

Q1 2020 Interim Report:

Solid start to the year, long-term priorities unchanged

Susan Duinhoven, President & CEO
Markus Holm, CFO & COO

d

m

s

o

a n

sanoma

Solid start to the year, long-term priorities unchanged

Divestment of Sanoma Media Netherlands to DPG Media was completed on 20 April

Acquisition of Alma Media's regional news media business announced on 11 February, to be completed on 30 April

Evaluation of strategic options for online classifieds' business Oikotie Ltd. announced on 11 February, currently ongoing as planned

Outlook withdrawn on March 24; corona virus pandemic expected to have a significant impact on Media Finland's B2B and events business



Two strong businesses, Learning and Media Finland, ready for growth

400m€ headroom for M&A

We remain committed to our long-term financial targets

Solid first quarter without significant impact of the corona virus pandemic

Net sales

188m€

(2019: 163)

Comparable net sales growth

2%

(2019: -3%)

Operational EBIT excl. PPA

-8m€

(2019: -5)

Free cash flow

-60m€

(2019: -41)

Net debt / Adj. EBITDA

3.0

(2019: 2.0)

- Net sales grew in Learning as a result of acquisitions and were stable in Media Finland
- Operational EBIT excl. PPA declined due to planned, higher TV and marketing expenses in Media Finland
- Free cash flow impacted by higher working capital: due to recently acquired businesses in Learning and different timing between quarters compared to the previous year in Media Finland
- Leverage temporarily above and equity ratio below the long-term target level, returning to the target level after the divestment of Media Netherlands
- The AGM decided on a dividend of EUR 0.50 per share. The first instalment of 0.25€ was paid on 3 April. The second instalment of 0.25€ will be paid in November (estimated timing).

Earnings improved slightly in Learning, different phasing of costs between quarters in Media Finland

Learning

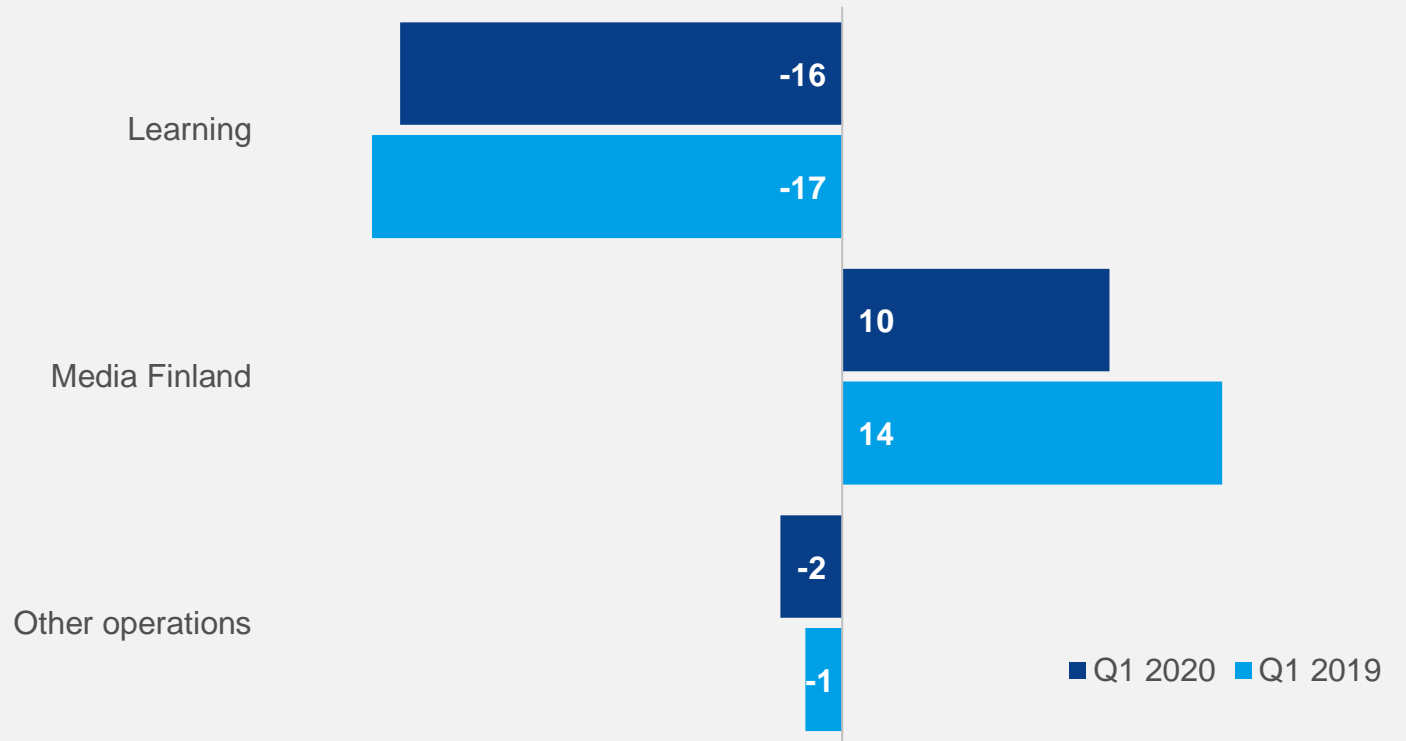
- Earnings improved slightly with the positive contribution of comparable net sales growth due to shift in orders in the Netherlands

Media Finland

- Earnings declined due to a planned larger proportion of annual TV and marketing expenses falling into the first quarter

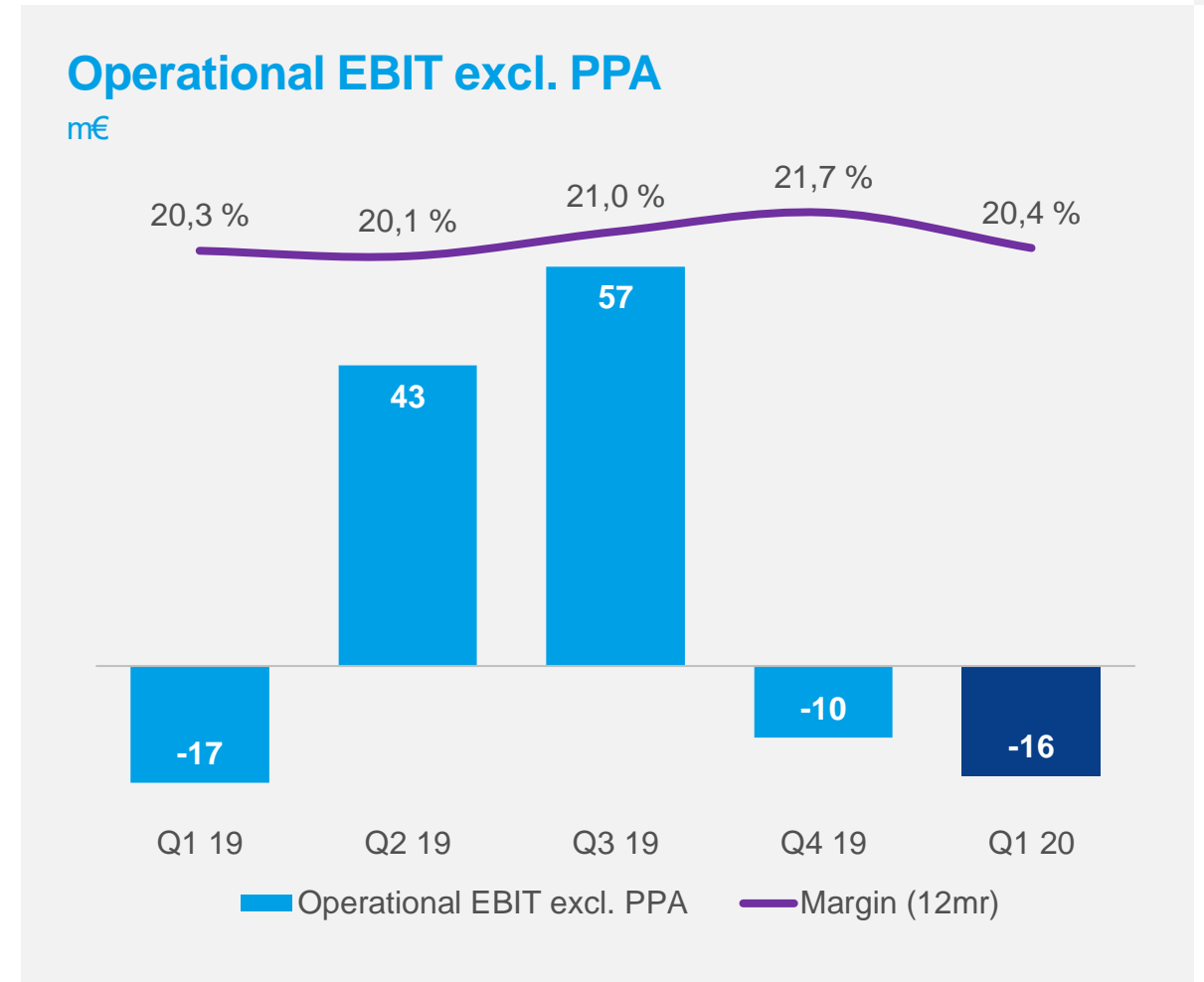
Operational EBIT excl. PPA by SBU

m€



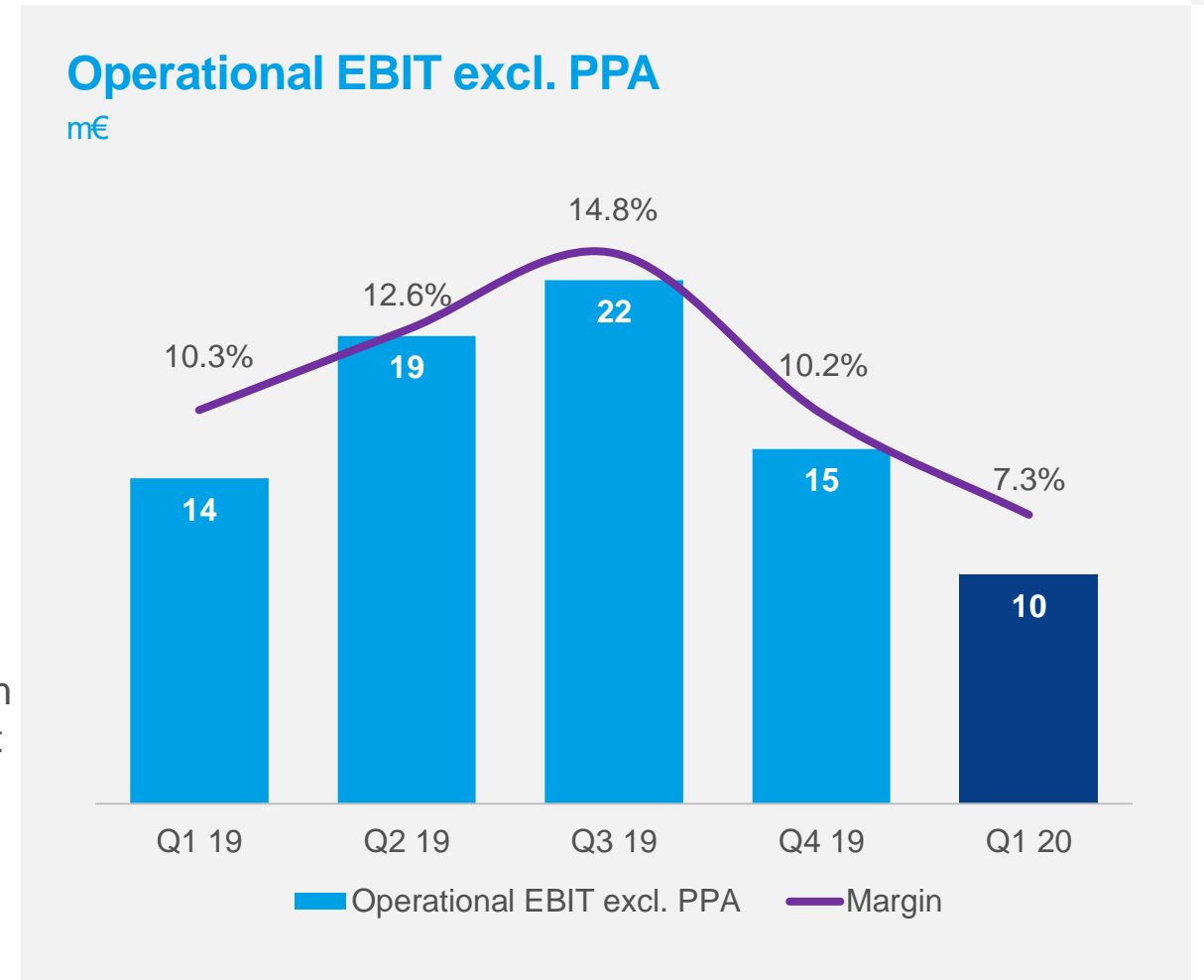
Learning: Good start to the year

- Net sales grew to 58m€ (2019: 31)
 - Majority of the growth attributable to acquisitions
 - Largest contributor Iddink, acquired in Sep 2019, performing in-line with our expectations
 - Comparable sales growth in the Netherlands due to some orders moving from the second to the first quarter
 - Strong growth in the use of digital services:
 - In March, the number of daily users of Bingel tripling vs. the average of earlier months
- Operational EBIT excl. PPA improved slightly to -16m€ (2019: -17)
 - Comparable net sales growth had a positive contribution on earnings



Media Finland: Stable net sales, investments in TV and marketing

- Net sales were stable at 130m€ (2019: 132)
 - Advertising sales developed favorably in Jan-Feb, but declined during the last weeks of March due to the corona virus pandemic
 - Sanoma -3% vs. market -7% in Q1 2020
 - Overall TV advertising sales grew as a result of positive market share development
 - Growth in radio advertising sales was supported by new channels and frequencies acquired in 2019
 - Continued strong growth in Helsingin Sanomat and Ruutu+ digital subscription sales
- Operational EBIT excl. PPA declined to 10m€ (2019: 14)
 - Planned higher TV and marketing costs (Supla+) together with lower advertising sales (end of March) had an adverse impact on earnings
 - Positive impact of lower paper costs
- Acquisition of Alma Media's regional news media business will be completed on 30 April



Outlook for 2020

On 24 March 2020, Sanoma announced it had temporarily withdrawn its Outlook for 2020 (given on 7 February) and indicated significant impact on its business due to the corona virus pandemic.

Sanoma expects to give an updated Outlook for 2020 later during the year.

Key impacts and risks of the corona virus pandemic and their mitigation

- Successful shift to remote operations supported by recent IT investments, no disruptions in the business
- Partial mitigation of the impacts through diversified business portfolio with most of the earnings coming from Learning
- **In Learning**, no major impact on net sales and profitability are currently expected as no major changes in school purchasing and curriculum renewals are expected
- **In Media Finland**
 - **Subscription and other B2C sales** represents more than half of the total net sales and are not expected to be significantly affected, unless the exceptional situation prolongs or intensifies
 - **In B2B advertising business** (net sales 247m€ in 2019), material impact on the net sales and profitability is expected
 - Variation between customer categories and media channels
 - Size of the impact is dependent on the duration of the crisis and the pace of the recovery, too early to make reliable and specific estimates
 - After the financial crisis in 2008, Sanoma's advertising sales declined in-line with the market by approx. 17%
 - **The events business** will be impacted, as the Finnish government has on 22 April decided to prohibit all large events until the end of July 2020, and thus all Media Finland's events for the summer season 2020 will be cancelled
 - Net sales and operational EBIT for Media Finland's events business estimated to be close to zero in 2020 (in 2019, net sales EUR 35 million and operational EBIT margin above the 12.0% margin of the Media Finland SBU)
- Our top priorities are the health & safety of our employees, solid support to our customers throughout the crisis and continuation of fulfilling our role in society in a responsible manner

A photograph of a family in a living room. In the foreground, a young boy with curly hair is sitting on a couch, looking at a tablet. Next to him, a young girl is lying on the floor, also looking at a tablet. In the background, a woman is leaning over a table, smiling. The room is brightly lit, and there are large windows. A white banner with the word 'Financials' is overlaid on the left side of the image.

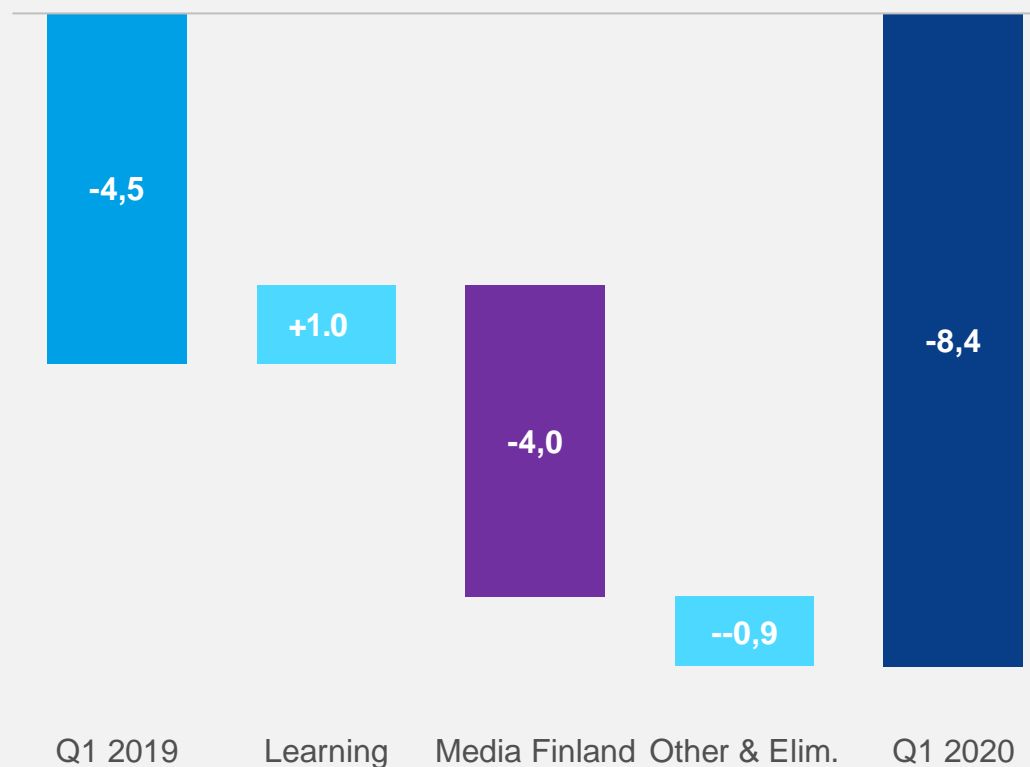
Financials

Q1 2020 operational earnings declined due to investments in TV and marketing in Media Finland

Learning	<ul style="list-style-type: none"> + Comparable net sales growth +/- Impact of acquisitions relatively flat
Media Finland	<ul style="list-style-type: none"> - Seasonally higher TV and marketing expenses - Lower advertising sales + Lower paper costs
Other	<ul style="list-style-type: none"> - Lower income related to internal share-based incentive settlement - Smaller cost items across categories due to timing between quarters – expected to even-out during the year

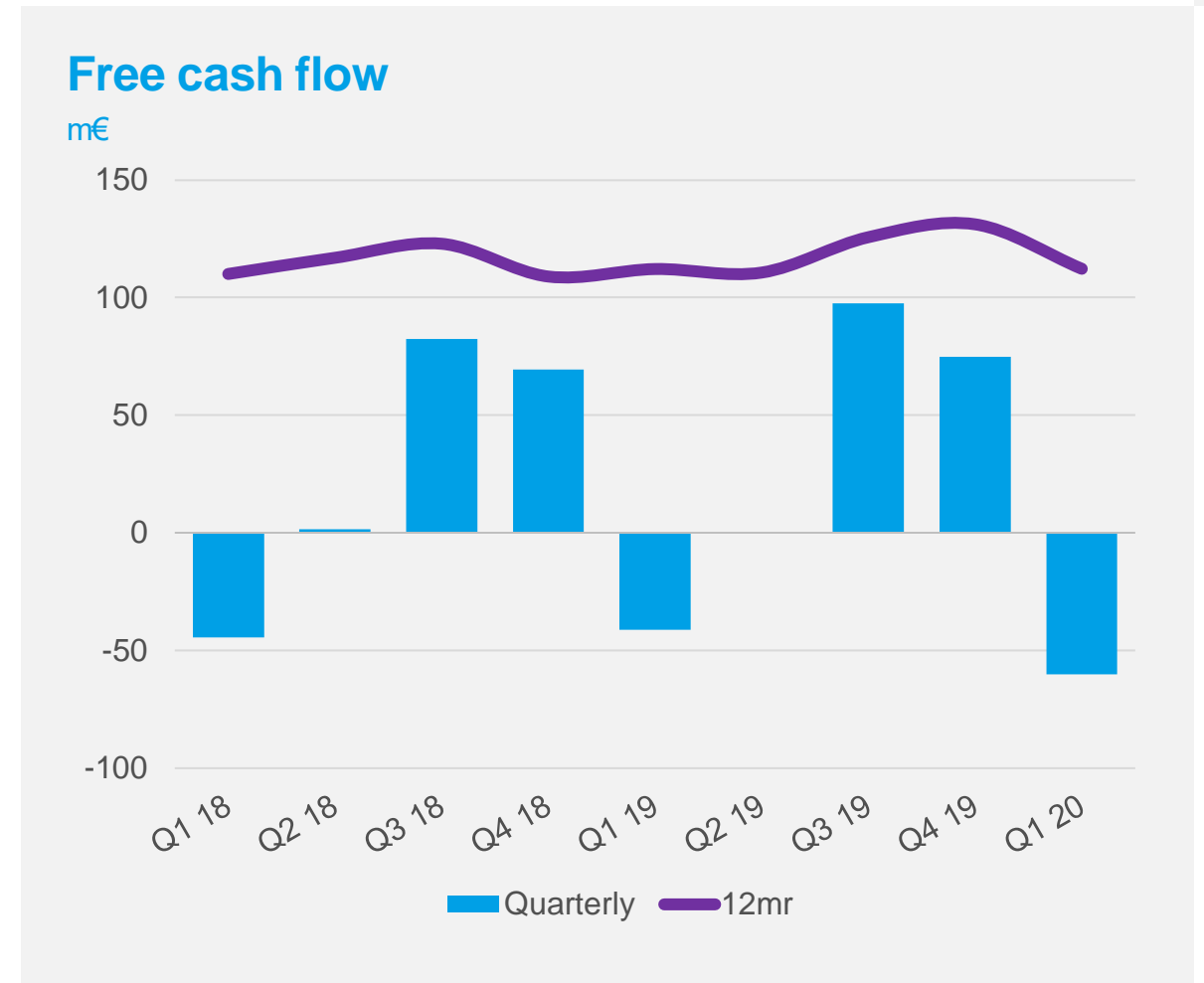
Operational EBIT excl. PPA Q1 20 vs. Q1 19

m€



Rolling free cash flow on a solid level

- Q1 2020 free cash flow declined to -60 m€ (2019: -41) due to changes in working capital
 - In Learning, impact of Iddink and itslearning acquired in 2019
 - In Media Finland, impact of the different timing between quarters compared to the previous year
- The divested Media Netherlands' business is expected to have a negative impact of approx. -25m€ on the Group's 2020 free cash flow due to seasonality and transaction-related costs
 - Majority of the impact in Q1
 - For dividend calculation purposes FY 2020 free cash flow will be adjusted



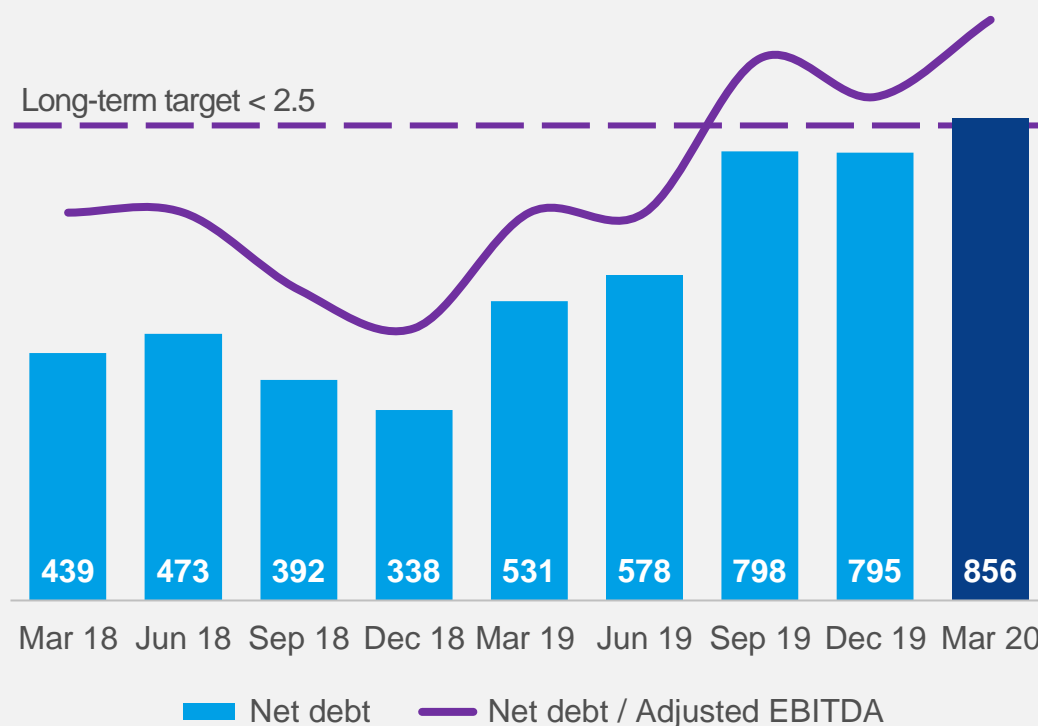
Free cash flow = Cash flow from operations less capital expenditure

After the end of March, net debt has decreased due to closing of the Media Netherlands divestment

- Leverage was temporarily above and equity ratio below its long-term target level at the end of Q1 2020
 - Net debt / Adj. EBITDA 3.0 (2019: 2.0)
 - Equity ratio 25.2% (2019: 35.3%)
- Both returning to their target levels after the divestment of Media Netherlands was completed on 20 April 2020
- Net financial expenses decreased to 1m€ (2019: 5) in Q1 2020
 - Average interest rate of external loans decreased to 0.7% (2019: 2.8%)
 - Positive foreign currency translation impact mainly from EUR/NOK at the acquired itslearning business
 - One-time interest income related to a settled tax receivable

Net debt

M€



Financial reporting in 2020

24 July

Q2 2020 Half-Year Report


29 October


Q3 2020 Interim Report


Appendix



Sanoma in 2019

 NET SALES
EUR 913 million

 NON-PRINT SALES
51%

 OPERATIONAL EBIT MARGIN
14.8%

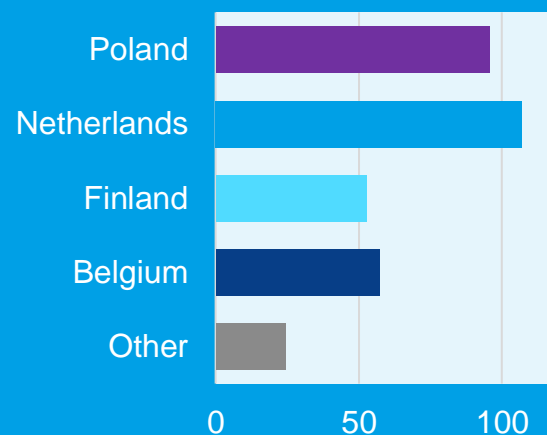
Learning

 EUR 337 million

 49%

 21.7%

NET SALES 2019



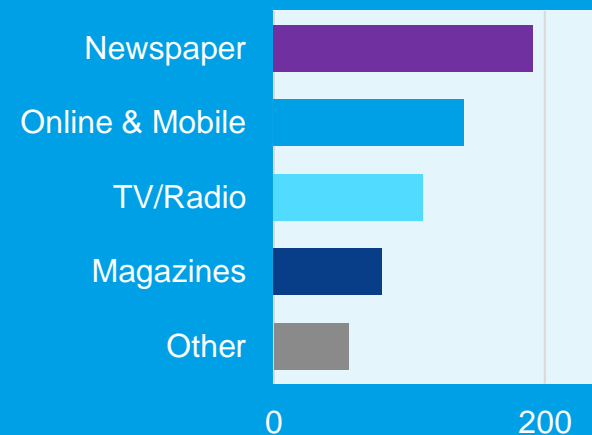
Media Finland

 EUR 577 million

 53%

 12.0%

NET SALES 2019



Divestment of Media Netherlands

- On 10 December 2019, Sanoma announced it has signed an agreement to divest the strategic business unit Sanoma Media Netherlands
- The divestment was completed on 20 April 2020
- Media Netherlands is reported as Discontinued operations in Sanoma's 2019-2020 financial reporting
- Continuing operations include Sanoma Learning and Sanoma Media Finland SBUs
- Unless otherwise stated, all income statement related quarterly and FY figures in this presentation, including corresponding periods in 2019, cover continuing operations only
- In addition to continuing operations, figures related to balance sheet and cash flow include the discontinued operations until closing



Group key figures Q1 2020

EUR million	Q1 20	Q1 19
Net sales	187.7	163.0
Operational EBIT excl. PPA	-8.4	-4.5
margin	-4.5%	-2.8%
EBIT	-17.6	-10.7
Result for the period	-12.9	-11.4
Free cash flow	-60.2	-41.3
Equity ratio	25.2%	35.3%
Net debt	856.3	531.1
Net debt / Adj. EBITDA	3.0	2.0
Operational EPS	-0.06	-0.05
EPS	-0.08	-0.07

EUR	Q1 20	Q1 19
Average number of employees (FTE)	3,959	3,391
Number of employees at the end of the period (FTE)	3,970	3,396
Dividend per share	0.50	0.45

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

Learning: Quarterly key figures

EUR million	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Net sales	58.1	61.4	138.4	105.4	31.4
EBIT	-20.6	-19.3	52.0	41.0	-18.6
Items affecting comparability (IACs)	-0.9	-5.5	-4.4	-1.1	-1.1
PPA amortisations	-4.0	-3.6	-0.8	-0.8	-0.8
Operational EBIT excl. PPA	-15.7	-10.3	57.2	43.0	-16.7
margin	-27.1%	-16.7%	41.3%	40.7%	-53.1%
Capital expenditure	6.6	8.3	4.7	5.2	3.8
Average number of employees (FTE)	1,917	1,488	1,398	1,361	1,355

Media Finland: Quarterly key figures

EUR million	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19
Net sales	129.9	144.2	146.5	154.5	131.6
EBIT	5.3	11.9	19.0	14.7	9.3
Items affecting comparability (IACs)	-3.2	-1.7	-1.5	-3.6	-3.1
PPA amortisations	-1.1	-1.1	-1.1	-1.1	-1.1
Operational EBIT excl. PPA	9.5	14.7	21.7	19.4	13.5
margin	7.3%	10.2%	14.8%	12.6%	10.3%
Capital expenditure	2.1	1.1	0.9	1.2	0.7
Average number of employees (FTE)	1,773	1,804	1,811	1,793	1,764

Finnish advertising market development Q1 2020

Finnish measured media advertising markets

	Q1 20	Q4 19	Q3 19	Q2 19	Q1 19	FY 19
Newspapers	-19%	-10%	-12%	-2%	-7%	-9%
Magazines	-10%	-11%	-8%	-2%	-5%	-7%
TV	-3%	-8%	-5%	1%	-7%	-5%
Radio	-10%	2%	6%	10%	7%	6%
Online *	2%	1%	6%	9%	2%	4%
Total market	-7%	-5%	-2%	5%	-2%	-1%

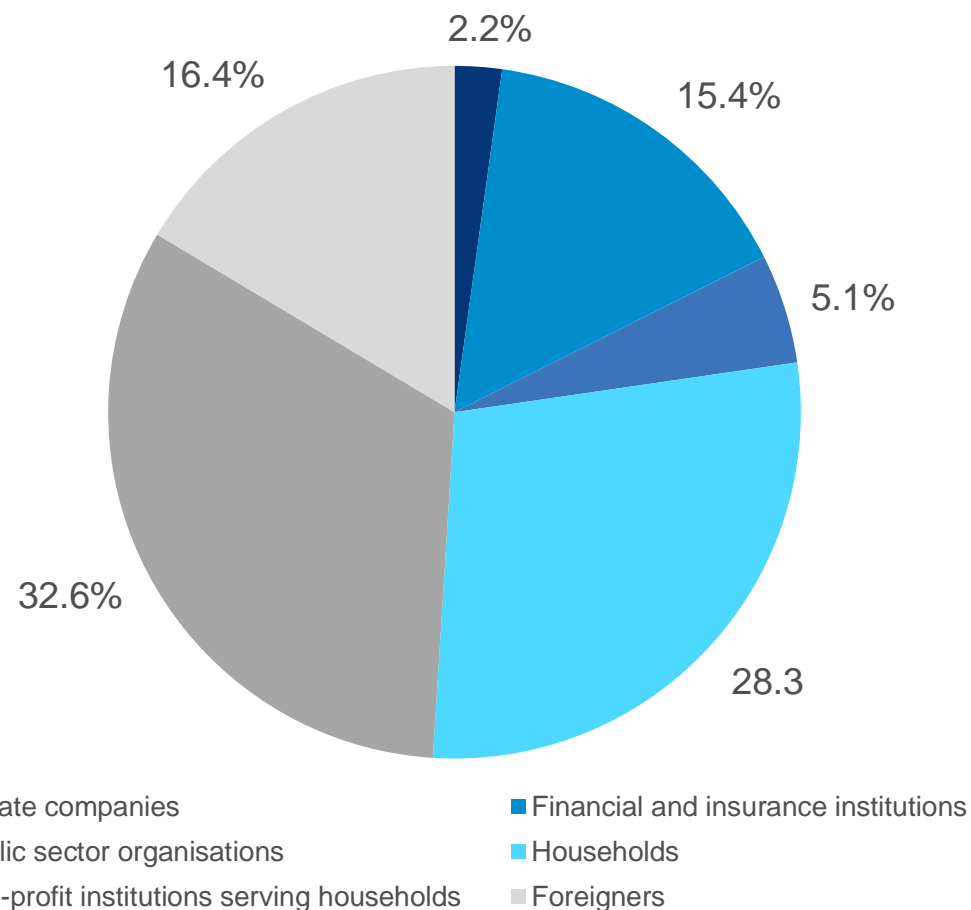
Largest shareholders

31 March 2020

Largest shareholders

	Number of shares	
1. Jane and Aatos Erkkö Foundation	39,820,286	24.4%
2. Antti Herlin (Holding Manutas Oy: 12.03%, personal: 0.02%)	19,716,800	12.1%
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	4,667,597	2.9%
7. Alex Noyer	1,903,965	1.2%
8. Lorna Aubouin	1,852,470	1.1%
8. Foundation for Actors' Old-Age Home	1,800,000	1.1%
10. The State Pension Fund	1,760,000	1.1%
10 largest shareholders total	99,769,429	61.1%
Foreign holding *	26,856,836	16.4%
Other shareholders	36,939,398	22.5%
Total number of shares	163,565,663	100.0%
Total number of shareholders	22,333	

Holding by category

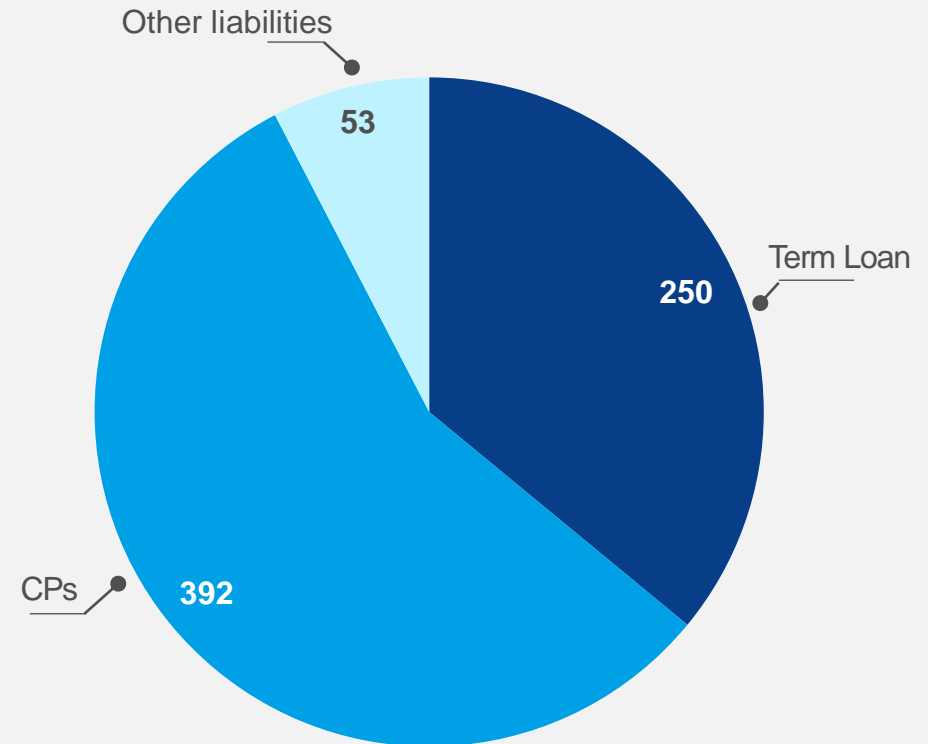


Balanced debt structure at the end of March 2020

- 250m€ 4-year term loan was drawn in September 2019 to finance the acquisition of Iddink
- Average interest rate 0.7% (2019: 2.8%)
 - Expected to continue to be below 1% in 2020
- Divestment of Media Netherlands was completed on 20 April
 - EV 460m€
 - Funds received will be used to debt reduction

Debt structure

m€, 31 March 2020



* Book value 199m€

Analyst coverage

Carnegie Investment Bank

Pia Rosqvist-Heinsalmi +358 9 6187 1232

Danske Markets Equities

Panu Laitinmäki +358 10 236 4867

Inderes

Petri Aho +358 50 340 2986

Kepler Cheuvreux

Stefan Billing +46 8 723 51 48

Nordea

Sami Sarkamies +358 9 5300 5176

Pohjola

Joonas Häyhä +358 10 252 4504

SEB Enskilda

Pete-Veikko Kujala +358 9 6162 8578



Disclaimer

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.

s a n o m a

Please contact our Investor Relations:

Kaisa Uurasmaa, Head of IR & CSR

M +358 40 560 5601

E kaisa.uurasmaa@sanoma.com

ir@sanoma.com

www.sanoma.com