Q1 2014 Interim Report

Harri-Pekka Kaukonen, President and CEO
Kim Ignatius, CFO

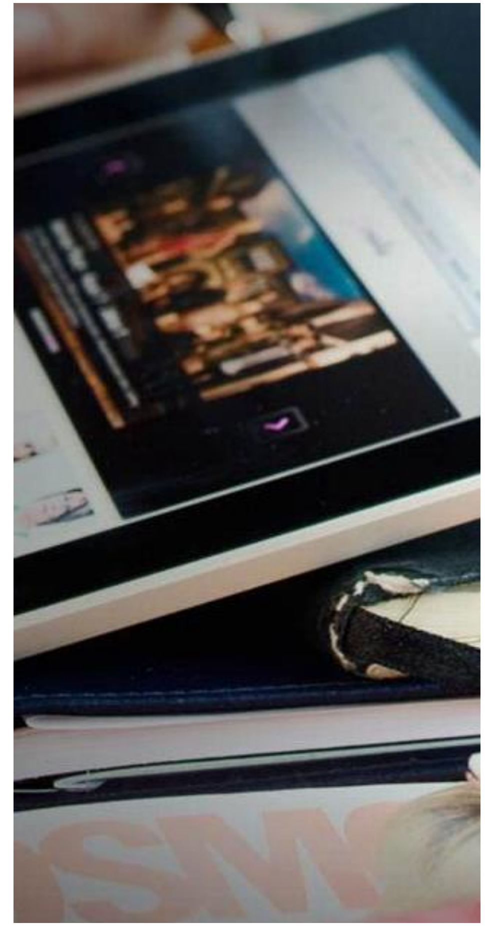
30 April 2014

Cost savings compensated decline in net sales

Strategy proceeding well – new media sales grew by 8.6%

Q1 2014

- **Media Netherlands –** good quarter, cost control, lower TV costs, also market environment improving slightly
- **Media Finland –** strong growth in online & mobile, cost savings offset decline in print sales, investments in Pay-TV
- **Learning –** seasonally small quarter impacted also by timing shift



Key figures	Q1 2014
Net sales	EUR 438.3 (470.6) million, organic growth -6.3%
EBIT excl. non-recurring items	EUR -4.0 (-2.5) million
Earnings per share, excl. non-recurring items	EUR -0.09 (-0.03)

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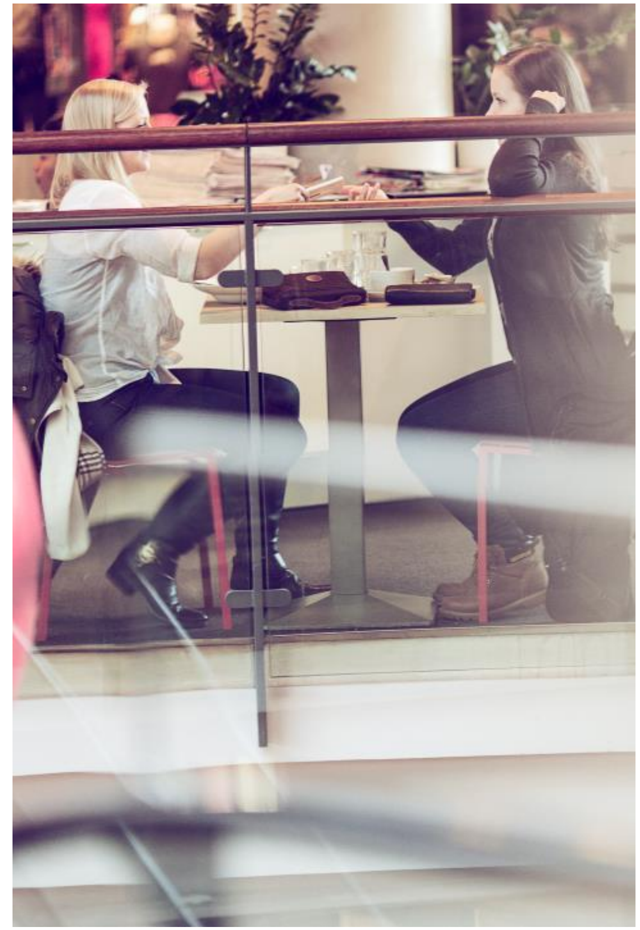
Sanoma Redesign – strategic update

Recent developments

Strategic objectives	#1 **consumer media company** in the Netherlands and Finland #1 **learning company** in all operating markets
Lead and grow strategic focus areas	**Consumer media (38%* of net sales in new media in the NL and FIN)** ▪ Transformation proceeding well, new media sales grew by 8.6% ▪ Strong increase in reach in multiple areas **Learning (45%* of net sales is digital/hybrid)** ▪ Q1 seasonally weak quarter ▪ Transformation in progress
Fund the journey	▪ EUR 100 million (gross) cost savings programme: annual run-rate of around EUR 45 million ▪ Sale and leaseback of Sanoma House finalised, gain EUR 111 million ▪ Press distribution business in Finland sold, gain EUR 24 million ▪ Announced divestments of regional newspapers in Finland, magazines in Hungary and other smaller businesses
Organize to win	▪ New CEO of Sanoma Digital, Arthur Hoffman appointed ▪ Organisation renewed in magazines in Finland ▪ New commercial functions in Finland



*Rolling 12 months.

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Logic of consumer media

1.
Reach

2.
Consumer insight

3.
Marketing solutions

1. Increasing reach – examples

HS
- #1 nationwide newspaper, 2.2 million readers weekly in different channels
- Growth in digital-only subscriptions +83%
- 7.7 million visits weekly, growth +16%

Radio SuomiPop
- #1 radio channel in Finland
- Weekly reach: more than 1.1 million

Ilta-Sanomat
- #1 tabloid in Finland
- 3.0 million readers in different channels
- Strong development in IS TV, 1.8 million video starts weekly

4 Ruutu
- #2 commercial TV operator with Ruutu online-TV
- New format *Black Widows:* on average 700 000 viewers, 120 000 on online-TV
- Ice hockey offering boosted Pay-TV and Pay-VOD subscriptions

nu.nl
- #1 online news service in the Netherlands
- 900 million page views monthly

LINDA NIEUWS .NL
- #1 online news service for women
- Its reformed version multiplied the number of monthly visitors during Q1 to 2.2 million

Goeie Vraag!
- #1 user-generated Q&A portal
- 3 million unique visitors monthly

SBS6
- #2 commercial TV operator with Kijk.nl VOD service
- SBS6 grew market share in Q1 with successful formats *Utopia* (1.0 million viewers), *Celblok H* (1.2 million)

Consumer insight – Big Data offers new business opportunities

2. Consumer insight

Consumer experience

- Consumer insight
- Targeted offerings
- Effective marketing

Targeted advertising

- Behavioural segmentation
- Interesting target groups
- Mobile and location targeting

Digital content

- Personalised content
- Digital product development
- Product innovations

3. Marketing solutions

Concrete examples:

- Sanoma account: reaches around 1 million Finns
- Advertising campaigns targeted based on age, gender and interests
- Startpagina Search: customised content for consumers

Summary of operating performance

Last 12 months* – New media sales EUR 520 million

Three Strategic Business Units

Four consumer media platforms

Sanoma Digital (pure)
Net sales
EUR 100 million

TV & radio**
Net sales
EUR 340 million

Magazines**
Net sales
EUR 530 million

Newspapers**
Net sales
EUR 350 million

Media Finland

Q2/2013 – Q1/2014

Net sales
EUR 670 million

New media 30% (200 million) of sales

EBIT excl. nri margin
Around 4%

Media Netherlands

Q2/2013 – Q1/2014

Net sales
EUR 680 million

New media 47% (320 million) of sales

EBIT excl. nri margin
Around 12%

Learning

Q2/2013 – Q1/2014

Net sales
EUR 300 million

Digital/hybrid 45% (130 million) of sales

EBIT excl. nri margin
Around 18%

Other***

Media Belgium

Media RUS&CEE

Other operations

Q2/2013 – Q1/2014

Net sales
EUR 470 million

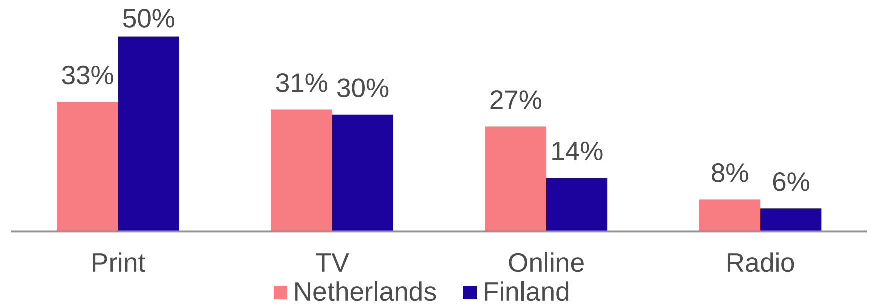
EBIT excl. nri margin
Around 4%

*Figures rounded to closest EUR 10 million.
**Includes transformational digital sales of media platforms totalling around EUR 60 million.
***Figures do not include Parent company, other centralized Group costs and eliminations.

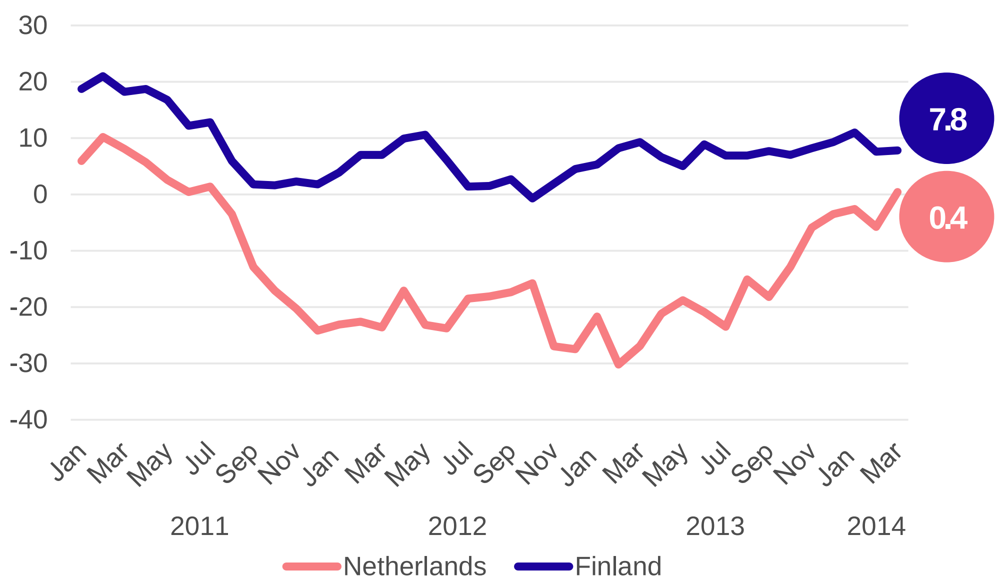
Market environment

- Advertising correlated with consumer confidence
- Recent positive trend in the Netherlands partly visible in advertising market
  - TV advertising showing positive signs
  - Print advertising under pressure

Advertising market – split by type



Consumer confidence*



Advertising market** Change in % vs. prior year

Netherlands	FY/2011	FY/2012	FY/2013	Q1/2014
Magazines	-4	-12	-17	-13
TV	+4	-6	-2	+7
Online	+9	-1	-3	+4
Total ad market* **	+5	-5	-4	+4

Finland	FY/2011	FY/2012	FY/2013	Q1/2014
Newspapers	+3	-9	-16	-12
Magazines	+2	-8	-13	-18
TV	+7	-1	-2	-4
Radio	+22	-5	-4	+12
Online	+25	+10	+6	+13
Total ad market	+7	-4	-9	-5

*Source: European Commission.
**Net figures, excluding online search. NL : Sanoma estimates, FIN: TNS Gallup.
***Weighted average of magazines, TV and online (excluding search).

Group outlook for 2014 and mid-term (unchanged)

Outlook	2013 actuals (IFRS 11 restated)	2014 outlook	Mid-term outlook (2016->)
Net sales growth (organic)	EUR 2,083.5 million	'Decline somewhat'	'Return to organic growth'
EBIT margin, excluding non-recurring items	EUR 154.6 million, 7.4% of net sales	'Below previous year's level'	'Around 10% of net sales'

Main drivers for the 2014 EBIT outlook

+ EUR 100 million gross cost savings programme, will realise partly in 2014
- Underlying development in print circulation and print advertising markets
- Increased investments in digital business in Consumer Media and in tutoring and emerging markets in Learning, impact around EUR 20 million
- Sale and leaseback of real estate (Sanoma House and Sanomala), net impact of rents and depreciations around EUR 10 million

Divestments will impact net sales and EBIT

- Therefore net sales outlook reflects organic growth, i.e. adjusted for structural changes
- Divestments and acquisitions done estimated to have impact on net sales of around EUR -105 million in 2014

Mid-term outlook

Based on the execution of the strategic redesign, Sanoma expects that from 2016 onwards the Group's consolidated net sales will return to organic growth. The operating profit margin excluding non-recurring items is targeted to be around 10% of net sales. Sanoma is targeting for a net debt to EBITDA ratio below 3.5.

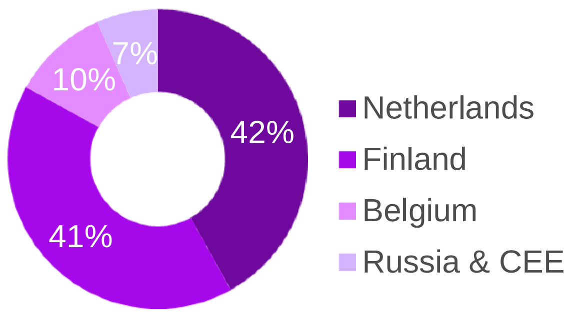
Financials

Net sales split – last 12 months

Net sales EUR 2,051 million | EBIT excl. nri EUR 153.2 million

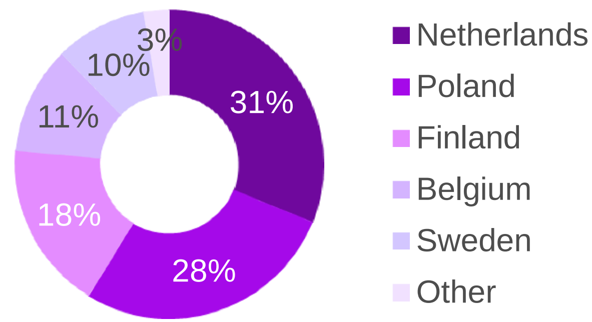
Media operations in total

Netherlands and Finland 83% of net sales



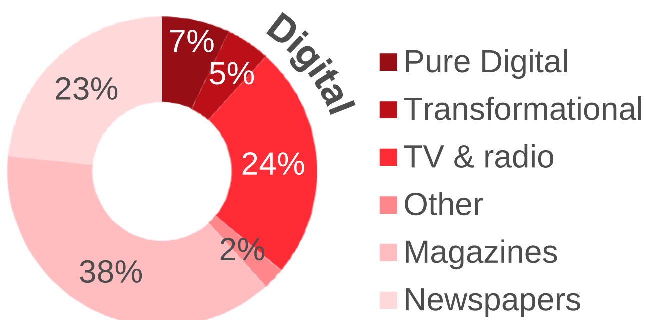
Learning

Diversified portfolio with five key markets



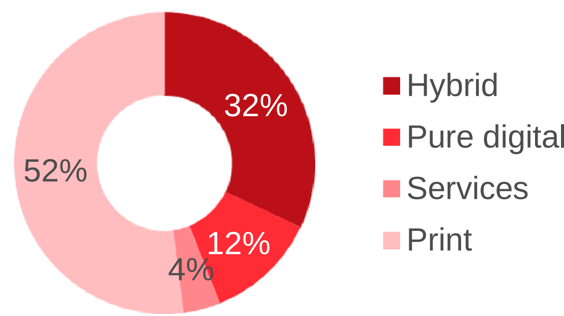
Consumer media (NL and FIN)

38% of net sales in new media (EUR 520 million)



Learning

45% of sales is digital / hybrid (EUR 130 million)



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Income Statement

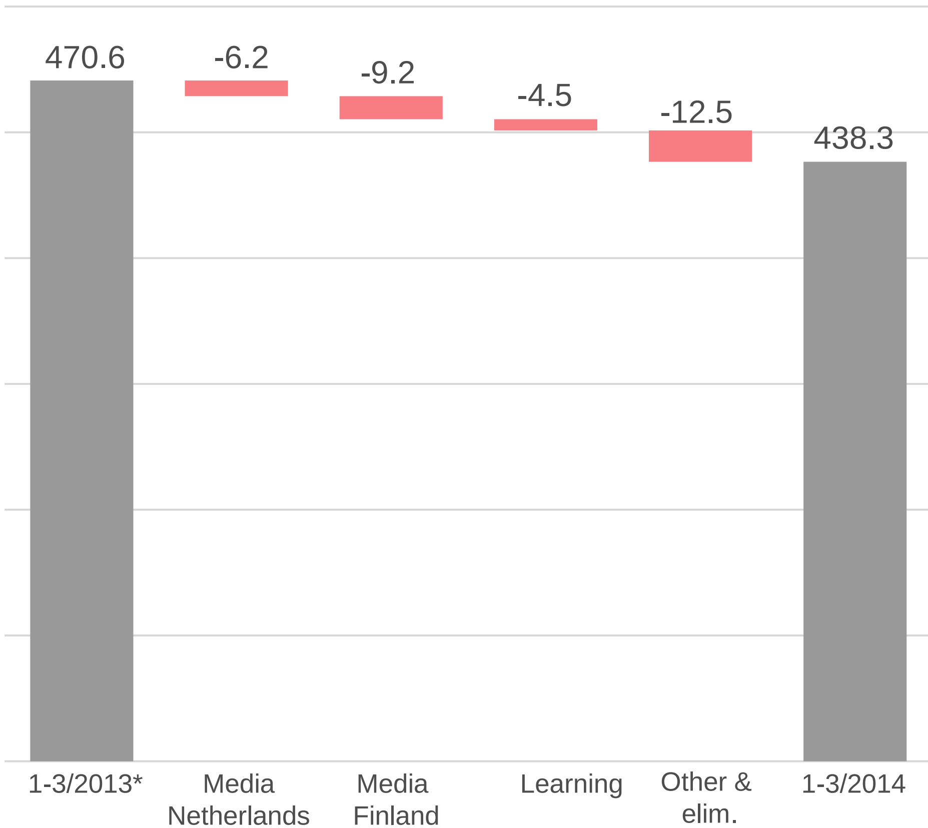
EUR million	1–3/2014	Restated* 1–3/2013	Restated* 1–12/2013
Net sales	**438.3**	**470.6**	**2,083.5**
EBITDA excl. non-recurring items	**65.5**	**69.6**	**436.6**
of net sales	***14.9***	*14.8*	*21.0*
Amortisations related to TV programme rights	**-43.1**	-44.0	-171.1
Amortisations related to prepublication rights	**-6.3**	-5.9	-23.4
Other amortisations	**-13.0**	-13.2	-53.4
Depreciations	**-7.0**	-9.1	-34.0
EBIT excl. non-recurring items	**-4.0**	**-2.5**	**154.6**
of net sales	***-0.9***	*-0.5*	*7.4*
Non-recurring items	**166.0**	-37.2	-412.4
Total financial items	**-13.5**	-14.8	-53.0
Profit before taxes	**148.7**	**-54.5**	**-309.5**
EPS excl. non-recurring items, EUR	**-0.09**	**-0.03**	**0.54**
Cash flow from operations / share, EUR	**-0.32**	**-0.40**	**0.73**

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

Net sales development by strategic business unit

Q1 2014

EUR million



	1-3/2014 EUR million	1-3/2014 EUR million	1-3/2014 organic growth, %
Group	438.3	470.6	-6.3
Media Netherlands	146.0	152.2	-4.1
Media Finland	159.0	168.2	-5.5
Learning	41.2	45.7	-7.4
Other & elim.	92.1	104.5	-10.3

Media Netherlands:	Net sales declined due to lower circulation. Growth in TV and online & mobile advertising almost compensated decline in print advertising.
Media Finland:	Decline in net sales is due to lower print advertising sales, whereas online and mobile advertising grew by 27% in the first quarter.
Learning:	First quarter is minor in absolute terms due to seasonality. Decline is due to timing shift in the Netherlands and divestment of Hungary.
Other:	Decline mainly due to lower net sales in distribution business and divestments.

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

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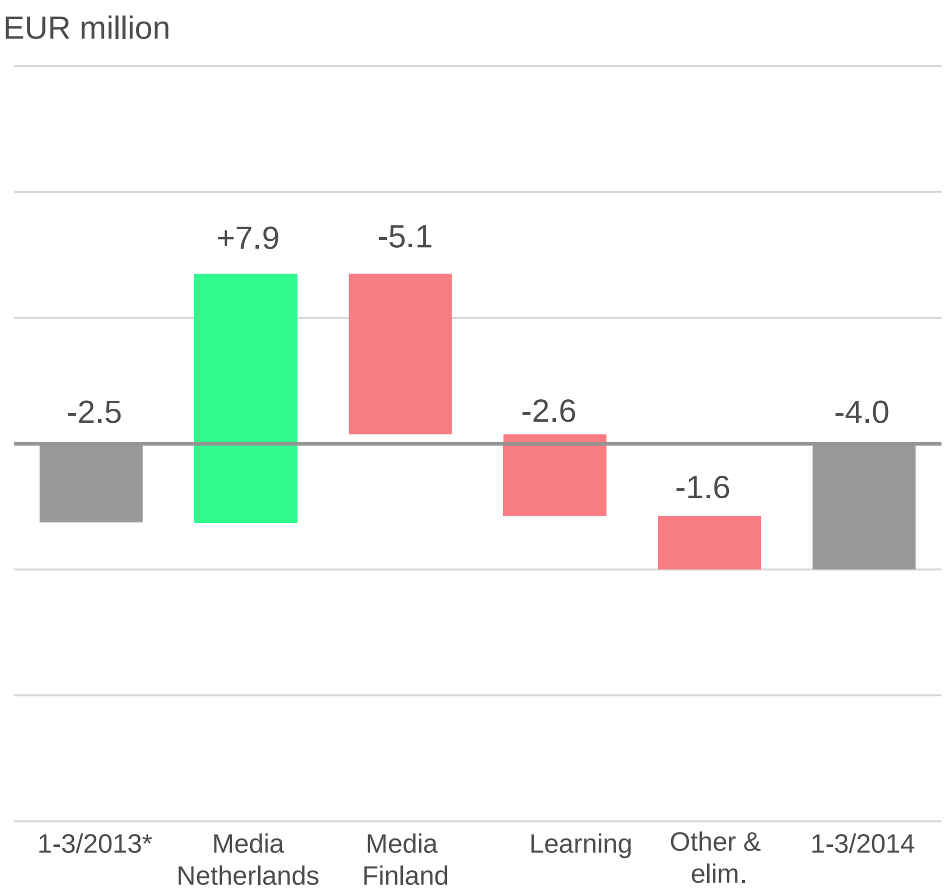
EBIT excl. non-recurring items development

Q1 2014



EUR million	1-3/2014	1-3/2013
Group	-4.0	-2.5
Media Netherlands	8.5	0.6
Media Finland	0.4	5.5
Learning	-7.0	-4.4
Other & elim.	-5.9	-4.3

Media Netherlands:
+ Lower TV costs
+ Cost efficiency
- Print sales

Media Finland:
+ Cost savings
- Growth initiatives related to Pay-TV
- Print sales
- Increased rents due to sale and leasebacks

Learning:
- Timing shift in the Netherlands
- Launch of tutoring in the Netherlands and Belgium

Other:
- Higher costs related to transformation programmes
- Defined benefit pension costs

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

Free cash flow

Cash flow from operations less cash CAPEX

EUR million	1–3/2014	Restated* 1–3/2013	Restated* 1–12/2013
EBITDA excl. non-recurring items	**65.5**	**69.6**	**436.6**
TV programme costs	**-44.8**	-55.8	-186.4
Prepublication costs	**-7.1**	-6.5	-31.2
Change in working capital	**-27.8**	-37.3	19.8
Interest paid	**-24.3**	-26.8	-47.3
Other financial items	**-2.5**	-2.9	-4.2
Taxes paid	**-6.0**	-1.9	-25.7
Other adjustments	**-5.0**	-4.0	-42.5
Cash flow from operations	**-52.1**	**-65.6**	**119.1**
Cash CAPEX	**-10.3**	-12.6	-66.1
Free cash flow	**-62.3**	**-78.2**	**53.0**

Note: Proceeds from sale of assets and operations in Q1 2013 amounted to EUR 277 million

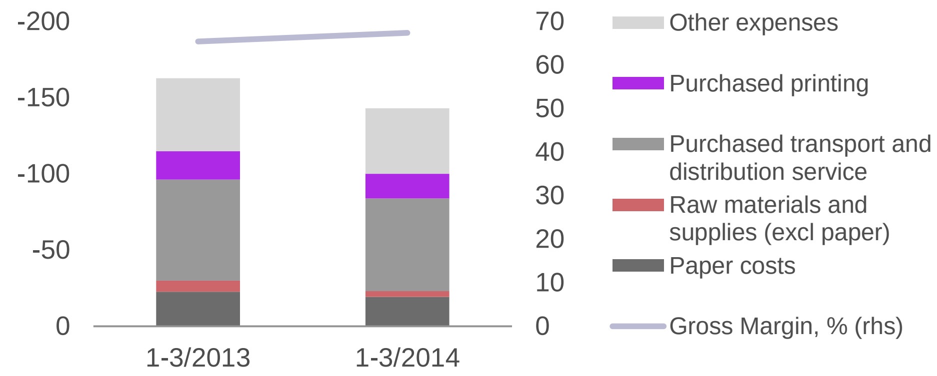
* 2013 figures have been restated due to IFRS 11 ‘Joint Arrangements’.

Cost savings proceeding according to plan

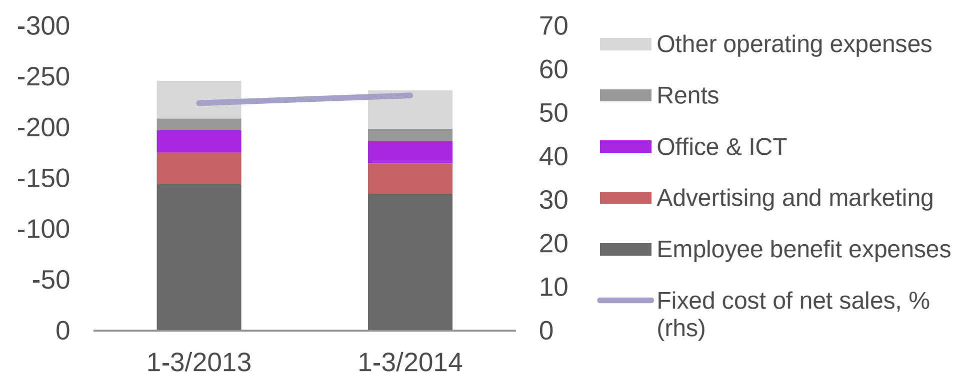
Cost savings run-rate around EUR 45 million

- Gross margin increased vs. Q1 2013
- Fixed costs lower in absolute terms
- EUR 100 million Group-wide cost savings programme
  - Gross savings so far EUR 31 million
  - Savings of around EUR 10 million in Q1
  - Annual run-rate for savings at the end of March 2014 around EUR 45 million

Cost of sales split (EUR million) and Gross Margin



Fixed cost split (EUR million) and share of net sales



* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

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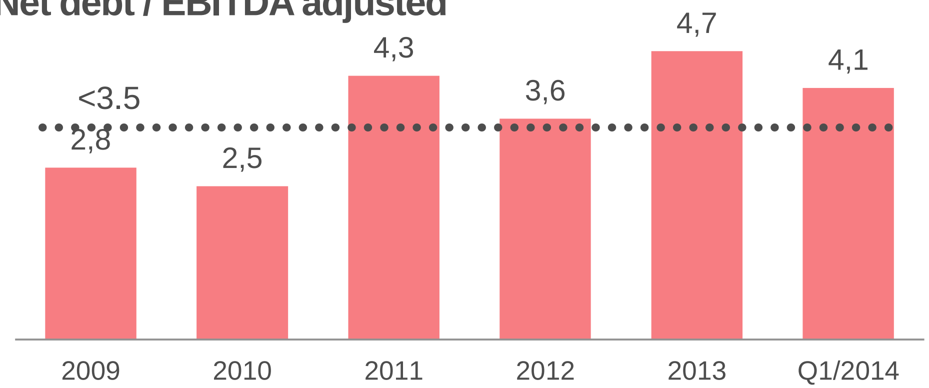
Capital structure

31 March 2014

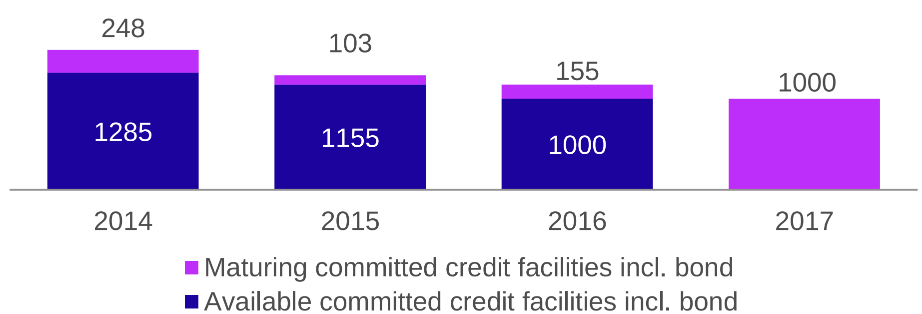
- Net debt EUR 920 million (Q1 2013: 1,308)
  - Net debt / EBITDA adjusted 4.1 times (4.0*)
    - EBITDA adjusted is calculated based on 12-month rolling EBITDA excl. non-recurring items (continuing operations), where acquired operations are included and divested operations excluded for the rolling period, and where programming rights and prepublication rights have been raised above EBITDA
  - Net debt / EBITDA based on covenant calculation method 1.6 times (2.4*)
  - Average interest rate around 3.5% p.a.
  - Interest sensitivity** is below EUR 2 million and duration is 21 months
- Equity totalled EUR 1,291 million (1,452)
- Equity ratio 42.3% (40.5%)
- Gearing 71.3% (90.1%)

Net debt / EBITDA adjusted



Committed credit facilities profile***

EUR million



*Figures not restated based on IFRS 11.
** Should the level in market interest rates make a parallel shift of one percentage point.
*** Including the EUR 400 million bond maturing in 2017 and excluding current account limits.

Q&A

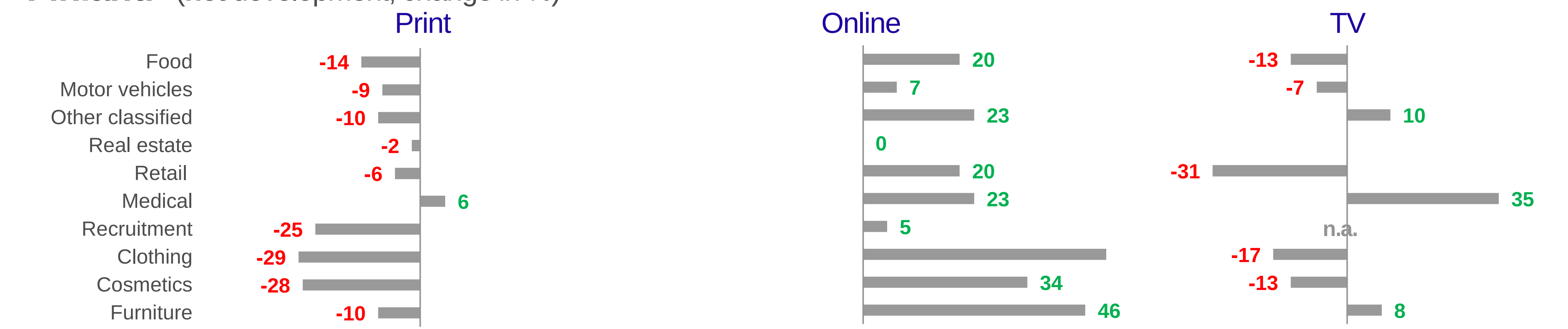
Appendix 1

Sanoma's business units

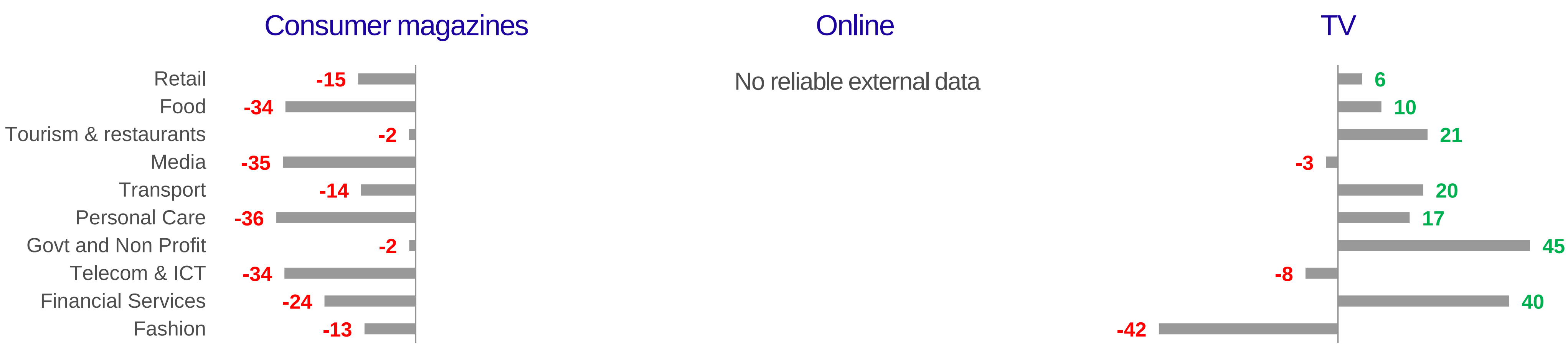
Advertising markets in Q1 2014 vs. Q1 2013

Print advertising declining in most categories, mixed development in online and TV

Finland* (**net** development, change in %)



Netherlands** (**gross** development, change in %)



*Source: TNS Gallup, online excluding search.
**Source: Nielsen, online excluding search.

Media Netherlands

Key figures*

EUR million	**1–3/2014**	FY 2013	10–12/2013	7–9/2013	4–6/2013	1–3/2013
Net sales	**146.0**	**685.8**	**194.1**	**160.0**	**179.6**	**152.2**
Digital	**64.0**	**291.0**	**88.2**	**64.8**	**76.5**	**61.6**
Online & mobile	18.7	76.9	24.3	17.4	17.7	17.4
TV	45.3	214.1	63.8	47.3	58.8	44.2
Print	**79.1**	**369.9**	**94.8**	**90.5**	**96.1**	**88.5**
Magazines	79.1	369.9	94.8	90.5	96.1	88.5
Other	**2.8**	**24.8**	**11.1**	**4.7**	**7.0**	**2.1**
EBIT excluding non-recurring items	**8.5**	73.2	25.9	21.7	25.0	0.6
% of net sales	*5.8*	*10.7*	*13.4*	*13.5*	*13.9*	*0.4*
Number of employees (FTE)**	2,118	2,181	2,181	2,209	2,226	2,251

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.
** At the end of the period.

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Media Finland

Key figures*

EUR million	**1–3/2014**	FY 2013	10–12/2013	7–9/2013	4–6/2013	1–3/2013
Net sales	**159.0**	**675.4**	**179.0**	**157.5**	**170.7**	**168.2**
Digital	**48.6**	**185.9**	**54.5**	**37.5**	**51.7**	**42.2**
Online & mobile	21.3	74.7	21.7	15.8	20.5	16.7
TV & radio	27.3	111.2	32.8	21.7	31.2	25.5
Print	**108.8**	**483.8**	**123.1**	**118.9**	**117.7**	**124.2**
Magazines	34.0	160.9	42.2	41.5	37.6	39.6
Newspapers	75.3	325.2	81.5	77.9	80.8	85.0
Eliminations	-0.5	-2.2	-0.6	-0.5	-0.7	-0.5
Other	**1.6**	**5.6**	**1.4**	**1.1**	**1.3**	**1.8**
EBIT excluding non-recurring items**	**0.4**	30.7	5.4	11.4	8.4	5.5
% of net sales	*0.3*	*4.5*	*3.0*	*7.2*	*4.9*	*3.3*
Number of employees (FTE)***	2,675	2,759	2,759	2,752	2,996	2,858

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.
** Sale and leasebacks of real estate impacts negatively EBIT figures starting Q1 2014.
*** At the end of the period.

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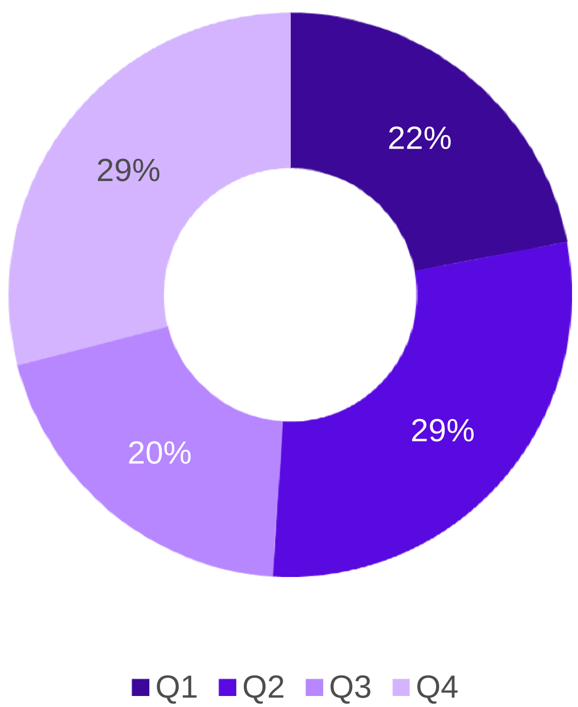
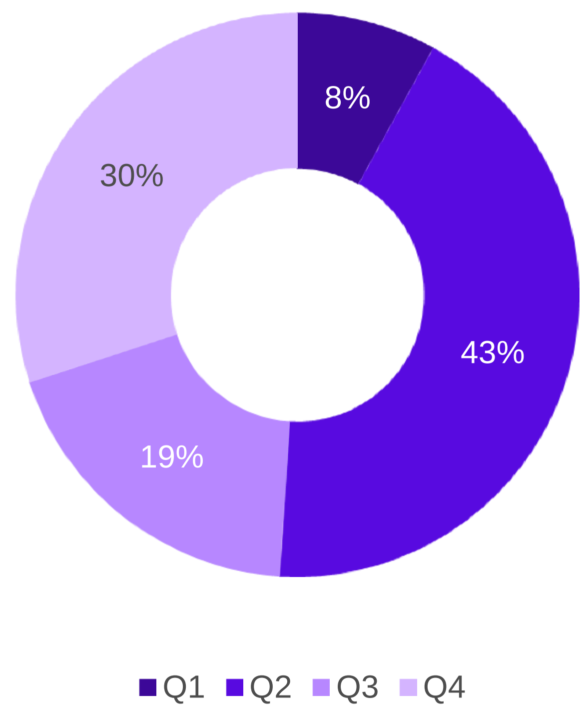
TV – net sales and EBIT seasonality

2010 - 2013 average for Dutch and Finnish TV*

Net sales split



EBIT** split

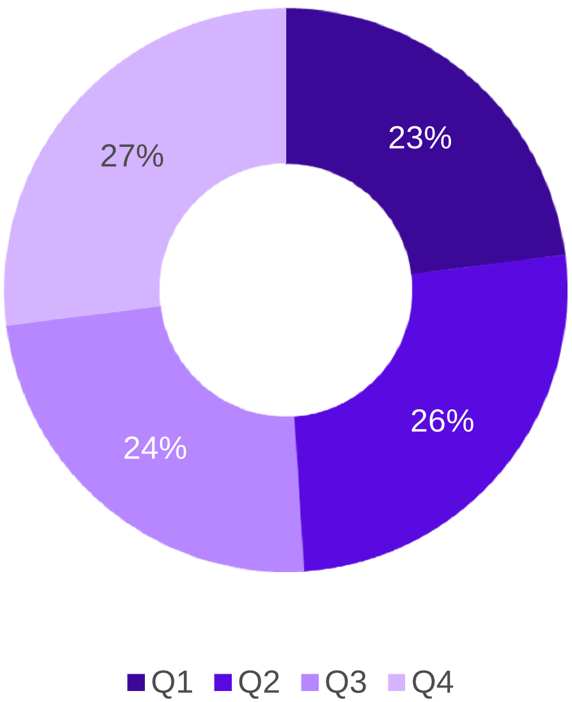


*Includes SBS Netherlands (excluding PPA amortization) and Nelonen Media Finland.
**Excluding non-recurring items.

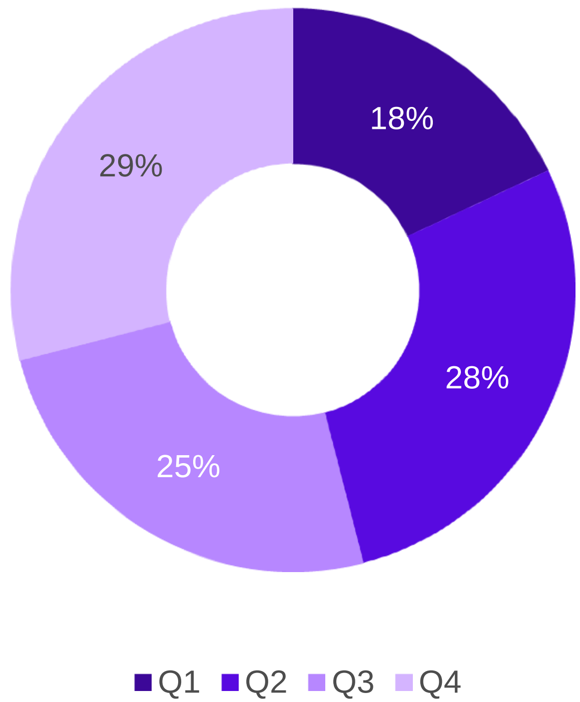
Magazines – net sales and EBIT seasonality

2010 - 2013 average for Dutch and Finnish Magazines*

Net sales split



EBIT** split

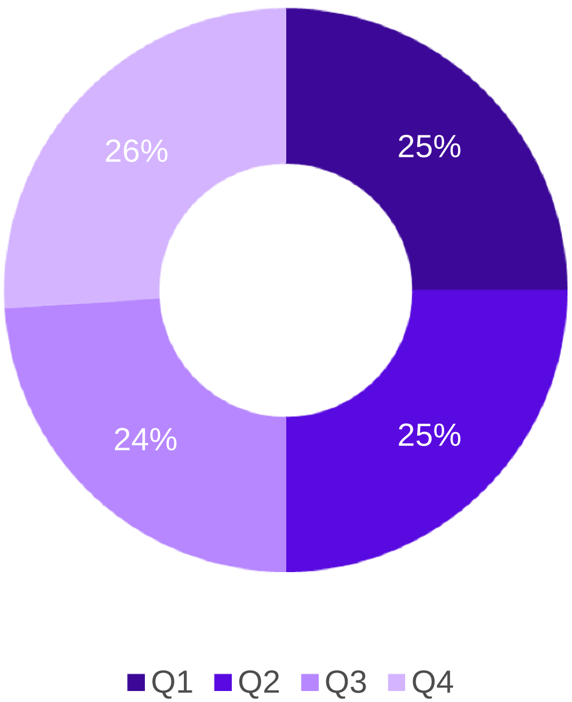


*Includes Dutch and Finnish operations, excluding TV guides. 2010-2012 not restated with IFRS 11 'Joint Arrangements'.
**Excluding non-recurring items.

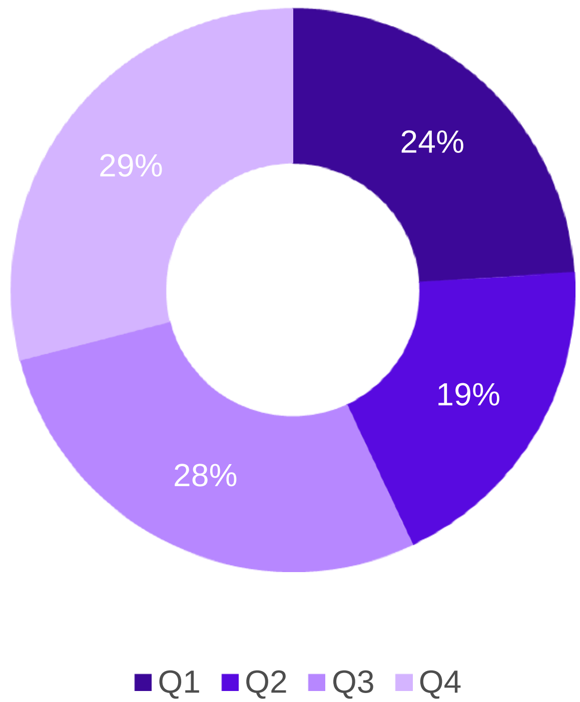
Newspapers – net sales and EBIT seasonality

2010-2013 average for Newspapers (Finland) incl. digital business

Net sales split



EBIT* split



*Excluding non-recurring items.

Sanoma Learning

Key figures

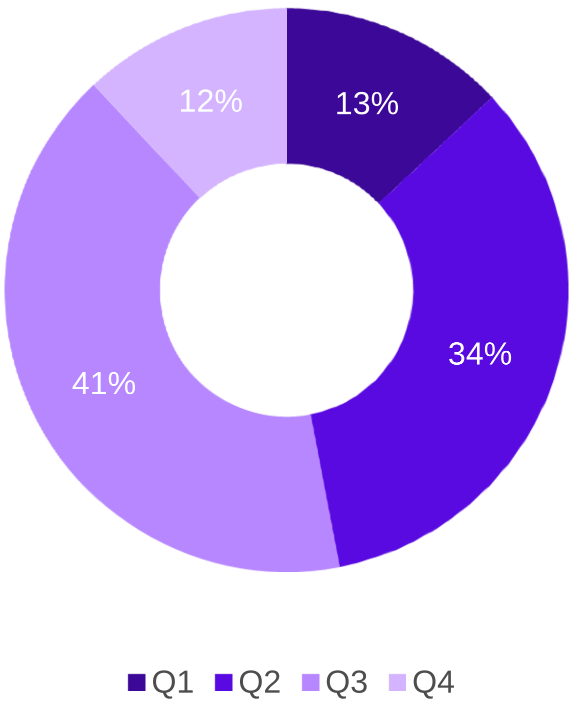
EUR million	**1–3/2014**	FY 2013	10–12/2013	7–9/2013	4–6/2013	1–3/2013
Net sales	**41.2**	**304.6**	**32.4**	**123.0**	**103.5**	**45.7**
Netherlands	24.5	95.3	7.4	25.0	36.5	26.3
Poland	5.2	83.8	12.8	46.7	18.1	6.2
Finland	4.8	53.5	5.6	13.9	28.7	5.3
Belgium	1.9	33.8	3.6	17.1	11.2	1.8
Sweden	4.9	29.3	4.4	11.9	7.8	5.2
Other and eliminations	-0.1	8.9	-1.5	8.3	1.2	0.9
EBIT excluding non-recurring items	**-7.0**	56.2	-24.8	49.6	35.9	-4.4
% of net sales	*-16.9*	*18.5*	*-76.7*	*40.3*	*34.6*	*-9.6*
Number of employees (FTE)*	1,613	1,564	1,564	1,738	1,741	1,750

** At the end of the period.

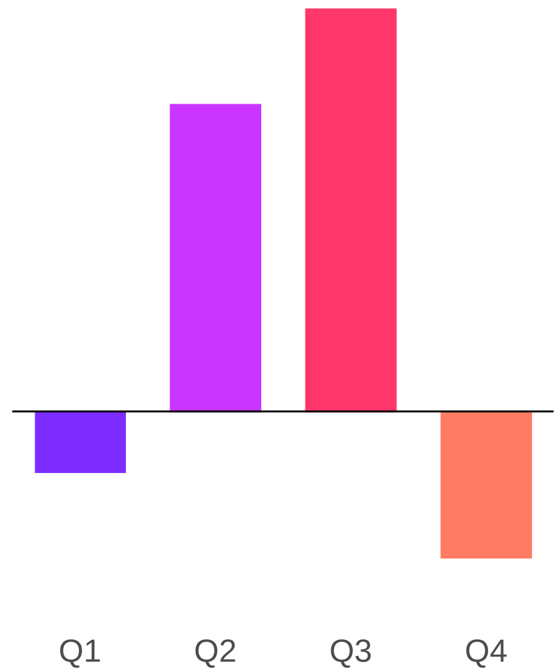
Learning – net sales and EBIT seasonality

2010-2013 average for Learning

Net sales split



EBIT* split in relative terms



*Excluding non-recurring items.

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Appendix 2

About owners and coverage

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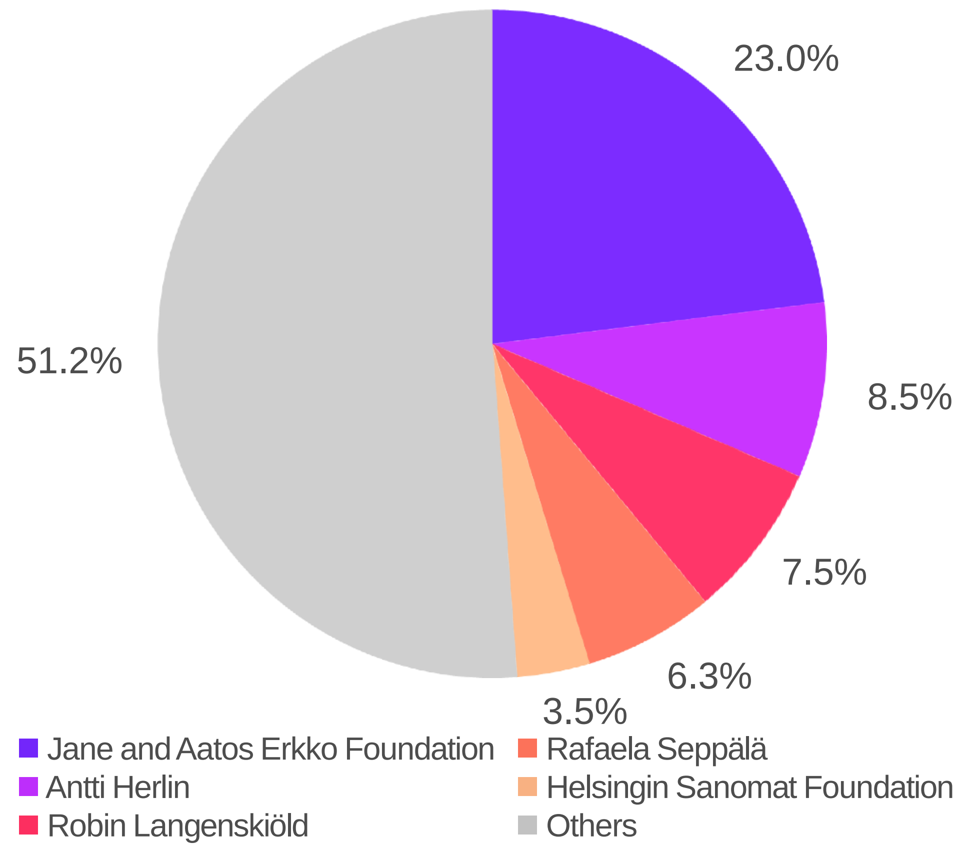
Sanoma – largest shareholders

31 Mar 2014	% of shares and votes
1. Jane and Aatos Erkko Foundation	23.02
2. Antti Herlin (Holding Manutas Oy: 7.26%, Security Trading 1.20%, personal: 0.02%)	8.48
3. Robin Langenskiöld	7.54
4. Rafaela Seppälä	6.31
5. Helsingin Sanomat Foundation	3.50
6. Ilmarinen Mutual Pension Insurance Company	2.91
7. Foundation for Actors' Old-age-home	1.38
8. State Pension Fund	1.28
9. The WSOY's Literature Foundation	1.23
10. Aubouin Lorna	1.21
Foreign ownership in total	**10.8**
Total number of shares	**162,812,093**
Total number of shareholders	**30,157**

Institutional investors: around 66% of shares

Private investors: around 34% of shares



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