Deco Media - Sanoma Oyj

Moderator: Olli Turunen
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Olli Turunen: Good morning, ladies and gentlemen. And welcome to Sanoma's First Quarter 2014 Results Presentation. My name is Olli Turunen. I'm head of Investor Relations. Next to me is our President and CEO Harri-Pekka Kaukonen and our CFO Kim Ignatius.

First, we will go through the presentation, and afterwards, you will have a chance to ask questions.

Harri-Pekka, please go ahead.

Harri-Pekka Kaukonen: Thank you, Olli.

Ladies and gentlemen, also on my behalf, welcome to our Q1 result session. So, (get it off) as in a normal practice and then Kim will go a bit more detail into the numbers. First overall regarding the Q1, I would say it was a satisfactory quarter for Sanoma, not in terms of absolute performance versus where we'd like to go, but satisfactory compared to our own expectations and also compared to previous year.

The title says it all, and during Q1 we still had headwinds in terms of the market development, although that is more nuanced picture, and I'll get back to that mainly the difference between Holland and Finland, but overall, we still had market decline facing us in a structural way in print and also in the advertising markets in total. But we clearly see evidence of our cost improvement programs bearing fruits. And all in all, we were able to compensate for quite steep topline drop with our own actions.

And if you look at media in total, we actually had an EBIT performance, which was on previous years' level and technically even slightly above. And in learning, the year was pretty much the same as previous year and there are some smaller time shift elements that explain the difference.

A few comments on our core businesses, Holland actually had a good quarter in media. This was on one hand driven by a slight improvement in the market conditions, so the advertising markets are actually starting to grow. We see it in particular in TV and online, while print is still in double digit decline. But it was not only the markets. We really had good control over our cost base all across the board, and also, during Q1 compared to previous year also our TV programming costs were on a – on a clearly lower level. And these all contributed to a strong operating performance in Holland compared to previous year.

In Finland, we didn't achieve similar results as in Holland, however we had very strong growth in online and mobile, and then that combined with the fixed cost savings program really led to that, on a comparable basis, we were flat. And then the difference (i.e.) the profit dropping in Finland's really due to the heavy investment in pay TV, specifically the hockey league investment we have.

And already mentioned about the development in learning. All in all, Q1 was still quite bleak. In the organic growth number we were going down rate of 6 percent, so pretty much at previous years' rate. There are however some differences when you look at the different units, and our media units are declining at the smaller rate, so that hopefully is starting to show an indication of a slight improvement in the overriding trends.

What I'm really happy about is that the transformation is progressing quite nicely and our new media sales – or if you want to call it non-print, grew at the 9 percent rate during Q1, pretty much as we had planned internally.

Overall, Q1 in media, EBIT slightly improved compared to previous year, and I'm talking about Holland and Finland together, and learning was slightly down. Already mentioned that I'm particularly happy about the activities and the impact of our – of our strategic action program, so all in all, we've made good steps forward during Q1 in all fronts. The new media sales grew at the rate of 9 percent, so that's some clear evidence that our transformation is moving ahead. And later on in this presentation, I'm going to open up the consumer media activities, and specifically what we're doing in increasing reach, and we're seeing good results in a number of areas across all media platforms.

Learning, difficult to really say much, because of the – of the weak quarter, seasonally weak, not performance-wise weak, but we'll get back to learning a little bit later during this year, particularly when John Martin has had a little bit more time under his wings.

The cost savings program is moving according to plan. Our run rate now is 45 million, and we saw an impact of about 10 million actual hard cost savings in our Q1 numbers. The divestments went really well. We announced the sale and leaseback of the Sanoma House. We sold the press distribution business, and quite recently, we made big steps in Finland, regarding the regional newspaper divestment. And also just a week ago, we announced divestment of our Hungarian media operations, so very happy about how we're executing against the – really a core – we call it "fund the journey", but it's really around the cost programs and getting our focus in our portfolio and also improving our balance sheet.

Then in – regarding the organizational front, we announced a new head of our digital business, pure play digital business, so Arthur Hoffman will join us in August. And we have taken some big steps – the Finnish organization started 1st of January and since then, we made big changes in the second layer with a number of key appointments, and also new structures and new way of working in two really core areas in the consumer and media sales that are absolutely critical for us when we implement our consumer focused media strategy in Finland, so very happy about those development as well.

As habit goes, we always want to – you know, share some light on what we're doing, regarding the actual strategy or growth, and today I want to open up what we are doing in consumer media in a little bit more detail. Our consumer media strategy is really around the local – serving the local consumers and the local advertising in the best possible way. And in a way you can – you can think about it in building on three cornerstones. The fundamental cornerstone is making sure that we increase and manage our reach. And that's where our content, our superior creativity comes to play, and the fact that we reach consumers through multiple media.

We need to continuously innovate. We need to digitalize. We need to bake our media work multi channel, and then we need to innovate in new offering and services. And I will show you some of the results of that in a minute.

Then, the second pillar is really consumer insight. And this is where our big data program that we launched some 18 months ago really plays an important role. So, we need to transform this reach with the consumer insight into better profiles, better understanding of the consumers, and this will again, help us in increase the reach, because we know what our consumers want. We can improve our services. We can create new offering, so that’s a reinforcing loop.

But together get one and two, obviously gives us a really strong possibility to offer what our advertisers want, so it’s marketing solutions using measurability that consumer profiles – combining that with our content, gives us then the ability to serve our customer in a better way. And this is not all talk. We have a number of cases where really we are able to come with a different sharing proposition to our advertising customers and serve them in a better way. The trick is to do all of these at scale, and that’s really the fundamental challenge and objective of our transformation.

Few examples then of these elements and I need to cheat because it’s so small text, I need to remind myself here, but the point I'd like to make is that in all media types, in Finland and in Holland, we are showing good, great in many cases, progress, in terms of getting more consumers – you know, to read or use our services, specifically in digital. And I'm not going to go through all of – all of them, but I would like to make – mention a couple here, one that I'm particularly proud and they sit in this building is the radio. Our acquisition of Metro Radio has been implemented extremely well. In very short time, we've achieved market leading position. We're monetizing it well. Radio market is growing and we're capturing share.

And it’s not just about core programming, but also innovating in terms of digital elements into the radio and using that also – radio is a key element of our multi channel offerings to the advertisers. And you can read the numbers there, you know, on the Finnish side, so really the point being that in all media types, we are really converting and transforming our analog business to digital and multichannel.

The same is true in Holland and one of the ones that I would really point out here is Linda News, which in just about half a year, we've been able to turn a fantastic brand and community and create the leading news service for female audiences in Holland. And that just shows what great brands – the knowledge of communities and our creativity combined with a multichannel approach can do.

And secondly, you all have done your homework I'm sure and noticed that our SBS Q1 overall viewing share declined compared to previous year, and that's mainly driven by the Olympics. But what is – what is positive here is that the SBS 6 channel actually grew by roughly a percentage point. And that has been driven by a couple of very strong programs, one on the access prime time called Utopia and then a local drama called, Cell Block H and Utopia, great examples of strong programs. And overall, I would say that when you measure quality of programs in the Dutch market, we've clearly made an uplift in terms of how audiences view the quality of our programs. Quality doesn't always translate into great viewing share, but anyway, the perception of the channel is clearly improving on a measurable way.

Then about the two other pillars, the consumer insights program and just again a slightly busy chart – I apologize for that, but it's really about working and improving the consumer experience to be able to improve their offering to us, our consumer, but then, using that to then create the better profiles and improving targeting in advertising. Now, this is an area where also productizing this offering as we speak, and particularly very excited about our new online offering in the area of targeting and you know, basically being able to provide our advertising customers with really productized targeted offerings, also utilizing the customers' own data and then using – you know, corresponding searches in our own broader consumer touch points.

Then, obviously the consumer insight is very, very helpful in digital product development and product innovation. And this year, we will be launching – I'm not going to reveal more about it, but also personalized news offerings, using the new Helsingin Sanomat technical platform that we've launched just a few weeks ago.

And when you apply this, you are starting to see more and more launches from Sanoma, great examples that are in early stages is the Sanoma account, which will be the hub for consumers in Finland where you can eventually manage your subscriptions, but it’s also going to be a place where you can purchase Sanoma products and our offering, and that now it is a single that you can use basically same passwords and identification in all Sanoma offerings that you have. But in the fall, we will – we will come with a unified portal and single sign on functionality to it.

Already mentioned about advertising campaigns, and then another interesting one is our curated searched in Startpagina in Holland, which is really putting some new life in a declining old portal business model. And it’s really a combination of using consumer data with curated content to offer then a more targeted, more relevant search results in areas that are particularly of consumers’ interest in different target groups. And with that, we can actually increase the value of these search results in Startpagina.

So, again not the full story, but hopefully appreciate a little bit of richness in what we are trying to do here. And I would think the logic that we apply is maybe the more important one.

Then sort of going back, sort of opening up and then closing back to overall operating performance, using the structure that we have introduced a while back, so if you look at the core businesses, you can see the growth in new media, you can see the decline in sales, unfortunately in the core media businesses. And then you can see the last 12 month improvement in Holland, so we're now at the 12 percent EBIT rate. And clearly, one of our core focus areas is to improve performance in Finland. And I can share with you that out of the cost program that we have the 100 million, a big part of that is hitting Finland. And that, combined with a number of these elements on driving for growth, will have – start to have an impact in the Finnish performance as we speak.

And also, another factor that impacts the Finnish business is the heavy investment in pay TV, which is front and heavy over the five year license period that we have.

You can also see, from this chart, the digital numbers, so the Sanoma pure-play digital have 100 million, and then we have about 60 million of other pure digital businesses in the transforming businesses. So, that’s where we are. And the total new media sales, last 12 months is at the level of 520. You will see the number in – the sales numbers in others businesses declining quite rapidly, given the successful divestment that we've had, and in that sense, the weight of the grey pillar here is going to decline as we have told you before.

Then moving ahead to guidance related matters, going back to the market environment, and a lot of data in this chart. I think the most important one is around the consumer confidence. And you can really see the development of positive turn in the Dutch consumer confidence, and with the time lag, you can see that also in the Q1 advertising numbers. So, a clear shift in the market sentiment, and we're seeing it – we're also starting to see it in magazines in our focus titles and in a way – not just in a way, but that obviously boosts or gives some wind in the sail for Peter De Mönnink and his team in the rest of the year.

Finland is a different story, unfortunately there's no shift in the markets and particularly worrisome is the development – or the continuous negative development in print advertising, and that combining – combined with what you see in the top right hand corner of this chart, i.e. the fact that Finland continues to be a rather print heavy advertising market, clearly creates some challenges for Pekka Soini and his team here in Finland, and it’s also part of the – explanation of the relatively weaker performance in Finland.

So, we expect that improvement in the conditions in Holland to continue, and unfortunately, the Finnish market conditions, as we see it, remain quite challenging, at least for the visibility, which for us is around two, three months.

And then, reinstating our guidance, I can make it very short, no difference, so – to the guidance, neither on growth nor EBIT. And just want to remind you what the components of this outlook is. So, if you look at the sales reminding you that there is a very substantial impact of divestments in the sales. It’s about an order of 100 million to date, and then time will then tell if it will even grow. And there is a part of EBIT also that goes along with these businesses unfortunately many of them are in rather good shape.

Regarding EBIT, just repeating what we said before, that there are some big components impacting it, so obviously the sales is a negative impact, sort of decline in sales, but we have our 100 million program that will then have a counteracting balance to it. And then we continue our heavy – or heavier than before investment levels in digital business and consumer media. And also learning is investing in transformation and in building new businesses in the consumer market and gearing up for – to be able to answer some of the customer inquiries and request that were seeing from the emerging markets. And the total impact of the additional investment on the – kind of historical levels is roughly 20 million.

And then, from a technical point of view, if you're interested in anything sort of above EBIT, then the sale and leaseback obviously has a – has an interest – or has an impact, given the fact that our rents and depreciations due to the sale and leasebacks will increase about 10 million on an annual basis.

So – but no change in guidance is the short version of the last five minutes.

With that, I will conclude my part and I will hand it over to Kim.

Kim Ignatius: Thank you, Harri-Pekka.

Good morning, everybody.

My name is Kim Ignatius, and also a very warm welcome, on my behalf, to this quarterly meeting.

I will now go through the financials for the first quarter, and also will address some related matters. And before going into the numbers, I would like to start by looking at the business portfolio that we have today, and are looking at it from the perspective of net sales and using the rolling 12 month sales for our operations. And the reason to look at this portfolio is really to kind of comment on how it reflects the strategy that we have chosen and communicated to the market last October.

So, starting with the total sales, we have 2 billion in sales and an EBIT of 153 million. And in the media operations you can see that our main focus markets Netherland and Finland today, represent 83 percent of the total media sales. The rest of the sales comes from two regions, one in Belgium and the other one Russia and CEE. And these two businesses are under strategic review. As a subsequent event, we have already mentioned on April 24th that we have divested our Hungarian media operations with – which had an annual sales of roughly 60 million Euros. The transaction value was about 30 million, and we will book a gain of 11 million from that sale. And again, that 60 million in sales in Hungary now being sold will even further increase the focus in the two main markets, the Dutch and the Finnish operations.

The next part of the slide shows the migration into digitals, so all in all, in the consumer media business, we have 38 percent of our net sales coming from new media. And if we would look at the Dutch business, on a standalone basis, before the year end, already half of our operations in the – in the Dutch market are from the non-print sources. So, the migration is also developing very nicely.

In the learning business, the strategy is a bit different. We have a more diversified portfolio and we'll continue to have one going forward. We operate in five different markets and in addition to these markets, we have a global digital operation as well. As in consumer media, also learning is migrating towards more and more digital content. And already today, 45 percent of the sales that we have in the learning operation is coming from pure digital or a hybrid digital products and services.

We have also mentioned, after the Q1 closing, two transactions, one is selling our majority ownership in the regional newspapers in the – in the Finnish market, first selling 51 percent, and during the coming years then a total exit from the operation. Even this further increases the focus in our core assets.

We have also announced that we are reorganizing our magazine distribution operations in the Dutch business. This is physical transportation and logistic operations. And the purpose of this reorganization is really to manage the future cash flows in a declining magazine market.

Then moving to the income statement, I would like to point out here to start with that Sanoma has adopted the new IFRS 11 as its joint arrangement standard as of beginning of this year, and actually we have restated our 2013 numbers accordingly. So, in the future, the share of the result in the associated companies that we have, this is mainly – or the joint ventures where we don't have control, it's mainly the Russian and Belgium operations, we will book the result as a one line consolidation as part of our operating income.

In 2013, this restatement meant that our net sales came down by 135 million. The impact on the EBIT level was very minor, close to zero. The restatement also led to a decline – a reduction of equity, amounting to 59 million Euros.

The net sales for the first quarter were 438 million, so down 6.3 percent. I would like to comment some of the different business areas. If we look at print advertising, print advertising came down 19 percent from 67 million to 54 million. Online and mobile grew nicely 10 percent but naturally, the base, the number is lower – base being 33 million, growing into 36 million. And also the print circulation continued coming down by 6 percent from 162 million to 153. This all adding up on the group level into a 6.3 percent decline.

When we look at our EBIT – EBITDA excluding non-recurring items and especially the EBITDA margin, you can see that the margin for this year, Q1, was 14.9 percent, a bit higher than last year. And I think this is very good news that we can see the cost base adjusting to the declining sales. Overall, our expenses came down by 7.1 percent. The clear reduction in the cost of goods sold, over 12 percent, and the main components are here really lower paper cost, partly volume, partly price, but also the transportation and distribution cost came down nicely, compared to last year.

Total fixed expense declined 3.8 percent, and the employee expenses being – the main component there coming down by 6.8 percent. Going further down in the P&L, amortizations related to the TV program rights, at the same level where we had them last year, but it's good to understand that there are big differences between the two markets. In Netherlands, we were able to have 7 million lower – the programming cost, compared to Q1 last year, partly timing shift, partly better planning for the – for the year. In the Finnish market, we actually had 6 million higher programming cost. And there's two components there, one is the investments in the hockey league, which actually added our costs by 8 million. But then we have some declines in rest of our programming cost spending.

EBIT at minus 4 million last year minus 2.5 million. Still coming back to the – to the net sales, you see the decline here per the SBUs. Media in Netherlands coming down by 6.2 million, media Finland by 9.2 million. The components are pretty much the same for the both units. And as discussed here already, it is driven by the lower circulation sales, the lower print advertising sales, compensated somewhat by the better development in TV and online and mobile sales.

Looking at the EBIT, excluding non-recurring items for the different business units, so media Netherlands improving by 8 million, media Finland coming down 5. And again, it is really the TV spending that makes the difference here in the – in the media. And it is lower spending in Netherlands, higher spending in Finland, and then being able to offset the print sales decline with the efficiency improvements and lower cost basis. What comes to the learning development, I would not really make a big point of it yet. You know that the business of learning is very seasonal. There's a lot of volatility between the quarters. And this is mainly the timing shift between Q1 and Q2, related to the timing of ordering take in the – in the Dutch learning operations.

And what I would still like to point out here is that if we combine the consumer media operations, the Dutch and Finnish businesses, the EBIT for this quarter was 8.9 million. Last year’s was 6.1 million. So, we have a clear improvement on the EBIT level year on year.

Moving to free cash flow, starting naturally the same EBITDA, as in the P&L here, the programming costs show a bit of a different picture, so when in the P&L we have booked higher programming costs in Finland, the actually paid program costs, also in Finland, are lower than they were in Q1 2013, and therefore, on this line, we actually show a 10 million improvement. Also the development in working capital is positive. Taxes paid this year 6 million, last year, 2 million. Last year, we had some returns on tax advances paid, that explains the difference. All in all, cash flow from operations for the first quarter 10 million, better than last year.

As mentioned here already, the cost savings are proceeding according to plan. We saw the gross margin increasing, fixed costs lower in absolute terms, so we can be very pleased about this. And overall, the 100 million program that we have so far, gross savings 31 million and the run rate at the end of the March is 45 million out of the 100 million.

Finally, the capital structure, we done a lot of transactions – releasing capital. The main source lately being the sold real estates, the sale on leaseback on Sanoma House, but also earlier announced real estate transaction then the sale of Lehtipiste all adding up to close to 300 million – 280 million roughly, and now we have still the Hungarian transaction and the additional liquidity coming in from that in the near future. We hope to close that in Q2 or Q3.

So, all in all, looking at the net debt level, Q1 was at 1.3 billion. We were close to that also at the end of the year. Now, we are at the 920 million level, and we expect, towards the end of the year, continue going down with the net debt levels. So, this is a clear improvement naturally, on our – on our main financial ratios. Equity ratio 42.3 percent, last year 40.5 percent. Our gearing has come down clearly, so the balance sheet is strengthening. What is still worrisome is the leverage, the net debt to EBITDA ratio, which actually is at the same level where we were last year. So, many times when selling some of the operation, we are also selling EBITDA, and when doing the sale on leasebacks, we get the rental cost into our P&L, but still very happy where we are with the balance sheet today, strengthening ratios and an improved liquidity.

And with those words, I would like to end my part of the presentation, and hand back to Olli.

Olli Turunen: Thank you, Kim.

We are now ready to move on to the Q&A session. Before asking questions, please wait for the microphone, and please state your name and company.

We have question here from Ervasti.

Mikko Ervasti: Thanks, Mikko Ervasti, Evli Bank. My questions are around TV. It now looks like – that the improvement in media and both combining media in Netherlands and Finland came from the lower programming costs and also an impact on the cash flow, how sustainable do you – do you see this being, because I guess you should be investing quite heavily now into programming in Netherlands in order to gain that viewing share in order to gain that advertising money. That's my first question, thanks.

Harri-Pekka Kaukonen: Yes, thanks. I would put it like this, that we are cautiously optimistic that we can sort of keep – maintain or slightly even improve the performance improvement that we've achieved in Q1, and that's a factor of a couple of things. So, you are right, the – for the full year, we're expecting to keep the programming budget as such. That means that what we say would be investing in – particularly in quarters Q2 and Q4. First of all, I think this is just better planning, so we hope to get a better return on that investment and with a better alignment with the markets.

Second thing is that we're seeing more return in programs, so I would expect that our return on investment on a comparable basis should be slightly better, specifically when we look at the full slate, where we have a number of well performing programs coming back. So, it's improving from previous year and certainly we are hopeful that the market improvement will continue, and that will increase the demand. So, we should get – you know, the chances that we get a return on the – on the investment are slightly higher.

So, these three factors kind of combined, but you know, it's very delicate and the driving factor really is the viewing share. And we're still rather fragile. Yes, we got a little bit of improvement in SBS6, but on the other hand, we lost on the other two channels. So, we need to get all three engines to work in sync and that's where the risk is still – you know, it's a very competitive market. And then, on top of that, there's another uncertainty, which is summer, where the world championships in football - and Holland is a football crazy country, so very difficult to estimate what the impact of summer is, so. But all in all, optimistic that we'll be able to keep or improve on this improvement in performance.

Kim Ignatius: If I may I add the delta for the first quarter comes pretty much from the TV, as you mentioned and the programming cost, but still, we also see a very good performance from the print and digital operations. And in a declining market, the markets are improving, but also we're able to execute efficiency improvements so that we have a stable performance versus last year in that area as well. So, I think that’s very, very positive.

Mikko Ervasti: What was the impact of Olympics on the – on your viewing share? What would it have been sort of without that? And also, the impact on the advertising on television, because the national broadcaster can advertise, and I guess that could have positively impacted the market.

Harri-Pekka Kaukonen: Yes, that – I’ll answer the last one first. So, indeed February, which was an Olympic month, saw substantial growth in total advertising market, I don’t remember offhand the percentage, but the Q1 was a plus 6 percent or thereabouts – or 7, and the biggest – so actually, February had a big growth, and March was actually a small decline that was kind of hangover for in the market. But that growth it went to the publics. So, all the extra money in the market went to Olympics – I mean black and white.

The impact is in a orderof a percentage unit point or there about, not an exact number, but that’s the order of magnitude. So, on a comparable basis, we actually the Q1 was an okay performance from us, from a – from a total viewing share. We had a bit of a performance problem in Net 5, I must admit, so that didn’t perform according to what we – what we planned. We just put a bit much – too much Food stuff in there, so it was (inaudible) but we’re fixing.

Mikko Ervasti: My final question, what are your thoughts around the discretionary dividend at this point after the asset sales?

Harri-Pekka Kaukonen: I don’t – I don’t have any point of view or I can't comment on that.

Male: Thank you.

Male: Next question.

Sami Sarkamies: Thanks, Sami Sarkamies, Nordea Markets. I have three questions. First one is related to online and mobile. In Finland, we saw nearly 30 percent growth in Q1, could you please discuss some of the underlying drivers…

Kaukonen: Can you just repeat, I missed the first part of the ...

Sarkamies: … mobile and online growth in Finland, that was nearly 30 percent in q1, so maybe you can open up a bit reasons for that high growth. And then second question, related to timing of the 20 million euro investments, how much of that money was put to work in Q1? And how do you see the take up for the remaining – remainder of the year? And then third question, related to divestments, you know, we have seen quite brisk activity during early part of the year, do you anticipate that continuing or have you sort of exhausted the low hanging fruits already?

Kaukonen: Okay, that – the online and specifically mobile question, it's really a – comes from the fact that – which I showed in the reach chart. So, we've done very well in increasing our reach on our key online traffic generating assets, that's – obviously Ilta-Sanomat but also Helsinki Sanoma has had record online and mobile traffic, and they're starting to monetize it. And then Ruutu has done also a good job at that – that's part of it. So, it comes really across the board, and it comes from the media assets. The pure digital has not done that well, because the classifieds markets have been rather depressed because of the cycle.

And then what you see is mobile traffic as such, you know, growing really rapidly and you just start to see a shift in our customers, and also our ability to monetize the mobile traffic, and the value of mobile touch points is becoming realized that they actually also work. And then there are some sort of neat new applications that make mobile advertising kind of work better. So, it's a combination of these factors, but I think it's across the board, good performance with our online media assets that is at the root cause of that development.

The 20 million investment is – and I'm going to give you an answer which you may criticize me for but – because I'm going to contradict myself here in – but it's sort of flattish because the investment continue, but then there's a dynamic effect that because of the markets, it will be skewed more to second half, and particularly Q4. And that comes from – I'll give two explanations, one is the hockey league is a Q1, Q4 when actually hockey's being played, that's when you account for the investment.

And the second one is in our replication strategy, that includes increasing traffic investments, so basically, they're EBIT negative before we reach a certain amount and that is kind of on a – on a growth path. So, by definition, you know, while it's in an investment phase and then the investments will increase. Then there's a lot of stuff which is pretty equal when you look at it but those factors skew it more to Q3 and in Q4.

Then the third question…

Turunen: Regarding the divestments in the next months

Kaukonen: I can't – and I don't even know the answer because these processes are – always takes two to tango, right? So – but we have structured processes on the way where – that give – I mean if they go and if we manage them as we have been able to do in the previous cases, then I would expect us to be able to announce something maybe by Q3 or so.

Obviously the Ukrainian situation complicates anything that deals with Russia, so there's a curve ball that – you know, the developments sent to us, so that is much more difficult to really say. But the other ones, you know, we're working hard on it and the processes are in the phase where they – either we are testing the market or about to go out and test the market.

Kim Ignatius: Another complicated factor – complication here is the fact that in the assets that we still have on the strategic review, being the Russian asset and the Belgium asset, we do have joint ventures – three party joint venture in our – in our TV asset and then in Russia, we have two party joint ventures in our main asset, so it always makes it a bit more difficult, so that's good to remember as well.

Turunen: Further questions from the floor?

No? Operator, we are ready to take questions over the phones.

Operator: Thank you.

If you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. Once again, that's star 1 to ask a question…

Operator: We have a question from the line of Mikael Doepel. Please ask your question.

Mikael Doepel: Yes hi, good morning. Just to clarify didn't really catch your comment on the impact from the Sochi on your viewing share in the Netherlands, did you say that the ballpark figure was 1 percentage point?

Kaukonen: Yes, for the quarter. I – we can provide the exact figure, but that's the order of magnitude.

Mikael Dopel: (Oh, that's – that) ...

Kaukonen: That's sort of you know, bigger in February but I don't you know, much more).

Mikael Dopel: Sure.

Turunen: Mikael, if you look at the Q1 viewing share it was 19.9 percent this year and 20.9 percent last year. So, impact on the quarter was exactly 1 percentage point. Of course the impact on February individually, was a bigger…

Mikael Dopel: Yes, sure that's clear. Then just in terms of the – of the learning business, were there any timing shifts, say in the first quarter that's worth mentioning?

Kim Ignatius: We'll, Mikael, I would say that the full delta between the quarters in these two years comes from the timing shift. So, we always have the question in Netherlands, mainly in this case that when do we get the orders in, is it the last few weeks of March or is it the 1st weeks of April … Again, the orders came in actually quite early. Earlier than we anticipated, but a little less than what happened last year, so it's a pure timing shift, nothing else to be read from it

Mikael Doepel: Okay. And that's clear. Thank you very much.

Operator: We have a question from the line of Panu Laitinmäki. Please ask your question.

Panu Laitinmäki: Thank you. Just one question on the TV development in the Netherlands, so you said that the market was up by 7 percent in Q1, and in the report you are saying that the market share of advertising of SBS remained stable, but you're saying this was up by less than 3 percent. So, I was wondering where does this different come – difference come from? Thanks.

Kaukonen: Yes. it's – you know, the market share was roughly the same. We actually did lose a bit share in Q1, in total share, and you know, there's a bit of a dynamic that I want to – you know, take the opportunity to explain why – I mean you would also assume that if we kept our viewing share, we should have grown, you know, with the market. And – so first of all, the public's made some real headway in the first quarter.

And then the dynamic is such that also we – when you go to the annual and negotiations, those happened early in the year, and that's when – you know, we still were working from the basis of our Q4 performance, which was weaker. So, that impacted, you know, the volumes, and then also is seen on sort of the base price contract levels that we're able to get from the market, which correlate very much with the – with the position you have. So – and there is some pricing freedom during the year, but it covers only a small part of your inventory. So, you don't see the full impact of the growth unless you can then create more inventory, i.e. unless you over perform on your – on your viewing share. And clearly, in Q1, we didn't get the increase in viewing share. We basically stayed flat on a comparable basis.

Panu Laitinmäki: Okay, thanks.

Male: Do we have further questions from the floor?

Male: No? We have no questions either over the phone, so I would like to thank you for the participation and wish you a very good day. Thank you.

Male: Thank you.

Male: Thank you.

END