

Transcript

Alma Media Oyj, Q2 2023 Earnings Call, 19-July-2023 4:00 AM ET

Participants

Elina Kukkonen

Senior Vice President-Communications & Brand, Alma Media Oyj

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Juha Nuutinen

Chief Financial Officer, Alma Media Oyj

[Pia Rosqvist-Heinsalmi](#)

Analyst, Carnegie Investment Bank AB (Finland)

[Sami Sarkamies](#)

Analyst, Danske Bank A/S (Finland)

Teemu Salmi

Manager-Investor Relations & Communications, Alma Media Oyj

MANAGEMENT DISCUSSION SECTION

Elina Kukkonen

Senior Vice President-Communications & Brand, Alma Media Oyj

Good morning, ladies and gentlemen, and welcome to this second quarter and first half interim report session of Alma Media 2023. My name is Elina Kukkonen. I'm responsible at the communications and brand here in Alma.

We begin with the presentation shortly. And as usual, our CEO, Mr. Telanne, will be first to present the overall results of Alma Media, and the development by business segments. After Mr. Telanne's presentation, our CFO, Mr. Juha Nuutinen, he will present the financial position of Alma Media today. And he will also highlight the principles of our sustainability linked finance framework, just launched early this morning. And then, Mr. Telanne continues with the strategy and outlook and a few words about the operating environment. And then, we have plenty of time for all the questions.

We take all the questions first from the premises of Alma here, and then we take from the online chat function. And our Investor Relations and Communications Manager, Mr. Teemu Salmi will speak up the questions from the online chat. So, please feel free to ask questions. We are happy to answer them.

And once again, with this short introduction, welcome to follow us today online and in person. And, please, Mr. Telanne, the stage is yours.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Thank you very much, Elina. Good morning, everybody, and welcome to this interim presentation. Sun is shining here in Helsinki, but unfortunately, the war of aggression of Russia continues. The degrees of European economies continue. Inflation rate is high. Interest rates are increasing. And consumer confidence is at the very low level. These are the obstacles that we have to tackle.

Despite all of these, we had a pretty solid first half of the year and the second quarter. I will present you the key numbers and elements here, and Juha will continue with the financials, with the balance sheet, and other issues.

As said, we are pretty happy with the results here. We were on par more or less compared to the last year. The revenue is slightly down, but the operating profit is slightly up. And this was mainly due to the cost initiatives that we have had all over the company. As said before during the first quarter presentation, we disclosed the plan, meaning that we do this kind of cost-effective measures all over the company, mainly from – or with the moving costs like advertising, some personnel costs, and so on, without harming the long-term competitiveness of the company.

The gearing went down to 82%, as expected, and the equity ratio as well up to 43%. So, we have a very solid stance on balance sheet, as said. No big news on any segment here. All segments contributed as expected and planned on the revenues and profitability as well. You can see that the consumer is suffering most on the declining advertising in Finland, but otherwise, the businesses performed even better than we expected. The share of the digital business at the moment, 82%. As expected, the digital business growth organically on par with the last year.

Let's have a deeper dive into the business segments, so you can get a little bit clearer picture what is happening in different parts of the company. For Alma Career, I'm really happy that we had all-time second-best performance in the history. That didn't come from the revenues but from the cost side. The profitability, 43.1% and, as said before, we have a pretty ambitious target for the profitability of this segment. Even the revenues are not growing, and it's difficult to get organic growth. In these circumstances, we have a very good cost initiatives there. And as you might remember, we have this Alma Career project, which is a segment-wide project to get and drive all the synergies inside these businesses between different countries and different businesses.

The demand for labor has remained, in Eastern and Central Europe especially, really good. As you can see, like we have in the weather here, the more south we are, the better the situation is. In Croatia, almost 15% growth still, driven by tourism there. In Central Europe, quite okay-ish development. In Czech and Slovakia as well. And the business and the markets has been remarkably cooling down in north like Baltics, and especially in Finland, as well as the economies here.

What else? The cost savings in this segment came from marketing expenses. And why we were able to do that? That comes from the fact that we have quite a good unique visitor base in the services, very wide audience with users with job alerts, and that comes from the market to cool down a little bit more. Unemployment a little bit increasing, but not too much. So, there's a high demand for the service still in all countries. But invoicing is not growing, which means that the sales is not growing in the core business. The organic growth at the moment comes from the add-on services, like around 6% at the moment. And that means the invoicing is below the revenue growth now. That means that the customers are using the credits that we have sold them before, and they are not buying new services or credits. That doesn't affect very much on the revenues now, but we will see that ahead, maybe during the first quarter next year, if the economies are not growing as expected. But a very good situation in that segment. And most of the profitability, of course, of the company comes from there.

And then Alma Consumer, this is the Finnish business, a combination of Finnish media and marketplaces and comparison services weighed down profitability by the decline of the advertising. And that comes from media and services as well. So, the ad market in Finland is at the very low level. It's still decreasing. We had a very good performance in relation to the market with the classified services like mobility and housing services, and especially comparison services. But the ad market is bad. It's really bad. We had around 10% decline in advertising. And the consumer segment is suffering from that mostly.

There's still high demand for journalism, of course, with the global news and the IL Plus subscription climbs over 47,000. That's a very good sign. Despite the decline of the profitability and the decline of the advertising, we have continued with the investments in the digital services, especially on the housing and mobility markets. We have this kind of system services, ERP system that we are developing for the customers, and that is burdening the profitability, of course, this year quite heavily in this segment.

And then finally, Alma Talent, the business-to-business segment, suffering from the poor advertising market as well, but a very good performance in services, as you can see from here. Very nice growth of services, 5.6%, especially the recurring revenues, 17.7%. So, we have been able to develop the second foothold for this segment media and nicely growing profitable services. Pretty good profitability, 20.1%. We are quite happy with that. Very good cost control here. Almost close to 10% profitability growth in a poor market tells us there's a very good and effective initiatives with the costs.

Okay. This was the key numbers and key elements of the second quarter, and the first half of the year. Juha Nuutinen, CFO, will continue with the finances. And after him, I will say a few words with the current and coming strategy. Juha, the floor is yours.

Juha Nuutinen

Chief Financial Officer, Alma Media Oyj

Thank you. So, I continue with the financial position. Also, a couple of words about the cash flow and also one slide concerning sustainability, like Elina said in the beginning. So – but let's continue with the balance sheet.

Our net debt level increased, if we compare the March situation, and also equity ratio decreased from the first quarter balance sheet. And this comes mainly from the dividend decision. We paid €36 million dividend in April, and that's the main course for that. But also we had cash flow decreased compared to the last year. I come back to that later and after a couple of slides.

Nothing big changes in our debt level. So, we have loans of €160 million. It comes from the €140 million, it's a long-term loan and €20 million is a short-term loan, because of this dividend payments. Our balance sheet will be stronger towards the year-end, and approximately, we will have net debt around €130 million, €140 million at the end of December. And we will have equity ratio more than 46% in December.

Then, first about the investments and CapEx, like Kai said, we have continued our investments mostly in marketplaces, and we had CapEx level is over €5 million in this first half year. This is a bigger amount than what we have had in average during the last years. And it comes mainly from the marketplaces in the Finnish units in housing and cars. One big investment to what we have is the system what we are delivering, the real estate agents. OviPro like we call it, and it will be finalized in December this year. So, we have continued heavily in this development work in these marketplaces.

But we made also two acquisitions in the first half year. First was the Toimitilat.fi, which is the Finnish marketplace for business premises. That was in January. And then we made, in April, acquisition of Suomen Tunnistietieto. It's a company who offer services to small and medium-sized companies when they have processes, know-your-customer processes. So, try to recognize customers which, for example, operates in the field of sanctions and so on.

Then, we made a small sold – we sold the Talentum business. It's a small recruitment business in Czechia, around €600,000 revenue per year, and we sold that business to management. The business has not been profitable, and it will slightly increase our profitability in the second half year.

And also, we agreed about acquiring North Macedonian online recruitment portal, Vrabotuvanje. We bought 70% of that company, which we already own 30%. So, now, after the local approval processes, we will have this 100% ownership from that company. It will – the acquisition will be finalized in July or latest in August. And the company will have revenue around €1 million a year. So, that's the – it's quite small, but it makes the Balkan area – we go ahead in that area. So – and it has synergies with the other Balkan area countries, what we have especially in Croatia.

And then, operating cash flow, that you see where we have decreases compared to last year. There are plenty of reasons for that. One is, like I said about the customer invoicing, which was decreasing and the customers are more now using their credits, what they have already paid. So, there was a decrease in our advance payments, what the customer has made in our recruitment business. Also, we had much higher taxes, paid taxes, in this quarter. And also the interest cost was higher. So, there are many reasons for that.

And also, if we compare the cash flow after investments last year, we have this capital gain and capital concerning Bolt shares, and the effect last year was €10 million in that sale. So, that affected also if we compare the cash flow after investments, so – but I think this is a temporary thing, and I think the next quarters will be stronger from a cash flow point of view.

Then, earnings per share, they're also in this quarter and also the last year second quarter, there are one-off items or exceptional items in both quarters. Last year, like I said, it was the Bolt shares. Capital gain is affecting there. Also, the positive fair value in our interest derivatives. So, approximately €8 million together. And this year, we had also €4 million positive fair value change in our accounting and liabilities, which are related to our acquisitions, earlier acquisitions, and we decreased our earn-out liability estimate, and they are mostly related to DIAS acquisition, which we made in December 2021.

Our return on equity and return on investment has been at high level in this quarter, like it has been also in earlier quarters as well. And the dividend, like I said, it was paid in April and it was €36 million. Long-term financial targets, we have keep them as they have been. Our revenue growth target, we have 5%. This first half year has been difficult from that point of view, mostly because of digital advertising decrease, what Kai told. This is the major reason for decrease in that sense. But, overall, housing and cars marketplace situation is tougher and it's – this year, it's really tough to get this target or have positive revenue growth there.

But on the other hand, the adjusted operating margin target, what we have 25%, we are pretty close to that. And we are – we make really good performance from the profit point of view, and we are close to 24% in the margin, and we are really close to last year's figure in that sense. So, we are really close to that target level.

Net debt to EBITDA ratio, it's – we have to be under 2.5 ratio and now we are 1.8. It has grown from the last year because of this dividend, but we will be under this last year ratio towards the year-end. So, no big drama in that sense either.

Then, the sustainability issue and this is – I'm really happy that we have this project now finalized this week. And we have done, together with OP Bank and also with ISS Corporate Solutions, we have done a project during this first half year concerning the sustainability. And now we, today, launched this framework, which we have done. And we are very happy that we have now also finance-related sustainability goals here. These KPIs, what are behind these sustainability goals, are the emissions, what we have had already for years in our sustainability program. So, there is nothing new KPIs in that sense. But this is now the first time when we are – when we have linked it in our finance framework.

And what it means practically is that, next time, when we will do the finance agreement renewal, which will happen during this year, I think it's our goal is to have new finance agreement before the year-end. So, we are able to link these sustainability goals in our finance agreement. And that's the idea of this framework, and it saves a lot of energy and time from us in this year, in October and November, when we are doing the renewable of finance agreement.

And ISS Cooperate Solution have given the second opinion provider, concerning these KPIs. And like you can see, the valuation, what they have done, how they have given the sustainability performance target in the framework, they have valued it as robust, which is indication of the highest ambition level in that sense. And also the key performance indications have been valued as best practice, and it's the highest category in this area.

So, we are really happy that we are at the highest category in those areas and we have really good KPIs in that sense, and we have managed really good. And our emissions have been decreased a lot during this six, seven years when we have measured this emissions and we have done a lot good – really good work in that sense. And that's the indication also from that work, now, first time, when we have used the second opinion provider here or auditor. So, this is – I'm really happy that this is now finally done, and now we can continue with the new finance agreement in the second half year. So, sustainability is now also in part of our finance strategy.

Thank you. And Kai will continue about the operating environment. Like we heard, that it's really tough at the moment, but hopefully there is some light in the – at least in the next year. Thank you.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Thank you, Juha, very much. I'm really proud of the sustainability progress of the company, Elina, and you have done extremely good work with the teams in all these issues. As you might remember, Alma is one of the first media companies in the world being – or having this kind of target-based sustainability targets. And we've been in front of the parade in the media sector more or less all the time with this. And that's good for the whole company. As I said, all Alma Medians are incentivized with the sustainability issues every year. So, we have this kind of short-term incentives and long term incentives as well. Every Alma Median is incentivized in this, and that's good. So, we have these issues every day on the table, more or less, in every business.

As Juha said, I will continue with some market data as well as strategy and, of course, the outlook of the company for the rest of the year. As you know, we have several challenges in the operating environment. And here, we have taken four of those to tackle with. Of course, the economic growth, hand-in-hand with the geopolitical turbulence, is one of the key elements, which is affecting our businesses in every country. Changing consumer behavior, there are positives and negatives in here. The consumer behavior change towards digitalisation is positive for us, so – because of this, there's a high expectations to both the easy-to-use, timesaving and safe digital experiences, and especially the ecommerce, and that's where we are heading to. As I said, we are going more and more to the transactional businesses.

But then on the other side, the increase in regulation is limiting our possibilities a little bit, especially in the Europe. The data privacy and consumer protection issues are those that we have to tackle with, and these issues are coming more and more on the table of ours. The newest forecast of the European economists and commission are here, saying that there's a quite rapid decrease in GDPs this year in every country. We are present in 11 countries actually at the moment. So, deep and speedy decrease in economies. Luckily, the inflation is decelerating this year. And as they say, the newest news are saying that the inflation in Eurozone will halve of this year's like in Finland, the newest figures should be around 2% to 3%, as we have seen.

The good news is, of course, that the unemployment rates are not increasing in our markets, saying that there's a tight labor marketing, especially the skilled labor demand is high in all over the place, and that's good for our recruitment services, of course. There's a high demand of the services. There's a lot of actions in there and that will remain. And that's more or less the reason for this is the aging population and the demographics of the European countries, as we know. So, that's it.

The negative is the Finnish advertising market. The other advertising markets are declining as well, but especially the Finnish advertising market, in our case, is the most important because we are highly presented here. Ad sales totally more than 5% in June, in red figures, and also the online advertising where we are the market leader in Finland on a negative side. Print business, as you can see here, is really difficult. Luckily, our exposure on print advertising is quite small in our case. So, we are not suffering that much, but still on a negative side, and that's the reason behind our decline in profitability, especially in the consumer sector.

Some data from the most important markets and sectors, branches of ours in Finland, meaning housing and mobility markets. I'll start from the housing market. We are on a very low side now during the second quarter, almost 36% below the five-year average. And as you can see from the left side of this slide, the used apartments trade volumes during the second quarter still over 30% negative compared to the last year. That was already heavily negative. So, there's a very little demand in the market at the moment. And for the new apartments, 66% minus during the second quarter, and the last year figures are almost already 50% negative. So, that's a very bad news for the construction sector, of course, but also for us and for the whole value chain.

Our services are performing pretty well, especially related to the – or in relation to the market. As you can see, there are active listings, more than before, but the demand is slower than before and that's understandable, of course. So, this is more or less a buyer's market at the moment. So, if you are planning to buy a house or flat, it's time to act now.

And for the renting markets, then the positive markets. So, the active listings is almost 16% up and also the searches and the demand on a high side. So, there's a lot of activities in the renting business. So, this is where we have to live in.

And then, the mobility market, a little bit different story, but on a low side still. Last year was very difficult for the new car sales as well for the used cars. The value chain, as you know, is combined. New car sales coming up at the moment. But that is mostly due to the unraveling of the order book made last year, which was, of course – or has grown high in the recent years due to the shortage of the components, as we know. Initial registrations during the first half, 15.5%, behind the long-term average. So, there's still a very low level of activity in the car market as well.

But then on the other hand, our services are performing pretty good in these markets. In Nettiauto, 4.5% more sold cars, and the gross market value up 2.6%. Sales up in all price categories, which – meaning that there's a good movement at the moment also there.

In our case, we are doing pretty good in the classified businesses all over the place; in carrier business, in housing business, and car business. The headwind comes from advertising. Our advertising in Finland has been declining not only in the media, but also in the classified businesses, and that comes from the low level of new cars and the low level of new houses, of course. If there's not a demand, there's not advertising, of course. So, this is the logic behind this.

All right. So, this was the data from the market. No help from the market, I would say. So, we have to do all by ourselves, if we want to improve the profitability. It is doable, but needs cost-effective initiatives, so to say. Yeah, we have to admit that it's really difficult to get the organic growth in these circumstances, but you can still improve the profitability, if you work enough, find the new ways to do the work, and do it in a proper manner.

Few words about the strategy. No big news here. We continue from a very strong market position in all key areas. So, we have been able to keep the market share and the position in all markets. No big changes here. We continue with the core strategy from media to advanced digital services, and we will continue to internationalise the business. As I said, we bought the North Macedonian business and, if only possible, we will continue further.

We concentrate on recruitment, housing or commercial properties, mobilities, media, and information services opportunities. This is the core of the business. And to simplify this a little bit, we'll concentrate on three footholds: advanced marketplace platforms, intelligent information platforms, and inspiring media platforms.

So, in the media side, the transformation from print to digital continues still. So, we are quite far there, but not finished. In advanced marketplace platforms, we're moving toward transactional businesses. And in intelligent information platforms, as well, using the data. So, we use the reach of the media platforms. We direct the user traffics to all services to commercialise the data, the user data, and to increase the ARPU and ARPA for the services. So, this is the more or less the case, the synergy as one company, that we drive for the future.

What does then this advanced platform in marketplaces means? It means that we are moving from traditional advertising business to transactions. So, we develop and complement our product portfolio to cover the entire digital buying journey, and selling process of the buyers and sellers, not only the search and provide site or the evaluate and market site, which is like the normal advertising business but to the full end-to-end solution like to the negotiate and close and ownership and so on, where we go into new revenue sources taking our share of the transactions.

So, we have to streamline our partners and customers' management and sales in digital environment. So, to do that, we invest in those ERP systems of the housing value chain customers or the mobility customers like for the car dealers. And, of course, we deal our new features and new products based on the AI-supported data and complement the portfolio through M&A, if only possible. So, the data is heavily in place, and we have a lot of – tens or hundreds of initiatives in AI at the moment in different part of the company. So, this is the strategy. We will continue decisively with the strategies that we have in place, and we have a very solid plan.

These were the news from the second quarter. We bought some new businesses, as I said. We got the license for the Alma Finanssipalvelut, which is the payment intermediation service, to use, for example, for the vehicle trade, for the vehicle transaction between consumers, and for other purposes as well. Juha told about the

Macedonia Vrabotuvanje online. So, we are continuing with the investments in the Balkan area. We sold Talentum. So, we are selling unprofitable businesses in order to increase the profitability. And that's one part of the profitability improvement in Carrier segment, for example, and other things as well.

So, this was it. Here, we have some information about the Otava mandatory public tender offer. I won't read this through. You have all the information. But just say that, on 5th of July, the Board of Directors of ours deemed that the offer price offered under the tender offer must be considered low from the perspective of the shareholders of Alma Media. So, this was the conclusion of the board. It's not enough to be considered.

And outlook for the year, we have had this for the full year. We expect our full year revenue and adjusted operating profit to be close to the last year at the same level or decrease slightly. So, there's no need to change this outlook.

Thank you very much for your attention, audience, and we are ready to answer any questions you might have. So, please.

Q&A

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Hi. Pia Rosqvist from Carnegie.

A few questions, maybe starting from the Finnish advertising market. I think I saw a comment in your report that the June number already was slightly moving in a better direction.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Yeah.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

But the outlook for the remainder of the year, and particularly now in July, can you give any comments on the performance?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Yeah. Yeah. We saw a, should I say, slowing down of the decrease, if that's positive thing on the ad market. But the June was better, yeah, that's right. So, that tells us there's more confidence in the market from a company's perspective and possibly from the customers' perspective. But we are not too positive on the development. So, we are not relying on the ad market development in our forecast or in our measures. So, we are continuing with the cost cuts that we have -the plan that we have there. But we are positively surprised, if there will be a big change in the ad market in Finland.

My personal view is that we should see some positive signals from the global economies and the events like the war, with the inflation, with the interest rates to stop increasing, to stabilising and so. So, that is what is needed in the consumer market, more or less, and also to the ad market to bounce back.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Thank you. Then maybe continuing on what you mentioned, the cost savings, can you quantify the cost savings you've achieved in the first half? And what do you target for the second half?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

No, we have not disclosed the numbers of the cost cuts. And there are differences between the segments, because of the different situation. But the cost cuts are coming from personnel costs, marketing costs, some buys from outside of the company like print costs, delivery costs, and those. But we haven't disclosed the exact amount, but it's really difficult for me to say that what is the exact number for specific business, really.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Okay. Thanks. Then during the presentation, I think you mentioned a profitability target for Alma Career. And all of a sudden, I can't recall if you have published one or if you were talking about an internal one.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

We haven't published an exact profitability level, but I've said that we have ambitious target for that. So, meaning that it's remarkably higher than where we are at the moment.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Good. Thank you. And then, a final question for me. Do you want to comment in any way or give any comments on the bid from Otava, from your perspective as a CEO, and from the operations of Alma Media?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

No, it doesn't have any effects on our normal businesses. So, it's business as usual, more or less.

Pia Rosqvist-Heinsalmi

Analyst, Carnegie Investment Bank AB (Finland)

Thank you.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Thank you.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Okay. Thanks. Sami Sarkamies, Danske Bank. A couple of questions from me. Starting from Alma Career, you mentioned that, there's been cautious customer behavior. Has the situation gotten worse during the first half of the year or do you have visibility on things actually starting to improve during the second half of the year?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

No. Well, as we have seen, we have had quite a good invoicing level, meaning a good sales in the services. So, the customers have been buying the credits and the services during the first half of the year, and now they are using the credits that they already bought, which means that they don't need to buy more. So, there's a quite stable level of usage at the moment or needs, I would say, from a customers' point of view. I wouldn't – I doubt that we can see a remarkably improving invoicing or sales during the last part of the year.

But then, of course, if the economies start to increase or bouncing back, then there will be a new bounce in the invoicing, of course, and the high demand of the services. The cautiousness of buying or using the services has come, firstly, from the small or medium-sized companies understandably. The big companies have been used and using distributors as before. They have a huge demand of the skilled labor, while the small company has been more and more cautious, of course, all over the place. So, that's not any big news. And those are the companies that will start buying when they see some light in the future in the demand, of course. So, that is understandable, yeah.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Okay. So, was it your point that, unless the situation starts to recover during the second half, early next year, it could actually be fairly difficult?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

No. It depends very much on the development of the last part of the year. But, of course, if the invoicing is at a lower level than the revenues, so we have some work to do with the first half's revenues, of course, next year. Depends very much how the first half overall starts in the markets.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Okay. Then I would like to continue on cost savings. If you think about the expense level you had in the second quarter, is this sort of the level you plan to have in the second half of the year? There's obviously seasonality, but are you planning additional cost measures or did we see sort of everything in the second quarter already?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

The cost level compared to the last year's second quarter will be lower. So, we have the plan and we have driven the plan. We don't have started a new initiative. So, we have the plan that we started, and we will continue with the plan. So, that is the case. So, there's no specific need at the moment to start something new, I would say.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Okay. And then, I have a question for Juha. What would be a good guess on the full year CapEx level? And where do you see, let's say, a more normal CapEx level going forward?

Juha Nuutinen

Chief Financial Officer, Alma Media Oyj

Yeah. In the long running average, we have had around €6 million CapEx level per year. Now, we will be much higher levels, €5 million was the half - first half year CapEx. So, it's somewhere €8 million to €9 million roughly the whole year, the whole year CapEx. So, this is...

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Specific investment.

Juha Nuutinen

Chief Financial Officer, Alma Media Oyj

Yeah, yeah, without acquisitions. So, normal CapEx level.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Normal CapEx level.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Okay. And then one more question for Kai. You obviously know Otava quite well. They are interested in Alma Media. Do you think they are interested in the whole of Alma Media or mainly the domestic operations?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

I don't have any answer to that. You have to ask Otava. I don't have any comment on it.

Sami Sarkamies

Analyst, Danske Bank A/S (Finland)

Thanks.

Elina Kukkonen

Senior Vice President-Communications & Brand, Alma Media Oyj

Any more questions? Then, I think we'll take it online. Please, Teemu?

Teemu Salmi

Manager-Investor Relations & Communications, Alma Media Oyj

Yes, we have three questions from online community. In which business segments are you expecting growth at the end of year?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Well, it's very difficult to see organic growth in any segment, but there are businesses inside the segments that are growing. And the reason for the segments not to grow comes from the fact that the markets are not growing. Like, for the Carrier, the add-on services are growing there, but the core businesses are more or less not. They are stable at the moment. And if the markets are not developing, the situation will stay. So, the profitability improvement comes from the cost measures that we have there.

In Consumer segment, the marketplaces business might grow, and the comparison services business will grow, but the media business doesn't grow because of the decrease in advertising. And we are not waiting for the ad market in Finland to bounce back that quickly, which actually inhibits the whole segment to grow.

And then on Talent, the same story. The ad market is not growing. The subscription business might grow. There are some fluctuation there as well. And the service business will grow and is growing nicely as expected. So, the ad business inhibits the whole segment to grow more or less, or then if it grows, the service business will grow or should grow remarkably much more than we have seen here. So, this is more or less the view at the moment, if the market is not changing to a positive direction quicker than we have anticipated.

Teemu Salmi

Manager-Investor Relations & Communications, Alma Media Oyj

Then moving on to Maria Wikström from SEB. Could you provide more color how invoicing is developing in different career markets, especially interest is for Czechia?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

The invoicing has stabilised or even decreased a little bit during the second quarter in Czech Republic or in the Central, Slovakia is a little bit better to Czechia. It has been declining slightly. Croatia has been increasing still, and Finland, Baltics been declining. So, the further north you come, the more red figures you see.

Teemu Salmi

Manager-Investor Relations & Communications, Alma Media Oyj

Also from Maria, in Alma Talent, recurring revenues were up by 17%. Could you please enlighten us what has been behind this success?

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

So, we have kind of three kind of services there. They are commercial premises marketplace, like Objektvision in Sweden, and toimitilat.fi in Finland, which has been growing nicely. And then we have law-related services. They are this kind of data services, books, and trainings in Finland. So, this is one part of the service portfolio, and that has been growing. The need for this kind of law-related services could be even countercyclical. Looks like it's growing nicely. And then the fourth one is company data, traditional company data that we have. And, of course, the DIAS, but the DIAS has been declining because the low volume of housing transactions. So, that's been on negative side. But the others have been growing. So, the markets are – there's a high demand of the services in the market that we've been doing good work there. So, our market has been improving.

Teemu Salmi

Manager-Investor Relations & Communications, Alma Media Oyj

Fair enough. And then the final question, as far as we know, from Maria Wikström also from SEB. "Could you please be more specific? What are these add-on services in Career which are currently growing?"

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

There are many, many kind of services like for handling the labor inside the company like this kind of HR-related services in the value chain. So, we are providing services not only for the core business of the companies to recruit people, but to develop the people as well. We have also the education services like Seduo in Czech Republic, which is profitable there. And then we have this kind of like – how do we call them, like some service, personnel service, salary service, and that kind of services. Many kind of services inside the value chain of HR. That is the question, of course. And there are differences between different countries. We have a little bit different services in different countries. The biggest portfolio of services we have in Czech Republic. So, that is the biggest company in the segment and the most varied service portfolios as well.

Kai Telanne

President, Chief Executive Officer & Chairman, Alma Media Oyj

Okay. Thank you. Any other questions? If not, I will thank you all very much for your attention, and we'll welcome you back in October 19, when we have our third quarter result presentation. Thank you very much. Have a nice summer. Thank you.
