

Sanoma 2016

Susan Duinhoven,
President and CEO, Sanoma Corporation

Overview of presentation

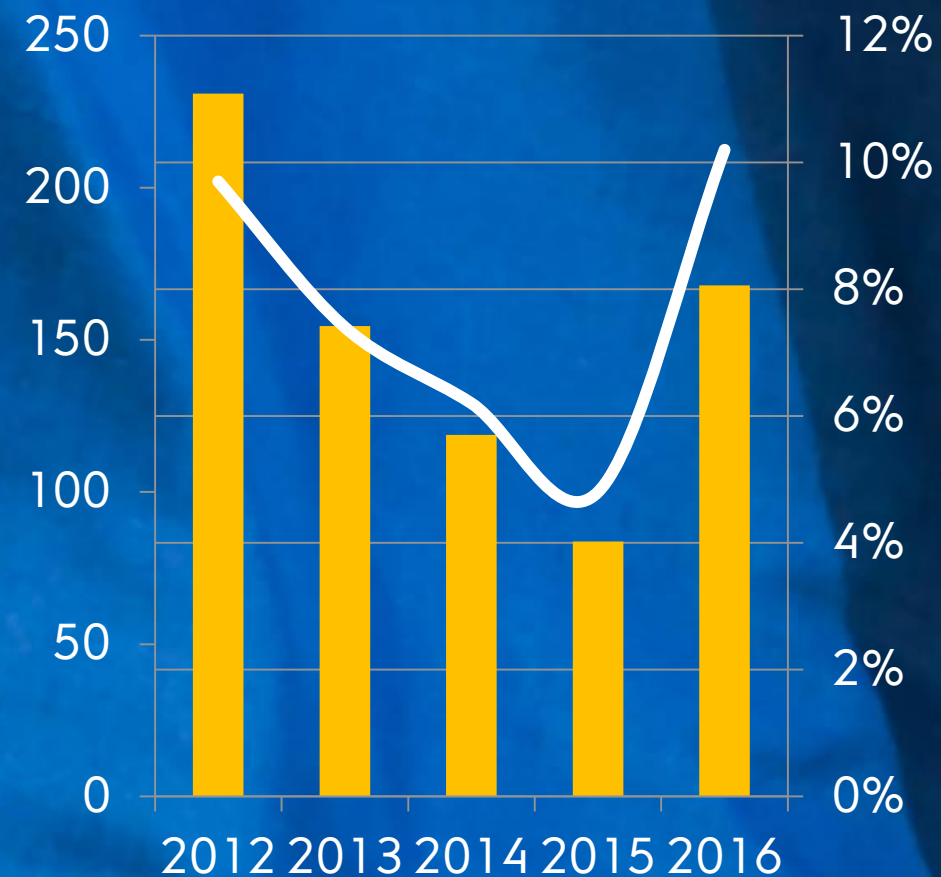
1. Summary 2016

2. Business cases
3. Outlook for 2017 and dividend
4. 2016 financial results
5. Cash flow and funding
6. Sanoma as an investment

Sanoma 2016: back on track

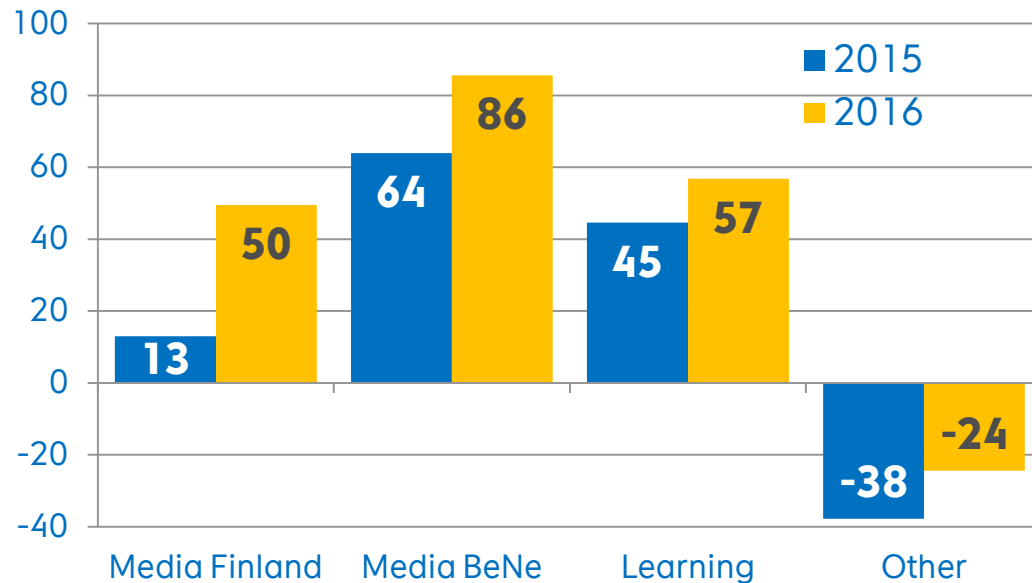
EUR million	2016	2015
Net sales	1,639	1,717
Organic growth	0.1%	-3.4%
Operational EBIT	168	84
Operational EBIT %	10.2%	4.9%

Operational EBIT

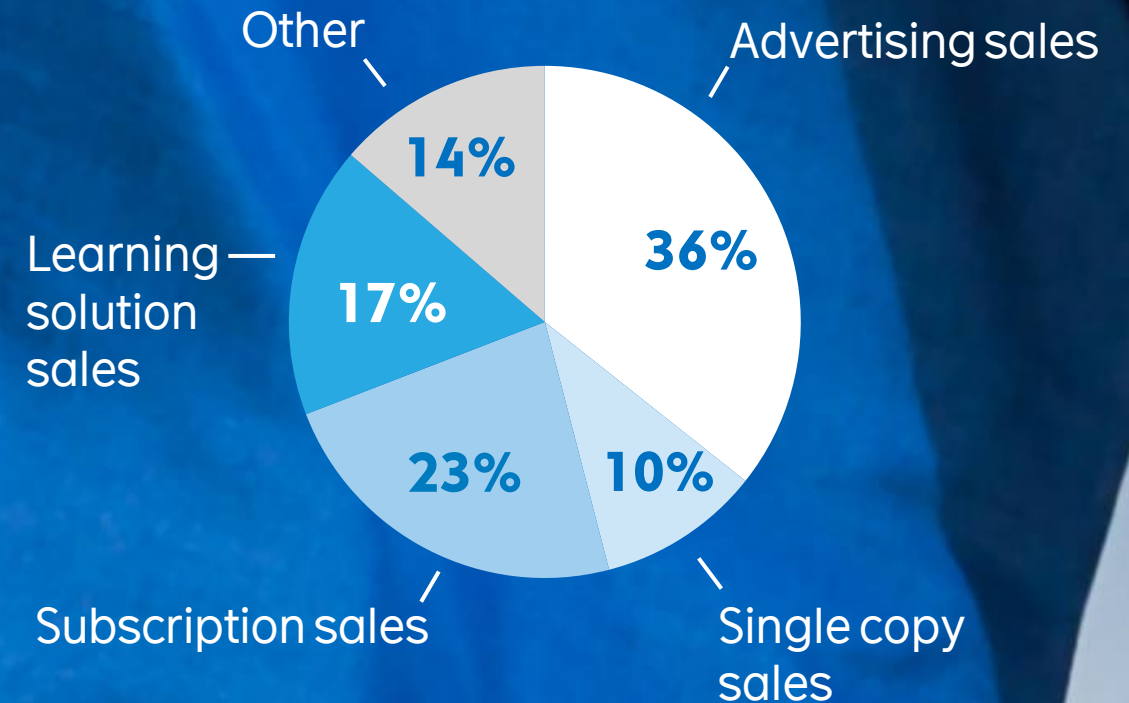


All three business contributed

Full year operational EBIT, MEUR



Composition of net sales 2016



Media Finland

Net sales
EUR 580 million



Pia Kalsta

Media BeNe

Net sales
EUR 780 million



Peter de Mönnink

Learning

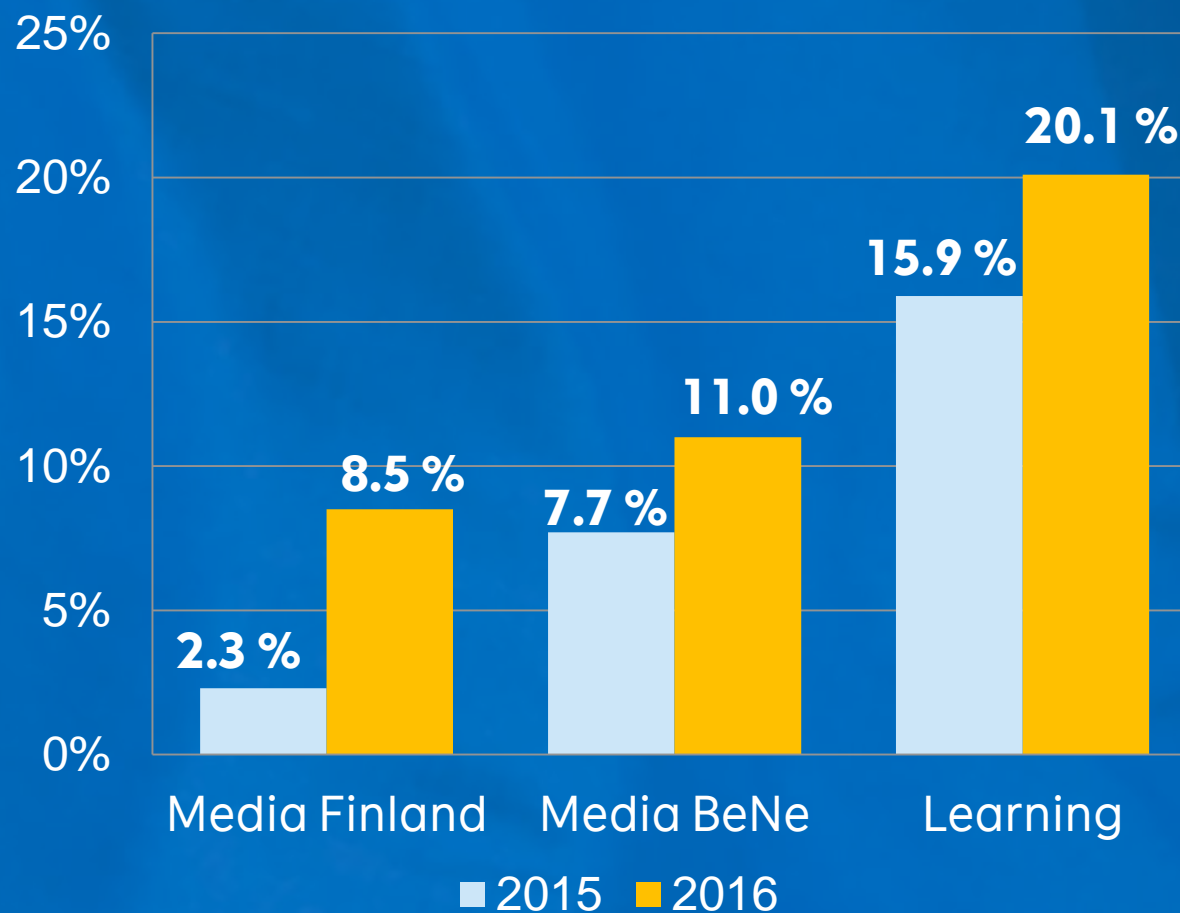
Net sales
EUR 280 million



John Martin

3 businesses across 5 countries

Operational EBIT as % of Net sales



**Media
Finland**

Media BeNe

Learning

The year of **Sanoma Media Finland**

- **Success** in BtoB sales
- **TV viewing share** increased
- **Satisfactory growth** in non-print sales
- Cost innovation driving **profitability**
- Forming an **integrated** organisation

Media Finland

Media BeNe

Learning

The year of **Sanoma Media BeNe**

- **Print and online portfolio** performing well
- **Over 1 billion** stream starts
- Nu.nl again **largest Dutch online news site**
- Expansion of **event business**
- **Integration** of Belgium and Digital business to Netherlands business

Media Finland

Media BeNe

Learning

The year of **Sanoma Learning**

- **8% growth** in Western Europe
- **Success with Bingel** pushes sales of portfolio
- Acquisition of **De Boeck** in Belgium
- **Market share gain** in Poland, though market declining due to regulation
- **Profitability improved** through cost innovations

Progress in Key Strategic Priorities



Fulfil customer needs in selected media brands and domains

Utilise growth and digital transformation opportunities in Learning

Accelerate cost innovation

Improve cash conversion and **deleverage** our business

Media Advertising Markets improved in 2016

- The total **Media market grew** both in the Netherlands and in Finland
- TV in the Netherlands **declined** as did the viewing time
- In Finland Sanoma **gained significantly market share** while the TV market over all declined modestly
- For 2017 **we assume similar** trends in our markets with price increases compensating the viewing time decline in TV

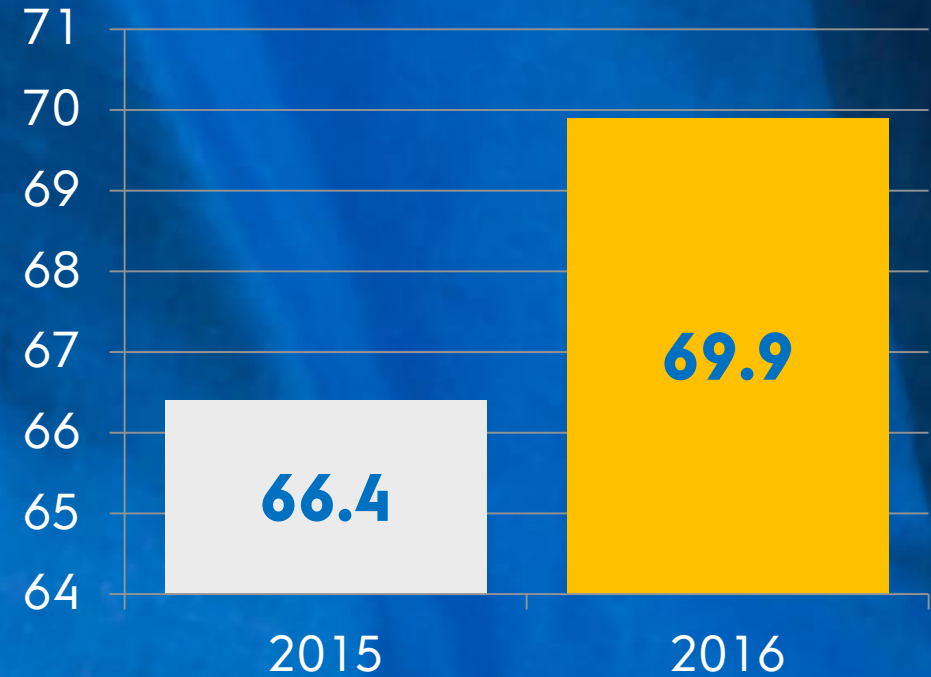
Netherlands	FY/15	FY/16
Magazines	-13%	-7%
TV	+1%	-2%
Online	+8%	+10%
Total market	+1%	+3%

Finland	FY/15	FY/16
Newspapers	-6%	-4%
Magazines	-14%	-9%
TV	-4%	-1%
Radio	+3%	+3%
Online	+7%	+13%
Total market	-2%	+1%

Organisation in better spirit

- **Simplified organizational structure** in Group and in each of three SBU's
- Highly **professional & dedicated** teams
- New competences to **support transformation**
- Employee satisfaction **increased** in 2016
- In 2016 total **FTE 5,227** (6,116) at year end

People Power Rating [®]



Overview of presentation

1. Summary 2016
- 2. Business cases**
3. Outlook for 2017 and dividend
4. 2016 financial results
5. Cash flow and funding
6. Sanoma as an investment

**Media
Finland**

**Success in
B2B sales:**

Growing
faster than
market



Media Finland: Success in B2B sales

Growing faster than market

Focus
on the
**Sales
Organisation**

**Customer
centric**
teams

Unique
proposition by
combining
reach, targeting
and **creative
solutions**

**TV Market
Share growth**
boosted by
successful
programming

B2B sales
grew by
**10.6 million
euros**

**Sales
grew 4%**
when market
grew only 1%



Media
BeNe

Using
Media
Data:

In Health
Care
Insurance



Using Media Data: Health Care insurance

1 000 000
people plan to
switch per year

Sanoma
key partner for
Dutch
Healthcare

Media data
providing
customer
insight

Data
generating
interest and
intent profiles

Interest profile
led to **42 %**
more
conversions on
ads in our
media

Intent profile
led to **64 %**
more
conversions



**Sanoma
Learning**

De Boeck:
highly
synergetic
acquisition



De Boeck: highly synergetic acquisition

Target to grow
by bolt on
acquisitions

Acquisition of
De Boeck in
Belgium

Revenue grew
from
**EUR 35m to
EUR 53m**

Market share
grew from
30% to 40%

Integrated
within
12 months

Synergies
over
**150% of
acquired
EBIT**



VAN IN



**Sanoma
Learning**

**Growth into
adjacent
markets:**

Safety Training
in High risk
Industries

Tanks



Growth into adjacent Learning markets:

Safety Training in High risk Industries

Expanding into **adjacent areas** of (digital) learning

10 min trainings in **safety and security** behavior for operational staff

Includes **certification and dashboards**

20 contractors and 10 asset owners = **80% of the workforce** in high risk industry in NL

Launch in Rotterdam Harbor in 2016 - roll-out following our customers

Expandable into **other industries**



Overview of presentation

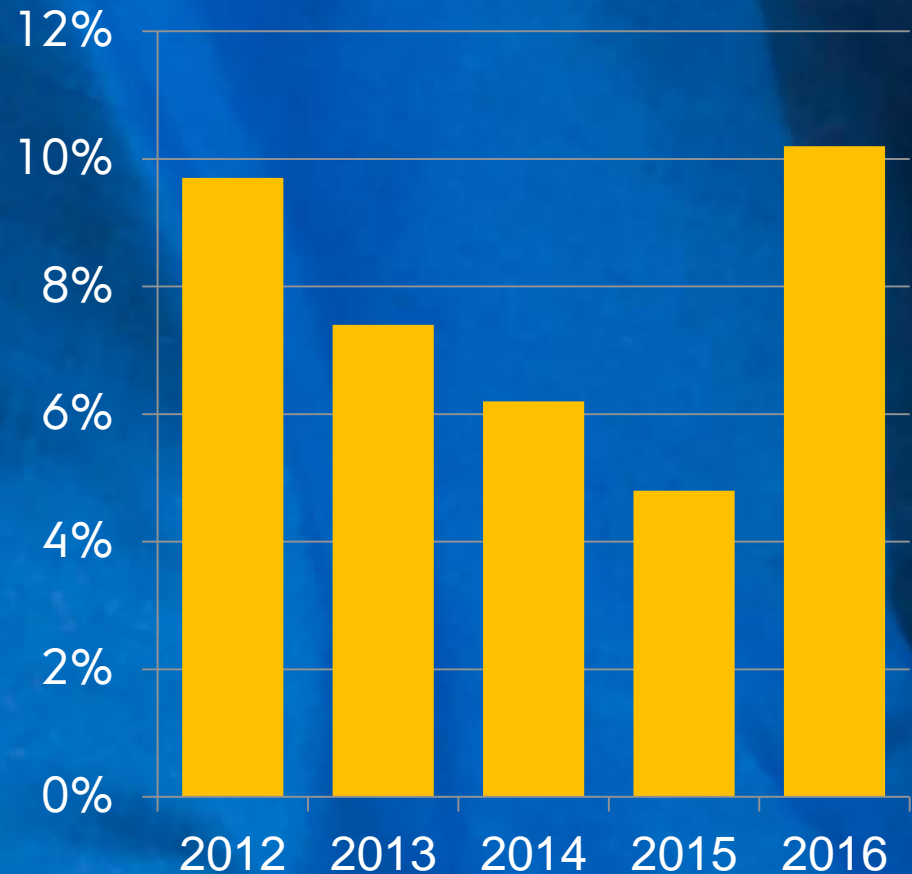
1. Summary 2016
2. Business cases
- 3. Outlook for 2017 and dividend**
4. 2016 financial results
5. Cash flow and funding
6. Sanoma as an investment

Outlook for 2017

Sanoma expects that the Group's consolidated

- Net Sales, adjusted for structural changes, **will be stable** and
- the operational EBIT margin will be **around 10%**

Operational EBIT margin (%)



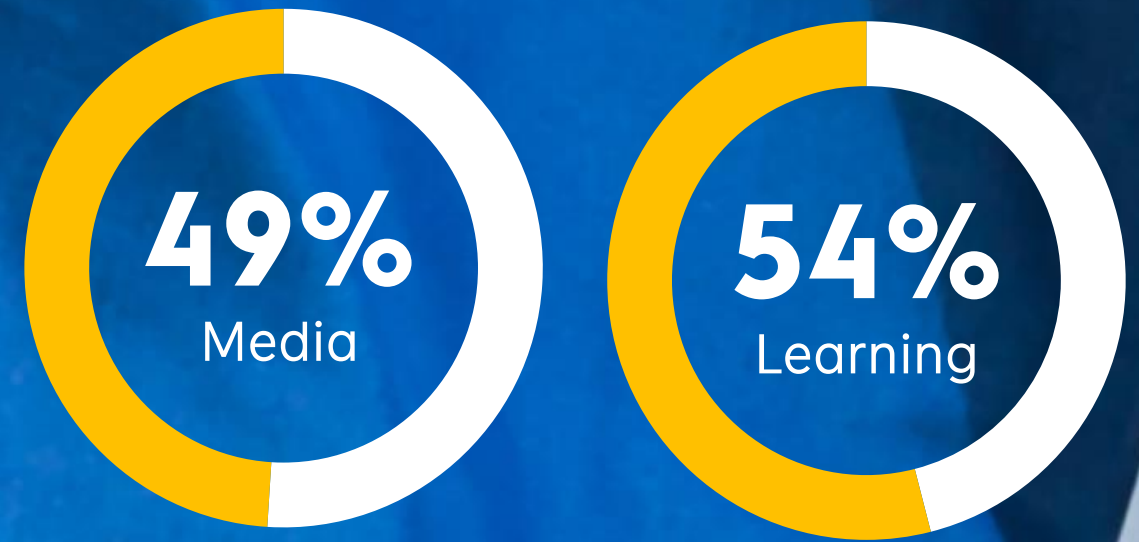
Transformation continues

2016: quick wins captured

2017: further completing transformation process

- **Media Finland:** structural changes to the business to be implemented – system and process redesign
- **Media BeNe:** Continue expanding the 360 approach for all main brands
- **Learning:** Polish new curriculum, focus on growth in market share in footprint K12 markets and capture opportunities in adjacent markets

Non-print share of sales - 2016

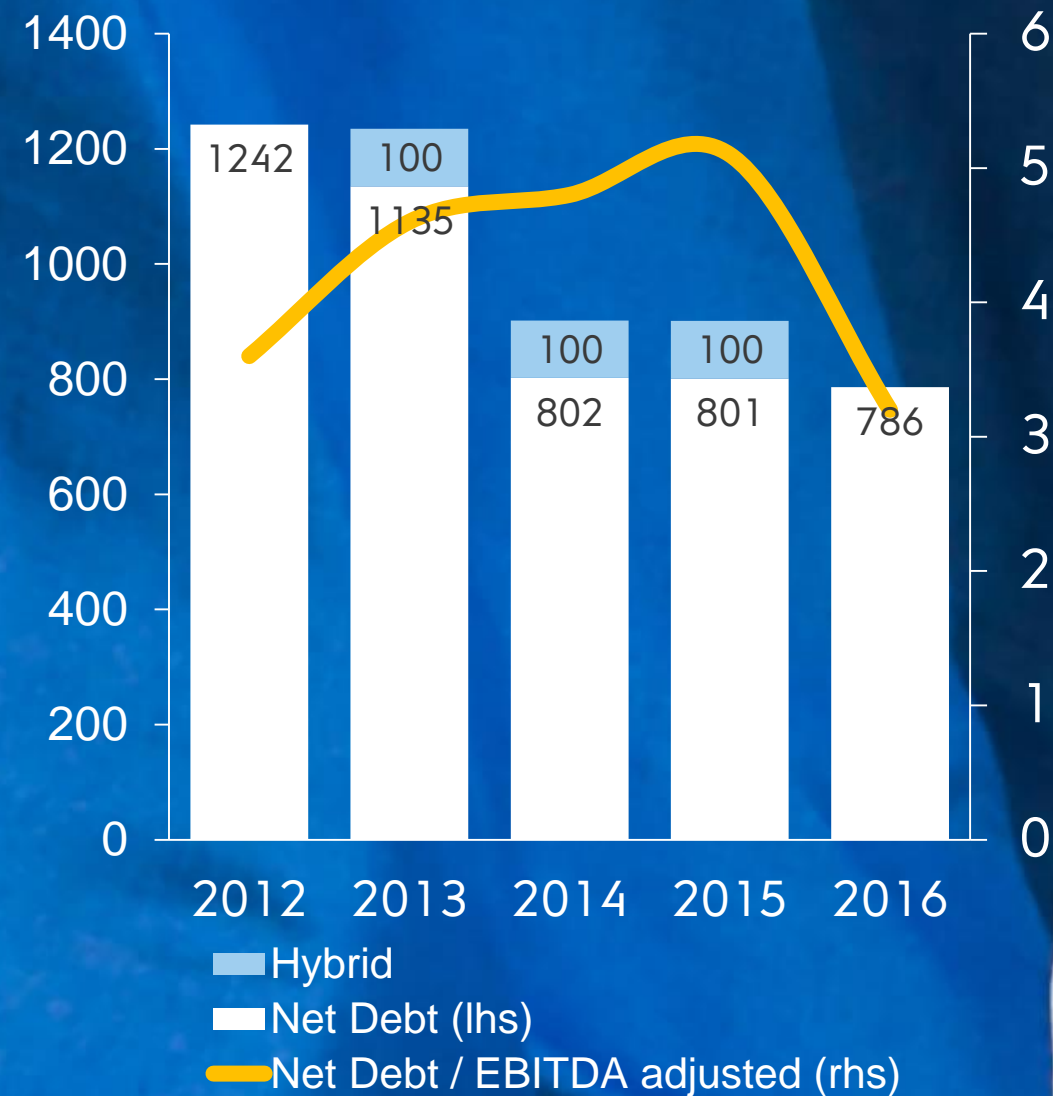


Continued focus on Deleveraging

Net debt / EBITDA

Old target	New target
< 3.5	< 2.5

Net Debt and Leverage



Dividend

Dividend of EUR 0.20 (0.10)

proposed for 2016

**New dividend policy
from 2017 onwards:**

- increasing dividend
- equal to 40–60%
of annual cash flow from
operations less capital
expenditure



Sanoma AGM

**Markus Holm
CFO and COO,
Sanoma Corporation**

Overview of presentation

1. Summary 2016
2. Business cases
3. Outlook for 2017 and dividend
- 4. 2016 financial results**
5. Cash flow and funding
6. Sanoma as an investment

Summary of 2016

- Profitability improved **faster than expected**
- **Due to improved cash flow** balance sheet strengthened
- Significant refinancing **was successful**

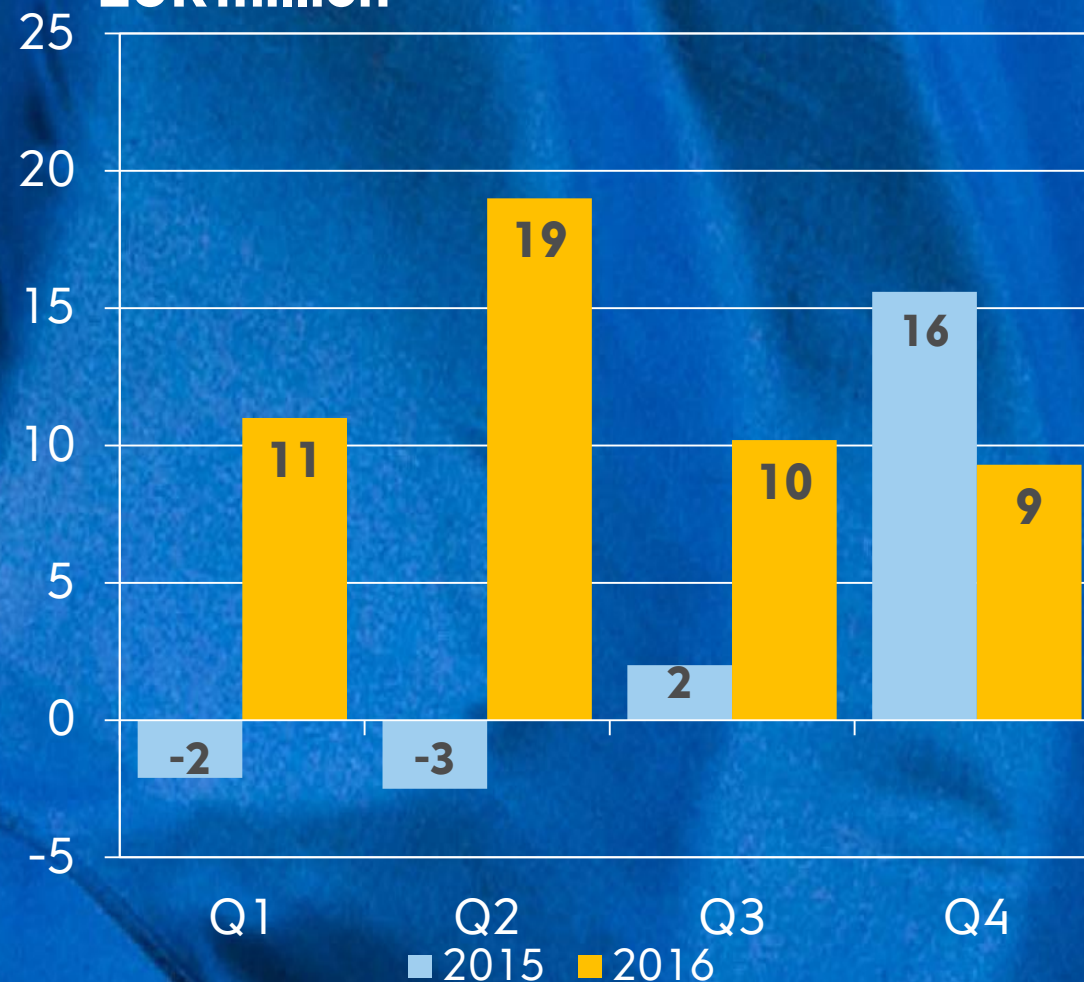
Key figures 2016

- Net sales EUR **1,639** million (2015: 1,717), organic growth **+0.1 %**
- Operational EBIT EUR **168** million (2015: 84) or **10.2 %** of net sales (2015: 4.9 %)
- Items affecting comparability EUR **29** million (2015: -207)
- Result for the period EUR **116** million (2015: -158)
- Cash flow from operations EUR **154** million (2015: 26)

Media Finland improved results significantly

- Organic net sales **stable** (+0,7 %), especially TV had a good year
- Share of Finnish ad market **grew to 28 %**, Nelonen's share of viewing **increased to 37 %**
- Operational **EBIT increased to EUR 50 million** (2015: 13)
- Result improvement is explained by **good advertising sales and cost innovations** in all business units

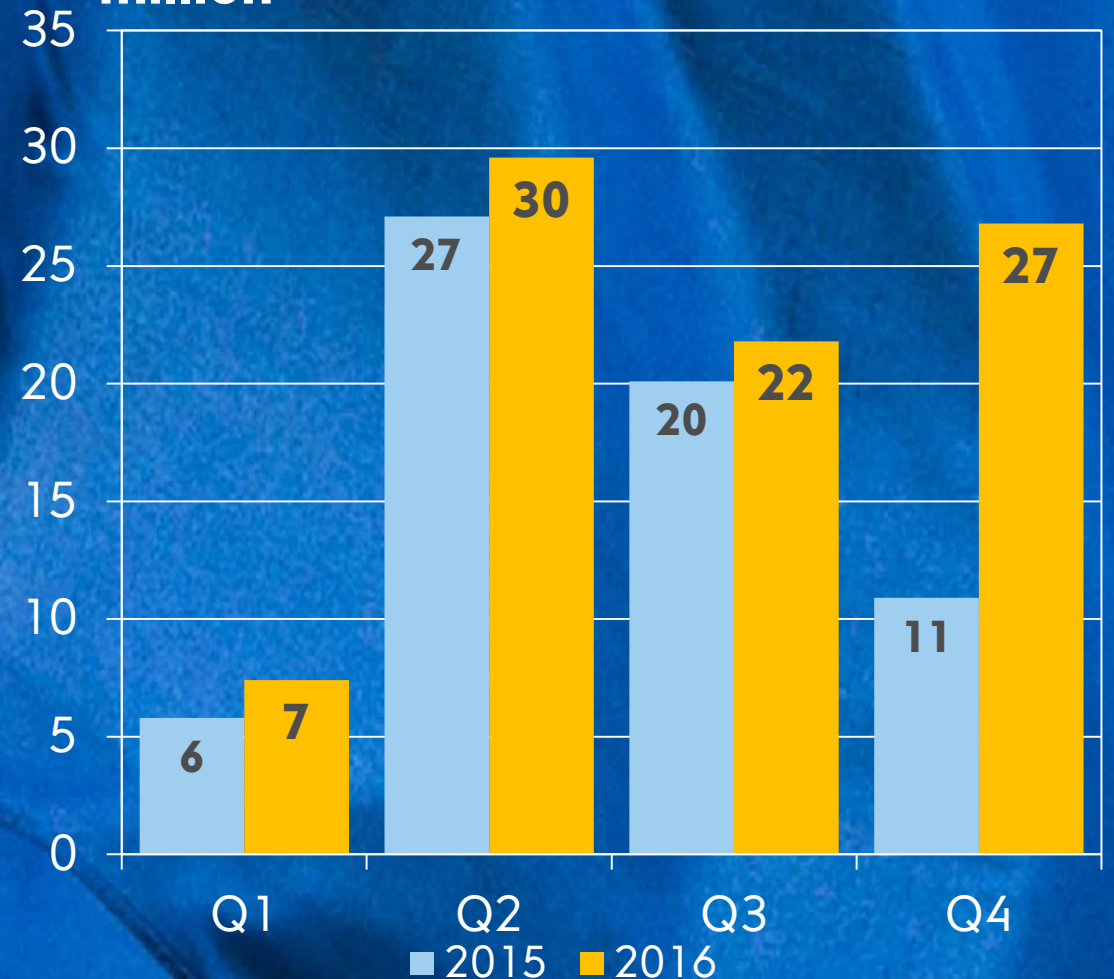
Operational EBIT by quarters, EUR million



Media BeNe improved results in all business units

- Organic net sales (+0.5 %) and market position **stable**
- Operational **EBIT increased to EUR 86 million** (2015: 64)
- Result **improved strongly** due to good performance of Dutch print & online portfolio and cost innovations
- As an example for cost innovations Dutch and Belgium support functions were combined and content rights were shared.

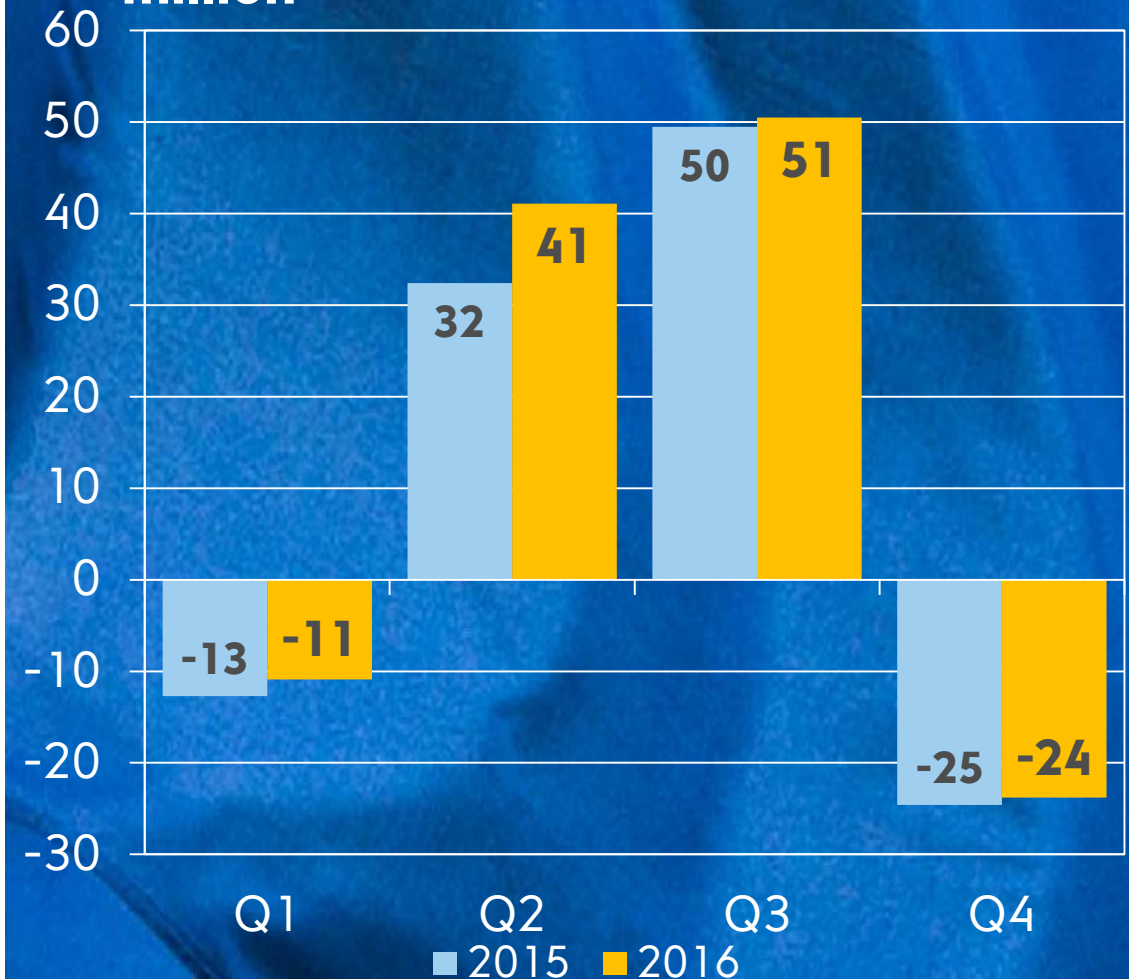
Operational EBIT by quarters, EUR million



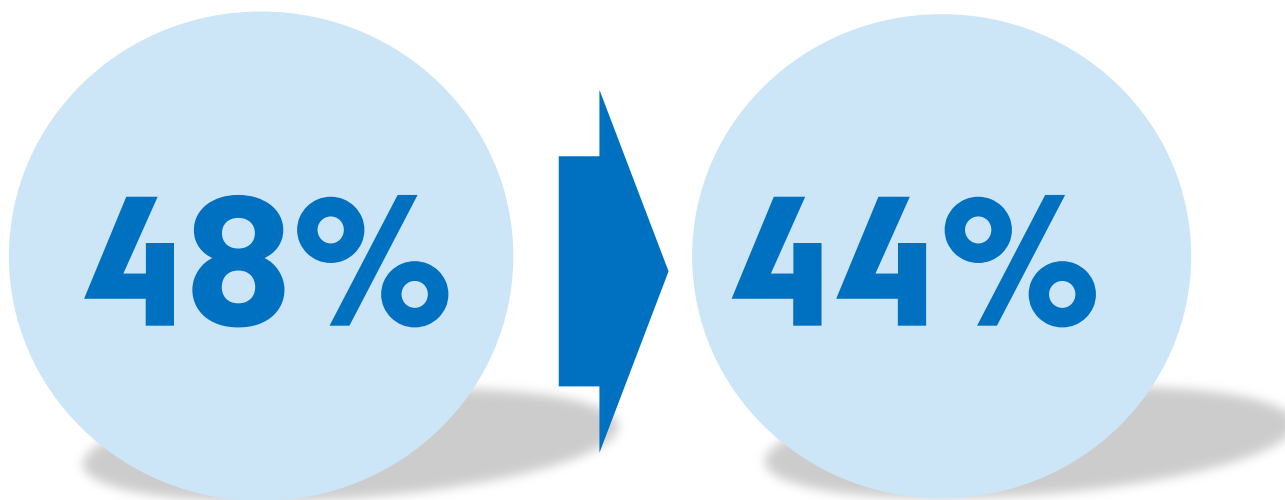
Learning grew and improved results clearly

- Organic net sales **decreased slightly** (-2.5%) due to change of legislation in Poland
- Net sales **grew in Western Europe** (+8%) driven by curriculum changes, success in digital offering and acquisition of De Boeck
- Operational **EBIT increased** to EUR 57 million (2015: 45)
- **Clear improvement** in profitability as a result of cost innovations, De Boeck and change in amortisation schedule

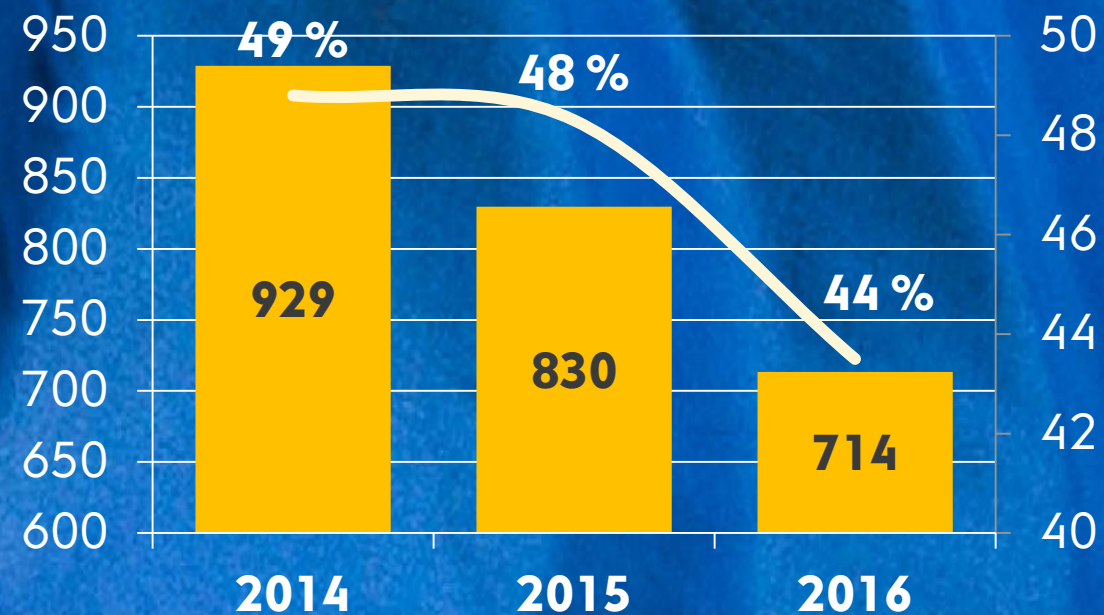
Operational EBIT by quarters, EUR million



Share of fixed costs decreased significantly



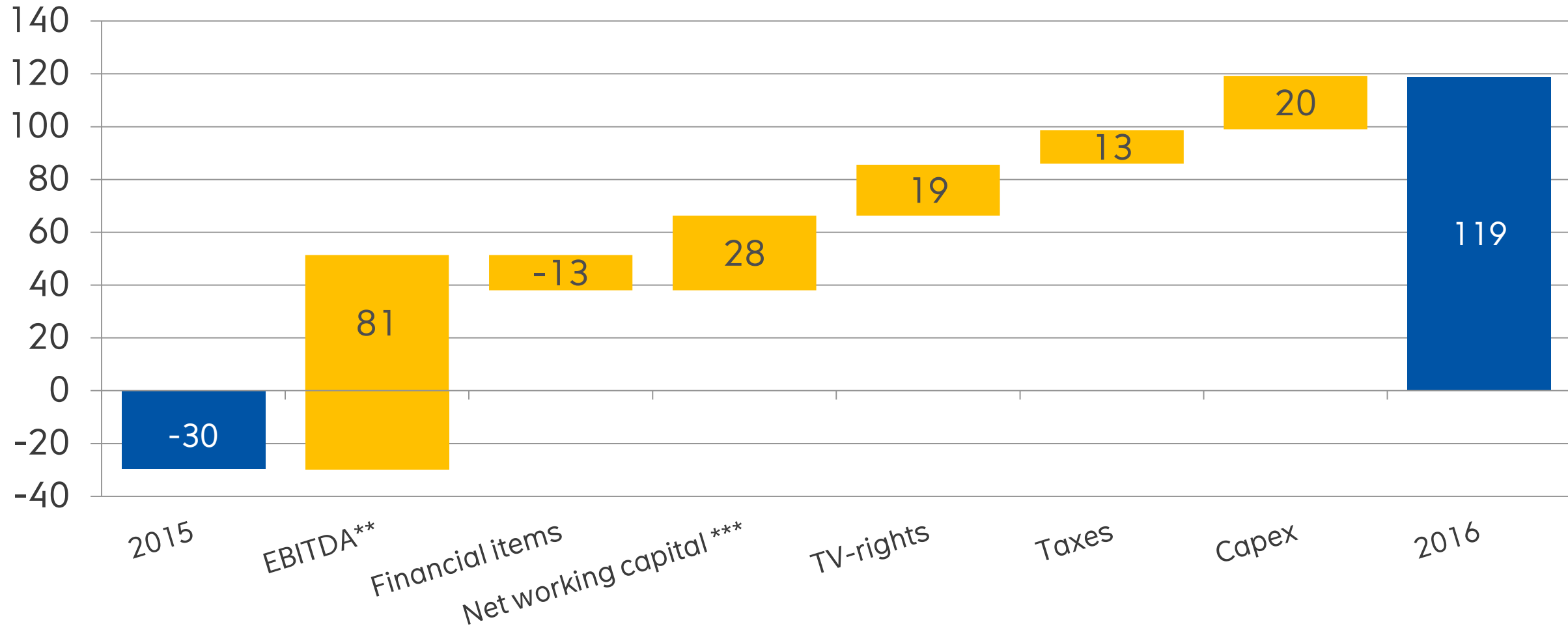
Change of operational fixed costs



Overview of presentation

1. Summary 2016
2. Business cases
3. Outlook for 2017 and dividend
4. 2016 financial results
- 5. Cash flow and funding**
6. Sanoma as an investment

Cash flow* improved markedly



* Cash flow from operations less acquisition of tangible and intangible assets

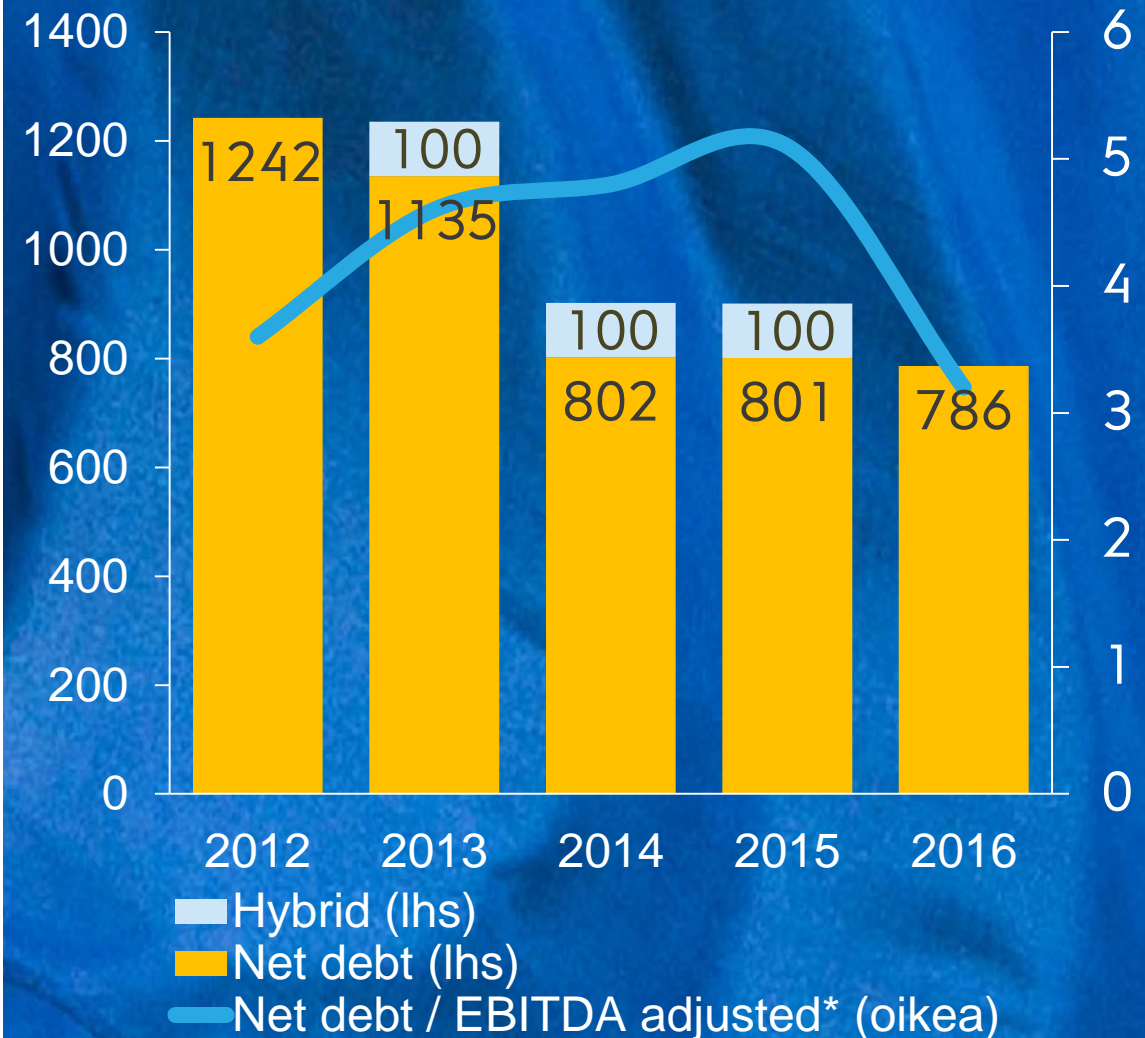
** EBITDA adjusted for Dutch pension plan change, sales gains/losses of businesses and share of results of JV's

*** Net working capital is adjusted for Dutch pension plan change

Debt reduced , equity ratio improved

- Net debt was reduced and equity ratio improved while the hybrid loan included in the equity was redeemed
 - Net debt EUR 786 million (801)
 - Equity ratio: 41.0% (39.5%)
 - In December 2016 EUR 100 million Hybrid bond was redeemed

Net debt, EUR million
Net debt/EBITDA*

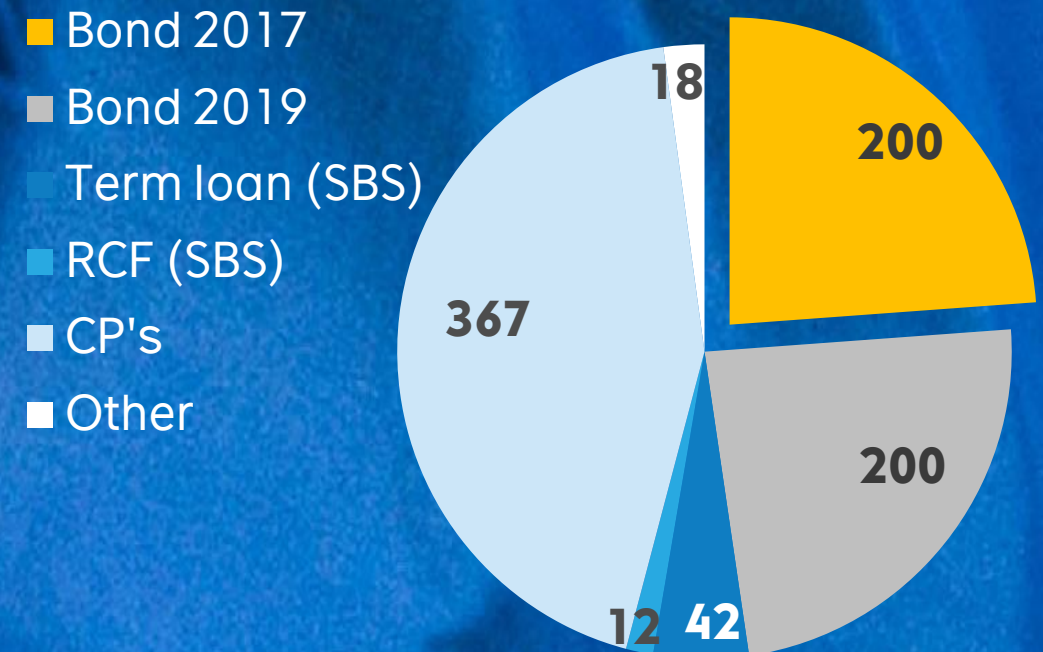


*EBITDA adjusted: 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis

Long term debt successfully refinanced

- In February 2016 four year EUR 500 million syndicated revolving credit facility was arranged
- In May 2016 EUR 200 million of the outstanding 2017 Bond was refinanced with 2019 Bond
- Financing costs are expected to decline in 2017 driven by reduction of debt and more cost efficient structure

Break down of debt, 31 December 2016



Average interest rate : 2.8 %

Overview of presentation

1. Summary 2016
2. Business cases
3. Outlook for 2017 and dividend
4. 2016 financial results
5. Cash flow and funding
- 6. Sanoma as an investment**

Sanoma as an investment

- Leading market position
- Stable organic net sales
- Significantly improved result
- Strong cash flow
- Growing dividend

A close-up photograph of a blue and white flag, possibly a team flag, with the letters 'Q' and 'b' visible on the white sections. The flag is draped and wrinkled, creating a sense of movement and texture. The blue is a vibrant, deep shade, while the white is bright and clean.

Thank you