Q3 2019 Interim Report:

Operational EBIT stable, margin improved in Q1-Q3

Susan Duinhoven, President & CEO
Markus Holm, CFO & COO

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Highlights of Q1-Q3 2019

Net sales	Operational EBIT excl. PPA	Operational EBIT excl. PPA, margin	Free cash flow	Net debt / Adj. EBITDA
M€ 974	**M€ 184**	**18.9%**	**M€ 56**	**2.8**
(2018: 1,017)	(2018: 186)	(2018: 18.3%)	(2018: 40)	(2018: 1.6)

- Net sales were stable in Learning and Media Finland and declined in Media Netherlands due to divestments; comparable net sales development of the Group was -3% (2018: -3%)
- Operational EBIT excl. PPA was at the previous year's level, margin improved
- Free cash flow positively impacted by IFRS 16
- Leverage increased by 0.9 as a result of the Iddink acquisition, and by 0.4 due to IFRS 16
- Outlook for 2019 operational EBIT margin excl. PPA was improved to "above 15%" on 13 September

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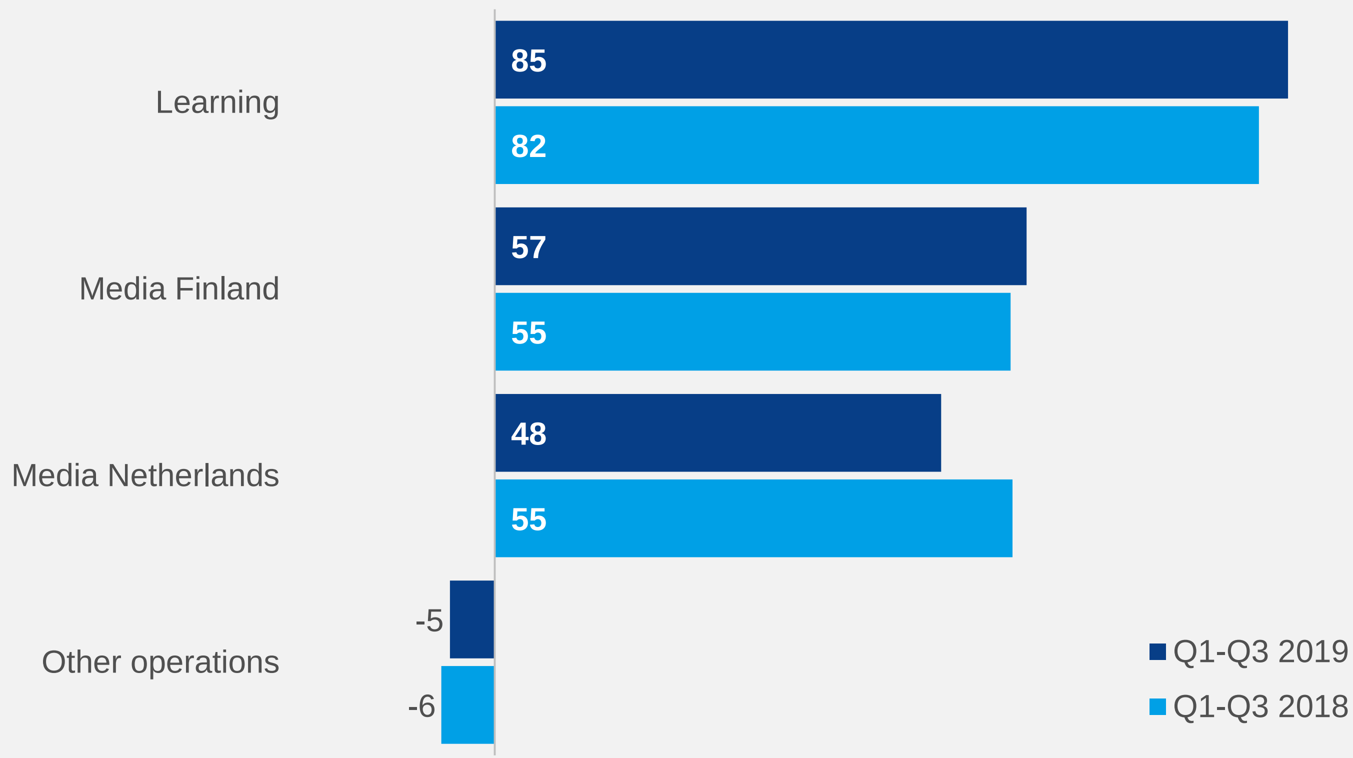
Earnings improved in Learning and Media Finland in Q1-Q3

- **Learning**: Earnings grew in line with net sales and benefits of the "High Five" programme as well as more favourable business mix
- **Media Finland**: Solid earnings with stable net sales
- **Media Netherlands**:
  - Divestments resulted in lower reported net sales and operational EBIT
  - Operational EBIT impacted by comparable net sales decline of 5%

Q1-Q3 2019 Operational EBIT excl. PPA by SBU

EUR million



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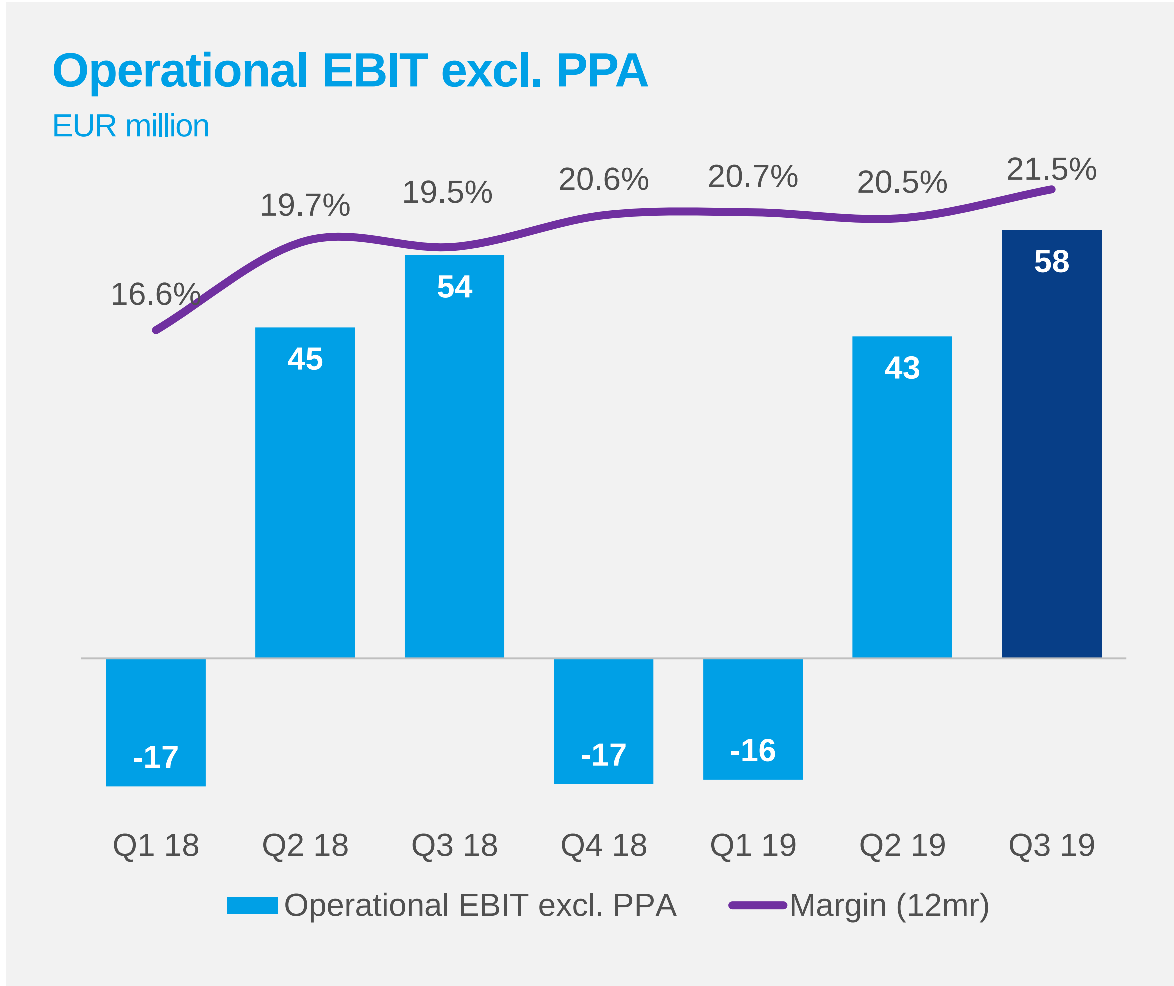
Learning Q1-Q3 2019: Solid performance

- Net sales stable at EUR 275 million (2018: 274)
  - Growth in Belgium and Poland driven by good demand, partially accelerated by curriculum renewals
  - The Netherlands at the previous year's level
  - In Finland lower demand after the ending of the curriculum renewal as well as increasing share of digital learning materials, where sales is recognized throughout the year
- Operational EBIT excl. PPA improved to EUR 85 million (2018: 82)
  - Benefits of the "High Five" programme
  - More favourable business mix in Poland with lower share of distribution sales
- The acquisition of Iddink was completed on 13 Sep 2019
  - Iddink will be reported as part of Sanoma Learning SBU as of 1 October 2019



Finnish advertising market stable for the first nine months

Finnish measured media advertising markets

	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
Newspapers	**-12%**	-2%	-7%	-12%	-8%	-13%	-12%	**-11%**
Magazines	**-8%**	-2%	-5%	-2%	-3%	-10%	-7%	**-5%**
TV	**-5%**	1%	-7%	-1%	1%	1%	1%	**0%**
Radio	**6%**	10%	7%	4%	2%	11%	-4%	**4%**
Online *	**6%**	9%	2%	2%	2%	3%	7%	**3%**
Total market *	**-2%**	**5%**	**-2%**	**-2%**	**-1%**	**-3%**	**-2%**	**-2%**

- In Q3 2019, the market declined by 2%
- In Q1-Q3 2019, Finnish advertising accounted for 19% of the Group's net sales
  - 25% of this was print advertising

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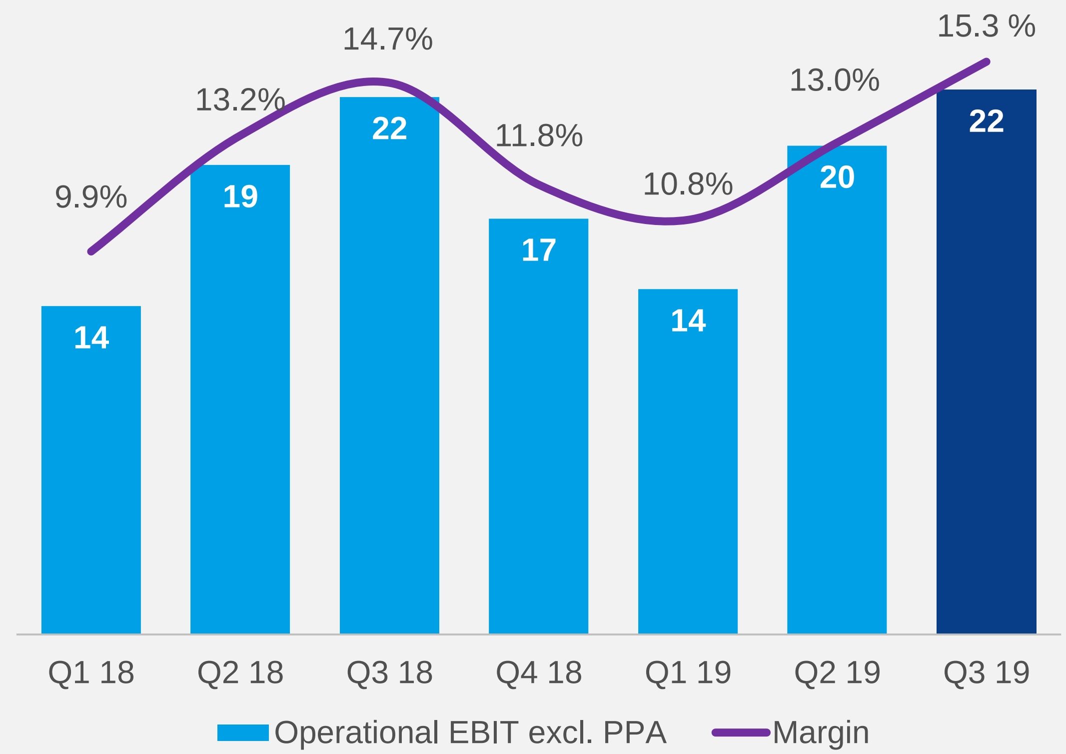
Source: Kantar TNS, Media Advertising Trends, September 2019. * Excl. search and social media

Media Finland Q3 2019: Digital subscription and advertising sales continued to grow, profitability improved

- Net sales declined slightly to EUR 147 million (2018: 151)
  - Digital subscription sales of Ruutu+ and Helsingin Sanomat (HS) grew, partially compensating continued decline in print subscription sales
  - Advertising sales stable, decline in print largely offset by good development in digital and video esp. in Ilta-Sanomat (IS)
  - Single copy sales of lifestyle magazines grew supported by some additional issues and the decline in VAT
  - Net sales of the events business declined in Q3 but grew in Q1-Q3
- Operational EBIT at the previous year's level, margin improved
  - Improved profitability of the events business
  - Paper and distribution costs declined due to lower print volumes
- A combined News & Feature business unit started on 1 October
  - Combines news brands HS and IS with seven magazine brands to facilitate sharing of content for the digital audience

Operational EBIT excl. PPA

EUR million



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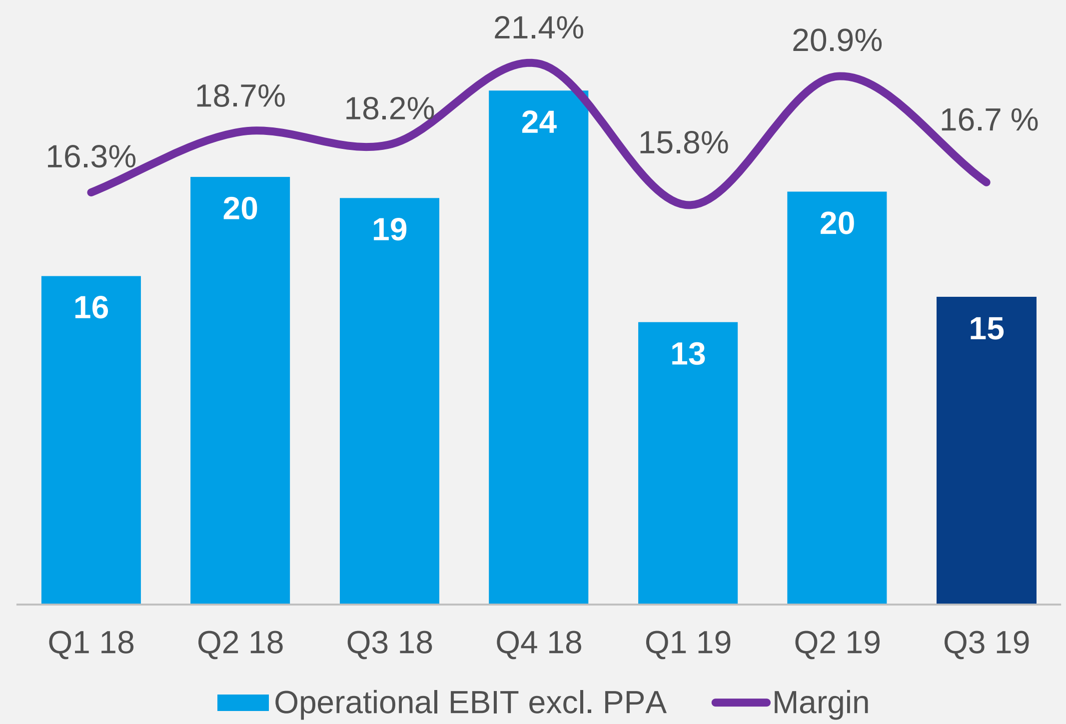
Media Netherlands Q3 2019: Divestments had an impact on reported financials

- Net sales declined to EUR 87 million (2018: 106)
  - Impact of EUR -14 million due to divestments *
  - Digital advertising sales and time spent of online news site NU.nl grew, while sales of cashback service Scoupy were lower due to pruning of its product portfolio
  - Circulation sales continued to be impacted by the increase in the VAT of magazines as of 1 January
  - Number of issues published lower, impacting both circulation and print advertising sales
- Earnings declined partially as a result of divestments
  - Further adverse impact by lower comparable net sales
  - Additional spending in NU.nl and the subscription based magazine application Tijdschrift.nl

* Divestments of LINDA. magazine, Head Office content marketing operations in Belgium and discontinuation of Home Deco e-commerce operations

Operational EBIT excl. PPA

EUR million



Outlook for 2019 improved on 13 September

In 2019, Sanoma expects that the Group’s

- **Comparable net sales will be in line with 2018**
- **Operational EBIT margin excl. PPA * will be above 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.

* Operational EBIT margin excluding purchase price allocation amortisations

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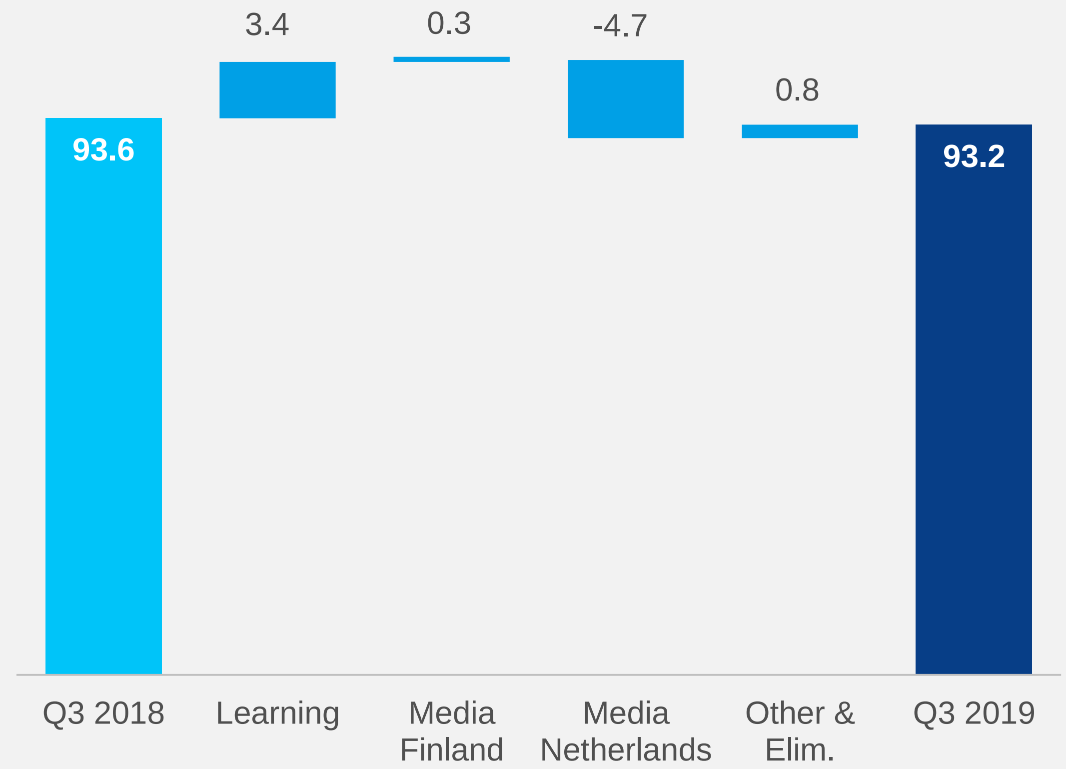
Financials

Group's Q3 2019 operational earnings stable

Learning	+	More favourable business mix in Poland with lower share of distribution sales
	+	Net sales growth in Poland and Belgium
	+	Benefits of the "High Five" programme
	-	Slightly higher amortisations
Media Finland	+	Improved profitability of the events business
	+	Lower paper, distribution and marketing costs
	-	TV programme amortisations increased due to timing differences vs. PY
Media Netherlands	-	Divestments
	-	Lower comparable net sales
	-	Additional spending in NU.nl and Tijdschrift.nl
	-	Low marketing, personnel and other fixed expenses in Q3 18

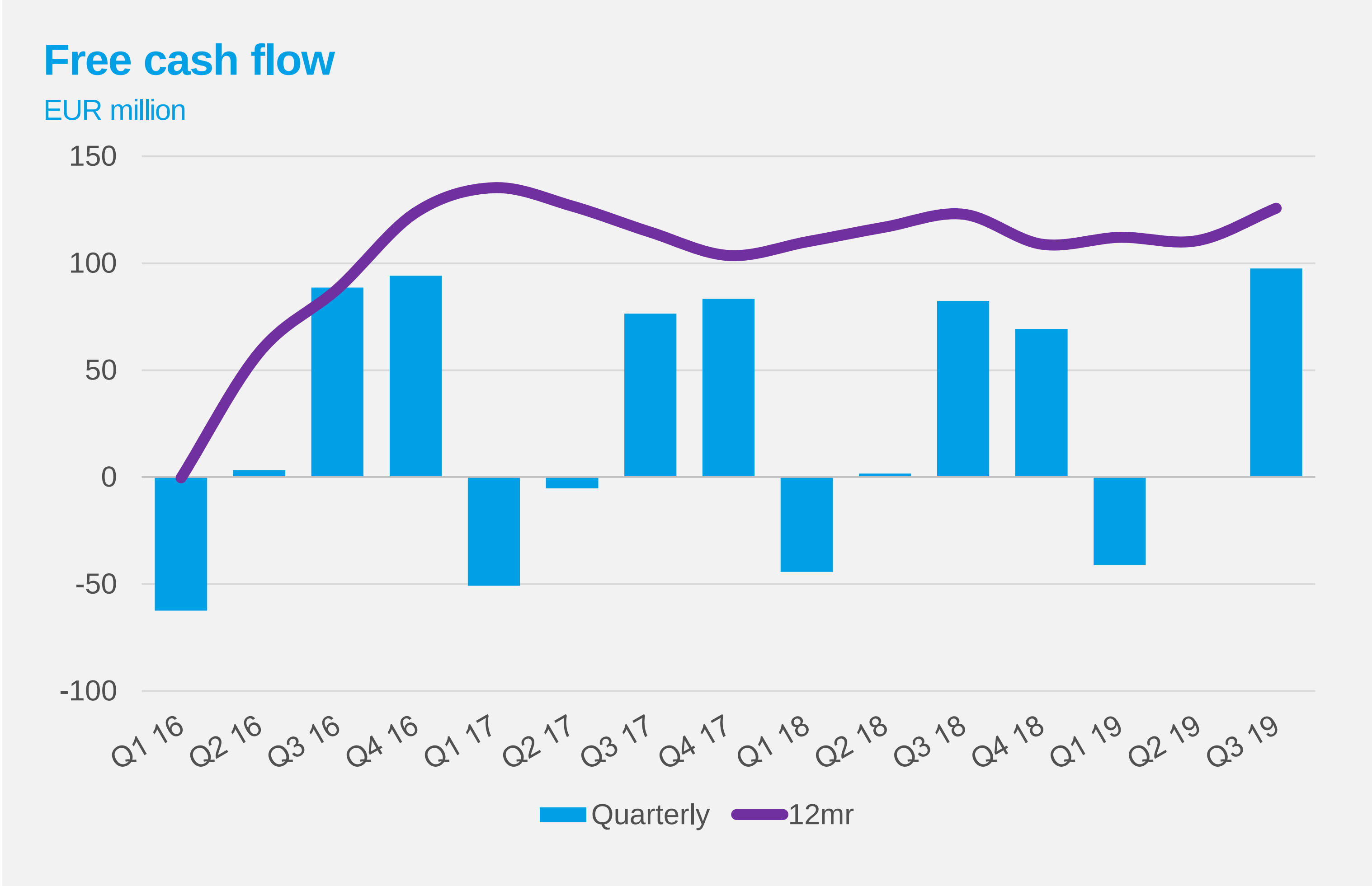
Operational EBIT excl. PPA Q3 19 vs. Q3 18

EUR million



Good development of rolling free cash flow

- Q1-Q3 free cash flow improved to EUR 56 million (2018: 40)
  + Implementation of the IFRS 16 standard improved the free cash flow by EUR 18 million
  – EUR 10 million settlement of a rental contract related to Discontinued operations divested in June 2018 in Belgium
  – Cost related to changes in IT infrastructure and services across the Group



Free cash flow = Cash flow from operations less capital expenditure

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Net debt higher due to Iddink acquisition and IFRS 16

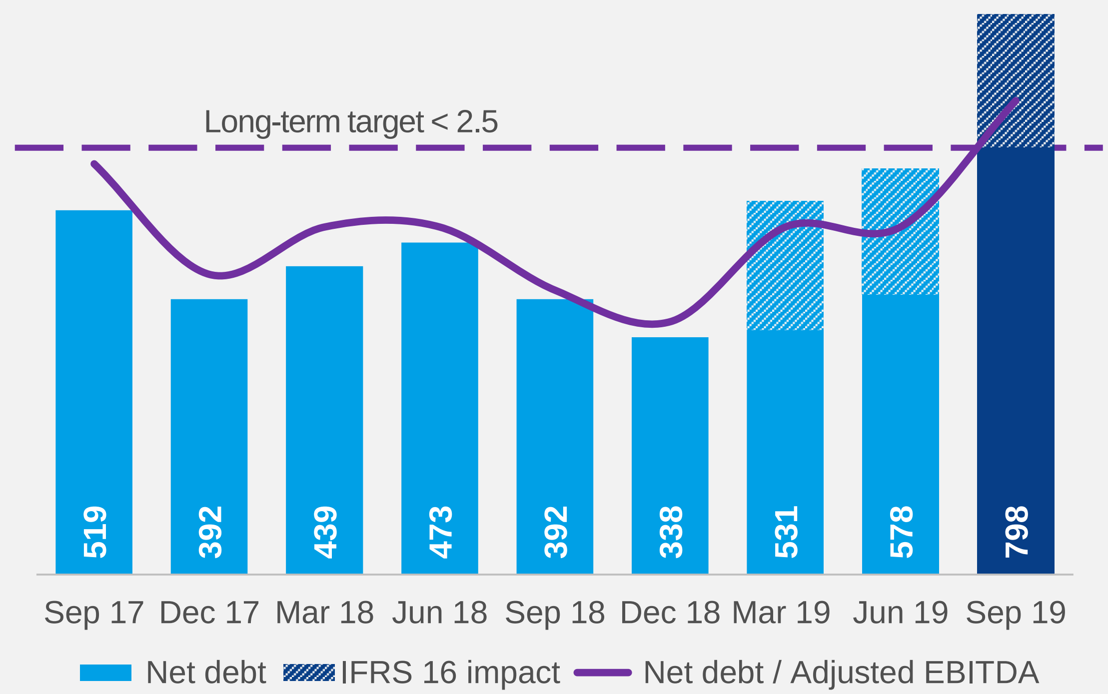
	Q3 18	Q3 19	IFRS 16 impact
Net debt	392	798	+189
Net debt / Adj. EBITDA	1.6	2.8	+0.4
Equity ratio	40.9%	33.8%	-3.6pp

- EUR 250 million 4-year term loan (part of the syndicated facility signed in February) was drawn in September to finance the acquisition of Iddink
- Acquisition of Iddink and IFRS 16 impact together temporarily raised the net debt / Adj. EBITDA above the long-term target level

Summary of key impacts of the implementation of IFRS 16 on P/L, BS and CF is available in the Appendix, p. 30.

Net debt

EUR million



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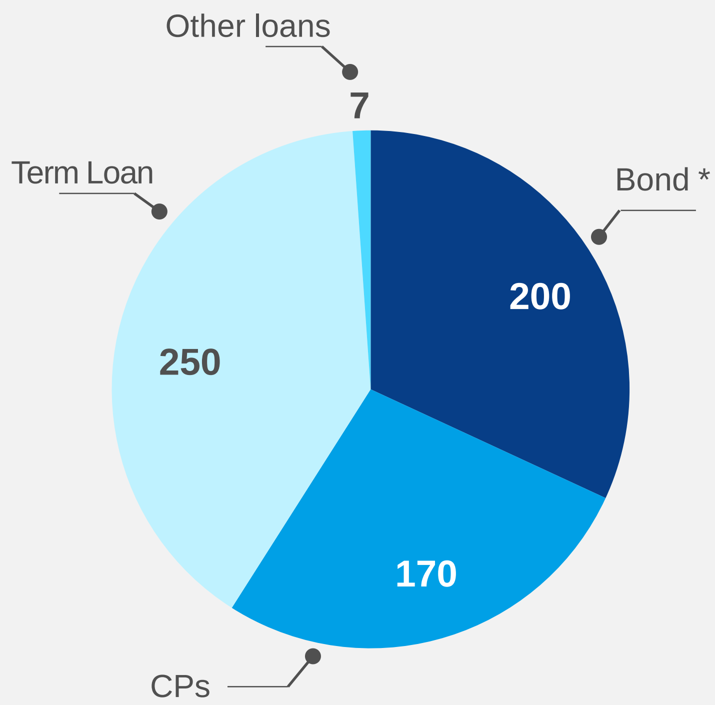
EUR 200 million bond to be repaid in November

- EUR 200 million bond to be repaid at the end of November
  - To be replaced with more flexible debt instruments
  - Expected to significantly reduce financial expenses going forward
- Q1-Q3 2019 net financial items EUR -18 million (2018: -14)
  - Incl. IFRS 16 impact of EUR -5 million
- Average interest rate 2.7% (2018: 2.4%)

Debt structure

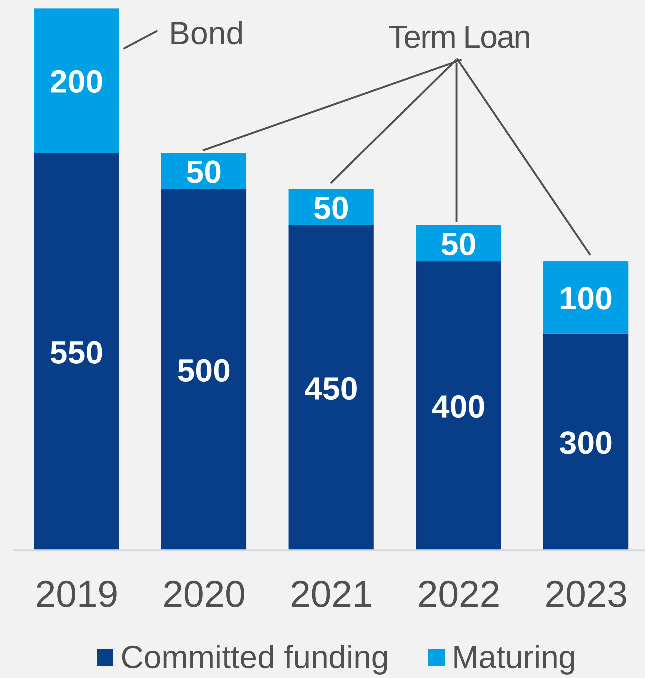
EUR million, 30 September 2019



* Book value EUR 199 million

Maturity profile

EUR million, 30 September 2019



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Second dividend instalment will be paid on 4 November

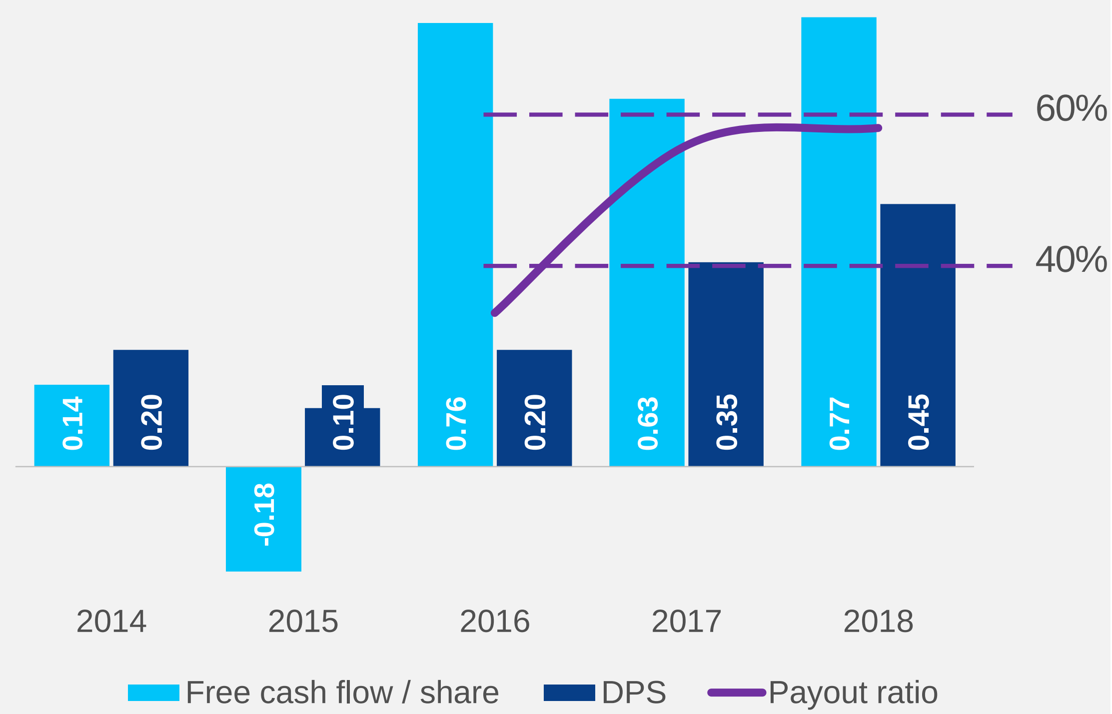
- Second dividend instalment of EUR 0.20 per share will be paid on 4 November
  - Record date 28 October
- Total dividend for 2018 EUR 0.45 per share
  - 1st instalment was paid in April
  - Payout ratio 58% of free cash flow (excl. one-off costs related to the divestment of the Belgian women's magazine portfolio

Dividend policy:

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

When proposing a dividend to the AGM, the Board of Directors will look at the general macro-economic environment, Sanoma's current and target capital structure, future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.

Dividend per share
EUR



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SAVE THE DATE

Analyst and Investor Update

18 December 2019 approx. at 9-12 EET incl. lunch at Helsinki city centre

Presentations by the Group CEO and CFO will provide more information the Learning business and financials after the Iddink acquisition

Invitations to be sent in November

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

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Financial reporting in 2020

7 February	Full-Year Result 2019
Week 10	Financial Statements and Directors’ Report 2019
25 March	Annual General Meeting 2020
29 April	Q1 2020 Interim Report
24 July	Q2 2020 Interim Report
29 October	Q3 2020 Interim Report


Voorpagina
36°
TV Gids
0 live
22 km
581,35
Rijen
gem. Gilze en Rijen
Warmterecord na een dag verpulverd: 40,4 graden in Gilze en Rijen
Dit weten we over het tankbedrijf achter de storing op Schiphol
Liveblog
KNMI trekt melding '41,7 graden' in, desondanks nieuw hitterecord
Net binnen

Q&A


Ouders van nu
OUT OF OFFICE
Papa neemt 3 maanden verlof
'OKÉ, NOG EENTJE DAN'
En toen kregen ze een drieling
EEN RECHTSE VAN JE KIND?
Zo reken je af met peuteragressie
DENK NIET ROZE/BLAUW
De voordelen van genderneutraal opvoeden

Appendix

Group key figures Q3 2019

EUR million	Q3 2019	Q3 2018
Net sales	**372.2**	393.0
Operational EBIT excl. PPA *	**93.2**	93.6
margin	**25.0%**	23.8%
EBIT	**83.0**	88.9
Result for the period [1]	**59.2**	67.6
Free cash flow [1]	**97.5**	82.4
Equity ratio [1]	**33.8%**	40.9%
Net debt [1]	**797.8**	391.9
Net debt / Adj. EBITDA [1]	**2.8**	1.6
Average number of employees (FTE)	**4,399**	4,453

* PPA = Purchase price allocation

[1] Including continuing and discontinued operations

EUR	Q3 2019	Q3 2018
Operational EPS, continuing operations	**0.39**	0.42
Operational EPS [1]	**0.39**	0.42
EPS, continuing operations	**0.35**	0.41
EPS [1]	**0.35**	0.41
Free cash flow per share [1]	**0.60**	0.50

Impacts of the implementation of IFRS 16 are available on p. 30.

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Group key figures Q1-Q3 2019

EUR million	Q1-Q3 2019	Q1-Q3 2018
Net sales	**973.9**	1,017.4
Operational EBIT excl. PPA	**184.1**	186.0
margin	**18.9%**	18.3%
EBIT	**167.7**	167.9
Result for the period [1]	**116.6**	130.5
Free cash flow [1]	**56.3**	39.6
Equity ratio [1]	**33.8%**	40.9%
Net debt [1]	**797.8**	391.9
Net debt / Adj. EBITDA [1]	**2.8**	1.6
Average number of employees (FTE)	**4,399**	4,453

EUR	Q1-Q3 2019	Q1-Q3 2018
Operational EPS, continuing operations	**0.73**	0.77
Operational EPS [1]	**0.73**	0.78
EPS, continuing operations	**0.71**	0.71
EPS [1]	**0.71**	0.79
Free cash flow per share [1]	**0.35**	0.24

Impacts of the implementation of IFRS 16 are available on p. 30.

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[1] including continuing and discontinued operations

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 [1, 2]	**44.7%**	38.2%
Net debt [1, 2]	**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

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[1] Including continuing and discontinued operations [2] 2017 not adjusted for the SBS divestment

Iddink reported financials for 2018

Preliminarily adjusted for IFRS, unaudited

Key quarterly income statement figures

EUR million	**Q2 19**	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
Net sales	**20.6**	18.9	23.8	82.5	18.8	16.6	141.7
Incl. Group internal sales	**7.9**	0.2	0.3	4.9	11.6	0.1	16.9
EBITDA	**9.0**	8.1	6.8	16.9	7.6	8.4	39.7
Depreciation and amortisation*	**7.9**	7.9	7.5	7.3	7.4	7.3	29.4
Reported EBIT	**1.1**	0.2	-0.7	9.6	0.3	1.1	10.3
Items affecting comparability	**0.0**	0.0	-0.4	-0.4	-1.3	-0.9	-3.0
PPA amortisations	**-1.7**	-1.7	-1.7	-1.7	-1.7	-1.7	-6.8
Operational EBIT excl. PPA	**2.8**	1.9	1.4	11.7	3.3	3.7	20.1

* Incl. rental book depreciations of EUR 16.6 million in 2018.

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Iddink reported financials for 2018

Preliminarily adjusted for IFRS, unaudited

Key balance sheet figures

EUR million	**30 Jun 2019**	31 Dec 2019
Non-current assets (incl. rental books)	211.1	214.3
Current assets	26.4	25.6
Total assets	**237.5**	239.9
Total equity	83.7	85.4
Liabilities*	153.9	154.5
Total equity and liabilities	**237.5**	239.9

* Excluding IFRS 16 impact

Learning: Quarterly key figures

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	**138.4**	105.4	31.4	39.8	136.3	108.3	28.9
Operational EBIT excl. PPA	**57.6**	43.3	-16.3	-16.9	54.2	44.5	-17.2
margin	**41.6%**	41.1%	-51.9%	-42.6%	39.8%	41.1%	-59.3%
EBIT	**52.4**	41.3	-18.2	-20.0	52.1	42.4	-18.4
Capital expenditure	**4.7**	5.2	3.8	6.8	5.2	4.3	3.5
Average number of employees (FTE)	**1,398**	1,361	1,355	1,351	1,350	1,352	1,353

Media Finland: Quarterly key figures

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	**146.5**	154.5	131.6	144.5	150.7	146.2	137.0
Operational EBIT excl. PPA	**22.4**	20.1	14.2	17.1	22.1	19.3	13.5
margin	**15.3%**	13.0%	10.8%	11.8%	14.7%	13.2%	9.9%
EBIT	**19.7**	15.4	10.0	9.9	19.8	20.5	11.6
Capital expenditure	**0.9**	1.2	0.7	1.1	0.7	0.5	1.8
Average number of employees (FTE)	**1,811**	1,793	1,764	1,781	1,779	1,742	1,709

Media Netherlands: Quarterly key figures

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	**87.4**	93.6	85.3	113.8	106.0	108.4	95.8
Operational EBIT excl. PPA	**14.6**	19.6	13.4	24.4	19.3	20.3	15.6
margin	**16.7%**	20.9%	15.8%	21.4%	18.2%	18.7%	16.3%
EBIT	**12.8**	17.6	21.5	13.4	19.1	8.7	16.9
Capital expenditure	**0.1**	0.1	0.9	0.8	0.3	0.3	0.9
Average number of employees (FTE)	**914**	937	979	1,059	1,051	1,049	1,054

Group Operational EBIT excl. PPA

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	**83.0**	72.7	11.9	0.6	88.9	70.6	8.4	168.5
Items affecting comparability (IACs)	**-7.2**	-5.2	4.6	-17.0	-2.1	-9.2	0.2	-28.2
PPA amortisations	**-3.0**	-3.0	-2.7	-2.6	-2.6	-2.4	-2.1	-9.6
Operational EBIT excl. PPA	**93.2**	80.8	10.1	20.2	93.6	82.2	10.3	206.2
margin	**25.0%**	22.9%	4.1%	6.8%	23.8%	22.6%	3.9%	15.7%

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Quarterly Operational EBIT excl. PPA by SBU 1/2

Learning

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	**52.4**	41.3	-18.2	-20.0	52.1	42.4	-18.4	56.1
Items affecting comparability (IACs)	**-4.4**	-1.1	-1.1	-2.2	-1.3	-1.3	-0.4	-5.1
PPA amortisations	**-0.8**	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-3.4
Operational EBIT excl. PPA	**57.6**	43.3	-16.3	-16.9	54.2	44.5	-17.2	64.6

Media Finland

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	**19.7**	15.4	10.0	9.9	19.8	20.5	11.6	61.8
Items affecting comparability (IACs)	**-1.5**	-3.6	-3.1	-6.2	-1.4	1.9	-1.5	-7.1
PPA amortisations	**-1.1**	1.1	-1.1	-1.0	-1.0	-0.7	-0.4	-3.2
Operational EBIT excl. PPA	**22.4**	20.1	14.2	17.1	22.1	19.3	13.5	72.0

Quarterly Operational EBIT excl. PPA by SBU 2/2

Media Netherlands

EUR million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	FY 18
EBIT	**12.8**	17.6	21.5	13.4	19.1	8.7	16.9	58.0
Items affecting comparability (IACs)	**-0.7**	-0.9	8.9	-10.3	0.5	-10.8	2.0	-18.5
PPA amortisations	**-1.0**	-1.0	-0.8	-0.7	-0.8	-0.8	-0.8	-3.0
Operational EBIT excl. PPA	**14.6**	19.6	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 Q3 2019 Interim Report

- Main impacts related to the implementation of IFRS 16 standard on key ratios in Q3 2019 and Q1-Q3 2019:

MEUR	Q3 2019	Q1-Q3 2019
Operational EBITDA	+6.8	+19.9
Depreciation	-6.0	-18.1
Operational EBIT excl. PPA	+0.8	+1.8
Net financial expenses	-1.5	-4.5
Net result	-0.5	-2.2
Cash flow from operations	+5.7	+17.5
Cash flow from financing	-5.7	-17.5
Net cash flow	+/-0	+/-0
Net debt		+189.4
Net debt / Adj. EBITDA		+0.4 units
Equity ratio		-3.6%-points

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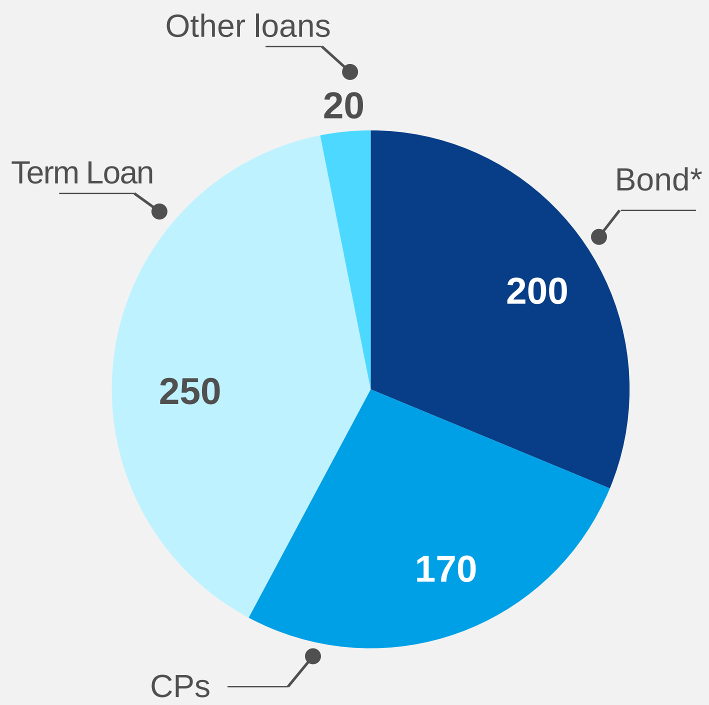
Term loan for Iddink acquisition was raised in September

- Gross external debt EUR 640 million (2018: 425) at the end of Q3 2019
  - Including lease liabilities of EUR 189 million according to IFRS 16
- On 12 Sep 2019 Sanoma withdraw an EUR 250 million four-year Term Loan from its current EUR 550 million Syndicated Facility
  - Annual EUR 50 million repayments
  - Used to finance Iddink acquisition
- EUR 200 million bond maturing in November will be repaid and replaced with more flexible debt instruments

Debt structure

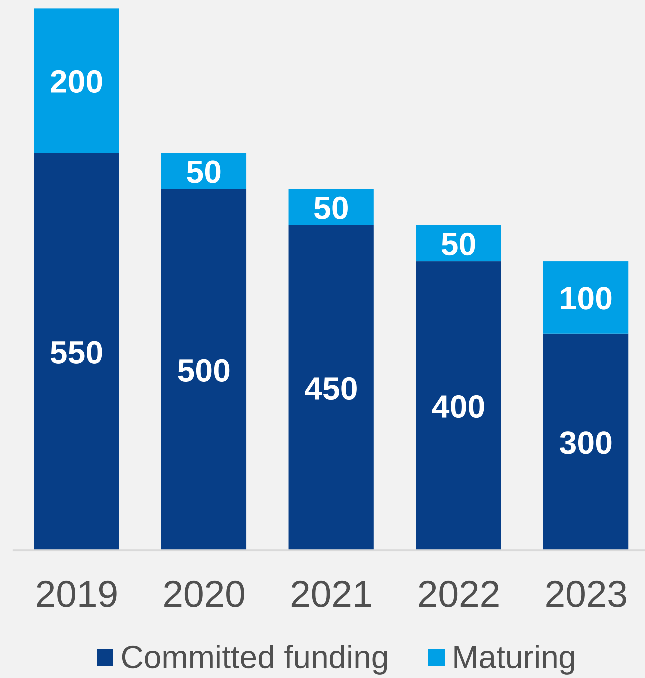
EUR million, 30 September 2019



* Book value EUR 199 million

Maturity profile

EUR million, 30 September 2019



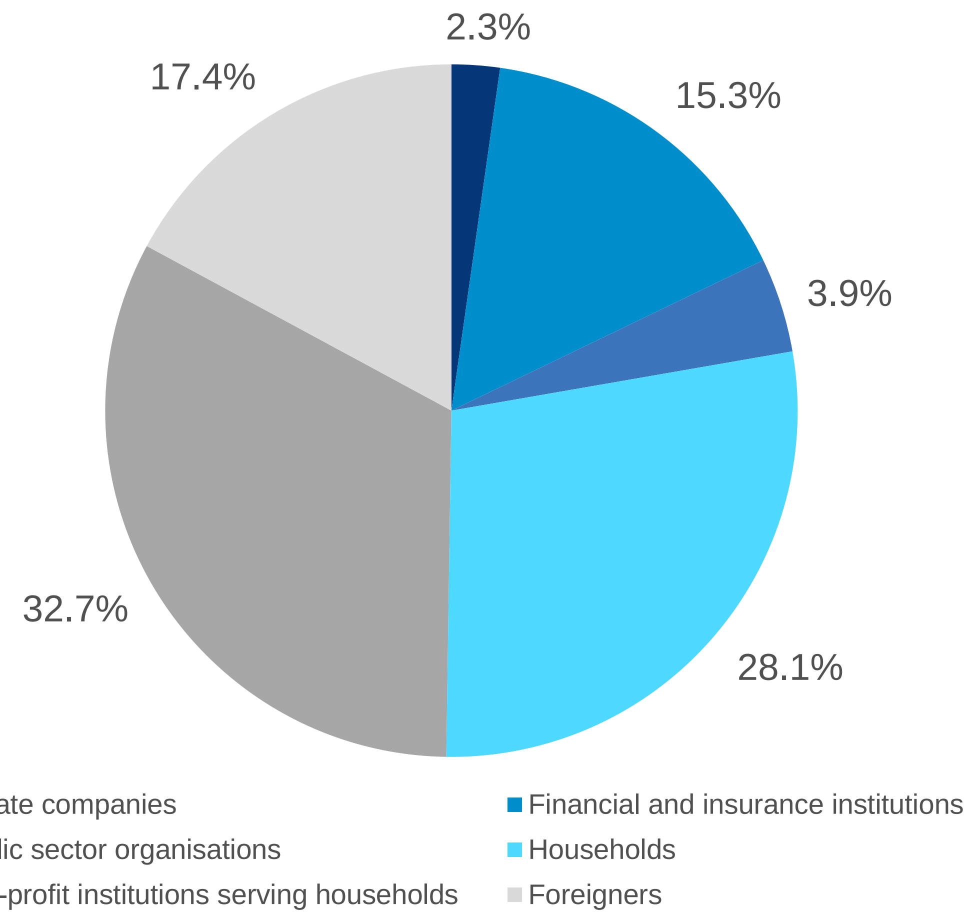
Largest shareholders

30 September 2019

Largest shareholders

	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	**4,482,000**	2.7%
7. Alex Noyer	**1,903,965**	1.2%
8. Foundation for Actors' Old-Age Home	**1,900,000**	1.2%
9. Lorna Aubouin	**1,852,470**	1.1%
10. The State Pension Fund	**1,760,000**	1.1%
10 largest shareholders total	**99,473,832**	**60.9%**
Foreign holding *	**27,989,595**	**17.1%**
Other shareholders	**36,102,236**	**22.0%**
Total number of shares	**163,565,663**	**100.0%**
Total number of shareholders	**20,534**	

Holding by category



* Including nominee registered shares

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