

Full-Year Result 2021:

# Strong growth in net sales and operational EBIT in both businesses

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

d

m

s

o

a

n

FY2021:

# Strong growth in net sales and operational EBIT in both businesses

Net sales

**1,252m€**

(2020: 1,062)

Comparable net sales growth

**7%**

(2020: -4%)

Operational EBIT excl. PPA

**197m€**

(2020: 157)

Operational EBIT margin excl. PPA

**15.8%**

(2020: 14.7%)

Free cash flow

**140m€**

(2020: 95)

Net debt / Adj. EBITDA

**2.4**

(2020: 2.6)

- The Group's net sales grew by 18% with 7% comparable growth
  - Acquisitions contributed 113m€ and organic growth 77m€
- Operational EBIT excl. PPA improved by 26% following the net sales growth
  - Margin improved by 1.1%-points
- Free cash flow improved by 45m€ following the EBITDA improvement and Santillana acquisition
- Leverage improved to 2.4, well below our long-term target of <3.0
- Board proposes a dividend of 0.54€ per share (2020: 0.52)
- Outlook for 2022:
  - The Group's reported net sales will be 1.25–1.30bn€ (2021: 1.25), and
  - Operational EBIT margin excl. PPA 15–16% (2021: 15.8%)



# Successful year with strong growth in a pandemic environment



## Integration of the acquired businesses proceeded successfully

- Santillana in Spain
- Regional news media business in Finland



## Digitalisation continued to support business transformation

- In Learning, continuing positive impacts especially in the Netherlands and itslearning
- In Media Finland, continuing solid growth both in digital subscriptions and digital advertising



## ESG performance improved

- Launch of Sanoma Sustainability Strategy
- Commitment to SBTi emission reduction targets and UN Global Compact
- Improvement in key ESG ratings – CDP score improved to B from earlier D

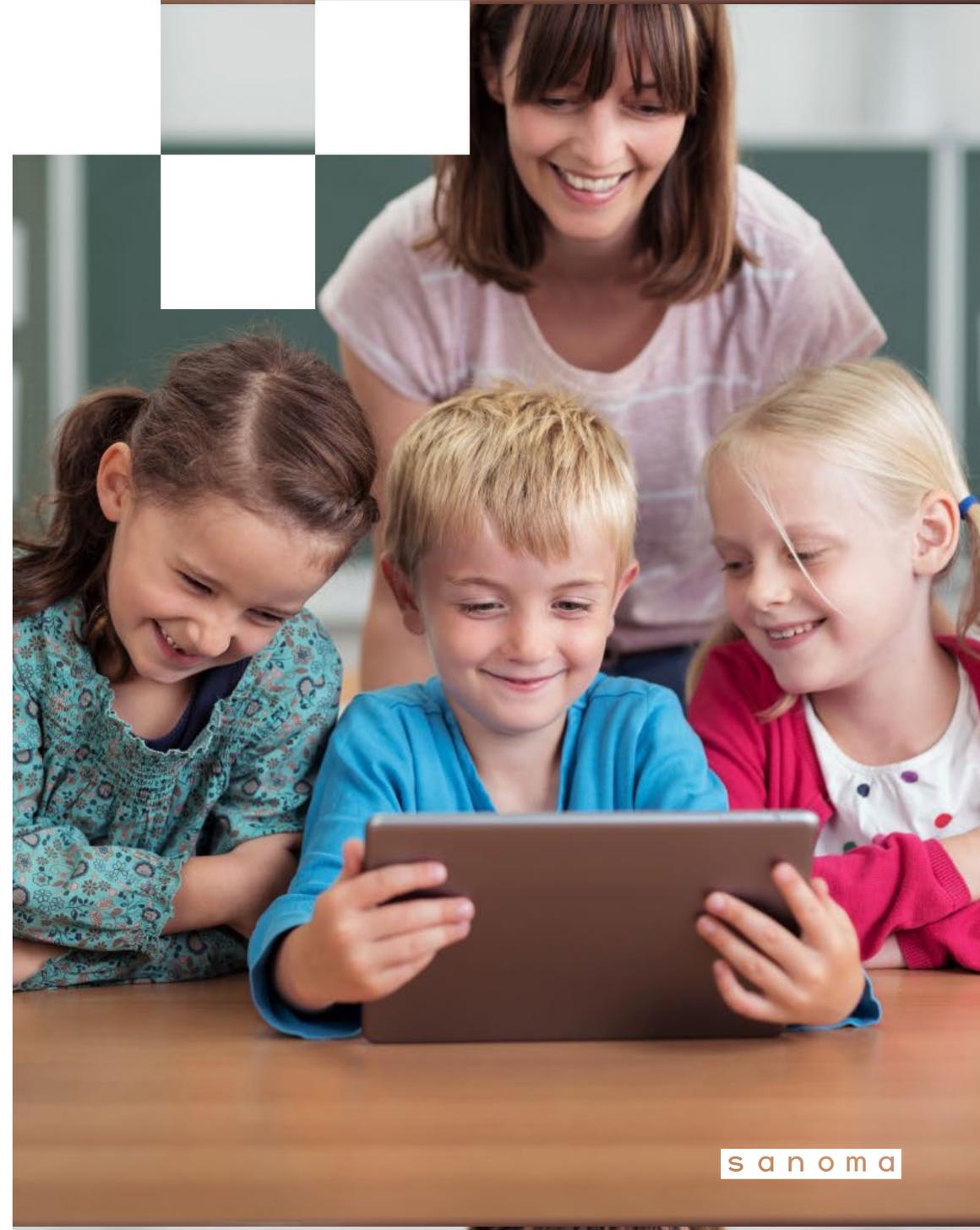


## Strong operational resilience

- Strong growth in net sales and earnings despite continued effects of the pandemic on events business
- Continued strong performance from all teams – employee engagement remains at good level

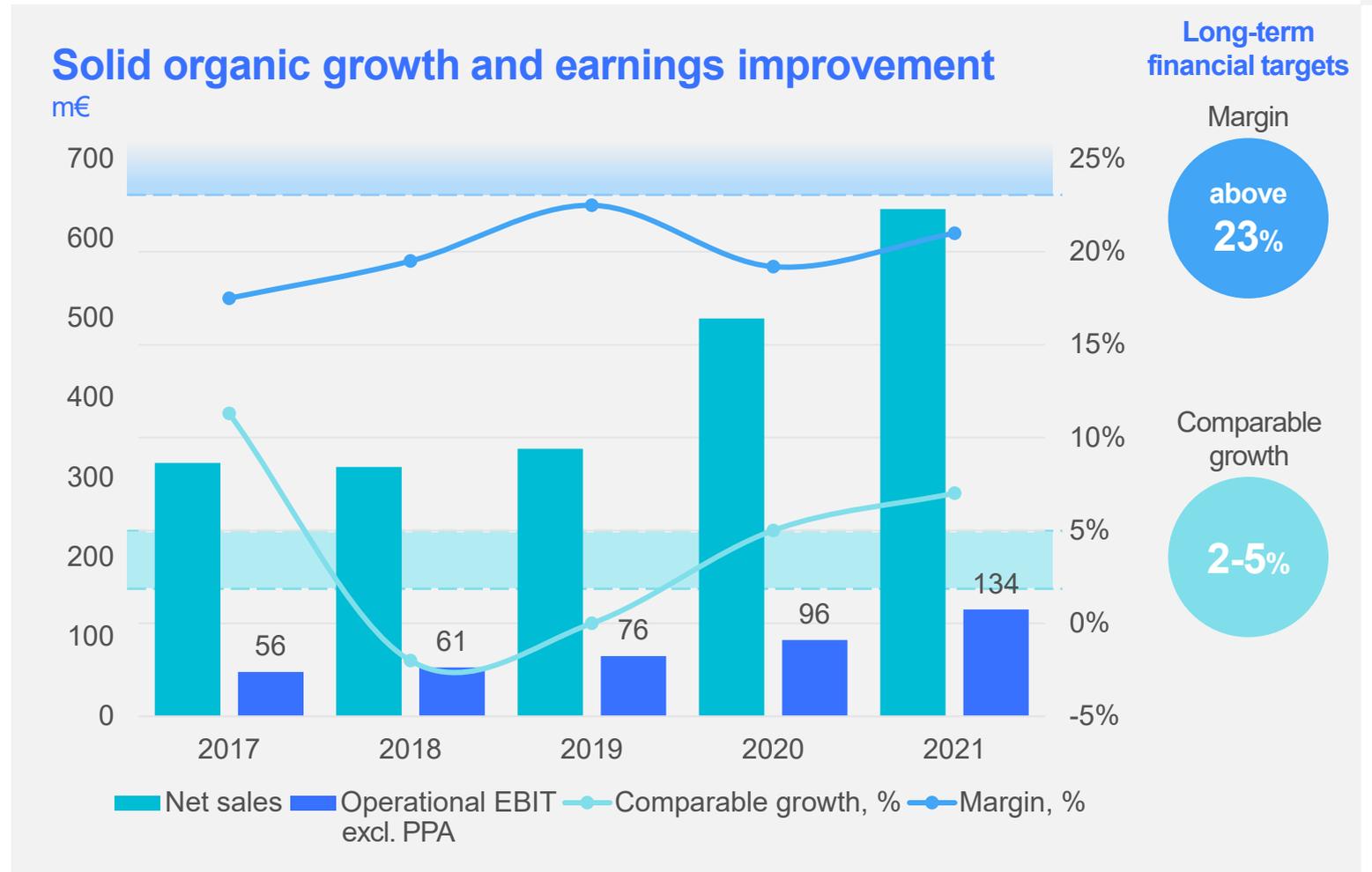
# Organic growth and Santillana acquisition drove net sales...

- Net sales grew by 28% to 637m€ (2020: 500)
  - Comparable growth was 7% (2020: 5%), above our long-term target of 2-5%
  - Santillana contributed 101m€
- Learning material sales grew across all markets, strongest growth in Poland and the Netherlands
  - In Poland, the latest curriculum renewals amplified the sales
  - In the Netherlands, shift to subscription model and overall increased spending on education drove growth
  - Market shares grew in both key markets
- Digital learning platform business grew as a result of sales to new customers especially in Germany



# ... and resulted in strong profitability improvement

- Operational EBIT excl. PPA grew by 40% to 134m€ (2020: 96) following the net sales growth
  - Majority of the improvement resulted from the acquisition of Santillana in Spain
  - Strong organic growth further contributed to earnings improvement
- Margin improved by 1.8%-points to 21.0% (2020: 19.2%)



# Solid net sales growth...

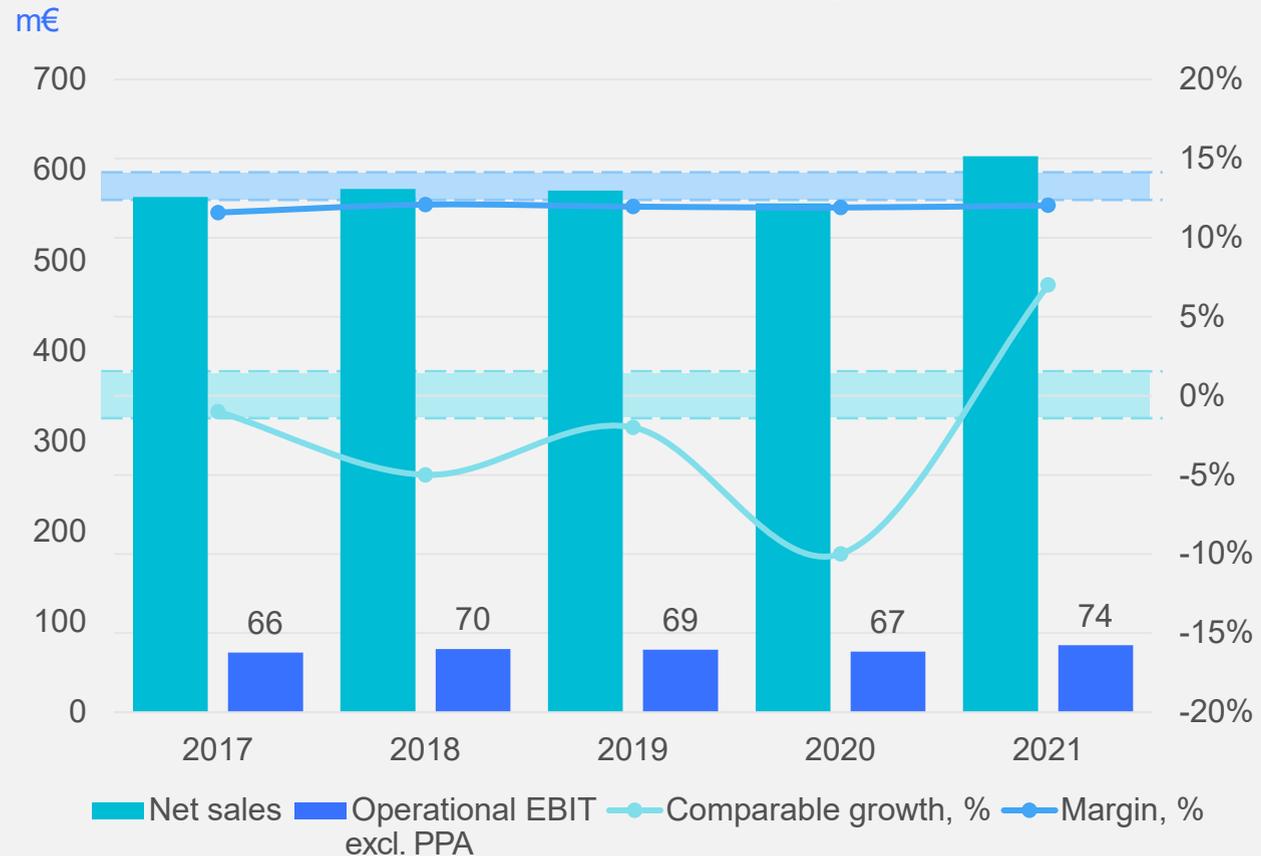
- Net sales grew by 9% to 615m€ (2020: 563), organic growth 7%
- Solid growth in subscription sales
  - Number of HS subscriptions grew by 1% y-o-y, more than 70% of HS subscriptions generate digital revenues
  - Number of Ruutu+ subscriptions grew by 15% y-o-y to around 320,000 in total
- Advertising sales grew by 7% y-o-y while being 5% below the 2019 level <sup>(1)</sup>
  - Strong 21% growth in digital advertising sales outweighs the decline in print <sup>(1)</sup>
  - At the end of 2021, digital advertising sales in news & feature already larger than print
- Net sales of the events business were 14m€ (2020: 0), representing less than half of the 2019 level; no profit contribution



# ...and corresponding earnings improvement

- Operational EBIT excl. PPA increased by 10% to 74m€ (2020: 67), margin stable at 11.9% (2020: 11.8%)
  - Earnings improvement driven by rebound in advertising and increase in subscription sales
  - Partially offset by higher personnel costs, especially due to lower bonus provisions and pension payments in the previous year
  - Paper costs increased slightly during Q4 2021, expected to be significantly higher during 2022

## Solid top-line and profitability development



Long-term financial targets

Margin

12-14%

Comparable growth

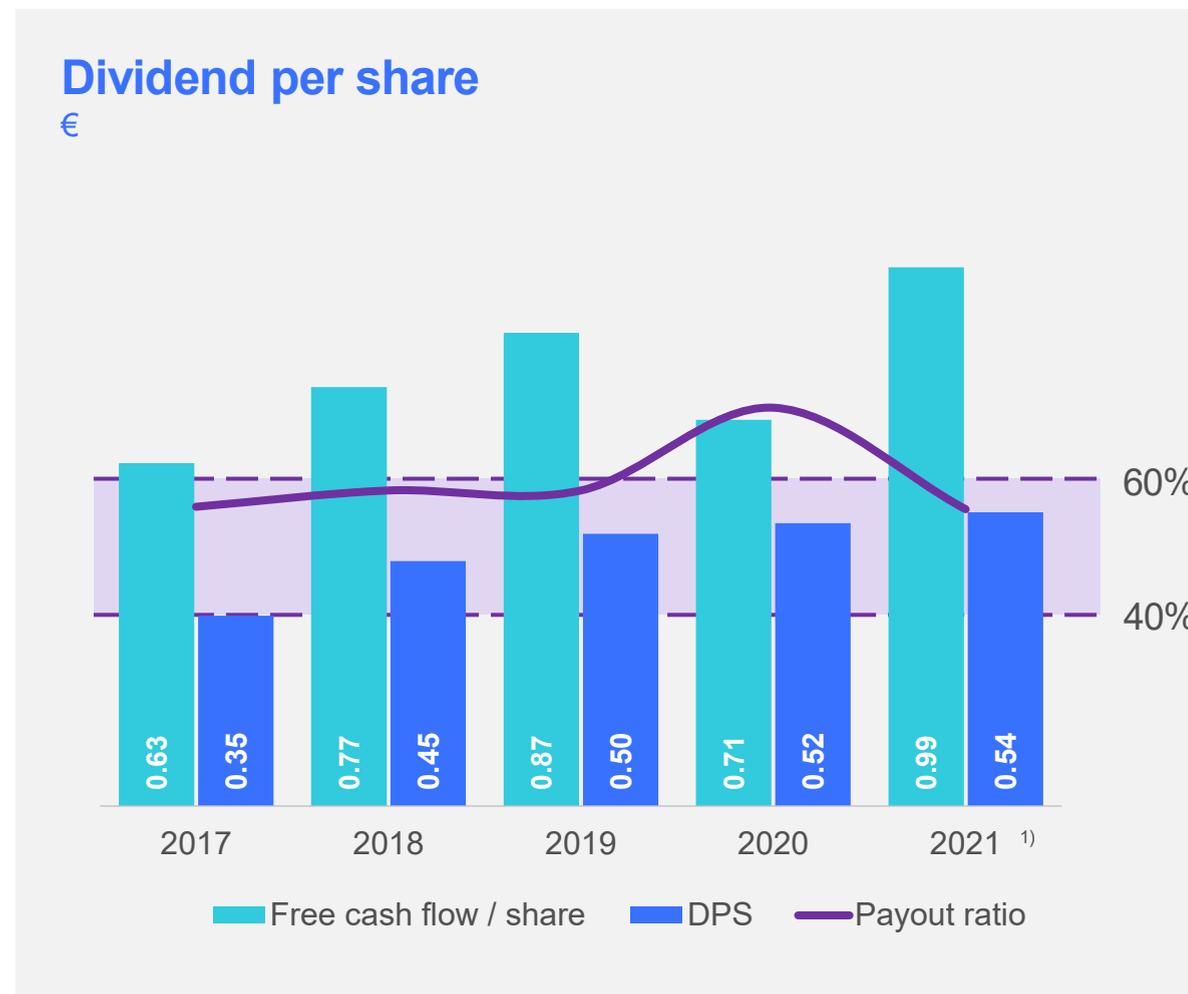
+/-2%

# The Board proposes a dividend of 0.54€

- The Board proposes a dividend of 0.54€ (2020: 0.52) per share to be paid for 2021
  - Representing a total of approx. 88m€
  - Yield 4.0% at the end of 2021
- To be paid in two parts
  - 0.27€ on 20 April (record date 11 April)
  - 0.27€ in November (record date tbc in October)

## Dividend policy:

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



<sup>1)</sup> Board's proposal. 2021 FCF excl. the net free cash flow impact of the VAT prepayment amounting to 21m€. 2020 FCF excl. the divested Media Netherlands, -22m€.

# Outlook for 2022...

- In 2022, Sanoma expects that the Group's reported net sales will be 1.25–1.30bn€ (2021: 1.25).
- The Group's operational EBIT margin excluding PPA is expected to be between 15–16% (2021: 15.8%).

Regarding the operating environment Sanoma expects that:

- The continuing coronavirus pandemic will not have a significant impact on its businesses.
- The advertising market in Finland will be stable.



# ....continued solid performance and strong pipeline of acquisition opportunities

- **Learning market curriculum changes:** Growth in Spain in 2022–23 expected to compensate the 2022 decline in Poland
- **Finnish advertising market:** Showing continued strength similar to 2021; our digital advertising growing strongly and print advertising being only 25% of total advertising sales
- **Raw materials:** Increasing paper and printing costs will have a temporary margin impact (already included in the Outlook)
- **Building for further growth in digital platforms** and adapting our offices to the new ways of working

Long-term targets unchanged

## Media Finland

Comparable growth  
+/-2%

Operational EBIT margin  
excl. PPA  
**12-14%**

## Learning

Comparable growth  
**2-5%**

Operational EBIT margin  
excl. PPA  
**>23%**

# Alex Green appointed as new CFO

- Alex Green will start in his position on 1 March 2022
- He will be
  - responsible for the Group's Finance Functions
  - member of Sanoma's Executive Management Team
  - reporting to the President & CEO Susan Duinhoven
- He joins Sanoma from eBay, where he has worked as CFO of eBay Classifieds Group (eCG) since 2013
- Sanoma's current CFO & COO Markus Holm will continue until 1 July 2022 with focus on the hand-over and strategic development projects



# Financials

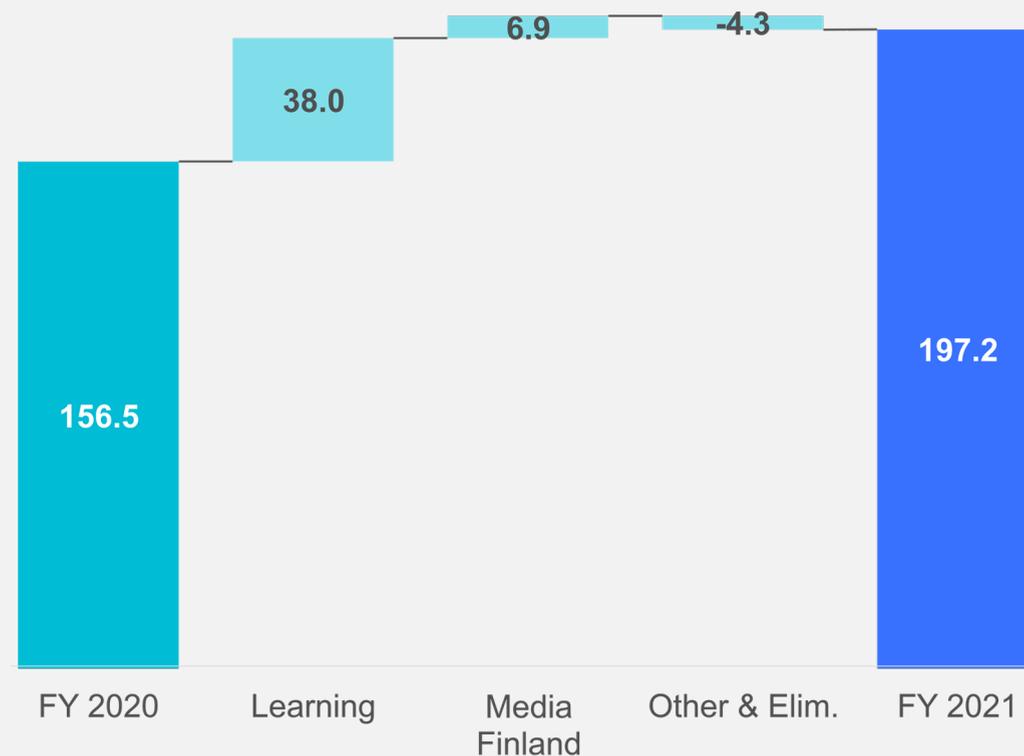
A person is sitting on a white sofa in a living room, holding a silver remote control. They are watching a television mounted on a brick wall. The TV screen displays a colorful, abstract pattern. The room is dimly lit, with a potted plant visible on the right side of the frame.

# 2021: Strong earnings growth driven by solid organic net sales growth and acquisitions in both businesses

<b>Learning</b>	<ul style="list-style-type: none"> <li>+ Acquisition of Santillana</li> <li>+ Organic growth across main markets, in particular Poland and the Netherlands</li> </ul>
<b>Media Finland</b>	<ul style="list-style-type: none"> <li>+ Growth in B2B</li> <li>+ Acquisition of regional news media business in April 2020</li> <li>- Overall operational expenses normalised</li> <li>- Personnel costs, especially due to lower bonus provisions and pension payments in 2020</li> <li>- No profit contribution of the events business compared to the positive impact of the insurance compensation received in 2020</li> <li>- Divestment of Oikotie in July 2020</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>- Personnel costs, especially due to lower bonus provisions and pension payments in 2020</li> </ul>

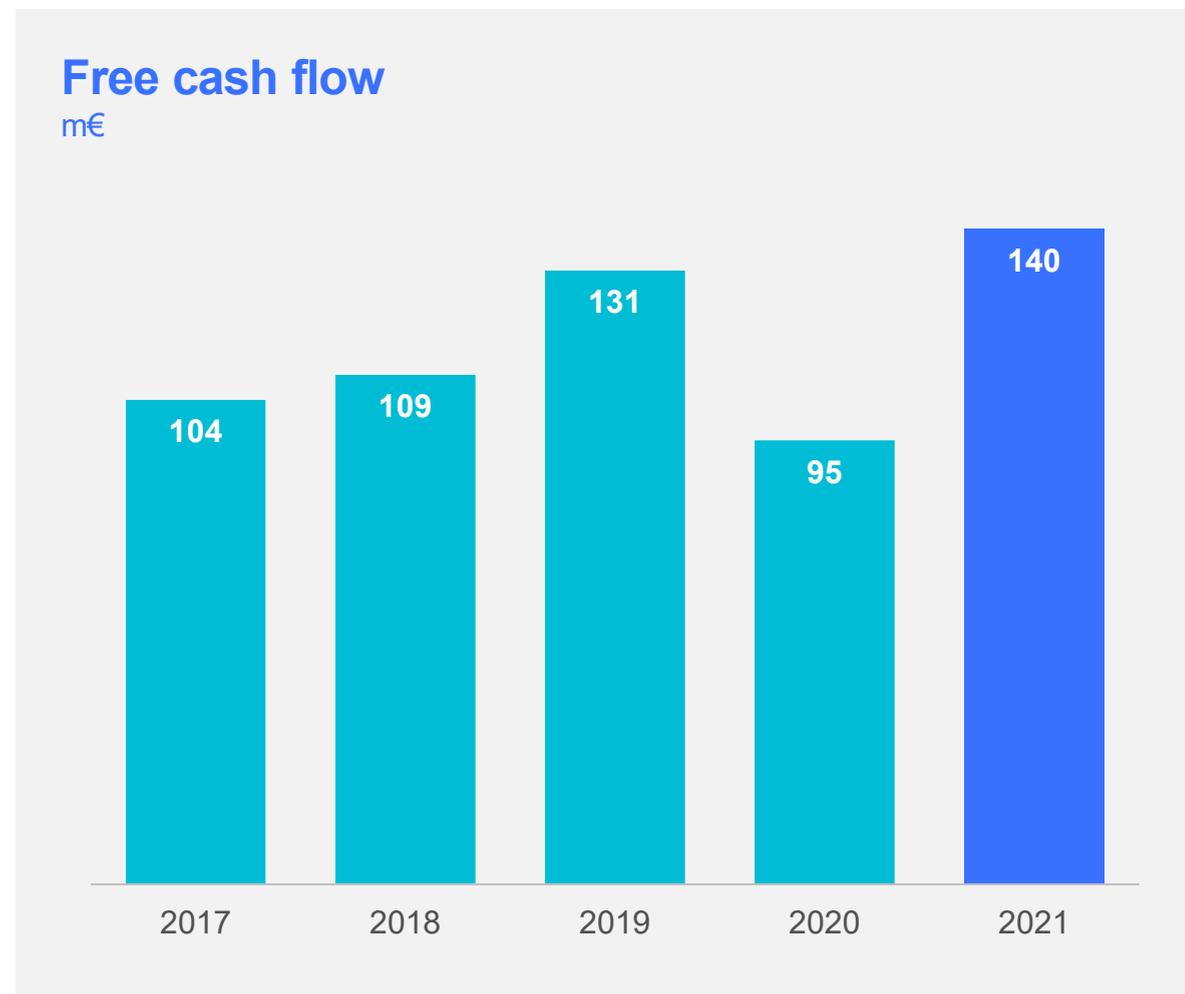
## Operational EBIT excl. PPA FY 2021 vs. FY 2020

m€



# Free cash flow improved significantly

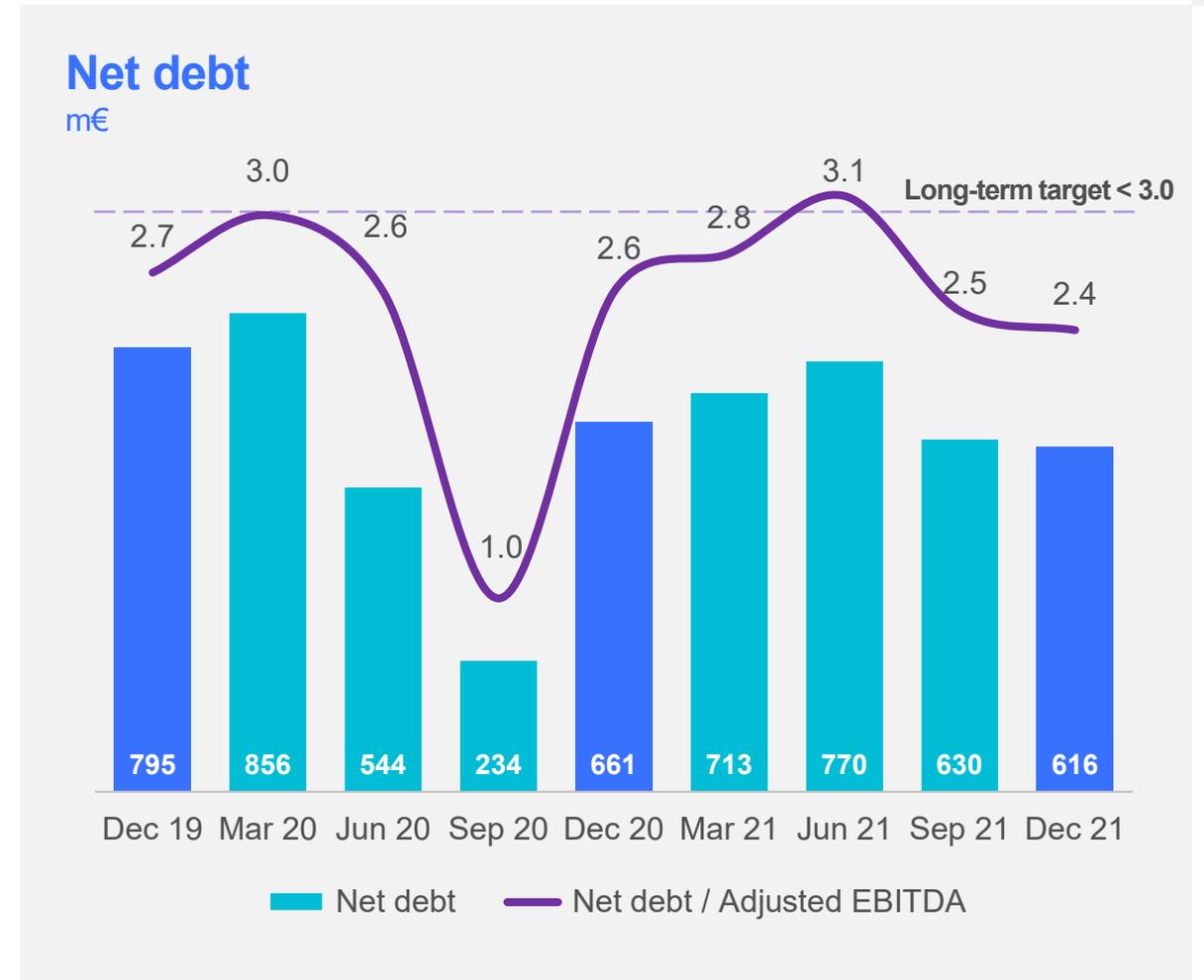
- Free cash flow improved to 140m€ (2020: 95)
- **Operational impacts**
  - + Improved EBITDA both in Learning and Media Finland
  - + Solid free cash flow of Santillana
  - Higher taxes
- **Non-operational impacts**
  - + Negative free cash flow of divested Media Netherlands in the comparison period
  - Pre-payment of the VAT claim related to magazine distribution for 2015-2018
- Group's free cash flow will be adjusted for dividend calculation purposes by 21m€ in relation to the pre-payment of the VAT claim
- 2022 FCF expected to decline slightly
  - + Pre-payment of the VAT in 2021
  - Significantly higher investments in digital platforms and office adaption
  - Higher taxes



Free cash flow = Cash flow from operations less capital expenditure

# Leverage continued to improve

- Net debt / Adj. EBITDA was 2.4 (2020: 2.6)
- Equity ratio was 40.6% (2020: 37.4%)
- Net financial expenses
  - Q4 2021: Positive 1m€ (2020: -2) due to change in fair value of a liability related to earlier acquisition in Learning
  - FY 2021: Stable -9m€ (2020: -9) with average interest rate of 1.1% and amount of external loans somewhat higher compared to 2020
- We have 300-400m€ headroom for M&A and intend to use it to grow our K12 learning business



# Strong progress towards our long-term financial targets

GROUP	Long-term target	31 Dec 2021
Net debt / adj. EBITDA	<b>below 3.0</b>	<b>2.4</b>
Equity ratio	<b>35-45%</b>	<b>40.6%</b>
Dividend	Increasing dividend <b>40-60%</b> of free cash flow	<b>55%</b>
LEARNING		FY 2021
Comparable net sales development Operational EBIT margin excl. PPA	<b>2-5%</b> <b>above 23%</b>	<b>7%</b> <b>21.0%</b>
MEDIA FINLAND		
Comparable net sales development Operational EBIT margin excl. PPA	<b>+/-2%</b> <b>12-14%</b>	<b>7%</b> <b>11.9%</b>

# Financial reporting in 2022

**Annual Report 2021**

**Week 9**

(incl. Financial Statements and Report of the Board of Directors, Sustainability Report, Remuneration Report and Corporate Governance Statement)

**AGM 2022**

**Thursday 7 April**

**Interim Report Q1 2022**

**Friday 29 April**

Half-Year Report 2022

27 July

Interim Report Q3 2022

27 October

Q&A

# Appendix



# Sanoma in 2021

 NET SALES  
**1,252m€**

 NON-PRINT SALES  
**53%**

 OPERATIONAL EBIT MARGIN  
**15.8%**

 PERSONNEL  
over **5,000**

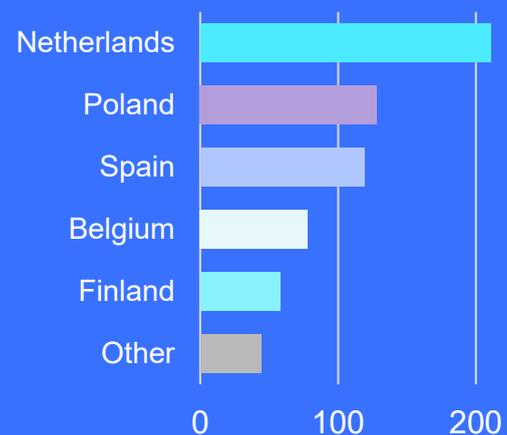
## Learning

Net sales **637m€**

Non-print **57%**

Margin **21.0%**

### NET SALES



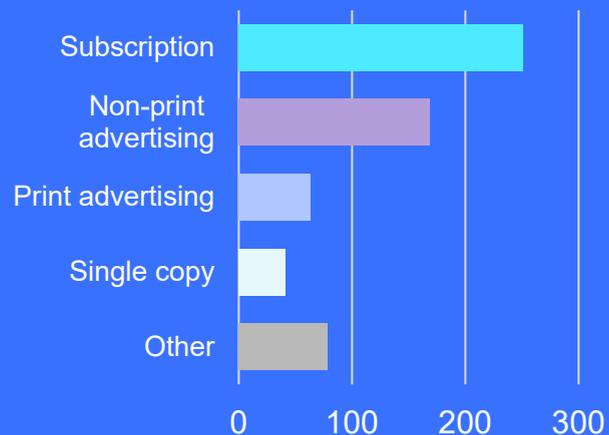
## Media Finland

Net sales **615m€**

Non-print **49%**

Margin **11.9%**

### NET SALES



# Group key figures Q4 2021

m€	Q4 2021	Q4 2020
Net sales	252.4	227.3
Operational EBITDA	42.1	43.4
margin	16.7%	19.1%
Operational EBIT excl. PPA	-5.2	-1.5
margin	-2.1%	-0.6%
EBIT	-18.5	-22.7
Result for the period	-13.9	-23.5
Free cash flow	55.2	30.4
Equity ratio	-	-
Net debt	-	-
Net debt / Adj. EBITDA	-	-
Operational EPS, €	-0.06	-0.06
EPS, €	-0.09	-0.14

	Q4 2021	Q4 2020
Average number of employees (FTE)	4,885	4,255
Number of employees at the end of the period (FTE)	4,822	4,806

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

# Group key figures FY 2021

m€	2021	2020
Net sales	1,251.6	1,061.7
Operational EBITDA	361.0	309.9
margin	28.8%	29.2%
Operational EBIT excl. PPA	197.2	156.5
margin	15.8%	14.7%
EBIT	142.4	270.1
Result for the period	101.4	237.8
Free cash flow	139.7	94.8
Equity ratio	40.6%	37.4%
Net debt	616.4	660.7
Net debt / Adj. EBITDA	2.4	2.6
Operational EPS, €	0.69	0.58
EPS, €	0.62	1.46

	2021	2020
Average number of employees (FTE)	4,885	4,255
Number of employees at the end of the period (FTE)	4,822	4,806

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 21	FY 20	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	637.3	499.7	88.5	331.6	149.0	68.2	66.6	259.9	115.2	57.9
Operational EBITDA	213.1	167.1	3.0	144.9	66.0	-0.9	-1.0	108.5	56.2	3.4
Operational EBIT excl. PPA	133.9	95.9	-20.6	125.6	48.9	-20.0	-17.8	89.6	39.2	-15.1
margin	21.0%	19.2%	-23.3%	37.9%	32.8%	-29.3%	-26.7%	34.5%	34.0%	-26.1%
IACs	-11.1	-13.2	-4.4	-4.3	-0.9	-1.6	-10.3	-1.8	-0.3	-0.9
PPAs	32.2	16.2	-6.6	-9.2	-9.3	-7.2	-4.0	-4.1	-4.1	-4.0
EBIT	90.5	66.4	-31.6	112.2	38.7	-28.7	-32.2	83.7	34.8	-20.0
Capital expenditure	33.7	32.6	9.7	7.7	8.2	8.0	9.1	8.4	8.6	6.5
Average number of employees (FTE)	2,599	1,987	2,599	2,601	2,592	2,581	1,987	1,931	1,918	1,899

# Media Finland: Quarterly key figures

m€	FY 21	FY 20	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	615.3	562.6	164.1	154.8	154.1	142.2	160.8	141.0	130.9	129.9
Operational EBITDA	155.0	146.6	41.9	40.9	40.0	32.2	44.7	41.0	31.8	29.1
Operational EBIT excl. PPA	73.5	66.6	19.1	23.9	19.3	11.3	17.3	23.7	16.0	9.5
margin	11.9%	11.8%	11.7%	15.4%	12.5%	7.9%	10.7%	16.8%	12.3%	7.3%
IACs	-6.1	149.1	-1.7	-0.8	-1.5	-2.1	-5.2	162.6	-5.1	-3.2
PPAs	-6.8	6.1	-1.7	-1.7	-1.7	-1.7	-1.7	-1.8	-1.6	-1.1
EBIT	60.6	209.6	15.7	21.3	16.1	7.5	10.4	184.5	9.4	5.3
Capital expenditure	4.9	5.1	1.1	1.2	1.0	1.5	0.9	0.8	1.3	2.1
Average number of employees (FTE)	2,072	2,052	2,072	2,090	2,082	2,056	2,052	2,056	2,001	1,773

# Finnish advertising market development 1/2

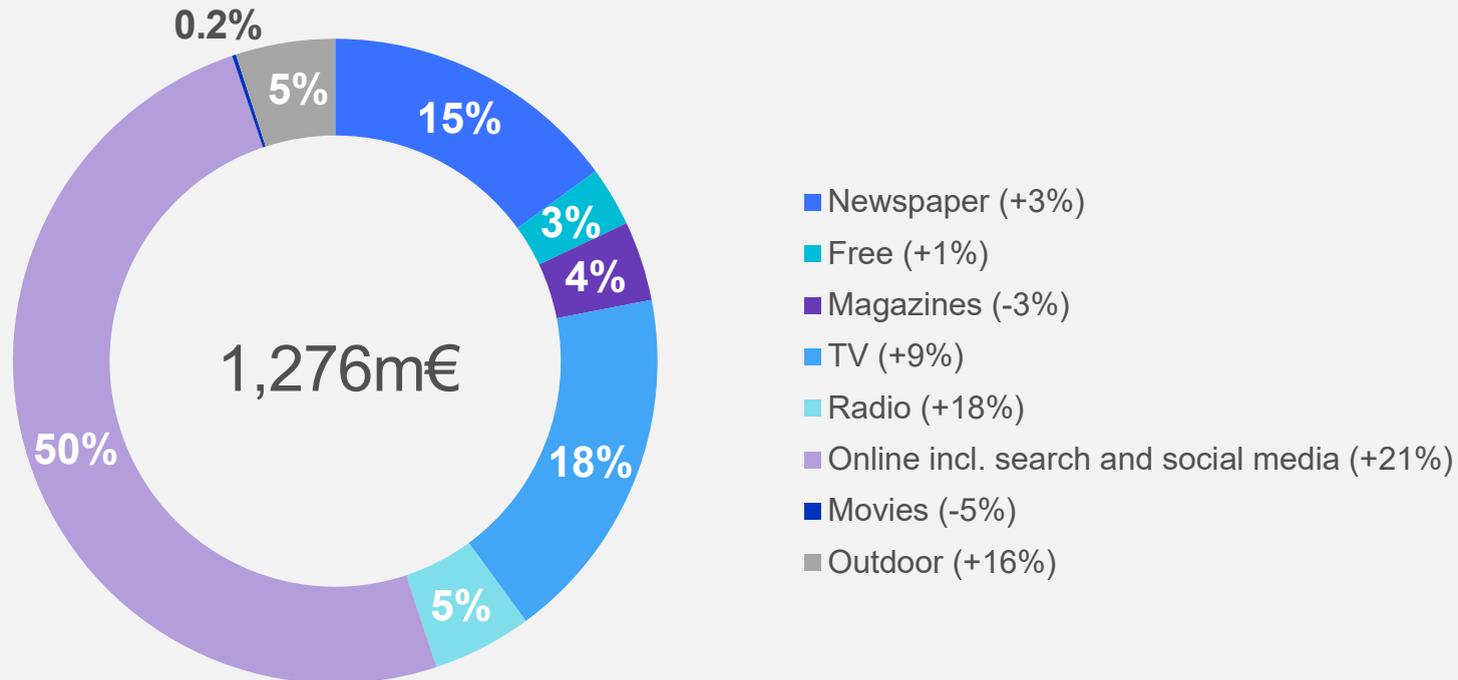
## Finnish measured media advertising markets

	FY 21	Q4 21	Q3 21	Q2 21	Q1 21	FY 20	Q4 20	Q3 20	Q2 20	Q1 20
Newspapers	3%	2%	0%	36%	-14%	-25%	-18%	-21%	-42%	-19%
Magazines	-4%	-5%	-4%	11%	-16%	-19%	-12%	-24%	-30%	-10%
TV	9%	0%	4%	43%	-3%	-9%	10%	-6%	-34%	-3%
Radio	18%	21%	12%	47%	-7%	-4%	-10%	-12%	-42%	-10%
Online (excl. search and social media)	18%	13%	14%	43%	6%	-4%	9%	-4%	-23%	2%
<b>Total market</b>	<b>10%</b>	<b>7%</b>	<b>7%</b>	<b>43%</b>	<b>-9%</b>	<b>-17%</b>	<b>-4%</b>	<b>-14%</b>	<b>-38%</b>	<b>-7%</b>
Online (incl. search and social media)	21%					+3%				

Source: Kantar TNS, Media Advertising Trends, December 2021

# Finnish advertising market development 2/2

## Share of media advertising groups and development in 2021 (change-% vs. 2020)

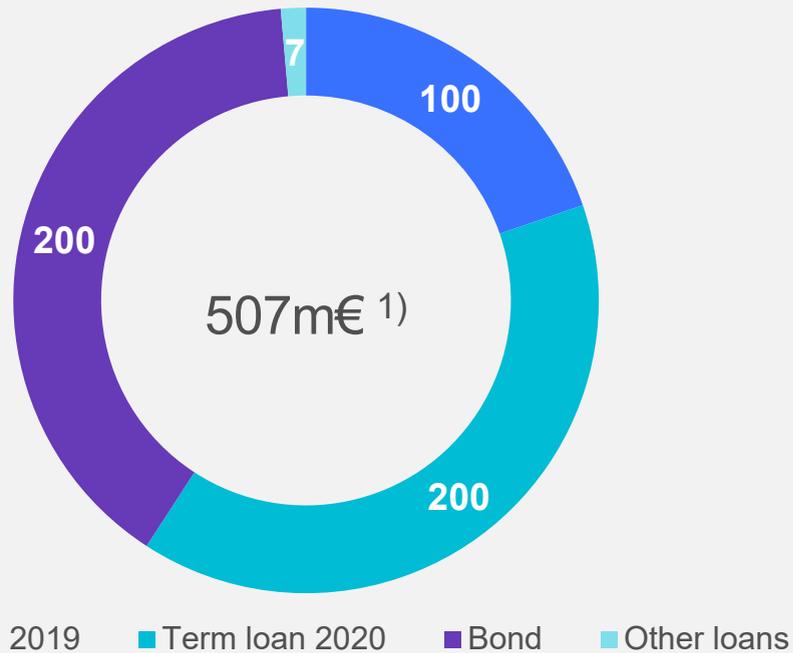


Source: Kantar TNS, Media Advertising Trends, December 2021

# External debt portfolio on 31 December 2021

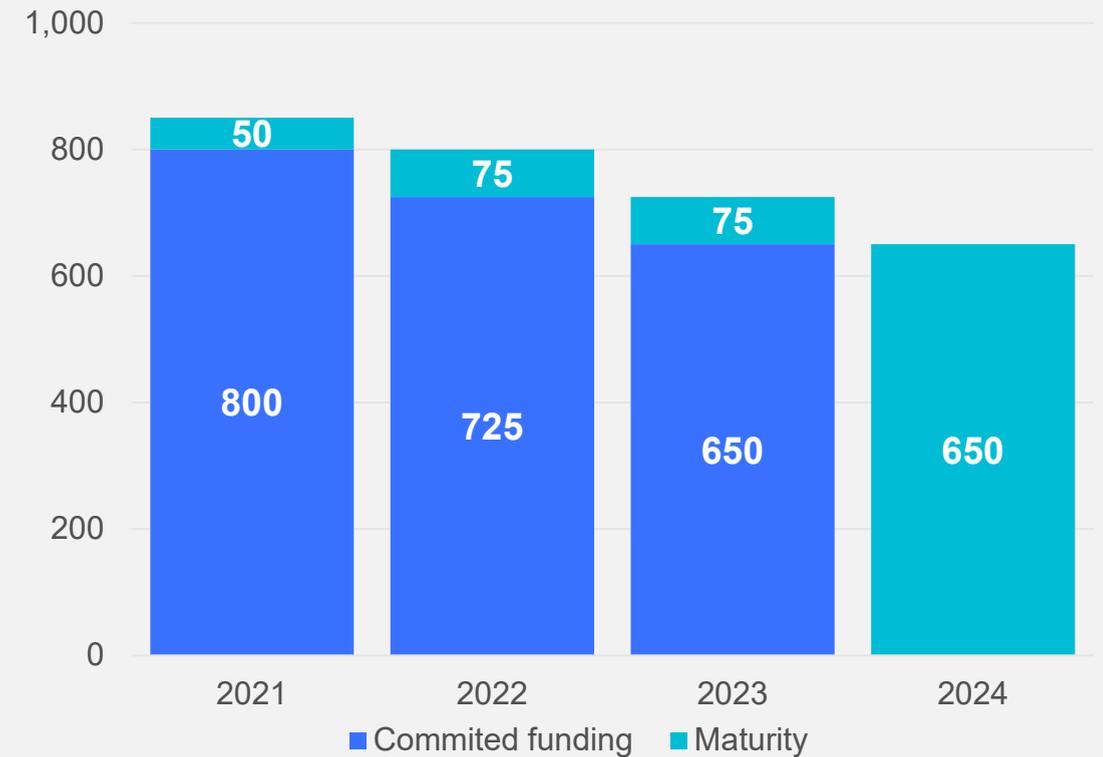
## External debt structure <sup>1)</sup>

m€, 31 Dec 2021



## Maturity profile 2021–2024

m€, 31 Dec 2021



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

# Largest shareholders

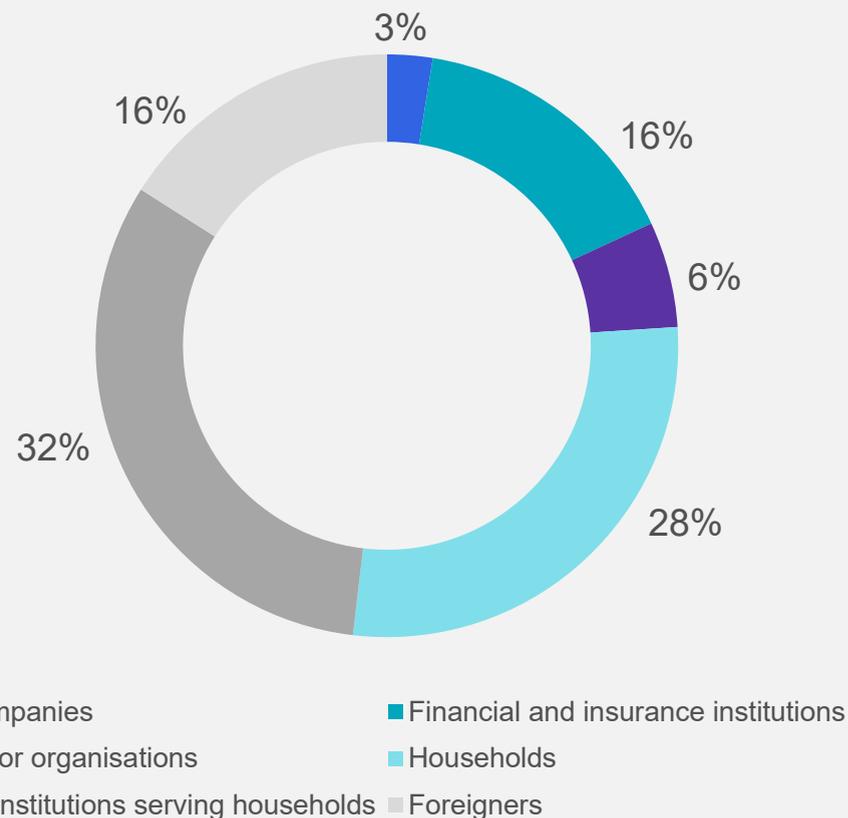
31 December 2021

## Largest shareholders

	Number of shares	
1. Jane and Aatos Erkko Foundation	39,820,286	24.4%
2. Antti Herlin Holding Manutas Oy: 12.10% personal: 0.02%	19,761,800	12.1%
3. Robin Langenskiöld	12,273,371	7.5%
4. Rafaela Seppälä	10,273,370	6.3%
5. Helsingin Sanomat Foundation	4,701,570	2.9%
6. Ilmarinen Mutual Pension Insurance Company	4,514,800	2.8%
7. Alex Noyer	1,903,965	1.2%
8. Lorna Aubouin	1,852,470	1.1%
9. The State Pension Fund	1,760,000	1.1%
10. Foundation for Actors' Old-Age Home	1,700,000	1.0%
<b>10 largest shareholders, total</b>	<b>98,561,632</b>	<b>60.3%</b>
Foreign holding *	26,157,238	16.0%
Other shareholders	38,846,793	23.7%
<b>Total number of shares</b>	<b>163,565,663</b>	<b>100.0%</b>
<b>Total number of shareholders</b>	<b>22,944</b>	

\* Including nominee registered shares

## Holding by sector



# Creating a positive impact – Sanoma Sustainability Strategy reflected in improved ESG ratings

## 1. INCLUSIVE LEARNING

We develop inclusive learning solutions that help all students to reach their potential

## 2. SUSTAINABLE MEDIA

We provide trusted Finnish journalism and inspiring entertainment, now and in the future

## 6. RESPONSIBLE BUSINESS PRACTICES

Good governance, ethical business practices and supply chain integrity are fundamental for us



## 3. TRUSTWORTHY DATA

We use the data you trust us with to make learning and media better

## 5. VITAL ENVIRONMENT

We will be carbon neutral by 2030 and build awareness of sustainability issues

## 4. VALUED PEOPLE

We promote equality and provide an inspiring workplace with excellent opportunities to develop

## Sanoma's key ESG ratings have improved

MSCI rating

**AA**

Scale AAA–CCC

Sustainalytics risk rating

**9.8**

Scale 0–100, lower score = lower risk

CDP score

**B**

Scale A–D-

ISS rating

**C**

Scale A–D

# Analyst coverage

**Carnegie Investment Bank**

**Danske Markets Equities**

**Inderes**

**Kepler Cheuvreux**

**Nordea**

**OP Corporate Bank**

**SEB Enskilda**

Pia Rosqvist-Heinsalmi

+358 9 6187 1232

Panu Laitinmäki

+358 10 236 4867

Petri Gostowski

+358 40 821 5982

Stefan Billing

+46 8 723 51 48

Sami Sarkamies

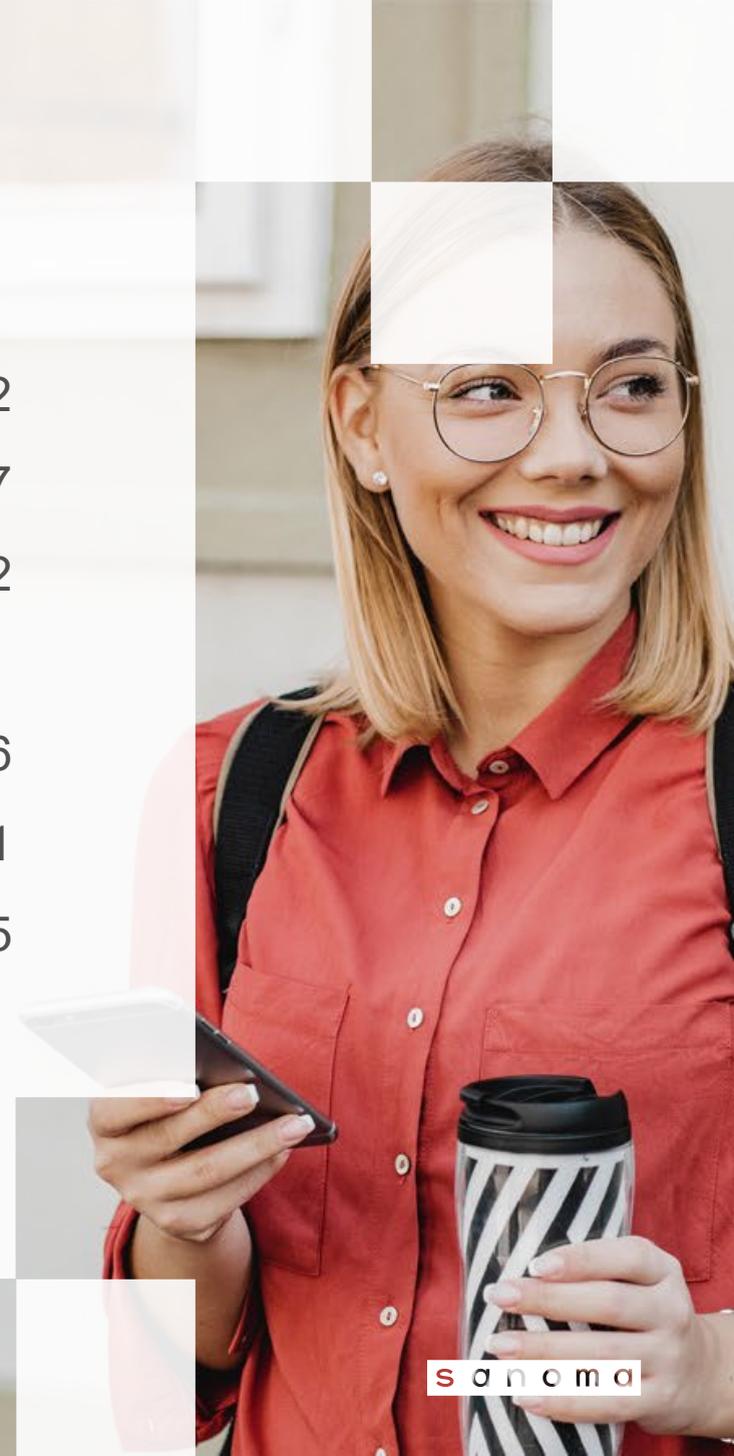
+358 9 5300 5176

Kimmo Stenvall

+358 10 252 4561

Maria Wikström

+358 9 6162 8685



# 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.

s a n o m a

**Please contact our Investor Relations:**

Kaisa Uurasmaa, Head of IR & Sustainability

+358 40 560 5601 | [kaisa.uurasmaa@sanoma.com](mailto:kaisa.uurasmaa@sanoma.com)

[ir@sanoma.com](mailto:ir@sanoma.com) | [www.sanoma.com](http://www.sanoma.com)