

Two strong businesses, Learning and Media Finland, ready for growth

President and CEO Susan Duinhoven
Group Meeting with Nordea, 28 September 2020

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We have a well-balanced business portfolio with 55% of earnings from the learning business

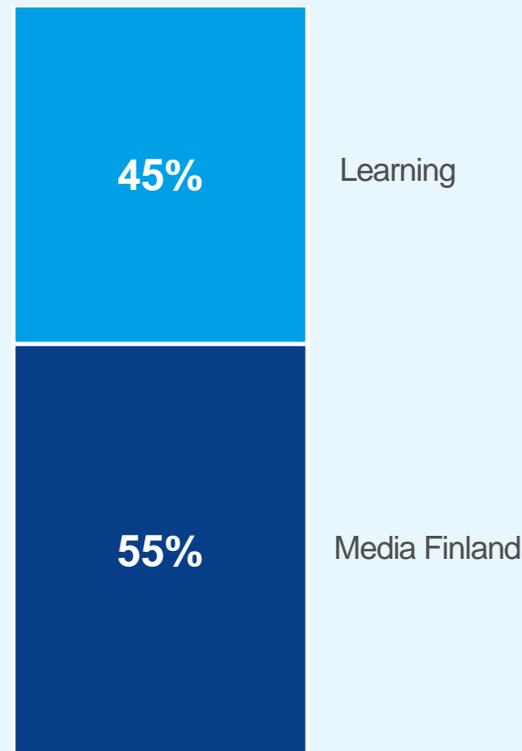
Sanoma Learning

A growing European-based learning company offering blended learning solutions, platforms and educational services

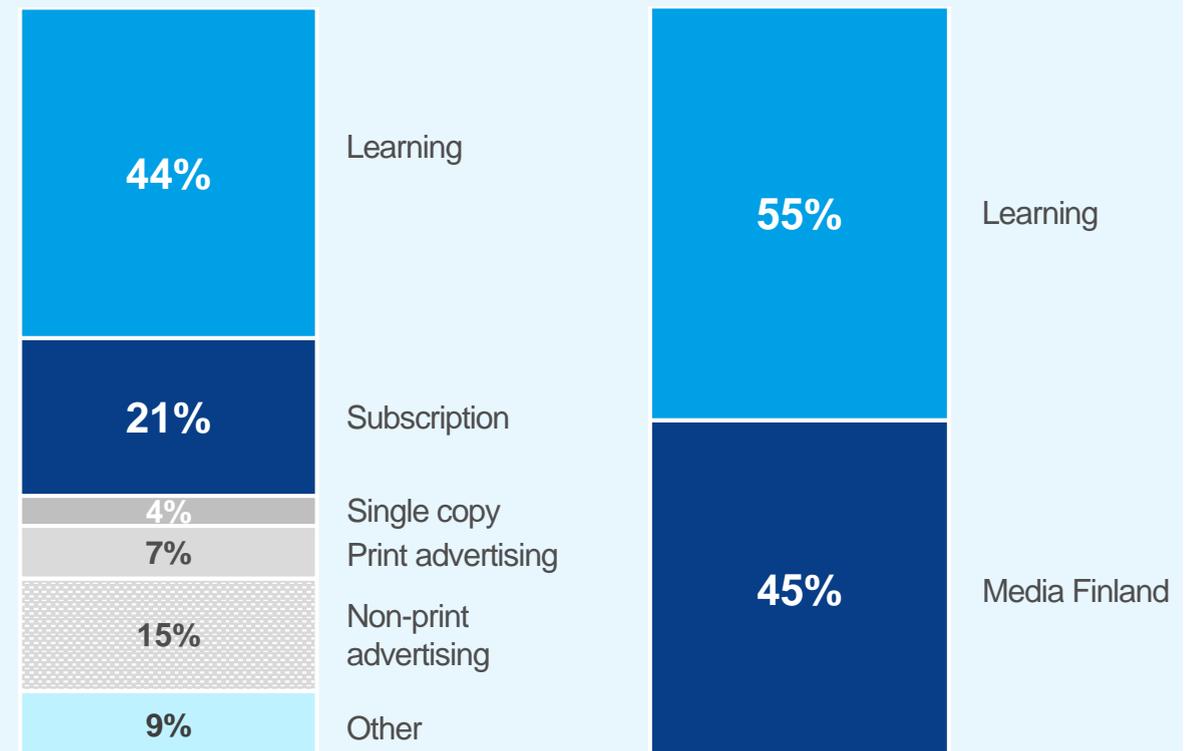
Sanoma Media Finland

The leading cross-media company in Finland focusing on news & feature, entertainment and B2B marketing solutions

Net sales ≈ 1,050m€ *



Operational EBIT excl. PPA ≈ 150m€ *



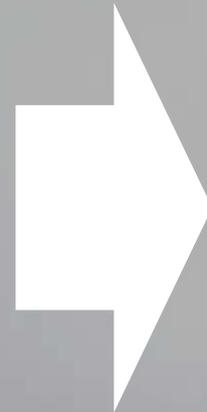
* 2019, pro forma: Incl. Iddink, Essener, itslearning and regional news media business, excl. Media Netherlands and Oikotie

H1 2020: Continued transformation and increasing focus, long-term priorities remain unchanged

Oikotie was divested to Schibsted on 16 July for an EV of 185m€ and an EV/EBITDA multiple of 19.6*

Divestment of Media Netherlands was completed on 20 April for an EV of 460m€

Acquisition of Alma Media's regional news media business was completed on 30 April



**400-500m€
headroom
for M&A**

**Focus on
growing esp.
the learning
business**

**We remain
committed to
our long-term
financial
targets**

Oikotie was divested to Schibsted for an EV of 185m€

- Divestment of Oikotie, the leading online classifieds player in Finland, was announced and closed on 16 July
- EV 185m€, corresponding to EV/EBITDA multiple of 19.6 ¹⁾
- Evaluation of strategic options for Oikotie announced on 11 February concluded that consolidation of the market creates value for advertisers, consumers and Oikotie business
 - Experienced international player can add more innovation and share technology
- Media Finland's focus fully on news & feature, entertainment and B2B marketing solutions
- Sanoma has 400-500m€ headroom for future M&A primarily in Learning business
- A non-cash capital gain of approx. 163m€ including divestment-related transaction costs of approx. 3m€ to be booked as IAC in Media Finland's Q3 2020 result



H1 2020: Learning on track towards full year targets, advertising sales declined due to corona pandemic

Net sales

434m€

(2019: 423)

Comparable net sales growth

-8%

(2019: -2%)

Operational EBIT excl. PPA

45m€

(2019: 56)

Free cash flow

-65m€

(2019: -41)

Net debt / Adj. EBITDA

2.6

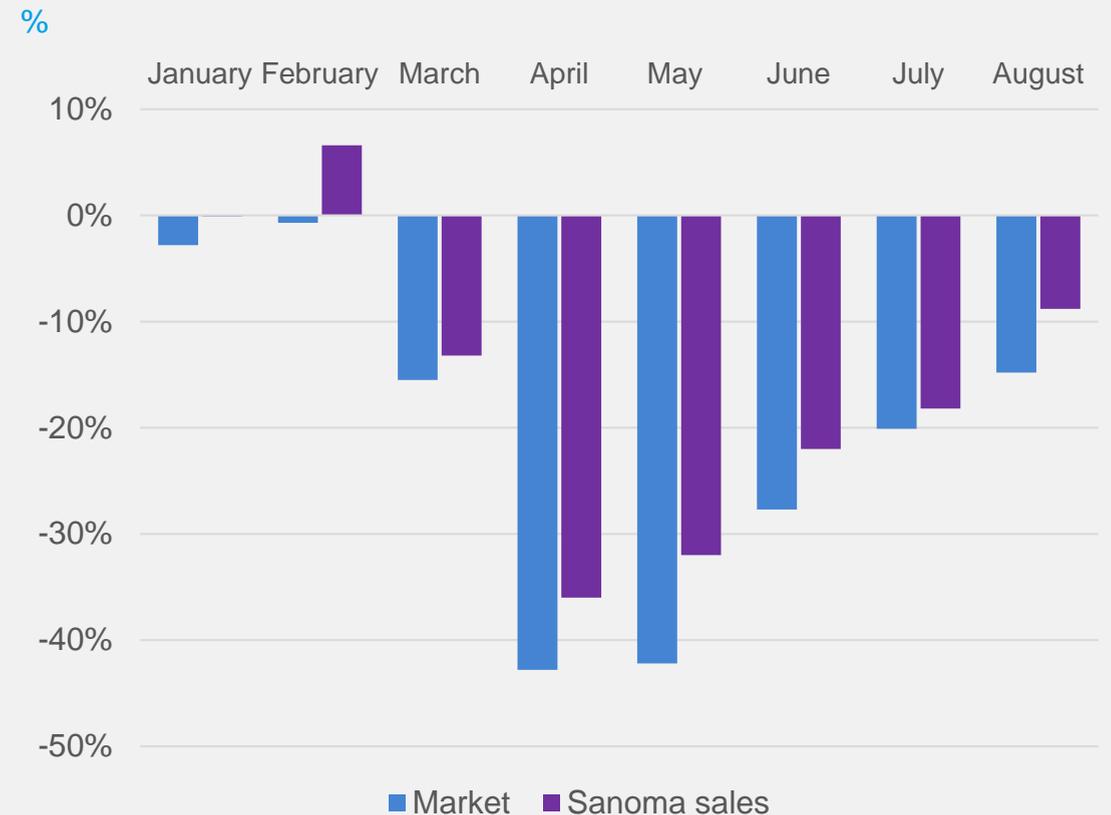
(2019: 2.2)

- Net sales grew in Learning driven by the Iddink acquisition and declined in Media Finland due to coronavirus pandemic impact on advertising and events business
- Operational EBIT excl. PPA declined due to the impact of the corona pandemic on advertising sales in Media Finland and shift in reported net sales in Learning due to the Iddink acquisition
- Free cash flow was negatively impacted by lower profitability and the divestment of Media Netherlands, partially offset by positive payment timing at Learning
- Leverage returned to its long-term target level after the divestment of Oikotie, announced and completed on 16 July

Key impacts and risks of the corona virus pandemic and their mitigation

- **In Learning**, no major impact on net sales and profitability are currently expected as there will be no major changes in school purchasing and curriculum renewals
- **In Media Finland**
 - **Subscription and other B2C sales** (> 50% of net sales) are not expected to be significantly affected, unless the exceptional situation intensifies
 - **In B2B advertising business** (net sales 247m€ in 2019), material impact on the net sales and profitability is expected
 - January-August -18% (market -23%), variation between customer categories and media channels
 - Size of the impact is dependent on the duration of the crisis and the pace of the recovery, too early to make reliable and specific estimates
 - **The events business** will be impacted as all Media Finland's events for the summer season 2020 were cancelled based on the decision by the Finnish government
 - Net sales for Media Finland's events business estimated to be close to zero in 2020 (in 2019, net sales EUR 35 million and operational EBIT margin above the 12.0% margin of the Media Finland SBU)

Monthly advertising development, Jan-Aug 2020



Outlook for 2020 (unchanged)

On 24 March 2020, Sanoma announced it had temporarily withdrawn its Outlook for 2020 (given on 7 February) and indicated significant impact on its business due to the coronavirus pandemic.

Sanoma expects to give an updated Outlook for 2020 later during the year.

As a Group, we have M&A headroom of 400-500m€ with solid pipelines in both businesses

Headroom for acquisitions *

400-500
m€

Learning

**Media
Finland**

M&A focus areas

Using our scale and capabilities in learning design, technology and services to

- Enter new geographies
- Expand offering in existing markets

Synergistic acquisitions

- News & Feature
- Entertainment
- B2B marketing solutions

Solid M&A pipelines in both businesses; expected to materialise in 12-18 months

We are well on track with our long-term targets

Key ratios

Long-term target

30 June 2020

Net debt /
adj. EBITDA

< 2.5

2.6

Equity ratio

35-45%

34.4%

Dividend payout

Increasing dividend
40-60%
of free cash flow

n/a

The divestment of Oikotie (on 16 July 2020) will bring leverage and equity ratio well within the long-term target levels

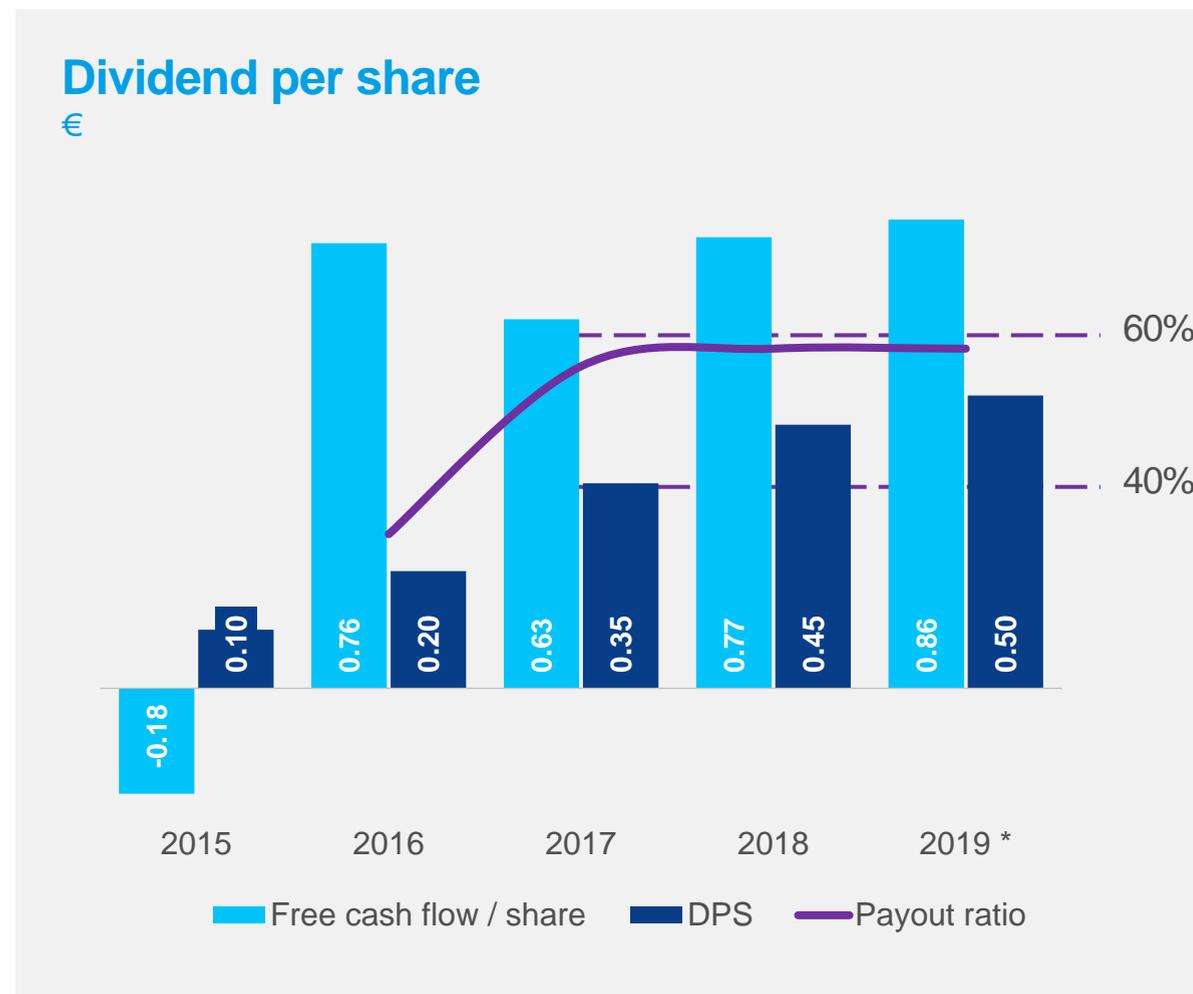
Growing dividend supported by good profitability and solid cash flow

- Dividend for 2019 is 0.50€ per share
 - Increase of 11% vs. 2018
 - 58% of free cash flow *
 - Dividend yield 5.3% (end of 2019)
- Paid in two parts
 - 0.25€ on 3 April
 - 0.25€ in November (record date tbc in October)

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, Sanoma's future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.



Both learning and media have an important role in society



Learning

- Our modern learning methods and platforms support teachers in developing the full potential of every student
- Helps in building a strong foundation for a stable, productive and prosperous society



Media

- Journalistic content supports freedom of speech and independent information gathering
- Local entertainment contributes to shared values and experiences
- Responsible advertising supports local economic growth

Responsible business practices across the value chain

SANOMA AS AN INVESTMENT:

Two strong businesses, focus on growth and dividends

- 1. Solid net sales and profitability**
- 2. Sanoma Learning**
Growing business with strong digital footprint and benefits of scale
- 3. Sanoma Media Finland**
Leading cross-media offering with stable net sales and improving profitability
- 4. M&A headroom of 400-500m€**
- 5. Growing dividend**
Supported by good profitability and solid cash flow

Appendix



Sanoma Learning, a growing European education company

Blended course materials and digital platforms for teaching and administration

≈**20%**
oper. EBIT
margin excl.
PPA *

Long-term target
20-22%

Operations in
11
countries

350
employees in
tech

≈**500m€**
net sales *

Long-term target for
comparable growth
2-5%

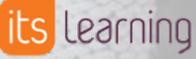
Serving
15m
students

1,900
employees

We focus on learning services for K12

	Education						
Key Market Sectors	Pre-school	Primary	K12 Secondary	Vocational	Higher education	Corporate learning	Life-long learning
School infrastructure <ul style="list-style-type: none">▪ ICT and other equipment▪ Distribution & Maintenance services							
Learning services <ul style="list-style-type: none">▪ Content: materials and methods▪ Material distribution▪ Digital platforms		Sanoma Learning					
School management							
Additional services <ul style="list-style-type: none">▪ Supplying personnel▪ Boot-camps▪ Tutoring							

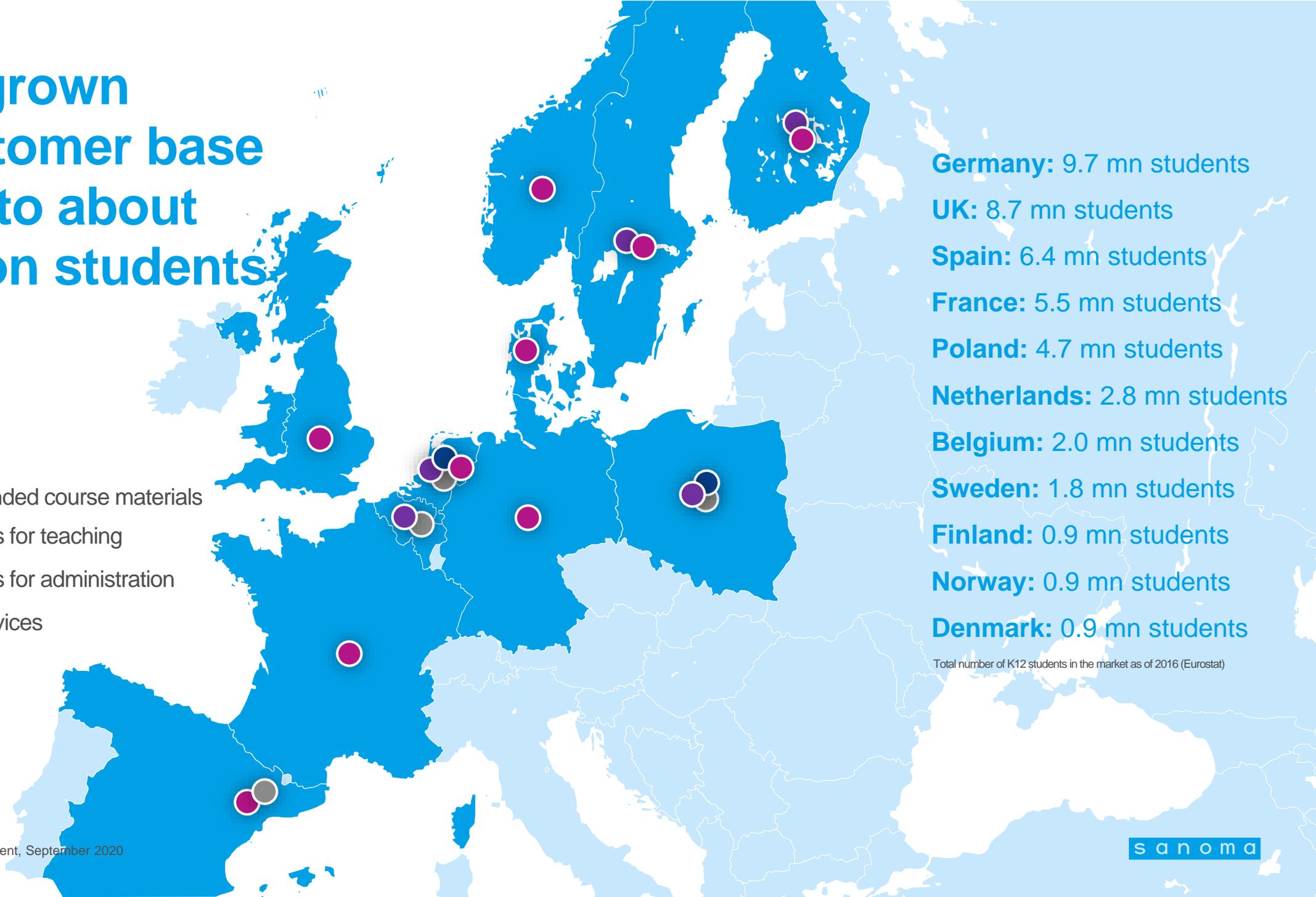
We have grown from a publisher into an integrated provider of learning services...

Learning services	Net sales *	Commercial contact	Commercial contact	
			Teachers	Administrators
Content: blended materials and methods	55%	 	<input checked="" type="checkbox"/>	
Material distribution	30%	 		<input checked="" type="checkbox"/>
Digital platforms for teaching	5%	  	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Digital platforms for administration	5%	   	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Testing and analytics	5%	   	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

* Incl. Iddink, Essener and itslearning LTM Q3 2019

... and grown
our customer base
by 50% to about
15 million students

- Creation of blended course materials
- Digital platforms for teaching
- Digital platforms for administration
- Distribution services



Germany: 9.7 mn students

UK: 8.7 mn students

Spain: 6.4 mn students

France: 5.5 mn students

Poland: 4.7 mn students

Netherlands: 2.8 mn students

Belgium: 2.0 mn students

Sweden: 1.8 mn students

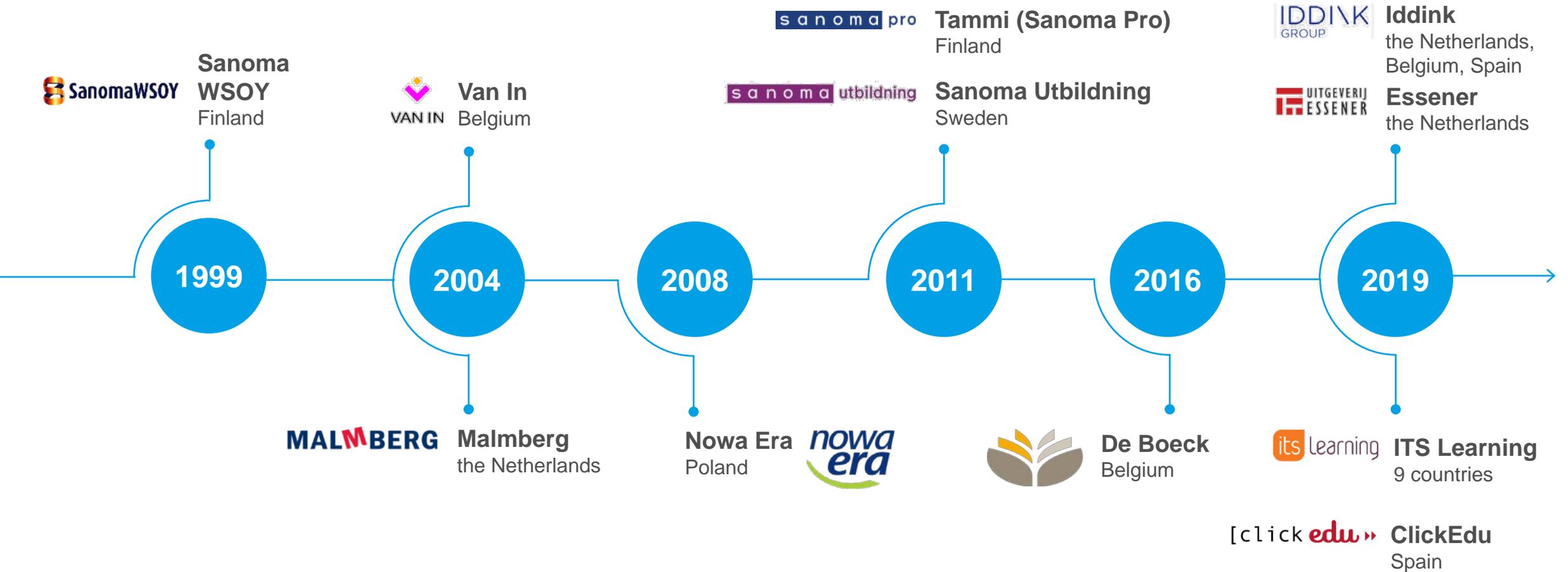
Finland: 0.9 mn students

Norway: 0.9 mn students

Denmark: 0.9 mn students

Total number of K12 students in the market as of 2016 (Eurostat)

Sanoma Learning has been successfully built through M&A to approximately 500m€ business...





... and we now again have the financial strength to continue to grow through M&A

- Using our scale and capabilities in learning design, technology and services
 - To enter new geographies in K12
 - To expand our offering in existing markets
- With the “High Five” business development program we have achieved scale benefits in our existing businesses, which we can leverage with recent acquisitions and future M&A

Media Finland, the leading cross media company...

Strong,
independent
media for
generations
to come

Long-term target
12-14%

12.0%
oper. EBIT
margin excl.
PPA

2,000
employees

577m€
net sales

Long-term target for
comparable growth
+/-2%

50%
non-print

97%
weekly reach

... focusing on three core businesses



News & feature

- Sustainable demand
- Our strong history and position
- Our proven track record in successful digital transformation

Leading in domestic,
independent journalism



Entertainment

- Growing market
- Unique combination of strengths
- Important role in total advertising portfolio

Leading entertainment
house with most attractive
brands and stars



B2B marketing solutions

- Our reach has value for marketers
- A unique, comprehensive portfolio and offering to further build on
- Growth opportunities in the markets

Marketing partner
of choice

Highly synergistic acquisition supporting the growth of Sanoma's digital news subscriptions in Finland

On 30 April 2020, Sanoma acquired Alma Media's regional news media business in Finland (2019 net sales 94m€ and adjusted EBITDA 20m€*)

Highly synergistic bolt-on acquisition: estimated net synergies 13m€ from 2022 onwards

Enterprise value 115m€, multiple 5.8 (EV / Pro forma adjusted EBITDA*) and 3.5 including also synergies

Growing our **digital subscription base**

Supporting Media Finland's **long-term profitability target**

(12-14% oper. EBIT margin excl. PPA)

Sustainable future for independent domestic journalism in Finland

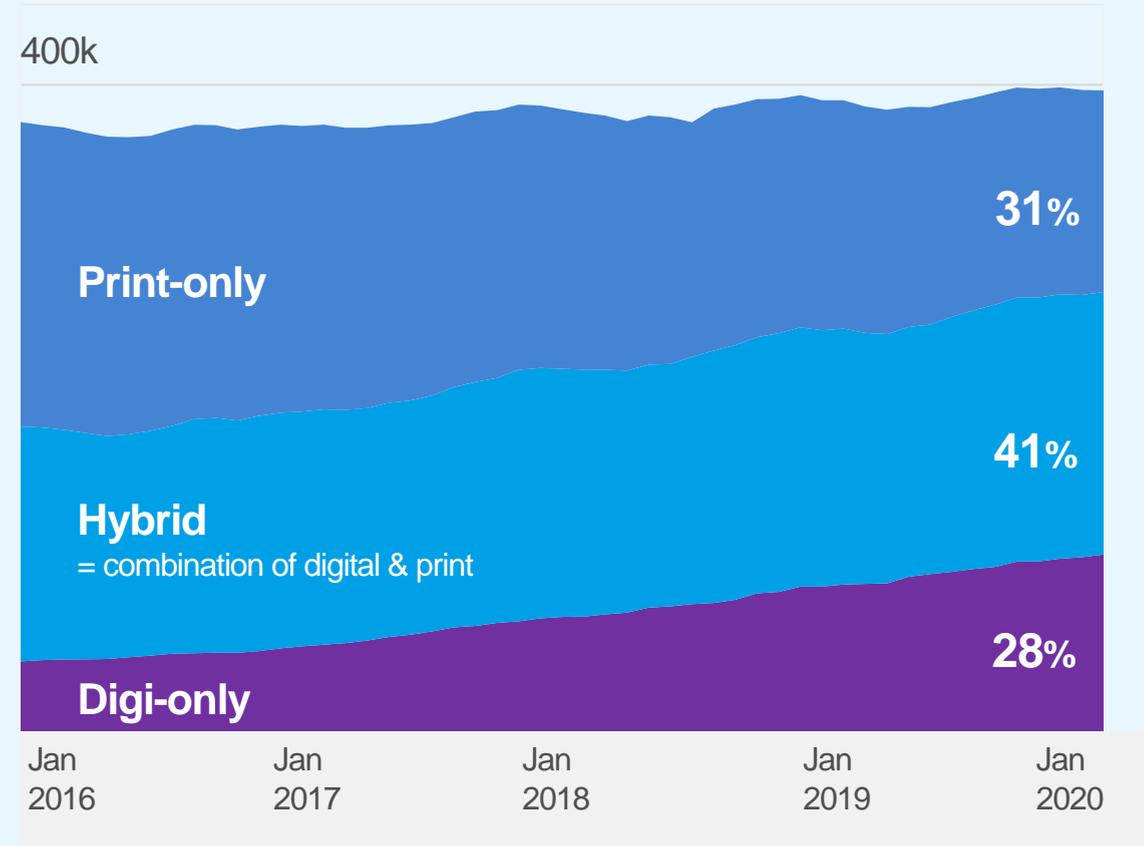
Efficiency in shared operations, better **financial returns** on digital investments

Strengthening Media Finland in one of its strategic core businesses, **news & feature**

Recent learnings and successes at Helsingin Sanomat supporting combined digital growth

- Number of digital-only subscriptions at HS is now above 100k, equalling around 28% of total subscription base
 - Total number of subscriptions grew for the third year in a row, with strongest growth in digital
 - Already 2/3 of all subscriptions include a digital component
 - Appealing digital experience has attracted younger audiences
- Aim to accelerate digital growth in the acquired titles
 - Share of digital-only 15% (end of March 2020); grew by approx. 60% in 2019
 - Better financial returns on increasing investments in digital development to be achieved
 - Attractive higher contribution for additional digital subscriber compared to print
- Future success in digital requires scale

1-2% annual growth in HS subscription base

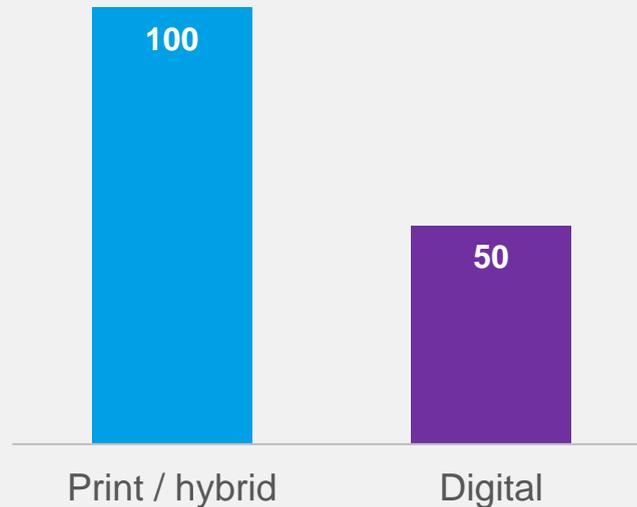


Digital transformation reduces net sales but increases contribution per incremental subscriber

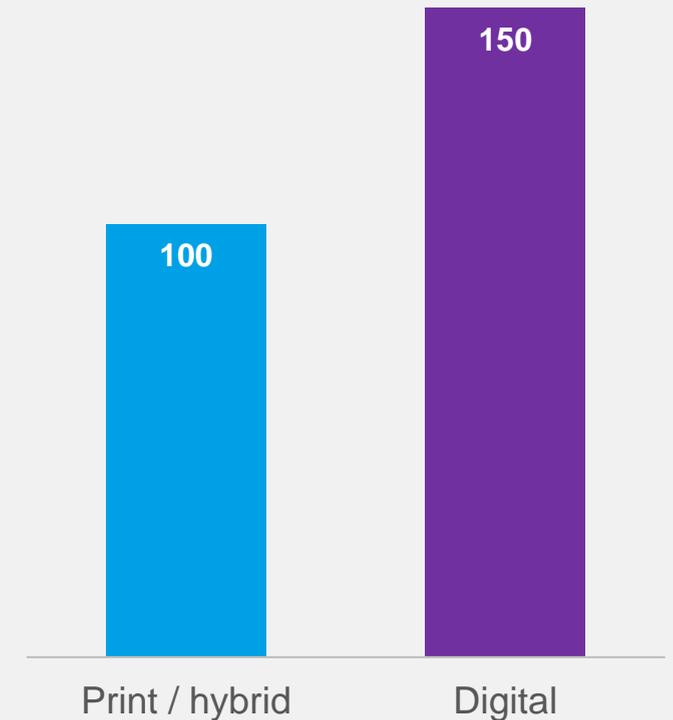
- Acquiring an additional subscriber for digital instead of printed news will
 - Generate half the net incremental sales due to lower consumer prices
 - Increase contribution by 50% due to absence of print and esp. distribution costs
- Active conversion of larger number of subscribers from print to digital would be not create additional contribution due to
 - Stranded costs related to printing and distribution
 - Potential loss of advertising revenues
 - Lack of consumer readiness

Net sales per additional subscription * reduces...

Indexed



... but contribution increases *



* Excluding impact of digital transformation on advertising revenues

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