

Interim Report Q3 2021

Strong net sales and operational earnings growth in both businesses

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Q1–Q3 2021: Strong net sales and operational earnings growth in both businesses

Net sales

999m€

(2020: 834)

Comparable net sales growth

8%

(2020: -6%)

Operational EBIT excl. PPA

203m€

(2020: 158)

Free cash flow

85m€

(2020: 65)

Net debt / Adj. EBITDA

2.5

(2020: 1.0)

- The Group's net sales grew by 20%
 - Learning: Santillana acquisition and strong organic growth of 6%
 - Media Finland: Acquisition of the regional news media business and organic growth of 10% driven by advertising, events and subscription sales
- Operational EBIT excl. PPA improved by 28% following the net sales growth
- Leverage improved compared to the end of June according to the seasonal pattern; above the previous year level due to the Santillana acquisition
- Profitability outlook for 2021 updated to 'around 15.5%' on 26 October, net sales outlook unchanged



Strong net sales growth during the high season...

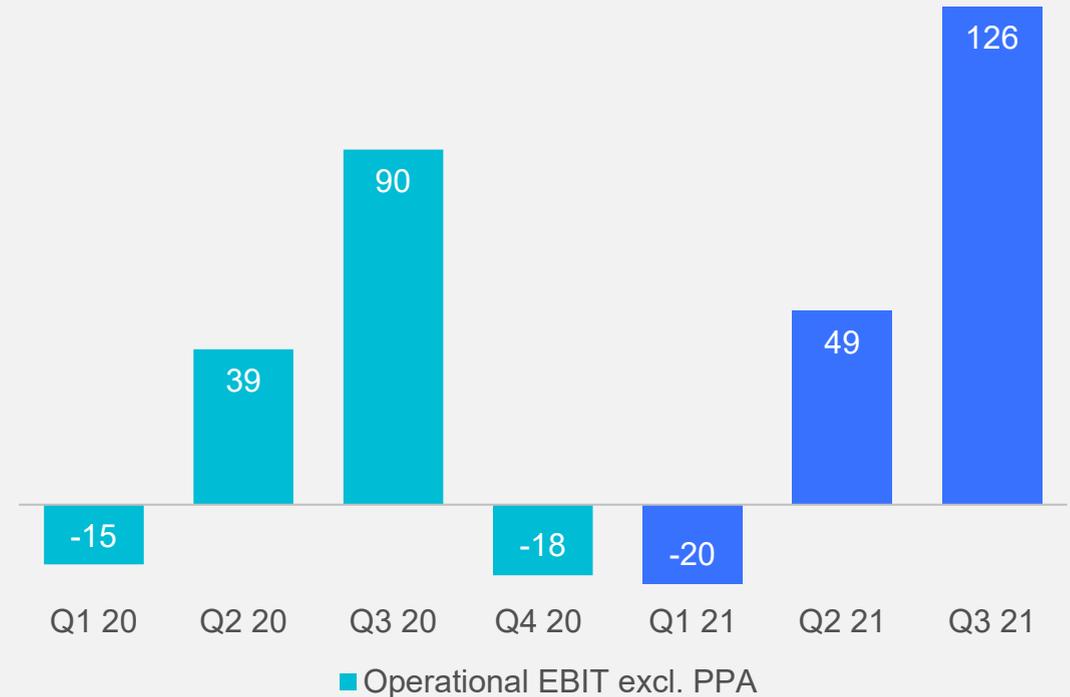
- Net sales grew to 549m€ (2020: 433)
 - Net sales of Santillana contributed 90m€
 - Comparable growth was 6%
- Learning material sales grew driven by ongoing curriculum renewals especially in Poland and Finland and shift to subscription model in the Netherlands
 - In the Netherlands, shift to subscription model has accelerated even faster than expected
 - Share of subscription of learning material sales has increased to above 60% at the end of Q3 (end of 2020: 55%)
- Sales of digital learning platforms also grew by successfully attracting new customers



...and earnings improved

- Operational EBIT excl. PPA increased to 155m€ (2020: 114) following the net sales growth
 - Majority of the EBIT improvement resulted from Santillana
 - Strong organic growth also had a positive earnings impact
- As the learning business grows, Q1 and Q4 will become more loss-making due to typical seasonality in the learning market
 - Level of book returns ahead of the new curriculum in Spain still uncertain, partially because the pace and phasing of the educational reform in 2022–23 have not yet been decided by local authorities

Operational EBIT excl. PPA m€

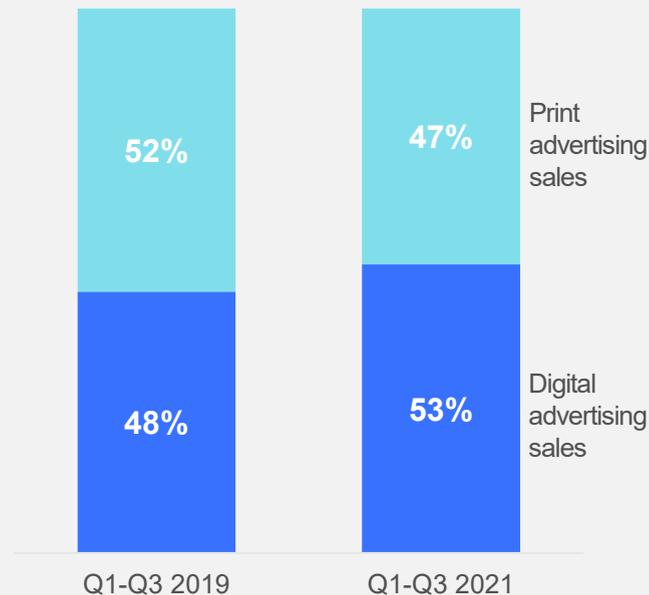


12-month rolling margin not reported due to incomparability caused by acquisitions

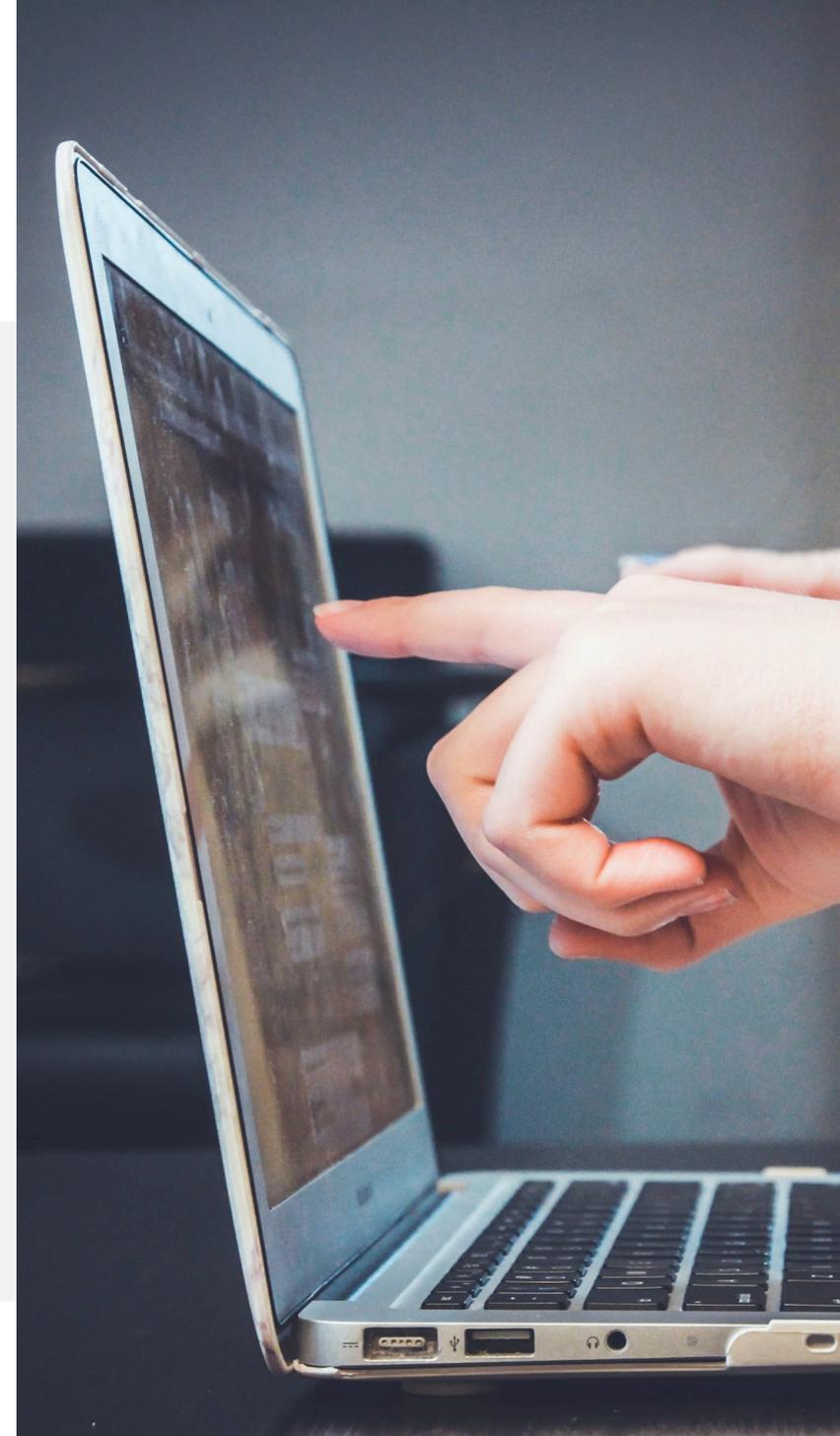
Net sales continued to grow in Q3...

- Net sales grew to 155m€ (2020: 141)
- Subscription sales grew by 1%, growth rate slowing down with diminishing impact of the pandemic
 - Number of HS subscriptions grew by 3% y-o-y, more than 70% of HS subscriptions generate digital revenues
 - Number of Ruutu+ subscriptions grew by 8%
- Comparable advertising sales grew by 3% y-o-y while being 4% below the 2019 level
 - Strong recovery seen during H2 2020
- Net sales of the events business were 13m€ (2020: 0), representing about 2/3 of the Q3 2019 level

Digital advertising sales exceeded the amount of print advertising sales in Q1–Q3 2021 *



* Print = Newspapers (incl. classifieds) and magazines, Digital = display and video; The comparison does not take into account eg. TV and radio advertising; 2021 includes regional news media

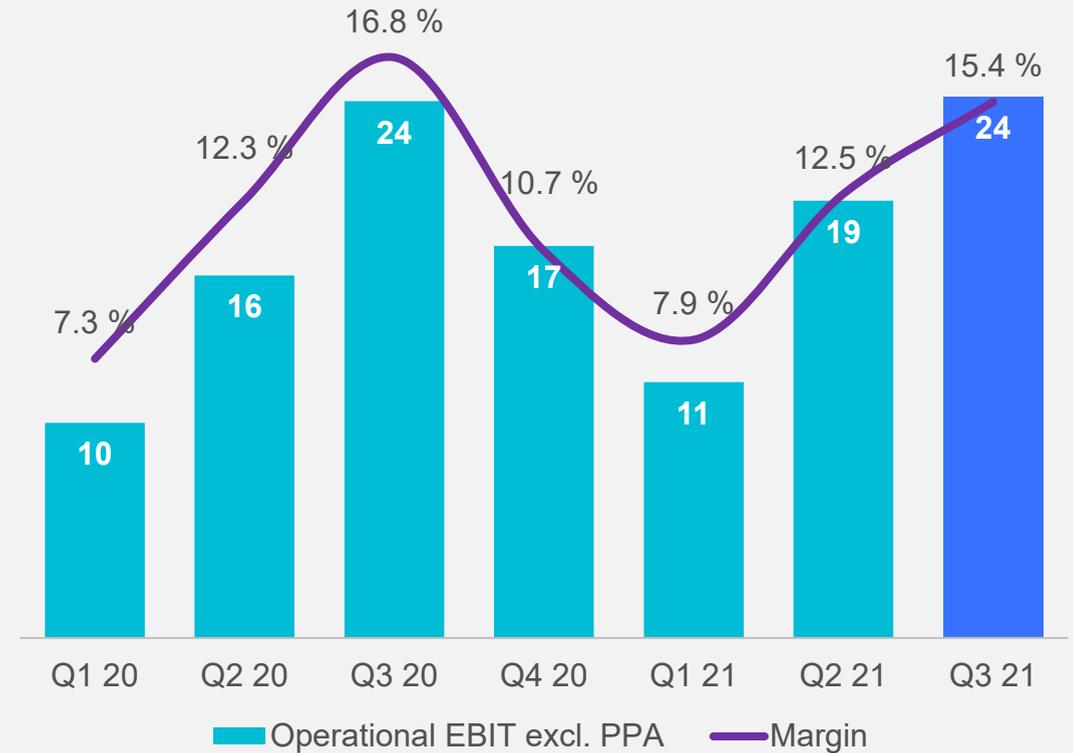


...while earnings were stable

- Operational EBIT excl. PPA was stable at 24m€ (2020: 24)
- Positive impact of net sales growth offset by normalising operating cost levels after the coronavirus pandemic

Operational EBIT excl. PPA

m€



Outlook for 2021 (updated on 26 October)

- In 2021, Sanoma expects that the Group's reported net sales will be 1.2–1.3bn€ (2020: 1.1).
- The Group's operational EBIT margin excluding PPA is expected to be around 15.5% (2020: 14.7%).

The updated outlook is based on the actual January–September 2021 performance and updated estimate for October–December 2021 of Sanoma's businesses, where the uncertainty caused by the coronavirus pandemic has decreased in events and B2B advertising compared to earlier in the year.



Creating a positive impact – Sanoma Sustainability Strategy reflected in improved ESG ratings

1. INCLUSIVE LEARNING

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

2. SUSTAINABLE MEDIA

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

6. RESPONSIBLE BUSINESS PRACTICES

Good governance, ethical business practices and supply chain integrity are fundamental for us



3. TRUSTWORTHY DATA

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

5. VITAL ENVIRONMENT

We aim for net-zero emissions in 2030 and build fact-based awareness on sustainability

4. VALUED PEOPLE

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

Sanoma's key ESG ratings have improved

MSCI rating

AA

Scale AAA–CCC

Sustainalytics risk rating

9.8

Scale 0–100, lower score = lower risk

Upright net impact ratio

73%

Net = positive vs. negative impacts

ISS rating

C

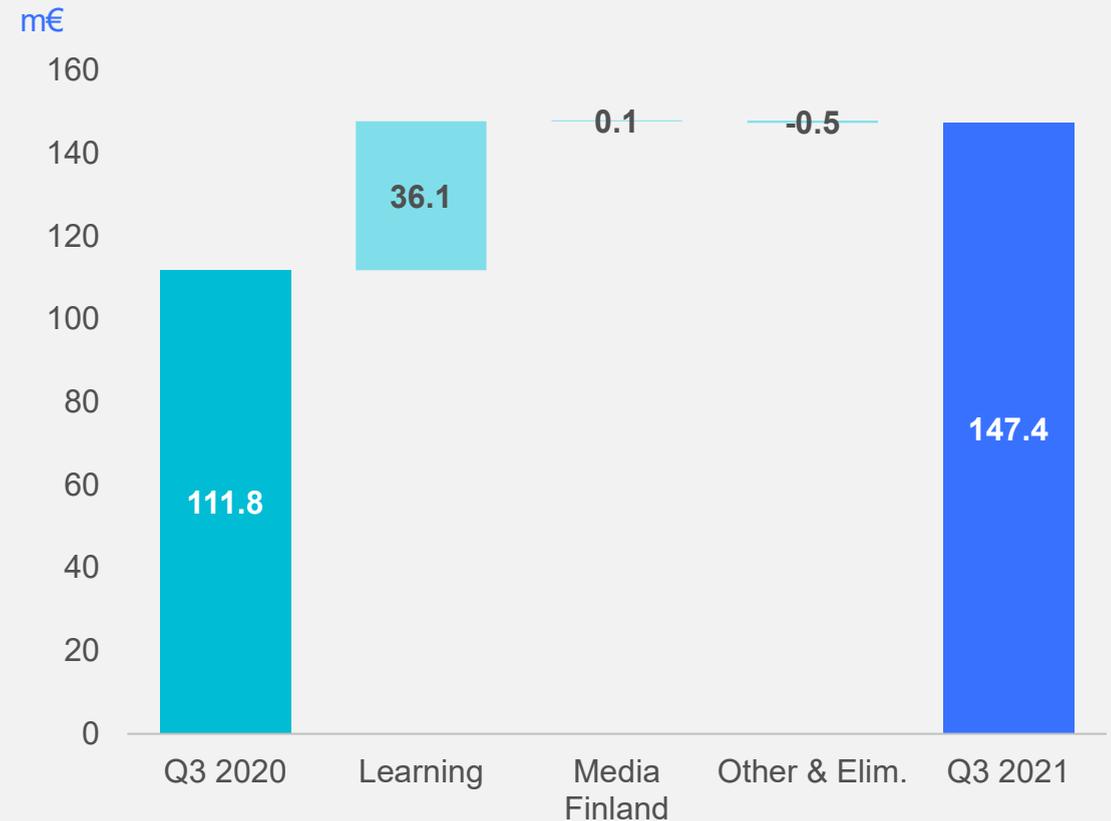
Scale A–D

Financials

Solid profitability growth in Learning during Q3 2021

Learning	<ul style="list-style-type: none"> + Acquisition of Santillana + Organic growth across main markets, in particular Poland, the Netherlands and Finland
Media Finland	<ul style="list-style-type: none"> + Organic growth in B2B, B2C and events businesses + Synergies of the regional media acquisition + Paper costs – Overall operational expenses – Personnel costs, esp. lower bonus provisions and pension payments in the previous year

Operational EBIT excl. PPA Q3 21 vs. Q3 20

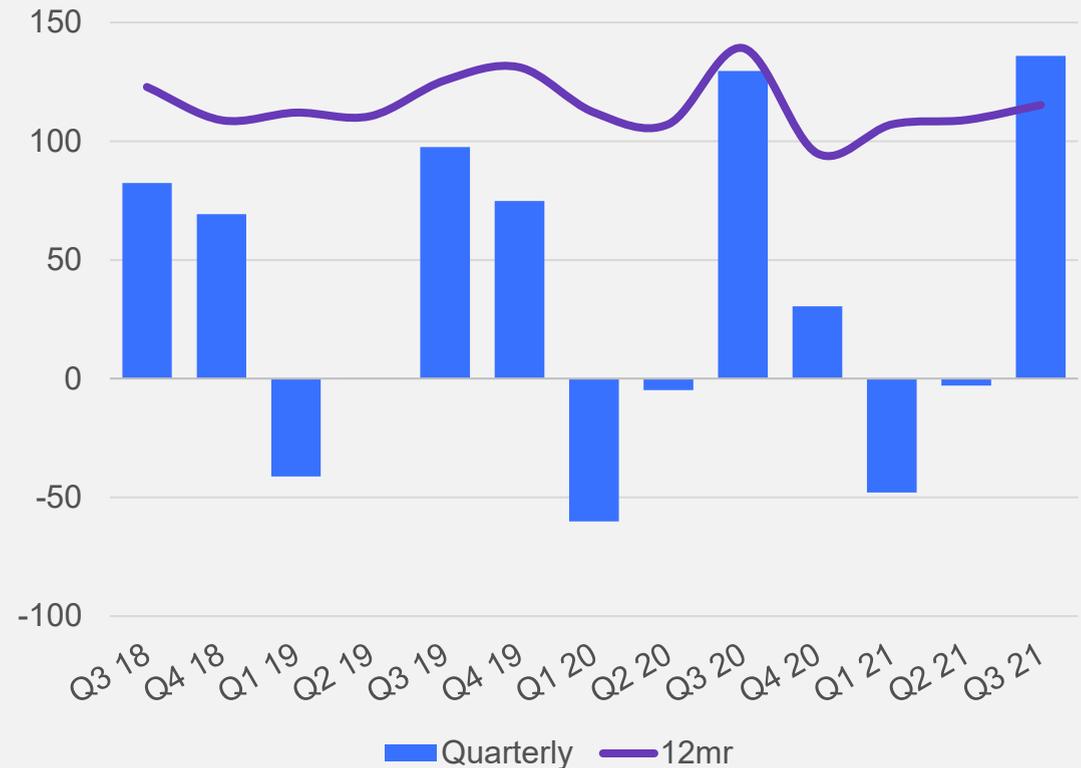


Free cash flow improved

- YTD free cash flow improved to 85m€ (2020: 65)
 - + Improved EBITDA both in Learning and Media Finland
 - + Negative free cash flow of divested Media Netherlands in the comparison period
 - Pre-payment of the VAT claim
 - Higher prepublication and TV programming costs as well as working capital
 - Cash flow of Santillana still seasonally negative
- Taxes, penalties and interests of 25m€ related to the VAT claim on magazine distribution for 2015–2018 were paid on 1 July
 - Sanoma considers the claims completely unjustified and has appealed the decisions
 - Amount paid is 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

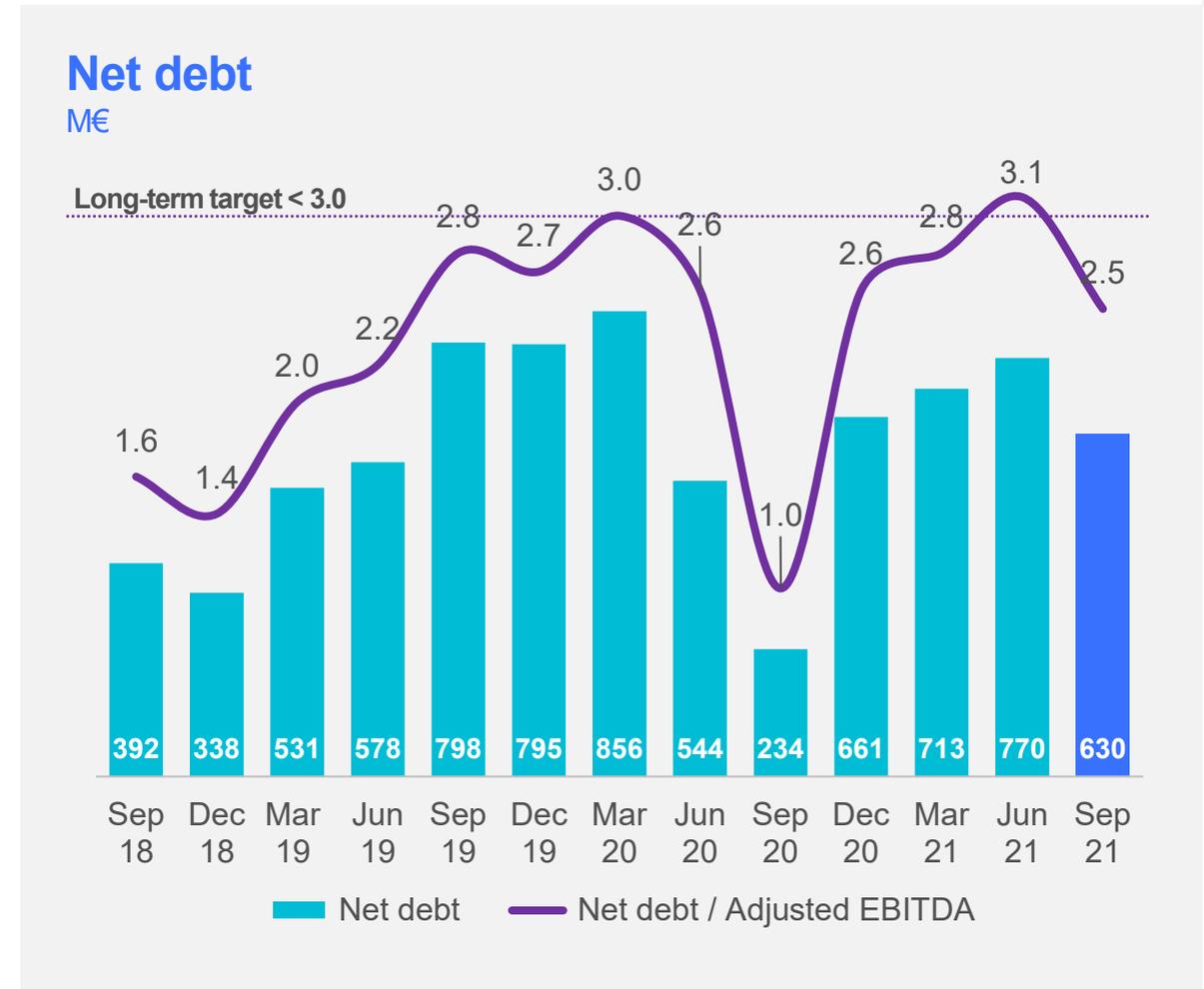
m€



Free cash flow = Cash flow from operations less capital expenditure

Annual seasonal improvement in leverage

- Net debt / Adj. EBITDA was 2.5 (2020: 1.0)
- Equity ratio was 38.2% (2020: 48.5%)
- Net financial expenses increased to -3m€ (2020: -2) in Q3 2021
 - Higher amount of gross debt due to Santillana acquisition
 - Average interest rate of external loans increased to 1.1% (2020: 0.8%) at the end of September as a result of the 3-year 200m€ bond issued in March





Financial reporting in 2022

Full-Year Result 2021 11 February

Interim Report Q1 2022 29 April

Half-Year Report 2022 27 July

Interim Report Q3 2022 27 October

Financial Statements and
Directors' Report 2021 Week 9

AGM 2022 7 April

Q&A



Appendix



Sanoma in 2020

 NET SALES
1,062m€

 NON-PRINT SALES
56%

 OPERATIONAL EBIT MARGIN
14.7%

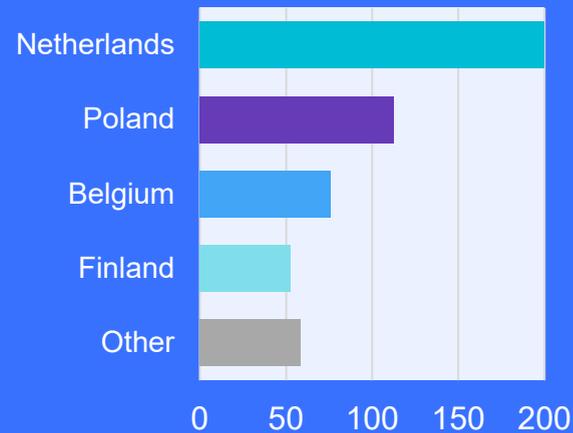
Learning

Net sales **500m€**

Non-print **64%**

Margin **19.2%**

NET SALES



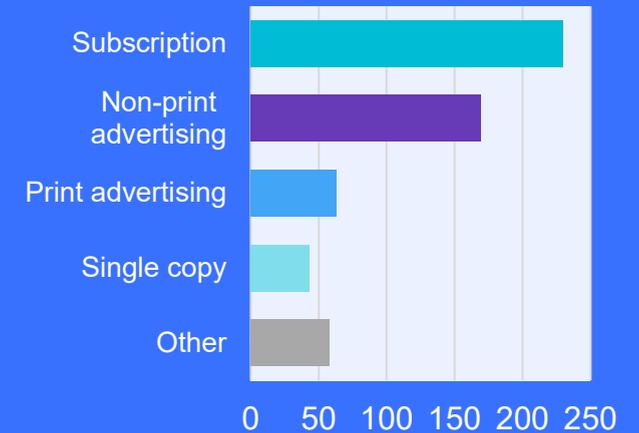
Media Finland

Net sales **563m€**

Non-print **48%**

Margin **11.8%**

NET SALES



Group key figures Q3 2021

m€	Q3 2021	Q3 2020
Net sales	486.3	400.8
Operational EBITDA	184.5	148.6
margin	37.9%	37.1%
Operational EBIT excl. PPA	147.4	111.8
margin	30.3%	27.9%
EBIT	133.1	266.9
Result for the period	102.7	244.2
Free cash flow	136.0	129.6
Equity ratio	38.2%	48.5%
Net debt	630.3	234.2
Net debt / Adj. EBITDA	2.5	1.0
Operational EPS, €	0.64	0.50
EPS, €	0.63	1.49

	Q3 2021	Q3 2020
Average number of employees (FTE)	4,904	4,207
Number of employees at the end of the period (FTE)	4,828	4,198

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

Group key figures Q1–Q3 2021

m€	Q1-Q3 2021	Q1-Q3 2020
Net sales	999.2	834.4
Operational EBITDA	318.9	266.5
margin	31.9%	31.9%
Operational EBIT excl. PPA	202.5	158.0
margin	20.3%	18.9%
EBIT	160.8	292.8
Result for the period	115.3	261.3
Free cash flow	84.5	64.5
Equity ratio	38.2%	48.5%
Net debt	630.3	234.2
Net debt / Adj. EBITDA	2.5	1.0
Operational EPS, €	0.76	0.64
EPS, €	0.70	1.59

	Q1-Q3 2021	Q1-Q3 2020
Average number of employees (FTE)	4,904	4,207
Number of employees at the end of the period (FTE)	4,828	4,198

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

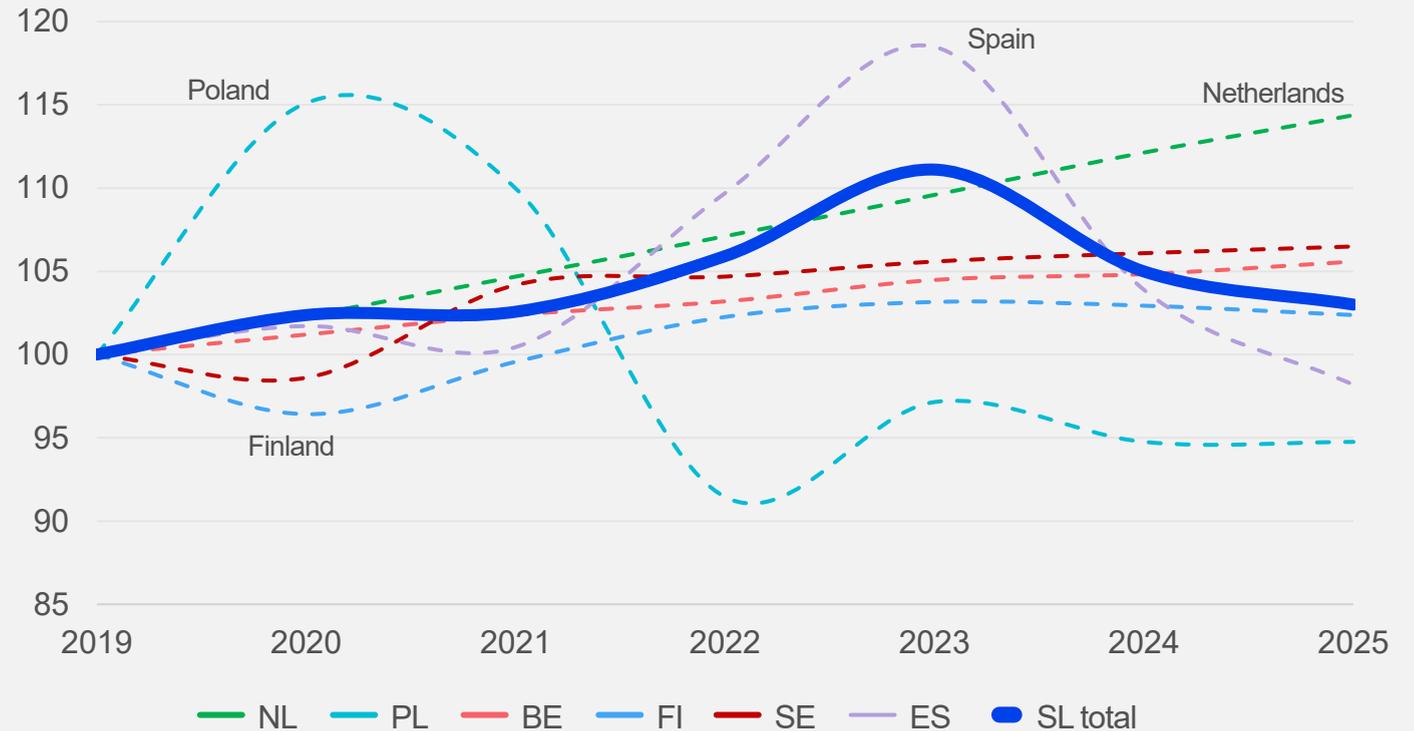
Learning: Quarterly key figures

m€	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	331.6	149.0	68.2	66.6	259.9	115.2	57.9
Operational EBITDA	144.9	66.0	-0.9	-1.0	108.5	56.2	3.4
Operational EBIT excl. PPA	125.6	48.9	-20.0	-17.8	89.6	39.2	-15.1
margin	37.9%	32.8%	-29.3%	-26.7%	34.5%	34.0%	-26.1%
IACs	-4.3	-0.9	-1.6	-10.3	-1.8	-0.3	-0.9
PPAs	-9.2	-9.3	-7.2	-4.0	-4.1	-4.1	-4.0
EBIT	112.2	38.7	-28.7	-32.2	83.7	34.8	-20.0
Capital expenditure	7.7	8.2	8.0	9.1	8.4	8.6	6.5
Average number of employees (FTE)	2,601	2,592	2,581	1,987	1,931	1,918	1,899

In learning materials, modest market growth 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*



Media Finland: Quarterly key figures

m€	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20
Net sales	154.8	154.1	142.2	160.8	141.0	130.9	129.9
Operational EBITDA	40.9	40.0	32.2	44.7	41.0	31.8	29.1
Operational EBIT excl. PPA	23.9	19.3	11.3	17.3	23.7	16.0	9.5
margin	15.4%	12.5%	7.9%	10.7%	16.8%	12.3%	7.3%
IACs	-0.8	-1.5	-2.1	-5.2	162.6	-5.1	-3.2
PPAs	-1.7	-1.7	-1.7	-1.7	-1.8	-1.6	-1.1
EBIT	21.3	16.1	7.5	10.4	184.5	9.4	5.3
Capital expenditure	1.2	1.0	1.5	0.9	0.8	1.3	2.1
Average number of employees (FTE)	2,090	2,082	2,056	2,052	2,056	2,001	1,773

Finnish advertising market development

Finnish measured media advertising markets

	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20	FY 20
Newspapers	0%	36%	-14%	-18%	-21%	-42%	-19%	-25%
Magazines	-4%	11%	-16%	-12%	-24%	-30%	-10%	-19%
TV	4%	43%	-3%	10%	-6%	-34%	-3%	-9%
Radio	12%	47%	-7%	-10%	-12%	-42%	-10%	-4%
Online *	14%	43%	6%	9%	-4%	-23%	2%	-4%
Total market	7%	43%	-9%	-4%	-14%	-38%	-7%	-17%

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

External debt portfolio on 30 September 2021

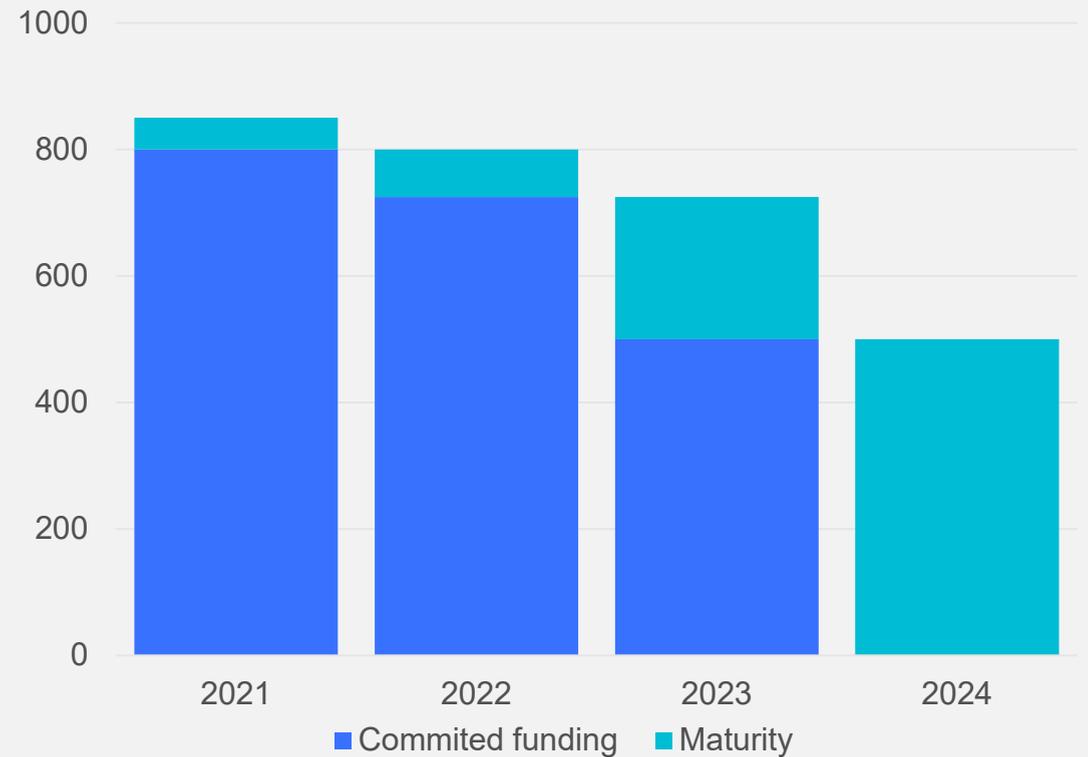
External debt structure ¹⁾

m€, 30 Sep 2021



Maturity profile 2021–2024

m€, 30 Sep 2021



¹⁾ Excl. IFRS 16 liabilities

Largest shareholders

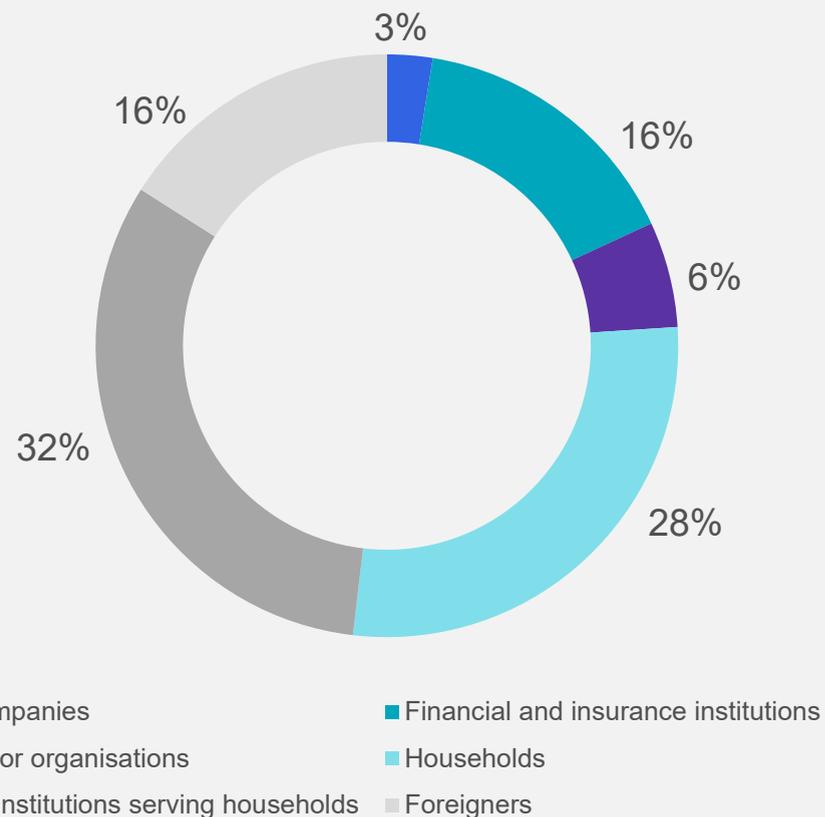
30 September 2021

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 *	26,157,238	16.0%
Other shareholders	38,846,793	23.7%
Total number of shares	163,565,663	100.0%
Total number of shareholders	22,944	

* 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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