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Sanoma divests Sanoma Media Netherlands to DPG Media

Analyst conference, 10 December 2019

Susan Duinhoven, President & CEO
Markus Holm, CFO & COO

Sanoma divests Sanoma Media Netherlands to DPG Media

- Enterprise value (EV) of the divested business is EUR 460 million
 - Corresponding to EV / EBITDA multiple of 6.5 (LTM Q3 2019 adjusted)
- Sanoma Media Netherlands consists of leading Dutch and Belgian magazines (incl. Libelle, Donald Duck, vtwonen) and the online news brand NU.nl
 - Net sales EUR 360 million, operational EBIT excl. PPA EUR 70 million (LTM Q3 2019 adjusted)
 - Net sales split: 60% print, 29% non-print, 11% other (FY 2018)
- DPG Media is the leading Dutch and Belgian cross-media company with strong positions in news, radio and TV
- Transaction is subject to customary closing conditions
 - Expected closing latest during Q3 2020

Strategic rationale of the divestment

- An important step in Sanoma's strategic transformation from a predominantly media company into a combination of

**a growing European-based learning company
and the leading cross-media company in Finland**

- Provides approx. **EUR 400 million headroom for M&A**
 - Solid M&A pipelines for both businesses
 - Expected to materialise in 12-18 months
- Sanoma's exposure to print magazine business will be reduced
 - More difficult to convert to digital as a stand-alone business
- Media Netherlands will benefit from the opportunities and synergies only a leading Dutch and Belgian cross-media company can offer



Sanoma going forward: A growing European-based education company and the leading cross-media company in Finland

Sanoma Learning

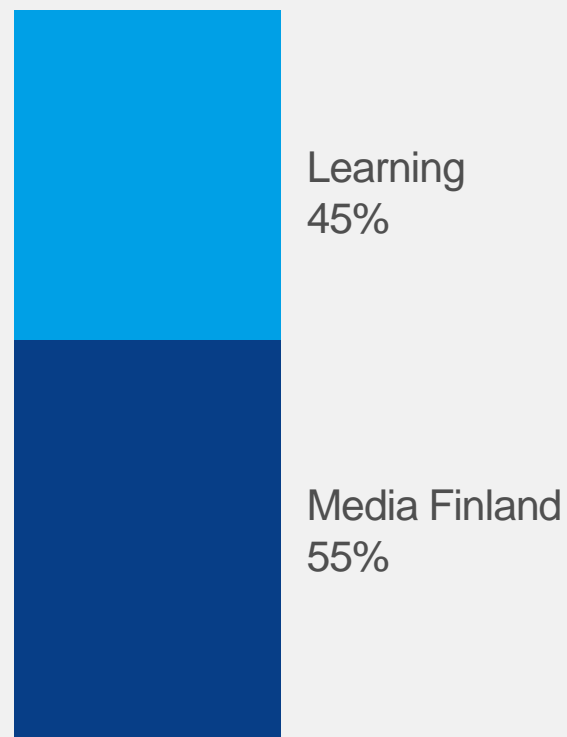
A growing European-based learning company offering blended ¹ learning solutions, platforms and educational services

Sanoma Media Finland

The leading cross-media company in Finland focusing on news & feature, entertainment and B2B marketing solutions

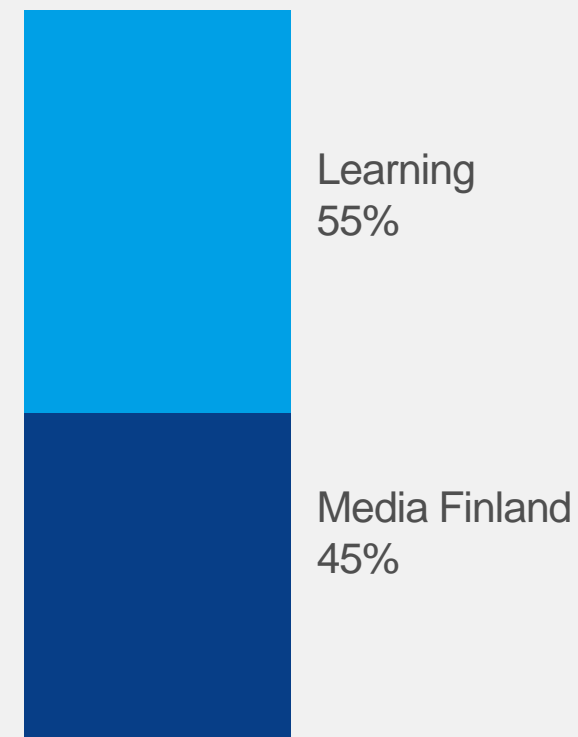
Net sales by SBU

Adjusted LTM Q3 2019 ²



Oper. EBIT excl. PPA by SBU

Adjusted LTM Q3 2019 ²



² Incl. Iddink, Essener and itslearning, excl. Sanoma Media Netherlands

M&A headroom of EUR 400 million, focusing especially on Learning

Headroom for acquisitions

**EUR
400
million**

**Sanoma
Learning**

**Sanoma
Media
Finland**

M&A focus areas

Using our scale and capabilities in learning design, education technology and services

- Entering new geographies
- Expanding offering in existing markets

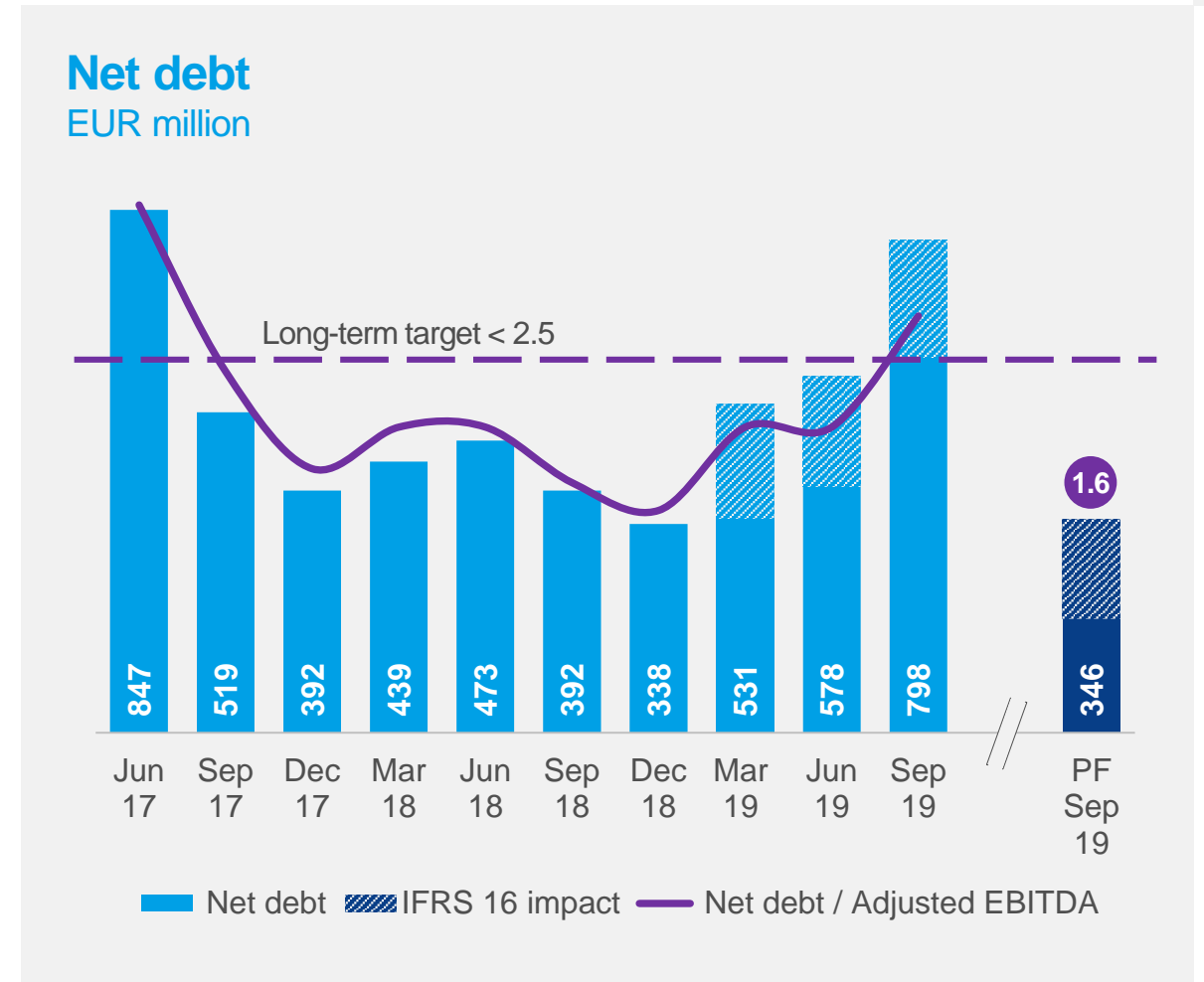
Bolt-on, synergetic acquisitions in

- News & Feature
- Entertainment
- B2B marketing solutions

**Solid M&A
pipelines for
both
businesses;
expected to
materialise in
12-18 months**

Our long-term financial targets remain unchanged

- Enterprise value (EV) EUR 460 million
 - Divestment proceeds used to reduce debt
 - Net debt decreases to EUR 346 million (pro forma 30 Sep 19)
 - Leverage decreases to 1.6 (pro forma 30 Sep 19)
- Sanoma's long-term financial targets remain unchanged
 - Growing dividend, 40-60% of free cash flow
 - Net debt / Adj. EBITDA < 2.5x
 - Equity ratio 35-45%



Financial impacts of the divestment

- Sanoma expects to book a non-cash capital loss of EUR 110 million incl. divestment-related transaction costs
 - Equity ratio expected to decrease temporarily below the long-term target level
- Transaction costs of EUR 7 million will be booked as items affecting comparability (IAC) in continuing operations Q4 2019 result
- Total goodwill in consolidated balance sheet expected to reduce by EUR 540 million to EUR 575 million (pro forma 30 Sep 19)
- Sanoma Media Netherlands will be reported as discontinued operations in Sanoma's 2019 financial statements
 - Continuing operations consist of Sanoma Learning and Sanoma Media Finland
- Dividend for 2019 will be determined based on free cash flow from both continuing and discontinued operations
- Outlook for 2019 is redefined to include continuing operations only, i.e.
 - Comparable net sales in line with 2018 and operational EBIT margin excl. PPA around 15%

Expected closing latest during Q3 2020

- Transaction is subject to customary closing conditions, including
 - Approval of competition authorities
 - Completion of works council consultation



Rob Kolkman appointed as CEO of Sanoma Learning as of 1 January 2020

- Rob has been the CEO of Sanoma Media Netherlands since 1 January 2019
- He will continue in both roles in parallel until the divestment of Sanoma Media Netherlands is completed
- Rob continues as a member of Sanoma's Executive Management Team
- Earlier work experience includes several senior management positions at
 - RELX Group, a global provider of information-based analytics and decision tools
 - BPP Professional Education, a global provider of business education



Analyst and Investor Update

18 December 2019

Starting at 8:30 with registrations and breakfast

Ending approx. at 12:00 with buffet lunch

Venue: Kämp Symposion, Kluuvikatu 4b, Helsinki, Finland

Presentations by the Group CEO and CFO will provide more information about Sanoma's strategy and financials after the divestment of Sanoma Media Netherlands, with a focus on the Learning business.

You can also follow the event via a live webcast.

For more information and to register, please contact IR
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Q&A



Appendix



Sanoma Media Netherlands: Quarterly key figures

| EUR million | Q3 19 | Q2 19 | Q1 19 | Q4 18 | Q3 18 | Q2 18 | Q1 18 | FY 18 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales | 87.4 | 93.6 | 85.3 | 113.8 | 106.0 | 108.4 | 95.8 | 424.0 |
| EBIT | 12.8 | 17.6 | 21.5 | 13.4 | 19.1 | 8.7 | 16.9 | 58.0 |
| Items affecting comparability (IACs) | -0.7 | -0.9 | 8.9 | -10.3 | 0.5 | -10.8 | 2.0 | -18.5 |
| Purchase price allocation (PPA) amortisations | -1.0 | -1.0 | -0.8 | -0.7 | -0.8 | -0.8 | -0.8 | -3.0 |
| Operational EBIT excl. PPA | 14.6 | 19.6 | 13.4 | 24.4 | 19.3 | 20.3 | 15.6 | 79.6 |
| margin | 16.7% | 20.9% | 15.8% | 21.4% | 18.2% | 18.7% | 16.3% | 18.8% |
| Capital expenditure | 0.1 | 0.1 | 0.9 | 0.8 | 0.3 | 0.3 | 0.9 | 2.3 |
| Average number of employees (FTE) | 914 | 937 | 979 | 1,059 | 1,051 | 1,049 | 1,054 | 1,059 |

Disclaimer

The information above contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance, including, but not limited to, expectations regarding market growth and development as well growth and profitability of Sanoma. In some cases, such forward-looking statements can be identified by terminology such as “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements included herein are based on information presently available to Sanoma and, accordingly, Sanoma assumes no obligation to update any forward-looking statements, unless obligated to do so pursuant to an applicable law or regulation.

Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Sanoma or otherwise to engage in any investment activity.

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