

FENG Earnings Call Transcript

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

Muzi Guo: Thank you, operator. Welcome to Phoenix New Media's Earnings Conference Call for the third 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 for joining today's call. This quarter, we stayed focused on both quality content and brand impact. Our reports around major social and cultural moments continue to perform well across platforms, while flagship events also achieved strong market response. From trending coverage to large-scale campaigns, we helped clients amplify their presence and connect with audiences in meaningful ways. These efforts reflect our ability to combine storytelling, marketing and innovation, keeping our brand relevant and resilient in a cautious ad market. Now I'll hand over to Edward for a more detailed update on our business progress and financial results.

Xiaoqing Lu: Okay. Thank you, Muzi. In the third quarter, through high-quality original content, innovative product experiences and influential offline events, we further strengthened our influence and reputation in the media industry while achieving solid progress in both commercialization and user engagement. Our newsroom once again demonstrated its agility and depth in covering major news and breaking events. During the highly anticipated September 3 military parade, our 5-hour live broadcast on Phoenix military channel drew over 32 million total views across platforms, underscoring the strong audience trust in our in-depth coverage. During Typhoon Huajiasha, our live stream delivered continuous 3D reporting where our Tang Bohu column reported the natural disaster with sharp investigative storytelling that inspired public reflection and trended widely on Weibo, achieving both depth and broad reach. On the international front, the Phoenix Insights column provided balanced analysis of the U.S.-Russia Summit through exclusive interviews with leading experts from the U.S., Russia and Ukraine. The series was reported by influential publications such as Beijing Culture Review, earning strong recognition among professional and academic readers. Our media influence and the capabilities to integrate resources also supported significant growth in the public and the regional sectors. In early September, as the exclusive media partner and co-organizer, we successfully hosted the Shanxi Culture and Tourism Development Promotion Event centered on integration, collaboration and consumption. The 2-day event generated more than 2 billion online impressions in 29 trending mentions across major platforms, rejuvenating Shanxi's culture tourism brand with a modern image. Also in September, we hosted the Phoenix Bay Area Finance Forum 2025 in Guangzhou. The forum achieved over 720 million total impressions and appeared on 3 trending lists. It trended simultaneously

on Weibo, Kuaishou and Douyin, highlighting its strong brand influence. The [Phoenix Star Awards] also triggered enthusiastic organic promotion from awardees and broad coverage from mainstream business and finance media outlets, creating a second wave of dissemination. Our key IP programs continued to deliver both impact and reputation throughout Q3. Our mini documentary journey continued to resonate emotionally through human-centered storytelling. Its feature on the sausage vendor angle experimented with a new program plus live stream commerce model, trending on Weibo with over 30 million total views. [RizTalk] maintained its premium standards with every original piece entering trending charts. The feature interview with cancer survivor and the vlogger, [indiscernible] was especially noted for its worth and humanity, earning widespread praise as one of the most moving stories of the quarter. Meanwhile, [Key Talk Alliance] expanded its international footprint through participation in global events such as EFA Berlin, empowering brands across markets and effectively transforming content influence into commercial value. While our flagship event generated large-scale offline buzz, our daily operations continued converting that momentum into sustained user engagement. The number of our followers grew steadily across multiple platforms. For instance, our Phoenix video accounts gained nearly 0.5 million new followers this quarter alone, showing strong traction on video platforms. Our presence on RedNote also continued to build consistently expanding our reach among younger audiences. From a product standpoint, we further optimized the APP experience around reading, interaction and seamlessly integration with the HarmonyOS ecosystem. Our strategic cooperation with HarmonyOS began to bear fruit. Phoenix news app was showcased as one of few premium apps at Huawei's new product launch. Together with Huawei's Xiaoyi team, we co-developed an AI news feature and launched the Phoenix TV highlights app. Our quick news product will go live soon, completing our HarmonyOS product suite. In summary, in the third quarter, we strengthened our core advantages in authoritative reporting and brand events while achieving measurable progress in user engagement, commercial innovation and ecosystem expansion. Looking ahead, we will continue to prioritize content innovation and IT creation, enhance brand influence, diversify monetization channels and improve operational efficiency to drive sustainable long-term growth. This concludes our CEO, Mr. Sun's prepared remarks. I will now walk you through our financial performance for the third quarter of 2025. All figures mentioned will be in RMB. Our total revenues were RMB 200.9 million, representing a 22.3% increase year-on-year from RMB 164.3 million. Specifically, net advertising revenues were RMB 159.3 million, representing a 7.3% increase year-on-year from RMB 148.4 million. Paid services revenues were RMB 41.6 million, representing a 161.6% increase year-on-year from RMB 15.9 million, primarily driven by revenue generated from our digital reading services offered through mini programs on third-party applications. Cost of revenues increased by 3.1% to RMB 105.2 million from RMB 102 million in the same period of last year. Total operating expenses were RMB 109 million, reflecting a 23.6% increase year-on-year from RMB 88.2 million. This increase was primarily due to higher sales and marketing expenses incurred from the digital reading services mentioned earlier. Loss from operations was RMB 13.3 million compared to RMB 25.9 million in the same period of last year. Net loss attributable to iFeng was RMB 4.9 million compared to RMB 18.5 million in the same period of last year. Moving on to our balance sheet. As of September 30, 2025, the company's cash and cash equivalents, term deposits, short-term investments and restricted cash totaled RMB 1 billion or approximately USD 140.5 million. Finally, I'd like to provide our business outlook for the fourth quarter of 2025. We forecast total revenues to be between RMB 205.9 million and RMB 220.9 million. For net advertising revenues, we project between RMB 171.4 million and RMB 181.4 million, while for paid service revenues, we project between RMB 34.5 million and RMB 39.5 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: The company's advertising business managed to grow in the third quarter despite market pressure. Could you please share how this was achieved? And what's your outlook for the ad market in Q4?

Xiaojing Lu: Thank you, Alice. It's a good question. Actually, achieving growth in advertising revenue

under current conditions was not easy. Many clients are still very cautious with their budgets and their marketing is changing faster than before. This brought more challenges for us. Actually, we focus on 2 main areas. First, each client industry sales unit now works more closely with related content teams, sharing insights and taking joint responsibilities for business results. This helped us respond to clients faster and more precisely. Second, we followed the marketing trends and used our media influence to connect with more key clients. For example, in Q3, we organized the Shanxi Culture and Tourism promotion event, which involved the provincial government and multiple partners, strengthening our ability to serve public sector clients. Another highlight is our [Star Anchor] program. It started last year and has tripled its revenue this year. The program helps brand fans and train new generation hosts, meeting the rising demand for strong content creator. These efforts show how we are securing our position in the market. In the fourth quarter, competition will remain intense and cost control will stay critical, but we will keep focusing on innovation, improving our service capabilities and doing our best to maintain steady performance.

Operator: Thank you, there are no further questions at this time. I'll now turn the conference back to Muzi Guo for her closing comments.

Muzi Guo: Thank you. We have now come to the end of our earnings conference call for the third quarter of 2025. If you have any additional questions, please don't hesitate to reach out to us. Thank you for joining us today, and have a nice day.

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