

Q1 2019 Interim Report:

Solid start to the year

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Q1 2019 highlights

Net sales

M€ 248

(2018: 262)

Operational EBIT
excl. PPA

M€ 10

(2018: 10)

Operational EBIT
excl. PPA, margin

4.1%

(2018: 3.9%)

Free cash flow

M€ -41

(2018: -44)

Net debt / Adj.
EBITDA

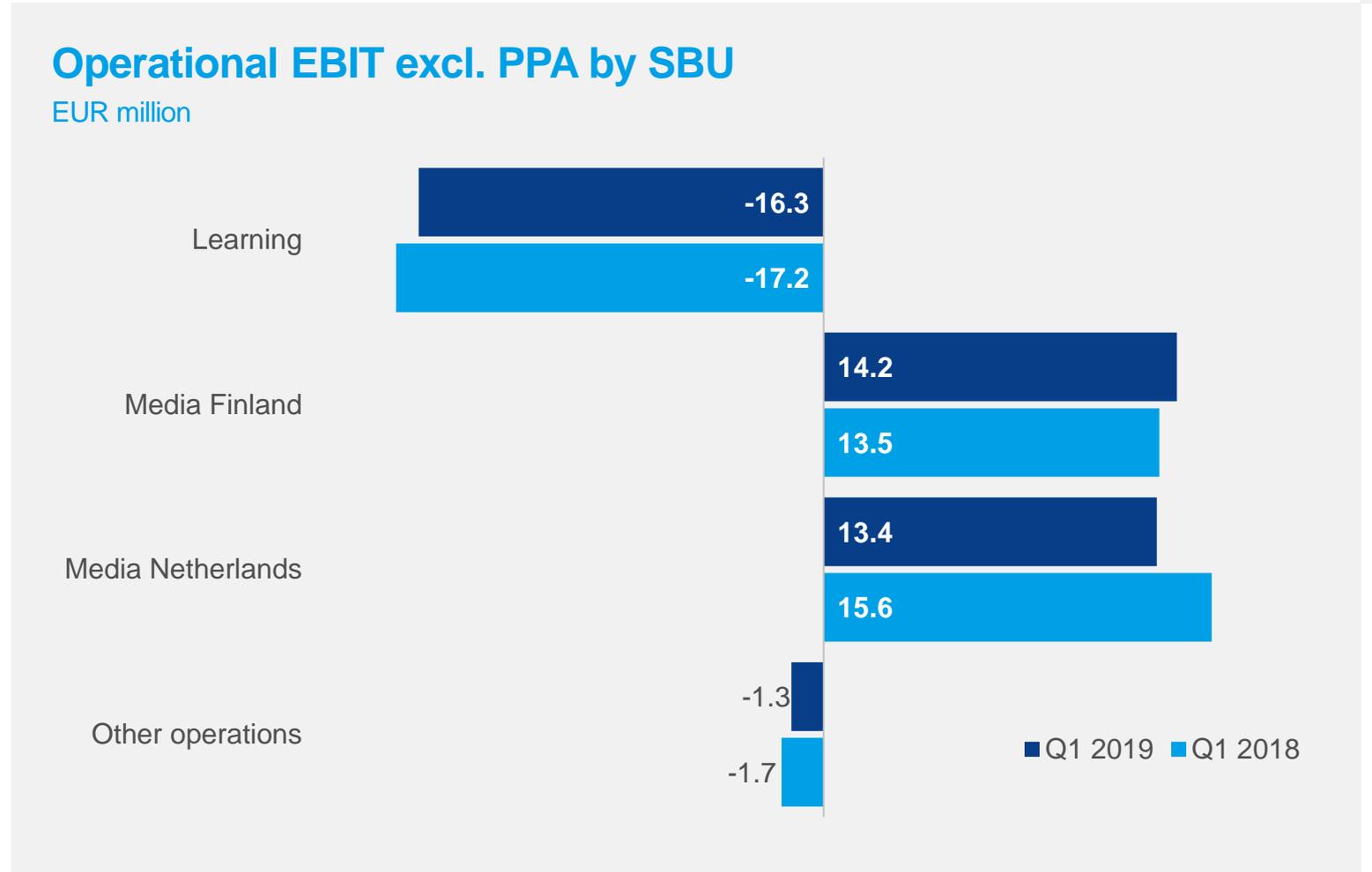
2.0

(2018: 2.0)

- Solid start to the year
 - Net sales grew in Learning and declined in the media businesses
 - Operational profitability in line with 2018 despite net sales decline
 - Net debt / Adj. EBITDA unchanged vs. Q1 2018, but +0.5 vs. end of 2018 due to IFRS 16
- Outlook for 2019 unchanged: Group's comparable net sales will be in-line with 2018 and operational EBIT margin excl. PPA will be around 15% (2018: 15.7%)

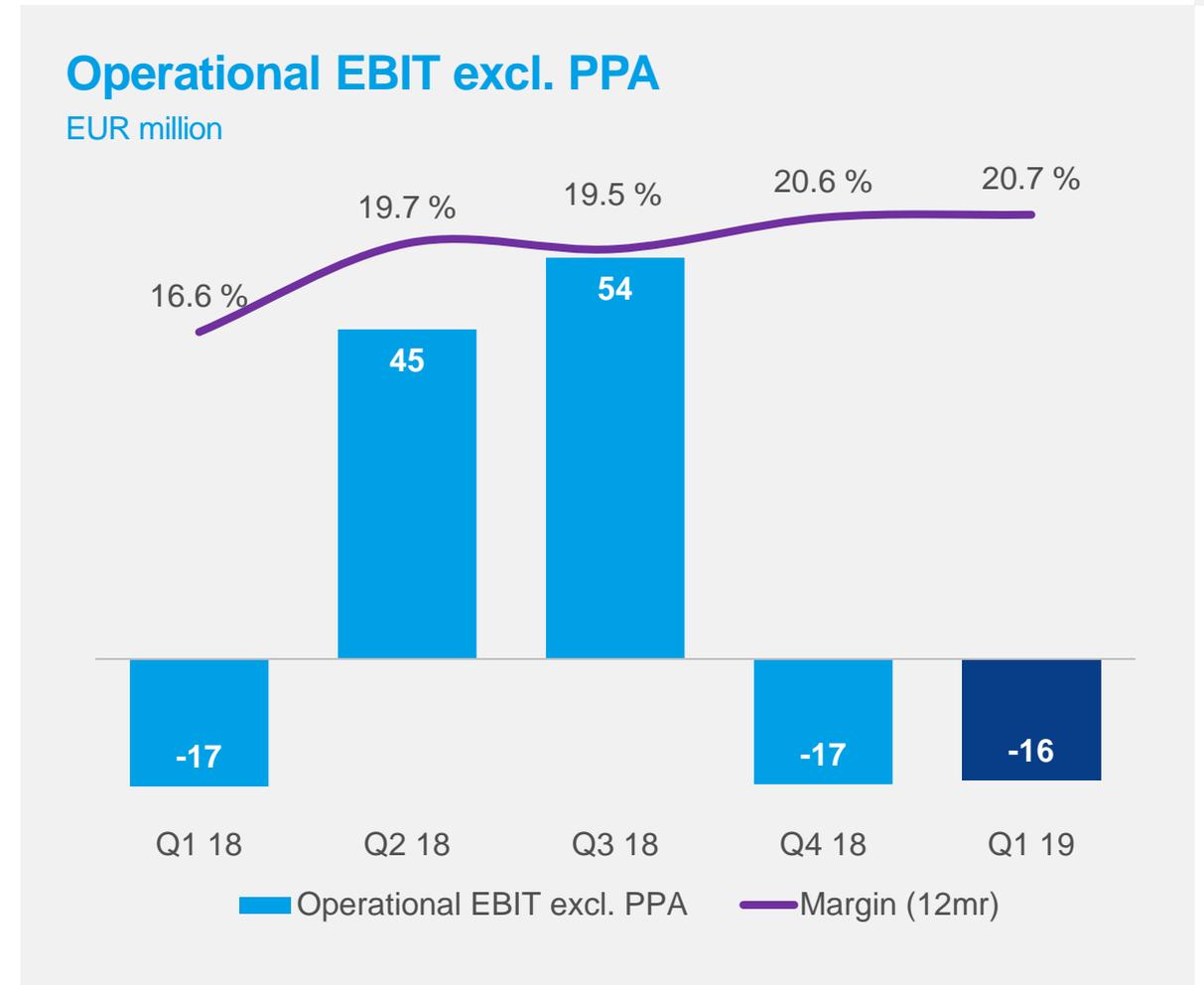
Operational EBIT stable in Learning and Media Finland

- Stable development in Learning and Media Finland
- Profitability of Media Netherlands declined
 - Lower net sales partially offset by good cost containment of fixed costs



Learning: Net sales and earnings stable

- Net sales grew to EUR 31 million (2018: 29)
 - In the Netherlands, a large spring order received at the end of March in 2019 instead of April in 2018
 - First quarter structurally small
- Operational EBIT excl. PPA improved to EUR -16 million (2018: -17)
 - Positive impact from net sales growth
 - Somewhat higher marketing costs
- The Dutch ACM takes a further assessment on the Iddink acquisition
 - Closing expected by the end of Q3 2019



Advertising market continued to be under pressure

Finnish measured media advertising markets

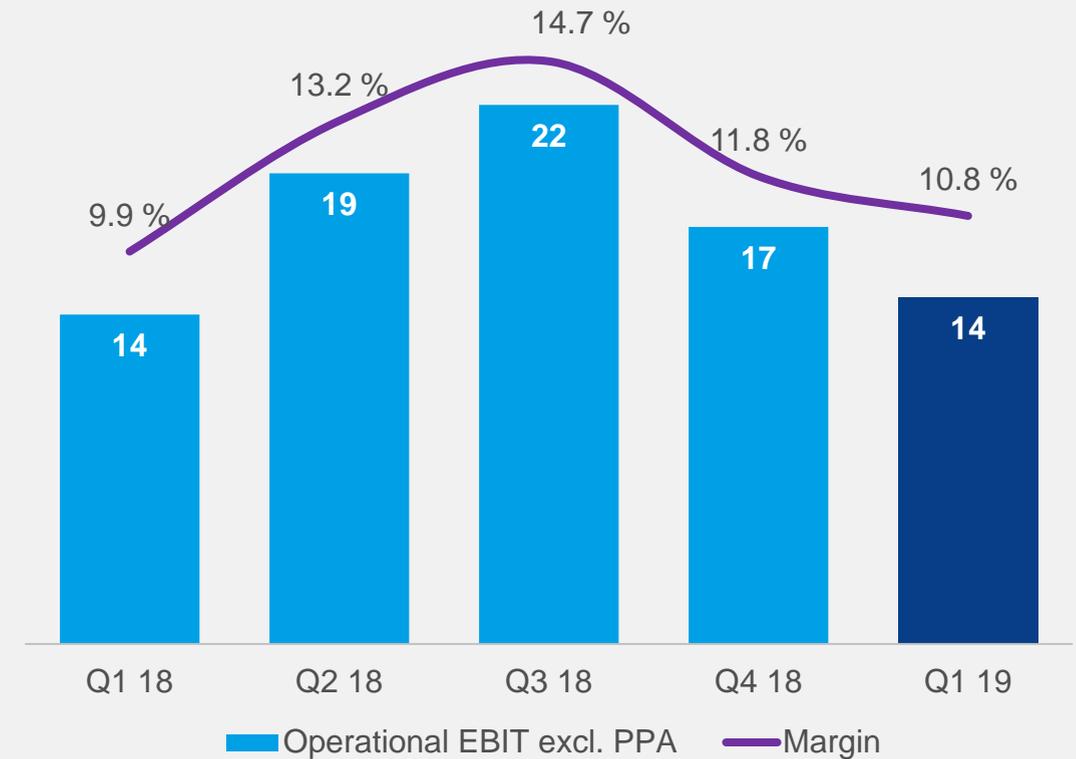
	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
Newspapers	-7%	-12%	-8%	-13%	-12%	-11%
Magazines	-5%	-2%	-3%	-10%	-7%	-5%
TV	-7%	-1%	1%	1%	1%	0%
Radio	7%	4%	2%	11%	-4%	4%
Online *	2%	2%	2%	3%	7%	3%
Total market	-2%	-2%	-1%	-3%	-2%	-2%

Media Finland: Digital subscription sales of HS and Ruutu+ continued to grow

- Net sales were EUR 132 million (2018: 137)
 - Advertising sales declined primarily in print and TV in line with the market
 - Total subscription sales declined due to the discontinuation of pay-TV in September 2018 and lower print subscription sales
 - Number of Ruutu+ subscriptions grew by 25%
 - Number of Helsingin Sanomat subscriptions grew by 2% yoy
 - Other sales grew as a result of acquisitions, mainly the Finnish News Agency STT
- Operational EBIT excl. PPA improved by 5%
 - Temporarily lower TV production costs and amortisations partially due to discontinuation of Liiga

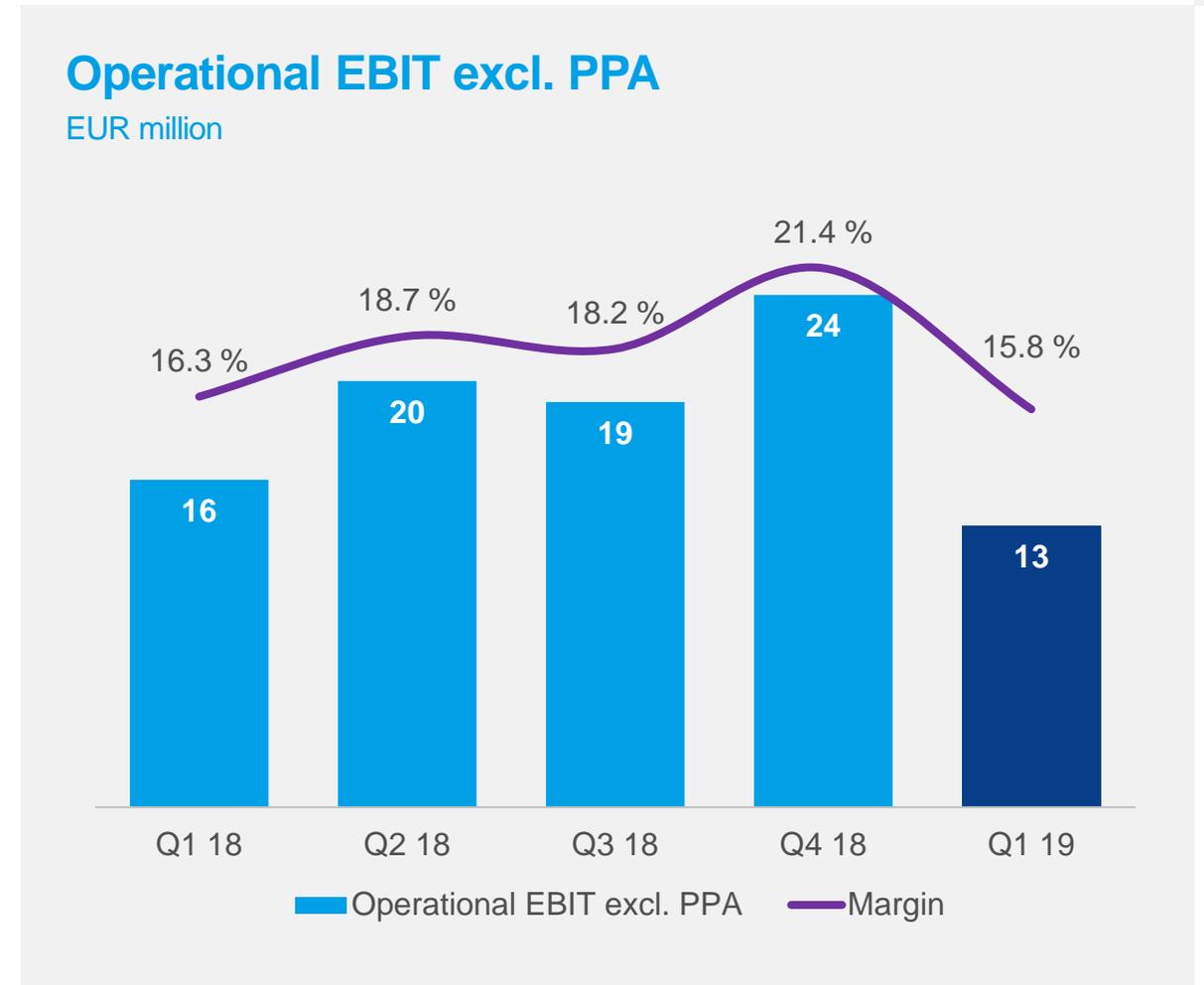
Operational EBIT excl. PPA

EUR million



Media Netherlands: Net sales and profitability declined partially due to divestments

- Net sales amounted to EUR 85 million (2018: 96)
 - Half of the decline due to divestments
 - Advertising sales impacted by changes in Scoupy product portfolio as well as market development
 - VAT increase from 6% to 9% as of 1 Jan 2019 impacted pricing capabilities
- Operational EBIT excl. PPA was EUR 13 million (2018: 16)
 - Adverse impact of lower net sales (incl. divestments) partially offset by good cost containment on fixed costs
- Sanoma divested Mood for Magazines, publisher of LINDA. magazine
 - Net sales EUR 27 million, operational EBIT EUR 6 million and free cash flow EUR 4 million in 2018
 - EV EUR 47 million, representing an EV/EBIT multiple of 7.9x
 - Closed at the end of February 2019



Outlook for 2019 unchanged

In 2019, Sanoma expects that the Group's

- **Comparable net sales will be in-line with 2018**
- **Operational EBIT margin excl. PPA * will be around 15% (2018: 15.7%).**

The outlook is based on an assumption of the consumer confidence and advertising market development in Finland and in the Netherlands to be in line with 2018.

The outlook does not include any assumptions of the intended acquisition of Iddink (disclosed on 11 Dec 2018), which is expected to be finalized by the end of Q3 2019.

* Operational EBIT margin excluding purchase price allocation amortisations

Financials



Relatively minor movements in profitability

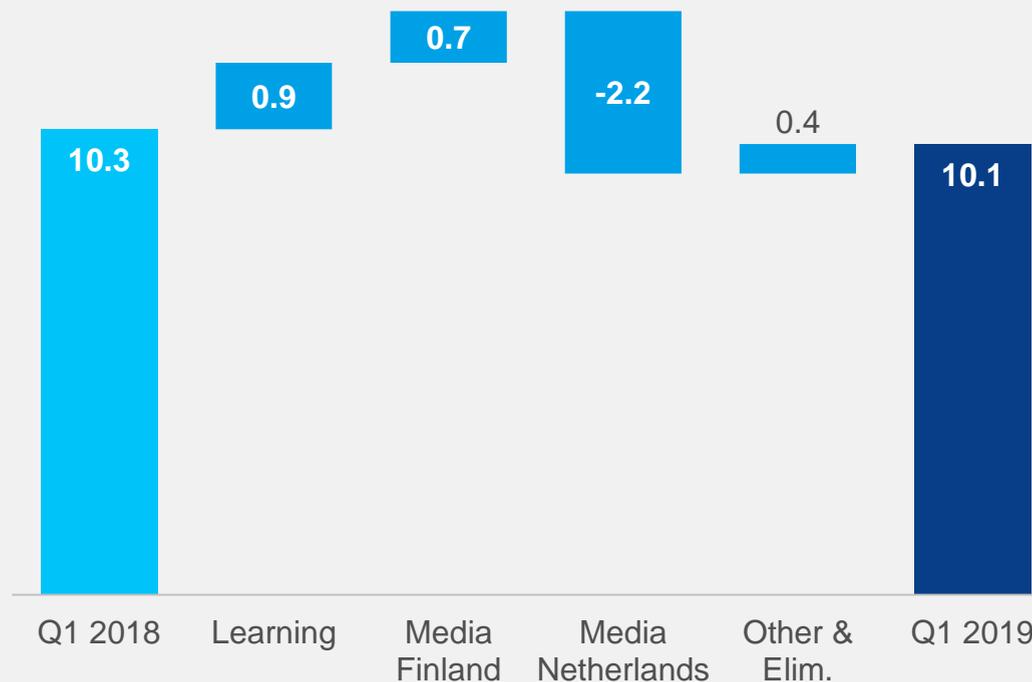
Learning + Net sales growth in the Netherlands
- Higher marketing costs in Poland

Media Finland + Lower TV production costs and amortisations partially due to the discontinuation of Liiga
- Lower overall net sales, partially compensated by good development of Ruutu+ and HS

Media Netherlands - Lower net sales partially due to divestments
+ Good cost containment esp. on fixed costs

Operational EBIT excl. PPA Q1 2019 vs. Q1 2018

EUR million

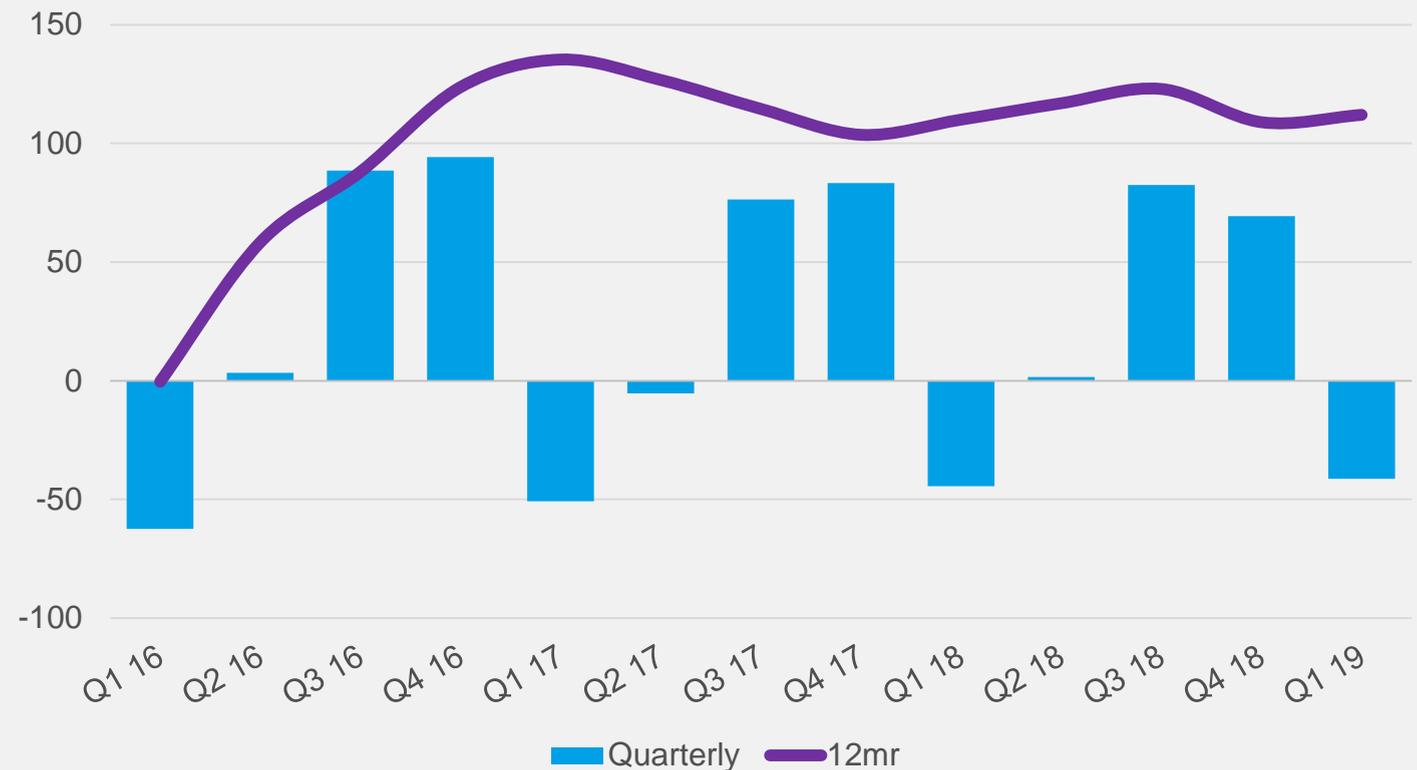


Rolling free cash flow continued to be on a good level

- Free cash flow was EUR -41 million (2018: -44)
- + Implementation of the IFRS 16 standard improved the free cash flow by EUR 6 million
- Settlement of rental contract related to Discontinued operations in Belgium

Free cash flow

EUR million



Free cash flow = Cash flow from operations less capital expenditure

Balance sheet ratios impacted by IFRS 16

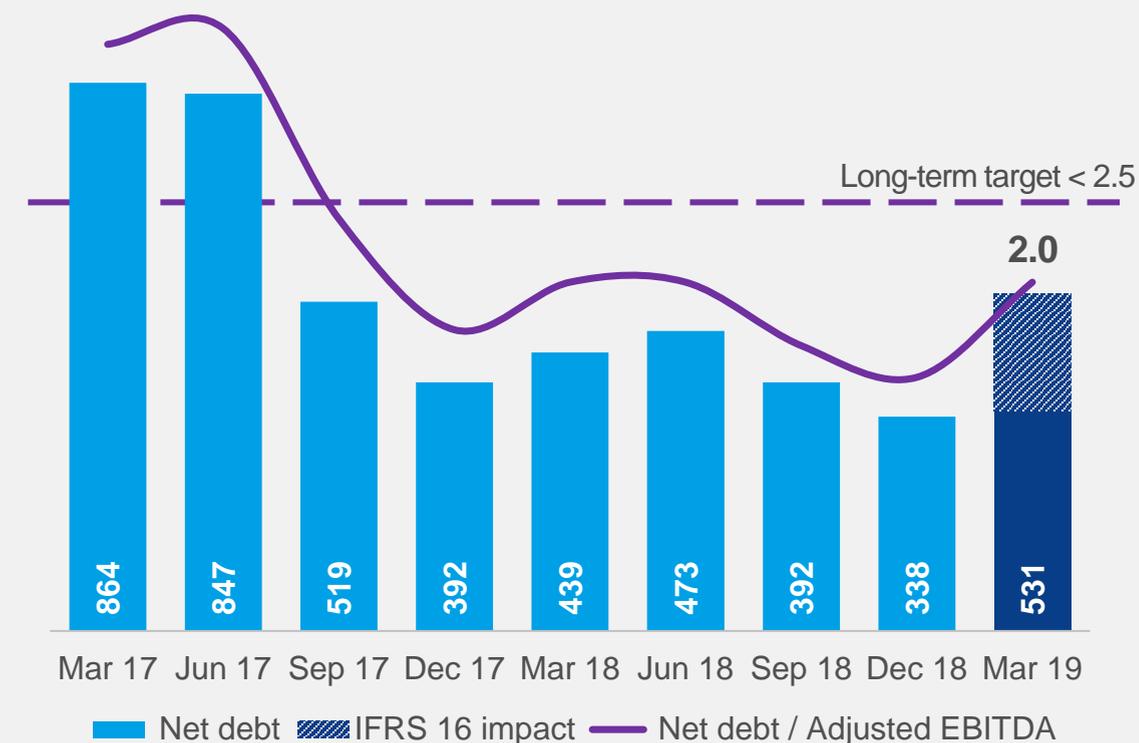
	Q1 18	Q1 19	IFRS 16 impact
Net debt	439	531	+183.5
Net debt / Adj. EBITDA	2.0	2.0	+0.5
Equity ratio	34.1%	35.3%	-4.6pp

- Net financial items increased to EUR -5 million (2018: -3) due to IFRS 16 impact

Summary of key impacts of the implementation of IFRS 16 on P/L, BS and CF is available in the Appendix, p. 25.

Net debt

EUR million



Financial reporting in 2019

25 July

Half-Year Report 2019

25 October

Interim Report Q3 2019



Appendix

Sanoma in 2018



NET SALES
EUR 1,315 million



NON-PRINT SALES
45%



OPERATIONAL EBIT MARGIN
14.9%

Learning



EUR 313 million



46%



19.5%

Media Finland



EUR 579 million



49%



11.9%

Media Netherlands



EUR 424 million

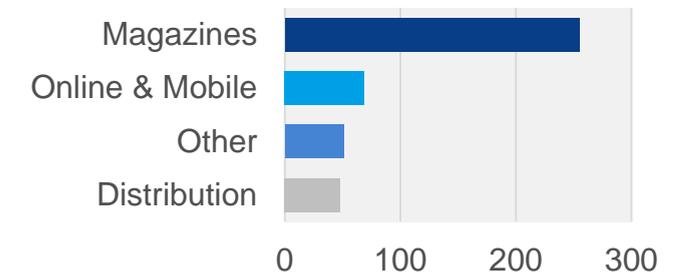
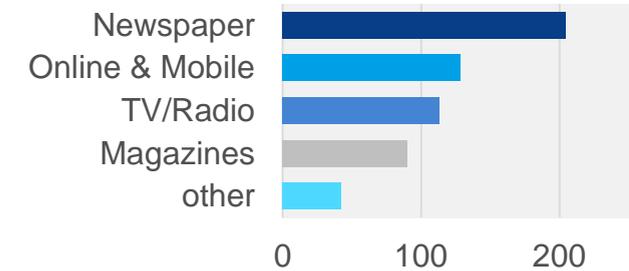
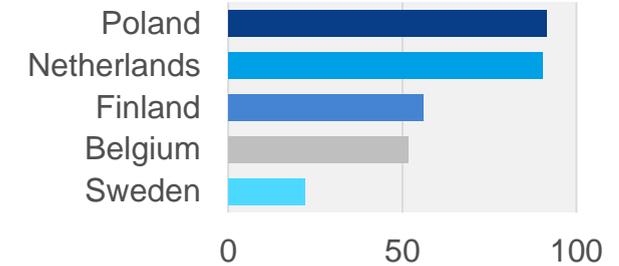


40%



18.1%

Net sales 2018



Group key figures Q1 2019

EUR million	Q1 2019	Q1 2018
Net sales	248.2	261.6
Operational EBIT excl. PPA margin	10.1	10.3
EBIT	11.9	8.4
Result for the period ¹	7.3	-5.1
Free cash flow ¹	-41.3	-44.4
Equity ratio	35.3%	34.1%
Net debt ¹	531.1	438.9
Net debt / Adj. EBITDA ¹	2.0	2.0
Average number of employees (FTE)	4,370	4,393

EUR	Q1 2019	Q1 2018
Operational EPS, continuing operations	0.01	0.02
Operational EPS ¹	0.01	0.03
EPS, continuing operations	0.05	0.02
EPS ¹	0.05	-0.03
Free cash flow per share ¹	-0.25	-0.27

Impacts of the implementation of IFRS 16 are available on p. 25.

Group key figures 2018

2017 adjusted for the SBS divestment

EUR million	2018	2017
Net sales	1,315.4	1,328.0
Operational EBITDA	326.3	328.5
margin	24.8%	24.7%
Operational EBIT	196.6	179.0
margin	14.9%	13.5%
EBIT	168.5	186.4
Result for the period ¹	125.6	126.8
Free cash flow ¹	108.9	106.2
Equity ratio ²	44.7%	38.2%
Net debt ¹	337.8	391.8
Net debt / Adj. EBITDA ^{1, 2}	1.4	1.7
Average number of employees (FTE)	4,463	4,562

EUR	2018	2017
Operational EPS, continuing operations	0.83	0.71
Operational EPS ¹	0.84	0.74
EPS, continuing operations	0.68	0.76
EPS ¹	0.76	0.77
Free cash flow per share ¹	0.67	0.65

Learning: Quarterly key figures

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	31.4	39.8	136.3	108.3	28.9
Operational EBIT excl. PPA	-16.3	-16.9	54.2	44.5	-17.2
margin	-51.9%	-42.6%	39.8%	41.1%	-59.3%
EBIT	-18.2	-20.0	52.1	42.4	-18.4
Capital expenditure	3.8	6.8	5.2	4.3	3.5
Average number of employees (FTE)	1,355	1,351	1,350	1,352	1,353

Media Finland: Quarterly key figures

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	131.6	144.5	150.7	146.2	137.0
Operational EBIT excl. PPA	14.2	17.1	22.1	19.3	13.5
margin	10.8%	11.8%	14.7%	13.2%	9.9%
EBIT	10.0	9.9	19.8	20.5	11.6
Capital expenditure	0.7	1.1	0.7	0.5	1.8
Average number of employees (FTE)	1,764	1,781	1,779	1,742	1,709

Media Netherlands: Quarterly key figures

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	85.3	113.8	106.0	108.4	95.8
Operational EBIT excl. PPA	13.4	24.4	19.3	20.3	15.6
margin	15.8%	21.4%	18.2%	18.7%	16.3%
EBIT	21.5	13.4	19.1	8.7	16.9
Capital expenditure	0.9	0.8	0.3	0.3	0.9
Average number of employees (FTE)	979	1,059	1,051	1,049	1,054

Group Operational EBIT excl. PPA

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	11.9	0.6	88.9	70.6	8.4	168.5
Items affecting comparability (IACs)	4.6	-17.0	-2.1	-9.2	0.2	-28.2
Purchase price allocation (PPA) amortisations	-2.7	-2.6	-2.6	-2.4	-2.1	-9.6
Operational EBIT excl. PPA	10.1	20.2	93.6	82.2	10.3	206.2
margin	4.1%	6.8%	23.8%	22.6%	3.9%	15.7%

Operational EBIT excl. PPA by SBU 1/2

Quarterly comparison figures for 2018

Learning

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	-18.2	-20.0	52.1	42.4	-18.4	56.1
Items affecting comparability (IACs)	-1.1	-2.2	-1.3	-1.3	-0.4	-5.1
Purchase price allocation (PPA) amortisations	-0.8	-0.8	-0.8	-0.8	-0.8	-3.4
Operational EBIT excl. PPA	-16.3	-16.9	54.2	44.5	-17.2	64.6

Media Finland

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	10.0	9.9	19.8	20.5	11.6	61.8
Items affecting comparability (IACs)	-3.1	-6.2	-1.4	1.9	-1.5	-7.1
Purchase price allocation (PPA) amortisations	-1.1	-1.0	-1.0	-0.7	-0.4	-3.2
Operational EBIT excl. PPA	14.2	17.1	22.1	19.3	13.5	72.0

Operational EBIT excl. PPA by SBU 2/2

Quarterly comparison figures for 2018

Media Netherlands

EUR million	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	21.5	13.4	19.1	8.7	16.9	58.0
Items affecting comparability (IACs)	8.9	-10.3	0.5	-10.8	2.0	-18.5
Purchase price allocation (PPA) amortisations	-0.8	-0.7	-0.8	-0.8	-0.8	-3.0
Operational EBIT excl. PPA	13.4	24.4	19.3	20.3	15.6	79.6

IFRS 16 impact on key ratios

- Sanoma has adopted the new IFRS 16 Leases standard as of 1 Jan 2019
 - Lease agreements are recognised in the balance sheet as right-of-use assets and interest-bearing liabilities
 - Cost of leasing is recognised as depreciation and interest expense, not as operational rental expense
- Sanoma applies the modified retrospective method
 - 2018 financials have not been restated
 - Main impacts on key ratios are summarised on this page
 - More information is available in the Q1 2019 Interim Report

- Main impacts related to the implementation of IFRS 16 standard on key ratios in Q1 2019:

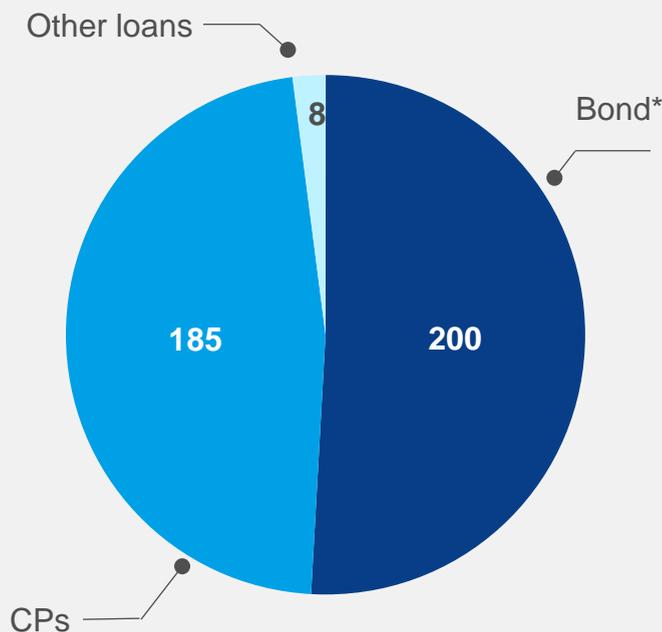
Operational EBITDA	MEUR +6.3
Depreciation	MEUR -6.1
Operational EBIT excl. PPA	MEUR +0.2
Net financial expenses	MEUR -1.6
Net result	MEUR -1.1
Cash flow from operations	MEUR +6.2
Cash flow from financing	MEUR -6.2
Net cash flow	MEUR +/-0
Net debt	MEUR +183.5
Net debt / Adj. EBITDA	+0.5
Equity ratio	-4.6%-points

Debt facility signed in February extended the maturity profile

- Gross external debt EUR 576 million (2018: 458) at the end of Q1 2019
 - Including lease liabilities of EUR 184 million according to IFRS 16
- On 4 February Sanoma signed a new EUR 550 million syndicated facility agreement with nine banks consisting of two tranches
 - EUR 250 million 4-year term loan to finance the acquisition of Iddink
 - Annual EUR 50 million instalments from Q3 2020 and EUR 100 million repayment at maturity
 - EUR 300 million 5-year bullet revolving credit facility refinancing the previous EUR 300 million RCF
- Refinancing of the EUR 200 million bond maturing in November will be reviewed in Q2-Q3 2019

Debt structure

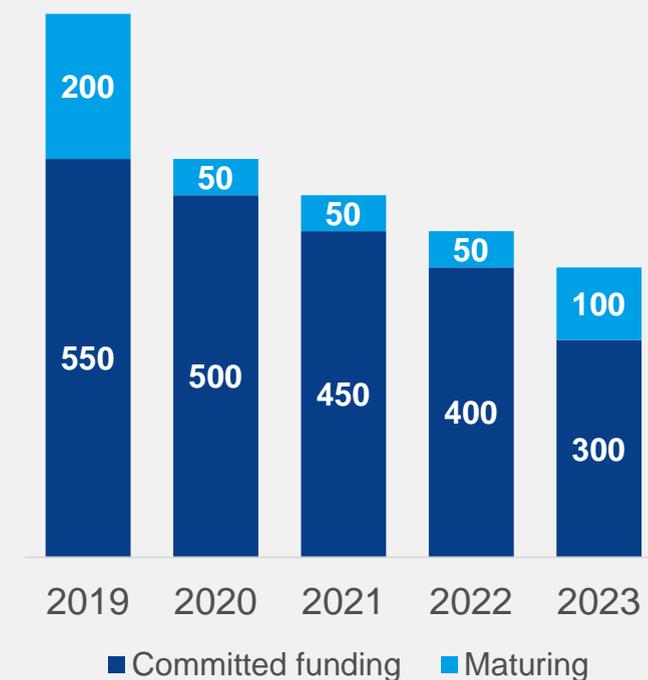
EUR million, 31 March 2019



* Book value EUR 198 million

Maturity profile

EUR million, 31 March 2019

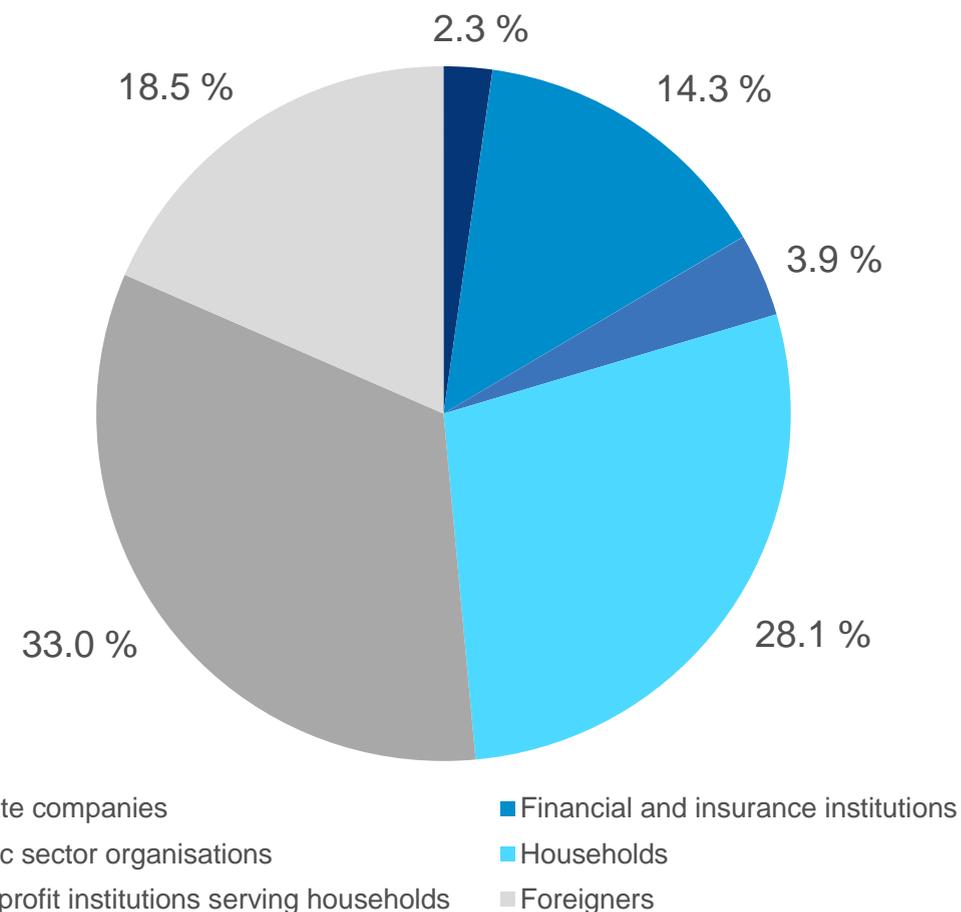


Largest shareholders

Largest shareholders

31 March 2019	Number of shares	
1. Jane and Aatos Erkko 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. Lorna Auboin	1,852,470	1.1%
10. The State Pension Fund	1,760,000	1.1%
10 largest shareholders total	98,669,052	60.3%
Foreign holding *	30,185,613	18.5%
Other shareholders	34,710,998	21.2%
Total number of shares	163,565,663	100.0%
Total number of shareholders	20,871	

Holding by category



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