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Sanoma Q2 2017 Results

Susan Duinhoven - President and CEO
Markus Holm - CFO and COO

Highlights of Q2 2017

- **Q2 in line with expectations:**

- Operational EBIT stable at EUR 78.8 million (2016: 78.6), adjusted for SBS
- Improved profitability in Media Finland and the Dutch print and online portfolio
- Increased costs related to creating new learning methods in Poland
- Reported operational EBIT EUR 82 million (2016: 87)

- Organic net sales at EUR 382 million (2016: 388), adjusted for SBS

- Operational EPS in the first six months up to EUR 0.35 (2016: 0.28), adjusted for SBS

- Divestment of SBS, Dutch FTA TV and acquisition of Veronica Magazine closed on 19 July, in all aspects in line with earlier announcement

- **Outlook unchanged:**

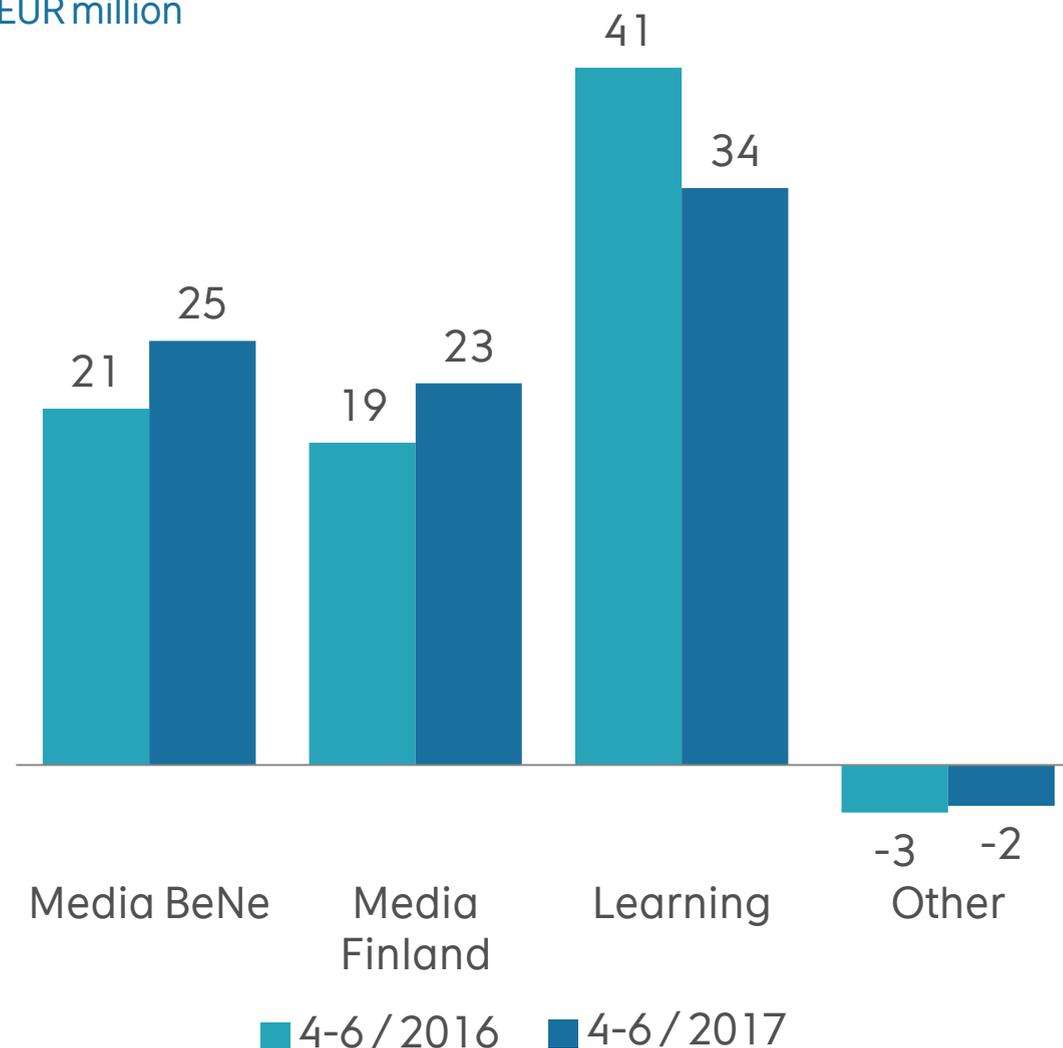
- Net sales, adjusted for structural changes, expected to be stable
- Operational EBIT margin to be above 10%

Sanoma Q2 2017: Operational EBIT adjusted for SBS stable

Sanoma Group EUR million	Q2/17	Q2/16
Net sales	441	450
Net sales adjusted for SBS	382	388
Organic growth	-2.0%	1.7%
Organic growth adjusted for SBS	-1.5%	2.4%
Operational EBIT	82	87
Operational EBIT adjusted for SBS	79	79

Q2 Comparable operational EBIT, adjusted for the SBS transaction

EUR million



Media Advertising Markets

Netherlands*	Q1/16	Q2/16	FY/16	Q1/17	Preliminary estimate on Q2/17*
Magazines	-8%	-8%	-7%	-10%	-12%
TV	+6%	-2%	-2%	-5%	-6%
Online*	+10%	+14%	+11%	+7%	+8%
Total market*	+4%	+4%	+3%	+3%	+3%

Finland	Q1/16	Q2/16	FY/16	Q1/17	Q2/17*
Newspapers	-6%	-5%	-4%	-9%	-12%
Magazines	-11%	-10%	-9%	-7%	-12%
TV	-2%	-4%	-1%	-6%	-7%
Radio	+15%	+3%	+3%	+4%	+0%
Online*	+5%	+18%	+13%	+8%	+1%
Total market*	-1%	-1%	+1%	-3%	-5%

Sanoma's outlook for 2017 is based on the assumption of the advertising market development in Finland and the Netherlands being in line with that of 2016

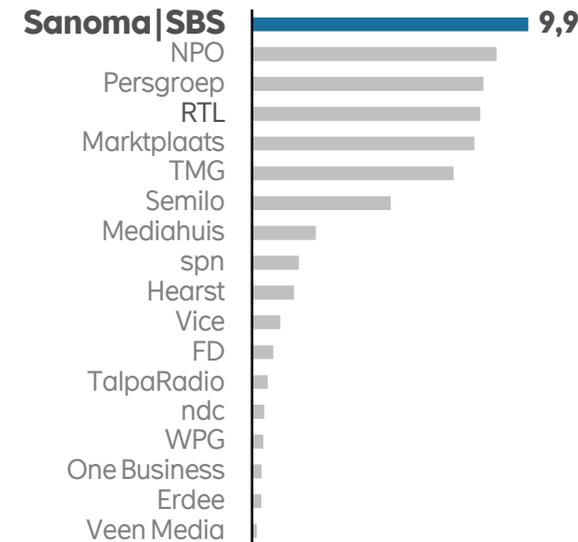
*Source: NL: Sanoma internal estimates, incl. online search. FI: TNS Gallup. Quarterly figures excl. online search, Full year numbers in Finland are based on a larger amount of data than quarterly numbers and include online search. Total market in both countries includes other smaller categories such as cinema and outdoor advertising.

Media BeNe Q2

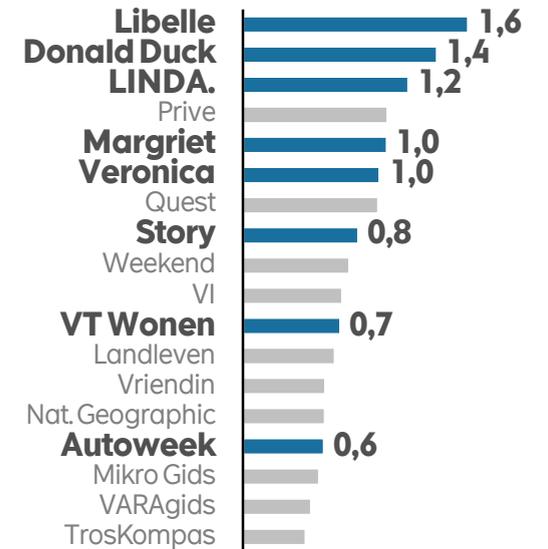
Improved profitability in Dutch print and online portfolio

- Organic net sales -1% adjusted for SBS
- Operational EBIT improved by 15%, adjusted for SBS
 - Cost innovations in print and online portfolio
 - NU.nl reaching all time high in reach in May
- Recognised with AMMA award (by B2B customers) as the best media company in the Netherlands

#1 in Digital reach
(million people)



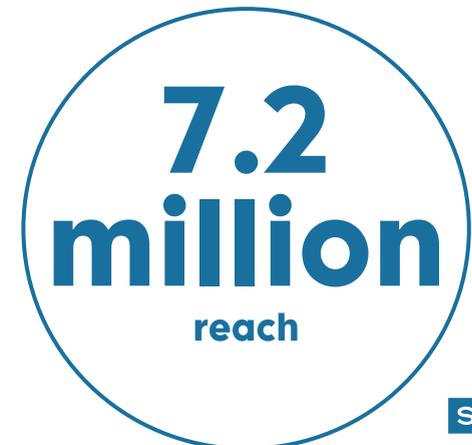
#1 in Magazine reach
(million people)



Source: s NOBO May 2017,
NOMHY1 2017

■ Competition ■ Sanoma

NU.nl all time high reach in May:



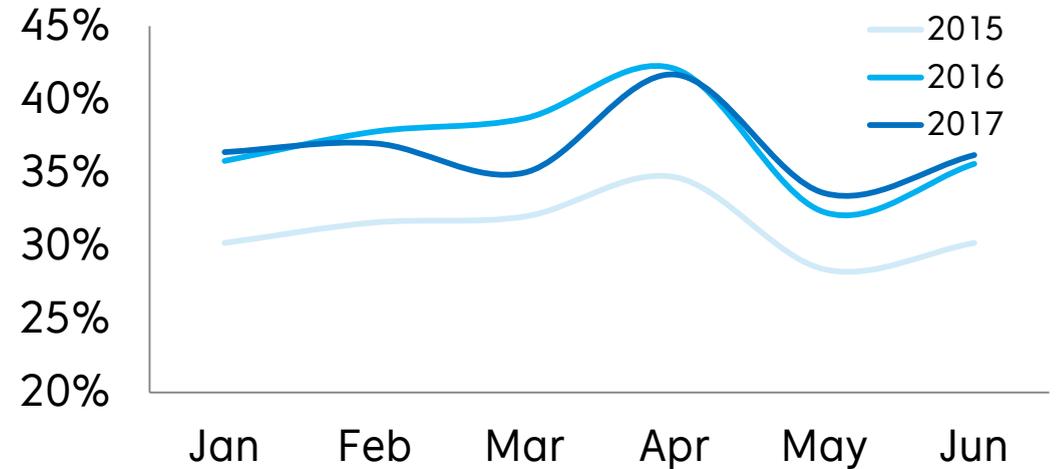
Media Finland Q2

Profitability continued to improve

- Organic net sales decreased by 2%
 - Subscription sales performing well, esp. increased number of subscribers paying for digital content
 - Digital advertising sales grew by 14%
 - Print and TV advertising sales affected by the negative market trends
- Operational EBIT up by 19% due to cost innovations
- Sanoma Baltics, operating online market places in Estonia, divestment closed in April

Nelonen TV viewing share

Commercial TV (10-44 years)



Helsingin Sanomat subscribers paying for digital content



Learning Q2

Costs to create new methods affecting results

- Sales increased by 3%
 - Strong performance in Finland
 - Consolidation of De Boeck in Belgium
 - Lower sales in the Netherlands and Sweden, expected to be partially recovered in Q3
- Operational EBIT decreased as expected
 - Costs related to creating new methods in Poland
 - Increased depreciation and amortisation
 - Strong operational performance in Finland
- All of the newly developed methods for the Polish educational reform now approved by the Ministry of Education

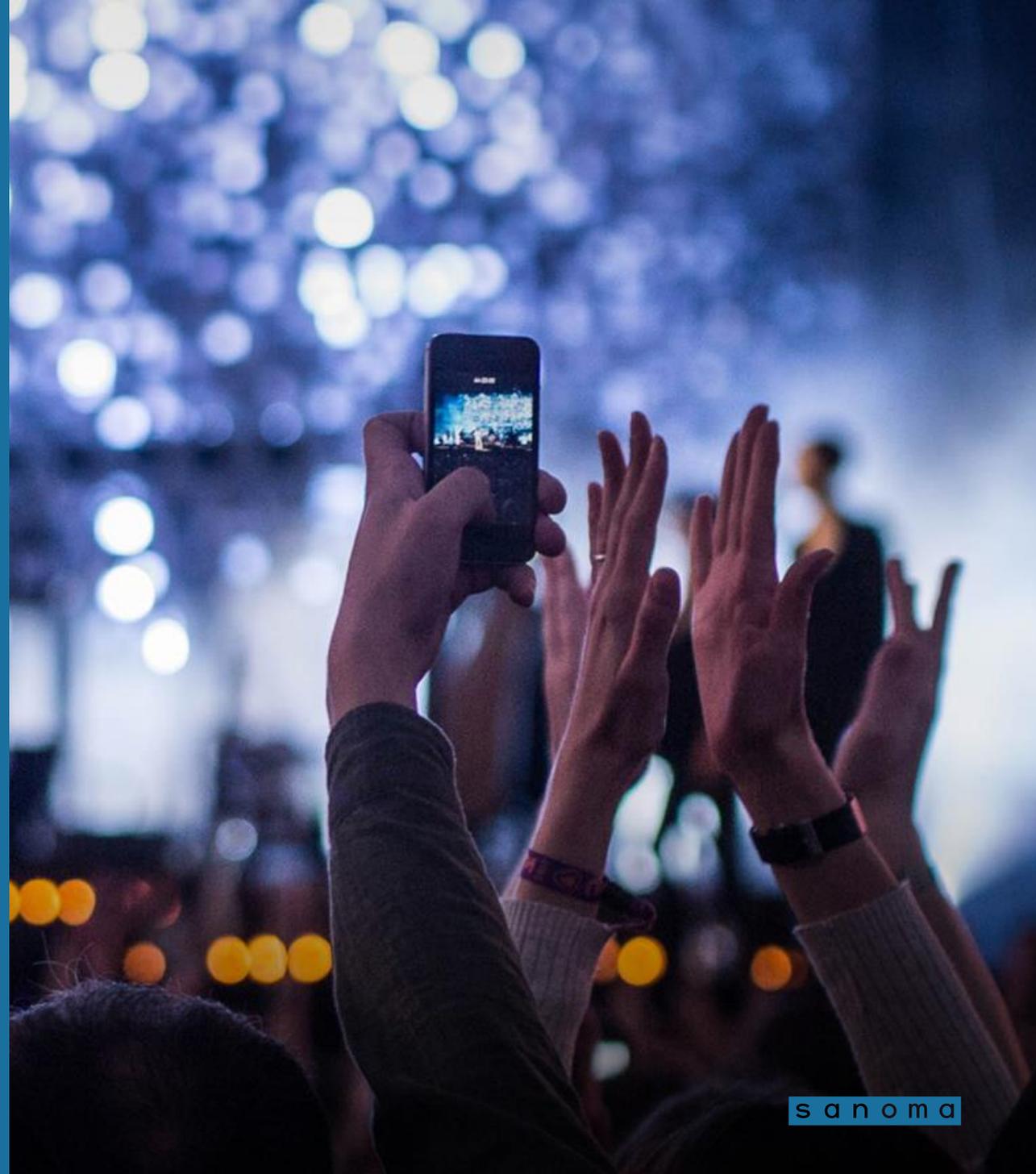
Number of users in digital learning platforms



Q2 2017
vs.
Q2 2016:
+30%

Outlook unchanged

- Net sales, adjusted for structural changes including SBS divestment, will be stable and
- Operational EBIT margin will be **above 10%**





Financials

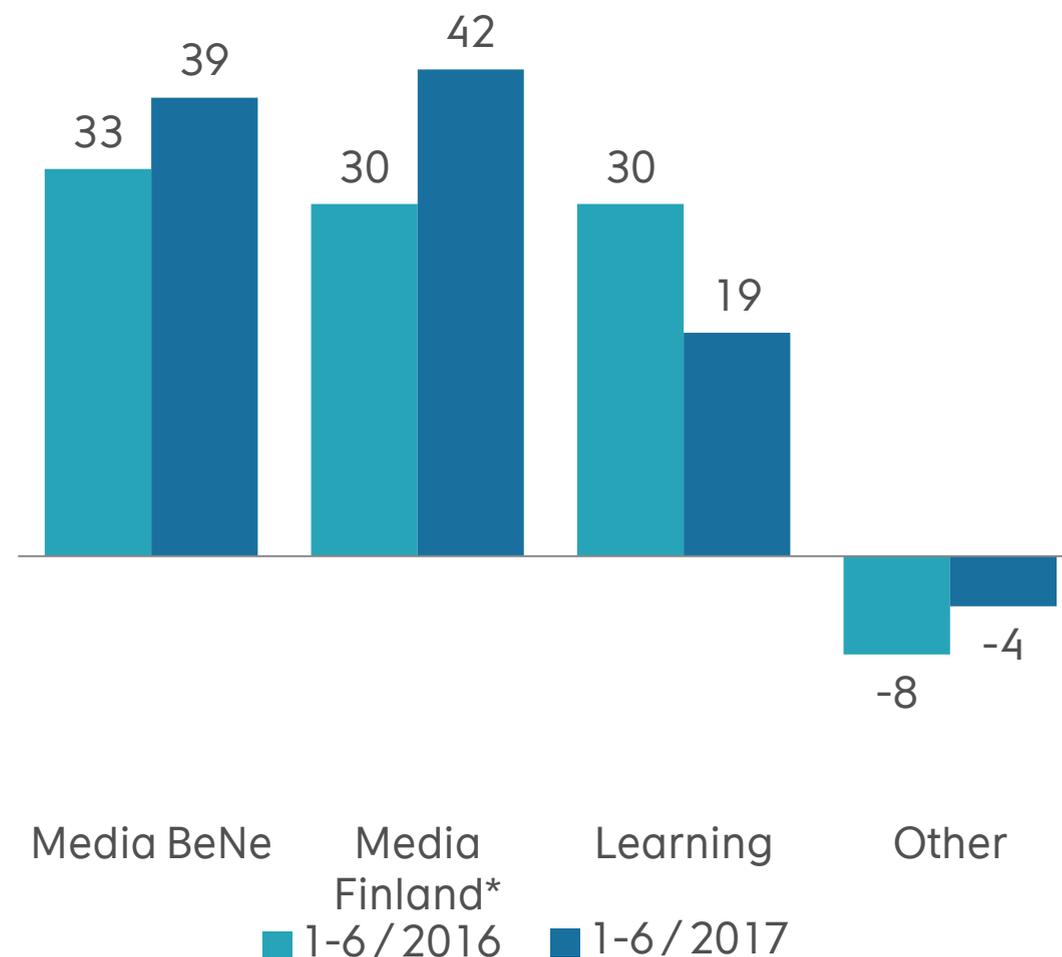
Sanoma H1 2017: Operational EBIT increased

Sanoma Group EUR million

	H1/17	H1/16
Net sales	785	803
Net sales adjusted for SBS	679	691
Operational EBIT	93	89
Operational EBIT adjusted for SBS	95	85
Cash flow from operations	-43	-48
Cash flow from operations adjusted for SBS	-43	-49
Operational EPS	0.34	0.28
Operational EPS adjusted for SBS	0.35	0.28

H1 Comparable operational EBIT, adjusted for the SBS transaction

EUR million



* Includes one-off corrections related to changes in accounting estimates, amounting to EUR 4.4 million in Q1

Q2 Comparable Operational EBIT Stable, adjusted for SBS

Media BeNe:

- + Cost innovations in print and online portfolio
- Slightly lower print sales

Media Finland:

- + Cost innovations, e. g. in distribution
- + Growth in digital sales (+14%)

Learning:

- + Improved performance in Finland and Belgium
- Costs related to creating new methods in Poland (around EUR 4 million)
- Higher depreciation and amortisation related to earlier investments
- Lower sales in the Netherlands and Sweden

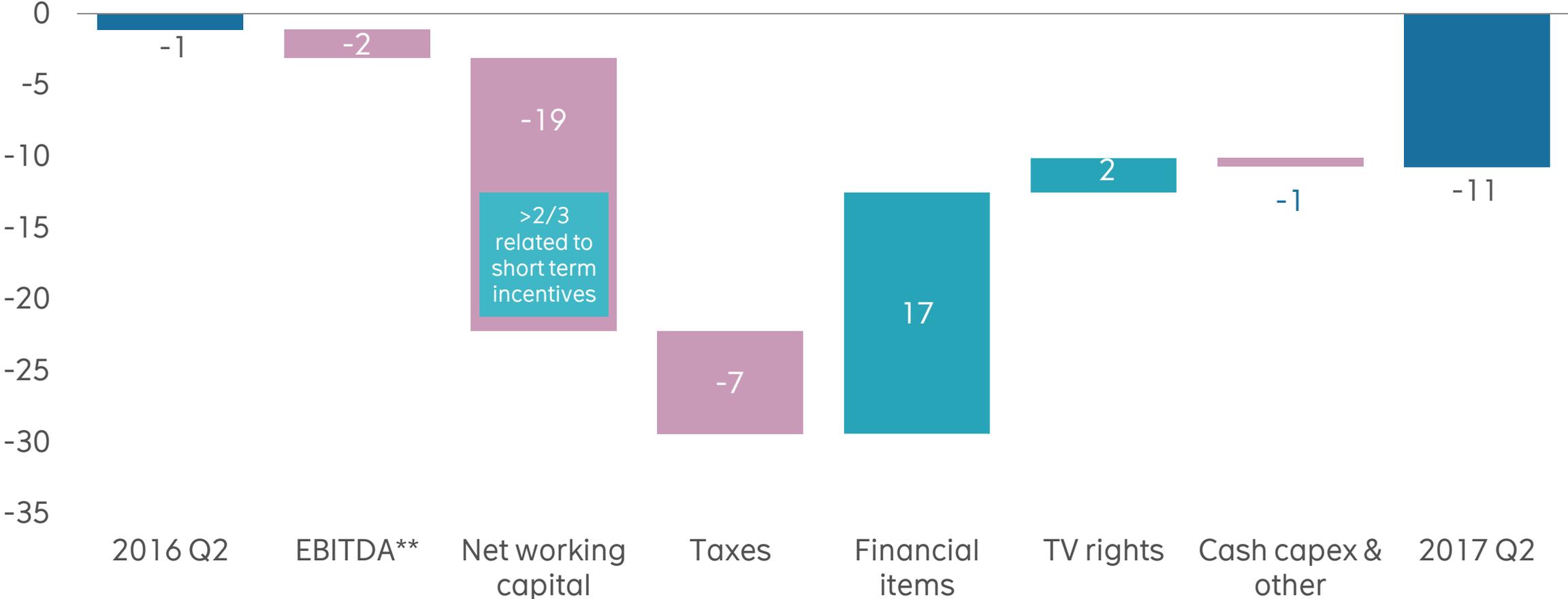
Other:

- + Changes in internal allocations bringing more of the costs into the operating units

EUR million



Q2 Reported free cash flow* lower due to working capital and taxes



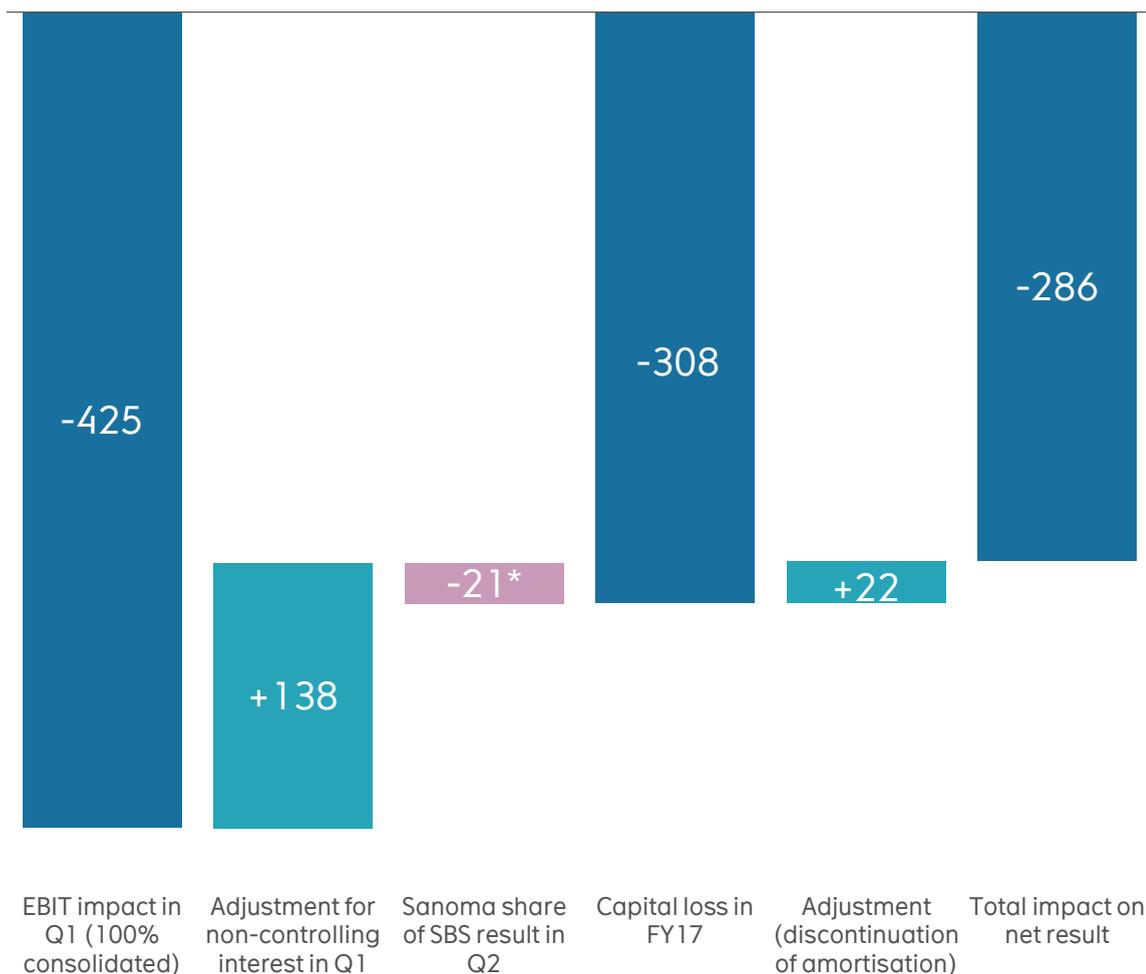
* Free cash flow = cash flow from operations less capex

** EBITDA adjusted for capital loss related to SBS, capital gains/losses of businesses and share of results of JV's, and the impact of Dutch pension settlement in 2016

Financial impacts of the SBS transaction

- In accordance with IFRS5, all assets and liabilities relating to SBS were classified as held for sale resulting in a non-cash capital loss of EUR -308 million
- Total impact on net result is EUR -286 million
 - Q1: EUR -425 million for 100% consolidation and related item of EUR 138 million for non-controlling interest
 - Q2: Net capital loss of EUR -21 million and net of EUR 22 million as an item affecting comparability due to discontinuation of amortisation
- Equity ratio: 29.0% (2016: 41.7%) at the end of June due to the write off related to SBS asset held for sale classification in Q1

Impact of the SBS transaction on net result

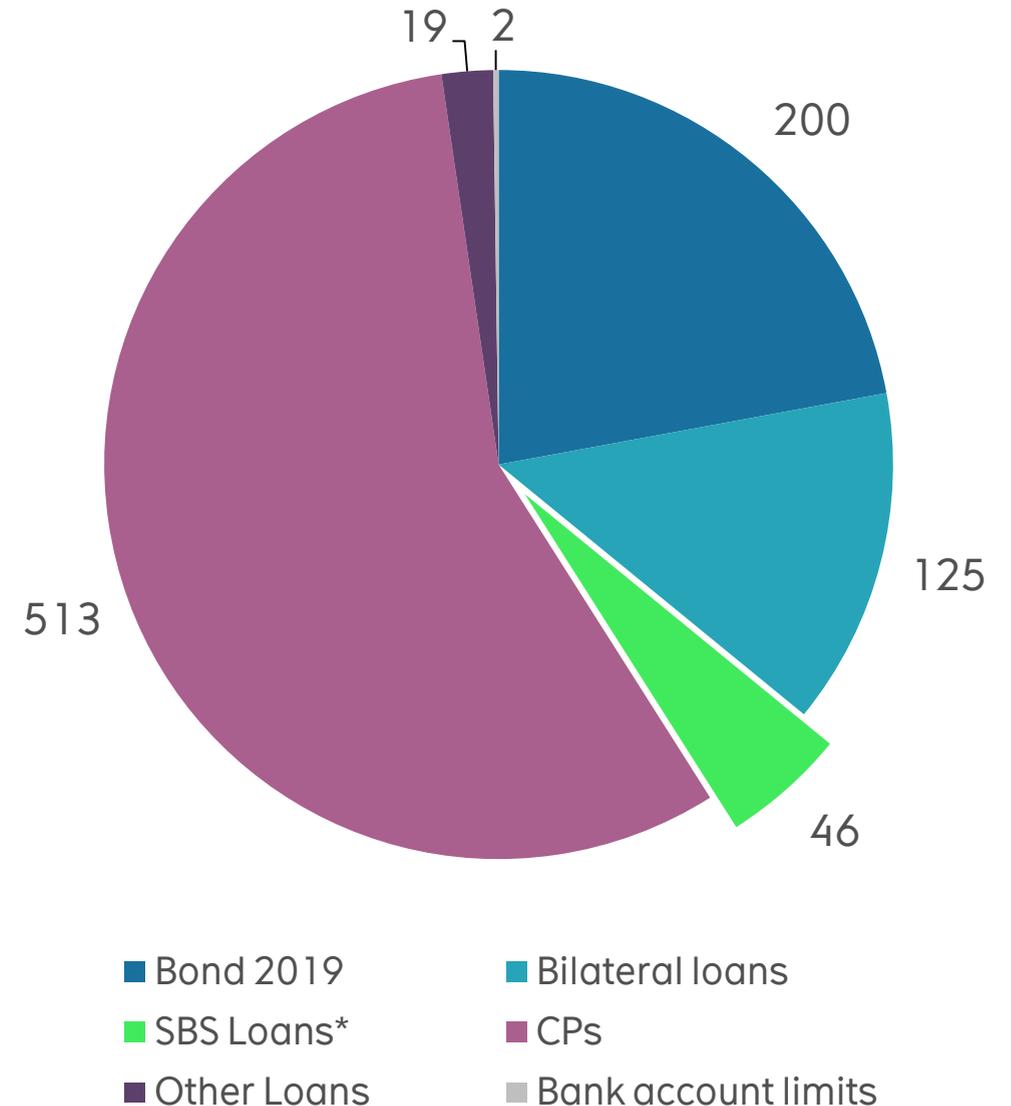


* Sanoma share of profits is improved by the discontinuation of depreciation and amortisation for an asset held for sale classification and subsequently written-off to fair value according to IFRS 5

Lower Financing Costs

- EUR 200 million of Bond 2017 repaid in March, using commercial paper and bank financing
- Net financial items YTD EUR -11.0 million (2016: -17.7)
- Average interest rate during H1 down to 2.0% (2016: 2.8%)
- Proceeds from the SBS divestment (EUR 237 million) will be used to repay commercial paper debt and bilateral loans

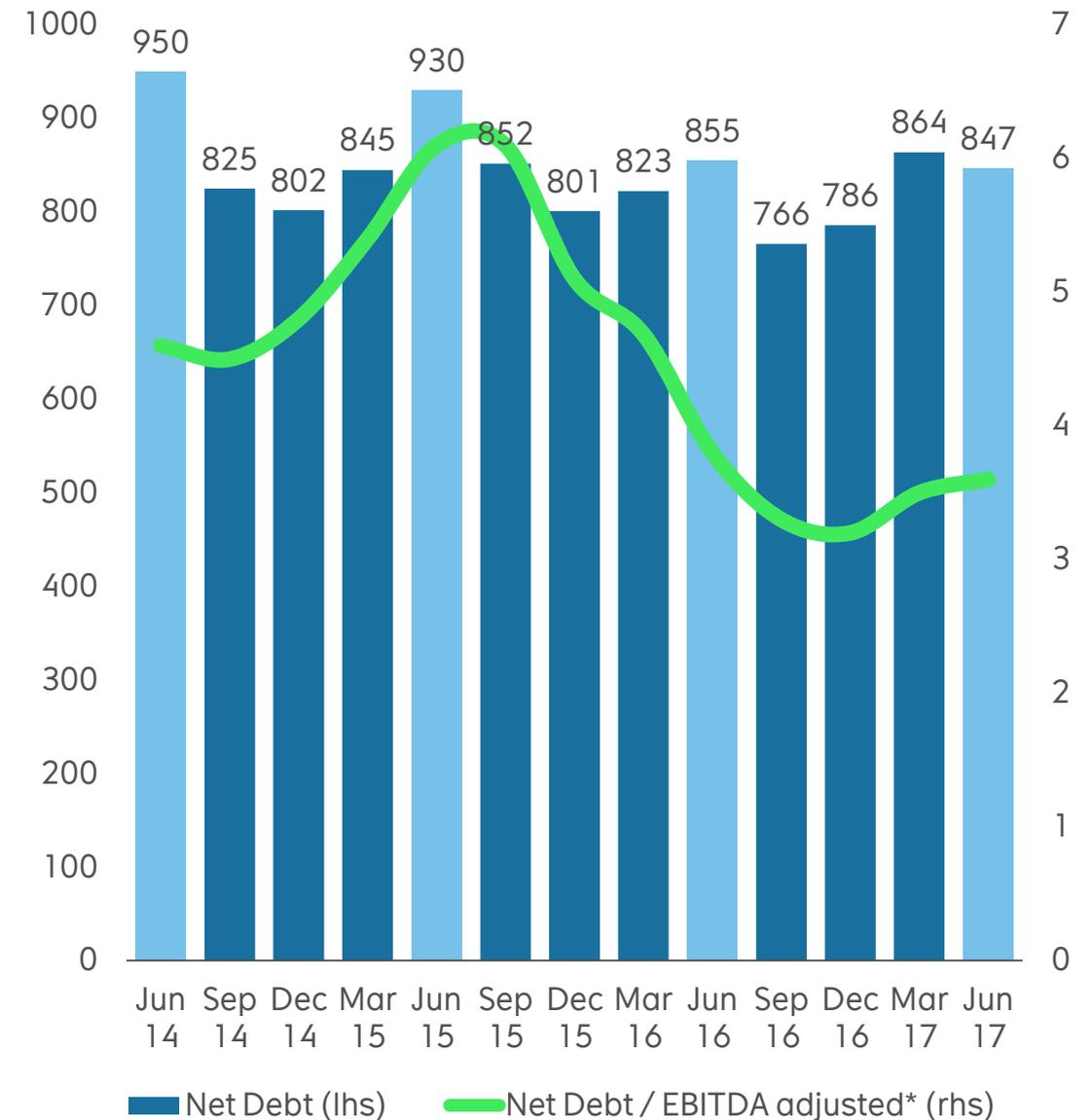
Debt structure as of 30 June 2017, EUR 897 million



*Following the closing of the SBS transaction, SBS loans not part of Sanoma's debt portfolio

Deleveraging continues

- Net debt/EBITDA adjusted* 3.6 times (2016: 3.8)
- Net debt: EUR 847 million (2016: 855)
- The divestment of SBS will improve the leverage ratio going forward
- Continued improvement of cash flows and deleveraging will have positive effect on operational EPS going forward



* 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

Q&A

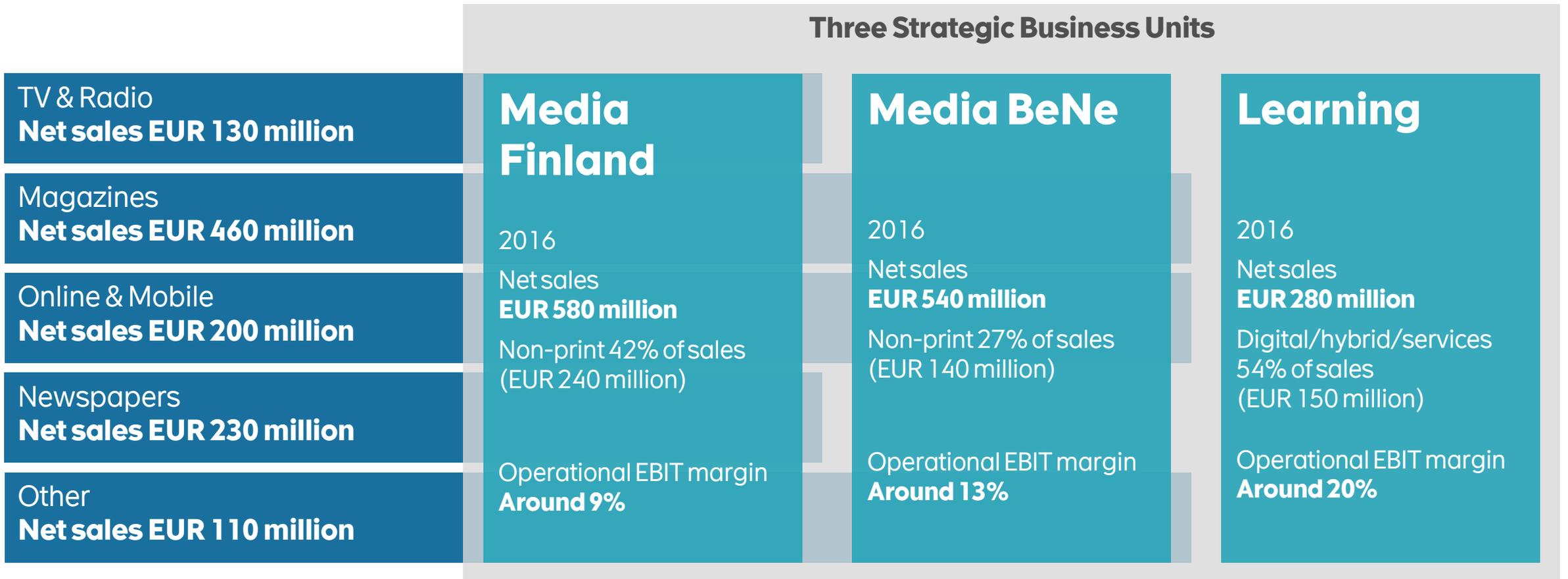
Reported Income Statement

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Net sales	441.4	449.7	785.2	802.8	1,639.1
Operational EBITDA	148.0	153.0	230.4	226.4	452.4
Operational EBIT	81.7	86.9	93.1	88.8	167.9
Items affecting comparability	-4.2	54.8	-431.4	56.0	28.7
Operating profit	77.6	141.7	-338.3	144.7	196.6
Total financial items	-4.5	-9.0	-11.0	-17.7	-37.0
Result before taxes	74.0	132.5	-348.3	127.0	157.2
Income taxes	-23.2	-35.6	-23.9	-30.2	-41.2
Result for the period	50.8	96.9	-372.2	96.8	116.0
Result attributable to:					
Equity holders of the parent company	49.7	93.8	-235.3	93.8	110.8
Non-controlling interests	1.1	3.1	-136.8	3.0	5.2
Earnings per share	0.31	0.57	-1.45	0.56	0.65
Operational EPS	0.32	0.32	0.34	0.28	0.51

Sanoma pro forma 2016 excluding SBS:

Net sales EUR 1,407 million – non-print sales in media and learning 38% (EUR 540 million)

Operational EBIT margin above 10%



NOTE: Figures rounded to closest EUR 10 million.

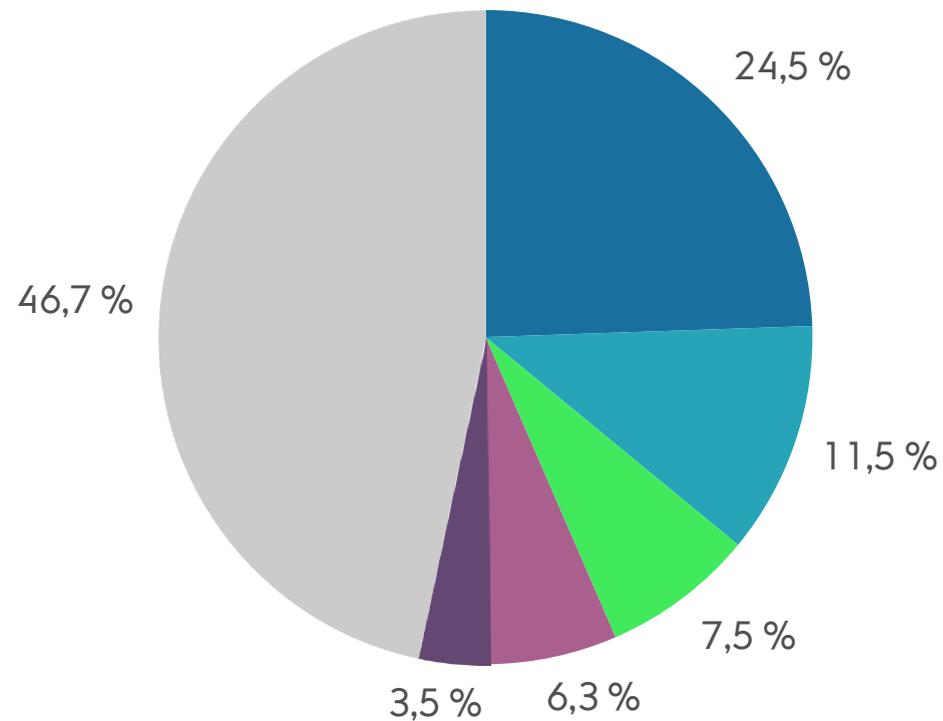
Sanoma – Largest Shareholders

	% of shares and votes
1. Jane and Aatos Erkkö Foundation	24.46
2. Antti Herlin (Holding Manutas Oy: 11.47%, personal: 0.02%)	11.49
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	1.23
8. Alex Noyer	1.19
9. The State Pension Fund	1.14
10. Lorna Auboin	1.14
Foreign ownership in total*	17.50%
Total number of shares	162,812,093
Total number of shareholders	21,281

Institutional investors: around 70% of shares

Private investors: around 30% of shares

*Including nominee registered shareholders



- Jane and Aatos Erkkö Foundation
- Antti Herlin
- Robin Langenskiöld
- Rafaela Seppälä
- Helsingin Sanomat Foundation
- Others

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