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Q3 2016 Interim Report

Susan Duinhoven, President and CEO

Kim Ignatius, CFO

28 October 2016



Q3 2016 Highlights

Profitability continued to improve

- Operational EBIT improved to **EUR 77.7m (62.4)**
 - Strong quarter in Learning, EBIT in Western European markets **+12%**
 - Continued good development in the Finnish media business
 - Benefits from cost and process innovations
- Net sales declined **-4.4%**, organic net sales **-1.5%**
 - Organic net sales stable in consumer media
 - Learning revenues negatively impacted by legislation driven market change in Poland
- Deleveraging progressing according to plan



Outlook revised

based on improved operational performance

Sanoma Group EUR million	Q3/16	Q3/15
Net sales	438.1	458.3
Organic growth	-1.5%	-0.4%
Operational EBIT	77.7	62.4

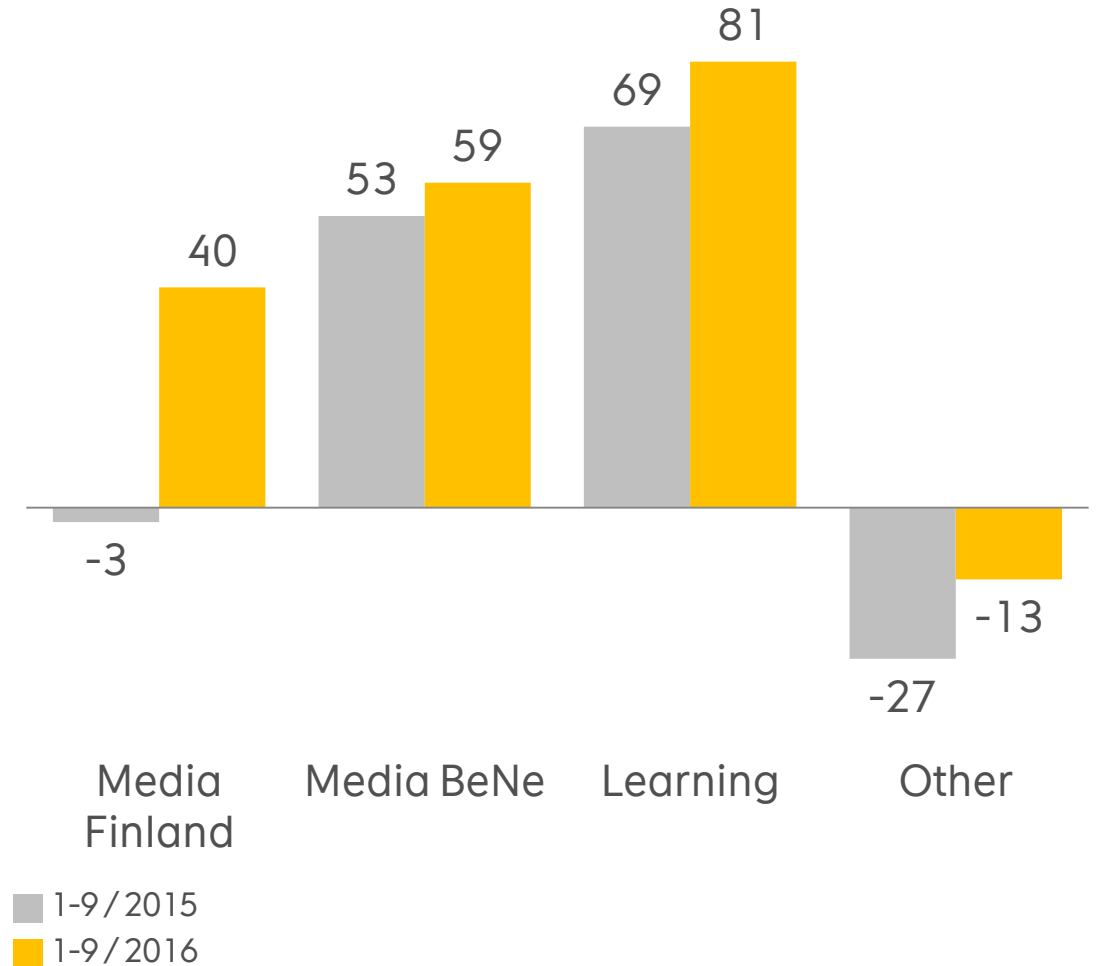
New outlook for 2016:

In 2016, Sanoma expects that the Group's consolidated

- Net sales development adjusted for structural changes will improve from last year (-3.4% in 2015).
- The operational EBIT margin is estimated to be above 9.5%.

YTD Q3 Operational EBIT

EUR million

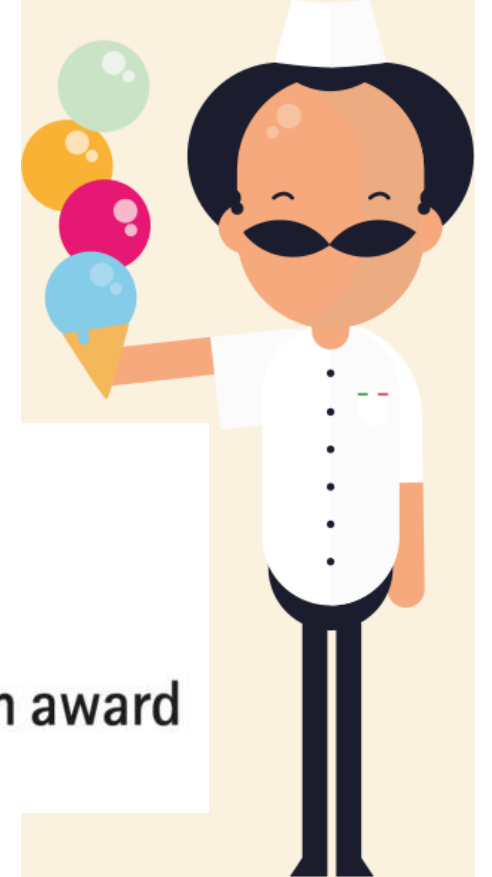


Learning – YTD Q3

Improved results in Western Europe

- Improved results in **Western European** markets
 - Revenue growth in first nine months **+6%**, operational EBIT up **+12%** (De Boeck included as of July)
 - New curriculum in Finland supporting revenue growth
- Strong development in digital footprint continues
 - **Bingel** full launch in **Finland**, already 45,000 active users in over 1,000 schools
 - Constant growth of number of Bingel users in **Sweden**, driving also print and hybrid sales
- Market in Poland remains subdued
 - Performance in **Poland strong** and market share increasing despite legislative changes
 - Changes resulting in new educational system announced for 2017-2021

JUMP



reddot design award
winner 2016

Jump - Adaptive learning method by Sanoma won the Red Dot Award for User Experience

Media Advertising Markets

Slight Improvement in Finland

Netherlands	FY/15	Q1/16	Q2/16	Q3/16	1-9/16
Magazines	-13%	-8%	-7%	-9%	-8%
TV	+1%	+6%	-2%	-6%	-1%
Online*	+8%	+10%	+14%	+8%	+11%
Total market*	+1%	+4%	+4%	+1%	+3%

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

*Source: NL: Sanoma estimates, incl. online search. FI: TNS Gallup, excl. online search. Total market in both countries includes other smaller categories such as cinema and outdoor advertising.

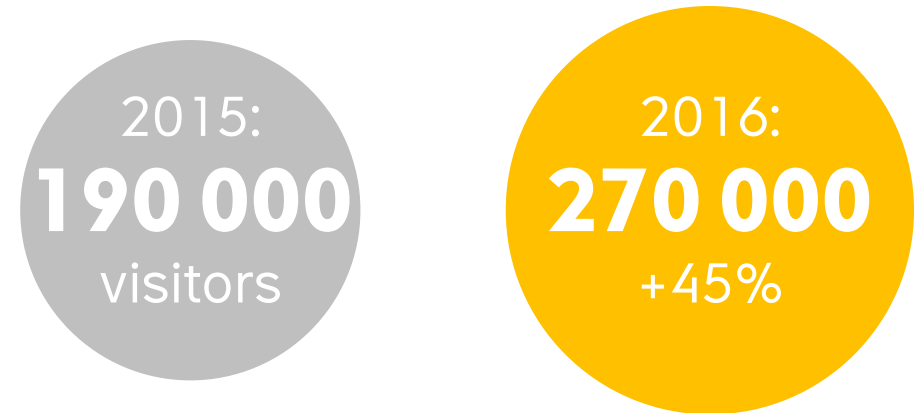
Media BeNe – YTD Q3

Benefits from cross-media brands

- Dutch **Print & Online** continues on positive track
 - Growth in digital and e-commerce
 - **Events portfolio** supporting print brands. New events launched: 'Share a Perfect Day' with 60,000 visitors and 'Linda' with 12,000
- Vtwonen magazine launched in Belgium
- Operational EBIT up by **11%** in 1-9/16
- TV viewing time development in the Dutch market continues to be challenging
 - Effects of sports events visible in all commercial TV channels

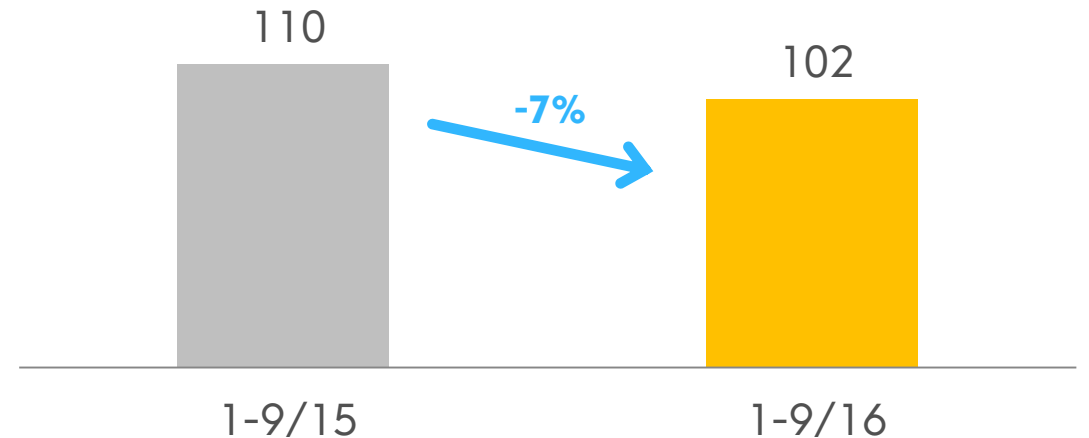
Events in January-September:

Established events all showing growth, two new events launched



TV viewing time (20-54 years)

(Dutch FTA market, average minutes/day)



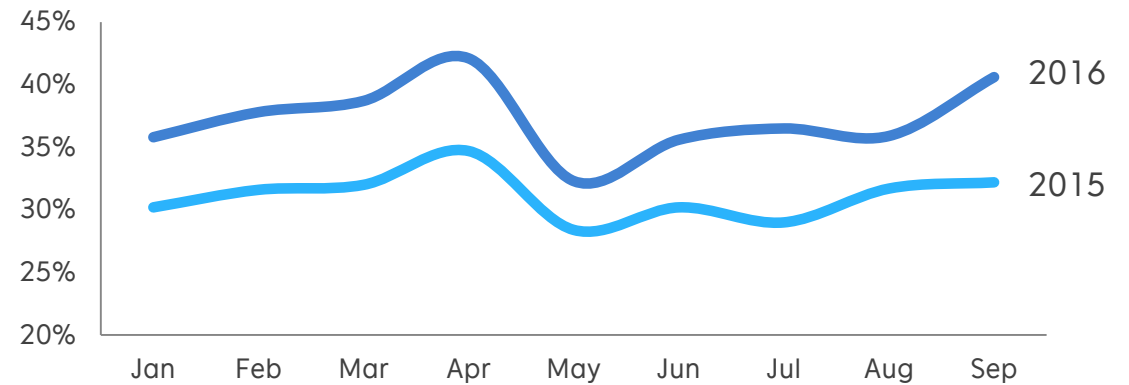
Media Finland – Q3

Good transformation development combined with growth in advertising

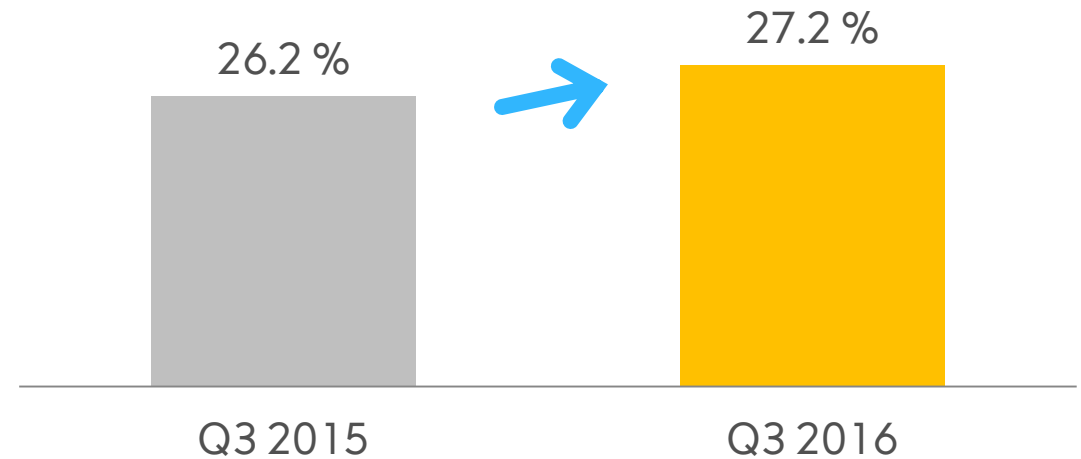
- **Continued market share gains** in a slightly positive advertising market
 - Solid start for the fall season in TV, Q3 viewing share **improved to 38%** (31%)
- Media Finland's reach remains high
 - Total portfolio reaches **97% of Finns** every week
- **Benefits already visible** from 'Suunta' cost and process innovations
 - Improvements in printing and distribution
 - BtoB sales processes getting streamlined

Nelonen TV viewing share

Commercial TV (10-44 years)



Advertising market share



Progress in Key Strategic Priorities



Fulfil customer needs in selected media brands and domains

Growth from cross-media, improved offering to customers

Utilise growth and digital transformation opportunities in Learning

Growth in Western Europe, increasing digital usage on learning platforms

Accelerate cost innovation

Suunta in Finland, further BeNe and Digital integration

Improve cash conversion and deleverage our business

Deleveraging on track: net debt/EBITDA 3.3

A woman with long dark hair, wearing a green quilted jacket, is smiling and looking at her smartphone. She is holding a white smartphone with both hands. The background is a blurred outdoor setting, possibly a store entrance, with a sign that partially reads "libelle" and some red flowers. The word "Financials" is overlaid in large, bold, yellow text.

Financials

Income Statement

EUR million	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015	1-12/2014
Net sales	438.1	458.3	1,241.0	1,307.4	1,716.7	1,901.6
Operational EBITDA	139.3	125.4	365.7	300.6	389.7	392.0
of net sales	31.8%	27.4%	29.5%	23.0%	22.7%	20.6%
Amortisations related to TV programme rights	-29.9	-32.4	-127.1	-134.7	-186.2	-159.9
Amortisations related to prepublication rights	-6.4	-6.3	-16.7	-19.5	-24.4	-25.1
Other amortisations	-20.8	-18.8	-42.0	-37.7	-73.2	-61.4
Depreciation	-4.5	-5.5	-13.5	-16.6	-22.2	-26.9
Operational EBIT	77.7	62.4	166.5	92.1	83.7	118.8
of net sales	17.7%	13.6%	13.4%	7.0%	4.9%	6.2%
Items affecting comparability	-2.6	-52.7	53.3	-83.9	-206.8	15.0
Total financial items	-6.1	-7.2	-23.8	-18.8	-27.6	-41.9
Result before taxes	68.6	2.5	195.6	-9.3	-151.4	90.7
Income taxes	-17.3	-5.9	-47.5	-17.0	-6.3	-29.1
Result for the period	51.3	-3.4	148.1	-26.3	-157.7	61.6
Result attributable to:						
Equity holders of the parent company	48.8	-5.4	142.5	-31.3	-142.6	58.3
Non-controlling interests	2.5	2.0	5.5	5.0	-15.0	3.3
Earnings per share	0.29	-0.04	0.85	-0.22	-0.91	0.32
Operational EPS	0.30	0.24	0.58	0.22	0.13	0.33
Cash flow from operations / share, EUR	0.59	0.44	0.29	-0.27	0.16	0.45

Operational EBIT Development

Q3/2016

EUR million	Q3/2016	Q3/2015
Group	77.7	62.4
Media BeNe	21.8	20.1
Media Finland	10.2	2.0
Learning	50.5	49.5
Other & elim.	-4.8	-9.1



- Media BeNe:**
- + Cost efficiency
 - Lower TV viewing time in the Netherlands
 - Lower TV advertising market share due to the Olympics
 - Divestments of non-core operations
- Media Finland:**
- + Operational efficiency improvements started in Q3/15
 - + Higher advertising sales
- Learning:**
- + Restructuring cost benefits
 - + Change in prepublication amortisation schedule
 - + De Boeck integration
 - Lower sales in Poland
- Other:**
- + Cost efficiency
 - + Divestments of non-core operations

Free Cash Flow

Cash flow from operations less cash CAPEX

EUR million	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Operational EBITDA	139.3	125.4	365.7	300.6	389.7
TV programme costs	-61.0	-60.5	-145.2	-151.5	-197.6
Prepublication costs	-6.7	-7.4	-20.6	-21.7	-28.9
Change in working capital*	34.3	34.8	-141.7	-65.0	-1.2
Interest paid	-1.5	-1.3	-36.4	-25.7	-27.6
Other financial items	0.2	0.9	0.3	-3.0	-4.8
Taxes paid**	-5.3	-3.5	-15.6	-34.6	-36.0
Other adjustments	-3.4	-17.5	41.0	-42.4	-68.1
Cash flow from operations	95.8	70.9	47.6	-43.2	25.5
Cash CAPEX	-7.5	-12.9	-22.9	-43.8	-55.1
Free cash flow	88.4	57.9	24.7	-87.0	-29.6

Operational free cash flow

	1-9/2016	1-9/2015	1-12/2015
	365.7	300.6	389.7
	-145.2	-151.5	-197.6
	-20.6	-21.7	-28.9
	-47.6	-58.8	-3.4
	-36.4	-25.7	-27.6
	0.3	-3.0	-4.8
	-25.1	-30.4	-34.3
	-4.7	-3.2	-4.5
	86.5	6.4	88.5
	-22.6	-43.1	-54.6
	63.9	-36.7	33.9

* Change in working capital includes in Q2 2016 the final settlement of Dutch pension plan change from defined benefit to defined contribution.

** Taxes paid include tax for the gain on the sale of Sanoma House paid in Q2 2015.

Capital Structure

30 September 2016

Net debt: EUR 766 million (Q3 2015: 852)

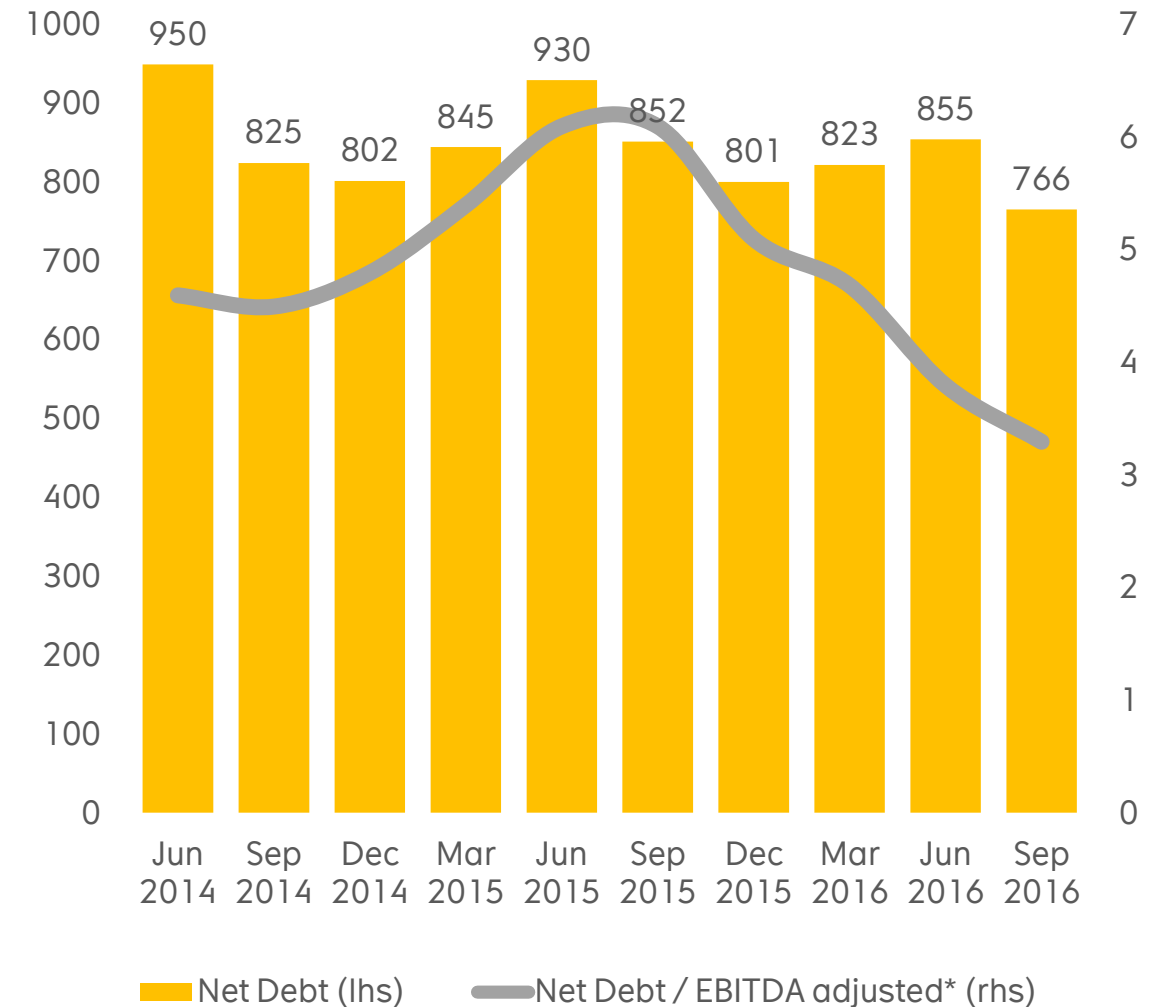
- Net debt / EBITDA* adjusted 3.3 times (6.1)
 - *EBITDA adjusted: 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis
- Average interest rate 2.9% (2.7%) p.a.
- Interest sensitivity is EUR 2.1 million and duration is 14 months

Total equity: EUR 1,128.3 million (1,158.3)

Equity ratio: 43.7% (41.2%)

Gearing: 67.9% (73.5%)

Key figures





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Summary of Operating Performance

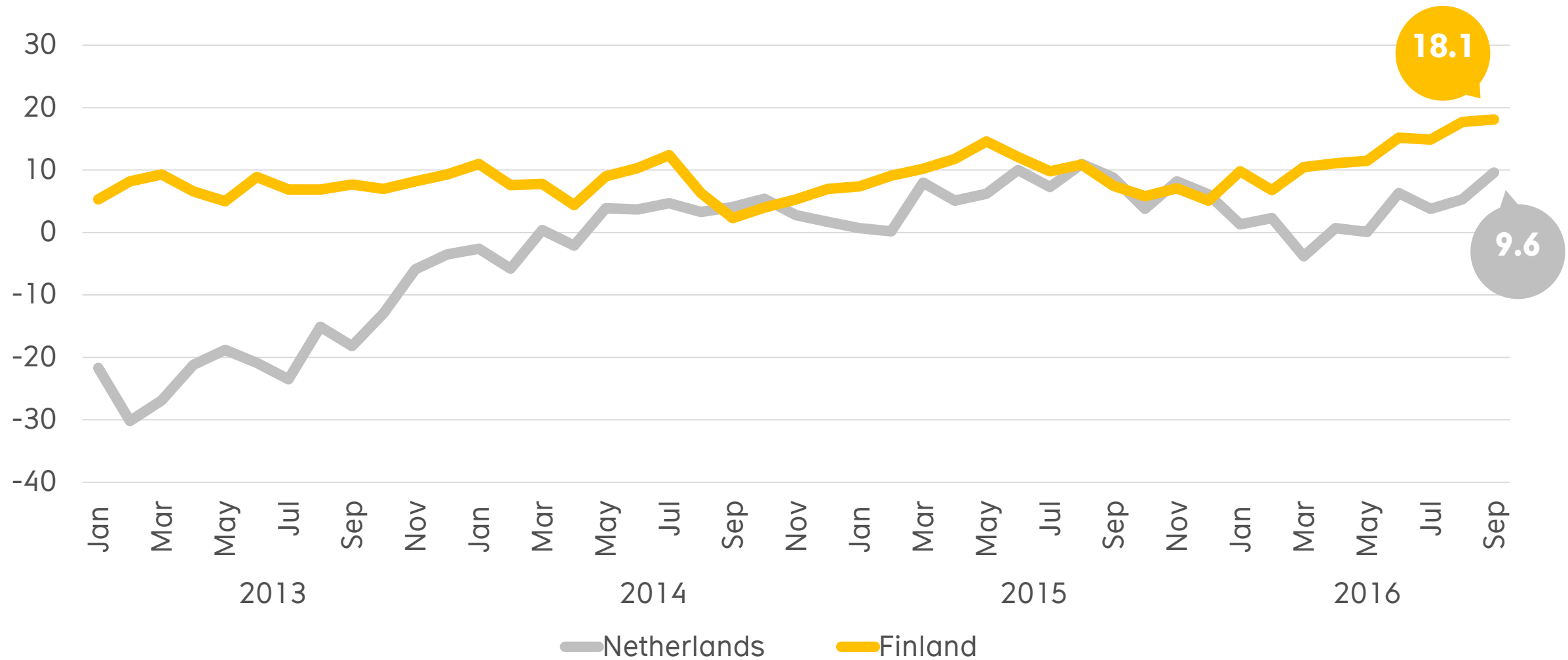
Last 12 months* – Non-print sales: EUR 6 10 million in Media Finland and Media BeNe

	Three Strategic Business Units		
	Media Finland	Media BeNe	Learning
TV & Radio Net sales EUR 350 million			
Magazines Net sales EUR 480 million	Q4/2015-Q3/2016 Net sales EUR 580 million	Q4/2015-Q3/2016 Net sales EUR 790 million	Q4/2015-Q3/2016 Net sales EUR 280 million
Online & Mobile Net sales EUR 200 million	Non-print 41% (240 million) of sales	Non-print 47% (370 million) of sales	Digital/hybrid/services 57% (160 million) of sales
Newspapers Net sales EUR 240 million	Operational EBIT margin Around 10%	Operational EBIT margin Around 9%	Operational EBIT margin Around 20%
Other Net sales EUR 110 million			

* Figures rounded to closest EUR 10 million.

In addition, 'Other' sales totalled EUR 10 million, not including Parent company, other centralised Group costs and eliminations

Consumer Confidence

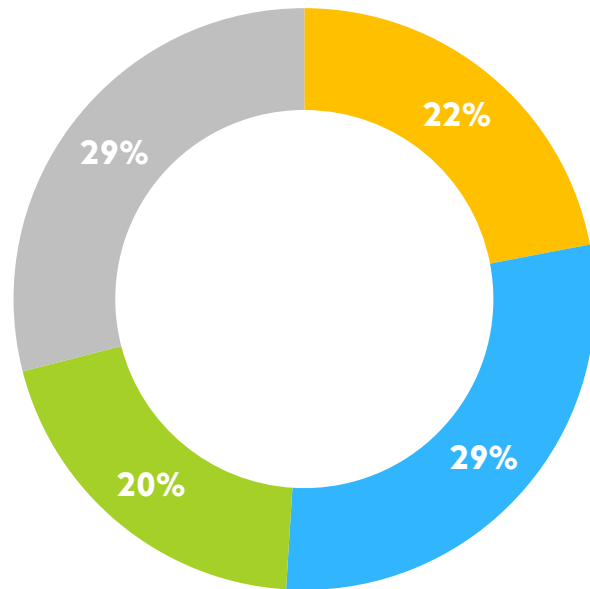


Source: Eurostat

TV – Net Sales and EBIT Seasonality

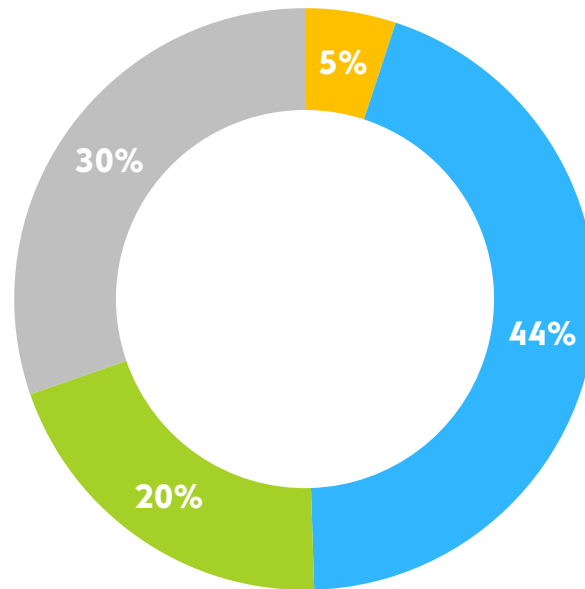
2010–2015 average for Dutch and Finnish TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT



■ Q1 ■ Q2 ■ Q3 ■ Q4

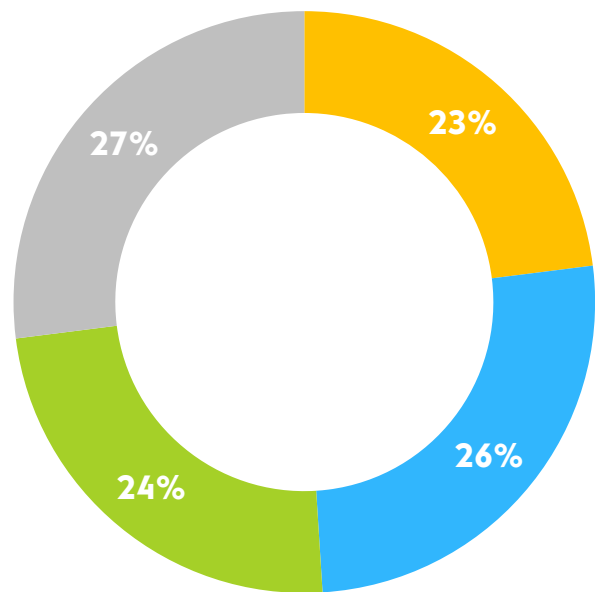
*Includes SBS Netherlands (excluding PPA amortisation) and Nelonen Media Finland.



Magazines – Net Sales and EBIT Seasonality

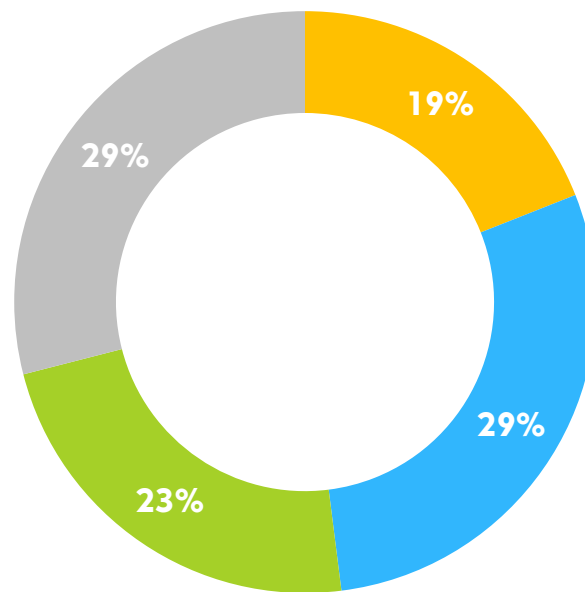
2010–2015 average for Dutch and Finnish Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT



■ Q1 ■ Q2 ■ Q3 ■ Q4

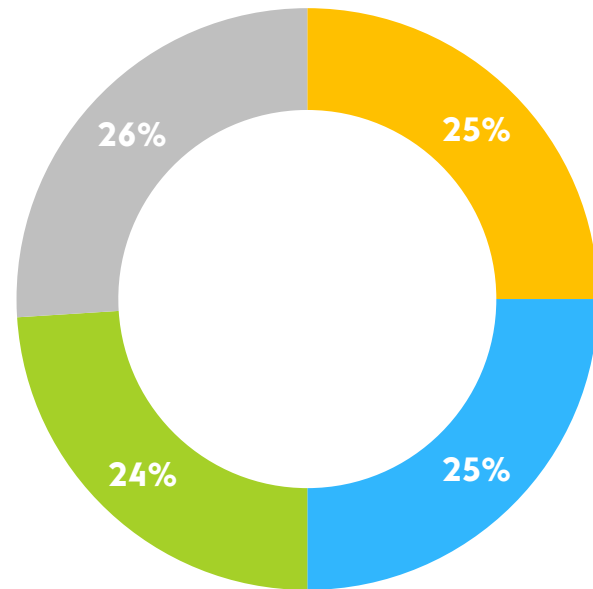
*Includes Dutch and Finnish operations, excluding TV guides. 2010–2012 not restated with IFRS 11 'Joint Arrangements'.



Newspapers – Net Sales and EBIT Seasonality

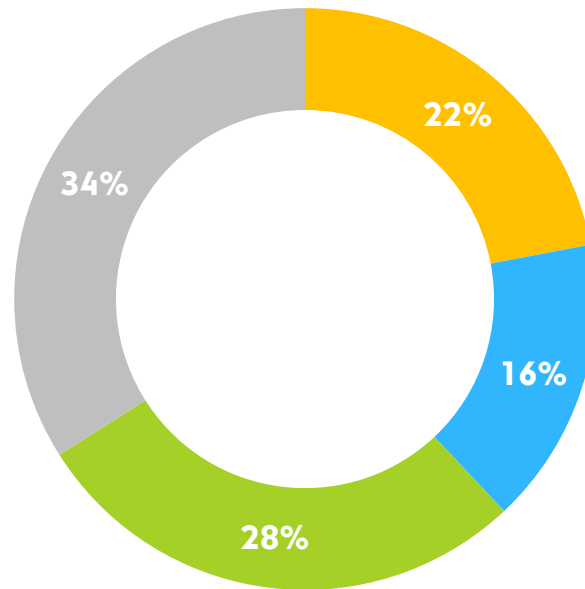
2010–2015 average for Newspapers (Finland) incl. digital business

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT



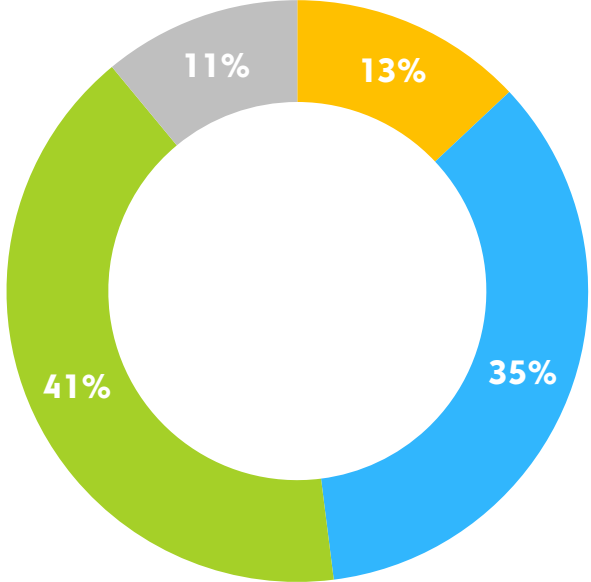
■ Q1 ■ Q2 ■ Q3 ■ Q4



Learning – Net Sales and EBIT Seasonality

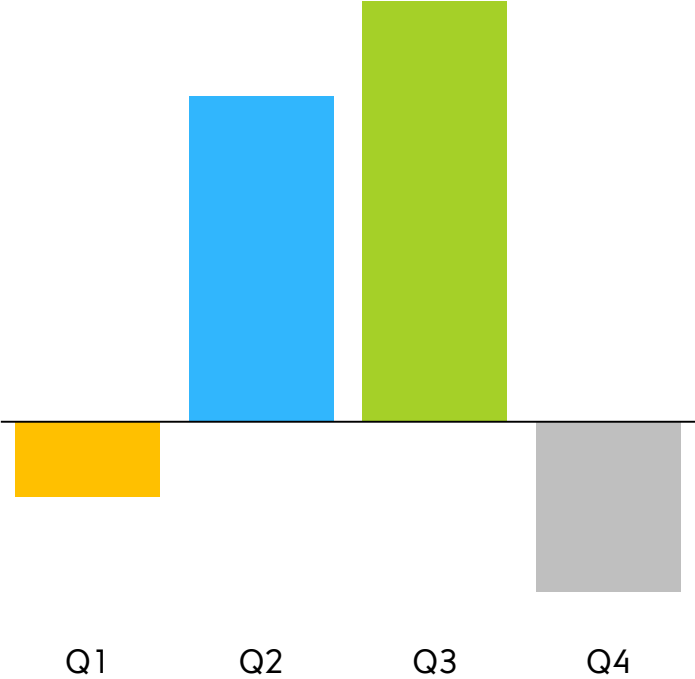
2010–2015 average for Learning

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

Operational EBIT split
in relative terms



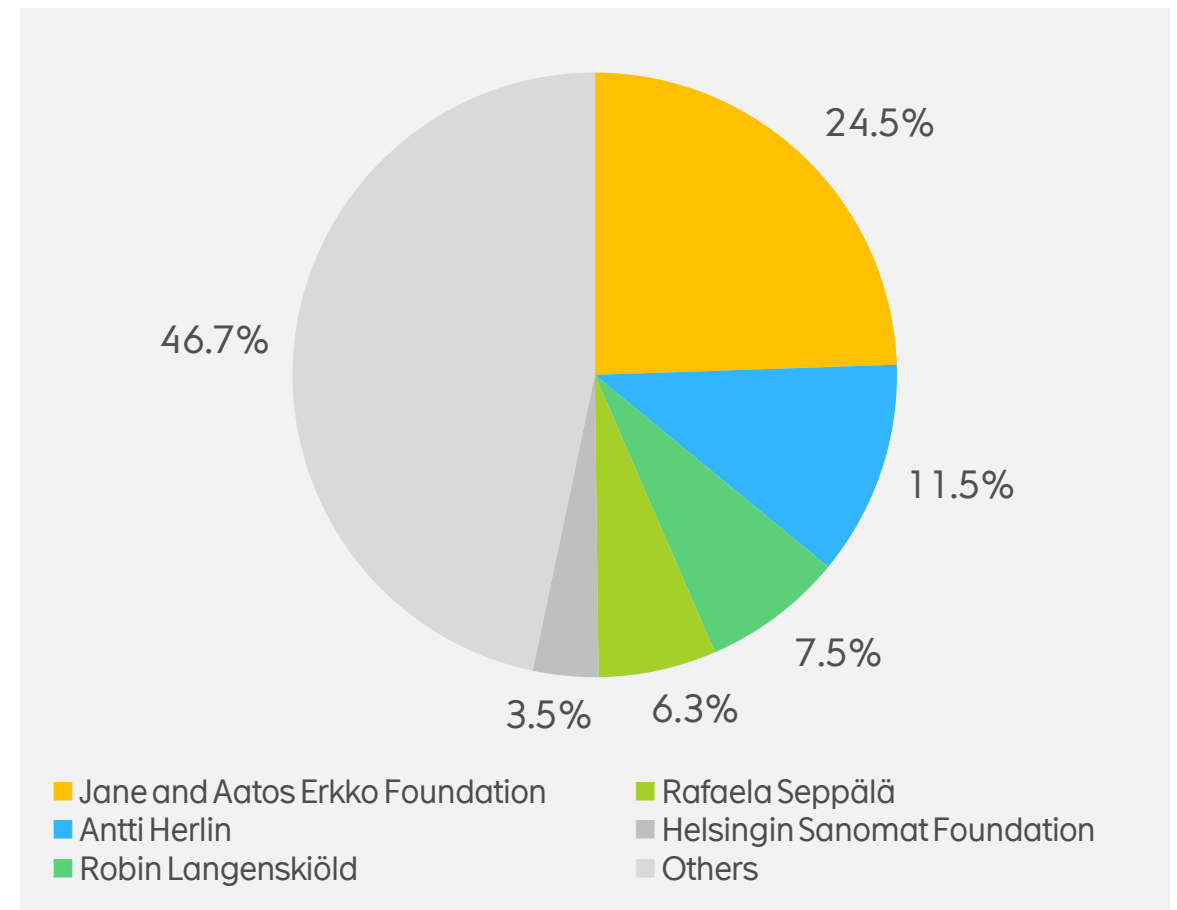
Sanoma – Largest Shareholders

	% of shares and votes
1. Jane and Aatos Erkko Foundation	24.46
2. Antti Herlin (Holding Manutas Oy: 11.47%, personal: 0.02%)	11.49
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. State Pension Fund	1.28
8. Foundation for Actors' Old-Age Home	1.25
9. Alex Noyer	1.19
10. Lorna Aubouin	1.15
Foreign ownership in total*	14.21%
Total number of shares	162,812,093
Total number of shareholders	22,506

Institutional investors: around 70% of shares

Private investors: around 30% of shares

*Including nominee registered shareholders



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