

Transcription

Sanoma 2022 / Half-Year Report

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PRESENTATION

Kaisa Uurasmaa

Good morning everyone and welcome to Sanoma's first half 2022 results presentation. My name is Kaisa Uurasmaa. I'm heading Investor Relations and Sustainability at Sanoma. Today we have President and CEO Susan Duinhoven and CFO Alex Green presenting the results.

After the presentation, we will have a Q&A session and we will first start with questions from here at Sanoma House and then hand over to the telephone line. In addition, you can also use the chat function on the webcast. And this event will be recorded, and the recording will be available on our website soon after the event, and it includes also the Q&A session.

With this short introduction I would like to hand over to Susan to start the presentation, please.

Susan Duinhoven

Thank you very much Kaisa. And also from my end, ladies and gentlemen, a warm welcome to this first half of the year 2022 report.

If you look at the first half, we see that net sales grew, and our operational EBIT was lower than last year due to the shift into Q3 in Spain. But overall, with all the shifts that are typical, I would say to a learning business and certainly a growing learning business, the full year 2022 outlook remains unchanged. If you look into the details of the figures, you see that the net sales landed on 524 million, up from 513 last year. And that means comparable net sales growth of around 2% this year.

The net sales was stable in Learning and grew in Media Finland, and that was driven by the events.

If we then look at the operational EBIT excluding PPA, that came to 43 million down from 55 million last year. And that was mainly due to the late decisions from the local regional governments that lead to later production and then also later deliveries in Spain. And there it's good to remind that in Spain the school start is only mid-September, so a quarter-end end of June is still early in the Spanish season.

If we then look at the free cash flow, minus 99 million, a typical low, a negative at the end of the second quarter but this year, exceptionally low and that followed the lower earnings and the related changes in working capital where the payments are of course also later when you deliver late. In addition, there was the impact from the higher investments that we already announced in February. And the more unusually low comparable from last year, where last year the bonus payments were due to the corona year 2020 were exceptionally low.

If we then look at the leverage, that is at its annual peak at the end of Q2 was 3.2 compared to 3.1 last year. So modest change and a bit above our long-term target but that is quite usual for the middle of year. So during the second-half of the year you then see that leverage going down very rapidly.

Now, in the second quarter, we also announced the acquisition of Pearson Italy, and Pearson Germany and the closing of that acquisition is expected later in the third quarter. But all in all, with all the shifts and back and forth between the different quarters, as I say, a bit typical to a learning business, the outlook for 2022 as a whole remains unchanged.

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If we then look into Learning in a bit more detail and starting with revenues. We see that stable revenues overall for the first half of the year, but with quite some variations between the countries. So in Belgium, in Finland and the Netherlands, you saw an increased number of factors; earlier ordering, a bit earlier in the year but also supported by growing market amount. So we think that there will be continuous growth, as we also seen in the last couple of years. And then increasing digital sales, which means that more of the revenues is recognised throughout the year. So also before the school starts in the first half.

And in Poland we saw an increase in net sales where we predict and have indicated before for the full year lower sales. But here in the first half there was a bit higher sales due to earlier ordering and that is for exactly the reverse reason, as in Spain. In Poland last year there was a curriculum change which typically leads to a bit later deliveries and this year no curriculum change, so a bit earlier ordering and deliveries.

But then coming to Spain. Some in the press are now calling it a problem child that is absolutely not the case. It's actually a very attractive and massive market with very solid profitability but curriculum changes are always a bit of a topic, and you need to – the core of the business is that you need to work there with the regional governments, and in Spain the complexity there is, you have 17 regional governments and each one of them can take their own decision.

And what we saw was that that decision taking went quite slow and took quite long and late in the year. And that also means that we could only finalise the books and digital applications late in the year, printing later and therefore also delivering later. And as I say, full-year in Spain will still show solid growth for the full-year 2022, but coming in later. School starts mid-September. Most of it will move into Q3. Some of it might even move a bit into Q4 and that is all part of the learning business, and I would say part of the game we're playing. 12 out of 17 regions have still, so that number has not changed, indicated that they will implement the new curriculum but what you do see is that sometimes they choose a slightly lower number of subjects. So, that is where the overall growth in 2022 will be also moving a little bit into 2023. So, Spain will grow as a whole, but a little bit less than all of us might have expected. And some provinces you even see some indication of postponement into 2024.

Now for us that is not an issue when it happens, but it is good to realise that all the cost for the preparation you do, of course, up front and you are fully ready to get that approval from the regional governments. So, all the costs have been made and that is then the lead into the profitability. Why the earnings have been impacted so much due to that shift in sales in Spain? Because in actuality it is a shift in sales. Plus of course, an increase in the cost in the preparation of the curriculum. Overall, for the whole of learning operational EBIT came to 21 million from 29 million last year, and there you see that the shift in sales and the higher marketing and sales spent in Spain, ahead of the deliveries, have been partially compensated by the increase in earnings in the other territories. And that increase in earning and the other territories was of course sales driven. Sales growth has led there to higher earnings, even with higher paper costs that we indicated at the start of the year to impact us both in Learning and in Media this year.

Now, overall in Poland we had of course a little bit of reverse and in all fairness there, last year, there was a smaller curriculum change but that did create marketing and sales cost in the Polish market that we didn't have this year because this year Poland is without curriculum changes. So that created also a little bit of that uplift in earnings in the other markets. So all in all, you see quite a bit of shift between the quarters and different stories for each of the markets. But all in all for the whole of 2022, we see good growth in the on the sales side and on the earnings side.

If we then go to Media Finland. There the net sales grew with slightly lower profitability. Here we're reporting the second quarter, so not the first half. Second quarter net sales grew to 164 million from 154 million last year. That growth predominantly came from the events business. That added 8 million in sales to the total.

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If we look at the advertising sales. That was stable. And in line with the market development, we saw digital, and radio grow quite nicely, and print and TV advertising declined. And TV advertising for us, the second quarter is always a difficult quarter because our competitor has the world championship in ice hockey, and certainly this year, that was of course quite a crowd pleaser with the performance of the Finnish team. In addition, second quarter was of course quite a heavy news quarter, and that is also leading viewers to our competitor's channels. So second quarter is for us in advertising and TV viewing and therefore also advertising is always a bit of a challenge, so that was not a real surprise.

Subscription sales were stable, but there we do see that at the end of the quarter, we do see a slight trending downwards and that will carry into the second-half of the year. And we attribute that quite logically to the strong growth that we have seen during the corona period but also the fact that consumers are expected to be a bit more cost conscious in what we also think the second-half of the year, given the increase in energy prices and inflation.

So all in all, growth in net sales, but a decline in operational EBIT, and that was largely due to the increase in paper cost that were not mitigated as we had hoped by the profitability in the events. Because unfortunately we did have additional sales from the events last year, but we did not have additional profit and that was due to lower than expected number of visitors for the festivals. It's something that we see throughout the whole of the market. So the whole of the industry is experiencing this increased competition. A lot of people starting up first time festivals and then also still corona making people more careful during the summer time than we had anticipated before.

Unfortunately, now with the majority of July behind us already, I also need to say that performance has not improved in July. So for the full year, for the full festival season, we expect additional sales, but we do not expect additional profitability. And that is, of course, a disappointment because this when I spoke to you in April, we did not forecast. We had hoped for an exuberant festival season as everyone in the industry did. So that's Media Finland. Solid performance, stable advertising, stable subscription, festival season has not gone as we would like.

Overall outlook for the whole of the Group 2022 unchanged, and that means that we expect to be reporting net sales between 1.25 and 1.3 billion. And that the Group operational EBIT margin excluding PPA, will be between 15 and 16%. And for that we then assume that the continuing coronavirus pandemic will not have a significant impact on our business. Also not in the in the second-half of the year, and that the advertising market in Finland will be stable.

Now, in the second quarter, we also announced another acquisition and we're very happy with that fact. We announced on the 7th of June that we will acquire the Italian and German business from Pearson. And with that we will enter Italy, which is one of the largest K12 learning markets in Europe. And the acquisition also contains a small exam preparation business in Germany. And overall that acquisition will add over 100 million to the Group's overall sales, if you do that on a pro-forma basis for 2021. And that would bring the total sales of the Group to 1.4 billion, of which 55 percent is then coming from Learning. The EV of this business is 190 million, and we then paid an EBITDA multiple of 7.2, when we include the integration cost and the investments in digital development that we foresee for the Italian business.

Now, since that moment, we have gotten the confirmation that no filing under the Golden Power rule in Italy is required. So with that, all the regulatory conditions have been fulfilled, and we therefore expect closing of the transaction later in the in the third quarter when Pearson has done its pre-closing restructuring of the business where they take out the non-K12 parts that they will retain.

In addition, in June we also announced the strategic growth ambition for the Group and that was specifically on the net sales for 2030. There we indicate that we aim to be over 2 billion in total net sales. Of which at least 75% of that will be coming from the Learning business. Of course, round numbers as it goes with these sort of strategic ambitions but an important thing, realising that after the Pearson acquisition we would be, on a pro forma basis, 1.4 billion so significant

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growth coming in the in the coming years. And the key levers for that growth are of course, autonomous growth where we indicate for the learning business, 2% to 5% annual growth. But also continued acquisitions. We see a solid pipeline that we will want to utilise, and we aim to combine those acquisitions with paying an increasing dividend as we have done in the last years. So that would mean that in order to stay within our leverage target of being below 3.0, that, at some point, we might also consider equity as a way of funding that growth further. And that is of course, only if it is beneficial for all shareholders.

So with that I would like to round off my part of the presentation on the first half and hand over to Alex Green for more details on the financials. Alex.

Alex Green

Thank you, Susan. Thank you Susan. And wonderful to be here again with you. So looking at the financials and let's start with operational EBIT on the next slide.

So as Susan has talked about operational EBIT is lower in Q2 versus last year, and this is primarily coming from the learning business. So whereas we had net sales growth in the Netherlands, Belgium, Finland, and Poland partly to do with the digitalisation spreading through the year, partly to do with the early sales in Poland, this is more than offset by the lower sales in Spain with the shift in earnings for more towards the July and August. In addition to that, what hits EBIT is the high marketing and other fixed costs that we see that we put in Spain in order to get ready for this curriculum change and LOMLOE.

Also, we have the higher paper costs which we've talked about before which affect both Learning and Media Finland. So, across the board, in Learning, we do have to see the higher paper costs in Q2, in Learning it will be Q2 and Q3 primarily, and in Media Finland you can see there the 2 million is also primarily the higher paper costs impacting the profitability there.

In terms of the other and elimination line, remember in Q1 we talked about lower technology costs due to phasing differences of previous year. Here we see that coming back with more technology costs in Q2 and on this line for a full year basis, we expect this to be in line with last year.

If I move to free cash flow. As we saw minus 99 million, which is, quite a bit below last year, but it's due to four very specific reasons, all of which have a relatively similar impact in total. So, firstly, the lower EBITDA, as we've talked about, primarily coming from the shift of sales in Spain. Also, the higher networking capital, which is primarily coming from higher receivables with on average sales being later in the quarter than in the previous year. And then we talked earlier on about, earlier in the year about our investments in digital development and also in office adaptation, as we've done some office renovations to move our offices to be more fitting to the new way of working. And then we have this bonus impact where the bonus we paid in 2022 relates to a successful 2021 year, whereas the one we paid last year related to a corona impacted 2020 where the bonuses were much less. So, all those four things that are contributing to that impact.

As we talked about earlier this year, we expected free cash flow to decline slightly on a full year basis. We still have that same guidance in terms of free cash flow. Not guidance, but view. This is declining slightly due to the investments we talked about, and the bonus has an impact there as well.

And as Susan talked about the acquisition of Pearson for Italy and Germany and that will add free cash to our flow, free cash flow in 2022. And as a reminder there, our second instalment or equal instalment of our dividend will be paid up in November.

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If we look at the balance sheet. Our balance sheet key metrics here are impacted typically seasonally, and you can see that here as well. So our net debt, over adjusted EBITDA figure at 3.2 is at its highest point and that will come back down towards the end of the year back into our long-term range of three. Our interest bearing net debt being very similar to last year at 771 million. Our equity ratio again is lower than the range that, our sort of long-term range of 35 to 45. Again, same reasons, and we'll see that coming back up as we go into the back half of the year.

Within net financial items, we do have a one-off in there which takes it takes the amount to zero. This is a one-off impact of three million, which relates to the valuations we, or the revaluations we do of our liabilities related to them earlier M&As, and to do with earn-outs and the element of some of the M&As. But we haven't taken 100% stake, we've taken a slightly -we've left 20% or 30%, for example, with the management and we then regularly review the valuations of those liabilities related to the earn-out for that and update it. But outside that one-off, the underlying interest expense is stable and at previous year's levels. As announced in June, we have the funding for the Pearson acquisition in place and signed and ready to go for close.

That's the three slides I have on the financials. So, the next reporting 27th of October for Q3. And with that I'll hand back to Kaisa who will lead us through the Q&A session.

Q&A

Kaisa Uurasmaa

Thank you, Alex. Thank you, Susan.

And we will now start the Q&A session from here at Sanoma House. Please wait for the microphone before you ask your question.

The first question comes from Maria from SEB.

Maria Wikström

Yes, I have a few questions of which one is the paper cost which you mentioned quite a few times on the presentation as well, and little bit getting a view that your contract length, because as my understanding, the news print prices have been heading further up and, wanting to see how I mean, when is this impact then coming into your P&L? So kind of like, when do we see the next price increases in your books? And then a little bit more on the magnitude, as in the beginning of the year you said we talked about 10 million and now you have said it more than 10 million. So what is the magnitude we are looking now for the full year?

Susan Duinhoven

Yeah, maybe just to comment briefly on the contract lengths. Typically in the industry at this moment, everyone would of course like to go for longer contract lengths, but that is part of the negotiation between the paper mills and clients. It's typically on a quarterly basis but that doesn't mean that you cannot take in stocks. So you do of course, stock up appropriate to where you see the trends.

The visibility on if this is going further up, or will be going down is hard to say. It is a bit of a gamble to be honest, because we have had of course, at the start of the year we had the shortage in supply due to the strike also here at UPM in in Finland. But now we see that the gas supply to Central Europe might impact the availability of operations in the paper mills in Central Europe. So those are the balancing factors. The strike is gone, but will the paper mills in Central Europe be able to continue on full capacity? So that is what we balance on a constant basis. Those views with a procurement team that is specialised in that and then we take positions both from a length of contract, but also from a stock perspective.

And if you say the ten, yes it will be higher. How much higher for the full year depends very much on these price developments. But it is good to realise that we have also in the first half of the year, mitigated some of those price increases by, for example, lower usage. So we have taken action to reduce usage to be more efficient to take out some of the, you might have noticed it, the TV listings out of the paper. So elements that are not journalistic content and less used in general. So, those are the mitigations.

Maria Wikström

And maybe here a little bit of follow-up as well. I mean on the mitigations, and you mentioned that you cut the number of pages that you print. Do you think I mean there is possibility to increase the subscription prices from here, especially now

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when the whole consumer sentiment is deteriorating. Would you see that I mean, perhaps I mean this kind of weaker consumer environment lead to more subscription being transferred to, I mean purely digital, which are of course much cheaper for the consumer. And how would this impact in your numbers on the bottom line?

Susan Duinhoven

Yeah, the good thing about that is, so the answer to that is yes. And we see that trend in all fairness it's been a trend already over the last years that we have seen that conversion from print to digital. So you see digital growing faster, let's say, than the total number of subscriptions so that conversion is taking place and we do expect that that will enhance due to the fact that, exactly as you indicated, the cost to the consumer is less from a digital only perspective.

The good thing for us is that the profitability from an incremental digital subscriber, is actually higher than the profitability of a hybrid or a print subscriber. And that is exactly through the fact that printing, the paper and let's not forget the distribution, because that's a very significant cost component in the total chain for a paper product is much higher. So therefore, our profitability goes up, our top line will go down because it does impact, of course, our top line just as it is more advantageous for the consumer, but the profitability is higher.

So, this is where that conversion to digital is something that from our perspective, there is nothing that hinders us or our holds us back to do so. But we do see that consumers really appreciate a printed product and are therefore willing to pay a slightly higher price for that, and that is what will happen, but of course we do this with care. So we mitigate also through price increases, but it's exactly as you're saying in a sentiment in the market where consumers are hit with many price increases, we need to do that carefully. But this is where we have teams that do nothing but price research, consumer research, to see what is still acceptable and where does it become no longer acceptable?

Maria Wikström

Then final question at this stage, is just a little bit of understanding the profitability in the Spanish business. I mean, if more of these orders will be shifted next year, and obviously I think most of the cost associated to renewing the materials or the editorial content, have already been taken this year. So, what magnitude of the cost we are talking about that basically you get sales next year, but you don't take this or the cost of making these materials have already been taken this year. So to get a little bit the shifts at how much higher should we look at the profit next year versus this year?

Susan Duinhoven

We typically don't go into profits by country. So, what we have indicated before and that's still applies, is that we say the first year of a curriculum change does not improve the profitability as a percentage in any way, so, we have pre-warned a little bit last year, for the phenomena, that you make quite a bit of these marketing and sales cost and some of these editorial costs, you make them ahead of the sales.

So, that is where the first year in the curriculum change, and this is no nothing specific about Spain, it was exactly the same in Poland a couple of years ago but that we have forgotten, because then we have benefited from those last years in Poland, where of course we benefited from the curriculum change and the increase in sales and no longer saw the cost of it in the beginning. So this is a typical phenomenon of these curriculum changes. Costs upfront first year does have growth. We do expect in absolute terms a profitability higher than last year in Spain but not to the extent as you will have in the later years.

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So that's a bit– the phenomena in the learning market, and I fully appreciate the complexity that you have to do this market by market without these data. And the fact is, of course, that if this happens in all honesty in the Swedish market, you don't see it that much. But now we're in these large markets with sizable curriculum changes from a magnitude perspective. So now you really notice it.

Maria Wikström

Yes, thank you.

Kaisa Uurasmaa

Further questions from here. Sanna now from Nordea, please.

Sanna Perälä

Hi. I'm continuing with Spain. Could you just clarify a little bit off the facings and so the sales decline in Spain in Q2. How much of that will realise in Q3? Or will some that realise like later, maybe next year? Or how should I interpret that?

Alex Green

Yes so, as you know, the curriculum change in Spain originally was going to be over 2022 and 2023. We now know that at least one of the regions it will actually go into 2024. So it was always spread over that period. What we see here in this delay is more local governments slowness in getting their act together and making the orders. So, the orders flip back. On a full-year basis, we still expect significant growth in Spain. And when I say significant I mean, normally we talk about 2 to 5% as our sort of normal growth. It's higher than that, and, say, low double digit growth in Spain. So we'll still get a decent significant growth in Spain. Sort of highlighting the shift from Q2 to Q3. But again, the overall impact of the curriculum change will be 2023 and 2024 as well and versus our initial view, it's a little bit more weighted to the 2023 than we'd originally seen. But still very valuable to this year as well.

Sanna Perälä

Thank you, Then I was just wondering if there is a risk of this kind of large facing differences in the future as well, like next year maybe?

Alex Green

Because as Susan said earlier, the school starts in in mid-September, so you have a natural kind of point to focus on and then you flip to the next year. I think in terms of next year, I mean, there's always a certain uncertainty around the political situation and elections and things there, but we strongly believe that the next substantial amount will happen in 23 and the bid in 24 as we say. And we're sort of following very closely, obviously, the different regions and the different parts of Spain.

Susan Duinhoven

But the honest truth is that these changes between the quarters they can always happen. And I think everyone who has followed us, knows that it's a little bit of a theme that we have, this shift between quarters. But the good thing is the school starts and at some point the books need to be there. And that is where it all comes together but all these in between quarters for the school, it doesn't mean anything. Q1 has no meaning for a school in that ordering process and Q2 doesn't have either. So what is important for them is when does the school year finish? Because then they need to have the orders done, because then the teachers go on holiday and then the books need to be delivered once they come back. And that's the only two solid things for them. So that's why our reporting is completely unaligned to the operational process. Unfortunately.

Sanna Perälä

Yeah, thank you that clarified.

And then a little bit on Media Finland and the events. Was there anything else maybe on the cost side that surprised you regarding the events? It was only the lower number of visitor numbers?

Susan Duinhoven

We have executed the reviews out of it, so the enthusiasm from the people that visited was very good. And let's also say it is the unfortunate thing of, of course, quite a fixed cost business, that once you commit yourself to a certain number of visitors, if they then don't show up, your cost base has been targeted for that visitor number. The visitors in the first quarter of the of the season, so in June, was only 5% below 19, but it was quite a bit more behind what we thought we would get in our combined enthusiasm.

Sanna Perälä

Thank you, that's all for me.

Kaisa Uurasmaa

Thank you.

And then we hand over to Pia from Carnegie, please.

Pia Rosqvist-Heinsalmi

Hi, thank you. A bit focused on the Media Finland business. So, yeah, we discussed the paper prices. Let me just, sorry, check my questions here. Yeah, so the downward trend in subscriptions. So, I think the subscriptions declined by 1% during the first half. So you expect this trend to kind of accelerate in the second-half, am I correct or just continue on the—

Susan Duinhoven

Continue on.

Pia Rosqvist-Heinsalmi

Yeah, ok. And the change, is it really kind of subscribers ending their subscription or not renewing their subscriptions? Or is it just not gaining attraction from new?

Susan Duinhoven

It's more the latter than the former. So it's more the new subscribers that is more difficult to get them in. Typically, the churn in our subscriptions, when I talk about Helsingin Sanomat, is very low. If you talk about the more digital, the Ruutu+ and the Supla+, those are high churn types of products. So their churn is very significant and small changes in that churn and small changes in the new sales can create quite some difference. But I must say that Ruutu+ and Supla+ have still grown over the first half of the year. And less so than in the previous years which were corona driven double digit, you know 20 plus type of growth levels. We don't see that anymore, but we still see very significant growth in those.

Pia Rosqvist-Heinsalmi

OK, thanks.

Then still continuing. There has been a lot of focus, of course, on Learning but looking at Media Finland maybe from a strategic point of view, so are there any reasons for you to reconsider your commitment to the TV business or the events business in Finland, given the recent developments?

Susan Duinhoven

Yeah, I think we are happy with the portfolio that we have at this moment.

On a regular basis, we consider all elements of the portfolio, and definitely the festival season has not even finished, but once that is finished, we definitely will evaluate. And also within the festival portfolio, look at is there pruning needed? Are there some festivals that do not perform the way we thought? Because now we have a year of experience post-corona and it sounds a bit like a generic thing to say but the world has changed. So people do act in a different way. So we will be analysing that in quite some detail and then look within the festival portfolio. But also within the overall as SMF portfolio definitely. That is the case on a continuing basis.

Pia Rosqvist-Heinsalmi

OK, thank you.

And then finally, looking at the guidance, the lower-end and the upper-end of your guidance for this year. So can you please share your thoughts on what could take your sales and earnings to closer to the upper-end of the guidance?

Susan Duinhoven

Yeah, I think in all realism at this moment, I think the sales that is very much in line in total. But I think if you look at the EBIT guidance, we are on the lower-end of it, we're not at the higher-end. And I don't think that there are realistic scenarios, I mean, we can all daydream but there are realistic scenarios that will bring us to the full 16%.

Pia Rosqvist-Heinsalmi

OK, clear. Thank you.

Kaisa Uurasmaa

Thank you Pia.

And then we hand over to Petri from Inderes, please.

Petri Gostowski

Thank you. Just to continue on Media Finland, thinking about the trend you mentioned in the subscription. Are you thinking of putting more money into marketing to gain attraction or are you thinking of just wait and see how the consumer survives?

Susan Duinhoven

Yeah, those are things that you can hardly say generically because in some segments we will definitely invest more in order to get more subscribers, other segments you might diminish. So this is a very detailed, segment by segment type of decision that you have to take. So that is not able to answer that on a generic basis, but it is true that in more challenging circumstances, you then look, you re-segment, you look at what the pricing, what the marketing investments, what the support also is in order to minimise churn. So it's all those components that you constantly work with. But that's where we have really a truly expert team at work to do that. Of which I must say also, I'm very proud on how they have performed in the first half.

Petri Gostowski

Then thinking about advertising, can you just comment on your expectations more on the second-half? I mean, the economic situation has changed quite a lot in the maybe last few months. So what are you seeing currently there?

Susan Duinhoven

Yeah but the interesting thing, and the good thing, in the Finnish economy is that we see still quite a good advertising market. You've seen the market figures, modest growth overall coming from the sort of coming back off the segments that we are typically not active in the outdoor and the cinema but still advertisers therefore spending net more money than last year.

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So, we are actually seeing till this moment a good trend. And we know that the visibility on longer term advertising trends is basically impossible to forecast that. But so far, I must say, we are quite comfortable, and we see companies being quite active in using marketing also, as they should, using marketing as a way to grow. Specifically under circumstances where the consumers are going to be more picky and choosy, let's say, with where to spend their money. So that's the invites that I also have to the Finnish advertisers use the advertising as a tool to continue growing in more difficult economic circumstances. So, we are hopeful but can't make any promises.

Petri Gostowski

And on the festival business, is it fair to assume that are on a profitability basis it's going be more like breakeven this year? And can just remind us how would that mean as a delta from last year?

Susan Duinhoven

Well, as a delta from last year, it will be, I think, at the same level. So, it's breakeven. It depends now very much, I must say, on July. So we have still a couple of festivals to go. We are currently organising festivals. So, we're not yet done, and these things can also, if the last concerts or the last festivals go very well, that can turn. So, it's a bit early, but I would say keep it in the mind-set as not to comeback to 2019 that we had all expected. So the comeback might be nearly there on the revenue side, but on the profitability side not. And therefore, on our margin side, it does give some pressure.

Petri Gostowski

Then one more on Learning. Given what you see in Spain now, can you just comment on what are your expectations in terms of growth rate in Spain this year and then next year? How is the growth?

Alex Green

So we expect low double digit growth in net sales in Spain this year, which is substantially more than sort of the normal thing. And, as we said, the curriculum is split between two and then going into the third year. So we would expect some significant growth also next year as well.

Petri Gostowski

Thank you.

Kaisa Uurasmaa

Thank you. And I would like to remind you that you can also use the chat function on the webcast platform to ask questions.

If no further questions from the audience at Sanoma House this time, I would like to hand over to the telephone operator for questions please.

Operator

Thank you and we have a question from the line of Sami Sarkamies from Danske Bank. Please go ahead.

Sami Sarkamies

I have a couple of questions. If we start from the learning business. I think you have early estimated that the growth in Spain would offset for the decline in Poland this year. Is this estimate still valid and you assume organic sales growth at Learning this year?

Alex Green

So, yes indeed, it is still valid that the that the higher growth in in Poland last year, higher growth in Spain this year, those two things were roughly offset in the full year basis for this year. And yes, we do expect that sales growth on a full-year basis.

Sami Sarkamies

OK. And then the second question on Learning, a bit of a follow-up, if we think about the total revenue pick up from the Spanish curriculum renewal, how much of that will happen this year? How much next year? How much in 24 based on your current estimates.

Susan Duinhoven

Yeah, I think I would say let's not at this moment, halfway through the year, let's go into next year revenue forecasts and the year after. So I think that what you can see is, if you think about your own estimates and the indication that we are now giving on the growth this year, if you imagine that to shift to next year and 24. That I think is a fair way of looking at it.

Sami Sarkamies

OK and then moving on to the Media Finland business. Firstly, on the events, it's a bit surprising to hear that the events business has not been able to return the pre-pandemic levels. I think the news flow has been quite positive regarding many of the festivals during the summer. Is this more of a Sanoma specific issue related to your events and their target audience, or would you say that also the other events are similarly impacted?

Susan Duinhoven

Yeah, I think that if we were not a listed company, we would also from a marketing perspective not be advertising lower than expected visitor numbers in all fairness. So, I think our competitors are of course doing everything to support a feel that the festival season is going well, and you should book your tickets and tickets are short in supply and please book now. What we see, and you might have read, the Helsingin Sanoma article on the festival business, which was actually a good factual article that we could very much recognise our ourselves also in.

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And there you see that it's more general that every festival is suffering a bit from lower than expected visitor numbers, not low, because as I say, it might only be 5% below 2019. But given our expectations, we had been a bit exuberant as a business and what you see is that a lot of new festivals have popped up. That is, they popped up in April, so they started marketing but then in May, quite a number of them also withdrew and they discontinued. That gave a lot of uncertainty to people saying, "OK, wait a minute, so is it not going through?" So we had, for example, a massive amount of calls from customers who had a ticket saying, "Is your festival going through, yes or no?" So, the whole sort of getting back from corona went, if I'm sort of saying it a bit simple, went a bit messy. Therefore, as an industry we have also shot ourselves a little bit in the foot with that, because that uncertainty leads to very late ordering of tickets and the very late ordering if then something pops up or people say, "Ok, well, I thought I would go to the festival but let me do something else." So, that whole mechanism that we typically benefit from as a festival business, early ordering in the year we can prepare, we can prepare our cost base for it and then do a good festival season. The dynamic in the industry has not been beneficial. So, I can of course not talk for what the results are for others, but what we see in general is that this not a Sanoma phenomenon, even though maybe some of the festivals appeal to also slightly more older audience who have been still more careful with corona. Because corona of course this summer was not gone, it was gone from the front pages, but it was not gone in reality in Finnish society. So, all those factors played in but that's maybe a little bit of an elaborate answer.

Sami Sarkamies

OK, thanks. And then, can you please disclose sales and EBIT contribution from events in the second quarter? And could you also remind us of the comparables from last year, if any?

Susan Duinhoven

Yeah I think let's maybe afterwards let IR provide you with the exact numbers on the exact comparables. But roughly speaking when we talk about the events business, we talk about the 30 to 35 million euro business for the full-year. And that is where we will, in our estimation, still round and about land. Probably a bit on the lower-end but then the profitability for the full year, so without now going into exactly how it splits between the quarters, but for the full year, we guide a bit that we're expecting around breakeven performance.

Sami Sarkamies

OK and then finally on advertising media markets, can you discuss the current sentiment, I think after Q1 you did flag recovery but what are you seeing at the moment?

Susan Duinhoven

Yeah, we saw clearly that recovery after the war starting on 24th of February. After that start, we had, of course, quite a decrease, that already came back in March, April and is as you now see the advertising market and the Sanoma performance is stable versus last year. And that is all for the whole of that H1. So, there I would say we have quickly come out of that dip that post start of the war dip. Second half of the year, as we just discussed, hard to forecast but hopeful.

Sami Sarkamies

OK, so you would still assume stable advertising media markets for in the second half of the year.

Susan Duinhoven

Exactly. When I say hopeful, then I mean stable. Let's not raise expectations. Our full-year outlook is also under the assumption that the advertising market is stable.

Sami Sarkamies

OK, thanks. I don't have any further questions.

Operator

And we don't have any further questions on the phones.

Kaisa Uurasmaa

OK, and we do not have any questions from the chat this time either. So, if there is nothing further from the audience here at Sanoma House, then I think that we are ready to thank everyone for participating and for the active discussion. We will be available at IR after the event for any further questions. And we wish you a nice day. Thank you very much.