
Alma Media Oyj (ALMA.FI) Q3 2025 Earnings Call – Cleaned, corrected Transcript

Corrected Transcript 31-Oct-2025 Alma Media Oyj (ALMA.FI) Q3 2025 Earnings Call
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Corporate Participants

- Elina Kukkonen, EVP Communications & Brand
- Kai Telanne, President & CEO
- Taru Lehtinen, CFO
- Santtu Jarkko Juhani Elsinen, EVP Alma Marketplaces
- Vesa-Pekka Kirsi, EVP Alma Career

Other Participants

- Nikko Ruokangas, Analyst, SEB
- Petri Gostowski, Analyst, Inderes Oyj
- Teemu Salmi, Manager, Investor Relations & Communications

Management Discussion

Elina Kukkonen:

Good morning and welcome to Alma Media's Q3 2025 Interim Report Session. I am responsible for Communications and Brand. We will begin with a presentation: our CEO, Mr. Telanne, will present the overall results and highlight the performance of our business segments—Alma Career, Alma Marketplaces, and Alma News Media. Our CFO, Mrs. Lehtinen, will then present the financial position. Mr. Telanne will return to discuss the operating environment, strategy, and outlook. We will end with a Q&A

session, first taking questions from those present and then from online participants, moderated by Mr. Teemu Salmi.

Kai Telanne:

Thank you, Elina. Welcome to the third quarter results presentation. I will start with the main achievements and numbers, then discuss strategy and recent initiatives.

Despite soft market conditions across Europe, we delivered solid performance in every segment. Operating profit improved, especially in Marketplaces and News Media. Revenue grew over 5%, about half from organic growth and half from acquisitions, mainly in Marketplaces. Profitability reached an all-time high for a single quarter, moving us closer to our long-term 30% profitability target.

The transition from print to digital continues as planned, with digital business now at a record high—almost 88%. Our balance sheet is strong, with leverage at 1.5 and an equity ratio close to 50%, giving us room for new investments.

Marketplaces contributed most to revenue and profitability growth, with investments like Edilex adding €4.1 million in revenues, split between organic growth and M&A. Other business areas also performed well. Digital Services saw the most growth, especially from M&A, while classified businesses are slowly recovering. The ad market in Finland remains weak, but our digital advertising and content sales are growing.

In Alma Career, revenue was stable year-on-year, but increased development costs for the Career United project affected profitability. Central Europe invoicing grew about 1%. The Finnish labor market remains weak, but there are signs of slow recovery. Cost control remains good.

In Alma Marketplaces, all units increased revenue and profitability. The used real estate and car markets are growing, though new apartment and car sales remain low. Digital services, especially DIAS, are driving growth. The Edilex acquisition was a key factor. AI is being deployed across services to increase productivity and enrich offerings.

News Media performed strongly, gaining market share in digital advertising. Print advertising and content revenue continue to decline, but digital subscriptions are growing, now over 223,000. Transformation to digital is progressing well.

Taru Lehtinen:

Thank you, Kai. Our financial position is improving strongly. Net debt decreased to €145 million at the end of September. Equity ratio and gearing are improving as planned. Financial and interest costs have decreased due to lower market rates and active debt management.

Q3 cash flow was strong at €21.5 million, €3 million higher than last year, mainly due to improved operating results and working capital changes. Investments in Q3 focused on

Effortia Oy, part of Alma Marketplaces. CapEx remained stable at around €1 million for the quarter.

Earnings per share increased by €0.20 compared to last year, driven by strong operating results and fewer negative one-off items. Revenue growth was 5.4% in Q3, above our long-term target. Profitability remains stable at around a 25% adjusted operating profit margin.

Kai Telanne:

Looking ahead, the business environment remains challenging, especially in Finland, where consumer confidence is low and the construction sector is struggling. GDP growth is expected to remain flat across our key markets. Unemployment rates are stable, but the market will likely stay soft in the coming quarters.

We will continue to build on our strong position, leading brands, and current plans. Expansion into new geographies will continue, especially in the South. We are number one in several sectors in Finland and a strong player in Eastern Europe.

AI and technology development will help us improve productivity and enrich services. We are integrating services into digital platforms and personalizing offerings for different customer needs. M&A activity will continue, both bolt-on and potentially larger acquisitions, as our balance sheet allows.

Transformation continues, with a focus on scalable businesses and new products and services. We leverage company-wide resources for all business areas, focusing on advanced marketplaces, intelligent insight services, and inspiring media.

We are moving from traditional revenue sources to more transactional services, supported by AI and data. AI deployment is progressing in three phases: increasing internal productivity, enriching services, and eventually transforming or creating new businesses. Many AI initiatives are underway in all segments.

Our outlook is for revenue and adjusted operating profit to remain at or above last year's level.

Kai Telanne, President & CEO, Alma Media Oyj:

A few words about the underlying environment and markets going forward. At the moment, the situation is quite challenging. Business confidence in Finnish industries is low, and consumer confidence is also at a very low level for several reasons. The construction sector is the weakest in Finland, and problems in new apartments are affecting many other businesses, as the construction industry is closely tied to Finnish wealth and the value chain.

If consumer confidence does not improve in the coming quarters, the market will remain soft. In my view, Finland will not see rapid market or GDP growth in the near future.

Looking at GDP forecasts for our main operating countries and smaller countries, the environment is expected to remain similar to this year across all countries, with no major differences in GDP growth. Unemployment rates are not expected to rise; they are low in Slovakia and high in Finland. This means the environment is acceptable but still soft, so we must be able to survive and grow in these conditions, at least in the coming quarters. Challenges will remain.

On the other hand, we will take advantage of opportunities from AI and technological development. If the main markets grow, we will take our share. This year, we have gained market share in almost every business, which shows the productivity and effectiveness of our operations, and this will continue.

A few words about our strategy:

We will build on our strong position, leading brands, and current plans in every business. We will focus on these market areas and continue expanding into new geographies in the South, as we are currently doing. This is a good foundation for future development. We are number one in recruiting, houses and premises, vehicles, news media, and digital advertising in Finland, and a strong player in Eastern Europe. The journey continues.

Currently, we are integrating our services into digital platforms, increasing our share and volume in value chains. We are enriching our services with data and AI, helping our partners develop their businesses by integrating them into our platforms and increasing our digital focus. With AI, we are also heavily personalizing services for different customer needs, which increases service quality and effectiveness. If we find suitable acquisition targets, we will continue both add-on and larger acquisitions, as our balance sheet strengthens.

Transformation continues. All current businesses are moving from old to new technology. We will diversify into new services and revenue streams, accelerating this with organic growth and M&A. We focus on scalable businesses and create new products and services for current and new geographies, where possible.

Alma is a synergistic company. We use all company resources for the benefit of every business, sharing audience, data, technology, and nationwide ad sales. We focus on three business areas: advanced marketplaces, intelligent insight services, and inspiring media, especially national media. This is Alma's concept going forward.

We are moving from traditional revenue sources like advertising and content to transactional services, such as digital house transactions (DIAS) and other data-related

businesses in houses, premises, and cars. Revenue streams will become more transactional, step by step, with the help of AI and the ability to personalize services.

Regarding AI deployment, our strategy is in three phases. Currently, we are increasing internal productivity by using tools at the corporate, team, and personal levels. We have many initiatives and the necessary tools in use. We are moving into the second stage, where we already have good examples of enriching services with AI, improving productivity, quality, and customer usage.

The third phase, which is the most challenging, involves changing existing businesses into new value chains, disrupting our own businesses with new technology, or creating completely new businesses. Competition may also arise here, but currently, this is under control.

We have dozens of initiatives ongoing in the company and significant investment in AI. Alma's personnel are very enthusiastic about deploying new technology. In every segment, there are many initiatives to learn how to use AI, increase productivity, and enrich services for customers, whether private consumers or businesses.

In Alma Career, AI-assisted services have been developed for years, such as content generation and automatic feedback summaries. The newest is Jobly Vibes, a new service for summer jobs in Finland, about to launch now. Many things are happening here.

In Alma Marketplaces, much is happening around search, such as semantic search on Etuovi and Edilex AI, an intelligent legal content search for professionals. On the media side, Sophi is the Dynamic Paywall, which considers context and consumer usage, with different moderators, chats, and AI-produced podcasts. New initiatives are constantly arising from feedback and learning.

We have made some changes in our outlook. We expect our revenue and adjusted operating profit to remain at last year's level or grow, and we are on track for that.

That's all from me for now. Any questions?

Q+A section

Nikko Ruokangas, Analyst, SEB:

I have three questions, one about the guidance and two about business areas. First, what triggered you to update the guidance two weeks ago? Which business areas or parts performed better than you initially expected?

Kai Telanne, President & CEO, Alma Media Oyj:

The Marketplaces business is growing better than we expected. Part of this comes from a slight increase and pickup in the housing and car markets, but mostly from our own operations. The other business units in Marketplaces grew faster than expected,

especially the Swedish commercial property side and the inside service side. Overall, Marketplaces performed better than expected.

Nikko Ruokangas:

Could you elaborate on how much of the improvement was driven by your own actions and how much by the market? How long do you think you can continue growing at this pace with your own improvement actions?

Kai Telanne:

We are in an intensive investment phase in Marketplaces, such as with OviPro and in the car sector. These are set up, and now we are integrating customers into the services, so revenues will come next year. Current services are working as expected, and as the market improves, results will follow. We have product and pricing initiatives, including some price increases. Growth is a combination of volume and price in every sector. It's difficult to say exactly how much comes from the market and how much from our own initiatives—it's a combination. For example, the used apartment business is now growing, with more supply than demand, so prices and the market are going up. The new apartment market is still down or stable. The car market is low, with a 2% increase in new cars and about a 6% increase in used cars. We benefit from this growth, at least with our market share. Growth comes from market development, product development, pricing, and productivity initiatives, including AI, and this will continue.

Nikko Ruokangas:

So, there should be room to continue improving?

Kai Telanne:

Exactly.

Nikko Ruokangas:

Regarding Career, you mentioned current expenses are elevated and expect profitability to improve in the coming years. When should we expect to see profitability or margins improving in this business area?

Kai Telanne:

We are constantly working on productivity initiatives. We are currently migrating to the cloud (Amazon), which means double costs until the end of next year. We also have product development costs for the Career United project, which will end at the end of next year. After that, margins should improve. We are also doing other initiatives, not just technology. The market is improving, invoicing is growing, and we are positive about market development.

Nikko Ruokangas:

Thank you.

Petri Gostowski, Analyst, Inderes Oyj:

Continuing on Career, invoicing and advances are up. Do you expect revenues to continue on an upward trajectory?

Kai Telanne:

Yes, definitely.

Petri Gostowski:

Regarding Career United project development costs, have costs increased in Q3 compared to the first half due to increased development?

Kai Telanne:

There are slightly higher costs in Q3, especially compared to last year's Q3. However, we have reduced personnel by about 10% to mitigate wage inflation, which keeps costs on par. Currently, we have both old and new costs due to the cloud transformation, and this will continue until the end of next year.

Petri Gostowski:

About the real estate business in Sweden: you've grown rapidly. Can you discuss market growth or your market share development? Where are you gaining market share?

Kai Telanne:

It's a combination of market growth and our own initiatives. The Swedish market is different from Finland, with a lot of movement. We are the market leader and have developed our services, products, and prices. The services are performing well. Santtu Elsinen can add more.

Santtu Elsinen, EVP, Alma Marketplaces:

Yes, we have taken market share from competitors.

Petri Gostowski:

How do you differ from the competition?

Santtu Elsinen:

Most marketplaces are similar in features. We have some features competitors don't, and vice versa. Our success in Sweden is largely due to strong search engine positioning. When people search for properties, our services appear first. We have invested in this, which helps sales. Clients see we provide the most traffic to their properties, which strengthens our position.

Kai Telanne:

Our service delivers the best results, as a market leader should. That's the main reason for our success.

Petri Gostowski:

How many competitors are there, and what is your market share?

Santtu Elsinen:

We don't disclose market share, and it's hard to know exact figures. There is one similar service, and large real estate owners also have their own services and advertise on our portals. They are significant players.

Kai Telanne:

So, they have their own services?

Santtu Elsinen:

Yes.

Petri Gostowski:

Thank you, that's all from me.

Kai Telanne:

Thank you. Any other questions from online?

Teemu Salmi, Director-Investor Relations:

Yes, we have several online questions. First, from Pia Rosqvist-Heinsalmi (DNB Carnegie): Q3 sales grew by 5%, but adjusted EBIT grew less than 4% year-on-year. Are there temporary timing-related issues in costs, or what explains the faster cost growth compared to sales growth?

Kai Telanne:

It's partly timing-related, but we also have extra development costs. Last year's Q3 was very strong. Overall, we see steady growth over the rolling 12 months. There are differences between months and quarters, but we are moving in the right direction. Growth in revenue and profitability has remained steady.

Teemu Salmi:

Second from Pia: Marketplaces grew organically 9% year-on-year. How much of this growth was driven by price increases and how much by volume?

Kai Telanne:

We don't disclose exact numbers. Santtu, do you want to comment?

Santtu Elsinen:

There hasn't been dramatic volume growth. We have increased pricing mainly through packaging, but there has been some market pickup. Some services, like DIAS digital property trade, have seen clear volume growth. We now have about 60% market share in Finnish trades, up over 10% this year.

Teemu Salmi:

Third from Pia: What is your current view on cost growth outlook for 2026?

Kai Telanne:

We have extra costs for AI tools, but those are already in place. The cost rate should

remain normal for the coming quarters and years. Salary increases will follow agreements, maybe a couple of percent. I don't see any major extra costs for current businesses, unless we acquire new ones.

Taru Lehtinen:

Our reported cost increase is about 4% cumulatively, and organic cost base growth is about 1.6%. This reflects inflation and ongoing costs.

Kai Telanne:

It's unlikely that running costs will decrease more than that. With AI, we aim to reduce costs or speed up time-to-market for new services. Accelerating development with AI tools is a good target.

Teemu Salmi:

You mentioned the M&A pipeline. Are there larger target companies under negotiation?

Kai Telanne:

We are always investigating in every segment. We focus on classifieds, information services, and media. There are ongoing discussions and negotiations in every sector, which is normal. We will continue bolt-on investments and speeding up product and service integration. We also have room for bigger steps, with about €200 million available. We are interested in using this resource if we find suitable targets.

Teemu Salmi:

Finally from Pia: You are committed to reaching an adjusted EBIT margin of over 30% in 2027. What are the main hurdles to reaching this target?

Kai Telanne:

I don't see any internal hurdles. Any challenges would come from outside the company, such as regulation, geopolitics, or market-based difficulties. Internally, I don't see anything that would prevent us from reaching the target.

Teemu Salmi:

Final question from Caj Toppari (Nordea): What did product development investments include within the Career segment, and do you expect them to continue in the next quarters?

Kai Telanne:

Vesa-Pekka, would you like to answer?

Vesa-Pekka Kirsi, EVP, Alma Career:

Thank you. We have several ongoing projects. One is transferring from local servers to Amazon cloud, which has increased costs or caused double costs. Product development is in two categories: developing a joint product platform for Career (main development this year and next), and new product development. We have already implemented components to job boards Career-wide, and this will be mostly done by

the end of next year. We are also launching new products, like Jobly Vibes, first in Finland and then in other countries next year. Investments are for both the platform and new products.

Kai Telanne:

Any other questions? If not, thank you for your attention. The next financial year 2025 results will be on Thursday, February 5, and Q1 on April 29. Elina, anything else?

Elina Kukkonen:

We're ready. Thank you.

Kai Telanne:

Thank you very much. Have a nice weekend.

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