

Q1 2013 Interim Report

Harri-Pekka Kaukonen, President and CEO

Kim Ignatius, CFO

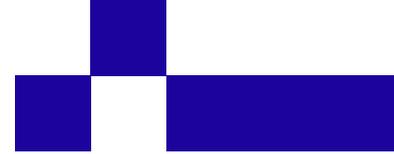
2 May 2013

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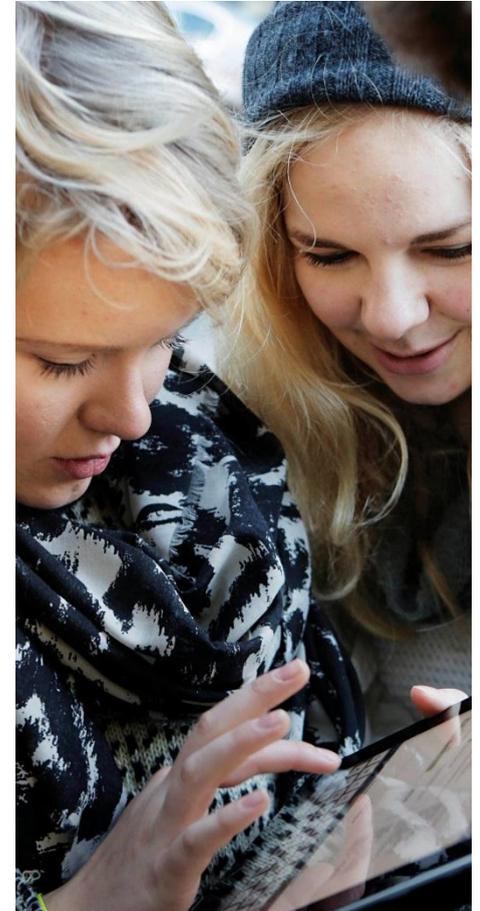


- **New vision, values and brand identity** launched in April to support our strategy
 - Implemented across the group by the end of the year
- ***Get the world*** – Sanoma helps people access and understand the world
 - Look and feel supports the messaging: dynamic | versatile | digital
- **The Sanoma Way**
Look ahead | Share views
Engage people | Make it happen



First quarter is seasonally the weakest for the Group

- **Q1 2013** – Solid performance in learning – investments and efficiency improvements in consumer media to address challenging environment
 - Net sales EUR 505 million (544) – organic growth -7.5%
 - EBIT excl. non-recurring items EUR -3.0 million (15.6)
 - EPS excl. non-recurring items EUR -0.03 (0.00)
- **Cash flow and balance sheet** – impacted by seasonal business fluctuation
 - Cash flow from operations EUR -63 million (-22)
 - Equity ratio 40%, long-term target: 35-45%
 - Gearing 87%, long-term target: below 100%
 - Net debt / EBITDA* adjusted 4.1, long-term target: below 3.5 times
- **Three-year EUR 60 million (gross) savings programme** – proceeding according to plan
 - Realised gross savings around EUR 3 million in Q1 2013
- **Outlook** – unchanged from the revised outlook published on 22 March

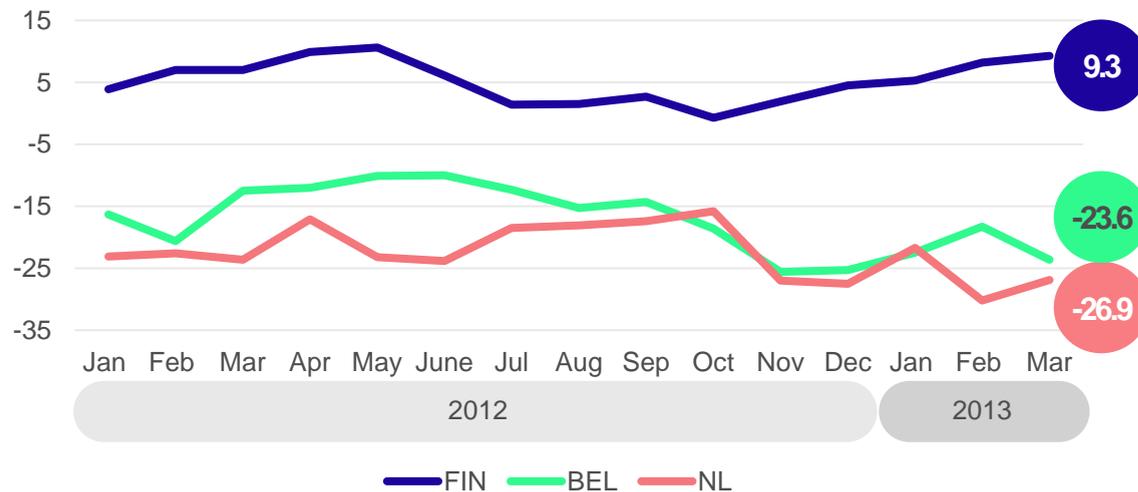


* EBITDA adjusted is calculated based on 12-month rolling EBITDA excl. non-recurring items (continued operations), where acquired operations are included and divested operations excluded for the rolling period, and where programming rights and prepublication rights have been raised above EBITDA.

Challenging environment

- European economic outlook remains subdued
- Advertising markets under pressure
- Changes in market environment and weakened outlook for underlying businesses led to an impairment in March

Consumer confidence*



Advertising market** Change in % vs. prior year

Netherlands	FY/2012	Q1/2013
Magazines	-12	-17
TV	-6	-5
Online	0	-10
Total ad market	Around -5	Around -8***

Finland	FY/2012	Q1/2013
Newspapers	-9	-18
Magazines	-8	-16
TV	-1	-10
Online	+10	+3
Total ad market	Around -4	Around -13

Belgium	FY/2012	Q1/2013
Magazines	-15	-20
TV	-9	-10
Online	+3	0
Total ad market	Around -10	Around -10

*Source: FIN: Statistics Finland, BEL: National Bank of Belgium, NL: Centraal Bureau voor de Statistiek.

**Net figures, excluding online search. NL & BEL: Sanoma estimates, FIN: TNS Gallup.

***Weighted average of magazines, TV and online (excluding search).

Innovation and digital development

Focused spending on digital and TV

- **Consumer data and analytics**
 - Building capabilities and infrastructure on performance metrics, sales optimisation, targeted advertising and content recommendation
- **Multi-channel content & publishing development**
 - Content library
 - Digital distribution
- **Future of TV**
 - High relative spending per SoV percentage point in SBS Netherlands
 - Cross-media offering with the Finnish national hockey league
- **E-commerce**
 - Kieskeurig International, Szallas, Huuto.net, Mitä saisi olla, leef.nl
- **Expansion of learning business**
 - Testing & assessment being built into offering
 - Rolling out a common learning platform
 - Online tutoring pilots launched
- **Internal ventures**
 - Mobile and Content Accelerator programs for training and establishing in-house start-ups
- **Sanoma Ventures**
 - Seed investments so far in 10 promising external start-ups, e.g. Fashionchick.nl

Group outlook for 2013

Unchanged from the revised outlook published on 22 March 2013

In 2013, Sanoma expects that the Group's consolidated net sales will decline by 2–4% compared to 2012 and operating profit excluding non-recurring items is estimated to be EUR 180–205 million.

Sanoma's outlook for 2013 is based on assumptions that the European economic situation remains subdued and advertising markets remain depressed in Sanoma's main operating countries.



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Financials

Kim Ignatius, CFO

Income Statement

Q1 2013

EUR million	1–3/2013	Restated* 1–3/2012	Restated* 1–12/2012
Net sales	505.2	543.6	2,376.3
EBITDA excl. non-recurring items	75.9	83.3	518.1
<i>of net sales</i>	15.0%	15.3%	21.8%
Amortisations related to programming rights	-48.1	-37.7	-156.9
Amortisations related to prepublication rights	-5.9	-5.2	-21.6
Other amortisations	-15.5	-14.9	-68.2
Depreciations	-9.4	-9.8	-40.3
EBIT excl. non-recurring items	-3.0	15.6	231.0
<i>of net sales</i>	-0.6%	2.9%	9.7%
Total financial items	-15.1	-13.7	-57.4
Profit before taxes	-55.2	-14.4	105.9
Effective tax rate	6.1%	n.a.	34.0%
EPS excl. non-recurring items, EUR **	-0.03	0.00	0.78
Cash flow from operations / share, EUR **	-0.39	-0.13	1.18

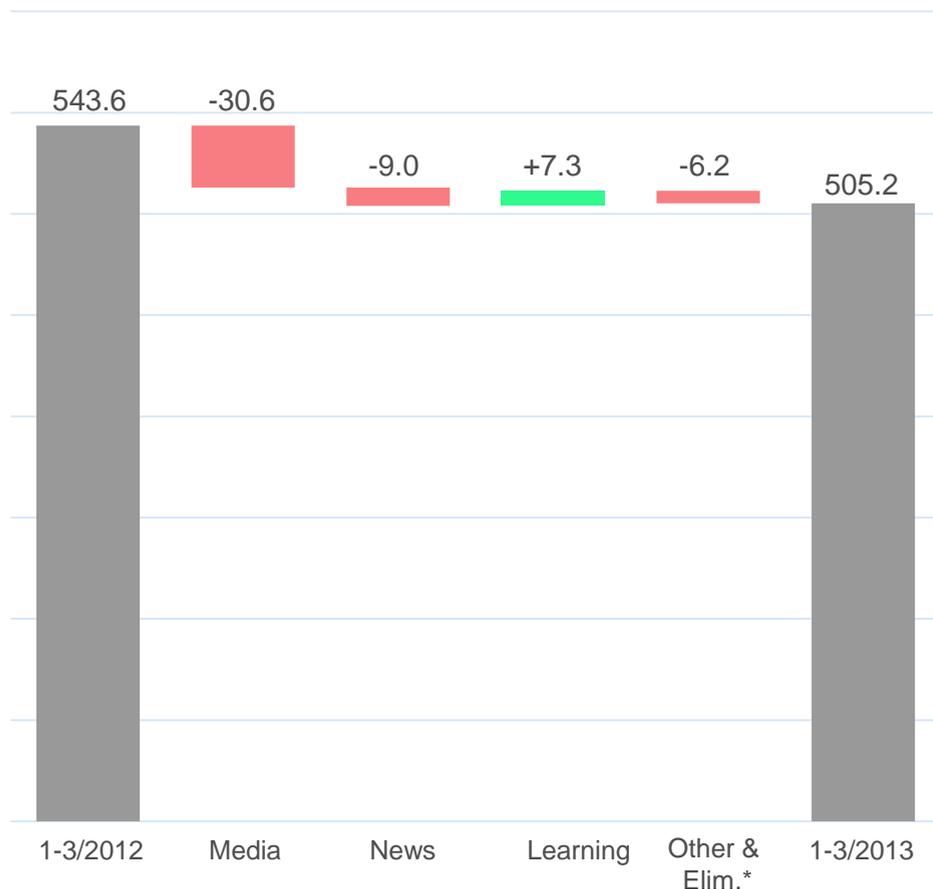
* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

** Includes continuing and discontinued operations for 2012 figures.

Net sales development

Q1 2013

EUR million



(%)	1-3/2013 organic growth	1-3/2013 share of net sales	2012 organic growth
Group	-7.5		-3.3
Media	-10.8	64.0	-5.8
News	-8.2	20.0	-3.6
Learning	+31.6	9.0	+8.6

Media: Advertising adversely affected net sales, especially in the Netherlands. Lower circulation volumes not offset by price increases

News: Decline in net sales is mainly attributable to lower advertising sales, particularly printed recruitment

Learning: Solid performance supported by earlier than expected sales recognition in the Netherlands

Other: Non-core operations under pressure

*The line item 'Other companies and eliminations' includes non-core operations, head office functions, real estate companies and Group eliminations.

EBIT excl. non-recurring items development

Q1 2013

EUR million



* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

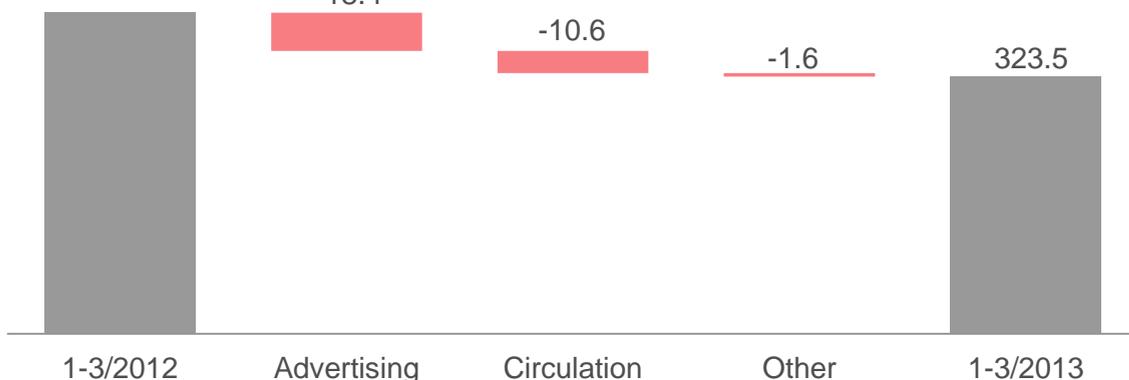
**The line item 'Other companies and eliminations' includes non-core operations, head office functions, real estate companies and Group eliminations.

Media – net sales and EBIT excl. non-recurring items

Q1 2013

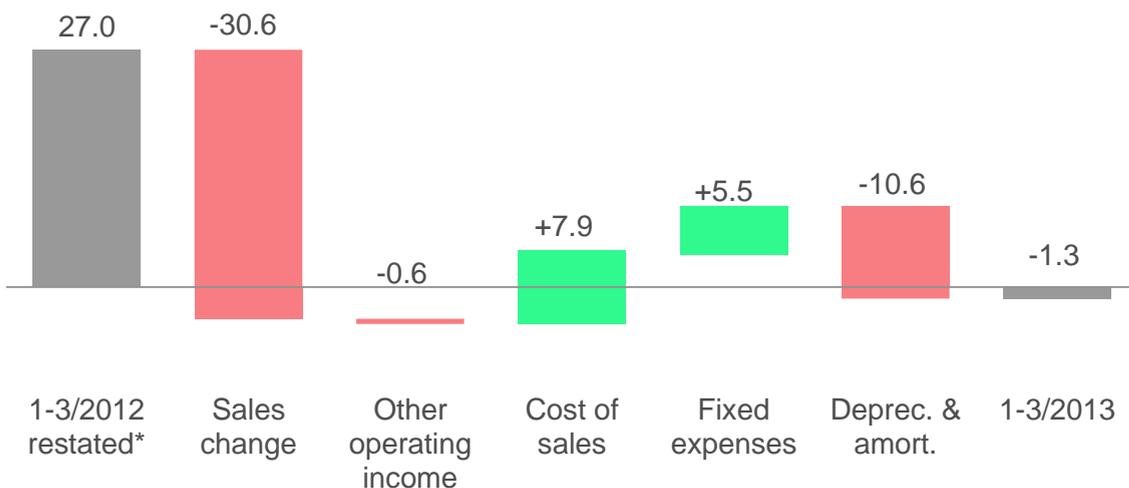
Net sales

EUR million



EBIT excl. non-recurring items

EUR million



- Net sales impacted by adverse market development
 - Half of decline explained by weak advertising market in the Netherlands
- Decline in magazine circulation due to negative volume trends and also portfolio streamlining – not offset by price increases

- Operating profit excluding non-recurring items impacted mainly by:
 - Weak advertising sales
 - Efficiency measures not able to off-set the decline in sales
 - Higher amortisation of TV programming rights

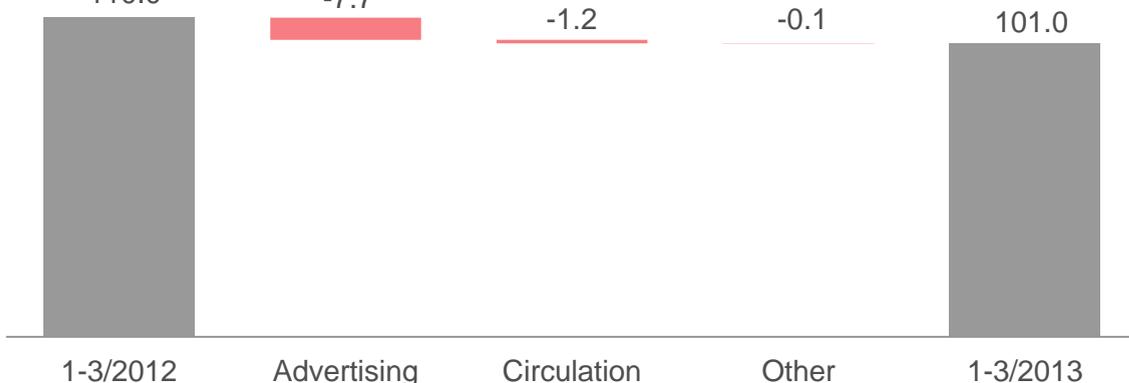
* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

News – net sales and EBIT excl. non-recurring items

Q1 2013

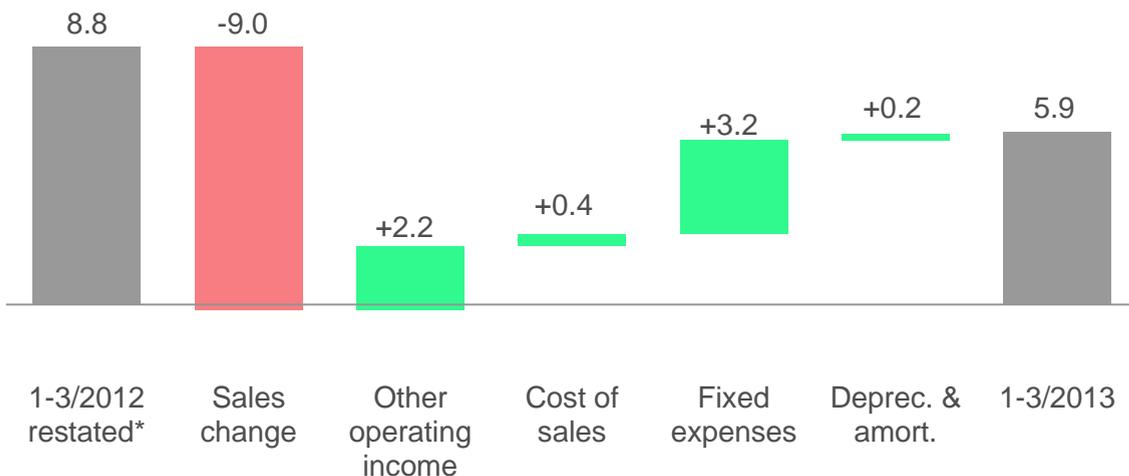
Net sales

EUR million



EBIT excl. non-recurring items

EUR million



- Print advertising -19% while online +7%
 - Ilta-Sanomat was able to compensate the decline in print by growth in online
- Circulation sales decline slower than the average of 2012 due to the renewal of Helsingin Sanomat (tabloid and paywall)

- EBIT excluding non-recurring items declined mainly due to:
 - Print advertising
 - Efficiency measures not able to off-set the decline in sales

* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

Free cash flow

Cash flow from operations less cash CAPEX

EUR million	1–3/2013	Restated 1–3/2012*	Restated 1–12/2012*
EBITDA excl. non-recurring items	75.9	86.9	523.0
TV programming costs	-60.1	-48.7	-179.3
Prepublication costs	-6.5	-6.2	-28.2
Change in working capital	-35.3	-20.4	-11.4
Interest paid	-27.1	-7.7	-35.7
Other financial items	-2.5	-3.4	-9.2
Taxes paid	-3.0	-23.2	-49.3
Other adjustments	-4.0	+0.8	-18.0
Cash flow from operations	-62.7	-21.9	192.0
Cash CAPEX	-12.8	-16.3	-63.5
Free cash flow	-75.6	-38.2	128.5

* 2012 figures have been restated due to a change in IAS19 'Employee benefits' and include continuing and discontinued operations.

Impairment charge in Sanoma Media Netherlands

Impairment test – impact on Group vs local level

- Changes in market environment and weakened outlook for underlying businesses led to an impairment in March
- Group is testing pre-determined cash-generating units
 - Sanoma Media Netherlands includes all media operations in Netherlands combined as one unit
- In local statutory accounting Image B.V. is tested on a stand-alone basis, TV and print businesses separately
- Used discount rate reflects the tested unit's risk profile
 - Not same for the cash-generating unit Sanoma Media Netherlands and standalone businesses

Group level

- A goodwill and other intangible asset impairment charge of EUR 34.8 million in Sanoma Media Netherlands, that comprises Sanoma's Dutch magazines, TV and online operations
- The impairment charge is classified as a non-recurring item, with no effect on cash flow

Local level

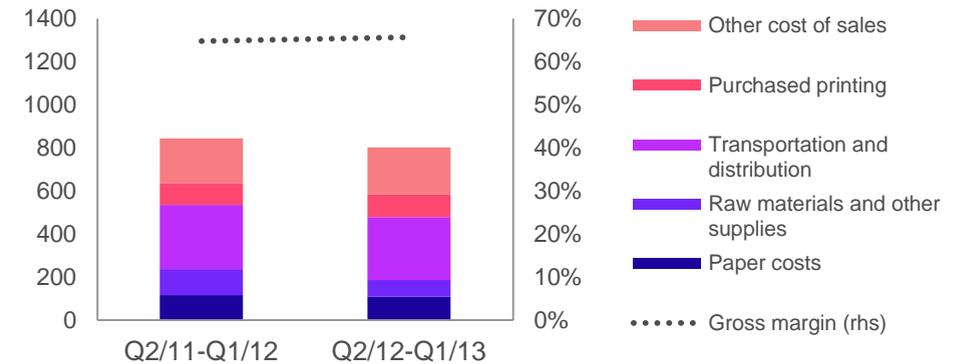
- In the local statutory accounting, the legal entity Image B.V. (SBS Netherlands) recognised non-cash goodwill and other intangible asset impairment charges on Image B.V. level totalling EUR 392 million, of which EUR 201 million based on impairment tests in 2012
- The impairment in Image B.V. has no additional impact on Sanoma Group's financials

Savings target & cost structure

- **Gross margin** – continued to improve
- **Fixed costs** – lower in absolute terms
- **Group-wide cost savings programme** – targeting around EUR 60 million gross savings compared to 2012
 - Savings fully effective by the end of 2015
- **Savings programme** – proceeding according to plan
 - Decisions made so far are estimated to generated around half of targeted EUR 60 million gross savings
 - Realised gross savings around EUR 3 million in Q1 2013
 - Around EUR 9 million of non-recurring items recognised so far
 - Around EUR 3 million in Q1 2013

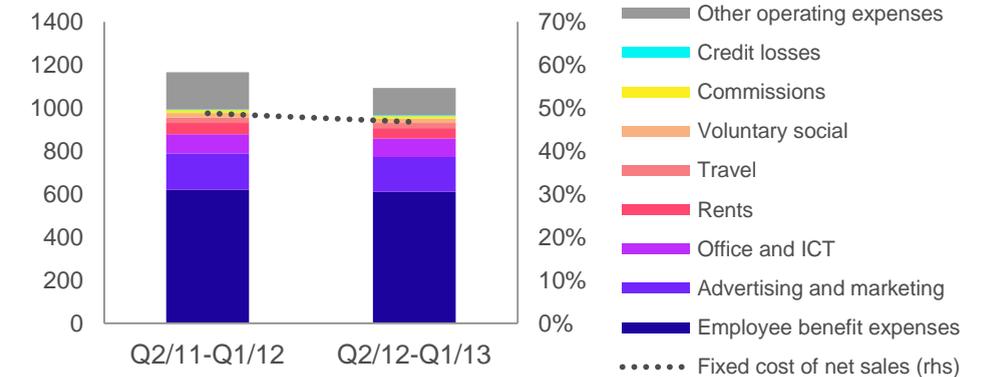
Cost of sales split (EUR million) and Gross Margin

Rolling 12 months



Fixed cost split (EUR million) and share of net sales

Rolling 12 months

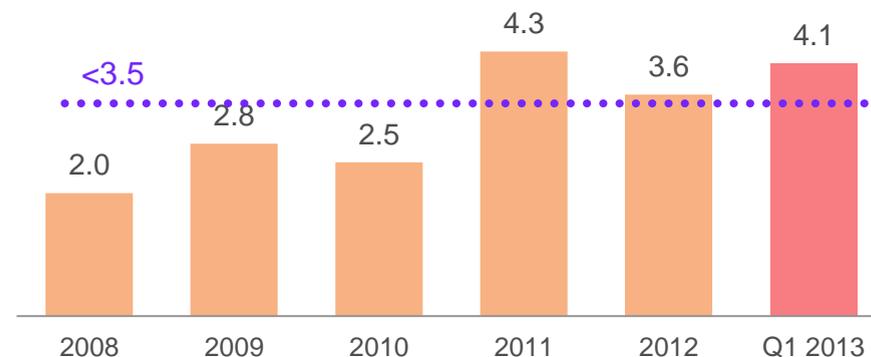


Capital structure

31 March 2013

- Funding secured for the coming years
- Net debt EUR 1.3 billion (1.5)
 - Net debt / EBITDA adjusted 4.1 times (4.0)
 - EBITDA adjusted is calculated based on 12-month rolling EBITDA excl. non-recurring items (continuing operations), where acquired operations are included and divested operations excluded for the rolling period, and where programming rights and prepublication rights have been raised above EBITDA
 - Average interest rate around 3.5% p.a.
 - Interest sensitivity* is around EUR 2 million and the duration is 22 months
- Equity totalled EUR 1.5 billion (1.5)
- Clear headroom to financial loan covenants
 - Net debt / EBITDA (based on covenant calculation method) 2.6 times (2.4)
 - Equity ratio 40.4% (38.5%)

Net debt / EBITDA adjusted



Committed credit facilities profile**

EUR million



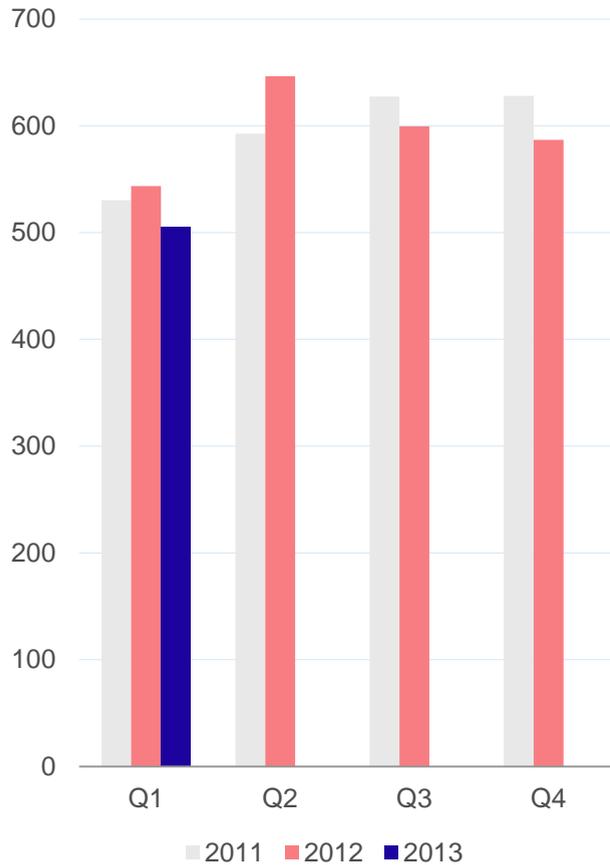
* Should the level in market interest rates make a parallel shift of one percentage point.

** Including the EUR 400 million bond maturing in 2017 and excluding current account limits.

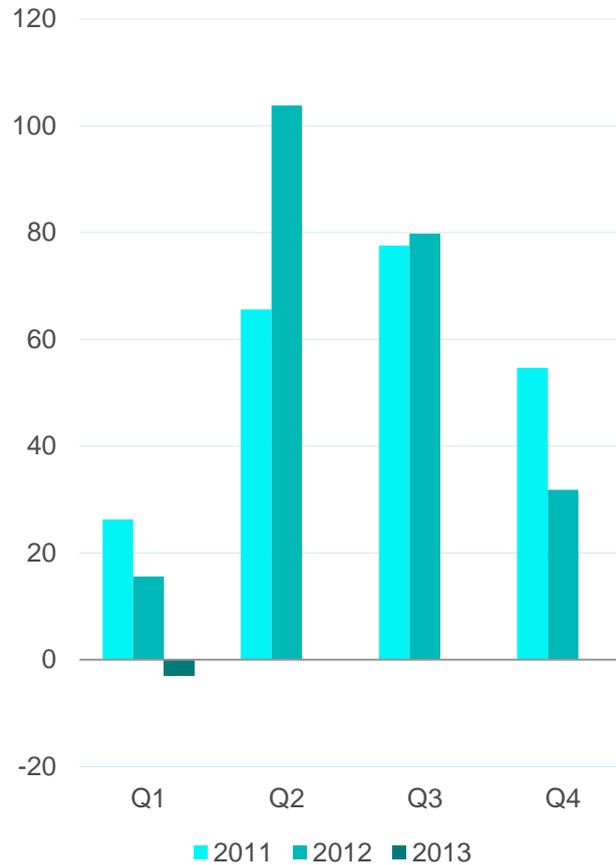
First quarter is seasonally the weakest for the Group

Seasonality between quarters visible in EBIT and cash flow

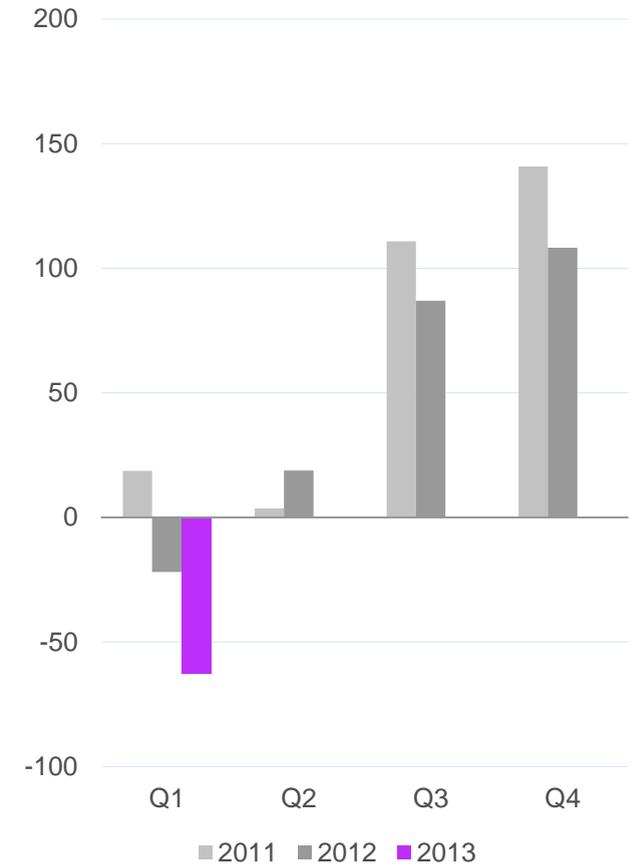
Net sales (EUR million)



EBIT excl. non-recurring items (EUR million)*



Cash flow from operations (EUR million)*

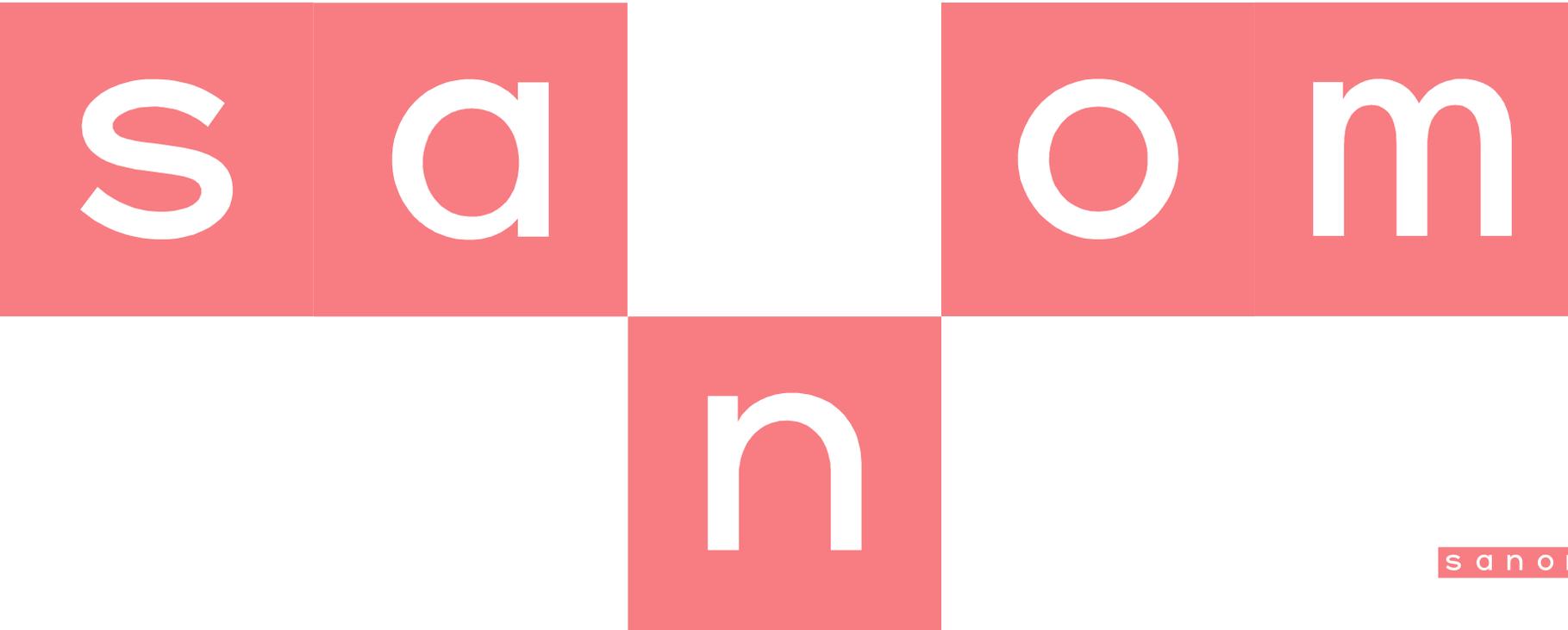


* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

Appendix 1

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Sanoma's business units



Sanoma Media

Key figures

EUR million	1-3/2013	FY 2012	10-12/2012	7-9/2012	4-6/2012	1-3/2012	FY 2011
Net sales	323.5	1,487.1	406.3	338.1	388.6	354.1	1,369.2
The Netherlands	157.2	760.4	207.2	173.5	208.1	171.6	642.0
Finland	69.6	301.7	82.2	65.4	76.7	77.4	309.7
Russia & CEE	42.8	199.5	53.5	46.9	50.1	49.0	213.1
Belgium	54.3	228.3	64.1	52.9	54.6	56.8	209.1
Other businesses and eliminations	-0.5	-2.7	-0.7	-0.6	-0.8	-0.7	-4.8
EBIT excluding non-recurring items*	-1.3	151.5	46.9	23.0	54.5	27.0	149.5
<i>% of net sales</i>	<i>-0.4</i>	<i>10.2</i>	<i>11.5</i>	<i>6.8</i>	<i>14.0</i>	<i>7.6</i>	<i>10.9</i>
Number of employees (FTE)**	5,536	5,718	5,718	5,824	5,770	5,785	5,638

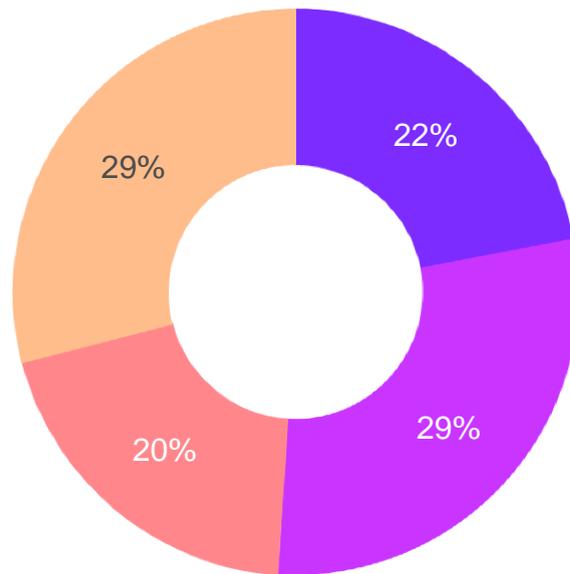
* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

** At the end of the period.

TV – net sales and EBIT seasonality

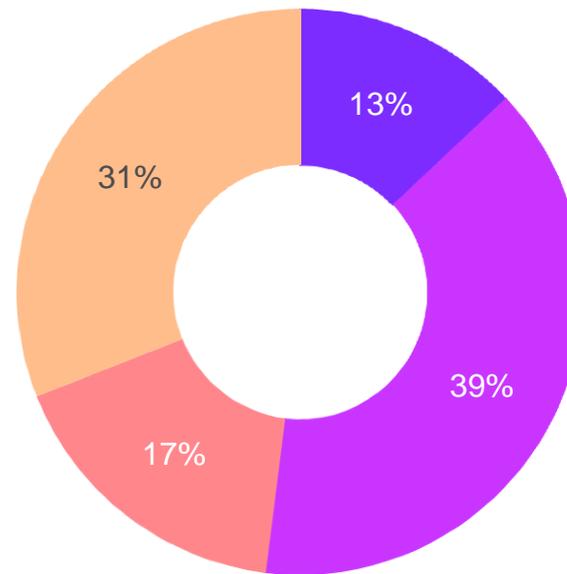
2010-2012 average for TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4



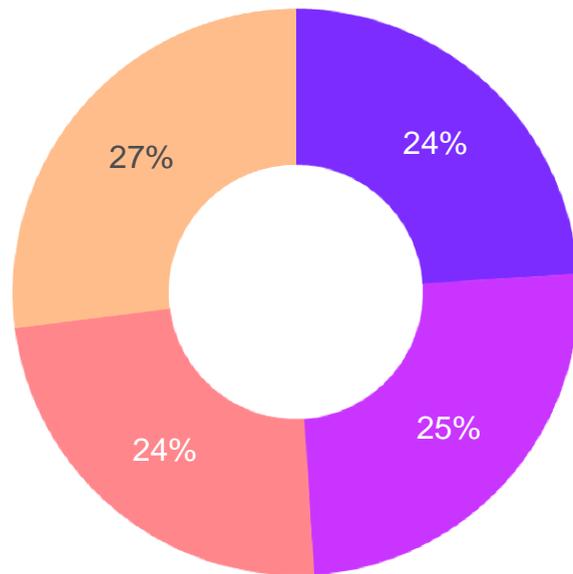
*Includes SBS Netherlands (excluding PPA amortization) and Nelonen Media Finland.

**Excluding non-recurring items.

Magazines – net sales and EBIT seasonality

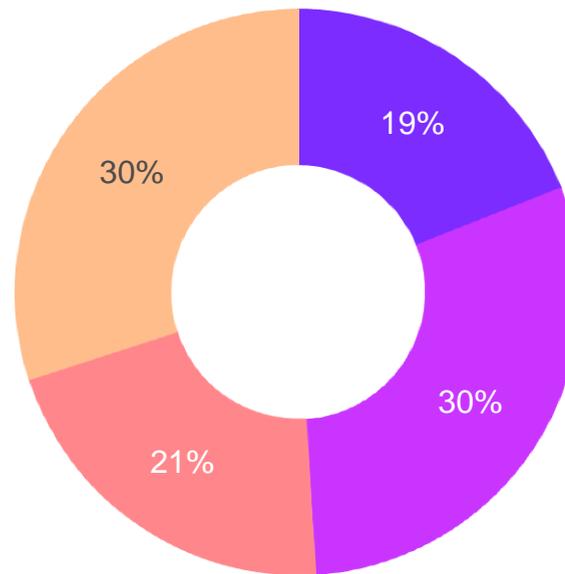
2010-2012 average for Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4

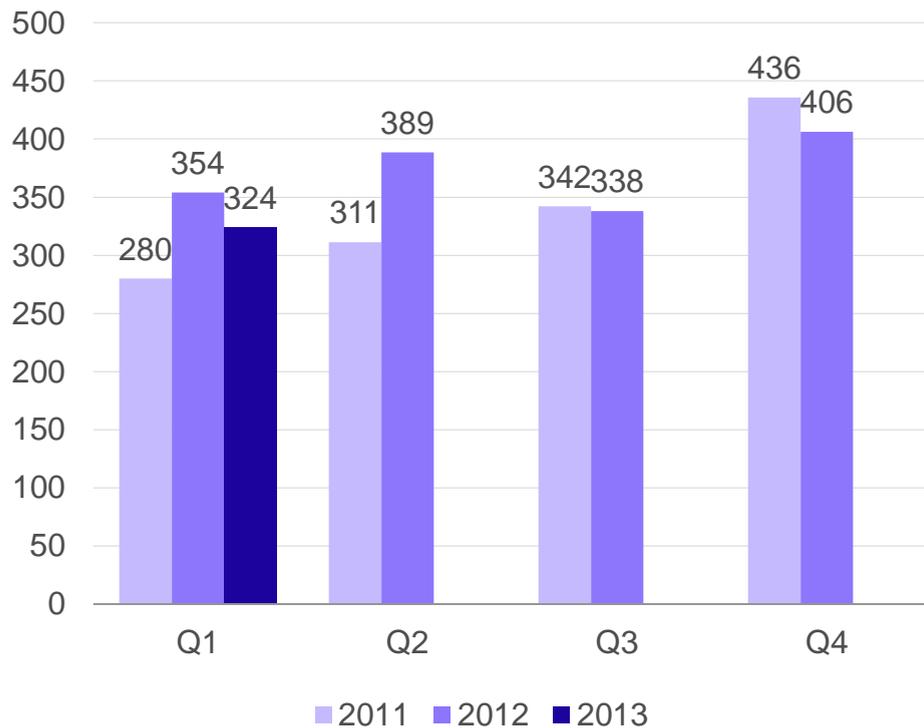


*Includes Dutch, Finnish, Belgian and Russian operations.

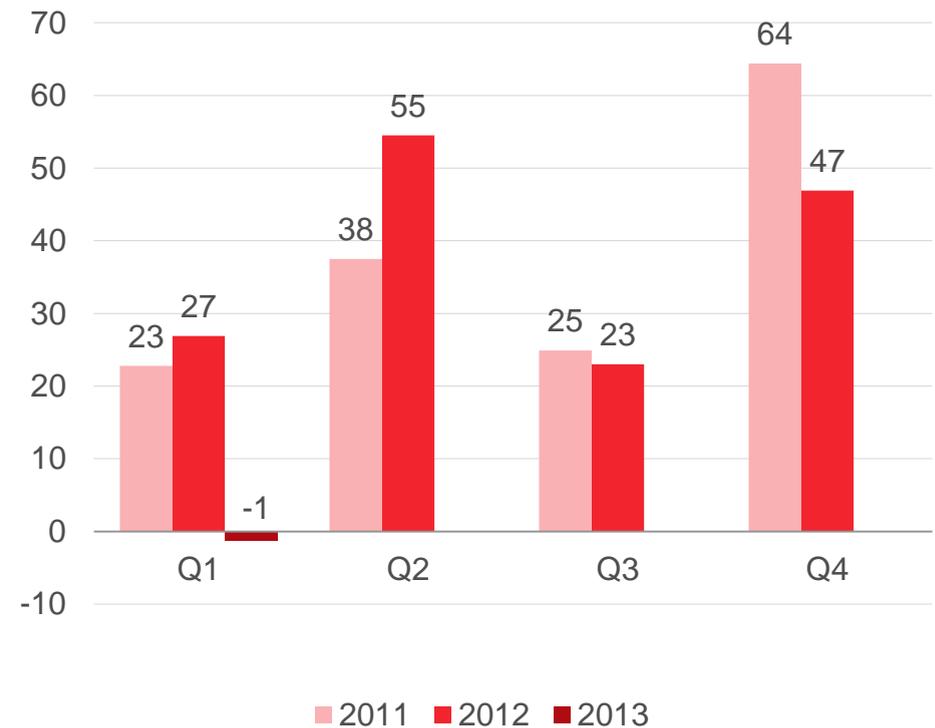
**Excluding non-recurring items.

Sanoma Media

Net sales
EUR million



EBIT excluding non-recurring items*
EUR million



* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

Sanoma News

Key figures

EUR million	1–3/2013	FY 2012	10–12/2012	7–9/2012	4–6/2012	1–3/2012	FY 2011
Net sales	101.0	422.8	107.6	98.3	106.8	110.0	435.8
Helsingin Sanomat	56.3	224.9	57.1	52.2	56.2	59.3	238.5
Ilta-Sanomat	20.0	84.3	21.1	20.0	22.0	21.2	84.4
Other businesses and eliminations	24.8	113.5	29.4	26.1	28.6	29.5	112.9
EBIT excluding non-recurring items*	5.9	32.2	10.0	8.4	5.1	8.8	49.4
<i>% of net sales</i>	5.8	7.7	9.3	8.5	4.8	8.1	11.3
Number of employees (FTE)**	2,026	1,928	1,928	2,002	2,213	2,033	2,025

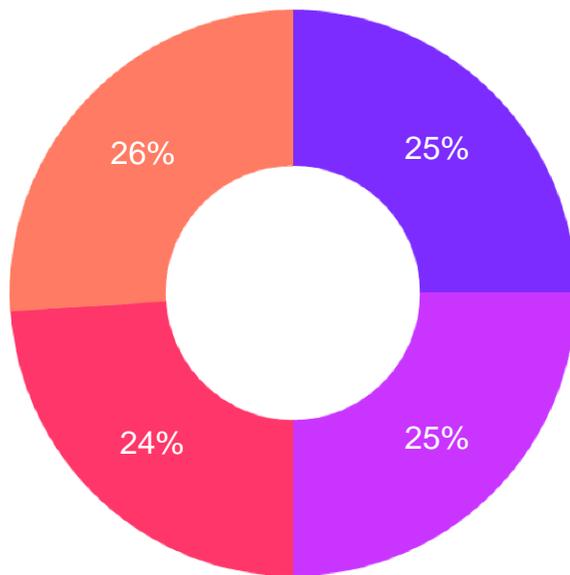
* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

** At the end of the period.

News – net sales and EBIT seasonality

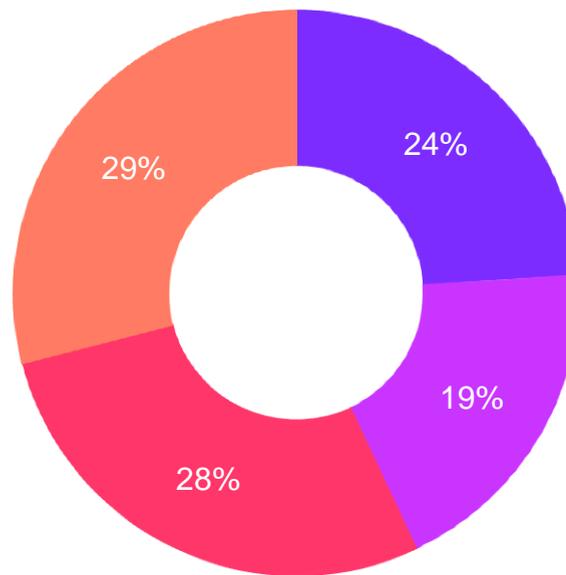
2010-2012 average for News

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split



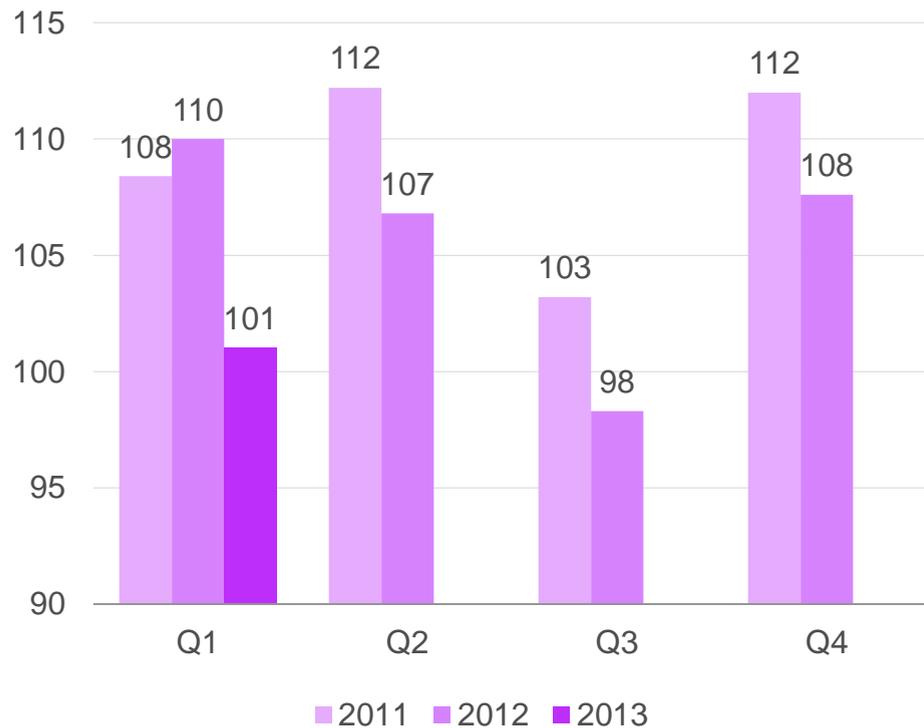
■ Q1 ■ Q2 ■ Q3 ■ Q4



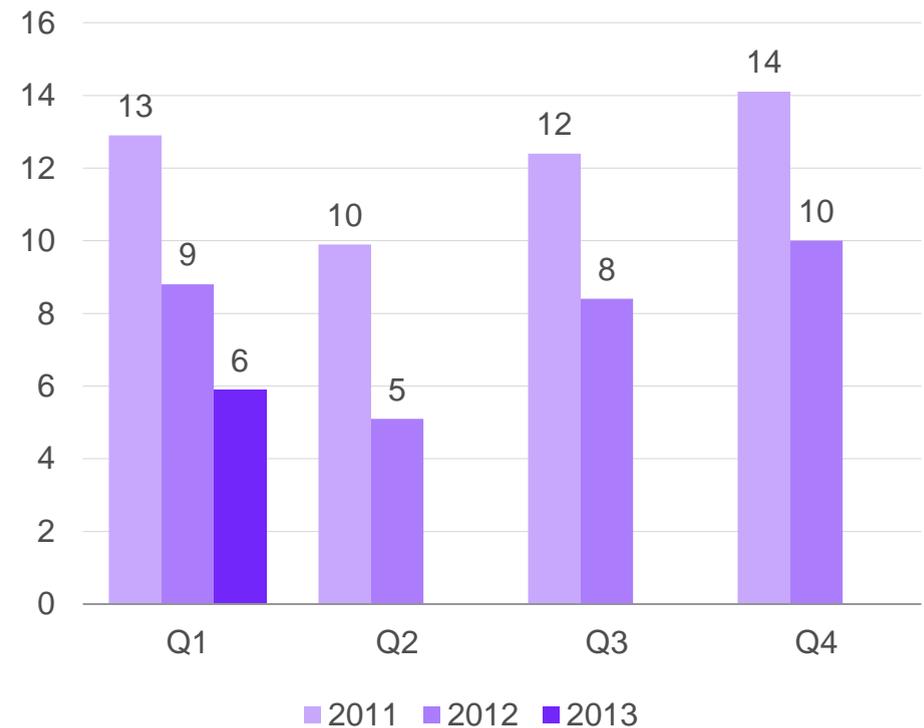
*Excluding non-recurring items.

Sanoma News

Net sales
EUR million



EBIT excluding non-recurring items*
EUR million



* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

Sanoma Learning

Key figures

EUR million	1–3/2013	FY 2012	10–12/2012	7–9/2012	4–6/2012	1–3/2012	FY 2011
Net sales	45.7	312.4	35.5	127.4	111.1	38.4	290.6
Learning	45.7	306.4	35.5	127.4	109.3	34.2	256.6
Other businesses		6.5	0.0	0.0	1.8	4.6	36.1
Eliminations		-0.5	0.0	0.0	0.0	-0.4	-2.1
EBIT excluding non-recurring items*	-4.4	59.2	-22.1	49.4	46.9	-15.0	47.7
<i>% of net sales</i>	-9.6	19.0	-62.2	38.7	42.2	-39.0	16.4
Number of employees (FTE)**	1,750	1,735	1,735	1,719	1,715	2,011	2,011

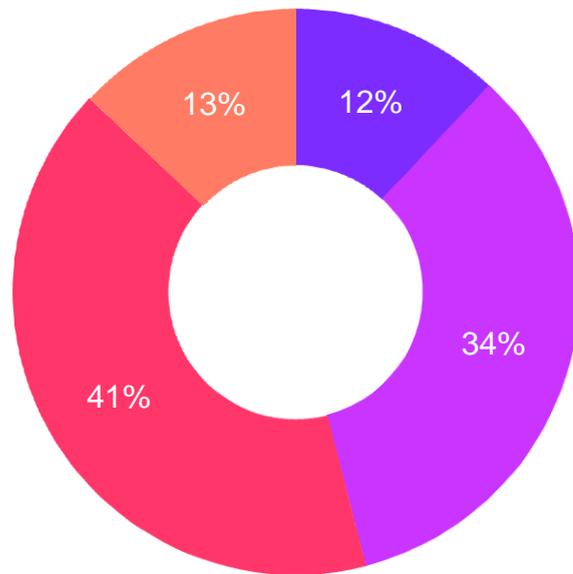
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** At the end of the period.

Learning – net sales and EBIT seasonality

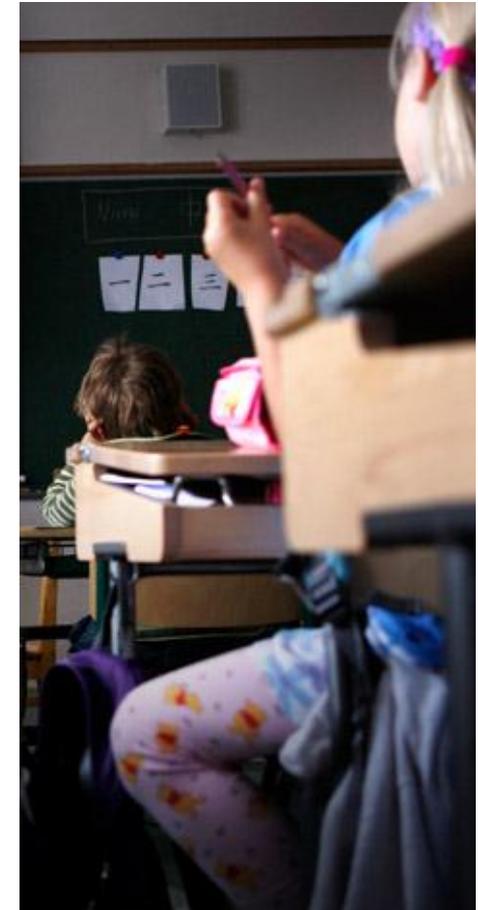
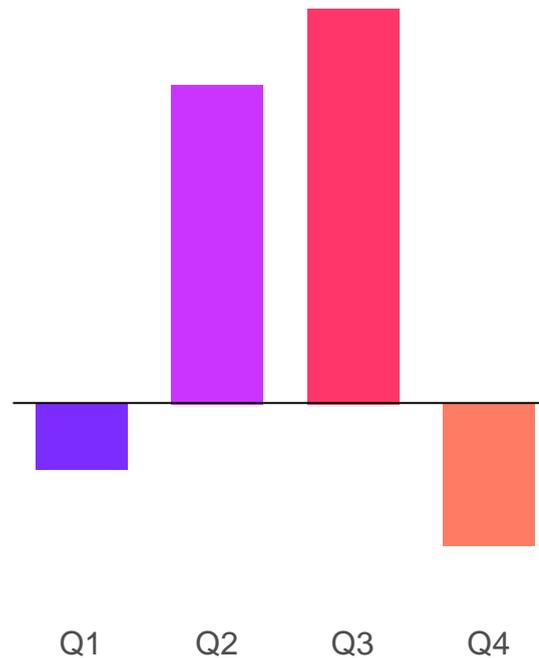
2010-2012 average for learning*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split in relative terms

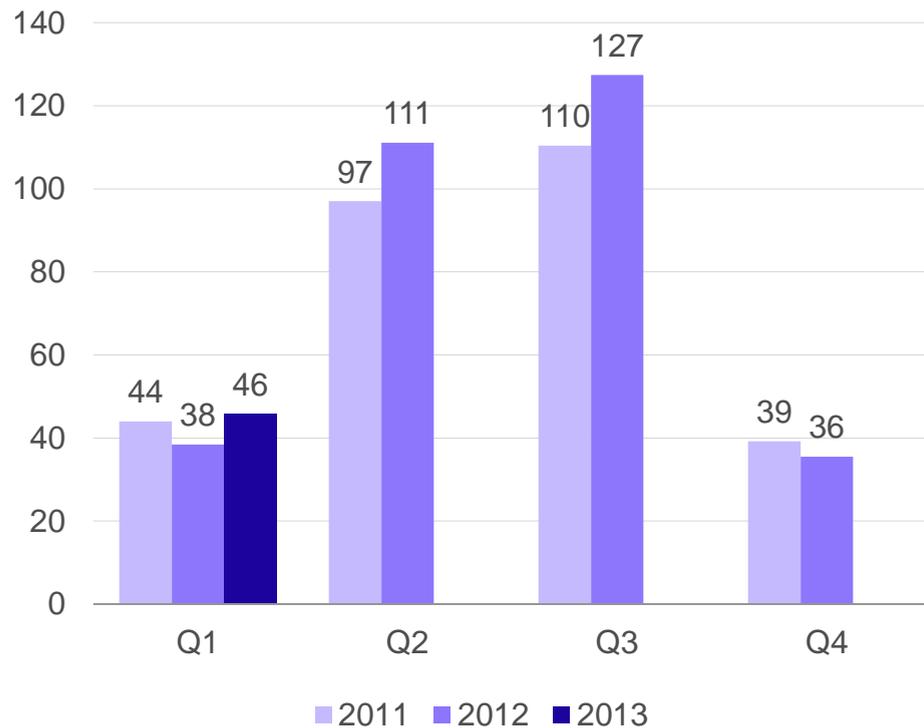


*Includes only learning business of the Learning segment.

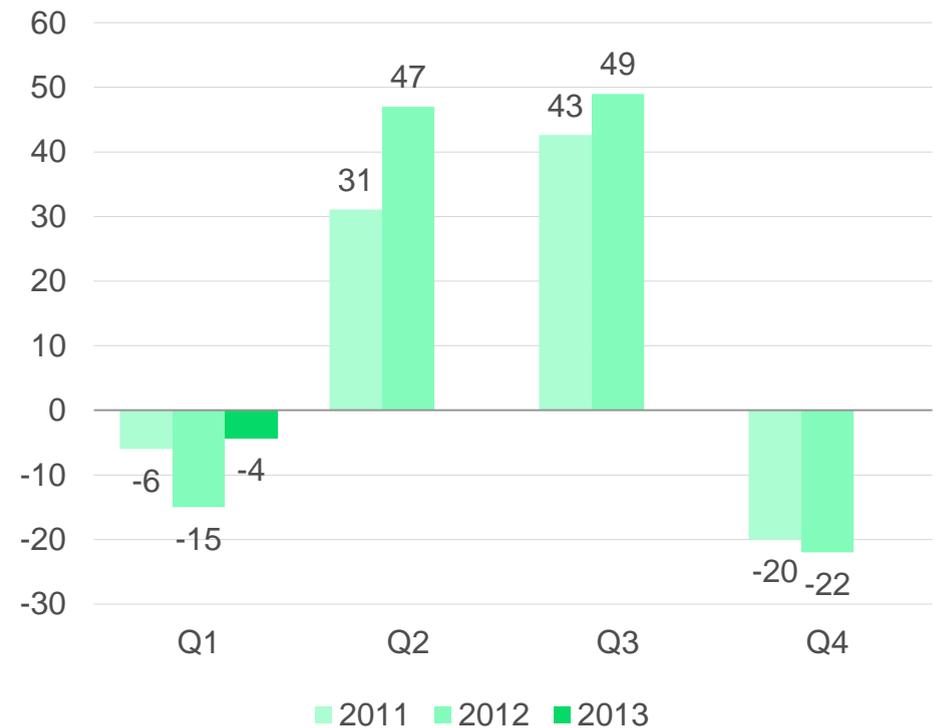
**Excluding non-recurring items.

Sanoma Learning

Net sales
EUR million



EBIT excluding non-recurring items*
EUR million



* 2012 figures have been restated due to a change in IAS19 'Employee benefits'.

Appendix 2

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About owners and coverage

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Sanoma – largest shareholders

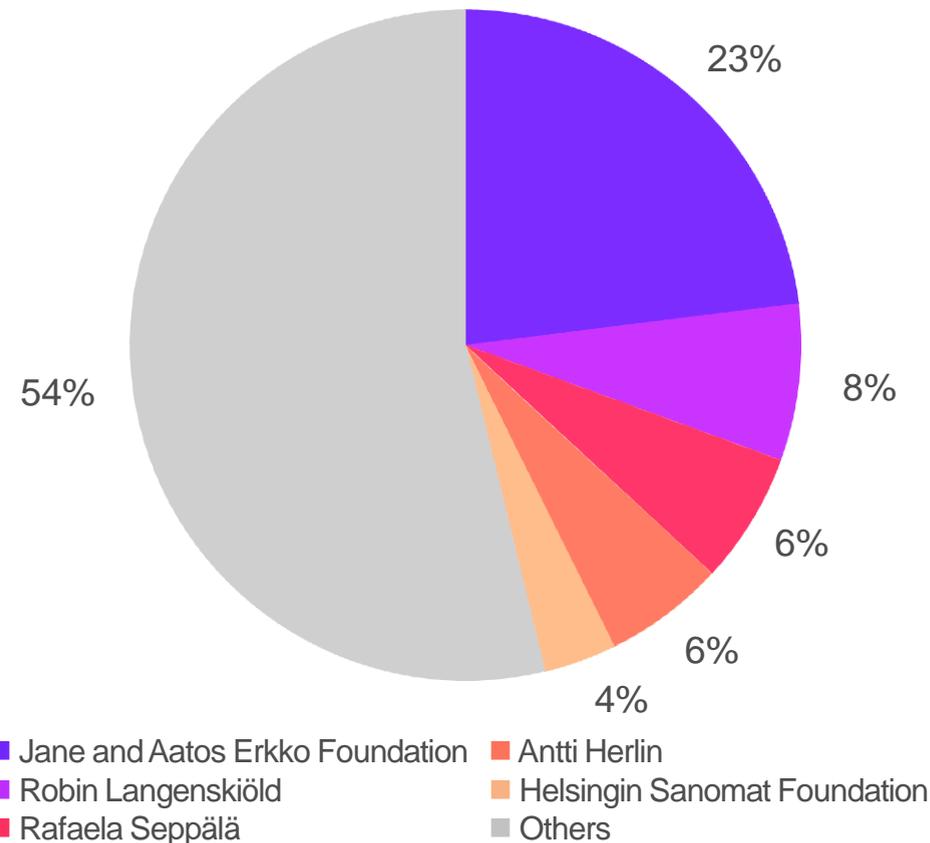
30 April, 2013

% of shares
and votes

1. Jane and Aatos Erkko Foundation	23.02
2. Robin Langenskiöld	7.54
3. Rafaela Seppälä	6.31
4. Antti Herlin (Holding Manutas Oy: 4.89%, Security Trading 0.92%, personal: 0.02%)	5.83
5. Helsingin Sanomat Foundation	3.50
6. Ilmarinen Mutual Pension Insurance Company	2.60
7. Svenska litteratursällskapet i Finland r.f.	1.59
8. Foundation for Actors' Old-age-home	1.38
9. Alfred Kordelin Foundation	1.35
10. The WSOY's Literature Foundation	1.27
Foreign ownership in total	8.0
Total number of shares	162,812,093
Total number of shareholders	33,932

Institutional investors: around 65% of shares

Private investors: around 35% of shares



Analyst coverage

- **Carnegie Investment Bank**
Matti Riikonen
tel. +358 9 6187 1231
Carnegie.fi
- **Crédit Agricole Cheuvreux Nordic**
Niklas Kristoffersson
tel. +46 8 723 5100
Cheuvreux.se
- **Danske Markets Equities**
Panu Laitinmäki
tel. +358 10 236 4867
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- **Deutsche Bank**
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- **Evli Bank**
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tel. +358 9 6134 6503
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- **Handelsbanken Capital Markets**
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tel. +358 10 444 2450
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- **Inderes**
Sauli Vilén
tel. +358 44 025 8908
Inderes.fi
- **Nordea**
Sami Sarkamies
tel. +358 9 165 59928
Nordea.com/markets
- **Pareto Securities**
Teemu Vainio
tel. +358 9 8866 6038
Paretosec.com
- **Pohjola**
Kimmo Stenvall
tel. +358 10 252 4561
Pohjola.fi
- **SEB Enskilda**
Jutta Rahikainen
tel. +358 9 6162 8058
Enskilda.fi

Sanoma's IR team

- **Mr Martti Yrjö-Koskinen**
tel. +358 40 684 4643
martti.yrjo-koskinen@sanoma.com
- **Mr Olli Turunen**
tel. +358 40 552 8907
olli.turunen@sanoma.com
- **Ms Katariina Hed**
tel. +358 50 412 5120
katariina.hed@sanoma.com

IR team's joint email address: ir@sanoma.com

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