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Sanoma Oyj (SANOMA.FI)

Q2 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Good morning, everyone, and welcome to Sanoma's First Half 2025 Results Presentation. My name is Kaisa Uurasmaa. I'm heading Investor Relations and Sustainability at Sanoma.

During the first half of the year, our results, operational EBIT increased and that was mainly driven by learning. And today, we have President and CEO, Rob Kolkman; and CFO, Alex Green, presenting the results. After the presentation, we will host a Q&A session. We will first take questions from here at Sanoma House. We will then hand over to the telephone line, and then you can also use the chat function in the webcast platform. After the event, the recording, including the Q&A, will be available on our website.

With this, I would like to invite Rob on stage, please.

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Thank you very much, Kaisa, and good morning, everybody. It's my pleasure to present the half year results to you. And as Kaisa was mentioning, they are good first half results with our operational EBIT improving, driven by Learning. So, as per usual, I would like to go through a couple of the key points, then zoom in on Learning and Media before handing over to Alex to dive a bit more into the financials.

So, if you look at the net sales, they were overall stable with growth in Learning, offsetting the lower advertising sales that we still see here in Media Finland. The operational EBIT, excluding PPA, improved, again, driven by that net sales growth that we saw in Learning, but also continuing the improvement of the cost base. And it was

slightly declining in the second quarter in Media Finland, and therefore, also for the half year. We continue to see our free cash flow improving. That's driven by the higher operational earnings and also lower financial items. And Alex will zoom in on that a little bit more in a minute.

Like mentioned in the previous presentations as well, Program Solar, the impact of that continues to show already in our free cash flow, and increasingly, also in our improved cost base. And as a result of all this, we continue to see good progress in deleveraging the balance sheet. So, overall, good first half of the year. At the same time, for our type of business, of course, there is a big quarter three still coming towards us in Learning. So, that's one reason why we are keeping the outlook for 2025 unchanged at this point. And the other one is, of course, that the visibility on the advertising sales, as always, is limited if you think about the second half of the year. So, we also keep the outlook unchanged for that reason.

Let me now zoom in on Learning first and the top line on Learning. There, you saw growth driven by growth in the Netherlands, Italy, and Poland, and that was more than offsetting, as we also thought it would, the expected lower cycle that we see in Spain. And obviously, this is still at relatively smaller revenue numbers. So, you will see this trend, we expect continuing for the full year as well. In Poland, like I mentioned in quarter one, there the growth is also very much supported by an increase in, what we call, B2C demand. In other words, selling directly some of our digital solutions to parents and students. What also is continuing, like it has been now for a couple of years, is our approach to the low value distribution contracts. So, we do see that discontinuation happening. That remains a very tough part of the market, and our actions are very much focused on limiting the losses for that particular [ph] build (00:03:55).

If you look at it for the full year 2025, just to basically reiterate the key points there, the growth in our other learning businesses, we do expect that to more than offset that last year of the lower cycle in Spain, and the total amount of discontinuation of those low value distribution contracts is about €25 million to €30 million, roughly the same as we also saw last year.

We then look at the operational EBIT. That improved overall driven by the net sales growth that I mentioned. Also slightly more a digital sales mix, if you look at the element that I mentioned for Poland as well. And we do see the improved efficiency with some of the Solar impacts already visible in the cost base as well. And that leads to that slightly increasing operational EBIT margin that you see on the right-hand side.

For the full year, that more efficient cost base, largely driven by all the actions taken by Program Solar, that leads to slightly improving margin in 2025 versus 2024 and puts us in a really good position for the larger curriculum renewals and being ready for that with our improved cost base in 2026. So, overall, good first half of the year in Learning. We are well positioned to deliver on the important quarter three school start.

Let me now zoom in on the Media part. There, you do see that the advertising sales is lower year-on-year, largely driven by TV. But if you take a step back, the overall trends are continuing, which means our subscription sales increases, slightly, driven by Ruutu+ and a continuing good performance there. And the advertising sales continues to decline, mainly on the TV side. And I know at this time of the year, there's always great interest in our events business as well, keeping in mind, of course, it's a relatively small part of our overall business. High quality events. We're very happy how the team organizes those and how we do it. We had more events as well, but overall with lower attendance. So, we're very happy with how the team organizes them. We are less happy with the financial results that come out of them for this year.

And also good to keep in mind year-on-year that can be quite a bit different as well. Last year was a relatively better year. This year we see a bit less on the attendance on the events. Overall, it's higher mainly because we did organized a Rockfest this year.

We then look at full 2025. There, we see the trends continuing. So, that growth in subscription sales to continue mainly driven by digital, also by carefully considered price increases. And at the same time, we do see the lower B2B advertising sales to continue and the growth in digital there mostly, but not completely offsetting the lower print and TV.

And I think good to mention for Media overall as well is that, of course, this continuous focus on improving our cost base, improving our efficiency, Pia and the team continue to do a great job on that and that is also reflected in our numbers as well. If you look at the earnings slide on the Media, there, you see these effects coming through that I just mentioned, sort of lower advertising sales, the weaker events performance on the negative side, but the higher subscription sales and also lower paper and fixed costs. So, that continuous efficiency improvement I just mentioned really driving that stable operational earnings, and because it's on a lower top line, that's also showing slightly improving margins if we think for the full year 2025, that's our current expectation. So, more or less for the full year, our expectation is a stable operational earnings compared to the year before.

Coming back to the outlook being unchanged, that's for the two key reasons that I mentioned, the important quarter three for Learning for which we are in a really good position to deliver. But that's, of course, very much a big quarter for us and that limited visibility on the advertising sales is also the reason why we, for now, keeping our outlook unchanged and the two assumptions underneath that remain the same. So, for Learning overall, relatively stable demand. If you think about the learning content side, of course, there is the discontinuation that I mentioned of the distribution contracts. And then the advertising market in Finland, overall, for the full year, being relatively stable. Clearly, we have seen more of a decline still in the first half of the year and that's also where part of that uncertainty lies for the full year. So, overall outlook unchanged in a good position to deliver on that.

With that said, I would like to hand over to Alex to zoom in on more of the financials.

Alex Green

Chief Financial Officer, Sanoma Oyj

Thank you, Rob. Good to be here again and to take you through the financials. So, let's start, as usual, with the Q2 operational EBIT, where we see higher operational earnings driven by Learning, as you can see on the right-hand side. So, on the Learning side, although in Q2 sales were relatively stable. We had a profitability mix high in digital, driving higher margin, and that together with the improved cost base that Rob referred to with lower paper and printing costs, particularly, Solar impacts coming in to help us with our efficiencies here.

On the Media Finland side, as you saw we do have positives coming from the growth in the digital subscription sales, also lower paper and print costs with – sorry, paper and fixed costs with the continuous move to digitalization. But this was offset by the lower advertising sales and also the weaker events performance.

On the other and elimination line, which is in line with last year, the full year version that will also be similar to 2024. So, if we move on to the key income statement related items, and if I focus on the Q2 columns, you see there the operational EBIT improvement that I just talked about. Further helping to improve EBIT is lower IACs, although we do – part of that is a capital – one-off capital gain of €2 million related to a property sale in Finland. Without that IACs, we have the restructuring expenses of about €6 million, which includes some of the costs relating to Program Solar as we finish off that program.

Again, further below, you see a gain from our net financial items, which were a big decrease as a result of both lower debt, lower net debt and also lower interest rates. We have the interest rates here. So, for Q2 specifically, 3.4% on average across our loan portfolio versus 5.3% giving us that lower cost here. That leads to strong results for the period, and obviously, flowing into operational EBIT and EPS – operational EPS and EPS.

I mentioned the lower net debt. So, you see here net debt coming down to €659 million as at June versus €730 million last year, giving us a leverage of an adjusted leverage number of 2.5, which is lower than the 2.9 last year and significantly lower than our long-term target of 3. And as usual, because Q3 and Q4 are positive cash generating quarters, that will come down as we go towards the yearend. And then equity ratio, well within our long-term target range there.

And then finally, this is helped by the free cash flow improvement. So, minus €52 million versus minus €58 million. Last year, you can see the 12-month rolling average going – improving through those periods. Now, the improvement in H1 is due to a number of factors. The higher operational earnings led by Learning that we talked about earlier, the lower financing costs that I just mentioned, but also lower investments in Learning, partly coming from or driven by our Solar improvements. So, we have lower CapEx, more efficient CapEx with our technology hubs. And we also have more efficient [indiscernible] (00:12:12) there as well. So, lower investments in Learning. So, those three things offset slightly by actually working capital timing impacts going the other way this time, which will unwind later in the year. And leading us to a full year free cash flow expectation of an increase versus the €145 million we saw in 2025.

So, that concludes the finance presentation. I welcome my colleagues back on stage for the Q&A.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Thank you, Alex. Thank you, Rob. And before we start the Q&A, I would like to advertise our Capital Markets Day, which will be held on the 25th of November in Helsinki, but, of course, also via webcast. And in the CMD, we will tell you more about our growth path for 2026 up to 2030.

QUESTION AND ANSWER SECTION

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

And now questions from Sanoma House. Please wait for the microphone. We start with Pia.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. It's Pia from DNB Carnegie. If I start with Learning, and I look at the first half margin, it was around 10%, clearly up from 8% last year. And you guide for slightly improving margin this year. So, what are the kind of headwinds that will mute the development in the second half?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Yeah. I think it is good to keep in mind that, of course, the quarter three is a really big quarter, which also had its own mix of profitability, which is still good profitability, but, of course, can change those numbers that you see in the first half of the year a bit. But we do guide on slightly improving. So, the trend is clearly on the positive. The reason we're not saying or that will just continue in the same way is because of the change in mix that you will see in quarter three.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. Then regarding the sales mix in Learning, in Q2, you say it's positive. So, what are the drivers behind this positive sales mix?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Yeah. We had increase in digital sales, particularly in Poland, and part of that being some B2C strong results, selling applications to individuals and parents for the students. So, that's helped us considerably in the sales mix.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And the outlook, I mean, in the first half, Poland has really – we've seen a step change. Is this expected to continue throughout the year?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Yeah, it's a good point. I think there's two things to keep in mind there. If you purely look at the solution, the products that are showing this growth, we expect that growth to continue for those products, but at a lower base, because we already introduced them towards the second half of last year. So, that's specifically on that. Of course, it's good to keep in mind that this shows now more in the first half of the year because the numbers are relatively low in total revenue. So, I don't think you will see it as pronounced anymore for the full year because of the fact that then our, let's say, our core business of the Learning content and the methods isn't, of course, a much bigger part of the total.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And if I can continue with one question on Media Finland. Also, there in the first half, the margin, EBIT margin was flat and you guide for a slightly improving margin for the full year. So, what are the drivers for this?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Well, I think, overall, the key one is that in our expectations for the full year, although, let's say, the advertising sales was slightly declining in the first half of the year, we do still expect a bit of an improvement on that for the full year. But, obviously, that is also the more uncertain part of a full year guidance, right? But that would drive that margin.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

Thank you, Pia. And handing over to Nikko. Please.

Nikko Ruokangas

Analyst, Skandinaviska Enskilda Banken AB (Finland)

Q

All right. This is Nikko Ruokangas from SEB. Thank you for the presentation. And I'd like to continue on, still on guidance. So, given that you are now ahead of last year's H1, so I understand that seasonality and uncertainty in advertising, but what should really happen that you would end up below last year's level this year on operating EBIT excluding PPA?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Yeah. I think the core element is around that uncertainty on the media and the advertising side. I think that is where that swing could go to, let's say, the lower end. If you ask me where do we stand now, we are firmly on track to deliver on our guidance, which also means in that middle point is realistic. If you purely look at year-to-date, obviously, mathematically, you would say, you're more in the upper half. But, the importance, of course, is free for learning in combination with limited visibility on media is what makes us keep the lower end as well at this stage.

Nikko Ruokangas

Analyst, Skandinaviska Enskilda Banken AB (Finland)

Q

All right. So, basically, possible further weakening in advertising market could be the delta there?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Well, if I would know, it's for sure, then, of course, we would say it, so we don't. But that is the element that has the biggest swing factor here. Yes.

Nikko Ruokangas

Analyst, Skandinaviska Enskilda Banken AB (Finland)

Q

Understand. Then in Learning, you are now closer to higher cycle in 2026. So, have you seen kind of any surprises, either positive or negative when thinking about next year there?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

No. When I look at next year, so, we basically don't look at, do the government still predict and are they still going to fund the changes in the curriculum like we are expecting to do? And that is firmly the case. So, from our perspective, all signals are that, that will happen, and these are normally also more like longer-term decisions, right? So, it would be a surprise if all of a sudden that would really change. The fact that it will always remain the case, also in a big curriculum years, of course, exactly how much of that impact will there be in quarter three next year. So, that element will stay. But overall, all indicators are that big year is happening because the curriculum renewals are happening in 2026, more or less as planned.

Nikko Ruokangas

Analyst, Skandinaviska Enskilda Banken AB (Finland)

Q

Understand. Then one last from me. You highlighted in the report that, AI actions you are taking both in Media Finland and then Learning. So, how big benefit do you think financially you could receive from those? And are they already somewhat visible in your financials?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

There's indeed two aspects to it. So, I'm very positive about what longer-term could mean for the way we do, let's say, our content development, for example. And so, our whole efficiency on the cost side on how we develop our methods, how we develop our news content, that's quite significant what that could mean. The flip side is, I think it's also very important for both Learning and Media to continue then also to develop new products, new solutions that really incorporate AI as well. So, that's where you will see also go more investments at the same time. But, overall, I think the picture there is we can really benefit from AI, both in the way we run our business as well as the solutions we deliver to our customers. And if you make that very specific on the learning side, I tried to give a few examples already in my CEO statement, and they are, of course, going towards personalized learning. That's where the real opportunities, longer-term lie.

Nikko Ruokangas

Analyst, Skandinaviska Enskilda Banken AB (Finland)

Q

All right. Understand. That's all from me.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

Thank you, Nikko. And then we have further questions. Just a moment, please.

Sanna Perälä

Analyst, Nordea Bank Abp (Finland)

Q

Hi. Sanna Perälä from Nordea. I'd like to like touch upon the cost efficiencies from Program Solar a bit more. What are your expectations for Q2 [ph] peak (00:20:14) quarter? Are we still going to see like accelerated

efficiencies there? And then, like a follow-up, if so, would it be possible for you to possibly exceed your guidance range on adjusted EBIT level?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Well, if we would think that we would exceed our guidance range, we would say that at this point. So, like this is the guidance we give, and for the reasons I mentioned. And you will increasingly see elements of solar already being visible, like you see it in the gross margin a bit on the paper and printing. You see it in our overall cost base, of course, like Alex mentioned as well. And that, of course, will continue.

The key thing to just simply remind is, a lot of the actions we've taken also benefit from higher volumes. So, that's why 2026 is such an important one. And, of course, it takes time for the D&A to come – the depreciation to come down.

Sanna Perälä

Analyst, Nordea Bank Abp (Finland)

Q

All right. Thank you. Then moving on to Media Finland and your advertising sales, they declined by 11% while the market was down by only 1%. I understand that one element there was the discontinuation of the Disney contract. Were there any other more meaningful elements? And then looking at H2, is there more impact expected from the Disney contract?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

So, couple of points on that. So, the Disney contract is throughout the whole year. So, yes, there is still an element there to be done. Alex can maybe comment in a minute on some of the specifics there. If you look at other meaningful components, if I purely look at the comparison quarter two this year versus last year, we saw some of our advertisers spend more in Q2 2024 if you then look at the total spend. So, in other words, there's a bit of phasing there that we now see more towards quarter three, quarter four. Always very difficult to quantify, but I think if you ask for a meaningful order element, I think that's one. And that then makes also the look on the, let's say, the market shares, for example, look a bit depressed in the quarter two.

If I look at the longer-term picture, then, of course, we really have gained market share as well over the years. So, these are normal trends and changes that can happen quarter to quarter. And maybe, Alex, comment [indiscernible] (00:22:29)?

Alex Green

Chief Financial Officer, Sanoma Oyj

A

[ph] I'll just say (00:22:30) on the Disney contract, I think we've said before it was about €15 million to €20 million the prior year. That was spread across the year, but the margin impact wasn't quite even. In fact, the bigger part of the margin impact was in Q2, but that is because it was a low margin contract, relatively speaking. And advertising, that's been mitigated in other ways through advertising, so that's not having an overall big impact.

Sanna Perälä

Analyst, Nordea Bank Abp (Finland)

Q

Are we able to quantify the impact it had in Q2?

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

It's quite easy to kind of divide the full year number by quarters. And that's relatively even.

Sanna Perälä

Analyst, Nordea Bank Abp (Finland)

Q

All right.

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

It's not material different.

Sanna Perälä

Analyst, Nordea Bank Abp (Finland)

Q

Perfect. Thank you. That's all from me.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

Thank you, Sanna. Samu, please.

Samu Wilhelmsson

Analyst, Nordea Bank Abp

Q

Yes. Continuing from Nordea side and from Media Finland. Looking at your subscription sales, of course, they've been developing quite positively. And given that you're implementing price increases and you hit, for example, new bundles and platforms, are you able to quantify or give any color on regarding like recent development in average revenue per user or like retention rates or anything like that? If you could be some details.

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Yeah. Color, yes. Specifics, we don't do, for obvious reasons. But if you look at – we're very happy with how also the bundling strategy that you increasingly see us do in the market, how that develops. And that's both through in a way of people liking it, and therefore, subscribing to it. And also the average revenue that we managed to achieve with that. So, we're very happy with that approach. And you will see us continue do more in the Finnish market in that direction.

Samu Wilhelmsson

Analyst, Nordea Bank Abp

Q

So, it probably would make sense for you to increase your subscription based medias than advertising ones, or is that what you're saying?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Well, I think if you look overall, we continue to focus on growing the subscription base overall. Within that, the digital part and the combination, the bundles are, of course, an important growth factor within that. And then you, of course, have the offset if you purely look at our print subscriptions.

Samu Wilhelmsson

Analyst, Nordea Bank Abp

All right. Thank you.

Q

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Thank you, Samu. Any further questions from Sanoma House? If not, at the moment, we will then like – we would like to hand over to the telephone line, please.

A

Operator: The next question comes from Sami Sarkamies from Danske Bank Markets. Please go ahead.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Hi. I have two questions. We'll take this one by one. Firstly, starting from Media Finland, there's been a lot of uncertainty in global macro during the second quarter. Can you describe how this has been visible in your Media business and what you're seeing in the consumer market or [indiscernible] (00:25:15) market entering the third quarter?

Q

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Yeah. So, let's indeed break that down a bit. So, first of all, at Sanoma, we are not impacted directly by the tariffs. So, that uncertainty is, of course, not there. However, you are absolutely right, if you look at the advertising market, then I think if you compare that with, at the start of the year, we would have expected the advertising market to be a bit better than it now was. And that we already saw in quarter one. And that's also what we saw continuing in quarter two.

A

It's difficult to predict exactly now what the new trade deal will do for confidence with our own advertisers to then maybe spend more in the second half of the year. But, obviously, that would be a clear signal at our end that things would improve if you were to see that happening. At the moment, I have to be honest, we don't see those positive signs yet.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Okay. And then second question would be, on the full year outlook, it was already discussed, but if I ask it this way, can you sort of highlight what are the known headwinds going into second half relative to either first half or second half last year? Not sort of talking about the risk factors, but kind of like known headwinds.

Q

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Well, I think the key one to highlight is the uncertainty on the advertising side. That's where you do see that there is still, to use your terminology, the headwinds, right, that's where you still see it being quite a tough market environment. I think what you also see, and that's the way we also go into quarter three, is we are in a good position with Learning to deliver on the high season. That, of course, is positive as well. That's also why, overall, the picture that we have shared with you is one of unchanged outlook at this point.

A

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

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

Q

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Thank you.

A

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Thank you, Sami. And we have one question in the chat platform, and that is related to Media Finland's profitability and the long-term target for that. So, that's 12% to 14%. And currently, we are at 8% to 9% margin. So, what is the bridge towards the long-term target? How do we or what are the building blocks, let's put it that way?

A

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Well, that's very, of course, very valid and important question, right. So, the building blocks are the ones that we highlight continuously, which is we need that growth on the subscription sales, which we do see. And that's an important, let's say, base for it. On top of that, it would, of course, need significant increase, also in – on the advertising side. There's two elements to it. That's the economy like we just touched on. And then there is also, in the shorter term, of course, the gambling market opening up, which would also be a boost at least in for a certain period of time. So, those are, I would say, the key elements to that improvement, on top of continuously driving the efficiency that I mentioned earlier that Pia and the team are so successfully doing. And it's very, very important to continue that.

A

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Thank you. And a few more. So, one related to Media, so I will continue with that. So, Schibsted recently acquired MTV in Finland. What significant strategic changes, if any, do you expect to follow from this acquisition?

A

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Well, I can't comment on what Schibsted will do. Of course, if I look at it, it's not a surprise that this happened. Of course, we knew about it, and it was also known that it was for sale. Of course, it is a well-respected player in the Nordics market. So, will be interesting to see what they do with this asset.

A

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Very good. And then moving forward, still one question on 2025 guidance. Your guidance expects stable development in learning content demand and advertising. Is this H1 development what you now call stable?

A

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

Well, it's slightly higher overall in the mix, right? Because there's a slight improvement. But I think the core elements are there. Of course, both of them can go a little bit either way, right? You see, at the moment, Learning

A

being slightly better. The Media advertising still a bit below, but in the total mix for us as a business, that leads to that stable result. And that's also why we keep it unchanged, because both have its own uncertainties now for the second half of the year.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

Yes. And the final question at the moment comes – related to AI. Are there any bigger milestones that you are looking forward to in terms of new initiatives or products? Or is this more kind of incremental development?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

So, I'm not going to, let's say, share details of our product roadmap. But, of course, on the learning side, these are exciting new products that we have also in the works around personalized learning and tutoring and those kind of elements, right? So, at the right time, you will also see that we really benefit from the scale there to have those products available for our students and teachers. Where it's more incremental, but going quite fast is, of course, on the cost efficiencies and the way of working both in Media and in Learning. And that will continue, and I think that will only gather more pace where we benefit from that.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

And AI is definitely one of the topics that we will elaborate more on the Capital Markets Day as well.

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

Yes.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

If no further questions, we have one, here, Pia. Please just a moment.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank. Just a few clarifications. First of all, regarding net financial income, the financial income was about €4.5 million in the first half versus €2.7 million last year. Anything specific driving this?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

The financial income, I don't remember off the top of my head. I'll have to...

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

I assume it is the FX gains that that are their losses and gains are booked separately. So, most likely it's that, but we can confirm.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And then the property sale in Finland, what is that related to?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

So, historically, Sanoma has owned quite a large number of plots of land and areas over the years. So, this sale is part of a process to sort of divest things that we don't really need anymore. This sales actually took place – was started quite a while ago on a piece of land that didn't have the infrastructure built around it. And so, it took a while to the sale was agreed, it took a while for them to build the roads and stuff and that was completed this year. So, it's just a continuous divestments of bits of property that Sanoma's had for a while.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And then finally, regarding the price increases in learning, now, after the second quarter, have you – is things progressing in line with your thoughts?

Alex Green

Chief Financial Officer, Sanoma Oyj

A

Yes, very much so, because those are, of course, prices that we set quite away in advance. We have the price increases, as you recall, that were above inflation, of course, for a few years to deal with the higher inflation we saw a few years ago. Now, we're at more normal levels again, and we see that filtering through in our sales as well.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you. And then still finally, regarding the paper and printing costs. So, your expectations now for, say, the next year, is the trend still for declining paper and printing?

Rob Kolkman

President & Chief Executive Officer, Sanoma Oyj

A

So, [indiscernible] (00:32:57) paper and printing costs, yes, we will see this – that lower at the moment versus the prior year. We will see that continue. This is – we actually see paper prices increase slightly along with inflation. So, this is a volume story. So, both in this year, particularly, we'll see it continue to come down because there's – in Learning, there's lower activity, right? So, that will then go up as the volumes go up next year. So, that's a volume gain. And on the Media Finland side, continuous digitalization is bringing those volumes down. So, for the moment, this year, lower, but it will go up again next year along with the profitability with it.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Q

Thank you.

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

A

Thank you, Pia. Any further questions?

Kaisa Uurasmaa

Head-Investor Relations & Sustainability, Sanoma Oyj

Okay. I think we conclude the Q&A and the presentation. So, thank you to all participants. And have a great day. And please be in touch with us at IR afterwards, if any questions. Thank you.

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