Transcription

Alma Media Q2 2021 Interim Report

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PRESENTATION

Elina Kukkonen

Good morning, ladies and gentlemen, and welcome to join this results presentation of the first half 2021 of Alma Media. My name is Elina Kukkonen. I'm responsible for Communications and Brand at Alma. As usual, we begin with our CEO, Mr Kai Telanne, presenting the overall results. After him, Mr Juha Nuutinen, our CFO, will present the financial position of Alma Media today. And then Mr Telanne returns and tells us about the operating environment and our strategy going forward.

And after the presentations, we welcome all the questions. We first take the questions from the conference call line, and then from the online chat. So, please feel free to ask questions. I think we are ready, set here, and I will hand it over to Mr Telanne, our CEO of Alma Media. Once again, welcome to join us today.

Kai Telanne

Thank you, Elina. And good morning to everybody. As Elina told you, I will start with the highlights of the second quarter and the first half of the year, and after me, CFO, Juha Nuutinen will continue with the finances, and of course, with the balance sheet issue, which is now a little bit different than we used to have before acquisitions.

As you perhaps had time to already look at the interim report, the big picture is that we had a fantastic second quarter - really strong one. We were actually a little bit surprised how fast the recovery has started after the difficult last year.

It's really nice that all the business segments performed really good. One can say that even better than we expected. Organic growth was nice - 24% - and of course, after our heavy investments, our revenue and operating profit grew with these acquisitions. Nettix is now included in our figures since April, and they are included now in all of these figures.

We took the 2019 figures here on this slide just to remind you how our record high year was, which was the 2019. Last year was, of course, quite an exceptional year, a difficult one. But as you can see from this slide, our revenues are higher than 2019, from last year's 52.6 million euros to 71.6 million euros - an increase of 36%. And of course, with the good revenue growth, EBIT margin and EBIT grew from 9.8 million euros to 16.6 million euros - almost 70% up. We are after the second quarter at a record high profitability level of 23%.

As I told you, and I want to just remind you - and Juha will go deeper into this - our financial position is totally different than it used to be at the beginning of the year after these transactions. Our gearing is 160, and equity ratio at 29 plus. We have to take care of the balance sheet carefully now, but with this good profitability and nice cash flow, this leverage will decrease quite fast. So, the situation is well in hand, and we are really, really happy with the current situation.

I'm really happy that we had this exceptional quarter, while all business segments succeeded at the same time. As you can see from this slide, revenues in Alma Career, Talent, and Consumer all went up nicely, and about half of the revenue growth flew to the bottom line, while Career profitability ended up to 3 million - or growth, to 3 million - Talent 2.3 million, and Consumer’s profitability grew 4.5 million euros. That's a nice situation for a CEO. I'm really happy with this again.

And of course, most of the growth came from digital businesses, which is, in our case, the most important target in the long term. This slide looks a bit awkward, of course, while the jump from last year's -17% on the right side of the slide to this year's second quarter 57% growth. 76% of our revenues are now coming from different digital sources, which ended up during the first half of the year to 99 million euros. That's good.

Now, we can take a little bit deeper dive in different segments, but quite a short one then. I'll start with the Career. This is, of course, a bit of a question mark that how fast this recruitment business is going to recover after this difficult COVID-19 situation. We thought that it might take a little bit longer, but now it seems that all the markets are picking up rapidly, not only in Finland, but also in Eastern Central Europe.

Our revenues in Career went up 48%. And what is really important and nice in our case is that our customer invoicing is at a record high level. 2019 was our record year, and we thought that it would take a couple of years to reach the record level again, but now it seems that we are already there. Of course, it remains to be seen how the situation continues with the COVID-19, but at the moment the demand is quite high.

There's, of course, this kind of pent-up demand with increased activity. Our customers have saved their costs, and now they put the money at work, and the demand is high at the moment. That is the big picture. In our case, the growth comes, of course, from the core Career listing business, but in addition to that, our positive development is driven by added-value services, for example our Seduo digital education platform, which is running nicely, especially in Czech Republic, and we are testing its international potential also elsewhere like in Slovakia and Finland.

Of course, with the increased revenues, our expenses went up 37%, especially on marketing and personnel costs with the increased invoicing. Operating profit nicely up 62%, and the EBIT percentage 38.6%, which is more than we expected. So, that's the broad view of Alma Careers second quarter. A very good one.

Now, Alma Talent. We had also a very strong quarter, driven by nicely increased advertising, especially digital advertising, and also the services improving nicely. Revenue went up 13%. Advertising revenue - comparable advertising revenue - nicely 55% up. Digital content, which is one of the key elements in our strategy and has been for a while, continued to be strong again - growth of 24%. And that was the key reason for being able to mitigate the decrease of print subscription revenues.

We are developing different services inside the Talent Group at the moment. They are mostly digital services like marketplaces, property information, company data, law-related services, and so on. They are growing and developing as expected. Digital ratio already nearly 90% and increasing nicely.

We have a very good expense cost control in the segment, also. Expenses on a par with last year's comparable period. Very good growth of profitability - 84% to 55.1 million euros. And the profitability - 20.2% - which is a really good achievement for a media company, for a media segment.

On the right side of this slide, you can now see the split by business unit of the business inside Talent segment. So, the media segment of the media businesses inside Talent segment like Kauppalehti, Talouselämä, and those, they make 53% of the revenues. And it's quite a nice growth during the second quarter, 22.1% growth. And then the services, 32%, and direct marketing, which is called the Mega, 14%.

And the last one, but not the least one – Alma Consumer, where we have had during the last year, the biggest changes. A significant step-up due to the very nice organic growth and, of course, the Nettix acquisition. Revenues went up almost

70%. The biggest demand from housing, cars and mobility marketplaces as well very good. Digital media – very, very strong growth, as we've seen now. The Iltalehti advertising revenue reached all-time high level. So, there is, of course, this pent-up demand in Finland, where the lockdown has been quite strong for several areas, and now the customers are using their money.

Market share gauging the SME sector, where we are investing and organising our businesses differently. And adjusted operating profit 160% up, to 7.3 million euros. 27.5% margin, which is quite decent in these businesses. And on the right hand of this slide, you can see the revenue split by verticals: media and ad-financed services, about half of the revenues; mobility services, Nettiauto, Autotalli and those, 27%; housing services Etuovi.com and those, 17%; and comparison and sharing economy services, about 7%. So, this is the brief overview of segment levels developing on second quarter.

Now, I will hand over to Juha. Juha Nuutinen will go through the financials and the balance sheet a little bit closer, and then I'll come back later. Thank you.

Juha Nuutinen

Thank you, Kai. In my financial position review we will focus on the effects of the Nettix acquisition and especially the effect on balance sheet and our leverage.

So, like Kai mentioned, we have a totally different picture in our balance sheet now when compared to last year. We have 222 million interest-bearing net debt at the moment, and gearing is 160%. Our equity ratio is 29%. So, totally different balance sheet than last year. But like Kai said, we have pretty strong cash flow at the moment, and the leverage will be increasing quite fast during the following quarters.

Cash flow in the second quarter was from operating activities. It was strong one - it was 16 million - and compared to last year, it was a pretty big increase there. It naturally came from the improved profitability, but also other items as well, like lower taxes, for example.

Like you see from the right-hand graph, we have quite stable cash flow at the moment. Earlier, our cash flow was mostly focused on first quarter or fourth quarter. Now, it's more even during the year, and like you see from the last three quarters, have been pretty much the same cash flow, around 15 million/16 million per quarter. And this comes from the fact that we are more and more having marketplace business. Also, our media business is more digital, and these all facts make the cash flow more even during the year than previously.

Of course, then we have Nettix acquisition. So, that’s why our cash flow in from investment activities was -173 million. There was also a redemption of minority shares in Etua shares included in that investment cash flow.

As you can see on the left side, we have had a pretty strong year from an acquisitions point of view: 241 million acquisitions totally during the first six months, and that's a huge investment amount, and of course, naturally affecting our balance sheet.

We have discussed earlier about our invoicing and revenue relationship in Alma Career recruitment business, and that's why we are following also here the same graph. This was pretty surprising. The invoicing increased in April, May, and June in this year, and like you can see, the invoicing amounts have exceeded actually 2019 levels already, and that was one of the surprises which came also in our positive profit warning a couple of weeks ago. This is some kind of a rebound from last year. Let's see how it continues. But in any case, our revenue expectations in Alma Career is quite positive during the second half this year because of this strong invoicing trend during the last three months.

Earnings per share was also improved. It’s 12 cents in this last quarter. And there is a couple of issues behind that. It was improved, of course, naturally because of better results. There is also this effect of our redemption of minority shares in Alma Career in March and also Alma Media Partner shares in December. That effect is around 2 cents, which are improving our earnings per share in this quarter and also in the future.

We had adjusted items 3.6 million in this quarter, and they all came from the Nettix acquisition. We already earlier told about 1.2 million advisory costs related to Nettix acquisition, and the other part - 2.4 million - is related to transfer tax because of this Nettix share acquisition. So, the whole 3.6 million is coming from the Nettix acquisition.

Long-term financial targets naturally has exceeded now. Our digital business growth from the first half year is 28%, and it’s clearly above the 12% target. Naturally, there are also organic growth, but also because of these acquisitions. Our ROI figure is 12% from the first half year, and our target is 17%. And concerning these targets, we have difficulties to get this target in the coming years because we have invested 300 million and it’s naturally affecting a lot to our invested capital, and it takes a couple of years to come back with the levels what we have in target as 17%.

And then, dividend pay-out ratio, we have not changed this in the second quarter, and there is no reason to discuss this target at this point.

So, that was the financial review, and I hand to Kai also, and Kai can make some comments about our strategic issues in future. Thank you.

Kai Telanne

Thank you, Juha. As Juha told you, the long-term financial targets are a little bit strange at the moment. So, we have actually decided to come out with the new targets around this CMD that we have in September actually. So, you will be able to concentrate more on this issue later this year.

A few thoughts about the operating environment, then. The big question is, of course, is this recovery going to continue with the speed that as it started or not? Or is the COVID-19 going to continue with different Delta or other variants which might affect the recovery in different countries?

The present view is still like this. This is from the summer forecasts. The underlying economies are expected to grow quite nicely, even in Finland - close to 3% GDP growth - and in other countries, between 3% and 6% growth. So, this is the big picture. If this happens, our basis for good growth still stands there for recruitment businesses and different digital advertising services businesses. So, the broad view is that the underlying market is going to be quite OK for us.

Finnish advertising, which is, of course, the question mark, as it’s been always, the rebound has been quite strong during the last months as we’ve seen from the market and from Alma’s revenues. In short term, it seems that the rebound continues. There is this pent-up demand in almost every sector of our customers, and we expect this good development to continue in short term. But then the big question is, of course, how is the Finnish economy really going to develop in long term? Do we have the growth that is needed or not?

On the right side of this slide, you can see the market shares and the development of the online advertising by media companies in Finland. As you can see, our market has grown. That comes from, of course, the Nettix operations and then, from a nice digital revenue organic growth. And that is as expected and according to our plans.

Then, I just want to remind you of our strategy. We are not changing the core strategy at the moment. We have three main parts. First of all, we will continue to transform the core business to still accelerate the digitalisation of the print media. At the moment, we have 76% of print business. We will continue until we have reached the full 100% digital business.

We are organising all the time our core businesses so that we can reach the full synergies of the company, which means a tighter cooperation within Group and business units. And of course, we are doing this financial engineering to divest or discontinue unprofitable or low-profitable businesses, which we actually did also in the second quarter. I will come to that later.

And of course, the second part of the strategy is to grow in digital businesses, in digital media, mostly advertising and subscription business, marketplaces and digital services. All these are in our focus, and we're doing heavily our homework around this.

Of course, mainly wasn't relating on the businesses with synergy benefits, which is, of course, the key of our cooperative strategy. And then, of course, thirdly, we will continue to internationalise the business of Alma Media. We have had a quite successful journey in this. We will expand to new geographies if possible, and then expand our businesses in current geographical areas like Seduo or other service businesses around the core business.

Here, we took just a few examples of our operation inside the strategy during the second quarter. Of course, the Nettix integration process is the most intensive one at the moment. We've been concentrating heavily on that. We are in good speed. We will take over all these services by the end of August. We have a new organisation there, management, key personnel in place, and now we're concentrating to harmonise the operation models and company culture.

The second example is the redemption of the minority stake in Etua.fi, which is a one-off of our comparison services, and then we divested Talosofta, which didn't actually fit in our strategy. We didn’t, or we couldn't, integrate the business into our Etuovi or those housing businesses properly.

And then, Alma Talent services invested in Suomen Tunnistetieto, which is a ‘know your customer’ service part of the Talent services or services in the future. New Monster.fi recruitment platform launch in Finland, it’s in a launch phase at the moment. It will be very, very good. And then, Kauppalehti, just an example of the media business. Kauppalehti started to offer Sustainalytics, an ESG risk rating to our subscribers, which is a tool for responsible investing.

So, these are these practical examples of our operational strategy that we are doing and did during the second quarter. And more will follow. Very good.

And then, finally, I will just remind you for the outlook that we will repeat after the positive profit warning that we did. We are expecting our full-year revenue and adjusted operating profit from continued operations to increase significantly from last year's level. And here, you can see the figures that we had last year. But of course, there are question marks, and they’re coming, of course, from the pandemic. It's really difficult to estimate how the market and the demand is going to continue, especially in mid-term. In short term, it looks quite OK, but in mid-term, it remains to be seen. So, there is this uncertainty, of course, in the market - in every market that we have.

So, that was my part and Juha's part of the presentation. Now, we are happy to answer your questions that you might have a lot. Thank you very much.

Q&A

Elina Kukkonen

Thank you, Kai. Thank you, Juha. And Operator, we would be ready for the questions.

Operator

Thank you. If you do wish to ask a question, please press 01 on your telephone keypad. If you do wish to cancel your question, you can do so by pressing 02 to cancel.

Our first question come from the line of Pete Kujala from SEB. Please go ahead. Your line is open.

Pete-Veikko Kujala

Hi. This is Pete-Veikko Kujala calling from SEB. A couple of questions. If we start with Career, you mentioned record high invoicing. So, just to be clear, is this in Q2 specifically, or are you talking about year-to-date as a whole?

Kai Telanne

Juha might remember. Q2 was at record high level. I'm not sure did we already reach the 2019 level for the first half of the year. I doubt that. Juha, you can answer to that. You have the figures.

Juha Nuutinen

Yeah, you're right. It was the second quarter all-time high figures because March was already a very good month, but still the first quarter, we were slightly behind the 2019 levels.

Pete-Veikko Kujala

Yeah, all right. Thanks. And this invoicing that comes in the summer months, is this shorter-term invoicing? Or does this provide you good visibility into the second half as well?

Kai Telanne

Especially in LMC, which is the biggest business. This is these long-term commitments. We're selling these credits, which have their effect on revenues on long term. And of course, a good start for the good second quarter. And if it continues like we expected during the third quarter, it will give us a good start also for the next year. So, for the biggest Career business, this is a sign of a good long-term development. In other businesses, the commitments are shorter. If that was the question.

Pete-Veikko Kujala

Yeah. Understood.

Kai Telanne

[inaudible 00:32:18].

Pete-Veikko Kujala

Yes, it was. Thanks. I understand you don't want to give specific figures, but from what I have calculated, you could be pretty close to 2019 levels already in 2021. Is this really the case? Or is there something that I'm not following here?

Kai Telanne

In Career business, right?

Pete-Veikko Kujala

Yes.

Kai Telanne

It depends, of course, very much on the pandemic situation, but the demand at the moment is over 2019 levels, and if that continues or continued, we are quite close to, or even on, 2019 levels. But then, there is this if, and it's heavily dependent on the pandemic situation. But for now, it looks like you said, it's quite good.

Pete-Veikko Kujala

Yes, all right. Thanks. And on Alma Consumer, the Nettix acquisition was included, and you mentioned the revenue contribution from that, but could you give some indication on how much EBIT contribution that gave in Q2, and basically, what does the margin profile look like without the acquisition?

Kai Telanne

We are not giving service-specific revenue or profitability figures out.

Pete-Veikko Kujala

All right. Understood. Thanks a lot. That's all from me.

Operator

Thank you. Our next question comes from the line of Sami Sarkamies from Nordea. Please go ahead. Your line is open.

Sami Sarkamies

I have three questions. Firstly, continuing Alma Career, you did have quite high operating leverage in Q2, despite the material savings last year. Do you anticipate smaller operating leverage in the second half of the year when you may, again, start making normal growth investments?

Kai Telanne

Could you repeat the question? What is the question? I didn't understand.

Sami Sarkamies

I think, in the presentation, you noted that at Alma Career about 50% of the revenue growth dropped through to EBIT line. So, there was good operating leverage, despite you having done material savings last year. So, cost comparable was quite tough against that, in that sense. So, going into the second half of the year, do you expect similar high operating leverage to prevail? Or should we be prepared for cost inflation?

Kai Telanne

There's some problem with the line. It's difficult to hear, but if I understood correctly, you're asking are we going to continue with the same profitability level that we had during the second quarter, after having heavy cost cuts last year during the comparable period. Was that the question?

Sami Sarkamies

Yes.

Kai Telanne

In total, we had last year during the second quarter 8.4 million euros cost cuts that came from the whole company. But of course, quite a lot from the Career. I don't remember the exact cost cut-off of the Career Group. Juha might remember and have the figure there. But the total was 8.4 million euros during the second quarter for Alma Media. And now, we don't have that cost. We are in a normal situation. No different cost measures at the moment. But we are running the business with the full speed, with all the costs. As you noticed, the costs have increased.

But then, your question is that is this the new normal profitability level of Alma Career? I doubt that. There's this pent-up demand that's burst out right now. My personal view is that this will normalise a little bit during the last part of the year even though the demand in short term is high. So, I'm not expecting over 50% profitability for the entire Group. The development will slow down in that sense.

Then, of course, we want to invest in the new businesses. But the idea is, of course, to increase the profitability step by step from last year's level. And we try to reach the 2019 record high level or even go further. So, that is the big picture and the plan, of course.

Sami Sarkamies

OK. Thanks for the answer. And then, I would have a broader question on pent-up demand. If we look at the strong development in Q2 across the segments, how much of an element of pent-up demand was there in your view? Should we assume that we are now back to the pre-pandemic demand levels and it's business as usual from now on? Or could it be that there was just heavy pent-up demand in Q2, but we might still be in for weakness in the coming quarters when that demand is not there?

Kai Telanne

Sami, your line is really poor. It's difficult for the listeners to hear your question. But if I understood right, you are asking how far we are from the normalised demand level of advertising, for example, in Finland, or how much of it could develop during the second quarter if the advertising came from this pent-up demand. Was that the question?

Sami Sarkamies

What I was basically asking is that, if we look at, for example, the advertising media markets now in the month of June, they had recovered to pre-pandemic levels. Do you think that will prevail, or was it just a good quarter with plenty of pent-up demand from earlier quarters?

Kai Telanne

Our estimate is that in those businesses that are not affected by the lockdowns any more, we will reach the 2019 levels. The expectation is that every business, every customer wants to normalise the situation and come to the normal marketing investment levels. That is the broad view. But then, of course, there are still these businesses that are lacking their own demand and they are not able to invest in marketing. But the big picture is that, yes, we expect the situation to normalise and come back to the 2019 level as soon as possible. That is the view. And that's happening right now. There is this pent-up demand. There is this short-term jump and then, we will come to a more normalised situation which is close or on the 2019 level. It's good to look at the 2019, which was the normal year. It was a record high level in our case, but it was like a normal year without the pandemic. So, that's the idea, that’s the view.

Sami Sarkamies

OK. Thanks. And then, my final question would be on the full-year guidance. Why are you guiding for only higher adjusted EBIT for the full year, and not clearly higher, as you seem to be doing pretty well? And if we look at the consensus estimates, these are assuming about 25% EBIT growth for the full year.

Kai Telanne

We are guiding adjusted revenue and adjusted operating profit from continued operations to increase significantly from the 2020 level. That's our guidance.

Sami Sarkamies

OK. Thank you.

Kai Telanne

We don’t have any other wording to use in our case.

Operator

Thank you. If you do have a question, please press 01 on your telephone keypad now.

Our next question comes from the line of Pia Rosqvist from Carnegie. Please go ahead. Your line is open.

Pia Rosqvist

Hello. It's Pia Rosqvist from Carnegie. I have a few questions. One regarding the increase in sales. Can you discuss and open up a bit on how much of the organic sales increase do you assess is driven by possible price increases?

Kai Telanne

Not really. No significant price increases. We are actually continuing with the normal pricing strategy, which is following the volume increases of our services. Normally, if you have more viewers or spectators or visitors you are able to increase the prices, and that is always the reason for price increases on top of normal inflation rate. So, I would say that this revenue increase came from volume increase.

Pia Rosqvist

All right. Thanks. Then, still on Alma Career and the digital education or training services, Seduo, if I understood you correctly, is the strength still coming from Central Europe and not so much from rolling out the services in Finland?

Kai Telanne

You're absolutely right. It's developed in Czech Republic, and the service is running nicely there. We are launching it in Slovakia as well, which is pretty much the same language, and we're testing it and trying it in Finland, and then, of course, investigating the international potential in other places. But it’s in an early phase still.

Pia Rosqvist

OK. Thanks. Then Alma Talent, your expense level was on par with last year. Why is that? I'm trying to understand. Does it imply that you don't see this current revenue level as sustainable, or can you discuss the cost level in Alma Talent?

Kai Telanne

Can you repeat it? I didn't hear it correctly.

Pia Rosqvist

In Alma Talent, your expenses were on par with last year. Why is that? I'm trying to understand if it implies that you don't see growth in the current business, or why.

Kai Telanne

I didn’t hear. Juha, Elina, could you repeat? I didn't hear the question correctly. Something wrong with the line. What was the question? I heard Alma Talent was the segment, but that was it.

Juha Nuutinen

It was really difficult to hear.

Elina Kukkonen

Could you try again, Pia?

Pia Rosqvist

I’m really sorry if my line is bad. I tried to ask why the Alma Talent expenses were on par with last year.

Elina Kukkonen

Sorry, Pia. The line is very bad.

Kai Telanne

Very bad line. I don't hear anything.

Elina Kukkonen

There is a possibility for you to write your question on the online chat so we can read it out loud. Would it be ok?

Pia Rosqvist

Yes, I will. Thanks.

Operator

OK. We have no more questions from the line. I will hand it back to our speakers.

Elina Kukkonen

OK. Thank you, Operator. We have one online chat question here at the moment. It's from Petri Gostowski from Inderes. It's a two-part question, and it's been actually partly answered, but no worries. We had such a bad line that maybe it's good to repeat for all of us.

'So, considering the record invoicing levels, do you expect Career marketplace revenue growth to continue from the second quarter level on the third quarter? So, revenue growth to continue from the second quarter to third quarter? And the other part is that, 'Was there any exceptional items in the shared services EBIT on the second quarter (-3 million adjusted EBIT), or is this the level which we should expect going forward?'

Kai Telanne

OK, very good. Juha can answer the last one. The shared services part, it's clear. It looks like the demand of the Career will continue during the third quarter. All signs are telling us that.

Then, on the full year, very difficult to say. It looks like during the second quarter, there is also in the Career segment this pent-up demand that bursted and started very well, but still, I'm quite confident that during the third quarter the good development continues. Is it at that high level? It's difficult to see. But the invoicing is quite good at the moment, so we are quite confident in that sense.

But in advertising in broad sense in Finland, it's very difficult to see yet how this last quarter will look like. But Juha, you can answer the shared services, -3 million.

Juha Nuutinen

Thank you. Shared services, we booked 3 million more costs or losses compared to last year, and there are a couple of reasons behind that. One reason is what we have discussed earlier already. It concerns regional media sales last year, and we have some fixed costs in support functions going on, and we are not going to decrease those costs for short term, and we are suffering for that this year, and we estimated that the support functions fixed costs cost effect varies around 3 million per year. And that's one thing why our costs are at higher level compared to last year or EBIT loss.

The other reason is bonus reservations. We went quite a significant long-term incentive bonus reservations in the second quarter in our results because of our higher expectations and higher results. And last year, on the contrary, the reservations were pretty low level because of last year's decreasing results. So, that's one thing.

And the third thing is that we also last year made quite significant cost-saving measures, which was around 1 million in shared services, and now they're not existing anymore. They're coming from last year's cost-saving operations; this year, higher bonus reservations; and then, the support functions fixed costs related to regional media sales.

Kai Telanne

Very good. That was clear. And now, I can understand what Pia put on the table. That is clear. Pia's question was that, 'On Alma Talent, expenses were on par with last year. Why is that? Does it imply…' and so on and so forth.

The short answer is that, in Alma Talent, we have a divested print business, and of course, the print business in all has declined, and we are, of course, getting rid of the print-related businesses like the printing and delivery costs, hand in hand with the revenue decline in print business. And of course, that affects to the total cost, and transforming the Talent business from print to online, we are able to stabilise the cost development. So, not at all like we are not expecting the current revenue level to be sustainable - vice versa.

And the service business where we are investing, the growth is expected to continue nicely. So, that is the question. Transformation from print to digital makes the cost base lighter in that sense. But it's stable while we are, at the same time, investing in new digital businesses. That is actually the same that we did in the former regional media. We were doing these cost-effective measures initiatives to mitigate the declining revenue effect.

The other question, the other part, is that Alma Consumer's investment in regional advertising sales strengthen the Consumer's market position and SME customer segment. So, what we do? We have invested in the regional sales organisation, which is running nicely. We have invested in personnel and organised our businesses in that sense, and that works as expected or even better. We are selling the Alma network like all our services and Iltalehti and Talent media advertising in that part. And of course, the content marketing, and so on. That is the question. We are strengthening our organisation in a way of doing the business and doing the cooperation inside the Group on Finland's level. That is the answer.

Elina Kukkonen

OK. And there's that one more question from Thibaut Maissin. You are guiding significant increases in both revenue and operating profit from 2020 basis, but how would that compare to 2019 levels?'

Kai Telanne

No, we're not guiding anything compared to 2019. We will, of course, guide only compared to 2020. You have to calculate this or do your own guidance in that relation.

Elina Kukkonen

OK. Thank you. At the moment, there is no other questions. So, if we don't have any other questions, I think then it's time for the final words.

Kai Telanne

Thank you very much. We will meet again on the 16th of September when we have our Capital Markets Day and then Q3 interim report on 21st of October. Thank you very much. Have a nice summer.