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Full-Year 2020 Result:

Strong operational EBIT margin in an exceptional year – net sales grew through acquisitions

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

FY 2020:

Strong operational EBIT margin in an exceptional year

Net sales	Operational EBIT excl. PPA	Operational EBIT margin excl. PPA	Free cash flow	Net debt / Adj. EBITDA
1,062m€ (2019: 913)	157m€ (2019: 138)	14.7% (2019: 15.1%)	95m€ (2019: 131)	2.6 (2019: 2.7)

- Net sales grew by 49% in Learning as a result of the Iddink acquisition (5% comparable growth), while declining in Media Finland due to the corona pandemic
- Operational EBIT excl. PPA improved driven by Learning, while earnings of Media Finland were stable
- Free cash flow decreased mainly due to the divestment of Media Netherlands in April
- Leverage increased at the end of Q4 due to acquisition of Santillana Spain
- Board proposes a dividend of 0.52€ per share
- Outlook for 2021: Reported net sales expected to be 1.2–1.3bn€ (2020: 1.1) and operational EBIT margin excl. PPA between 14–16% (2020: 14.7%)



We accelerated our transformation during 2020

≈ 800m€ invested

More than 400m€ new, highly profitable net sales acquired

**Four acquisitions
in K12 learning
services in 2019**

Iddink | Itslearning |
Clickedu | Essener

**Regional news
media business
in Finland**

**Santillana Spain,
leading provider of
K12 learning content
in Spain; closed on
31 December**

**Two focused,
leading
businesses
with solid
profitability and
cash flows**

**300-400m€
headroom for
M&A**

ACQUISITIONS

DIVESTMENTS

**Media
Netherlands**

**Online classifieds
business Oikotie**

≈ 700m€ divestment proceeds received

≈ 400m€ net sales divested



LEARNING FY 2020

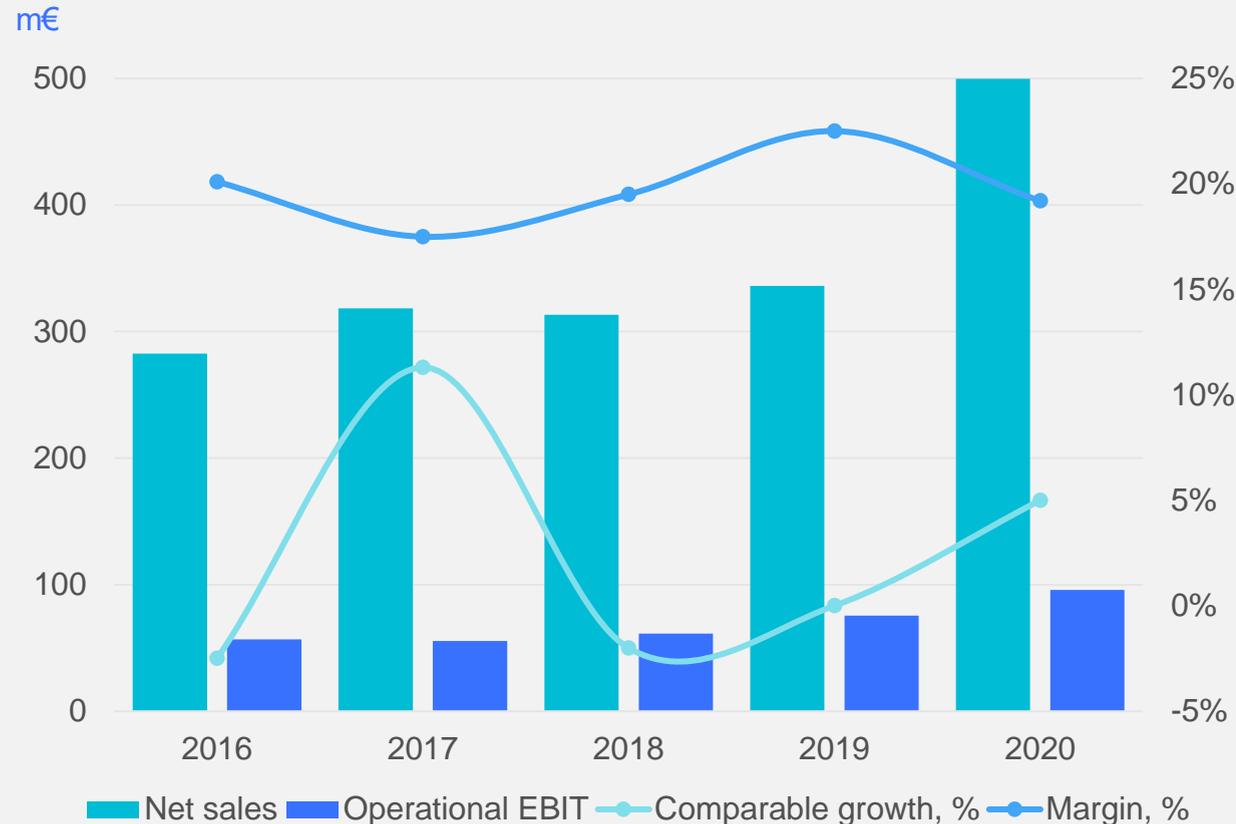
Net sales growth driven by acquisitions and strong comparable growth

- Net sales grew significantly to 500m€ (2019: 336)
- 143m€ from acquisitions, in particular Iddink
- Strong comparable net sales growth of 5% driven by curriculum renewals in both Poland and the Netherlands
- Coronavirus pandemic had a limited impact on net sales, mostly on on-site training sales in Q2 and Q4

Solid full year earnings improvement of 27%...

- Operational EBIT excl. PPA improved to 96m€ (2019: 76) in FY 2020
- Margin 19.2% (2019: 22.5%)
 - Decrease resulting from acquisitions of Iddink and itslearning, which have a lower margin than the Learning SBU on average
- EBIT improvement resulted from acquisitions and strong comparable net sales growth in Poland and the Netherlands
- The impact of the coronavirus pandemic on warehousing and hosting costs was mostly offset by lower travel and office costs

Learning's 5-year development



Long-term financial targets

Margin

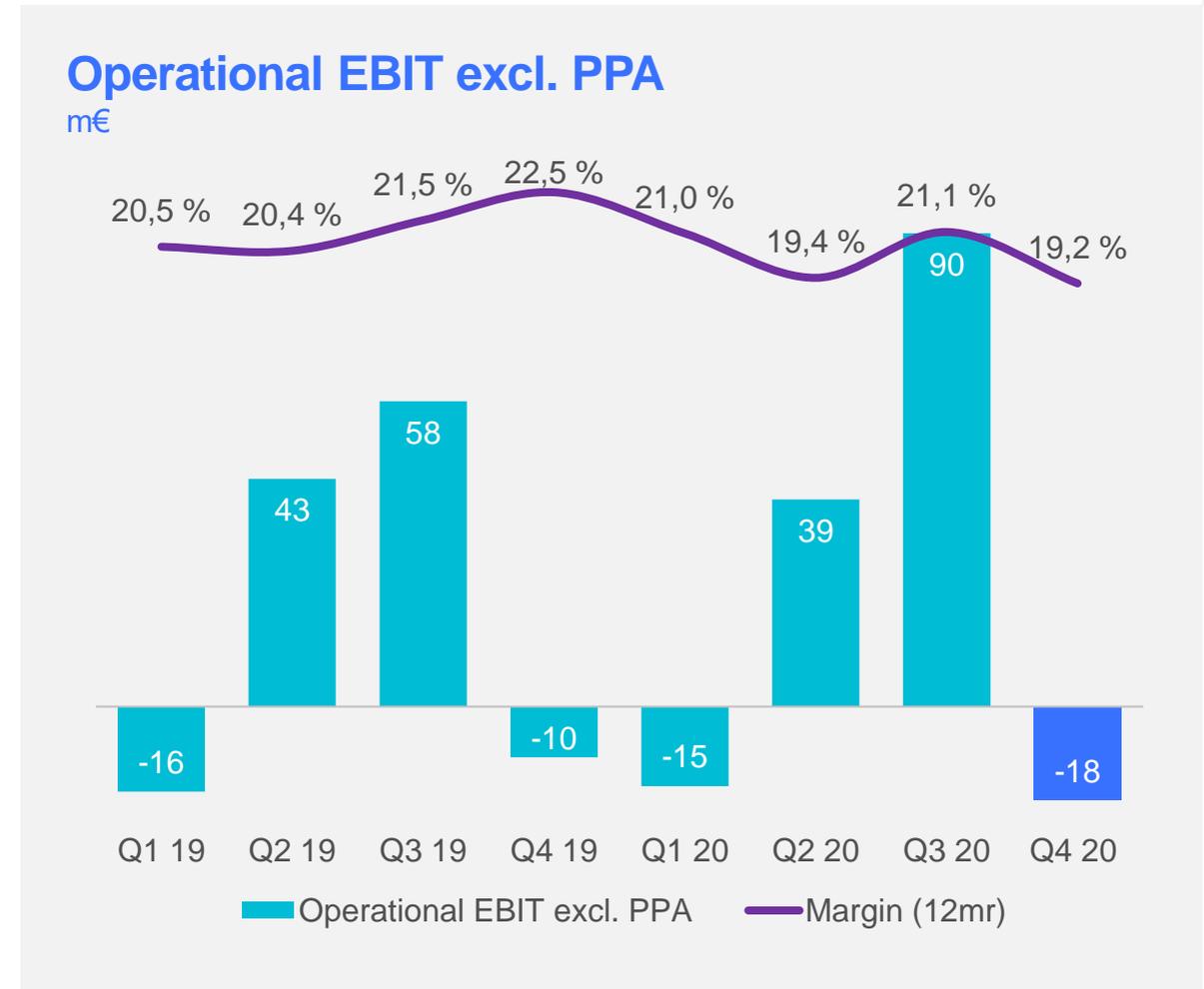
above 23%

Comparable growth

2-5%

...while Q4 2020 profitability was reduced

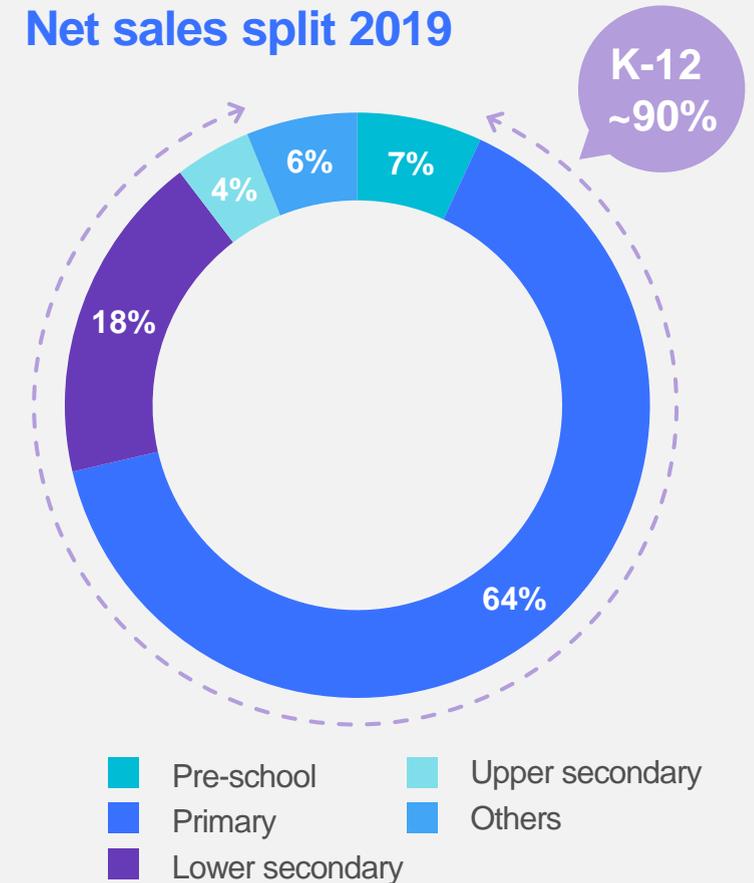
- Operational EBIT excl. PPA declined to -18m€ (2019: -10) in Q4
- As the business grows, Q1 and Q4 will become more loss-making due to typical seasonality in learning
- In Q4, sales and margin declined in Iddink mainly due to accelerated shift from renting to selling books
 - Margin of sold books lower as costs are booked as cost of goods sold, whereas costs of rented books are capitalised
 - The margin difference caused by the accelerated shift was booked in Q4
 - From 2021 actual margins will be used throughout the year
- The shift is favourable for the business in the longer term as logistics costs will reduce



Early closing and successful start of integration of Santillana Spain

- Acquisition of Santillana Spain, the leading provider of learning materials, primarily textbooks, for primary and secondary education in Spain, was closed on 31 December 2020
- Net sales of 106m€ and standalone operational EBIT 29m€ (margin 27%) in 2020
 - Digitalisation in learning is starting – 3% of Santillana’s net sales were digital in 2020
- In 2020-2021, a typical cyclical decline in market demand for K-12 learning materials is expected ahead of the introduction of the new curriculum
 - Expected to result in lower net sales and earnings compared to 2019
 - New curriculum is expected to accelerate the demand in 2022-2023
- Strong seasonality in Santillana business: small and loss-making Q1 and Q4, vast majority of the business focused in Q3
- Strict lockdown measures and school closures in Spain due to the coronavirus pandemic had some impact on learning material demand in Q4
 - In case school closures are prolonged, it may also have an adverse impact on the business in 2021

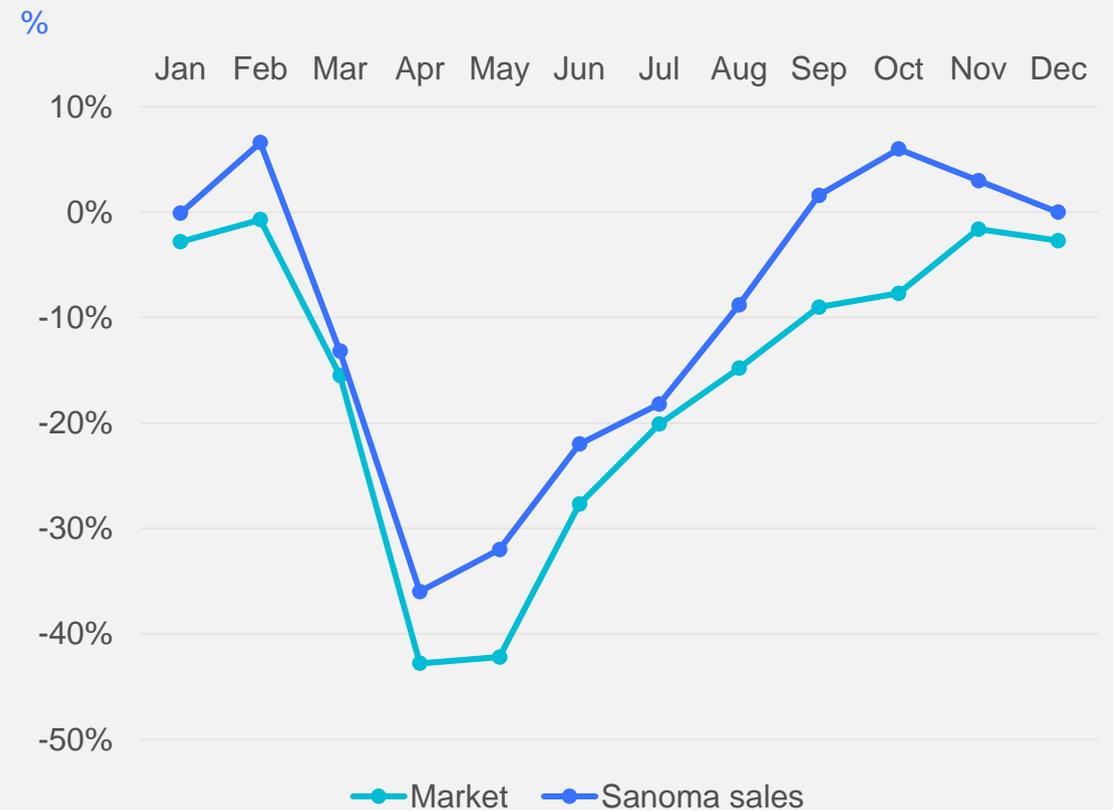
Net sales split 2019



Solid growth in subscription sales while advertising and events sales declined due to corona

- Net sales declined slightly to 563m€ (2019: 577)
 - Comparable net sales declined by 10%
 - Net sales of the regional news media business 54m€
 - Divestment of the online classifieds business Oikotie -11m€
- Subscription sales continued to grow driven by digital
 - Number of subscriptions for Helsingin Sanomat above 400k, +3% y-o-y growth for 4th consecutive year
 - Number of subscriptions for VOD Ruutu+ grew by 27%
- Comparable advertising sales declined by 20m€, Sanoma outperformed the market esp. in TV, online and radio advertising
 - Comparable advertising sales -9% vs. market -17%
- Impact of the cancellation of festivals and events -35m€
- Uncertainty related to the advertising markets and events business expected to continue with limited visibility into 2021

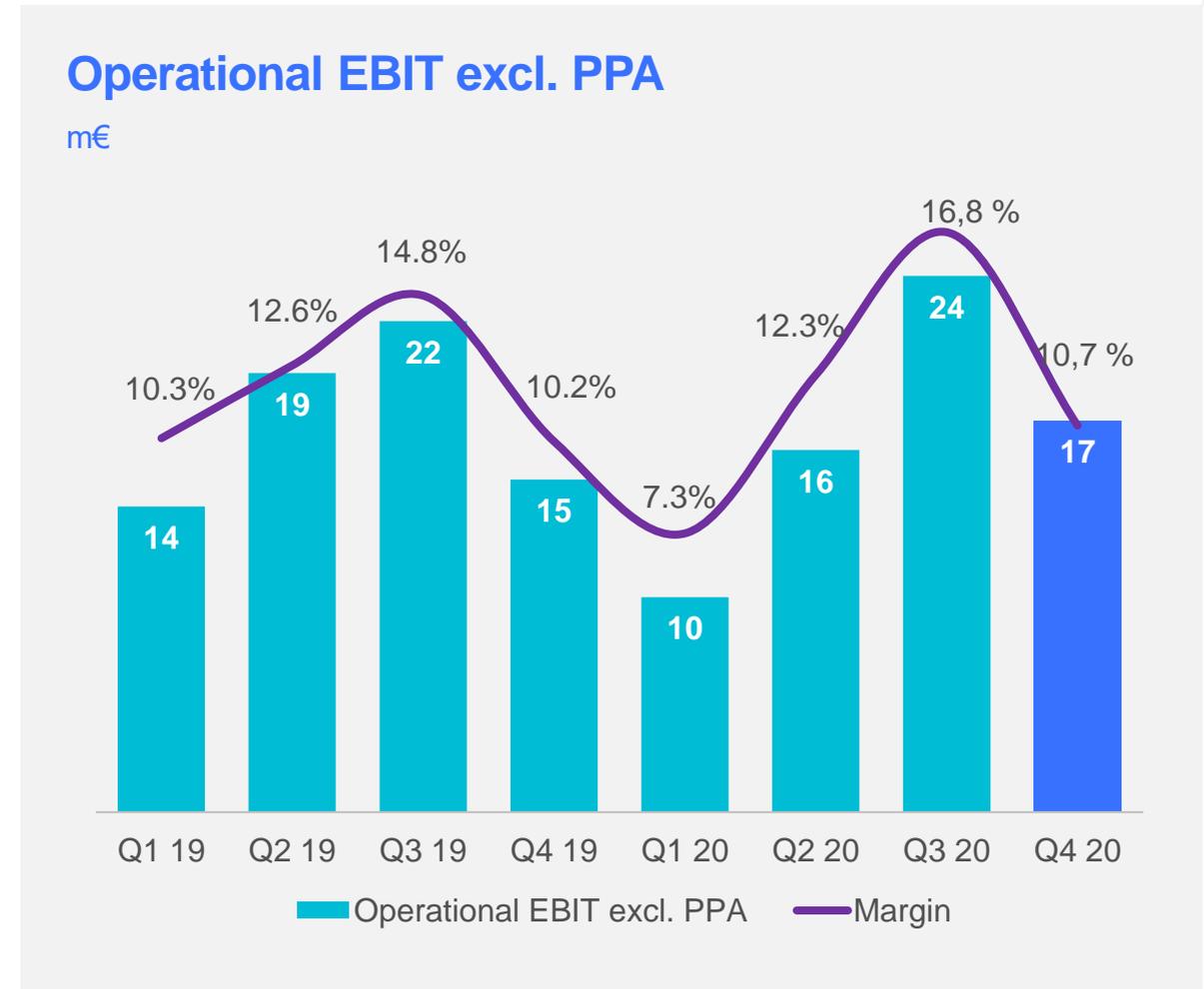
Monthly advertising development ¹



¹ For Sanoma, comparable development excl. the impact of acquisitions and divestments

Stable profitability in an exceptional year

- Operational EBIT excl. PPA stable 67m€ (2019: 69), margin 11.8% (2019: 12.0%)
- Active cost mitigation actions across cost categories offsetting most of the impact of lower advertising sales
 - Savings largely driven by exceptional operating environment
 - Cancelled events contributed positively due to insurance compensation
- Flat net earnings impact from the acquisition of the regional news media business and the divestment of the online classifieds business Oikotie in 2020
- In 2021 we expect impact of
 - Structural changes (acquisition of regional news media business and divestment of online classifieds business) to be somewhat positive
 - Increasing cost of sales, fixed costs and digital growth initiatives to offset the positive impact of possible rebound of the advertising and events businesses

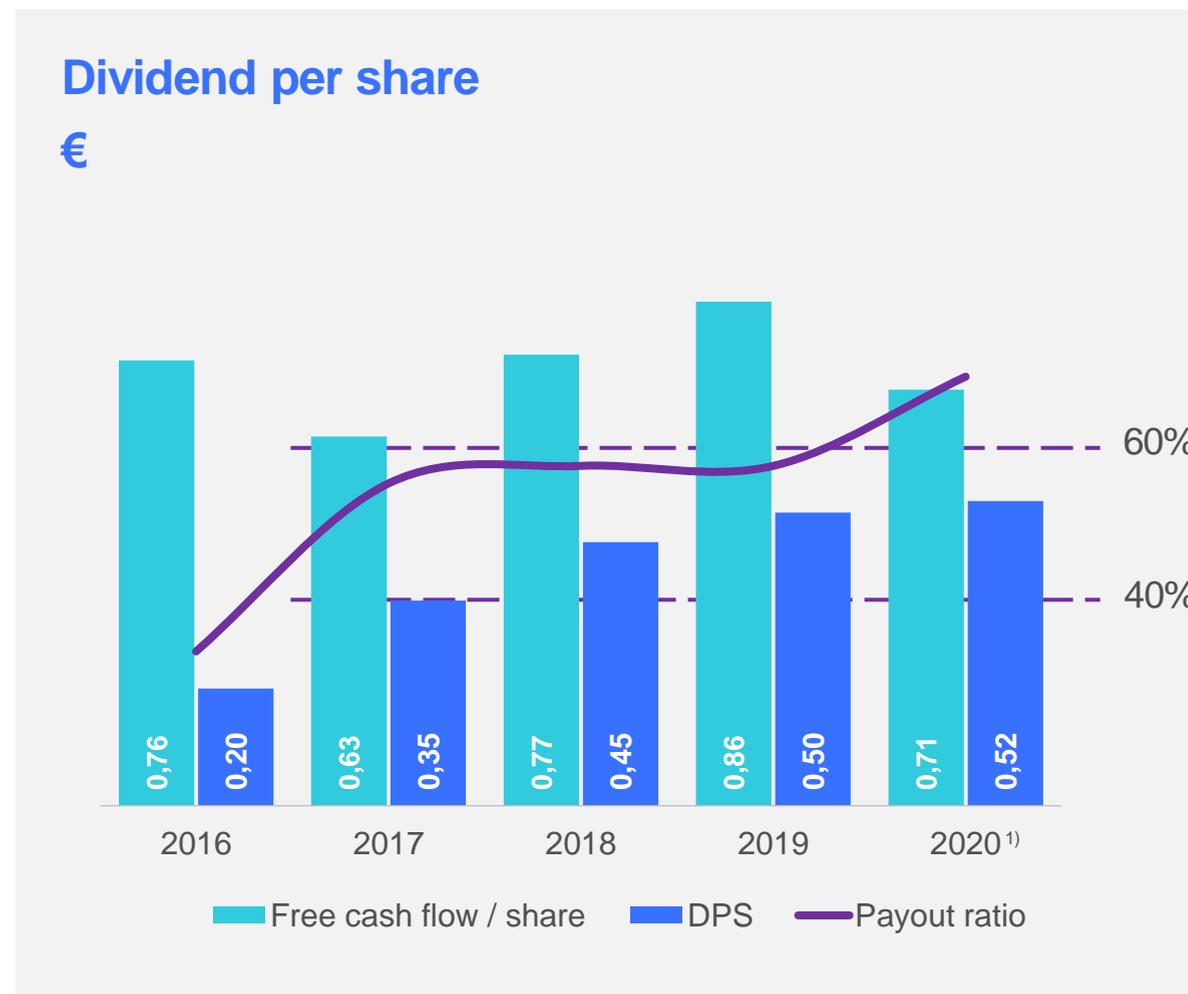


The Board proposes a dividend of 0.52€

- The Board proposes a dividend of 0.52€ (2019: 0.50) per share to be paid for 2020
 - Representing a total of approx. 85m€
- To be paid in two parts
 - 0.26€ on 22 April (record date 15 April)
 - 0.26€ 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.



¹⁾ Board's proposal. FCF excl. free cash flow of the divested Media Netherlands, -22m€

We raised long-term targets for Learning's profitability and Group's leverage in December

GROUP	Updated target	31 Dec 2020
Net debt / adj. EBITDA	below 3.0	2.6
Equity ratio	35-45%	37.4%
Dividend	Increasing dividend 40-60% of free cash flow	73%
LEARNING	Updated target	FY 2020
Comparable net sales development Operational EBIT margin excl. PPA	2-5% above 23%	5% 19.2%
MEDIA FINLAND		
Comparable net sales development Operational EBIT margin excl. PPA	+/-2% 12-14%	-10% 11.8%



Outlook for 2021

- In 2021, Sanoma expects that the Group's reported net sales will be 1.2–1.3bn€ (2020: 1.1 bn€)
- The Group's operational EBIT margin excl. PPA is expected to be 14–16% (2020: 14.7%)
- The mid-points of the outlook ranges are based on the assumption that
 - The advertising market will be relatively stable compared to the previous year
 - There are no major restrictions related to the events business in Finland
 - The learning business will not be significantly impacted by prolonged school closures in its main operating countries.

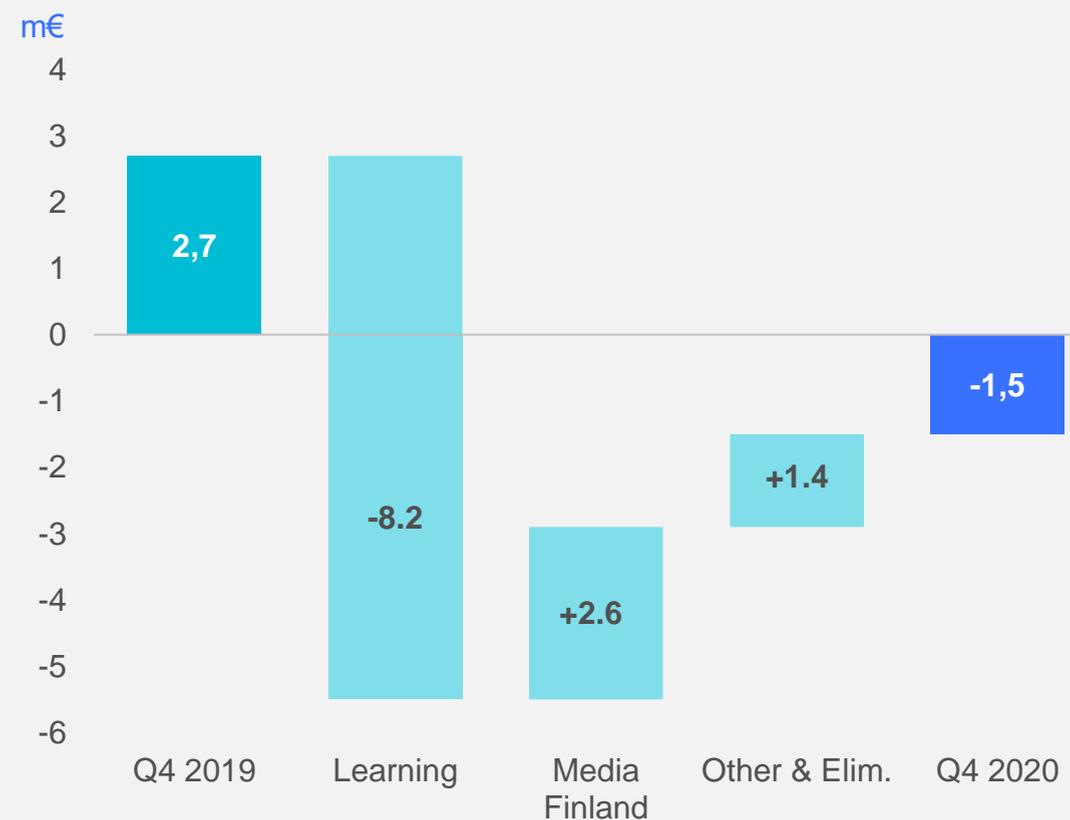
Financials

A photograph of two children, a girl and a boy, engaged in a hands-on activity. The girl, on the left, has her hair in a bun and is wearing a colorful plaid shirt and a green apron. She is focused on planting small green seedlings into a dark soil tray. The boy, on the right, is wearing a grey button-down shirt and is holding a clear plastic measuring cup, ready to pour water. They are in a classroom or workshop setting, with a world map visible in the background. The lighting is bright and natural, creating a warm and educational atmosphere.

Q4 2020 earnings impacted by margin revaluation in Learning

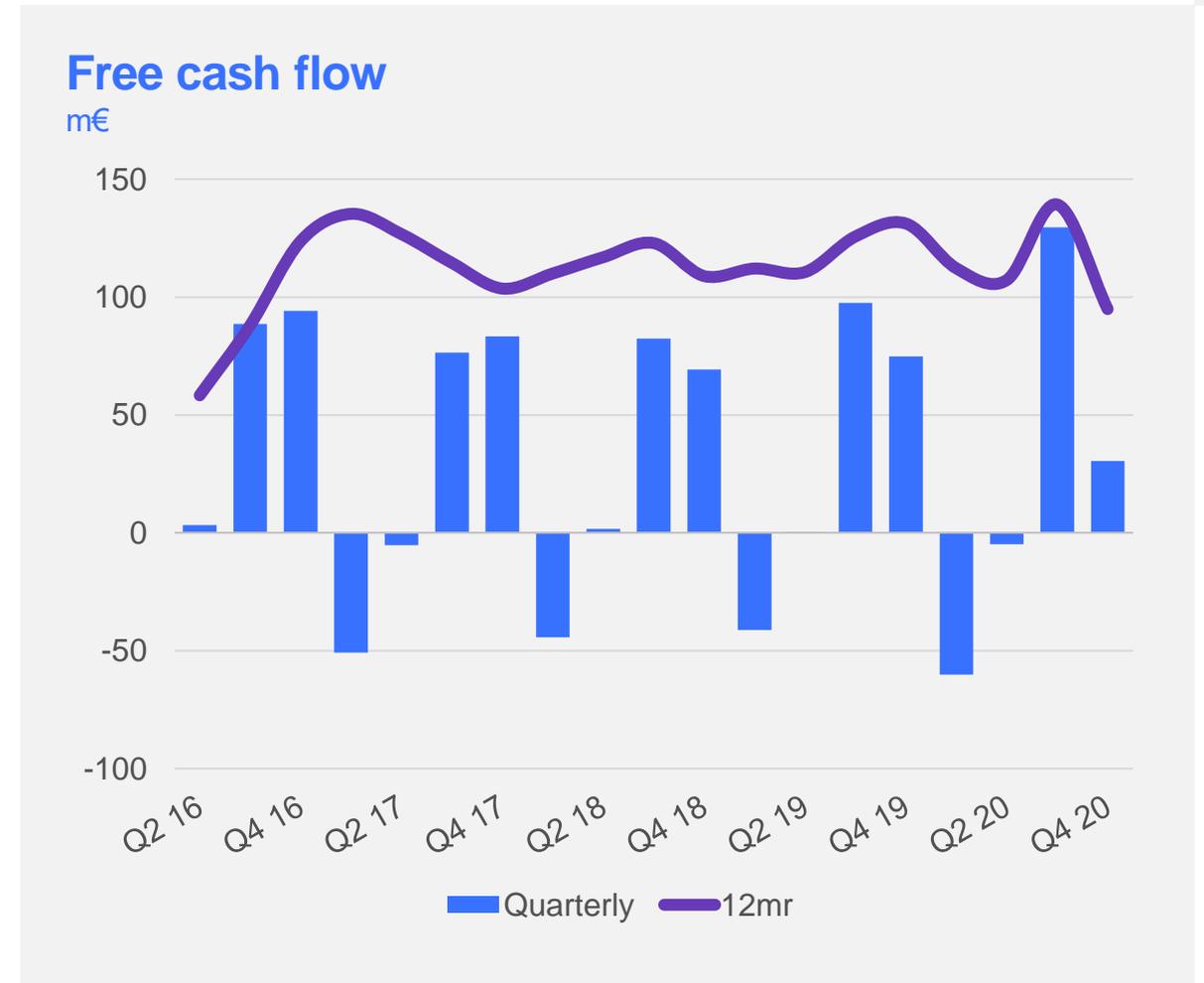
Learning	<ul style="list-style-type: none"> – Accelerated shift from renting to selling books in Iddink as margin of sold books lower, difference booked in Q4 – Itslearning and Iddink with lower margins part of Sanoma for the first full year – Q1 and Q4 becoming more loss-making in-line with the growth of the learning business
Media Finland	<ul style="list-style-type: none"> + Higher net sales + Continued cost mitigation actions across cost categories
Other	<ul style="list-style-type: none"> + Reversal of accruals related to the divestment of Media Netherlands

Operational EBIT excl. PPA Q4 20 vs. Q4 19



Free cash flow of continuing operations grew

- Free cash flow of continuing operations grew by 16% y-o-y in 2020
- Reported free cash flow (incl. discontinued operations) declined to 95 m€ (2019: 131)
 - + Learning: acquisitions and comparable net sales growth
 - Media Finland: lower profitability due to corona
 - Divestment of Media Netherlands
 - Higher investments in digital platform development in Learning
 - Significant transaction and integration costs
- Free cash flow of Media Netherlands was -22m€ in 2020 (2019: 30)
 - For dividend calculation purposes FY 2020 free cash flow will be adjusted for the divested Media Netherlands



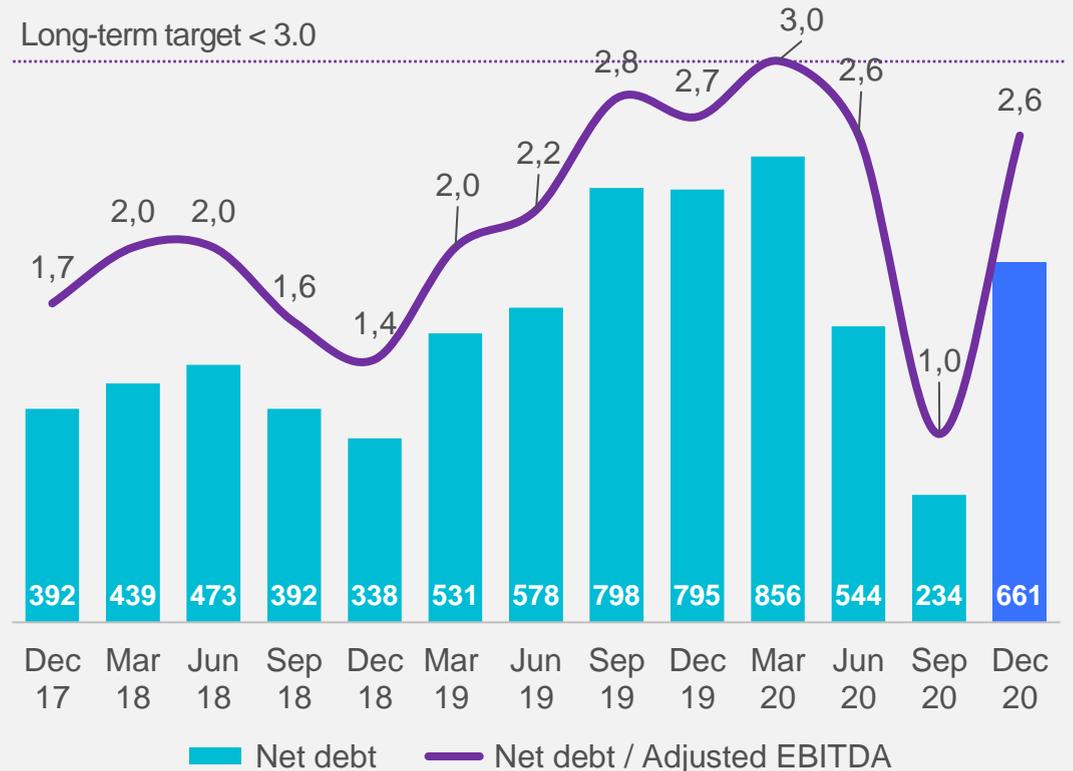
Free cash flow = Cash flow from operations less capital expenditure

Net debt increased at the end of the year due to closing of Santillana Spain acquisition

- Acquisition of Santillana Spain was closed on 31 December 2020
- Net debt 661m€ (2019: 795)
- Net debt / Adj. EBITDA 2.6 (2019: 2.7)
- Equity ratio 37.4% (2019: 30.5%)
 - Capital gain of 165m€ related to Oikotie divestment
- Net financial expenses decreased to -9m€ (2019: -22)
 - Lower interest-bearing debt in average during 2020
 - Repayment of the 200m€ bond, with a relatively high interest rate, in November 2019

Net debt

M€

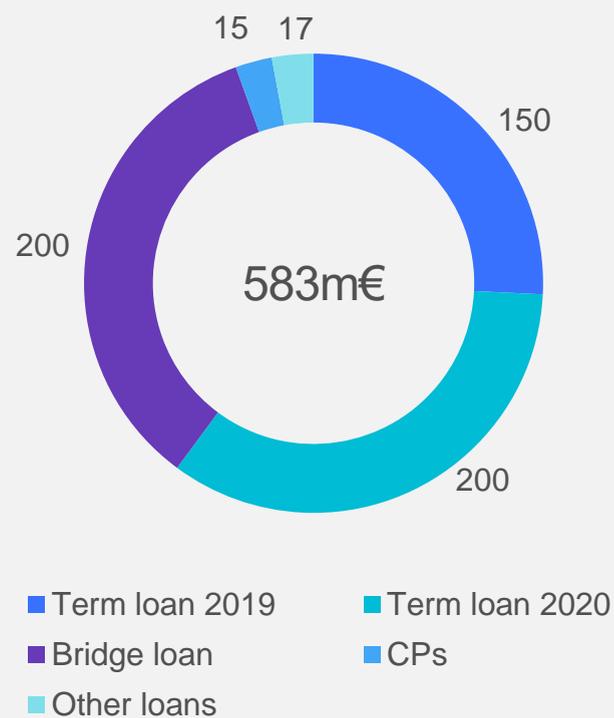


Balanced debt structure

- External interest-bearing debt 583m€ (2019: 630) at the end of December 2020 ¹⁾
- Acquisition of Santillana Spain financed by the bridge loan and 200m€ term loan
 - Bridge loan will later be converted into long term financing
- Average interest rate of external loans 0.8% (2019: 2.3%) in 2020 and 1.0% at the end of the year

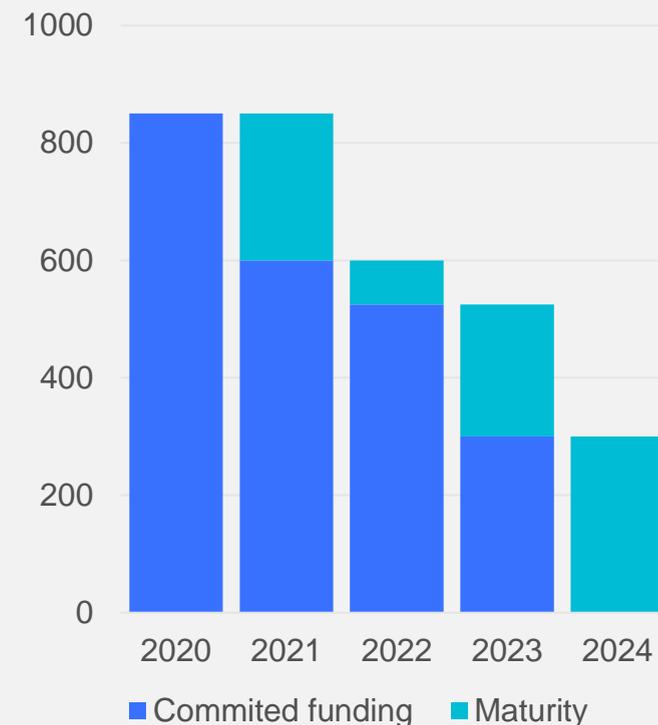
Debt structure

m€, 31 Dec 2020



Maturity profile 2020–2024

m€, 31 Dec 2020



Financial reporting in 2021

Week 10 Financial Statements and
Directors' Report 2020
Sustainability Review 2020

13 April Annual General Meeting 2021

30 April Q1 2021 Interim Report

28 July Half-Year Report 2021

27 October Q3 2021 Interim Report





Q&A

Appendix



Sanoma in 2020

 NET SALES
1,062m€

 NON-PRINT SALES
56%

 OPERATIONAL EBIT MARGIN
14.7%

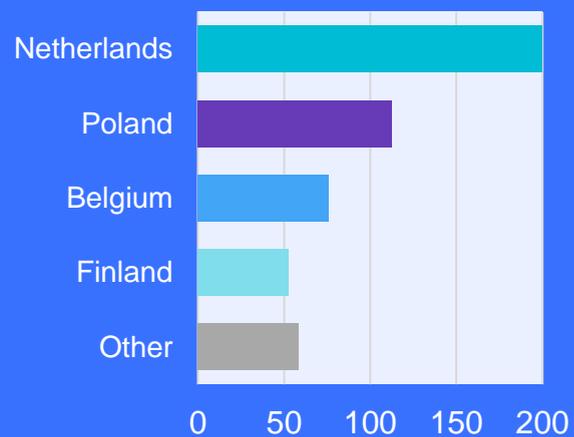
Learning

 500m€

 64%

 19.2%

NET SALES 2020



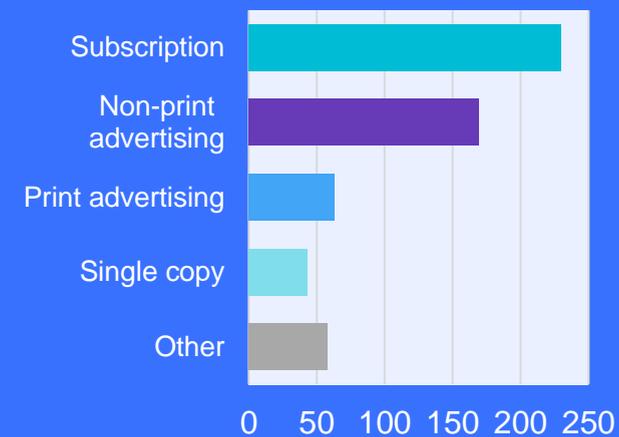
Media Finland

 563m€

 48%

 11.8%

NET SALES 2020



Discontinued operations

- On 10 December 2019, Sanoma announced it had signed an agreement to divest its strategic business unit Sanoma Media Netherlands. The divestment was completed on 20 April 2020. Media Netherlands is reported as discontinued operations for 2019 and 2020. Unless otherwise stated, all income statement and cash flow related quarterly and FY figures presented in this presentation and in the Full-Year Results 2020 cover continuing operations only. For Q4 2020 and earlier periods, figures related to balance sheet and cash flow cover both continuing and discontinued operations unless otherwise stated.
- In addition to Media Netherlands, certain Learning operations that are under strategic review were classified as discontinued operations during 2020.
- Sanoma's continuing operations include Learning and Media Finland, which are also Sanoma's reporting segments. More information is available on p. 5 and p. 37 in the Full-Year Results 2020.

Group key figures Q4 2020

m€	Q4 2020	Q4 2019
Net sales	227.3	205.4
Operational EBIT excl. PPA	-1.5	2.7
margin	-0.6%	1.3%
EBIT	-22.7	-9.5
Result for the period	-23.5	-9.7
Free cash flow	30.4	75.0
Equity ratio	37.4%	30.5%
Net debt	660.7	794.7
Net debt / Adj. EBITDA	2.6	2.7
Operational EPS, €	-0.06	-0.02
EPS, €	-0.14	-0.06

	Q4 2020	Q4 2019
Average number of employees (FTE)	4,255	3,551
Number of employees at the end of the period (FTE)	4,806	3,937

All income statement related figures cover Continuing operations only. Balance sheet and cash flow figures cover also Discontinued operations.

Group key figures FY 2020

m€	2020	2019
Net sales	1,061.7	912.6
Operational EBIT excl. PPA	156.5	137.6
margin	14.7%	15.1%
EBIT	270.1	104.5
Result for the period	237.8	64.8
Free cash flow	94.8	131.3
Equity ratio	37.4%	30.5%
Net debt	660.7	794.7
Net debt / Adj. EBITDA	2.6	2.7
Operational EPS, €	0.58	0.50
EPS, €	1.46	0.39

	2020	2019
Average number of employees (FTE)	4,255	3,551
Number of employees at the end of the period (FTE)	4,806	3,937

All income statement related figures cover Continuing operations only. Balance sheet and cash flow figures cover also Discontinued operations.

Learning: Quarterly key figures

m€	FY 20	FY 19	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Net sales	499.7	336.0	66.6	259.9	115.2	57.9	61.3	138.3	105.2	31.3
Operational EBITDA	167.1	127.3	-1.0	108.5	56.2	3.4	8.1	69.8	54.6	-5.3
Operational EBIT excl. PPA	95.9	75.6	-17.8	89.6	39.2	-15.1	-9.6	57.8	43.1	-16.1
margin	19.2%	22.5%	-26.7%	34.5%	34.0%	-26.1%	-15.7%	41.8%	41.3%	-51.4%
Items affecting comparability (IACs)	-13.2	-12.0	-10.3	-1.8	-0.3	-0.9	-5.5	-4.4	-1.1	-1.1
PPA amortisations	-16.2	-6.1	-4.0	-4.1	-4.1	-4.0	-3.6	-0.8	-0.8	-0.8
EBIT	66.4	57.4	-32.2	83.7	34.8	-20.0	-18.7	52.6	41.5	-18.0
Capital expenditure	32.6	21.4	9.1	8.4	8.6	6.5	8.2	4.6	5.0	3.6
Average number of employees (FTE)	1,987	1,472	1,987	1,931	1,918	1,899	1,472	1,382	1,345	1,339

Long-term learning method market stable, but significant growth in the Polish and Dutch markets in 2020-2021

The Polish market grows as

- In 2020 three out of the eight grades of all Primary schools will exchange their textbooks to updated methods, and in 2021 as well
- Impact of the Secondary reform continues

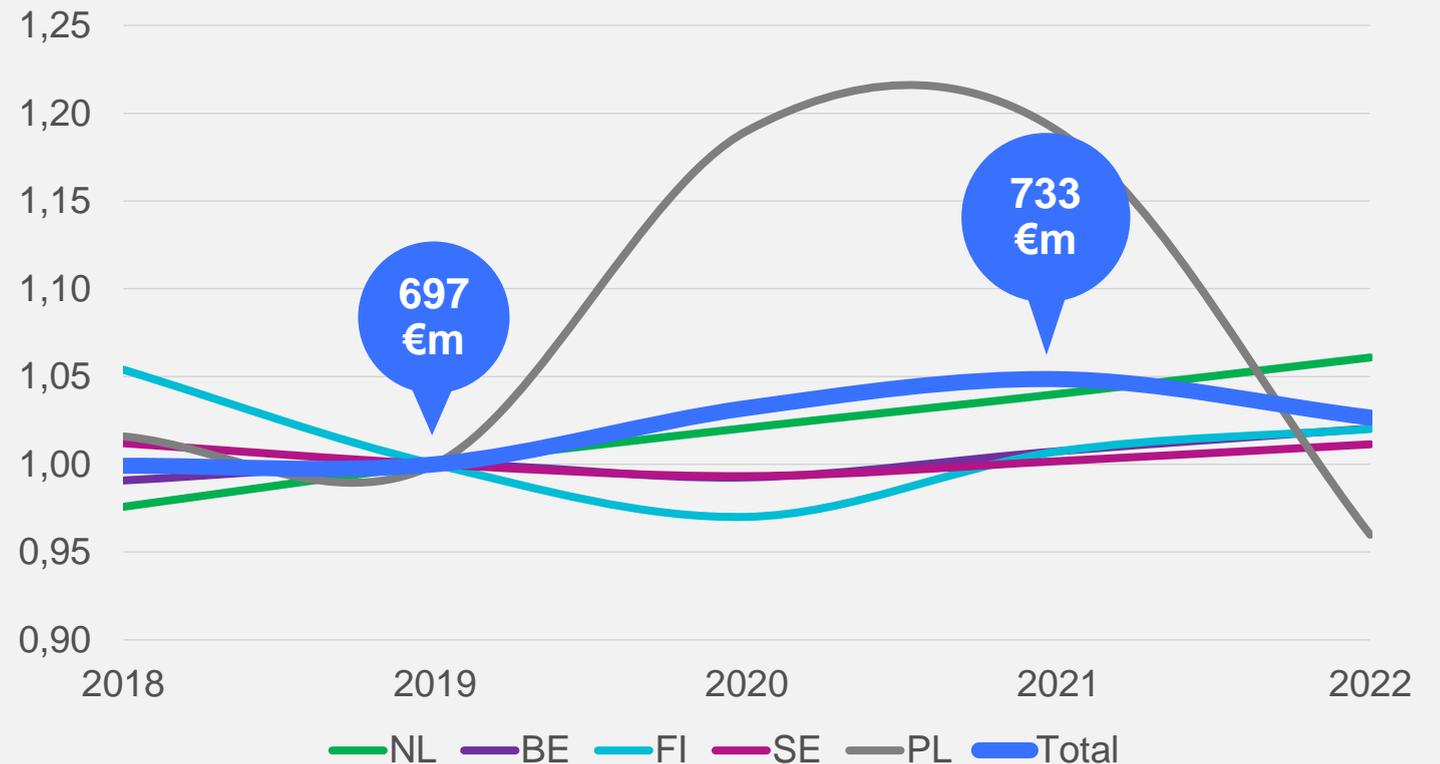
The Dutch market grows as

- Primary mathematics method renewal accelerating
- Additional sales related to the subscription model

Finland to rebound

- The upper Secondary reform in 2021

Market value*, indexed to 2019



Media Finland: Quarterly key figures

m€	FY 20	FY 19	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Net sales	562.6	576.8	160.8	141.0	130.9	129.9	144.2	146.5	154.5	131.6
Operational EBITDA	146.6	151.7	44.7	41.0	31.8	29.1	37.0	37.9	42.7	34.1
Operational EBIT excl. PPA	66.6	69.4	17.3	23.7	16.0	9.5	14.7	21.7	19.4	13.5
margin	11.8%	12.0%	10.7%	16.8%	12.3%	7.3%	10.2%	14.8%	12.6%	10.3%
Items affecting comparability (IACs)	149.1	-10.0	-5.2	162.6	-5.1	-3.2	-1.7	-1.5	-3.6	-3.1
PPA amortisations	-6.1	-4.4	-1.7	-1.8	-1.6	-1.1	-1.1	-1.1	-1.1	-1.1
EBIT	209.6	54.9	10.4	184.5	9.4	5.3	11.9	19.0	14.7	9.3
Capital expenditure	5.1	3.8	0.9	0.8	1.3	2.1	1.1	0.9	1.2	0.7
Average number of employees (FTE)	2,052	1,804	2,052	2,056	2,001	1,773	1,804	1,811	1,793	1,764

Finnish advertising market development

Finnish measured media advertising markets

	FY 20	Q4 20	Q3 20	Q2 20	Q1 20	FY 19	Q4 19	Q3 19	Q2 19	Q1 19
Newspapers	-25%	-18%	-21%	-42%	-19%	-9%	-10%	-12%	-2%	-7%
Magazines	-19%	-12%	-24%	-30%	-10%	-7%	-11%	-8%	-2%	-5%
TV	-9%	10%	-6%	-34%	-3%	-5%	-8%	-5%	1%	-7%
Radio	-4%	-10%	-12%	-42%	-10%	6%	2%	6%	10%	7%
Online *	-4%	9%	-4%	-23%	2%	4%	1%	6%	9%	2%
Total market	-17%	-4%	-14%	-38%	-7%	-1%	-5%	-2%	5%	-2%

Online incl. search and social media +3% in 2020

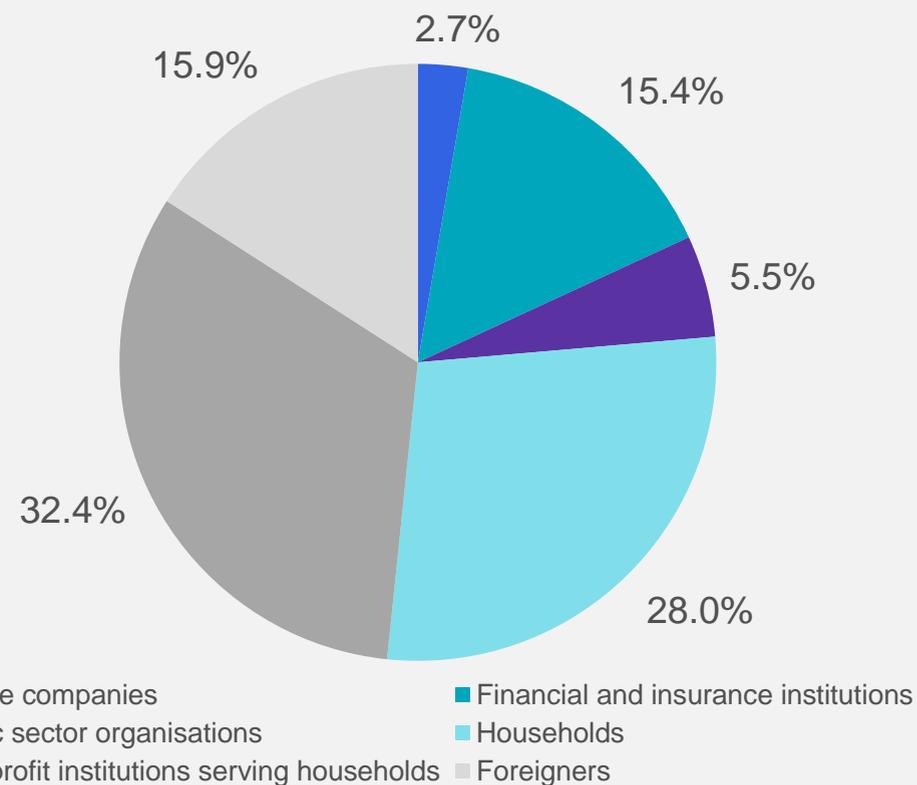
Largest shareholders

31 December 2020

Largest shareholders

	Number of shares	
1. Jane and Aatos Erkko Foundation	39,820,286	24.4%
2. Antti Herlin Holding Manutas Oy: 12.03% personal: 0.02%	19,716,800	12.1%
3. Robin Langenskiöld	12,273,371	7.5%
4. Rafaela Seppälä	10,273,370	6.3%
5. Helsingin Sanomat Foundation	4,701,570	2.9%
6. Ilmarinen Mutual Pension Insurance Company	4,400,000	2.7%
7. Alex Noyer	1,903,965	1.2%
8. Lorna Aubouin	1,852,470	1.1%
8. Foundation for Actors' Old-Age Home	1,800,000	1.1%
10. The State Pension Fund	1,760,000	1.1%
10 largest shareholders total	98,501,832	60.2%
Foreign holding *	21,970,801	13.4%
Other shareholders	43,093,030	26.3%
Total number of shares	163,565,663	100.0%
Total number of shareholders	22,748	

Holding by sector



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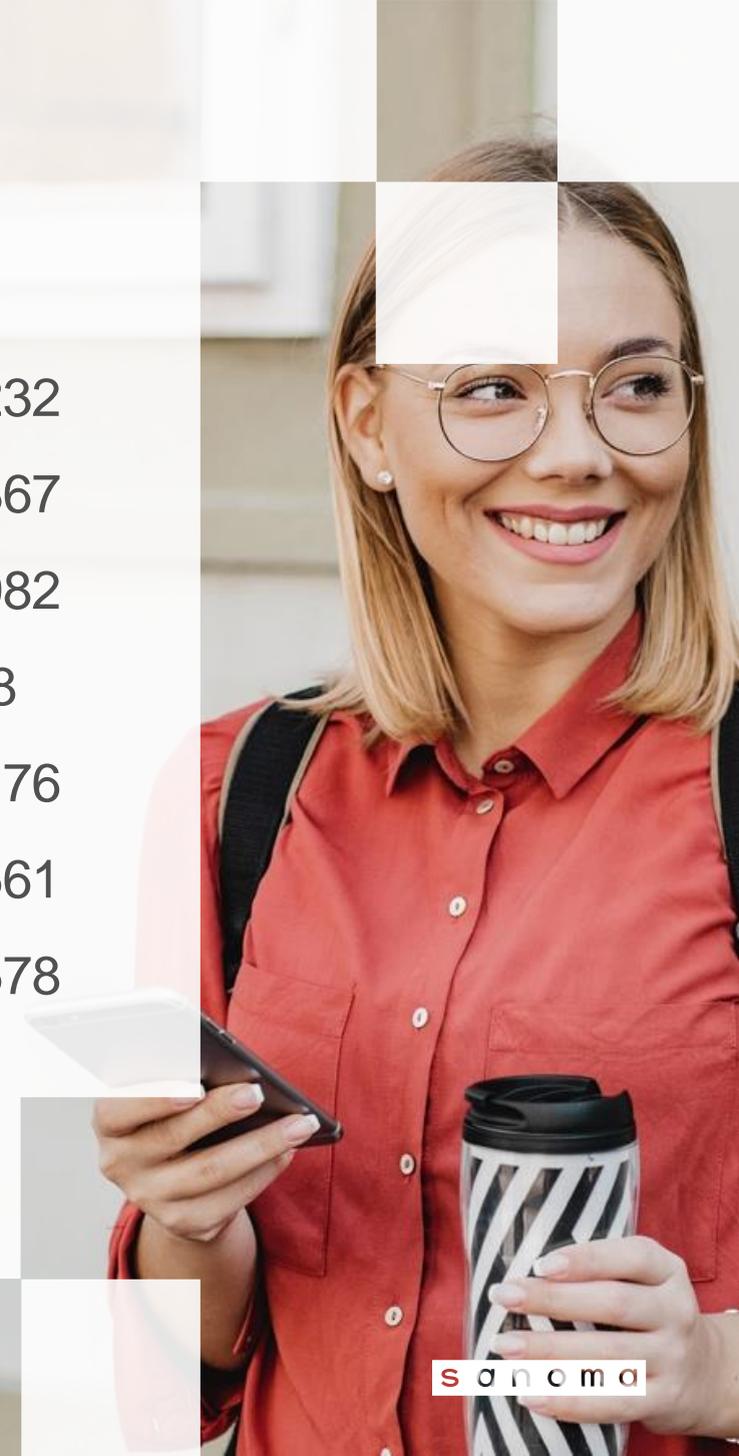
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