

Q1 2018 Interim Report:

Seasonally small quarter with structural ordering shifts

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Highlights Q1 2018

Net sales

M€262

(2017: 282)

Operational EBIT

M€8

(2017: 20)

Operational EPS

€0.02

(2017: 0.06)

Free cash flow

M€-44

(2017: -47)

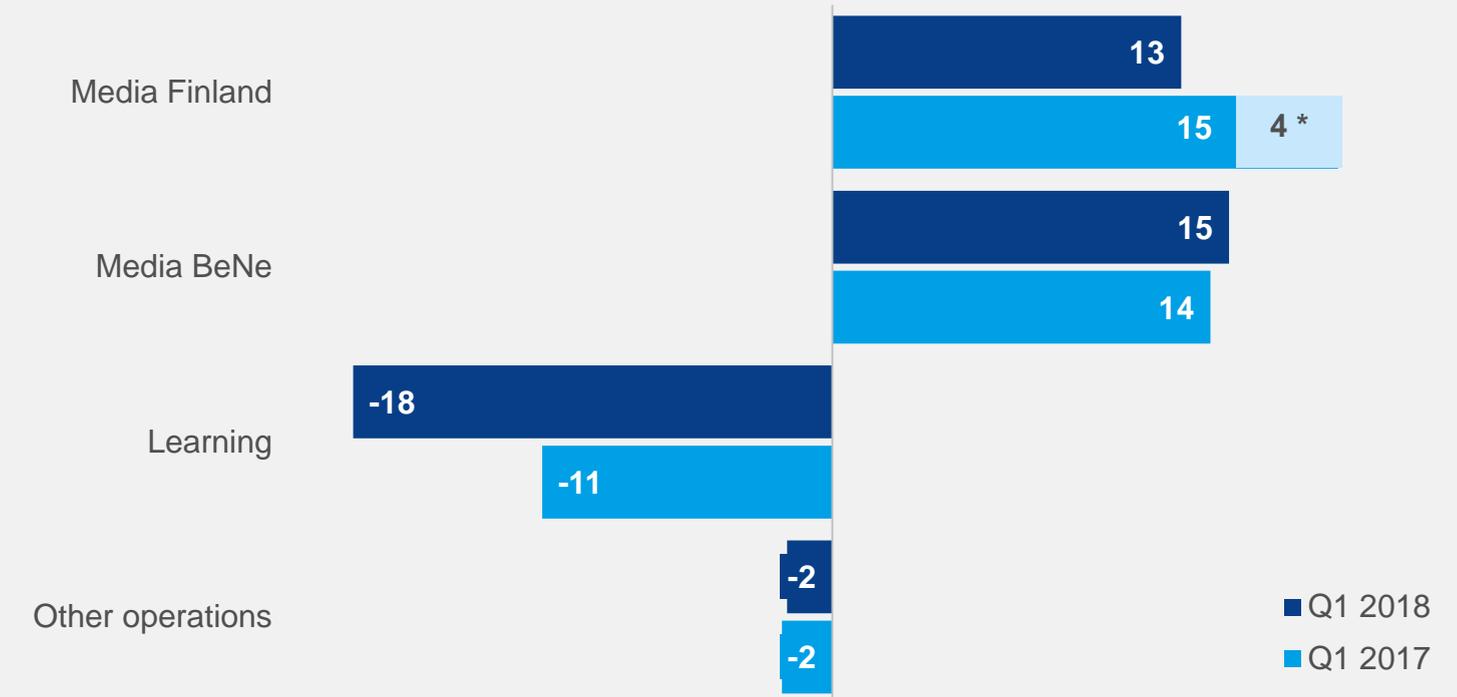
- Outlook for 2018 unchanged
- The pattern of our business and financial performance will be different in 2018 vs. 2017 with more emphasis on the second half of the year
- Intention to divest the Belgian women's magazine portfolio was announced in January and the transaction is expected to be closed early Q3 2018.
- The acquisition of the festival and event business of N.C.D. Production in Finland (2017 net sales approx. EUR 20 million) was announced in March and closed in April.

Earnings developed in line with net sales

- Operational EBIT of Media Finland declined following lower net sales
 - Q1 2017 included an EUR 4 million positive one-off correction to earlier accounting (* in the graph)
- Operational EBIT of Media BeNe grew slightly as a result of cost innovations
- Learning's Operational EBIT declined due to changes in the phasing of business between quarters
- Costs of Other operations in line with Q1 17

Q1 2018 Operational EBIT by SBU

EUR million



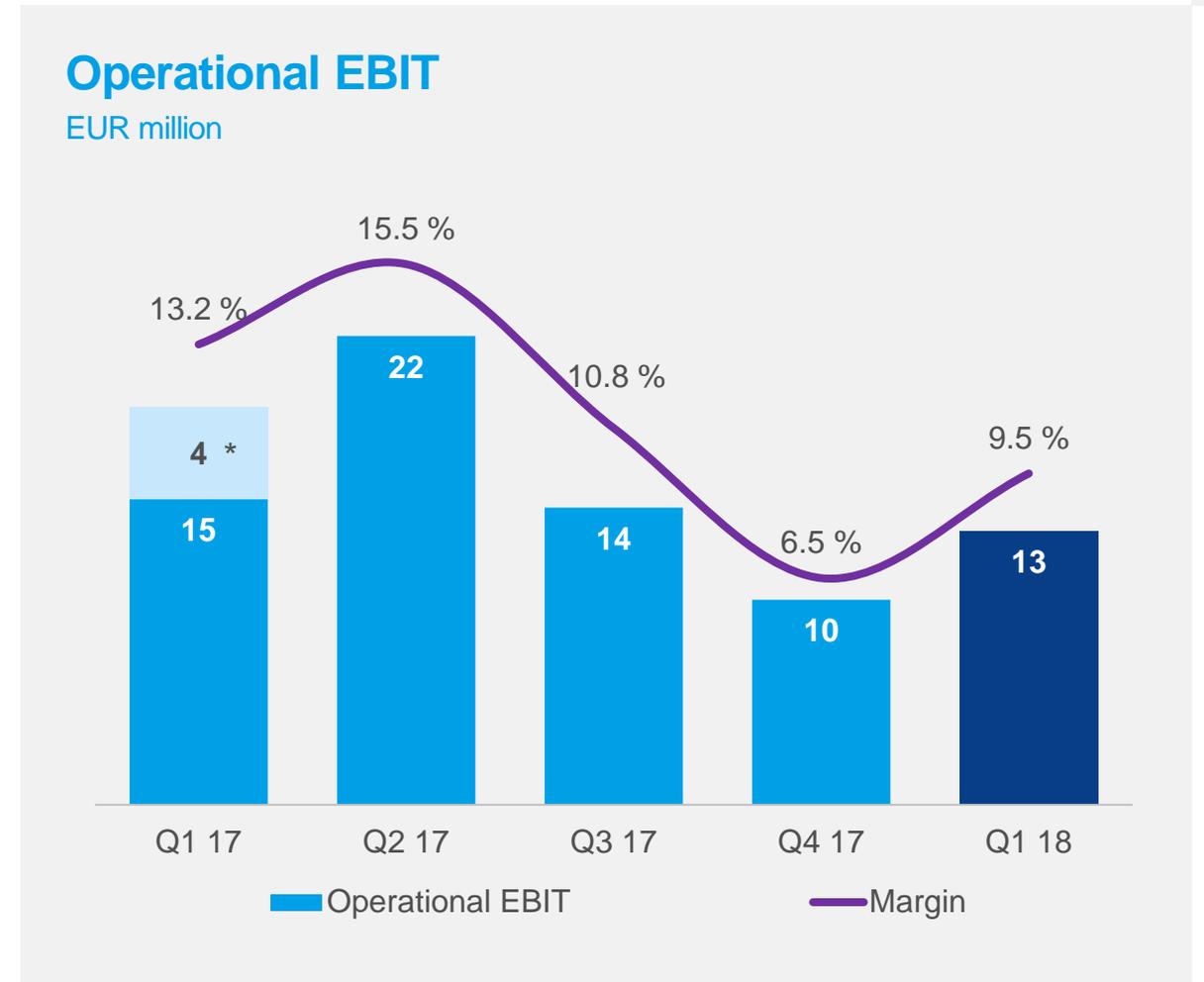
Overall advertising market declined by 2% in Finland in Q1 2018

Finnish measured media advertising markets

| | Q1 18 | Q4 17 | Q3 17 | Q2 17 | Q1 17 |
|---------------------|------------|------------|------------|------------|------------|
| Newspapers | -12% | -10% | -12% | -12% | -9% |
| Magazines | -7% | -1% | -9% | -12% | -7% |
| TV | 1% | -4% | -4% | -7% | -6% |
| Radio | -4% | 4% | 8% | 0% | 4% |
| Online | 7% | 12% | 10% | 1% | 8% |
| Total market | -2% | -1% | -2% | -5% | -3% |

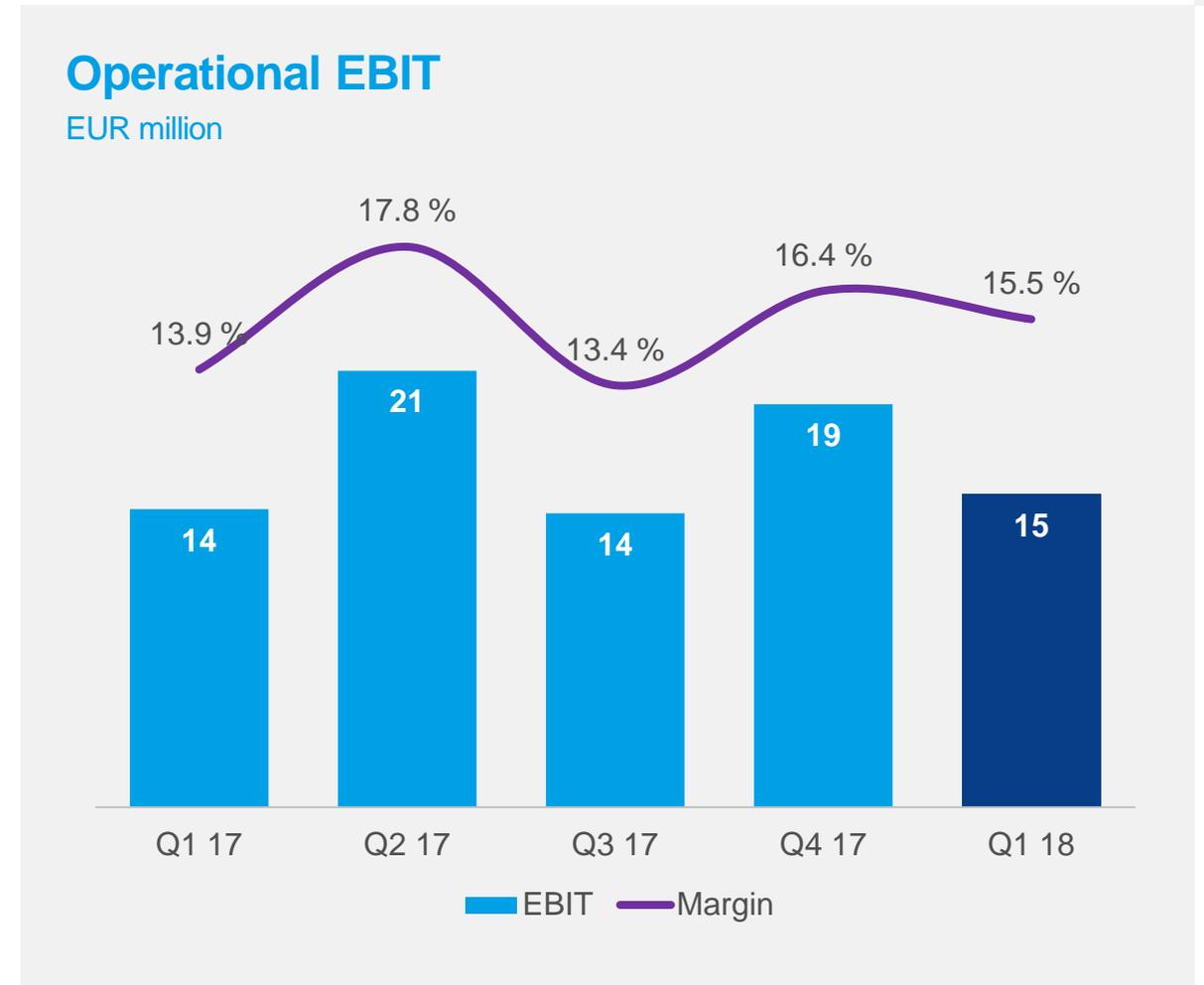
Media Finland: Strengthening the events business

- Net sales declined to EUR 137 million (2017: 144, incl. EUR 3 million one-off correction)
 - Advertising sales followed the slightly declining market development
 - Subscription sales stable
 - Ruutu+ subscriptions grew more than 80% vs. Q1 17
- Operational EBIT decreased to EUR 13 million (2017: 19, incl. EUR 4 million one-off correction *) following the net sales development
- Strengthened position in festival and events business in Finland with the acquisition of N.C.D. Production
 - Growing market of live events
 - Annual net sales approx. EUR 20 million in 2017
 - Business focused strongly in Q2 and Q3
 - Overall profitability above media industry



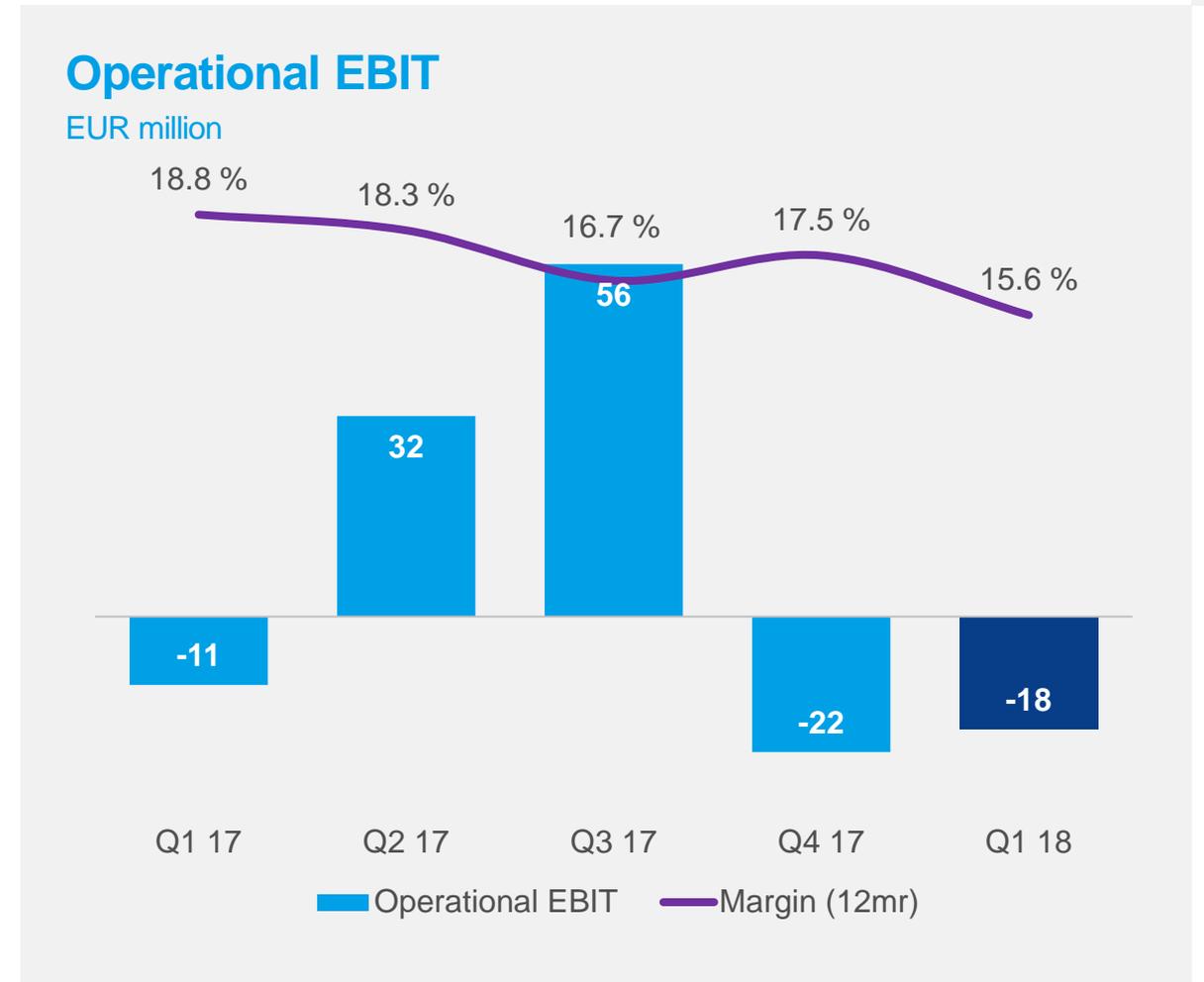
Media BeNe: Earnings improved

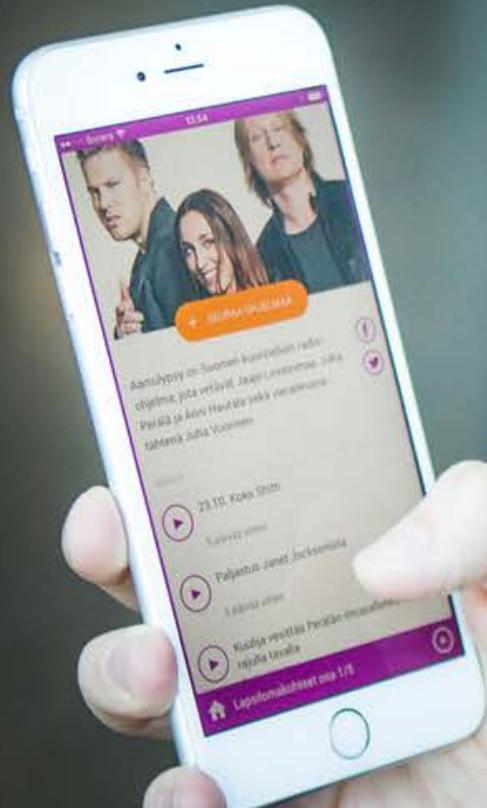
- Net sales declined to EUR 96 million (2017: 102)
 - Stable circulation sales
 - Advertising sales declined due to the divestment of Kieskeurig.nl in Q2 2017 and soft market momentum
- Operational EBIT improved to EUR 15 million (2017: 14) with a solid margin of 15.5% (2017: 13.9%)
 - Benefits of streamlined organisation
 - Last year's cost innovations in fixed costs
- Divestment of Belgian women's magazine portfolio is going according to the plan
 - Expected closing early Q3 2018



Learning: Structural shift to later ordering

- Net sales declined to EUR 29 million (2017: 36)
 - Traditional spring orders moving from Q1 to Q2-Q3 especially in the Netherlands
 - Net sales grew in Poland and Finland
- Operational EBIT declined in line with net sales to EUR -18 million (2017: -11)
- Too early to draw conclusions in seasonally small quarter
- The lower 12 mr operational EBIT margin is due to
 - Strong Polish growth in 2017 partially from lower margin distributor sales
 - Shift in Q1 ordering with proportionately higher fixed costs





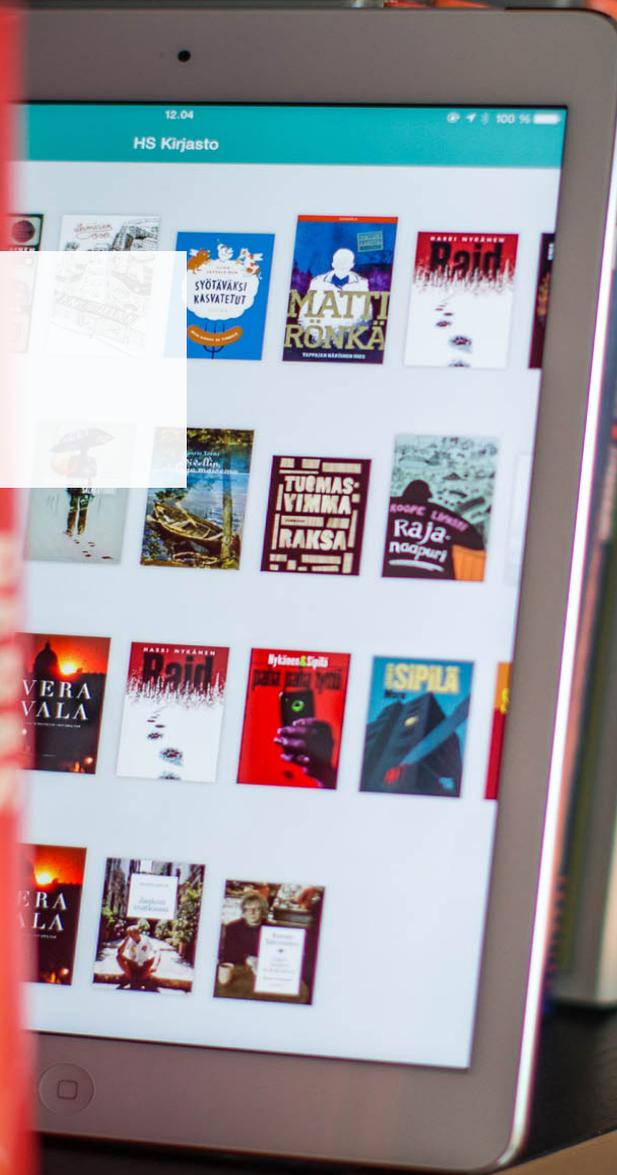
Outlook for 2018 (unchanged)

In 2018, Sanoma expects that the Group's

- **Consolidated net sales adjusted for structural changes will be slightly below 2017**
- **Operational EBIT margin will be around 14%.**

The outlook is based on an assumption of the consumer confidence and advertising markets in the Netherlands and Finland being in line with that of 2017.

Financials



EBIT development by SBU in Q1 2018

Media Finland

- One-off correction of EUR 4 million included in Q1 2017 Operational EBIT
- Soft advertising sales, in line with market
- + Ruutu+ performed well

Media BeNe

- + Lower personnel costs due to streamlined organisation post-SBS divestment
- + Stable circulation sales

Learning

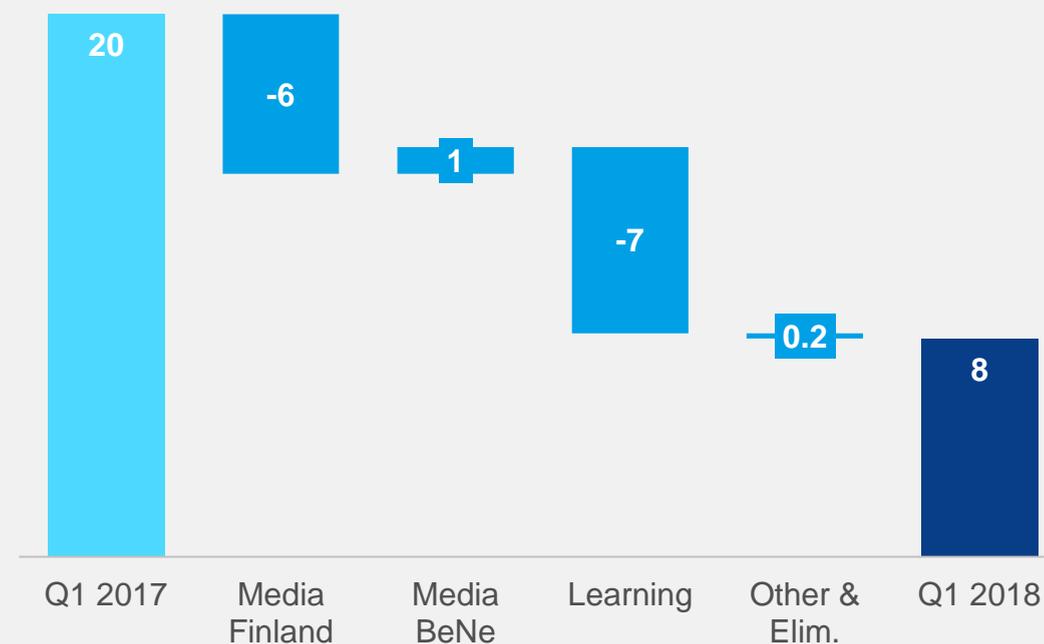
- Lower sales in the Netherlands following structural phasing of orders
- + Net sales ahead of PY in Poland and Finland

Expected EBIT shift of approx. EUR 15-20 million from H1 to H2 2018 (vs. 2017) – Main items:

- **Media Finland:** ending of the Liiga contract (no write-off in Q3), one-off in Q1 17, NCD acquisition
- **Media BeNe:** lower fixed costs
- **Learning:** shift in the ordering pattern in the Netherlands, exceptional growth in Poland in Q3 17

Operational EBIT Q1 18 vs. Q1 17 by SBU

EUR million

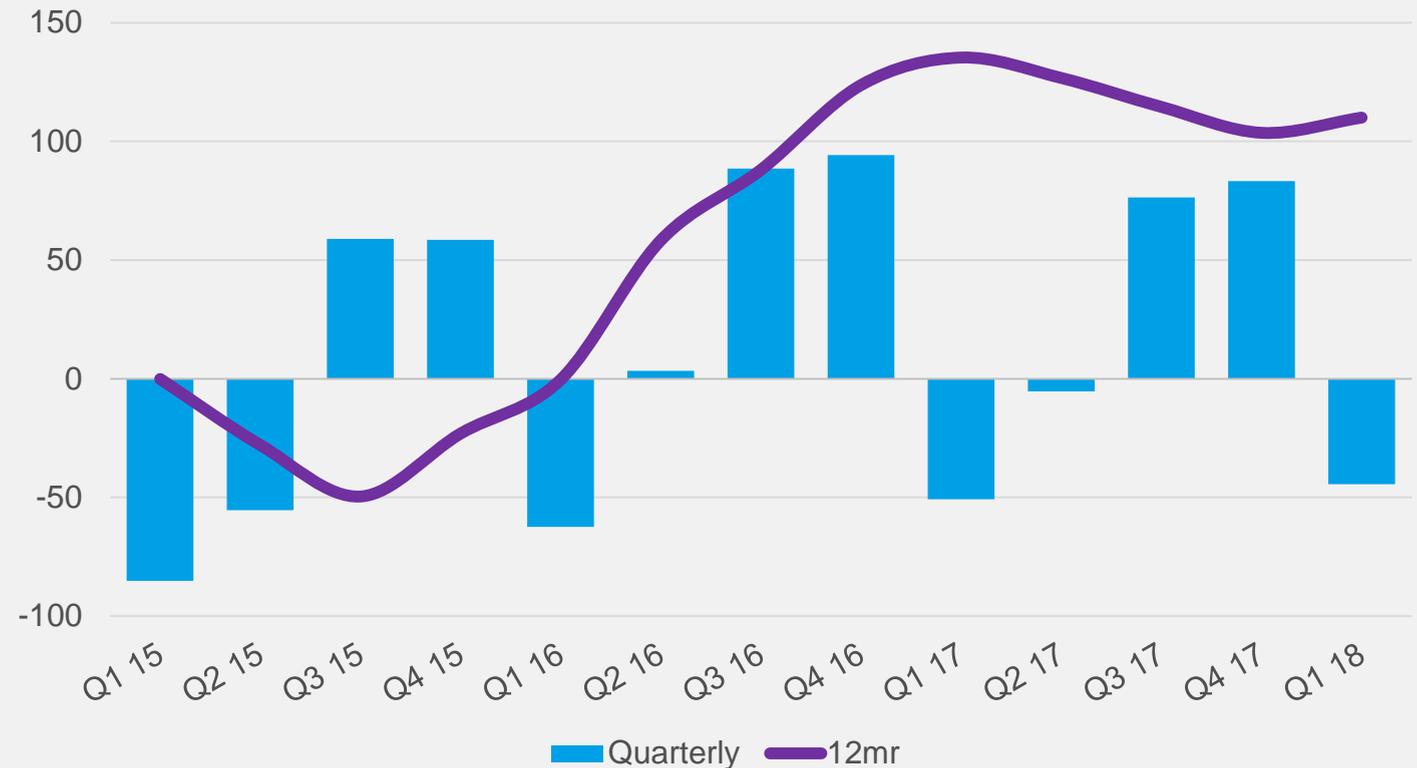


Free cash flow (12mr) on a good level

- Main cash flow impacts in Q1 2018 vs. Q1 2017
 - + Lower net financial items
 - Lower operational EBITDA
 - Higher taxes as a result of real estate sale of Ludviginkatu in Helsinki in Q4 2017
- Divestment of Belgian women's magazine portfolio expected to have a negative impact of approx. EUR 18 million on cash flow from operations in H2 2018, compensated by the cash consideration of the divestment (below cash flow from operations)

Free cash flow

EUR million



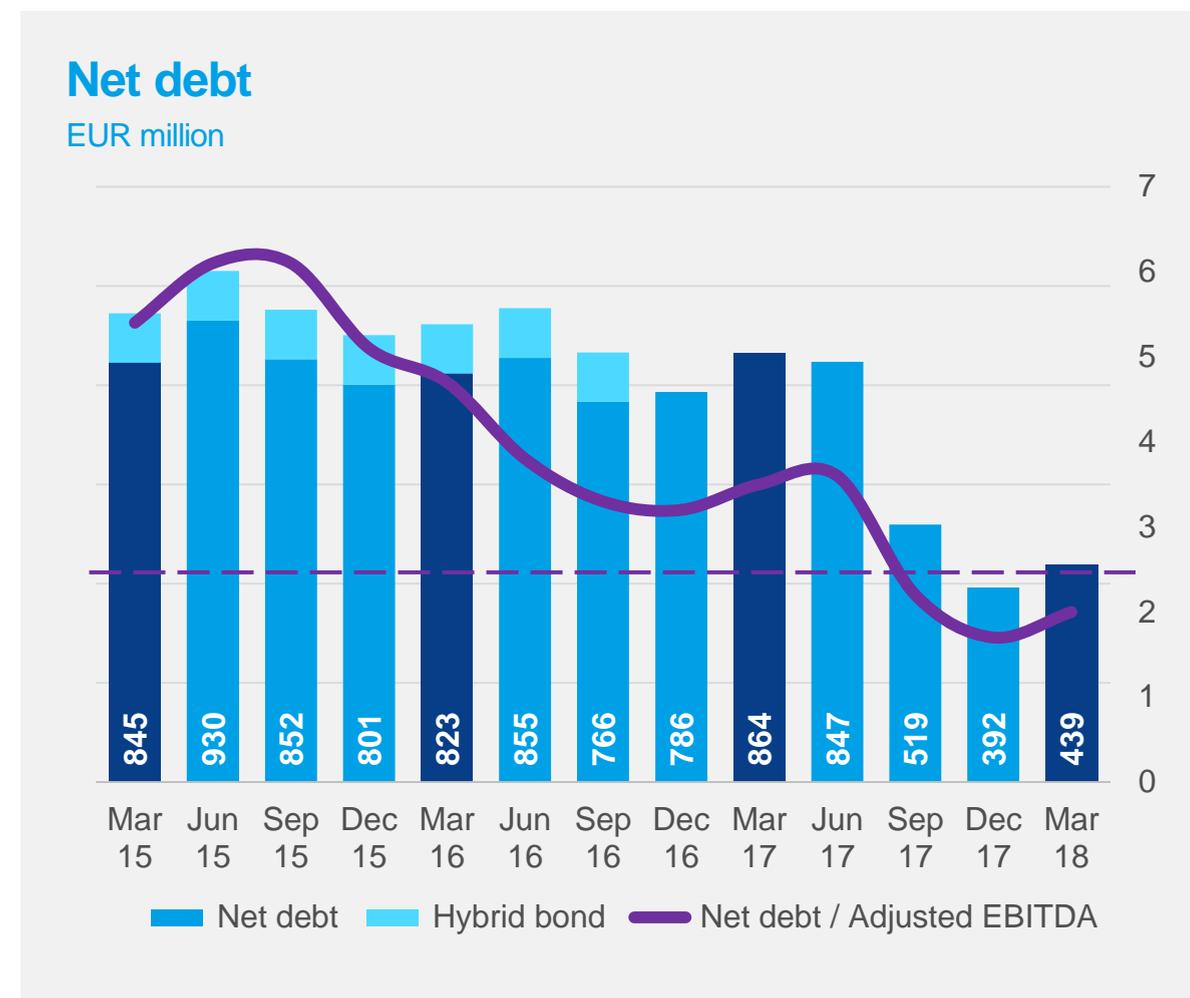
Free cash flow = Cash flow from operations less capital expenditure

Net debt substantially lower vs. Q1 2017

- At the end of Q1 2018
 - Net debt to adjusted EBITDA at 2.0 (2017: 3.5)
 - Net debt EUR 439 million (2017: 864)
 - Equity ratio 34.1% (2017: 27.3)

- Average interest rate was 2.6% (2017: 2.5%) in Q1 2018

- Net financial items decreased to EUR -3 million (2017: -7)
 - Lower external debt
 - Repayment of EUR 200 million bond with 5% coupon rate in March 2017



Welcome to Sanoma CMD 2018!

Date: 7 June

Time: 8:00 – approx. 13:30 EET

Place: Event venue G18, Yrjönkatu,
Helsinki

For more information, please contact
Investor Relations (ir@sanoma.com).

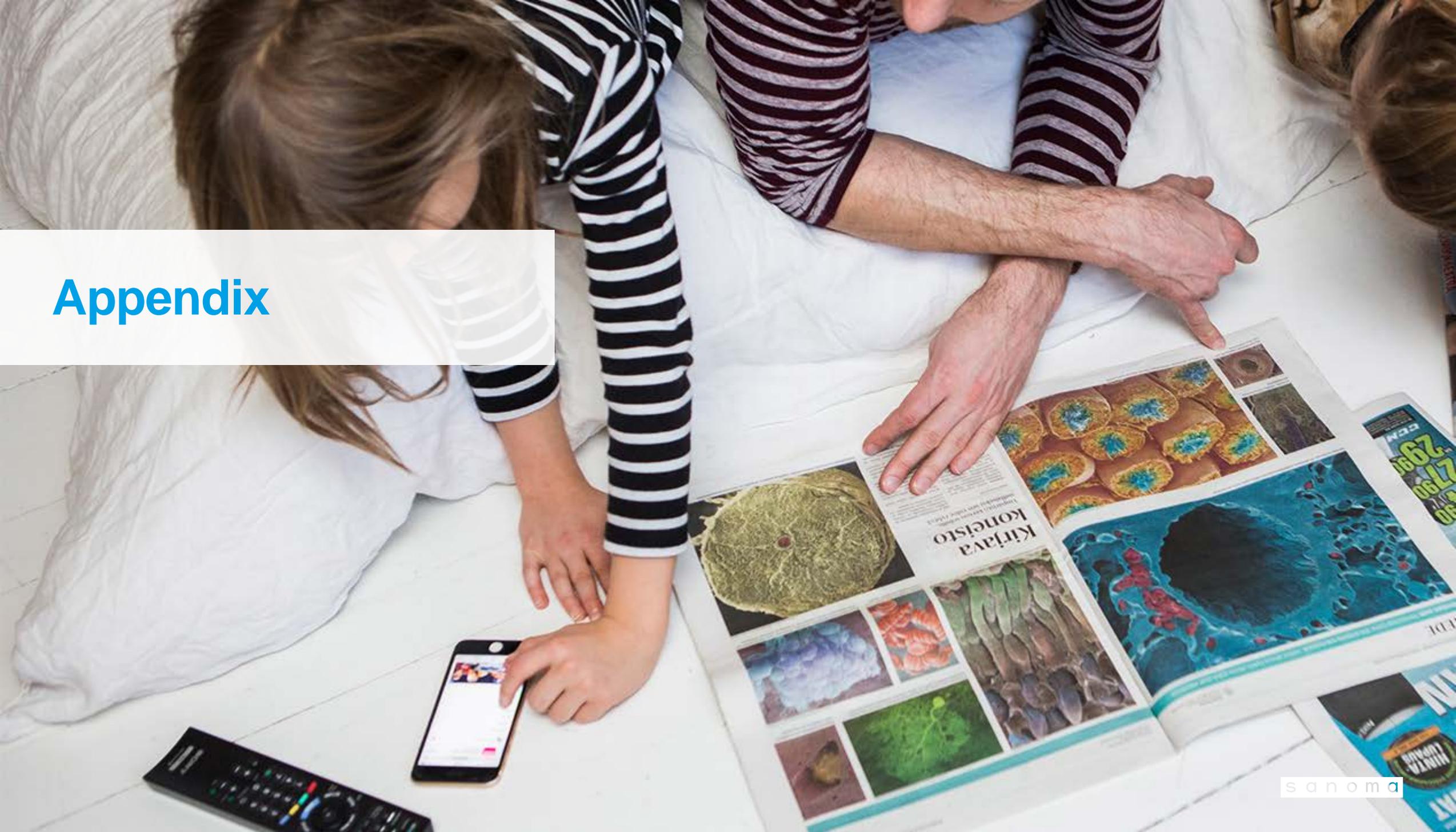
Financial reporting in 2018

| | |
|------------|------------------------|
| 24 July | 2018 Half-year Report |
| 24 October | Q3 2018 Interim Report |



Q&A

Appendix



Sanoma in 2017



NET SALES
EUR 1,327 million



NON-PRINT SALES
40%



OPERATIONAL EBIT MARGIN
13.6%

Learning



EUR 320 million



45%



Around 18%

Media Finland



EUR 571 million



44%



Around 12%

Media BeNe



EUR 437 million

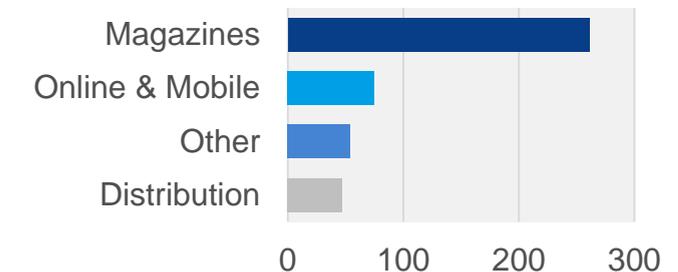
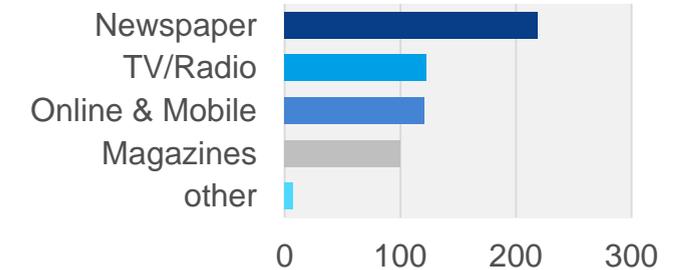
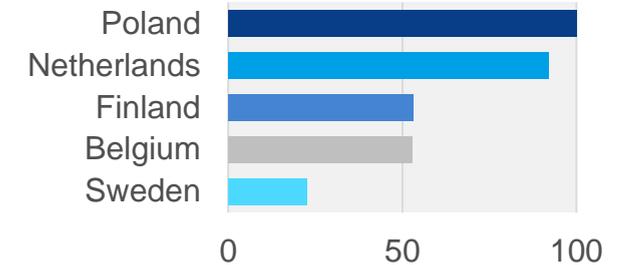


30%



Around 16%

Net sales 2017



Media Finland: Quarterly key figures

| EUR million | Q1 18 | Q4 17 | Q3 17 | Q2 17 | Q1 17 |
|-----------------------------------|--------------|-------|-------|-------|-------|
| Net sales | 137.0 | 150.4 | 131.3 | 144.5 | 144.1 |
| Operational EBITDA | 35.8 | 35.3 | 35.5 | 42.1 | 42.9 |
| Operational EBIT | 13.1 | 9.8 | 14.2 | 22.4 | 19.0 |
| margin | 9.5% | 6.5% | 10.8% | 15.5% | 13.2% |
| EBIT | 11.6 | 8.2 | 13.5 | 30.5 | 19.6 |
| Capital expenditure | 1.8 | 0.5 | 3.0 | 1.9 | 1.0 |
| Average number of employees (FTE) | 1,709 | 1,744 | 1,755 | 1,744 | 1,719 |

Media BeNe: Quarterly key figures

Adjusted for the SBS divestment

| EUR million | Q1 18 | Q4 17 | Q3 17 | Q2 17 | Q1 17 |
|-----------------------------------|--------------|-------|-------|-------|-------|
| Net sales | 95.8 | 116.9 | 103.9 | 116.9 | 101.9 |
| Operational EBITDA | 16.3 | 21.9 | 16.0 | 22.9 | 16.4 |
| Operational EBIT | 14.9 | 19.2 | 14.0 | 20.8 | 14.2 |
| margin | 15.5% | 16.4% | 13.4% | 17.8% | 13.9% |
| EBIT | 16.9 | 14.2 | 11.3 | 15.9 | 14.2 |
| Capital expenditure | 0.9 | 0.4 | 0.2 | 0.3 | 1.3 |
| Average number of employees (FTE) | 1,054 | 1,132 | 1,144 | 1,172 | 1,183 |

Learning: Quarterly key figures

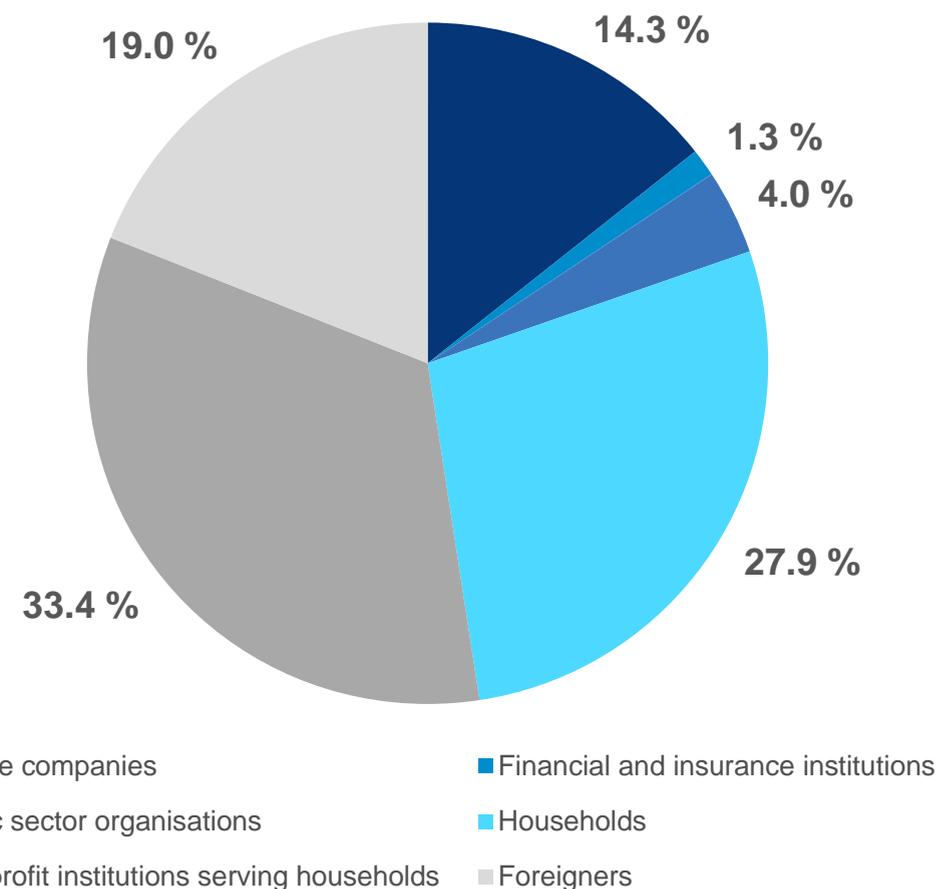
| EUR million | Q1 18 | Q4 17 | Q3 17 | Q2 17 | Q1 17 |
|-----------------------------------|-------------|--------|-------|-------|--------|
| Net sales | 28.9 | 38.5 | 145.7 | 97.9 | 36.2 |
| Operational EBITDA | -7.3 | -7.2 | 66.1 | 41.8 | -0.7 |
| Operational EBIT | -18.0 | -21.6 | 56.1 | 31.9 | -10.9 |
| margin | -62.2% | -56.0% | 38.5% | 32.6% | -30.0% |
| EBIT | -18.4 | -23.7 | 56.2 | 22.8 | -11.4 |
| Capital expenditure | 3.5 | 6.0 | 4.1 | 5.2 | 3.3 |
| Average number of employees (FTE) | 1,353 | 1,401 | 1,413 | 1,430 | 1,442 |

Largest shareholders

Largest shareholders

| 31 March 2018 | Number of shares | |
|--|--------------------|---------------|
| 1. Jane and Aatos Erkkö Foundation | 39,820,286 | 24.4% |
| 2. Antti Herlin (Holding Manutas Oy: 11.91%, personal: 0.02%) | 19,506,800 | 11.9% |
| 3. Robin Langenskiöld | 12,273,371 | 7.5% |
| 4. Rafaela Seppälä | 10,273,370 | 6.3% |
| 5. Helsingin Sanomat Foundation | 5,701,570 | 3.5% |
| 6. Ilmarinen Mutual Pension Insurance Company | 3,572,220 | 2.2% |
| 7. Foundation for Actors' Old-Age Home | 2,000,000 | 1.2% |
| 8. Alex Noyer | 1,908,965 | 1.2% |
| 9. The State Pension Fund | 1,860,000 | 1.1% |
| 10. Lorna Auboin | 1,852,470 | 1.1% |
| 10 largest shareholders total | 98,769,052 | 60.4% |
| Foreign holding * | 31,059,722 | 19.0% |
| Other shareholders | 33,736,889 | 20.6% |
| Total number of shares | 163,565,663 | 100.0% |
| Total number of shareholders | 20,255 | |

Holding by category



Analyst coverage

| | | |
|---------------------------------|------------------|------------------|
| Carnegie Investment Bank | Matti Riikonen | +358 9 6187 1231 |
| Danske Markets Equities | Panu Laitinmäki | +358 10 236 4867 |
| Handelsbanken CM | Rasmus Engberg | +46 8 701 5116 |
| Inderes | Petri Aho | +358 50 340 2986 |
| Nordea | Sami Sarkamies | +358 9 165 59928 |
| Pohjola | Kimmo Stenvall | +358 10 252 4561 |
| SEB Enskilda | Jutta Rahikainen | +358 9 6162 8058 |



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