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# Alma Media Oyj (ALMA.FI)

Q4 2024 Earnings Call

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## MANAGEMENT DISCUSSION SECTION

### Elina Kukkonen

Senior Vice President-Communications & Brand, Alma Media Oyj

Good morning, ladies and gentlemen, and welcome to this Interim Report Session of Alma Media's Fourth Quarter and Full Year of 2024. My name is Elina Kukkonen. I'm responsible of the Communications and Brand of Alma. We begin with our presentation shortly and first to go on stage will be our CEO, Mr. Telanne, he will present the overall result of Alma Media and highlight the performance of each business segment. After Mr. Telanne, our CFO, Mrs. Taru Lehtinen will present the financial position of Alma Media today. And then Mr. Telanne continues with the operating environment and our strategy going forward.

We close the session with the Q&A. We first take the questions here at Alma premises, and then we also take out the online questions. Our Investor Relations Director, Mr. Teemu Salami will speak up the online questions.

Once again, welcome and nice to have you here joining the session. I think we are set and ready for the presentation. Mr. Telanne, the floor is yours.

### Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Thank you very much, Elina, and good morning. Welcome on my behalf as well. What a turbulent year we had in our businesses all over the Europe. The environment in all business areas has not been as

pleasant as maybe expected in the beginning of last year. And as you might remember, we have had the so-called Plan B in place with a heavy and well-disciplined cost initiatives in place in order to mitigate the difficulties that we have faced from the non-satisfactory environment. With the markets of houses and premises, cars, recruitment on a very low level, especially in the Nordic countries and Baltics, but also lately in the Central Eastern Europe.

I'm very pleased to see that our business developed favorably during the last quarter. We had quite a satisfactory or even good performance in every business in Q4. Our revenue went up 4%, adjusted operating profit almost 17% from €15.2 million to €19.5 million. And for the full year, €330 million and €77 million EBIT, adjusted EBIT close to 25% EBIT percent, which has been the long-term target of ours. Our CFO, Taru will later describe a little bit the changes of our target and target setting for long time – or a long-term, I'll concentrate more on the fourth quarter, the full year result here.

Our transformation from print to digital from – media to services has advanced as expected and as planned at the moment and at the end of the year, the share of the digital business close to 84%. So we are approaching the final of the transformation from print to digital and we are ready and set-up for the new era of AI-assisted business development in the company.

And because of the good cash flow and profitability, the balance sheet has been moving to a healthy level. Leverage at the moment is 1.5 net debt to EBITDA ratio and the equity ratio close to 49%, which means that we have quite a good chance for future investments, maybe even a bigger leaps or bigger acquisitions for the future purposes.

It's really good to see that the plan that we have had in place is working perfectly, meaning that all the business segments have been able to improve their performance, especially on the profitability side. Alma Career environment, so the demand on the recruitment side has been on a low side, like in Finland, especially, and also in the Baltics. On Alma Marketplaces, the demand has been slightly increasing and the biggest jump here on revenues came from acquisition of Netwheels, but also we have had quite a good organic growth. And Alma News Media has been able to mitigate the decline of print media around 9% with the good development of digital content sales more or less.

And due to this, the adjusted operating profit and with a good cost initiatives and discipline in the costs and the other expenses, our adjusted operating profit step-by-step went up in every business Alma Career, €0.6 million, Alma Marketplaces €1.3 million and Alma News Media €0.6 million, ending up to €19.5 million for the last quarter of last year.

And as said, the transformation digital share of the business nicely up as planned and this will continue, I can guarantee that. On the right side of the slide you can see how these different revenue classes contributed during the last quarter. So the increase came from – mostly from digital services, like the Netwheels is part of that, but other digital services as well like our other insight services those and the decline came from advertising 8.4% decline in advertising which is quite a lot. And that tells us something about the market and the investment rate of the companies, especially in Finland, but other places as well.

Classified is slightly up, depressed by the recruitment advertising of classified, but the others went pretty well up. And the good thing here is that the content revenues, due to the good development of digital content on the new segment went up almost 4%. So that's a good sign for us and tells us that the plan and the initiatives are working.

Okay, let's take a brief look at the different business segments, which are these three as you remember; Alma Career, Alma Marketplaces, Alma News Media, they are pretty much the similar sizes on a yearly basis, close to €100 million or above – a little bit above €100 million each segment with a little bit different profitability profile. So the Career is the biggest contributor on the profitability around 40%, profitability level Marketplaces secondly, closing to the 30% and then the News Media closing to 20% target.

So every business is healthy enough to develop, to be invested in and to contribute also for the future targets of the whole company.

Let's start from the Career, and as said a demanding market, revenue slightly down. We have suffered with the currency of the Czech koruna still, at for the full year around €3 million was the effect on the revenues and profitability.

In Finland, the Baltics, the markets has been struggling and weak macroeconomics also. During the last quarter, the Finnish recruitment market went down more than 30% still. So more than 30%, the whole market down, which is a really set sign of our company's ability and willingness to invest into the people. So that would say that the shift on the macroeconomics is not yet viable.

But the profitability with a good discipline in expenses guaranteed a good profitability development, which is, of course, a good achievement.

So, advertising here also down 30%, more than 30%, services up more than 30% and so on. So this is proceeding as we expect it during the year. 40% profitability, it's quite good compared to the market. But it's still far below our own long-term target and we are pretty confident and we have a good plan in place to go much above that during the coming years.

The good thing here is that for the first time last year, during 2024 during fourth quarter, we saw the invoicing turning into green figures. We had positive signs there on invoicing, meaning sales in our case, even the revenue were on a negative side, slightly still. So this is good for this year, of course.

Alma Marketplaces, very good performance in every business on revenues and profitability as well. So we have this kind of high investment cycle here in different kind of business systems like for the houses and premises sector and for the mobility sector as well. So all segments that we are able to improve the revenues and the profitability went nicely up more than 23%, close to 24%.

And here you can also see on the right side of the slide that we are lagging behind our own expectations on advertising. So the – like the car advertising, the construction industry advertising and the common all advertising has been on a negative side. We have lost 7.5% of this kind of normal advertising in our classified or Marketplaces services. But the good thing is here that according to our plan, the digital services side and also the classified business side is improving and growing. Digital services 40% up, most of this come from the Netwheels but the others are performing as well like the Real Estate, Mobility and Comparison services and Insights as well. So a very satisfactory development during the fourth quarter and the full year in this part of the business.

The Swedish business on Real Estate has been extremely good and surprisingly good even, I'd say, we have grown there even more than we expected on a high profitability profile as well. So that's been also really good at on the whole segments' revenues and profitability. So from €22 million to €26 million EBIT during the last quarter was quite good.

As said there are smallest signs of recovery in the market, the housing market that's been on a very low level disappointing, of course, as we all know the newly built apartments sales in Finland last year, 700 or something like that, think about that 700 new build houses sold in Finland during the whole year or something like that it's close to nothing. But it seems that now the market is picking up a little bit, there's more activities in there and the expectation for the recovery of the housing business has evolved.

And the same in Mobility business. The new car business has been suffering the whole year or many years already in Finland, but the sold cars business has been okays and for us we have been able to grow in our Marketplaces, especially due to the good activities in the sold car business. So we are pretty confident of the performance and the market development if we were able to build again the new car business in Finland and the advertising in Finland that will be really good for all of us, for all the stakeholders and for the businesses as well.

Last, but not least, the News Media. Kauppalehti, Iltalehti, Talouselämä, Tekniikka&Talous and all the services around that, it's very good match – or match on defending, I'd say, the poor economies. We have suffered quite a lot on the declining ad market. Our print has been declining more than 9%, so the transformation is going on heavily. We have had that speed in the print digital transformation for quite a while and we expect that to continue. So the print businesses will step-by-step decline and the digital business will mitigate the decline as we have here been able to increase the revenues in the last quarter by 6%. And with a good discipline in expenses, the profitability went nicely up 60% of revenues in this side of the segment now, digital revenues.

We are really happy with the development of digital content revenues. So the subscriptions e.g. on Kauppalehti has been growing for quite a while and seemed to be growing quite well at the moment. We have now over 200,000 digital subscribers or subscriptions in place.

The whole year from the first quarter until the fourth quarter, step-by-step, every quarter improvements in the profitability on this side is a result of a very heavy work and disciplined work during this period. 17.5% compared to the market or the competitors is – on my mind, it's quite a good level in profitability. So the people in the News segment should be and can be quite happy with the achievements.

That was my part. The first part of the presentation, the summary of the numbers, the figures and now CFO Taru will continue with balance sheet, the other issues and then I'll finalize the session with the strategy and outlook. So Taru, please.

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## Taru Lehtinen

Chief Financial Officer, Alma Media Oyj

Thank you, Kai and good morning also from my behalf. As we are closing year 2024, I'm quite pleased to report quite nice figures for Alma Media and our excellent result in the last quarter of 2024. Despite of the difficulties in the market, our profitability improved really nicely and we were able to keep our revenue base line supported our acquisition – revenue growth from acquisitions and our balance sheet is in a good position, so really nice numbers.

But let's continue with financial key figures and start with our balance sheet. And like you can see, we have been improving our balance sheet ratios step-by-step during the past years. Our equity ratio is slightly above previous year level amounting 49% and gearing going down nicely to 60%. We made loan repayments of €15 million during the Q4 and it's good to also mention that our interest cost is like stabilizing. So our average interest rate for the whole year 2024 was 3.8%. And this also includes the effect of our interest derivative almost €2 million during 2024.

Our interest-bearing net debt amounting €140 million in the end of the 2024. So stable development in the balance sheet and also nice development in our cash flow. We were able to improve our operative cash flow during Q4 by almost €2 million or €1.6 million and that was mainly driven of our good operational result. But when we look at the 2024 full year numbers, we see really nice improvement for the whole year, so the improvement is more than €10 million, ending up to €73.8 million in 2024. And this was mainly driven by the operative result, so our adjusted EBITDA increased the cash flow by €3 million. But on the other hand, we had an extra tax burden in 2023 regarding taxes for year 2022 and that quite nicely improved the cash flow.

And like you can see from the graph from the full year point of view, the net interest paid doesn't have that big effect on our operating cash flow due to the interest derivative gains that we had in 2024. And there wasn't any big changes either in net working capital, our advanced received from customer was €1.4 million less in the end of the 2024 than in 2023. Our investment – cash flow after investments amounted to €17.9 million – which was more or less in the same level than in the previous year.

It was quite peaceful quarter for the investment point of view, we had a small acquisition in Czechia, we bought a this kind of social media advertising company, Nelisa, a quite small company revenue below €1 million at this moment. And our purpose is to utilize the Nelisa products in our recruitment services. Our normal CapEx was quite decent level we continue to invest our Mobility industry solution and in that sense, there wasn't any big surprises.

And then finally, our return on equity and return on investments, those KPIs are in a really good level as we have seen in the past also. So it shows quite well our ability to invest to profitable and efficient manner. And what comes to the earnings per share, we were able to increase the level in the last quarter by €0.2 cents. But when we look at the full year numbers, our earning per share was below 2023 level, amounting €0.64 cents. This was mainly driven the bigger one-off items during 2024 than in 2023.

And finally, we have the preliminary report proposal of dividend, which is amounting €0.46 per share for the year 2024, slight increase from the previous year and an effective dividend yield a little bit below previous year due to the higher market prices. The payout ratio is quite high, 72%, which is also a good sign from our balance sheet ability to increase the financial liabilities also in the future, so we have a good room in our balance sheet also to reward our shareholders.

And finally our new long-term targets, which has been published today. So revenue growth target is still unchanged and our target is to have at least 5% revenue increase in the long-term. This is quite demanding target for us while we all know that we have also declining elements in our business portfolio. So in practice, this means that if we are gaining this 5% increase, we have to increase approximately 10% in the digital service lines. During 2024, our revenue increase in digital products was more or less like 5%.

So this target is based on, of course, that we need support from the acquisitions and also from the market, but also good development of our digital services. Then the leverage is also kept unchanged, so our target is to keep the net debt to EBITDA ratio below 2.5 times. This is target that we have met in – during the past five years period. And like I said, our balance sheet is in a good position at the moment. So we have this quite good room for – to use our balance sheet also in the future.

But what we wanted to add a little bit more ambition to our adjusted EBIT margin target and raised the long-term target to 30%. And our goal is to improve the profitability of all of our business segments. And like you saw quite nicely in our Q4 result, we were able to have the profitability improvement in all of our segments. We believe our

good solid plan for this and our investments supporting and we continue to execute our strategy with a disciplined and consistent actions and this way to support our long-term profitability target of 30% of operating profit margin.

That's all from me. So Kai, you can continue. Thank you.

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## Kai Telanne

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Thank you, Taru. We were able to reach our long-term profitability targets that we raised from 2020 to 2025 in five years. So we went from 2020 19.7% to last year's close to 25% in five years. Now, we've increased – improved the target to 30%, then our plan is to reach the target in three years. So during the next strategy – at the end of the next strategy period, we are aiming at to reach the 30%. And as Taru said, we have a very good plan behind that to do that, but, of course, we would like to see the operating environment to develop a little bit more favorably so it will be -get also the revenue targets to be reached.

A few words about the operating environment and the forecast and the view on that, firstly. And then a few words about the strategy. And then lastly, the outlook for the year. So as we can see from here, this is the newest forecast from European Commission of the operating countries of ours. And we can see a little bit of increase and development here in every market. And I would say that this kind of figures are not like the best ones we have seen so far. And there's more cautiousness I would say in place among the forecasters than we had at the end of the year, last year.

But anyway, we are going forward. So it seems that the market starts to grow. So far that has not happened. Unfortunately, we seen the same situation as many times already. Like after the COVID time, by the year shift, we have had this kind of forecast and saying that now the start – the development starts remains to be seen. But if this happens, I would say that the market is pretty okay for us. It's not super good, but if the figures are like this, we can do a proper business here.

We know that the inflation is close to the target of the European Bank and the national banks. The unemployment rates have not increased or developed to any kind of unpleasant direction. And the interest rates have to come down and are expected to come down so all this should improve the confidence of the consumers and the companies as well, which are both on a very low level at the moment. So there no signs at the moment of the consumer or company confidence increase. Hopefully that will happen.

Now, we see if a kind of turbulence in the global market and the war is still going on there. But there are signs that are on a positive sign yet. The environment in long-term stays a little bit challenging for us as well. I just talked about the economic growth, of course, which is lagging behind of our expectation. Consumer behavior changing rapidly in a new era.

A regulation, heavy burden, different kind of regulation coming in all the time, we have to put more money and effort on tackling that. And, of course, the geopolitics, which is more or less quite unknown at the moment. So we have challenges to tackle with, but we have quite a good plan in place.

Unfortunate, the Finnish ad market is not picking up. You know the numbers the last quarter and the especially the December sales were on a very negative level, which tells us that the – that for the consumer goods and others the sales in our home market has been really poor. And for the first half of the year that might be the case, at least for the first quarter of the year that might be even the case that no big changes here.

These are the circumstances. A lot of uncertainties in place, but some signs of recovery. Anyway, our strategy is to continue with the core strategy so that we will aim at – in the first place to keep the leading positions in the markets and the businesses where we are in. And then we continue leveraging the businesses in new geographical areas in the Europe. At the moment, we are moving in the Balkan area, but we are looking at other places as well.

And now we are moving step-by-step to the next phase of the company development. As we remember, from print to digital, from media to services, and now from digital to integrated AI-assisted platform. So we are in the beginning of a new era and a very, very intensive and thorough plan in place how to put all the best available technology in place in every business of ours.

So as mentioned before, we have a lot of initiatives using AI. Are we talking about the News Media or Marketplaces or the Career business, tens of initiatives at the moment that we will discuss deep – late during the year step-by-step, I would say that maybe in every interim presentation from now on, we will show you something about the AI initiatives and the development of ours.

So the idea is to expand our role in the value chains, to streamline the customers' processes with the AI-assisted platforms. And in order to do that, go to the new revenue streams as well. So we have talked about the transactional businesses and now we are moving on that direction. And, of course, we will continue with the help of good balance sheet to drive the growth through M&As. And as you noticed, we just disclosed the newest investment, which is the Edilex Lakitiety Oy this week, which is a nice add on to our insight business inside the Marketplaces segment.

So three points – three core points in the strategy that we have refined a little bit to transform the core businesses with the help of AI and to speed up the agility and strategic flexibility in order to tackle all the difficulties in the market in a speedy manner. We are quite good at this. We will grow by diversifying and building new products and revenue streams from traditional advertising business to transactional businesses in different ways. Of course, the new era is a heavy organizational learning era. We are – we have the learning targets for every Alma Media on AI at the moment and we will be the master of this after some years.

And, of course, the M&A here. And then how to scale the existing assets and to create new products and services by the help of AI, by the help of the learning the new things and how to expand to new geographies is the big question, of course, and the effort of ours. We have learned to do cooperation, collaboration, extremely good team play here and we are cherishing that all the time. And that will, of course, continue.

We will continue on the three strategic business areas, meaning Advanced Marketplaces, Intelligent Insight Services and Inspiring Media. This is where we put all the money and effort, and we do that as a combination of shared audiences, data technology and assets. That is the strategy of ours so we are really confident that this is the recipe for a prosperous future.

As an example, in classified businesses, that means that from advertising to transaction, we have showed this picture for you for a couple of times. We are at the moment in the phase where we are deploying the new technology and the services and the processes and the ways of working like in the Marketplaces segment, like for the OviPro service for the customers in housing, like for the housing agents or and other kind of services inside the segments like Career and Marketplaces are moving to help to streamline the partners and our customers, management and our sales processes and environment. So this is moving smoothly forward with the help of AI.



A few words about this newest acquisition, Edilex Lakitieto. You might have noticed that we're building up the fourth foothold for the company on the insight business meaning that this kind of company services Insight services are growing part of our business and we do and built up the business with – of course, with the organic development and growth, but also by acquisitions.

This Edilex Lakitieto is a nice complement and add-on to our legal insight business where we are a market leader in Finland and that business includes legal database, news service, legal training, legal literature and so on.

So that will be as a combination of our current legal Insight services, even a better combination for all the parties that are using this kind of services. So the size of the business is about €8 million. And more is to come, so that will be a vital part of the development of the Marketplaces segment and especially the Insight services business of ours.

And finally, the outlook because of the turbulence of the market and the late start of the recovery in the macroeconomics, we expect our full year revenue and adjusted operating profit to stay at last year's level. And just want to remind you that quite an important part of our last year's profitability came from disciplined execution of our plan B with the cost initiatives in place that we started from the beginning of second quarter.

This meant that we have the cost cuts in place in order to guarantee the profitability development. Meaning that at the moment, if we have a normalized level of costs, that will be a little bit above the plan B cost and that's why the outlook is looking like that. But as said, during the strategy period, the 30% target will be reached, right.

So that's it. If you have any questions, we are now ready to answer those.

## QUESTION AND ANSWER SECTION

### Nikko Ruokangas

*Analyst, Skandinaviska Enskilda Banken AB (Finland)*

Q

All right, Nikko Ruokangas from SEB, thank you for the presentation. I have couple of questions and maybe starting with the new long-term profitability target. So if you are aiming to reach that in three years, so could you a bit discuss how do you see reaching that through improved scale, so meaning higher sales? And then improved efficiency/mix. So I mean that how much more sales do you need to reach that target?

### Kai Telanne

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Yeah, a very good question and clear. So in short, every segment has its own profitability improvement targets. And as I said before, every segment will improve their profitability during the strategy period. And yes, that's right, part of the profitability improvement comes from the fact that the best growth comes from the most profitable businesses. And the increase in profitability businesses, meaning classified business, classified – Insight services, digital insight services and so on.

So on a new sector, the growth comes from digital content. We are not betting on the advertising market to grow rapidly. But our ability to improve the profitability and the cost side with the help of AI on the new segment is also in place. But yes, the growth comes from a clear organic growth in every business, M&As that we will continue and the profitability comes with the improvements in the cost effectiveness led by the development of AI and the

deployment of AI into the different businesses and we are well on track with that. So that is the case. So higher growth in most profitable businesses is the driver of the long-term target setting and plan.

**Nikko Ruokangas**

*Analyst, Skandinaviska Enskilda Banken AB (Finland)*

Q

All right, thanks. That's clear. Then on Career side, you have had this Career United project. So could you give us a bit update on how that is progressing? Should we expect to see results in 2025? And should we expect also to see somewhat a decreased extra costs related to that?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Yeah, Vesa-Pekka Kirsi is actually here so he can continue, but we are well on track on that as well. If you want to comment on the specific question, please.

**Vesa-Pekka Kirsi**

*Executive Vice President-Alma Career, Alma Media Oyj*

A

Yes, thank you, Kai. It's just briefly, the first stage of Career United was to form an organization that has shared resources and that was already implemented in 2024 in the beginning. Last year, we also created one product unit which is aiming to deliver the one product platform for the countries implementation of this platform has already started. So it's a component-based platform and the components will be implemented country-by-country and that will take us through 2025 and 2026. So the improvements efficiency as well as cost improvements will take us through this year and next year to materialize all in full.

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Thank you. So the next one.

**Nikko Ruokangas**

*Analyst, Skandinaviska Enskilda Banken AB (Finland)*

Q

Yeah, I can take one more on News Media profitability as well, which you said was quite solid now all 2024 and Q4. But was there something exceptional now which you may not be able to keep when you enter 2025? And then how much room do you see there to improve if you look at maybe a bit longer term?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

No, we don't disclose specific targets for the year. But the cost cuts that we got, they came from the divestments of a specific titles like Optio, Fakta and Medi uutiset. So, we do this kind of refinement of the portfolio all the time. No we don't have any plans to refinements during this year.

But we have been able to give out the print related costs that we have in place while the print business is declining like 9% during the fourth quarter. And I would say that around 10% per year during this period and coming years. As we have that ability to get rid of the print-related cost if the volume is decreasing, so that is one part of cost effectiveness.

And then, of course, we can do more with the same people when we deploy the AI properly. So we have very good experiences already there. So if we want to increase the volume of the business, we don't need to increase the people more or much because we can do it with the best technology. So that is one thing.

So we have good plan in increasing the subscriptions in digital in KauppaLehti, Talouselämä and Arvopaperi etc. And we do it effectively as a collaboration inside the company with the help of AI as well. We don't have this kind of extra cost that would come in place this year compared to the last year. But, of course, if we need to apply the plan B again, we are able to cut cost if needed would be the right answer.

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### Nikko Ruokangas

*Analyst, Skandinaviska Enskilda Banken AB (Finland)*

Understand. Thanks. That's all from me at this point.

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### Kai Telanne

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Thank you.

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### Sanna Perälä

*Analyst, Nordea Bank Abp*

Hi. Sanna Perälä from Nordea. I have a few questions as well. First, regarding Marketplaces or these could be applied to other segments as well. What has been the price volume mix in the organic sales growth? Could you elaborate on that?

Q

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### Kai Telanne

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

So we have had both organic and price increases due to the new development of the products, meaning we have a new setup in the products, especially on the car sector is also a head of the Marketplaces who can continue. But I can't say how the mix goes with the price increases and the volumes. I would say my civilized guess is that it's mostly from the volume, but Santtu you can continue.

A

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### Santtu Elsinen

*Senior Vice President-Alma Marketplaces, Alma Media Oyj*

Hello, I'm Santtu Elsinen, Head of Alma Marketplaces. There has been some volume increases obviously, but especially into Mobility business unit. We have improved our packaging and via that pricing as well. So we did a large harmonization project concerning the prices for our clients. For some clients, this meant price increase and for some clients it meant price decreases. So the packaging project, Tupa as we call it by its project name has proved to be quite successful and we'd expect beneficial results from that also during this year.

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Sanna Perälä Nordea Bank Analyst, Nordea Bank Abp

Q

Thank you. And then regarding the 2025 guidance, it seems a bit cautious and you mentioned the reasons behind it. But what would happen – what need to be happening in the market or in your performance for you to possibly upgrade the guidance later in the year?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

The first thing is the consumer confidence and the company confidence to change. So it seems that the consumable resources meaning money is already there while the interest rates have been declining. So there is this kind of pent-up demand in the market for our businesses, meaning houses and premises, cars, recruitment as well and so on.

If the consumer confidence recovers, the company confidence would follow. And these two to happen, something should happen with the war in Ukraine, some positive signs of the stop of the aggression. The inflation should stay on close to 2%. And that's it, more or less. And if these happen, the markets of houses and premises, cars and recruitment and other stuff like that would recover quite quickly.

**Sanna Perälä**

Analyst, Nordea Bank Abp

Q

Right. Thank you. That's clear. Perhaps a clarification. You had the high investment cycle in 2024 in Marketplaces, specifically, how should we view this profitability boost in 2025 regarding your guidance? Or is there a boost in your guidance from this lower investment cycle this year?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

The investments that we have made in Marketplaces, sector, part of that will continue and we will – we have this kind of customer deployment faced there in place. So step-by-step, the return of those investments will be there. And I will say that, of course, at the end of the strategy period, that will be finalized more or less and we would have that that business and market there.

But it's a long journey, of course, and we have the same journey, more or less in Mobility business and development. Partly that will continue. We can do with the same speed all the investment in initiatives at the same time. So we have to focus on the – on some of them in the beginning. But the results will start to be viable during this year, definitely, yes.

**Sanna Perälä**

Analyst, Nordea Bank Abp

Q

All right. Thank you. That's all for me. Okay.

**Pia Rosqvist-Heinsalmi**

Analyst, Carnegie Investment Bank AB (Finland)

Q

Yeah. Hi, it's Pia Rosqvist from Carnegie. A few questions regarding the future outlook, so starting with 2025. Given your recent acquisitions of – acquisition of Edilex, what revenues should we expect to decline this year? I mean, in addition to the weak start of advertising sales, are there any divestments you have included in that guidance?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

No, not really. So the advertising is the biggest question mark of course, in our case ad market is difficult at this point, the most difficult one.

**Pia Rosqvist-Heinsalmi**

Analyst, Carnegie Investment Bank AB (Finland)

Q

Okay. Thank you. Then the updated long-term target, you mentioned the timeframe already, so thank you for that. Are there any larger changes in your portfolio included in this target? Or are you happy with the set that you have discussed today?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

I showed you the focus area this kind of three parts. The investments should go into these three, meaning Marketplaces, Insight services or News Media, so all we do is this kind of combination of businesses that are complementary to each other. We can share the audience and technology and sales and so we are actually not planning to do anything outside of this frame or framework, but inside this framework there will be new businesses and M&A during the strategy period, of course. And the Insight business – the Insight services are included in this strategy.

**Pia Rosqvist-Heinsalmi**

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And with regards to the leverage target of staying below 2.5 times, I haven't read the final print, but does kind of – does it allow you to go beyond that?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

Yeah, it allows. We can easily go above the threshold with this kind of cash flow, cash conversion rate and profitability for short period. But we are quite conservative in long-term with this figure. So we want to keep the balance and we want to keep the flexibility of the company to move fast if needed in any situation. But yes, we can go. We have the banks, for example, they are quite in favor of us at the moment with these figures.

So if we needed to go above the 2.5 times, we can easily go to 3.5 times or even to 4 times, but not for a long time. They – step-by-step, they start to ask questions that, are you serious? And I have to have the answer that what is the plan to go below that. But yes, that is the case more or less. So we are really comfortable with the 2.5 times.

We don't want to be debt free, because we want to keep the good revenue level of the equity, which is around 23%-ish at the moment for the equity – return on equity, that's quite our case – in our case and then we want to at least keep that also in the future. I guess that will also improve with the plan that we have here.

**Pia Rosqvist-Heinsalmi**

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And a change coming up here that's related to the gambling market in Europe and – sorry, in Finland and the advertising. So have you included this into your long-term targets, some kind of boost from that?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

We have planning in place and ongoing at the moment. There's a window of opportunity, I'd say, that will help the revenue targets of the – especially the News segment of ours, around the Ittalehti, Kauppalehti and those by the end of the strategy period, it seems now that that change will happen, at 2027, not 2026, but 2027 at the moment. And there's a new revenue streams coming to the market and maybe some other possibilities around the gambling as well. So the planning is going on, it has started.

**Pia Rosqvist-Heinsalmi**

Analyst, Carnegie Investment Bank AB (Finland)

Q

And would you like to quantify the opportunity in any way?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

Not from our part, because we don't have the plan. But it is said that the ad market should be around for Finland, there an estimate for the market to total around €150 million.

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

Nobody knows and it depends very much on the legislation. So what the authorities decide what is allowed to do and so on so that will be the – it's too early to estimate the market, but 10s or even more than €100 million would be available or should be available in two years.

**Pia Rosqvist-Heinsalmi**

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. Then finally or my second last question relates to M&A. So are there any active targets on the market, larger ones outside Finland?

**Kai Telanne**

President, Chief Executive Officer & Chairman, Alma Media Oyj

A

Yes, there are. There is.

**Pia Rosqvist-Heinsalmi**

*Analyst, Carnegie Investment Bank AB (Finland)*

Has the transaction market been active?

Q

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

No, not really during the difficult times, not really, but it will speed up. So we have had our investigations going on all the time, the discussions going on all the time. So definitely there are targets and the activity level in the market will speed up step-by-step.

A

**Pia Rosqvist-Heinsalmi**

*Analyst, Carnegie Investment Bank AB (Finland)*

Thank you. Then finally in the report, you also mentioned development costs for 2024, close to €10 million. They have been activated on the balance sheet or capitalized on the balance sheet. They were up quite much from the previous year and I'm trying to grasp now if these development costs now are kind of representative of the investments you have made in Career and Marketplaces.

Q

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Taru can comment on that.

A

**Taru Lehtinen**

*Chief Financial Officer, Alma Media Oyj*

So you are talking about the development cost of not CapEx, but OpEx related?

A

**Pia Rosqvist-Heinsalmi**

*Analyst, Carnegie Investment Bank AB (Finland)*

Yes, which are capitalized on the balance sheet.

Q

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

They are not capitalized.

A

**Taru Lehtinen**

*Chief Financial Officer, Alma Media Oyj*

They are not capitalized, the OpEx level development costs.

A

**Pia Rosqvist-Heinsalmi**

*Analyst, Carnegie Investment Bank AB (Finland)*

Okay. Maybe I have misread it. I need to check.

Q

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**Taru Lehtinen**

*Chief Financial Officer, Alma Media Oyj*

Yes, our CapEx during 2024 are below 2023.

A

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**Pia Rosqvist-Heinsalmi**

*Analyst, Carnegie Investment Bank AB (Finland)*

Okay, thank you.

Q

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

The way we operate is organic development that we do, we mostly don't capitalize, if it's this kind of operational work. Some of the system hardware or software develop might be capitalized like we did for the houses and premises OviPro development part of the so-called investments went to the balance sheet than mostly to the P&L. So we try not to capitalize these kind of ongoing development processes because we know that this will happen all the time. So the market and the technologies is evolving and developing so much rapidly and it's really difficult to estimate that this for 3 or 5 years or 10 years. It's better to do it just for the P&L.

A

And the level is around €10 million for us, isn't it around 10 million or something like that?

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**Taru Lehtinen**

*Chief Financial Officer, Alma Media Oyj*

OpEx is around €10 million.

A

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Yeah so that has been the case for quite long and we will more or less keep the pace and the speed of that kind of development like that. Yes, other questions. Sami?

A



**Sami Sarkamies**

*Analyst, Danske Bank A/S (Finland)*

Q

I have some. Sami Sarkamies Danske Bank, three questions. I will take this one-by-one. Firstly, coming back to guidance, that the flattish guidance looks a bit cautious. Is this because you're assuming weakness in some parts of your business which could offset any recovery? Or is it just that you're not assuming any recovery in your forecast for this year?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

No, it's because of very slow start of the recovery in every business and every markets. So we haven't seen – our case is more or less that we want to see the change before we change the forecast or the outlook. So we haven't actually seen any movement so far in the markets or smallish movement in the markets, in the houses and premises and Central European Career. But like for the Finnish Career business, the market minus around 30 % y-on-y in December - there's no sign of recovery at the moment. So that remains to be seen. The question is that we estimate the first half of the year, or at least the first quarter of year to be sluggish and flat.

**Sami Sarkamies**

*Analyst, Danske Bank A/S (Finland)*

Q

Okay. Then second question would be on current trading conditions. You may have answered this already, but if we forget Q4 and just look at the more recent weeks and outlook for the coming weeks, are you seeing any sort of improvements in certain parts of your business just taking mostly Finland and Czech?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Not really, no big changes, I'd say or what about the business leaders? Can we say that there is a remarkable change or just minor changes?

**Santtu Elsinen**

*Senior Vice President-Alma Marketplaces, Alma Media Oyj*

A

Santtu Elsinen again here. Remarkable is a strong word. We have seen small scale improvements in housing. If you look into the current market forecasts, they suggest about 7% to 9% volume growth perhaps for this year, this coming from different analyst houses and the larger real estate agents. That started in the latter half of last year. There has also been some increasing in the, let's say, ad volumes from the construction companies, nothing major, but small improvements there.

The car sales, new car sales market is very sluggish and from my discussions with the companies operating in this area, nobody expects a recovery there. Vesa, you can probably comment on Career's.

**Vesa-Pekka Kirsi**

*Executive Vice President-Alma Career, Alma Media Oyj*

A

Quickly on Finland, especially the Finnish market, as Kai has been pointing out, has been declining year-on-year now for two years in a row. So we are really in the rock bottom, however, it's still not growing fast or recovering fast. Good news for us is that the market in Finland, the competition environment has changed. So Oikotie is closing doors which will of course make room into the market. But the market itself is still where it has been growing hopefully this year but slowly.

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**Sami Sarkamies**

*Analyst, Danske Bank A/S (Finland)*

Q

Okay. Thank you. And then finally, regarding your balance sheet, you consider it to be strong, maybe some M&A headroom, should we assume opportunistic bolt-on acquisitions going forward? Or could you also do something more transformative?

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Yeah, we try to find a more transformative acquisition as well. Anyway, we do this kind of bolt-on acquisitions to develop the current businesses around the current businesses. But yes, both are in our plans.

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**Sami Sarkamies**

*Analyst, Danske Bank A/S (Finland)*

Q

Okay. Thanks.

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**Petri Gostowski**

*Analyst, Inderes Oyj*

Q

Petri Gostowski from Inderes, starting with Career. Looking at the way of the invoicing line is trending, what should we expect on classified's revenue going into H1 of this year?

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Vesa-Pekka, can continue, but the direction changed on the invoicing during the last quarter meaning that if that continues, the revenues will follow after the first quarter, I'd say or at least to the third quarter of this year. If you have the same revenue recognition system like we have had but Vesa would you like to add on something?

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**Vesa-Pekka Kirsi**

*Executive Vice President-Alma Career, Alma Media Oyj*

A

Just a quick one. Our problem child or children last year were basically the three Baltic countries and Finland, the rest of the Europe did well, both in the values as well as in ad volume. But the growth – so the growth of this year, we expected the recover of the north will do the biggest part of that recovery. The ad volumes, however, are not in a huge growth we are looking for us to create more growth on the value side by improving the services and rolling out packages as well as price development to sustain the growth.

The volumes are still in the slowest growth. There is room for volume to grow though in all of our countries and the countries are not done yet, but it will slow down.

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

And then the big question is, of course, for the Central European businesses, is the economy of Germany, how the German car industry is going to evolve, but what kind of decisions they have to make in long-term, so far, they

haven't withdrawn their factories or businesses from the Eastern Europe and so on, but are they able to improve and develop their businesses there in order to recruit more people into their factories.

**Petri Gostowski**

*Analyst, Inderes Oyj*

Q

Next one is on the new profitability target. I recall you've mentioned a few times earlier that News Media should reach a 20% EBIT margin. Is this baked in the new group level profitability target?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

Yes, yes, of course.

**Petri Gostowski**

*Analyst, Inderes Oyj*

Q

Is this then something your digital content is going above?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

It's the biggest driver for this improvement is the digital content subscription, both in Iltalehti and Kauppalehti, which are the biggest contributors for that. We are not betting on – very much on the ad market to develop more favorably than we have discussed. But still we have positive forecast for the digital advertising, but that is not the biggest driver for the change – driver of the change of the segment.

**Petri Gostowski**

*Analyst, Inderes Oyj*

Q

One more then on this year's guidance. If I read correctly you are trying to say that 2024 had a lot of cost savings in and maybe something is coming back now this year. Can you elaborate on what would be the cost delta if you went to Plan B this year and squeezed the belt again?

**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

A

No, no, we can't disclose that. But you can estimate what kind of costs or cost initiatives, so you have in place, and we did last year. They were this kind of employee-related costs like the holiday pay. And then some marketing expenses and those that we postponed because of the lack of the demand in the market so that will be something.

If the market starts to recover, we will have the marketing in place in order to speed up the revenue growth. If it doesn't, we are able to cut the cost of the marketing or postpone the marketing procedures and so on, if there's not room for revenue growth and so on. So we have flexibility in there and there we have the normal Plan B for traveling, personnel-related cost and those on a couple of millions for per segment easily to be done that we can do.

We don't want to cut that kind of costs from long-term competitiveness of the company. We have these kind of investments into the software development or service development had in place for the full year last year, which will guarantee the competitiveness of the company and the business in the segments for the future. So that

is something that we don't want to stop and cut off, even the market doesn't recover as we expected.

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**Petri Gostowski**

*Analyst, Inderes Oyj*

Thank you.

Q

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Other questions?

A

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**Teemu Salmi**

*Director-Investor Relations, Alma Media Oyj*

Just one online question from Andreas Bäck. Vesa-Pekka, you already mentioned this, unless you want to elaborate or Kai?. It's about Schibsted Jobs exiting Sweden and Finland. Does it open up better advantages for you there?

A

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Yeah, as Vesa-Pekka said, there's a little bit of room, more room for us to maneuver with Jobly as one player is out from the market and if the market starts to recover there would be room for growth for us as in Finland. So that is the short answer for that. For us that that is a good sign, okay.

A

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**Kai Telanne**

*President, Chief Executive Officer & Chairman, Alma Media Oyj*

Thank you very much. If you don't have any further questions, you can always post the questions for us. We are at your service, Taru, Teemu, Elina and everyone of us. Next time we will meet with the first quarter interim report that we disclose in April 25. So thank you for your attention and attendance. I hope you had and got the answers that you needed and hope that we have all better start the year than we had last year. Thank you very much.

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