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Growing profitable cross-media offering

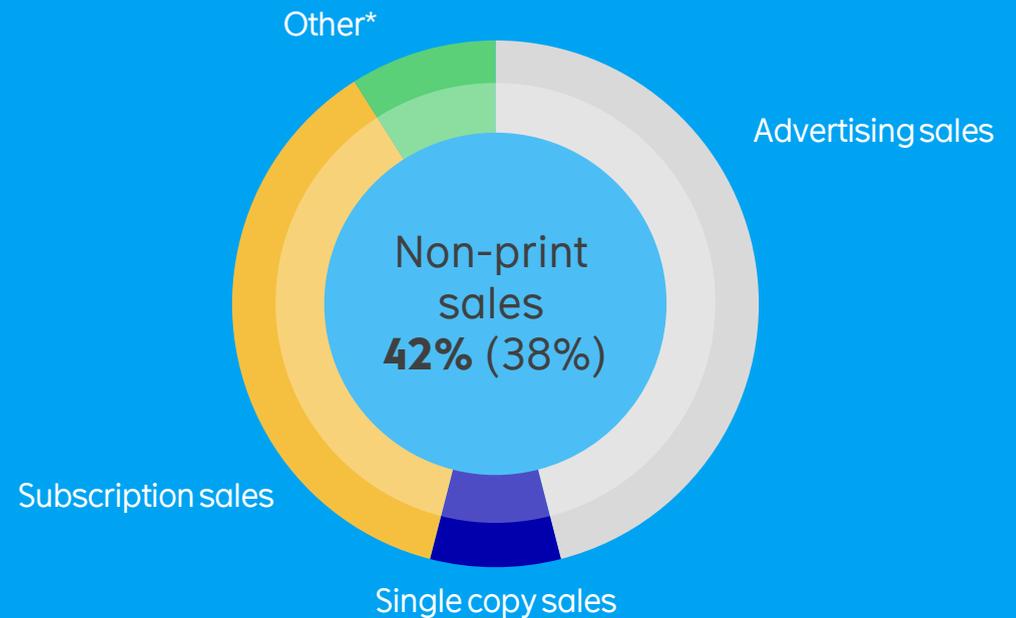
Pia Kalsta, CEO of Sanoma Media Finland
Capital Markets Day 2017

Improving profitability in Media Finland

Key figures

| EUR million | 2016 | 2015 |
|--------------------|--------------|-------|
| Net sales | 581 | 573 |
| Organic growth | 0.7% | -4.1% |
| Operational EBITDA | 143 | 117 |
| | 24.7% | 20.4% |
| Operational EBIT | 50 | 13 |
| | 8.5% | 2.3% |
| Employees (FTE) | 1,718 | 1,863 |

Composition of net sales 2016



* Other sales mainly include printing and marketing services, custom publishing, event marketing and books.

** TV programme and prepublication costs are booked as amortisations below EBITDA

SMF has strong brands in all media platforms

Engaging consumer oriented content

#1
in news



HS
ILTA-SANOMAT

50 %

#2
in television



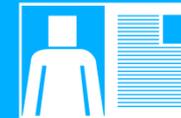
20 %

#1
in audio



5 %

#1
in Magazines



20 %

#1/2
in classifieds



OIKOTIE

5 %

Media brand portfolio enables unique offering for advertisers:

- **Reach:** every week we reach 97% of Finns
- **Data:** we use data to build targeted and effective advertising
- **Insights:** we provide right solutions for all advertising needs
- **Sanoma-agreement:** flexible partnership and benefits for key customers across all media types

We are in hybrid era:

People use both offline and online media



Total media consumption in growth – growth of online on top of offline



Over one third of all media consumption is mobile – people use both online and offline media



Personal media diets: demand for shared experiences, targeted elements and global content



Willingness to pay for media is growing

Vision: The most successful and significant cross media company in Finland

Our hybrid strategy

Relevant content
and experiences

Apt offering and proficient
services for consumers

Trusted partner
for advertisers

Interesting work
for the media talents

Continuous profit
improvement

Fulfilling customer needs

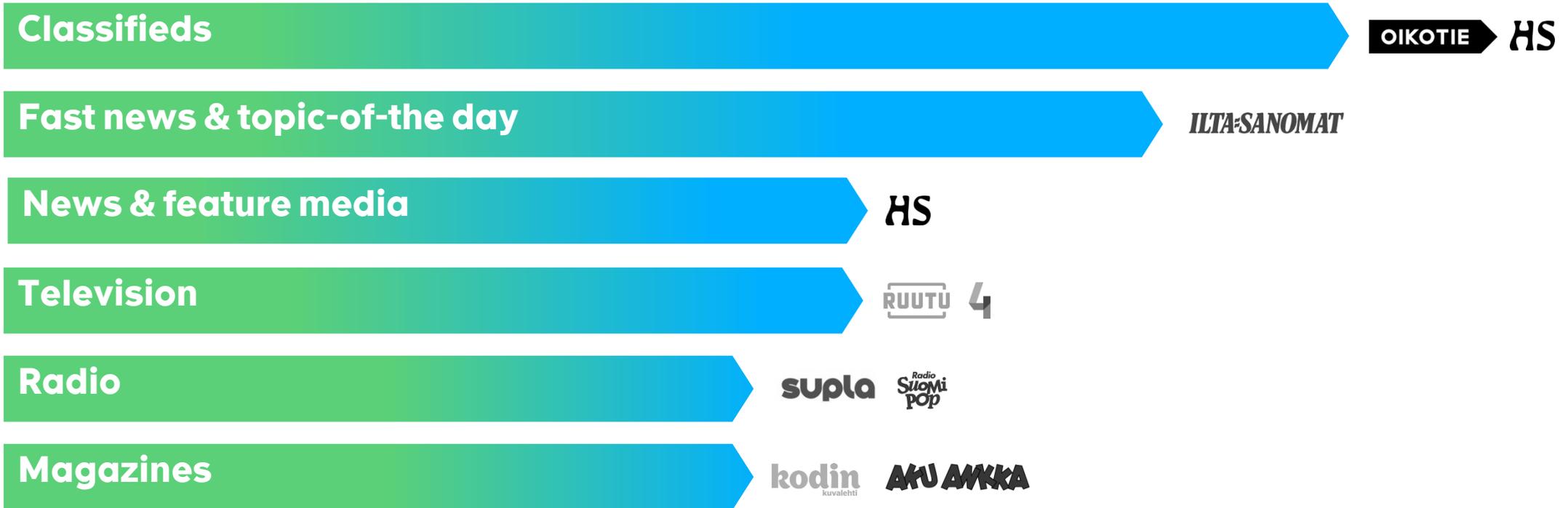
Being competitive

Innovation at every level

Consumers setting the pace of transformation

Pure play print/ linear

Pure play digital/non-linear



HS

**Fulfilling customer
needs: case
Helsingin Sanomat**

Growing digital subscriptions in a customer centric way



FOR SUBSCRIBERS ONLY

Offering adapted to customer needs: focus on adding digital elements

Understanding what readers are ready to pay for in digital

HS digital + print every day



HS digital + print on weekends



HS digital + HS Viikko weekly print + Kuukausiliite monthly magazine



HS digital every day

- "Diamonds" to help create metrics and understanding: log in or 2-weeks free trial to access the best articles
- Continuous analytics: adopting a sales mindset
 - Differentiating digital content
 - Growth in feature content and rich storytelling
 - Offering focus on younger subscribers

Data and analytics to boost the whole sales funnel

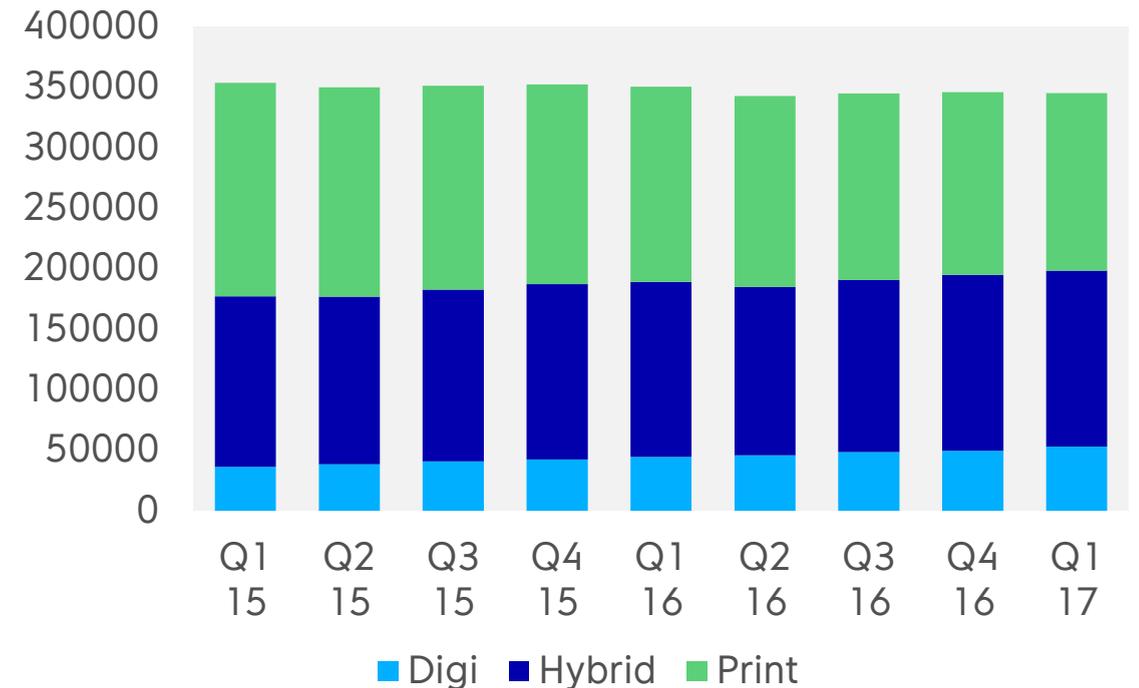


FOR SUBSCRIBERS ONLY

Q1 2016 vs Q1 2017:

- **72% increase** in the number of existing subscribers **using services** at least on 3 days a week
- **12,000 new trials** coming from diamond articles each month
- **17% increase** on **new** subscribers

58 % of HS customers pay for digital content



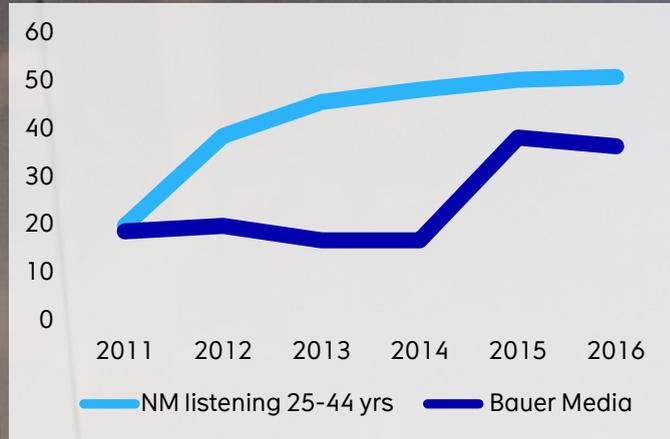
Approaching 200k digital subscribers' milestone

Be competitive : case Radio and TV

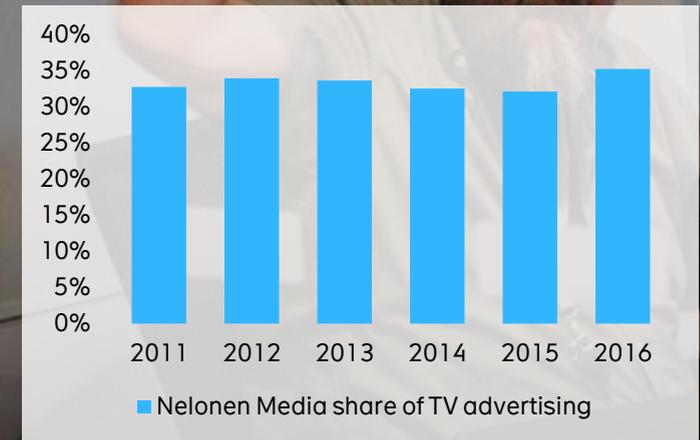
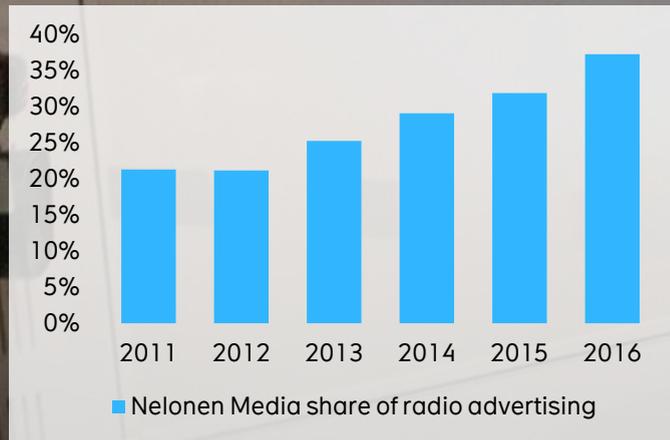
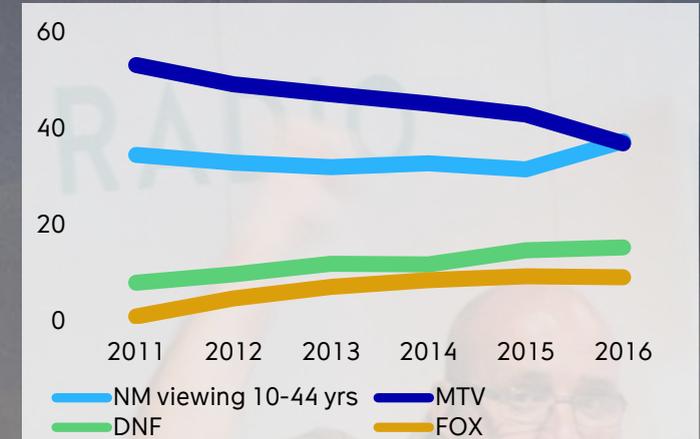
Building entertainment market position

Strong brands
 Local content
 The biggest stars
 The best formats
 On demand content
 Data based development

Radio

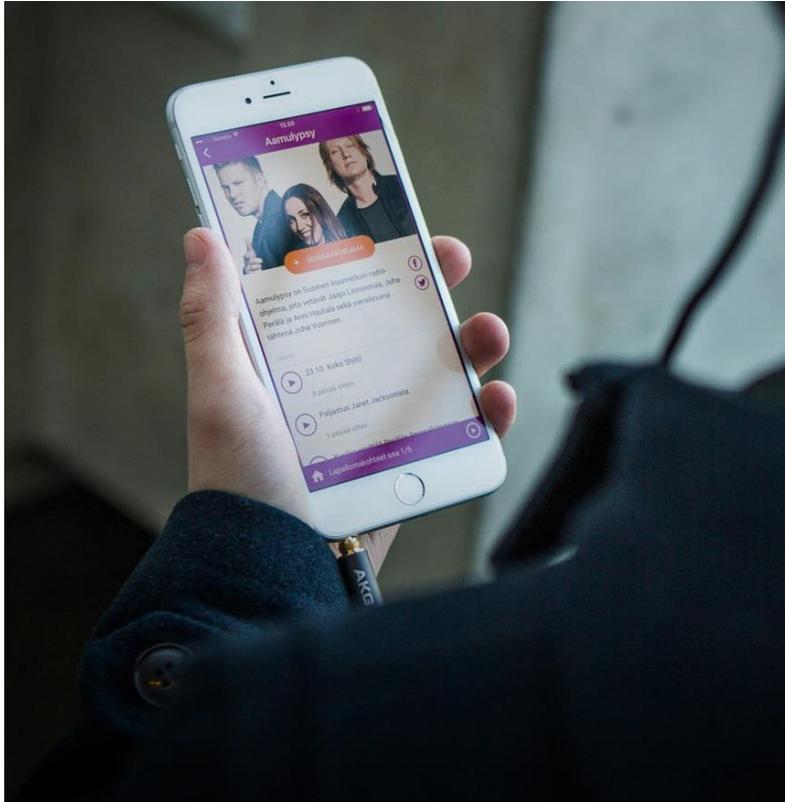


Television



We have a unique position in Finnish entertainment business

TV and radio strengthening each other



Bigger content phenomena



Growing talent into stars



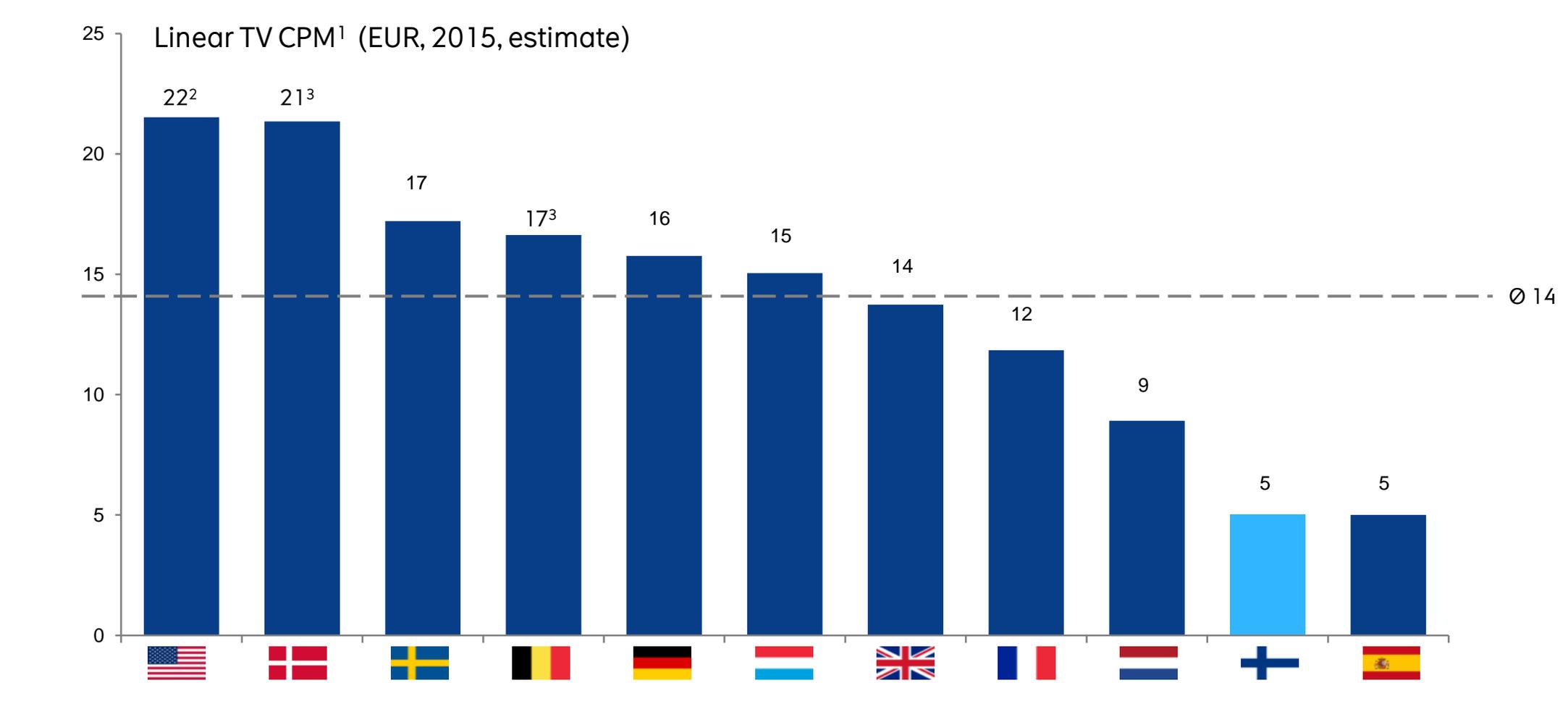
New business potential

A photograph of an ice hockey player in a blue jersey celebrating a goal. The player is in the foreground, with his arms raised and mouth open. In the background, another player in a yellow jersey is visible. The scene is set in an indoor ice hockey arena with a goal net on the left and a scoreboard on the right. The text is overlaid on a blue semi-transparent box.

Discontinuing Liiga TV agreement allows focus and resources to more profitable TV and online video development

- Sanoma has had exclusive rights to broadcast Finnish ice hockey championship league from 2013
- The strategic decision was made to discontinue agreement after the 2017–2018 season
- Focus shifts especially to local video entertainment both in linear and non-linear

TV market in Finland: Room to balance the decline in viewing time

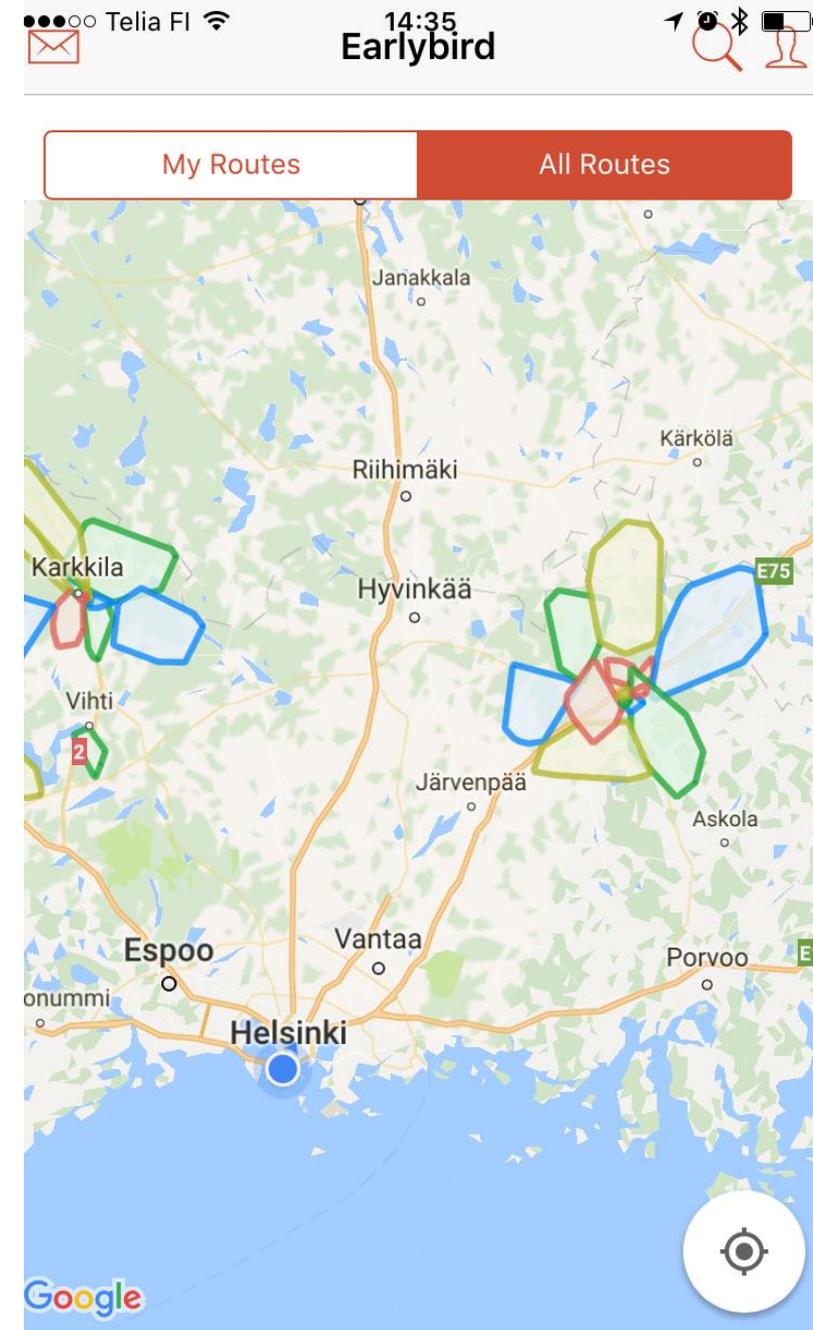


1. After discounts, after agency fees, not corrected for Purchasing Power Parity, before other service agreements as this information is not consistently available in the market, country commercial age groups, prime time, net-net 2. Network broadcasters (not including Cable) 3. Country average; Flanders ~€2 higher than average, Wallonia ~€2 lower than average
Sources used for Benchmark: Zenith, MagnaGlobal, WARC, AGF, TVB, CPM Track, SNL Kagan, Sanoma, international experts

Innovation at every level: Case Earlybird

Entrepreneur-based model to reduce distribution costs and improve service levels

- Questioning the traditional operating models and innovating new ways of working
- Sanoma created a pilot to test an entrepreneur based distribution network
- First regions launched in 2016 and expanded in 2017
- Cost and service level targets reached
- Opportunity to expand geographically and increase synergies: other products
- **Earlybird** and other innovations in distribution will result in significant savings and allow us to keep the customer promise



How to grow in media in Finland?

Utilizing all growth opportunities

Growth from increasing focus on SME advertising sales

Solution sales for larger companies

Market size

1,000 companies

Sanoma's market share
30%



SME sales

Market size

280,000 companies

Sanoma's market share
18%



In March 2017 we increased our share in

Mobiilimarkkinointi Routa

- Very good track record in SME productization and sales processes
- All Sanoma SME sales will be merged into Routa
- Routa product scope will cover the whole Sanoma portfolio



Growth in B2C sales from Customer Lifecycle Management

Increasing share of wallet and mitigating churn

Awareness

Bring new customers to site, attract prospects and trial users

Create leads

Conversion

Convert casual visitor to trial user, trial user to subscriber

Onboarding

Help customer to discover interesting content (digi activation)

Help to overcome initial hurdles

Engagement

Keep customer engaged with the product by increasing digital usage

Decrease churn rate

Growth

Help customer to discover new products

Retention

Activate passive customers to restart using service or subscription, thus preventing churn.

Growth in profitability: Suunta project mode

More than 100 projects in 4 different areas

Commercial

Sales transformation
Customer service transformation

Content

Editorial co-operation
Savings in content creation and purchase

Operations

Centralized operating model
New distribution model
Cost innovation

Admin

HR transformation
Financial excellence
Savings in procurement

Progress

Rationalization and reorganization

- Low hanging fruits
- Cost innovation
- New operating model

2015-2016

Transforming company further

- Process and tool development
- Digitalization across SMF
- Transforming the offering
- Data utilization across company

2017 →

Where to grow: potential acquisitions close to core

**Bolt-on
acquisitions
close to core
business**

**Growing
profitable
cross media
offering**

**Consolidation
within
industry**

Summary

Key strengths

Solid track record on digital transformation, now also building efficiency

- Focus on engaging consumers
- Unique offering for advertisers
- Cross media power

Vision: The most successful and significant cross media company in Finland

Our hybrid strategy

Fulfilling customer needs

Being competitive

Innovation at every level

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