

FENG Earnings Call Transcript

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Quarter: 2

Operator: Good day, and thank you for standing by. Welcome to Phoenix New Media's Second Quarter 2025 Earnings Call. [Operator Instructions] Please be advised that today's conference is being recorded. I would now like to turn the conference over to your speaker today, Muzi Guo from Investor Relations. Please go ahead.

Muzi Guo: Thank you, Amber. Welcome to Phoenix New Media's Earnings Conference Call for the second quarter of 2025. Today's call will begin with an overview of our quarterly results, followed by a Q&A session. Our quarterly financial results and the webcast of this conference call are available on our website at ir.ifeng.com. Before we continue, please note the safe harbor statement in our earnings press release, which applies to any forward-looking statements made during this call. Unless otherwise stated, all figures mentioned are in RMB. Joining me today are our CEO, Mr. Yusheng Sun; and our CFO, Mr. Edward Lu. I will now pass the call to Mr. Sun for his opening remarks. I will provide translation as needed.

Yusheng Sun: [Foreign Language]

Muzi Guo: [Interpreted] Thank you all for joining today's call. The past quarter has been marked by external challenges, but we managed to maintain steady momentum. Our team remained focused on a few key priorities, enhancing the depth and impact of our content while also exploring more diversified opportunities for collaboration and monetization. We are pleased to see these efforts gradually translating into tangible results, reflected in positive user feedback and business growth. In particular, during the second quarter, we made meaningful progress in content dissemination, social responsibility and brand influence. These achievements have laid a solid foundation for our next phase of development. Now I'll hand over to Edward for a more detailed update on our business progress and financial results.

Xiaoqing Lu: In the past quarter, amid a rapidly evolving global geopolitical and economic landscape, we continue to strengthen our leadership in global Chinese language media through high-quality original content and innovative business initiatives. In recent months, events such as the India-Pakistan air conflict, U.S.-China tariff tensions and the Israel-Iran hostilities captured global attention. We responded with timely professional and in-depth reporting, helping our users make sense of the geopolitical forces behind this development. For example, our Tang Bohu column published 7 original deep dive articles on the Israel-Iran conflict with several pieces surpassing 100,000 reads on WeChat. Our military channels live broadcast U.S. strikes on 3 Iranian nuclear facilities demonstrated our expertise in analyzing global flash points and garnered over 10 million views across platforms. During the India and Pakistan conflict, our Phoenix Insight series was reposted by leading academic platforms, highlighting our credibility as a professional media voice. Meanwhile, our finance channel stood out in coverage of U.S.-China trade frictions with 43 articles on WeChat, each surpassing 100,000 reads, solidifying our position in the top tier of the industry. These achievements not only boosted user engagement, but also laid a solid foundation for future monetization. Our content reach continued to grow steadily. The Phoenix News video accounts surpassed 5 million followers with annual views exceeding 2 billion and projected revenue growth approaching 50%. Our tech channels video account also grew to over 3 million followers with commercial revenue tripling year-over-year, fueled by signature programs like Phoenix Auto Lab and unexpected manufacturing, which have emerged as

popular and influential series in the hard tech space. Over the past 2 years, we sharpened our focus on international content dissemination and brand marketing. In 2024 alone, we helped our clients boost brand visibility at major global events, including the Paris Olympics, CES in Las Vegas, IFA in Berlin, Paris Fashion Week and both the French and Australian Opens. At the same time, we showcased the brand's overseas achievements to Chinese consumers and investors, creating a powerful 2-way communication loop. Building on that momentum, in June 2025, we hosted the 2025 China Enterprise Global Expansion Summit, citing a new industry benchmark. The event featured an address by former UN Secretary General Ban Ki-Moon and brought together industry leaders and global investors for in-depth dialogue. Regional breakout sessions focused on the Middle East and Asia Pacific building a policy business capital ecosystem. On the content side, our integrated strategy of live streams, special features and trending topic engagement led to impressive visibility, 40 trending chart appearances, 9 separate Weibo hot searches and a dedicated Douyin [indiscernible] entry created for the summit. The event significantly expanded our industry influence and marked our transformation from a content creator to a full-fledged resource integrator. Our international partnerships are also growing. At the 2025 AIM Global Summit in the UAE, we signed a strategic agreement with the Organizing Committee of the China International Investment and Trade Fair, CIIE. As our flagship invest in China initiative, CIIE will draw on our global communication network and integrated service capabilities to evolve from a regional platform into a global hub for investment and innovation. For us, this collaboration enables deeper connection with global enterprises, leveraging our Chinese-speaking users across the globe, 300 million social media followers and regional resources to help international brands connect with Chinese audiences and establish a strong foothold in the market. In an increasingly complex world, we remain committed to our role as a responsible and innovative media company. We will continue to leverage our strength as a global leader in Chinese language media rooted in professional journalism and guided by an international perspective to deepen integration across content and commerce and drive sustainable development amid uncertainty. This concludes our CEO, Mr. Sun's prepared remarks. I will now walk you through our financial performance for the second quarter of 2025. All features mentioned will be in RMB. Our total revenues were RMB 187.1 million, representing an 11.2% increase year-on-year from RMB 168.3 million. Specifically, net advertising revenues were RMB 153.3 million compared to RMB 154.7 million in the same period of last year. Paid services revenues were RMB 33.8 million, representing a 148.5% increase year-on-year from 13.6 million, primarily driven by revenue generated from our digital reading services offered through mini programs on third-party applications. Cost of revenues decreased by 7.6% to RMB 95.1 million from RMB 102.9 million in the same period of last year. Total operating expenses were RMB 99.2 million, reflecting a 33.5% increase year-on-year from RMB 74.3 million. This increase was primarily due to higher sales and marketing expenses incurred for the digital reading services mentioned earlier. Loss from operations was RMB 7.2 million compared to RMB 8.9 million in the same period of last year. Net loss attributable to iFeng was RMB 10.4 million compared to RMB 5.5 million in the same period of last year. Moving on to our balance sheet. As of June 30, 2025, the company's cash and cash equivalents, term deposits, short-term investments and restricted cash totaled RMB 982.3 million or approximately USD 137.1 million. Finally, I'd like to provide our business outlook for the third quarter of 2025. We forecast total revenues to be between RMB 203.4 million and RMB 218.4 million. For net advertising revenues, we projected between RMB 168.4 million and RMB 178.4 million, while for paid service revenues, we projected between RMB 35 million and RMB 40 million. This forecast reflects our current and preliminary view, which is subject to change and substantial uncertainties. This concludes the prepared portion of our call. We are now ready for questions. Operator, please go ahead.

Operator: [Operator Instructions] We will now take our first question from the line of Alice Tang from First Shanghai.

Alice Tang: My question is regarding recent industry reports showing that the overall advertising market remained relatively flat for the first half of the year. How would that affect the company? Could you please share your views and outlook on this core business segment, please?

Xiaoqing Lu: Okay. Thank you, Alice. Yes, of course, the overall ad market wasn't very strong in the first half of the year. Actually, in the second quarter, many of our advertising clients stayed cautious pretty much the same trend we saw in the first quarter. Looking at different client sectors, areas such as

entertainment, tourism and retail performed well, but auto and alcohol real estate kept slowing down. For us, we were able to keep our ad business relatively stable in the second quarter. That's mainly because we have spent the past few years diving deep into understanding what our clients really need and using our strength to support them. Right now, many brands are trying to create new demand at home while also looking to grow overseas. Even in today's fragmented media landscape, we still play a strong role as a trusted mainstream outlet, which gives us an edge in brand credibility, whether through our content events or international marketing efforts, we've built a solid reputation with clients. One good example is our Global Expansion Summit in June, which received a lot of positive feedback. And at the end of the day, it's about focusing on what we are good at. That's what helps us stay competitive even in a tough market. Okay. Thank you, Alice.

Operator: I'm showing no further questions. I'll now turn the conference back to Muzi Guo for her closing comments.

Muzi Guo: Thank you. This concludes our Q&A session and conference call for today. If you have any additional questions, please don't hesitate to contact us. Thank you for joining us today. Have a great day.

Operator: Thank you for your participation in today's conference. This does conclude the program. You may now disconnect your lines.