

Full-Year 2018 Result:

Improved operational EBIT across all SBUs

Susan Duinhoven, President & CEO

Markus Holm, CFO & COO



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Highlights of FY 2018

Net sales

M€1,315

(2017: 1,328)

Operational EBIT

M€197

(2017: 179)

Operational EBIT
margin

14.9%

(2017: 13.5 %)

Operational EPS

€0.83

(2017: 0.71)

Free cash flow

M€109

(2017: 106)

- Operational EBIT improved in all SBUs
- Free cash flow excl. one-off costs related to the Discontinued operations in Belgium was EUR 126 million (2017: 106)
- Board proposes a dividend of EUR 0.45
- Outlook for 2019: Group's comparable net sales will be in-line with 2018 and operational EBIT margin excl. PPA will be around 15% (2018: 15.7%)

Operational EBIT improved in all SBUs

■ Learning

- Finland continued to perform well in the curriculum change
- Successful start of the business development programme “High Five”

■ Media Finland

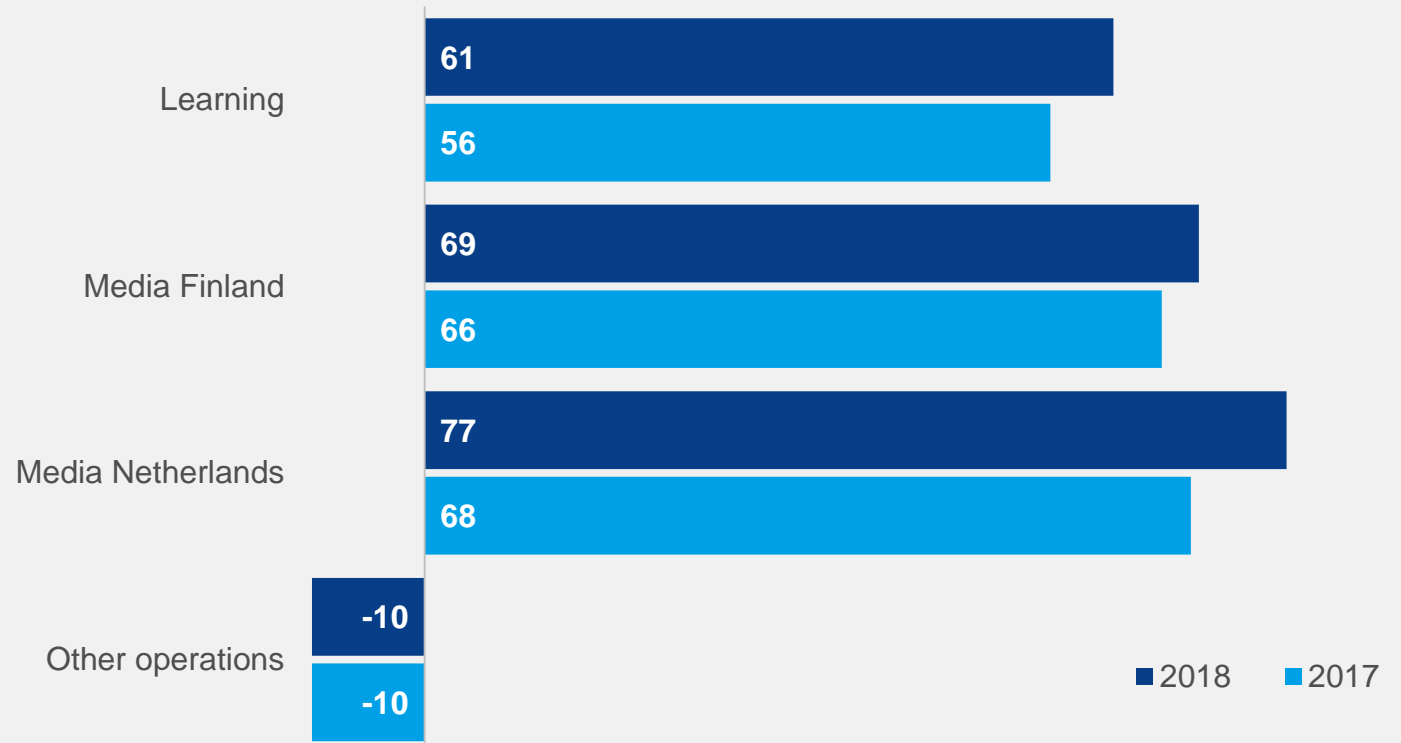
- Lower amortisations of TV-programme rights (incl. discontinuation of Liiga)
- Continued cost innovations

■ Media Netherlands

- Solid margin improvement due to reduced business complexity

Operational EBIT by SBU in 2018

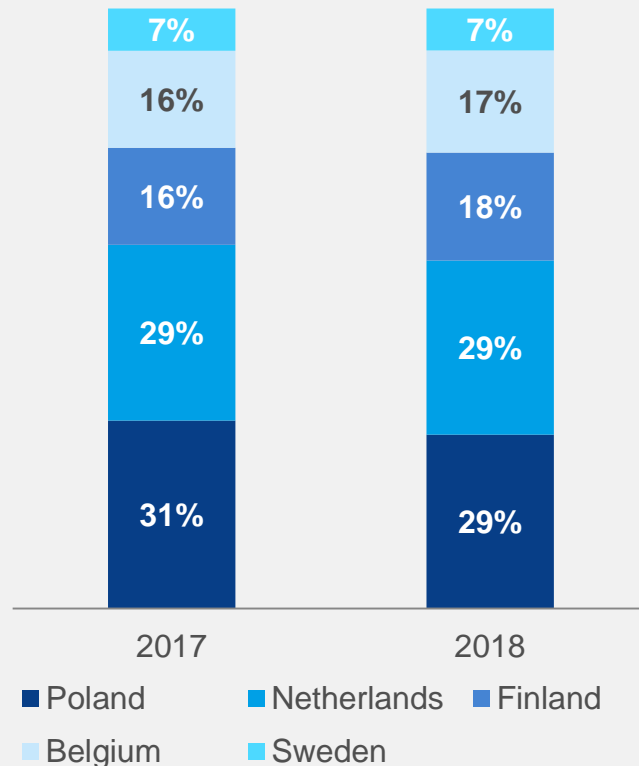
EUR million



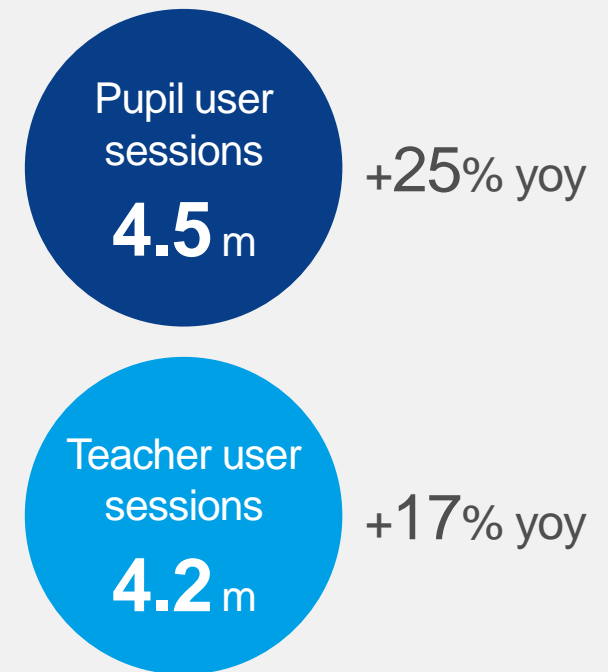
Learning: Strong performance especially in Finland and in Poland...

- Net sales stable at EUR 313 million (2017: 318)
- In Finland, net sales grew driven by curriculum renewal completed at the end of 2018
- Net sales declined slightly in Poland as the market normalised after strong growth with two simultaneous curriculum renewals in 2017
- Good development in primary in the Netherlands and keeping our position in the secondary
- On 11 December 2018, Sanoma announced its intention to acquire Iddink, a leading Dutch educational platform and service provider

Net sales by country

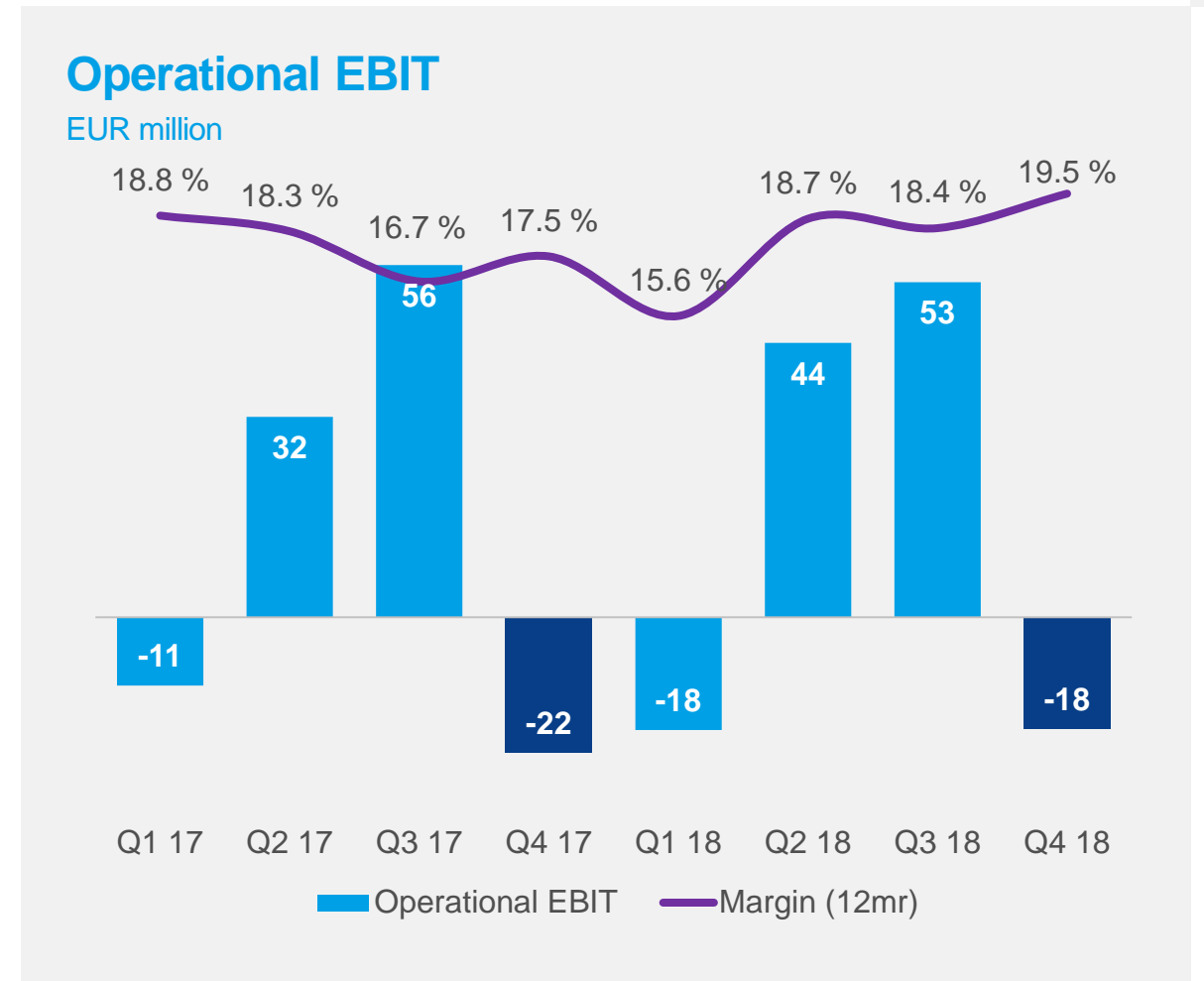


Strong growth in use of Sanoma Pro digital learning environments in Finland



Learning: ... with clearly improved earnings

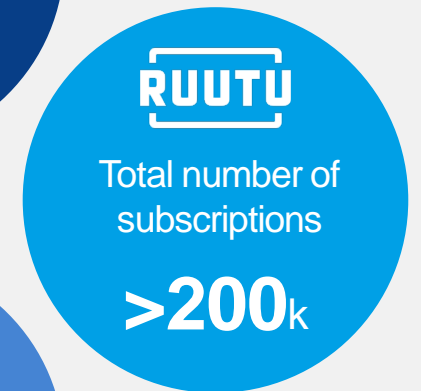
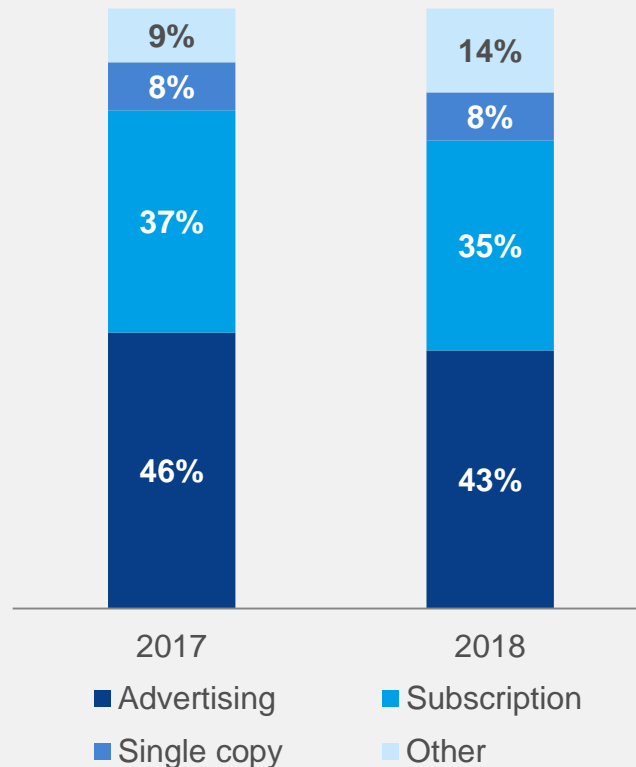
- Operational EBIT improved to EUR 61 million (2017: 56) in 2018
 - Margin **19.5%** (2017: 17.5%)
- Benefits of the launch of the business development programme “High Five”
- Lower marketing and development costs in Poland
- Lower depreciation and amortisation



Media Finland: Growth in digital subscriptions continued...

- FY net sales stable at EUR 579 million (2017: 570)
- Digital subscription sales of Ruutu and HS continued to grow
- Total number of HS subscriptions continued to grow for the second year in a row, driven by digital subscriptions from people under 40y
- IS tabloid news revenues stable with accelerated digital B2B sales
- Print subscription sales declined, in particular in magazines
- Growth in total net sales was attributable to the festival and events business N.C.D. Production acquired in April 2018

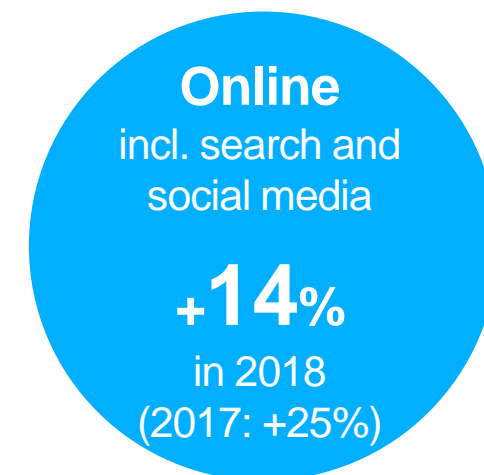
Net sales by category



..while advertising market continued to be under pressure...

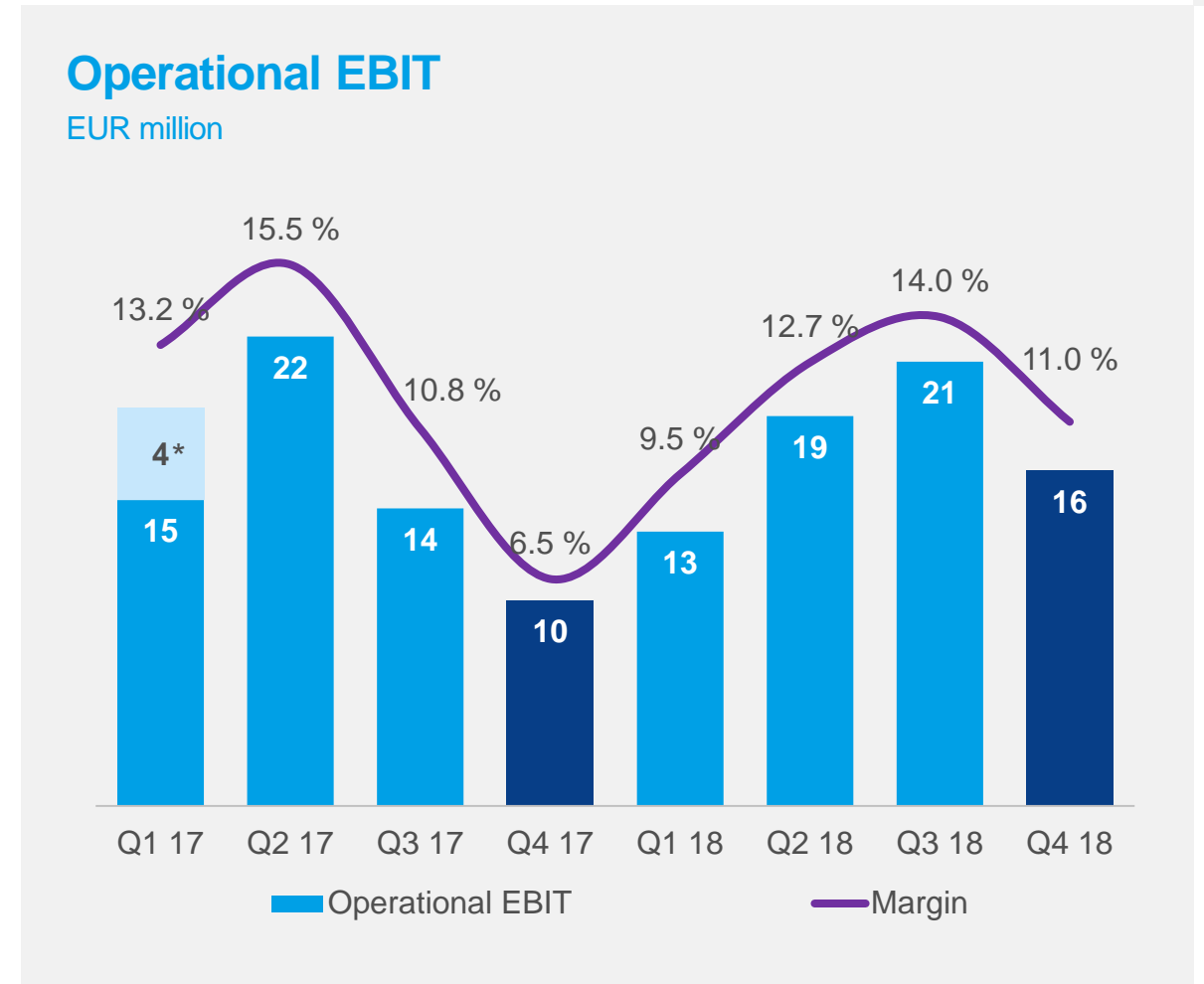
Finnish measured media advertising markets

	FY 18	Q4 18	Q3 18	Q2 18	Q1 18	FY 17
Newspapers	-11%	-12%	-8%	-13%	-12%	-11%
Magazines	-5%	-2%	-3%	-10%	-7%	-6%
TV	0%	-1%	1%	1%	1%	-5%
Radio	4%	4%	2%	11%	-4%	4%
Online *	3%	2%	2%	3%	7%	7%
Total market	-2%	-2%	-1%	-3%	-2%	-3%



Media Finland: ...yet earnings improved still slightly

- Operational EBIT was EUR 69 million (2017: 66) for 2018
 - Margin **11.9%** (2017: 11.5%)
 - Lower level of amortizations of TV programme rights, including the EUR 6 million impact of the discontinuation of Liiga
 - Prudent cost containment reduced the cost of sales
 - Small positive impact from the acquired festival and events businesses
- The transformation of the media industry continues
 - Declining print advertising market put pressure on topline
 - Required targeted co-operation negotiations in parts of B2B sales, print operations and media units in Q4 2018
 - Related costs were booked as IACs in Q4 2018

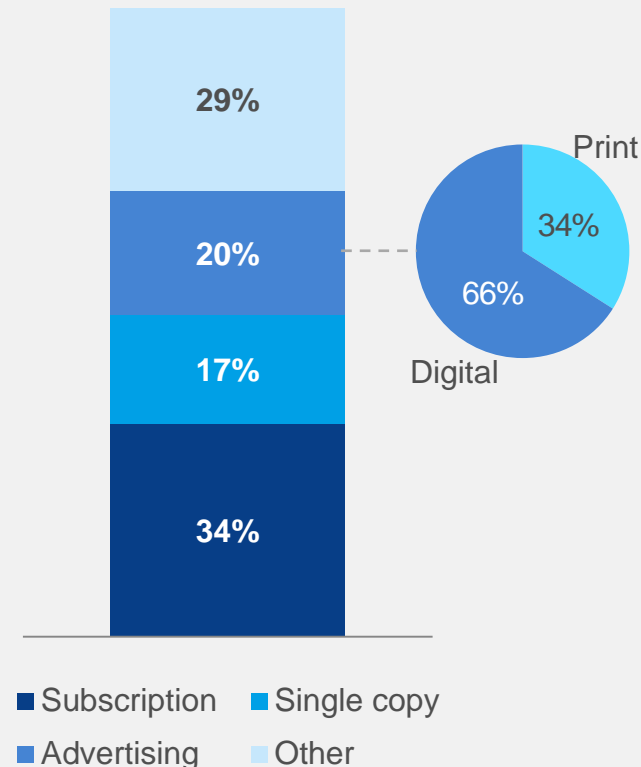


* EUR 4 million one-off correction

Media Netherlands: Focusing on our core businesses continued...

- Net sales amounted to EUR 424 million (2017: 440)
- Stable circulation sales overall
 - Growth in several magazine titles, such as Donald Duck and vtwonen
- Comparable advertising sales stable
 - Growth in Scoupy
- Further transformation
 - Belgium women's magazines divested to Roularta on June 29
 - Head Office, the Belgian content marketing operations, was divested in November
 - Announced discontinuation of the Home Deco e-commerce operations, licensed to a third party from 1 April 2019 onwards
- Rob Kolkman started as the CEO of Media Netherlands as of 1 January 2019

Net sales by category in 2018



Highlights of 2018



Net sales **+11%**
User time spent **+10%**

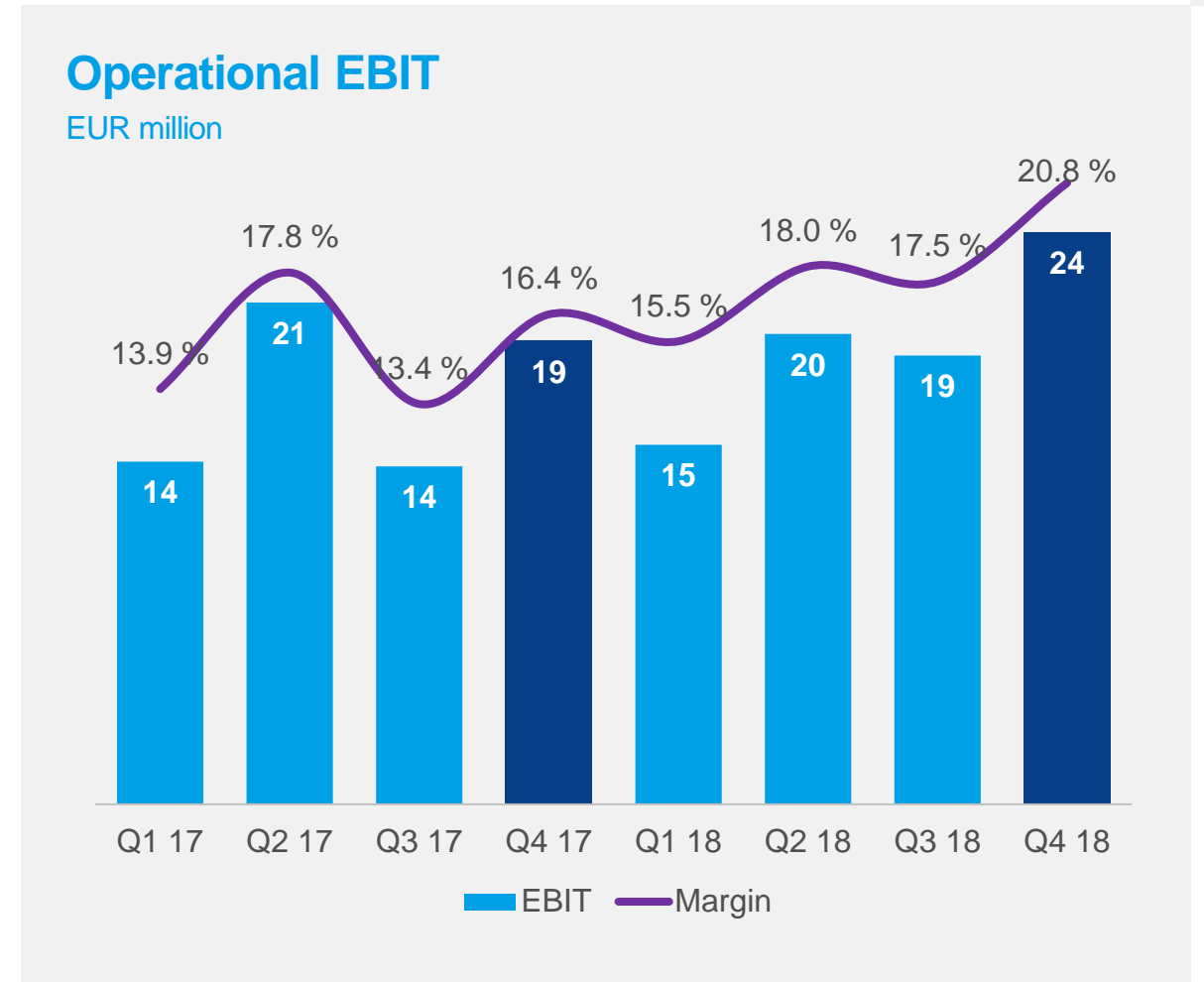


Strong circulation
across all magazines

Solid improvement
in single copy sales
in H2 2018

Media Netherlands: ... and earnings improved as complexity reduced

- Operational EBIT improved clearly to EUR 77 million (2017: 68) for 2018
 - Margin **18.1%** (2017: 15.5%)
- Lower personnel, marketing and other fixed expenses as a result of the streamlining of the organisation after the divestments
- Containment of cost of sales compensated the somewhat unfavourable impact of B2B sales mix and increases in paper prices

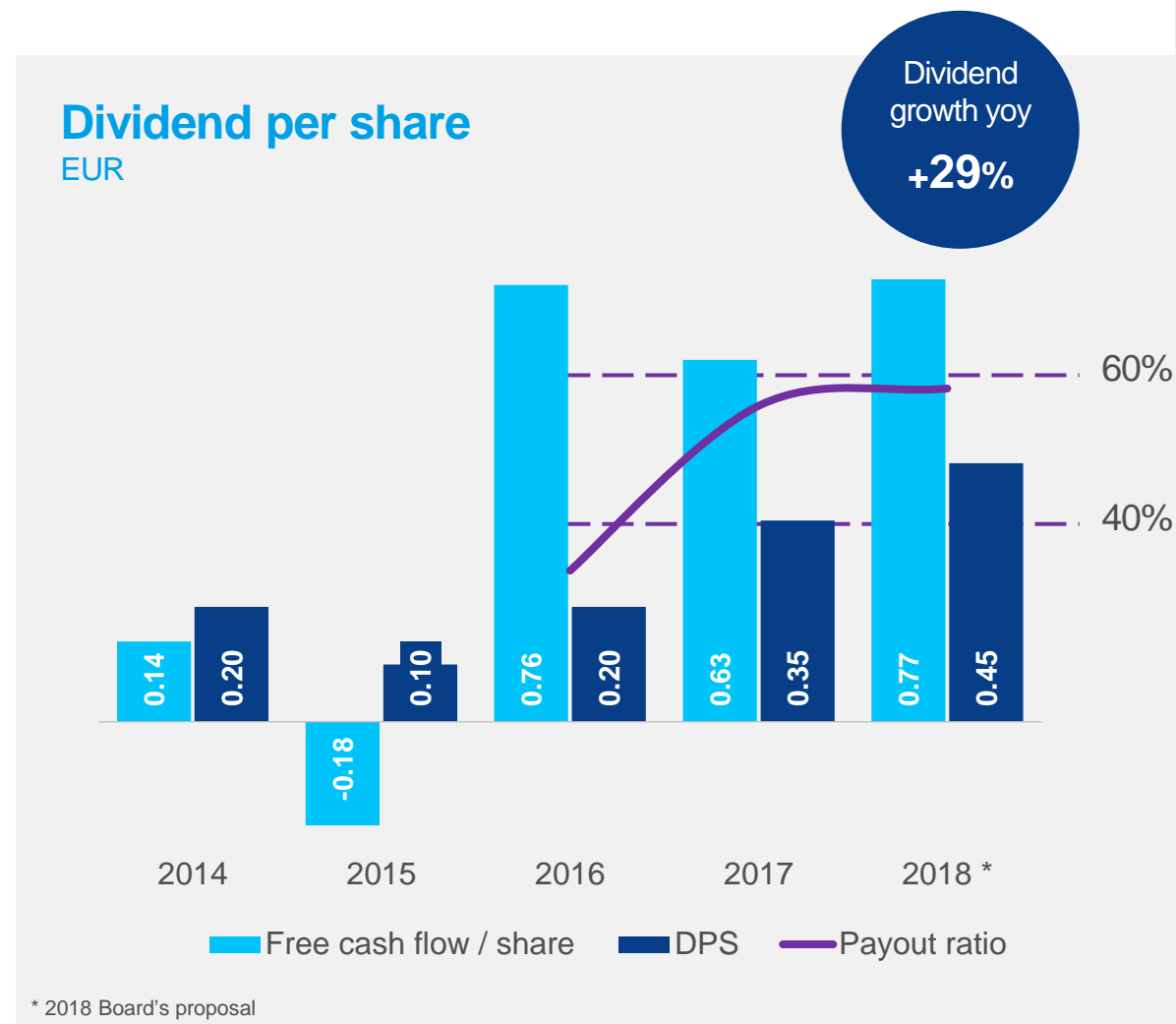


The Board proposes a dividend of EUR 0.45

- The Board proposes a dividend of EUR 0.45 per share to be paid for 2018
 - Increase of 29% vs. 2017
 - Representing a total of approx. EUR 73 million
- 58% of free cash flow (excl. one-off costs related to the divestment of Belgian women's magazine portfolio)
- To be paid in two parts
 - EUR 0.25 on 5 April (record date 29 March)
 - EUR 0.20 in November (record date tbc in October)

Dividend policy:

Sanoma aims to pay an increasing dividend, equal to 40–60% of annual free cash flow.



Outlook for 2019

In 2019, Sanoma expects that the Group's

- **Comparable net sales will be in-line with 2018**
- **Operational EBIT margin excl. PPA * will be around 15% (2018: 15.7%).**

The outlook is based on an assumption of the consumer confidence and advertising market development in Finland and in the Netherlands to be in line with 2018.

The outlook does not include any assumptions of the intended acquisition of Iddink (disclosed on 11 Dec 2018), which is expected to be finalized in Q2-Q3 2019.

* Operational EBIT margin excluding purchase price allocation amortisations

Financials



Profitability improved in all SBUs in Q4 2018

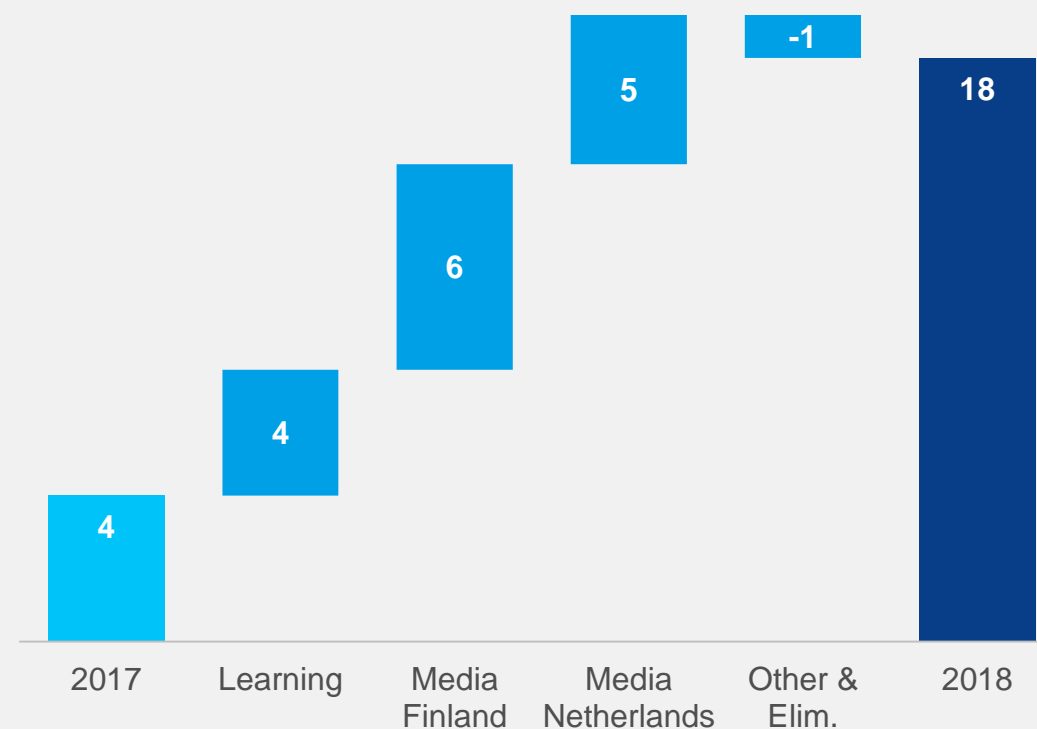
Learning	<ul style="list-style-type: none"> + Benefits of High Five business development programme + Net sales growth + Release of a provision related to a legal case in Belgium - Other costs
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Media Finland	<ul style="list-style-type: none"> + Lower TV program amortisations + Lower marketing costs + Lower ICT and other fixed costs - Lower net sales
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Media Netherlands	<ul style="list-style-type: none"> + Lower marketing, personnel & other fixed costs due to streamlined operations post-divestments + Divestment of Head Office in Belgium + Sales mix - Lower net sales
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Operational EBIT Q4 2018 vs. Q4 2017

EUR million

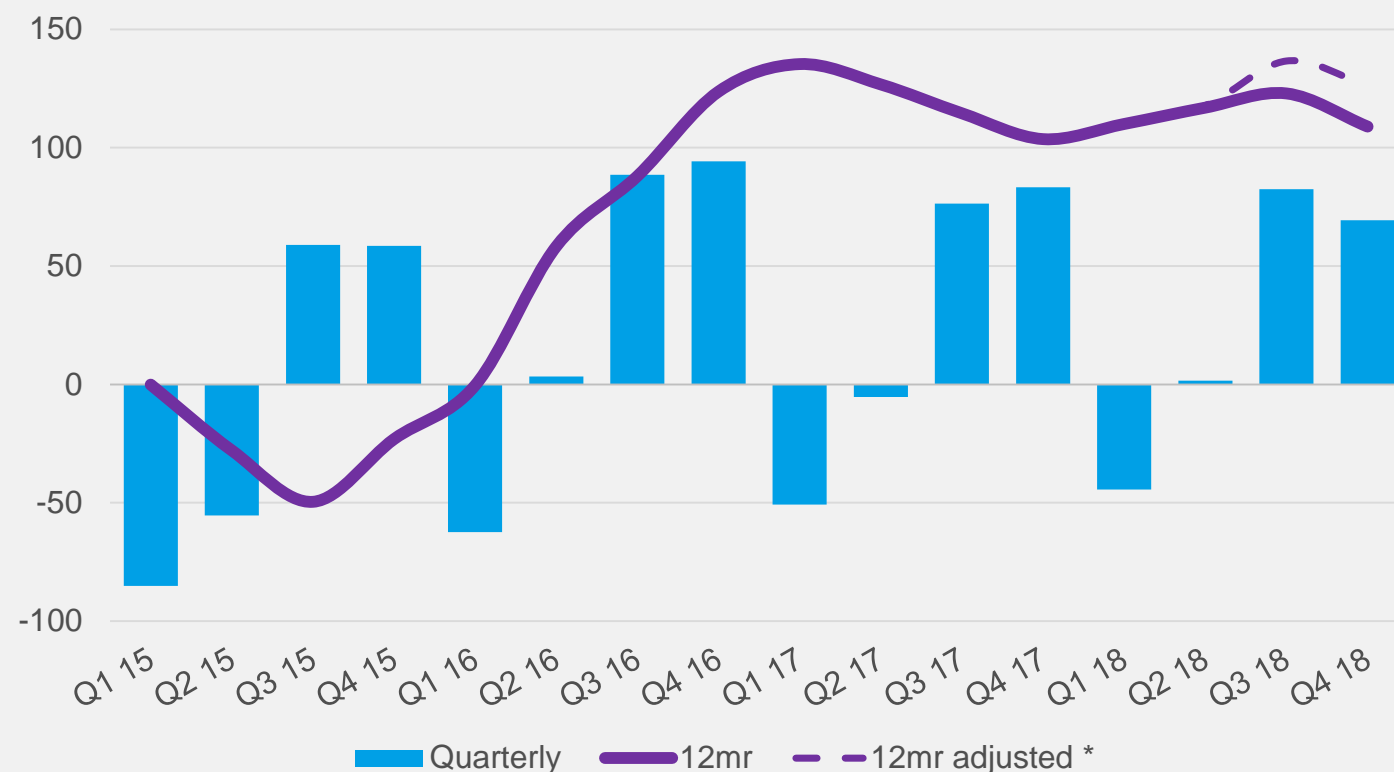


Annual free cash flow improved slightly

- Free cash flow improved to EUR 109 million (2017: 106)
 - + Lower TV programming spend
 - + Lower net financial items
 - Higher taxes
 - One-off restructuring costs of EUR 17 million related to the divested Belgian women's magazine portfolio
 - Capital expenditure included in the free cash flow was EUR 32 million (2017: 35)
- Free cash flow for dividend calculation EUR 126 million (excl. one-off items related to the divestment of Belgian women's magazine portfolio)

Free cash flow

EUR million

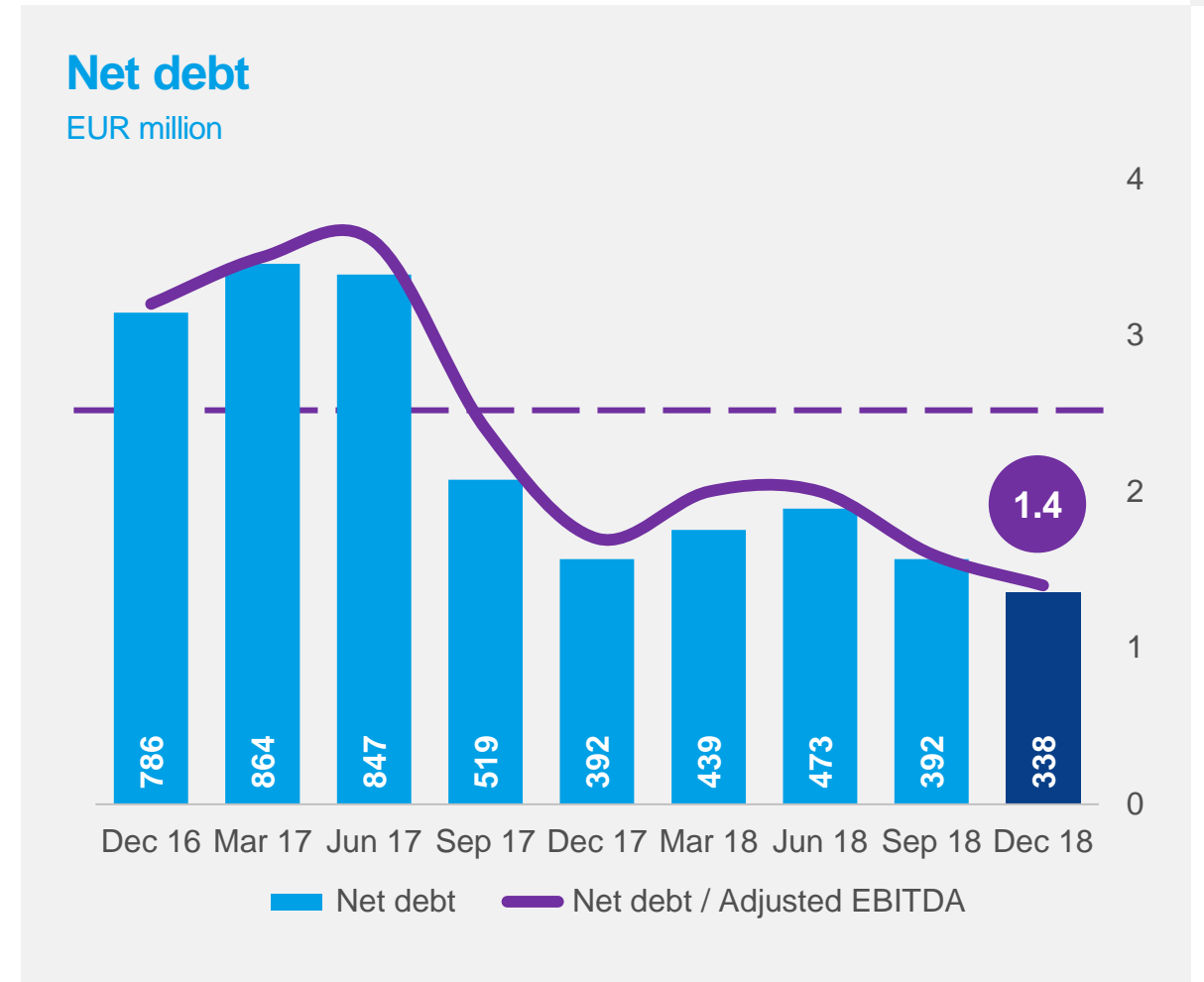


* Excluding one-off restructuring costs of EUR 17 million related to Discontinued operations
 Free cash flow = Cash flow from operations less capital expenditure

Leverage improvement continued

At the end of 2018

- Net debt to adjusted EBITDA 1.4 (2017: 1.7)
- Net debt EUR 338 million (2017: 392)
- Equity ratio 44.7% (2017: 38.2%)
- Net financial items decreased to EUR -17 million (2017: -23) due to the lower amount of interest-bearing debt
- Average interest rate 2.5% (2017: 2.1%)
- IFRS 16 (adoption as of 1 Jan 2019) is expected to increase net debt by approx. EUR 200 million and net debt / adj. EBITDA by approx. +0.6

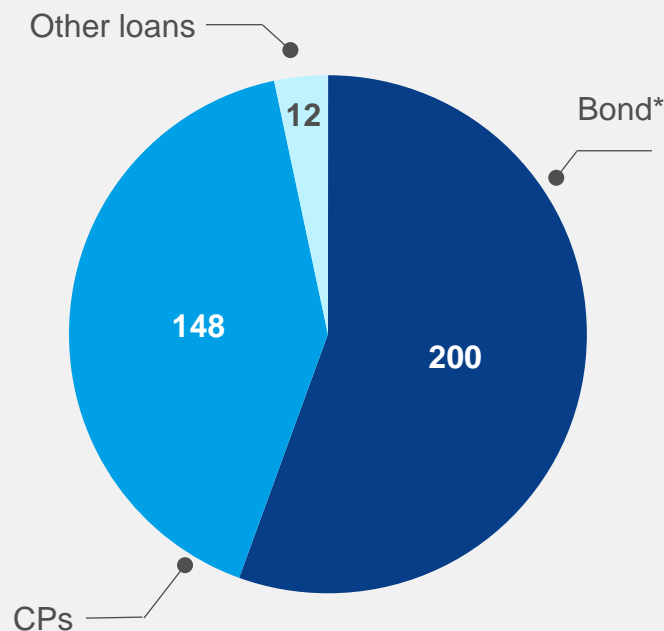


New debt facility extends the maturity profile

- Gross external debt EUR 357 million (2017: 412) at the end of 2018
- On 4 February Sanoma signed a new EUR 550 million syndicated facility agreement with nine banks consisting of two tranches
 - EUR 250 million 4-year term loan to finance the acquisition of Iddink
 - Annual EUR 50 million instalments from Q3 2020 and EUR 100 million repayment at maturity
 - EUR 300 million 5-year bullet revolving credit facility refinancing the previous EUR 300 million RCF
- Refinancing of the EUR 200 million bond maturing in November will be reviewed in Q2-Q3 2019

Debt structure

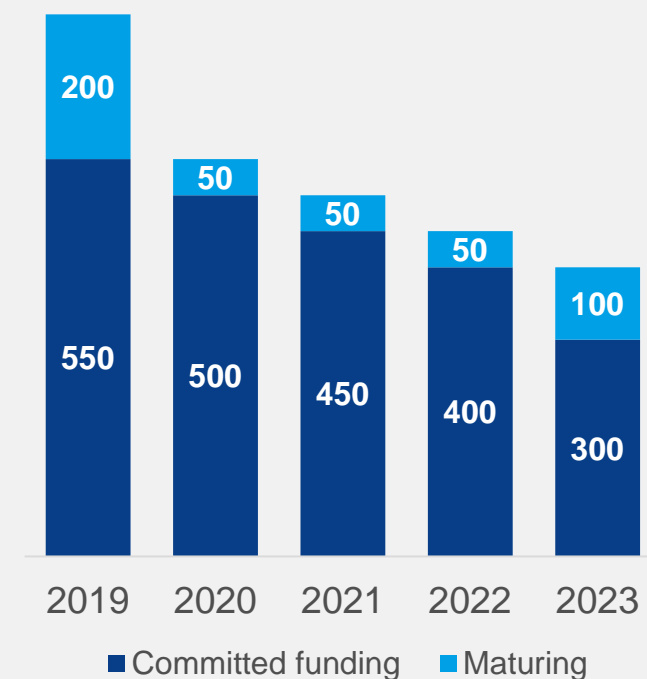
EUR million, 31 December 2018



* Book value EUR 197 million

Maturity profile

EUR million, 6 February 2019



Financial reporting in 2019

Week 10	Financial Statements and Directors' Report 2018
27 March	Annual General Meeting
30 April	Interim Report Q1 2019
25 July	Half-Year Report 2019
25 October	Interim Report Q3 2019





Q&A

Appendix

**Mr. President,
welcome to
the land of
free press.**

HEIKKILÄ
GIN SANOMAT

Sanoma in 2018



NET SALES
EUR 1,315 million



NON-PRINT SALES
45%



OPERATIONAL EBIT MARGIN
14.9%

Learning



EUR 313 million



46%



19.5%

Media Finland



EUR 579 million



49%



11.9%

Media Netherlands



EUR 424 million

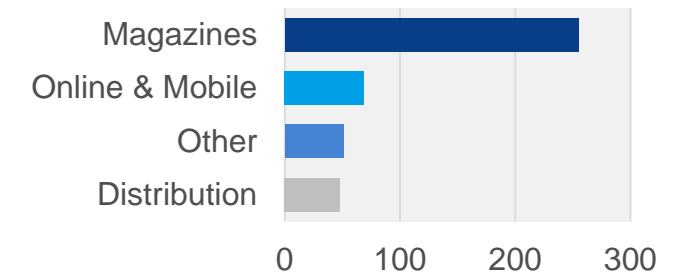
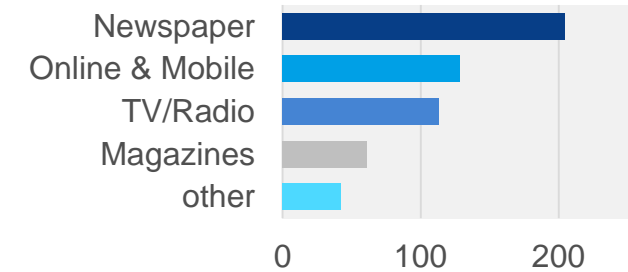
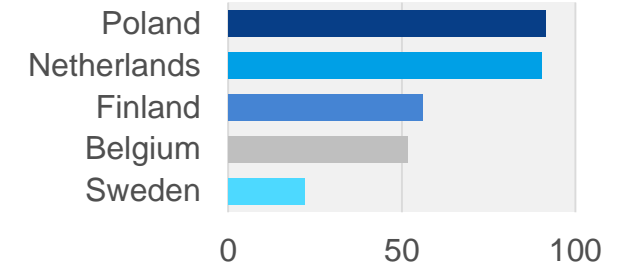


40%



18.1%

Net sales 2018



Group key figures 2018

2017 adjusted for the SBS divestment

EUR million	2018	2017
Net sales	1,315.4	1,328.0
Operational EBITDA	326.3	328.5
margin	24.8%	24.7%
Operational EBIT	196.6	179.0
margin	14.9%	13.5%
EBIT	168.5	186.4
Result for the period ¹	125.6	126.8
Free cash flow ¹	108.9	106.2
Net debt ¹	337.8	391.8
Net debt / Adj. EBITDA ¹	1.4	1.7
Average number of employees (FTE)	4,463	4,562

EUR	2018	2017
Operational EPS, continuing operations	0.83	0.71
Operational EPS ¹	0.84	0.74
EPS, continuing operations	0.68	0.76
EPS ¹	0.76	0.77
Free cash flow per share ¹	0.67	0.65

Amortisations and depreciations included in Operational EBIT

EUR million	2018	2017	Change
Net sales	1,315.4	1,328.0	-1%
Operational EBITDA margin	326.3	328.5	-1%
	24.8%	24.7%	
Amortisations related to TV programme rights	-56.6	-69.9	-19%
Amortisations related to prepublication rights	-23.3	-22.6	3%
Other amortisations	-38.3	-42.8	-11%
Depreciation	-11.5	-14.1	-18%
Operational EBIT margin	196.6	179.0	10%
	14.9%	13.5%	

Learning: Quarterly key figures

EUR million	FY 18	FY 17	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net sales	313.3	318.3	39.8	136.3	108.3	28.9	38.5	145.7	97.9	36.2
Operational EBITDA	105.2	100.0	-6.0	64.2	54.3	-7.3	-7.2	66.1	41.8	-0.7
Operational EBIT	61.2	55.6	-17.8	53.4	43.7	-18.0	-21.6	56.1	31.9	-10.9
margin	19.5%	17.5%	-44.7%	39.2%	40.3%	-62.2%	-56.0%	38.5%	32.6%	-30.0%
EBIT	56.1	43.9	-20.0	52.1	42.4	-18.4	-23.7	56.2	22.8	-11.4
Capital expenditure	19.8	19.2	6.8	5.2	4.3	3.5	6.6	4.1	5.2	3.3
Average number of employees (FTE)	1,351	1,401	1,351	1,350	1,352	1,353	1,401	1,413	1,430	1,442

Media Finland: Quarterly key figures

EUR million	FY 18	FY 17	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net sales	578.5	570.4	144.5	150.7	146.2	137.0	150.4	131.3	144.5	144.1
Operational EBITDA	142.8	155.7	35.4	33.7	37.9	35.8	35.3	35.5	42.1	42.9
Operational EBIT	68.8	65.5	16.0	21.2	18.6	13.1	9.8	14.2	22.4	19.0
margin	11.9%	11.5%	11.1%	14.0%	12.7%	9.5%	6.5%	10.8%	15.5%	13.2%
EBIT	61.8	71.8	9.9	19.8	20.5	11.6	8.2	13.5	30.5	19.6
Capital expenditure	4.1	6.4	1.1	0.7	0.5	1.8	0.5	3.0	1.9	1.0
Average number of employees (FTE)	1,781	1,744	1,781	1,779	1,742	1,709	1,744	1,755	1,744	1,719

Media Netherlands: Quarterly key figures

Q1-Q3 2017 adjusted for the SBS divestment

EUR million	FY 18	FY 17	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net sales	424.0	439.6	113.8	106.0	108.4	95.8	116.9	103.9	116.9	101.9
Operational EBITDA	81.7	77.2	24.7	19.7	20.9	16.3	21.9	16.0	22.9	16.4
Operational EBIT	76.6	68.1	23.7	18.6	19.5	14.9	19.2	14.0	20.8	14.2
margin	18.1%	15.5%	20.8%	17.5%	18.0%	15.5%	16.4%	13.4%	17.8%	13.9%
EBIT	58.0	55.6	13.4	19.1	8.7	16.9	14.2	11.3	15.9	14.2
Capital expenditure	2.3	2.2	0.8	0.3	0.3	0.9	0.4	0.2	0.3	1.3
Average number of employees (FTE)	1,059	1,132	1,059	1,051	1,049	1,054	1,132	1,144	1,172	1,183

Group Operational EBIT excl. PPA

Quarterly comparison figures for 2018

EUR million	FY 18	Q4 18	Q3 18	Q2 18	Q1 18
EBIT	168.5	0.6	88.9	70.6	8.4
Items affecting comparability (IACs)	-28.2	-17.0	-2.1	-9.2	0.2
Operational EBIT	196.6	17.6	91.0	79.8	8.2
margin	14.9%	5.9%	23.2%	22.0%	3.1%
Purchase price allocation amortisations (PPA)	-9.6	-2.6	-2.6	-2.4	-2.1
Operational EBIT excl. PPA	206.2	20.2	93.6	82.2	10.3
margin	15.7%	6.8%	23.8%	22.6%	3.9%

Operational EBIT excl. PPA by SBU 1/2

Quarterly comparison figures for 2018

Learning

EUR million	FY 18	Q4 18	Q3 18	Q2 18	Q1 18
EBIT	56.1	-20.0	52.1	42.4	-18.4
Items affecting comparability (IACs)	-5.1	-2.2	-1.3	-1.3	-0.4
Operational EBIT	61.2	-17.8	53.4	43.7	-18.0
Purchase price allocation amortisations (PPA)	-3.4	-0.8	-0.8	-0.8	-0.8
Operational EBIT excl. PPA	64.6	-16.9	54.2	44.5	-17.2

Media Finland

EUR million	FY 18	Q4 18	Q3 18	Q2 18	Q1 18
EBIT	61.8	9.9	19.8	20.5	11.6
Items affecting comparability (IACs)	-7.1	-6.2	-1.4	1.9	-1.5
Operational EBIT	68.8	16.0	21.2	18.6	13.1
Purchase price allocation amortisations (PPA)	-3.2	-1.0	-1.0	-0.7	-0.4
Operational EBIT excl. PPA	72.0	17.1	22.1	19.3	13.5

Operational EBIT excl. PPA by SBU 2/2

Quarterly comparison figures for 2018

Media Netherlands

EUR million	FY 18	Q4 18	Q3 18	Q2 18	Q1 18
EBIT	58.0	13.4	19.1	8.7	16.9
Items affecting comparability (IACs)	-18.5	-10.3	0.5	-10.8	2.0
Operational EBIT	76.6	23.7	18.6	19.5	14.9
Purchase price allocation amortisations (PPA)	-3.0	-0.7	-0.8	-0.8	-0.8
Operational EBIT excl. PPA	79.6	24.4	19.3	20.3	15.6

Adoption of IFRS 16 as of 1 January 2019: Simulation of preliminary impacts on key ratios

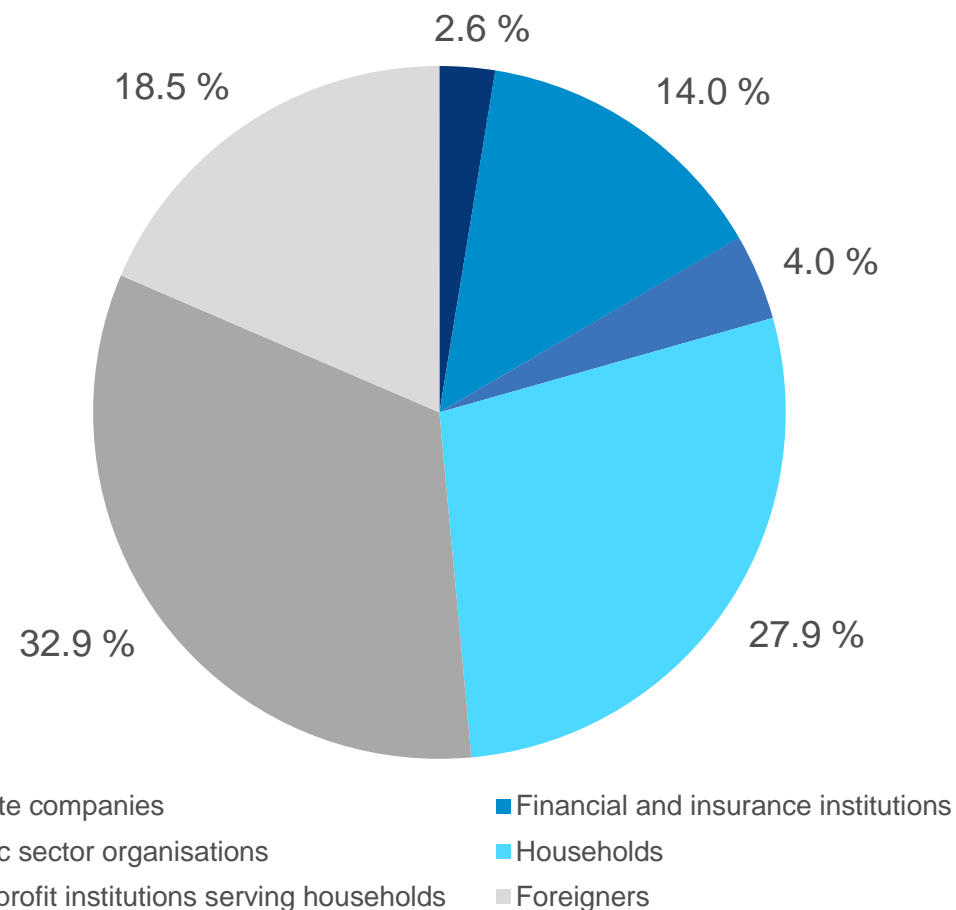
- Sanoma will adopt the new IFRS 16 Leases standard as of 1 Jan 2019
 - Lease agreements will be recognised in the balance sheet as right-of-use assets and interest-bearing liabilities
 - Cost of leasing will be recognised as depreciation and interest expense, not as operational rental expense
- Sanoma will apply the modified retrospective method
 - Restated 2018 financials will not be published
 - On certain key ratios, impact of the IFRS 16 will be reported separately in 2019 interim reports
- As reported in the Q3 2018 Interim Report, significant impacts on certain key ratios are expected
- Based on simulation of preliminary impacts in Q3 2018, the following impacts on main key ratios could be expected:
 - **Operational EBITDA** to improve by approx. MEUR 28
 - **Operational EBIT** not significantly affected
 - **Cash flow from operations** to improve by approx. MEUR 28
 - **Cash flow from financing** to decline by approx. MEUR 28
 - **Net cash flow** unchanged
 - **Net debt** to increase by approx. MEUR 200
 - **Net debt / Adj. EBITDA** to increase by approx. 0.6
 - **Equity ratio** to decrease by approx. by 5%-points

Largest shareholders

Largest shareholders

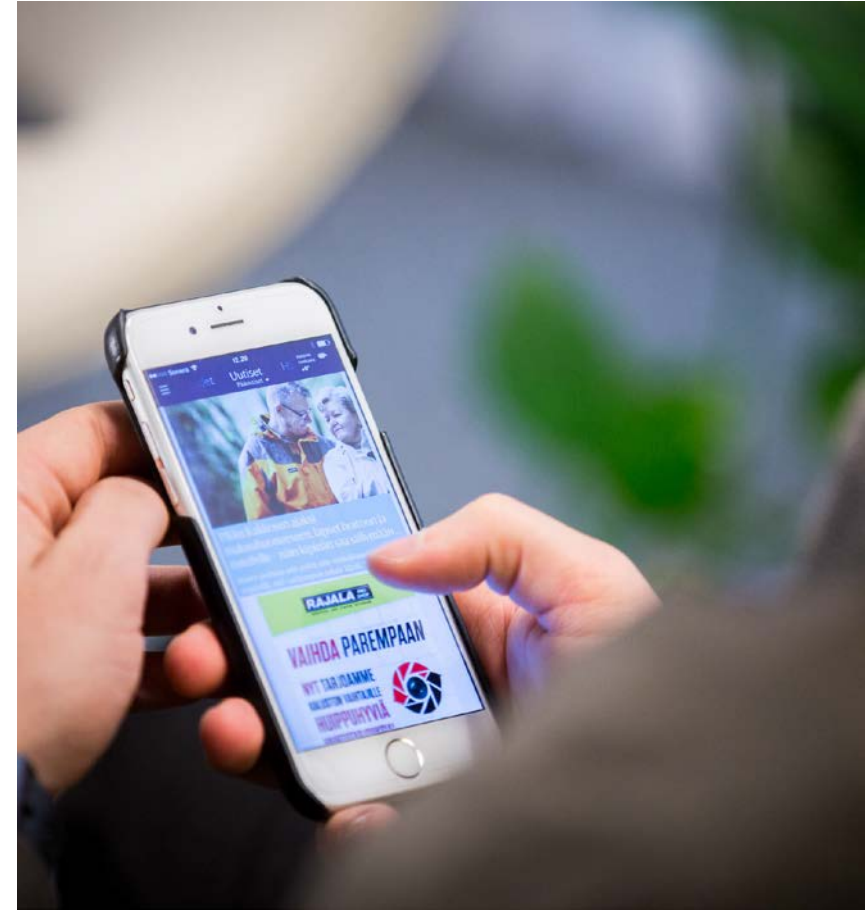
31 December 2018	Number of shares	
1. Jane and Aatos Erkkö Foundation	39,820,286	24.4%
2. Antti Herlin (Holding Manutas Oy: 11.91%, personal: 0.02%)	19,506,800	11.9%
3. Robin Langenskiöld	12,273,371	7.5%
4. Rafaela Seppälä	10,273,370	6.3%
5. Helsingin Sanomat Foundation	5,701,570	3.5%
6. Ilmarinen Mutual Pension Insurance Company	3,572,220	2.2%
7. Foundation for Actors' Old-Age Home	2,000,000	1.2%
8. Alex Noyer	1,908,965	1.2%
9. The State Pension Fund	1,860,000	1.1%
10. Lorna Auboin	1,852,470	1.1%
10 largest shareholders total	98,769,052	60.4%
Foreign holding *	30,289,617	18.5%
Other shareholders	34,506,994	21.1%
Total number of shares	163,565,663	100.0%
Total number of shareholders	20,741	

Holding by category



Analyst coverage

Carnegie Investment Bank	Matti Riikonen	+358 9 6187 1231
Danske Markets Equities	Panu Laitinmäki	+358 10 236 4867
Handelsbanken CM	Rasmus Engberg	+46 8 701 5116
Inderes	Petri Aho	+358 50 340 2986
Kepler Cheuvreux	Stefan Billing	+46 8 723 51 48
Nordea	Sami Sarkamies	+358 9 165 59928
Pohjola	Niclas Catani	+358 10 252 8780
SEB Enskilda	Pete-Veikko Kujala	+358 9 6162 8578



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