

Q2 2015 Interim Report

Harri-Pekka Kaukonen, President and CEO

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Weak Performance in Finland – Outlook for 2015 and Mid-Term (2016) Revised



- Operating performance in Q2 2015
 - Media BeNe – Stable, TV viewing share builds positive momentum
 - Learning – Timing shifts and Polish situation impacting business, but full-year outlook solid
 - Media Finland – Performance disappointing, additional amortisations in TV, change programme in progress
- Outlook for EBIT in 2015 and mid-term outlook revised on 16 July

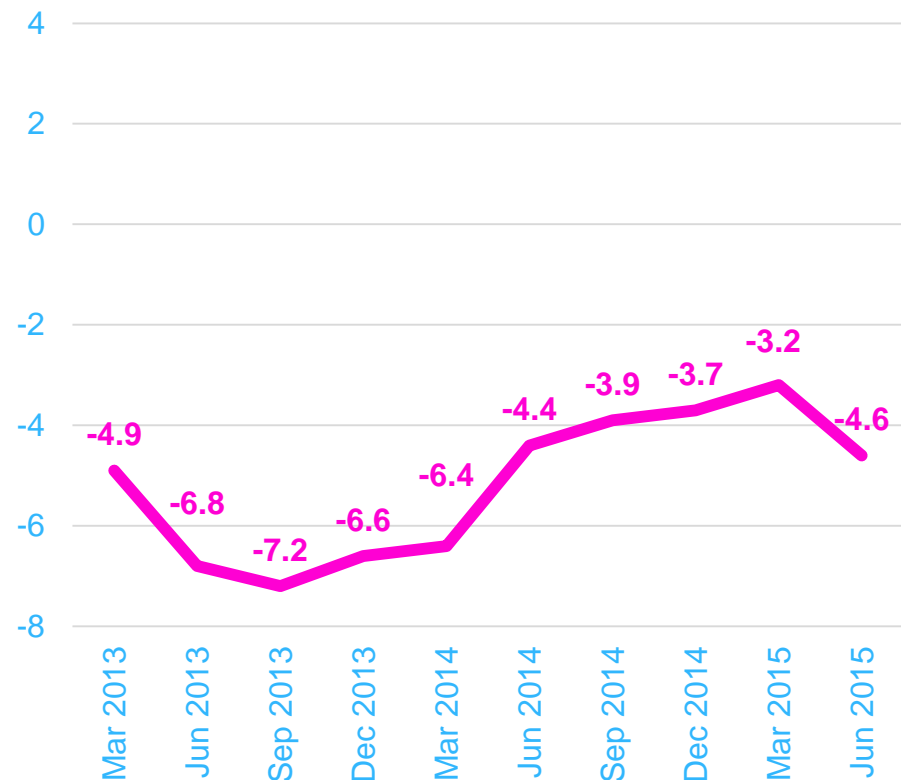
Key figures

Q2 2015, EUR million

Net sales	468.8 (533.1), organic growth -6.6%
New media sales	150.4 (149.9), growth +0.3%
EBIT excl. non-recurring items	49.4 (66.3), 10.5% (12.4%) of net sales

Organic Growth Development

Rolling 12 month organic sales growth



Media BeNe

- SBS gained advertising and viewing share in negative Dutch TV advertising market
- Shift to automated advertising buying in online and mobile has put pressure on prices

Media Finland

- Weak print sales not offset by growth in online and mobile sales
- Underperformance in advertising sales

Learning

- Timing shifts in Poland and Finland
- Legislation change in Poland

New Media Sales Flat in Q2

Media BeNe & Media Finland

Share of rolling 12 month net sales

New
media sales
39%

Learning

Share of rolling 12 month net sales

Digital, hybrid
and services
50%

Advertising Market Remains Difficult

Finnish market negative despite positive boost in April (+4%) due to parliament elections

Netherlands	FY'14	Q1'15	Q2'15
Newspapers	-4	-3	-3
Magazines	-12	-15	-15
TV	+2	-4	-7
Radio	+6	+3	+3
Online	+11	+9	+9
Total market*	+4	+2	+1
Finland	FY'14	Q1'15	Q2'15
Newspapers	-9	-7	-7
Magazines	-16	-14	-15
TV	-4	-2	-1
Radio	+9	-4	-4
Online	+12	+6	+7
Total market*	-4	-3	-3

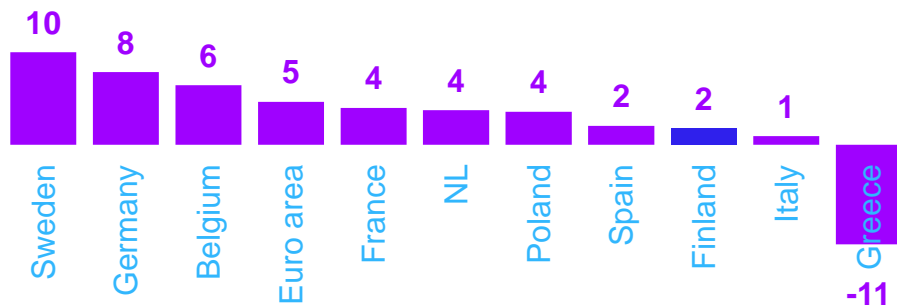


*Source: NL: Sanoma estimates, FIN: TNS Gallup, excl. online search. Total market in the countries includes also other smaller categories such as cinema and outdoor advertising.

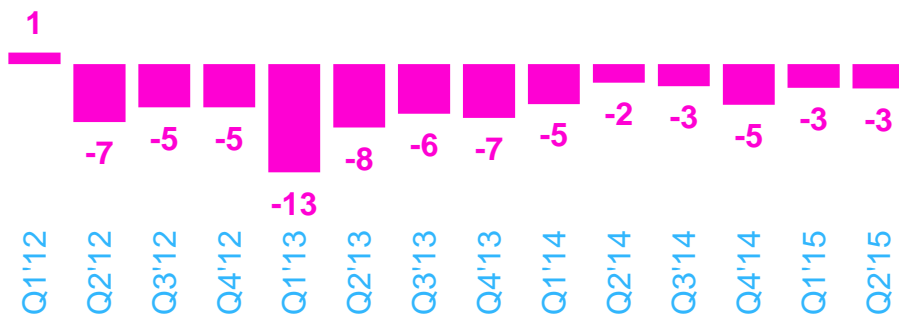
Media Finland – Responding to Performance Challenges

Challenges in market continue

Change in GDP Q1 2012 – Q1 2015 (%)*



Change in advertising market vs. prior year (%)*



*Source: Eurostat (GDP in national currencies) and TNS Gallup.

Accelerating implementation of strategy

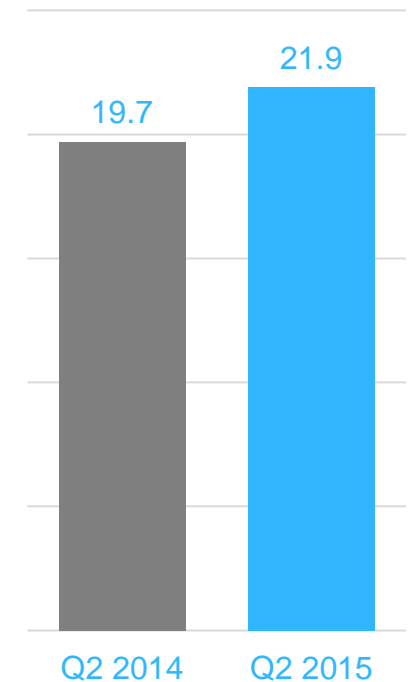
- Performance in Media Finland below expectations
- Change programme in Media Finland ongoing, addressing overall operating expenses, structural issues, commercial excellence, product offering and pricing, procurement, organisational efficiency
- Further information will be communicated during autumn

Media BeNe – SBS Building Positive Momentum

Viewing share in June highest for SBS since August 2011

- Viewing share on improving path
 - Viewing share increased to 23.6% in June
- TV advertising market declined by 7% in Q2
 - Advertising share increased compared to Q2 2014
 - June first growth month for the market in 2015
 - H2 expected to be positive
- Champions League broadcasts to begin in August
 - Matches to be shown on SBS6 (linear TV)
 - Simultaneous broadcasting online on nu.nl, sbs6.nl and kijk.nl

Prime-time share of viewing in 20-54 target group



Source: SKO, 6 pm - midnight

Cost Savings Programme Completed

EUR 100 million Group-wide cost savings programme

- EUR 100 million cost savings programme completed ahead of schedule
- Savings of EUR 25 million achieved in Q2 2015, implying annual run-rate of EUR 100 million
- Further opportunities beyond EUR 100 million identified



Reasons for Changes in Outlooks

H2 2015 and FY 2016 expected to be weaker than anticipated – Media Finland the main reason

Media BeNe

- Overall no changes

Media Finland

- Depressed market development
- Operational underperformance, incl. additional amortisations in TV operations

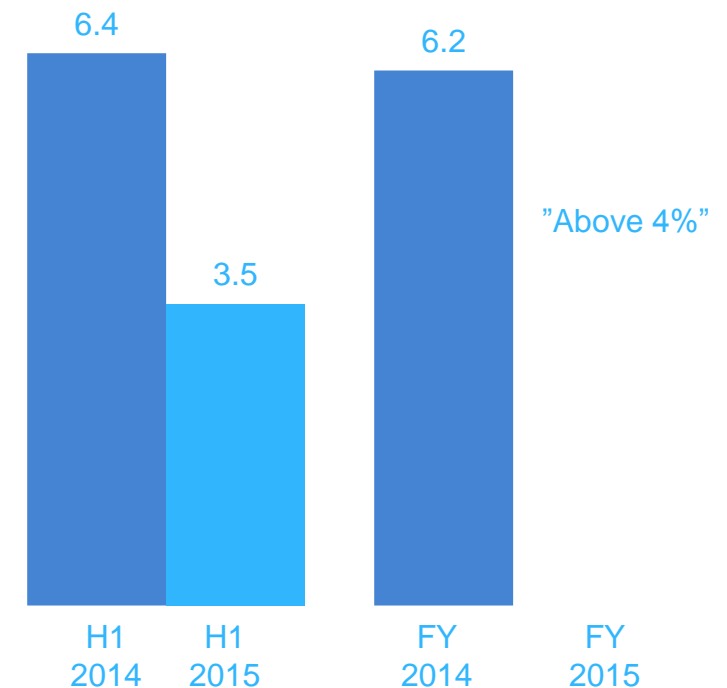
Learning

- Legislative changes in Polish market

Other

- Russian market situation and delayed transactions

Group EBIT excl. non-recurring items, margin (%)



Group Outlook for 2015 Revised, Mid-Term Outlook (2016) Withdrawn on 16 July 2015

Outlook	2014 actuals	Previous outlook for 2015	New outlook for 2015 published on 16 July 2015	Mid-term outlook (2016)
Net sales growth (organic)	EUR 1,901.6 million, organic growth -3.7%	“Around previous year’s development (2014: -3.7%)”	“Around previous year’s development (2014: -3.7%)”	No outlook for 2016 (previously: “Organic growth”)
Operating profit margin, excluding non-recurring items	EUR 118.8 million, 6.2% of net sales	“At or above previous year’s level (2014: 6.2%)”	“Above 4% (2014: 6.2%)”	No outlook for 2016 (previously: “Around 10%”)

Outlook for 2016 will be given in conjunction with FY 2015 results in February 2016

Divestments and acquisitions done estimated to have impact on net sales of around EUR -110 million in 2015

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Financials

Amortisations in Finnish TV Operations

- International TV rights
 - Demand for domestic TV content has increased in highly competitive market
 - Sanoma booked in Q2 2015 additional amortisations of EUR 6 million related to previously acquired international TV rights of series and movies
- TV rights for Finnish ice hockey league
 - Sanoma acquired rights for seasons 2013-2018 in 2012
 - Sales have not developed according to business plan
 - Investment case now estimated to be negative for whole period until 2018
 - Valuation for season 2015-2016 will be done in Q3 leading to an additional amortisation of EUR 3 million in 2015 (net), of which EUR 6 million in Q3. Hence, in Q4 amortisations will be around EUR 3 million less than in Q4 2014

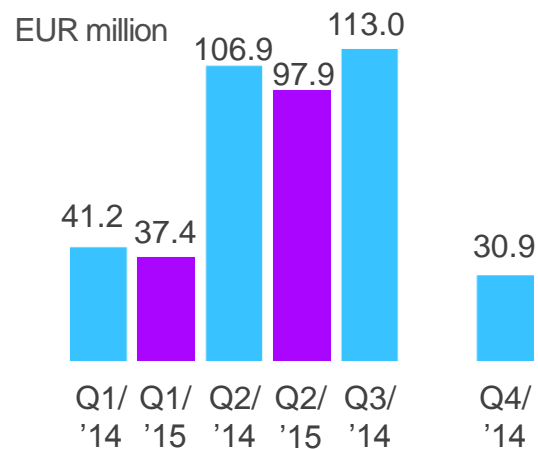
In accordance with IFRS, at reporting date balance sheet value of programme rights is evaluated to ensure carrying amount does not exceed expected future economic benefits. If economic benefits are insufficient, programme right is amortized to its recoverable amount.



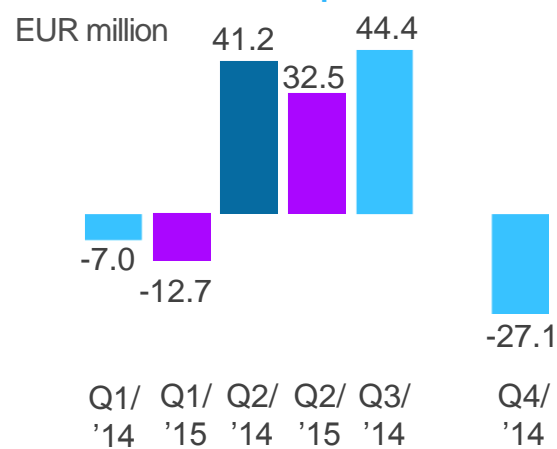
Learning – Timing Shifts Impacting Quarterly EBIT

- Learning has strong seasonality – typically around 75% of sales and 160% of profits generated during Q2 and Q3
- Industry trend changing, wholesalers optimise working capital by ordering later – the impact was visible in Q1 and Q2 2015 and will be visible especially in Q1 2016
- In addition, Q4 2015 will be better than prior year due to timing shifts in expenses

Net sales split



EBIT excl. nri split



Income Statement

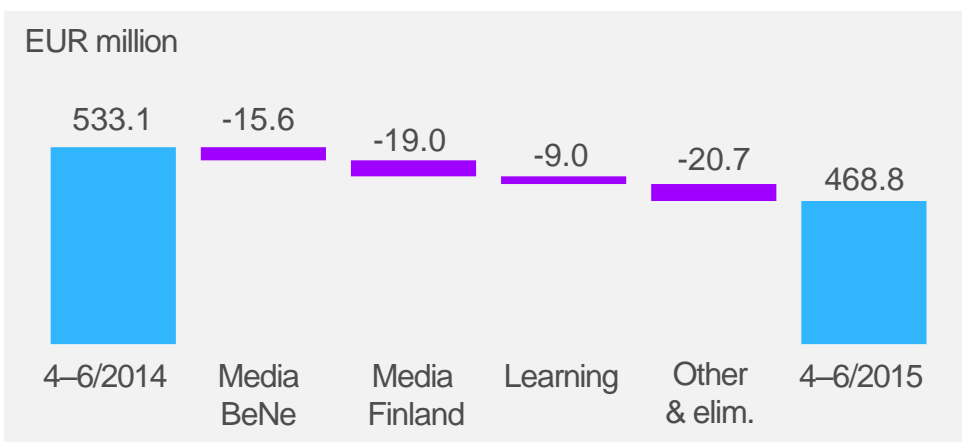
Reported figures impacted by multiple divestments

EUR million	4–6/2015	4–6/2014	1–6/2015	1–6/2014	1-12/2014
Net sales	468.8	533.1	848.9	971.3	1,901.6
EBITDA excl. non-recurring items	123.2	133.4	175.1	198.9	392.0
<i>of net sales</i>	<i>26.3%</i>	<i>25.0%</i>	<i>20.6%</i>	<i>20.5%</i>	<i>20.6%</i>
Amortisations related to TV programme rights	-53.4	-41.9	-102.3	-85.0	-159.9
Amortisations related to prepublication rights	-6.4	-6.3	-13.1	-12.6	-25.1
Other amortisations	-8.2	-12.6	-18.9	-25.6	-61.4
Depreciation	-5.7	-6.3	-11.1	-13.4	-26.9
EBIT excl. non-recurring items	49.4	66.3	29.6	62.3	118.8
<i>of net sales</i>	<i>10.5%</i>	<i>12.4%</i>	<i>3.5%</i>	<i>6.4%</i>	<i>6.2%</i>
Non-recurring items	-40.3	-63.0	-31.4	103.0	15.0
Total financial items	-9.4	-10.1	-11.6	-23.5	-41.9
Profit before taxes	1.1	-6.6	-12.2	142.0	90.7
Earnings per share	-0.12	-0.13	-0.18	0.64	0.32
EPS excl. non-recurring items, EUR	0.13	0.23	-0.02	0.14	0.33
Cash flow from operations / share, EUR	-0.25	-0.09	-0.70	-0.41	0.45

Net Sales Development

Q2 2015

	4–6/2015 EUR million	4–6/2014 EUR million	4–6/2015 organic growth, %
Group	468.8	533.1	-6.6
Media BeNe	216.0	231.7	-5.5
Media Finland	145.7	164.6	-5.4
Learning	97.9	106.9	-8.1
Other & elim.	9.2	29.9	-30.7



Media BeNe: TV net sales flat thanks to market share gains and higher distribution sales. Print magazine sales declined, driven by divestments and closing of titles.

Media Finland: Double-digit growth in online & mobile sales was not able to offset declining print sales. TV and radio sales were flat. Divestments impacted negatively.

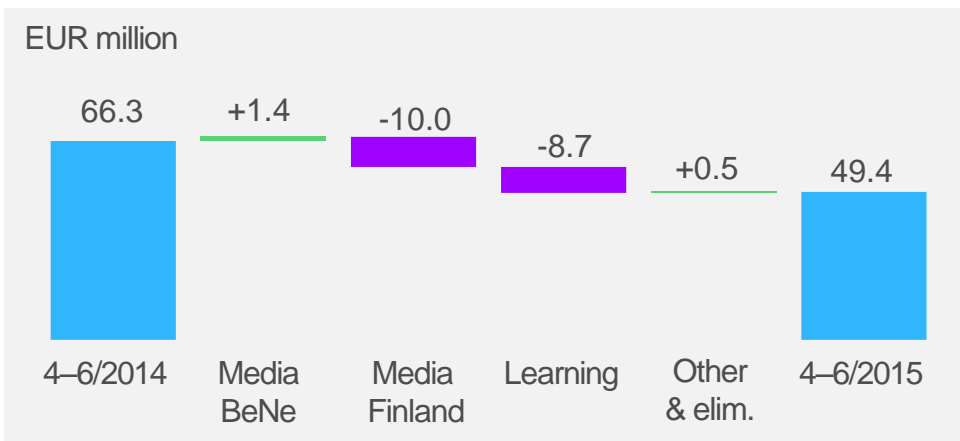
Learning: Net sales declined mainly due to timing of orders in Poland and Finland as well as legislative changes in Poland.

Other: Decline is related to divestment of Hungarian media operations and weaker sales development in non-core operations.

EBIT Excluding Non-Recurring Items Development

Q2 2015

EUR million	4-6/2015	4-6/2014
Group	49.4	66.3
Media BeNe	27.1	25.7
Media Finland	-2.5	7.5
Learning	32.5	41.2
Other & elim.	-7.6	-8.1



- Media BeNe:**
- + Cost efficiency
 - + Solid quarter for SBS driven by better viewing and advertising share
 - + Aldipress continued on positive track
 - Print sales, mainly due to divestments
 - Closure of TV channel in Belgium
- Media Finland:**
- + Online and mobile sales
 - + Cost savings
 - Amortisation of international TV rights
 - Print advertising sales
- Learning:**
- Timing shift from Q2 to Q3 in Poland and Finland
 - Legislative changes in Poland
- Other:**
- + Lower costs in Group functions
 - Sale of Hungarian media operations
 - Weaker result in non-core businesses

Free Cash Flow

Cash flow from operations less cash CAPEX

EUR million	4–6/2015	4–6/2014	1–6/2015	1–6/2014	1-12/2014
EBITDA excl. non-recurring items	123.2	133.4	175.1	198.9	392.0
TV programme costs	-44.6	-41.5	-89.1	-86.3	-184.7
Prepublication costs	-7.4	-7.1	-14.2	-14.2	-28.5
Change in working capital	-69.5	-51.6	-100.0	-79.4	22.9
Interest paid	-1.8	-4.7	-24.4	-29.0	-35.1
Other financial items	+4.0	-3.3	-3.4	-5.8	-14.6
Taxes paid	-25.2	-10.0	-31.0	-16.0	-23.9
Other adjustments	-19.3	-29.6	-26.6	-34.6	-54.5
Cash flow from operations	-40.6	-14.2	-113.7	-66.3	73.7
Cash CAPEX	-19.6	-13.3	-30.9	-23.6	-51.0
Free cash flow	-60.1	-27.6	-144.6	-89.9	22.8

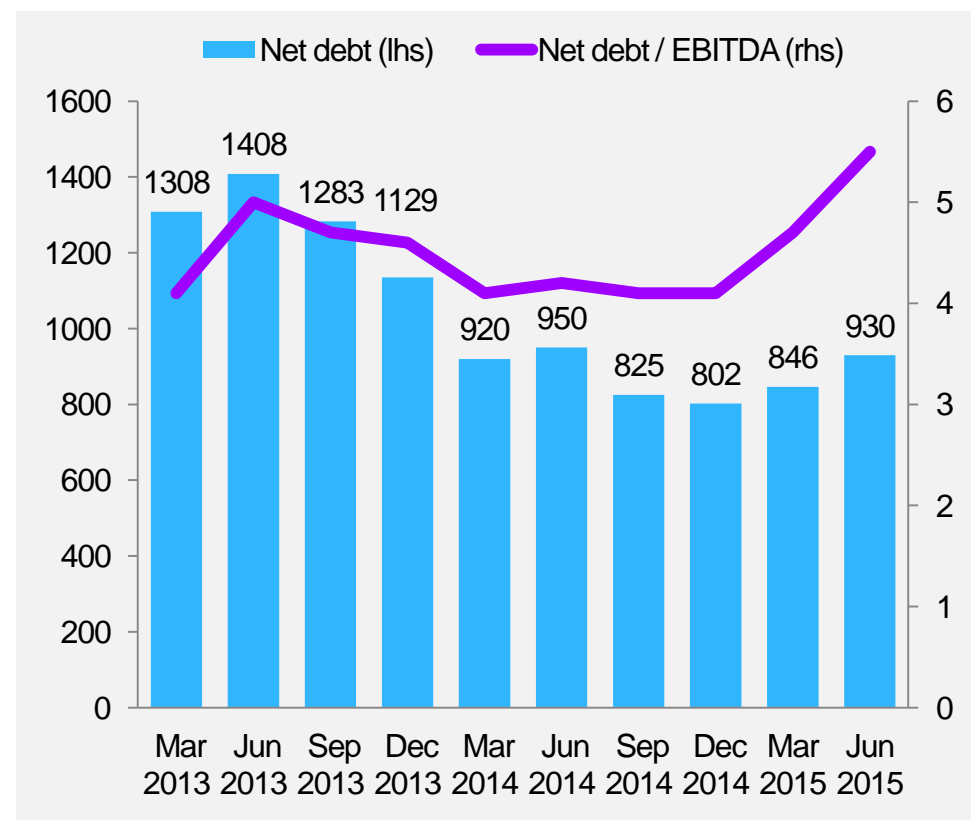
Note: Proceeds from sale of assets and operations in H1/2015 amounted to EUR 41 million and EUR 330 million in 2014

Capital Structure

30 June 2015

- Net debt: EUR 930 million (Q2 2014: 950)
 - Net debt / EBITDA adjusted 5.5 times (4.2)
 - EBITDA adjusted: 12-month rolling EBITDA excl. non-recurring items, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA
 - Net debt / EBITDA based on covenant calculation method 2.5 times (1.7)
 - Average interest rate around 2.5% p.a.
 - Interest sensitivity is around EUR 2 million and duration is 15 months
- Total equity: EUR 1,191 million (1,241)
- Equity ratio: 41.9% (40.3%)
- Gearing: 78.1% (76.6%)

Key figures



Q&A

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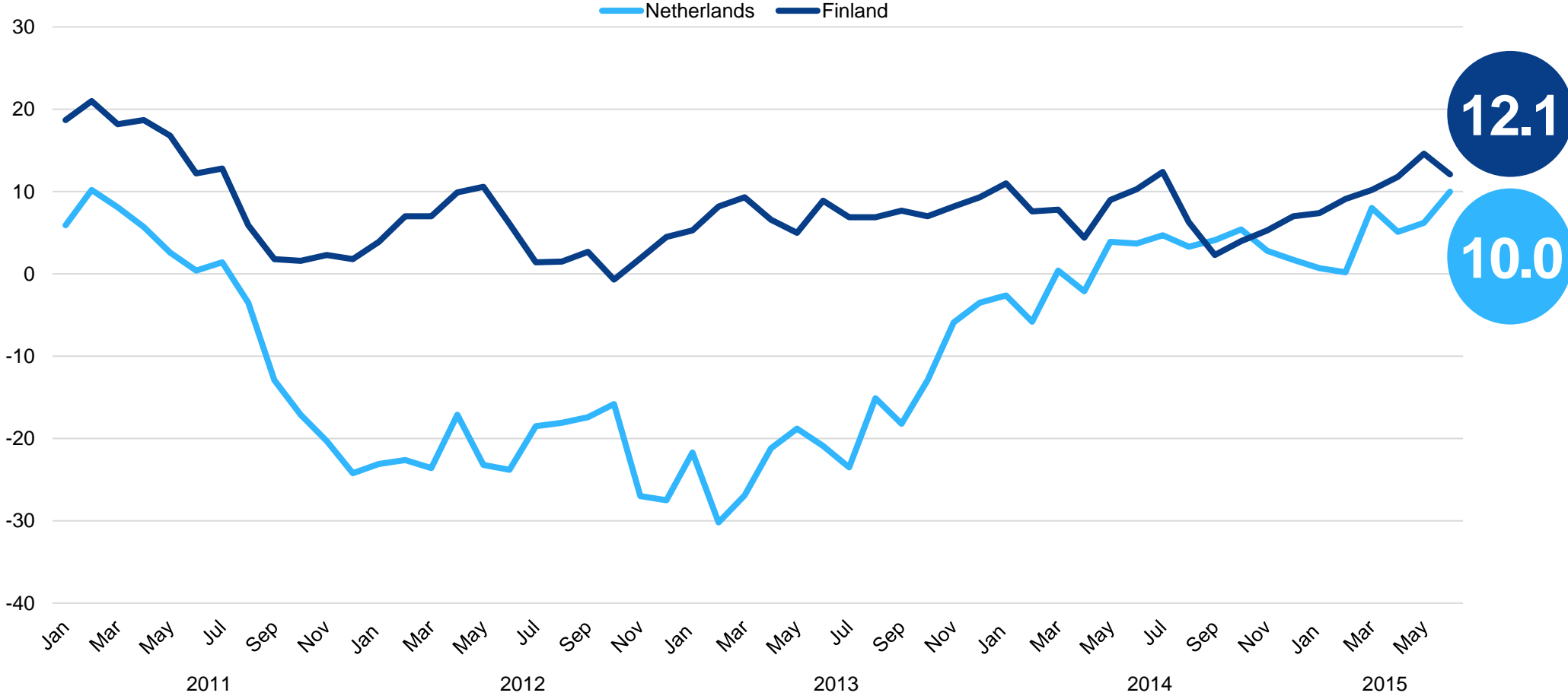
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Appendix

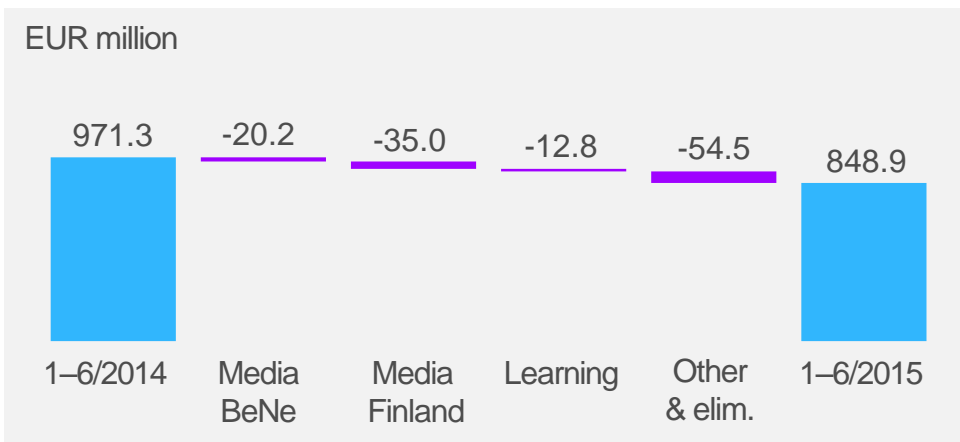
Consumer confidence



Net Sales Development

H1 2015

	1–6/2015 EUR million	1–6/2014 EUR million	1–6/2015 organic growth, %
Group	848.9	971.3	-5.3
Media BeNe	405.5	425.7	-3.7
Media Finland	288.7	323.7	-4.2
Learning	135.3	148.1	-7.7
Other & elim.	19.4	73.9	-31.2



Media BeNe: Net sales declined mainly due to divestments of non-focus magazine titles as well as lower print advertising sales. TV sales were flat despite negative advertising market supported by higher distribution sales.

Media Finland: New media sales grew, but declining print sales led to negative organic growth. Divestments had negative impact on absolute sales.

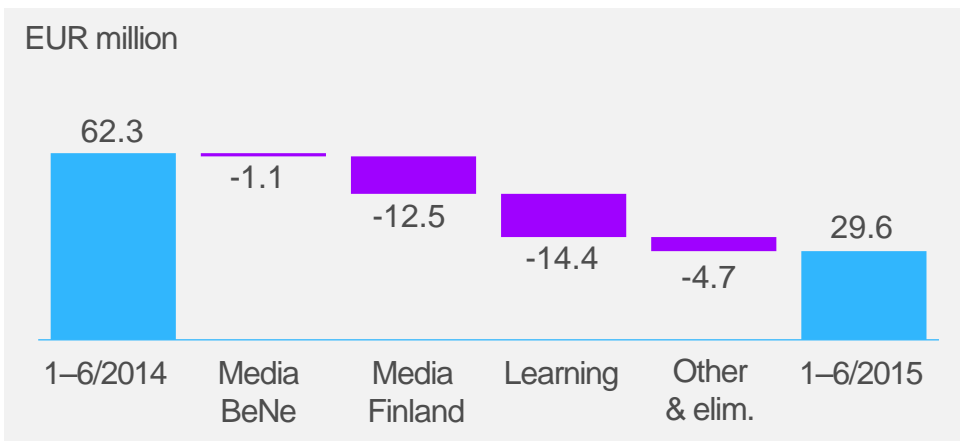
Learning: Net sales declined mainly due to timing of orders as well as legislative changes in Poland.

Other: Decline is mostly related to divestments of Finnish press distribution business Lehtipiste and Hungarian media operations as well as weaker sales in non-core operations.

EBIT Excluding Non-Recurring Items Development

H1 2015

EUR million	1-6/2015	1-6/2014
Group	29.6	62.3
Media BeNe	32.9	34.0
Media Finland	-4.6	7.9
Learning	19.8	34.2
Other & elim.	-18.5	-13.8



Media BeNe:

- + Cost efficiency
- + SBS TV operations
- Print sales, mainly due to divestments

Media Finland:

- + Cost savings
- Higher TV programming amortisations
- Print advertising sales

Learning:

- Timing shift from H1 to H2 due to change in ordering pattern
- Investments in digital

Other:

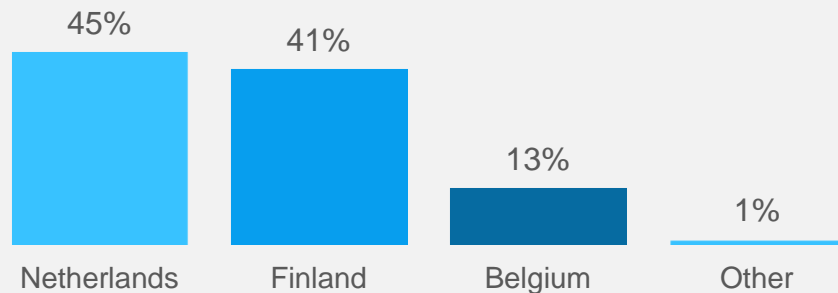
- Sale of Lehtipiste and other divestments
- Weaker result in non-core businesses

Net Sales Split

Rolling 12 months

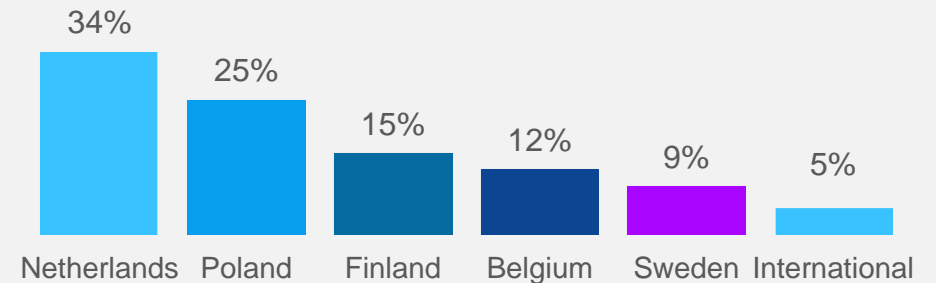
Media operations

Netherlands and Finland 86% of net sales



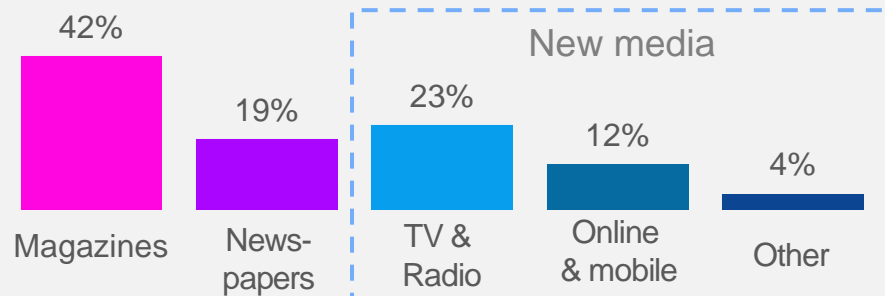
Learning

Diversified portfolio with several key markets



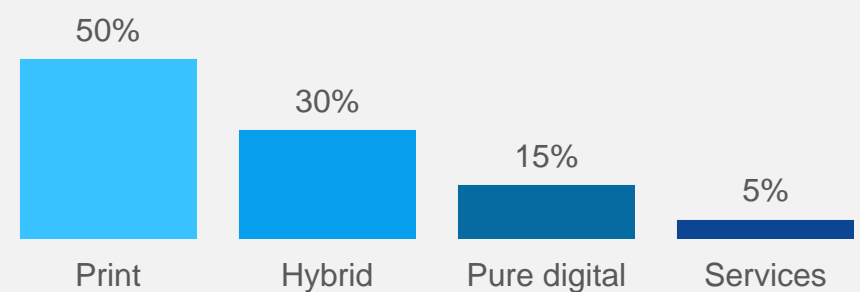
Consumer media (BeNe and Finland)

39% of net sales in new media (EUR 559 million)



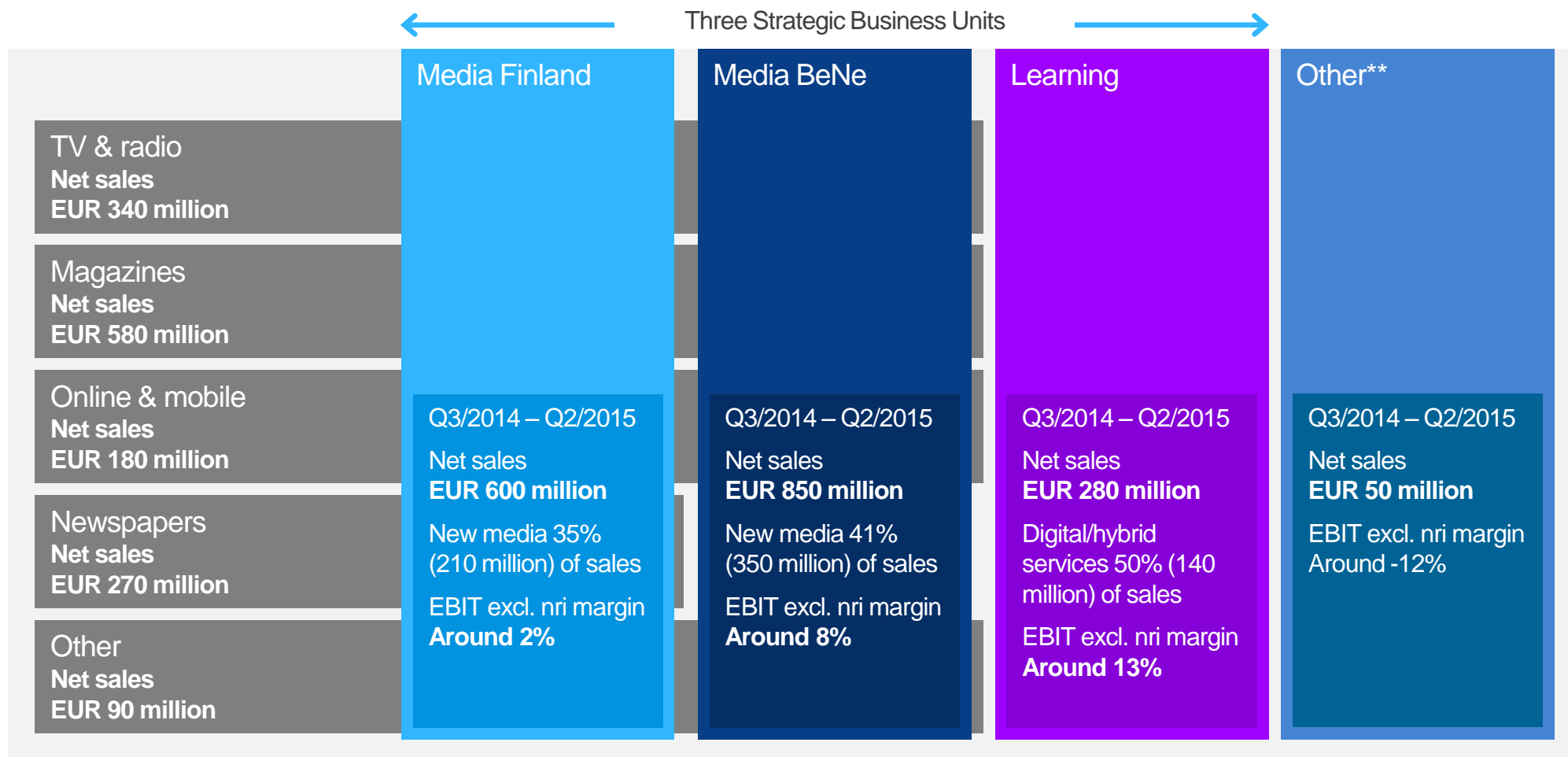
Learning

50% of sales is digital / hybrid / services (EUR 138 million)



Summary of Operating Performance

Last 12 months* – New media sales: EUR 560 million in Media Finland and Media BeNe



*Figures rounded to closest EUR 10 million.

**Figures do not include Parent company, other centralised Group costs and eliminations.

Media BeNe

Key figures

	2015		2014					2013
EUR million	Q2	Q1	FY 2014	Q4	Q3	Q2	Q1	FY 2013
Net sales	216.0	189.5	870.8	241.5	203.6	231.7	194.0	896.8
Digital	83.9	67.1	308.6	90.3	67.8	84.6	65.9	305.3
Online & mobile	21.6	20.9	87.2	24.9	20.1	21.8	20.4	90.3
TV	62.3	46.2	221.4	65.4	47.7	62.8	45.5	215.0
Print	109.4	105.6	479.4	123.2	115.6	125.7	114.9	517.9
Magazines	109.4	105.6	479.4	123.2	115.6	125.7	114.9	517.9
Other	22.7	16.8	82.8	28.0	20.2	21.4	13.2	73.6
EBIT excluding non-recurring items	27.1	5.8	71.2	23.3	13.9	25.7	8.3	77.4
<i>% of net sales</i>	<i>12.5</i>	<i>3.1</i>	<i>8.2</i>	<i>9.7</i>	<i>6.8</i>	<i>11.1</i>	<i>4.3</i>	<i>8.6</i>
Number of employees (FTE)*	2,081	2,250	2,483	2,483	2,550	2,744	2,756	2,845

* At the end of the period.

Media Finland

Key figures

	2015		2014					2013
EUR million	Q2	Q1	FY 2014	Q4	Q3	Q2	Q1	FY 2013
Net sales	145.7	143.0	637.2	165.5	148.0	164.6	159.0	675.4
Digital	56.9	50.0	198.7	53.2	43.5	53.4	48.6	185.9
Online & mobile	25.7	21.9	84.8	23.2	18.3	22.1	21.3	74.7
TV & radio	31.2	28.0	113.8	30.1	25.1	31.4	27.3	111.2
Print	89.7	90.5	432.5	110.6	103.1	109.9	108.8	438.8
Magazines	27.9	28.4	134.4	35.0	31.8	33.6	34.0	160.9
Newspapers	61.9	62.3	300.3	76.2	71.8	77.0	75.3	325.2
Eliminations	-0.1	-0.2	-2.2	-0.6	-0.4	-0.7	-0.5	-2.2
Other	-0.9	2.5	6.0	1.7	1.4	1.3	1.6	5.6
EBIT excluding non-recurring items*	-2.5	-2.1	23.5	5.6	9.9	7.5	0.4	30.7
<i>% of net sales</i>	<i>-1.7</i>	<i>-1.5</i>	<i>3.7</i>	<i>3.4</i>	<i>6.7</i>	<i>4.5</i>	<i>0.3</i>	<i>4.5</i>
Number of employees (FTE)**	2,319	2,095	2,508	2,508	2,539	2,865	2,675	2,759

* Sale and leasebacks of real estate impacts negatively EBIT figures starting Q1 2014.

*** At the end of the period.

Learning

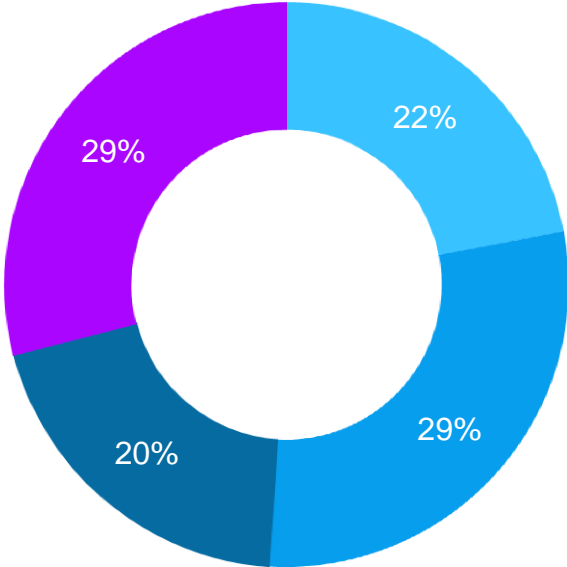
Key figures

	2015		2014					2013
EUR million	Q2	Q1	FY 2014	Q4	Q3	Q2	Q1	FY 2013
Net sales	97.9	37.4	292.0	30.9	113.0	106.9	41.2	304.6
Netherlands	39.9	21.5	98.1	8.3	24.6	40.7	24.5	95.3
Poland	12.8	6.6	86.8	12.6	51.1	17.8	5.2	83.8
Finland	25.5	3.8	48.3	4.1	10.6	28.8	4.8	53.5
Belgium	14.3	1.5	34.8	2.6	16.7	13.6	1.9	33.8
Sweden	5.7	4.1	26.1	3.9	10.7	6.5	4.9	29.3
Other and eliminations	-0.2	-0.1	-1.9	-0.6	-0.7	-0.5	-0.1	8.9
EBIT excluding non-recurring items	32.5	-12.7	51.4	-27.1	44.4	41.2	-7.0	56.2
<i>% of net sales</i>	<i>33.2</i>	<i>-33.9</i>	<i>17.6</i>	<i>-87.6</i>	<i>39.3</i>	<i>38.5</i>	<i>-16.9</i>	<i>18.5</i>
Number of employees (FTE)* <small>* At the end of the period.</small>	1,515	1,515	1,563	1,563	1,580	1,591	1,613	1,564

TV – Net Sales and EBIT Seasonality

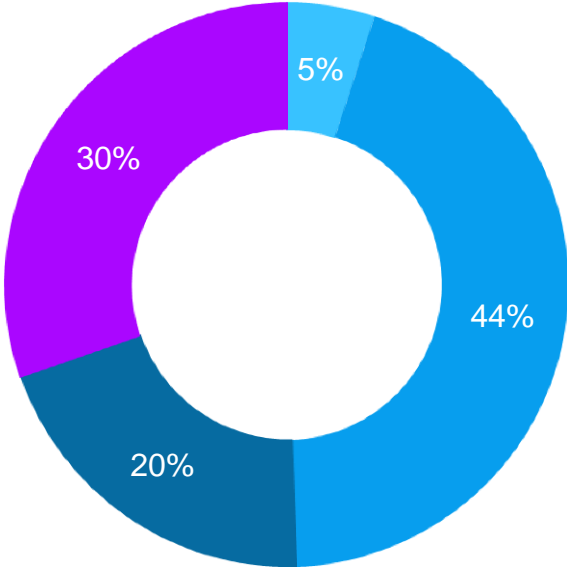
2010–2014 average for Dutch and Finnish TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4

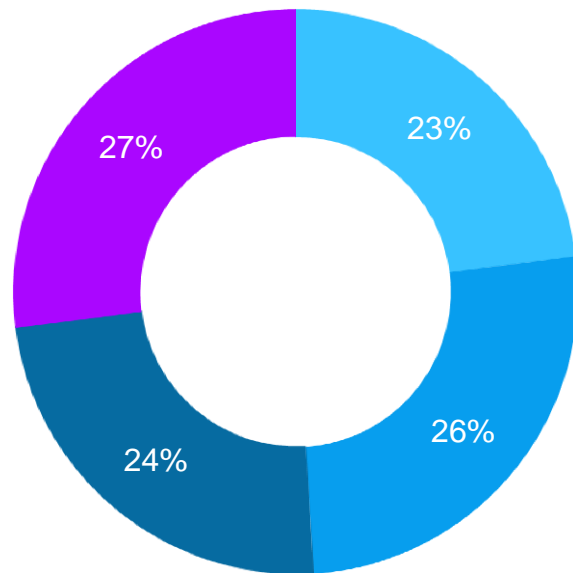
*Includes SBS Netherlands (excluding PPA amortization) and Nelonen Media Finland.
 **Excluding non-recurring items.



Magazines – Net Sales and EBIT Seasonality

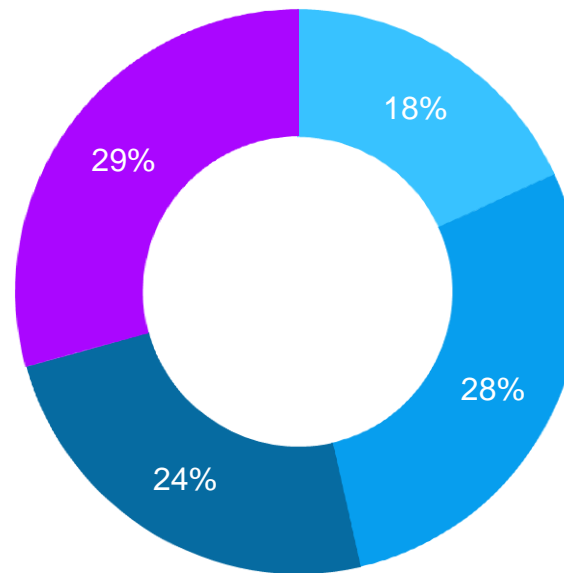
2010–2014 average for Dutch and Finnish Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4



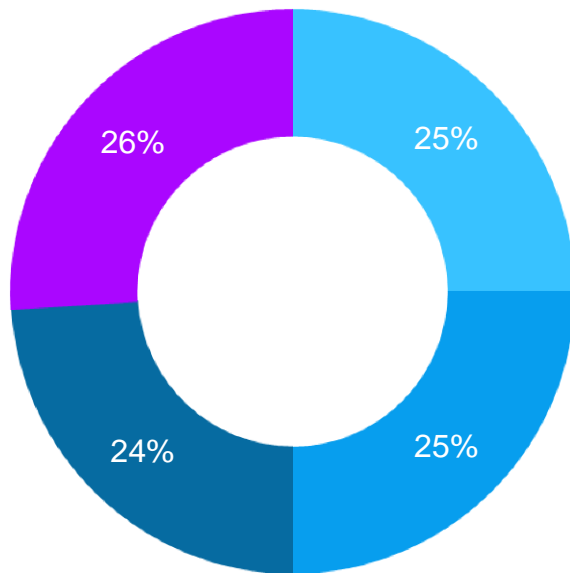
*Includes Dutch and Finnish operations, excluding TV guides. 2010-2012 not restated with IFRS 11 'Joint Arrangements'.

**Excluding non-recurring items.

Newspapers – Net Sales and EBIT Seasonality

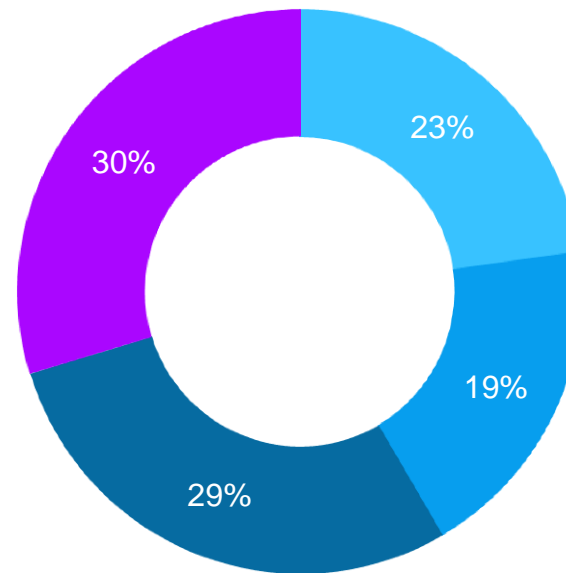
2010–2014 average for Newspapers (Finland) incl. digital business

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split



■ Q1 ■ Q2 ■ Q3 ■ Q4

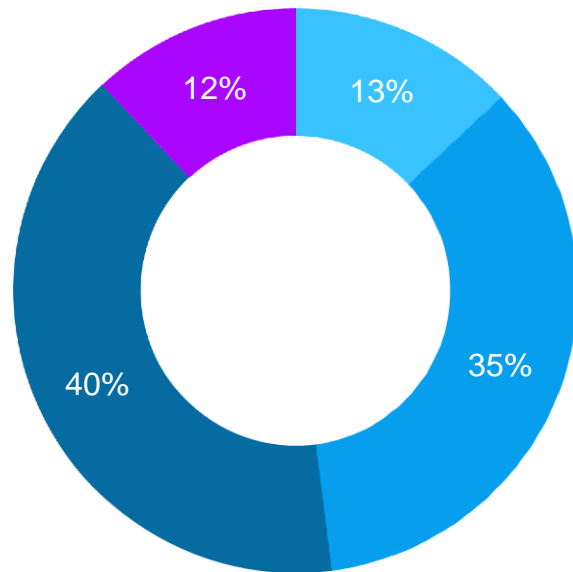
*Excluding non-recurring items.



Learning – Net Sales and EBIT Seasonality

2010–2014 average for Learning

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split in relative terms



*Excluding non-recurring items.

Sanoma – Largest Shareholders

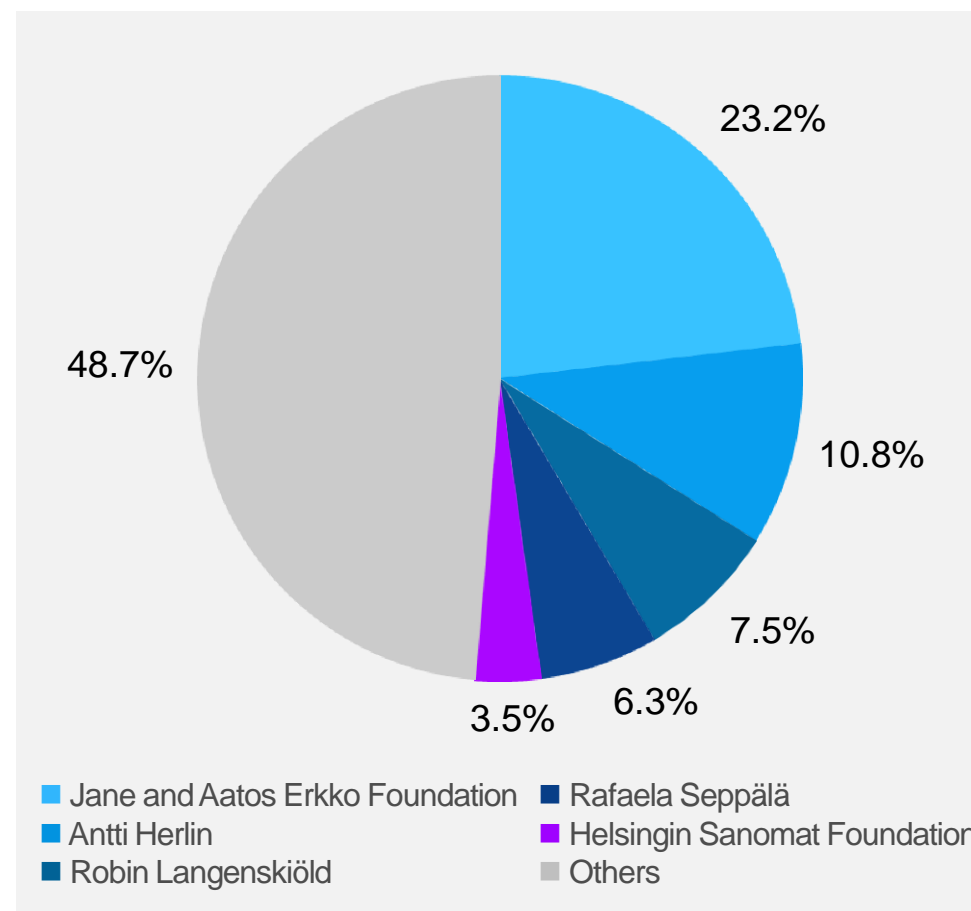
30 June 2015

% of shares
and votes

1. Jane and Aatos Erkko Foundation	23.18
2. Antti Herlin (Holding Manutas Oy: 10.77%, personal: 0.02%)	10.79
3. Robin Langenskiöld	7.54
4. Rafaela Seppälä	6.31
5. Helsingin Sanomat Foundation	3.50
6. Ilmarinen Mutual Pension Insurance Company	2.19
7. Foundation for Actors' Old-age-home	1.38
8. State Pension Fund	1.28
9. Noyer Alex	1.21
10. WSOY Literary Foundation	1.18
Foreign ownership in total	10.2
Total number of shares	162,812,093
Total number of shareholders	26,492

Institutional investors: around 67% of shares

Private investors: around 33% of shares



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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.

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