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# Leading in the learning market

John Martin, CEO of Sanoma Learning  
Capital Markets Day 2017

# Sanoma Learning

is a leading learning company in Northern Europe

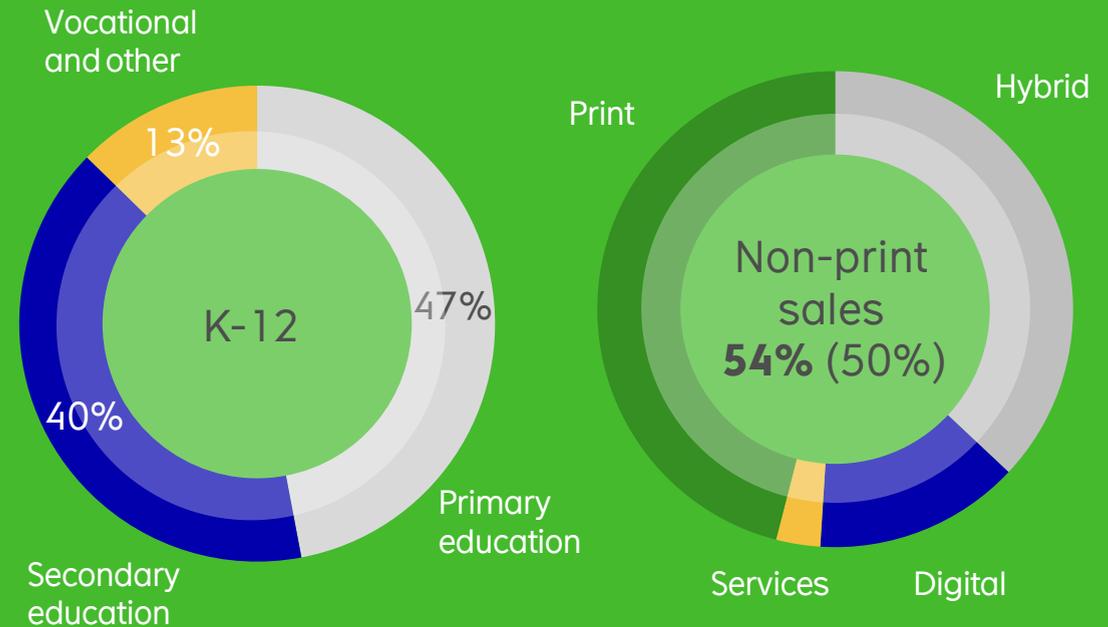
- Leading positions in countries with some of world's best educational systems
- Solutions that drive higher learning outcomes, engagement and efficiencies
- Scalable technologies to support leadership in the digital transformation
- Strong capabilities to develop and deploy learning solutions that win in the market
- A clear strategy driving growth, profitability and shareholder value

# Solid financial performer and a leading digital player in Northern European markets

## Key figures

EUR million	2016	2015
Net sales	<b>283</b>	280
Organic growth	<b>-2.5%</b>	-4.0%
Operational EBITDA*	<b>95</b>	83
	<b>33.7%</b>	29.7%
Operational EBIT	<b>57</b>	45
	<b>20.1%</b>	15.9%
Employees (FTE)	<b>1,439</b>	1,507

## Composition of net sales 2016



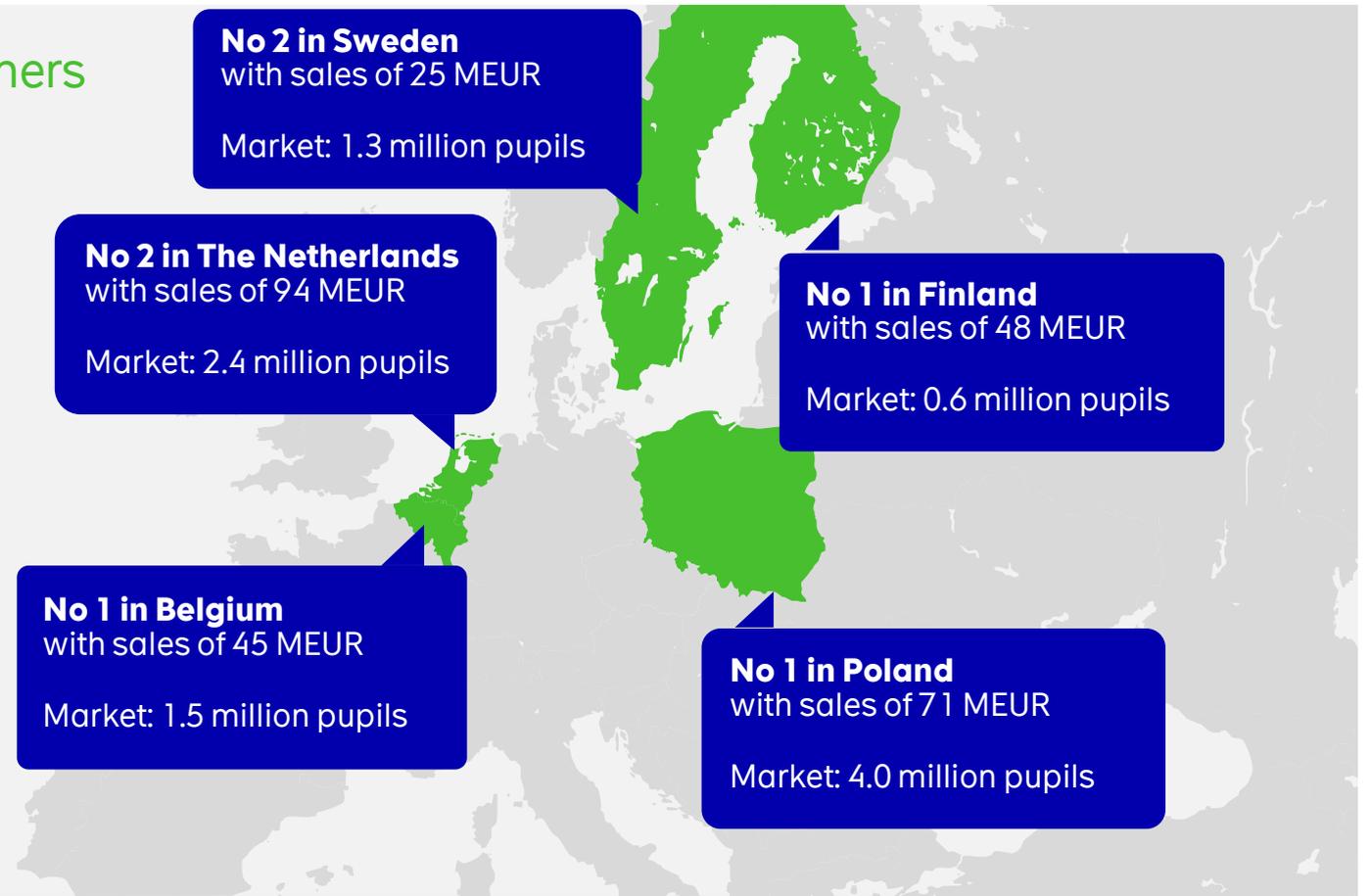
\* Prepublication costs are booked as amortisations below EBITDA

# A Leading Position in Some of the World's Best Education Systems

Serving **10 million** pupils and **1 million** teachers

## European top performers + top2

1	Singapore	556
2	Japan	538
3	Estonia	534
<b>5</b>	<b>Finland</b>	<b>531</b>
13	Slovenia	513
15	United Kingdom	509
16	Germany	509
<b>17</b>	<b>The Netherlands</b>	<b>509</b>
18	Switzerland	506
19	Ireland	503
<b>20</b>	<b>Belgium</b>	<b>502</b>
21	Denmark	502
<b>22</b>	<b>Poland</b>	<b>501</b>
23	Portugal	501
24	Norway	498
25	Austria	495
26	France	495
<b>27</b>	<b>Sweden</b>	<b>493</b>
	<b>OECD average</b>	<b>493</b>



Net sales in 2016

# Our methods save teachers 8 hours/week, improve learning outcomes and engagement of students

## We enable learning impact\*:

Learning outcomes

95%

Student engagement

85%

Better efficiency for teachers

8hrs/  
week

## By supporting key activities in the teaching and learning cycle



## With comprehensive learning solutions

- Instruction
- Teacher guides
- Exercising
- Analytics
- Platform & Distribution
- Services

\* Based on a survey of 4,700 teachers. 95 % reported that Sanoma Learning materials help them in enabling pupils to realise their learning objectives; 85 % reported that these methods help to engage pupils with their learning.

# Our portfolio extends beyond core learning methods



Sanoma methods are hybrid multichannel

## Core product: Learning methods

- Integrated teaching and learning resources, including
  - Textbooks
  - Teacher guides
  - Exercise books
  - Learning platforms
  - Analytics

## Adjacent areas

- **Netherlands:** Testing, Corporate learning
- **Poland:** Exam Preparation, School Management Systems
- **Finland:** Distant learning
- **Belgium:** School Management Systems

# We deploy scalable technologies to lead the digital transformation



Content creation & management system



Generic learning platform framework 1,200,000 users



Gamified exercise platform for primary education 300,000+ users

Our central technology assets can be **scaled and customized** to local specific needs

- Single content creation and management system
- Central framework for building learning platforms
- High impact learning applications

We have an integrated **approach to product design and development**

# Our strong capabilities bring us competitive advantages

- World-class learning and teaching design skills, with a local understanding of customer needs
- Integrated product development process that enables fully hybrid methods and learning solutions
- Centrally driven technology platforms that enable synergies, while allowing local flexibility
- Marketing and sales capability with strong local brands and deep local relationships



# Hybrid solutions most effective in the classrooms: today and tomorrow

1. Learning impact will become increasingly important
2. Digital will enable learning impact, with hybrid solutions offering an attractive and sustainable proposition
3. Teachers will remain at the centre of the classroom experience
4. Curriculum will remain local

# We have a clear strategy to drive sustainable shareholder value

**Key Industry Developments**  
provide growth opportunities

Continuous school reforms  
and curriculum changes

Changing classrooms with  
a focus on learning impact

Digital transformation  
attracts new digital players

**Our Strategy**  
drive sustainable shareholder  
value

**Organic growth in  
footprint markets**

**M&A in (Northern)  
Europe**

**Diversify into adjacent  
markets**

**Core Capabilities**  
provide competitive edge

Learning & Teaching Design

Technology Platforms  
& Synergies

Marketing & Sales Capability

Management and M&A  
Capability

# Growth opportunities

**Organic growth in footprint markets**

**M&A in (Northern) Europe**

**Diversify into adjacent markets**

# The Netherlands is our biggest market, with opportunities for organic growth

Organic growth in footprint markets

## Dutch market

- Main players: Noordhoff, Malmberg, ThiemeMeulenhoff and Zwijsen
- Growing paid digital market
- Math subject cycle in primary education expected to start from 2019
- Malmberg sales (2016): EUR 94 million
- Malmberg is leader in primary education



## Sanoma Learning growth initiatives

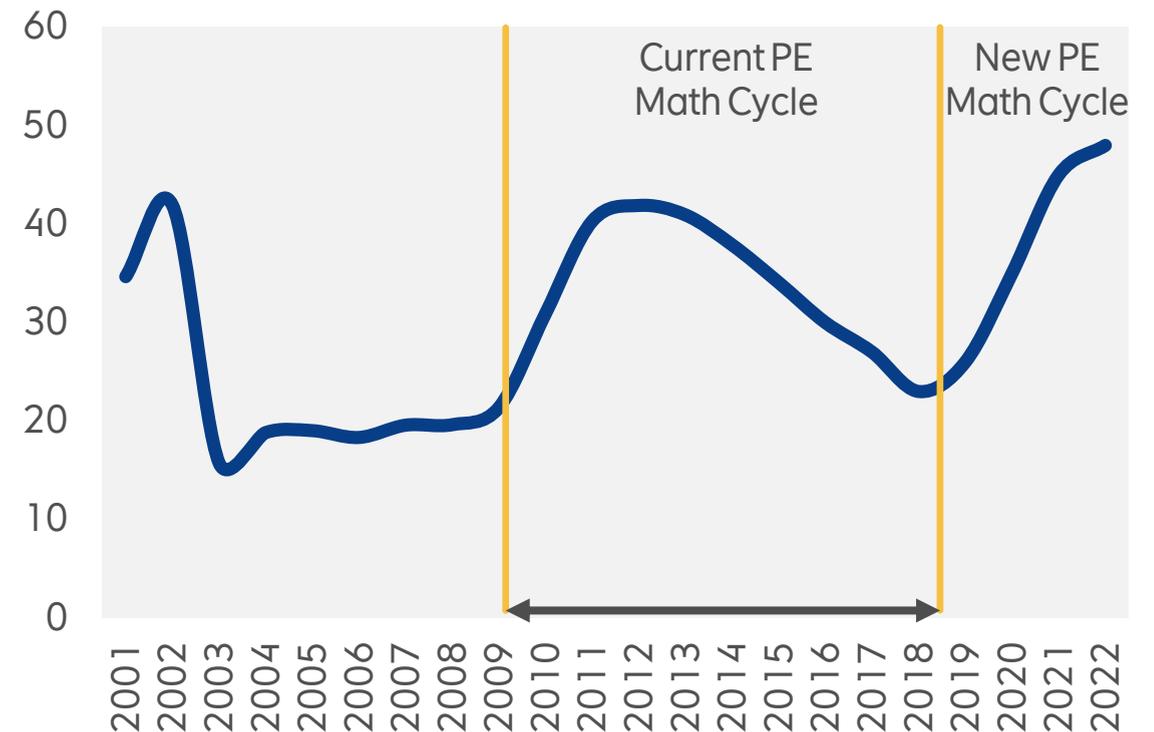
- Enter the vocational education Health Care market
- Enter the corporate learning market (SAM)
- Successful and growing testing business at Bureau ICE
  - Captured ~25% mkt share of primary education end-test market already in 2 years

# New Primary Education Math Cycle will support growth

Organic growth in footprint markets

- In the Netherlands, market for primary education math towards end of cycle, new cycle expected to start in 2019
- Malmberg, as leader in primary education, with ~65% market share, to benefit most from new cycle
- Math and Languages together represent ~45% of primary education market

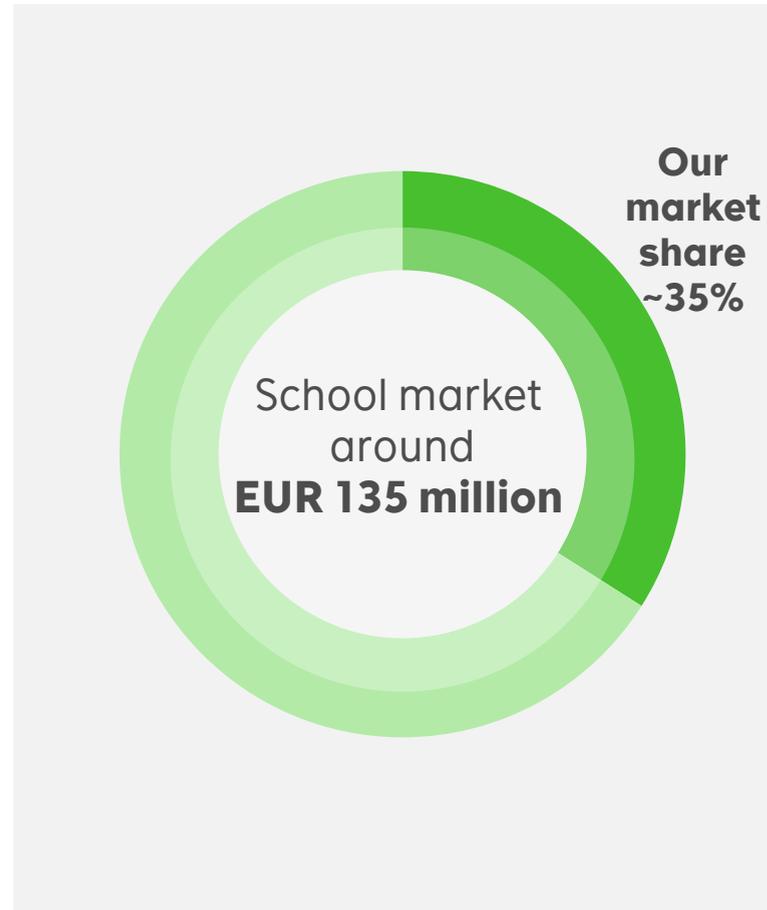
### The Netherlands Primary Education Math market size cycle 2001-2022F (MEUR)



# Sanoma Learning as a market leader in Poland poised to benefit from new reforms

## Polish market

- Main players: Nowa Era, WSiP, GWO, MACH and foreign publishers
- Market has been under severe pressure in recent years due to regulations introduced in 2014
- However new legislation is likely to lead to market growth
- Nowa Era sales (2016): EUR 71 million\*
- Nowa Era market leader



## Sanoma Learning growth initiatives

- New school structure and new methods for all subjects in coming years via curriculum reform
  - Sanoma Learning has track record of winning market share during reforms; Gained 5% - points mkt share during last reform
- Opportunity to use new go-to-market strategy to win share

\* Our sales include also School Management

# Educational reforms provide growth opportunities in Poland

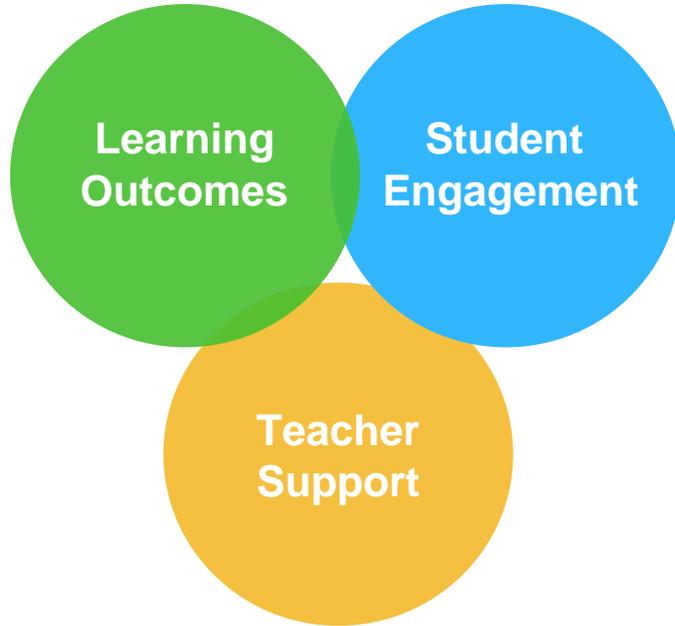
Organic growth in footprint markets

- Educational reform signed into law in January 2017 resulting in a large number of materials to be renewed
- Reform 2017–2022 starts with:
  - Curriculum change in primary school grade 4
  - Higher subsidies for primary school grades 1, 2, 3 and 7
- Phase out of lower secondary school
- The transition period will be characterized by:
  - Reorganization of schools
  - Adjustments of curriculum to the new system
  - New materials aligned with curriculum

## Polish educational reform



# Organic growth



## Bingel: storified, adaptive learning platform for primary education

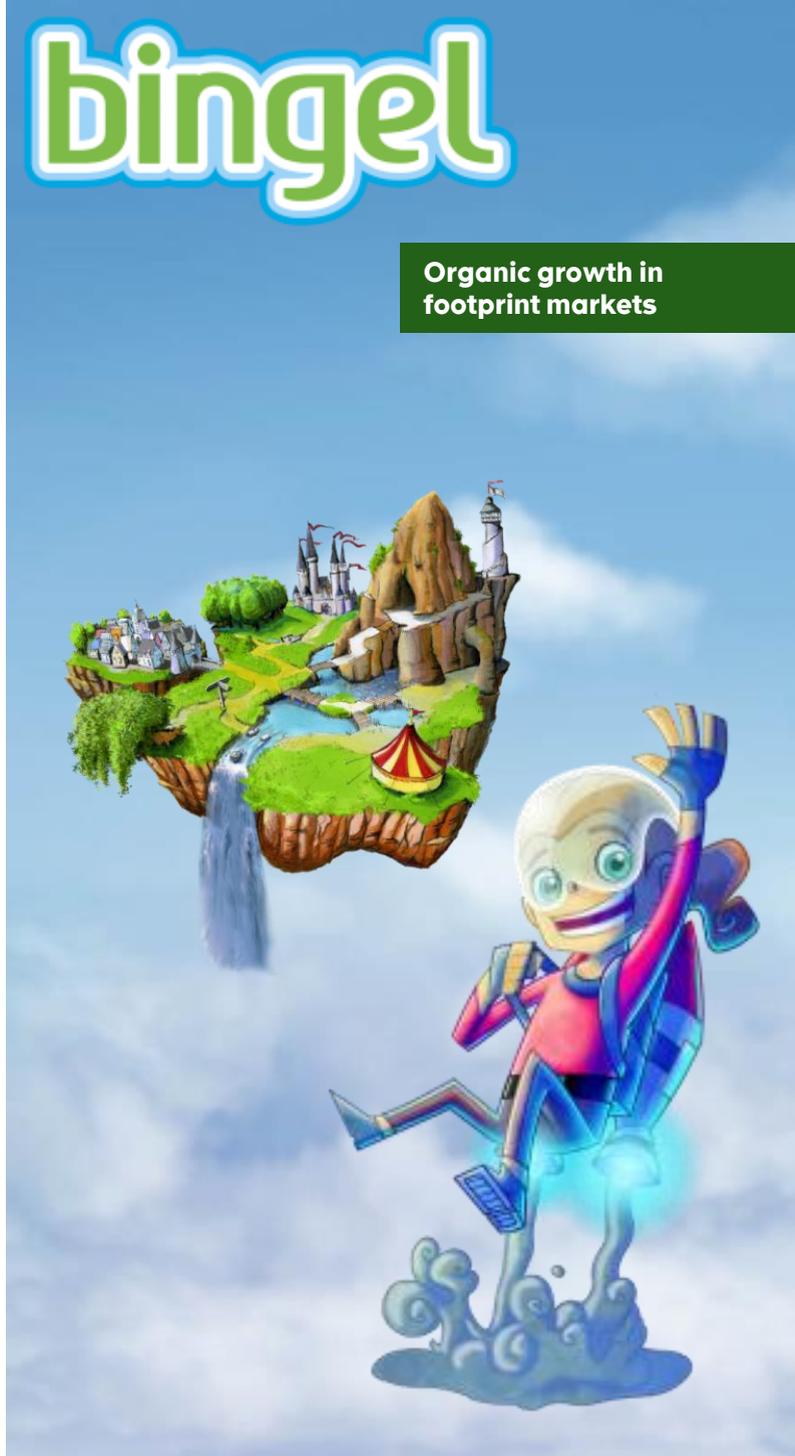
- Makes learning fun and engaging for pupils, while enabling teachers to provide increased personalization in their class
- Deployed in Belgium, Sweden and Finland
- 90% of teachers would recommend bingel to peers
- Bingel has won numerous awards over past few years



INTERNATIONAL EXCELLENCE Awards 2015



ClickSafe Award  
Best Belgian online content for children



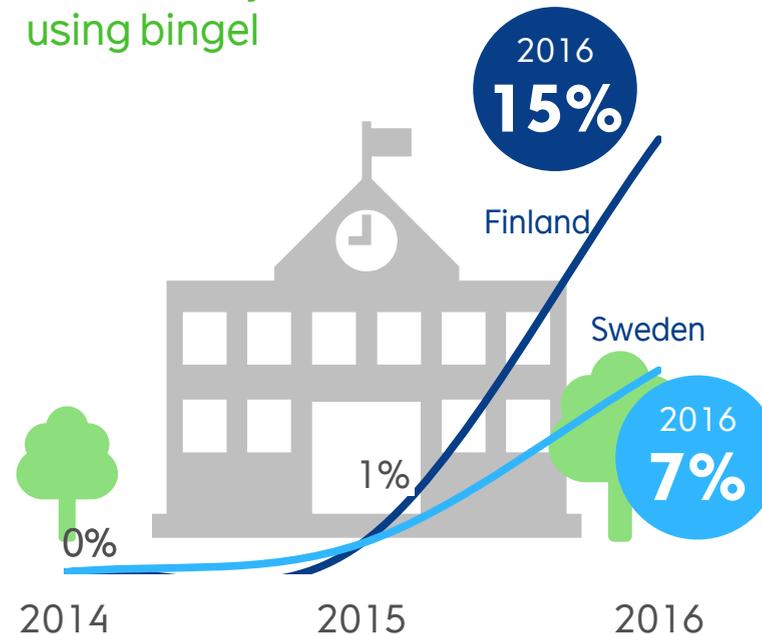
# CASE bingel

## Organic growth

- Over 500 million exercises completed on bingel since 2011
- Over 1100 teachers assigning exercises on bingel
- Over 300,000 exercises for pupils to do
- 9 out of 10 teachers say they would recommend bingel
- 87% of teachers say bingel helps them personalize learning for their students

### Bingel growth in new launch countries

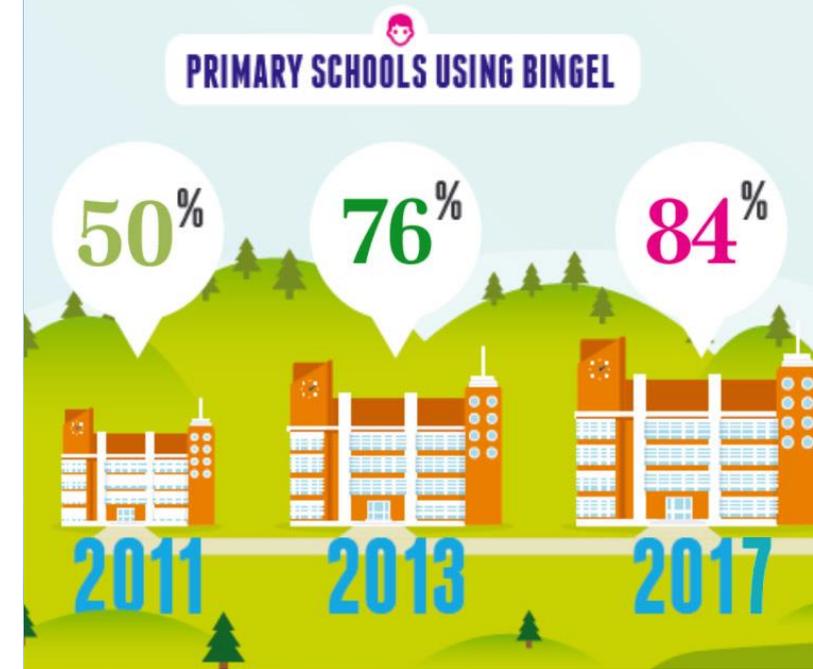
% of Primary school students using bingel



# bingel

Organic growth in footprint markets

### Bingel growth in Belgian Flanders



# Improving profitability through bolt-on acquisitions

M&A in Northern Europe

## Accelerate Digital Transformation

- Higher scale, lower cost and more rapid deployment of technology
- Lower costs needed to develop high quality products

## Stronger product portfolio

- Better coverage of curriculum
- More scale

## Optimize support costs

- Integrating overhead and support functions
- Optimizing procurement



## An example of highly synergetic acquisition

### What we did

- Increase of scale
- Leveraging of digital platforms and transformational capabilities
- Captured synergies and matches from two portfolios

### How it was done

- One management team provided clarity from Day 1
- Back office, offices and warehouses integrated immediately, integrated teams in single locations just after 9 months
- Quick wins from publication, but not compromising business continuity

**Annual synergies 150% higher than acquired EBIT**



# Adjacent markets

Sanoma Learning partnered with iTanks and TNO to develop new e-learning programme for high risk safety training at Rotterdam Harbor

Diversify into adjacent markets

## Sanoma Learning

- Learning design skills
- Existing learning platforms



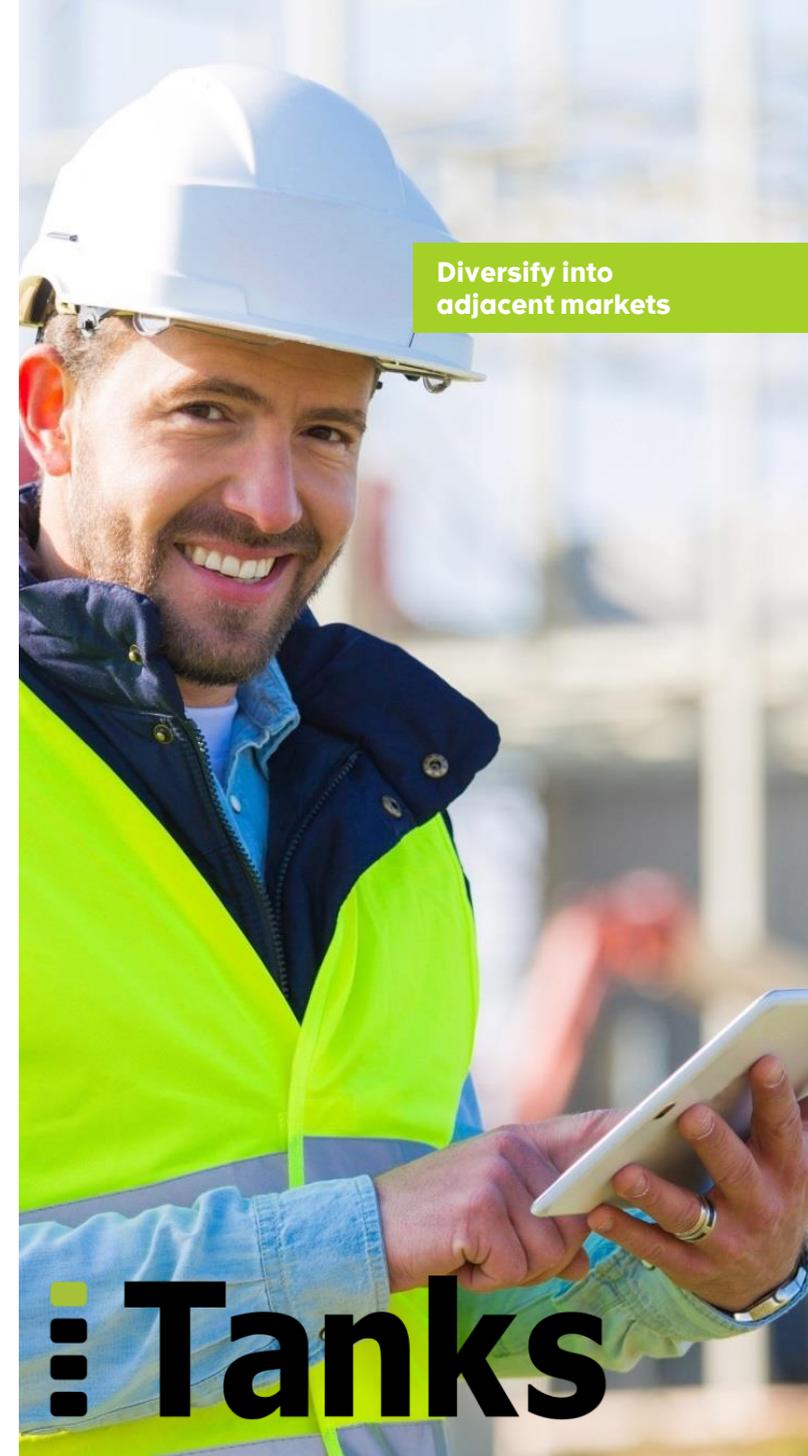
## iTanks & TNO

- Subject matter expertise
- Industry partnership

## Safety at Mainport (SAM) Learning Program

- **Safety training program** for high risk environments
- Collection of 10-minute micro-learning courses for **efficient continuous learning**
- **Pedagogically designed** to improve learning outcomes
- Dashboards for organizational **oversight and tracking**
- Built on **EduBase platform**

Potential to expand to new industries



# iTanks

# Summary

# Our Strategy is to Grow in a Changing Industry

## Organic growth in footprint markets

We use our strong positions, assets and skills to capture opportunities in reforms and curriculum changes

## M&A in (Northern) Europe

We make highly synergetic bolt-on acquisitions to leverage our strengths

## Diversify into adjacent markets

We use our assets and capabilities to capture opportunities in adjacent markets such as corporate training

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