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Q2 2014 Interim Report

Harri-Pekka Kaukonen, President and CEO

Kim Ignatius, CFO

25 July 2014

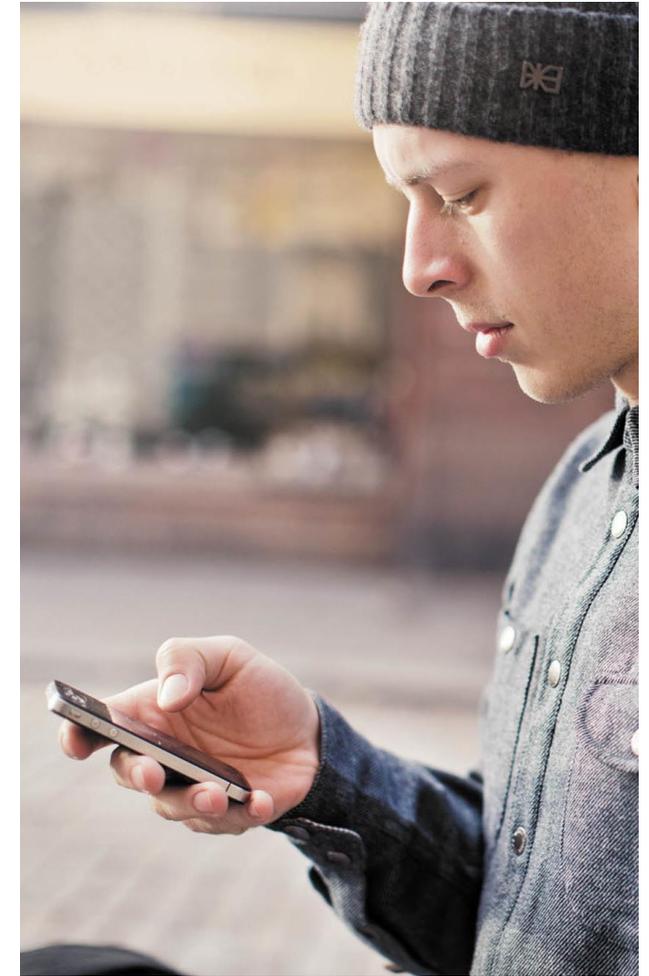
Strategy proceeding well – new media sales grew by 6.7%

Good quarter supported by timing shifts

Q2 2014 – signs of improving operating performance

- **Organic growth** -1.0% vs. -6.3% in Q1 2014
- **Dutch TV** strong despite FIFA World Cup
- **Focus titles** in the Netherlands performed better than non-focus titles
- **Learning** growing supported by digital solutions
- **Cost savings programme** well on track
- **Divestments** of non-core operations proceeding
- **Finland** – difficult market environment continued

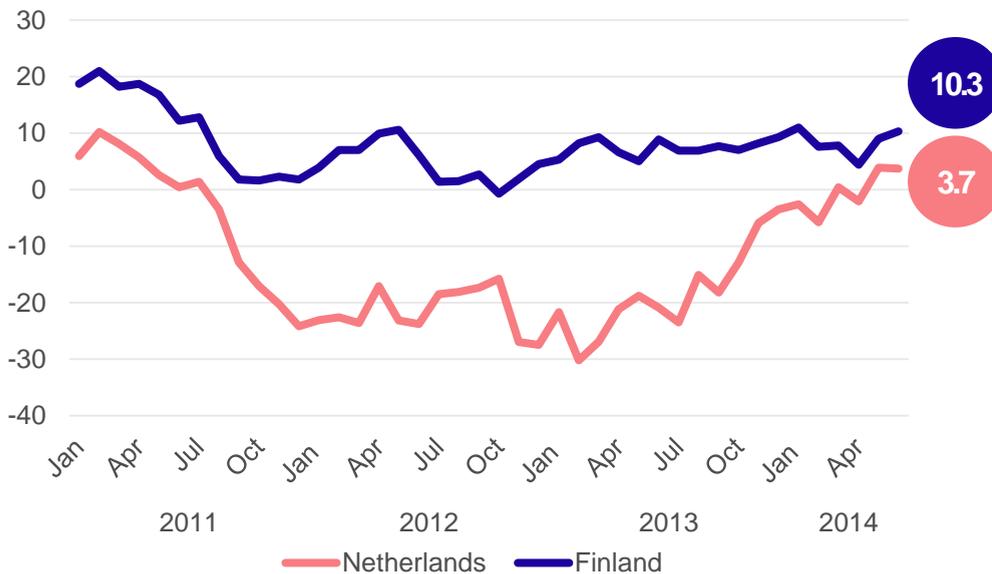
Key figures	Q2 2014
Net sales	EUR 533.1 (558.2) million, organic growth -1.0%
New media sales	EUR 145.7 (136.5) million
EBIT excl. non-recurring items	EUR 66.3 (68.1) million
Earnings per share, excl. non-recurring items	EUR 0.23 (0.27)



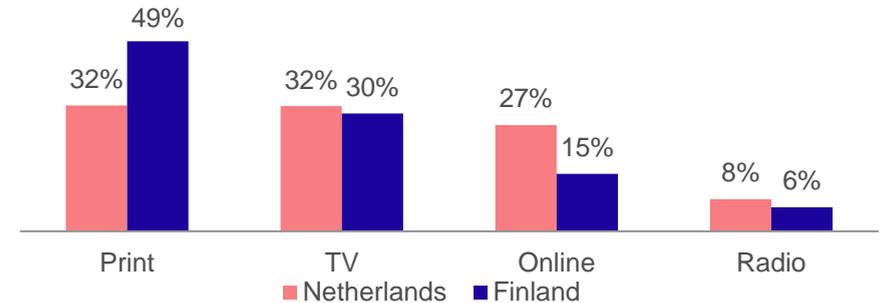
Market environment improved in the Netherlands

- Strong momentum in TV advertising continued in the Netherlands
- Finnish advertising market remained sluggish for print and TV but online and radio grew well

Consumer confidence*



Advertising market – split by type



Advertising market** Change in % vs. prior year

Netherlands	FY/2011	FY/2012	FY/2013	Q1/2014	Q2/2014
Magazines	-4	-12	-17	-13	-10
TV	+4	-6	-2	+7	+8
Online	+9	-1	-3	+4	+4
Total ad market***	+5	-5	-4	+4	+5

Finland	FY/2011	FY/2012	FY/2013	Q1/2014	Q2/2014
Newspapers	+3	-9	-16	-12	-6
Magazines	+2	-8	-13	-18	-12
TV	+7	-1	-2	-4	-6
Radio	+22	-5	-4	+12	+9
Online	+25	+10	+6	+13	+16
Total ad market	+7	-4	-9	-5	-2

*Source: European Commission.

**Net figures, excluding online search. NL : Sanoma estimates, FIN: TNS Gallup.

***Weighted average of magazines, TV and online (excluding search).

Sanoma Redesign – strategic update

Recent developments

Strategic objectives

#1 consumer media company in the Netherlands and Finland
#1 learning company in all operating markets

Lead and grow strategic focus areas

Consumer media (39%* of net sales in new media in the NL and FIN)

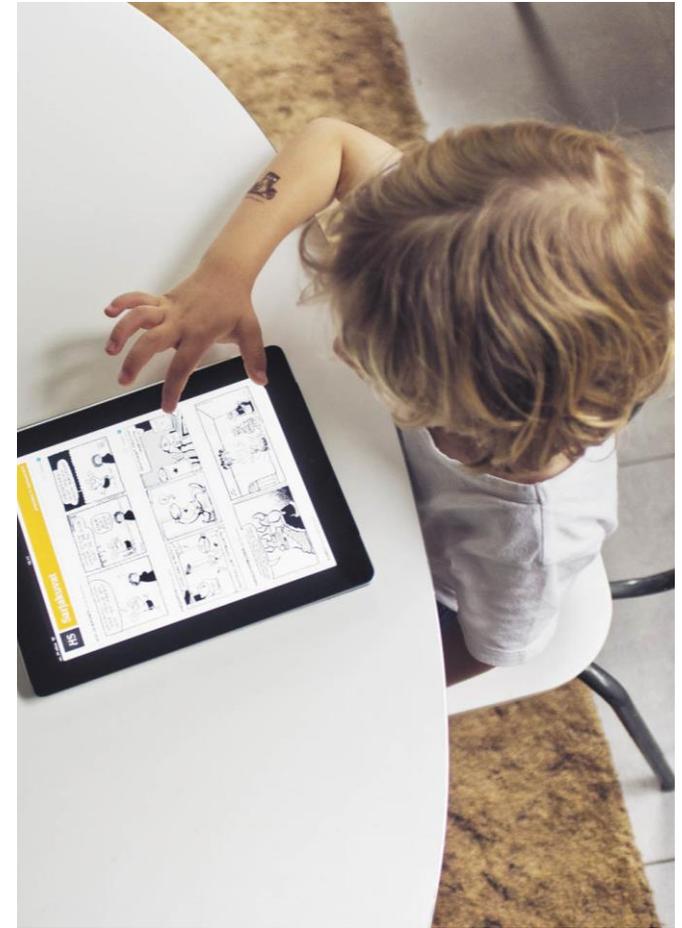
- NL: New media sales compensated decline in print thanks to SBS
- FI: Good growth in radio as well as in online-TV (Ruutu)

Learning (48%* of net sales is digital/hybrid and services)

- Netherlands on good growth track supported by digital products
- Updated version of digital platform Bingel in Belgium to be launched

Fund the journey

- EUR 100 million (gross) cost savings programme: annual run-rate of just above EUR 50 million
- ICT infrastructure and support functions centralised to Wipro
- 22 Dutch magazine titles divested on two separate deals
- Four Finnish magazine titles sold
- Hungarian media operations divested
- Belgian TV operations sold



A large indoor arena with a swimming pool, stage, and lighting rig. The scene is illuminated with blue and purple lights, creating a vibrant atmosphere. A camera on a dolly is in the foreground, and a large screen displays a logo. The arena is filled with people and equipment, suggesting a live event or performance.

A few highlights of Q2

Netherlands – "SBS Broadcasting the fastest growing broadcaster"



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

Learning – Malmberg Netherlands growing supported by new digital solutions

MALMBERG

- Growth in Learning Netherlands +4% in H1
- Introduction of adaptive personalised learning solutions
 - **Primary Education:**
More than 1 million pupils work with Malmberg's learning platform
 - **Secondary Education:**
Successful launch of new digital learning platform
 - **Vocational Education:**
Introduction of new digital products



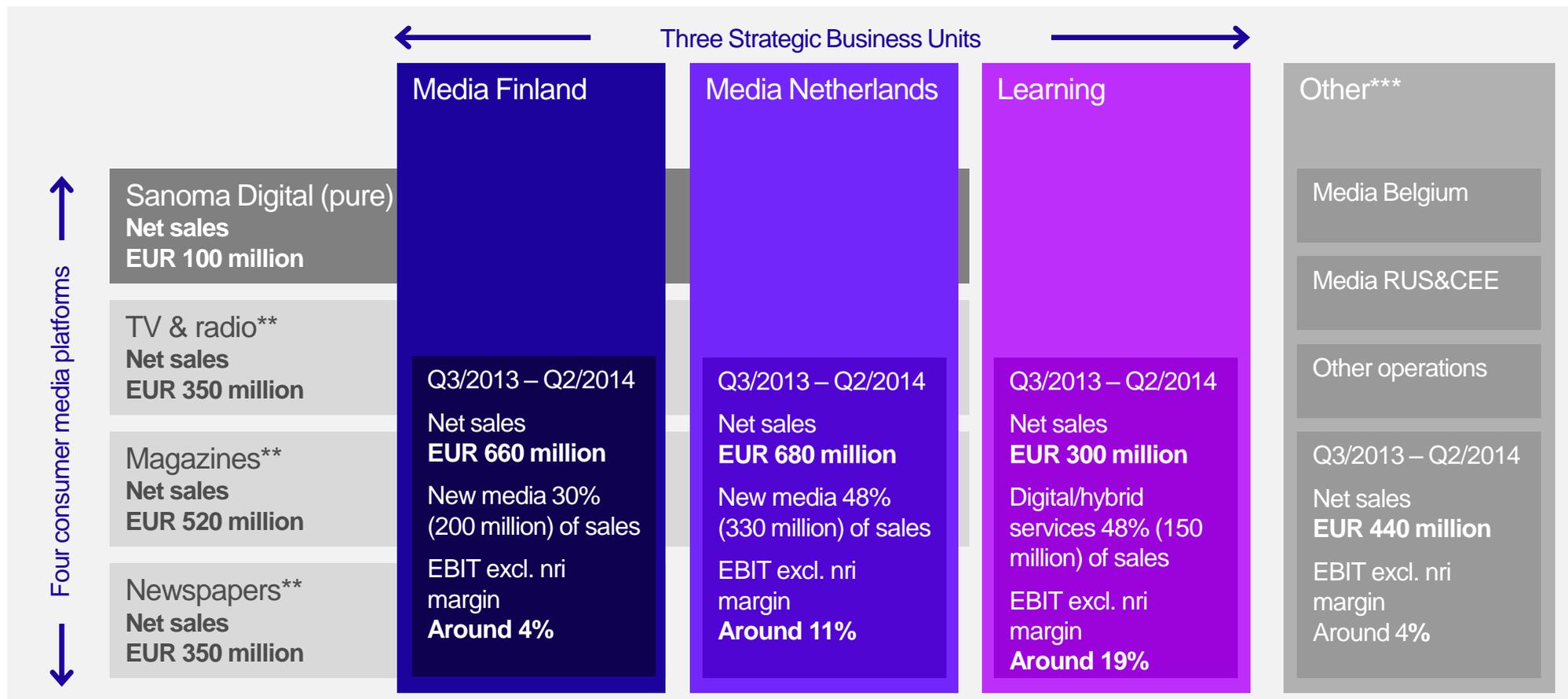
Cost savings programme well on track



- EUR 100 million cost savings programme
 - Run-rate is now over EUR 50 million
 - Non-recurring items related to savings programme around EUR 51 million
 - Actual savings in Q2 EUR 12 million
 - Finland contributing to large part of savings
 - Savings targeted at fixed expenses
- ICT infrastructure and support functions centralised to external partner in June
 - Savings start to materialise in H2 2014

Summary of operating performance

Last 12 months* – New media sales EUR 530 million in Media Finland and Media Netherlands



*Figures rounded to closest EUR 10 million.

**Includes transformational digital sales of media platforms totalling around EUR 65 million.

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

Financials

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Income Statement

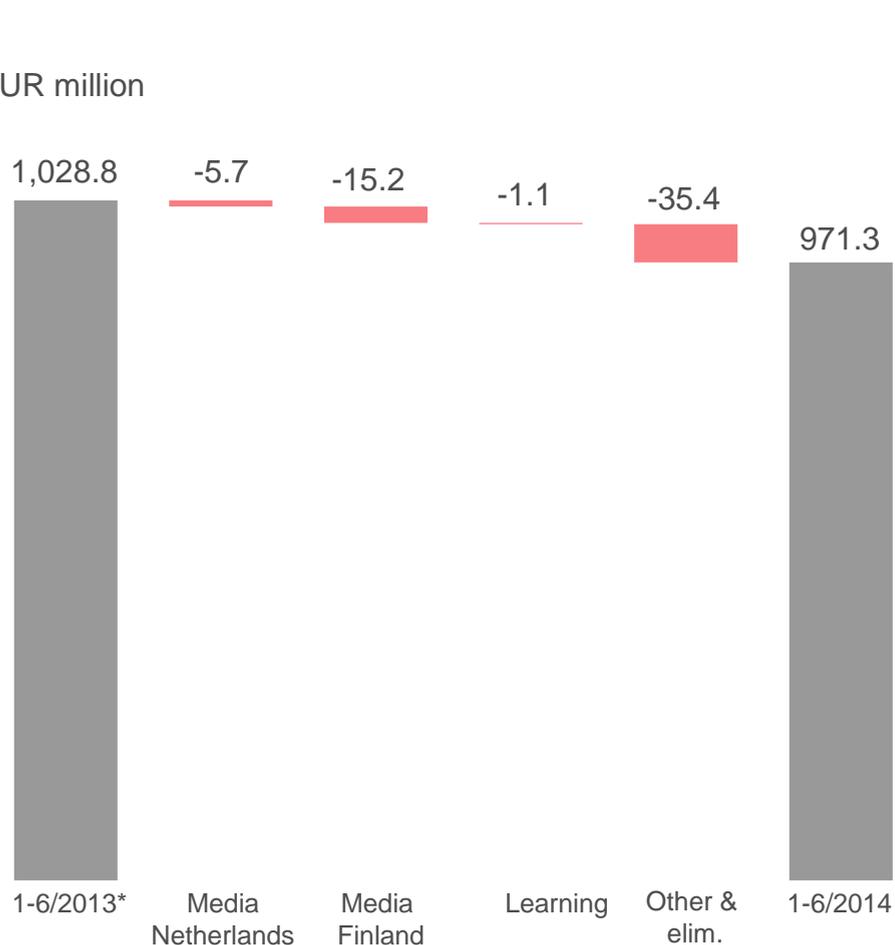
EUR million	4–6/2014	Restated* 4–6/2013	1–6/2014	Restated* 1–6/2013	Restated* 1–12/2013
Net sales	533.1	558.2	971.3	1,028.8	2,083.5
EBITDA excl. non-recurring items	133.4	135.5	198.9	205.1	436.6
<i>of net sales</i>	25.0%	24.3%	20.5%	19.9%	21.0%
Amortisations related to TV programme rights	-41.9	-38.5	-85.0	-82.4	-171.1
Amortisations related to prepublication rights	-6.3	-6.0	-12.6	-11.9	-23.4
Other amortisations	-12.6	-14.5	-25.6	-27.6	-53.4
Depreciations	-6.3	-8.5	-13.4	-17.7	-34.0
EBIT excl. non-recurring items	66.3	68.1	62.3	65.5	154.6
<i>of net sales</i>	12.4%	12.2%	6.4%	6.4%	7.4%
Non-recurring items	-63.0	-27.3	103.0	-64.5	-412.4
Total financial items	-10.1	-12.7	-23.5	-27.5	-53.0
Profit before taxes	-6.6	29.5	142.0	-25.1	-309.5
EPS excl. non-recurring items, EUR	0.23	0.27	0.14	0.23	0.54
Cash flow from operations / share, EUR	-0.09	0.00	-0.41	-0.40	0.73

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

Net sales development – H1 2014

H1 2014

EUR million



	1-6/2014 EUR million	1-6/2013 EUR million	1-6/2014 organic growth, %
Group	971.3	1,028.8	-3.5
Media Netherlands	326.0	331.7	-2.0
Media Finland	323.7	338.9	-4.5
Learning	148.1	149.2	+1.6
Other & elim.	173.6	209.0	-8.8

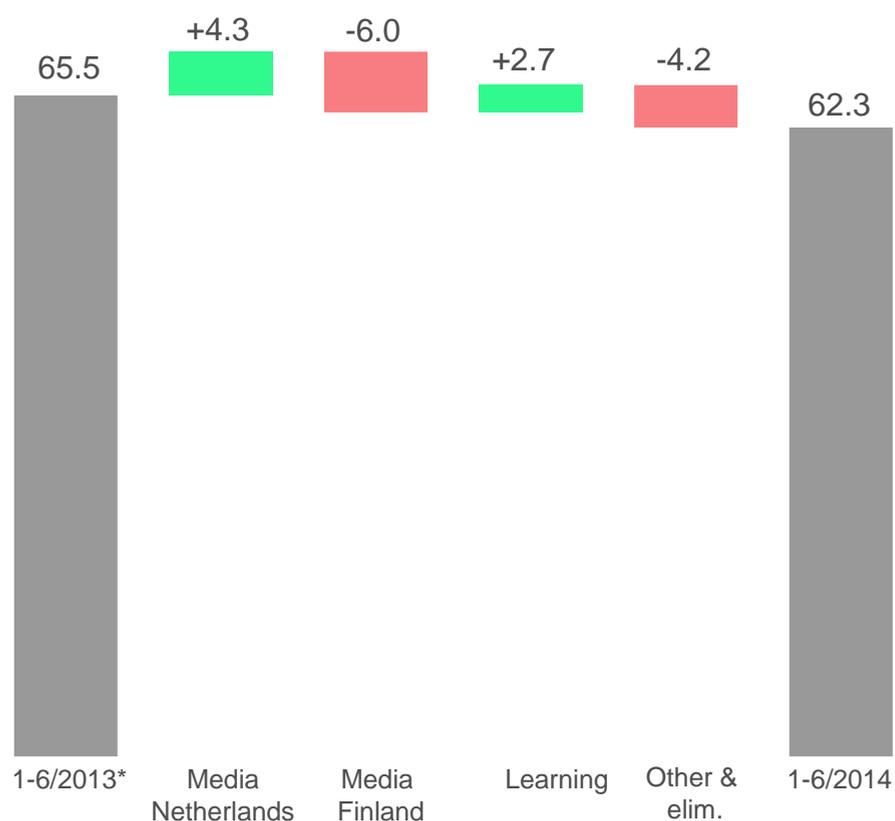
- Media Netherlands:** Growth in TV and online & mobile advertising did not fully off-set decline in print advertising and circulation sales
- Media Finland:** Decline in net sales is due to lower advertising sales. Good growth in pay-TV and online & mobile
- Learning:** Net sales lower due to divestments. Underlying development slightly positive
- Other:** Decline mainly due to divestments and press distribution sales

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

EBIT excl. non-recurring items development – H1 2014

H1 2014

EUR million



EUR million	1-6/2014	1-6/2013
Group	62.3	65.5
Media Netherlands	29.8	25.6
Media Finland	7.9	14.0
Learning	34.2	31.5
Other & elim.	-9.6	-5.5

- Media
 - + Cost efficiency
- Netherlands:
 - + Lower TV costs & higher TV sales
 - Print sales
- Media Finland:
 - + Cost savings
 - Print advertising and circulation sales
 - Increased rents due to sale and leasebacks
 - Investments in pay-TV
- Learning:
 - + Divestment of Hungary which was negative on EBIT in H1 2013. Underlying EBIT slightly positive
- Other:
 - Divestments
 - Higher costs related to transformation programme

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

Free cash flow

Cash flow from operations less cash CAPEX

EUR million	4–6/2014	Restated* 4–6/2013	1–6/2014	Restated* 1–6/2013	Restated* 1–12/2013
EBITDA excl. non-recurring items	133.4	135.5	198.9	205.1	436.6
TV programme costs	-41.5	-32.1	-86.3	-87.9	-186.4
Prepublication costs	-7.1	-8.1	-14.2	-14.6	-31.2
Change in working capital	-51.6	-60.9	-79.5	-98.1	19.8
Interest paid	-4.7	-7.4	-29.0	-34.2	-47.3
Other financial items	-3.3	-1.2	-5.8	-4.1	-4.2
Taxes paid	-10.0	-15.0	-16.0	-16.9	-25.7
Other adjustments	-29.6	-11.2	-34.6	-15.2	-42.5
Cash flow from operations	-14.2	-0.3	-66.3	-65.9	119.1
Cash CAPEX	-13.3	-20.3	-23.6	-32.9	-66.1
Free cash flow	-27.6	-20.7	-89.9	-98.8	53.0

Note: Proceeds from sale of assets and operations in H1 2014 amounted to EUR 287 million

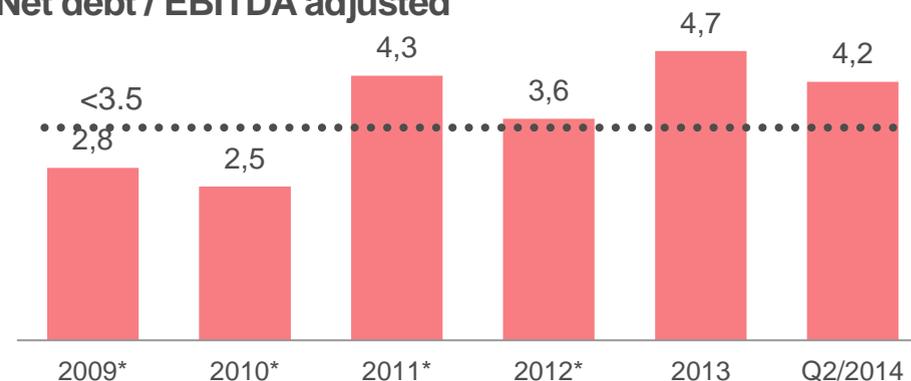
* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

Capital structure

30 June 2014

- Net debt EUR 950 million (Q2 2013: 1,408)
 - Net debt / EBITDA adjusted 4.2 times (5.5*)
 - 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 1.7 times (3.6*)
 - Average interest rate around 3.0% p.a.
 - Interest sensitivity** is around EUR 3 million and duration is 18 months
- Equity totalled EUR 1,241 million (1,373)
 - Divestments and IAS 19 pension calculation impacted equity negatively during Q2
- Equity ratio 40.3% (38.1%)
- Gearing 76.6% (102.5%)

Net debt / EBITDA adjusted



Committed credit facilities profile***



*Figures not restated based on IFRS 11.

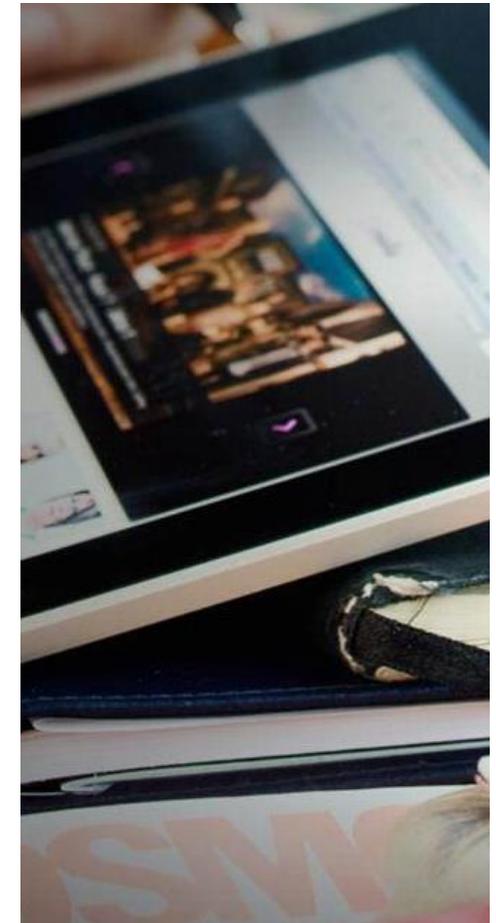
** Should the level in market interest rates make a parallel shift of one percentage point.

*** Including the EUR 400 million bond maturing in 2017 and excluding current account limits.

Structural changes have negative impact on EBIT in H2 2014

Some negative elements impacting EBIT:

- **Media Finland**
 - Sale and leasebacks increase rent costs, net EBIT impact around EUR 5 million
- **Learning**
 - Timing shifts between quarters
 - Sale of Hungarian operations, around EUR 4 million in Q3 2013
- **Other**
 - Multiple divestments, around EUR 5 million



Group outlook for 2014 and mid-term (unchanged)

Outlook	2013 actuals (IFRS 11 restated)	2014 outlook	Mid-term outlook (2016->)
Net sales growth (organic)	EUR 2,083.5 million	'Decline somewhat'	'Return to organic growth'
EBIT margin, excluding non-recurring items	EUR 154.6 million, 7.4% of net sales	'Below previous year's level'	'Around 10% of net sales'

Main drivers for the 2014 EBIT outlook

- + EUR 100 million gross cost savings programme, will realise partly in 2014
- Underlying development in print circulation and print advertising markets
- Increased investments in digital business in Consumer Media and in tutoring and emerging markets in Learning, impact around EUR 20 million
- Sale and leaseback of real estate (Sanoma House and Sanomala), net impact of rents and depreciations around EUR 10 million

Divestments will impact net sales and EBIT

- Therefore net sales outlook reflects organic growth, i.e. adjusted for structural changes
- Divestments and acquisitions done estimated to have impact on net sales of around EUR -120 million in 2014

Mid-term outlook

Based on the execution of the strategic redesign, Sanoma expects that from 2016 onwards the Group's consolidated net sales will return to organic growth. The operating profit margin excluding non-recurring items is targeted to be around 10% of net sales. Sanoma is targeting for a net debt to EBITDA ratio below 3.5.

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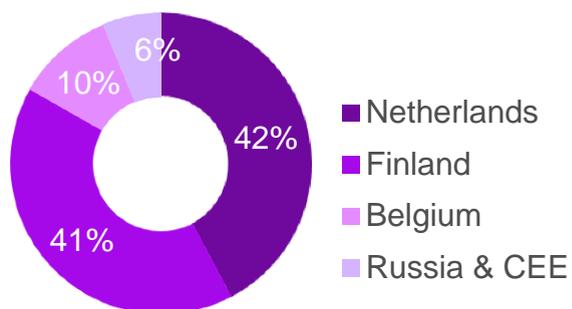
Appendix 1

Net sales split – last 12 months

Net sales EUR 2,026 million | EBIT excl. nri EUR 151.9 million

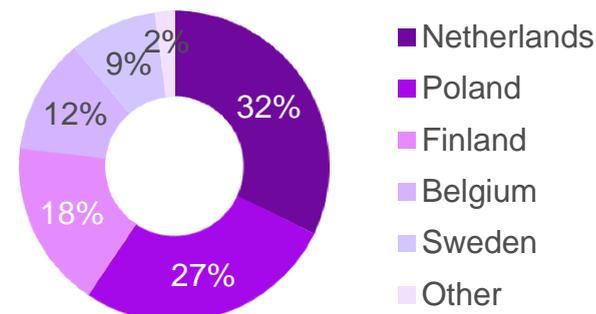
Media operations in total

Netherlands and Finland 83% of net sales



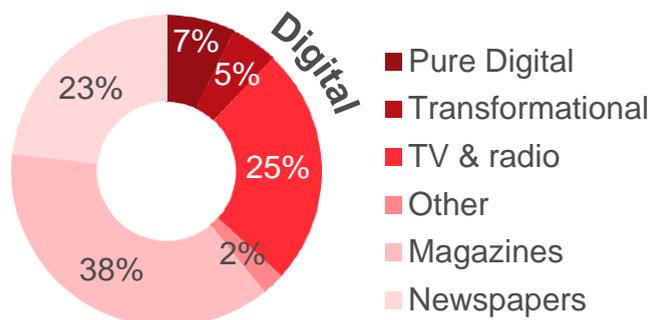
Learning

Diversified portfolio with five key markets



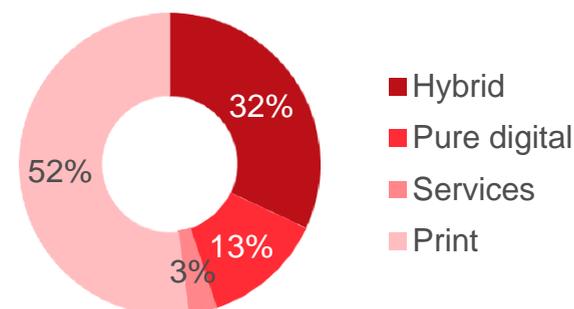
Consumer media (NL and FIN)

39% of net sales in new media (EUR 526 million)



Learning

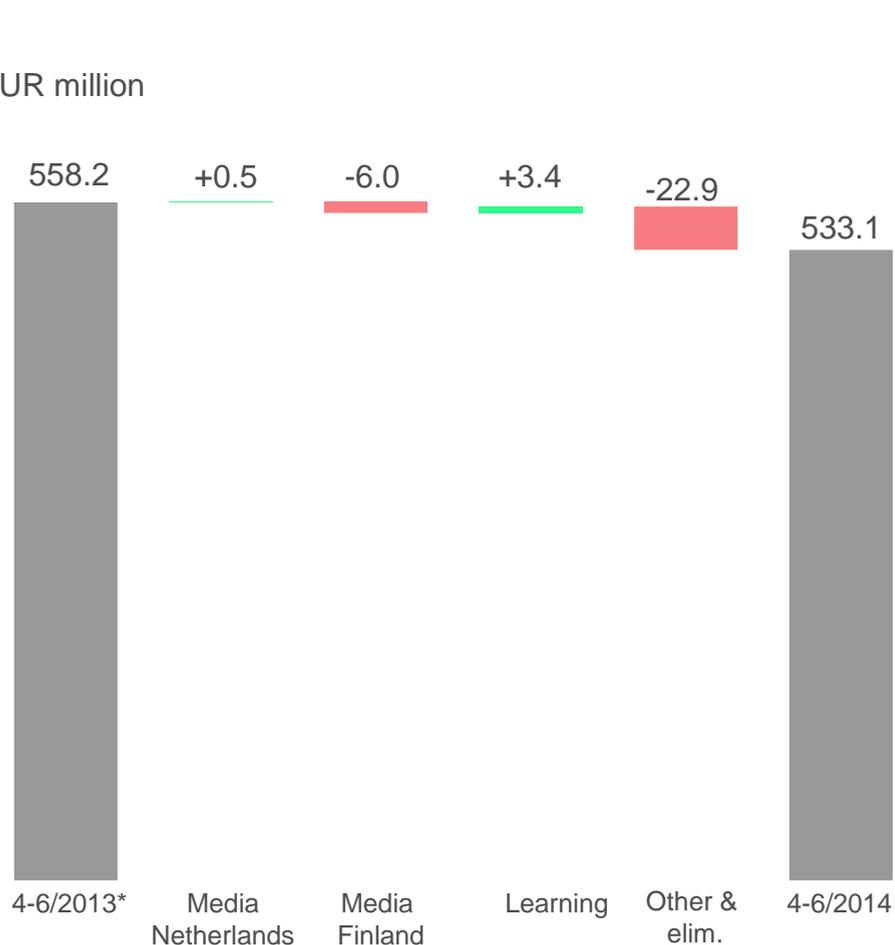
48% of sales is digital / hybrid & services (EUR 146 million)



Net sales development – Q2 2014

Q2 2014

EUR million



	4-6/2014 EUR million	4-6/2013 EUR million	4-6/2014 organic growth, %
Group	533.1	558.2	-1.0
Media Netherlands	180.0	179.6	-0.2
Media Finland	164.6	170.7	-3.5
Learning	106.9	103.5	+5.5
Other & elim.	81.5	104.4	-6.7

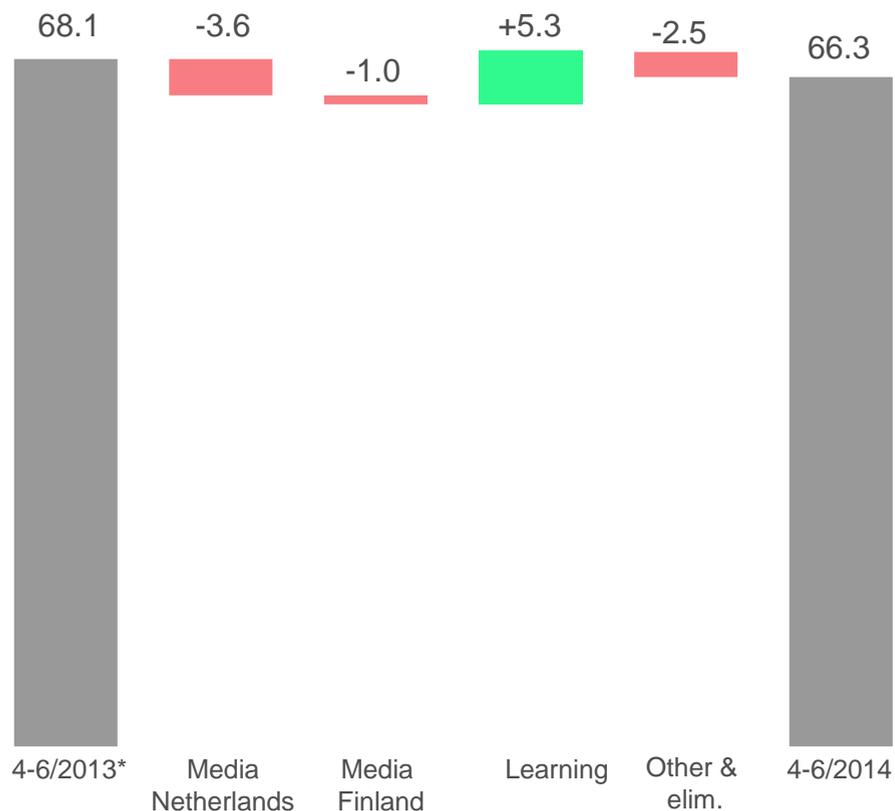
- Media Netherlands: Growth in TV and online & mobile advertising compensated decline in print advertising and circulation sales
- Media Finland: Decline in net sales is due to lower advertising sales. Good growth in pay-TV and online & mobile
- Learning: Net sales increased due to timing shifts
- Other: Decline mainly due to divestments and lower sales in press distribution

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

EBIT excl. non-recurring items development – Q2 2014

Q2 2014

EUR million



EUR million	4-6/2014	4-6/2013
Group	66.3	68.1
Media Netherlands	21.4	25.0
Media Finland	7.5	8.4
Learning	41.2	35.9
Other & elim.	-3.7	-1.2

- Media + Cost efficiency
- Netherlands: - Print sales
- Media + Cost savings
- Finland: - Print advertising sales
- Increased rents due to sale and leasebacks
- Learning: + Timing shifts in the Netherlands and Belgium
- Other: - Divestments
- Higher costs related to transformation programme

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

Media Netherlands

Key figures*

EUR million	4–6/2014	1–3/2014	FY 2013	10–12/2013	7–9/2013	4–6/2013	1–3/2013
Net sales	180.0	146.0	685.8	194.1	160.0	179.6	152.2
Digital	82.5	64.0	291.0	88.2	64.8	76.5	61.6
Online & mobile	20.0	18.7	76.9	24.3	17.4	17.7	17.4
TV	62.5	45.3	214.1	63.8	47.3	58.8	44.2
Print	89.1	79.1	369.9	94.8	90.5	96.1	88.5
Magazines	89.1	79.1	369.9	94.8	90.5	96.1	88.5
Other	8.5	2.8	24.8	11.1	4.7	7.0	2.1
EBIT excluding non-recurring items	21.4	8.5	73.2	25.9	21.7	25.0	0.6
<i>% of net sales</i>	<i>11.9</i>	<i>5.8</i>	<i>10.7</i>	<i>13.4</i>	<i>13.5</i>	<i>13.9</i>	<i>0.4</i>
Number of employees (FTE)**	2,076	2,118	2,181	2,181	2,209	2,226	2,251

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

** At the end of the period.

Media Finland

Key figures*

EUR million	4–6/2014	1–3/2014	FY 2013	10–12/2013	7–9/2013	4–6/2013	1–3/2013
Net sales	164.6	159.0	675.4	179.0	157.5	170.7	168.2
Digital	53.4	48.6	185.9	54.5	37.5	51.7	42.2
Online & mobile	22.1	21.3	74.7	21.7	15.8	20.5	16.7
TV & radio	31.4	27.3	111.2	32.8	21.7	31.2	25.5
Print	109.9	108.8	483.8	123.1	118.9	117.7	124.2
Magazines	33.6	34.0	160.9	42.2	41.5	37.6	39.6
Newspapers	77.0	75.3	325.2	81.5	77.9	80.8	85.0
Eliminations	-0.7	-0.5	-2.2	-0.6	-0.5	-0.7	-0.5
Other	1.3	1.6	5.6	1.4	1.1	1.3	1.8
EBIT excluding non-recurring items**	7.5	0.4	30.7	5.4	11.4	8.4	5.5
<i>% of net sales</i>	<i>4.5</i>	<i>0.3</i>	<i>4.5</i>	<i>3.0</i>	<i>7.2</i>	<i>4.9</i>	<i>3.3</i>
Number of employees (FTE)***	2,881	2,675	2,759	2,759	2,752	2,996	2,858

* 2013 figures have been restated due to IFRS 11 'Joint Arrangements'.

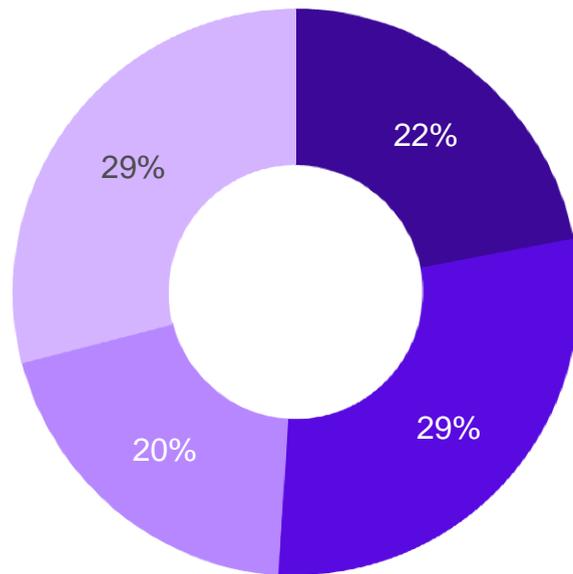
** Sale and leasebacks of real estate impacts negatively EBIT figures starting Q1 2014.

*** At the end of the period.

TV – net sales and EBIT seasonality

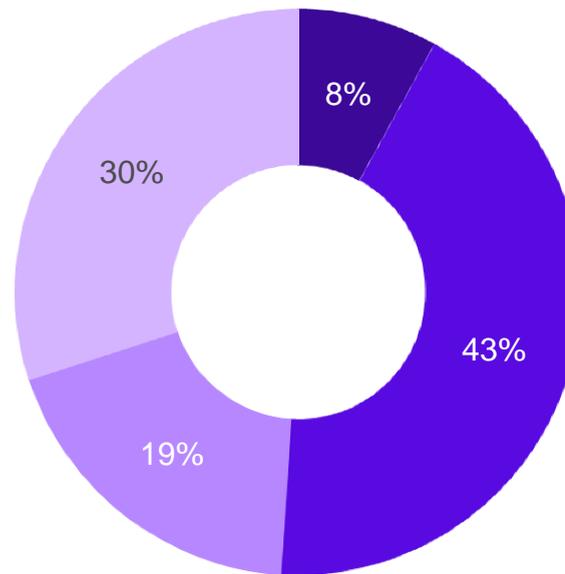
2010 - 2013 average for Dutch and Finnish TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4



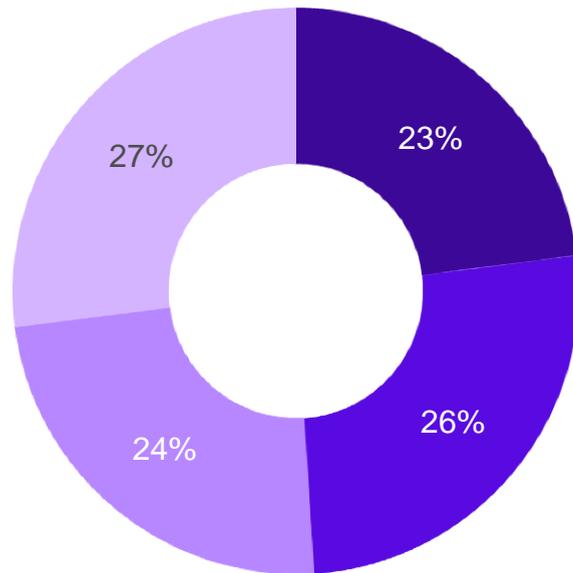
*Includes SBS Netherlands (excluding PPA amortization) and Nelonen Media Finland.

**Excluding non-recurring items.

Magazines – net sales and EBIT seasonality

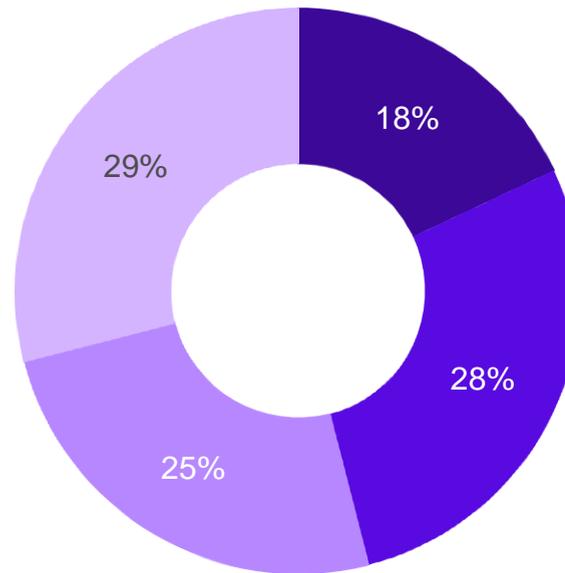
2010 - 2013 average for Dutch and Finnish Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4

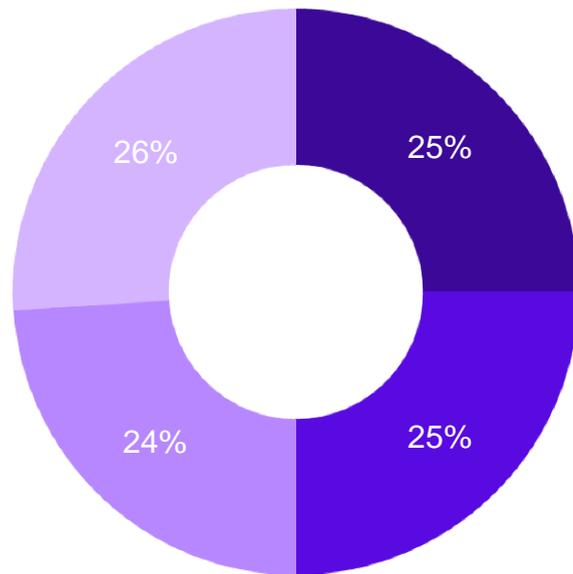


*Includes Dutch and Finnish operations, excluding TV guides. 2010-2012 not restated with IFRS 11 'Joint Arrangements'.
 **Excluding non-recurring items.

Newspapers – net sales and EBIT seasonality

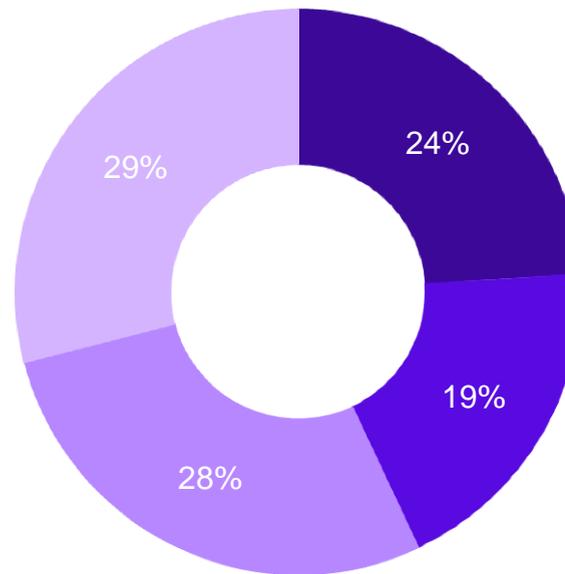
2010-2013 average for Newspapers (Finland) incl. digital business

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split



■ Q1 ■ Q2 ■ Q3 ■ Q4



*Excluding non-recurring items.

Sanoma Learning

Key figures

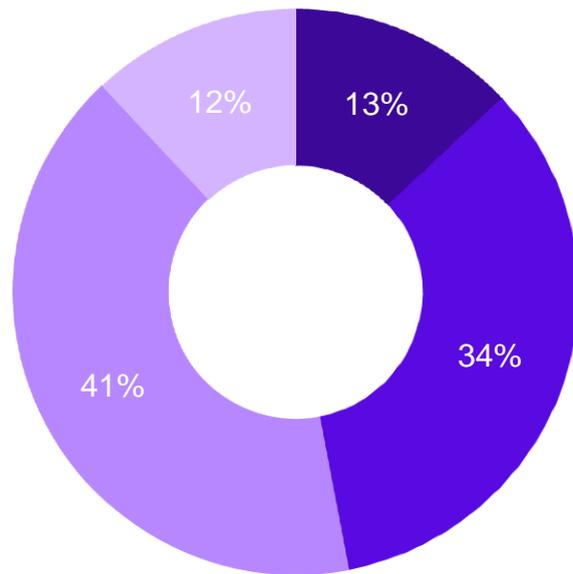
EUR million	4–6/2014	1–3/2014	FY 2013	10–12/2013	7–9/2013	4–6/2013	1–3/2013
Net sales	106.9	41.2	304.6	32.4	123.0	103.5	45.7
Netherlands	40.7	24.5	95.3	7.4	25.0	36.5	26.3
Poland	17.8	5.2	83.8	12.8	46.7	18.1	6.2
Finland	28.8	4.8	53.5	5.6	13.9	28.7	5.3
Belgium	13.6	1.9	33.8	3.6	17.1	11.2	1.8
Sweden	6.5	4.9	29.3	4.4	11.9	7.8	5.2
Other and eliminations	-0.5	-0.1	8.9	-1.5	8.3	1.2	0.9
EBIT excluding non-recurring items	41.2	-7.0	56.2	-24.8	49.6	35.9	-4.4
<i>% of net sales</i>	38.5	-16.9	18.5	-76.7	40.3	34.6	-9.6
Number of employees (FTE)*	1,591	1,613	1,564	1,564	1,738	1,741	1,750

** At the end of the period.

Learning – net sales and EBIT seasonality

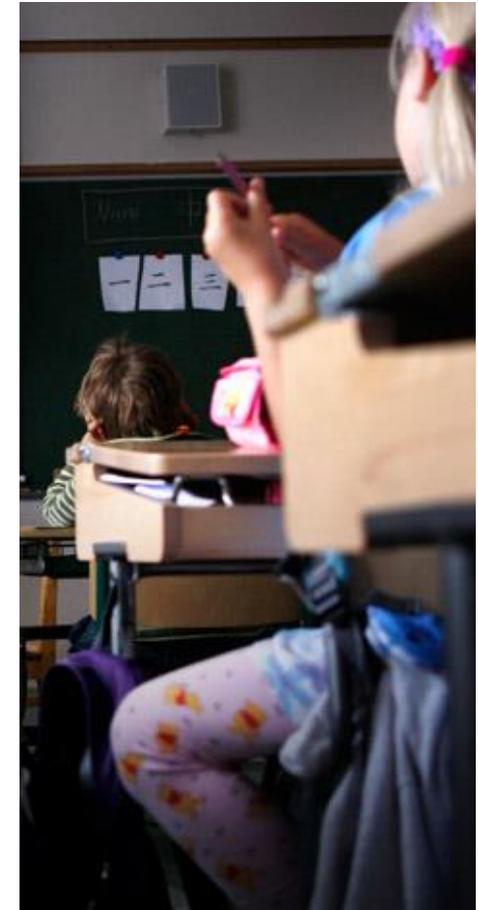
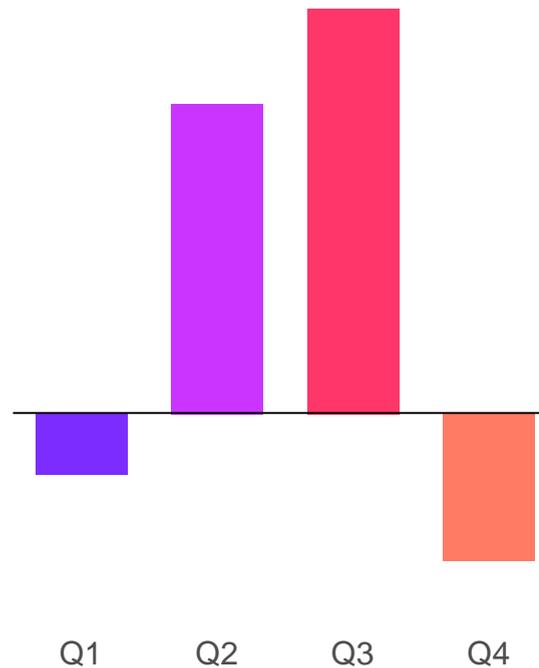
2010-2013 average for Learning

Net sales split

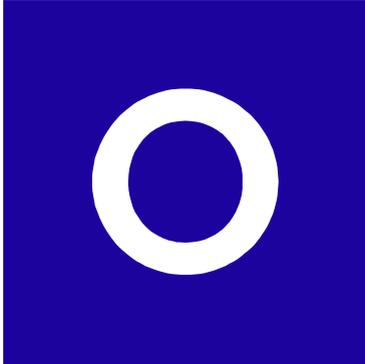
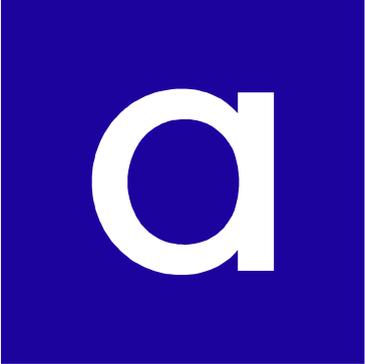
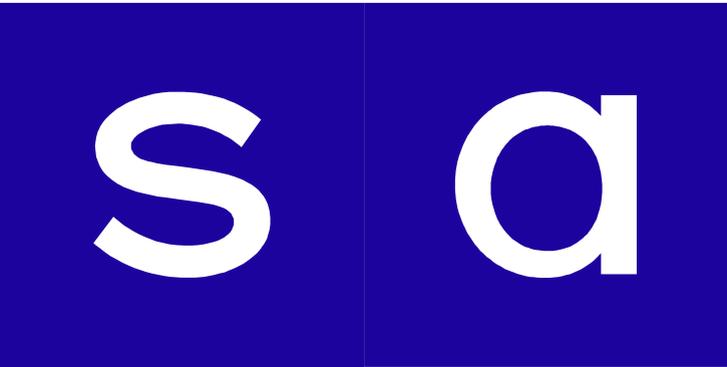


■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split in relative terms



*Excluding non-recurring items.



Appendix 2

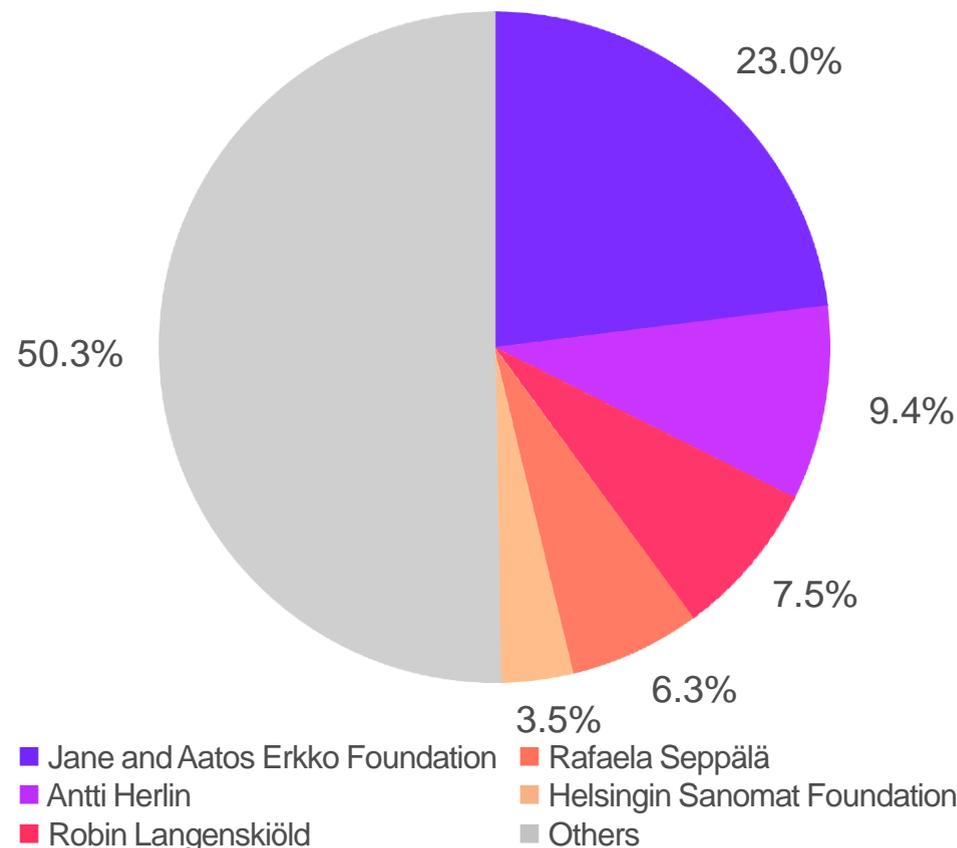
About owners and coverage

Sanoma – largest shareholders

	% of shares and votes
30 June 2014	
1. Jane and Aatos Erkko Foundation	23.02
2. Antti Herlin (Holding Manutas Oy: 8.16%, Security Trading 1.23%, personal: 0.02%)	9.40
3. Robin Langenskiöld	7.54
4. Rafaela Seppälä	6.31
5. Helsingin Sanomat Foundation	3.50
6. Ilmarinen Mutual Pension Insurance Company	2.91
7. Foundation for Actors' Old-age-home	1.38
8. State Pension Fund	1.28
9. Aubouin Lorna	1.21
10. Noyer Alex	1.21
Foreign ownership in total	9.8
Total number of shares	162,812,093
Total number of shareholders	29,457

Institutional investors: around 66% of shares

Private investors: around 34% of shares



Analyst coverage

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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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