

Interim Report Q2 2012

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1 August 2012

Solid Q2 in challenging market conditions

- **Q2 2012 – solid set of figures**
 - Net sales EUR 646.5 (592.6) million – growth +9.1%
 - Adjusted for structural changes -1.7%
 - EBIT excl. non-recurring items EUR 104.2 (65.6) million – growth +58.9%
 - Earnings per share excl. non-recurring items EUR 0.40 – growth +35.1%
 - Digital sales 23.9% of total net sales
 - Solid performance in Learning but also some timing differences between quarters
 - Weaker performance in our main print operations, including VAT impact in Finland - broadly in line with our expectations
- **Balance sheet strengthened – non-core asset disposals**
- **Successful refinancing**
 - New EUR 600 million revolving credit facility with a five-year maturity signed in July
- **Strategic steps – according to plan**

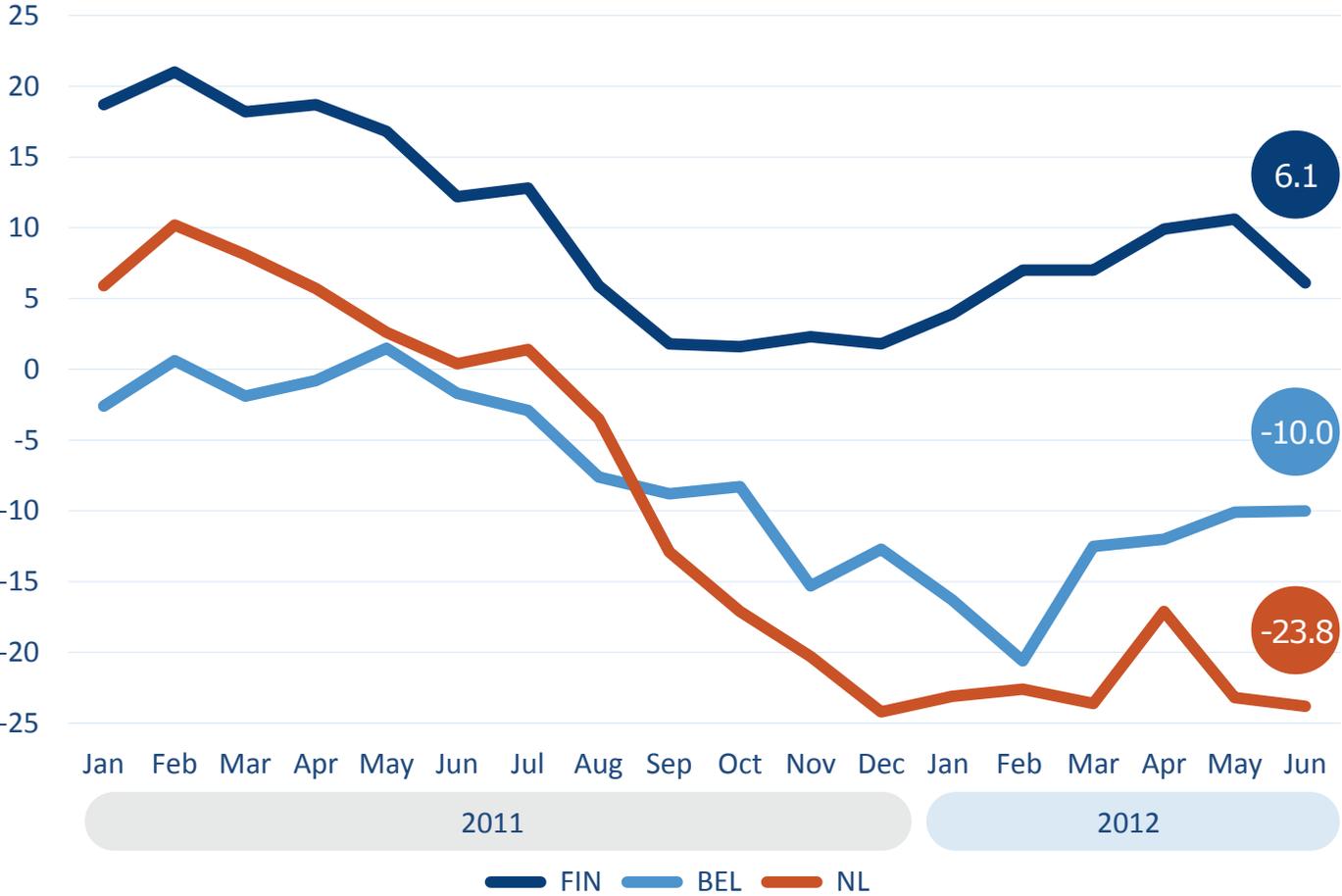


Strategic steps taken according to plan

- **Acquisitions** – around **EUR 30 million in total**
 - Online retail group Read & View in the Netherlands
 - Testing and examination company Bureau ICE in the Netherlands
 - Three commercial radio channels in Finland
 - Relationship marketing agency HeadOffice in Belgium
- **Won exclusive TV sport rights in Finland**
 - Finnish Ice Hockey league 2013–2018
- **Helsingin Sanomat** – from broadsheet to tabloid format
 - As of 8 January 2013
- **Divestments** – around **EUR 150 million in total**
 - Remaining kiosk and bookstore operations
 - Press distribution operations in Estonia and Lithuania
 - Esmerk
 - Porvoon Kirjakeskus
 - Stake in Esan Kirjapaino (pending)
- **Refinancing** – **completed successfully**
 - More than EUR 1 billion of refinancing done



Consumer confidence declining



Advertising markets under pressure

Finland*	Jan-Mar	Apr-Jun
Newspapers	-2%	-13%
Magazines	-2%	-6%
TV	+5%	-4%
Online	+14%	+1%
Total advertising market	+1%	-8%



Netherlands**	Jan-Mar	Apr-Jun
Magazines	-4%	-19%
TV	-3%	-5%
Online	+5%	+6%
Total advertising market	-2%	-6%

Belgium**	Jan-Mar	Apr-Jun
Magazines	-9%	-8%
TV	+1%	-11%
Online	+6%	+4%
Total advertising market	0%	-8%

Group outlook for 2012 revised

- due to deteriorating market conditions

Group outlook for 2012

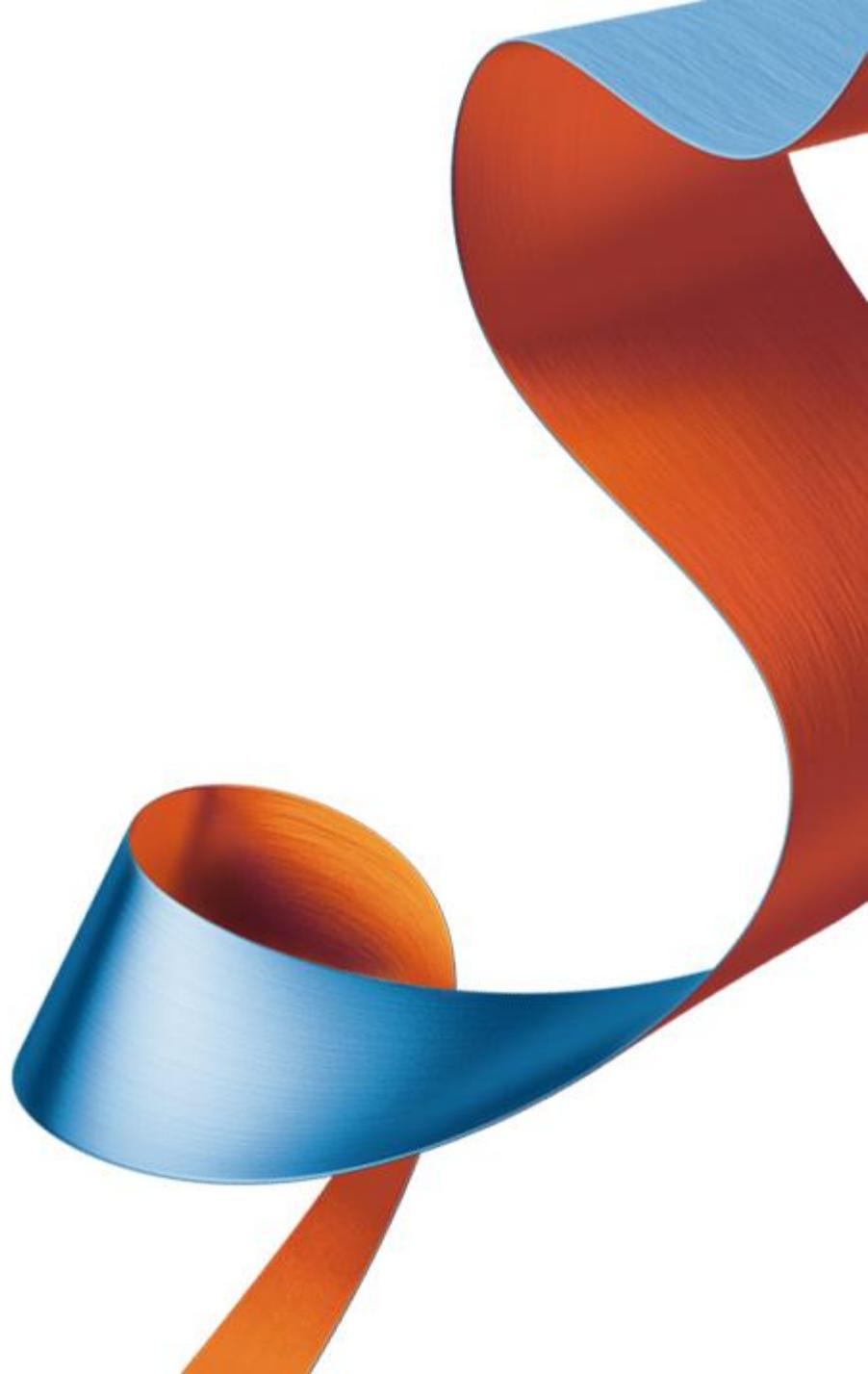
	Revised	Previous	1-6/2012act	Consensus** FY2012est
Net sales	'At the previous year's level or to grow slightly'	'To grow slightly'	+6.0%	+1.9%
EBIT, excluding non-recurring items, margin	'Around 10 % of net sales'	'Around 10 % of net sales'	10.1%	10.2%
EPS excluding non-recurring items	'To be somewhat below previous year'	'To grow'	EUR 0.39 vs. EUR 0.40 or -2.5%	EUR 0.80 vs. EUR 0.87 or -8.0%
Advertising market development assumption	'Slightly to somewhat decreasing'	'Stable to slightly decreasing'	NL: -4%* FIN: -3%* BEL: -5%*	

- Main deviation to previous outlook: the Netherlands
- Speed up the transformation of our business in accordance with our set priorities and continue to address our cost base as well as ways of working

Financials

Kim Ignatius

CFO



Financial highlights

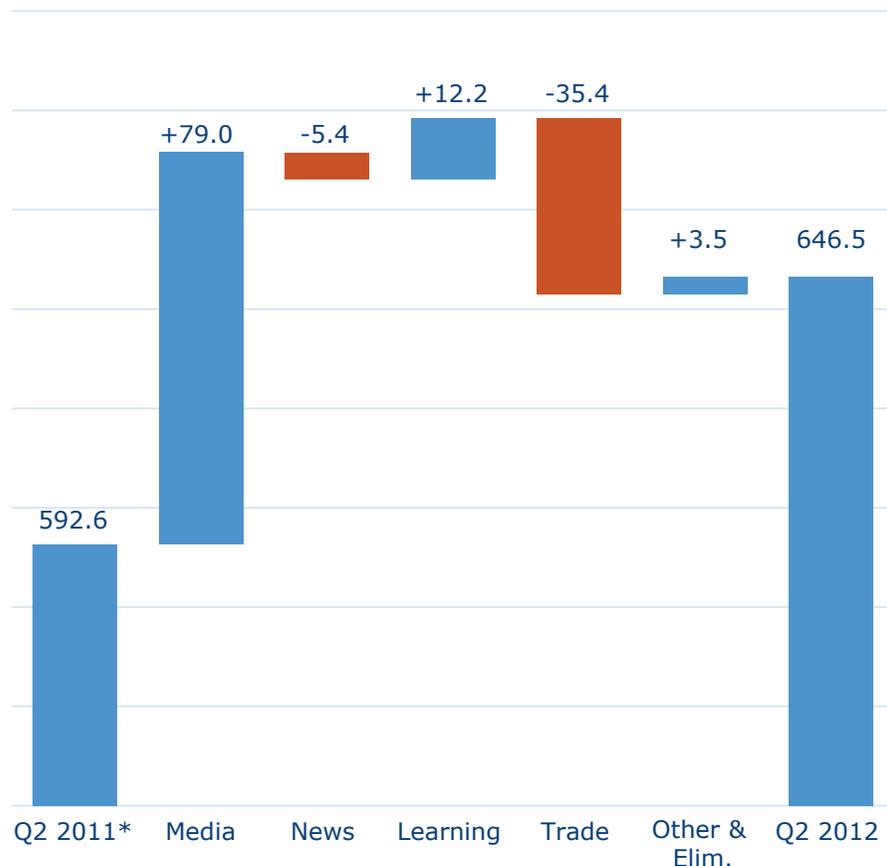
Q2 2012

EUR million	4-6/2012	4-6/2011 restated*	Change %
Net sales	646.5	592.6	+9.1
EBITDA excl. non-recurring items	177.3	105.4	+68.2
<i>of net sales</i>	27.4%	17.8%	
EBIT excl. non-recurring items	104.2	65.6	+58.9
<i>of net sales</i>	16.1	11.1	
EBIT	98.5	116.7	-15.6
EPS excl. non-recurring items, EUR **	0.40	0.29	+35.1
EPS, EUR **	0.83	0.60	+38.4
Cash flow from operations/share, EUR **	0.12	0.02	
Number of employees (FTE)***	10,799	11,383	-5.1

Asset mix changed

Net sales – Q2 2012

EUR million



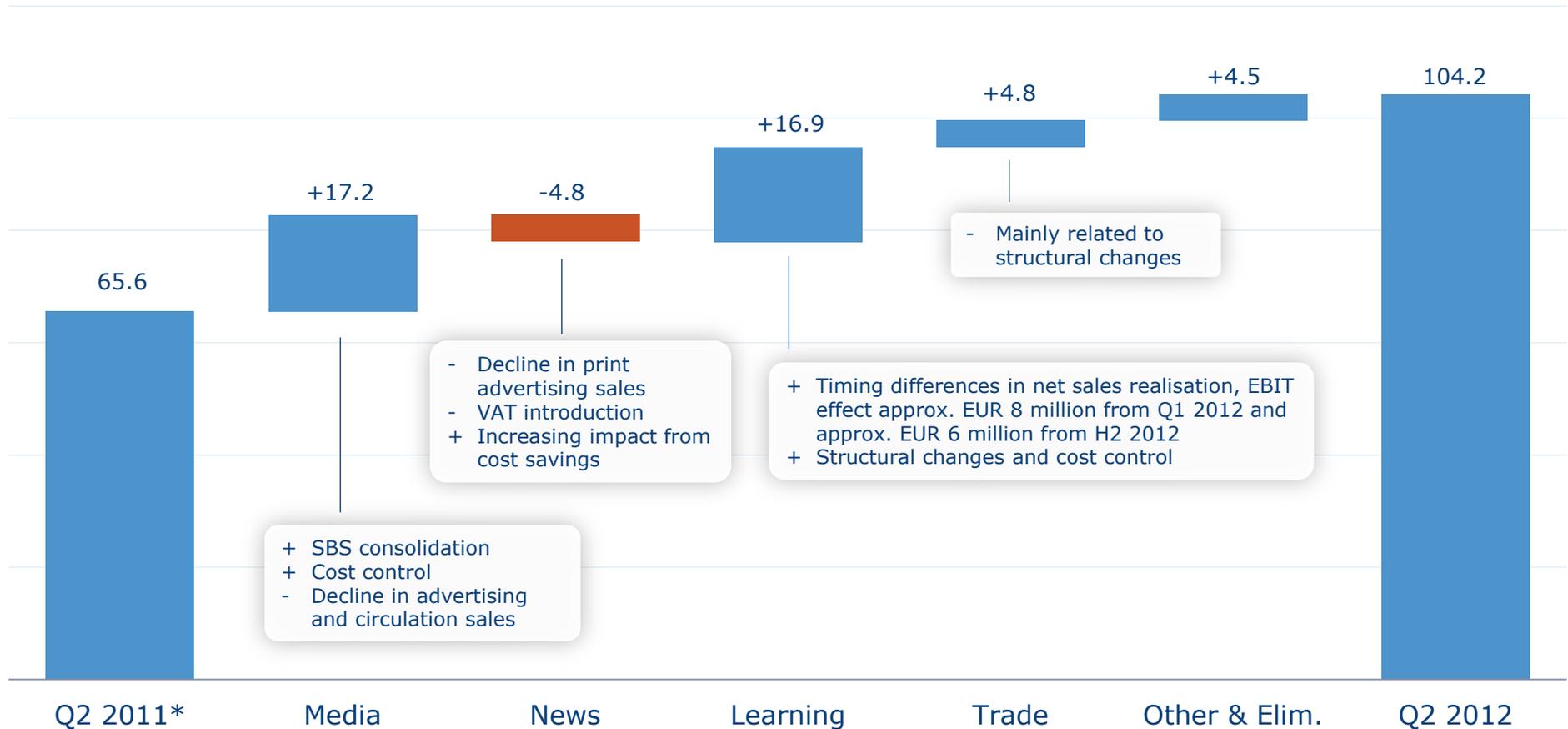
(%)	Growth	Organic growth	Share of net sales
Group	+9.1	-1.7	
Media	+24.4	-4.6	61.6
News	-4.8	-5.4	16.3
Learning	+11.3	+12.4	18.5
Trade	-60.0	-14.4	3.6

- Media:** Consolidation of acquired TV and print operations. Organic growth declined due to lower print advertising and circulation sales
- News:** Macro-economic uncertainty continued to affect print advertising sales negatively. Subscription sales continued to decrease driven by the VAT introduction
- Learning:** Timing differences in net sales realisation impacted positively
- Trade:** Material divestments of operations

Timing differences and cost control

EBIT excl. non-recurring items – Q2 2012

EUR million



Income Statement

EUR million	4-6/2012	4-6/2011 restated*	1-6/2012	1-6/2011 restated*	1-12/2011 restated*
Net sales	646.5	592.6	1,190.1	1,122.8	2,378.1
EBITDA excl. non-recurring items	177.3	105.4	260.9	169.4	446.3
<i>of net sales</i>	27.4%	17.8%	21.9%	15.1%	18.8%
Amortisations related to programming rights	-42.4	-13.3	-80.1	-24.4	-92.9
Amortisations related to prepublication rights	-4.8	-5.4	-10.0	-10.4	-21.1
Other amortisations	-12.6	-7.2	-24.7	-13.9	-49.3
Depreciations	-13.4	-13.8	-26.0	-28.9	-58.8
EBIT excl. non-recurring items	104.2	65.6	120.1	91.9	224.1
<i>of net sales</i>	16.1%	11.1%	10.1%	8.2%	9.4%
Total financial items	-14.3	-5.2	-28.0	-7.6	-32.7
Effective tax rate	13.8%	15.8%	17.7%	18.6%	40.3%
EPS excl. non-recurring items, EUR	0.40	0.29	0.39	0.40	0.87

Free cash flow

Cash flow from operations less CAPEX

EUR million	4-6/2012 Group	4-6/2011 Group	1-6/2012 Group	1-6/2011 Group	1-12/2011 Group
EBITDA excl. non-recurring items	178.6	114.5	265.8	180.7	469.5
TV programming costs	-40.3	-9.7	-89.0	-24.8	-92.0
Prepublication costs	-7.4	-6.5	-13.6	-11.9	-28.4
Change in working capital	-80.0	-59.4	-100.7	-72.0	+50.2
Interest paid	-13.5	-3.1	-21.2	-6.6	-23.6
Other financial items	-1.1	-6.2	-4.5	-5.3	-17.4
Taxes paid	-10.5	-22.5	-33.7	-37.0	-65.5
Other adjustments**	-7.0	-3.6	-6.2	-0.8	-19.0
Cash flow from operations	18.8	3.5	-3.1	22.2	273.8
Cash CAPEX	-13.4	-16.5	-29.7	-34.9	-70.8
Free cash flow	5.4	-13.0	-32.8	-12.6	203.0

Refinancing completed successfully

- more than EUR 1 billion done

Committed credit facilities profile*

As of 6 July 2012 (EUR million)

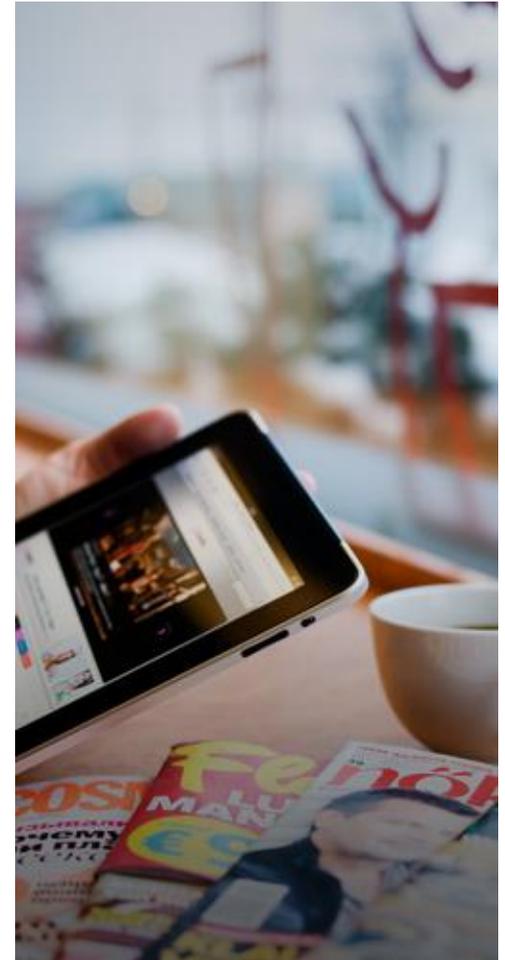


- Gross debt EUR 1,540.7 million and net debt EUR 1,456.6 million as of 30 June 2012
 - Average interest rate just above 3% p.a.
 - Interest sensitivity*** has decreased to EUR 1.6 million and the duration is 28 months
- Refinancing YTD 2012
 - New 5-year EUR 600 million revolving credit facility signed in July
 - Initial margin 1.5% + Euribor
 - Replaced the EUR 802 million facility
 - Inaugural eurobond issued in March under investment grade documentation
 - EUR 400 million 5-year fixed 5% coupon, yielding 5.136% p.a.
- EUR 800 million Finnish CP program and EUR 300 million Belgian CP program
 - Mainly used for operational cash management (fully backed)
 - Typically outstanding EUR 200–400 million

Group outlook for 2012 revised

- due to deteriorating market conditions

- Net sales to be at the previous year's level or grow slightly
 - In 2011, restated* net sales were EUR 2,378.1 million
- Operating profit margin, excluding non-recurring items, is estimated to be around 10% of net sales
 - In 2011, restated* operating profit margin, excluding non-recurring items, was 9.4% of net sales
- Earnings per share excluding non-recurring items are estimated to be somewhat below previous year
 - In 2011, earnings per share excluding non-recurring items were EUR 0.87
- The outlook is based on the assumption that the advertising markets in the Group's main operating countries will vary from slightly to somewhat decreasing, as the economic uncertainty continues





Appendix Interim Report Q2 2012



Focus on consumer media and learning

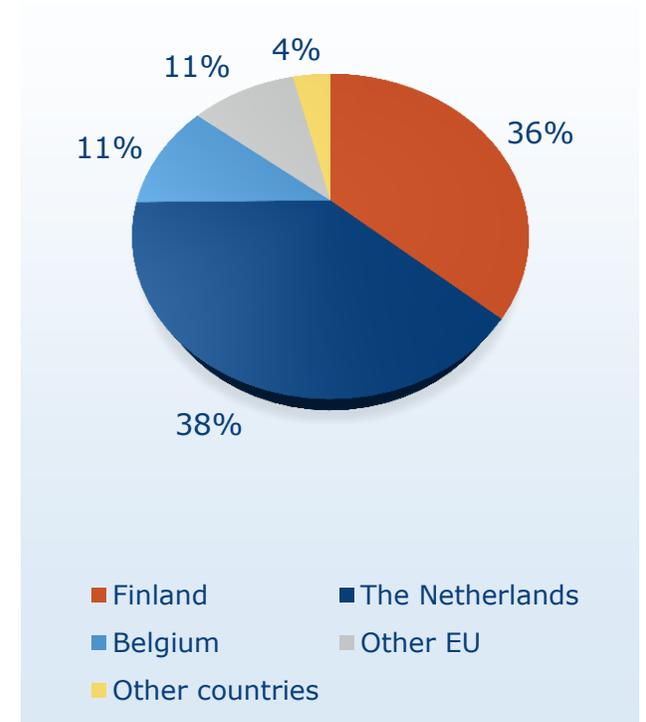
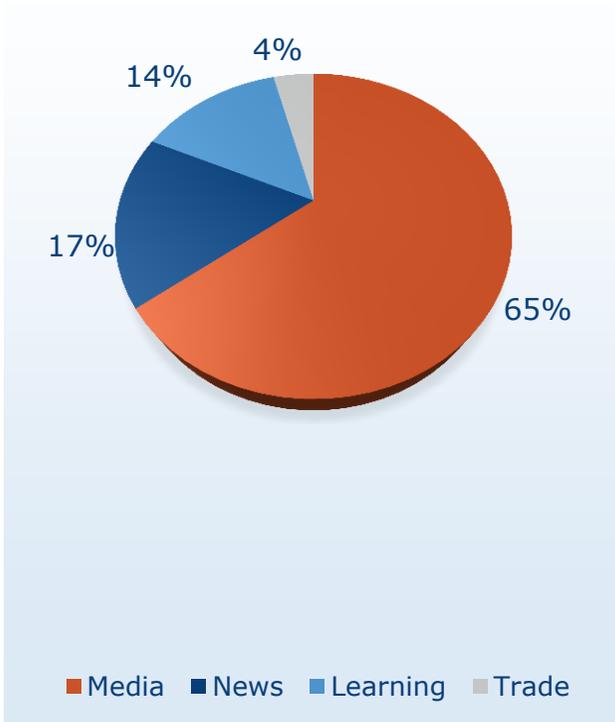
2011 restated* pro forma**

Sales

by operating segment

by type of sales

by geographic area

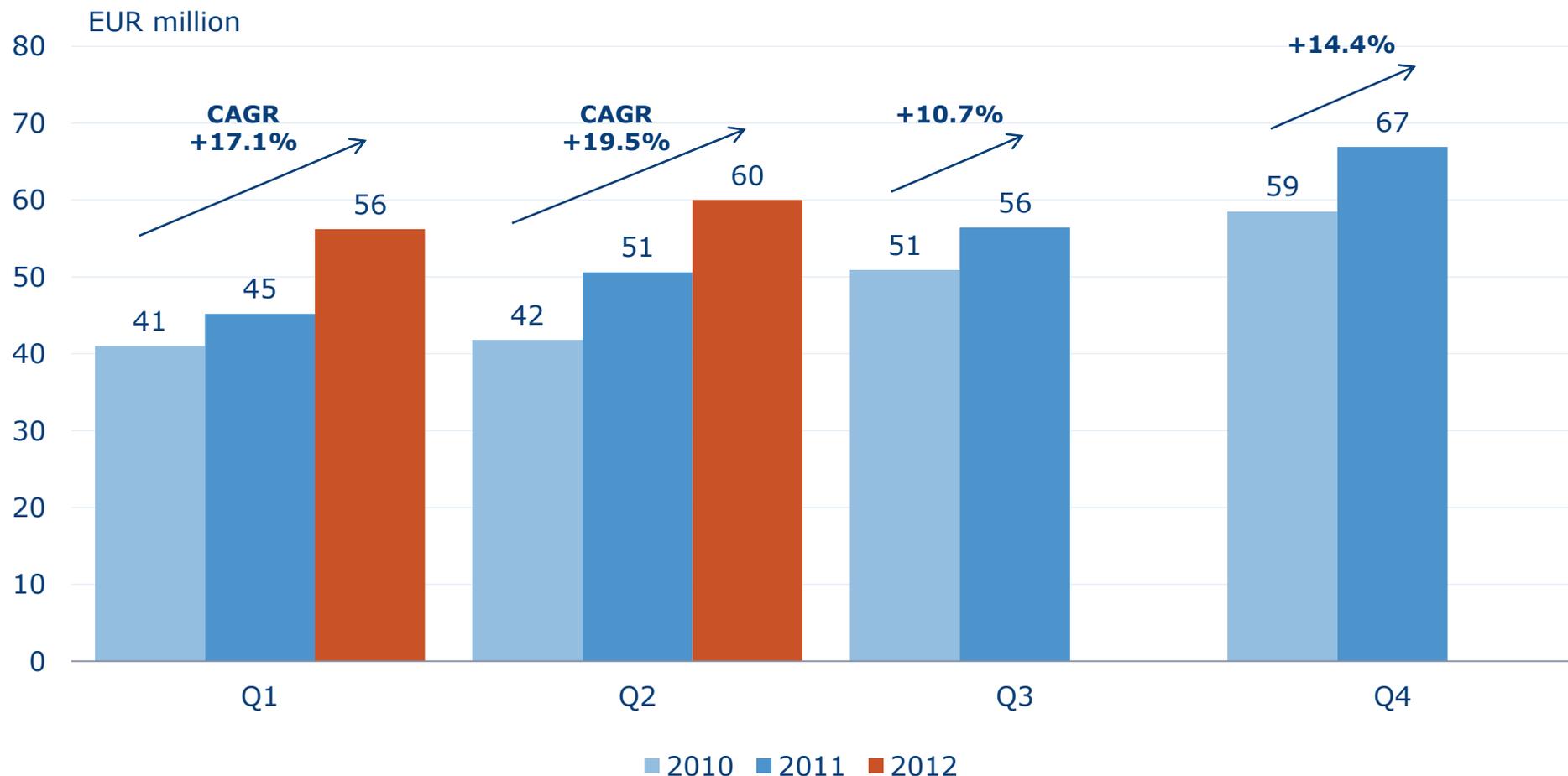


* Kiosk operations in Finland, Estonia and Lithuania, and press distribution operations in Estonia and Lithuania classified as discontinued operations.

** Net sales split after the transactions of SBS, movie operations, bookstores, Trade's Romanian, Russian and Latvian operations, learning in Finland and Sweden as well as general literature.

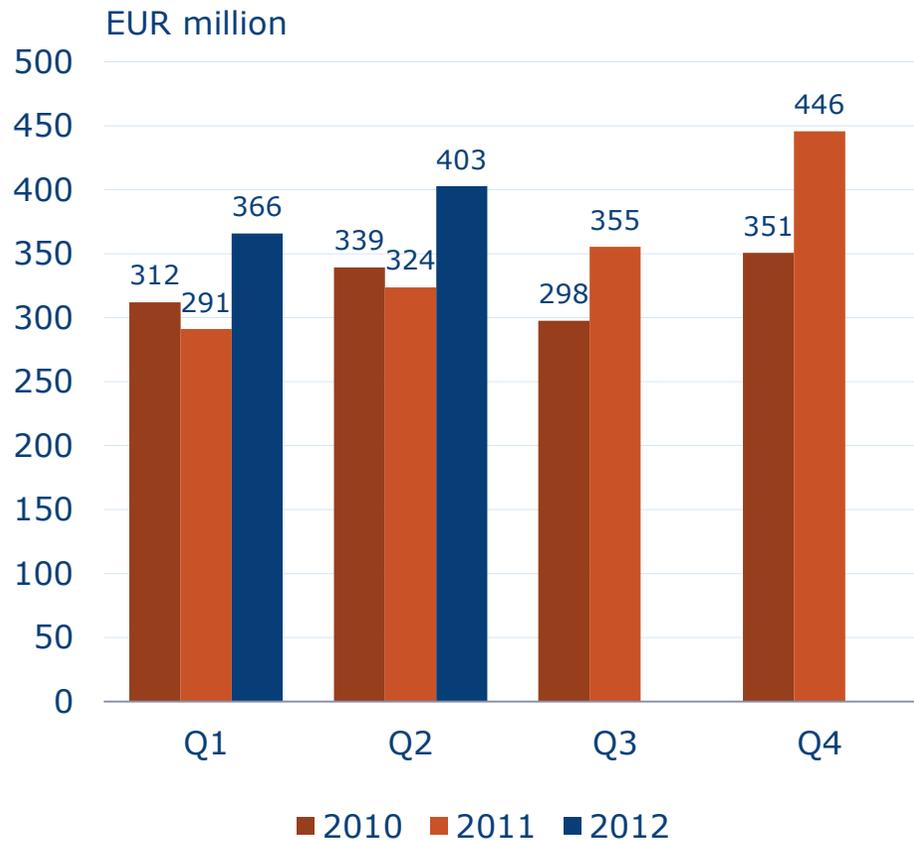
Online sales up by 18% in Q2

9.2% of Group's net sales in Q2

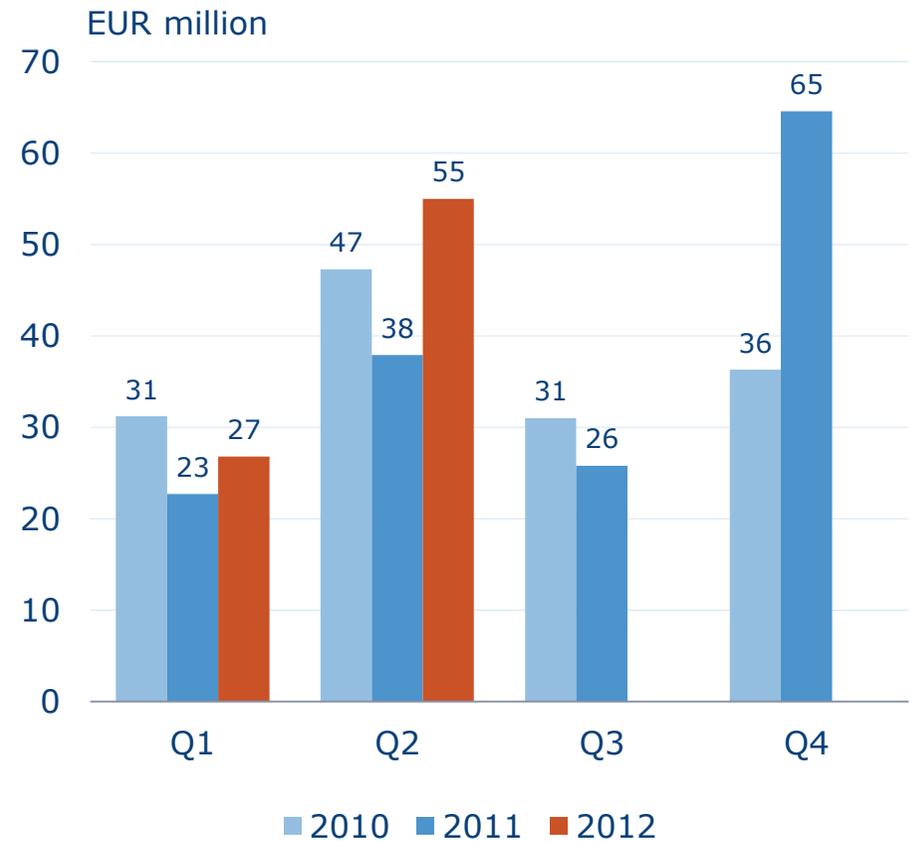


Sanoma Media

Net sales



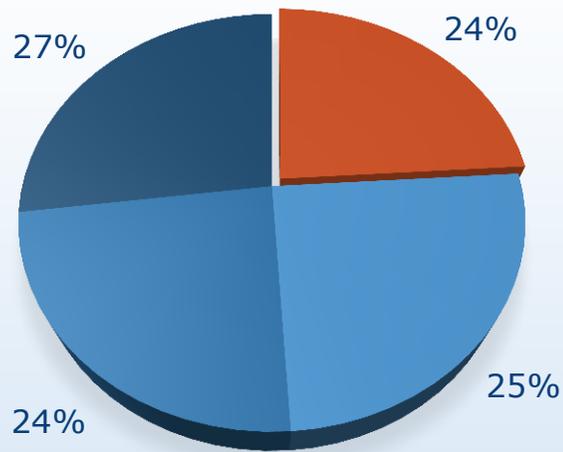
EBIT excluding non-recurring items



Magazines – net sales and EBIT seasonality

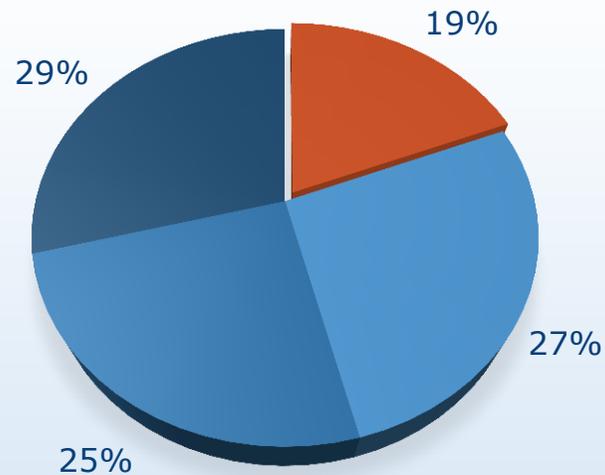
2009-2011 average for Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



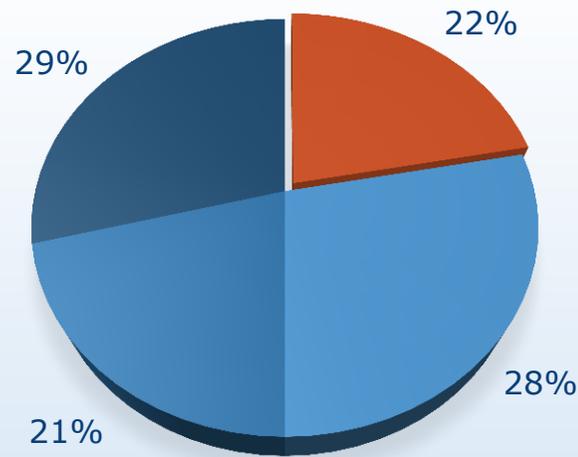
■ Q1 ■ Q2 ■ Q3 ■ Q4



TV – net sales and EBIT seasonality

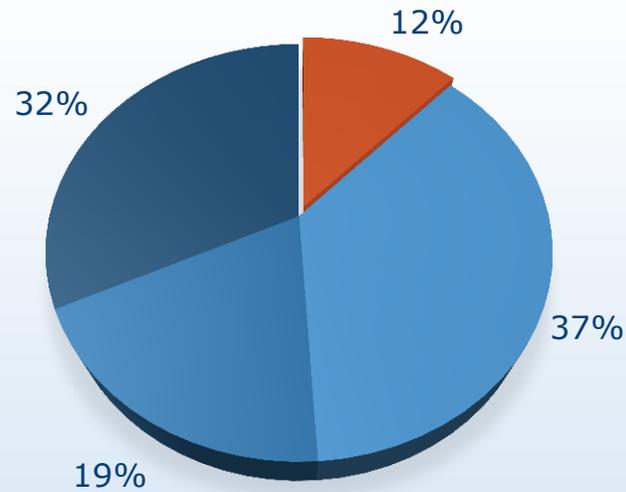
2009-2011 average for TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4



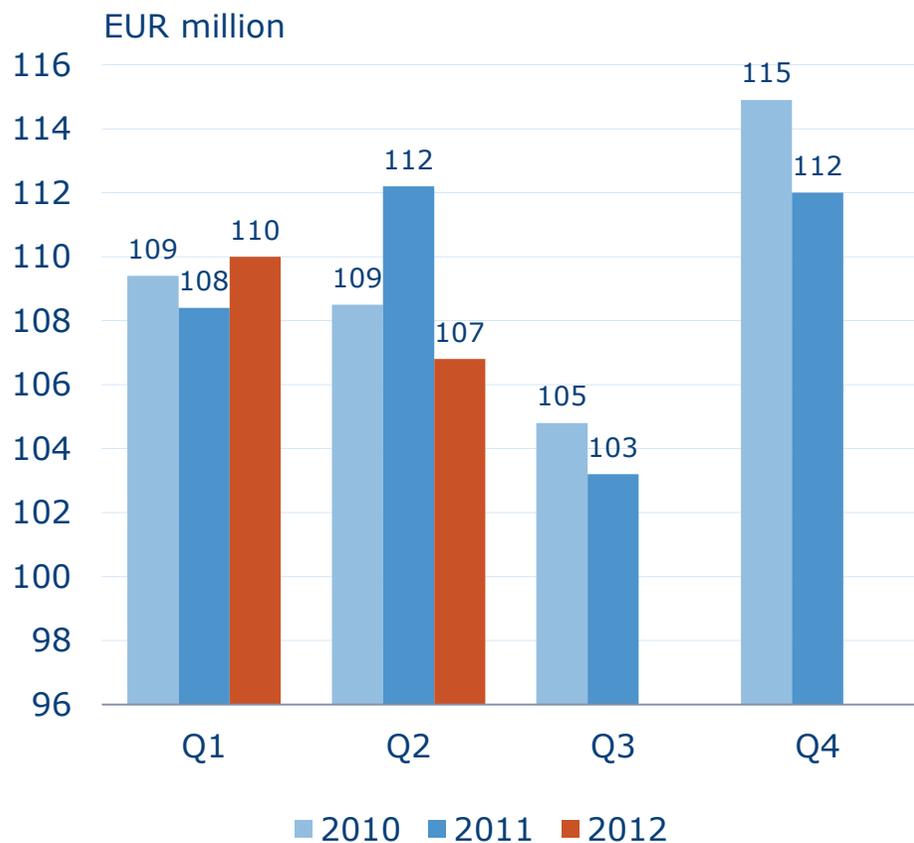
Sanoma Media

Key figures

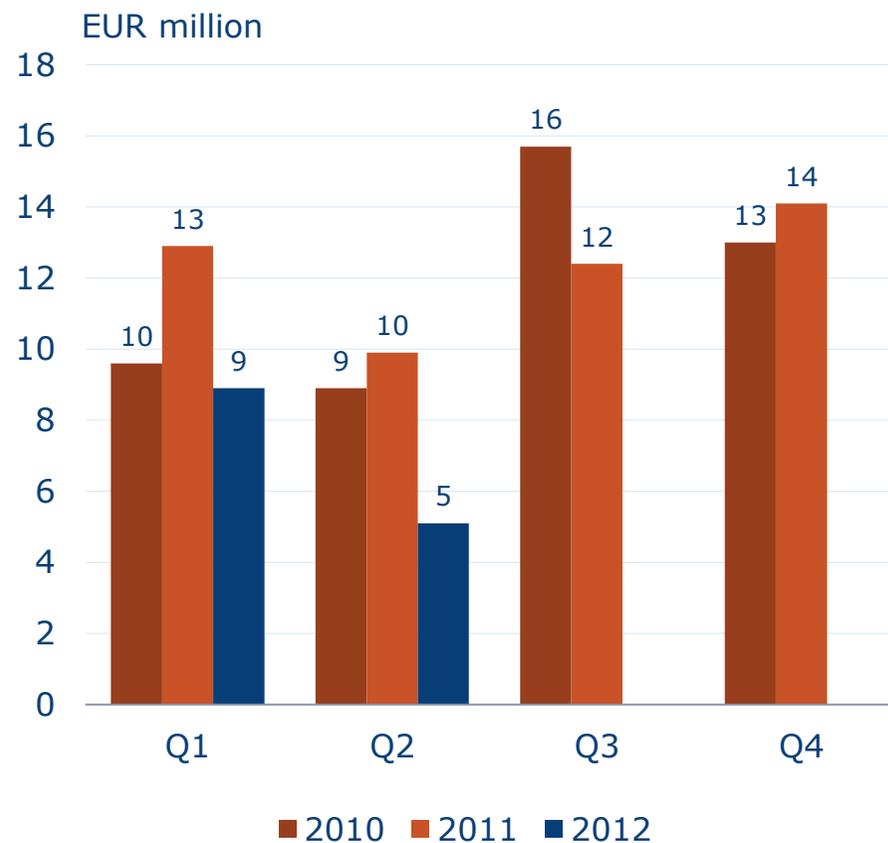
EUR million	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11	FY 2011
Net sales	402.7	365.8	445.6	355.5	323.7	291.1	1,415.8
The Netherlands	208.1	171.6	232.2	174.0	130.6	105.3	642.0
Finland	76.7	77.4	86.2	70.0	79.4	74.2	309.7
Russia & CEE	50.1	49.0	56.7	50.8	54.3	51.4	213.1
Belgium	54.6	56.8	61.9	48.4	48.7	50.1	209.1
Other businesses and eliminations	13.3	11.0	8.6	12.3	10.7	10.2	41.8
EBIT excluding non-recurring items	55.0	26.8	64.6	25.8	37.9	22.7	151.1
<i>% of net sales</i>	13.7	7.3	14.5	7.3	11.7	7.8	10.7
Number of employees (FTE)*	5,978	5,993	5,844	5,986	5,449	5,384	5,844

Sanoma News

Net sales



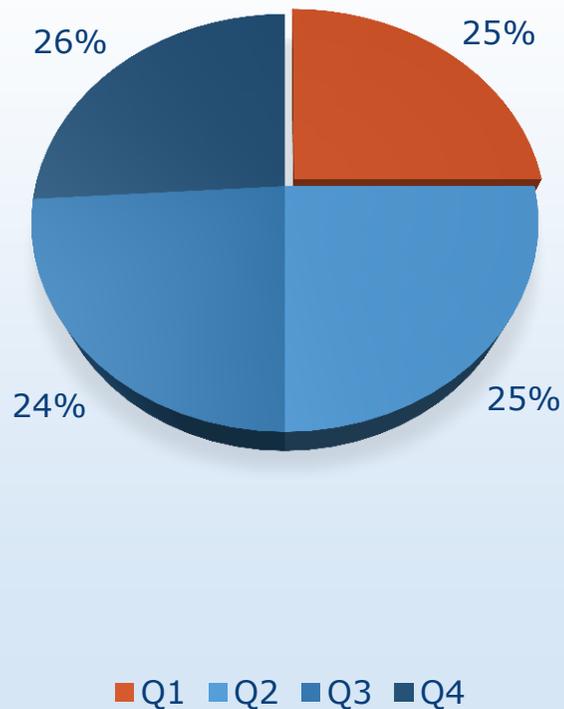
EBIT excluding non-recurring items



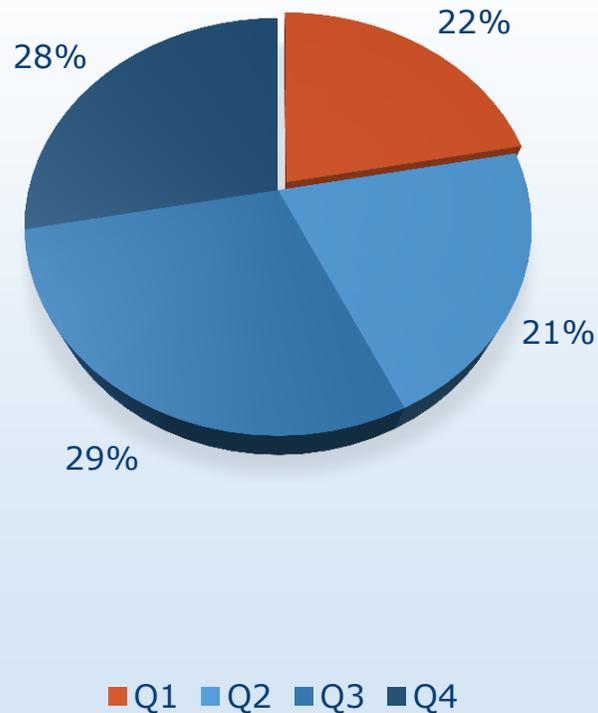
News – net sales and EBIT seasonality

2009-2011 average for News

Net sales split



EBIT* split



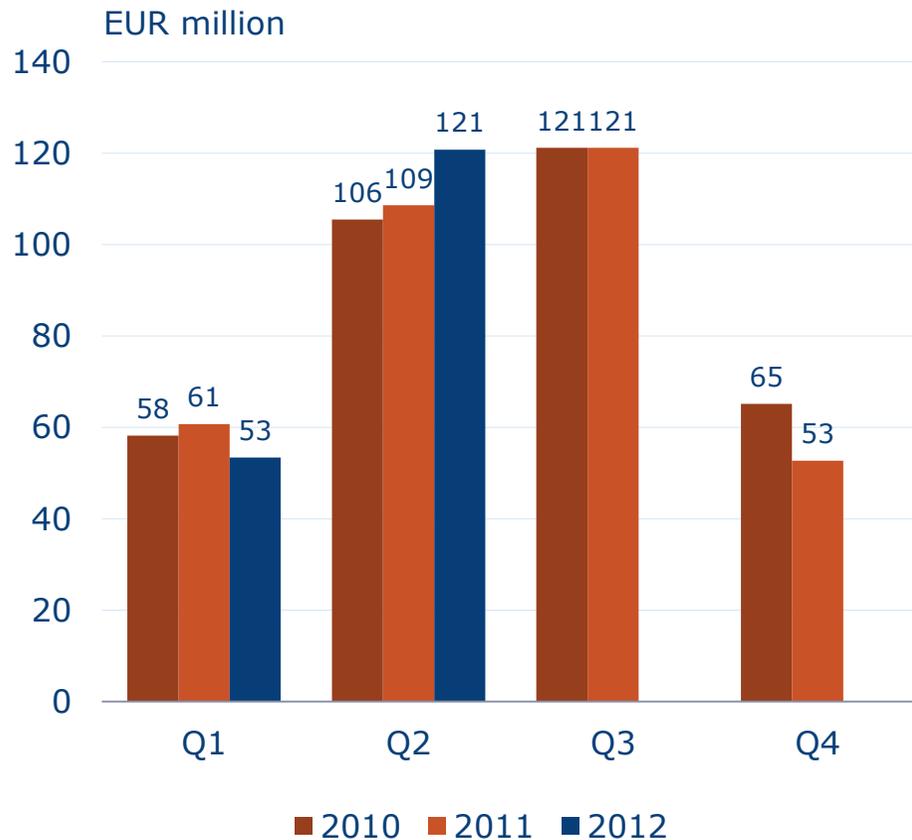
Sanoma News

Key figures

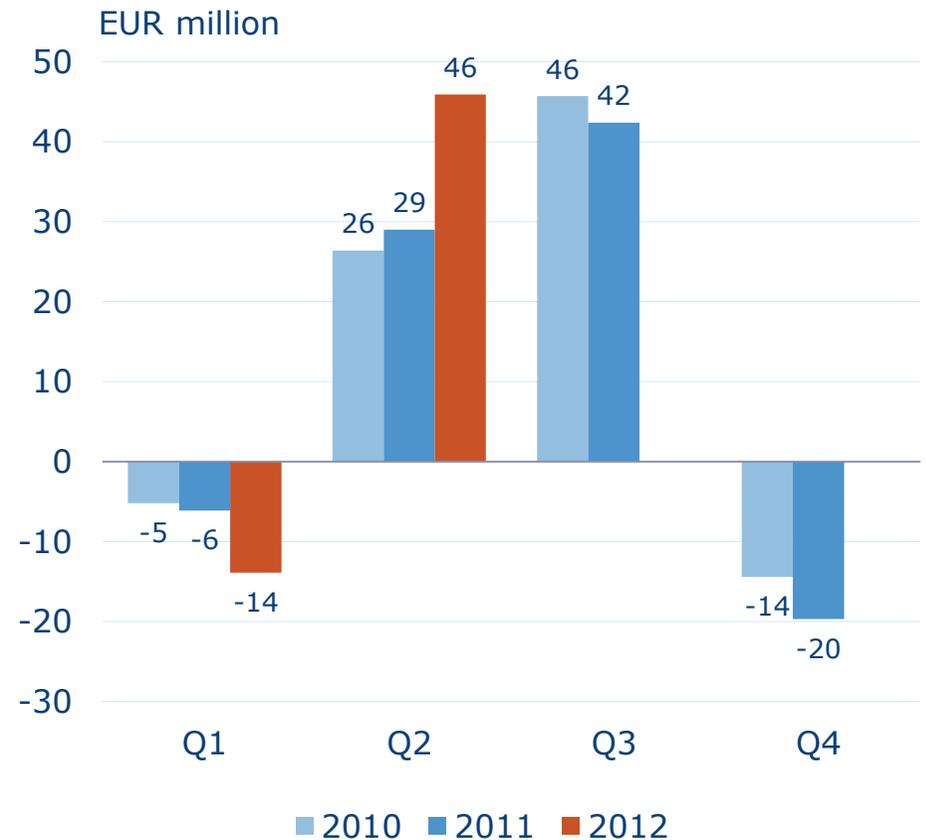
EUR million	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11	FY 2011
Net sales	106.8	110.0	112.0	103.2	112.2	108.4	435.8
Helsingin Sanomat	56.2	59.3	60.8	55.3	61.2	61.2	238.5
Ilta-Sanomat	22.0	21.2	21.6	21.6	22.2	19.1	84.4
Other publishing	24.3	25.2	25.4	22.9	25.0	23.7	97.0
Other businesses and eliminations	4.3	4.3	4.2	3.4	3.9	4.4	15.9
EBIT excluding non-recurring items	5.1	8.9	14.1	12.5	9.9	12.9	49.4
<i>% of net sales</i>	4.8	8.1	12.6	12.1	8.8	11.9	11.3
Number of employees (FTE)*	2,213	2,033	2,025	2,002	2,199	2,003	2,025

Sanoma Learning

Net sales



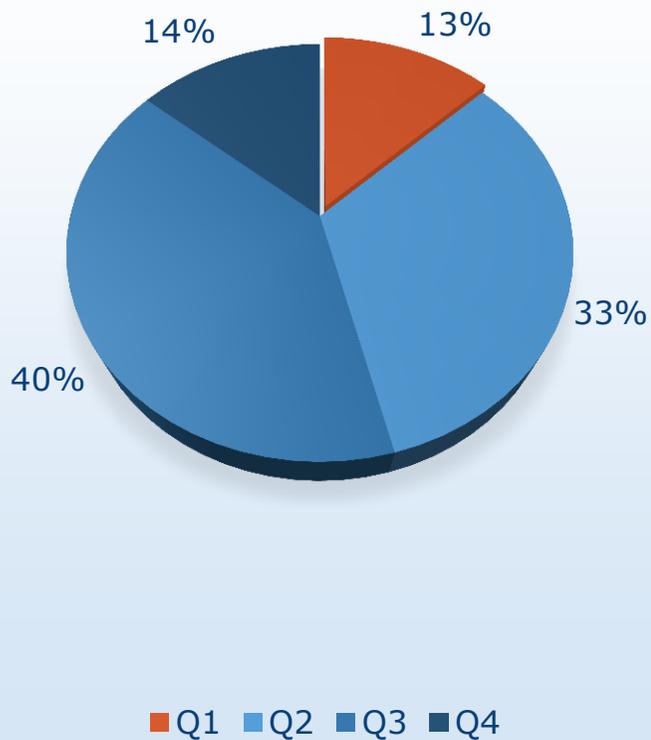
EBIT excluding non-recurring items



Learning – net sales and EBIT seasonality

2009-2011 average for learning*

Net sales split



EBIT** split
in relative terms



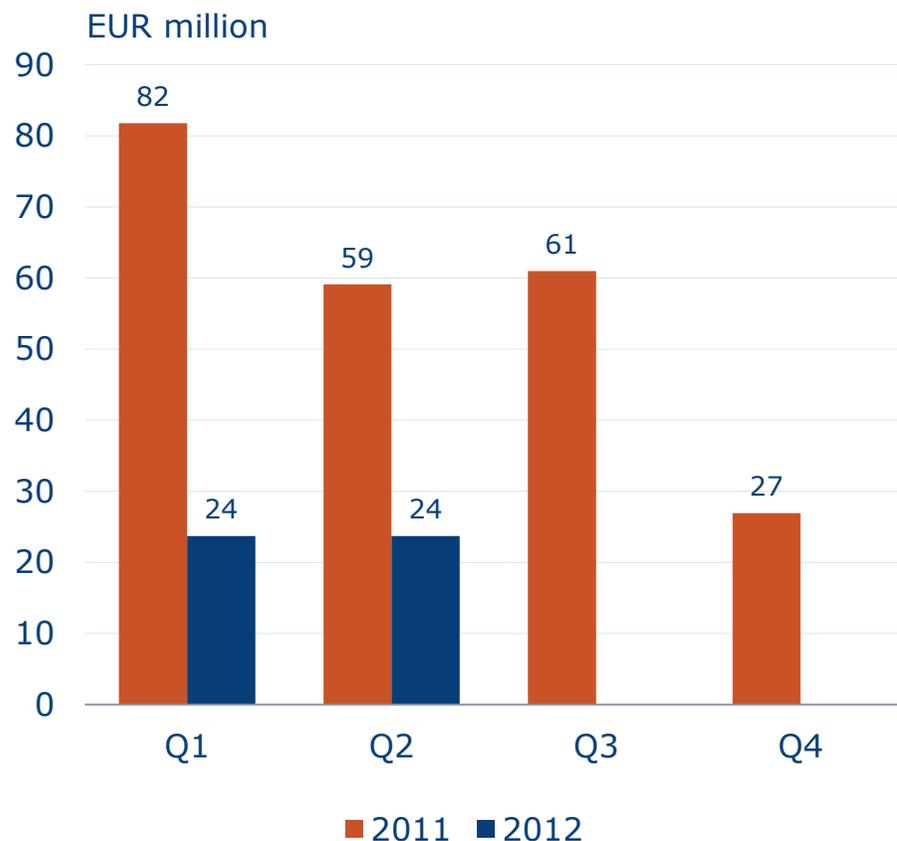
Sanoma Learning

Key figures

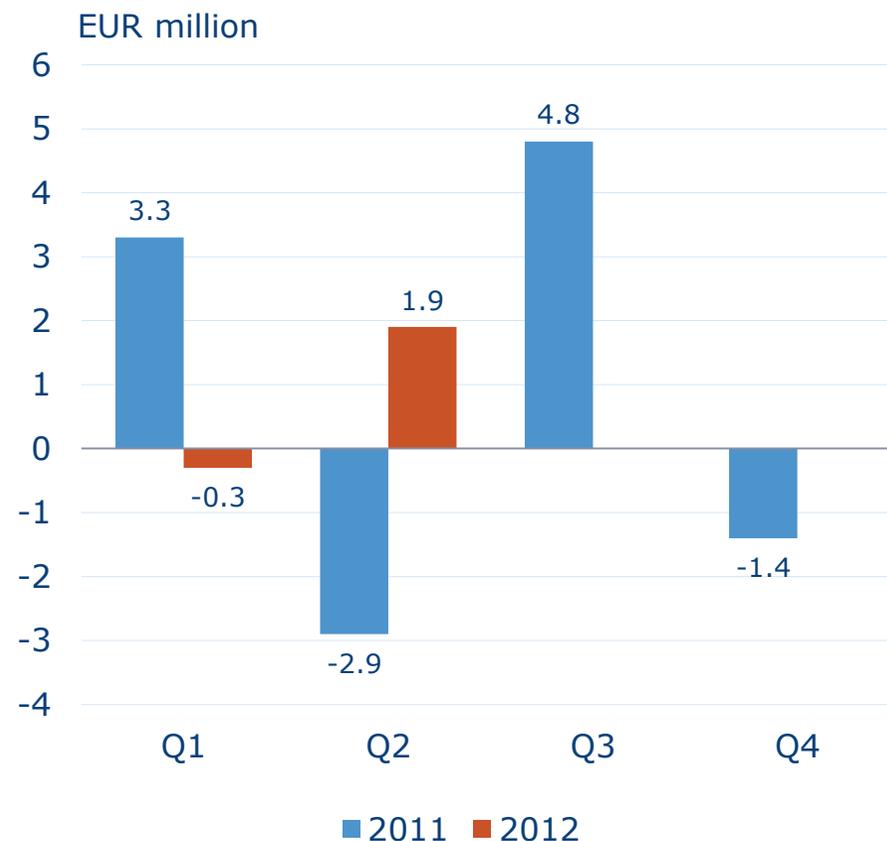
EUR million	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11	FY 2011
Net sales	120.8	53.4	52.7	121.2	108.6	60.7	343.1
Learning	109.3	34.2	34.7	100.2	87.4	34.3	256.6
Other businesses	12.5	21.0	18.7	22.4	22.6	28.0	91.7
Eliminations	-1.0	-1.7	-0.8	-1.4	-1.5	-1.7	-5.3
EBIT excluding non-recurring items	45.9	-13.9	-19.7	42.4	29.0	-6.1	45.5
<i>% of net sales</i>	38.0			35.0	26.7		13.3
Number of employees (FTE)*	2,139	2,454	2,489	2,559	2,627	2,623	2,489

Sanoma Trade

Net sales*



EBIT excluding non-recurring items*



Sanoma Trade

Key figures*

EUR million	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11	FY 2011
Net sales	23.7	23.7	26.9	61.0	59.1	81.8	228.7
Kiosk operations			0.0	7.3	6.9	6.7	20.9
Trade services	23.0	21.2	23.2	24.4	27.3	28.8	103.6
Bookstores	0.6	2.5	3.7	29.7	18.8	24.8	77.0
Movie operations			0.0	0.0	6.5	21.9	28.4
Eliminations	0.0	0.0	0.0	-0.4	-0.5	-0.3	-1.2
EBIT excluding non-recurring items	1.9	-0.3	-1.4	4.8	-2.9	3.3	3.8
<i>% of net sales</i>	8.1			7.9		4.0	1.7
Number of employees (FTE)**	244	417	424	1,057	921	2,128	424

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