

A group of children are gathered around a tablet computer outdoors. One child is pointing at the screen while others look on with interest. The background is a blurred outdoor setting.

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A leading European learning and media company

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Carnegie Small and Mid Cap Seminar, Stockholm
5 September 2019



Today's agenda

- Sanoma in brief
- Our businesses
- Our strategic and financial priorities
- Acquisition of Iddink
- Q&A

SANOMA AS AN INVESTMENT:

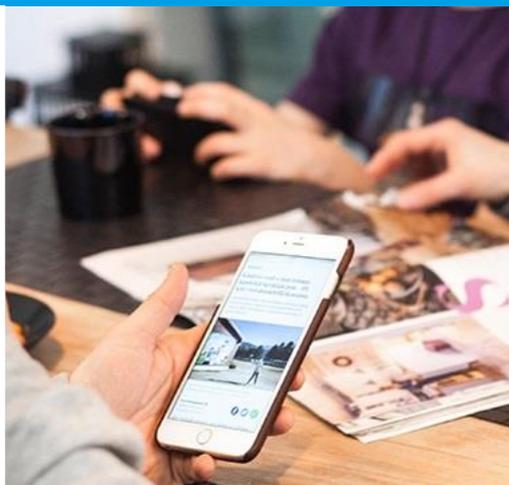
A leading European learning and media company



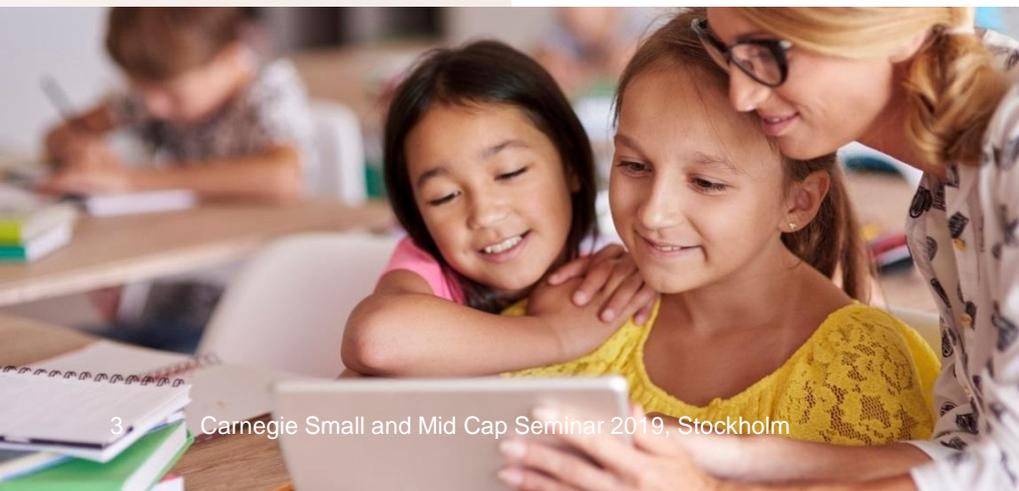
**Growing
dividends**



**Strong and
balanced
business
portfolio**



**Continued
focus on
selective
growth**



**Solid
profitability
and improving
cash flow**



**Equity ratio
and leverage
within long-
term target**

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

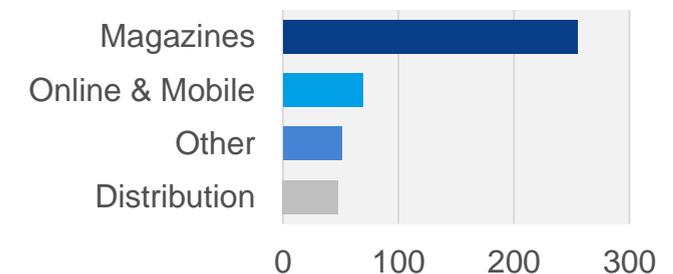
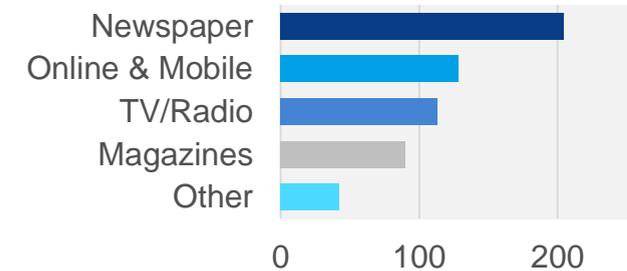
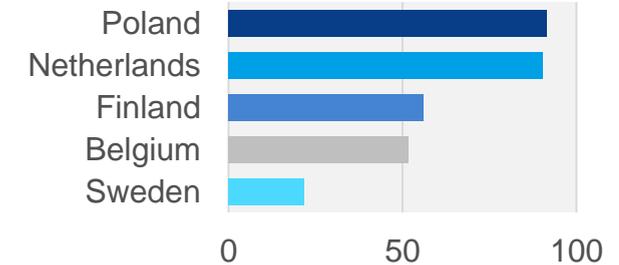


40%



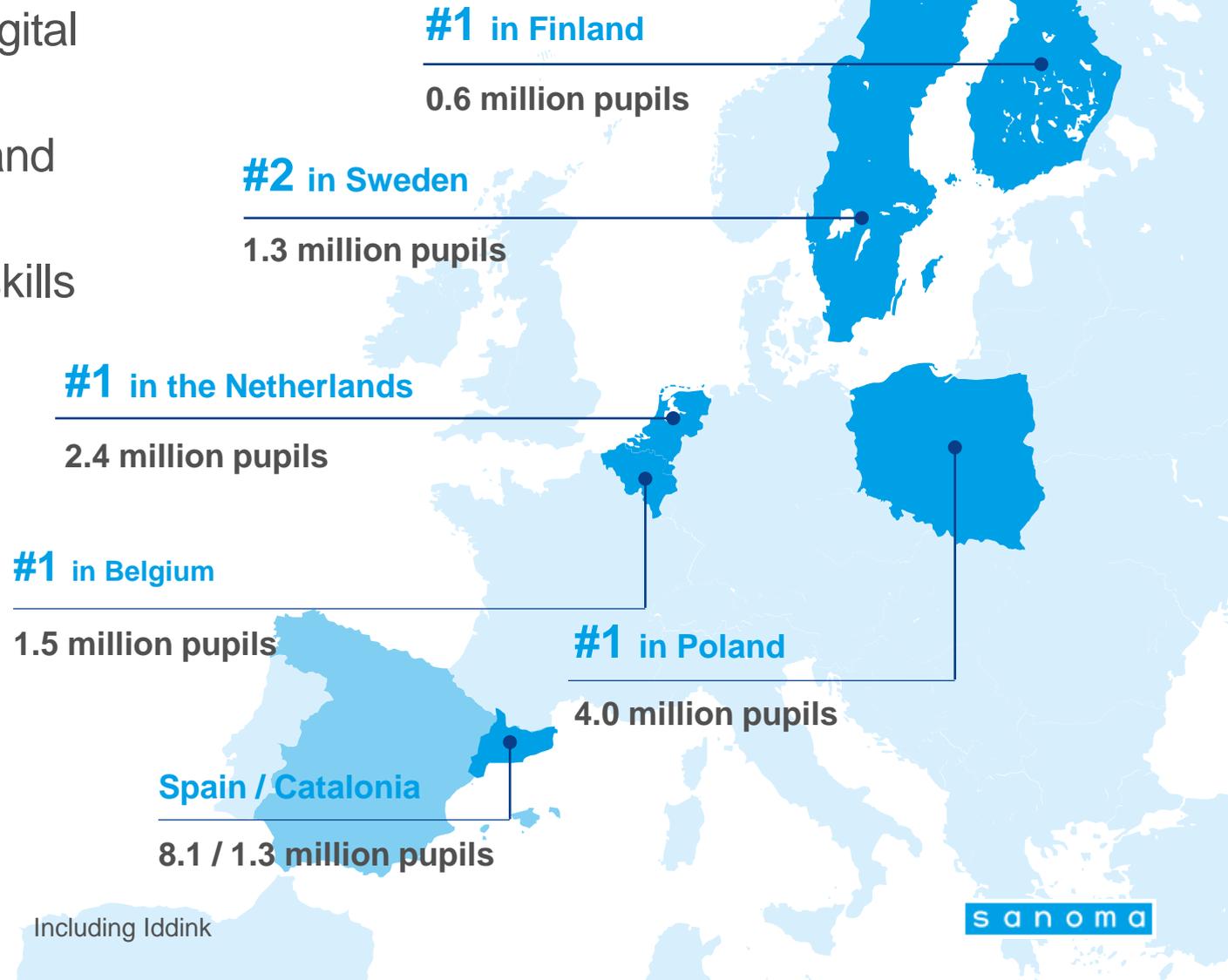
18.1%

Net sales 2018

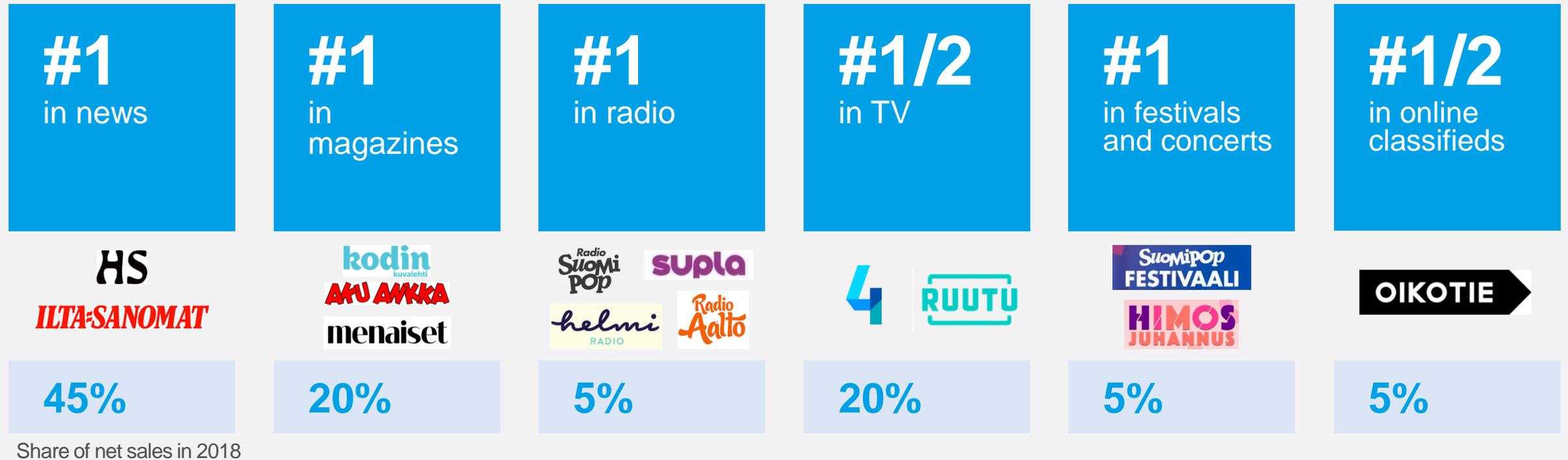


Learning: A leading position in some of the world's best education systems

- Printed and digital learning methods and digital learning platforms for K12
- Integrated product development & design and scalable technologies
- World-class learning and teaching design skills
- Strong local brands and customer relations
- Serving more than **10 million** pupils and **1 million** teachers
- Net sales split in 2018
 - Printed **54%**
 - Digital / hybrid **46%**
- Acquisition of Iddink will increase the share of learning in Sanoma's portfolio



Media Finland: Strong brands on all media platforms reaching 97% of all Finns weekly



Unique reach and measurable impact for B2B customers

Media Netherlands: Leading media brands in digital and print reaching 70% of all Dutch every week

Blockbuster magazine brands

- 5 out of 10 leading magazine brands
- Cross media with increasing cash conversion

libelle Margriet vtwonen

Share of net sales in 2018
55%

Profitability
> average

Online news & data business



- #1 local player in online reach
- Value creation through top line growth by increasing value of advertising

10%

~ average

Special interest magazine brands

- Smaller titles with focus on cost efficiency

35%

< average

Media and learning have a meaningful role in society



- Journalistic content supports freedom of speech and independent information gathering
- Local entertainment contributes to shared values and experiences
- Data assists in serving relevant content to audiences, while focus on “avoiding creating an information bubble”

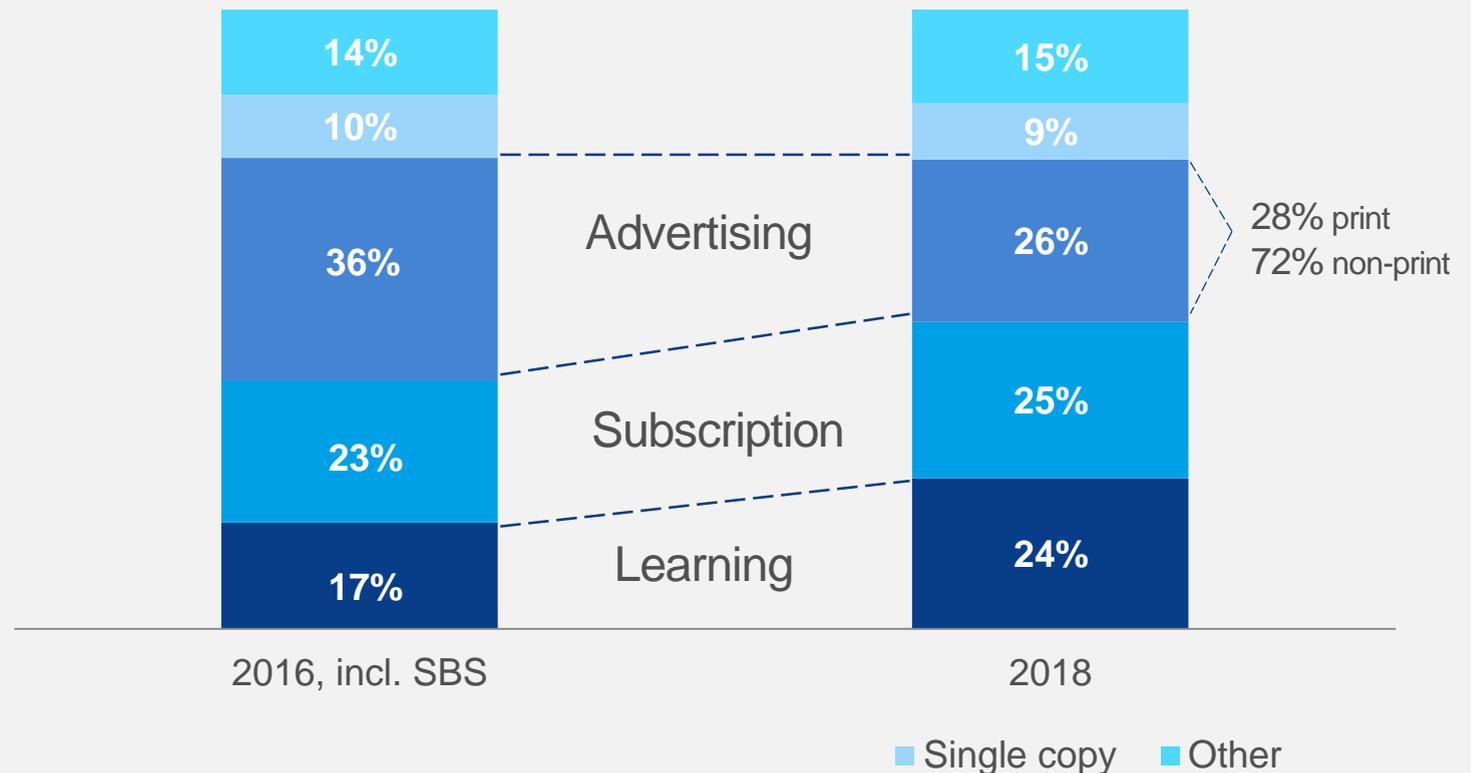


- Our modern learning methods support teachers in developing the full potential of every pupil
- Helps in building a strong foundation for a stable, productive and prosperous society
- Data is central to adaptive learning methods and measuring learning impact

During recent years, the share of more stable subscription and learning businesses has increased

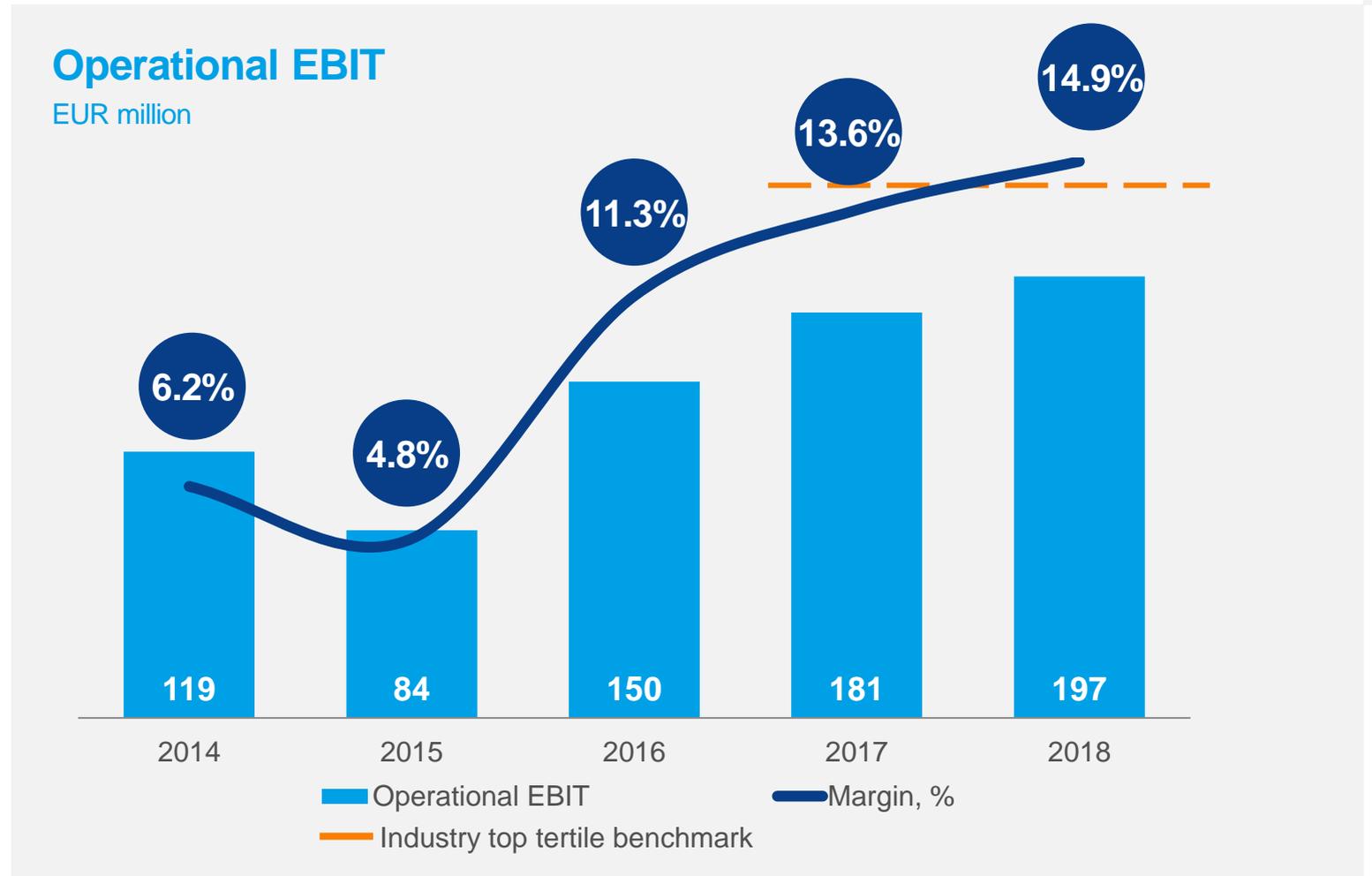
- Higher share of more stable subscription and learning sales
- Lower exposure to more volatile advertising sales
 - Finland $\frac{3}{4}$ of the Group's advertising sales (MEUR 250)
 - The Netherlands $\frac{1}{4}$ (MEUR 84)
- Overall focus on our stronghold positions in all segments we operate in

Group net sales by category



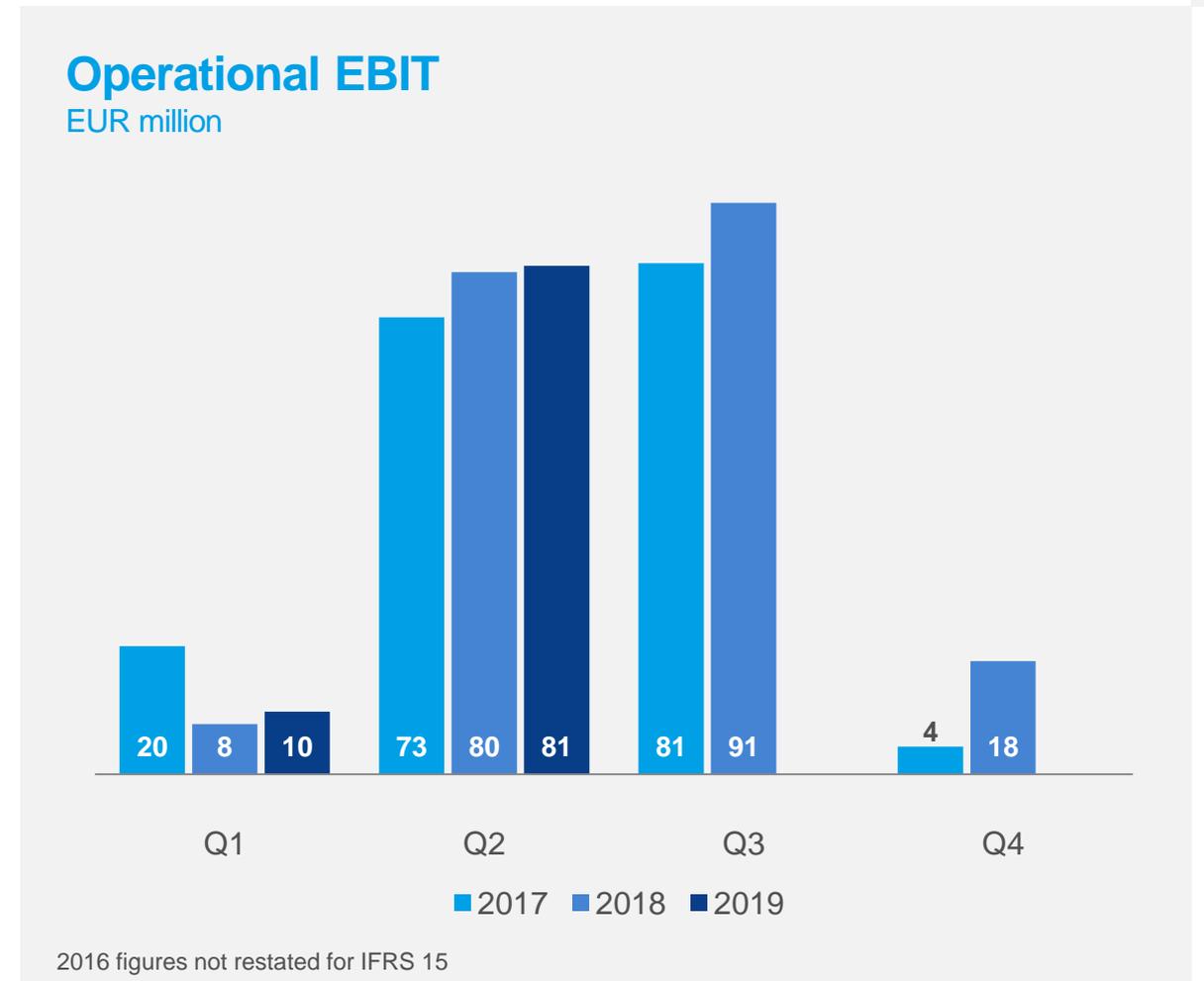
Our profitability has improved...

- Earnings improved in all SBUs in 2018
- EBIT margin in line with the top tertile industry benchmark
- Outlook for 2019:
 - Group's comparable net sales expected to be in-line with 2018
 - Operational EBIT margin excluding PPA expected to be around 15% (2018: 15.7%)
 - The outlook does not include any assumptions of the intended acquisition of Iddink



... and has a characteristic annual seasonality pattern

- Our quarterly financial performance is strongly affected by the seasonal pattern of the Learning business
 - Most of net sales and earnings are accrued during Q2 and Q3, i.e. close to the beginning of the school year
- Strengthening of the events business in Media Finland also further increases the weight of Q2 and Q3 in business activity and financial performance



Firm development of rolling free cash flow

Our mid-term cash conversion target is **60–70%**

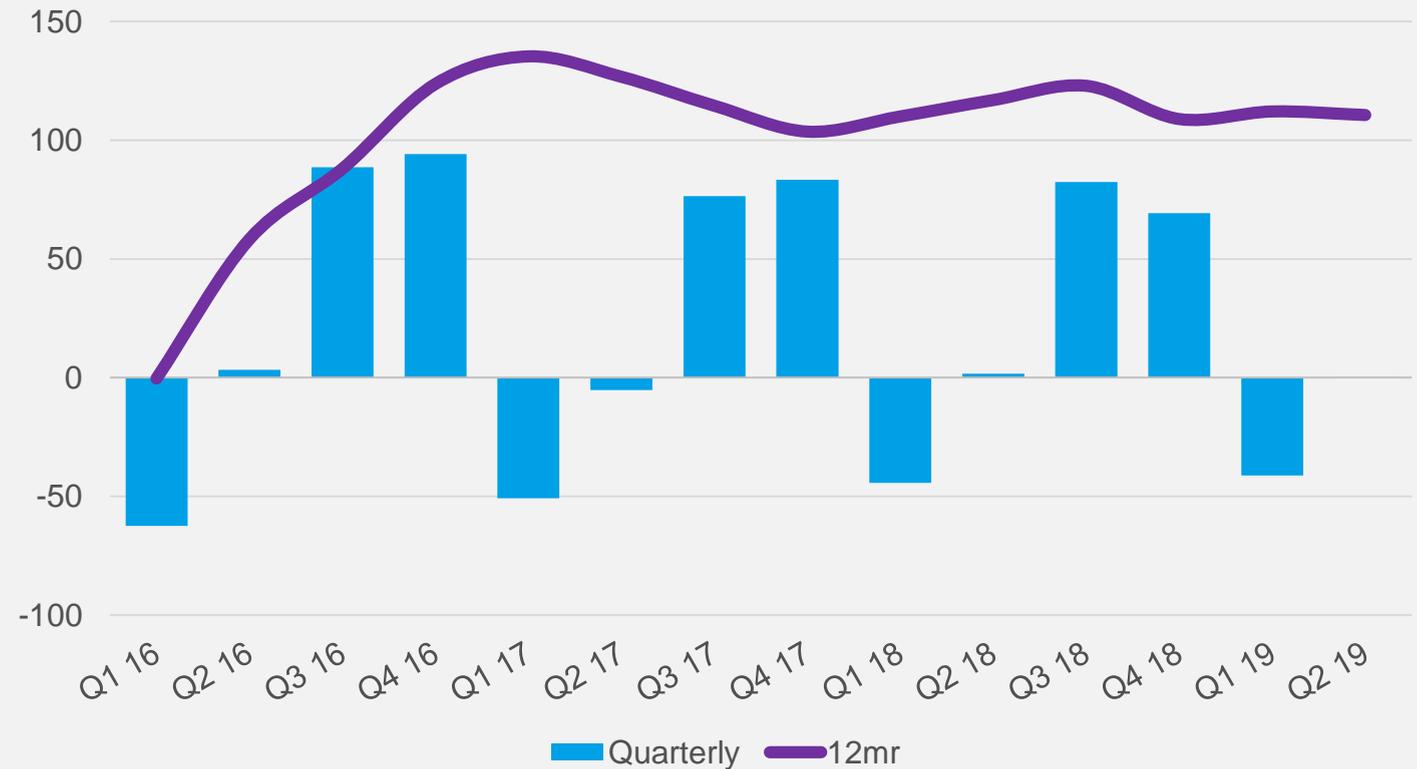
- Currently approx. 50%

Assumptions for key cash flow elements for 2019

- Businesses acquired in 2018
- Lower net financing costs
- Stable working capital
- Stable capex

Free cash flow

EUR million



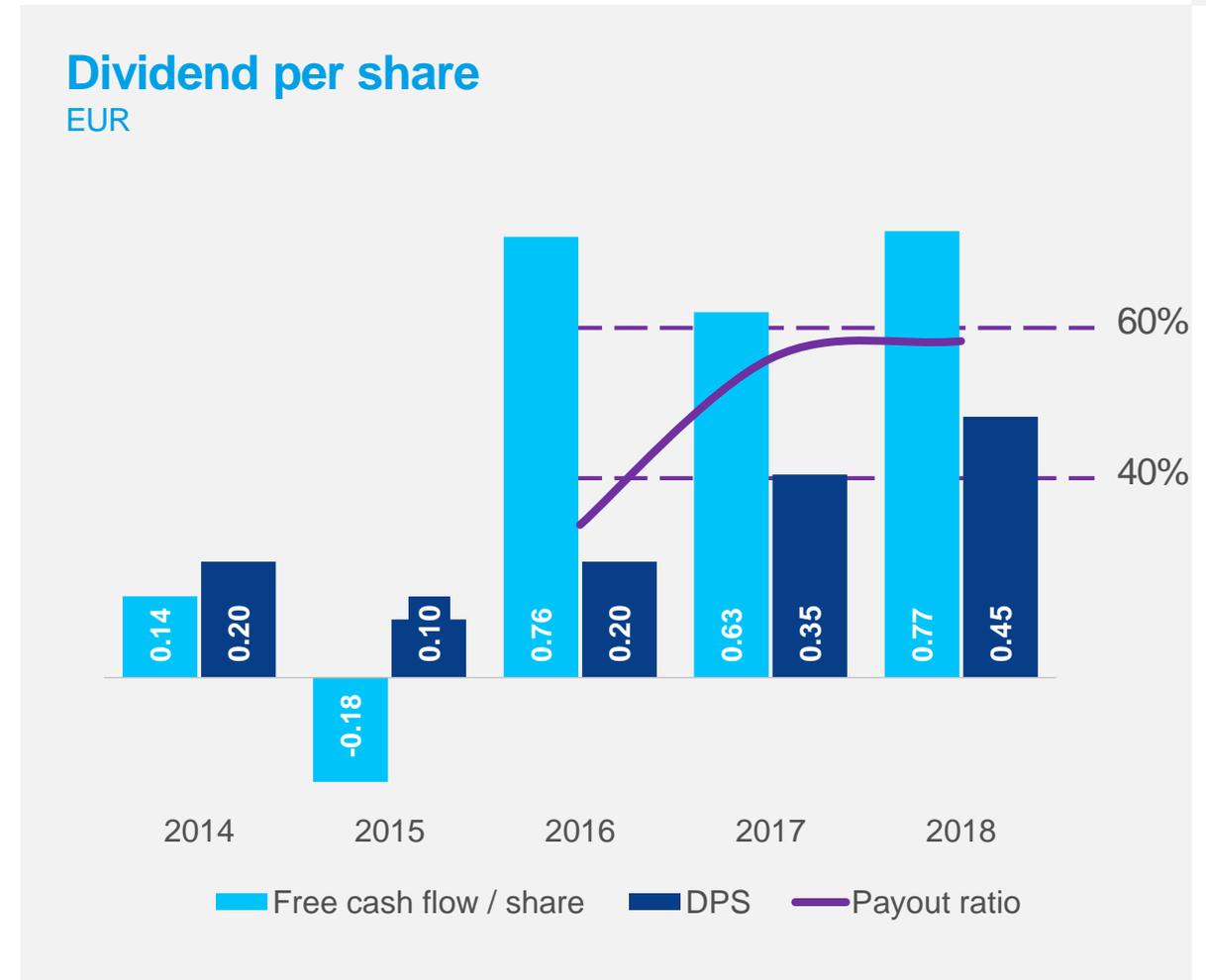
Free cash flow = Cash flow from operations less capital expenditure

We are fully committed to our dividend policy

Dividend policy:

Sanoma aims to pay an increasing dividend, equal to 40–60% of annual free cash flow.

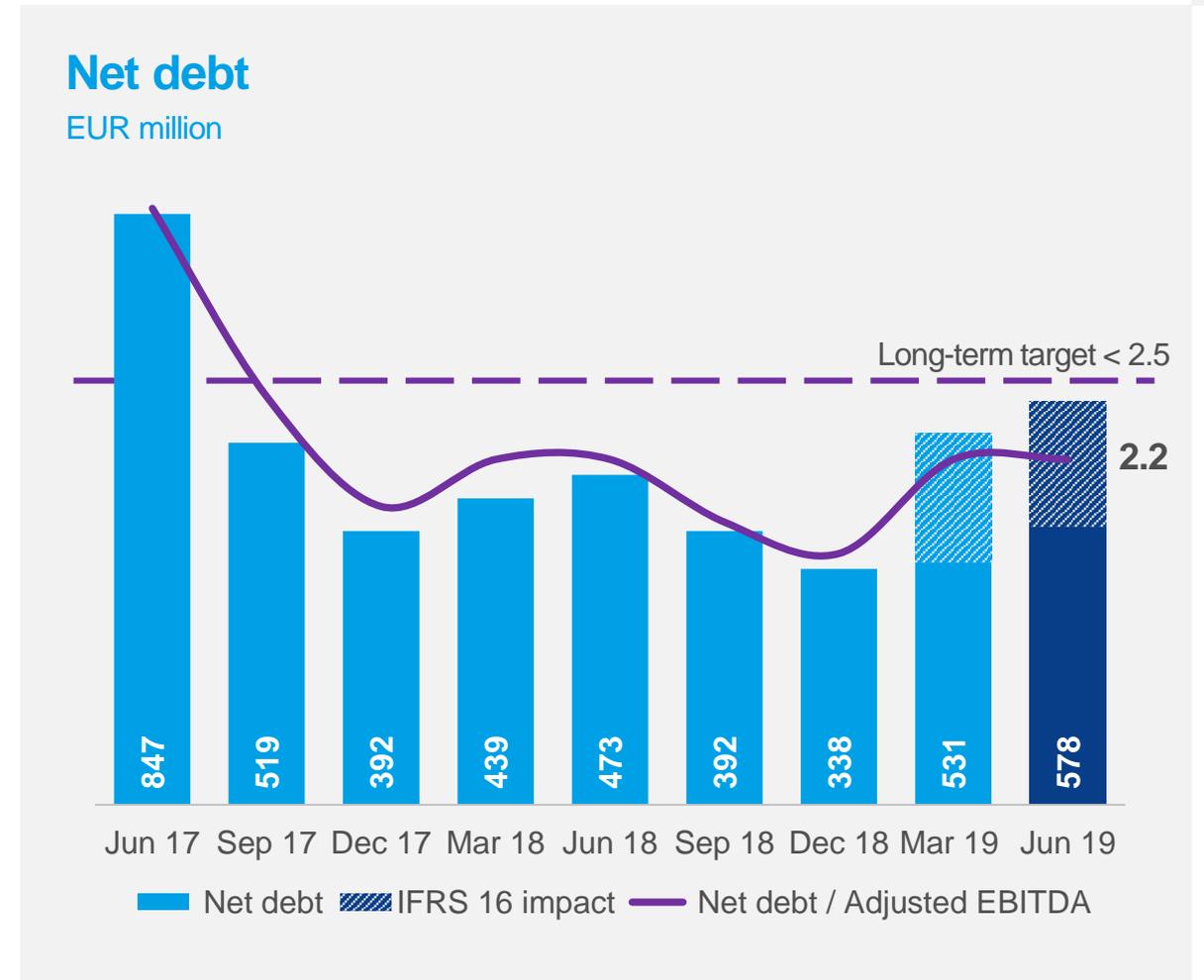
- A dividend of EUR 0.45 per share for 2018
 - 58% of free cash flow (excl. one-off costs related to the divestment of Belgian women's magazine portfolio)
 - Paid in two parts: EUR 0.25 in April and EUR 0.20 in November



Solid balance sheet allows acquisitions

At the end of Q2 2019

- Net debt to adjusted EBITDA 2.2 (2018: 2.1)
 - Increase of 0.5 due to implementation of IFRS 16
- Net debt EUR 578 million (2018: 473)
 - Increase of EUR 179 million due to IFRS 16
- Equity ratio 37.2% (2018: 36.6%)
 - Increase of 4.6%-points due to IFRS 16
- Acquisition of Iddink is expected to temporarily increase leverage above the long-term target level
 - Committed acquisition finance in place, EUR 250 million 4-year term loan



Growth opportunities through M&A across businesses

Focus on selective growth

- › Synergistic bolt-on acquisitions
- › Organic growth initiatives
- › Active portfolio management

Learning

- › Educational publishing business in current markets
- › Educational publishing business in new markets
- › Adjacent business in current geographic markets

Media Finland

- › Entertainment
- › News, feature and lifestyle
- › B2B advertising and marketing services

Media Netherlands

- › News & data
- › Creating 360 media brands

Iddink provides Sanoma Learning a platform for future growth

- Sanoma becomes a leading educational platform and service provider in the Netherlands
 - Increases the scale for investments in customers and platforms
 - Enables development of seamless digital learning solution for pupils, parents, teachers and schools, benefitting the whole value chain
- The acquisition strengthens our position in Belgium and expands the footprint into Spain
- Iddink's net sales were EUR 142 million and operational EBITDA EUR 24 million in 2018 (Dutch GAAP)
 - Purchase price EUR 277 million and an EV / Operational EBITDA multiple of 10-11x
 - Closing expected mid-September
 - Expected annual synergies of EUR 6 million to be realised in full within 3 years
- The acquisition increases Learning's share of Sanoma's business and improves revenue visibility

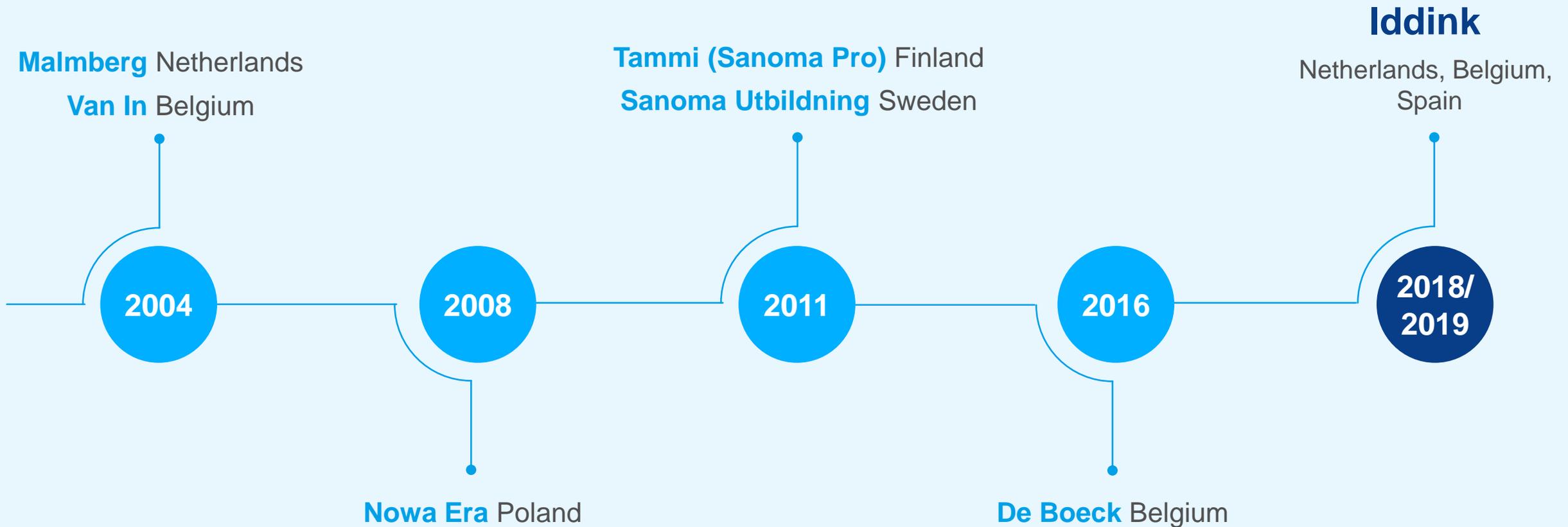
Iddink in brief

- Net sales EUR 142 million and operational EBITDA EUR 24 million (incl. rental book depreciation of EUR 16 million) in 2018
- Operations in the Netherlands, Belgium and Spain
- In the Dutch market, Iddink provides educational platforms and services both for secondary and vocational education and operates in three business areas:
 - Distribution of printed and digital learning methods with strong rental book sales
 - Student information systems, Magister and Eduarte
 - Data analytics and learning solutions
- 300 employees, about half of them working in educational technology
- Strong and experienced management team, committed to continue at Sanoma Learning

Iddink strengthens Sanoma's position as a leading European learning company



Sanoma Learning is successfully built through M&A



SANOMA AS AN INVESTMENT:

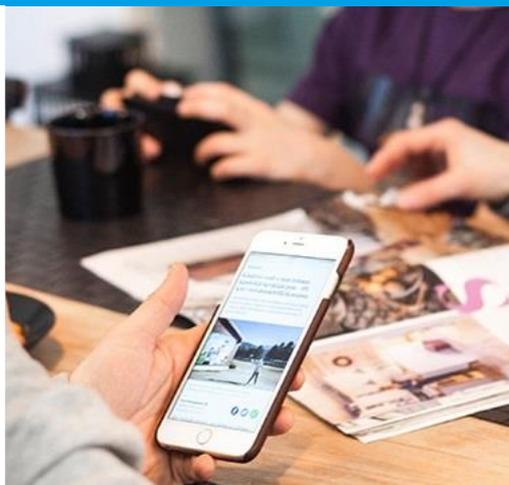
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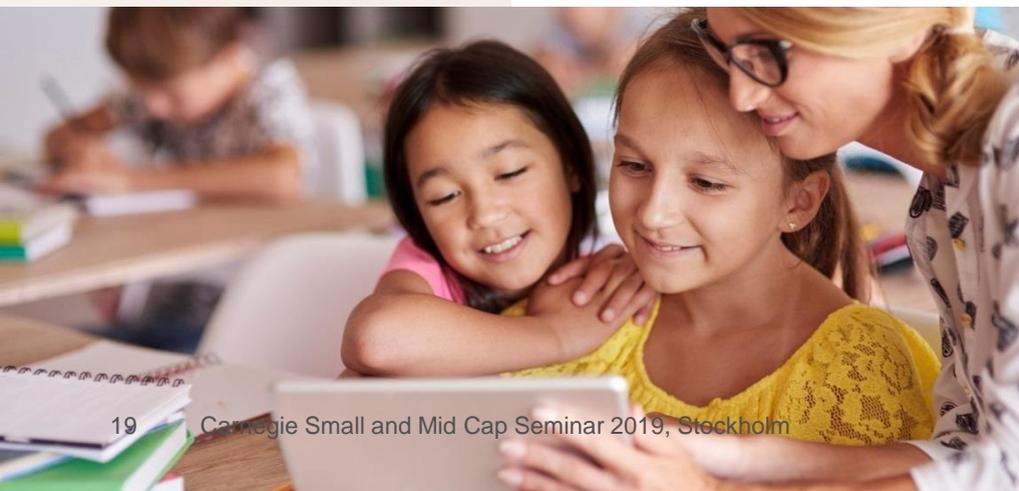
Growing dividends



Strong and balanced business portfolio



Continued focus on selective growth



Solid profitability and improving cash flow



Equity ratio and leverage within long-term target

A young girl with brown hair and blue eyes, wearing a bright yellow sweater, is sitting at a desk in a classroom. She has her right arm raised high, and she is smiling slightly. In the background, other children are also raising their hands, and the classroom has a warm, yellowish-green wall. A white rectangular box is overlaid on the left side of the image, containing the text 'Q&A'.

Q&A