relative share of revenue has fallen to a rather reasonable level (2023: 13%).

Short-term growth is held back by economic development, longer-term growth outlook is healthy

We estimate that Alma Media's near-term revenue growth outlook is weak given the economic development, which is reflected in particular in the recruitment business and the advertising market. In the medium term, we expect the overall growth outlook to be good once the economic outlook brightens. Considering this overall picture, we estimate that the company's revenue will grow at an average annual rate of 2% in the next couple of years (2023-2026e). We expect this year's result to decline slightly following a relatively stable revenue trend and ongoing mild cost pressures and the efficiency measures to mitigate their impact. In the medium term, however, we expect the growth in revenue to demonstrate the scalability of operational profitability. Historically, Alma Media has managed to strengthen its growth and profitability through both smaller and large acquisitions, which, considering the company's financial position, is also possible in the future. The key risks are linked to the economic development of the main markets, which links to the demand for the company's services and through their high profitability also to the result.

Risk/reward ratio is fairly balanced

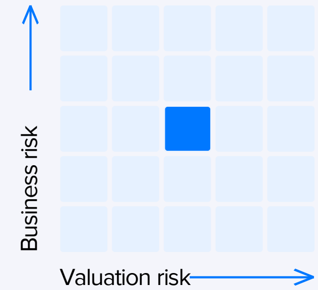
Based on the last 12 months' results, we believe that Alma Media's valuation is neutral (adj. LTM P/E ~15x and EV/EBIT ~13x) and that there is no justified upside in the valuation multiples. We expect moderate organic earnings growth in the coming years from the very good level of 2023. Thus, earnings growth is a slightly positive driver for the expected return in our forecasts, which, together with an average dividend yield of just over 4.5% in the coming years, does not exceed our required return. The relatively neutral valuation of the stock is also reflected in our cash flow model of EUR 10.7 per share. Against this backdrop, we find the current risk/reward ratio to be quite balanced.

Recommendation

Reduce
(previous Accumulate)

EUR 10.50
(previous EUR 10.50)

Share price:
10.05



Key figures

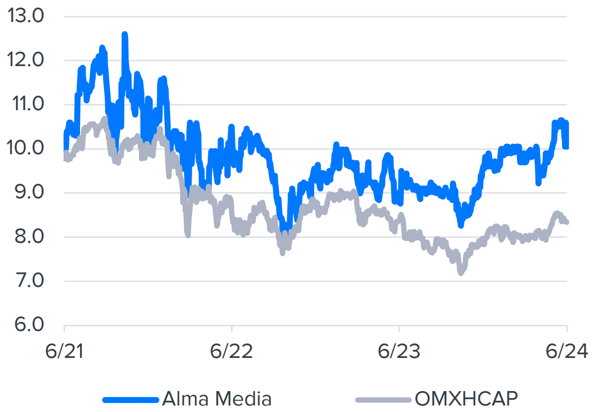
	2023	2024e	2025e	2026e
Revenue	305	307	314	322
growth-%	-1%	1%	2%	3%
EBIT adj.	73.6	72.2	75.3	80.3
EBIT-% adj.	24.1 %	23.5 %	24.0 %	24.9 %
Net Income	56.2	49.9	53.6	58.6
EPS (adj.)	0.66	0.63	0.66	0.72
P/E (adj.)	14.6	16.1	15.2	13.9
P/B	3.6	3.5	3.3	3.1
Dividend yield-%	4.7 %	4.6 %	4.7 %	4.8 %
EV/EBIT (adj.)	12.6	13.5	12.7	11.7
EV/EBITDA	10.2	11.1	10.3	9.5
EV/S	3.0	3.2	3.1	2.9

Source: Inderes

Guidance (Unchanged)

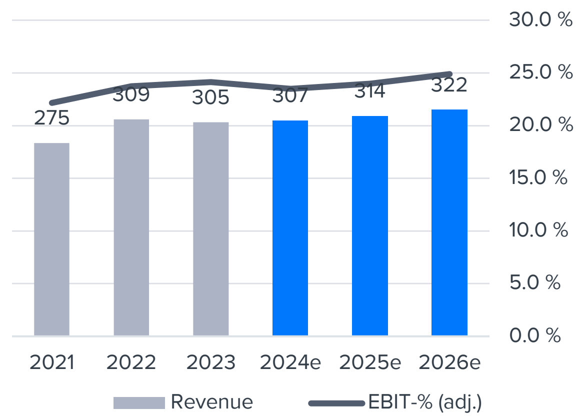
Alma Media expects its full-year revenue and adjusted operating profit of 2024 to remain at the 2023 level. The full-year revenue for 2023 was 304.9 MEUR and the adjusted operating profit was 73.6 MEUR.

Share price



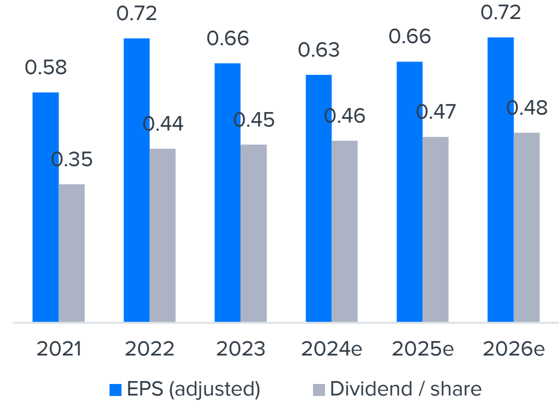
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow of media businesses
- M&A option that is positive given track record

Risk factors

- Cyclicality especially in advertising and recruitment business
- Accelerated revolution in media and decrease in print media
- Competitive risks posed by new technologies
- Possible changes in competitive position and dynamics

Valuation	2024e	2025e	2026e
Share price	10.05	10.05	10.05
Number of shares, millions	82.1	82.1	82.1
Market cap	825	825	825
EV	975	960	938
P/E (adj.)	16.1	15.2	13.9
P/E	16.5	15.4	14.1
P/B	3.5	3.3	3.1
P/S	2.7	2.6	2.6
EV/Sales	3.2	3.1	2.9
EV/EBITDA	11.1	10.3	9.5
EV/EBIT (adj.)	13.5	12.7	11.7
Payout ratio (%)	75.7 %	71.9 %	67.2 %
Dividend yield-%	4.6 %	4.7 %	4.8 %

Source: Inderes

Contents

Alma Media in brief

Alma Media is a Group that focuses on digital recruitment and marketplace services as well as news media operating in Finland and eastern parts of Central Europe.

2016-2020

- Integration of the Talentum acquisition and divestment of businesses with weak profitability that are not growing
- Extensive programs to improve business and administration efficiency
- Profitability turns around because of increased efficiency and strong and profitable growth in digital businesses
- Digital businesses' share of revenue of the Group's continuing operations rises significantly

2021-2023

- Entry into a new size class in marketplace business through the Nettix acquisition
- Strong recovery in demand following the COVID pandemic demonstrates scalability of growth
- Business generates good cash flow, digesting debt load
- Economic slowdown at the end of the period slows growth, while efficiency measures defend profitability

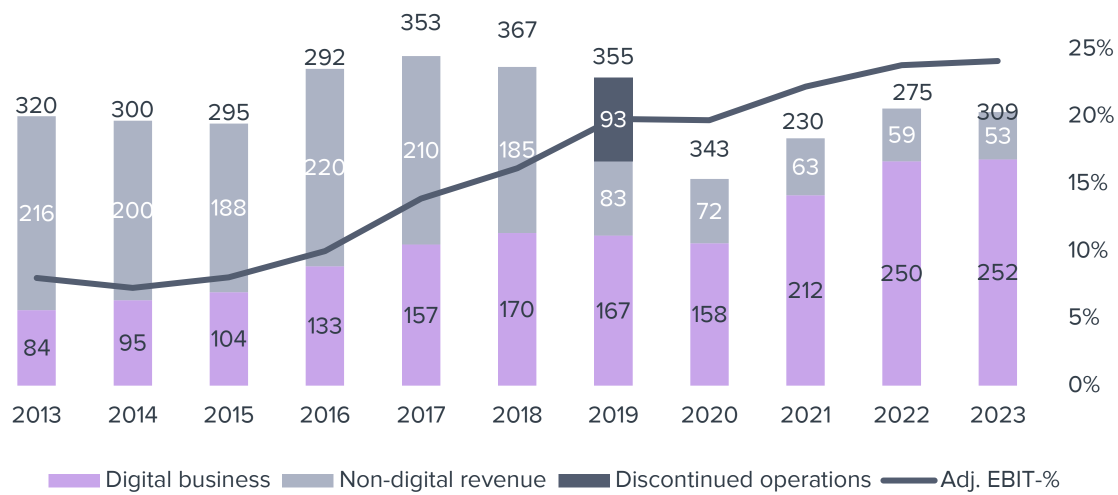
2024-

- Defending profitability in a weak economic environment by driving efficiency
- Marketplace development projects progressing
- Gearing has come down to a fairly reasonable level, with room for some significant arrangements on the balance sheet

305 MEUR (- 1 %)
Reported revenue 2023 (growth %)

73.6 MEUR (24.1%)
Adjusted EBIT 2023 (adjusted EBIT-%)

82%
Share of digital business in revenue, 2023



Source: Inderes, Alma Media

Alma Media's business model 1/3

Marketplaces and digital services

Alma Media is a service company consisting of marketplace and media business, whose well-known local brands are digital services like Etuovi.com, Jobly.fi, Prace.cz, Jobs.cz and Profesia.sk and automotive industry marketplaces like NettiAuto, Autotalli.com and NettiMoto. Well-known brands in the media business include, e.g., financial medias Kauppalehti and Talouselämä and the news media Iltalehti. In total, the company's portfolio consists of tens of well-known media and digital service brands.

The Group's revenue in 2023 was 305 MEUR and the operational EBIT was 73.6 MEUR or 24.1% of revenue. Alma Media is the leading player in consumer marketplaces in Finland and has a leading position in Finnish financial and professional media. Alma Media operates in 11 European countries with the Czech Republic as the main market next to Finland.

Three operational business segments

The Group's largest segment in terms of revenue is **Alma Career**, which focuses on the recruitment business and, consistent with its highest level of profitability, also generated the largest share of the Group's results in 2023. Its main income flow is income that is generated from digital recruitment services' job advertisements and related additional services. In 2023, Career generated around 36% of the Group's revenue, 53% of adjusted EBIT and 43% of digital revenue.

The smallest segment in terms of revenue, but the second largest in terms of operating result, is **Marketplaces**. It includes housing and automotive industry marketplace businesses directed at consumers (e.g. Etuovi.com, Autotalli.com and NettiAuto) as well as Objektvision, which focuses on business premises rental in Sweden. The segment also includes comparison services such as Autojerry, Urakkamaailma and Etua. It also provides business, real estate and legal information services. In 2023, Marketplaces formed 28% of the Group's revenue, 31% of adjusted EBIT and 32% of digital revenue.

The second largest segment by revenue and the smallest by result is **News Media**. The segment includes Iltalehti, a Finnish national daily tabloid, and Kauppalehti, the leading financial media in Finland. Other financial and professional media include Talouselämä, Tekniikka & Talous and Arvopaperi. The segment also has small-scale event business (incl. investor events). In 2023, News Media formed 36% of the Group's revenue, 16% of adjusted EBIT and 25% of digital revenue.

In addition to these segments, the company reports normal administrative expenses (including Group Executive Team and support functions) in Non-allocated operations (2023: 11.8 MEUR)

The share of digital revenue is high

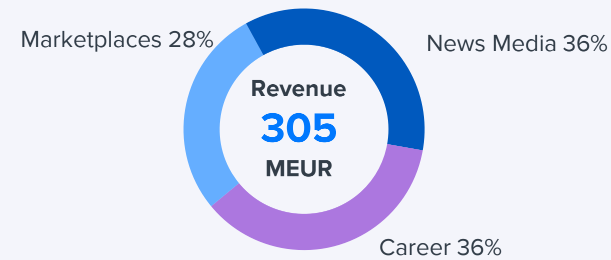
Alma Media's business model can be divided into two main components by income type, digital and non-digital revenue, that differ from each other in terms the income growth outlook and profitability. Through structural changes, M&A transactions and strong

Alma Media's business structure, 2023

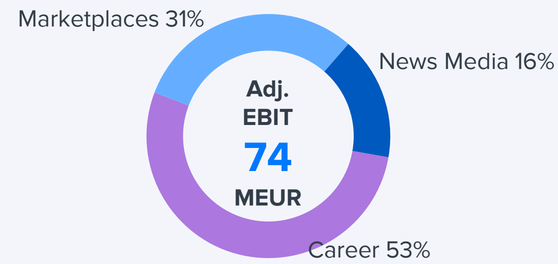
Alma Media Group
Revenue 305 MEUR, EBIT (adj.) 74 MEUR

Career	Marketplaces	News Media
Revenue 111 MEUR EBIT* 45.3 MEUR EBIT %* 41%	Revenue 85 MEUR EBIT* 26.1 MEUR EBIT %* 30.6%	Revenue 109 MEUR EBIT* 14 MEUR EBIT %* 12.9%
• Recruitment portals • Services related to recruitment (e.g. digital training service Seduo)	• Marketplaces for consumers (e.g. Etuovi, NettiAuto) • Comparison services • Services for businesses	• National tabloid • The leading financial media in Finland (e.g. Kauppalehti)

Revenue distribution, 2023



EBIT distribution, 2023**



Source: Alma Media, Inderes
*Adjusted EBIT
**percentages do not take into account Group expenses

Alma Media's business model 2/3

organic growth in recent years, the share of digital businesses in Alma Media's revenue has risen to 82% (2023), while the share of print media in revenue (13%) has decreased further as the digital transformation in media continues. Other non-digital earnings accounted for around 5% of revenue in 2023.

In addition, from the viewpoint of business trends, income continuity, customer type and cyclicality, the income can be divided into five categories:

Classified income (2023: 40% of revenue) consist of income from recruitment portals and digital housing and automotive marketplaces. Some 3/4 of marketplaces' income consisted of recruitment portals in the Career segment and 1/4 of housing and automotive marketplaces in the Marketplaces segment directed at consumers. Marketplaces' incomes are partly cyclical in nature as they are especially tied to the changes in the number of employed and to some extent to the demand for durable goods. On the other hand, thanks to the tight labor market in the largest markets of the recruitment business, the recruitment business has developed quite steadily even in the current operating environment of sluggish economic growth.

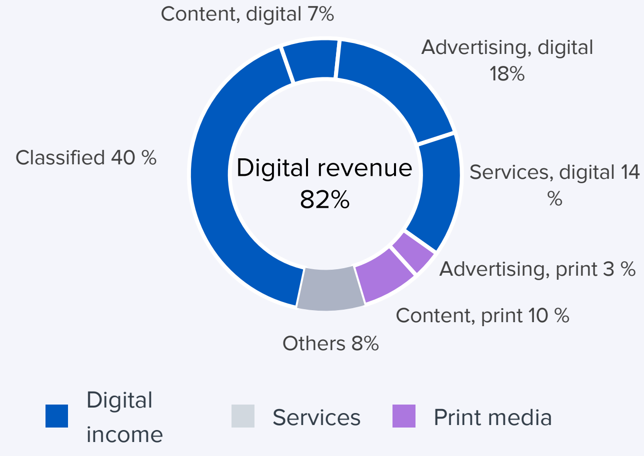
Advertising income (2023: 21% of revenue) consists mainly of advertising income from digital news media. To a lesser extent, advertising income also includes advertising income from marketplace recruitment portals. In 2023, the share of digital advertising in advertising income was 84%, while the share of print advertising was much lower at 16%. By business segment, News Media accounted for more than 2/3 of media advertising income, with the remainder distributed among other segments. The main target group for advertising income is corporate customers and it is cyclical by nature because companies' advertising investments are typically dependent on economic development.

Media's content income (2022: 17% of revenue) consist of subscription and single copy sales income from printed newspapers and financial magazines (e.g. Iltalehti and Kauppalehti) and their online services (e.g. KL.fi and Iltalehti Plus). The share of digital income in content income was 41% in 2023 and correspondingly that of printed subscription income some 59%. All content income is generated by News Media and its main target groups are consumer customers, companies and organizations. We believe the cyclicality of content income is low and they consist mainly of recurring subscription income. The trend in content income is an increase in demand for digital content, counterbalanced by a declining trend in print media.

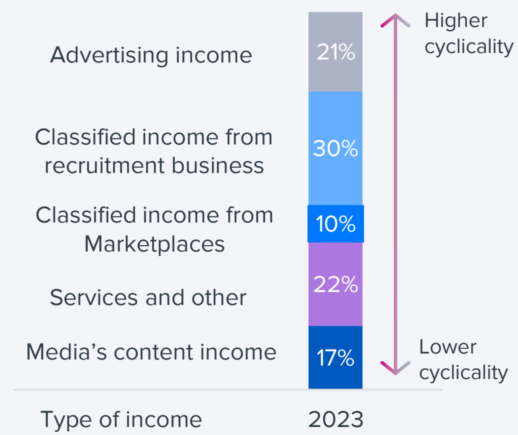
Digital services (2023: 14% of revenue) consists mainly of income from system, transactional and information service business and comparison services reported under Marketplaces and, to a lesser extent, service revenue related to Career's recruitment business, such as the Seduo online training service. By segment, Marketplaces accounted for nearly 4/5 of digital services income, with the remainder coming from Career. The main target group for this income is companies, and we believe it is slightly cyclical in nature.

Other income (2023: 8% of revenue) consists of, for instance, News Media's direct marketing income and the value-added services of Career and Marketplaces.

Alma Media's revenue distribution by type, 2023



Alma Media's revenue distribution based on estimated cyclicality, 2023



Source: Alma Media, Inderes

Alma Media’s business model 3/3

Different growth trends affecting income

In addition to normal demand, Alma Media’s income development is guided by divergent structural trends of different magnitude. A key structural trend affecting Alma Media is the regression of print media resulting from the digitalization of media consumption that strongly affects both the development of print media content sales income and, especially, print media advertising, where investments are shifting heavily to the digital side. In addition, the drop in print media’s content income is partially accelerated by the company’s own measures to raise digital content sales. We estimate that content income from print media and print media advertising sales will decrease by some 5-10% p.a. in the medium term.

An opposing trend to that of print media is the structural growth in digital media content and advertising, as well as in the demand for digital services. Alma Media’s revenue from digital business has tripled in 2013-2023, growing at an annual rate of some 12% (CAGR-%), consisting of organic growth and inorganic growth generated by acquisitions. We estimate that the growth in media's digital content income and advertising income will in the medium term be around 0-5% in an environment of average economic growth. We also believe that this is a realistic estimate of the growth rate of digital marketplaces' income and other service income in the medium term.

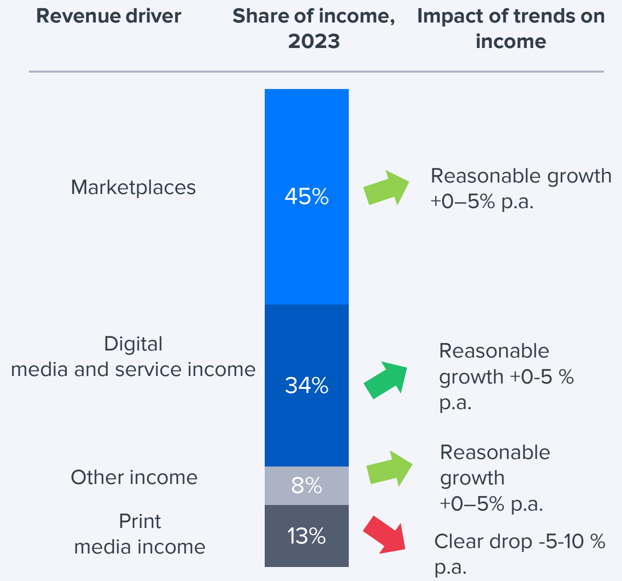
Strong market position brings stability to revenue development

On the following page we illustrate the risk profile of Alma Media’s business model. The risk level of the company’s business is raised by the considerable share of cyclical income in revenue, and the growth and strong market position of international technology giants on the advertising markets. In our opinion, the risk profile of the business is, in turn, stabilized by the company's stable market position on Finland’s B2B media market, content income, strong position on marketplaces directed at Finnish consumers and an extremely strong market position in recruitment portals in the eastern parts of Central Europe. Even though the cost structure of the company's media businesses is quite fixed, and the scalability of print media weakens, the company has proven it can adjust its cost structure quite quickly to correspond with demand fluctuations (e.g. in connection with COVID and in 2023). This reflects the changing elements of the cost structure of businesses outside of media.

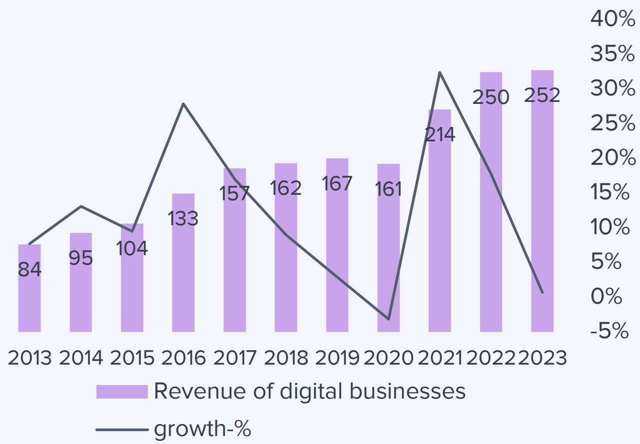
Cash flow performance is very good

Alma Media's business model does not materially tie up capital, and the company's net working capital is clearly negative over time as the fees for several services are charged in a front-loaded manner. The company's organic investment needs are also low. Therefore, the business produces good free cash flow. As a result, the company can generate a growing dividend stream and allocate the cash flow from the business to acquisitions that complement existing businesses.

Estimated effect of business trends on Alma Media’s income

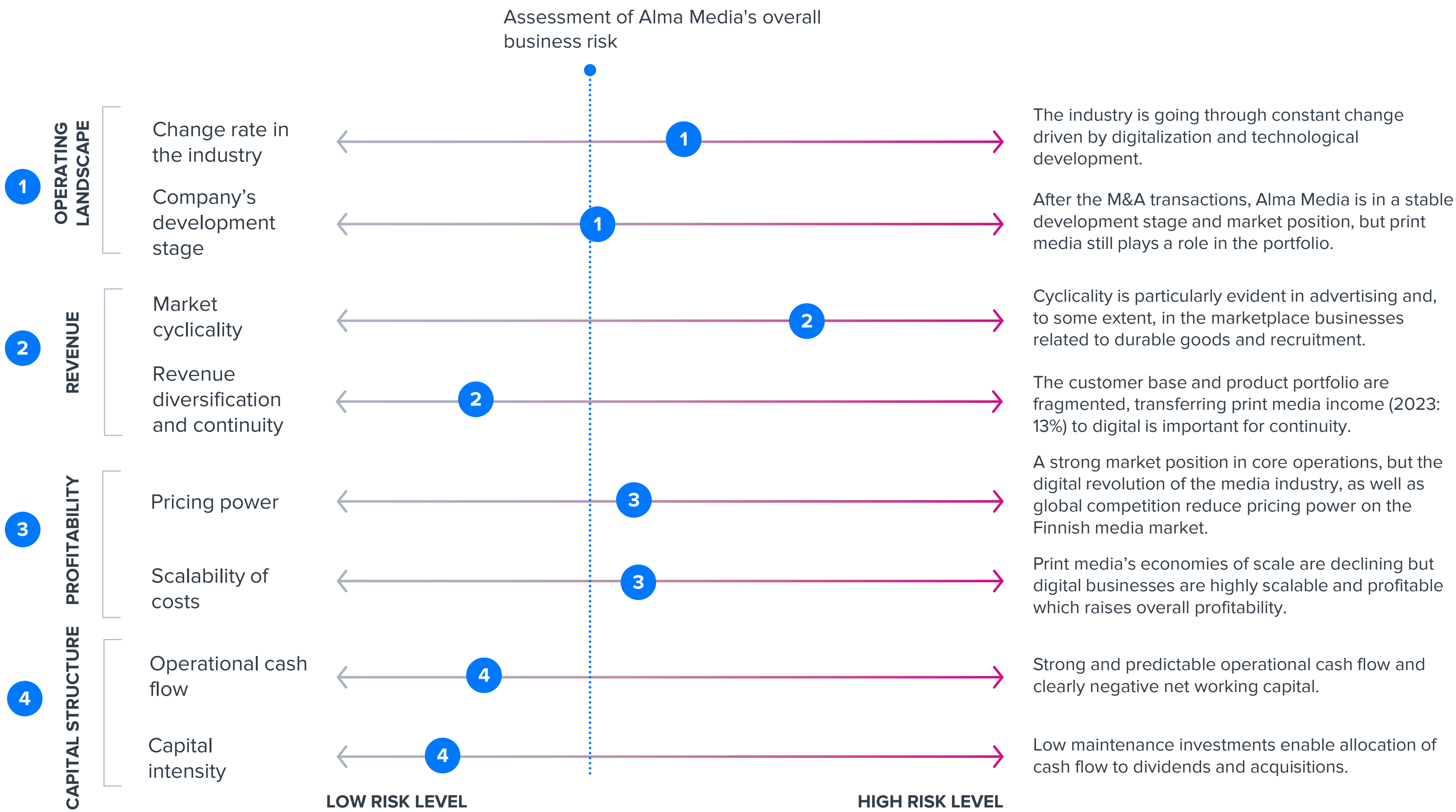


Revenue and growth % of Alma Media’s digital business



Source: Alma Media, Inderes

Risk profile of Alma Media's business model



Source: Inderes

Strategy

Raised shareholder value as strategy objective

The aim of Alma Media's strategy is to raise shareholder value through revenue growth and improving profitability. The company strives towards this by developing and expanding current business operations, seeking growth opportunities in new business and market areas, continuing internationalization and through acquisitions.

Key in the company's strategy is to continue expanding from media and marketplace content production and advertising into new digital products and services that complement customer needs and cover the entire value chain. Alma Media's strategic priorities are: 1) digital transformation, 2) increasing digital business, and 3) internationalization. We believe that M&A transactions are a crucial part of Alma Media's strategy also in the future and we will discuss their role in more detail on the following page.

Financial targets

Alma Media's financial targets updated at the beginning of 2022 are:

Growth: Annual revenue growth over 5%

Profitability: Adjusted EBIT margin over 25%

Solvency: Net debt-to-EBITDA ratio < 2.5

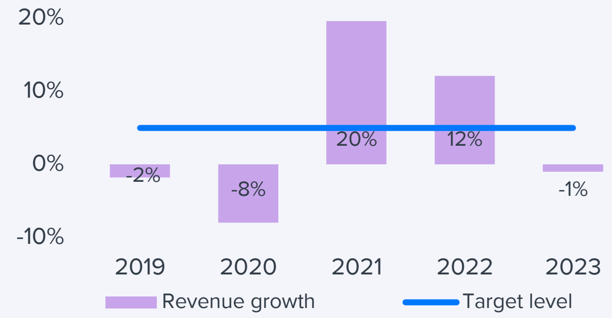
Regarding the company's profitability target, it should be noted that the structure of Alma Media's revenue has changed significantly in recent years and the relative share of businesses with higher profitability than the target level has increased. The profitability target is, therefore, dependent on the distribution of revenue, as, e.g., the profitability of the Career segment is well above the target level and, correspondingly, we don't consider the target level for the pure media business to be realistic. We therefore do not believe that the target is achievable for News Media with the current structure. With regard to the profitability target, it should also be noted that the company has exceeded the target level in individual quarters.

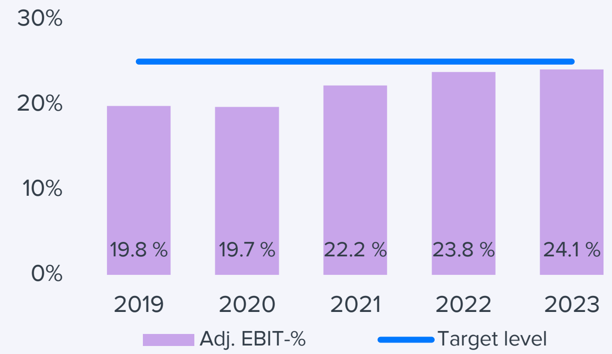
We consider Alma Media's financial objective in terms of profitability to be realistic, but partly dependent on market development. The company's services are increasingly digital, and we estimate that growth and possible future acquisitions will determine how improving the relative profitability of businesses is possible. It is, however, noteworthy that the more digital the businesses, the more the related investments/growth inputs are reflected in the income statement (e.g. product development), which partly slows down profitability growth.

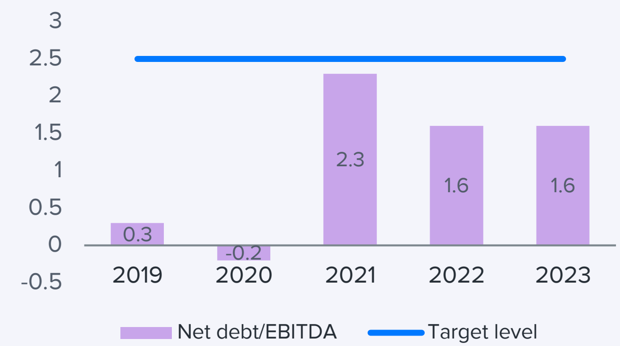
In terms of the growth target, we believe it is achievable as a combination of organic and inorganic growth, but we find organic growth of more than 5% in the medium term with the current business structure to be challenging considering the medium-term economic growth expectations.

We consider the gearing target to be justified and the company is currently well below it. Thus, the company's balance sheet position is already sufficient to allow for acquisitions of a substantial size without increasing the risk level excessively.

Financial targets and outcome







Source: Alma Media, Inderes

Alma Media's strategic and operational development

2012 - 2016

Developing the business portfolio with acquisitions and improving profitability

- In media business, focus on improving profitability and cash flow and focus on strong core operations
- In Career (previously Markets) strengthening earnings growth of considerable acquisitions and developing activities
- Considerable cost savings after the Talentum acquisition in the media business and Group operations
- Strengthening financial position

2017 - 2023

Strengthening the earnings growth of core businesses and small acquisitions

- Focus on increasing digital income, improving profitability and cash flow
- Divesting businesses that grow weakly and have low profitability (e.g. regional media and printing)
- Small "precision" acquisitions especially in digital services directed at consumers
- Overall revenue development negative due to decline in print media and divestments, but digital income growth and increase in relative profitability improved result
- The share of digital revenue has increased from about 43% to 82% at Group level

2024-

Profitable growth, digital business at the forefront

- Diversification of product portfolio in marketplace businesses; digital products that complement customer needs and cover the entire value chain in digital services
- Reduced gearing thanks to good cash flow, enabling new acquisitions and increasing dividends
- Organic growth is moderate, so growth is likely to be accelerated by inorganic growth also in the future

Strategic and operational development

Actualized

- Business structure more focused and profitable; divestments of low-growth, low-profitability businesses largely completed
- Revenue from print media has fallen significantly and digital revenue plays a much more important role
- Profitability in all businesses at least at good level
- Indebtedness built up through previous acquisitions has been effectively eliminated through cash flow

Near future, 1-2 years

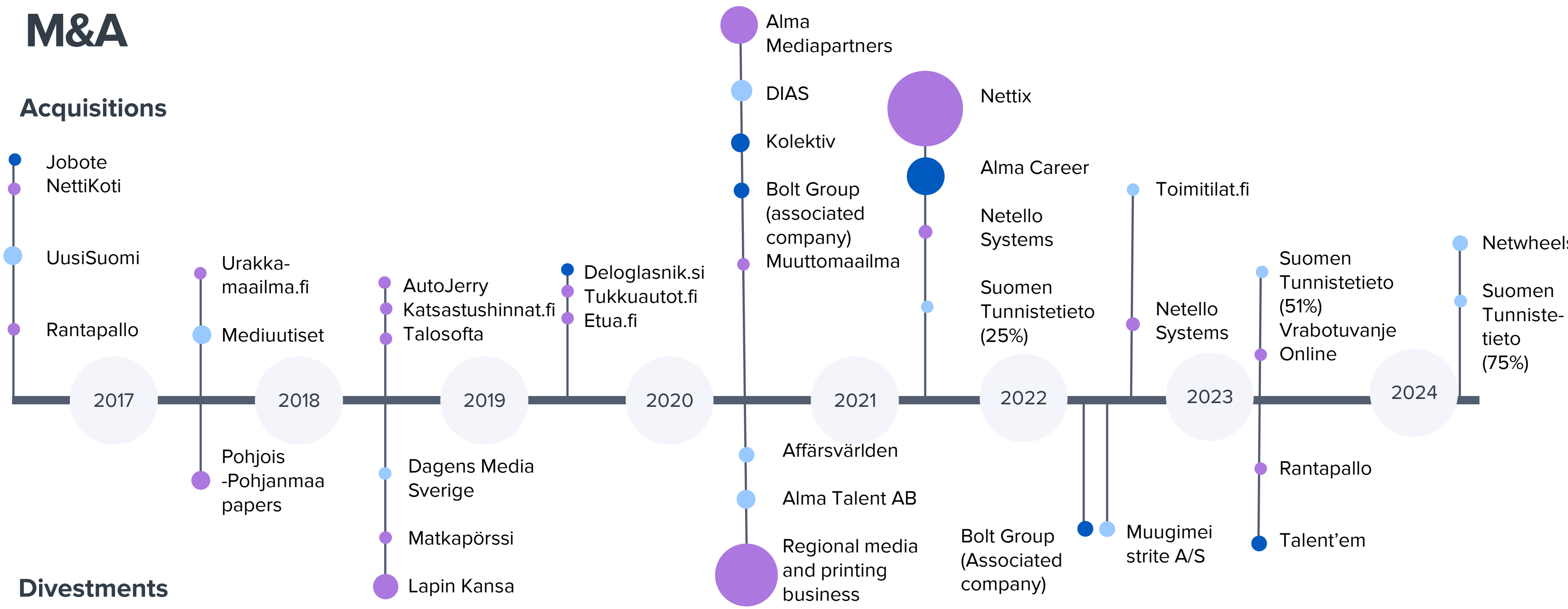
- Managing the structural change in media
- Smaller acquisitions that accelerate growth in digital businesses
- Focus on developing and increasing digital services and products
- Developing marketplaces toward a transaction-based operating model

Next 5 years

- Managing the structural change in media and the digital transformation
- Marketplaces, digital services and acquisitions as growth drivers
- With the high relative share of digital businesses, profitability remains at a high level
- Tightening competitive situation as a risk; focus on technological abilities and data management

Source: Inderes

M&A



Source: Alma Media

Business activities' M&A strategy

Career

- Importance of M&A strategic
- M&A transactions focus on strengthening and complementing value chains, and expanding into new markets
- We believe partnerships and consolidation are possible if opportunities open up

Marketplaces

- Importance of M&A strategic
- Target areas of acquisitions primarily those with high synergies with core businesses and that complement the value chain
- In marketplaces the playing field for possible consolidation is mainly the Nordic countries

News Media

- Role of M&A transactions is complementing
- Focus of M&A on developing the portfolio and strengthening the growth of digital services
- Possibly small "precision" acquisitions

Source: Inderes

Sector review – Career and Marketplaces 1/2

Global giants dominate large markets, small players are strong on small markets

The global recruitment portal market has been growing for a long time as looking for work, job advertisements and management of recruitment processes has become digitalized, portals have developed technologically, and new services have been built around them. The biggest players in the industry have conquered most of the global markets but local and specialized companies often have strong market positions outside the large markets (like China and the US). For example, Alma Career's recruitment portals have a strong market position on all of its main markets.

As the growth rate of the market slows down, technological development accelerates and competition tightens (Google, Facebook, LinkedIn), the industry has started to consolidate and in recent years especially big players like Recruit, SEEK and Stepstone have been active in acquisitions. Industry consolidation is also accelerated by the fact that the entry threshold for the industry has grown due to so-called network effect and players with the largest visitor traffic and customer base get the biggest share of industry revenue. In addition, economies of scale are considerable in the industry and, therefore, it is difficult for new players to challenge the market leaders.

Expected consolidation in Finnish marketplaces

In Finland, the market position for online marketplaces has remained quite stable for a long time until two significant M&A transactions took place in 2020 between the biggest players in the industry: Schibsted acquired Oikotie from Sanoma and Alma Media acquired Nettix from Otavamedia. The main players have been able to grow in recent years as they have expanded their services. At the same time, economic growth has been at a reasonable level and growth has been supported by small acquisitions.

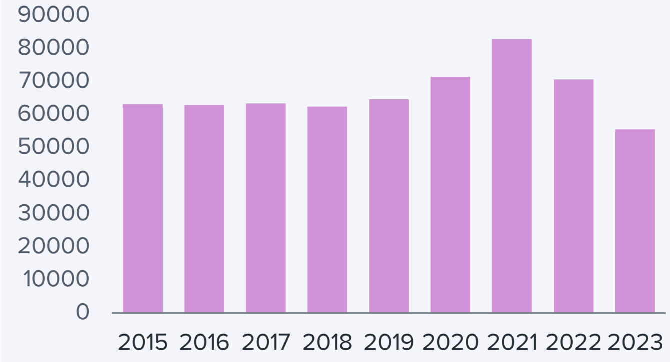
We estimate that the competition in housing, automotive and accommodation service marketplaces has remained largely local in Finland, as international technology companies (like Facebook and Google) have not developed considerable products that are successfully competing with marketplaces and they do not have similar knowledge of local market conditions and customers. At a local level, the high entry threshold (e.g. brand recognition) has, in turn, kept the competitive positions pretty much unchanged. Entry of new competitors on the market is also in our opinion limited by the size and growth outlook of the underlaying market.

Development of housing and automotive trade

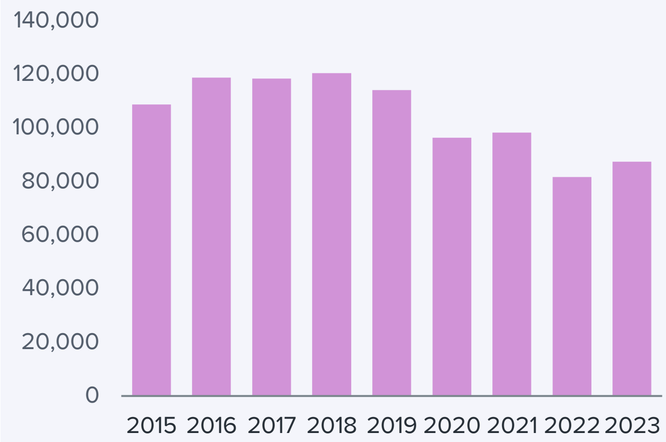
In terms of the key markets for Alma Media's marketplaces, the volume development of the housing market grew on average by +1.5% p.a. in 2015-2022. During the COVID pandemic, the liquidity shot from the monetary policy, the so-called home nesting trend and the accelerated housing trade pushed the number of housing transactions to a record level in 2020-2021 from which it has declined significantly as a result of higher interest rates.

Volume development in automotive trade has been more moderate in recent years. In recent years, registrations of new cars have fallen significantly from the pace of the mid-2010s. We estimate that this is caused by the slowdown in new car production that started already before the pandemic and

Number of transactions of old dwellings in housing companies in Finland



Registrations of new cars



Source: Statistics Finland and Netwheels Oy/Traficom

Sector review – Career and Marketplaces 2/2

the component shortage that worsened during the pandemic and has started to ease, with volumes recovering slightly in 2023. In absolute terms, however, they are low. At the same time, the trade in used cars has developed relatively steadily in recent history. However, in 2022, the usually steady trade in used cars turned to a decline, which we believe reflects the increased financing costs and thus lower consumer investment in durable goods as a result of higher inflation.

Growth outlook of marketplaces

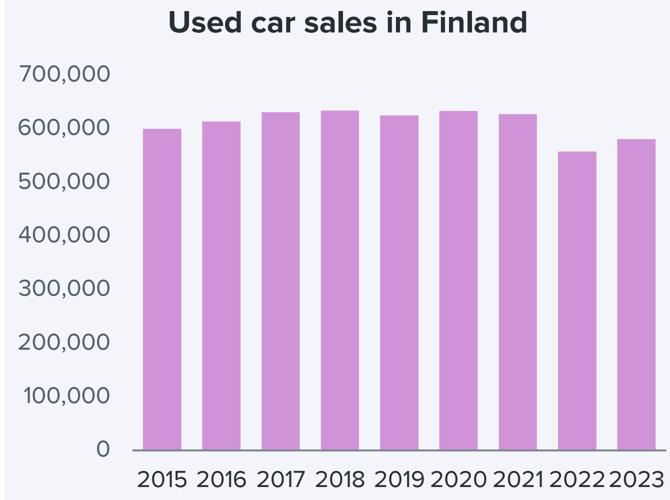
In our view, the market for marketplaces is in a mature stage in Finland and the growth of industry players will follow the overall volume growth rate of automotive and housing trade (around +0-5% p.a.) in the medium and long term unless they successfully launch new products/services. We expect that slowing growth, increasing technological development and the threat of international competition will maintain the growth and value creation of online marketplaces concentrated on the largest players in Finland (Alma Media and Schibsted).

Toward a transaction-driven model in marketplaces

Alma Media has reported that it has ongoing development projects in its marketplace business with the aim of obtaining a larger share of the value of the transaction through value-added services (e.g. financing and insurance). This would mean that the current marketplaces based on the so-called "classified model" would be changed to transaction-based models (see p. 15).

Thanks to the large volume of for-sale ads (over 500,000 cars were sold through Nettiauto in 2023), Alma Media is a very attractive partner for companies providing financing and insurance services, as they will gain a new distribution channel for their services through the extensive sales network offered by Alma Media's marketplaces efficiently and at relatively low cost. In practice, this would mean that marketplaces would serve as a sales channel for financing and insurance service partners, from which Alma Media would receive commission income. The marginal cost of these returns is very low for Alma Media, which makes the transaction-based business model highly scalable and therefore attractive.

We believe that from the financing and insurance company's viewpoint, this distribution channel does not entail any significant costs (excl. commission fee paid to Alma Media), and thus Alma Media will also be able to offer the end customer a rather competitive price for financing and insurance services. In light of this, the higher the number of cars sold through marketplaces, the better the conditions the company could obtain in the commission model for selling third party services (economies of scale), while at the same time the consumer may be given more competitive terms of financing. The transition to a transaction-based model in automotive trade requires that buying of financing and insurance services moves from the car dealership to the marketplace. We estimate that this transition would take time, as it would require a clear change in consumer purchasing behavior.



Source: The Finnish Information Centre of Automobile Sector

Marketplace structures

	Search catalog	**Transaction** possible financing risk	**Own logistics** operational risk	**Own warehouse** balance sheet risk	**Own brands** product risk
Marketing ad fee and/or search advertising					
Transaction fee charged from the buyer and/or seller		airbnb depop	CAZOO Copart	zalando	
SaaS subscription fee	ETUOVI.com AUTOTALLI.com NETTIAUTO			Teladoc HEALTH	
AI AI supports demand and supply				babylon	
Financing financing, insurance and guarantee services				AUTO1 GROUP CARVANA	amazon

Greater ownership of the value chain →

↓ Additions & improvements

Source: Dealroom.com, companies' websites

Alma Career 1/3

Market leader of recruitment portals in Eastern Europe

Career is Alma Media's largest segment in terms of revenue and, thanks to its high profitability, it also generates the majority of the Group's result. The segment's business consists of recruitment services such as Jobs.cz, Prace.cz, CV Online, Profesia.sk, MojPosao.ba, Jobly.fi and, e.g., the value-added services such as the online training service Seduo.

In 2023, 56% of the segment's revenue was generated in the Czech Republic, 18% in Slovakia, 10% in Croatia, 9% in Baltic countries, 3% in Finland and 4% in other countries. Alma Career operates in 11 countries in Europe. Measured by revenue, Career is the biggest recruitment portal company in the Czech Republic, Baltic countries and Croatia. Career has a particularly strong market position in the Czech Republic and Slovakia (estimated over 80%).

Achieving a market leader position in digital services is very valuable as it typically enables high profitability through economies of scale and pricing power. Market leadership also brings benefits through the network effect. This is because the bigger the marketplace becomes and its number of users grows, the more valuable the marketplace becomes for users and the more valuable it is for the next new user. This makes it easier to get the next customer. In other words, the cost of customer acquisition typically decreases the bigger the business grows. Wide geographical coverage is also often very beneficial as it enables duplication of services, as well as sharing expertise and development cost among a bigger mass. Alma Media has sought to strengthen this with the Career United project, which has increased cooperation in product development, sales and marketing and harmonized technology and operating models. The project aims for stronger synergies in the production of services as well as the development of services that extend beyond national borders. Central to the progress is, for example, the harmonization of technology and service platforms enabling joint product development in the operating countries.

Business is cyclical but easily scalable

Nearly all of Alma Career's revenue (2022: 98.8%) came from digital business, a majority of which comprises advertising income while the role of complementing services is smaller. Career's business model is easily scalable as its capital structure is very light, cost level flexible and gross margin percentage high. Growth in digital services is, therefore, typically in a mature development phase and very profitable, as shown by Career's figures in recent years. Due to rapid technological development and competition, the sales and marketing costs of digital services, as well as product development costs are, however, considerable, especially when starting out and they also require certain maintenance and development investments to remain competitive.

Recruitment-related income is typically cyclical, as the business is based on job advertisements that fluctuate with general economic conditions. Especially in economic turnarounds, changes in demand for these types of services can be dramatic, as was seen in connection with the COVID pandemic (revenue decrease over 25% Q2'20 vs. Q1'20) and the recovery from it (2021: +31%).

Career in brief, 2023

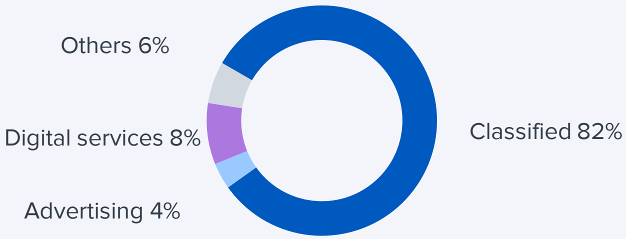
111 MEUR
Revenue 2023

41.0%
Profitability, adjusted EBIT %

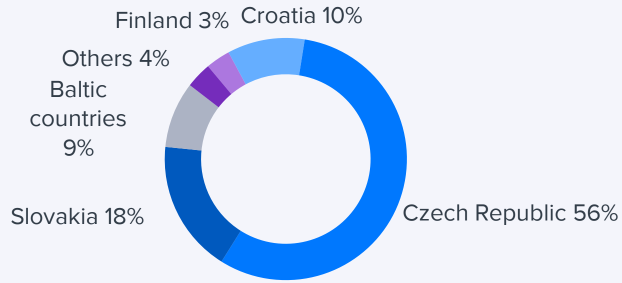
98.8%
Share of digital income

#1 market position
Recruitment portals in the Czech Republic, Slovakia, Estonia, Latvia, and Croatia

Revenue by income type, 2023



Revenue geographically, 2023



Source: Inderes, Alma Media

Alma Career 2/3

On the other hand, it should be noted that the level of employment in the countries where Career operates varies considerably. In our view, the segment's recent performance is a good example of this as, despite a significant slowdown in economic growth, the segment's key countries with low unemployment rates (e.g. the Czech Republic and Slovakia) have shown positive revenue development (Career South Q1'24 +7% y/y). At the same time, however, the revenue of the small Career North has fallen sharply (Q1'24 -18% y/y).

Another noteworthy aspect of Career's profits is that in accounting, Career's revenue development is characterized by delayed recognition compared to customer invoicing.

Segment's growth outlook

Continued growth in Career in the medium and long term is in our opinion supported by two main drivers: 1) Classified ads focusing on the largest, most efficient platforms with the most developed services and 2) new digital services and expansion in the value chain of recruitment services in current operating countries and geographically.

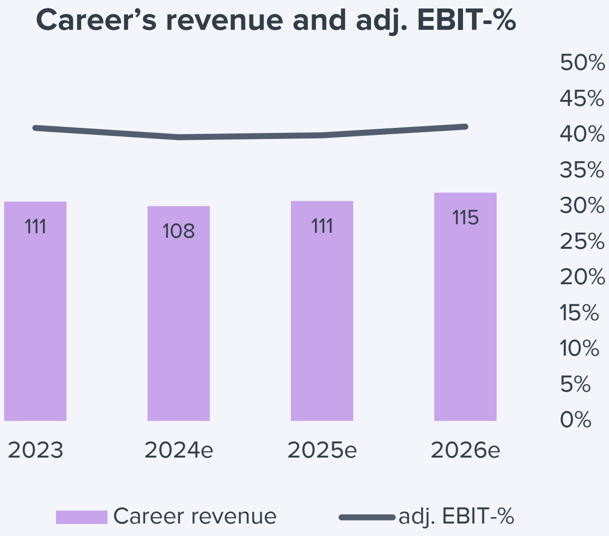
Based on the historic growth of the segment, we expect that the growth potential of Alma Career's revenue in a good 2-3% economic growth environment to be 5-10% p.a. However, in the event of an economic downturn, we estimate that growth could turn slightly negative.

The profitability development of the recruitment businesses was excellent and on an upward trend in 2010-2019, despite the rapid growth of the segment. This is an indication of the economies of scale of the business, successful acquisitions and a strengthened market position. Profitability took a hit in 2020, burdened by the COVID pandemic, which reflects its high operational lever. This lever works in both directions, as growth in 2022 resulted in high profitability (adjusted EBIT-% 38.8%).

For Career, the Czech Republic (56% of Career's revenue 2023) plays the biggest role for its development and growth. In the Czech Republic and the second largest target country Slovakia, manufacturing industries employ around one-third of the workforce. In the Czech Republic in particular, unemployment has been among the lowest in the EU in recent years and there is a shortage of labor. Low unemployment can mean that recruitment portals must attract potential workers to the labor market, which in practice means higher sales and marketing costs. On the other hand, companies seeking employees must invest more in job searches and related additional services, which will have a positive impact on Career's development.

Growth estimates

Career's forecasts are based on our assumption that the sluggish economic development in Central Europe and especially in Finland will improve towards the end of 2024. Due to a slight downward trend in demand over the past little more than a year and the revenue recognition principle (decline in invoicing visible in revenue with a delay due to periodization), Career's classified income has been on a downward trend, declining by 4% in Q1, while revenue for the segment as a whole fell 3%.



Source: Inderes

Alma Career 3/3

We expect this trend to continue in the short term, as we forecast segment revenue to decline in Q2 and Q3 before stabilizing in the last quarter of the year. However, we expect that advertising and service revenues will continue to grow, which means that we expect Career's total revenue to decline moderately by 2% in 2024 to 108 MEUR.

Over the next few years, we expect Career's revenue to grow at an average annual growth rate of around 3%, driven by growth in classified, advertising and digital income, in an environment of markedly more upbeat economic growth.

Margins are high

As a result of the revenue decline, we forecast Career's adjusted EBIT for 2024 to decrease by 5% to 42.9 MEUR and the adjusted EBIT-% to decline slightly to 39.7%. This reflects the upward cost pressure from continued high inflation, but we expect the company to be able to mitigate some of the impact through good cost discipline. In 2025, we forecast the segment's EBIT to increase to 40.0%, corresponding to an adjusted EBIT of 44.3 MEUR, thanks to revenue growth and moderating cost pressures. In our medium-term forecasts, we also expect the segment's profitability to improve in line with revenue growth, reflecting the relatively high gross margin of the income streams.

Uncertainties related to estimates

At the revenue level, the uncertainties surrounding our forecasts are essentially linked to the overall economic growth outlook. In the short term, a key uncertainty is the timing of the end of the economic downturn and the rate of the subsequent growth recovery. Similarly, over the medium term, cyclical shifts combined with tight labor markets can swing the growth rate of a single year above/below our forecast, depending on the pace of economic growth.

Career has demonstrated a strong ability to improve its efficiency and adjust its costs, which we believe will allow it to maintain excellent profitability even in periods of weaker demand. In the medium term, Career's profitability may have the potential to exceed our forecasts if the Career United project is successful and the segment's operating models become more efficient. However, we believe it is justified to wait for evidence of this before further increasing the range of expectations for profitability forecasts, which are already at an excellent level overall.

Career's estimates

Income statement, MEUR	2023	2024e	2025e	2026e
Revenue	110.5	108.2	110.8	115.0
EBITDA adj.	48.1	45.9	47.3	50.3
EBIT adj.	45.3	42.9	44.3	47.3
EBIT	45.0	42.9	44.3	47.3
Non-recurring items	0.3	-	-	-

Growth and profitability	2023	2024e	2025e	2026e
Revenue growth %	-	-2.0%	2.4%	3.8%
Adjusted revenue growth %	-	-5.2%	3.2%	6.8%
Adj. EBITDA %	43.5%	42.4%	42.7%	43.8%
Adj. EBIT-%	41.0%	39.7%	40.0%	41.2%
EBIT-%	40.7%	39.7%	40.0%	41.2%

Source: Inderes

Alma Marketplaces 1/2

Digital marketplaces directed at consumers

Alma Marketplaces is the Group's smallest segment in terms of revenue and the second largest in terms of adjusted EBIT. In 2023, its revenue was 85 MEUR (2023: 28% of Alma Media's revenue) and adjusted EBIT was 26.1 MEUR (2023: 31% of Group's adj. EBIT).

The segment's main income sources are digital marketplaces directed at consumers (e.g. housing related Etuovi.com and Vuokraovi.com, and motor sector related Autotalli.com, NettiAuto and NettiMoto). The segment also includes Objektvision, a marketplace for renting business premises in Sweden, and comparison services such as Autojerry, Urakkamaailma and Etua.

The segment's main target market is Finland, where Marketplaces is the market leader in the housing and automotive marketplaces. Achieving a market leader position in digital services is very valuable, as it typically enables high profitability through economies of scale and pricing power. The segment's well-known brands in consumer marketplaces strengthen their market position and raise the entry threshold to the market for competitors.

Share of digital income is high

Marketplaces' digital revenue accounted for 94% of revenue in 2023. Despite the fact that marketplace income is partly dependent on consumer investment in durable goods, it remained relatively stable in 2023, when Consumer marketplace revenue according to the previous reporting structure remained at the previous year's level. This reflects not only the stability of revenue from so-called continuous services, but also, in our view, a relatively stable development of classified income streams given the circumstances.

The Marketplaces segment's income is divided into four sources:

Classified income accounted for 37% of the segment's revenue in 2023. The income consists mainly of advertising income from marketplaces favored by consumers (e.g. Etuovi.com, Vuokraovi.com and NettiAuto).

Advertising income accounted for 13% of the segment's revenue in 2023. This advertising income is income from purely digital advertising, generated by advertisements appearing on the marketplaces. We estimate that advertisements for new cars and homes play a large role in this advertising income.

Digital service income accounted for 40% of revenue in 2023. This income is made up of roughly three income sources. Customers who pay recurring fees are users of services affiliated with marketplaces, such as estate agents and car dealers. Digital service income is also generated from various additional services. In addition, digital service income includes income from comparison services used by consumers and information services for businesses (business information, legal and real estate information).

Other income represented 9% of the segment's revenue in 2023. This income is derived from book and training sales and other value-added services provided to customers.

Marketplaces in brief, 2023

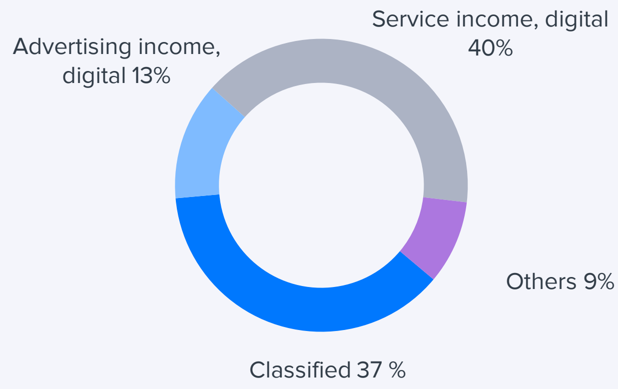
85 MEUR
Revenue 2023

30.6%
Profitability, adjusted EBIT %

94%
Share of digital income

#1 market position
In housing and automotive marketplaces

Revenue by income type, 2023



Source: Inderes, Alma Media

Alma Marketplaces 2/2

Segment's growth outlook

We believe Marketplaces' growth outlook in the medium-term is positive as a whole. We feel that continued growth of marketplaces in the medium and long term is supported by moderate growth in the volume of housing and automotive trade, which we expect to contribute to the growth of classified income. We also believe the growth outlook for digital advertising and services is good and we expect the income from digital businesses to grow in the medium term by some 2-6% annually. We expect profitability to grow in the medium term supported by a combination of increasing revenue and extremely scalable digital businesses.

Estimates

We estimate that Marketplaces' revenue will grow by 9% to 93 MEUR in 2024. In our forecasts, the Netwheels acquisition early in the year is the main driver of the segment's revenue growth, while organically we expect a relatively stable development. Netwheels' 2023 revenue was some 8 MEUR.

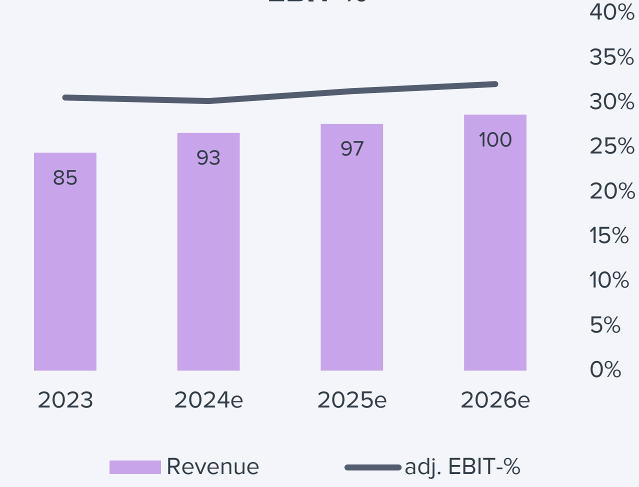
We estimate that adjusted EBIT will increase by 8% to 28.2 MEUR in 2024 thanks to inorganic growth (2022: 24.5 MEUR). Earnings growth is constrained in our forecasts by a slight decline in high-margin advertising revenues, but overall we expect the segment's profitability to remain quite strong at 30.2% despite continued cost inflation.

In the medium term, between 2025 and 2026, we forecast average segment growth of just under 4%, reflecting in particular a turnaround in classified income, as well as an increase in advertising revenues due to the upturn in new car and home sales. We also expect digital service income to grow as new systems (such as OviPro) drive growth. In line with the segment's scalable revenue growth, we expect its adjusted EBIT growth rate to exceed its revenue growth rate. As such, we expect the segment's profitability development to be on an upward trend in the coming years.

Uncertainties related to estimates

In the short term, we see a negative risk from a recovery in investment in durable goods, although the outlook for interest rates should allow demand to pick up, especially looking ahead to next year. On the other hand, we consider a successful conversion of marketplaces to the transaction model and the growth of value-added services as positive risks to our revenue estimates. We believe that the very high profitability of the transaction-driven model means that the positive impact of its growth on Marketplaces' profitability would be substantial. At the same time, a major negative risk to our forecasts is the increasing competition in marketplaces, which could erode their market position, especially in the medium to long term.

Marketplaces revenue and adjusted EBIT-%



Income statement, MEUR	2023	2024e	2025e	2026e
Revenue	85.4	93.2	96.7	100.3
EBITDA adj.	32.8	36.5	37.9	39.7
EBIT adj.	26.1	28.2	30.3	32.2
EBIT	26.4	27.8	30.3	32.2
Non-recurring items	0.3	-0.5	-	-

Growth and profitability	2023	2024e	2025e	2026e
Revenue growth %	-	9.1%	3.8%	3.7%
Adjusted revenue growth %	-	8.0%	7.4%	6.3%
Adj. EBITDA %	38.4%	39.1%	39.2%	39.6%
Adj. EBIT-%	30.6%	30.2%	31.3%	32.1%
EBIT-%	31.0%	29.8%	31.3%	32.1%

Source: Inderes

Sector review – media 1/2

Structural and cyclical drivers

The growth of the media sector is currently influenced by several structural, legislative and cyclical drivers. The main driver of the media sector has for a long time been the structural revolution arising from digitalization and demographic factors, which shapes consumer and advertiser demand, as well as the competitive field of the media industry, while disrupting business models. The revolution is most evident in the sharp trend-like decline of print media income and growth in digital media.

The general economic trend (GDP change), which has historically had a clear correlation especially with advertising income trends, has been left in the shade of structural change as a demand driver. However, short- and medium-term GDP changes still have a significant effect on advertising income.

In addition, media companies are strongly affected by technological development, the partial blurring of media sector boundaries, as well as legislative and cultural factors that shape the competitive dynamic between media companies and social media, in particular.

Key trends of the media sector

In our view, the key media sector market trends for investors are:

- The use of and demand for traditional media (newspapers, magazines, books and linear TV) decreases, which gradually reduces the content and advertising income of print media and weakens their profitability.
- The consumption of digital content and services increases and becomes more diverse, e.g., as mobile devices and applications become increasingly popular, which increases digital content and advertising income and improves relative profitability.
- The competitive media field is globalizing, and access to content and data becomes faster and easier, which especially weakens the competitiveness of small media companies specializing in print media and increases competition for content income and advertising investments.
- Willingness to pay for digital content increases and the pricing models develop, supporting the growth of digital content income.
- Advertising becomes automated and more efficient, which will shape the structure and pricing of the digital advertising market.
- The quantity and importance of data increases, creating new business opportunities and services.
- Data protection and privacy requirements increase. One of these drivers is the EU's General Data Protection Regulation (GDPR), which levels the playing field between local media companies and global platform operators.
- Technological expertise and investment ability are emphasized as competitive factors.

Advertising market development and outlook

In the past few years, the most influential trend on the Finnish advertising market has been the sharp decline of print media and, equally, the increase of digital advertising. The growth rate of the Finnish advertising market is clearly lagging the GDP trend, which is explained, e.g., by the relatively large share of print media of the overall market. Coverage of statistics describing total advertising has become slightly less comprehensive in recent years, as a significant part of advertising investments is directed at global operators partially excluded from the calculation, such as Facebook and Google. Advertisers have also invested heavily in the deployment of new advertising technologies, which has decreased direct investment in media advertising.

Examined by advertising channel, the development of the advertising market has been very divaricated for a long time. In Finland, advertising in magazines and newspapers has halved in the 2010s, and the amount of TV advertising has also dropped clearly. By contrast, the amount of digital advertising has more than doubled since the beginning of the 2010s and according to Kantar its share of total advertising (incl. Facebook and Google) was a bit over half of all advertising in 2023.

Major global players like Facebook and Google have taken a large share of the value of digital advertising and are competing with national players in this market. The fastest-growing trends within digital advertising have been social media marketing, mobile marketing and native advertising. We expect the structural trends in the advertising market to continue as unchanged in the big picture in the coming years. This means that we expect the decline in print advertising to continue and the relative share of digital advertising to increase. Thus, we expect the overall market value development to be fairly stable in Finland, depending, however, on economic growth.

Media sector drivers and trends

Digitalization
New devices, new digital services and applications, faster network connections and the growing share of "digital natives" among the population digitalizes media consumption heavily.

Economic trend
Conventionally, the media sector has been very sensitive to economic fluctuations because over 50% of the income come from advertising. With digitalization, the percentage of content income of revenue grows, which makes the sector less sensitive to economic fluctuations.

Technological development
New technologies change the earning models and competition dynamic. Especially the role of data and analytics as a competitive factor becomes highlighted. The main competitors are global platforms and technology companies.

Regulation and culture
Data protection and privacy regulation becomes stricter, which increases the importance of fixed customer relationships. So-called 'fake news' emphasize the role of well-known and trusted content providers.

Strong growth of digital media

- Internet and mobile-based media consumption grows
- Advertising becomes automated, its volume and effectiveness increases and prices drop
- Data volume and value increases
- Media consumption becomes fragmented, and availability improves and becomes faster
- The use of digital content increases
- The importance of data protection and privacy increases

Declining demand for print and linear media

- Decreasing print content and advertising income
- Economies of scale and profitability weaken
- Continuous need for improved efficiency and consolidation

Sector review – media 2/2

According to Kantar, the volume of online advertising in Finland has grown roughly 5-10% per year in recent years, but in 2023 it remained at the previous year's level, reflecting the sluggish economic development. Overall market growth fell to -2%, where the 12% drop in printed advertising was one of the biggest drivers.

We believe the growth in online advertising will continue to be brisker than general market growth in the medium term. We expect the linear TV advertising trend to continue on a slight decline (-5–0%) in the medium term, as some of the investments previously made in TV advertising will be redirected to digital advertising and streaming services.

Content income trends

There is no detailed statistics on the market development of content income but based on the development of media sector companies we estimate that content income has decreased slightly (0-3%) in a historical review. We believe, the decline has been sharpest in single copy sales of tabloids and magazines.

The decrease of content income has been curbed by price increases and, especially, the accelerated growth of digital content sales. Even though the share of digital content sales overall is still relatively low, the largest media operators, like Sanoma and Alma Media, have successfully managed to increase the number of subscribers paying for digital content. For example, Alma Media has been successful in significantly increasing the number of consumer and business customers paying for financial media in News Media.

The growth in the number of digital subscribers has been driven by, e.g., greater willingness to pay for digital content as the popularity of digital services, such as Netflix and Spotify, has increased, the discussion concerning fake news, the measures to develop paywalls and chargeable content, as well as improved accessibility and quality of digital services. Growth of digital content sales has, however, strongly focused on news and financial media, while digital subscription income development in magazines has to our understanding been relatively muted. We estimate that overall growth in content income will be low in the next few years, as the growth of digital content income does not yet fully compensate for the decline in print media income due to the higher prices of print media.

Growth of digital content improves relative profitability

One of the positive effects of the digital revolution of the media sector is that the growth of the relative share of digital income improves the sector's relative profitability. The improved relative profitability is based on the gross margin of digital products and services, which is typically clearly higher than that of print media products due to lower distribution and material costs. The scalability of digital operations is also markedly better than that of print media.

According to our estimate, the EBIT % of media operations relying solely on digital content and advertising income is roughly 20-30%, whereas the EBIT % of print media has historically typically been within the 5-10% range.

We estimate that strong cost inflation has put pressure on the profitability of print media, while their volumes have fallen significantly in recent years. This makes it even more difficult to achieve reasonable profitability in print media, which we estimate accelerates structural changes in print media.

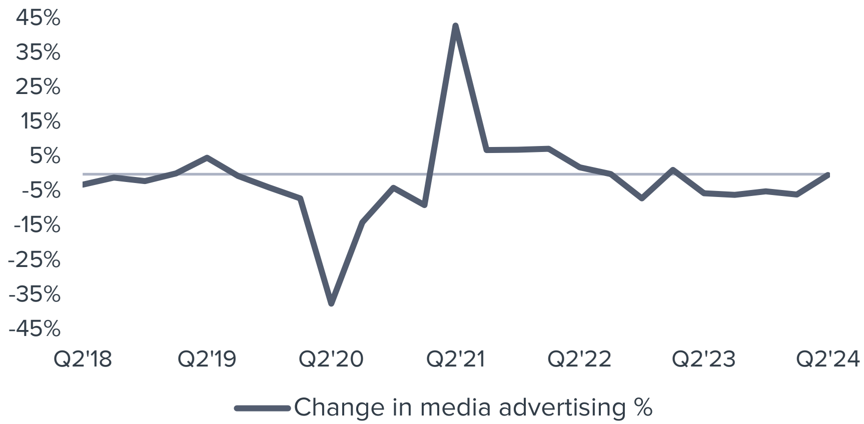
Global giants rule the competitive field

Digitalization will increasingly shape the competitive media field, and competition in advertising takes place more against global platform companies, like Facebook and Google, instead of between local media companies. In terms of content income in print media and services, competition is still local, but TV and digital media increasingly compete with global companies, as well as companies outside the media industry (such as Apple or telecom operators).

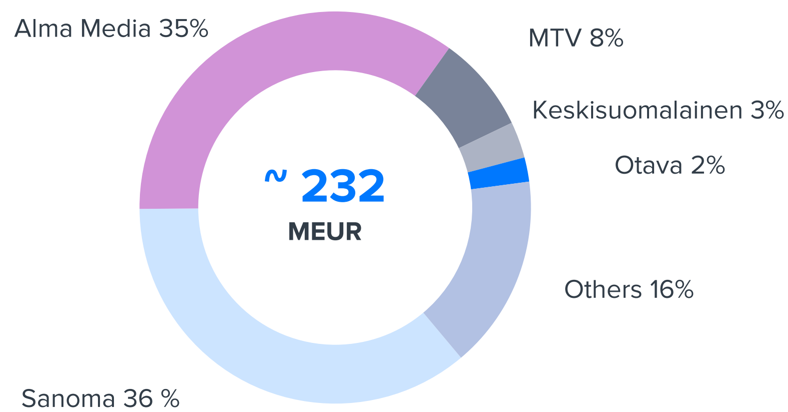
So far, leading Finnish media companies have fared relatively well in the competition against the likes of Facebook and Google, and their share of the digital advertising and content market has remained high in a global comparison. In terms of content income, Finnish media companies are supported by the high threshold to enter a small market and language region, long and strong relationships with readers in print media and strong brands. Sanoma also benefits relatively from its multichannel approach, which other Finnish or international platform or media companies do not have.

Development and competitive field of the media sector

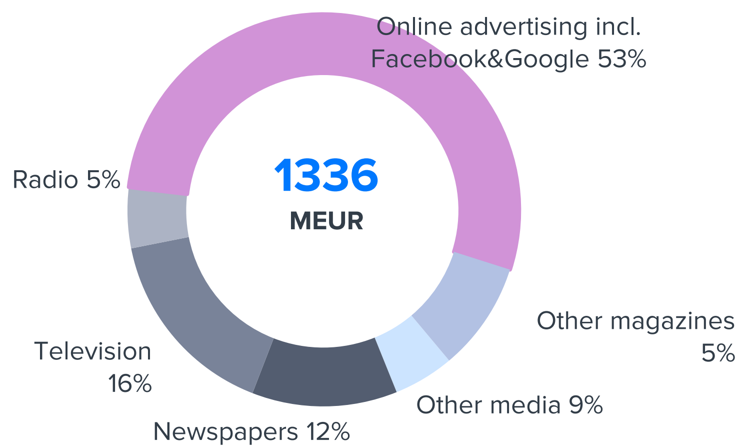
Development of Finnish media advertising*



Online advertising by domestic players in Finland 2023



Distribution of Finnish media advertising, 2023



Source: Kantar, IAB and Inderes
* Q2’24 incl. April figures only

Alma News Media 1/2

Financial media and advertising

News Media is Alma Media's second largest segment in terms of revenue and the smallest in terms of EBIT, with a revenue of 109 MEUR in 2023 (36% of Alma Media's revenue) and an adjusted EBIT of 14 MEUR (2023: 16% of Group's adj. EBIT).

The segment's revenue consists mainly of media content and advertising income. The biggest media unit in the segment is the financial media Kauppalehti, which holds the leading position in Finnish financial media. Other financial and professional media include Talouselämä, Tekniikka & Talous and Arvopaperi. News Media also includes the Finnish national tabloid Iltalehti.

Measured by revenue as well as users and subscriptions, News Media is Finland's largest financial and professional publication media. In relation to Kantar's calculation of the Finnish media advertising market (approximately 1.3 BNEUR), the segment's market share is < 1% of the total market, but its share of online advertising is nevertheless significant, up to 17%. We estimate that this reflects in particular Iltalehti's good market share in digital advertising.

Weight of print media in total income still crucial

News Media's income streams are diversified across a number of different media and income sources, which is particularly due to the segment's extensive product portfolio covering the entire Finnish financial and professional media landscape. The effects of the media field's structural trends on the segment's development are, however, still significant as the share of digital media in the segment's 2023 revenue was 57%. Correspondingly the share of other revenue was 43%, of which roughly 4/5 came from print media content and advertising income.

The share of **content income** of the segment's revenue was 46% in 2023 which brings stability to revenue. In our view, content income in the financial media now consists nearly fully of recurring subscription income, while the share of single copy sales is very small. According to our estimates, Iltalehti does not significantly change this overall picture of content income in the segment, even though a relatively larger share of its content income than that of other media comes from single copy sales. In 2023, 59% of content income was generated by print, while 41% came from digital.

Advertising income formed 46% of the segment's revenue in 2023. In 2023, a clearly larger share of the segment's advertising income, almost 4/5, was generated by the growing digital advertising, while the share of advertising income from the declining print media was clearly lower, at around 1/5. In financial media, we believe that the share of print media is slightly higher than this, but at the segment level the overall picture is reversed by Iltalehti's income streams, which are mainly driven by digital advertising.

In 2023, the share of **other income** in the segment's revenue was 8%. This income is generated by telecom or direct marketing services.

Segment's growth outlook

The News Media income is in the midst of a shift of content business from print media to digital, which, together with weakly developing print media advertising, subdues the development of the segment's total revenue.

News Media in brief, 2023

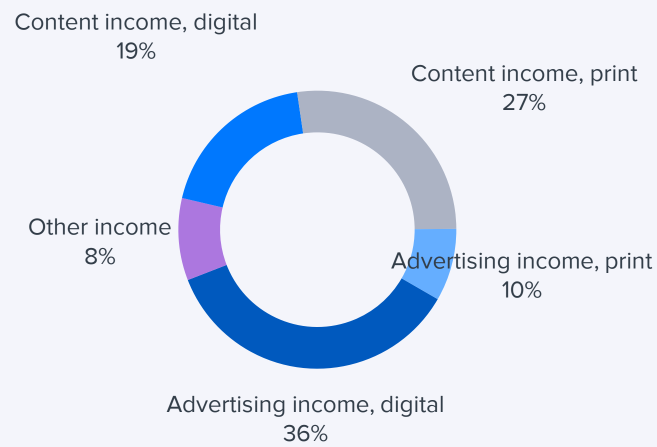
109 MEUR
Revenue 2023

12.9%
Profitability, adjusted EBIT %

57% / 43%
Share of digital income/print and other income

#1 market position
Financial and professional media, Finland

Revenue by income type, 2023



Source: Inderes, Alma Media

Alma News Media 2/2

We expect the segment's print media revenue to decrease by 5-10% p.a. in the short and medium term, reflecting the expected decline in print media advertising income and subscribers. In turn, we expect the income from digital businesses to compensate for the drop in revenue from print media. Over the medium term, we expect income from digital business to grow by some 3-5% annually and other income to show a relatively stable development.

As a result of a gradual improvement in the sales distribution (the relative share of more profitable digital business in revenue is increasing), on the one hand, and the efficiency headwinds caused by declining revenue, on the other hand, the segment is expected to show a relatively stable profitability trend in the medium term.

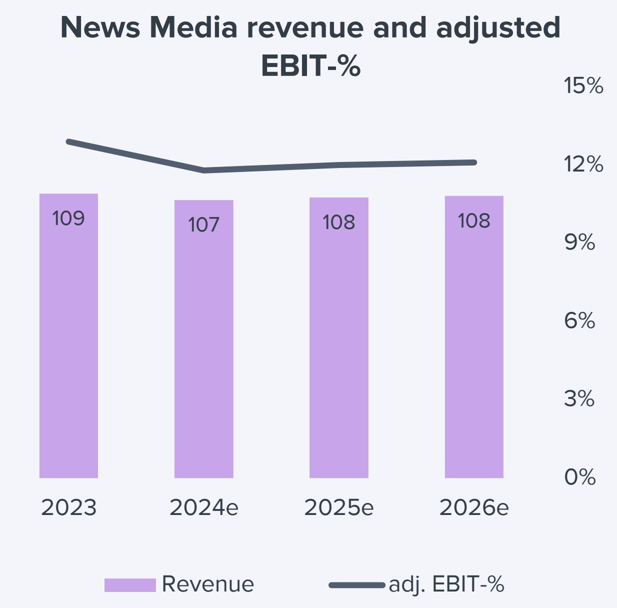
Estimates

We forecast a slightly negative revenue growth for News Media this year, with a decrease in revenue of 2% to just under 107 MEUR. The fall in revenue is driven in our forecasts by a fall in advertising revenue, largely due to a decline in advertising income from print media. Similarly, we expect the slightly higher decline in print media content income to push the overall content income development slightly negative. With declining revenue, we expect the segment's adjusted EBIT to decline to 12.4 MEUR, which still corresponds to a reasonably good adjusted EBIT margin of 11.8% for a media business.

We forecast a slight upturn in revenue in 2025, based on our projections of a turnaround in digital advertising and content income, which will offset the decline in corresponding print income. As a result of the slight increase in revenue, we expect the segment's adjusted EBIT to increase slightly to 12.9 MEUR, corresponding to an EBIT margin of 12%. In the medium term, we expect the segment's revenue drivers to diverge, reflecting the drivers of digital and print media. As a result, we also expect a relatively stable earnings development overall.

Uncertainties related to estimates

A key uncertainty in our forecasts is the development of the advertising market, partly tied to the economic development, which may strengthen or weaken the segment's advertising income development more than we expect. The revenue mix (digital vs. print) is also a key driver of profitability, and we consider the company's ability to manage the efficiency headwinds from declining print media revenue to be a key source of uncertainty in our profitability forecasts, as they may weigh more heavily on the segment's profitability than we expect.



Income statement	2023	2024e	2025e	2026e
Revenue	109.1	106.6	107.6	108.2
EBITDA adj.	16.6	14.5	14.9	15.0
EBIT adj.	14.0	12.6	12.9	13.0
EBIT	13.5	12.4	12.9	13.0
Non-recurring items	-0.5	-0.2	-	-

Growth and profitability				
Revenue growth-%	-	-2.3%	0.9%	0.6%
Adjusted revenue growth-%	-	-10.0%	2.5%	0.9%
Adj. EBITDA-%	15.2%	13.6%	13.9%	13.9%
Adj. EBIT-%	12.9%	11.8%	12.0%	12.1%
EBIT-%	12.4%	11.6%	12.0%	12.1%

Source: Inderes

Financial position

Balance sheet structure

Alma Media's balance sheet total at the end of Q1'24 was 551 MEUR. The major part of the non-current assets in the balance sheet consists of goodwill (307 MEUR), generated in a significant proportion (~50%) in the Nettix acquisition. This acquisition also increased the amount of intangible assets which, as a result of recent investments, have risen to 93 MEUR. Most of the goodwill and intangible assets was generated in the 2021 recruitment portal acquisitions and the Talentum acquisition at the end of 2015. The company had 39 MEUR in tangible assets, mainly consisting of right-of-use assets. The company had 59 MEUR in cash and cash equivalents and the remaining balance sheet assets consisted of receivables and other assets, the most significant item being trade receivables of 39 MEUR.

Due to the nature of the operations, the company's net working capital is typically negative because most of the revenue accrues advance payments and accounts payable are typically clearly higher than accounts receivable. At the end of Q1'24, net working capital was some 56 MEUR negative.

We consider Alma Media's balance sheet items to be current and, as a whole, the risks associated with write-downs are small in light of the good profitability levels of the businesses.

Debt reduced to a fairly reasonable level

Thanks to the strong earnings and cash flow performance in recent years, the debt level, which had increased as a result of previous acquisitions, has been effectively reduced. As a result, at the end of Q1'24, Alma Media's net gearing was 60% and the equity ratio was 46%. In terms of long-term interest-bearing liabilities, the company had 191 MEUR, of which 160 MEUR were financial loans and just under 31 MEUR were IFRS 16 liabilities. Short-term interest-bearing liabilities amounted to 7 MEUR, which consisted of leasing liabilities. Thus, the company's interest-bearing net debt was 138 MEUR. The net debt/EBITDA (past 12mos) ratio was consequently 1.6x. This is below the 2.5x target level and we feel that gearing as a whole is quite moderate. According to the company's comments, the current financial position would allow for acquisitions of up to 100-150 MEUR, which we believe is a realistic estimate.

Strong competitiveness is reflected in return on capital

Alma Media's ROI-% or ROIC-% and ROE-% have been at very good levels in recent years. In 2023, the company's reported ROE was just over 26% and ROI-% was just under 16%. According to our calculations, the average ROE over the last five years has been close to 23% (ROE-% 2019-2023 22.9%) and ROIC 13.5% (ROIC-% 2019-2023 14.4%). The business is therefore performing quite well in relation to the capital committed to it and the return levels are well above the required return.

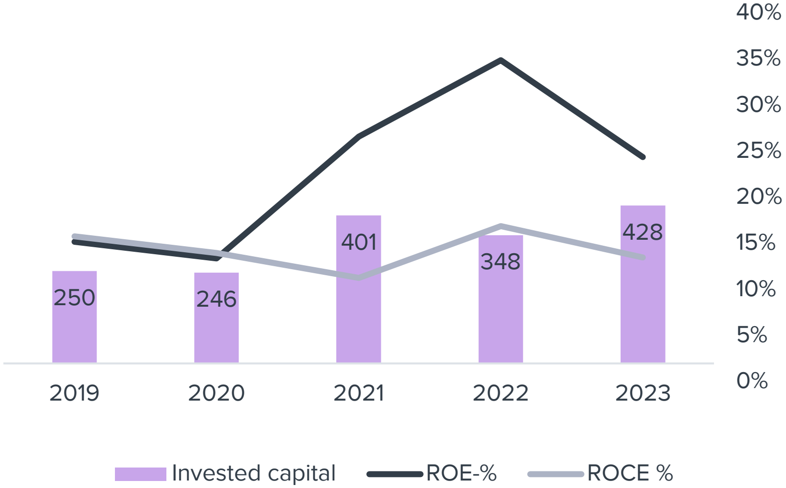
Cash flow generating capacity good as well

Alma Media's operating cash flow has been strong in 2019-2023 at some 21-29% of revenue. The average over the whole period has been about 25%. This is based on the fact that customers pay Alma Media for its products and services partly in advance (the share of recurring revenue is high), which on the one hand results in relatively high advance payments and a small amount of trade receivables resulting in negative net working capital. This is reflected positively in operating cash flow, as the business does not tie up working capital and the company is able to finance operational business with customer money. In addition, the organic working capital investment needs of the businesses have been moderate (on average, just over 5 MEUR per year) and the repayments of lease liabilities are not particularly high (2023: 7.9 MEUR). As a result, the free cash flow performance of the business is also quite good.

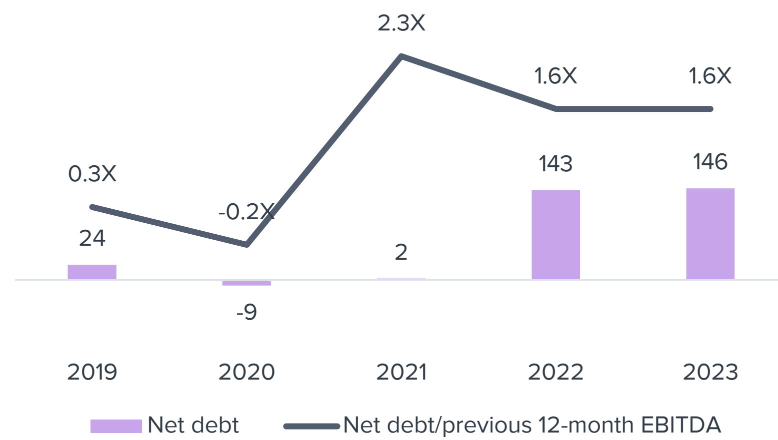
The company's operations are highly profitable and generate excellent cash flow. Profitability has also historically been relatively stable, for example, even when the business environment changed radically (e.g. COVID year 2020: 24.3% of operating cash flow relative to revenue). This reduces the risk level of the business. Due to the relatively stable position of Alma Media's businesses and the strong potential for generating free cash flow, the company can distribute a growing dividend in the long term. In addition, cash flow can be used to finance acquisitions that complement existing businesses.

Financial position

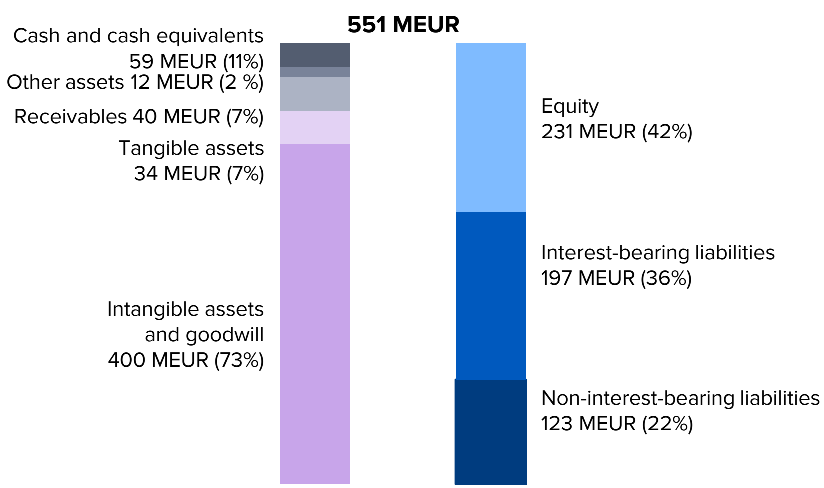
Invested capital and return on capital



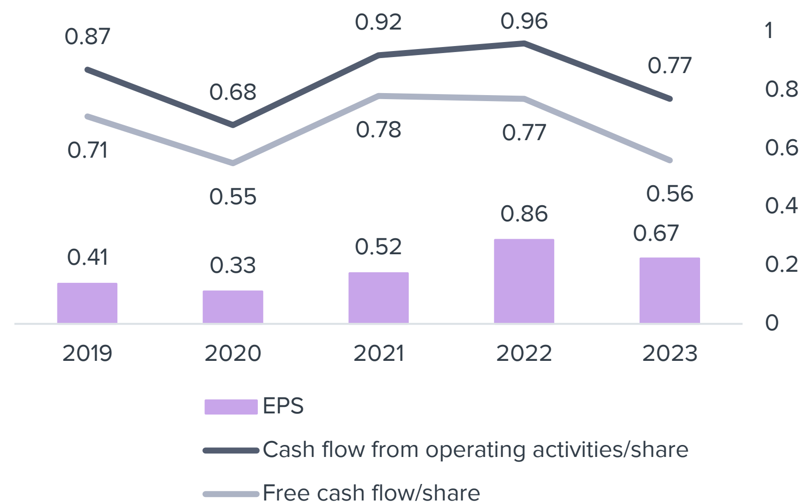
Net debt and net debt/EBITDA



Balance sheet structure at the end of Q1'24



Cash flow from operations and EPS



Source: Inderes, Alma Media

Group level estimates 1/2

Stable development in 2024

In its guidance, Alma Media has estimated its 2024 revenue (2023: 305 MEUR) and adjusted EBIT (2023: 73.6 MEUR) to be at the same level as in 2023. In Q1'24, Alma Media's revenue grew by 1% to 76.2 MEUR mainly due to the Netwheels acquisition in the Marketplaces segment. Reflecting slightly higher cost inflation than revenue growth, adjusted EBIT decreased to 16.1 MEUR (Q1'23: 17 MEUR) and profitability settled at 21.2% (vs. 22.6% in Q1'23).

We estimate that the 2024 revenue will grow by almost 1% to 307 MEUR. We expect the Group's adjusted EBIT to decline by some 2% to 72.2 MEUR corresponding with a 23.5% adjusted EBIT margin (2022: 23.8%). We have discussed our segment-specific forecasts in more detail in the segment-specific chapters.

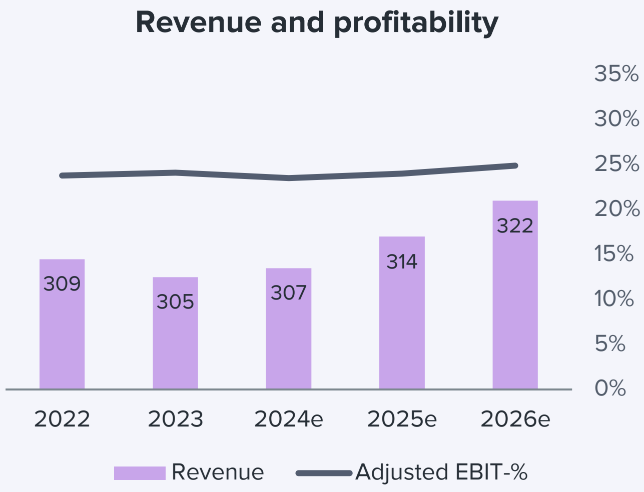
Due to the relatively stable operating result and still slightly increasing net financial expenses, we expect adjusted earnings per share to decline slightly from the previous year to EUR 0.63 per share (2023: EUR 0.66). Given the good operating cash flow and relatively moderate investment needs, we expect organic free cash flow to be well in line with EBIT. However, cash flow is slightly affected by the acquisition of Netwheels earlier this year, but even taking this into account, we forecast the company's financial position to remain quite strong (2024e net debt/EBITDA 1.7x). Despite the declining result from the previous year, we expect Alma Media to increase its dividend slightly to EUR 0.46 per share (2023: EUR 0.45 per share). This represents a payout ratio of 76%, in line with the dividend policy according to which the company's long-term objective is to pay on average over 50% of the profit for the financial year as dividends.

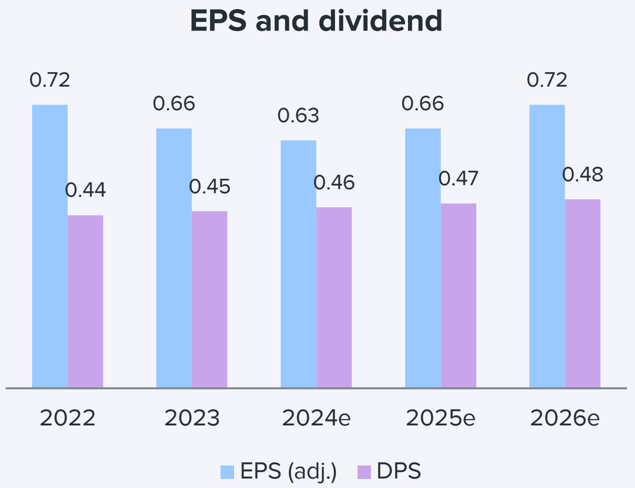
Estimates for 2025-2026

We forecast Alma Media's revenue to grow by 2% to 314 MEUR in 2025, as we expect stronger economic growth to support growth in Careers and Marketplaces. In line with the high profitability of these businesses, we forecast the Group's adjusted EBIT to increase more strongly than revenue to 75.3 MEUR (+4%), corresponding to a very good adjusted EBIT margin of 24%.

In 2026, we expect revenue to grow at Group level by nearly 3% and adjusted EBIT to grow by slightly more than 7% to 80.3 MEUR, still driven by growth in digital businesses. This corresponds to an increasing adjusted EBIT margin, which we estimate to reach 24.9% in 2026.

In our projections for 2025-2026, financing costs will decrease following the decline in debt levels and the slight decline in interest rates we foresee. Thus, the EPS for the corresponding years are expected to be EUR 0.66 and EUR 0.72, in line with the improving operational performance. Alma Media's balance sheet and financial position will be strengthened in our forecasts, in line with the relatively good free cash flow, allowing acquisitions to continue at a higher gear. With our estimates for the end of 2026, the company's net debt/EBITDA has fallen to a moderate level of 1.1x. Thus, considering the excellent financial position, we expect that the dividends for 2025-2026 (EUR 0.47 and 0.48/share) will continue on a moderate upward curve.





Source: Inderes

Group level estimates 2/2

Long-term earnings estimates

In the long term, the key factors affecting earnings development are the growth rate of the scalable digital business with stronger profitability and how steep the decline in print media is. Considering this, our medium- and long-term growth estimates are 2.5%. Our estimates are based on the organic growth we expect and do not contain any inorganic growth which we consider likely to occur, as it is virtually impossible to predict it with sufficient accuracy.

The current business structure and, on the other hand, the shift to digital businesses, keeps our EBIT-% forecasts for Alma Media at an excellent level of 24.5-23.5% in the medium term.

Minor estimate changes

We made minor estimate changes for the coming years in connection with the extensive report. As a result, our revenue forecasts increased by 0-1% for 2025-2026, while our earnings forecasts for the same years increased by 1-2%.

The forecast revisions were made for both Career and Marketplaces, where we made minor revisions to their growth rate forecasts. Reflecting the high profitability levels of both businesses, the slightly higher revenue forecasts were also effectively translated into our earnings forecasts.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	307	307	0%	313	314	0%	320	322	1%
EBIT (exc. NRIs)	72.2	72.2	0%	74.7	75.3	1%	78.9	80.3	2%
EBIT	70.7	70.7	0%	74.2	74.8	1%	78.4	79.8	2%
PTP	63.4	63.4	0%	68.2	68.8	1%	73.8	75.2	2%
EPS (excl. NRIs)	0.63	0.63	0%	0.65	0.66	1%	0.71	0.72	2%
DPS	0.46	0.46	0%	0.47	0.47	0%	0.48	0.48	0%

Source: Inderes

Estimates

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**309**	**75.3**	**78.2**	**73.5**	**77.9**	**305**	**76.2**	**77.2**	**74.5**	**79.6**	**307**	**314**	**322**	**330**
Alma Career	0.0	27.7	28.4	27.4	27.0	110.5	26.9	27.2	27.2	27.0	108	110.8	115	118
Alma Marketplaces	0.0	20.7	21.7	21.0	21.9	85.4	22.9	23.1	23.0	24.2	93.2	96.7	100	104
Alma News Media	0.0	27.2	27.9	25.0	28.9	109	26.4	27.1	24.5	28.6	107	108	108	108
Unallocated	0.0	-0.3	0.2	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.2	-0.7	-1.0	-1.0	-1.0
NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**97.2**	**20.7**	**24.1**	**25.3**	**20.5**	**90.6**	**19.1**	**21.7**	**25.2**	**21.7**	**87.6**	**93.2**	**98.3**	**103**
Depreciation	-17.2	-4.2	-4.4	-4.4	-4.6	-17.6	-4.1	-4.3	-4.3	-4.2	-16.9	-18.4	-18.5	-18.5
EBIT (excl. NRI)	**73.4**	**17.0**	**19.3**	**20.5**	**16.8**	**73.6**	**16.1**	**17.6**	**21.0**	**17.6**	**72.2**	**75.3**	**80.3**	**84.7**
EBIT	**80.0**	**16.5**	**19.8**	**20.8**	**15.9**	**73.0**	**15.0**	**17.4**	**20.9**	**17.5**	**70.7**	**74.8**	**79.8**	**84.2**
Alma Career	0.0	11.1	11.9	12.3	9.7	45.0	10.4	11.0	11.7	10.0	43.0	44.3	47.3	49.8
Alma Marketplaces	0.0	6.2	7.4	7.5	5.4	26.4	5.4	6.6	8.8	7.0	27.7	30.3	32.2	34.4
Alma News Media	0.0	2.3	3.8	3.4	4.0	13.5	2.4	3.1	3.2	3.7	12.4	12.9	13.0	12.8
Unallocated	0.0	-3.0	-3.2	-2.4	-3.3	-12.0	-3.1	-3.1	-2.7	-3.1	-12.0	-12.2	-12.3	-12.3
NRIs	80.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.4	-0.5	-0.5	-0.5
Net financial items	6.3	-1.9	2.9	-1.5	-4.8	-5.3	-1.4	-2.0	-2.0	-2.0	-7.4	-6.0	-4.6	-3.9
PTP	**86.9**	**14.6**	**22.7**	**19.6**	**11.6**	**68.5**	**13.6**	**15.4**	**18.9**	**15.5**	**63.4**	**68.8**	**75.2**	**80.3**
Taxes	-14.5	-2.9	-4.1	-4.3	-0.9	-12.1	-2.8	-3.3	-4.1	-3.3	-13.4	-14.8	-16.2	-17.3
Minority interest	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	-0.1	-0.4	-0.4	-0.4
Net earnings	**72.4**	**11.7**	**18.6**	**15.2**	**10.7**	**56.2**	**10.8**	**12.1**	**14.8**	**12.1**	**49.9**	**53.6**	**58.6**	**62.6**
EPS (adj.)	**0.72**	**0.15**	**0.18**	**0.18**	**0.14**	**0.66**	**0.15**	**0.15**	**0.18**	**0.15**	**0.63**	**0.66**	**0.72**	**0.77**
EPS (rep.)	**0.88**	**0.14**	**0.23**	**0.19**	**0.13**	**0.68**	**0.13**	**0.15**	**0.18**	**0.15**	**0.61**	**0.65**	**0.71**	**0.76**

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	12.1 %	-1.2 %	-1.4 %	-1.4 %	-1.0 %	-1.3 %	1.2 %	-1.3 %	1.4 %	2.2 %	0.8 %	2.2 %	2.7 %	2.3 %
Adjusted EBIT growth-%	20.1 %	-13.3 %	0.2 %	6.5 %	10.0 %	0.3 %	-5.2 %	-8.9 %	2.3 %	4.9 %	-1.8 %	4.3 %	6.5 %	5.6 %
EBITDA-%	31.5 %	27.5 %	30.9 %	34.4 %	26.3 %	29.7 %	25.0 %	28.2 %	33.8 %	27.2 %	28.5 %	29.7 %	30.5 %	31.2 %
Adjusted EBIT-%	23.8 %	22.6 %	24.6 %	27.9 %	21.5 %	24.1 %	21.1 %	22.8 %	28.2 %	22.1 %	23.5 %	24.0 %	24.9 %	25.7 %
Net earnings-%	23.4 %	15.5 %	23.8 %	20.7 %	13.7 %	18.4 %	14.2 %	15.7 %	19.9 %	15.2 %	16.2 %	17.1 %	18.2 %	19.0 %

Source: Inderes

Investment profile

Combination of a growth and dividend share

As an investment object Alma Media is profiled as a growth company based on the significantly increased role of marketplace businesses, as well as profitable growth and active acquisition strategy and based on the media business that is slowed down by print media, profitable and generates strong cash flow as a dividend share. Alma Media's dividend payment capacity is good, as the company's cash flow is strong, organic investment needs are low and organic growth does not tie up significant capital.

Cyclicality and industry revolution increases result fluctuation

The company's performance is linked to economic development, as a share of Alma Media's income is generated by advertising income. Continued revolution in the industry, i.e., the drop in content income from print media together with the cyclical recruitment business increases the fluctuation in Alma Media's result. Content income that is usually recurring by nature and less susceptible to economic fluctuation, as well as increasing digital service income act as a counterbalance.

Acquisitions also in the future

The organic growth outlook of Alma Media's current businesses are moderate and therefore M&A transactions are a key part of Alma Media's strategy and value creation.

The company's previous M&A transactions have been seen in divestment of low-profit and non-strategic businesses and acquisitions bringing growth and economies of scale, which have completed and expanded existing businesses. We believe we can expect similar M&A transactions also in future in the medium and long term.

Positive value drivers

In our view, Alma Media's main strengths and value drivers are:

Growth of digital business: The growth outlook for digital businesses is still good and their profitability potential is high, which is why they constitute a key value driver for the share. The share of digital businesses in the company's revenue is already around 82% and even a larger share of the result, according to our estimates.

Strong cash flow: The ability of the company's business operations to generate cash flow is excellent, which enables both growing dividends, paying off debt, and significant acquisitions, if necessary.

Creating shareholder value through acquisitions: Alma Media has a strong track record of successful acquisitions. The company's gearing already allows for acquisitions of a reasonable size, and we believe that equity financing is also possible. In our view, Alma Media can be expected to remain active in acquisitions in the medium term. Based on historical evidence, we take a fundamentally positive view of acquisitions.

Negative value drivers and risks

We believe Alma Media's main weaknesses and risks are:

Cyclicality: A significant share of the company's income come from cyclical advertising income. Thus, the company's revenue development is dependent on economic development. However, thanks to quick adjustment measures the company was able to defend its financial performance, for example during the COVID pandemic, and we estimate that the flexibility of the company's cost structure compensates to some extent for risks related to revenue.

Reducing print media income: We expect the decline in print media revenue to continue far into the future, which will subdue the company's growth and weaken its cash flow. The share of print media in Alma Media's revenue is around one-sixth.

Changes in the competitive position: The competitive field of media companies is fragmented, the threshold to enter the industry has lowered and competition for advertising investments has increased thanks to global operators (e.g. Facebook and Google). As a result, the competitive position of national, regional and local media companies is susceptible to change. To maintain their competitiveness, operators must invest in continuous business development.

Technology and regulation risks: The key risks in the field of digital business operations are linked to technological changes that may rapidly change the markets and business models, as well as significantly increase the costs of product development and advertising. Currently, such risks include, e.g., the increasing popularity of ad blockers and the strong market position of social media tech platforms. In terms of companies that utilize consumer data widely the risk is tightened regulation (e.g. GDPR).

Investment profile

1. **Growth in digital businesses and excellent profitability**

2. **Stable and profitable media operations that generate cash flow**

3. **Cyclicality raises the risk profile of the business**

4. **Strong cash flow helps lower gearing and brings leeway for acquisitions**

5. **We expect the company to continue with acquisitions that shape income sources and strengthen growth**

Potential

- Organic growth potential in high profitability digital businesses
- Excellent cash flow and high ROIC
- M&A option that is positive given track record

Risks

- Cyclicality
- Structural decrease in print media income and arising needs for adjustment
- Changes in the competitive position
- Changes in technology

Source: Inderes

Valuation 1/2

Valuation methods

In forming our view, we currently place most weight on the share's expected total return based on the forecasts for the next few years (earnings growth + dividends + changes in valuation multiples) and on the discounted cash flow (DCF) model. For the earnings-based valuation, we favor the EV/EBIT ratio that reflects the balance sheet structure and the net profit-based P/E ratio. We do not give much weight to the relative valuation, because there are no obvious peers available for Alma Media's business structure that would provide a clear valuation benchmark.

Share's expected total return

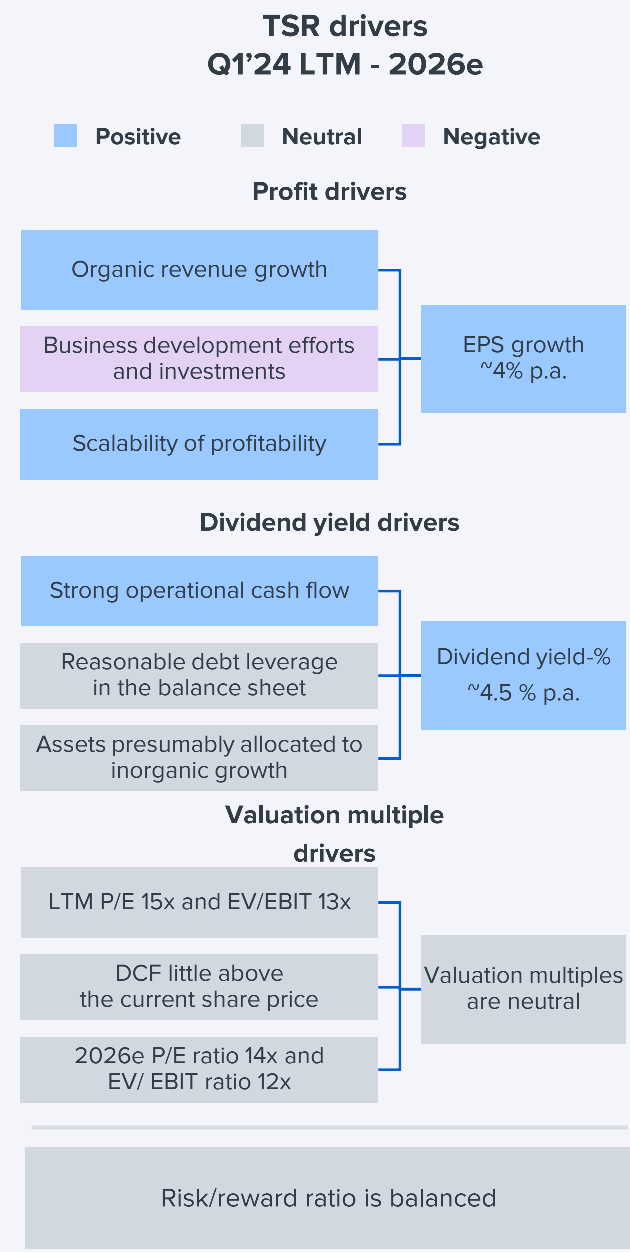
We believe that the role of the dividend is crucial for the stock's expected return over the next few years. With our estimates and the current EUR 10.05 share price level the dividend yield is around 4.5-5% in the next few years.

We forecast organic earnings growth in the coming years to be moderate from a relatively good level in 2023. Reflecting these developments and our projections of gradually declining net financial expenses, along with falling interest rates and shrinking debt levels, our forecast for earnings per share growth in the coming years is a moderate 4%.

Alma Media's earnings-based valuation multiples for the past 12 months are P/E of around 15x and EV/EBIT of around 13x. We find these earnings-based valuation multiples quite neutral in absolute terms relative to Alma Media's rather good capital performance, the excellent cash conversion of its businesses and the ability to generate free cash flow as a result of moderate investment needs.

Short-term valuation multiples can also be compared to Alma Media's historical valuation multiples, which have averaged 14x for the EV/EBIT ratio and 18x for the P/E ratio. The valuation multiples for the previous five years were partially set in the zero-interest-rate period, after which acceptable valuation levels have decreased due to increased interest rates. Thus, we do not expect investors to price the share in the current interest rate environment with the same multiples as in the previous five years. It should be noted, however, that Alma Media's business has also changed considerably as the relative share of digital business has increased, which has also increased business profitability, return on capital and cash flow. However, we believe that the upside to the multiples is partly constrained by limited organic growth prospects, reflecting the already strong market positions of many of the digital businesses.

We therefore believe that the above factors justify valuation multiples for the company that are higher than the stock market median. Thus, we believe that the rise in required returns relative to the zero-interest-rate period and the change in business portfolio are clearly driving the acceptable valuation in opposite directions. In our view, the acceptable valuation has risen close to the five-year average levels with the change in the business portfolio. In our opinion, the absolute valuation level that can be justified for Alma Media is therefore around 12-15x for EV/EBIT and 13-16x for P/E, both of which are higher than the Nasdaq Helsinki median.



Source: Inderes

Valuation 2/2

DCF

We feel that the applicability of the DCF calculation in Alma Media's valuation is reasonable, and it reflects the company's long-term ability to create value. On the other hand, we believe that its applicability is somewhat weakened by the correlation between demand and economic cycles, which are difficult to predict, especially in the medium and long term.

Our DCF model indicates a share value of EUR 10.7, suggesting that the stock is fairly correctly priced. In our DCF model, revenue growth is in the medium and long term driven by the growth in digital businesses, but the growth is slightly slowed down by the decreasing print media. Our long-term forecast for revenue growth is 2.5%. As the digital businesses grow, the company's relative profitability and return on capital remain, however, relatively stable in our DCF model. In the long term, the EBIT margin is 23.5-24.5%, which is in line with the profitability achieved in recent history, but below the company's own target level.

In the model, the weight of the terminal period in the value of cash flows is on a reasonable 56% level. Similarly, the weighted average cost of capital (WACC) we use is 8.0%, with the cost of equity being higher at 9.2%.

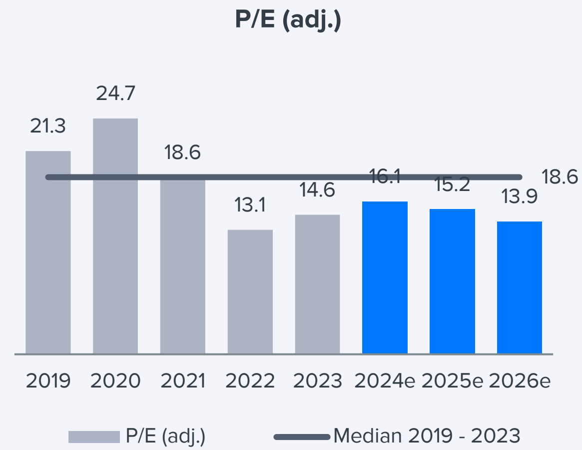
Recommendation and target price

We reiterate our EUR 10.5 target price for Alma Media but lower our recommendation to Reduce (previously Accumulate) as a result of the narrower upside. The expected return, consisting of the expected dividend yield and modest earnings growth, is in our view practically in line with our required return and we therefore consider the risk/reward of the stock to be neutral.

We believe the main risks to our view are related to economic growth trends, which could change the outlook for earnings growth in the coming years compared to our forecasts. Based on acceptable valuation multiples and the cash flow model, we believe that the fair value of the stock is in the range of EUR 9.5-11.0 per share.

Valuation	2024e	2025e	2026e
Share price	10.05	10.05	10.05
Number of shares, millions	82.1	82.1	82.1
Market cap	825	825	825
EV	975	960	938
P/E (adj.)	16.1	15.2	13.9
P/E	16.5	15.4	14.1
P/B	3.5	3.3	3.1
P/S	2.7	2.6	2.6
EV/Sales	3.2	3.1	2.9
EV/EBITDA	11.1	10.3	9.5
EV/EBIT (adj.)	13.5	12.7	11.7
Payout ratio (%)	75.7 %	71.9 %	67.2 %
Dividend yield-%	4.6 %	4.7 %	4.8 %

Source: Inderes

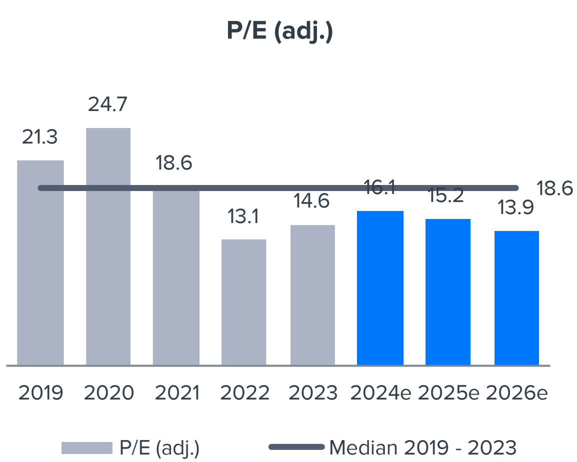


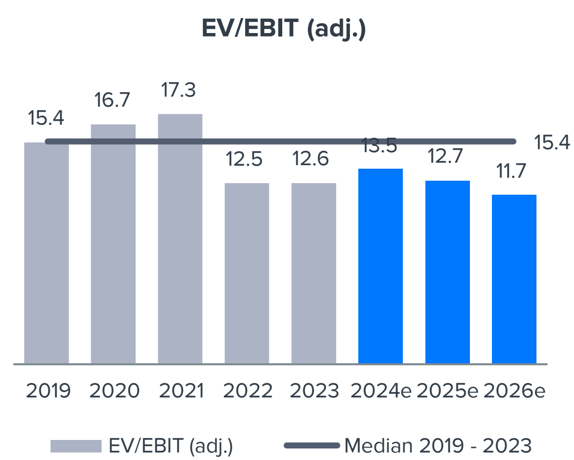
Source: Inderes

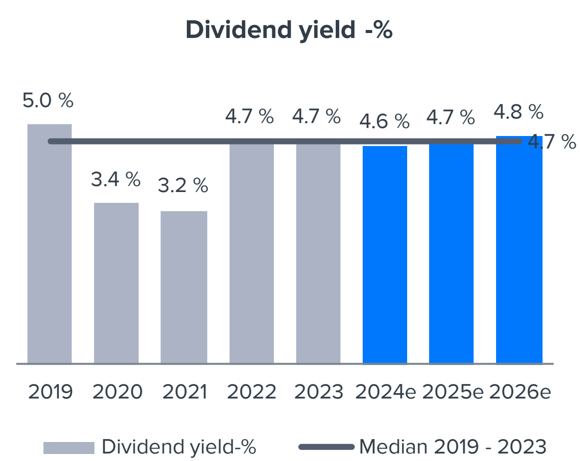
Valuation

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	7.96	8.92	10.8	9.40	9.60	**10.05**	**10.05**	**10.05**	**10.05**
Number of shares, millions	82.3	82.3	82.4	82.2	82.1	**82.1**	**82.1**	**82.1**	**82.1**
Market cap	655	734	891	773	788	**825**	**825**	**825**	**825**
EV	762	756	1059	920	925	**975**	**960**	**938**	**914**
P/E (adj.)	21.3	24.7	18.6	13.1	14.6	**16.1**	**15.2**	**13.9**	**13.1**
P/E	21.3	26.7	20.4	10.7	14.0	**16.5**	**15.4**	**14.1**	**13.2**
P/B	3.8	4.0	5.4	3.8	3.6	**3.5**	**3.3**	**3.1**	**2.8**
P/S	2.6	3.2	3.2	2.5	2.6	**2.7**	**2.6**	**2.6**	**2.5**
EV/Sales	3.0	3.3	3.8	3.0	3.0	**3.2**	**3.1**	**2.9**	**2.8**
EV/EBITDA	10.7	12.8	14.4	9.5	10.2	**11.1**	**10.3**	**9.5**	**8.9**
EV/EBIT (adj.)	15.4	16.7	17.3	12.5	12.6	**13.5**	**12.7**	**11.7**	**10.8**
Payout ratio (%)	106.8 %	89.9 %	66.1 %	50.0 %	65.7 %	**75.7 %**	**71.9 %**	**67.2 %**	**65.5 %**
Dividend yield-%	5.0 %	3.4 %	3.2 %	4.7 %	4.7 %	**4.6 %**	**4.7 %**	**4.8 %**	**5.0 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**
Agora SA	209		3.4	4.2	4.2	5.5							0.4
Future PLC	1498	1894	7.6	7.2	6.7	6.5	2.1	2.0	9.2	8.5	0.3	0.3	1.1
Gannett Co Inc	546	1415	22.3	11.2	5.5	5.2	0.6	0.6		18.7			
Lagardere SA	3119	7698	14.2	13.2	8.5	8.7	0.9	0.9	12.5	11.3	3.0	3.1	4.3
Arnoldo Mondadori Editore SpA	592	807	8.5	8.1	5.3	5.1	0.9	0.8	9.0	8.6	5.8	6.6	1.8
New York Times Co	7605	7254	21.3	18.9	17.7	16.0	3.1	2.9	27.6	25.6	1.0	1.0	4.3
Rizzoli Corriere della Sera Mediagroup SpA	403	557	5.6		3.8		0.6		7.0		7.8		0.9
TX Group AG	1802	2054	18.5	11.8	9.5	8.1	2.0	2.1	9.9	8.8	3.6	4.6	0.4
Promotora de Informaciones SA	417	1141	9.7	8.2	6.1	5.5	1.2	1.1	15.4	8.9			
Vocento SA	107	147	12.0	8.4	4.0	3.5	0.4	0.4	15.0	14.2	5.7	5.9	0.5
Auto Trader Group PLC	8655	8671	21.3	18.8	20.4	18.1	13.4	12.1	29.4	25.3	1.1	1.3	12.4
Carsales.Com Ltd	8424	9080	31.1	27.4	25.6	22.8	13.5	12.2	41.2	35.7	2.0	2.2	4.5
Moneysupermarket.Com Group PLC	1437	1497	10.4	9.5	9.0	8.3	2.8	2.6	13.2	12.0	5.5	5.8	5.4
REA Group Ltd	15178	15293	36.7	31.1	31.3	27.1	17.5	15.5	54.0	45.1	1.0	1.2	15.5
Rightmove PLC	5169	5132	16.0	14.6	15.7	14.4	11.2	10.2	21.4	19.0	1.7	1.9	68.9
Schibsted ASA	6112	6745	53.7	36.4	30.3	25.0	5.7	5.6	60.4	37.2	0.7	0.8	1.8
Scout24 SE	5351	5468	18.9	16.7	16.3	14.6	9.7	8.9	25.8	22.5	1.8	2.0	3.5
Seek Ltd	5045	5820	26.2	21.8	19.0	16.4	8.1	7.6	40.0	31.8	1.7	2.2	3.1
Stroeer SE & Co KgaA	3736	5410	16.9	14.1	8.6	7.6	2.6	2.4	20.6	16.2	3.3	3.9	7.2
Alma Media (Inderes)	**825**	**975**	**13.5**	**12.7**	**11.1**	**10.3**	**3.2**	**3.1**	**16.1**	**15.2**	**4.6**	**4.7**	**3.5**
Average		**4464**	**16.6**	**14.4**	**12.0**	**11.3**	**5.2**	**5.0**	**21.6**	**19.2**	**3.1**	**3.1**	**8.1**
Median		**3593**	**16.0**	**13.2**	**9.0**	**8.5**	**2.7**	**2.6**	**16.2**	**16.2**	**2.5**	**2.2**	**3.7**
Diff-% to median			***-16%***	***-3%***	***23%***	***21%***	***18%***	***16%***	***-1%***	***-6%***	***84%***	***109%***	***-5%***

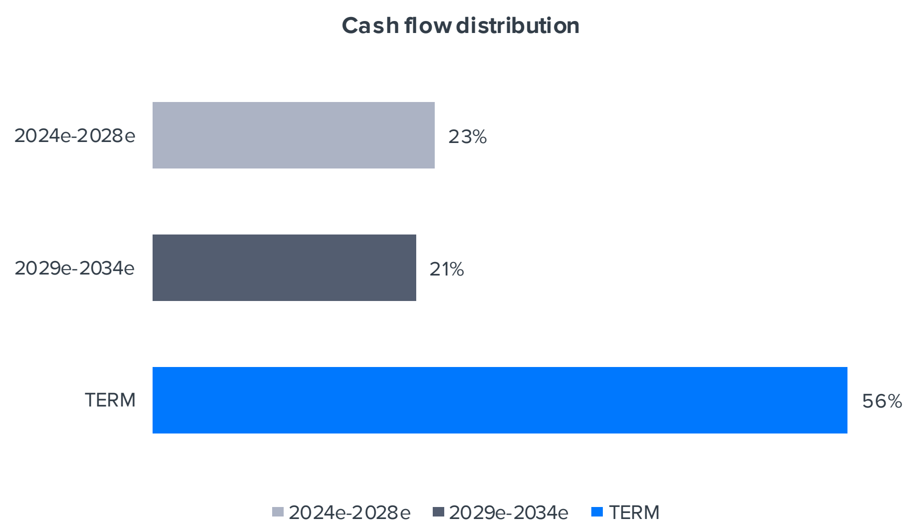
Source: Refinitiv / Inderes

DCF calculation

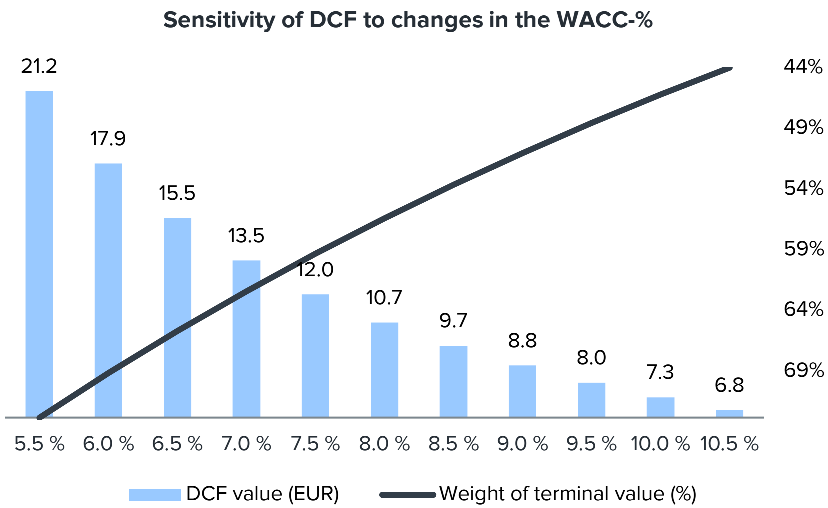
DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.3 %	0.8 %	2.2 %	2.7 %	2.3 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	23.9 %	23.0 %	23.8 %	24.7 %	25.5 %	24.5 %	24.5 %	24.0 %	24.0 %	24.0 %	23.5 %	23.5 %	23.5 %
EBIT (operating profit)	**73.0**	**70.7**	**74.8**	**79.8**	**84.2**	**82.8**	**84.9**	**85.2**	**87.4**	**89.5**	**89.9**	**92.1**	
+ Depreciation	17.6	16.9	18.4	18.5	18.5	18.7	18.8	18.9	18.9	19.5	19.5	19.5	
- Paid taxes	-11.9	-13.4	-14.8	-16.2	-17.3	-17.1	-17.5	-17.6	-18.1	-18.5	-18.6	-19.1	
- Tax, financial expenses	-1.0	-1.6	-1.3	-1.0	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-7.9	3.0	-0.5	1.3	1.1	1.3	1.3	1.3	1.4	1.4	1.4	1.5	
Operating cash flow	**69.8**	**75.6**	**76.6**	**82.4**	**85.8**	**85.0**	**86.8**	**87.1**	**88.9**	**91.1**	**91.4**	**93.3**	
+ Change in other long-term liabilities	-3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-26	-33	-18.5	-18.0	-18.5	-18.5	-19.0	-19.5	-19.5	-19.5	-19.6	-20.1	
Free operating cash flow	**40**	**43**	**58.1**	**64.4**	**67.3**	**66.5**	**67.8**	**67.6**	**69.4**	**71.6**	**71.8**	**73.1**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	40	43	58.1	64.4	67.3	66.5	67.8	67.6	69.4	71.6	71.8	73.1	1353
Discounted FCFF		**41**	**51.5**	**52.8**	**51.1**	**46.7**	**44.1**	**40.7**	**38.7**	**37.0**	**34.3**	**32.3**	**598**
Sum of FCFF present value		1069	1028	976	923	872	825	781	741	702	665	631	598
Enterprise value DCF		**1069**											
- Interest bearing debt		-199											
+ Cash and cash equivalents		52											
-Minorities		-4											
-Dividend/capital return		-37											
Equity value DCF		**881**											
Equity value DCF per share		**10.7**											

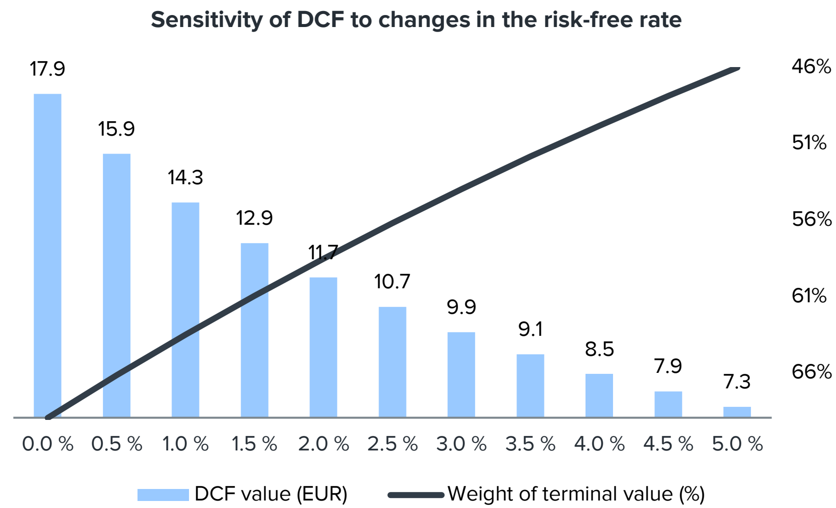
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.5 %
Equity Beta	1.4
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**9.2 %**
Weighted average cost of capital (WACC)	**8.0 %**

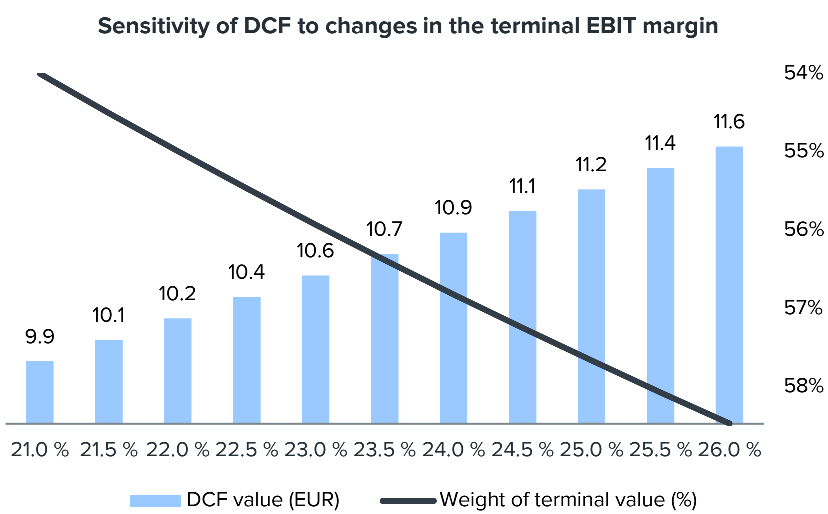
Source: Inderes

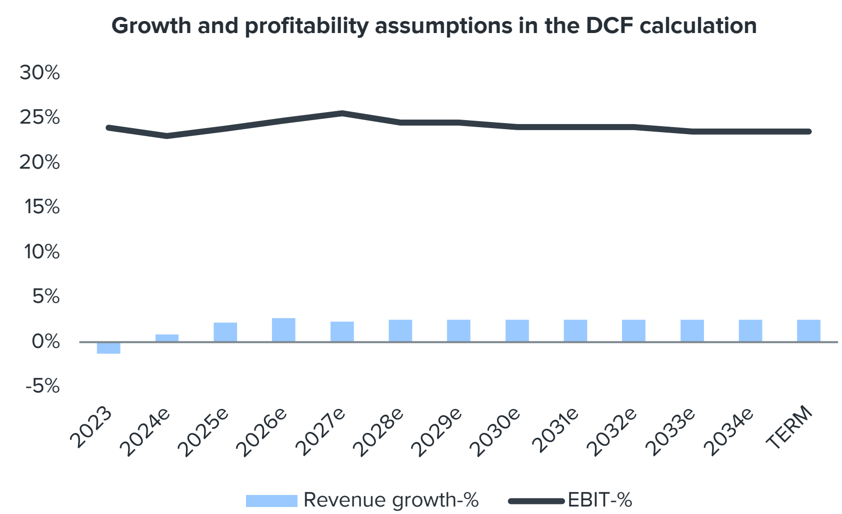


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e
Revenue	275	309	305	**307**	**314**
EBITDA	73.5	97.2	90.6	**87.6**	**93.2**
EBIT	56.8	80.0	73.0	**70.7**	**74.8**
PTP	56.3	86.9	68.5	**63.4**	**68.8**
Net Income	43.6	72.4	56.2	**49.9**	**53.6**
Extraordinary items	-4.3	6.6	-0.6	**-1.5**	**-0.5**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	518.4	495.2	527.7	**525.2**	**524.0**
Equity capital	166.5	205.9	222.8	**235.7**	**251.6**
Goodwill	294.5	294.4	298.0	**308.0**	**308.0**
Net debt	182.7	143.7	146.5	**146.5**	**131.3**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	73.5	97.2	90.6	**87.6**	**93.2**
Change in working capital	14.0	5.0	-7.9	**3.0**	**-0.5**
Operating cash flow	82.1	87.0	69.8	**75.6**	**76.6**
CAPEX	-190.3	-17.5	-26.2	**-32.8**	**-18.5**
Free cash flow	-105.4	73.1	40.4	**42.8**	**58.1**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	3.8	3.0	3.0	**3.2**	**3.1**
EV/EBITDA	14.4	9.5	10.2	**11.1**	**10.3**
EV/EBIT (adj.)	17.3	12.5	12.6	**13.5**	**12.7**
P/E (adj.)	18.6	13.1	14.6	**16.1**	**15.2**
P/B	5.4	3.8	3.6	**3.5**	**3.3**
Dividend-%	3.2 %	4.7 %	4.7 %	**4.6 %**	**4.7 %**

Source: Inderes

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	0.53	0.88	0.68	**0.61**	**0.65**
EPS (adj.)	0.58	0.72	0.66	**0.63**	**0.66**
OCF / share	1.00	1.06	0.85	**0.92**	**0.93**
FCF / share	-1.28	0.89	0.49	**0.52**	**0.71**
Book value / share	1.99	2.49	2.68	**2.84**	**3.04**
Dividend / share	0.35	0.44	0.45	**0.46**	**0.47**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	20%	12%	-1%	**1%**	**2%**
EBITDA growth-%	25%	32%	-7%	**-3%**	**6%**
EBIT (adj.) growth-%	35%	20%	0%	**-2%**	**4%**
EPS (adj.) growth-%	61%	24%	-9%	**-5%**	**5%**
EBITDA-%	26.7 %	31.5 %	29.7 %	**28.5 %**	**29.7 %**
EBIT (adj.)-%	22.2 %	23.8 %	24.1 %	**23.5 %**	**24.0 %**
EBIT-%	20.6 %	25.9 %	23.9 %	**23.0 %**	**23.8 %**
ROE-%	25.1 %	39.3 %	26.5 %	**22.0 %**	**22.2 %**
ROI-%	17.8 %	20.6 %	18.4 %	**16.9 %**	**18.0 %**
Equity ratio	34.7 %	45.8 %	46.3 %	**49.3 %**	**52.9 %**
Gearing	109.7 %	69.8 %	65.8 %	**62.1 %**	**52.2 %**

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**429**	**437**	**446**	**446**	**446**
Goodwill	294	298	308	308	308
Intangible assets	87	88	88	88	88
Tangible assets	34	41	40	40	39
Associated companies	4.2	4.4	4.4	4.4	4.4
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	8.8	5.9	5.9	5.9	5.9
Deferred tax assets	0.6	0.2	0.2	0.2	0.2
Current assets	**66.2**	**90.3**	**71.9**	**70.5**	**72.3**
Inventories	0.7	0.6	0.6	0.6	0.6
Other current assets	0.1	3.9	3.9	3.9	3.9
Receivables	35	33	34	35	35
Cash and equivalents	30	52	34	31	32
Balance sheet total	**495**	**528**	**525**	**524**	**525**

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**206**	**223**	**236**	**252**	**272**
Share capital	45	45	45	45	45
Retained earnings	132	148	161	177	197
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	20	20	20	20	20
Minorities	2	3	3	3	3
Non-current liabilities	**191**	**216**	**194**	**175**	**155**
Deferred tax liabilities	17	17	17	17	17
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	164	192	170	151	131
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	10.2	7.0	7.0	7.0	7.0
Current liabilities	**98**	**89**	**96**	**97**	**99**
Interest bearing debt	10	7	10	11	11
Payables	81	80	83	83	85
Other current liabilities	7.0	3	2.5	2.5	2.5
Balance sheet total	**495**	**528**	**525**	**524**	**525**

ESG

More than half of Alma Media’s current operations are related to the marketplaces business and the majority (2023: 82%) of the company's revenue is digital. The scope of application of the EU Taxonomy Regulation has been expanded, but the marketplace and digital services industries have not been included among taxonomy-eligible economic activities. Consequently, the proportion of Alma Media’s business that falls within the scope of the taxonomy is limited with regard to revenue, operating costs and investments.

Business is not emission-intensive, but the media business has a political dimension

There is a certain political dimension to Alma Media's business, as there are political and legislative factors related to the media business. Due to the political dimension, political decisions can have an impact on the media business, but it currently represents a moderate part of Alma Media's revenue and profit. All in all, we do not see that a relatively low taxonomy eligibility and alignment percentage would increase Alma Media’s business risk, which may be the case in more emission intensive industries.

Alma Media's operational costs have the highest taxonomy eligibility and alignment and are made up of the group's research and development expenditure, the business premises’ energy and renovations expenditure and the leasing expenses for the motor vehicle fleet.

As a whole, we do not currently see taxonomy to have any direct short-term financial effects on Alma Media, such as, e.g., significantly higher operating costs or lower financing costs.

Majority of emissions come from outside the company's own operations

Thanks to Alma Media’s business model, the majority (96%) of the emissions generated by its operations consist of emissions in the supply chain, while the share of emissions from its own operations is very small (4%).

The company is committed to reducing Scope 1 emissions by 52% and Scope 2 emissions by 14% by 2030 (compared to 2019). In terms of overall emission reductions, a much greater impact would be achieved by reducing emissions from the supply chain. The Scope 3 target requires that the zero emissions of other sectors (energy production) improve as intended, and the Scope 2 target requires that the company succeeds in increasing its use of renewable energy.

Taxonomy eligibility	2022*	2023
Revenue	0,0 %	0 %
OPEX	0,0 %	0 %
CAPEX	0,0 %	0 %

Taxonomy alignment	2022*	2023
Revenue	32 %	21 %
OPEX	50 %	29 %
CAPEX	31 %	2 %

Climate		
Climate target	Yes	Yes
Target according to the Paris Agreement (1.5 °C warming scenario)	Yes	Yes

*the figures are not comparable due to taxonomy development

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/25/2022	Accumulate	11.00 €	9.58 €
6/13/2022	Reduce	11.00 €	10.50 €
7/21/2022	Reduce	11.00 €	10.30 €
10/21/2022	Accumulate	10.50 €	9.10 €
2/17/2023	Accumulate	10.50 €	9.63 €
4/24/2023	Accumulate	10.50 €	9.04 €
6/10/2023	Accumulate	10.00 €	8.92 €
7/20/2023	Accumulate	10.00 €	9.14 €
10/19/2023	Accumulate	10.00 €	8.62 €
2/19/2024	Accumulate	10.50 €	9.92 €
4/11/2024	Accumulate	10.50 €	9.44 €
4/22/2024	Accumulate	10.50 €	9.40 €
6/10/2024	Reduce	10.50 €	10.05 €

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2014, 2015, 2016, 2018, 2019, 2020

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