

s

n

o

a

m

a

Q1 2021 Interim Report:

Good start to the year driven by acquisitions and organic growth

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

Good start to the year driven by acquisitions and organic growth

Net sales

210m€

(2020: 188)

Comparable net sales growth

3%

(2020: 2%)

Operational EBIT excl. PPA

-10m€

(2020: -8)

Free cash flow

-48m€

(2020: -60)

Net debt / Adj. EBITDA

2.8

(2020: 3.0)

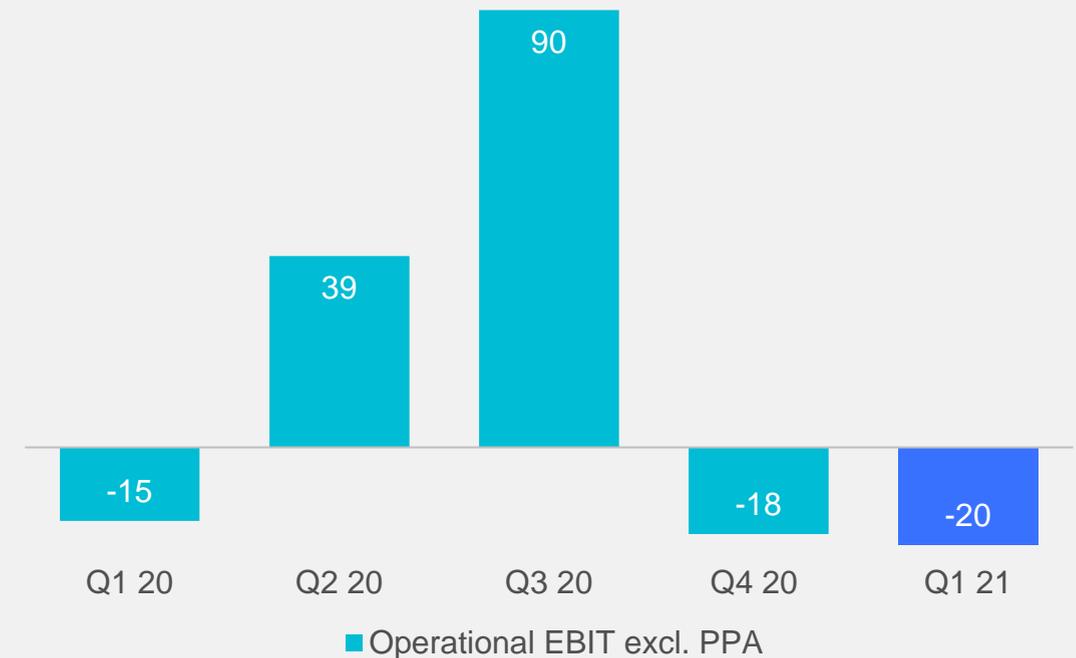
- Net sales grew both on a comparable basis and as a result of the acquisitions of the regional news media business in Finland and Santillana in Spain
- Operational EBIT excl. PPA improved in Media Finland while seasonally declining in Learning as the business grew with the acquisition of Santillana
- Free cash flow improved mainly driven by the divestment of Media Netherlands, whose seasonally negative free cash flow was included in the comparison period
- Leverage remained relatively stable at 2.8
- Updated Sustainability Strategy focusing on six themes was launched in March
- Outlook for 2021 unchanged



Solid performance in a seasonally small quarter

- Net sales grew to 68m€ (2020: 58)
 - Some orders shifting from Q2 to Q1 e.g. in the Netherlands, Poland and Belgium
 - Net sales of Santillana amounted to 4m€ (compared to 2m€ in Q1 2020)
- Operational EBIT excl. PPA declined to -20m€ (2020: -15) mainly driven by the acquisition of Santillana
- Q3 expected to become more prominent especially in 2021
 - In Spain, seasonality even stronger and the business more focused on Q3 than in other operating countries
 - Due to corona, ordering expected to be delayed from Q2 to Q3 e.g. in the Netherlands and Belgium

Operational EBIT excl. PPA m€



12-month rolling margin not reported due to incomparability caused by acquisitions

Net sales grew...

- Net sales grew to 142m€ (2020: 130)
 - The regional news media business contributed by 19m€, while adverse impact of Oikotie divestment was 6m€
 - Subscription sales continued to grow driven by Helsingin Sanomat, where number of subscriptions grew by 6% yoy, and VOD service Ruutu+
 - Comparable advertising sales declined by 4% against a relatively strong pre-pandemic start of 2020, Sanoma gained market share esp. in online



...and earnings improved

- Operational EBIT excl. PPA improved to 11m€ (2020: 10)
 - + Synergies related to the acquisition of the regional news media business becoming visible
 - + Continued cost mitigation actions
 - + Lower paper prices
 - Investments in growth initiatives resulted in somewhat higher digital development and personnel costs
- Sanoma received a decision from the Finnish Tax Adjustment Board that they have accepted a 20m€ claim excl. potential penalties and interests made by the Tax Ombudsman
 - The claim concerned the treatment of VAT of certain magazines that were printed in multiple locations in Europe and distributed through a centralised logistics centre in Norway in 2015 and 2016-2018
 - Sanoma continues to consider the claim fully unjustified and will appeal the decision – no provisions will be made
 - Sanoma may pay the requested amount during 2021 – the Group’s free cash flow will be adjusted for the payment for dividend calculation purposes

Operational EBIT excl. PPA

m€



Outlook for 2021 (unchanged)

- 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 excluding PPA is expected to be 14–16% (2020: 14.7%).
- Regarding the operating environment and its implications for the business Sanoma expects that:
 - Organising of live events will be impacted by restrictions and dependent on the vaccination rate and opening of the society in Finland, and final decisions will be made on an event-by-event basis. The profitability of the events business will be significantly lower than in the previous year.
 - The advertising demand will be weighted towards the second half of the year.
 - The learning business will not be significantly impacted by prolonged school closures in its main operating countries.



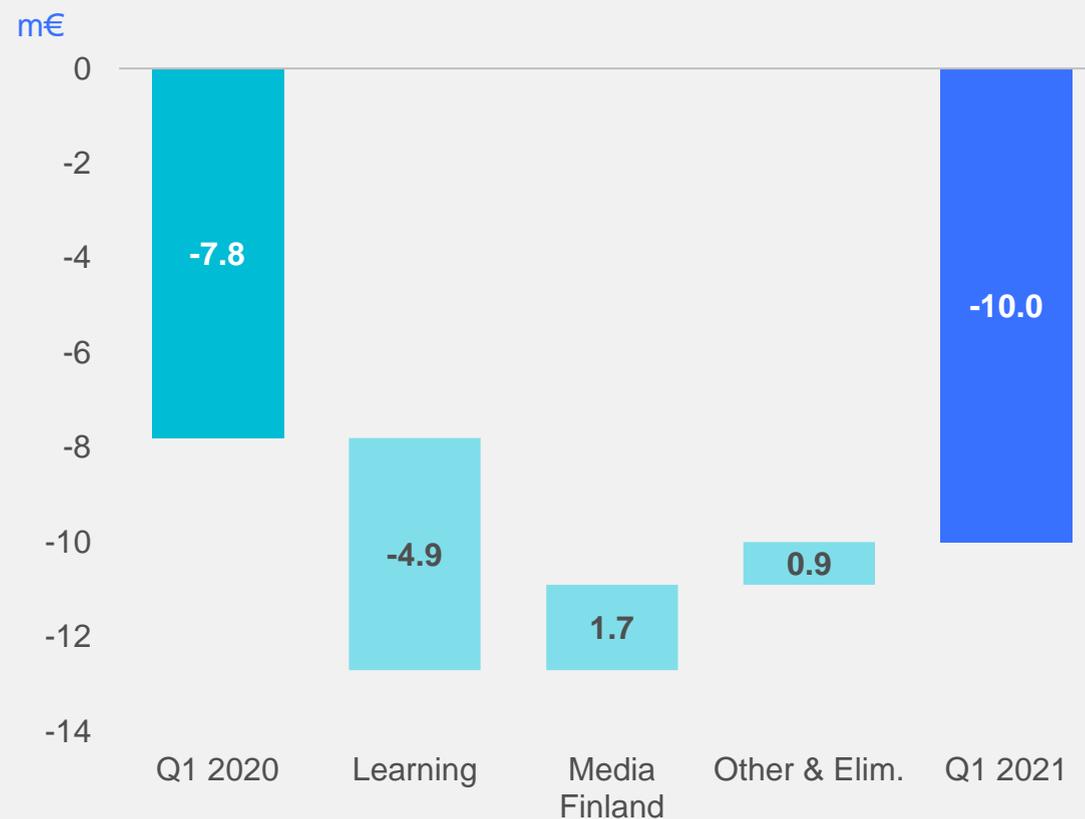
Financials



Earnings improved in Media Finland, in Learning seasonality increases as the business grows

Learning	<ul style="list-style-type: none"> + Comparable net sales growth with some orders shifting from Q2 to Q1 - Seasonally negative result of Santillana
Media Finland	<ul style="list-style-type: none"> + Synergies related to the acquisition of the regional news media business + Continued cost mitigation actions + Lower paper prices - Higher digital development and personnel costs
Other	<ul style="list-style-type: none"> + Costs related to long-term incentives moved from Other to SBUs + Some cost containment related to e.g. travel, office and marketing costs

Operational EBIT excl. PPA Q1 21 vs. Q1 20

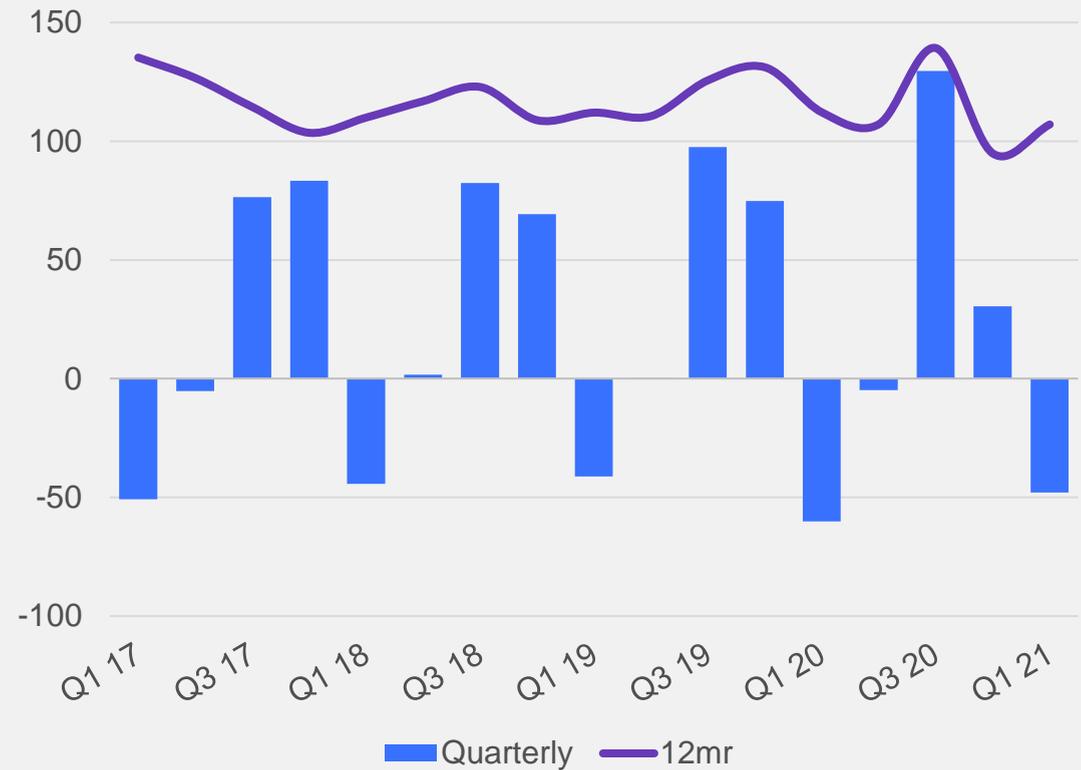


Free cash flow improved

- Free cash flow was -48m€ (2020: -60)
- + Negative free cash flow of divested Media Netherlands in the comparison period
- + Improved EBITDA and working capital in Media Finland
- Seasonally negative free cash flow of Santillana

Free cash flow

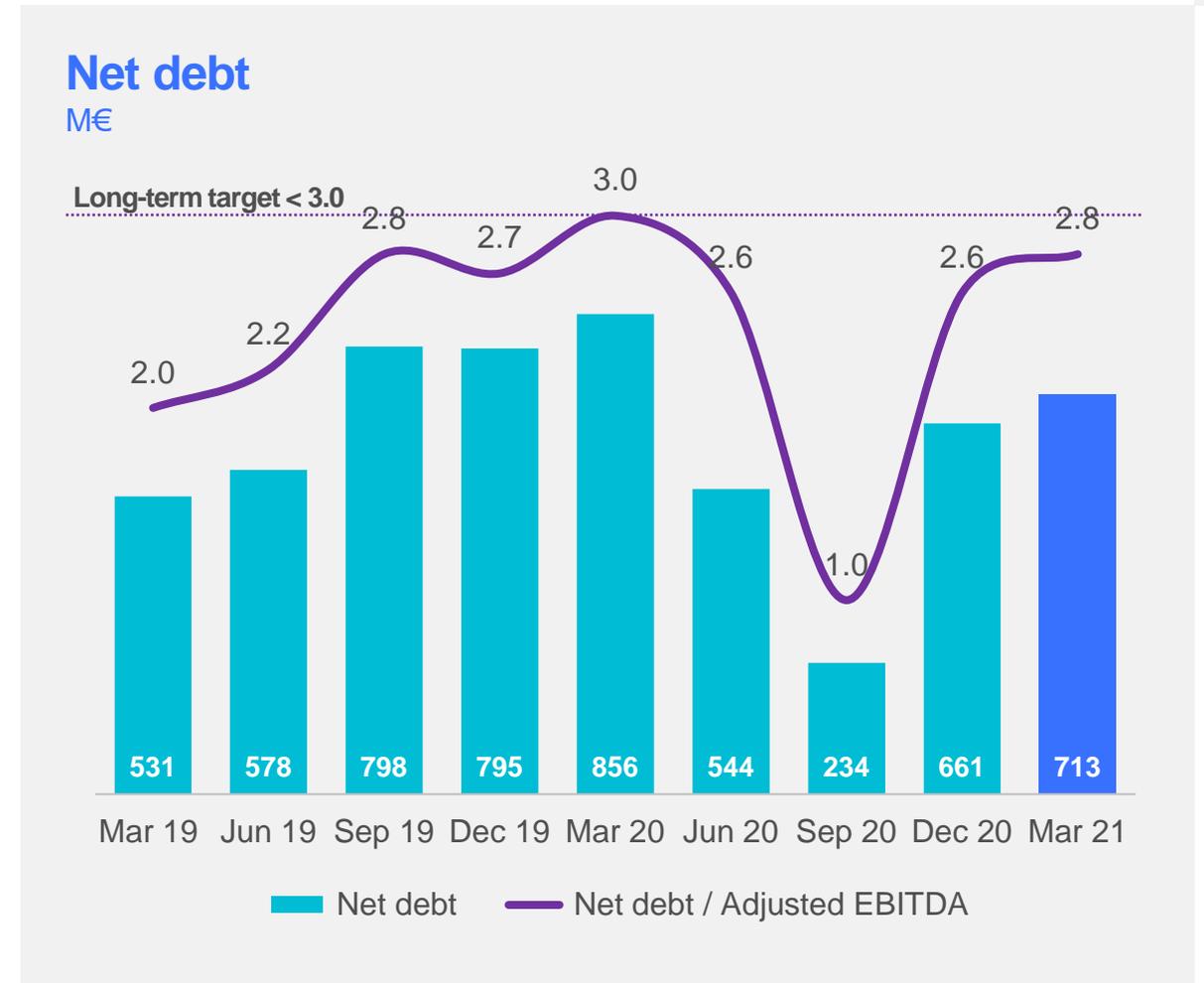
m€



Free cash flow = Cash flow from operations less capital expenditure

Leverage remained relatively stable

- Net debt / Adj. EBITDA improved to 2.8 (2020: 3.0)
- Equity ratio improved to 37.9% (2020: 25.2%)
- Net financial expenses increased to -4m€ (2020: -1)
 - In the comparison period, net financial expenses included some positive foreign currency translation impact and a one-time interest income
 - Interest expenses increased slightly in Q1 21 as the maturity of the Group's external loans was extended



Santillana funding completed with a successful issuance of 200m€ bond

- 200m€ bond issued on 11 March
 - Maturity 3 years
 - Fixed interest rate 0.625%
 - Issue price 99.625% / Yield 0.752%
 - 200m€ bridge loan related to the acquisition of Santillana paid back
- Average interest rate of external loans 1.1% in Q1 21 (2020: 0.7%)

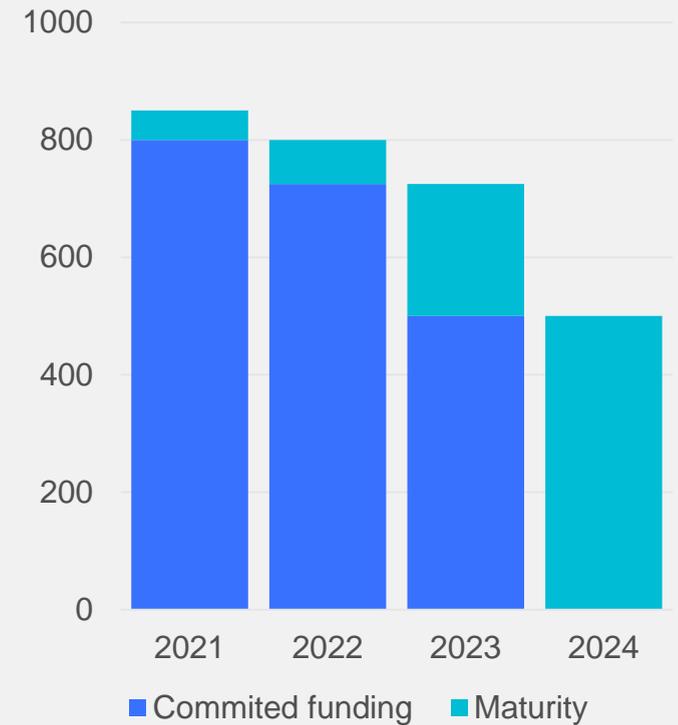
External debt structure ¹⁾

m€, 31 Mar 2021



Maturity profile 2021–2024

m€, 31 Mar 2021



¹⁾ Excl. IFRS 16 liabilities

Sanoma Sustainability Day

Date: 8 June 2021

Time: 14:30 – approx. 16:00 EET incl. Q&A

Sanoma invites all investors and analysts to a virtual event, where the management will introduce Sanoma's six sustainability themes, their targets and KPIs as well as Sanoma's roadmap towards the targets.

Invitations will be sent in due course.

For further information, please visit www.sanoma.com or contact ir@sanoma.com





Financial reporting in 2021

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%

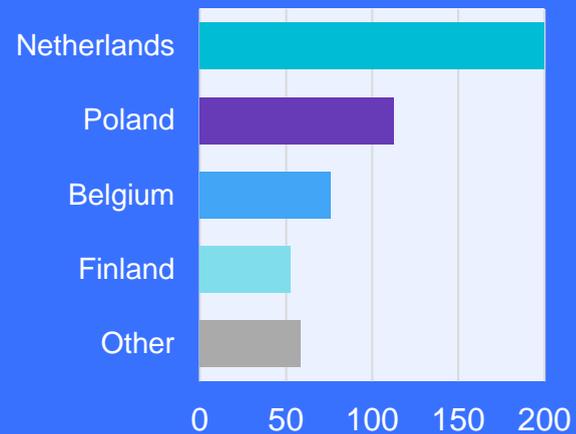
Learning

Net sales **500m€**

Non-print **64%**

Margin **19.2%**

NET SALES



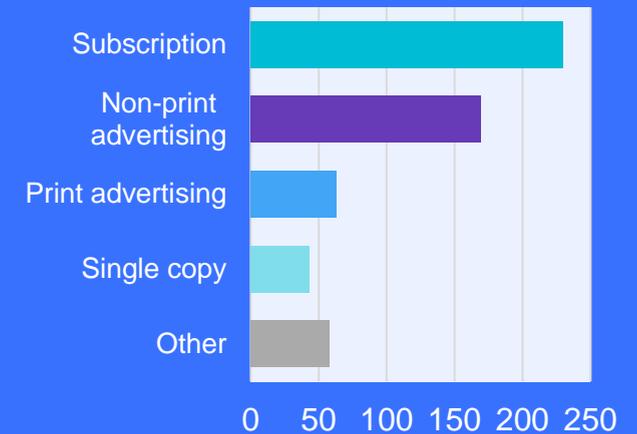
Media Finland

Net sales **563m€**

Non-print **48%**

Margin **11.8%**

NET SALES



Group key figures Q1 2021

m€	Q1 2021	Q1 2020
Net sales	210.1	187.6
Operational EBITDA	30.7	30.8
margin	14.6%	16.4%
Operational EBIT excl. PPA	-10.0	-7.8
margin	-4.8%	-4.1%
EBIT	-23.8	-17.0
Result for the period	-24.4	-12.4
Free cash flow	-48.4	-60.2
Equity ratio	37.9%	25.2%
Net debt	713.4	856.3
Net debt / Adj. EBITDA	2.8	3.0
Operational EPS, €	-0.12	-0.06
EPS, €	-0.15	-0.07

	Q1 2021	Q1 2020
Average number of employees (FTE)	4,845	3,942
Number of employees at the end of the period (FTE)	4,853	3,952

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

Learning: Quarterly key figures

m€	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	68.2	66.6	259.9	115.2	57.9
Operational EBITDA	-0.9	-1.0	108.5	56.2	3.4
Operational EBIT excl. PPA	-20.0	-17.8	89.6	39.2	-15.1
margin	-29.3%	-26.7%	34.5%	34.0%	-26.1%
Items affecting comparability (IACs)	-1.6	-10.3	-1.8	-0.3	-0.9
PPAs	-7.2	-4.0	-4.1	-4.1	-4.0
EBIT	-28.7	-32.2	83.7	34.8	-20.0
Capital expenditure	8.0	9.1	8.4	8.6	6.5
Average number of employees (FTE)	2,581	1,987	1,931	1,918	1,899

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

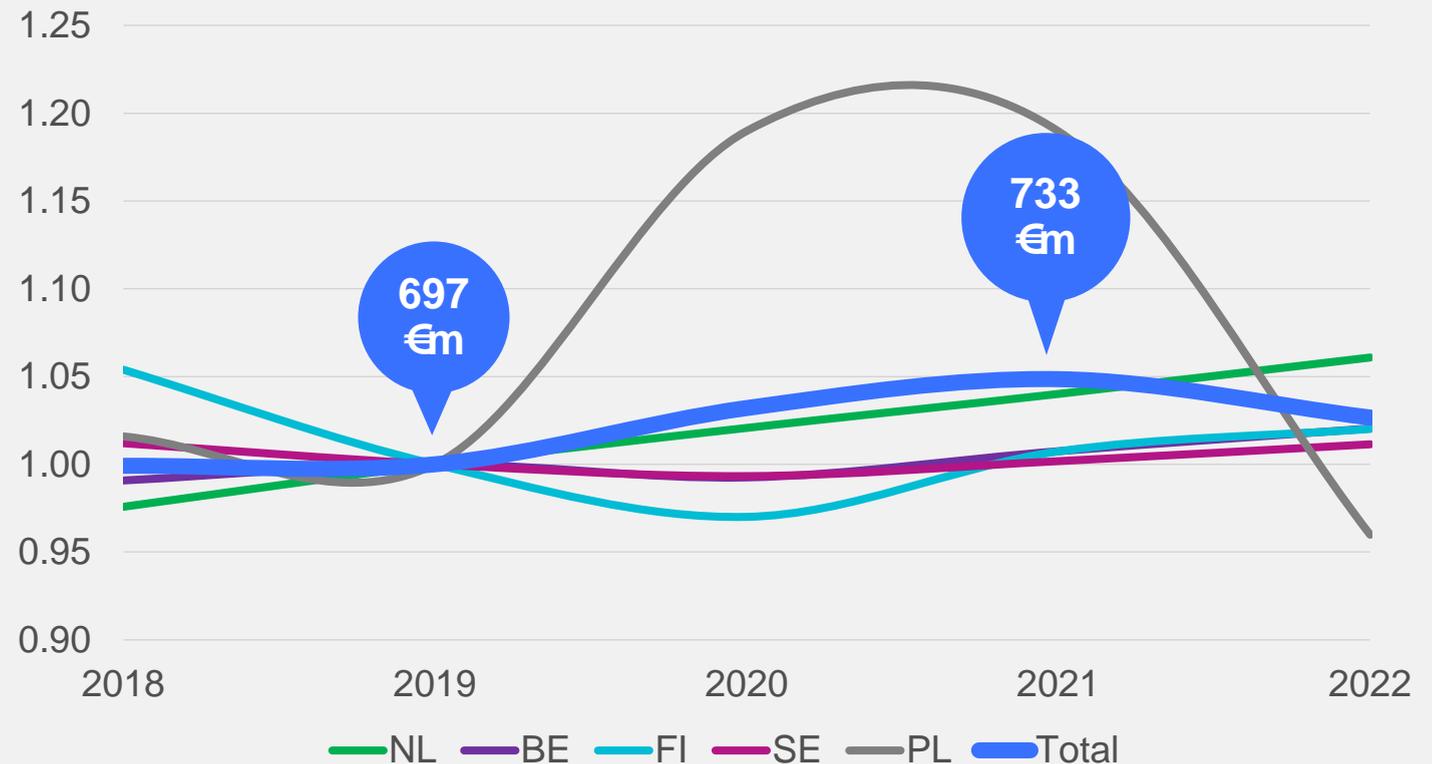
The Dutch market grows as

- 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



* Estimated net spend after distributor discounts. Learning material and method market, does not include spend on administrative workflow platforms a.o.

Media Finland: Quarterly key figures

m€	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	142.2	160.8	141.0	130.9	129.9
Operational EBITDA	32.2	44.7	41.0	31.8	29.1
Operational EBIT excl. PPA	11.3	17.3	23.7	16.0	9.5
margin	7.9%	10.7%	16.8%	12.3%	7.3%
Items affecting comparability (IACs)	-2.1	-5.2	162.6	-5.1	-3.2
PPAs	-1.7	-1.7	-1.8	-1.6	-1.1
EBIT	7.5	10.4	184.5	9.4	5.3
Capital expenditure	1.5	0.9	0.8	1.3	2.1
Average number of employees (FTE)	2,056	2,052	2,056	2,001	1,773

Finnish advertising market development

Finnish measured media advertising markets

	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20	FY 20
Newspapers	-14%	-18%	-21%	-42%	-19%	-25%
Magazines	-16%	-12%	-24%	-30%	-10%	-19%
TV	-3%	10%	-6%	-34%	-3%	-9%
Radio	-7%	-10%	-12%	-42%	-10%	-4%
Online *	6%	9%	-4%	-23%	2%	-4%
Total market	-9%	-4%	-14%	-38%	-7%	-17%

Source: Kantar TNS, Media Advertising Trends, March 2021 * Excl. search and social media

Largest shareholders

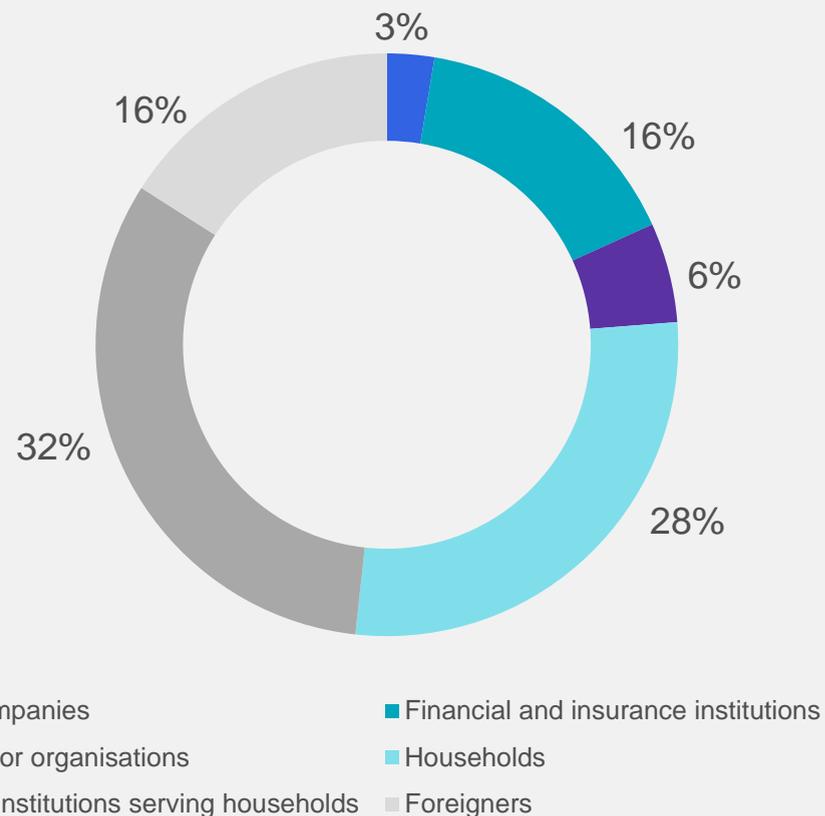
31 March 2021

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	4,514,800	2.8%
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%
10 largest shareholders total	98,516,632	60.5%
Foreign holding *	22,006,655	13.5%
Other shareholders	43,042,376	26.0%
Total number of shares	163,565,663	100.0%
Total number of shareholders	22,975	

* Including nominee registered shares

Holding by sector



Analyst coverage

Carnegie Investment Bank

Danske Markets Equities

Inderes

Kepler Cheuvreux

Nordea

Pohjola

SEB Enskilda

Pia Rosqvist-Heinsalmi

+358 9 6187 1232

Panu Laitinmäki

+358 10 236 4867

Petri Gostowski

+358 40 821 5982

Stefan Billing

+46 8 723 51 48

Sami Sarkamies

+358 9 5300 5176

Kimmo Stenvall

+358 10 252 4561

Pete-Veikko Kujala

+358 9 6162 8578



Disclaimer

The information above contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance, including, but not limited to, expectations regarding market growth and development as well growth and profitability of Sanoma. In some cases, such forward-looking statements can be identified by terminology such as “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements included herein are based on information presently available to Sanoma and, accordingly, Sanoma assumes no obligation to update any forward-looking statements, unless obligated to do so pursuant to an applicable law or regulation.

Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Sanoma or otherwise to engage in any investment activity.

s a n o m a

Please contact our Investor Relations:

Kaisa Uurasmaa, Head of IR & Sustainability

+358 40 560 5601 | kaisa.uurasmaa@sanoma.com

ir@sanoma.com | www.sanoma.com