

s a n o m a

Full-Year Result 2022:

# Net sales continued to grow and operational EBIT was affected by inflation

Susan Duinhoven, President & CEO  
Alex Green, CFO



FY 2022

# Net sales continued to grow and operational EBIT was affected by inflation

Net sales

**1,298m€**

(2021: 1,252)

Organic net sales growth

**1%**

(2021: 7%)

Operational EBIT excl. PPA

**189m€**

(2021: 197)

Operational EBIT margin excl. PPA

**14.6%**

(2021: 15.8%)

Free cash flow

**112m€**

(2021: 140)

Net debt / Adj. EBITDA

**3.2**

(2021: 2.4)

- Growth in net sales driven mainly by the Italian and German acquisition in Learning; stable in Media Finland
- Operational EBIT excl. PPA declined in a challenging operating environment
  - Higher operating costs, especially paper, in both SBUs, partially mitigated by thoughtful cost management
  - Lower margin sales mix in Media Finland: lower advertising and higher events sales
- Lower free cash flow due to earnings impact, higher investments and costs related to recent acquisitions, partially mitigated by strong contribution of working capital from the acquired Italian business
- Higher debt due to the Italian and German acquisition resulted in a leverage of 3.2, slightly above the long-term target of <3.0
- Board proposes a dividend of 0.37€ per share (2021: 0.54), corresponding to 93% of underlying free cash flow <sup>1)</sup>
- Outlook: In 2023, Sanoma expects that the Group's reported net sales will be EUR 1.35–1.4 billion (2022: 1.3). The Group's operational EBIT excluding PPA is expected to be between EUR 150–180 million (2022: 189)

FY 2022

# Solid underlying performance in both businesses in a challenging environment

## We strengthened our position as one of the global leaders in K12 education

- The acquired Italian and German business had a positive earnings and cash flow contribution
- In Spain, solid net sales growth and performance during the first year of the curriculum renewal, and successfully completed integration
- Increased scale and harmonisation of digital platforms for future operational benefits

## We continued our successful digitalisation in Media Finland

- Clear growth in the number of visits in all our digital news platforms
- Solid growth in the digitally active subscriptions of both Helsingin Sanomat and regional news media
- Growing net sales and paying subscriber base of SVOD service Ruutu+

## Improved sustainability performance reflected in higher ESG ratings

- Further improvement in key ESG ratings, especially ISS (Prime C+) and CDP (A-)
- Inclusion in Nasdaq Helsinki Sustainability Index as of December 2022
- Employee Experience Index stable at 7.3, above European benchmark of 7.1

## Our ambition

Group net sales over **2bn€** by 2030 at least **75%** from Learning

## Net sales grew driven by the acquisition in Italy and organic growth in learning content sales...

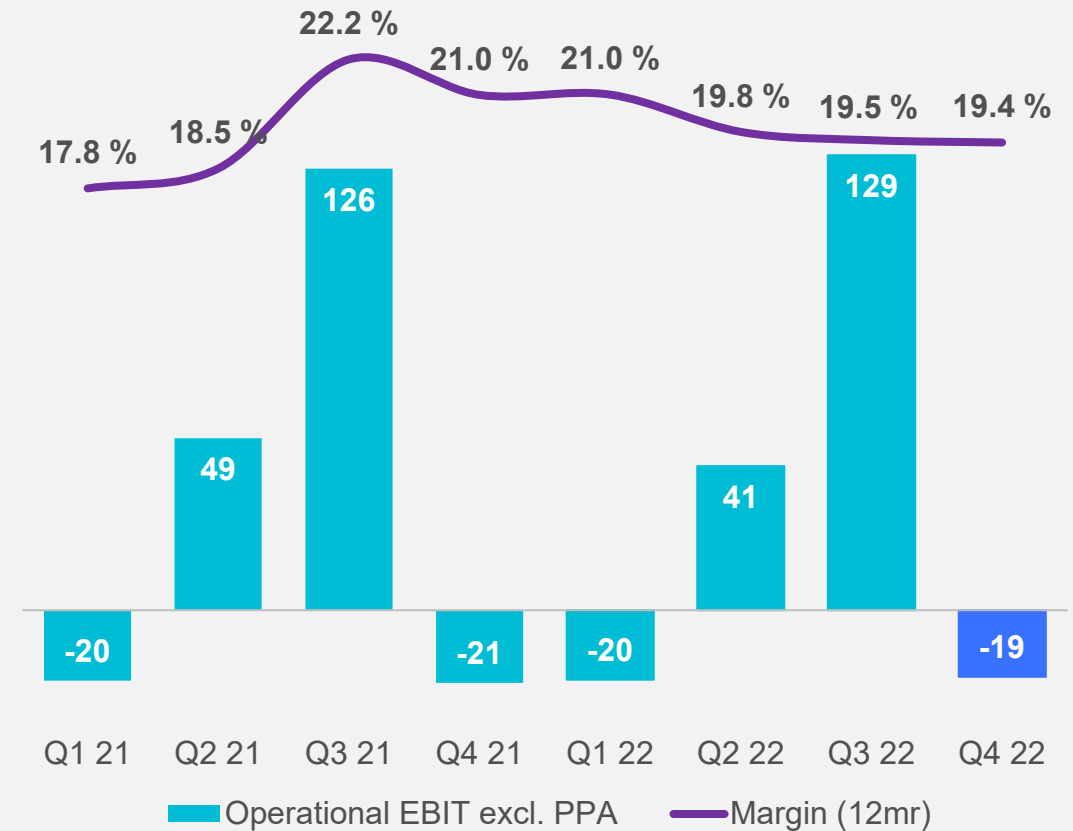
- Net sales grew to 681m€ (2021: 637)
  - The acquired Italian and German business made a 37m€ contribution to the net sales growth for September-December
  - Comparable net sales growth was 1% (2021: 7%) with strongest growth in Spain and the Netherlands
    - In Spain, growth was driven by the first year of the curriculum renewal, which will continue in 2023–2024
    - In the Netherlands, growth was attributable to growth in content sales from both market demand increase and share gains
    - Modest growth also in all other content businesses and in the Dutch distribution business
  - In Poland, net sales declined, as expected, following the ending of the latest curriculum renewal in 2021



# ...while earnings were stable

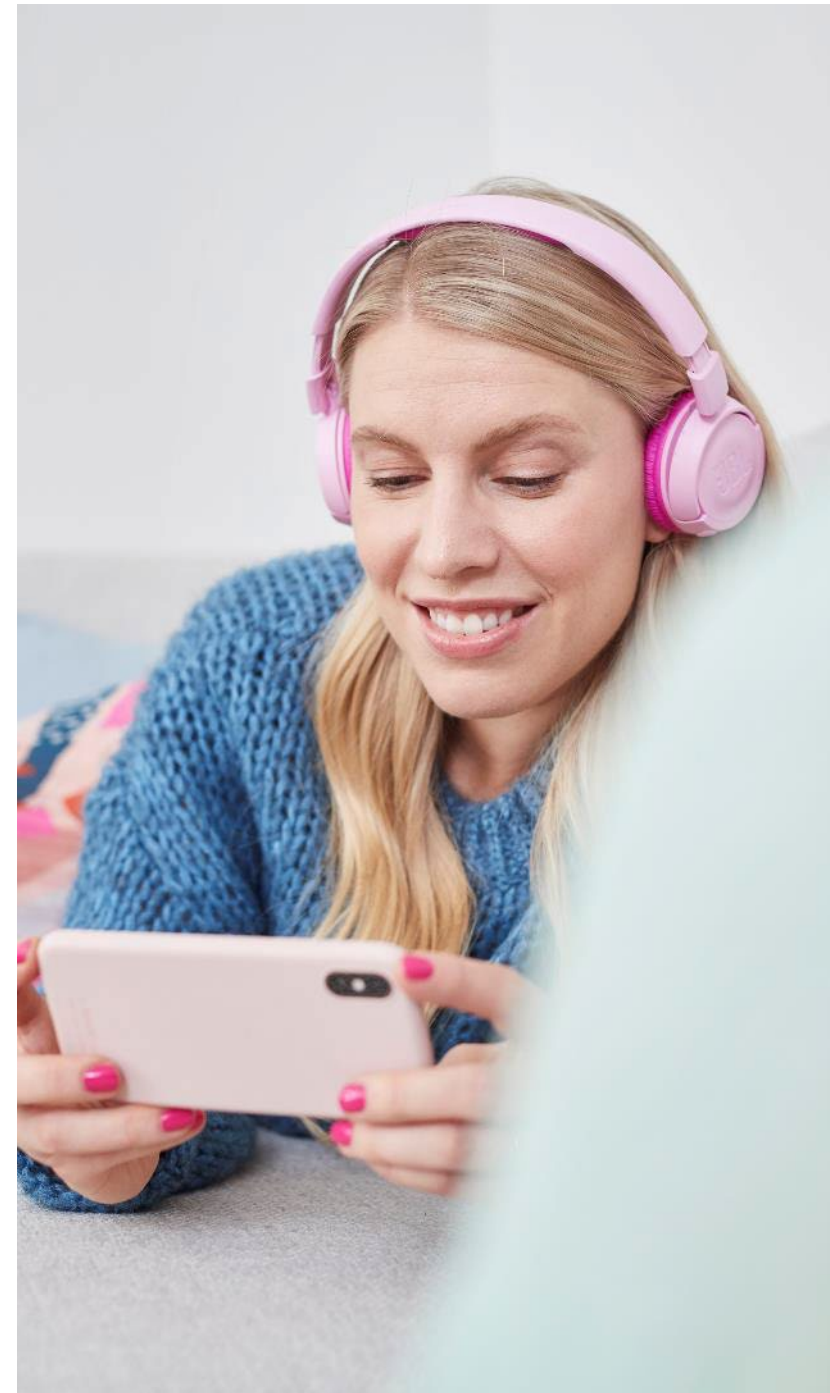
- Operational EBIT excl. PPA was 132m€ (2021: 134)
  - The acquired Italian business had 5m€ positive impact on earnings as indicated at closing
  - Earnings in the learning content businesses improved slightly in all major markets, partially offsetting the decline in Poland
  - Inflationary costs, esp. paper, had an adverse impact on earnings as price lists were set in the start of the year
    - Will take 1–2 years before the full impact of high inflation is mitigated by price increases
  - The Dutch distribution business was loss-making in 2022 due to inflationary cost pressures, shortage of labour, late deliveries from publishers during Q3 and competitive pressure in the market
    - Earnings improved in Q4 as a result of delayed deliveries from the Q3 high season

Operational EBIT excl. PPA  
m€



## Net sales remained stable...

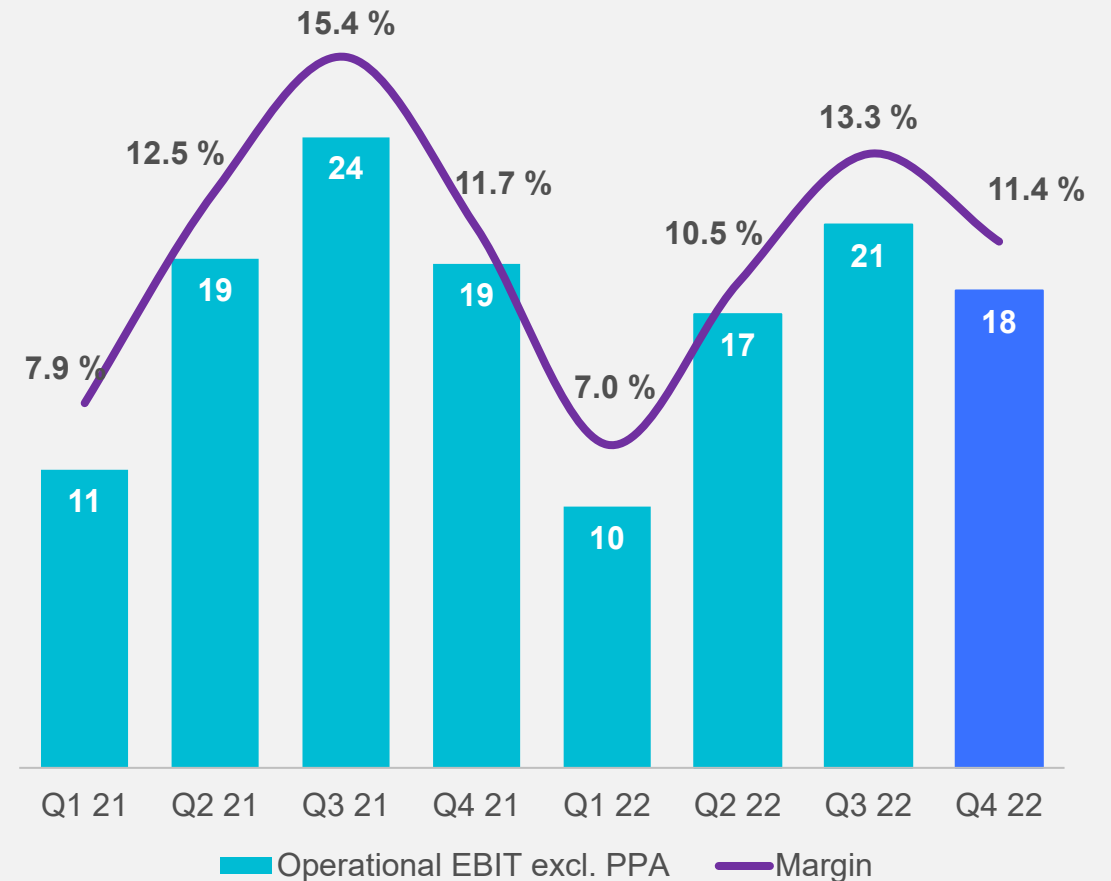
- Net sales amounted to 618m€ (2021: 615)
  - Total advertising sales declined
    - Digital and radio advertising sales grew
    - Print and TV advertising sales declined
  - Subscription sales were stable
    - Digital subscription sales continued to grow while print declined
  - Growth in lower margin events and external printing service sales offsetting the decline in higher margin advertising sales



## ...earnings impacted by lower advertising sales and higher paper costs

- Operational EBIT excl. PPA declined to 66m€ (2021: 74)
  - Advertising sales declined, while sales of lower margin events and external printing services grew
  - Higher paper costs had a negative impact on earnings despite being partially offset by savings in fixed costs resulting from continued cost management

Operational EBIT excl. PPA  
m€

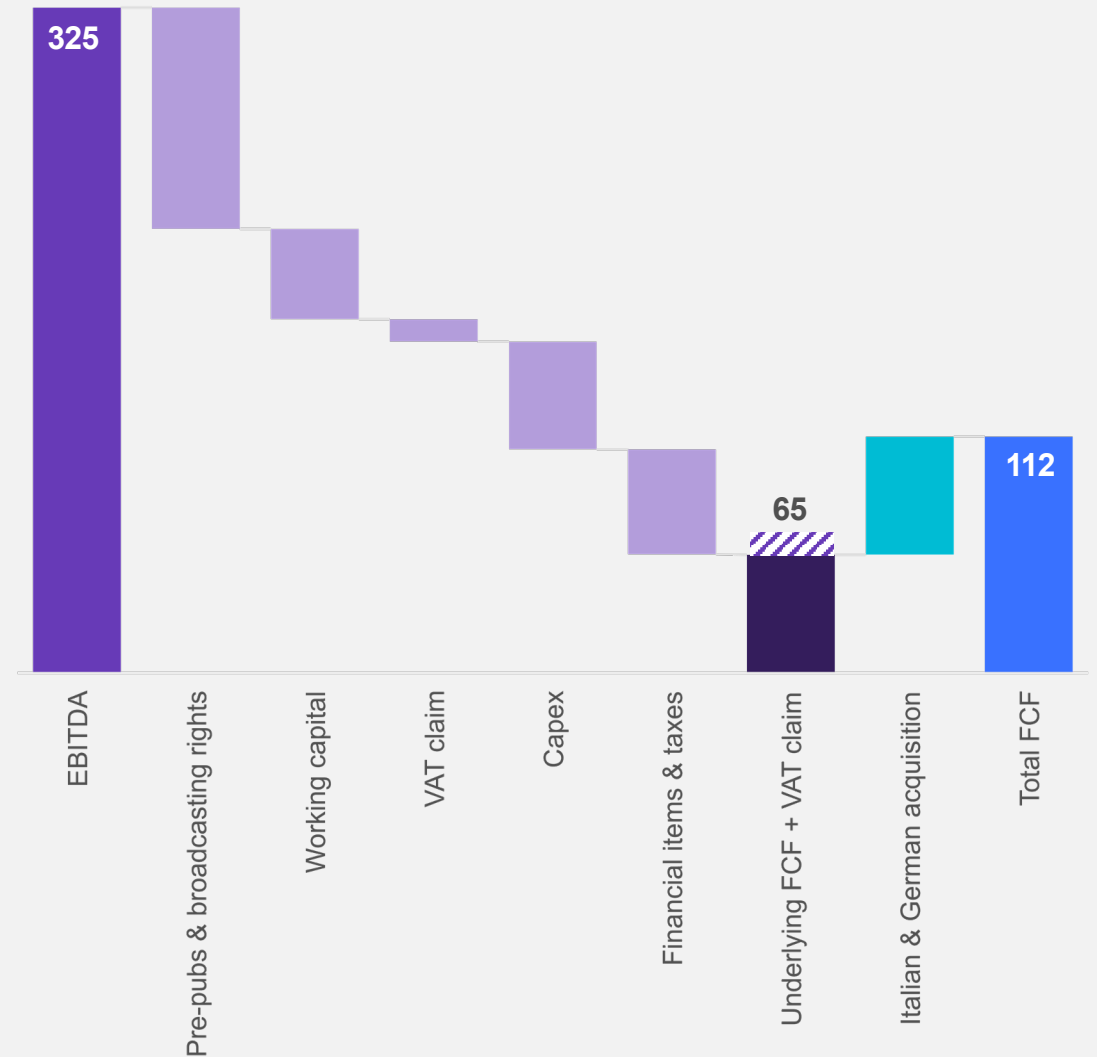


# Free cash flow was lower in 2022

- Free cash flow from the underlying business in 2022 significantly lower due to significant investments made
- Large positive contribution from the working capital of the Italian business due to
  - Timing of the acquisition near the end of the high season
  - Cash & receivables acquired with the business
- For dividend purposes, the 2022 FCF is adjusted for
  - + Pre-payments of the unjustified VAT claim
  - Operational cash flow of the acquired Italian and German business
- In 2023**, larger scale of the learning business will increase the seasonality between quarters and increase in working capital required in H1

## Free cash flow 2022

m€





# The Board proposes a reduced dividend of 0.37€

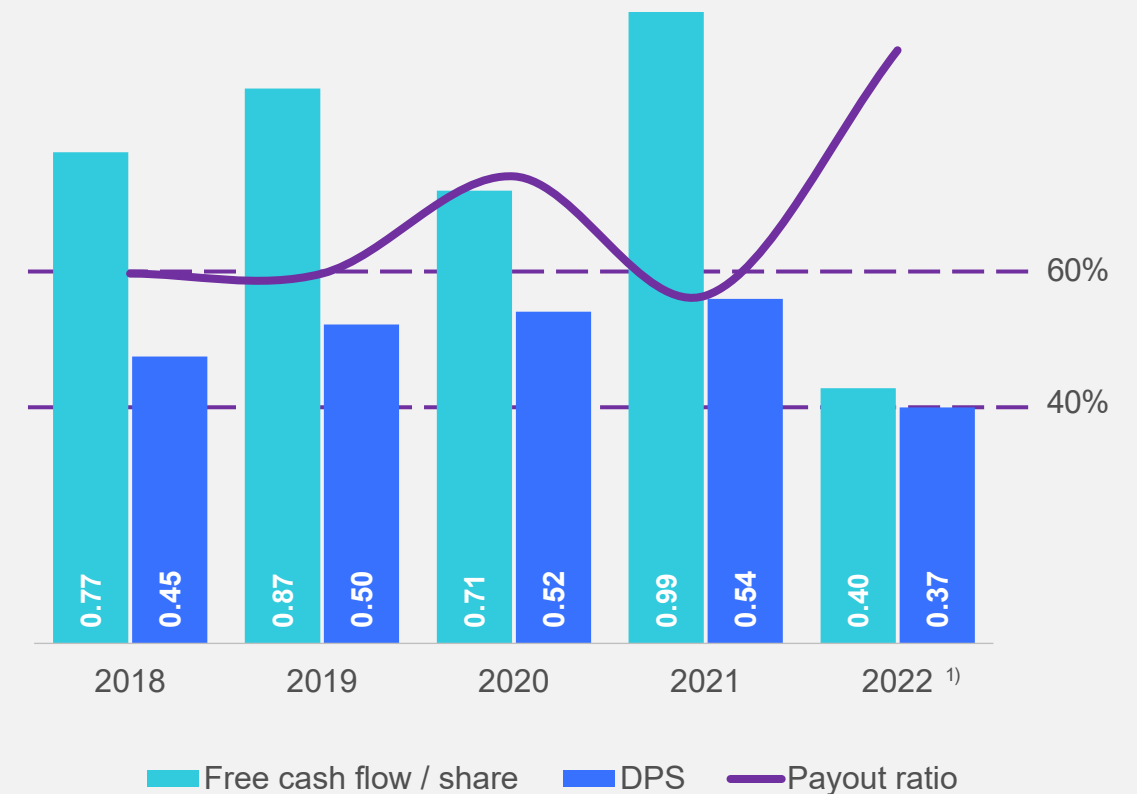
- The Board proposes a dividend of 0.37€ (2021: 0.54) per share to be paid for 2022 in order to balance capital use between dividend and continuing growth investments
  - Representing a total of approx. 60m€
  - Pay-out of 93% of underlying FCF <sup>1)</sup>
  - Yield 3.8% at end of 2022 share price
- To be paid in three parts following the seasonality in Sanoma's free cash flow
  - 0.13€ on 28 April (record date 21 April)
  - 0.13€ in September (record date tbc early September)
  - 0.11€ in November (record date tbc late October)

## Dividend policy:

Sanoma aims to pay an increasing dividend, equal to 40–60% of annual free cash flow

When proposing a dividend to the AGM, the Board of Directors will look at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.

## Dividend per share €



<sup>1)</sup> Underlying FCF 65m€ excl. operational cash flow of the acquired Italian and German business and the pre-payment of the VAT claim, dividend Board's proposal

# In 2023, we continue building the long-term strengths of our businesses

## Learning

- Organic growth driven by the continued implementation of the new curriculum in Spain and Poland returning to growth with the next renewal
- Continued successful integration of the acquired businesses
- Increasing cost level, esp. paper and personnel – will require 1–2 years to mitigate through price increases
- Continued, carefully considered investments in learning content and digital platforms

### Expected 2023 financial impact

- Organic growth within long-term target
- Higher operational EBIT resulting from recent acquisitions

### Long-term targets for SBUs unchanged

- Organic growth 2–5%
- Operational EBIT margin excl. PPA >23%

## Media Finland

- Expecting a mild recession in Finland leading to
  - Declining advertising market, while growth in digital continues
  - Weakening B2C demand due to lower consumer confidence, requiring sensitivity to utilise the price elasticity
- Continued focus on process improvement and thoughtful cost management to partially mitigate the significant inflation impact

- Modest net sales decline due to expected mild recession in Finland
- Significant inflation impact on operational EBIT

- Organic growth +/-2%
- Operational EBIT margin excl. PPA 12–14%

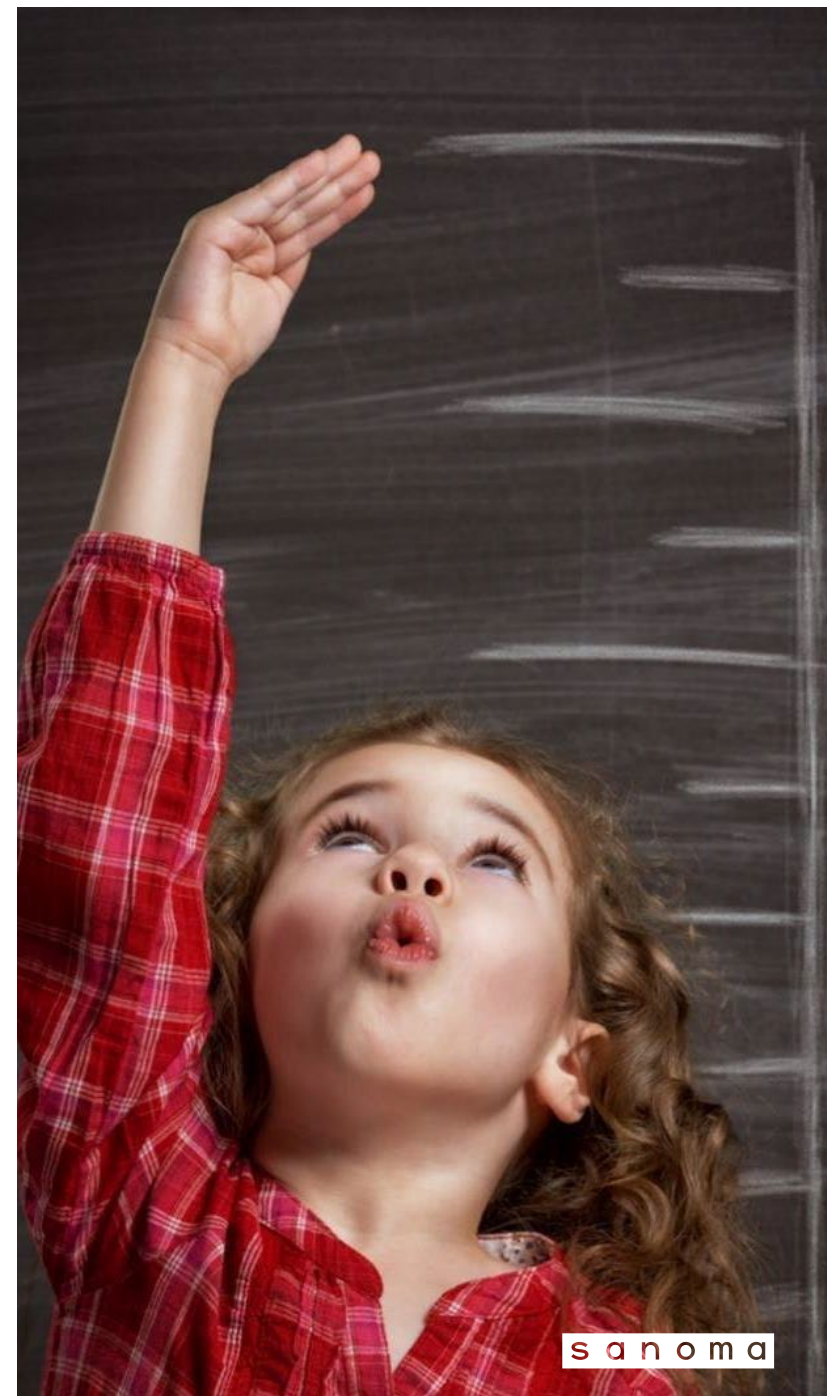
# Outlook for 2023

- In 2023, Sanoma expects that the Group's reported net sales will be 1.35–1.4bn€ (2022: 1.3)
- The Group's operational EBIT excluding PPA is expected to be 150–180m€ (2022: 189)
- Regarding the operating environment Sanoma expects that:
  - The economies in the Group's operating countries, particularly in Finland, will experience a mild recession
  - The advertising market in Finland will decline slightly, with most of the decline during the first half of the year



# 2030 growth ambition and long-term financial targets unchanged

- We are aiming for the Group's net sales to be **over 2bn€ by 2030**, with **at least 75% coming from the learning business**
  - Organic growth in-line with long-term targets in Learning and Media Finland
  - In Learning, focus on in-market acquisitions in the short-term, while we continue to be open to all value creating M&A opportunities if they arise
- Long-term targets for the SBUs unchanged
- Long-term financial targets for the Group unchanged:
  - Net debt / Adj. EBITDA <3.0
  - Equity ratio 35–45%



# Financials

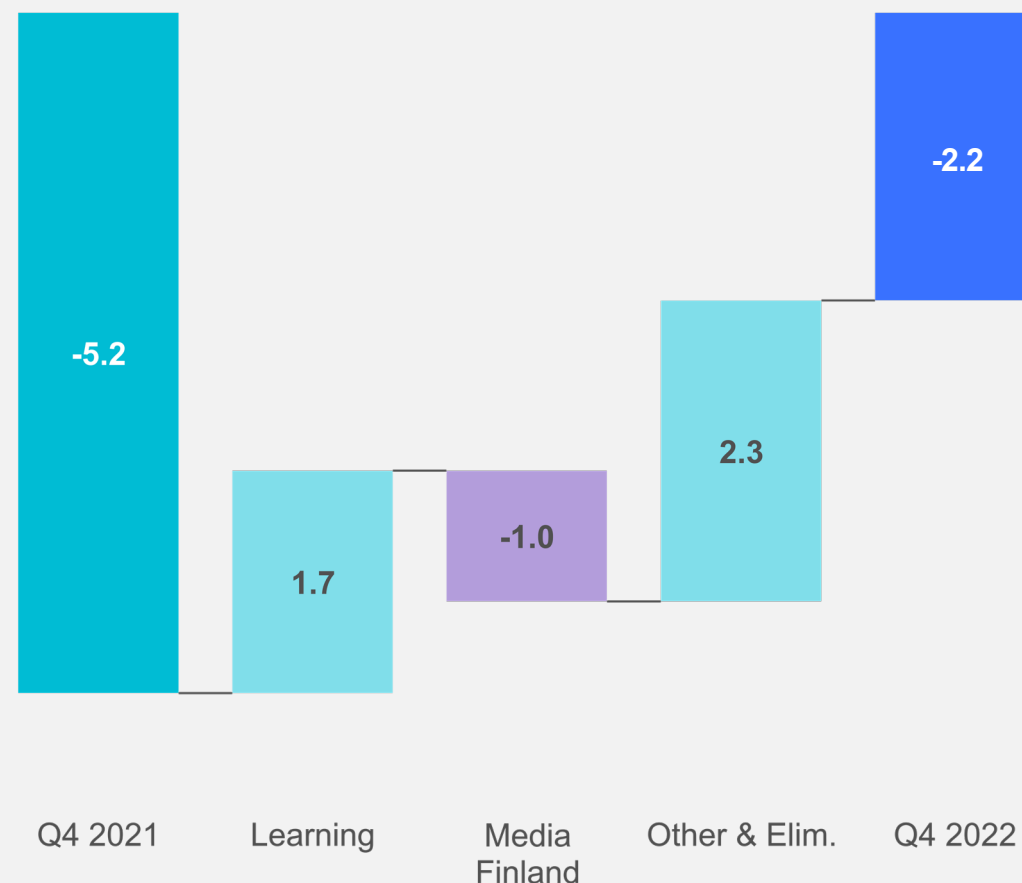


Q4 2022

# Operational EBIT improved while being seasonally negative

<b>Learning</b>	<ul style="list-style-type: none"><li>+ Solid performance in most major learning content markets</li><li>+ In the Dutch distribution business, delayed deliveries from Q3</li><li>- Seasonally negative contribution of the acquired businesses in Italy and Germany</li></ul>
<b>Media Finland</b>	<ul style="list-style-type: none"><li>+ Savings in fixed costs</li><li>+ Lower personnel expenses due to full-year STI adjustments</li><li>- Lower advertising sales</li><li>- Higher paper costs</li></ul>
<b>Other &amp; elim.</b>	<ul style="list-style-type: none"><li>+ Mainly lower personnel expenses due to adjustments of STIs and LTIs</li></ul> <p>➤ <b>FY 2023</b> costs expected to be clearly above 2022 level mainly due to more normalised bonus provision levels</p>

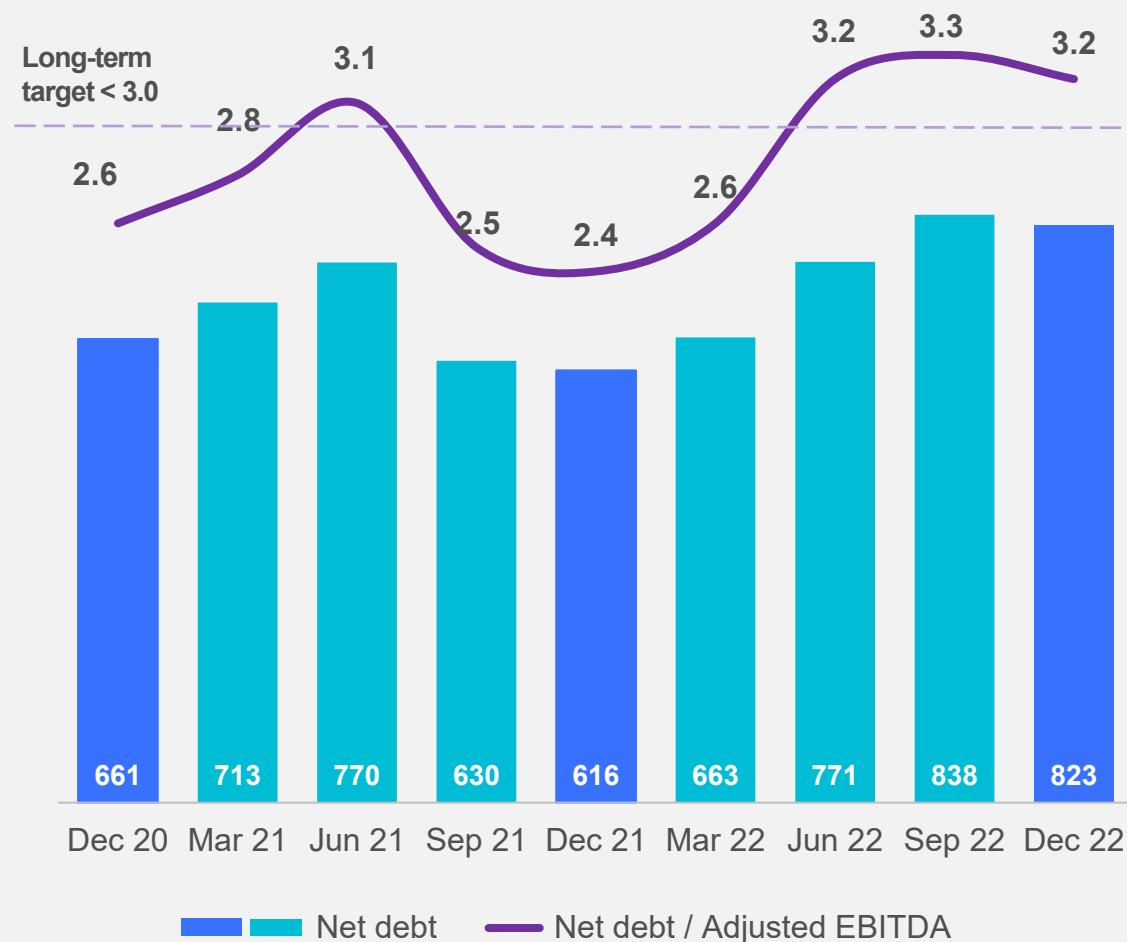
Operational EBIT excl. PPA Q4 2022 vs. Q4 2021  
m€



# Net debt and leverage increased with the acquisition in Italy and Germany

- Net debt / Adj. EBITDA was 3.2 (2021: 2.4), above the long-term target of <3.0
- Interest-bearing net debt totalled 823m€ (2021: 616)
- Equity ratio was 35.8% (2021: 40.6%), low end of the long-term target range of 35–45%
- Net financial expenses
  - Q4 2022: Amounted to 6m€ (2021: positive 1) mainly driven by the higher debt due to the Italian and German acquisition and higher interest rates
  - FY 2022: Increased to 13m€ (2021: 9) due to acquisition and higher average interest rate of external loans 1.5% (2021: 1.1)
  - **In 2023**, financial expenses expected to increase significantly due to increased market rates and higher average debt level
- **In 2023**, larger scale of the learning business, inflation and higher financial expenses will increase the seasonality between quarters and need for working capital in H1

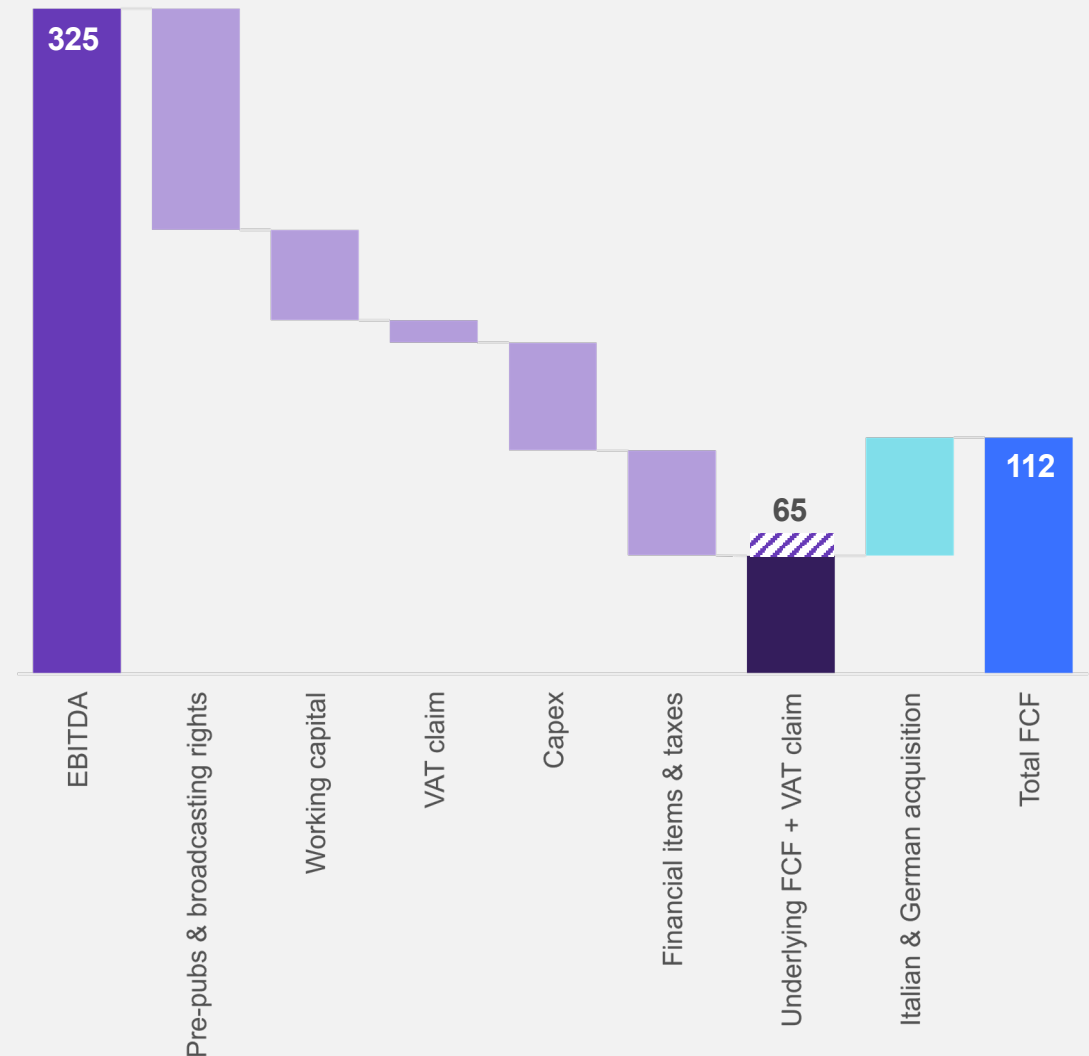
## Net debt m€



# The Italian business had a significant positive impact on free cash flow in 2022 due to timing of the acquisition...

- Significantly lower underlying free cash flow due to
  - Lower EBITDA incl. transaction and integration costs of recent acquisitions
  - Higher investments in learning content
  - Higher working capital with build-up of inventory in Spain and longer payment terms and timing of collections in Spain and Italy
  - Higher capex esp. in digital platforms and office adaptation
  - Higher taxes paid for strong 2021 result
- + Significant contribution to the operating cash flow by the acquired working capital of the Italian business due to timing of the acquisition at end of high season and cash & receivables acquired with the business

Free cash flow 2022  
m€

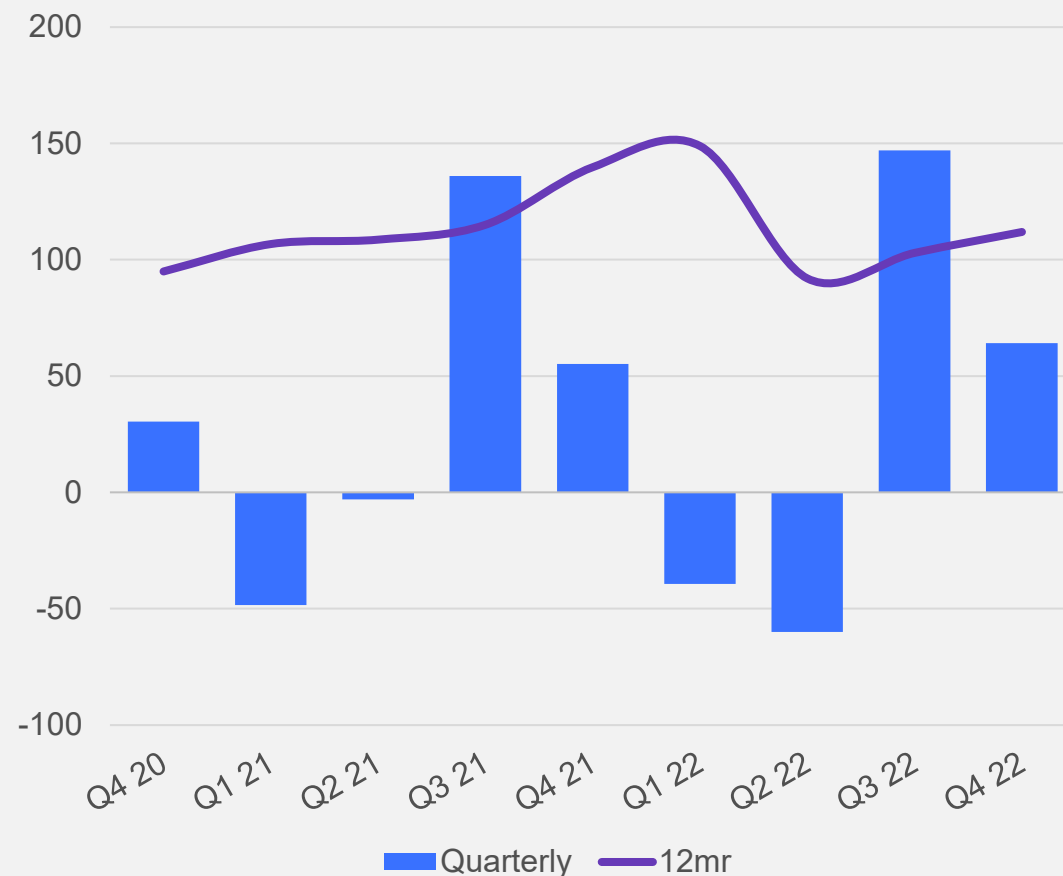




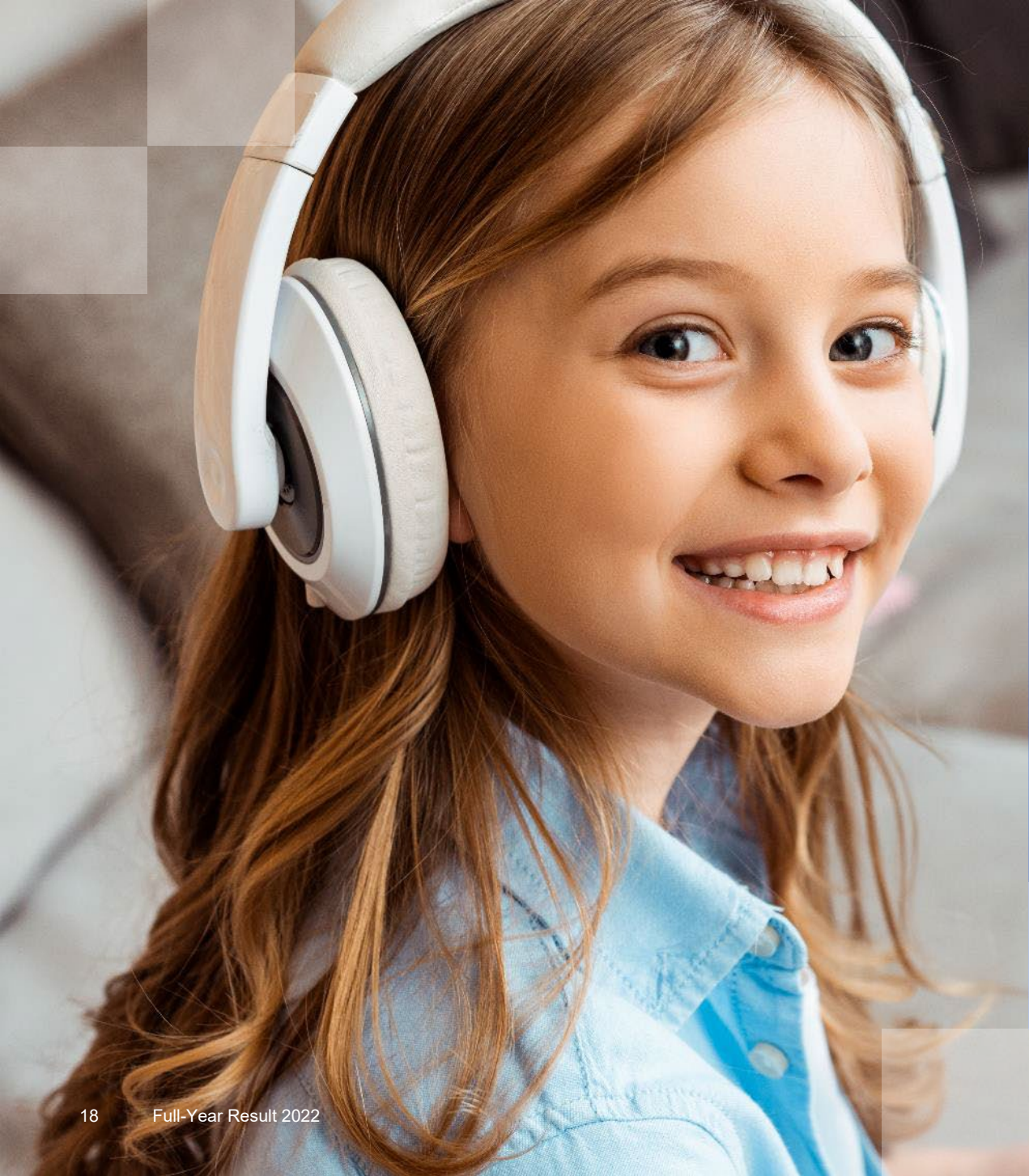
## ... while 2023 free cash flow expected to decline temporarily

- Key items impacting the 2023 free cash flow
  - + Improved working capital
  - Lower EBITDA in Media Finland
  - Integration project costs of the Italian business
  - Continued investments in business development and digital platforms
  - Significantly higher financial expenses
  - Normalised annual operating cash flow of the acquired Italian and German business

Free cash flow  
m€



Free cash flow = Cash flow from operations less capital expenditure



## Financial reporting in 2023

Financial Statements and  
Directors' Report for 2022 week 10

AGM 2023 Wed 19 April

Interim Report Q1 2023 Thu 4 May  
Half-Year Report 2023 Wed 26 July  
Interim Report Q3 2023 Thu 26 October



**Q&A**


# Appendix



# Sanoma in 2022

NET SALES  
 **1,298m€**

NON-PRINT SALES  
 **57%**

OPERATIONAL EBIT MARGIN  
 **14.6%**

PERSONNEL  
 **over 5,000**

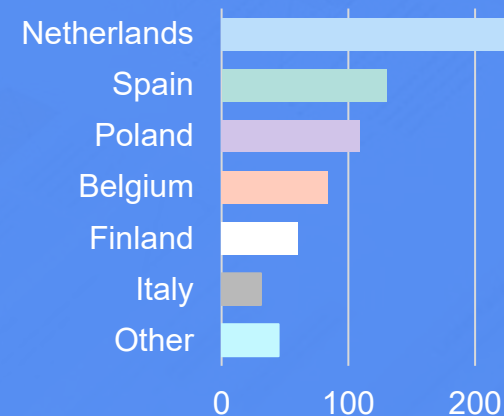
## Learning

Net sales **681m€**

Non-print **62%**

Margin **19.4%**

### NET SALES, m€



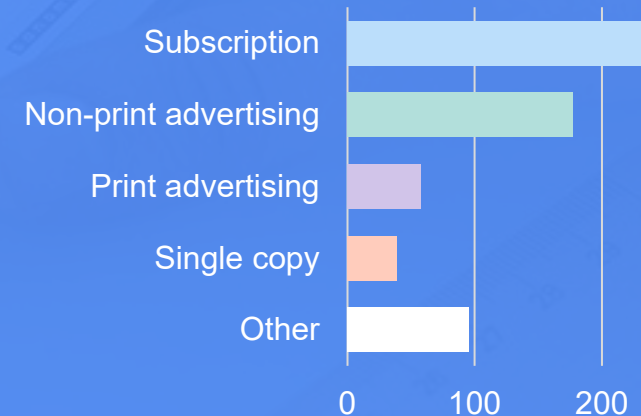
## Media Finland

Net sales **618m€**

Non-print **52%**

Margin **10.6%**

### NET SALES, m€



# Group key figures Q4 2022

m€	Q4 2022	Q4 2021
Net sales	259.5	252.4
Operational EBITDA	45.3	42.1
margin	17.4%	16.7%
Operational EBIT excl. PPA	-2.3	-5.2
margin	-0.9%	-2.1%
EBIT	-20.8	-18.5
Result for the period	-21.1	-13.9
Free cash flow	64.2	55.2
Equity ratio	-	-
Net debt	-	-
Net debt / Adj. EBITDA	-	-
Operational EPS, €	-0.07	-0.06
EPS, €	-0.13	-0.09

	Q4 2022	Q4 2021
Average number of employees (FTE)	5,018	4,885
Number of employees at the end of the period (FTE)	5,079	4,822

All income statement related figures cover Continuing operations only. Balance sheet and cash flow figures cover also Discontinued operations.

# Group key figures FY 2022

m€	2022	2021
Net sales	1,298.3	1,251.6
Operational EBITDA	355.4	361.0
margin	27.4%	28.8%
Operational EBIT excl. PPA	189.3	197.2
margin	14.6%	15.8%
EBIT	112.0	142.4
Result for the period	77.0	101.4
Free cash flow	111.7	139.7
Equity ratio	35.8%	40.6%
Net debt	823.4	616.4
Net debt / Adj. EBITDA	3.2	2.4
Operational EPS, €	0.65	0.69
EPS, €	0.47	0.62

	2022	2021
Average number of employees (FTE)	5,018	4,885
Number of employees at the end of the period (FTE)	5,079	4,822

All income statement related figures cover Continuing operations only. Balance sheet and cash flow figures cover also Discontinued operations.

# Learning: Quarterly key figures

m€	FY 22	FY 21	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Net sales	<b>681.0</b>	637.3	<b>101.6</b>	360.3	149.8	69.3	88.5	331.6	149.0	68.2
Operational EBITDA	<b>212.8</b>	213.1	<b>4.8</b>	150.7	58.6	-1.3	3.0	144.9	66.0	-0.9
Operational EBIT excl. PPA	<b>131.8</b>	133.9	<b>-18.9</b>	129.4	41.0	-19.7	-20.6	125.6	48.9	-20.0
margin	<b>19.4%</b>	21.0%	<b>-18.6%</b>	35.9%	27.4%	-28.4%	-23.3%	37.9%	32.8%	-29.3%
IACs	<b>-32.2</b>	-11.1	<b>-6.3</b>	-22.3	-2.6	-1.0	-4.4	-4.3	-0.9	-1.6
PPAs	<b>-32.5</b>	32.2	<b>-8.8</b>	-8,7	-7.9	-7.0	-6.6	-9.2	-9.3	-7.2
EBIT	<b>67.2</b>	90.5	<b>-34.0</b>	98.4	30.5	-27.7	-31.6	112.2	38.7	-28.7
Capital expenditure	<b>40.4</b>	33.7	<b>12.5</b>	7.7	11.2	8.9	9.7	7.7	8.2	8.0
Average number of employees (FTE)	<b>2,717</b>	2,599	<b>2,717</b>	2,674	2,605	2,591	2,599	2,601	2,592	2,581



# Adjusted key figures of Pearson Italy and Germany

(preliminarily adjusted for IFRS and Sanoma accounting principles, unaudited)

## Quarterly figures

m€	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net sales, total	31	11	18	58	29	12
Operational EBIT excl. PPA	6	-4				

## FY figures

m€	FY 2021	FY 2020
Net sales, total	117	113
- Italy	104	100
- Germany	13	13
Operational EBITDA	30	29
Operational EBIT excl. PPA	18	17
Cash flow from operations	14	13

The acquisition of Pearson Italy and Germany was completed on 31 August 2022, and they are included in the Learning SBU figures as of 1 September 2022. Their net sales contribution for Q3 2022 was 21m€.

# Media Finland: Quarterly key figures

m€	FY 22	FY 21	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Net sales	<b>618.1</b>	615.3	<b>158.0</b>	154.8	163.7	141.6	164.1	154.8	154.1	142.2
Operational EBITDA	<b>150.2</b>	155.0	<b>41.7</b>	39.2	38.8	30.7	41.9	40.9	40.0	32.2
Operational EBIT excl. PPA	<b>65.8</b>	73.5	<b>18.1</b>	20.6	17.2	9.9	19.1	23.9	19.3	11.3
margin	<b>10.6%</b>	11.9%	<b>11.4%</b>	13.3%	10.5%	7.0%	11.7%	15.4%	12.5%	7.9%
IACs	<b>-4.6</b>	-6.1	<b>-2.5</b>	-0.7	-0.8	-0.6	-1.7	-0.8	-1.5	-2.1
PPAs	<b>-6.9</b>	-6.8	<b>-1.7</b>	-1.7	-1.8	-1.8	-1.7	-1.7	-1.7	-1.7
EBIT	<b>54.3</b>	60.6	<b>13.9</b>	18.2	14.6	7.5	15.7	21.3	16.1	7.5
Capital expenditure	<b>8.9</b>	4.9	<b>2.3</b>	2.6	3.0	1.1	1.1	1.2	1.0	1.5
Average number of employees (FTE)	<b>2,160</b>	2,072	<b>2,160</b>	2,178	2,158	2,099	2,072	2,090	2,082	2,056

# Finnish advertising market development 1/2

## Finnish measured media advertising markets

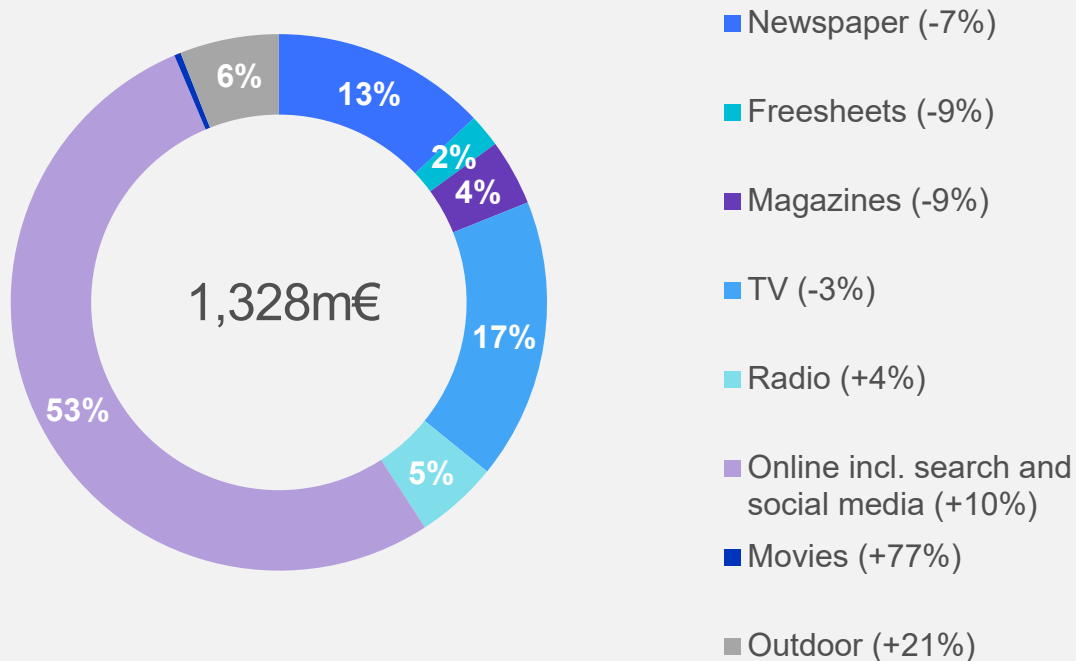
	FY 22	Q4 22	Q3 22	Q2 22	Q1 22
Newspapers	-7%	-13%	-7%	-12%	0%
Magazines	-11%	-20%	-5%	-5%	-14%
TV	-3%	-5%	-4%	-1%	-2%
Radio	4%	-7%	-3%	12%	16%
Online (excl. search and social media)	5%	-1%	6%	4%	12%
<b>Total market</b>	<b>0%</b>	<b>-7%</b>	0%	2%	7%

	FY 21	Q4 21	Q3 21	Q2 21	Q1 21
	3%	2%	0%	36%	-14%
	-4%	-5%	-4%	11%	-16%
	9%	0%	4%	43%	-3%
	18%	21%	12%	47%	-7%
	18%	13%	14%	43%	6%
<b>Total market</b>	<b>10%</b>	<b>7%</b>	<b>7%</b>	<b>43%</b>	<b>-9%</b>

Source: Kantar TNS, Media Advertising Trends, September 2022

# Finnish advertising market development 2/2

## Share of media advertising groups and development in 2022 (change % vs 2021)

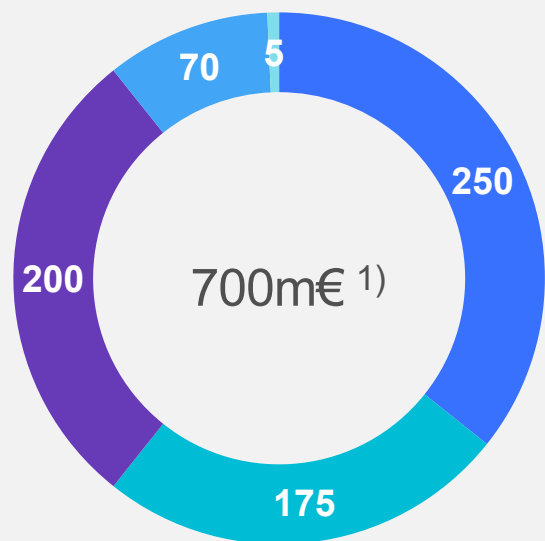


Source: Kantar TNS, Media Advertising Trends, December 2022

# We have a well-balanced debt portfolio

## External debt structure <sup>1)</sup>

m€, 31 December 2022

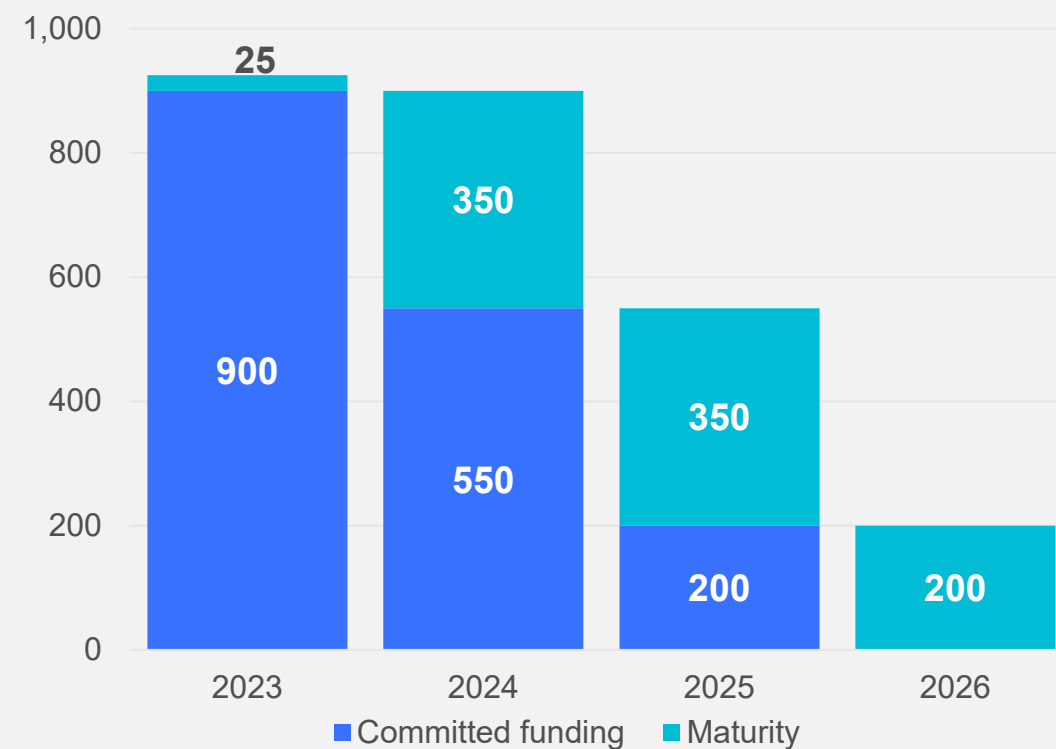


- Term loan 2022
- Term loan 2020
- Bond
- Commercial papers
- Other loans

<sup>1)</sup> Excl. IFRS 16 liabilities

## Maturity profile 2023–2026

m€, 31 December 2022



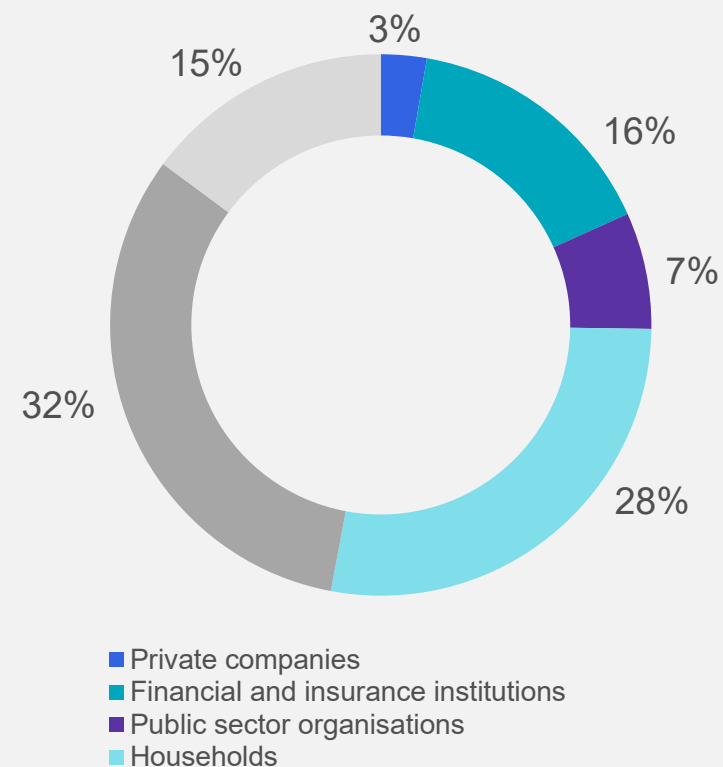
# Largest shareholders

31 December 2022

## Largest shareholders

Shareholders	Number of shares	% of shares
1. Jane and Aatos Erkkö Foundation	39,820,286	24.4
2. Antti Herlin Holding Manutas Oy: 12.10%, personal: 0.02%	19,816,800	12.1
3. Langenskiöld Robin	12,273,371	7.5
4. Seppälä Rafaela	10,273,370	6.3
5. Helsingin Sanomat Foundation	4,701,570	2.9
6. Ilmarinen Mutual Pension Insurance Company	4,371,800	2.7
7. Varma Mutual Pension Insurance Company	2,792,136	1.7
8. Elo Mutual Pension Insurance Company	1,980,000	1.2
9. Noyer Alex	1,903,965	1.2
10. Aubouin Lorna	1,852,470	1.1
<b>10 largest shareholders, total</b>	<b>99,785,768</b>	<b>61.0</b>
Foreign holding	24,299,328	14.9
Other shareholders	39,480,567	24.1
<b>Total number of shares</b>	<b>163,565,663</b>	<b>100.0</b>
<b>Total number of shareholders</b>	<b>23,482</b>	

## Holding by sector



# Analyst coverage

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