

S

o m

a n

a

Q2 2016 Interim Report

Susan Duinhoven,
President and CEO

Kim Ignatius, CFO

27 July 2016



Q2 2016 Highlights

Significant improvement in top – and bottom line

- Strong development in **operational performance** in all businesses
 - **Organic** net sales growth +1.7%
 - **Operational EBIT** improved by +76% to EUR 86.9 million (49.4)
- **Refinancing** and **deleveraging** progressing well
- **Improved** outlook communicated on 14 July 2016

Outlook Changed on Stronger H1 2016 Results

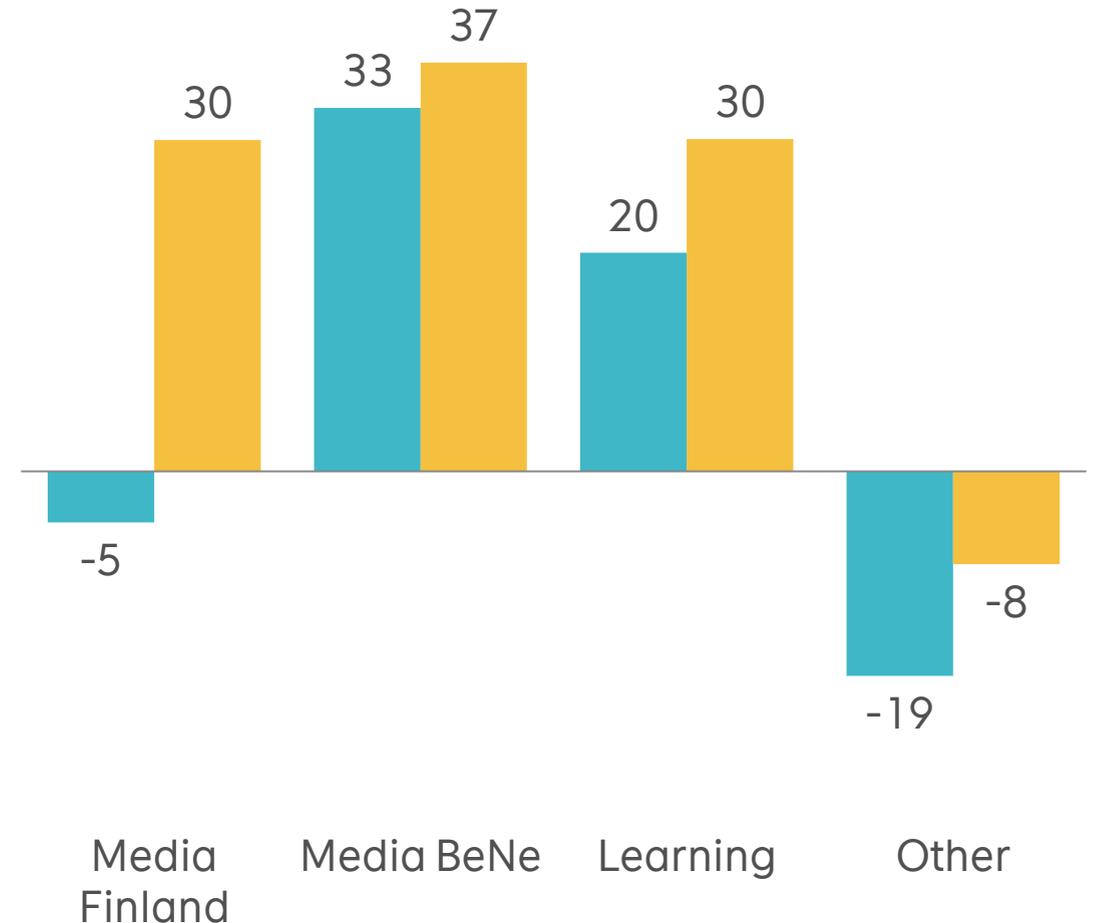
New outlook for 2016:

In 2016, Sanoma expects that the Group's consolidated

- Net sales development adjusted for structural changes will improve from last year (-3.4% in 2015).
- The operational EBIT margin is estimated to be around 9%.

H1 Operational EBIT, EUR million

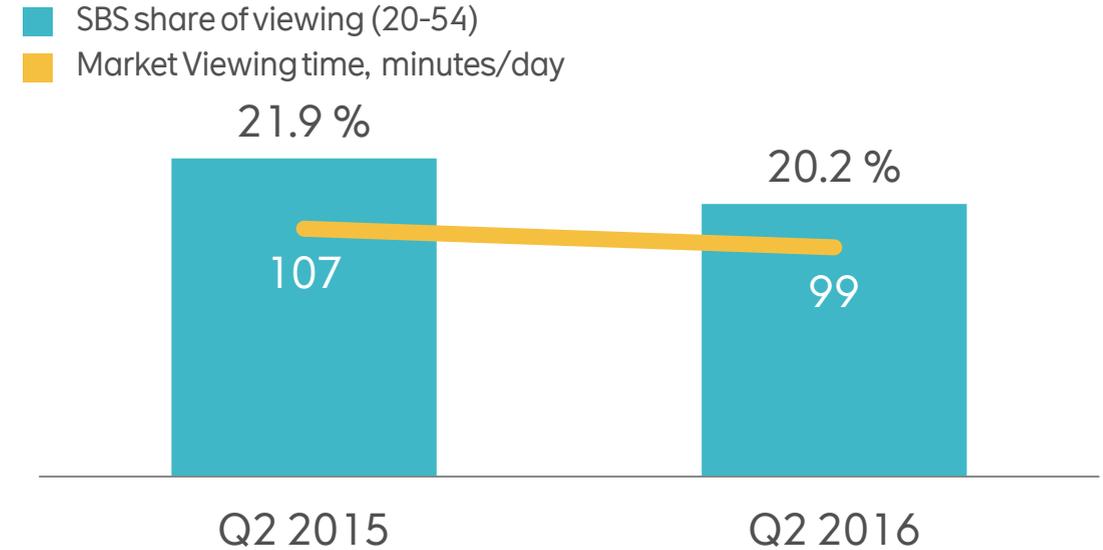
■ H1/2015
■ H1/2016



Media BeNe – Q2

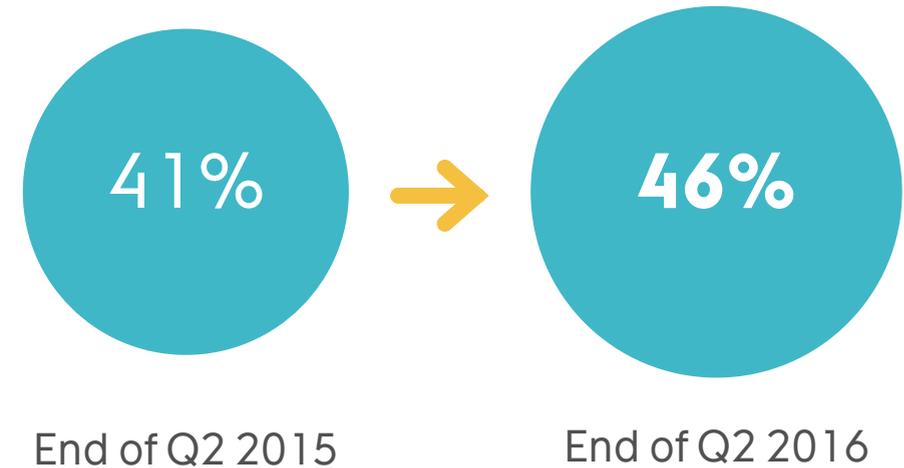
Cross-media brands on track

- **Dutch Print & Online** – solid net sales growth like-for-like
 - Higher sales leading to strong profit improvement
 - Benefits from cross-media brand offering
- **SBS** viewing share declined due to soccer EURO 2016
 - Market viewing time decrease partially compensated by yield optimisation
- Marketing **data solutions** capability further strengthened by bolt-on acquisitions
 - Scoupy and Kortingsleuk.nl acquired



Non-print sales

Share of rolling 12 month net sales

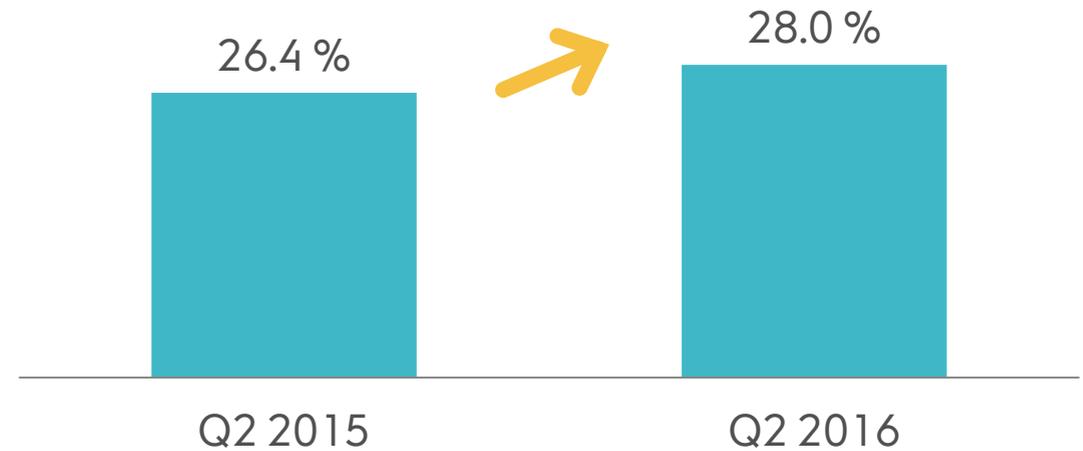


Media Finland – Q2

Strong improvement in performance continues

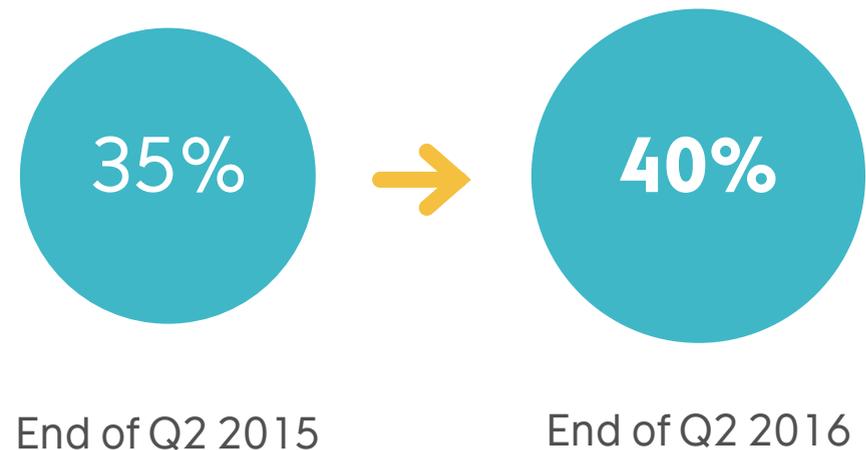
- Advertising **market share** improved in a volatile market
 - Gains in TV and radio
- 2% growth in **consumer revenues**
 - Improving quality of subscription base, pricing optimisation and digitalisation
- **TV & Radio:** Solid momentum maintained
 - Positive TV viewing share development
 - Increased net sales +12%
 - New radio station Helmiradio launched
- Tight cost control driven by **operational efficiency** and cost savings
 - ‘Suunta’ implementation commenced with introduction of new organisational structure

Advertising market share



Non-print sales

Share of rolling 12 month net sales



Media Advertising Markets Showing Slight Improvement

Netherlands	Q1/15	Q2/15	H1/15	Q1/16	Q2/16	H1/16
Magazines	-15%	-18%	-17%	-8%	-7%	-8%
TV	-4%	-6%	-5%	+6%	-2%	+1%
Online*	+7%	+6%	+7%	+8%	+8%	+8%
Total market*	+1%	-2%	+0%	+4%	+2%	+3%

Finland	Q1/15	Q2/15	H1/15	Q1/16	Q2/16	H1/16
Newspapers	-7%	-7%	-7%	-6%	-5%	-5%
Magazines	-14%	-15%	-15%	-11%	-10%	-10%
TV	-2%	-1%	-2%	-2%	-4%	-3%
Radio	-4%	-4%	-4%	+15%	+3%	+8%
Online*	+6%	+7%	+6%	+5%	+18%	+13%
Total market*	-3%	-3%	-3%	-1%	-1%	-1%

*Source: NL: Sanoma estimates, incl. online search. FI: TNS Gallup, excl. online search. Total market in both countries includes other smaller categories such as cinema and outdoor advertising.

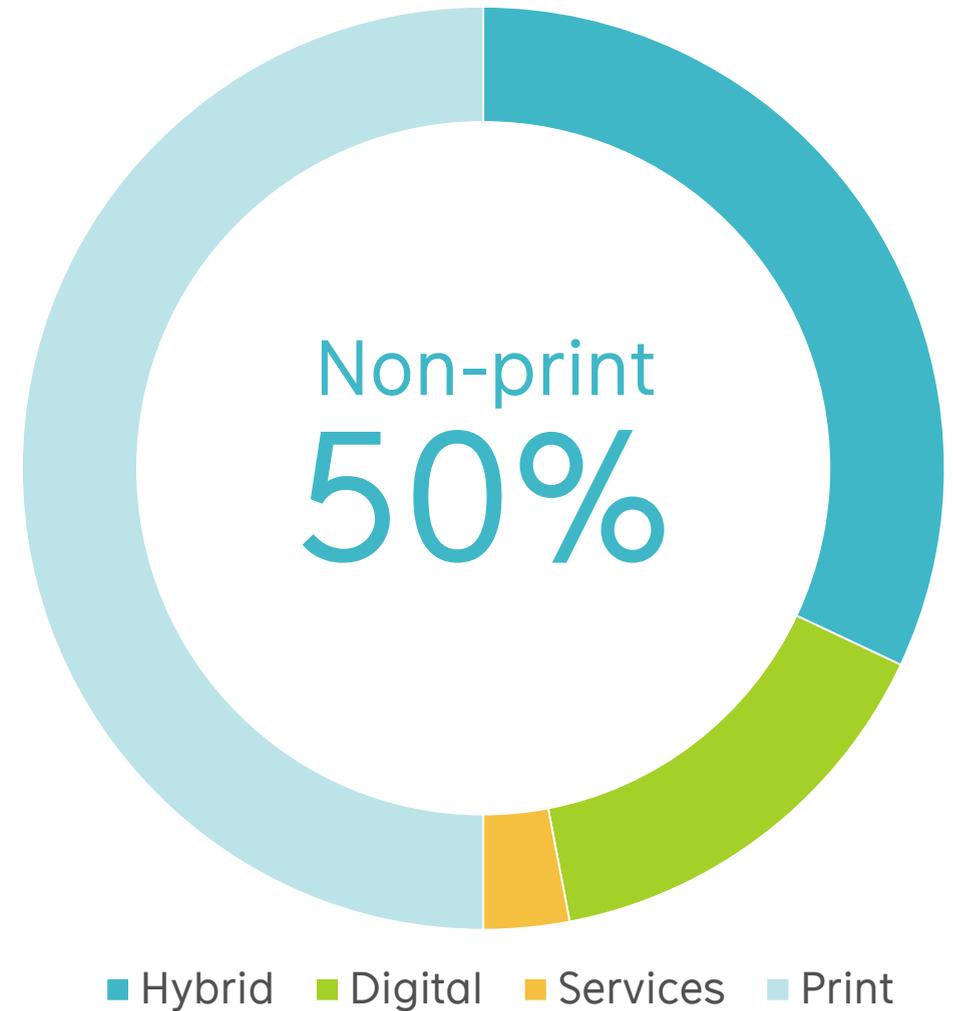
Learning – Q2

Solid development including acquisition at the end of quarter

- **Q2 profitability** impacted positively by:
 - Restructuring cost benefits
 - Time shift in costs between quarters
 - Change in amortisation schedule
- **Small bolt-on acquisition** of De Boeck in Belgium closed during the quarter
 - EUR 17 million yearly revenues in 2015
 - Reinforces existing market leadership
 - Leverages digital platforms
 - Over EUR 2 million annual synergy potential

Non-print sales

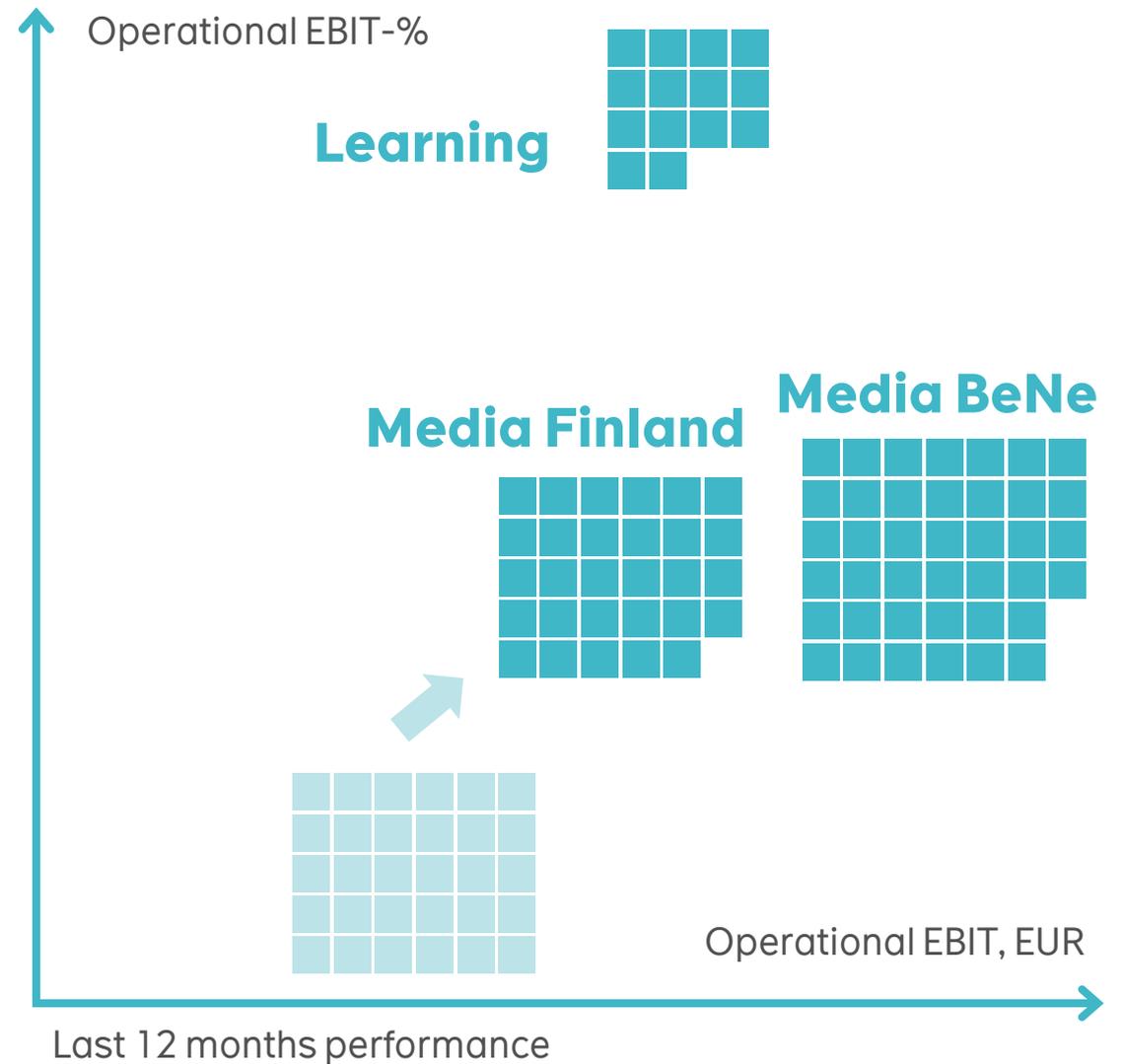
Share of rolling 12 month net sales



Sanoma Group

EUR million

	Q2/16	Q2/15
Net sales	449.8	468.8
Organic growth	+1.7%	-6.6%
Operational EBIT	86.9	49.4





Financials

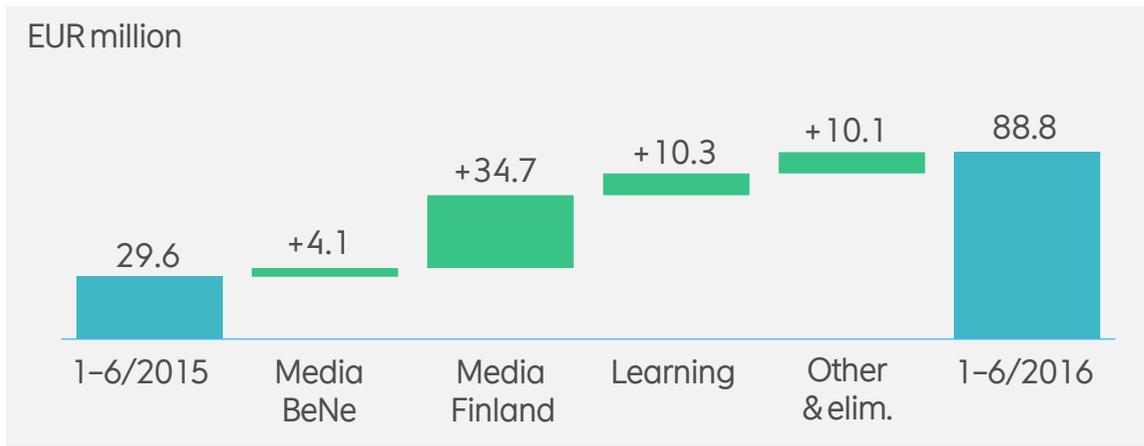
Income Statement

EUR million	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015	1-12/2014
Net sales	449.8	468.8	802.9	848.9	1,716.6	1,901.6
Operational EBITDA	153.0	123.2	226.4	175.1	389.3	392.0
of net sales	34.0%	26.3%	28.2%	20.6%	22.7%	20.6%
Amortisations related to TV programme rights	-45.8	-53.4	-97.2	-102.3	-186.2	-159.9
Amortisations related to prepublication rights	-5.1	-6.4	-10.3	-13.1	-24.4	-25.1
Other amortisations	-10.6	-8.2	-21.2	-18.9	-73.2	-61.4
Depreciation	-4.5	-5.7	-9.0	-11.1	-22.2	-26.9
Operational EBIT	86.9	49.4	88.8	29.6	83.2	118.8
of net sales	19.3%	10.5%	11.1%	3.5%	4.8%	6.2%
Items affecting comparability	54.8	-40.3	56.0	-31.4	-206.9	15.0
Total financial items	-8.6	-9.4	-16.6	-11.6	-27.4	-41.9
Result before taxes	133.0	1.1	128.1	-12.2	-151.7	90.7
Income taxes	-35.6	-16.0	-30.2	-11.0	-6.3	-29.1
Result for the period	97.3	-14.9	97.9	-23.2	-158.0	61.6
Result attributable to:						
Equity holders of the parent company	94.2	-17.9	94.8	-26.2	-142.9	58.3
Non-controlling interests	3.1	3.0	3.0	3.0	-15.0	3.3
Earnings per share	0.57	-0.12	0.57	-0.18	-0.91	0.32
Operational EPS	0.33	0.13	0.29	-0.02	0.13	0.33
Cash flow from operations / share, EUR	0.06	-0.25	-0.29	-0.70	0.16	0.45

Operational EBIT Development

H1 2016

EUR million	1-6/2016	1-6/2015
Group	88.8	29.6
Media BeNe	37.0	32.9
Media Finland	30.1	-4.6
Learning	30.1	19.8
Other & elim.	-8.4	-18.5



Media BeNe:

- + Cost efficiency
- + Print & Online business
- Lower TV viewing time in the Netherlands
- Lower TV advertising market share

Media Finland:

- + Tight cost control driven by operational efficiency and cost savings
- + Higher advertising sales
- + EUR 6 million TV write-offs in Q2/2015

Learning:

- + Restructuring cost benefits
- + Time shift in costs
- + Change in prepublication amortisation schedule

Other:

- + Cost efficiency
- + Divestments of non-core operations

Free Cash Flow

Cash flow from operations less cash CAPEX

EUR million	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Operational EBITDA	153.0	123.2	226.4	175.1	389.3
TV programme costs	-35.0	-44.6	-84.1	-91.0	-197.6
Prepublication costs	-7.2	-7.4	-13.9	-14.2	-28.9
Change in working capital*	-144.3	-69.5	-175.9	-100.0	-0.7
Interest paid	-13.2	-1.8	-34.8	-24.4	-27.6
Other financial items	-1.2	4.0	1.3	-3.4	-5.4
Taxes paid**	-4.1	-25.2	-10.3	-31.0	-36.0
Other adjustments	61.2	-19.3	44.4	-24.8	-67.9
Cash flow from operations	9.2	-40.6	-46.9	-113.7	25.2
Cash CAPEX	-9.6	-19.6	-15.5	-30.9	-55.1
Free cash flow	-0.4	-60.1	-62.4	-144.6	-29.9

Operational free cash flow

1-6/2016	1-6/2015	1-12/2015
226.4	175.1	389.3
-84.1	-91.0	-197.6
-13.9	-14.2	-28.9
-88.9	-87.3	-3.0
-34.8	-24.4	-27.6
1.3	-3.4	-5.4
-12.9	-26.5	-34.3
-3.8	-1.8	-4.2
-10.7	-73.4	88.3
-15.5	-30.9	-55.1
-26.2	-104.3	33.2

* Change in working capital in Q2 2016 includes the final settlement of Dutch pension plan change from defined benefit to defined contribution.

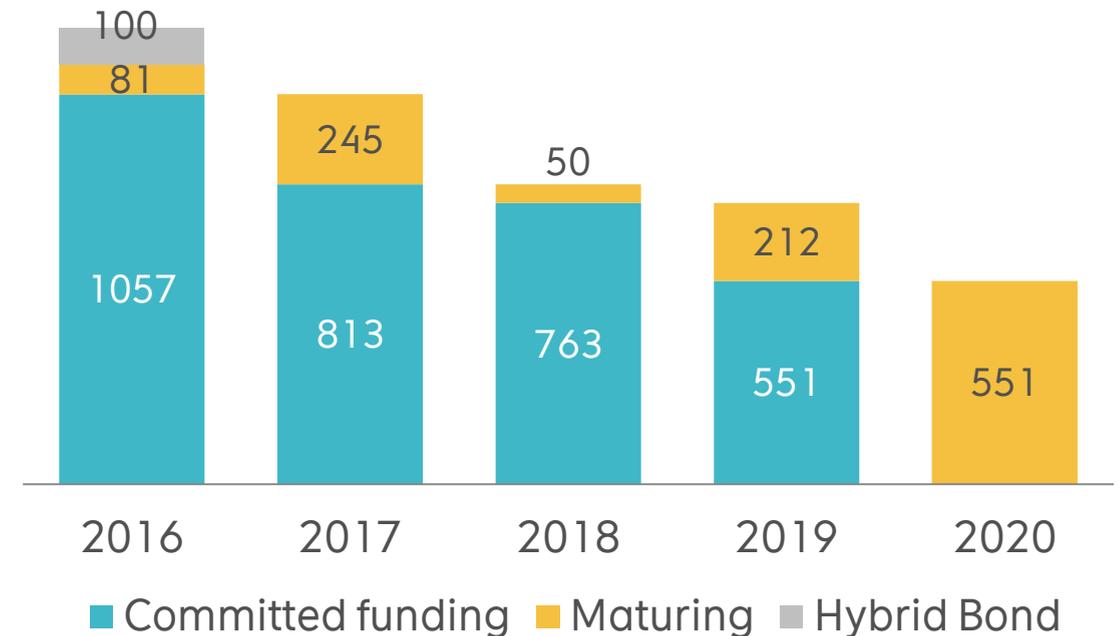
** Taxes paid include tax for the gain on the sale of Sanoma House paid in Q2 2015.

Refinancing progressing as planned

- EUR 500 million Syndicated Revolving Credit Facility signed 8 February 2016
- The EUR 200 million tender offer of the existing bonds and new issue of EUR 200 million finalised in May 2016
- Both the pricing and documentation of the new issue met the set targets
- The objective is to refinance the hybrid bond with a senior debt and operational cash flow if circumstances allow us

Maturity profile of committed funding after the new issue and the tender offer

EUR million



Capital Structure

30 June 2016

Net debt: EUR 855 million (Q2 2015: 930)

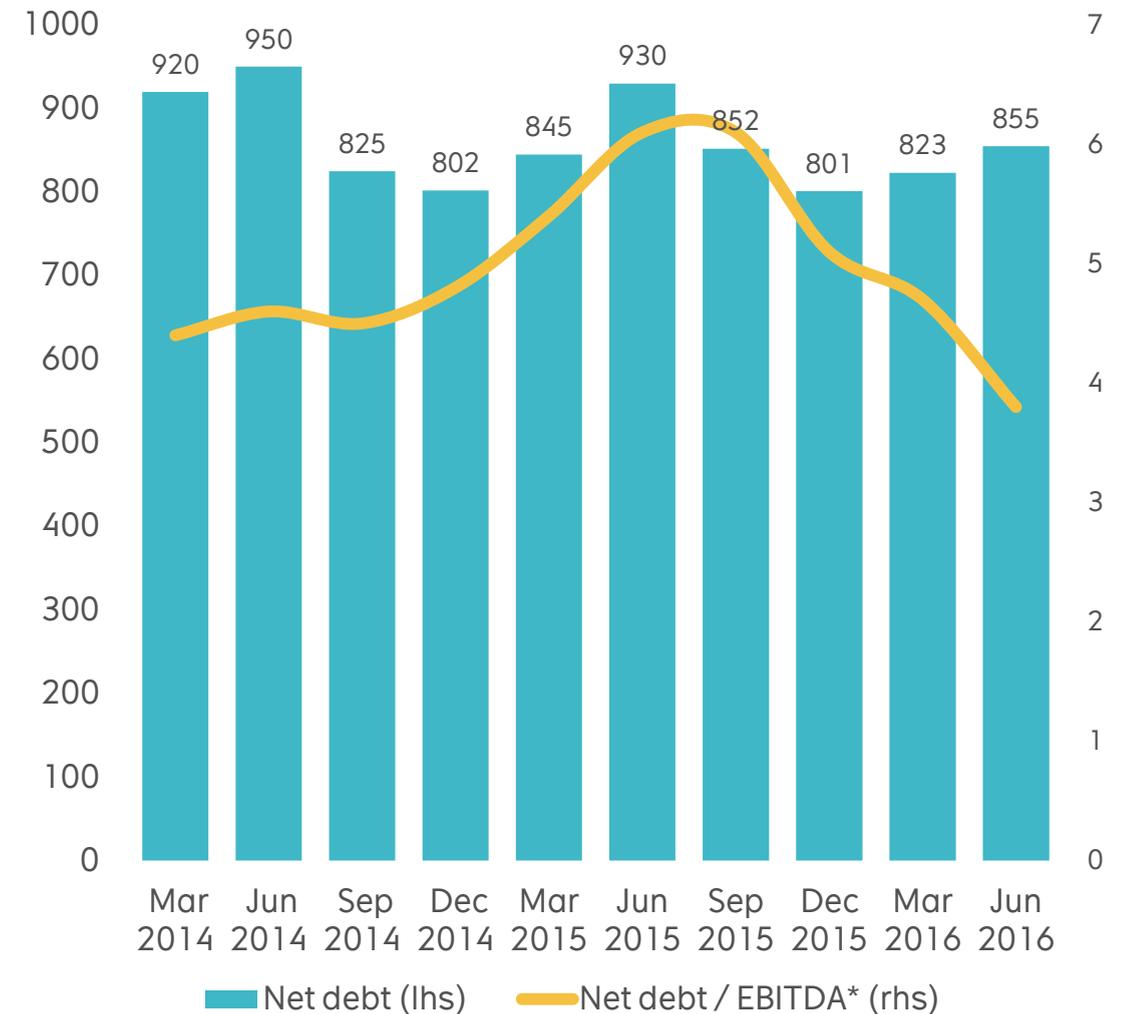
- Net debt / EBITDA* adjusted 3.8 times (5.5)
 - *EBITDA adjusted: 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis
- Average interest rate around 2.6% (2.6%) p.a.
- Interest sensitivity is around EUR 2.3 million and duration is 14 months

Total equity: EUR 1,078 million (1,191)

Equity ratio: 41.7% (41.9%)

Gearing: 79.3% (78.1%)

Key figures



Q&A

s

a

a

Appendix

n

m

o

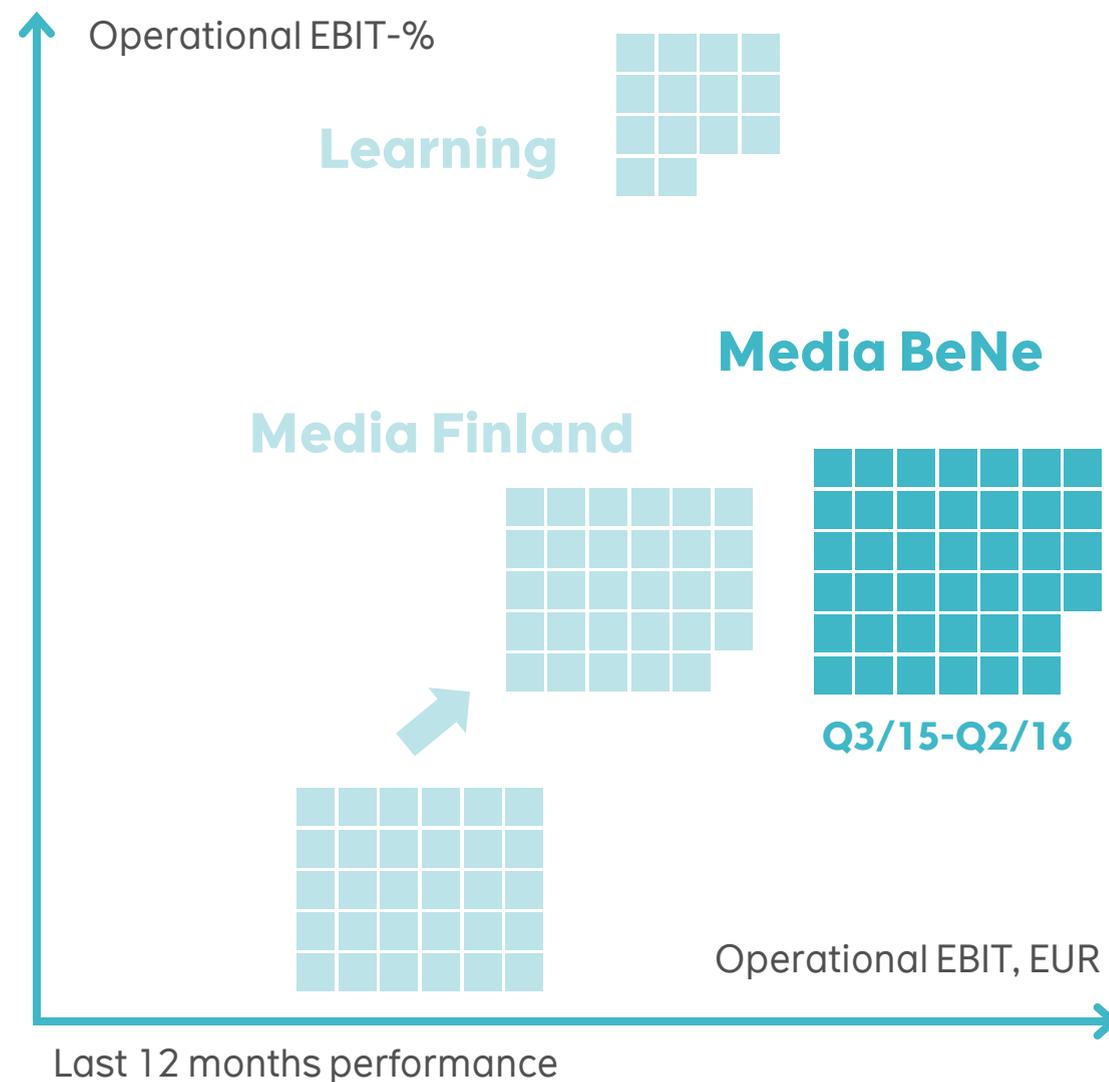
Key Financials in Q2/2016

Media BeNe

EUR million

	Q2/16	Q2/15
Net sales	202.6	216.0
Organic growth	+2.6%	-5.5%
Operational EBIT	29.6	27.1

- Reported net sales declined due to divestments
- Organic sales growth driven by Dutch print & online brand portfolio
- **Operational EBIT impacted by:**
 - + Cost efficiency and higher sales in focused portfolio
 - Lower viewing time and share of viewing in SBS TV business



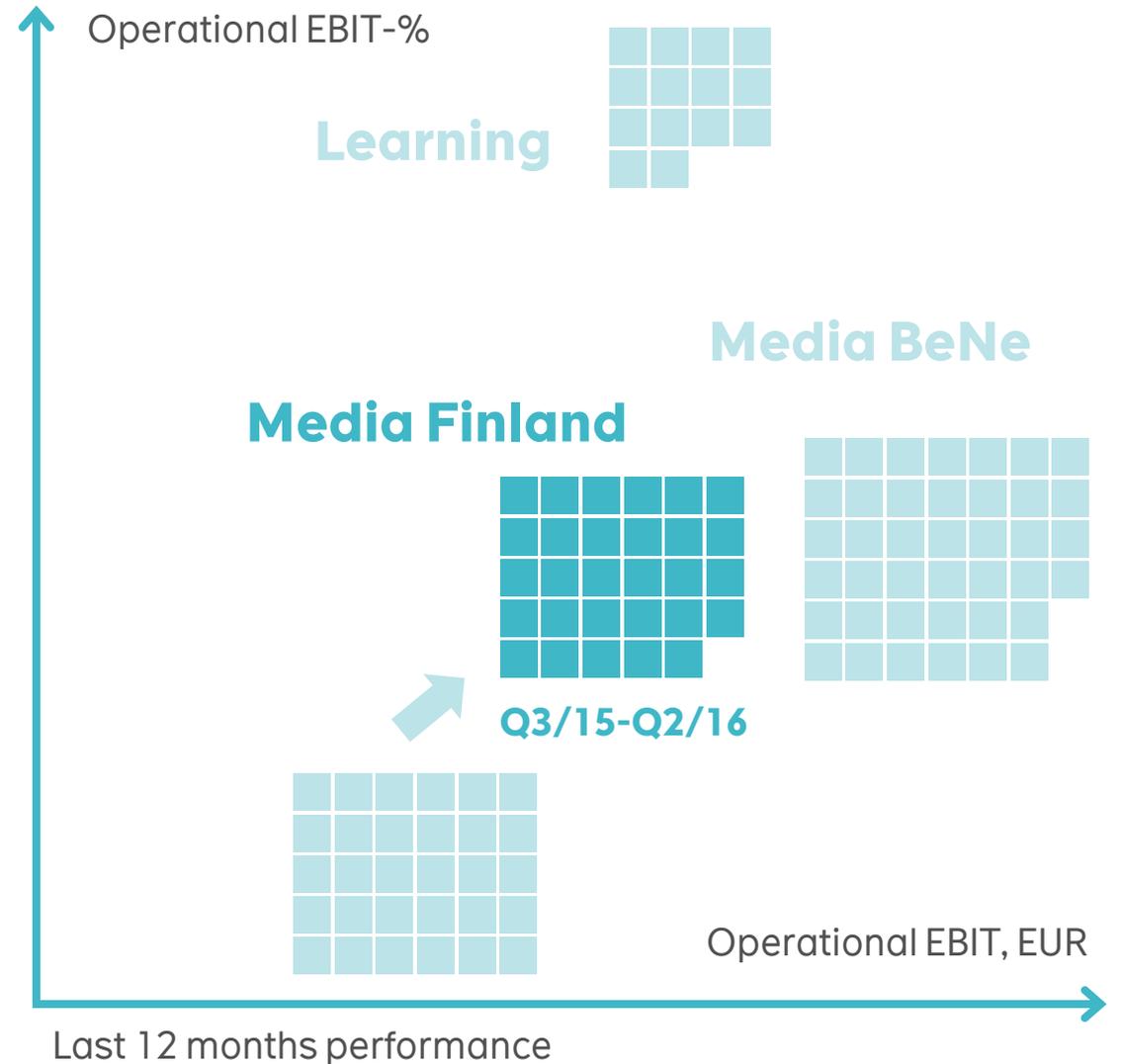
Key Financials in Q2/2016

Media Finland

EUR million

	Q2/16	Q2/15
Net sales	150.1	145.7
Organic growth	+2.2%	-5.4%
Operational EBIT	19.0	-2.5

- Net sales grew due to advertising market share gains, online and mobile sales as well as higher viewing share in TV
- **Operational EBIT impacted by:**
 - + Sales growth in both B2C and B2B
 - + Tight cost control driven by operational efficiency and cost savings
 - + EUR 6 million TV write-offs in Q2/2015



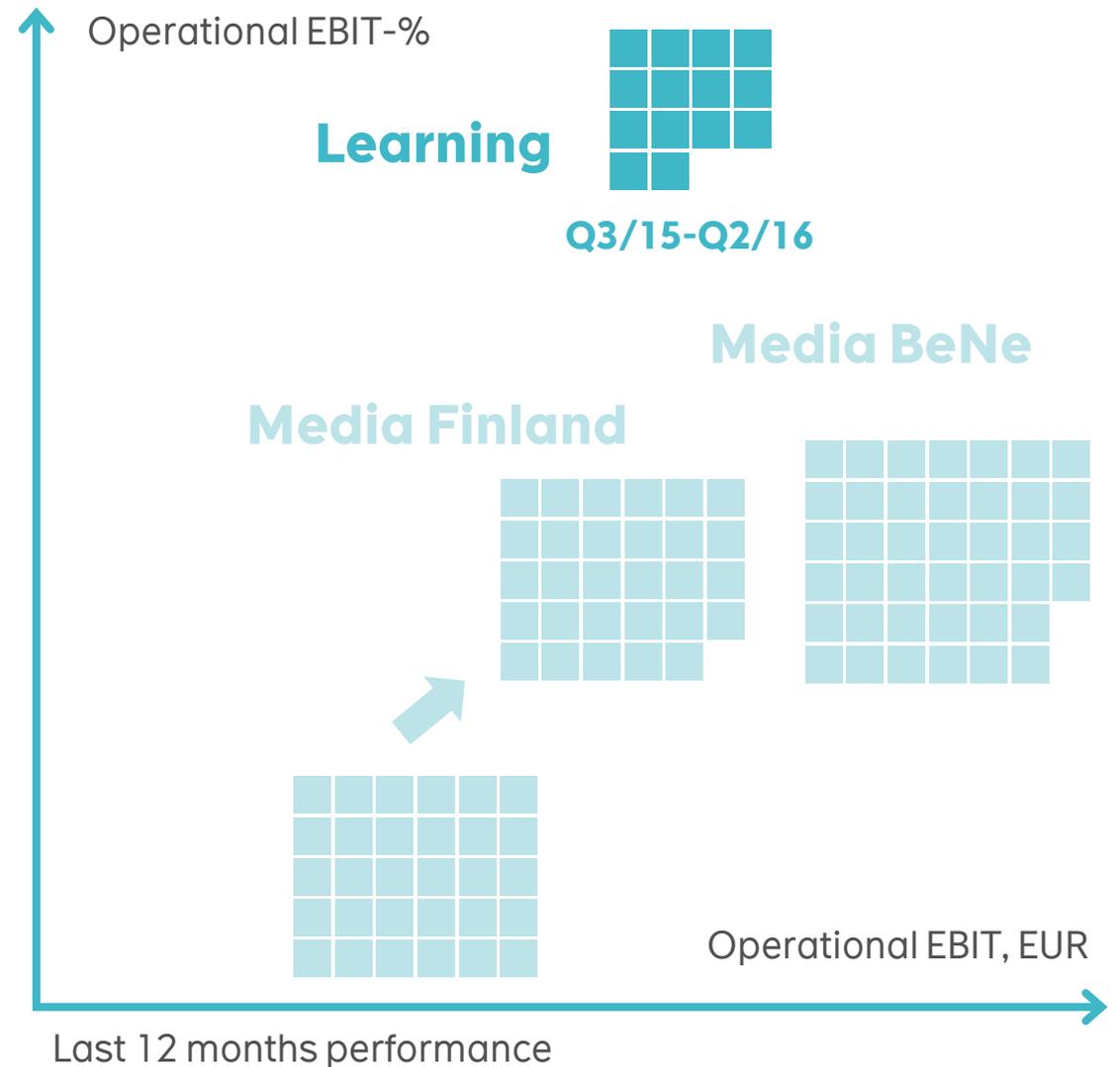
Key Financials in Q2/2016

Learning

EUR million

	Q2/16	Q2/15
Net sales	97.1	97.9
Organic growth	-0.9%	-8.1%
Operational EBIT	41.1	32.5

- Net sales: 4% growth in Western European footprint markets offset by market decline in Poland due to change in legislation
- **Operational EBIT impacted by:**
 - + Restructuring cost benefits
 - + Time shift in costs
 - + Change in prepublication amortisation schedule



Summary of Operating Performance

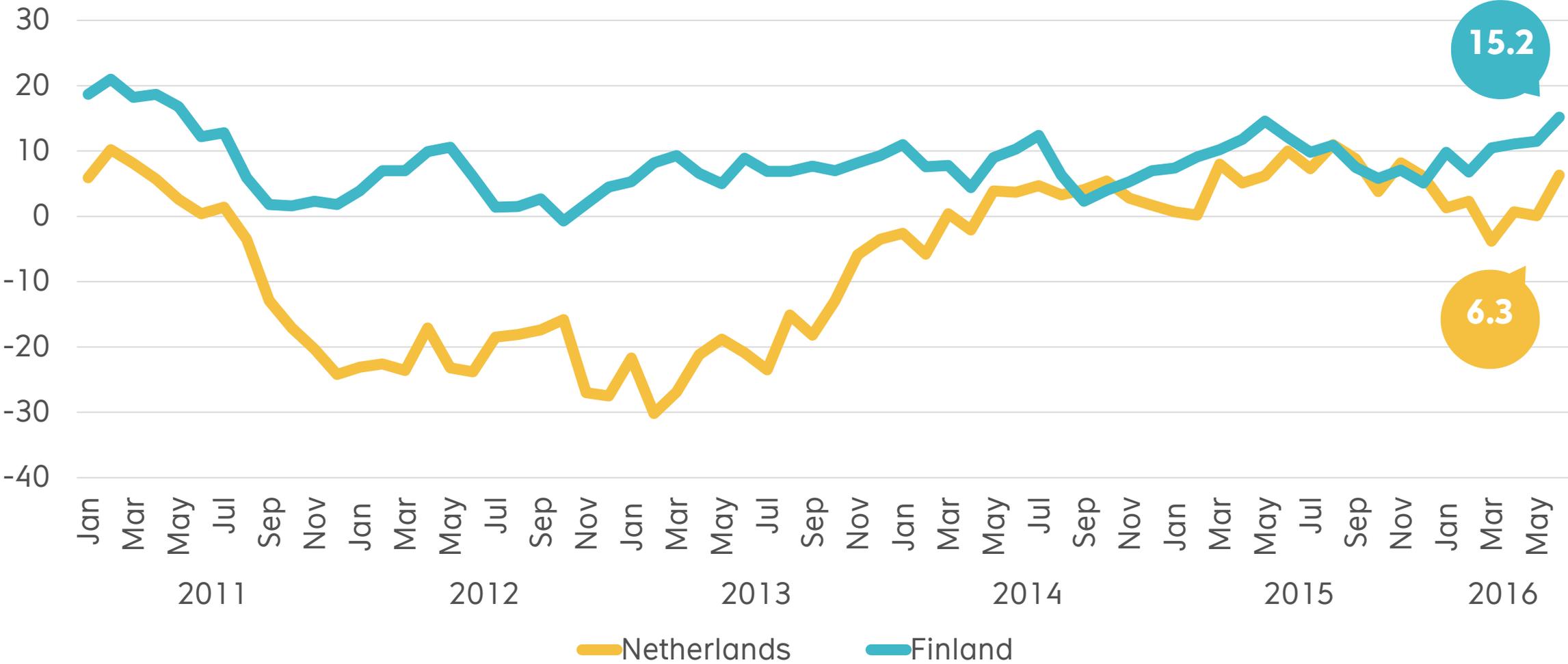
Last 12 months* – Non-print sales: EUR 600 million in Media Finland and Media BeNe

	Three Strategic Business Units			Other**
	Media Finland	Media BeNe	Learning	
TV & Radio Net sales EUR 350 million				
Magazines Net sales EUR 490 million	Q3/2015-Q2/2016 Net sales EUR 580 million	Q3/2015-Q2/2016 Net sales EUR 800 million	Q3/2015-Q2/2016 Net sales EUR 280 million	Q3/2015-Q2/2016 Net sales EUR 10 million
Online & Mobile Net sales EUR 190 million	Non-print 40% (230 million) of sales	Non-print 46% (370 million) of sales	Digital/hybrid/services 50% (140 million) of sales	
Newspapers Net sales EUR 240 million	Operational EBIT margin Around 8%	Operational EBIT margin Around 8%	Operational EBIT margin Around 20%	
Other Net sales EUR 110 million				

* Figures rounded to closest EUR 10 million.

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

Consumer Confidence



Source: Eurostat

Sanoma's Key Strategic Priorities

Fulfil customer needs in selected media brands and domains

Utilise growth and digital transformation opportunities in Learning

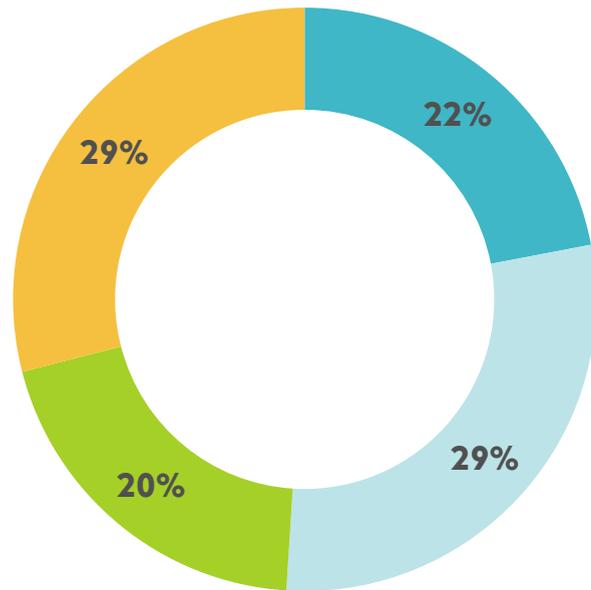
Accelerate cost innovation

Improve cash conversion and deleverage our business

TV – Net Sales and EBIT Seasonality

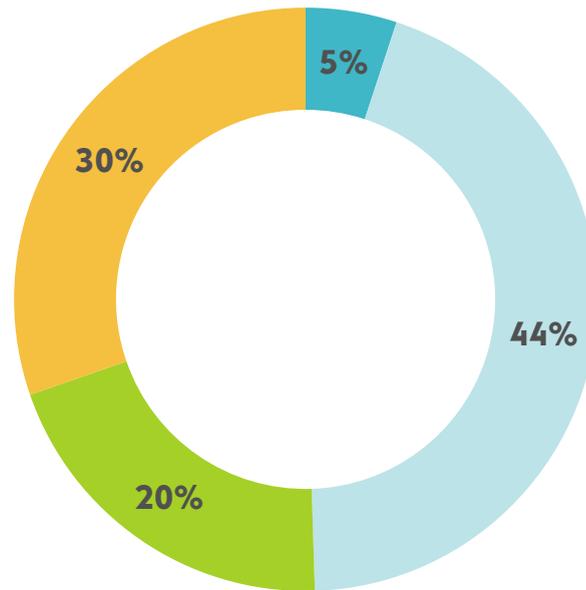
2010–2015 average for Dutch and Finnish TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT split



■ Q1 ■ Q2 ■ Q3 ■ Q4

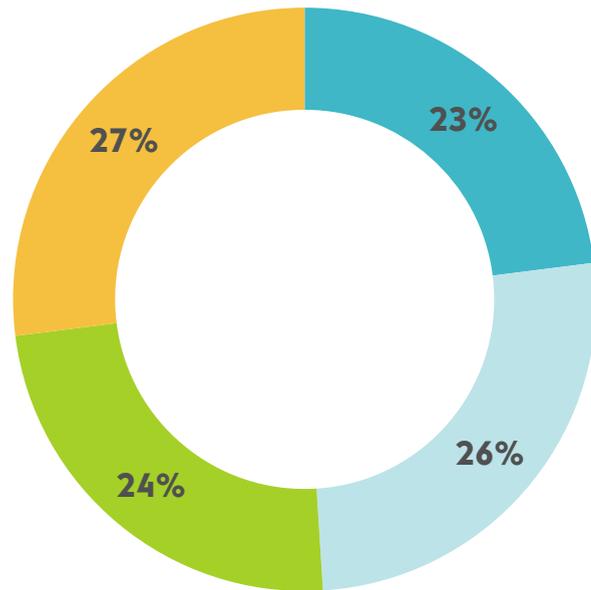
*Includes SBS Netherlands (excluding PPA amortisation) and Nelonen Media Finland.



Magazines – Net Sales and EBIT Seasonality

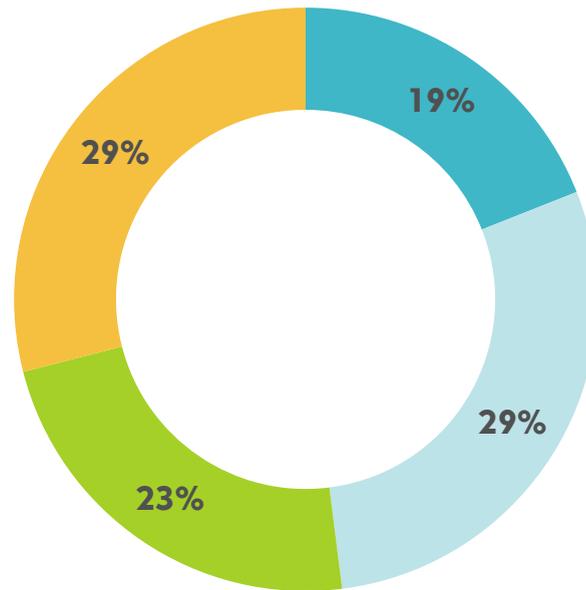
2010–2015 average for Dutch and Finnish Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT split



■ Q1 ■ Q2 ■ Q3 ■ Q4

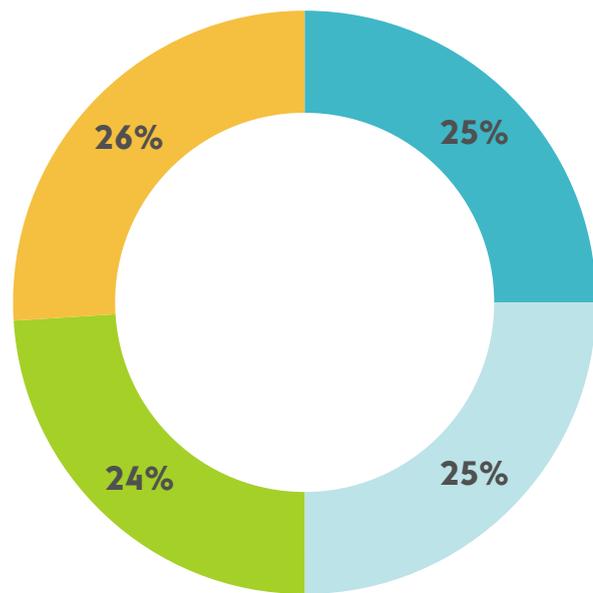
*Includes Dutch and Finnish operations, excluding TV guides. 2010-2012 not restated with IFRS 11 'Joint Arrangements'.



Newspapers – Net Sales and EBIT Seasonality

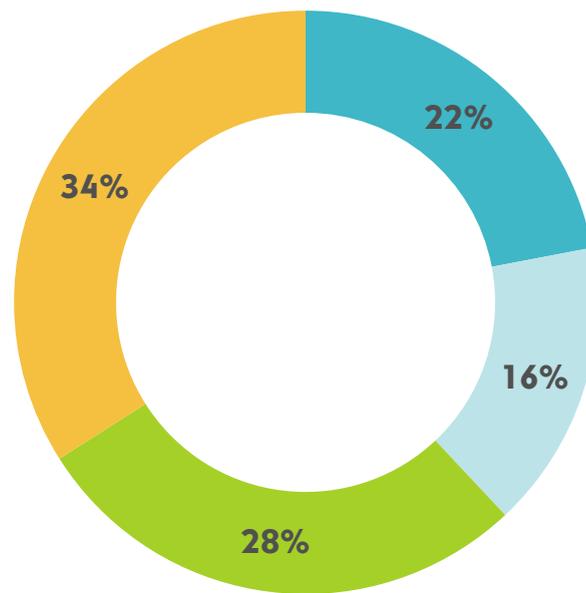
2010–2015 average for Newspapers (Finland) incl. digital business

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT



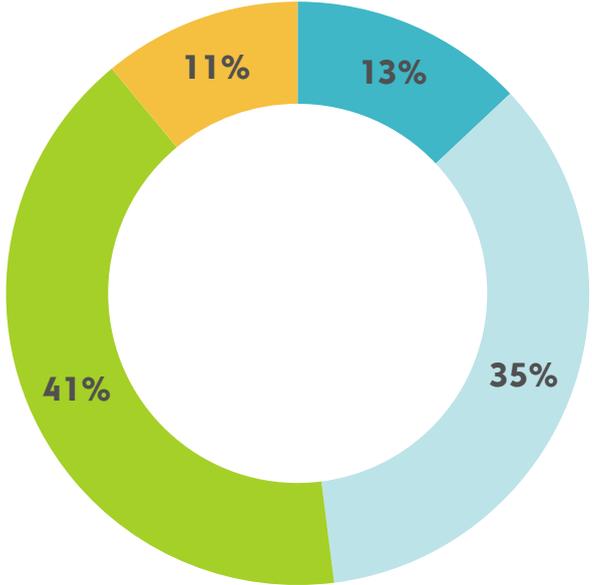
■ Q1 ■ Q2 ■ Q3 ■ Q4



Learning – Net Sales and EBIT Seasonality

2010–2015 average for Learning

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT split in relative terms



Q1 Q2 Q3 Q4



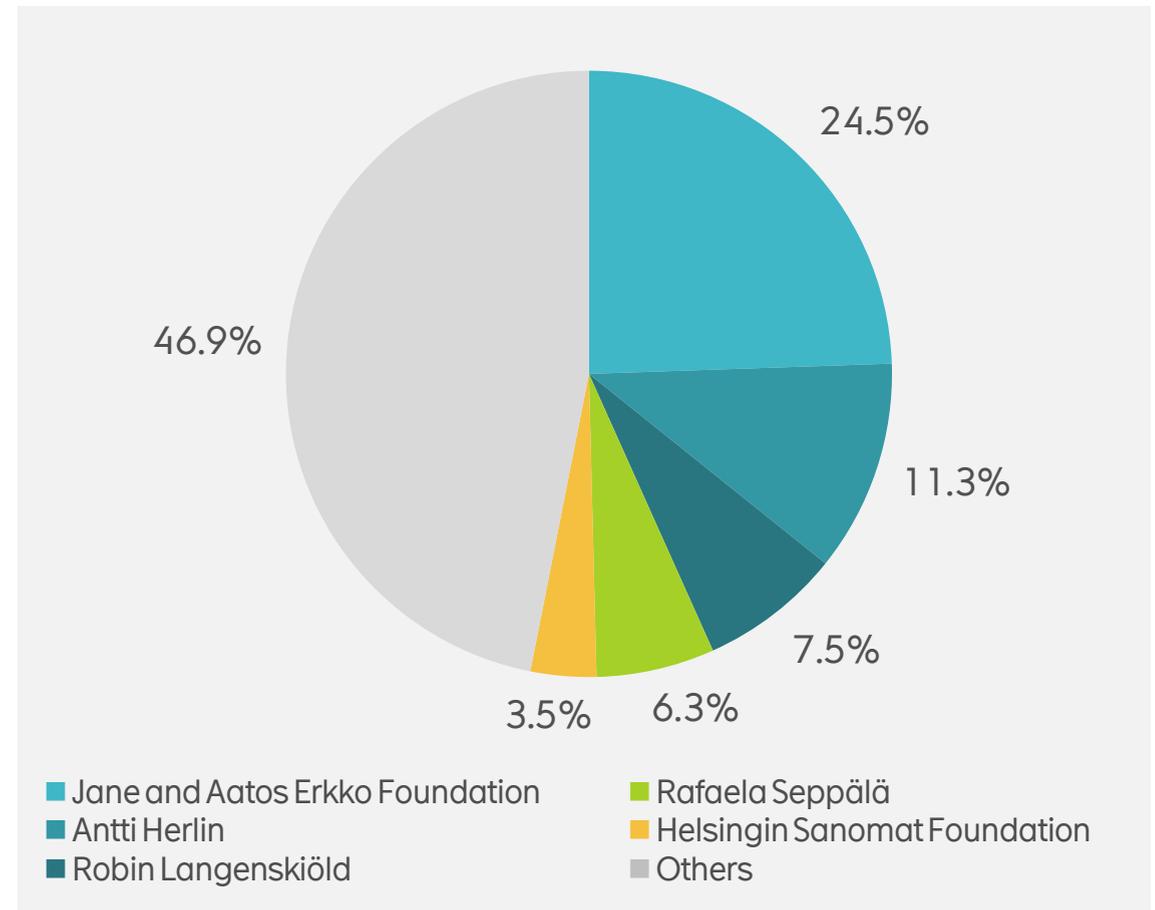
Sanoma – Largest Shareholders

30 June 2016

	% of shares and votes
1. Jane and Aatos Erkko Foundation	24.46
2. Antti Herlin (Holding Manutas Oy: 11.27%, personal: 0.02%)	11.29
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	1.19
10. WSOY Literary Foundation	1.18
Foreign ownership in total	11.08
Total number of shares	162,812,093
Total number of shareholders	24,003

Institutional investors: around 68% of shares

Private investors: around 32% 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

Jutta Rahikainen
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