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# Q3 2017 Results

Susan Duinhoven – President and CEO  
Markus Holm – CFO and COO

# Highlights of Q3 2017

- **Net sales grew organically 5.4%, driven by Learning**
  - Group's net sales EUR 405 million
  - Learning gained share in Poland, in an exceptionally large market due to overlapping educational reforms
- **Profitability improved by 27%**
  - Group's operational EBIT EUR 89 million (2016: 70, adjusted for SBS)
  - Higher sales in Learning and cost innovations throughout business units
- **Operational EPS up by 30% to EUR 0.39** (2016: 0.30, including SBS)
- **Leverage down to 2.2** (2016: 3.3), reaching the long-term target level
- **Improved Outlook for FY 2017: Operational EBIT margin expected to be above 12%**  
(as revised on October 24, 2017)

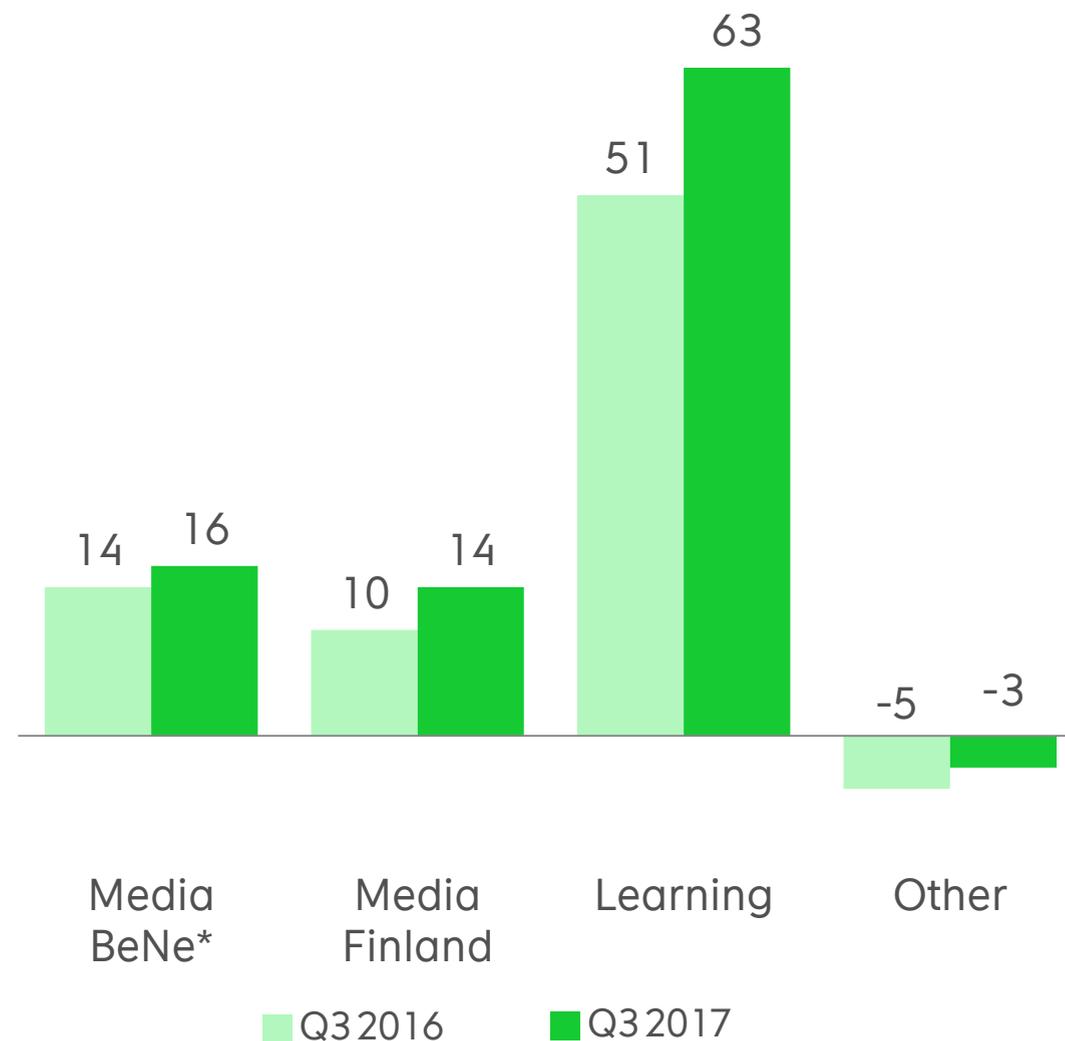
# Sanoma Q3 2017

## Significant improvement in operational EBIT across all businesses

EUR million	Q3 17	Q3 16	Change
<b>Net sales adjusted for SBS</b>	<b>405</b>	<b>388</b>	
<b>Organic growth</b>	<b>5%</b>	<b>-2%</b>	
Net sales	405	438	
<b>Operational EBIT adjusted for SBS</b>	<b>89</b>	<b>70</b>	<b>27%</b>
Operational EBIT	89	78	

### Q3 Operational EBIT

EUR million



\*Adjusted for SBS

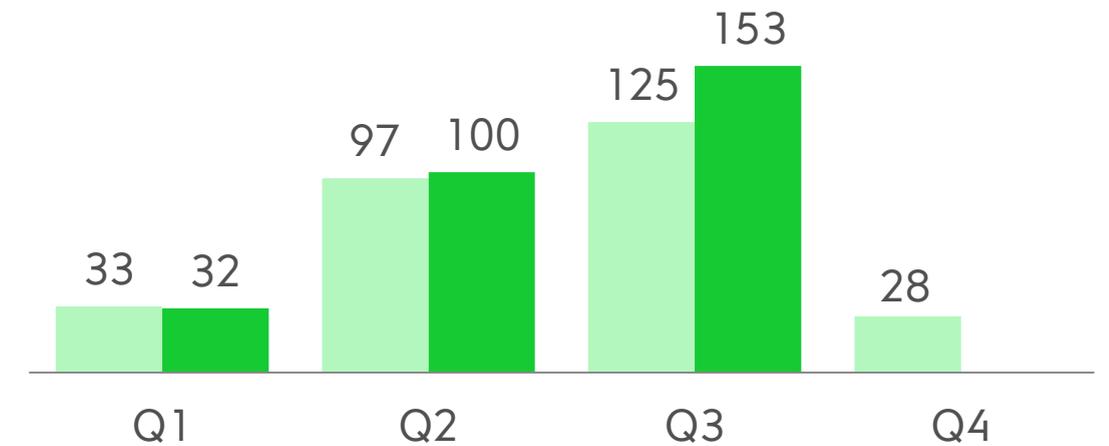
# Learning YTD Q3

## Strong sales growth

- **Net Sales grew organically 10%**
  - Successful sales of new learning methods in a favorable market situation in Poland
  - Partial recovery of sales in the Netherlands
- Operational EBIT stable
  - **Strong EBIT in Q3** compensating for higher development costs in Q2
  - Continuing higher depreciation & amortisation as well as start up costs of the Safety training (SAM) initiative

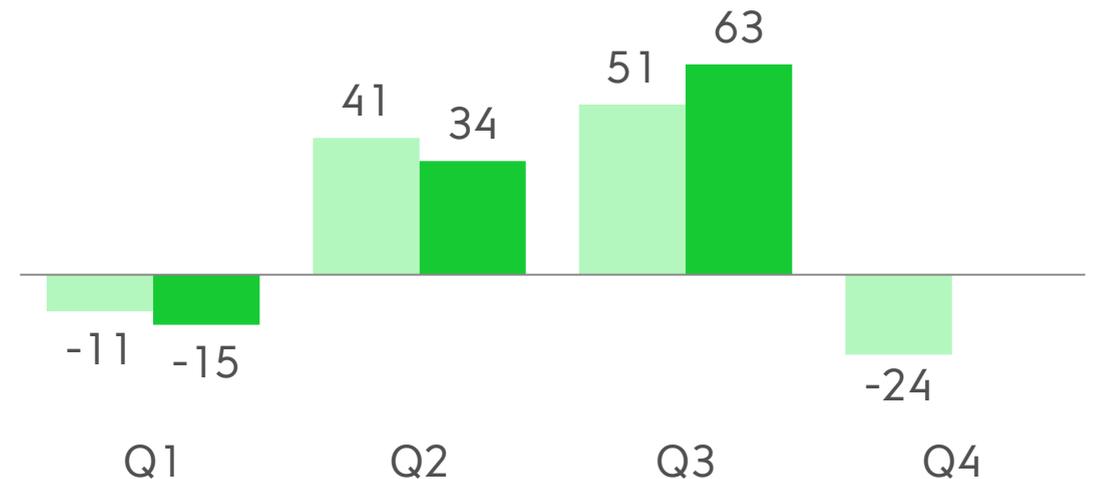
### Quarterly net sales, EUR million

YTD Q3 EUR 285 million (2016:255)



### Quarterly operational EBIT, EUR million

YTD Q3 EUR 82 million (2016:81)

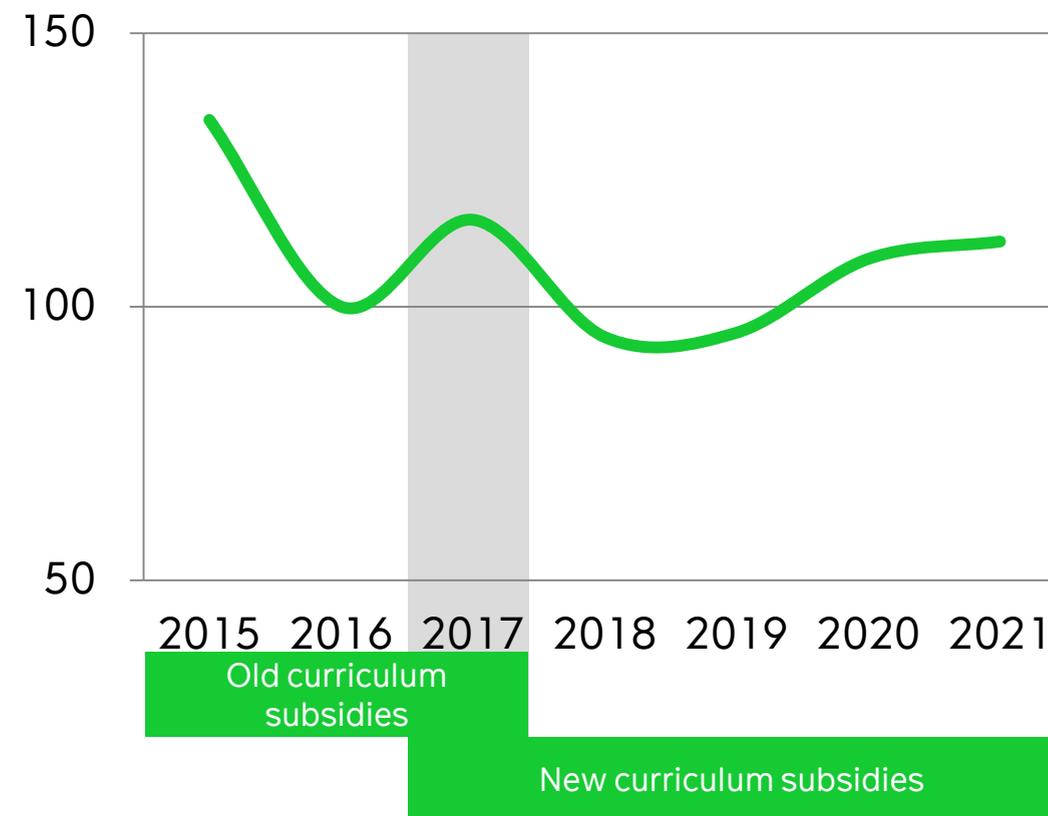


# Exceptionally positive market momentum in Poland

- Polish market benefits from a unique situation in 2017 of two overlapping curriculum reforms
- **Sanoma has gained share** in the Polish market with 'one-stop-shop' concept
  - Part of higher sales is third party products generating only a distribution margin to Sanoma
- Higher sales especially in Q3 have compensated for the costs related to curriculum reforms earlier in 2017

## Polish market\* benefits in 2017 from curriculum reforms

(index 2016 = 100)



\*Source: Ministry of Education in Poland and Sanoma estimates. Market size development 2018–2021 is based on topics and grades where Sanoma is active.

# Finnish Measured Media Advertising Markets

	Q1 16	Q2 16	Q3 16	FY 16	Q1 17	Q2 17	Q3 17
Newspapers	-6%	-5%	-3%	-4%	-9%	-12%	-12%
Magazines	-11%	-10%	-4%	-9%	-7%	-12%	-9%
TV	-2%	-4%	+2%	-1%	-6%	-7%	-4%
Radio	+15%	+3%	+2%	+3%	+4%	+0%	+8%
Online*	+5%	+18%	+17%	+13%	+8%	+1%	+10%
<b>Total market*</b>	<b>-1%</b>	<b>-1%</b>	<b>+1%</b>	<b>+1%</b>	<b>-3%</b>	<b>-5%</b>	<b>-2%</b>

Source: Kantar TNS, Media advertising trends 8/2017

\* Quarterly figures excl. online search, Full year numbers are based on a larger amount of data than quarterly numbers and include online search. Total market includes other smaller categories such as cinema and outdoor advertising.

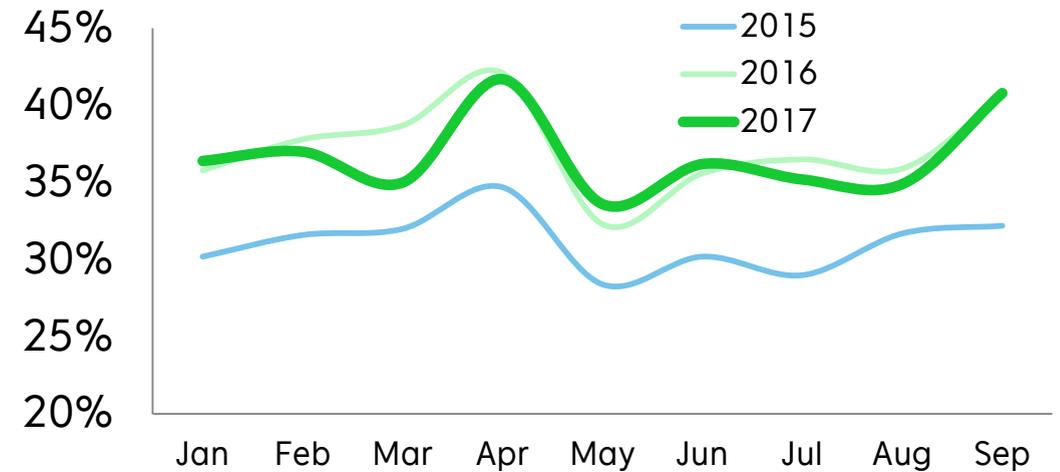
# Media Finland Q3

Cost innovations continued to support profitability improvement

- Net sales were stable, adjusted for structural changes
- **Non-print sales continued to increase** and represented 42% of total
- **Operational EBIT improved 38%** supported by cost innovations
- The total number of **HS subscriptions** increased for the fifth month in a row to **379.000**
- **Nelonen** channels were **the most watched** and reach of Ruutu VOD increased 79% compared to Q3 2016

## Nelonen TV viewing share

Commercial TV (10-44 years)



# IS

Steady online YTD growth for the biggest news outlet

+4%

Weekly visits

+14%

Time spent weekly on site

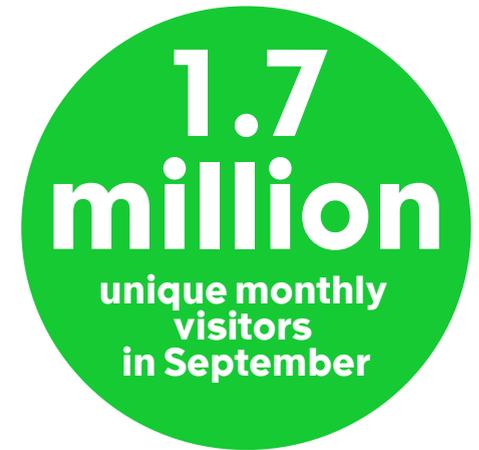
# Media BeNe Q3

## Continuous profitability improvement

- **EBIT** adjusted for SBS **improved 9%** as a result of cost innovations in the support functions
- Net sales adjusted for structural changes declined by 5%, in line with market
- **All-time-high online reach** for libelle.nl in September
- NU.nl user engagement increased 11% to **record high level**

libelle.nl all-time-high reach in September:

libelle



**Successful events:**

vtwonen & design event visitors clearly higher



# Group Outlook for 2017

As revised on October 24

Sanoma expects that the Group's

- Consolidated net sales adjusted for structural changes, including the divestment of SBS, will be stable
- The operational EBIT margin will be **above 12%**.



# Financials

# Q3 Comparable Operational EBIT, adjusted for SBS, improved significantly

## Media BeNe:

- + Cost innovations in print and online portfolio
- Lower advertising in the Netherlands
- Lower sales in Belgium

## Media Finland:

- + Cost innovations
- + Growth in non-print sales
- + Growth in HS subscription sales
- Amortisation related to ice hockey TV rights at the same level as in Q3 2016

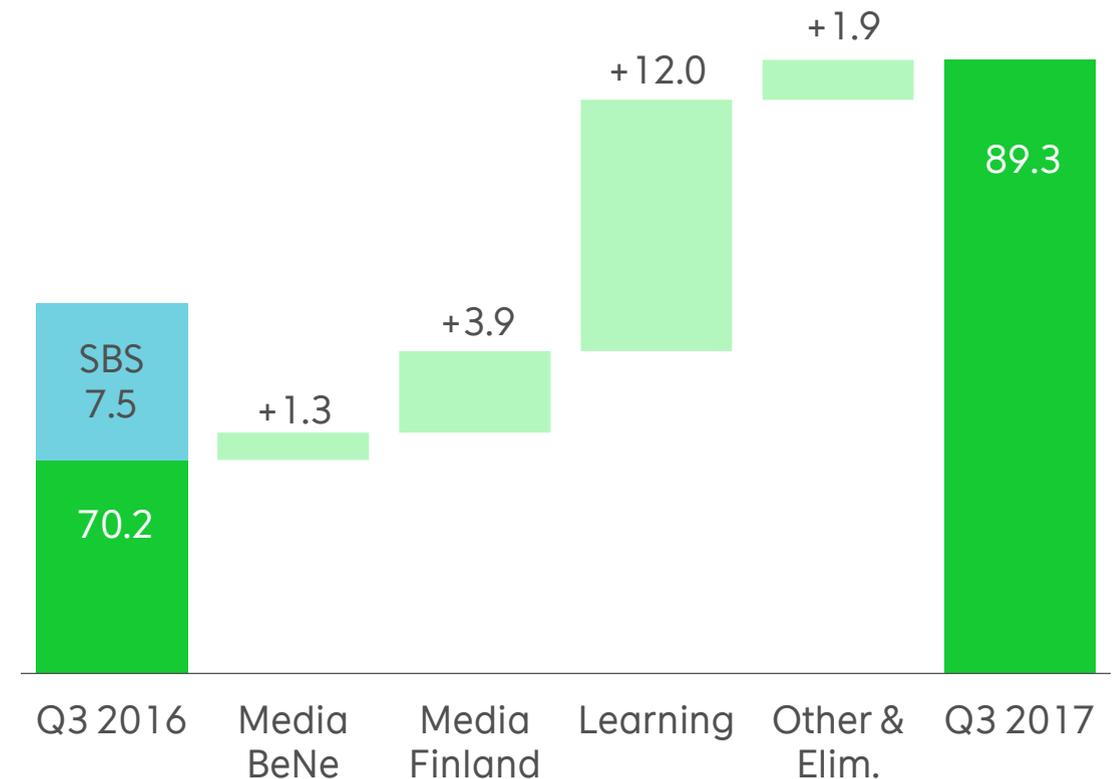
## Learning:

- + Strong sales in Poland and partial catch up in the Netherlands after soft Q2
- + Cost innovations and integration benefits
- Higher development costs and SAM
- Lower sales in Finland due to different timing vs. last year

## Other:

- + Cost reductions and changes in internal allocations bringing more of the costs into the operating units

EUR million



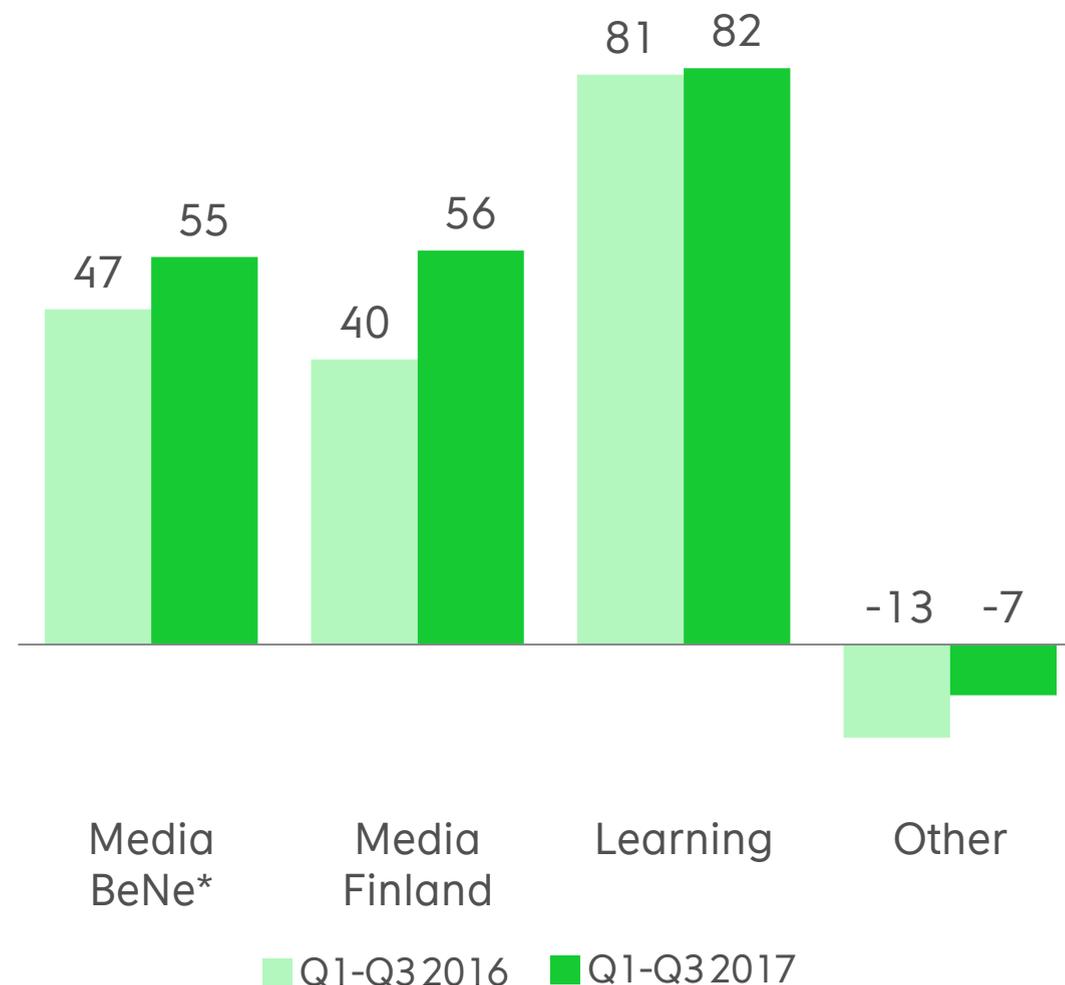
# Sanoma Q1-Q3 2017

## Strong operational improvement in Media businesses

EUR million	Q1-Q3 17	Q1-Q3 16	Change
<b>Net sales adjusted for SBS</b>	<b>1,083</b>	<b>1,079</b>	
<b>Organic growth adjusted for SBS</b>	<b>1%</b>	<b>0%</b>	
Net sales	1,190	1,241	
<b>Operational EBIT adjusted for SBS</b>	<b>185</b>	<b>155</b>	<b>19 %</b>
Operational EBIT	182	167	

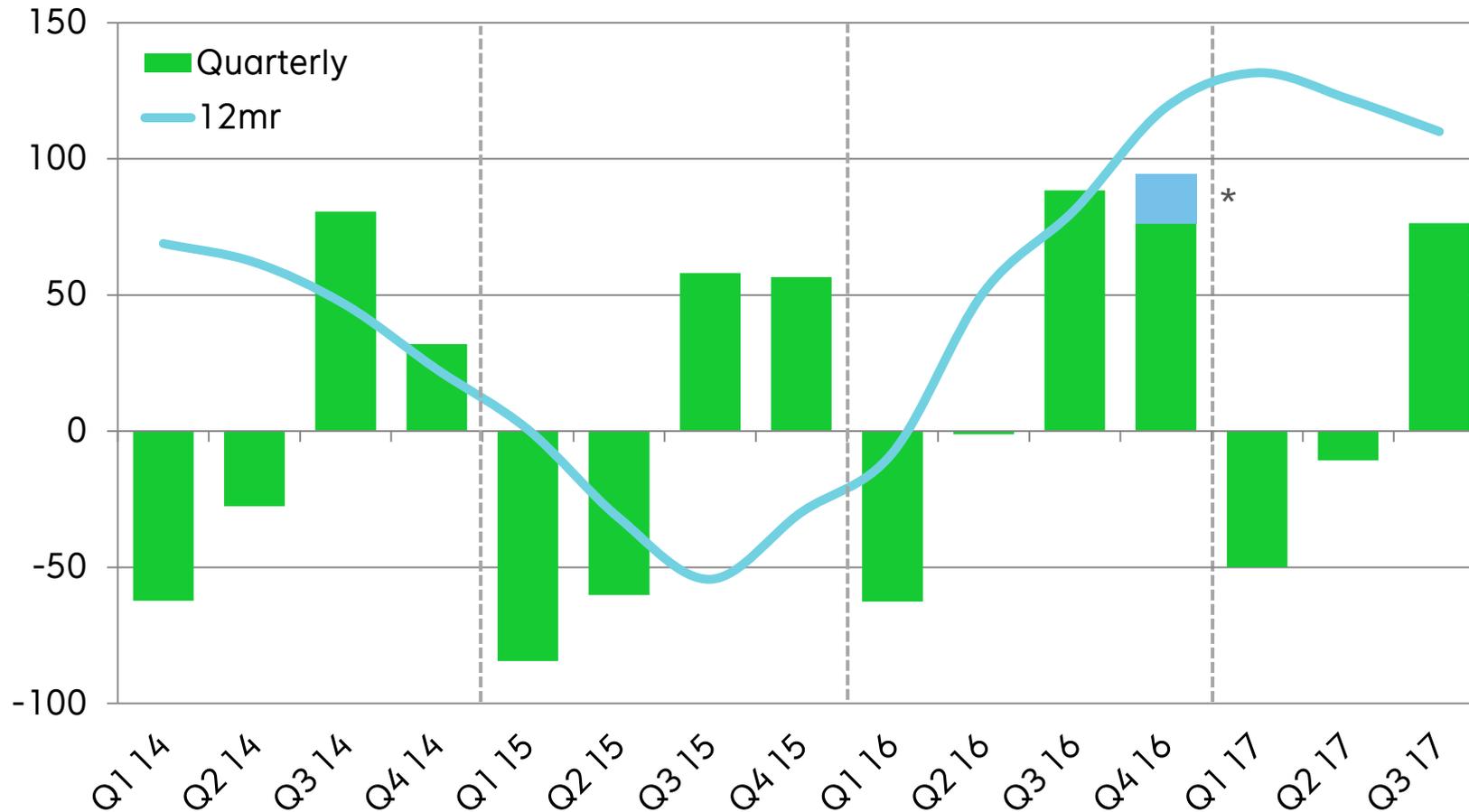
### Q1-Q3 Operational EBIT

EUR million



\*Adjusted for SBS

# Free Cash Flow (12 mr) on a good level



Free cash flow = Cash flow from operations less cash capex

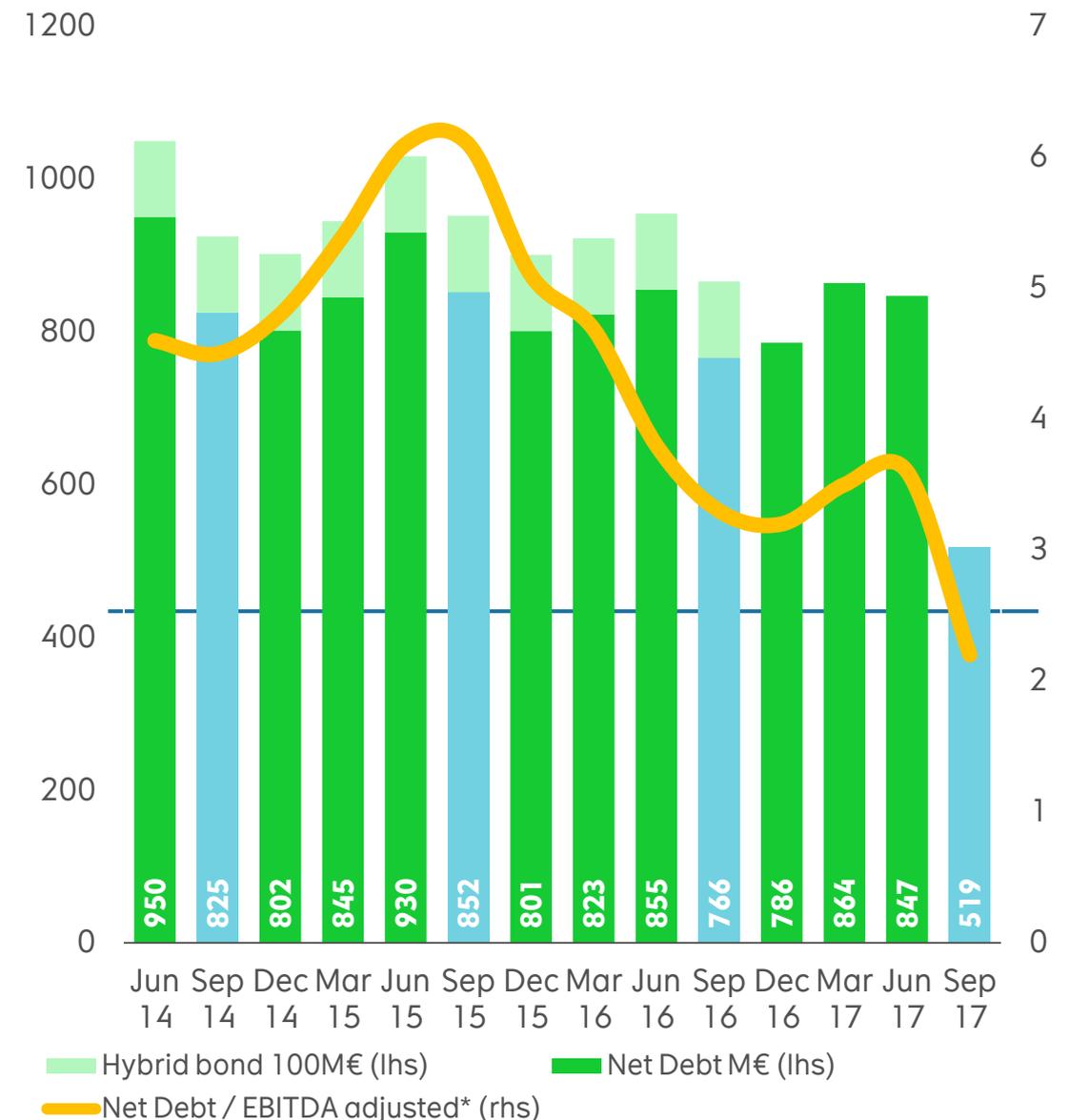
## YTD Q3 2017

- + Higher EBITDA
- + Significantly lower financial items
- Working capital change
- Higher taxes paid

\* Exceptional positive working capital change in Q4 2016

# Leveraging reached long term target level

- Net debt to adjusted EBITDA\* at 2.2 at the end of Q3 (2016: 3.3); **reached long term target** level of below 2.5
- EUR 237 million from SBS divestment was used to reduce debt
- Net debt EUR 519 million at the end of Q3 (2016:766)
- Net financial items EUR -16 million YTD 2017 (2016:-24)



\* 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

# Q&A

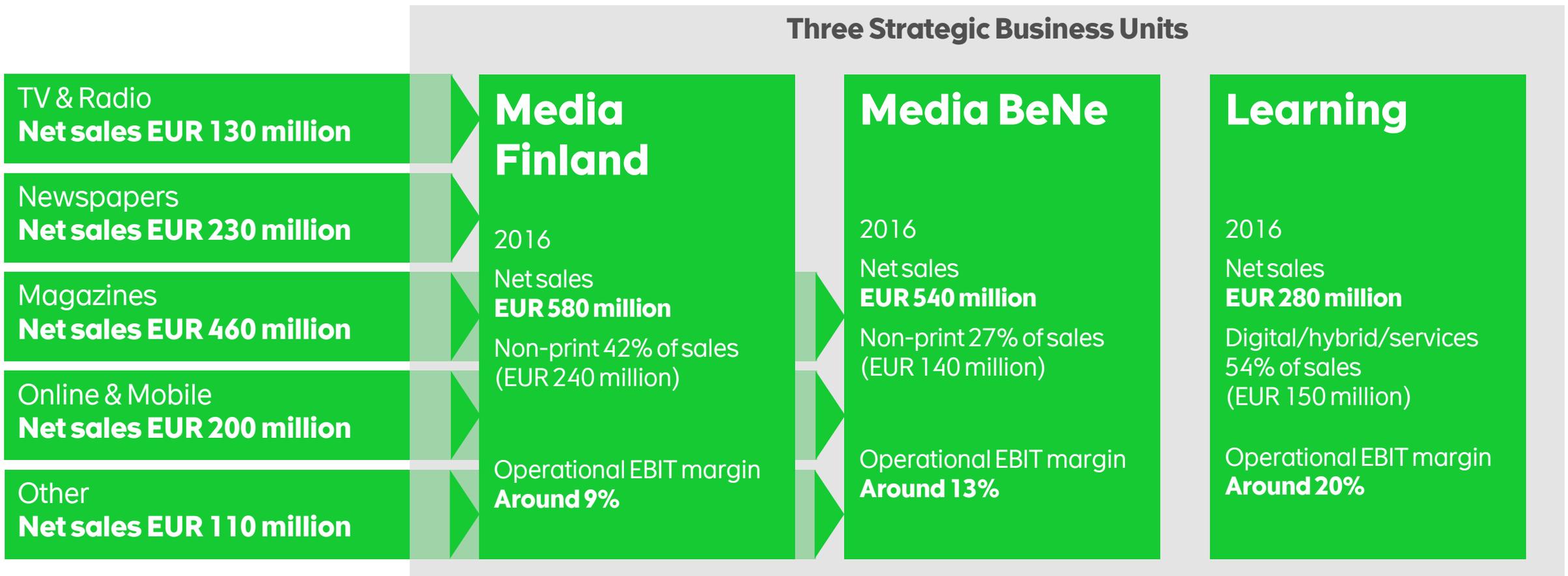
# Reported Income Statement

EUR million	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
<b>Net sales</b>	<b>404.6</b>	438.1	<b>1,189.9</b>	1,241.0	1,639.1
<b>Operational EBITDA</b>	<b>124.5</b>	139.3	<b>354.9</b>	365.7	452.4
<b>Operational EBIT</b>	<b>89.3</b>	77.7	<b>182.4</b>	166.5	167.9
Items affecting comparability	-3.0	-2.6	-434.4	53.3	28.7
<b>Operating profit</b>	<b>86.3</b>	75.1	<b>-252.0</b>	219.8	196.6
Total financial items	-4.6	-6.1	-15.6	-23.8	-37.0
<b>Result before taxes</b>	<b>82.0</b>	68.6	<b>-266.4</b>	195.6	157.2
Income taxes	-20.7	-17.3	-44.6	-47.5	-41.2
<b>Result for the period</b>	<b>61.3</b>	51.3	<b>-310.9</b>	148.1	116.0
Result attributable to:					
Equity holders of the parent company	60.8	48.8	-174.5	142.5	110.8
Non-controlling interests	0.4	2.5	-136.4	5.5	5.2
<b>Earnings per share</b>	<b>0.37</b>	0.29	<b>-1.07</b>	0.85	0.65
<b>Operational EPS</b>	<b>0.39</b>	0.30	<b>0.73</b>	0.58	0.51

# Sanoma 2016 excluding SBS

Net sales EUR 1,407 million – non-print sales in media and learning 38% (EUR 540 million)

Operational EBIT margin above 10%



NOTE: Figures rounded to closest EUR 10 million.

# Largest Shareholders

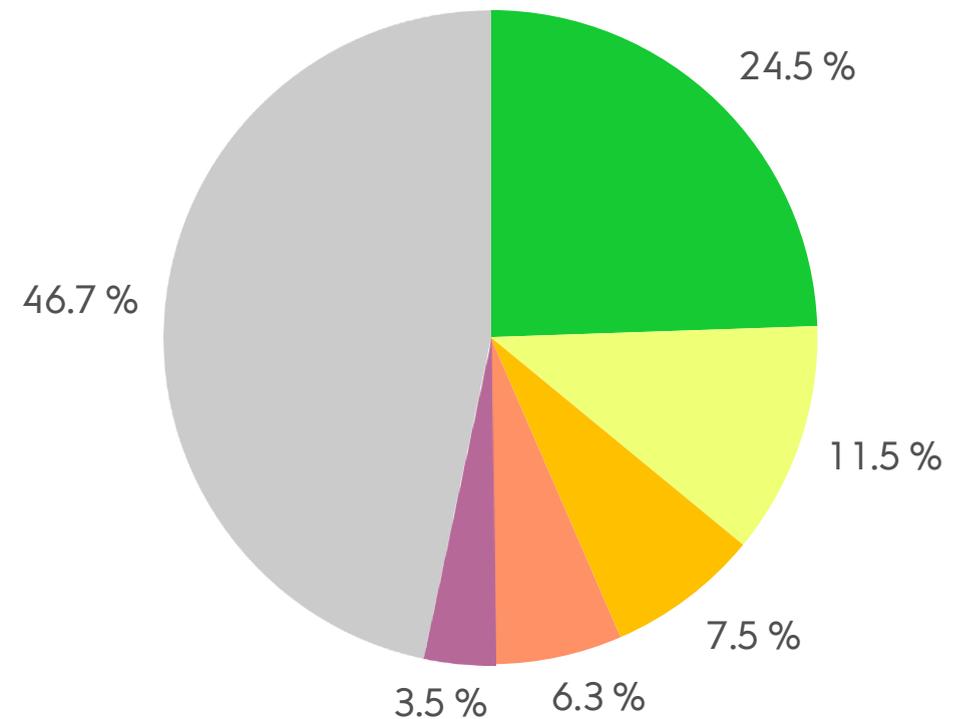
30 September 2017

	% of shares and votes
1. Jane and Aatos Erkko Foundation	24.46
2. Antti Herlin (Holding Manutas Oy: 11.47%, personal: 0.02%)	11.69
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	1.23
8. Alex Noyer	1.19
9. The State Pension Fund	1.14
10. Lorna Auboin	1.14
<b>Foreign ownership in total*</b>	<b>17.64%</b>
<b>Total number of shares</b>	<b>162,812,093</b>
<b>Total number of shareholders</b>	<b>21,099</b>

Institutional investors: around 70% of shares

Private investors: around 30% of shares

\*Including nominee registered shareholders



■ Jane and Aatos Erkko Foundation    ■ Antti Herlin  
■ Robin Langenskiöld    ■ Rafaela Seppälä  
■ Helsingin Sanomat Foundation    ■ Others

# Media Advertising Markets

<b>Netherlands*</b>	<b>Q1 16</b>	<b>Q2 16</b>	<b>Q3 16</b>	<b>FY 16</b>	<b>Q1 17</b>	<b>Q2 17</b>	<b>Preliminary estimate on Q3 17*</b>
Magazines	-11%	-11%	-11%	-10%	-6%	-4%	-14%
Online*	+10%	+14%	+8%	+11%	+13%	+13%	+10%
<b>Total market*</b>	<b>+4%</b>	<b>+4%</b>	<b>+1%</b>	<b>+3%</b>	<b>+3%</b>	<b>+3%</b>	<b>+3%</b>

\*Source: NL: Sanoma internal estimates, incl. online search.

# Important Notice

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