

s

d

n

m a

o

Q1 2016 Interim Report

Susan Duinhoven, President and CEO

Kim Ignatius, CFO

3 May 2016



Q1 2016 Highlights

Strongly improved operational performance

- Good start for the year in **Media Finland**
 - Operational EBIT improved to EUR 11.0 million (-2.1m)
- Organic sales **growth** of +3.1% in **Media BeNe**
- **Cost innovations** progressing well
- **Non-print media sales** grew 8.5%

Media Advertising Markets Remain Volatile

Netherlands

	2015	Q1/16
Magazines	-13%	-14%
TV	+1%	+6%
Online*	+8%	+8%
Total market*	+1%	+4%

Media BeNe's expectations for 2016

TV advertising market expected to remain at the same level as in 2015

Finland

	2015	Q1/16
Newspapers	-8%	-6%
Magazines	-15%	-11%
TV	-4%	-2%
Radio	+3%	+15%
Online*	+7%	+5%
Total market*	-3%	-1%

Media Finland's expectations for 2016

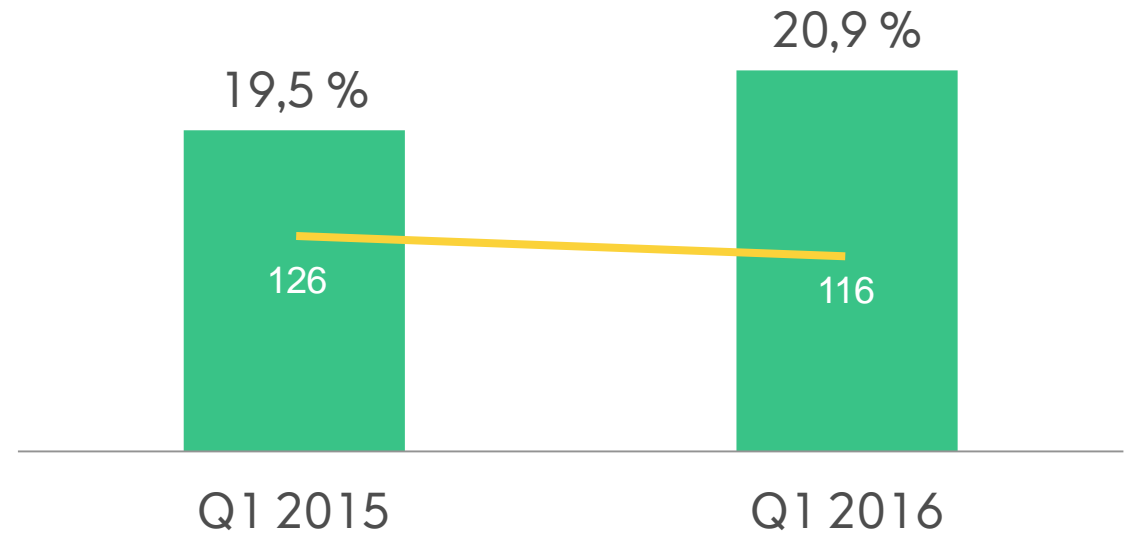
Similar development expected across media sectors as in 2015

Media BeNe

Healthy development in TV and cross-media brands

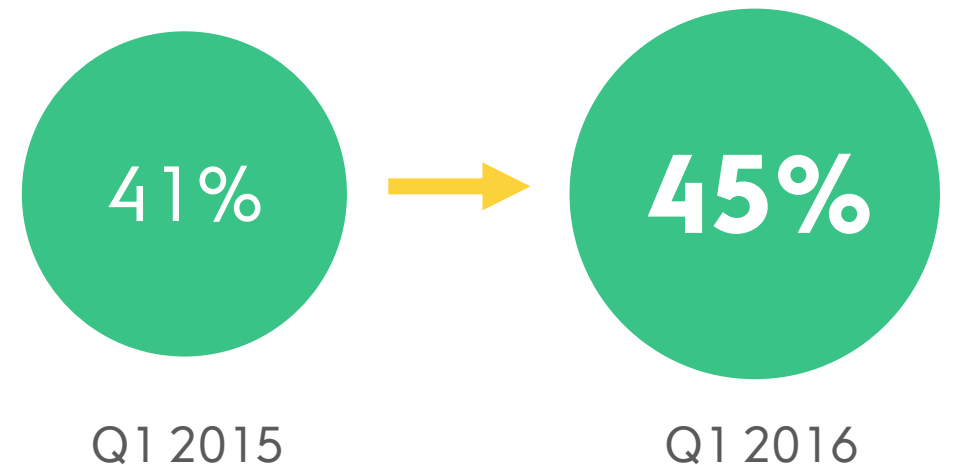
- SBS development
 - **TV sales +4%** in a growing market
 - **Viewing share** improved while viewing time declined
- Dutch Print & Online grow 7% like-for-like
 - Cross-media strategy showing good results: net sales in **Home Deco +25%** and **Women +7%**
- **Non-print** growing and representing now 45% of sales (41%)

■ SBS share of viewing (20-54) ■ Viewing time, minutes/day



Non-print sales

Share of rolling 12 month net sales

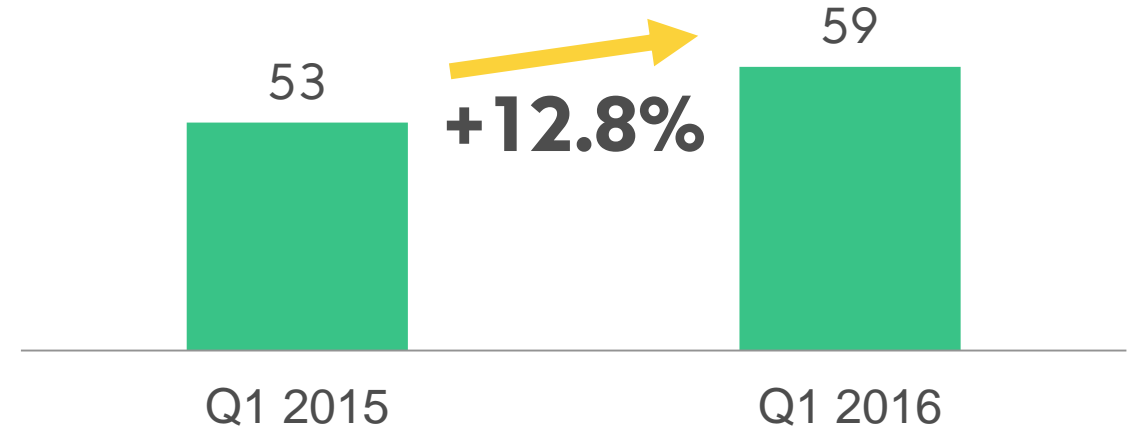


Media Finland

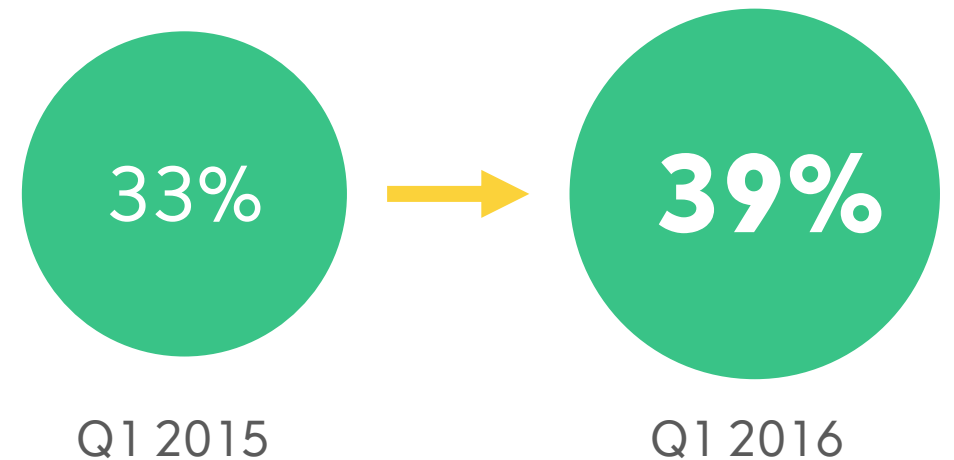
Strong first quarter

- **Market leadership** in commercial TV achieved
 - Viewing share improved to **37.4%** (31.2%) aided by impactful local offering
- Advertising sales **growth +6%**
 - Advertising market share improved
 - Gains in TV, radio and magazines
 - Radio sales grew by 39%
- **Cost innovations** contributing well to the improved result

Non-print sales
EUR million



Non-print sales
Share of rolling 12 month net sales

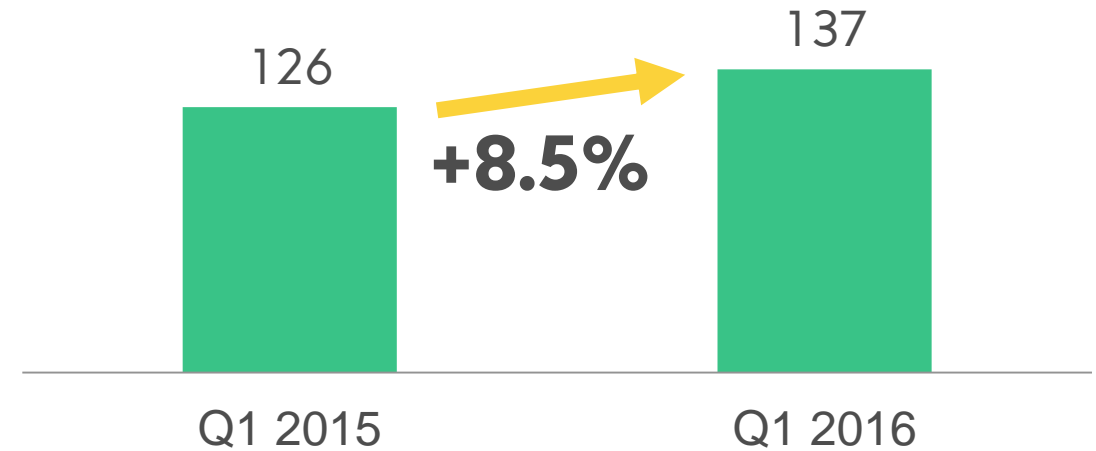


Sanoma Group

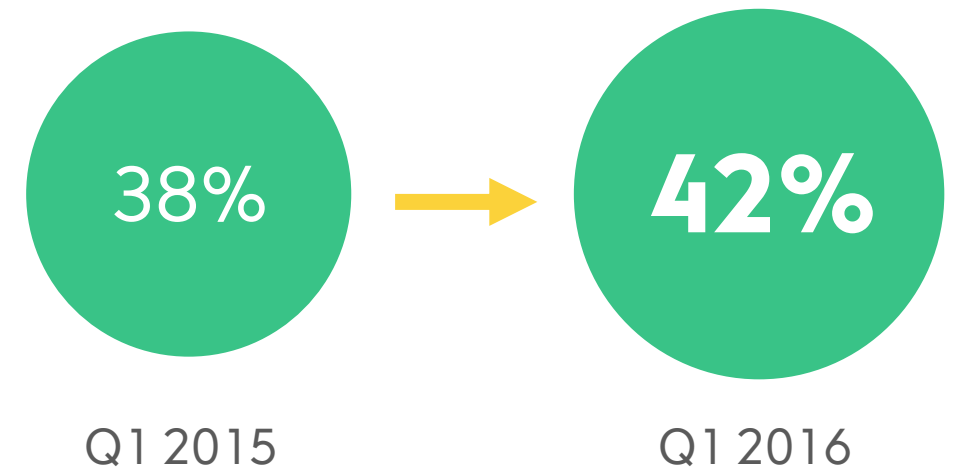
Good start of the year

- **Learning – light quarter in line with expectations**
- **Cost innovations on group level advancing well**
 - Divestments of Russia, Bookwell and AAC
 - Group functions streamlined
- **Organic growth development supported by non-print sales in Consumer Media**

Non-print consumer media sales EUR million



Non-print consumer media sales Share of rolling 12 month net sales



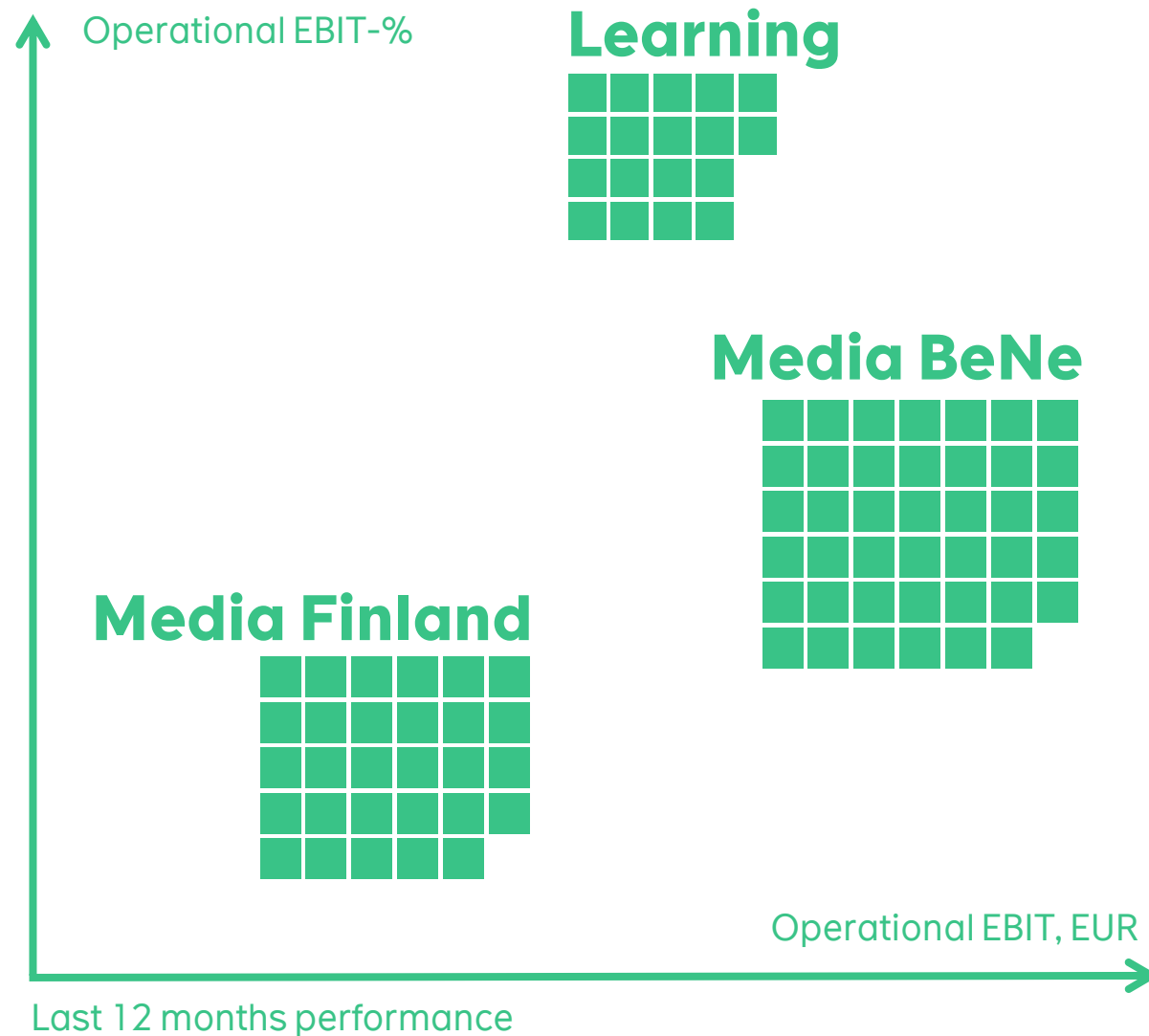
Financials

Strategic Business Units – Key Financials in Q1/2016

Sanoma Group

EUR million

	Q1/16	Q1/15
Net sales	353.1	380.1
Organic growth	-0.1%	-3.8%
Operational EBIT	1.9	-19.9



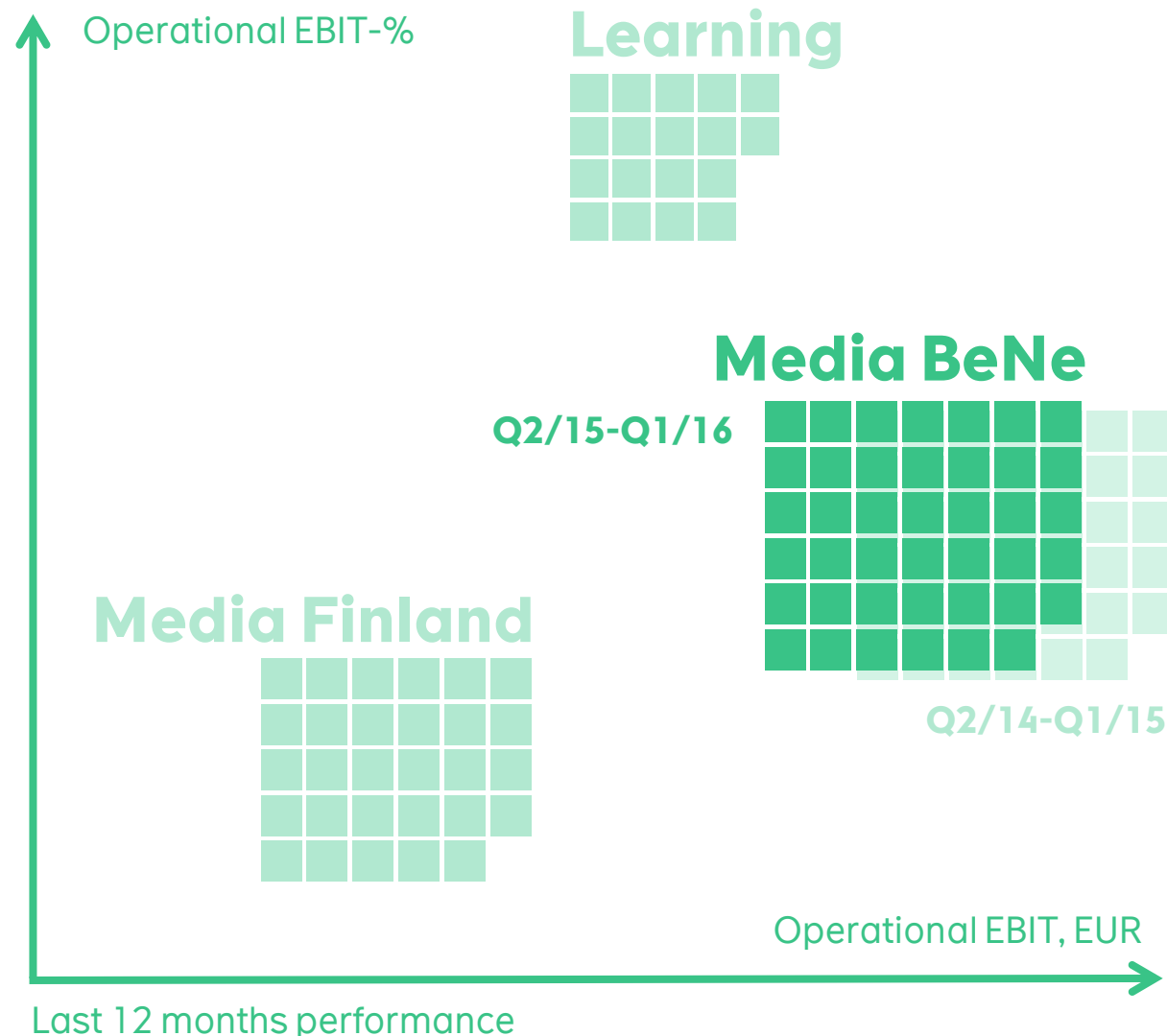
Strategic Business Units – Key Financials in Q1/2016

Media BeNe

EUR million

	Q1/16	Q1/15
Net sales	175.6	189.5
Organic growth	+3.1%	-1.6%
Operational EBIT	7.4	5.8

- Reported net sales declined due to divestments
- Organic sales growth driven by Dutch print & online brand portfolio, SBS TV as well as press distribution
- **Operational EBIT impacted by:**
 - + Cost efficiency and higher sales in focused portfolio
 - Higher TV amortisations due to timing as well as sports rights



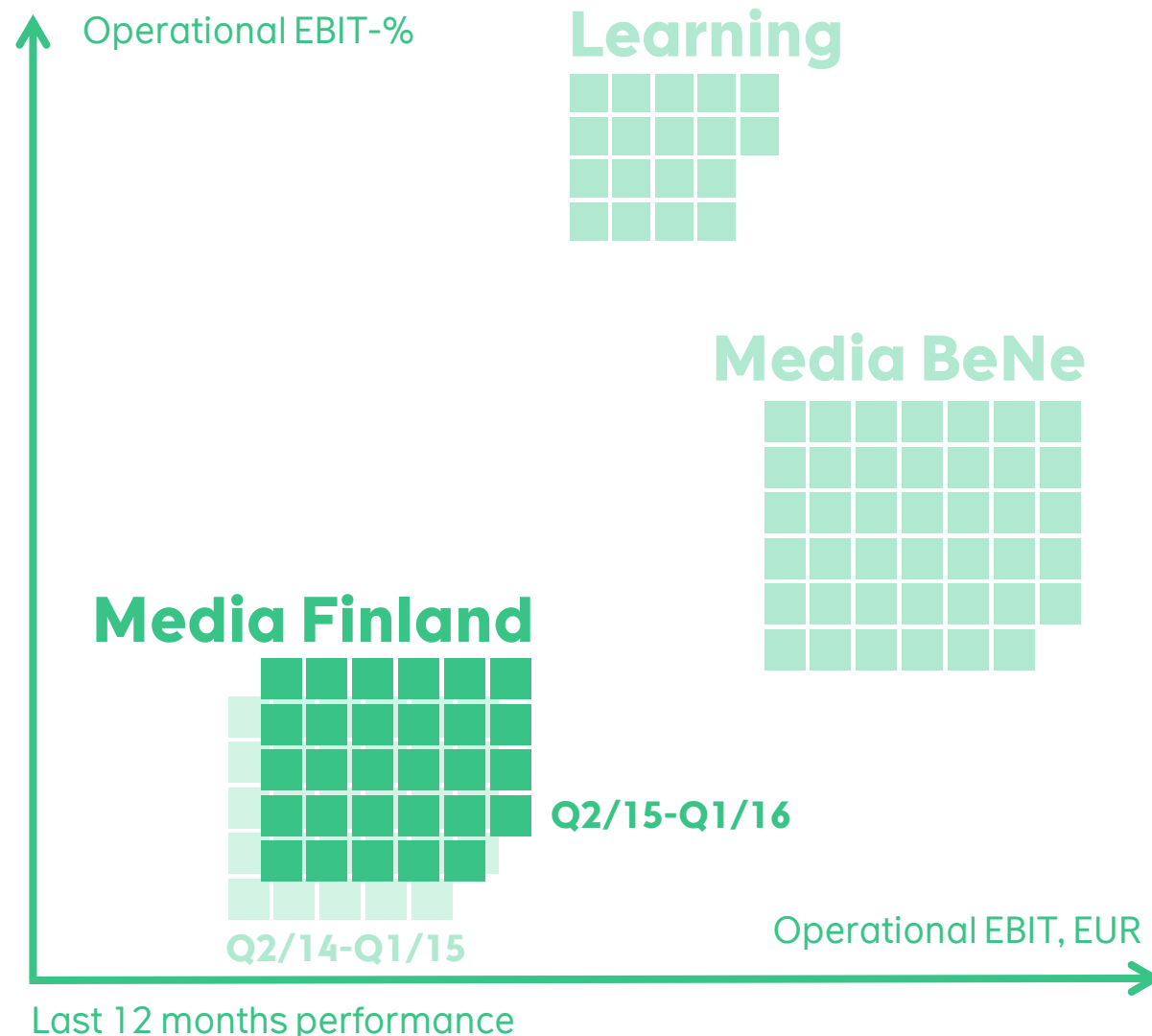
Strategic Business Units – Key Financials in Q1/2016

Media Finland

EUR million

	Q1/16	Q1/15
Net sales	144.5	143.0
Organic growth	-0.8%	-3.3%
Operational EBIT	11.0	-2.1

- Net sales grew due to acquisitions, advertising market share gains, online and mobile as well as higher viewing share in TV
- **Operational EBIT impacted by:**
 - + Solid advertising sales
 - + Cost savings



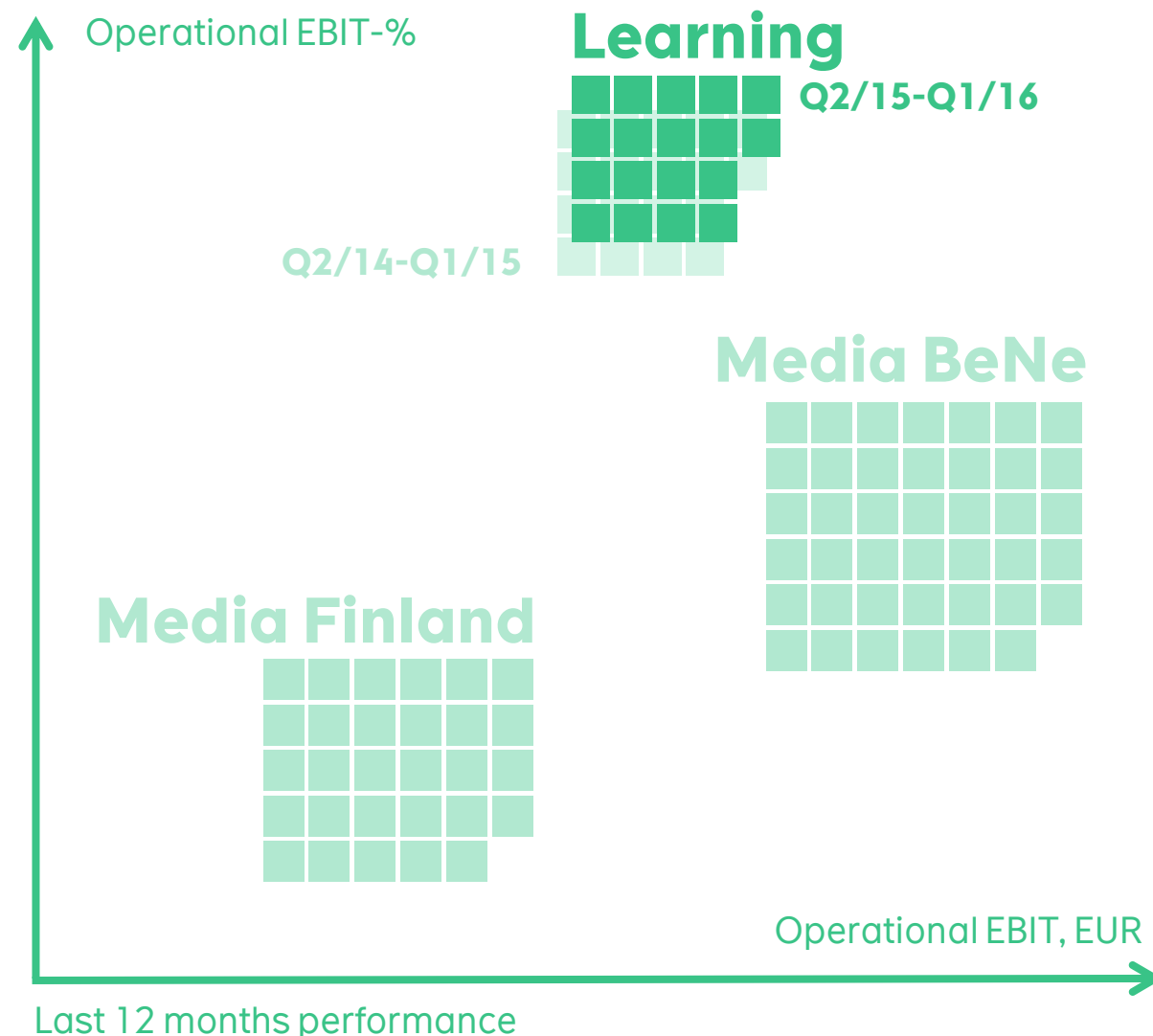
Strategic Business Units – Key Financials in Q1/2016

Learning

EUR million

	Q1/16	Q1/15
Net sales	32.9	37.4
Organic growth	-12.8%	-6.7%
Operational EBIT	-10.9	-12.7

- Light quarter traditionally representing around 13% of net sales
- Net sales declined mainly due to ordering pattern change
- **Operational EBIT impacted by:**
 - + Renewed prepublication amortisation schedule
 - + Cost savings



Income Statement

EUR million	1-3/2016	1-3/2015	1-12/2015	1-12/2014
Net sales	353.1	380.1	1,716.6	1,901.6
Operational EBITDA	73.5	51.9	389.3	392.0
of net sales	20.8%	13.6%	22.7%	20.6%
Amortisations related to TV programme rights	-51.4	-48.9	-186.2	-159.9
Amortisations related to prepublication rights	-5.2	-6.7	-24.4	-25.1
Other amortisations	-10.6	-10.7	-73.2	-61.4
Depreciation	-4.5	-5.4	-22.2	-26.9
Operational EBIT	1.9	-19.9	83.2	118.8
of net sales	0.5%	-5.2%	4.8%	6.2%
Items affecting comparability	1.2	8.8	-206.9	15.0
Total financial items	-8.0	-2.2	-27.4	-41.9
Profit before taxes	-4.9	-13.3	-151.7	90.7
Earnings per share	0.00	-0.06	-0.91	0.32
Operational EPS	-0.04	-0.15	0.13	0.33
Cash flow from operations / share, EUR	-0.35	-0.45	0.16	0.45

Free Cash Flow

Cash flow from operations less cash CAPEX

EUR million	1-3/2016	1-3/2015	1-12/2015
Operational EBITDA	73.5	51.9	389.3
TV programme costs	-49.2	-46.4	-197.6
Prepublication costs	-6.7	-6.8	-28.9
Change in working capital	-31.6	-30.4	-0.7
Interest paid	-21.7	-22.5	-27.6
Other financial items	2.5	-7.4	-5.4
Taxes paid*	-6.2	-5.9	-36.0
Other adjustments	-16.8	-5.5	-67.9
Cash flow from operations	-56.2	-73.1	25.2
Cash CAPEX	-5.8	-11.3	-55.1
Free cash flow	-62.0	-84.4	-29.9

Operational free cash flow

	1-3/2016	1-3/2015	1-12/2015
	73.5	51.9	389.3
	-49.2	-46.4	-197.6
	-6.7	-6.8	-28.9
	-24.0	-19.1	-3.0
	-21.7	-22.5	-27.6
	2.5	-7.4	-5.4
	-10.9	-12.4	-34.3
	-2.0	-0.5	-4.2
	-38.4	-63.2	88.3
	-5.8	-11.3	-55.1
	-44.2	-74.5	34.2

* Taxes paid include tax for the gain on the sale of Sanoma House paid in Q2 2015.

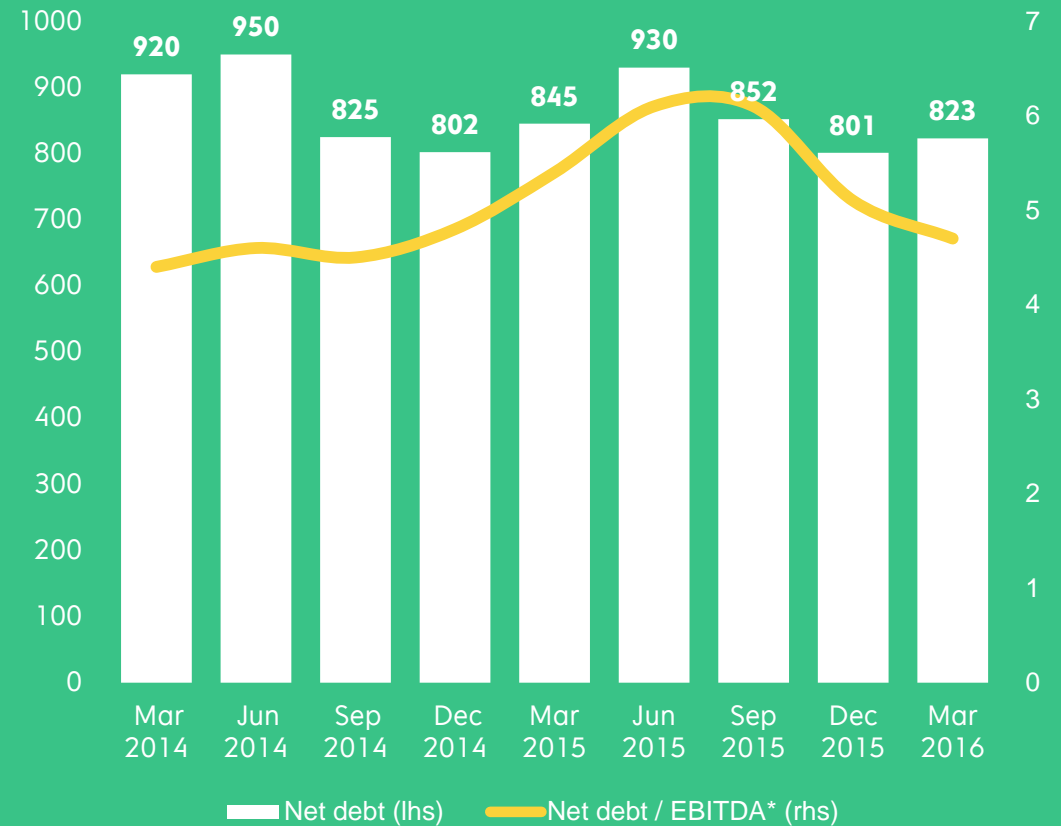
Capital Structure

31 March 2016

- **Net debt: EUR 823 million (Q1 2015: 845)**
 - Net debt / EBITDA* adjusted 4.7 times (5.4)
 - *EBITDA adjusted: 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis
 - Average interest rate around 2.8% (3.0%) p.a.
 - Interest sensitivity is around EUR 1.8 million and duration is 10 months
- **Total equity: EUR 1,006 million (1,155)**
- **Equity ratio: 39.3% (40.4%)**
- **Gearing: 81.8% (73.2%)**

Net debt / EBITDA based on covenant calculation method 2.4 times (2.3)

Key figures





Q&A



s

a

a

n

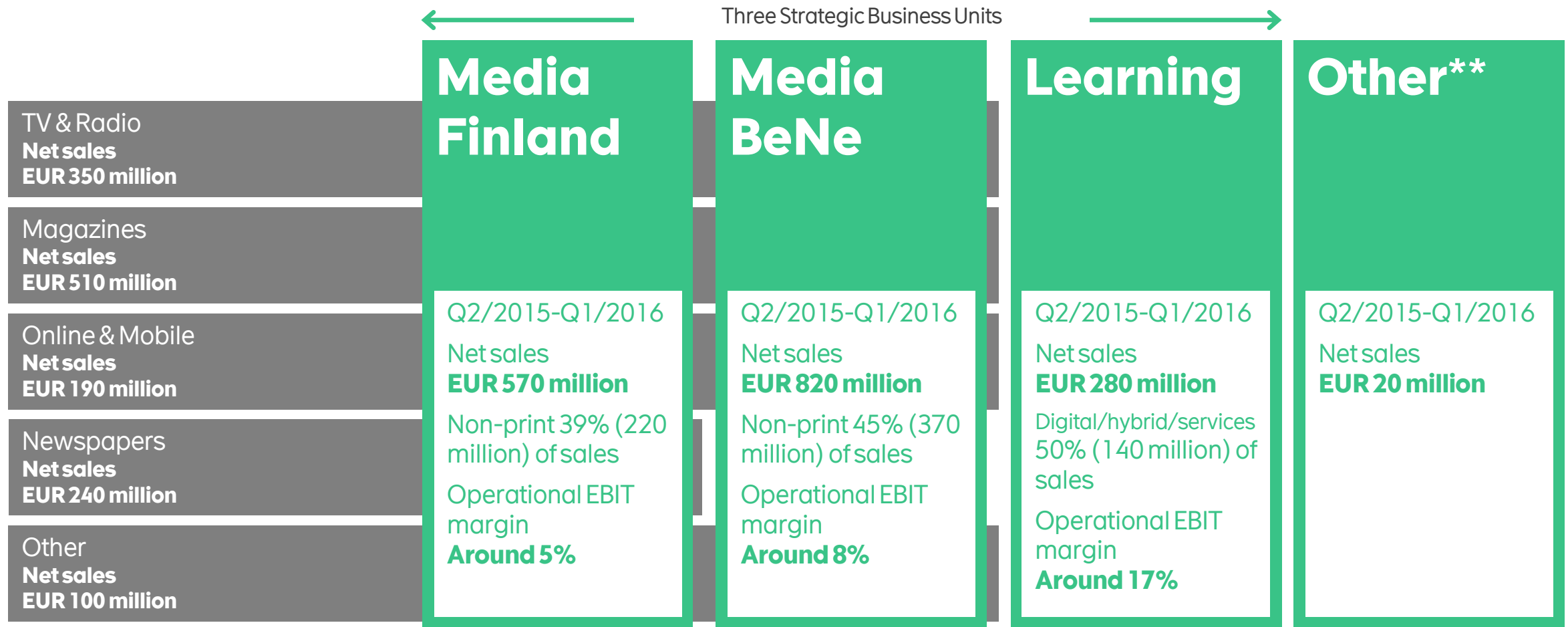
m

o

Appendix

Summary of Operating Performance

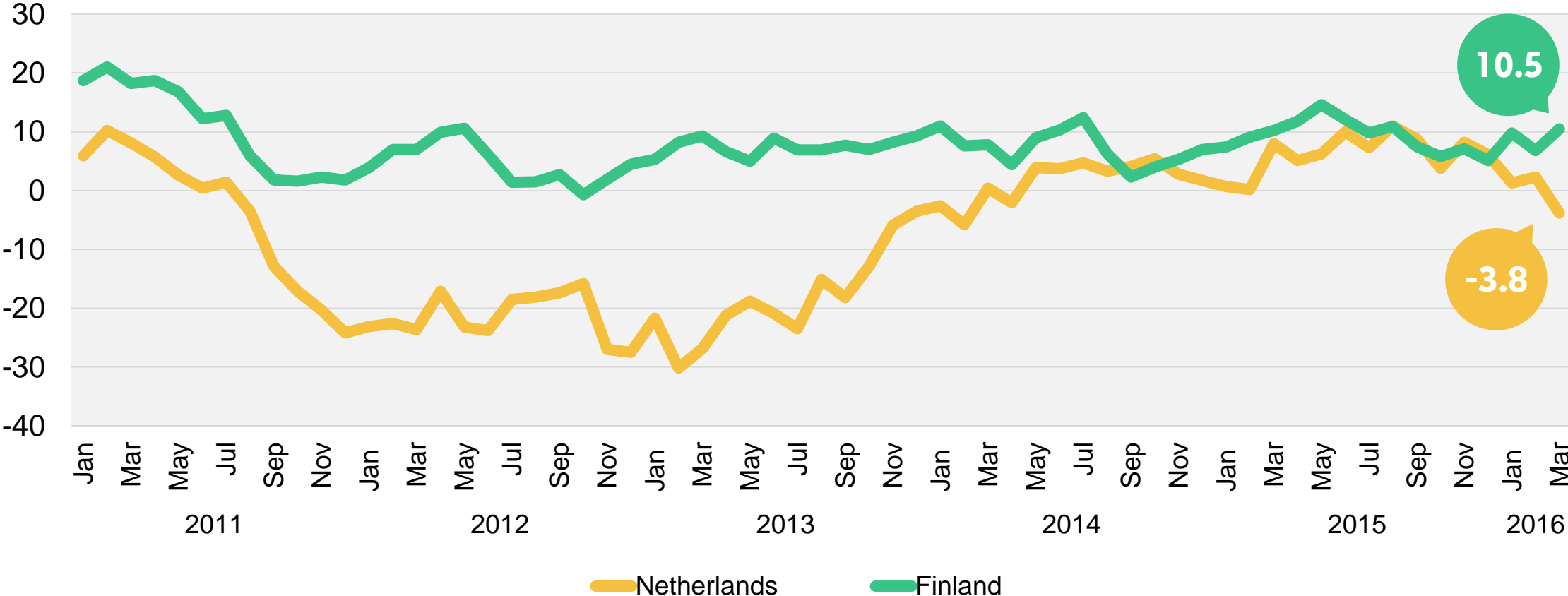
Last 12 months* – Non-print sales: EUR 590 million in Media Finland and Media BeNe



*Figures rounded to closest EUR 10 million.

**Figures do not include Parent company, other centralised Group costs and eliminations.

Consumer Confidence



Source: Eurostat

Media BeNe

Key figures

	2016	2015			2014		
EUR million	Q1	FY 2015	Q4	Q3	Q2	Q1	FY 2014
Net sales	175.6	829.5	227.6	196.4	216.0	189.5	870.8
Digital	68.2	316.6	94.9	70.6	83.9	67.1	308.6
Online & mobile	20.2	89.7	27.4	19.8	21.6	20.9	87.2
TV	48.0	226.9	67.5	50.8	62.3	46.2	221.4
Print	87.1	419.9	102.3	102.6	109.4	105.6	479.4
Magazines	87.1	419.9	102.3	102.6	109.4	105.6	479.4
Other	20.6	93.0	30.4	23.1	22.7	16.8	82.8
Operational EBIT	7.4	63.9	10.9	20.1	27.1	5.8	71.2
% of net sales	4.2	7.7	4.8	10.2	12.5	3.1	8.2
Number of employees (FTE)*	1,841	2,020	2,020	2,045	2,081	2,250	2,483

* At the end of the period.

Media Finland

Key figures

	2016		2015				2014
EUR million	Q1	FY 2015	Q4	Q3	Q2	Q1	FY 2014
Net sales	144.5	572.8	152.2	131.9	145.7	143.0	637.2
Digital	58.3	212.8	59.3	46.6	56.9	50.0	198.7
Online & mobile	27.8	97.2	27.4	22.1	25.7	21.9	84.8
TV & radio	30.5	115.7	31.9	24.6	31.2	28.0	113.8
Print	85.3	356.9	92.0	84.8	89.7	90.5	432.5
Magazines	26.8	112.8	29.7	26.8	27.9	28.4	134.4
Newspapers	58.6	244.6	62.4	58.1	61.9	62.3	300.3
Eliminations	-0.1	-0.5	-0.1	-0.2	-0.1	-0.2	-2.2
Other	0.9	3.0	0.9	0.5	-0.9	2.5	6.0
Operational EBIT	11.0	13.0	15.6	2.0	-2.5	-2.1	23.5
% of net sales	7.6	2.3	10.2	1.5	-1.7	-1.5	3.7
Number of employees (FTE)*	1,794	1,863	1,863	2,100	2,319	2,095	2,508

* At the end of the period.

Learning

Key figures

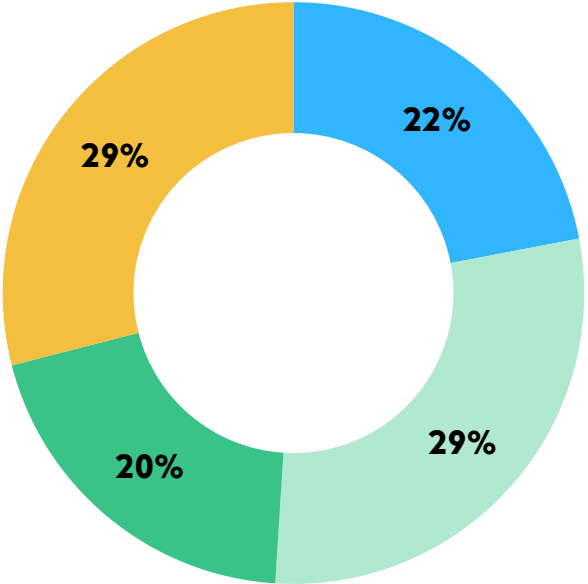
	2016		2015				2014
EUR million	Q1	FY 2015	Q4	Q3	Q2	Q1	FY 2014
Net sales	32.9	280.5	23.3	121.8	97.9	37.4	292.0
Netherlands	19.7	95.3	6.4	27.5	39.9	21.5	98.1
Poland	4.5	84.0	7.4	57.2	12.8	6.6	86.8
Finland	3.2	43.6	3.4	11.0	25.5	3.8	48.3
Belgium	1.4	35.2	3.2	16.3	14.3	1.5	34.8
Sweden	4.1	23.4	3.4	10.2	5.7	4.1	26.1
Other and eliminations	-0.1	-1.1	-0.4	-0.3	-0.2	-0.1	-1.9
Operational EBIT	-10.9	44.7	-24.9	49.8	32.5	-12.7	51.4
% of net sales	-33.3	15.9	-106.7	40.9	33.2	-33.9	17.6
Number of employees (FTE)*	1,364	1,507	1,507	1,527	1,515	1,515	1,563

* At the end of the period.

TV – Net Sales and EBIT Seasonality

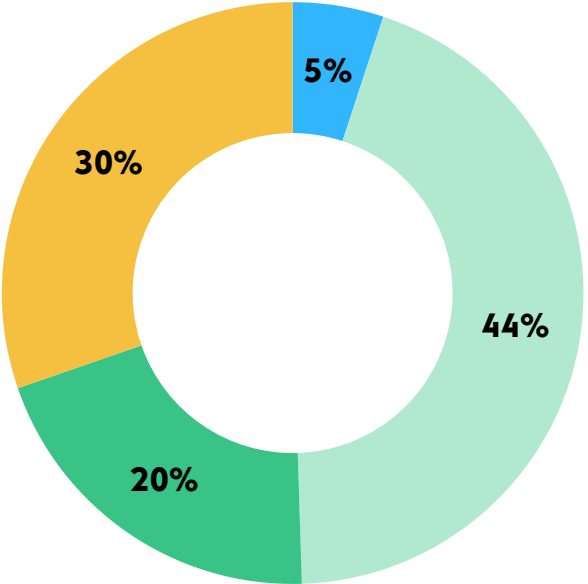
2010–2015 average for Dutch and Finnish TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT split



■ Q1 ■ Q2 ■ Q3 ■ Q4

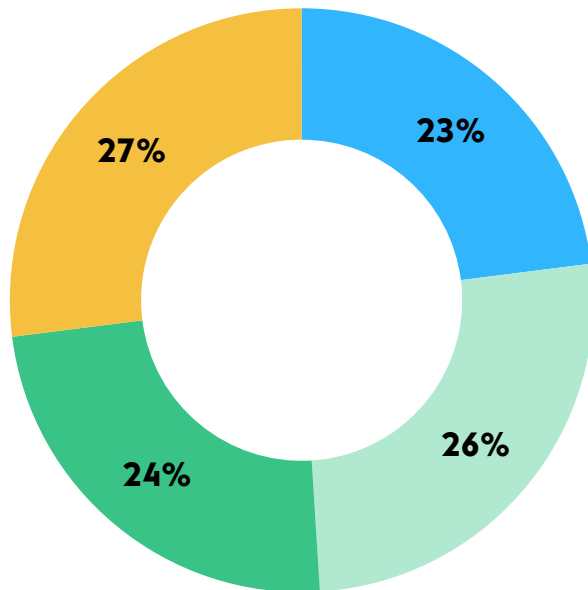
*Includes SBS Netherlands (excluding PPA amortization) and Nelonen Media Finland.



Magazines – Net Sales and EBIT Seasonality

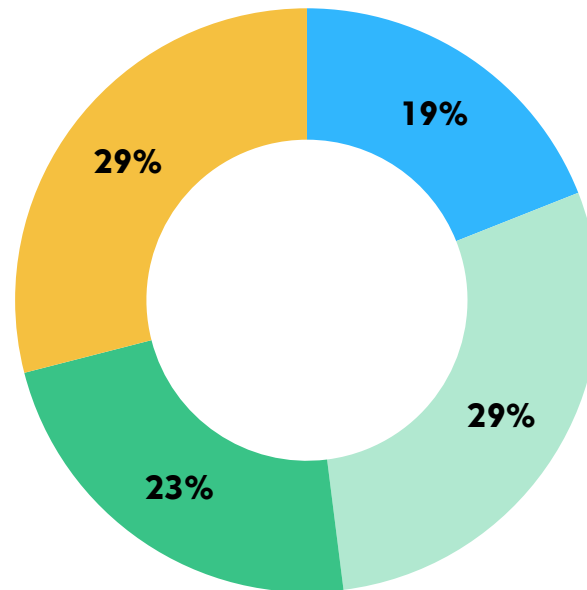
2010–2015 average for Dutch and Finnish Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT split



■ Q1 ■ Q2 ■ Q3 ■ Q4

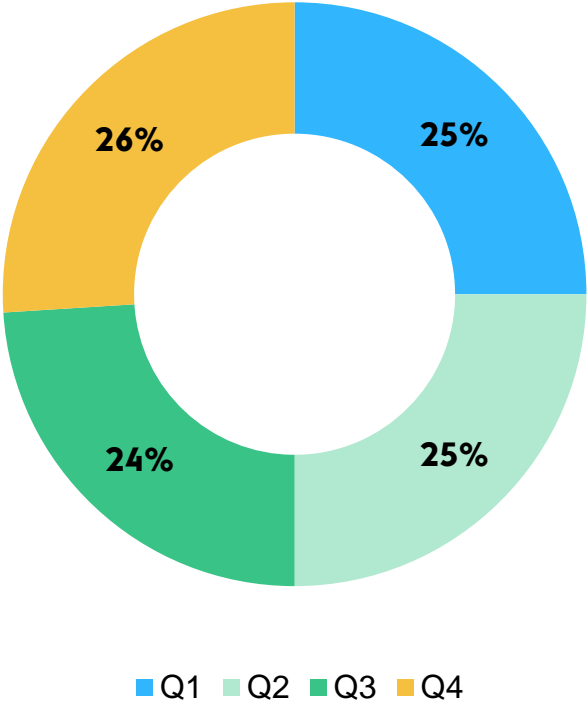
*Includes Dutch and Finnish operations, excluding TV guides. 2010–2012 not restated with IFRS 11 'Joint Arrangements'.



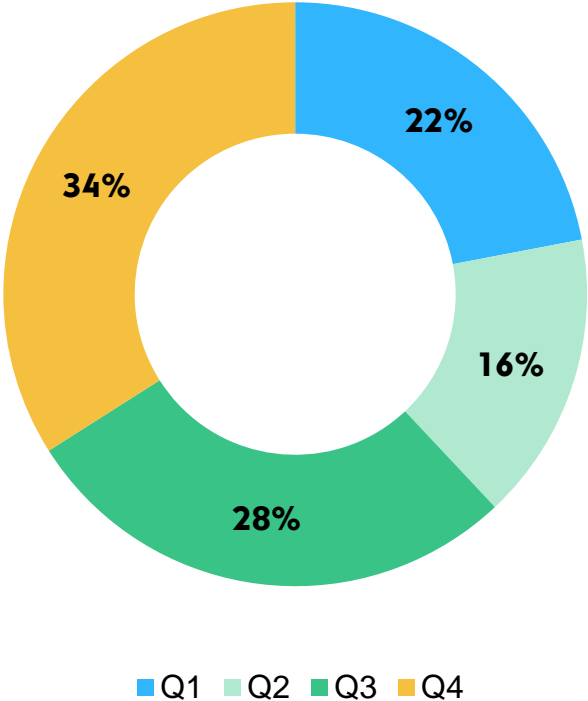
Newspapers – Net Sales and EBIT Seasonality

2010–2015 average for Newspapers (Finland) incl. digital business

Net sales split



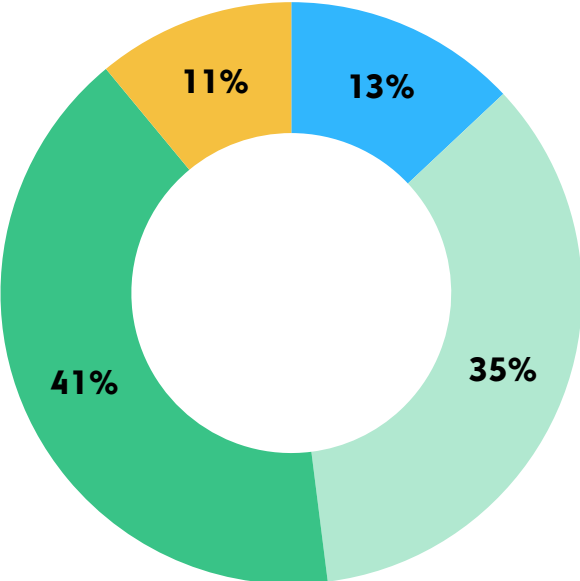
Operational EBIT



Learning – Net Sales and EBIT Seasonality

2010-2015 average for Learning

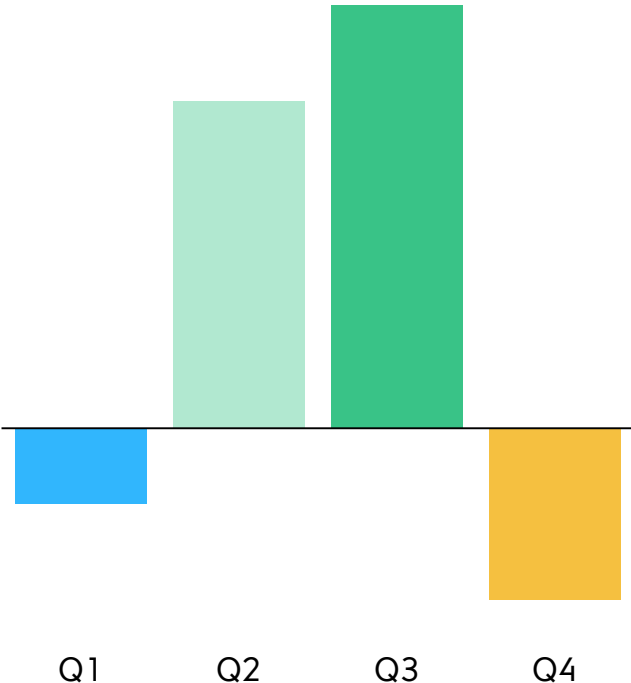
Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

*Excluding non-recurring items.

EBIT* split in relative terms

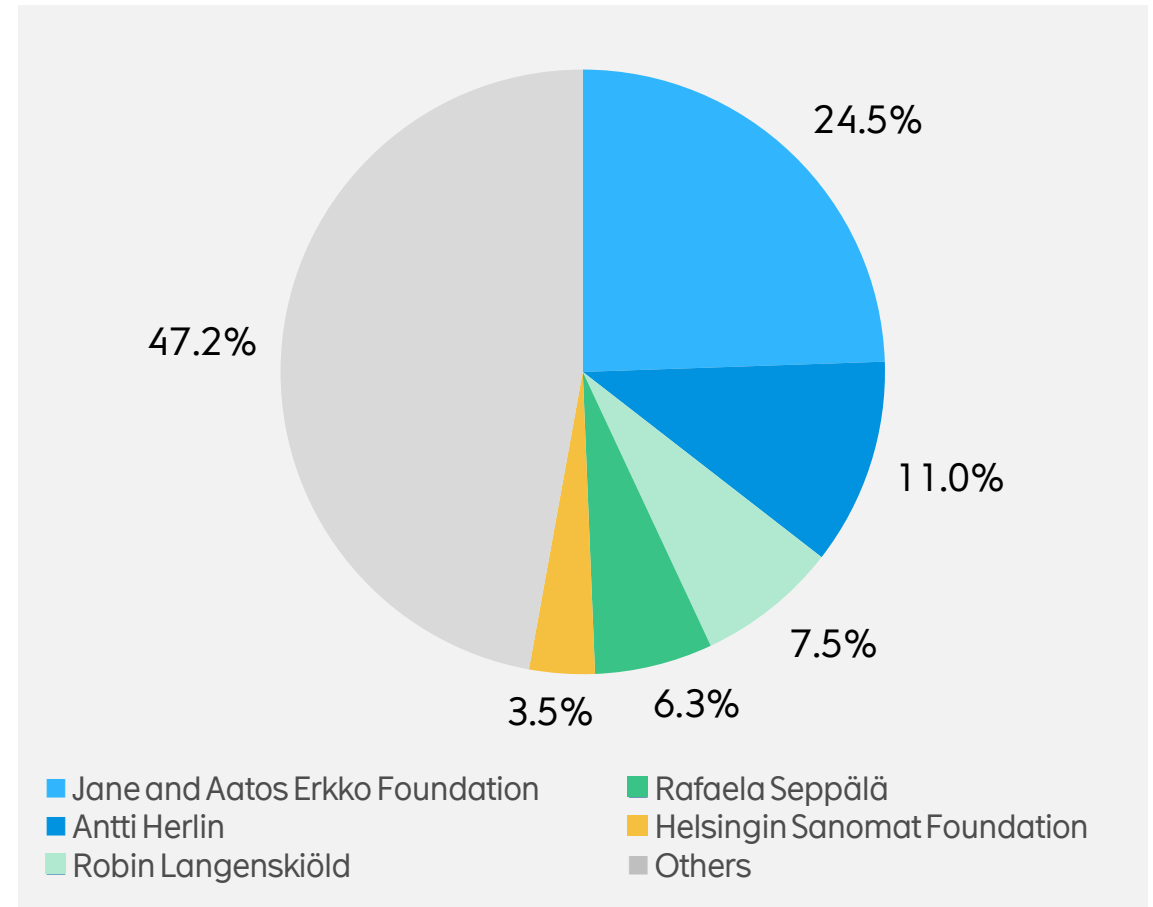


Sanoma – Largest Shareholders

31 March 2016	% of shares and votes
1. Jane and Aatos Erkko Foundation	24.46
2. Antti Herlin (Holding Manutas Oy: 11.02%, personal: 0.02%)	11.04
3. Robin Langenskiöld	7.54
4. Rafaela Seppälä	6.31
5. Helsingin Sanomat Foundation	3.50
6. Ilmarinen Mutual Pension Insurance Company	2.19
7. Foundation for Actors' Old-Age-Home	1.38
8. State Pension Fund	1.28
9. Noyer Alex	1.21
10. WSOY Literary Foundation	1.18
Foreign ownership in total	9.9
Total number of shares	162,812,093
Total number of shareholders	24,979

Institutional investors: around 67% of shares

Private investors: around 33% of shares



Analyst Coverage

Carnegie Investment Bank

Matti Riikonen
tel. +358 9 6187 1231
Carnegie.fi

Danske Markets Equities

Panu Laitinmäki
tel. +358 10 236 4867
Danskeequities.com

Evli Bank

Jaakko Tyrväinen
tel. +358 9 4766 9205
Evli.com

Handelsbanken Capital Markets

Rasmus Engberg
tel. +46 8 701 5116
Handelsbanken.com/
capitalmarkets

Inderes

Rasmus Skand
tel. +358 50 338 2631
Inderes.fi

Nordea

Sami Sarkamies
tel. +358 9 165 59928
Nordea.com/markets

Pohjola

Kimmo Stenvall
tel. +358 10 252 4561
Pohjola.fi

SEB Enskilda

Anssi Kiviniemi
tel. +358 9 6162 8058
Enskilda.fi

Sanoma's Investor Relations

Mr Pekka Rouhiainen

tel. +358 40 739 5897

pekka.rouhiainen@sanoma.com

Important Notice

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