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**Two focused and leading  
businesses poised for  
further growth**

Roadshow presentation, March 2021



# Two focused and leading businesses poised for further growth

- We continue to grow Sanoma Learning, the leading European K12 learning business
- We are the leading cross-media company in Finland and continue our successful digital transformation
- We have 300-400m€ headroom for M&A and focus on growing our learning business further
- We pay a solid dividend
- Sanoma is a sustainable investment with learning and media having a positive impact on society

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
<b>1,062m€</b> (2019: 913)	<b>157m€</b> (2019: 138)	<b>14.7%</b> (2019: 15.1%)	<b>95m€</b> (2019: 131)	<b>2.6</b> (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%)



# Our two focused and leading businesses in brief

## LEARNING

Market leader in European K12 with strong digital footprint and benefits of scale

**500m€**

Net sales

**19.2%**

Oper. EBIT  
margin excl.  
PPA

**~13%**

Market share

**>20m**

students

- Best-in-class materials, blended methods and common digital platforms and technology across 11 European countries
- Successful expansion of Learning business footprint in recent years including Santillana Spain, closed at end of 2020
- Long-term target: comparable net sales growth target 2-5% and 'above 23%' operational EBIT margin excl. PPA
- Increase value per student by moving towards a subscription model, with >50% subscription sales target by 2025 (2019: 25%) ensuring increasingly stable cash flows

## MEDIA FINLAND

Finland's leading cross media company

**563m€**

Net sales

**11.8%**

Oper. EBIT  
margin excl.  
PPA

**~50%**

B2C revenue

**97%**

weekly reach

- Focus on news & feature, entertainment and B2B marketing solutions
- B2C revenue representing already over 50% of net sales, resulting in a more recurring revenue base
- Rapidly increasing digital subscriptions fueled by the corona
- Long-term targets: stable comparable net sales (+/-2%) and improving profitability (12-14%)
- Important role in Finnish society: independent journalism and local entertainment
- Alma Media's Finnish regional news media business acquired on 30 April 2020

# 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**

ACQUISITIONS

DIVESTMENTS

**Media  
Netherlands**

**Online classifieds  
business Oikotie**

**300-400m€  
headroom for  
M&A**

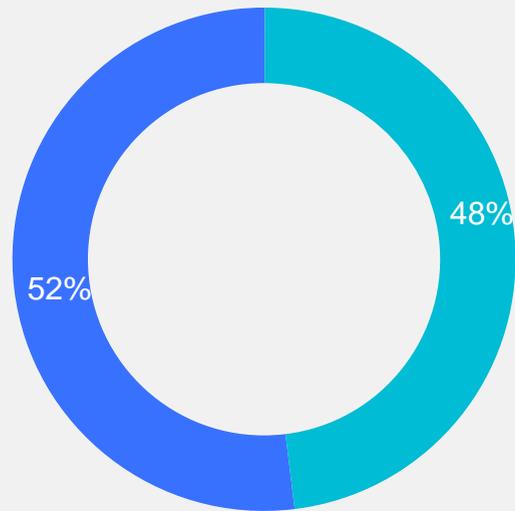
≈ 700m€ divestment proceeds received

≈ 400m€ net sales divested

# Learning is now contributing close to 70% of Group earnings

We have a balanced net sales profile with...

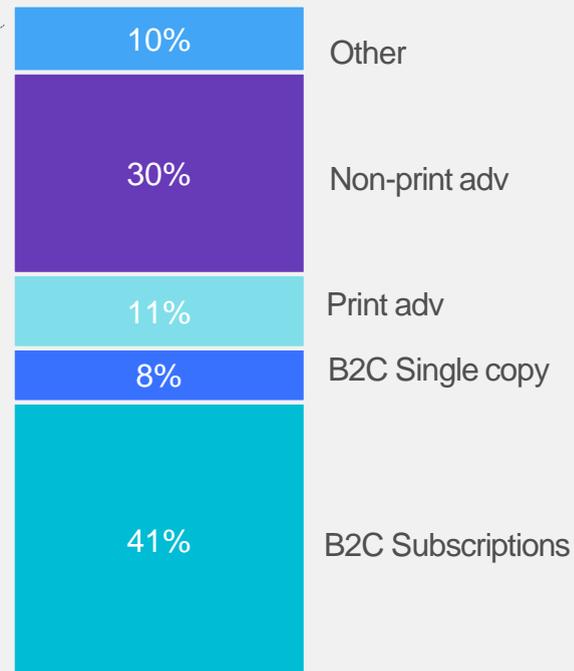
Net sales by SBU



Learning Media Finland

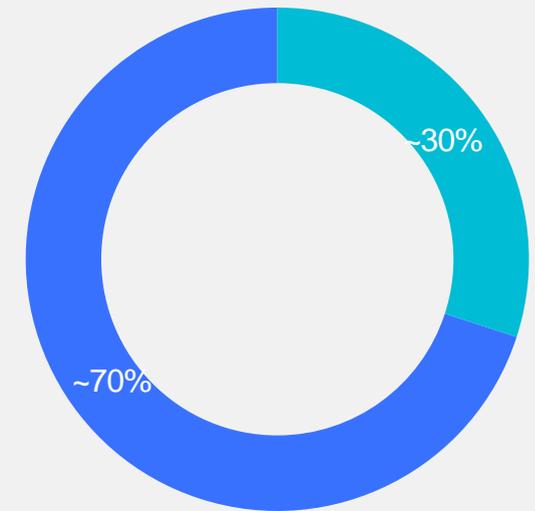
...B2C more than half of our media sales

Group net sales by category, %



Learning close to 70% of earnings

Operational EBIT excl. PPA by SBU



Learning Media Finland

Pro forma incl. Santillana Spain as presented in Sanoma's stock exchange release on 8 March 2021

# Learning and media have a positive impact on society...



## Inclusive learning

We develop inclusive learning solutions that help all students to achieve their potential.



## Sustainable media

We provide trusted Finnish journalism and inspiring entertainment, now and in the future.



## Trustworthy data

We use the data you trust us with to make learning and media better.



## Vital environment

We act to reduce our climate impact and build fact-based awareness of sustainability.



## Valued people

We promote equality and provide an inspiring workplace with excellent opportunities to develop.



Responsible and ethical business practices and supply chain integrity are fundamental for us.

# ...and we have set clear targets in our Sustainability Strategy

Our sustainability targets:

## Inclusive learning

1. We co-create high-quality and motivating learning materials with teachers fitting the local curriculum
2. We develop inclusive learning solutions that support diversity and differentiation
3. We promote equal access to education

## Sustainable media

1. We promote open democracy and freedom of speech through our independent media
2. We increase awareness, empathy and tolerance with our journalism
3. We enable companies to thrive through marketing in our curated media
4. We empower shared experiences with entertainment and support the local audio-visual community

## Trustworthy data

1. Data supports quality learning and helps sustain independent media
2. Our Privacy programme safeguards data while enabling its transparent and compliant use
3. We use Artificial Intelligence responsible and transparently

## Vital environment

1. We set science-based emission reduction targets and will have net-zero emissions by 2030
2. We strive to minimise our environmental impacts across the supply chain
3. We increase our fact-based climate and environmental awareness

## Valued people

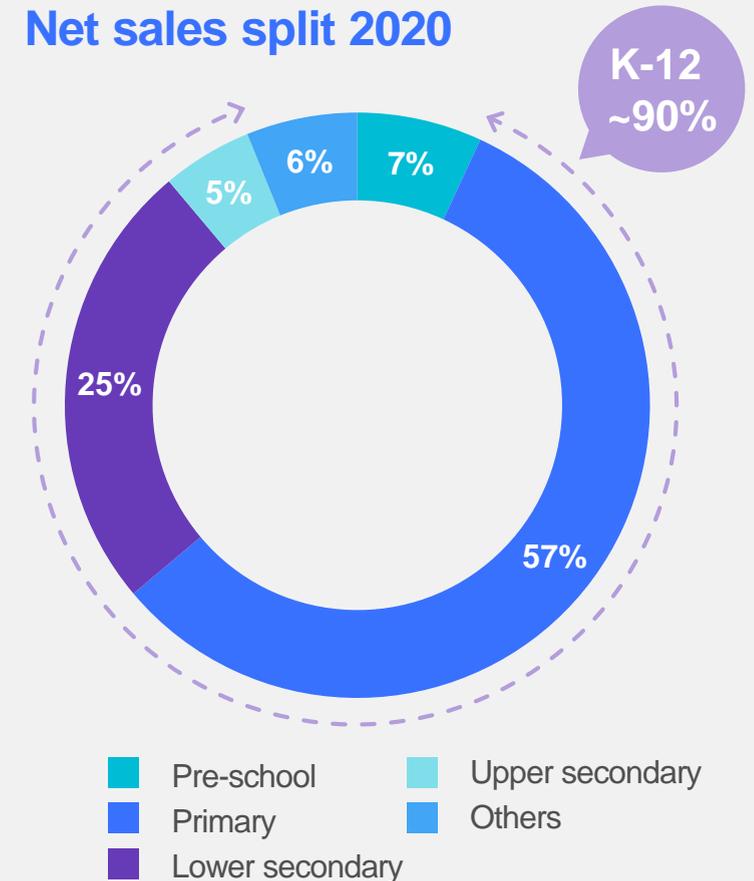
1. We create an equal and inclusive workplace together
2. Our people create our knowledge capital and together we promote wellbeing, training and safety
3. We are a great workplace and support an inspiring and sustainable company culture

Our sustainability KPIs and performance in 2020 are summarised on p. 33

# 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 2020



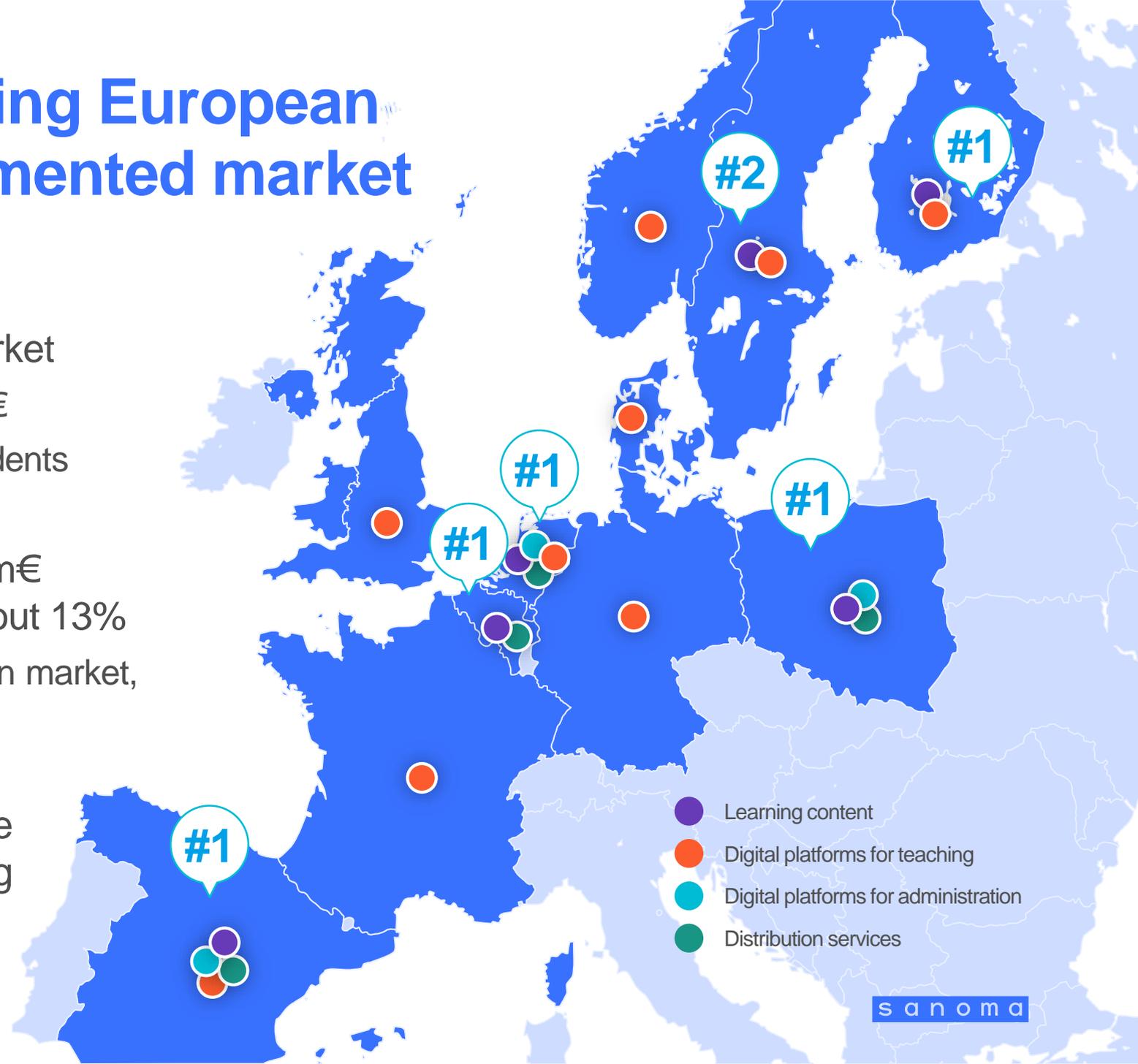
# We continue to grow Sanoma Learning with strong focus on K12 learning services...

- **We focus on growing our K12 learning services**
  - K12 being primary, secondary and vocational education
  - Learning services being blended learning content (print & digital), digital platforms for teaching and administration as well as content distribution
  - High barriers to entry due to local nature of the business
  - Three growth levers: market share gains, expansion of services and M&A
- **We share our best-in-class digital platforms and our European footprint gives us unique benefits of scale**
  - Transitioning towards a subscription model
- **Long-term financial targets**
  - Operational EBIT margin excl. PPA above 23% over time including the acquisition of Santillana Spain
  - Comparable net sales growth 2-5%



# ... and we are the leading European player in a highly fragmented market

- European K12 learning services market
  - Fragmented market of approx. 4-5bn€
  - Serving a total of about 75 million students
- Our annual net sales of around 600m€ represent a market share of only about 13%
  - Already leading player in the European market, serving over 20 million students
- Opportunity to increase market share in existing markets and by expanding into new markets



# Greater integration of products and digital services creates shift towards attractive subscription model

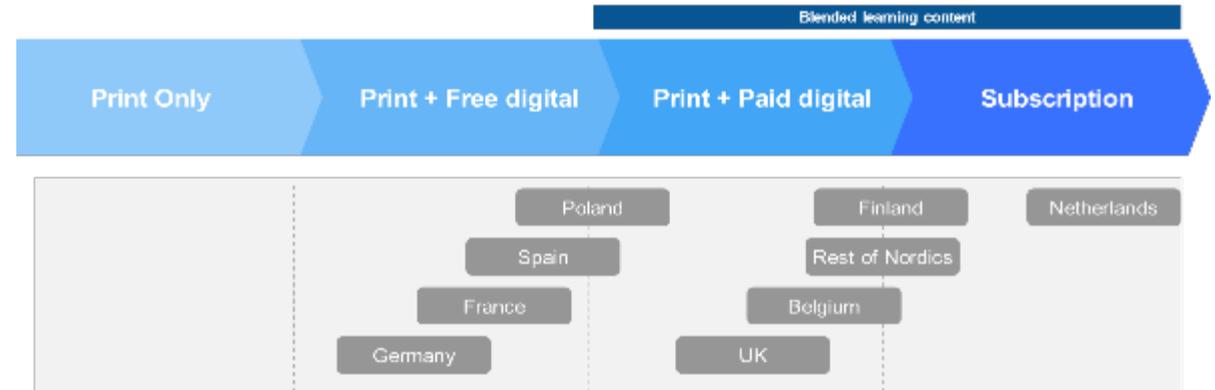
## Greater benefits for all through subscription

- For students: more up-to-date materials, books can be retained, notes in books improves learning impact
- For schools: stable and predictable cost of learning materials
- For distributors: lower cost due to absence of return flows
- For publishers: reduced second-hand market, more efficient content creation and more stable sales and cash flows

## The pace of this shift differs by country, but we aim to move to the subscription model across all our European markets

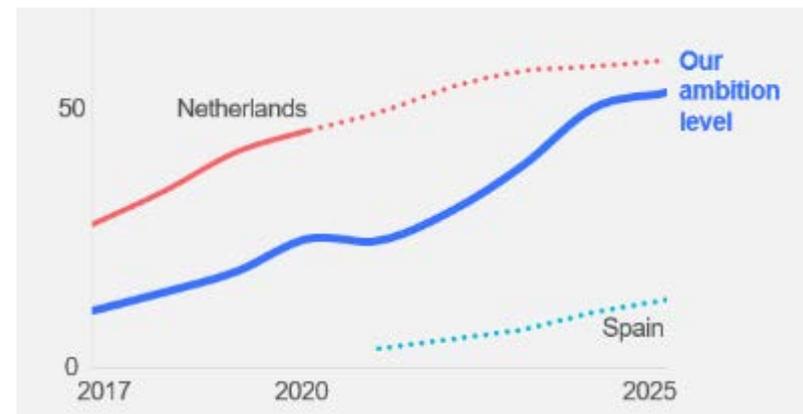
- Currently, subscription sales represent approx. 25% of our net sales
- Ambition supported by various initiatives to raise this to over 50% by 2025
- With countries at different stages of digitalisation the transition will take time

## State of maturity of the various countries



Sanoma view of the state of maturity of the various countries

## Share of subscription in net sales %



# Strategic levers support our growth ambitions

## Our growth levers

3

**M&A:** enter new geographies in K12 and expand our offering in existing markets

2-5% p.a. organic growth target

2

**Increase value per student** through extending offerings, Classroom as a Service

1

**Grow market share** by continuing to win in local markets

2020

**Long term profitability\* target of above 23%** enables us to continue investing while delivering a solid cashflow

\* Operational EBIT excluding PPA for the whole of Sanoma Learning

# We continue to grow our learning business through M&A

- We have a well-developed pipeline and a good momentum for further acquisitions
  - Focus on European K12 learning services
  - Both learning content and digital platform businesses
  - Entering new geographies and expanding our offering in current markets
- We have increased our leverage target to **'below 3.0'**
  - Stable and predictable Learning business now close to 70% of Group earnings
- Our M&A headroom allows us to participate in the ongoing consolidation in the European K12 learning services market

M&A headroom

**300-400**m€

by 2022



LEARNING FY 2020

## Net sales growth driven by acquisitions and strong comparable growth...

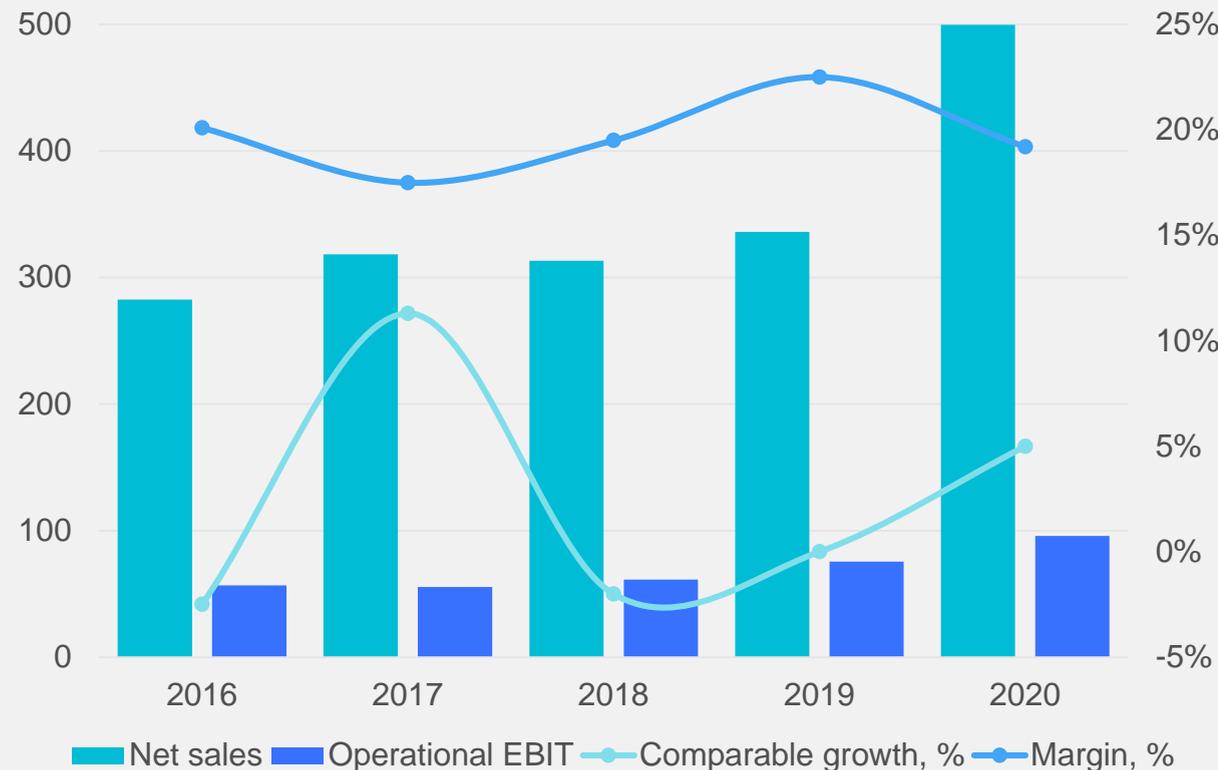
- Net sales grew significantly to 500m€ (2019: 336)
- 143m€ from acquisitions, in particular Iddink
- Strong comparable net sales growth of 5% driven by curriculum renewals in both Poland and the Netherlands
- Coronavirus pandemic had a limited impact on net sales, mostly on on-site training sales in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

# ... and 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

m€



Long-term financial targets

Margin

above 23%

Comparable growth

2-5%

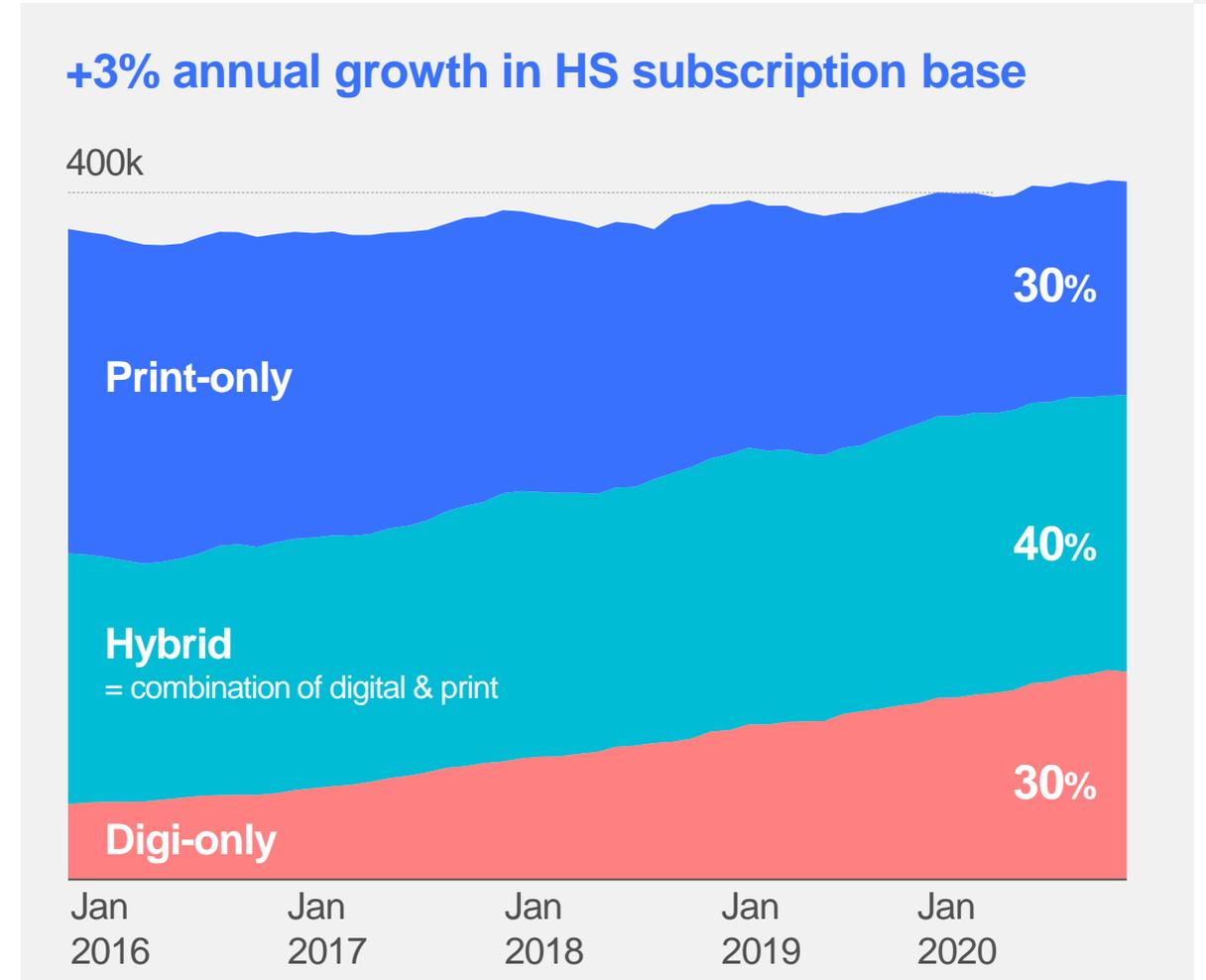
# Sanoma is the leading media company in Finland successful in its digital transformation

- **Focused media company with scale**
  - **Focus: News & feature, entertainment and B2B marketing solutions**
  - Highly synergistic, bolt-on acquisitions could be considered
- **Increasing share of consumer income and subscriptions in both news and entertainment**
  - B2C sales now  $\approx$  50% of total net sales ( $\approx$  45% in 2016)
- **Proven track record of a successful digital transformation**
  - Helsingin Sanomat news subscriptions increasing for 4<sup>th</sup> consecutive year, now already above 400,000
  - Ruutu+ Video-on-Demand with more than 300,000 subscriptions
- **Solid performance towards long-term financial targets**
  - Stable comparable net sales growth +/-2%
  - Increasing operational EBIT margin excl. PPA 12-14%



# Subscriptions growing for the fourth year in a row with strong growth in digital

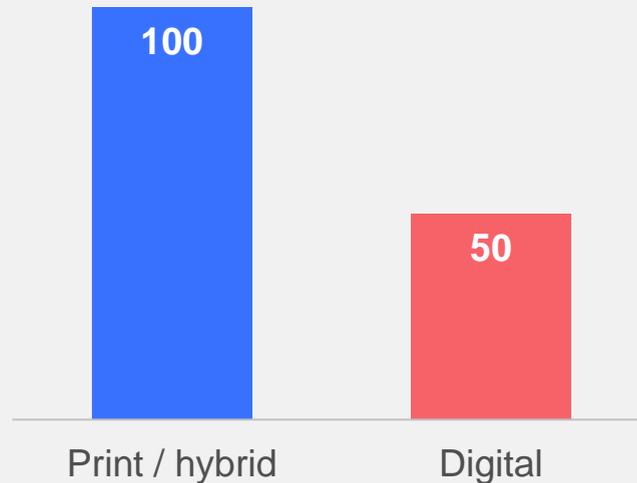
- HS total number of subscriptions over 400k
- Number of digital-only subscriptions well above 100k, 30% of total subscription base
  - Already 70% of all subscriptions include a digital component
  - Appealing digital experience has attracted younger audiences
- Future success in digital requires further scale
- New content areas support subscription growth
  - HS Kids News, successfully launched in August 2020
  - HS Business News to strengthen business reporting, launch in March 2021



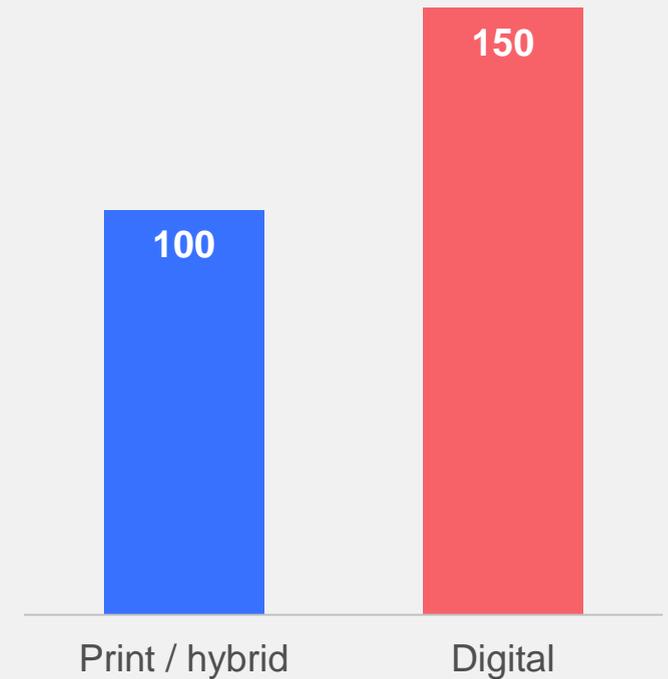
# Digital transformation increases profit contribution per incremental subscriber, but reduces net sales

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

Net sales per additional subscription<sup>1</sup> reduces...  
Indexed



... but profit contribution increases<sup>1</sup>  
Indexed



<sup>1</sup> Excluding impact of digital transformation on advertising revenues

# Our digital transformation is driven by a unique combination of success factors, shared between businesses

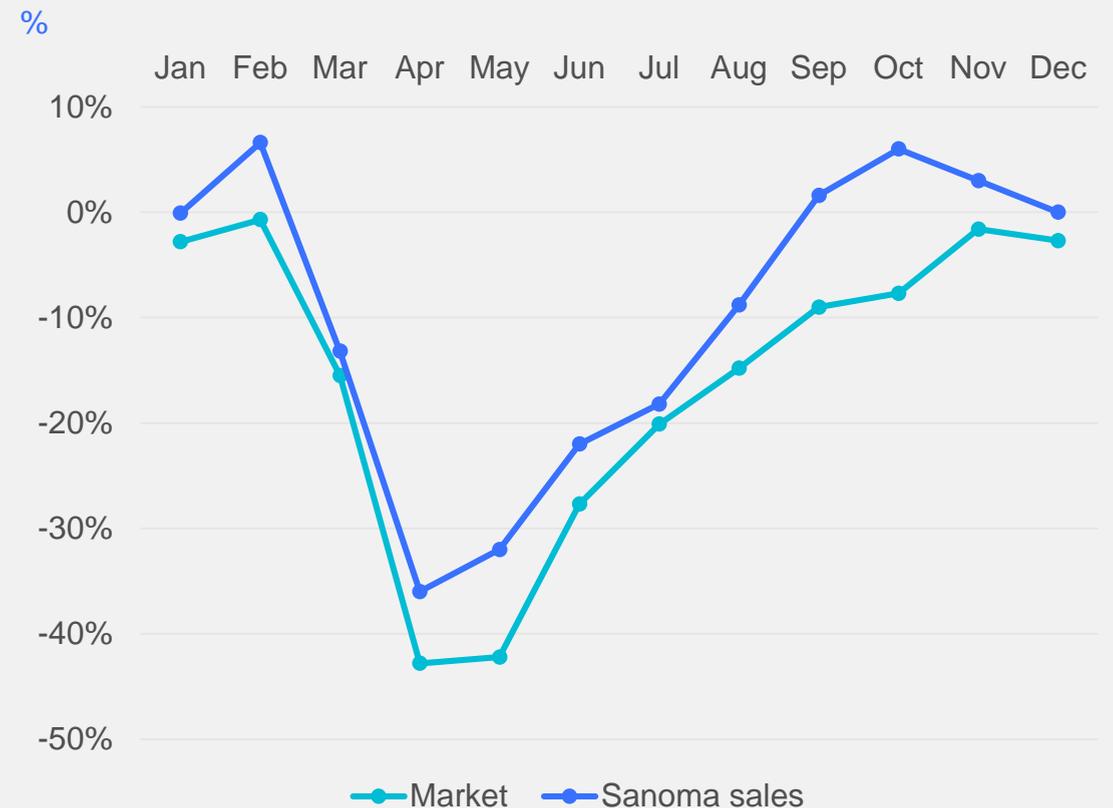
## Success factors across our units



# 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 4<sup>th</sup> 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

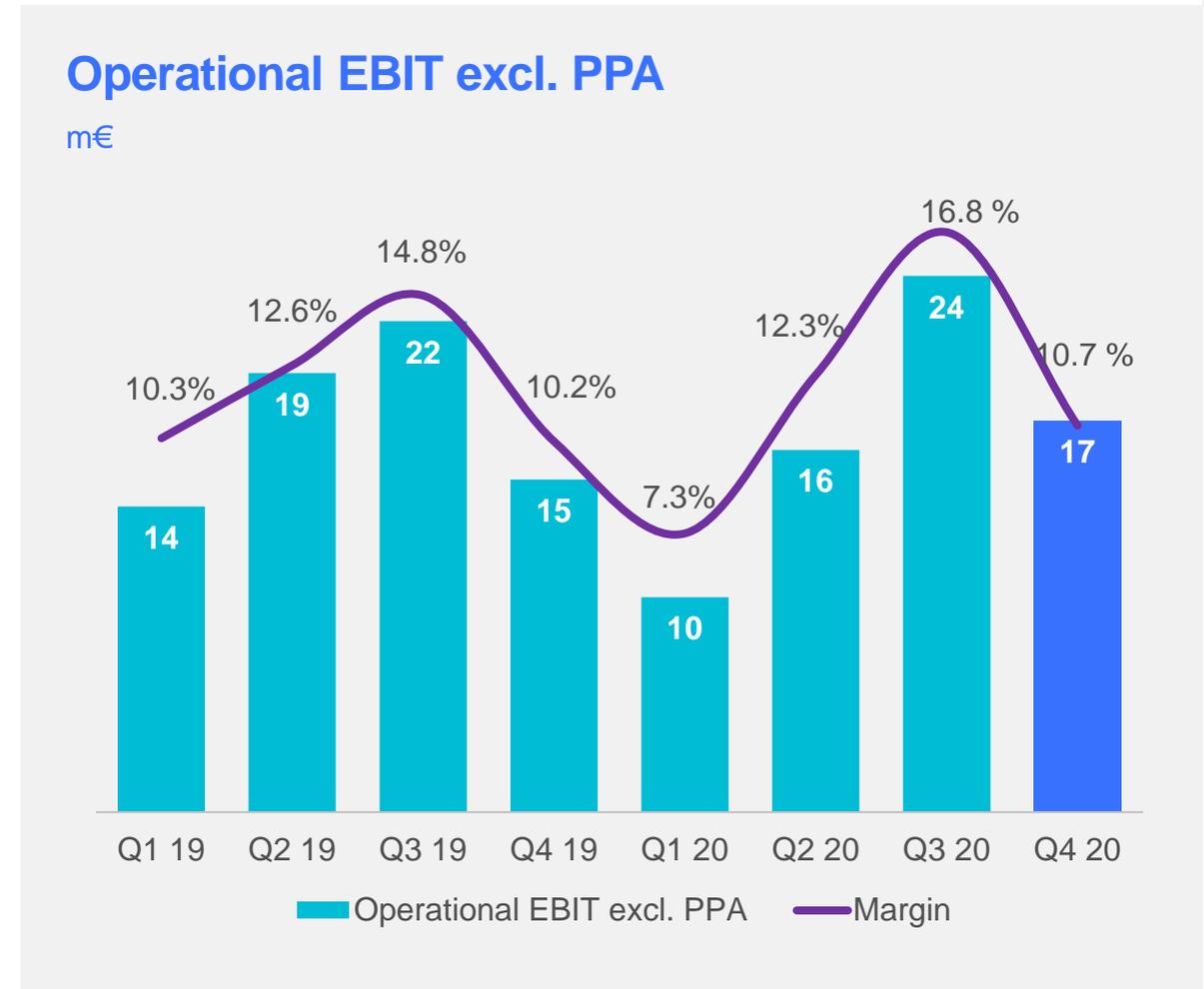
## Monthly advertising development <sup>1</sup>



<sup>1</sup> 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



# Solid dividend for our shareholders while growing through M&A

- 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.

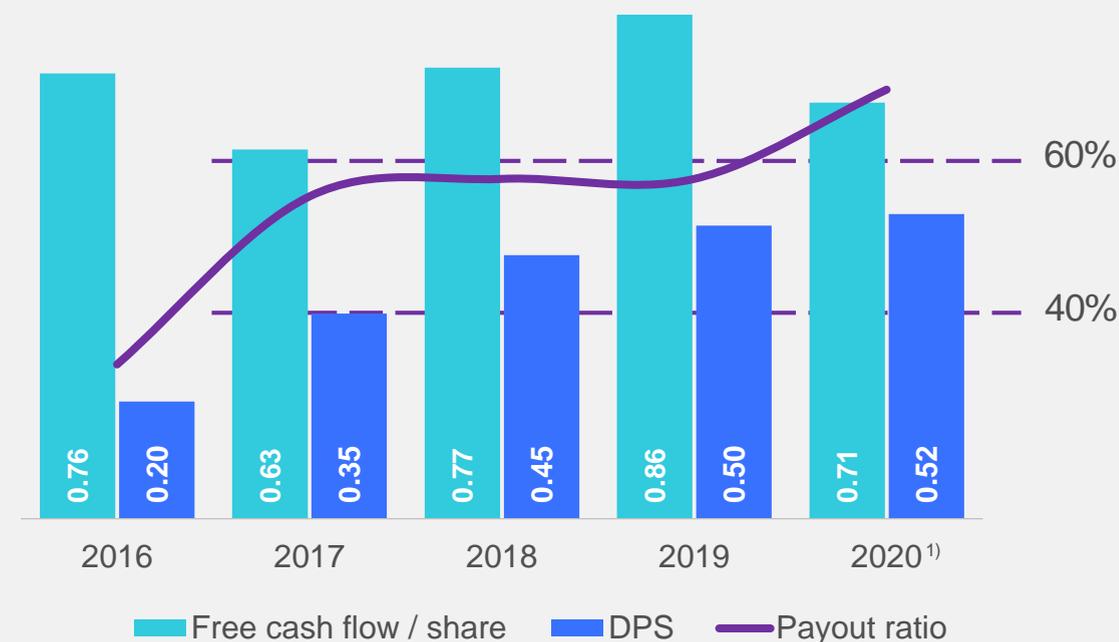
Dividend yield

**3.6%**

as of 31 December 2020

## Dividend per share

€



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



## 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.



# Two focused and leading businesses poised for further growth

- We continue to grow Sanoma Learning, the leading European K12 learning business
- We are the leading cross-media company in Finland and continue our successful digital transformation
- We have 300-400m€ headroom for M&A and focus on growing our learning business further
- We pay a solid dividend
- Sanoma is a sustainable investment with learning and media having a positive impact on society

A photograph of two men in an office environment. The man on the left, with short brown hair and a grey t-shirt, is looking at a smartphone. The man on the right, with dark curly hair, glasses, and a blue button-down shirt, is smiling and looking at a tablet. They are sitting at a wooden desk with a yellow mug and a white coffee cup. A white semi-transparent banner is overlaid on the left side of the image.

## Appendix: Sanoma Group

# Sanoma in 2020

 NET SALES  
**1,062m€**

 NON-PRINT SALES  
**56%**

 OPERATIONAL EBIT MARGIN  
**14.7%**

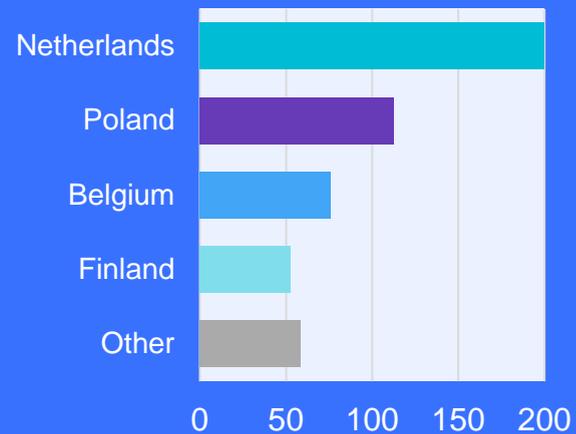
## Learning

 500m€

 64%

 19.2%

### NET SALES 2020



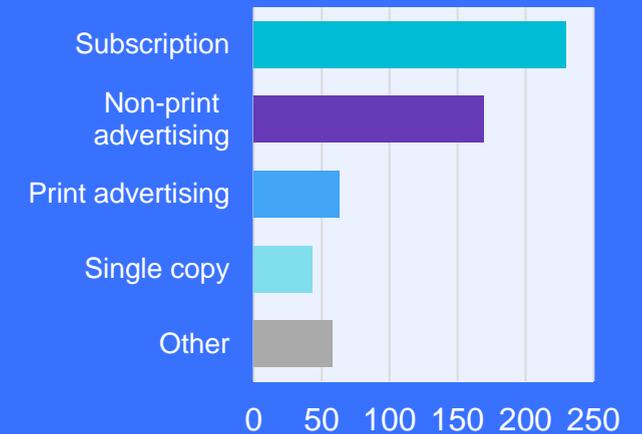
## Media Finland

 563m€

 48%

 11.8%

### NET SALES 2020

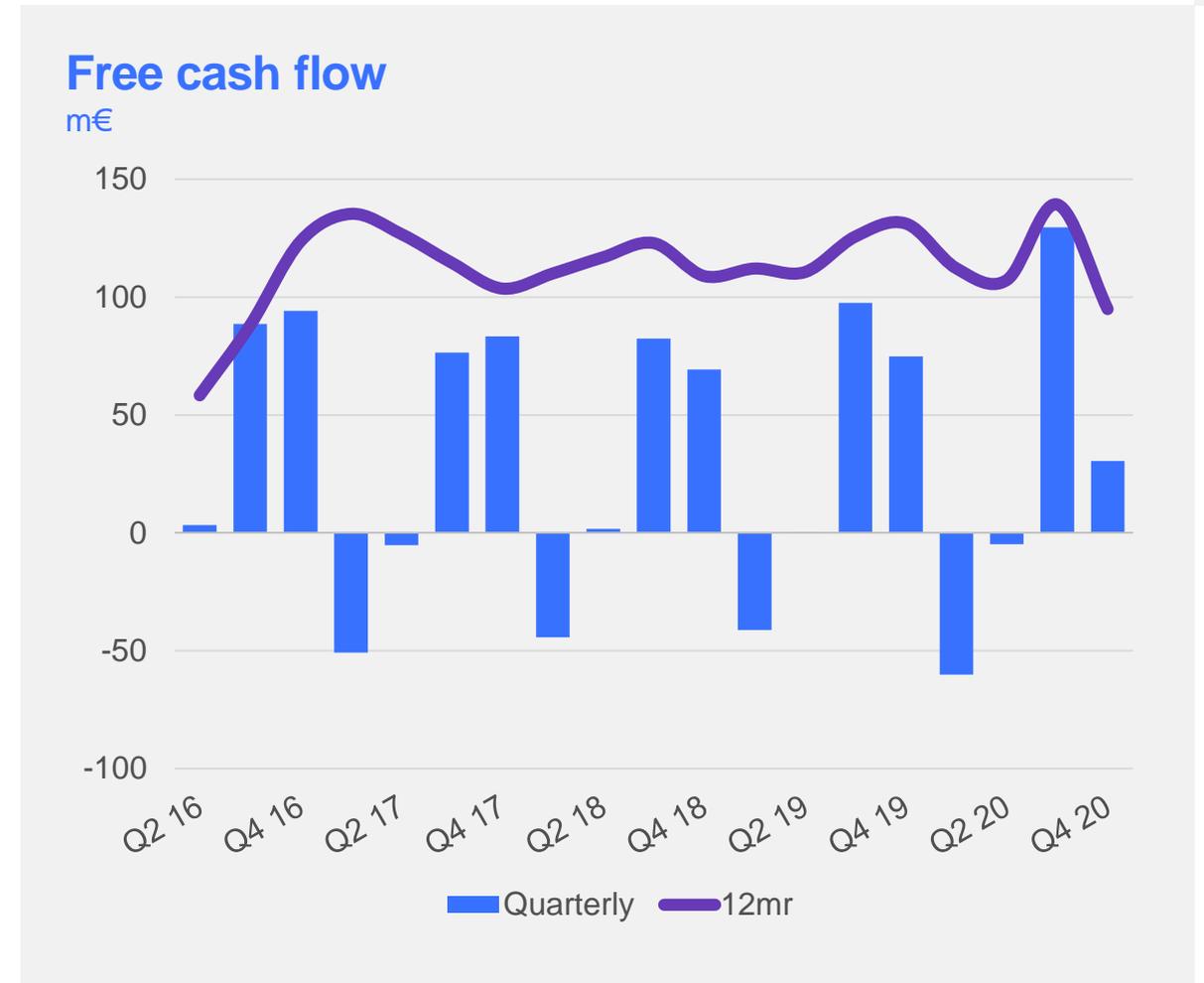


# We raised long-term targets for Learning's profitability and Group's leverage in December

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

# Free cash flow of continuing operations grew in 2020

- Free cash flow of continuing operations grew strongly 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



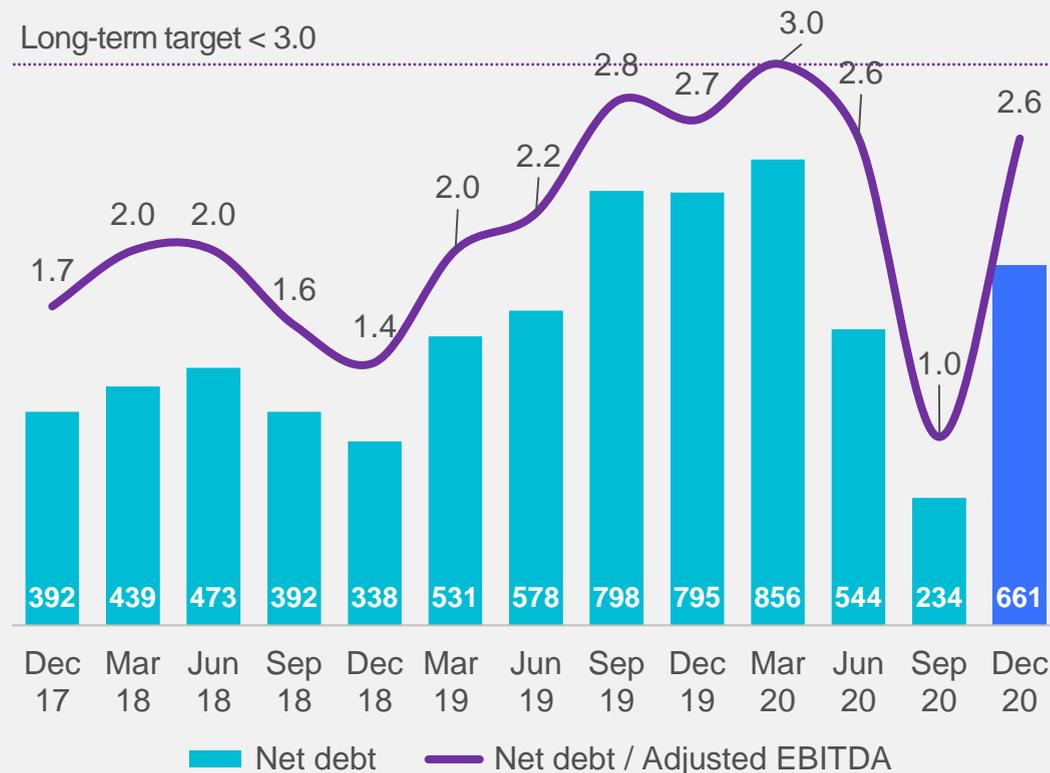
Free cash flow = Cash flow from operations less capital expenditure

# 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 <sup>1)</sup>
- Acquisition of Santillana Spain financed by the bridge loan and 200m€ term loan
  - 3-year bond of 200m€ with a coupon of 0.625% issued on 11 March 2021, to be used to repay the bridge loan
- Average interest rate of external loans 0.8% (2019: 2.3%) in 2020 and 1.0% at the end of the year

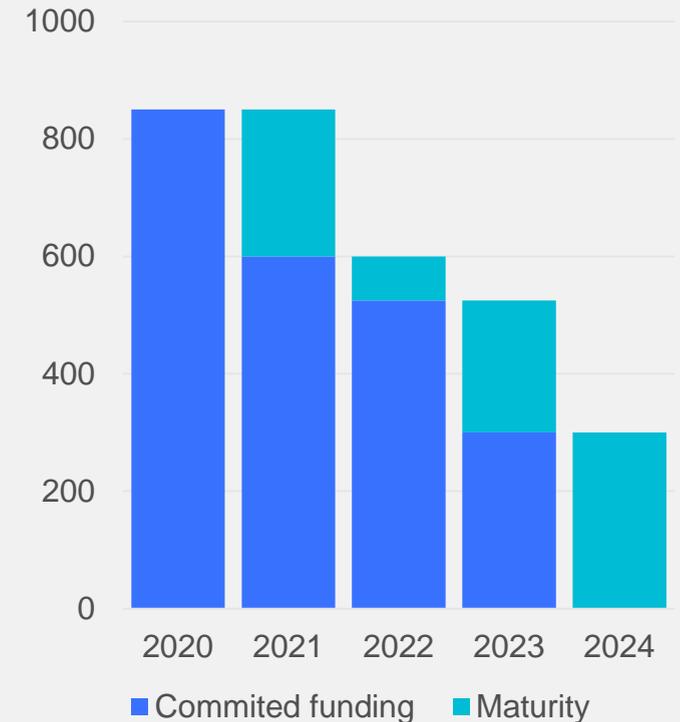
## Debt structure

m€, 31 Dec 2020



## Maturity profile 2020–2024

m€, 31 Dec 2020



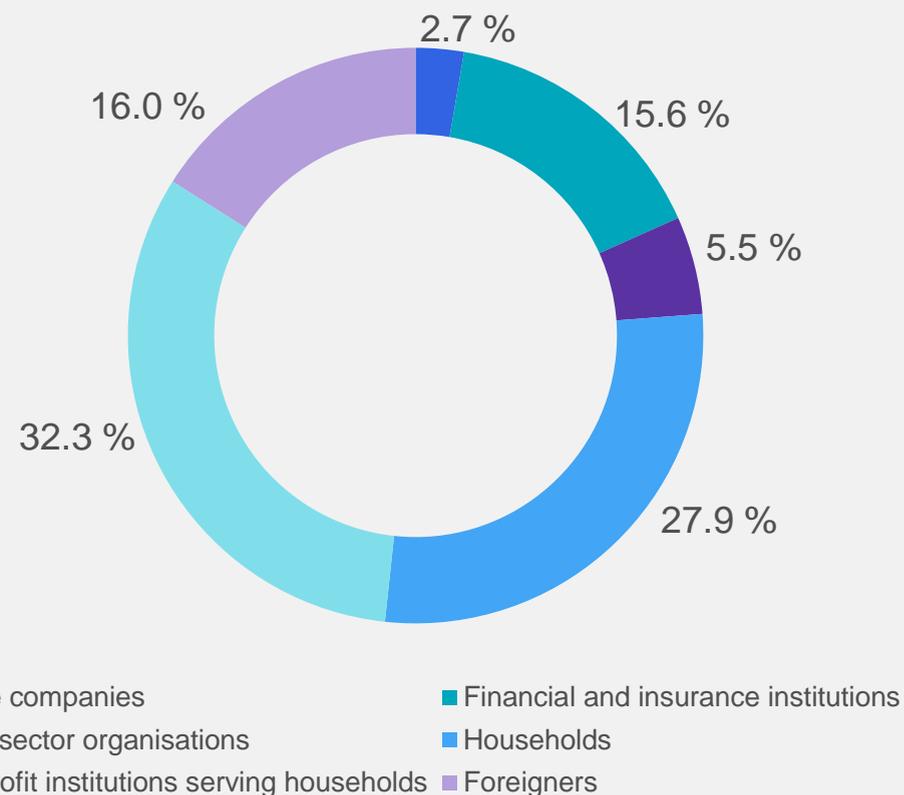
# Largest shareholders

28 February 2021

## 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%
9. The State Pension Fund	1,760,000	1.1%
10. Foundation for Actors' Old-Age Home	1,700,000	1.0%
<b>10 largest shareholders total</b>	<b>98,401,832</b>	<b>60.3%</b>
<b>Foreign holding *</b>	<b>26,210,676</b>	<b>16.0%</b>
<b>Other shareholders</b>	<b>38,953,155</b>	<b>23.9%</b>
<b>Total number of shares</b>	<b>163,565,663</b>	<b>100.0%</b>
<b>Total number of shareholders</b>	<b>22,894</b>	

## Holding by sector



# Our sustainability performance in 2020

In line with our strategy, we have set targets and defined KPIs for our sustainability work. For more information, see Sanoma Sustainability Report 2020.

## Inclusive learning

### KPIs and performance in 2020

- Learning impact of our services: **92%**
- Learning efficacy of our services: **83%**
- Student engagement of our services: **87%**

## Sustainable media

### KPIs and performance in 2020

- Guidelines for Journalists and complaints from the Council of Mass Media: **6** notifications of violation
- ICC Marketing Code and complaints: **2** cases of non-compliance (notifications, no sanctions included)

## Trustworthy data

### KPIs and performance in 2020

- Major and minor breaches of privacy and customer data: **no** major, **196** minor
- Number of nominated Privacy Champions across businesses: **34**
- High employee privacy awareness (e-learning rates for privacy and security): **93%** for both privacy and information security

## Vital environment

### KPIs and performance in 2020

- Zero emissions by 2030 in own operations and supply chain (Scope 1, 2 & 3): **99,289 tCO<sub>2</sub>**  
**91 gCO<sub>2</sub>e/€ net sales**
- % of paper originating from certified wood fiber: **85%**
- % of key suppliers screened using environmental criteria: **Paper Procurement Guidelines annexed to all paper procurement agreements**

## Valued people

### KPIs and performance in 2020

- Sanoma Employee Engagement Survey results: **71.1 People power rating**
- Diversity of board, management and employees: **Board 20(F)/80(M)%**  
**EMT 50/50%**  
**Employees 45/55%**
- Employee turnover rate: **10.6%**

Responsible business practices – KPIs and performance in 2020

High employee awareness of Code of Conduct and anti-bribery and corruption (e-learning rates): **94% (CoC) and 93% (ABC)**

# 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



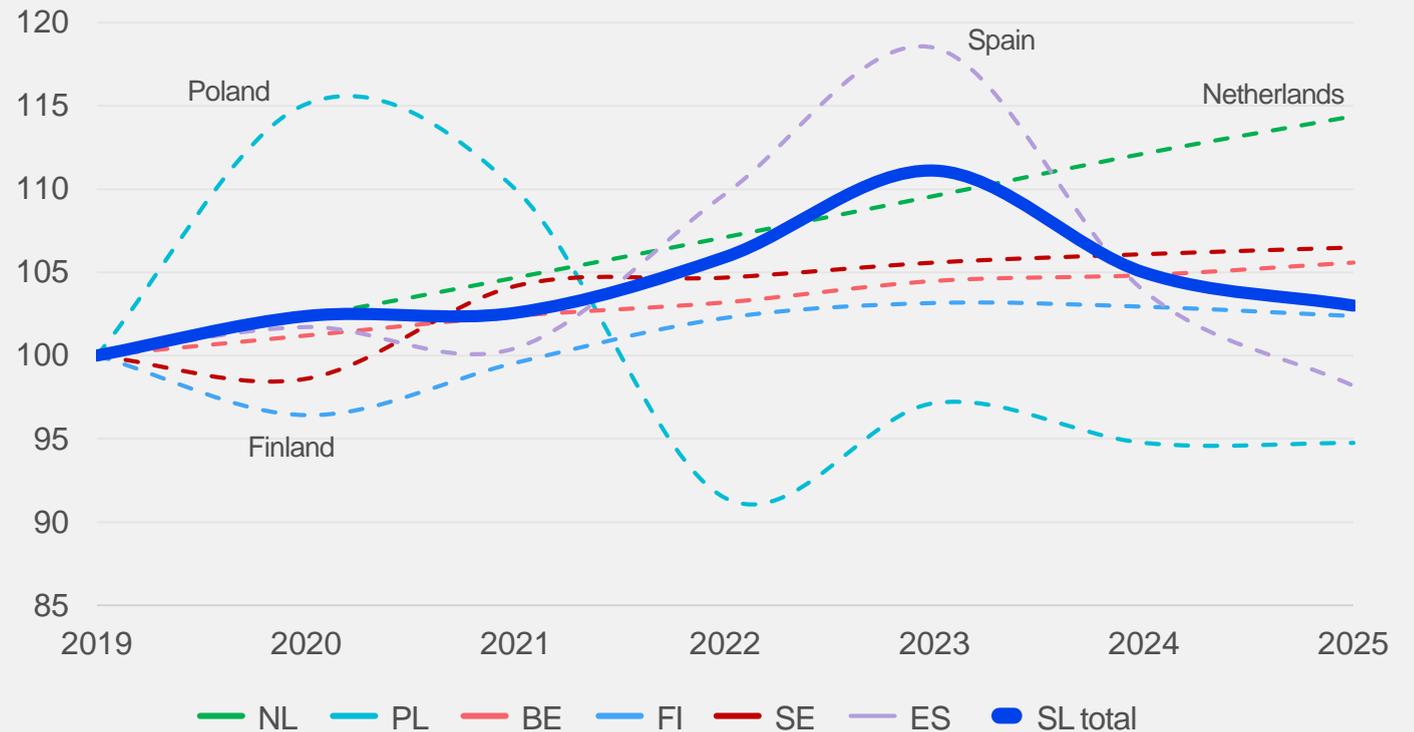
# Appendix: Learning

A young child with short brown hair, wearing a red t-shirt, blue overalls, and blue rubber boots, is kneeling in a garden. The child is holding a small amount of dark soil in their right hand and appears to be planting seeds. A blue plastic garden fork is lying on the ground nearby. The garden is filled with various green plants, and the soil is dark and rich. The scene is brightly lit, suggesting a sunny day.

# In learning materials, modest market growth expected over the cycle

- In **Poland**, fluctuations due to the educational reform ending in 2020-2021
- In **Spain**, the LOMLOE reform is driving fluctuation in 2022-2024
- **Dutch** market will be modestly growing due to increased value per student
- In **Finland**, with the upper secondary reform of 2021 the market will rebound, similarly in Sweden

Value of K12 publishing market\*



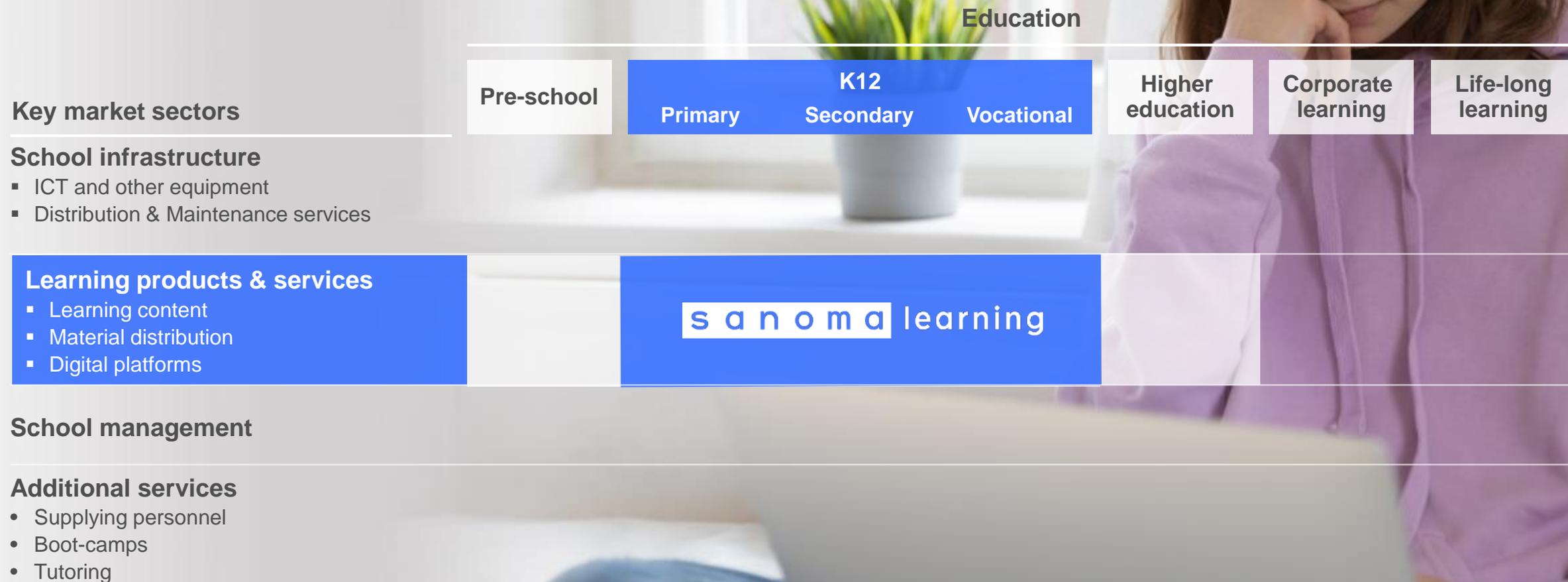


LEARNING:

## Market leader in European K12 with strong digital footprint and benefits of scale

- Upgrading long-term profitability target to 'above 23%' operational EBIT margin excl. PPA
- Successfully executing on M&A strategy
- Increasing attractiveness due to conversion from single product to subscription model
- Best-in-class materials, blended methods and common digital platforms and technology
- Positive impact on society by better learning outcomes

# We are a focused European provider of K12 learning products and services

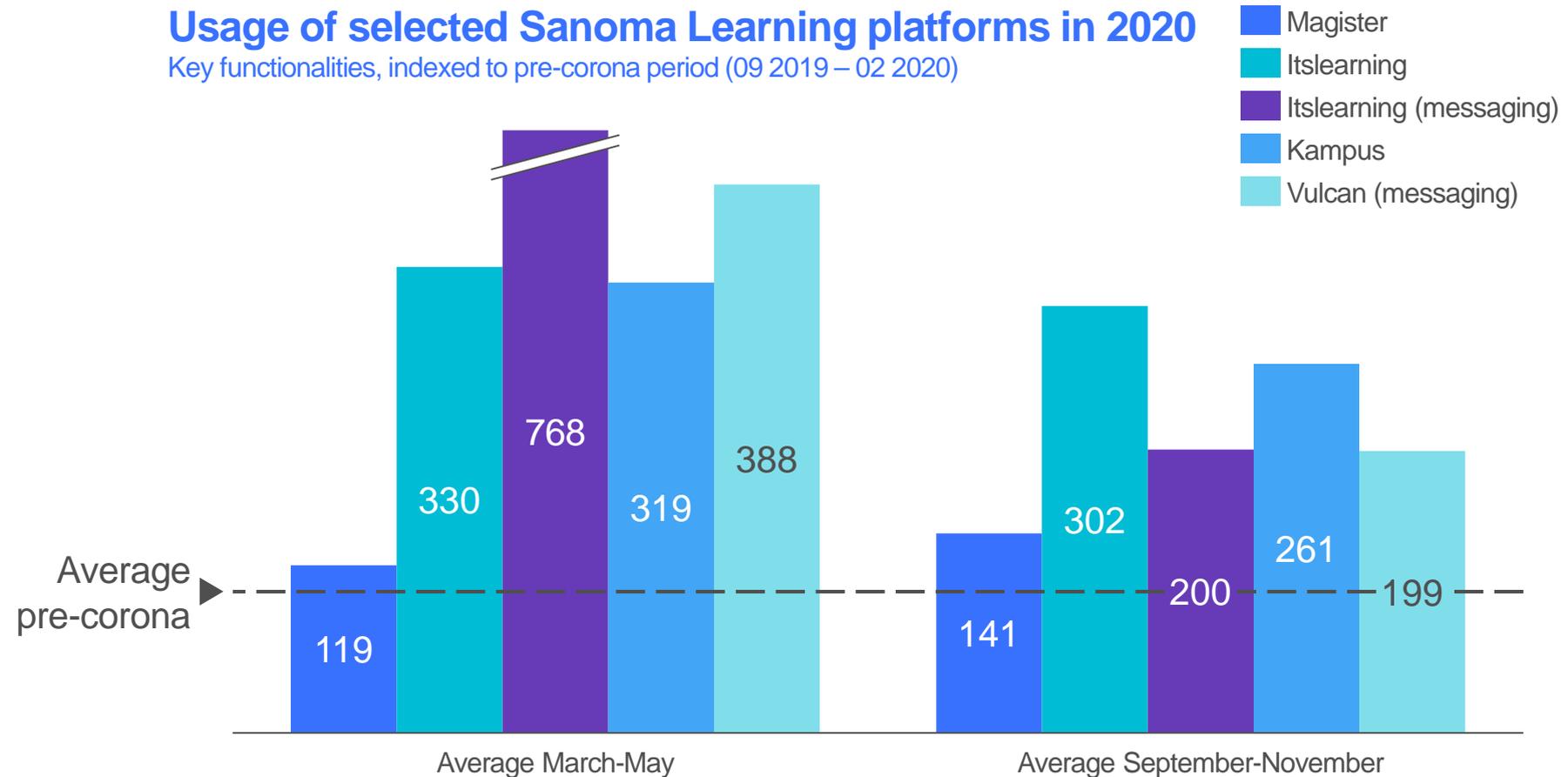


# We have developed as a publisher of learning materials into an integrated provider...

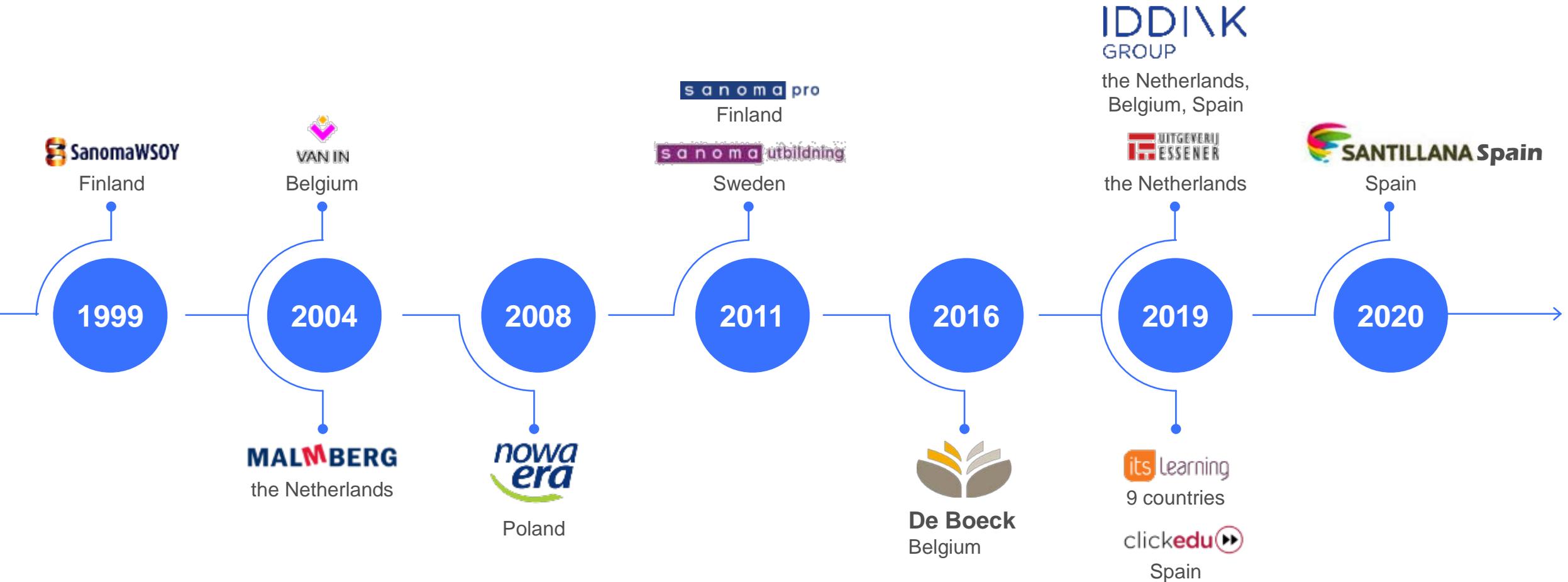
Learning products & services	Net sales share*	Commercial contact	
		Teachers	Administrators
Blended learning content	60%	 	<input checked="" type="checkbox"/>
Material distribution	25%	 	<input checked="" type="checkbox"/>
Digital platforms for teaching	5%	 	<input checked="" type="checkbox"/>
Digital platforms for administration	5%	 	<input checked="" type="checkbox"/>
Testing and analytics	5%		<input checked="" type="checkbox"/>

# ... with significant increase in usage on platforms supporting teachers during the corona pandemic

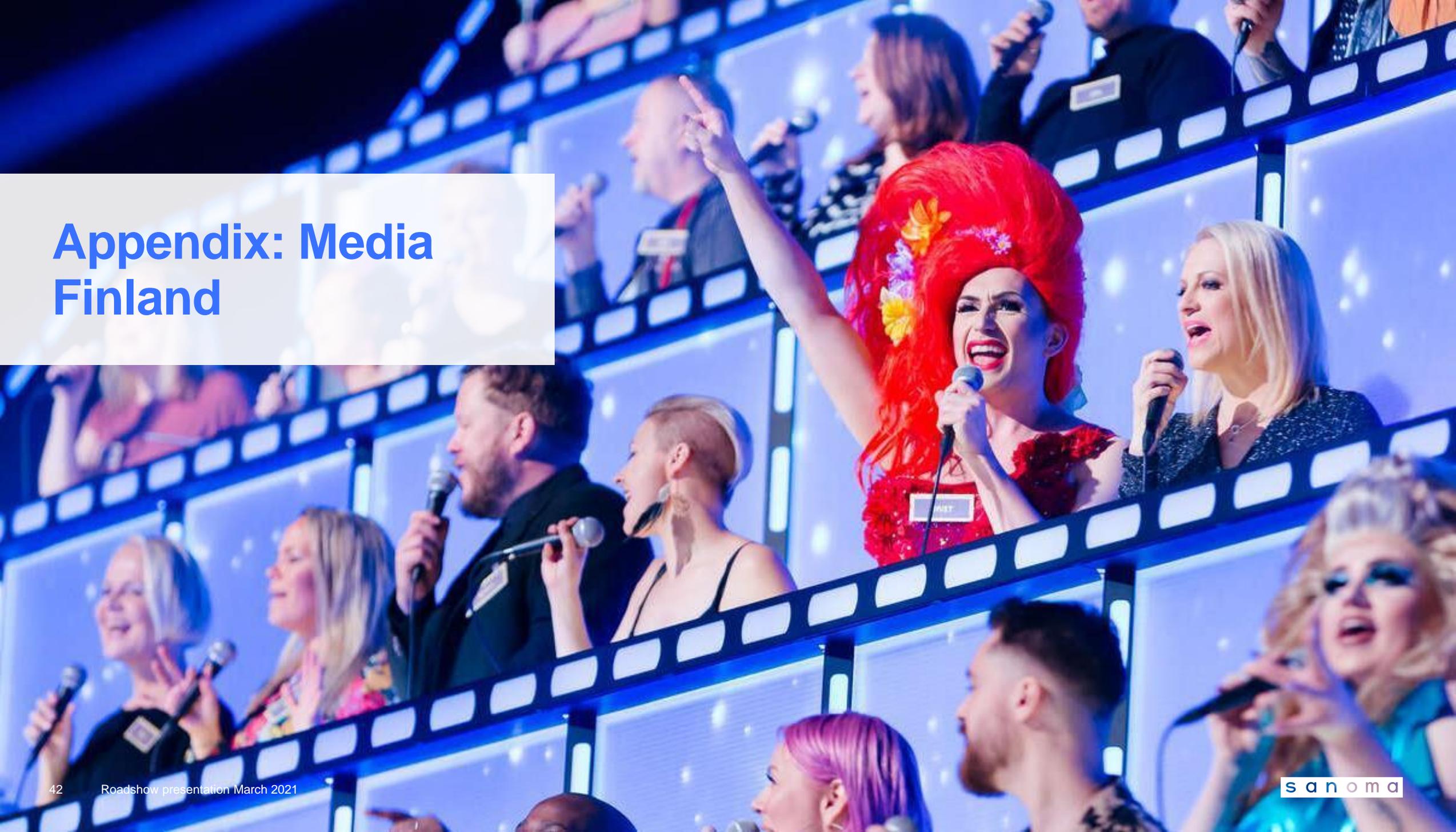
- Platforms performed well to deal with increased usage
- Previously less digitized markets like Poland have escalated to intense usage levels
- Integrations of MS Teams and Google for education supports teachers and students

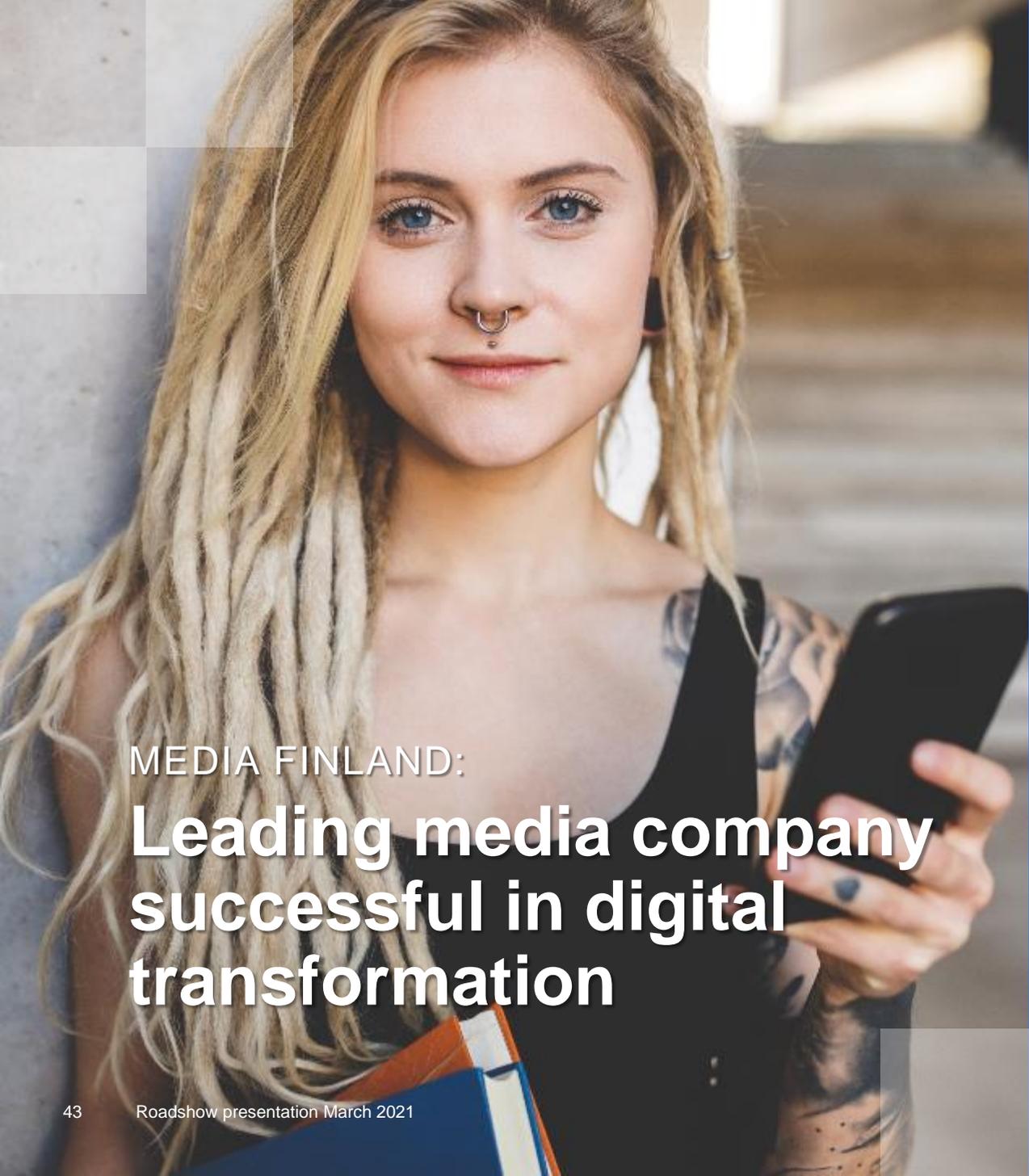


# Sanoma Learning has been successfully built through M&A



# Appendix: Media Finland





MEDIA FINLAND:

# Leading media company successful in digital transformation

- Leading positions in news & features, entertainment and B2B marketing solutions
- Rapidly increasing digital subscriptions
- Stable net sales (+/-2%\*) and improving profitability (12-14%\*)
- Important role in Finnish society: independent journalism and local entertainment

# We have leading positions in news & feature, entertainment and B2B marketing solutions



## News & feature

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

#1 in domestic,  
independent journalism



## Entertainment

- Increasing consumer revenue
- Unique combination of strengths across media types
- Important role in total advertising portfolio

#1 in domestic entertainment  
with most attractive  
brands and stars



## B2B marketing solutions

- A unique, multimedia offering to build effective marketing solutions
- Strong digital advertising growth supported by improved data and targeting capabilities
- Strong sales organisation with superior knowledge of local market and customers

#1 marketing partner helping  
companies to grow in Finland

# In 2020, we continued to implement our digital transformation strategy

## Strong digital growth

- ➔ Helsingin Sanomat (HS) **70% out of over 400k** subscriptions include a payable digital element (+8% YoY)
- ➔ Ruutu+ SVOD subscriptions over **300K** (+16% YoY)
- ➔ Ilta-Sanomat (IS) average weekly visits over **43M** (+17% YoY)

## Focus on core business

- Combined News & Features organisation settled in and showing strategic benefits of close cooperation across the brands
- Integration of the acquired regional news media business proceeding according to plan
- Online classifieds business Oikotie divested to Schibsted

NEWS & FEATURE

# #1 in Finnish journalism, further strengthened by acquired regional news media

Leading national and regional news media



IS

AAMULEHTI  
SATAKUNNAN KANSA

TIEDE

menaiset

GLORIAN  
ruoka&viini

Focus on

- Growing digitally active subscription base
- Growing daily national reach

## CASE REGIONAL MEDIA

# Integration and synergy capture proceeding to plan

### Background

- On 30 April 2020, Sanoma acquired Alma Media's regional news media business in Finland

### Deal rationale

- Highly synergistic bolt-on acquisition
- Strengthening one of our strategic core businesses, news & feature
- Growing our digital subscription base
- Efficiency in shared operations
- Better financial returns on digital investments
- Supporting our long-term profitability target (12-14% operational EBIT margin excl. PPA)

Synergy realization on track to achieve full run rate net synergies of **13m€ by 2022**

Strong digital subscription growth of **46% YoY**

Integration proceeding well e.g. harmonised ways of working and IT systems

ENTERTAINMENT

# We have leading positions in our selected areas

TV & video

Radio & audio

Live events

Our market positions

#1-2

#2

#1

ruutu Sim liv

4

Radio Suomipop **supla**

Radio Aalto helmi RADIO **RADIOROCK**

SuomiPop **FESTIVAALI**

**HIMOS**  
JUHANNUS

**ROCKFEST**

TIKKURILAFestivaali

**SOLARSOUND**  
FESTIVAL

**WANAJA**  
FESTIVAL

## B2B MARKETING SOLUTIONS

# Increasingly stronger position also in the SME segment

### SME (small and mid-size enterprise) customers – significant potential to grow

- Our market share in SME is relatively low (~15% vs. over 30% in large customers)
- Position further strengthened through regional news and regional radio acquisitions as well as digital offering
- Already large customer base and superior sales organisation

### Large customers – grow market share

- Multimedia offering provides competitive advantage and supports market share growth

### Market share per customer segment\* 2020

Large customers

>30%

SME customers

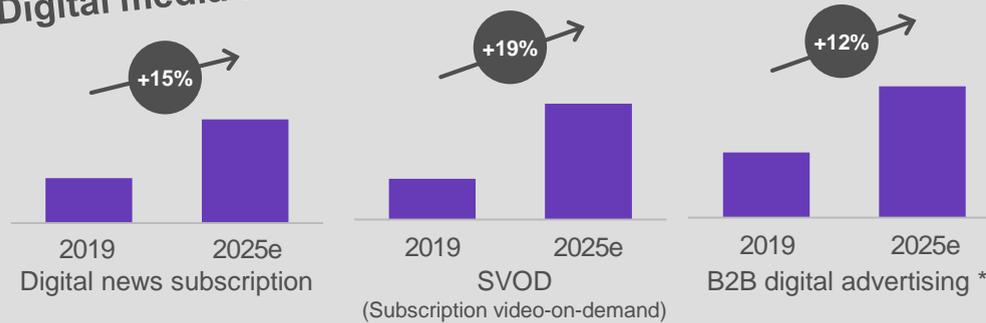
~15%

\* Excluding digital international media companies

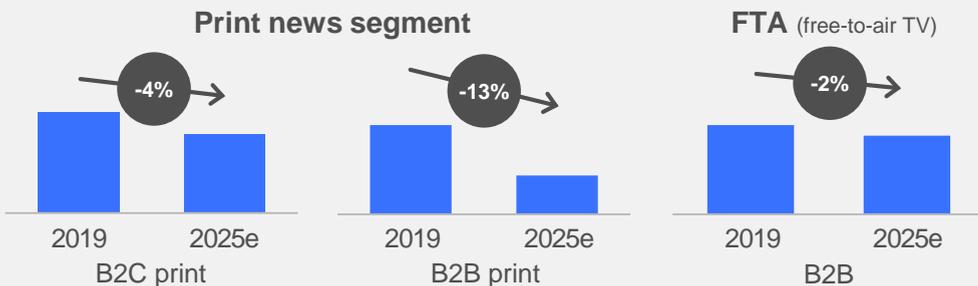
# Long-term digital transformation of media continues – corona accelerating digital adoption both in B2C and B2B

## Finnish media market outlook

### Digital media to double



### Traditional media to slowly decline



## Market drivers long-term

- **Consumer willingness to pay** for high-quality news, video and audio on a subscription basis is growing
- **Increasing interest in lifestyle and feature** content if placed on news platforms
- **Transformation from linear TV to on-demand** continues with growth driven by increased penetration and stacking behavior
- **Advertising spend is shifting towards digital** and customer data is a prerequisite for selling digital advertising
- **FTA more resilient to traditional media decline** since FTA and digital complement each other well

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