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Half-Year Report 2021:

**Strong growth in net sales
and operational EBIT in
both businesses**

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

H1 2021: Strong growth in net sales and operational EBIT in both businesses

Net sales

513m€

(2020: 434)

Comparable net sales growth

7%

(2020: -8%)

Operational EBIT excl. PPA

55m€

(2020: 46)

Free cash flow

-51m€

(2020: -65)

Net debt / Adj. EBITDA

3.1

(2020: 2.6)

- Net sales grew as a result of acquisitions and organic growth
 - Learning: Santillana acquisition and organic growth of 5%
 - Media Finland: Acquisition of the regional news media business and continued growth of subscription sales with recovering advertising sales
- Operational EBIT excl. PPA improved in-line with the net sales growth
- Leverage at its typical seasonal peak and above last year due to Santillana acquisition
- Outlook for 2021 unchanged



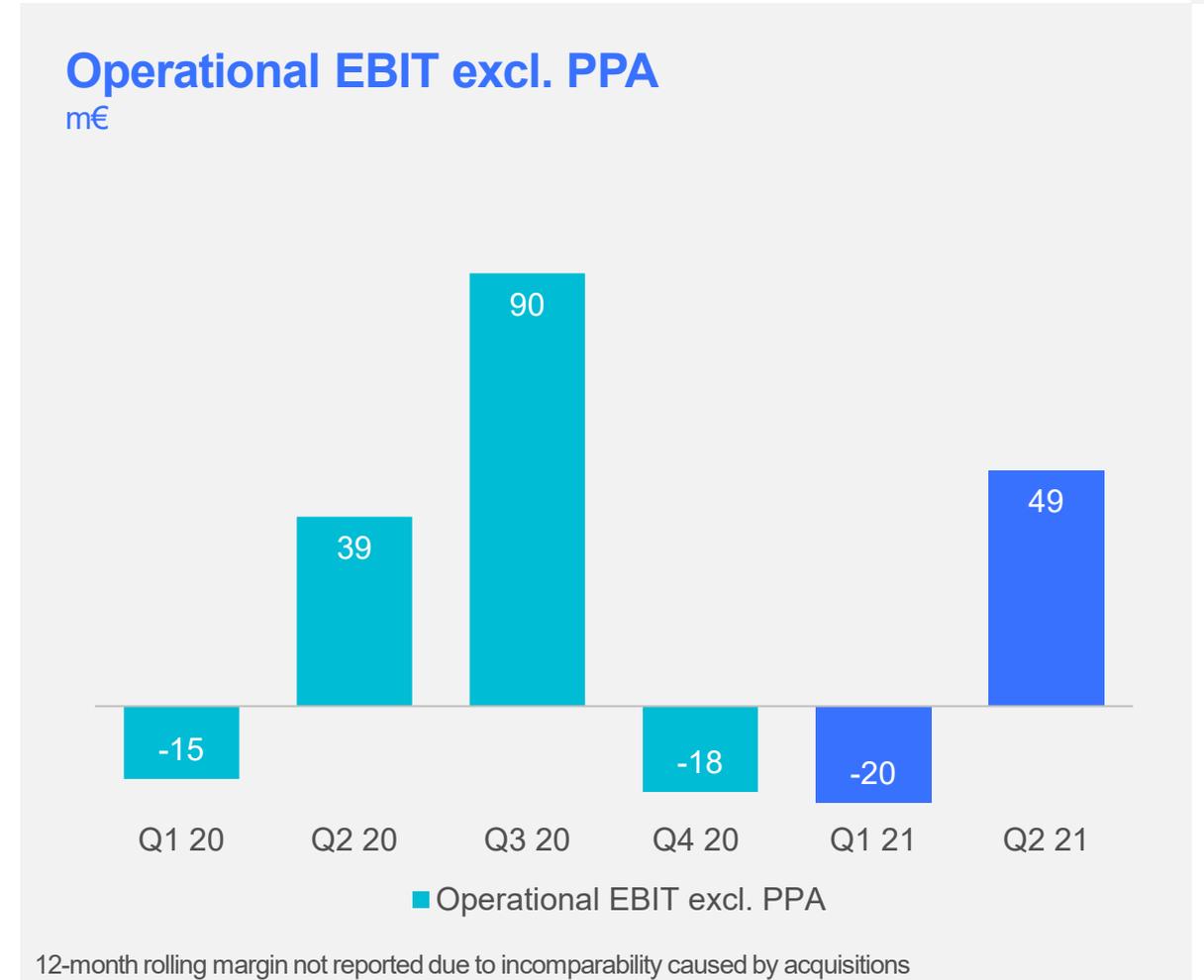
Net sales grew ahead of the high season...

- Net sales grew to 217m€ (2020: 173)
 - Net sales of Santillana added 35m€ (compared to 34m€ in H1 2020)
 - Comparable growth of 5% driven by higher pre-ordering in the Netherlands and Poland
- For the full year 2021, comparable growth expected to be in-line with the long-term target of 2-5%



... and earnings increased

- Operational EBIT excl. PPA increased to 29m€ (2020: 24)
 - Positive contribution of the Santillana acquisition
 - Earnings improvement from good organic net sales growth partially offset by higher marketing and sales costs vs. low comparable cost level due to corona savings in Q2 2020



Solid net sales growth across the business...

- Net sales grew to 154m€ (2020: 131)
 - Solid continued growth in subscription sales driven by strong development of Helsingin Sanomat (HS) and Ruutu+
 - 3% growth y-o-y in the number of HS subscriptions
 - Comparable advertising sales grew by 33% y-o-y while being 6% below the 2019 level
 - The regional news media business added 21m€ net sales, offset by 5m€ due to the Oikotie divestment

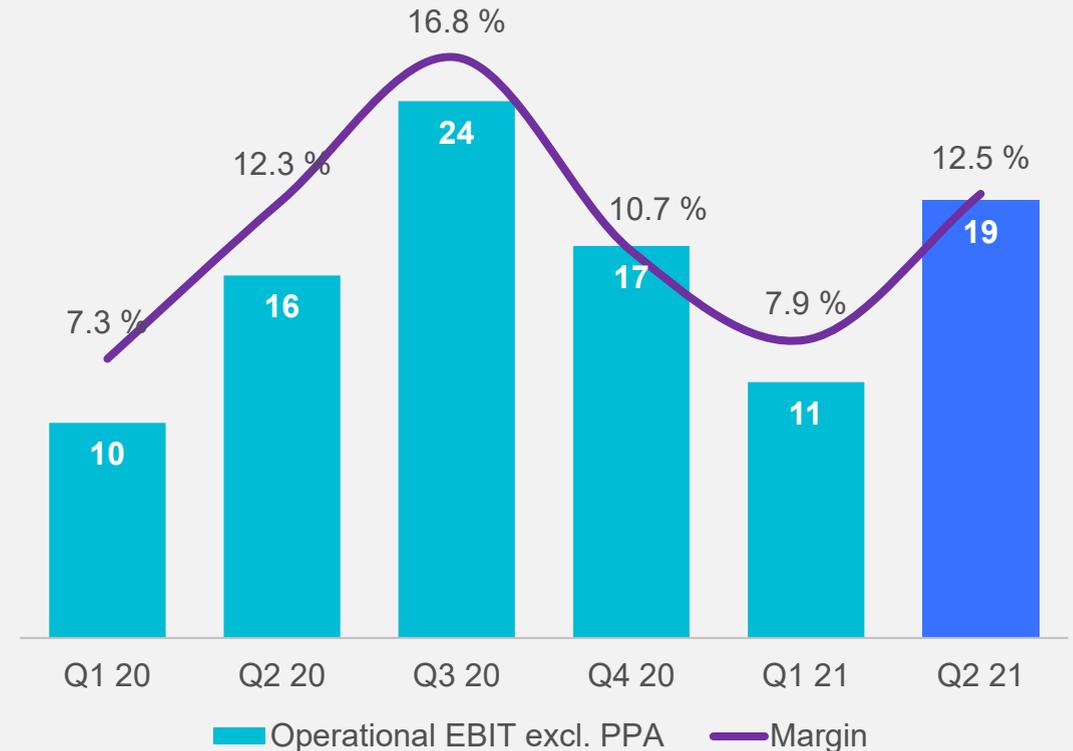


... with good profitability

- Operational EBIT excl. PPA improved to 19m€ (2020: 16) driven by good net sales growth and synergies of the regional news media business
- The events business made a small loss compared to positive earnings in Q2 2020 as a result of the insurance compensation
- Overall operational expenses including TV programming costs increasing in-line with recovering net sales

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 and financials Sanoma expects that:
 - Net sales of the events business will be approximately half of the 2019 level (2019: 35m€) and profitability around break-even.
 - 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.

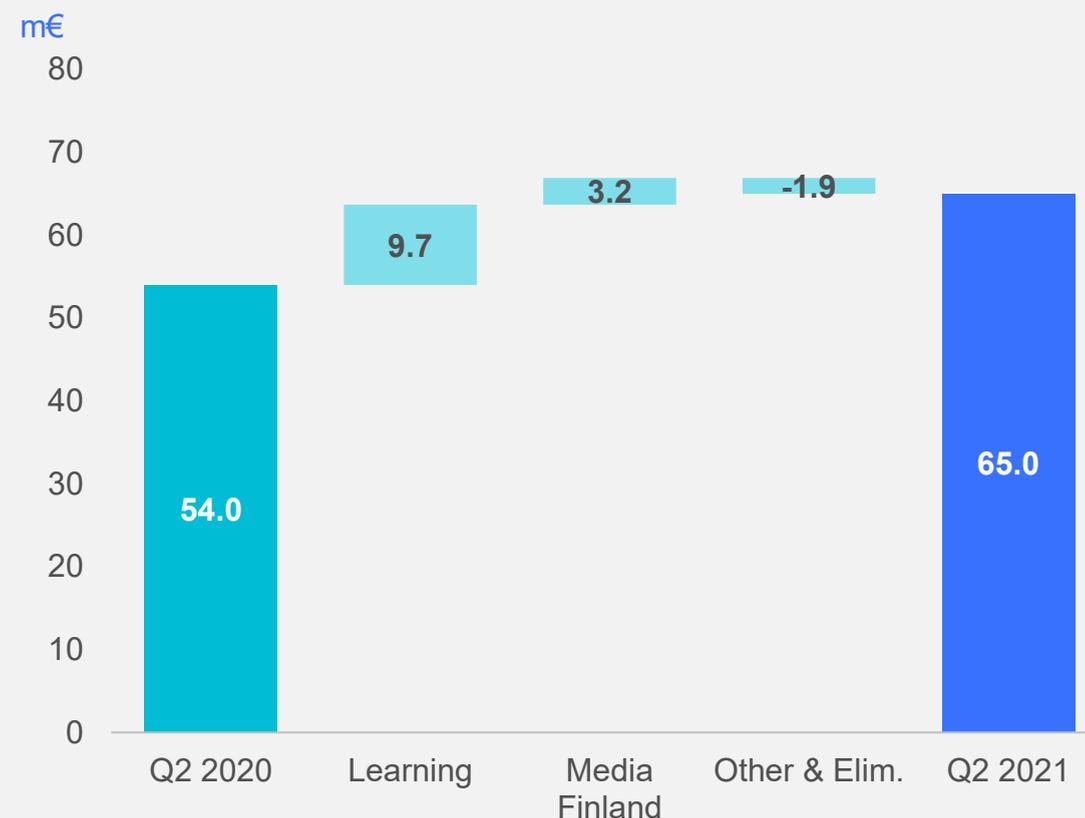


Financials

Earnings grew in-line with net sales during Q2 2021

Learning	<ul style="list-style-type: none"> + Acquisition of Santillana + Organic net sales growth - Higher marketing and sales costs compared to corona savings in Q2 2020
Media Finland	<ul style="list-style-type: none"> + Organic net sales growth + Synergies of the regional news media acquisition - Overall operational expenses incl. TV programming costs growing in-line with recovering net sales - Small loss in events business (Q2 20 earnings positive due to insurance compensation received)
Other	<ul style="list-style-type: none"> - In Q2 2020, lower STI provisions - Timing of certain costs between quarters

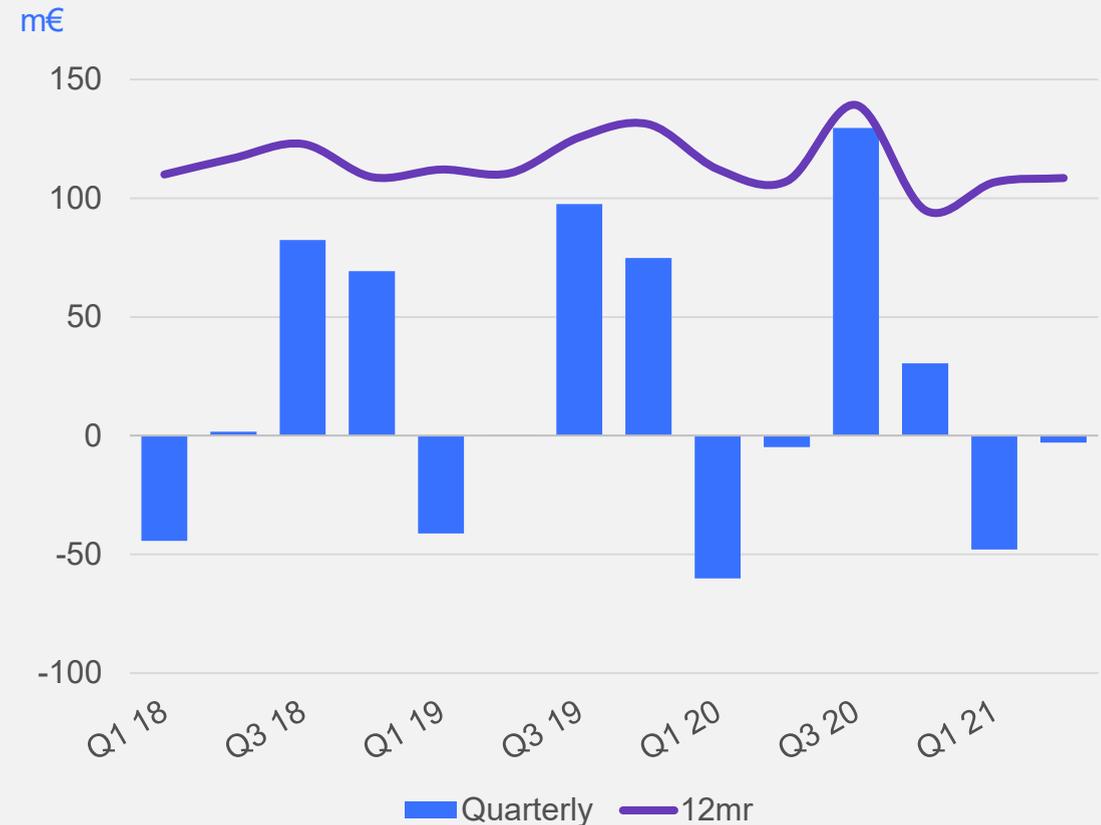
Operational EBIT excl. PPA Q2 21 vs. Q2 20



Free cash flow improved

- Free cash flow improved to -51m€ (2020: -65)
 - + Negative free cash flow of divested Media Netherlands in the comparison period
 - + Improved EBITDA and working capital in Media Finland
 - Seasonally negative cash flow in Learning including the impact of Santillana
- Taxes, penalties and interests of 25m€ related to the VAT claim for 2015-2018 were paid on 1 July
 - Sanoma considers the claims completely unjustified and has appealed the decisions; no provisions have been made
 - Amount paid will be reported as a receivable in Q3 21 financial reporting
 - Group's free cash flow will be adjusted for the payment for dividend calculation purposes

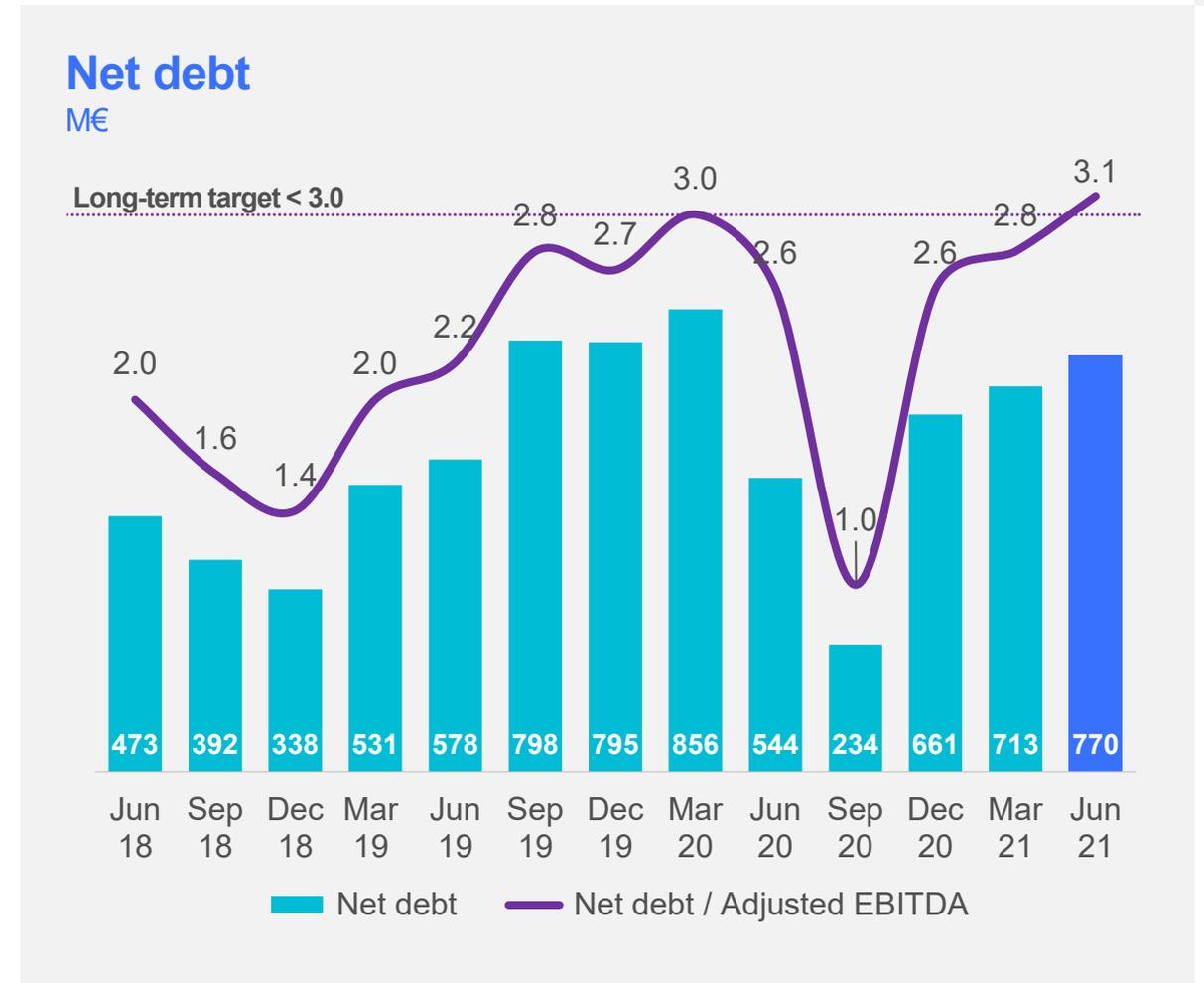
Free cash flow



Free cash flow = Cash flow from operations less capital expenditure

Leverage seasonally at its peak

- Net debt / Adj. EBITDA increased to 3.1 (2020: 2.6)
- Equity ratio was 32.9% (2020: 34.4%)
- Net financial expenses decreased to -3m€ (2020: -4) in Q2 2021
 - The improvement was due to a foreign currency translation loss in the comparison period and lower financial expenses of external loans during the quarter
 - Average interest rate of external loans increased to 1.1% (2020: 0.7%) at the end of June as a result of the 3-year 200m€ bond issued in March



A background image showing a group of people in a meeting or office setting. In the foreground, a person is writing in a notebook. The scene is brightly lit, suggesting a window view. A large blue semi-transparent rectangle is overlaid on the right side of the image, containing the title and date information.

Financial reporting in 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%

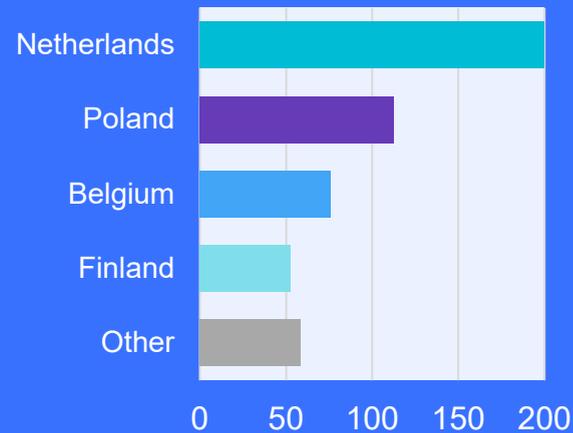
Learning

Net sales **500m€**

Non-print **64%**

Margin **19.2%**

NET SALES



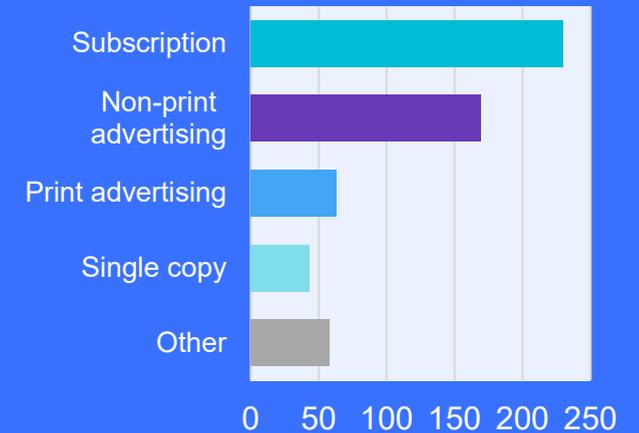
Media Finland

Net sales **563m€**

Non-print **48%**

Margin **11.8%**

NET SALES



Group key figures Q2 2021

m€	Q2 2021	Q2 2020
Net sales	302.8	246.0
Operational EBITDA	103.7	87.2
margin	34.3%	35.4%
Operational EBIT excl. PPA	65.0	54.0
margin	21.5%	22.0%
EBIT	51.5	42.8
Result for the period	37.0	29.5
Free cash flow	-3.0	-4.9
Equity ratio	32.9%	34.4%
Net debt	769.8	543.9
Net debt / Adj. EBITDA	3.1	2.6
Operational EPS, €	0.24	0.21
EPS, €	0.22	0.17

	Q2 2021	Q2 2020
Average number of employees (FTE)	4,887	4,150
Number of employees at the end of the period (FTE)	5,059	4,457

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

Group key figures H1 2021

m€	H1 2021	H1 2020
Net sales	512.9	433.6
Operational EBITDA	134.4	117.9
margin	26.2%	27.2%
Operational EBIT excl. PPA	55.0	46.2
margin	10.7%	10.7%
EBIT	27.7	25.8
Result for the period	12.6	17.1
Free cash flow	-51.4	-65.1
Equity ratio	32.9%	34.4%
Net debt	769.8	543.9
Net debt / Adj. EBITDA	3.1	2.6
Operational EPS, €	0.11	0.14
EPS, €	0.08	0.10

	H1 2021	H1 2020
Average number of employees (FTE)	4,887	4,150
Number of employees at the end of the period (FTE)	5,059	4,457

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

Learning: Quarterly key figures

m€	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	149.0	68.2	66.6	259.9	115.2	57.9
Operational EBITDA	66.0	-0.9	-1.0	108.5	56.2	3.4
Operational EBIT excl. PPA	48.9	-20.0	-17.8	89.6	39.2	-15.1
margin	32.8%	-29.3%	-26.7%	34.5%	34.0%	-26.1%
IACs	-0.9	-1.6	-10.3	-1.8	-0.3	-0.9
PPAs	-9.3	-7.2	-4.0	-4.1	-4.1	-4.0
EBIT	38.7	-28.7	-32.2	83.7	34.8	-20.0
Capital expenditure	8.2	8.0	9.1	8.4	8.6	6.5
Average number of employees (FTE)	2,592	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

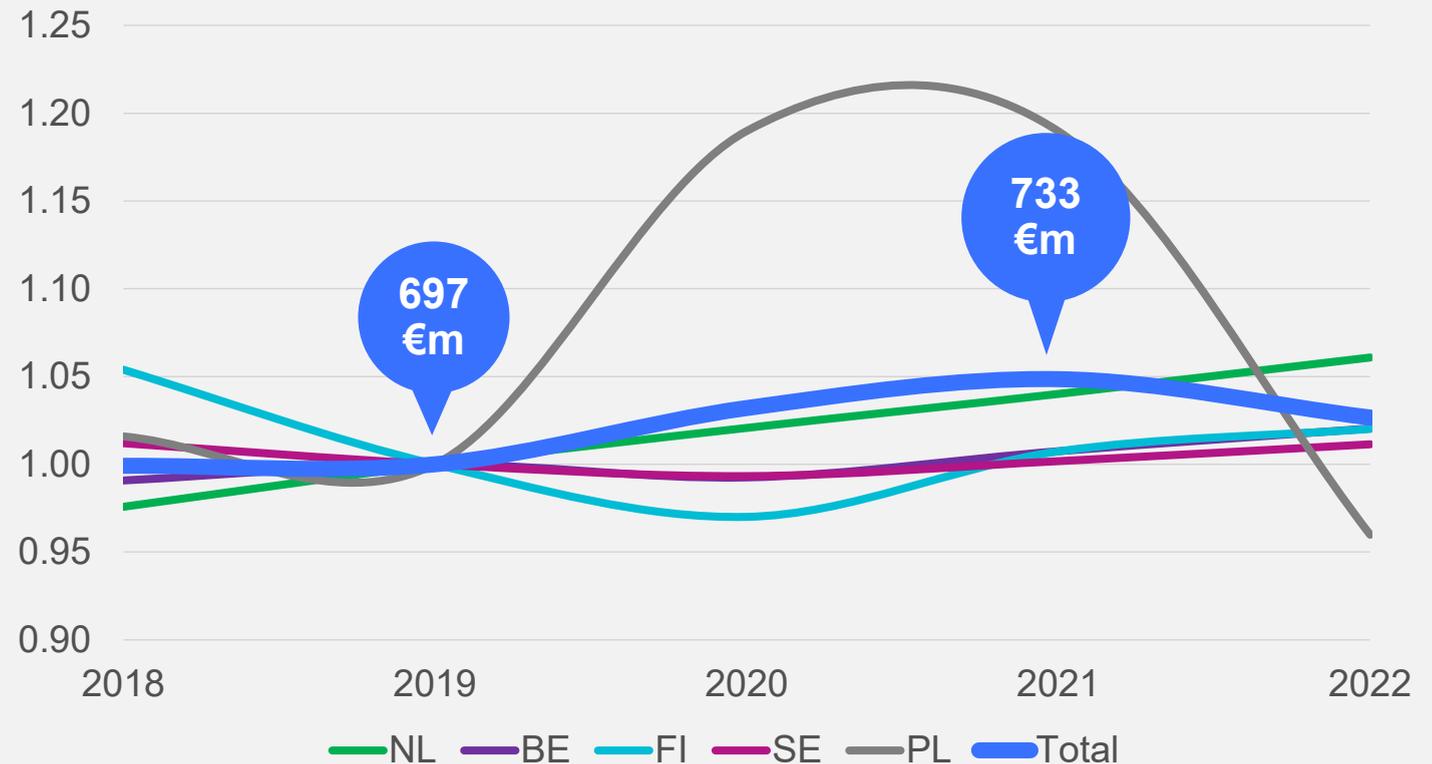
The Dutch market grows as

- 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€	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	154.1	142.2	160.8	141.0	130.9	129.9
Operational EBITDA	40.0	32.2	44.7	41.0	31.8	29.1
Operational EBIT excl. PPA	19.3	11.3	17.3	23.7	16.0	9.5
margin	12.5%	7.9%	10.7%	16.8%	12.3%	7.3%
IACs	-1.5	-2.1	-5.2	162.6	-5.1	-3.2
PPAs	-1.7	-1.7	-1.7	-1.8	-1.6	-1.1
EBIT	16.1	7.5	10.4	184.5	9.4	5.3
Capital expenditure	1.0	1.5	0.9	0.8	1.3	2.1
Average number of employees (FTE)	2,082	2,056	2,052	2,056	2,001	1,773

Finnish advertising market development

Finnish measured media advertising markets

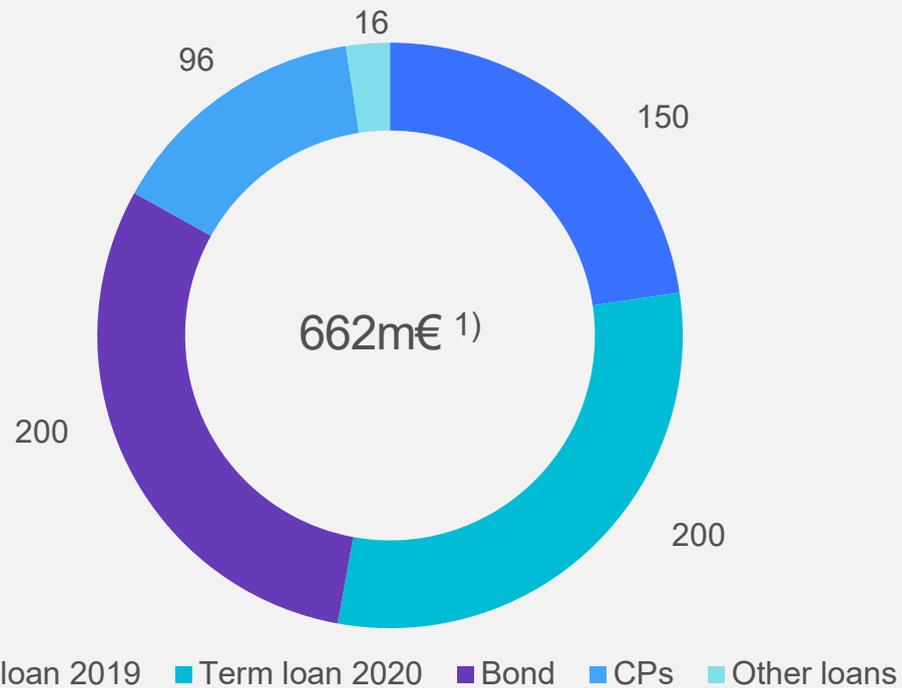
	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20	FY 20
Newspapers	36%	-14%	-18%	-21%	-42%	-19%	-25%
Magazines	11%	-16%	-12%	-24%	-30%	-10%	-19%
TV	43%	-3%	10%	-6%	-34%	-3%	-9%
Radio	47%	-7%	-10%	-12%	-42%	-10%	-4%
Online *	43%	6%	9%	-4%	-23%	2%	-4%
Total market	43%	-9%	-4%	-14%	-38%	-7%	-17%

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

External debt portfolio on 30 June 2021

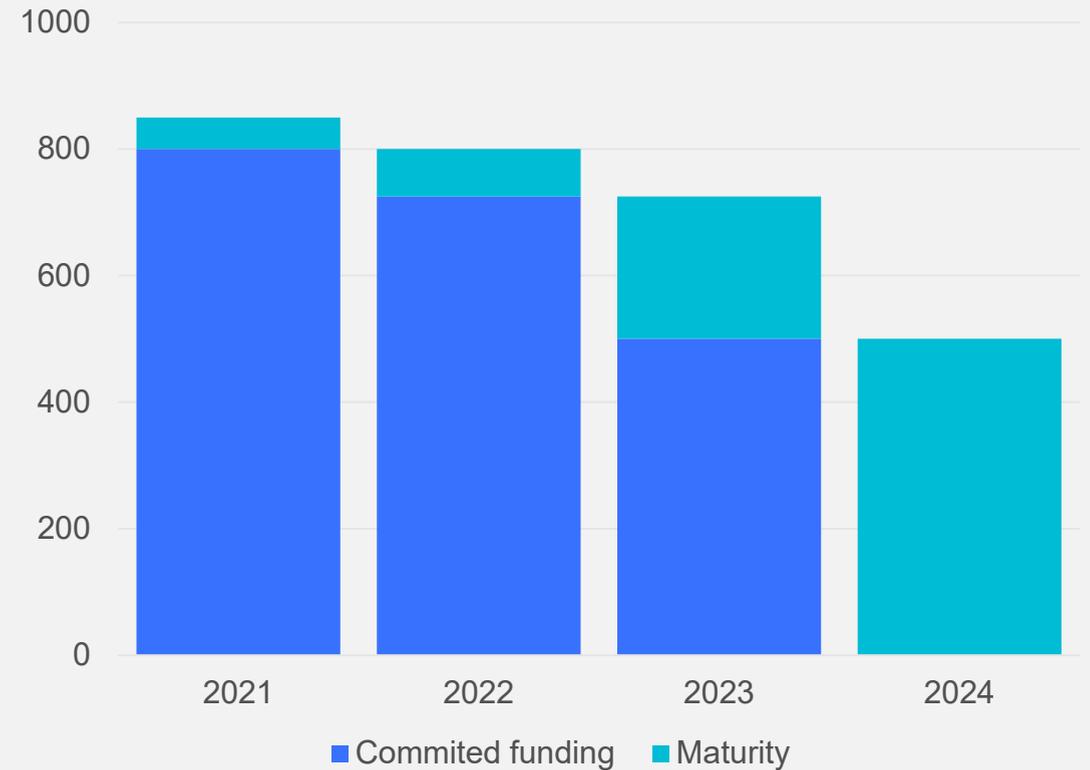
External debt structure ¹⁾

m€, 30 Jun 2021



Maturity profile 2021–2024

m€, 30 Jun 2021



¹⁾ Excl. IFRS 16 liabilities

Largest shareholders

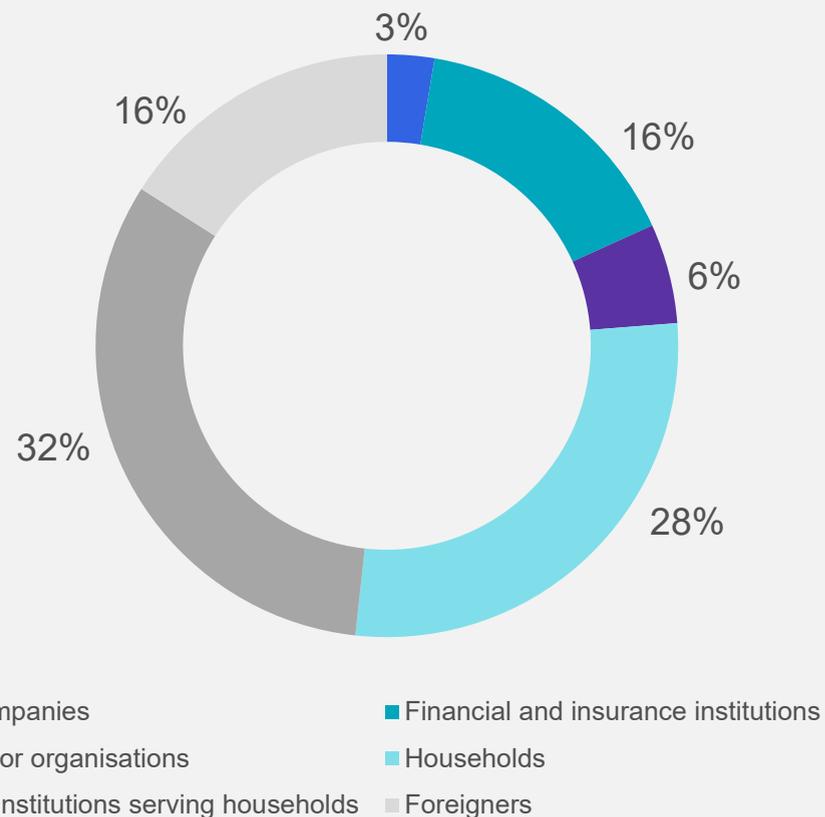
30 June 2021

Largest shareholders

	Number of shares	
1. Jane and Aatos Erkko Foundation	39,820,286	24.4%
2. Antti Herlin Holding Manutas Oy: 12.06% personal: 0.02%	19,761,800	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	98,561,632	60.3%
Foreign holding *	21,745,998	13.3%
Other shareholders	43,258,033	26.4%
Total number of shares	163,565,663	100.0%
Total number of shareholders	23,221	

* 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

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