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Sanoma Q1 2017 Results

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

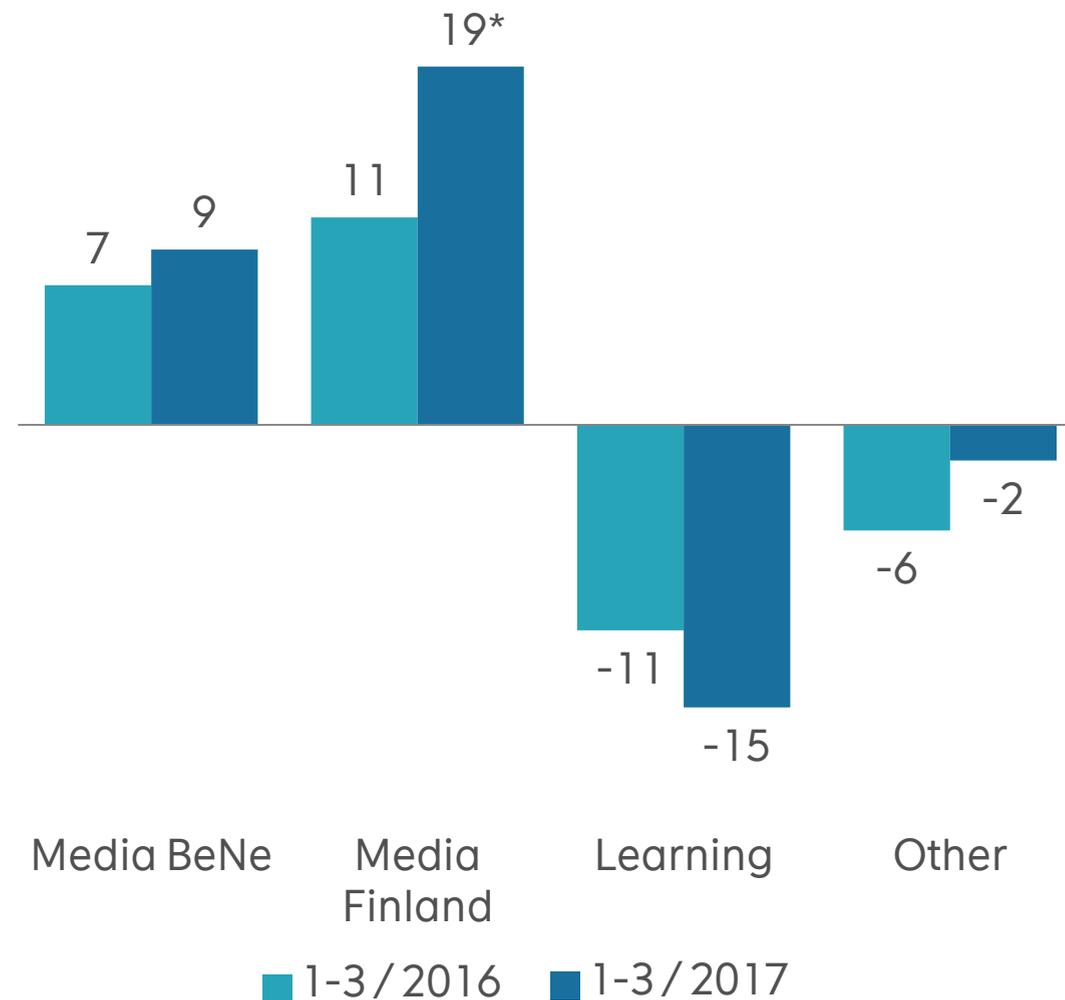
Highlights of Q1 2017

- Operational EBIT improved to EUR 11 million (2016:2) mainly due to cost innovations and one-off corrections
- Organic net sales reduced by 2% due to decreased single copy sales and timing difference in Learning in seasonally small quarter
- Divestment of SBS, Dutch FTA TV business:
 - Strategic focus on strongholds
 - Write-down already in Q1 results as asset is ‘held for sale’
- Outlook improved on 10 April:
 - Net sales adjusted for structural changes expected to be stable
 - Operational EBIT margin to be **above** 10%

Sanoma Q1 2017: Continuous performance improvement

Sanoma Group EUR million	Q1/17	Q1/16
Net sales	343.8	353.1
Organic growth	-2.4%	-0.1%
Operational EBIT	11.4	1.9

Q1 Operational EBIT EUR million



* Includes one-off corrections totalling EUR 4.4 million

Media Advertising Markets

Netherlands	Q1/16	FY/16	Preliminary estimate on Q1/17*
Magazines	-8%	-7%	-7%
TV	+6%	-2%	-3%
Online*	+10%	+10%	+7%
Total market*	+4%	+3%	+3%

Finland	Q1/16	FY/16	Q1/17*
Newspapers	-6%	-4%	-14%
Magazines	-11%	-9%	-11%
TV	-2%	-1%	-6%
Radio	+15%	+3%	+4%
Online*	+5%	+13%	+7%
Total market*	-1%	+1%	-5%

Sanoma's outlook for 2017 is based on the assumption of the advertising market development in Finland and the Netherlands being in line with that of 2016

*Source: NL: Sanoma estimates, incl. online search. FI: TNS Gallup. Quarterly figures excl. online search, Full year numbers in Finland are based on a larger amount of data than quarterly numbers and include online search. Total market in both countries includes other smaller categories such as cinema and outdoor advertising.

Announcement April 10:

Sanoma Divests SBS to Talpa

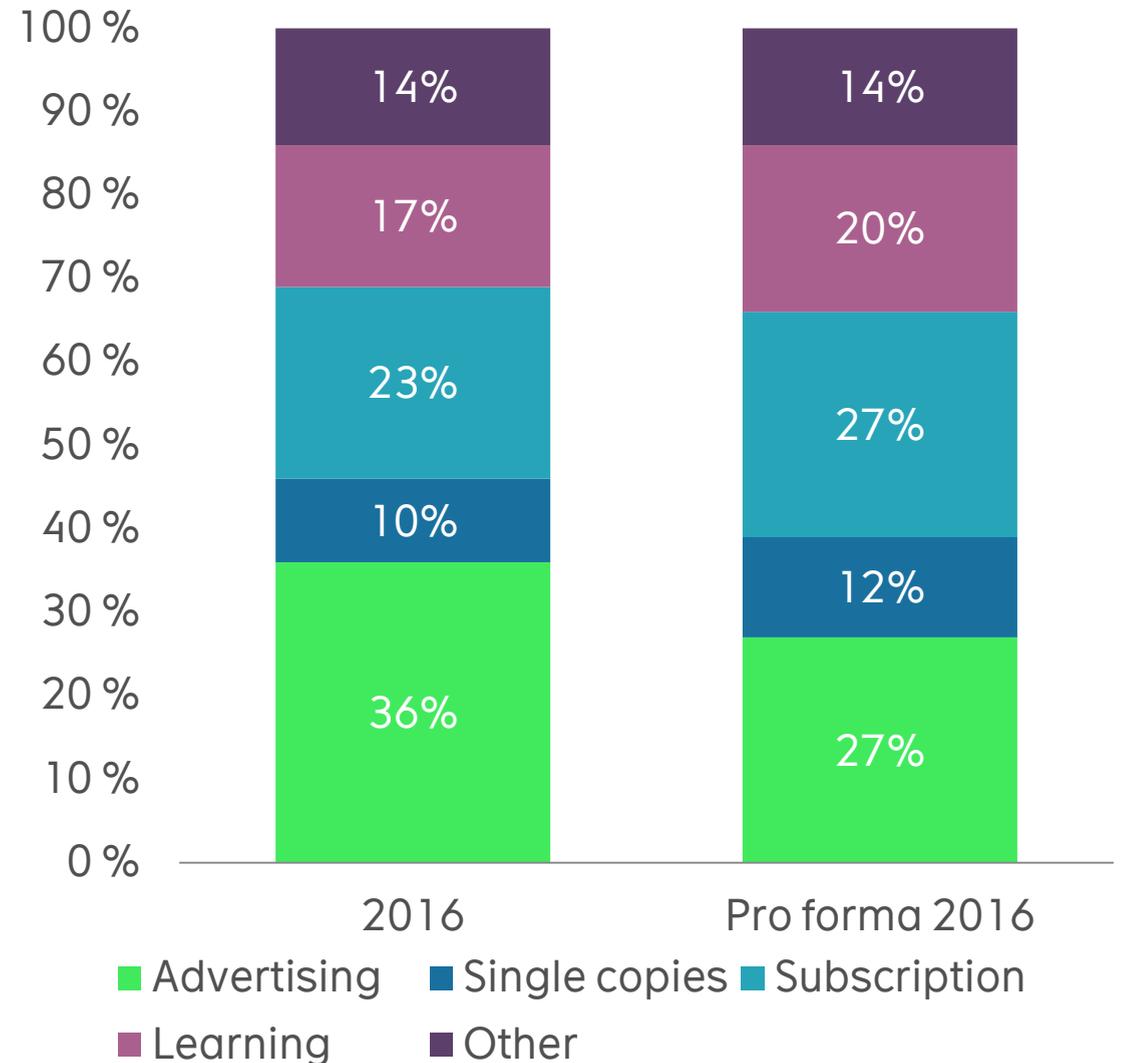
- SBS is #3 free-to-air TV business in the Dutch market with four TV channels (SBS 6, NET 5, SBS 9 and Veronica)
- Sanoma to receive a net cash consideration of EUR 237 million for its 67% stake and 100% ownership of the TV guide business Veronica Uitgeverij
 - Implies a 12.6x 2016 EV/EBITDA multiple for SBS
- Talpa Holding, the media business owned by John de Mol, controls the leading radio business in the Netherlands and already has a 33% stake in SBS
- Transaction subject to closing conditions, including customary regulatory approvals with closing expected in Q3 – 2017
- SBS is 'held for sale' already in our Q1 accounts

Key Benefits of Transaction

- Improved financial and strategic flexibility to grow and create value in stronghold businesses
 - Reduced leverage with Net debt / adj. EBITDA to decrease from 3.2 to 2.5x (pro forma 2016)
 - Full ownership of all remaining businesses increases transparency and agility
 - Ability to focus investments in stronghold businesses
- Full control of Veronica Uitgeverij to drive attractive synergy with existing portfolio
- More balanced composition of net sales reducing exposure to more volatile advertising revenue

More balanced composition of net sales

Group net sales 2016, pro forma for SBS divestment

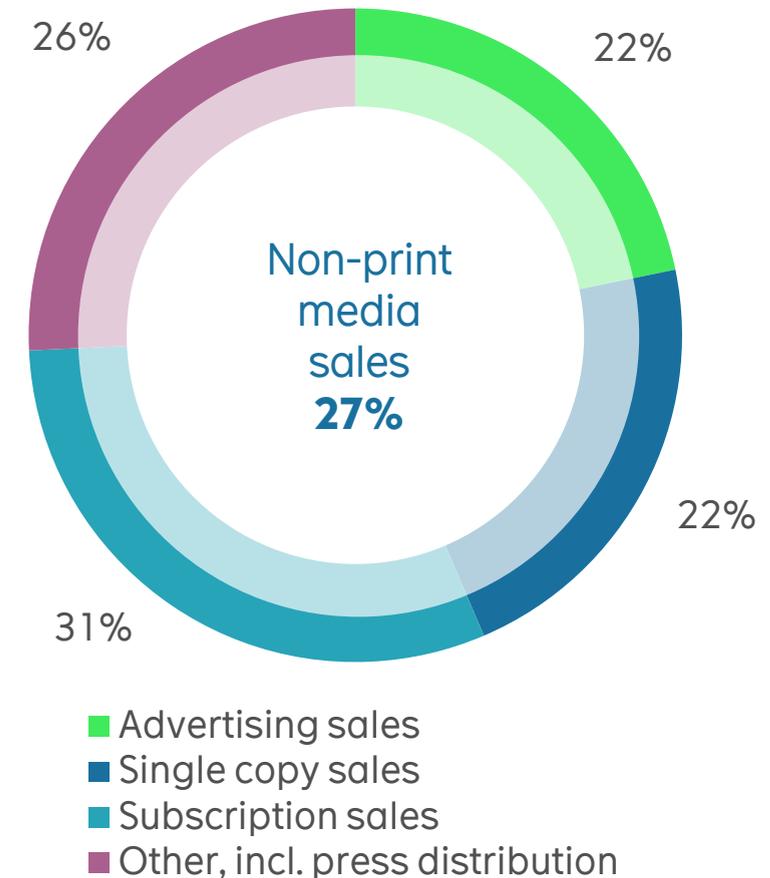


Media BeNe Q1

Continuous cost innovations improving profitability

- Focus on strongholds: cross media expansion of our leading media brands in key domains
- Organic net sales down -4%. Subscription sales stable. Negative market trends affecting single copy and FTA TV market
- Operational EBIT up to EUR 9.3 million (7.4) due to continuous cost innovations. In particular the performance of the print and online portfolio improved.

Composition of Media BeNe net sales 2016: EUR 544 million, pro forma for SBS divestment



Media Finland Q1

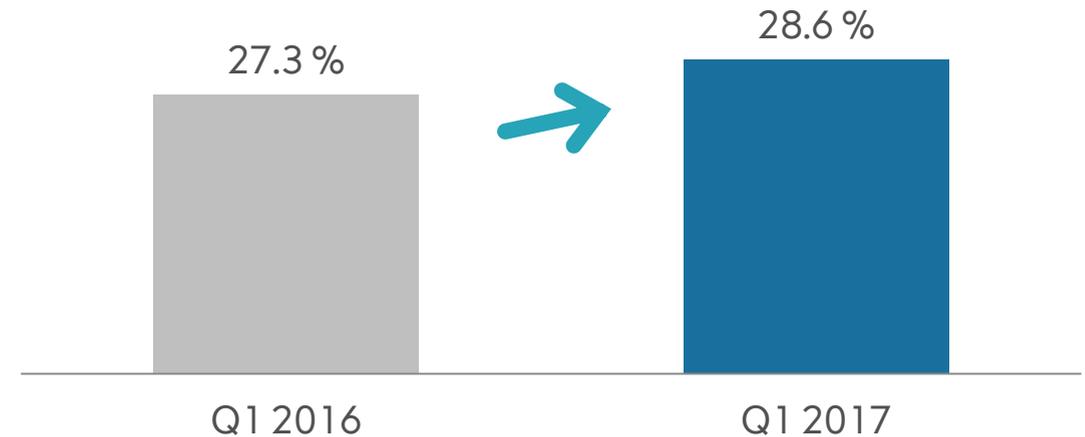
Stable sales, cost innovations and one-offs improving profitability

- Stable organic net sales with TV and online sales developing positively
- Operational EBIT significantly up mainly due to continuous cost innovations as well as one-off corrections of EUR 4.4 million
- Advertising market share continued to improve. More focus in B2B sales to SMEs through combining Sanoma and Routa sales operations

Number of Helsingin Sanomat digital subscribers



Advertising market share

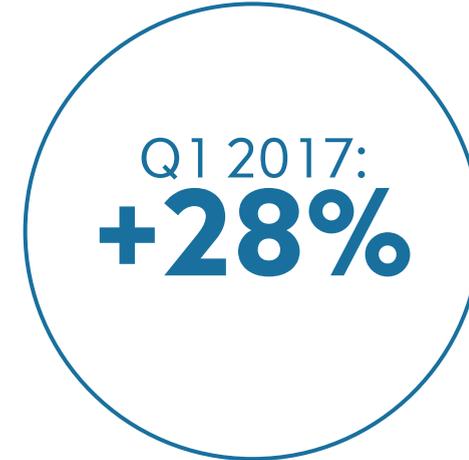


Learning Q1

Seasonally small first quarter at somewhat lower level

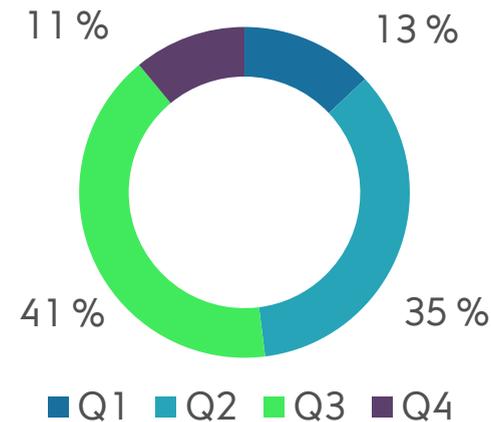
- Changes in ordering pattern moving sales into Q2 decreased sales by 4% in a typically small quarter
- New curriculum development in Poland progressing well though impacting operational EBITDA due to increased investments
- Operational EBIT affected by higher prepublication amortisations related to earlier investments and consolidation of recent acquisition De Boeck
- Number of digital users continues to increase in all footprint markets. Bingel continues to grow fast in Sweden and Finland

Number of users in digital learning platforms

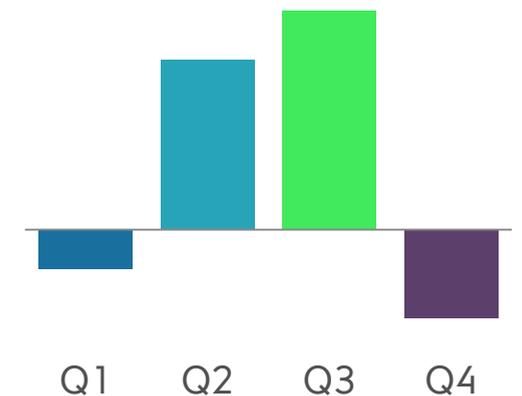


Seasonality of the Learning business 2012–2016

Net sales



Operational EBIT



Announcement April 10:

Group Outlook for 2017

- Net sales, adjusted for structural changes including SBS divestment, will be stable and
- Operational EBIT margin will be **above 10%**
- The outlook is based on the assumption of the advertising market development in Finland and the Netherlands being in line with that of 2016
- The new dividend policy aiming for an increasing dividend will not be impacted by the SBS divestment





Financials

Operational EBIT Improved Significantly

Q1/2017

Media BeNe:

- + Cost innovations
- Higher seasonal loss in SBS
- Lower sales

Media Finland:

- + One-off corrections (EUR 4.4 million)
- + Cost innovations
- + Improved sales mix

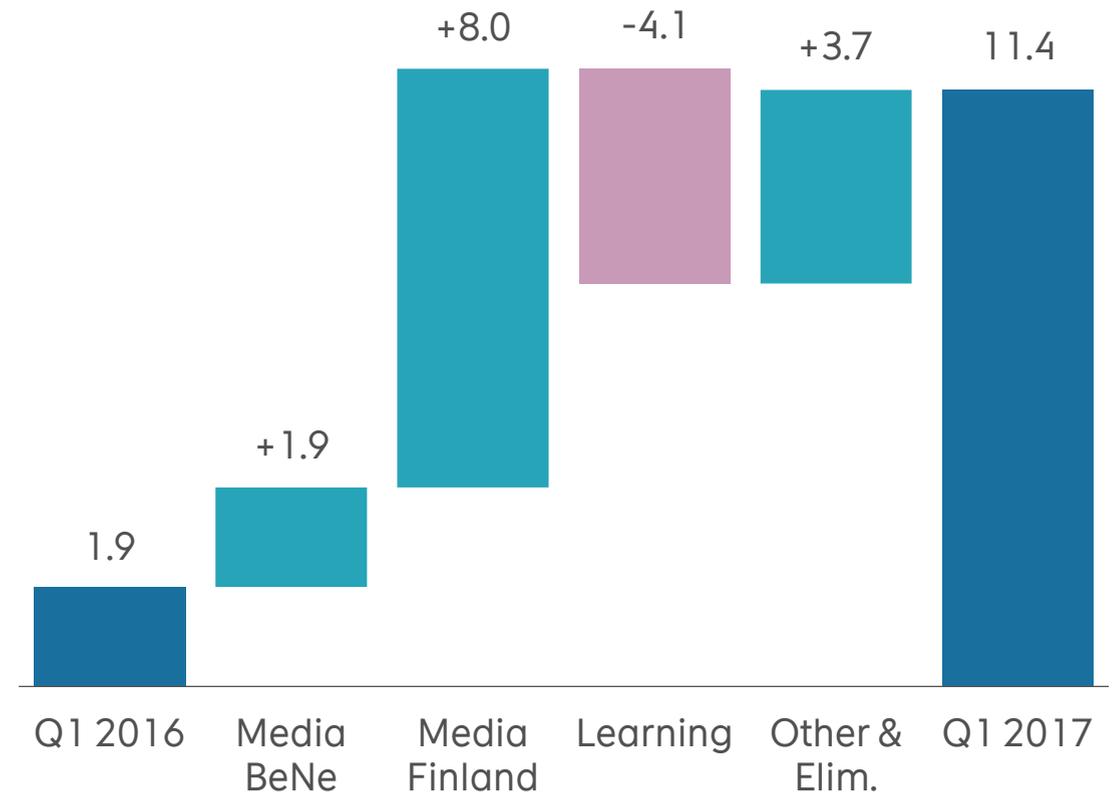
Learning:

- Lower sales
- New methods in Poland
- Higher depreciation and amortisation related to earlier investments
- Consolidation of De Boeck

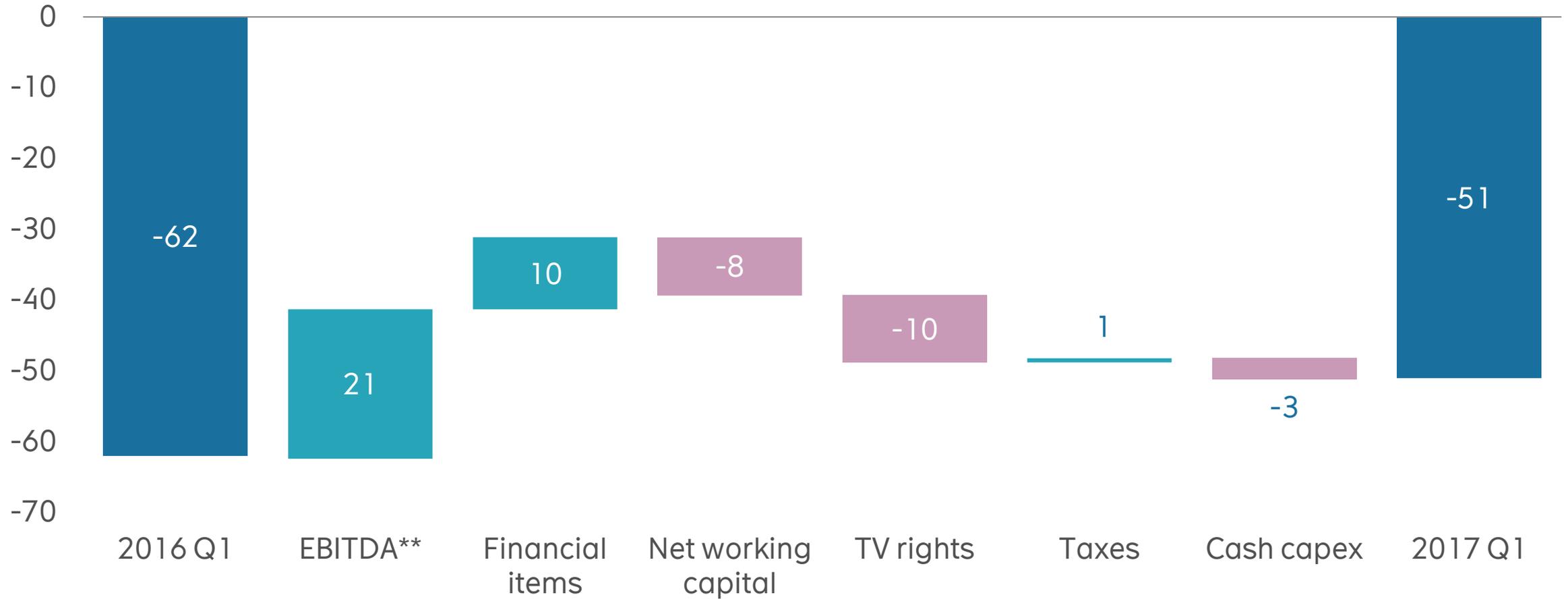
Other:

- + Cost innovations, timing differences
- + Changes in internal allocations

EUR million



Free cash flow* improved



* Free cash flow = cash flow from operations less capex

** EBITDA adjusted for SBS, capital gains/losses of businesses and share of results of JV's

Income Statement

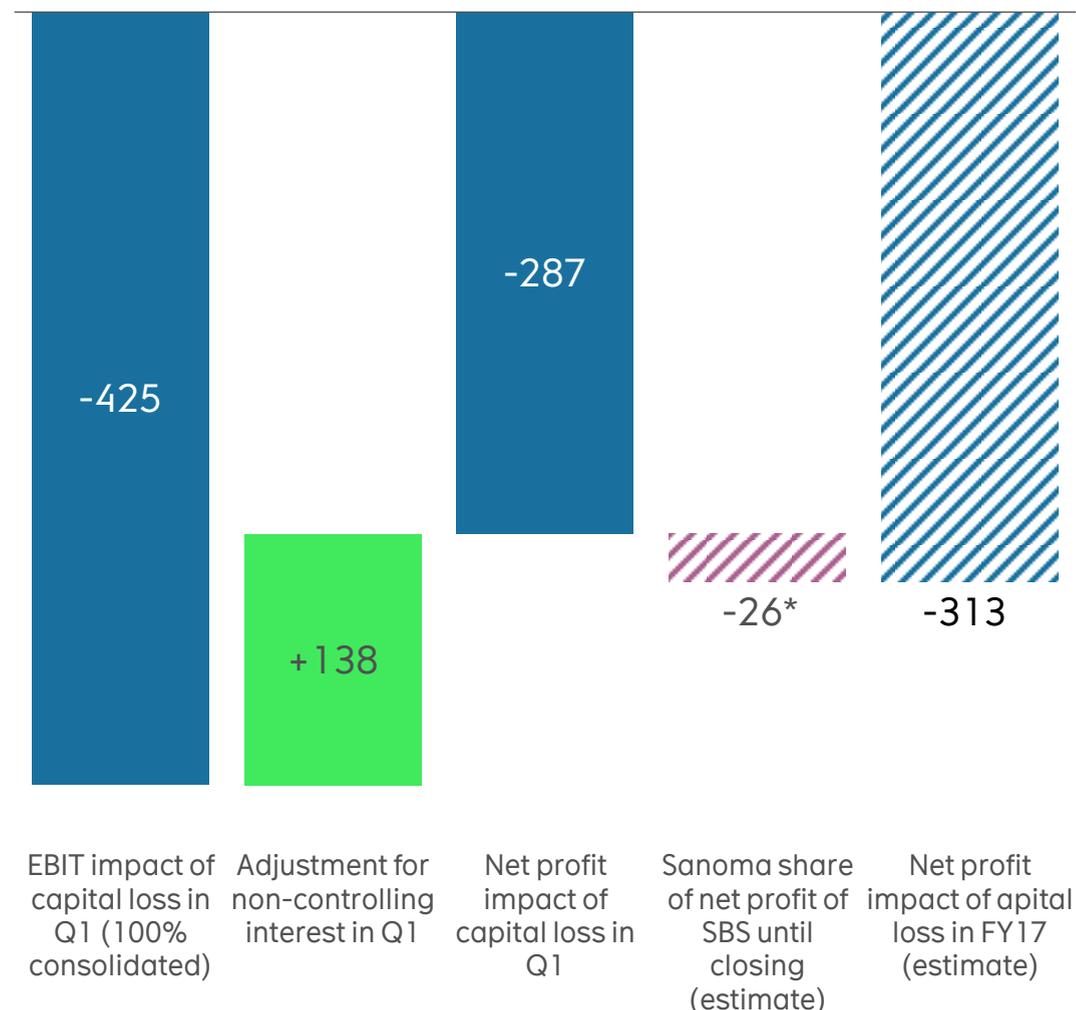
EUR million

	1-3/2017	1-3/2016	1-12/2016
Net sales	343.8	353.1	1,639.1
Operational EBITDA	82.4	73.5	452.4
Depreciation and amortisations	-71.0	-71.6	-284.6
Amortisations related to TV programme rights	-51.3	-51.4	-180.9
Amortisations related to prepublication rights	-5.8	-5.2	-20.4
Other amortisations and depreciation	-14.0	-15.1	-83.3
Operational EBIT	11.4	1.9	167.9
Items affecting comparability	-427.3	1.2	28.7
Operating profit	-415.9	3.1	196.6
Total financial items	-6.6	-8.7	-37.0
Result before taxes	-422.4	-5.5	157.2
Income taxes	-0.7	5.4	-41.2
Result for the period	-423.0	-0.1	116.0
Result attributable to:			
Equity holders of the parent company	-285.1	0.0	110.8
Non-controlling interests	-137.9	-0.1	5.2
Earnings per share	-1.76	-0.01	0.65
Operational EPS	0.02	-0.04	0.51

Financial impacts of SBS divestment

- Following the announcement, all assets and liabilities relating to SBS are classified as held for sale in accordance with IFRS5 resulting in a non-cash capital loss for Sanoma
- The net impact on Sanoma's Q1 reported net profit amounts to EUR -287 million.
- The full year impact to Sanoma's reported 2017 net result is **estimated** at EUR -313 million as previously indicated
 - The further projected increase is explained by net profit generation of SBS from announcement to closing, which increases the book equity value of SBS and therefore the total capital loss at completion
- Equity ratio: 27.4% (39.3%) at the end of March due to the write off related to SBS asset held for sale classification

Capital loss related to SBS, Q1 and FY estimate

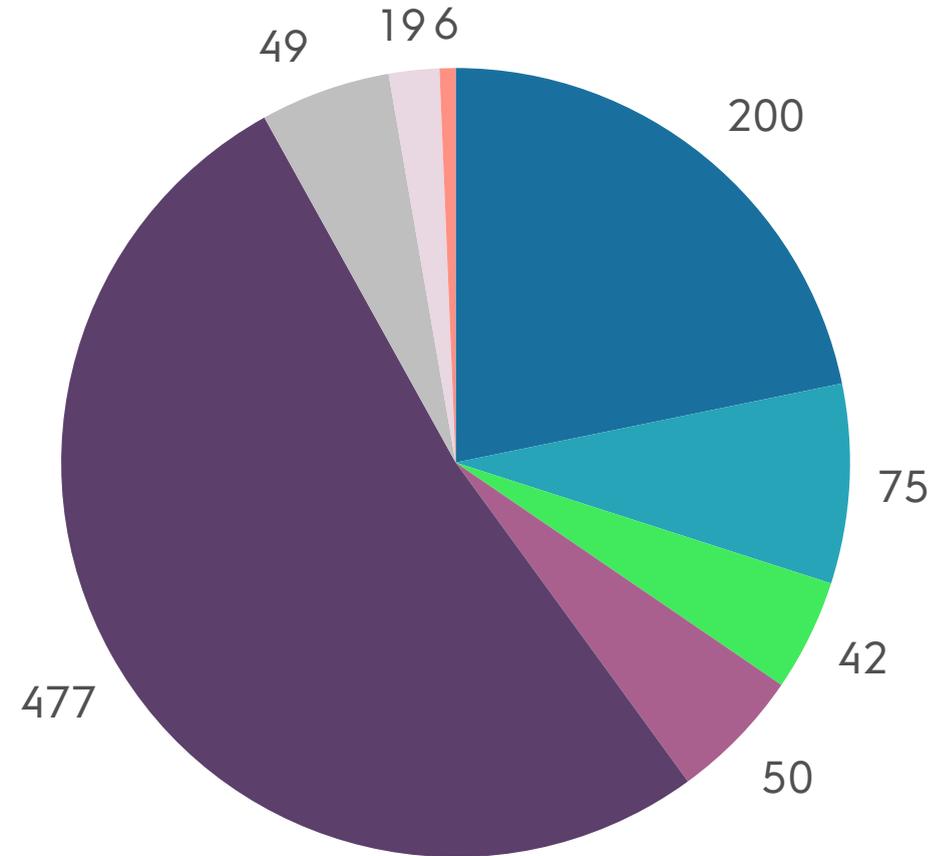


* Sanoma share of profits is improved by the discontinuation of depreciation and amortisation for an asset held for sale classification and subsequently written-off to fair value according to IFRS 5

Lower Financing costs

- EUR 200 million of Bond 2017 paid back, using commercial papers and bank financing
- Net financial items EUR -6.6 million (-8.7)
- Average interest rate down to 2.5% (3.1%) in Q1

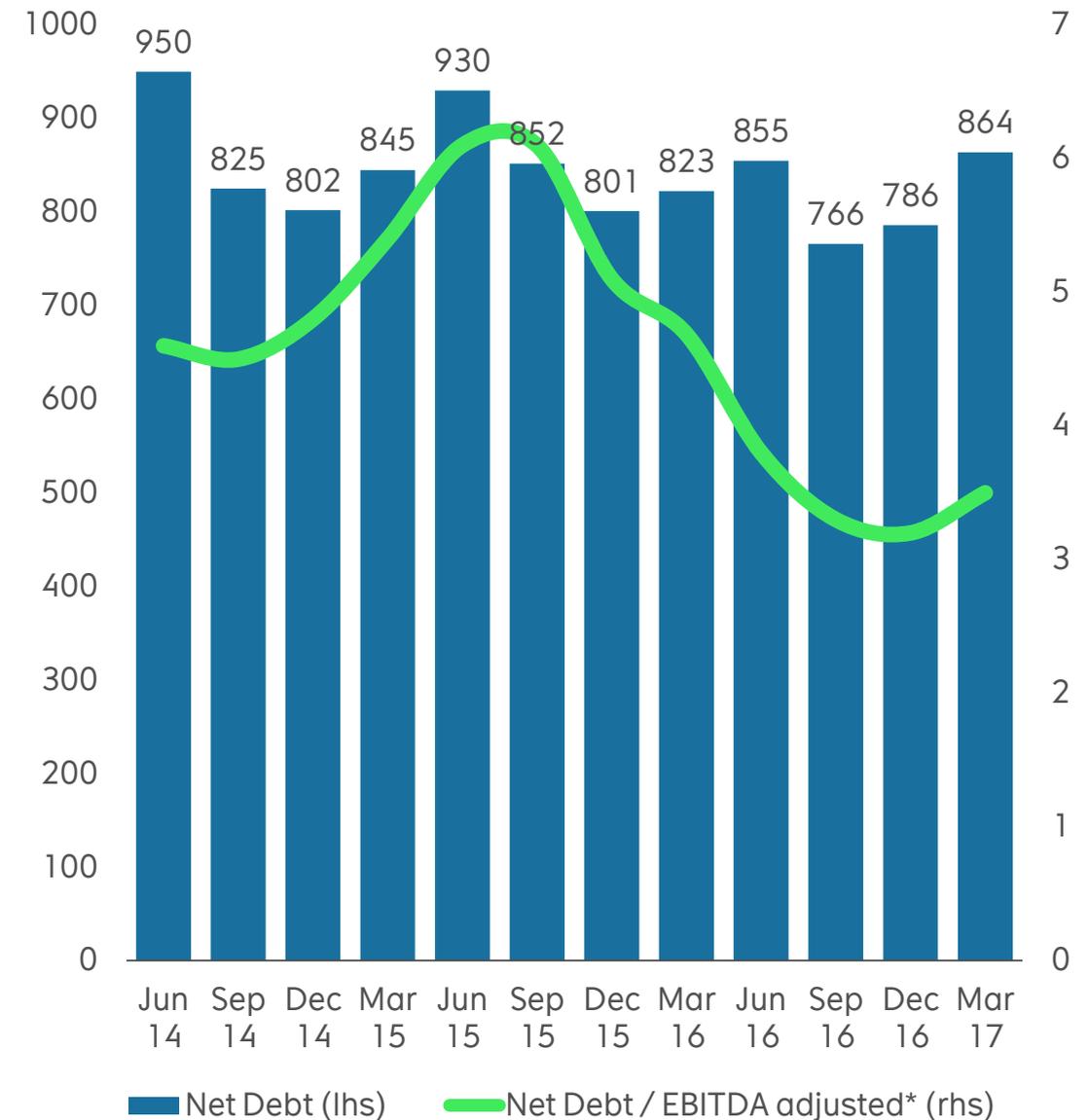
Debt structure as of 31 March 2017, EUR million
(Including SBS loans)



- Bond 2019
- SBS Loans
- CP Finland
- Other Loans
- Bilateral RCFs
- Term loan
- CP Belgium
- Bank account limits

Deleveraging continues with typical seasonal uplift

- Net debt/EBITDA adjusted* 3.5 times (4.7)
- Net debt: EUR 864 million (823)
 - Cash flow Q1 improved by EUR 12 million
 - Hybrid bond of EUR 100 million redeemed in Dec 2016
 - Dividend, total of EUR 32 million, paid already in Q1 (2016 in Q2)
- The divestment of SBS will improve the leverage ratio going forward
- Continued improvement of cash flows and deleveraging will have positive effect on operational EPS going forward



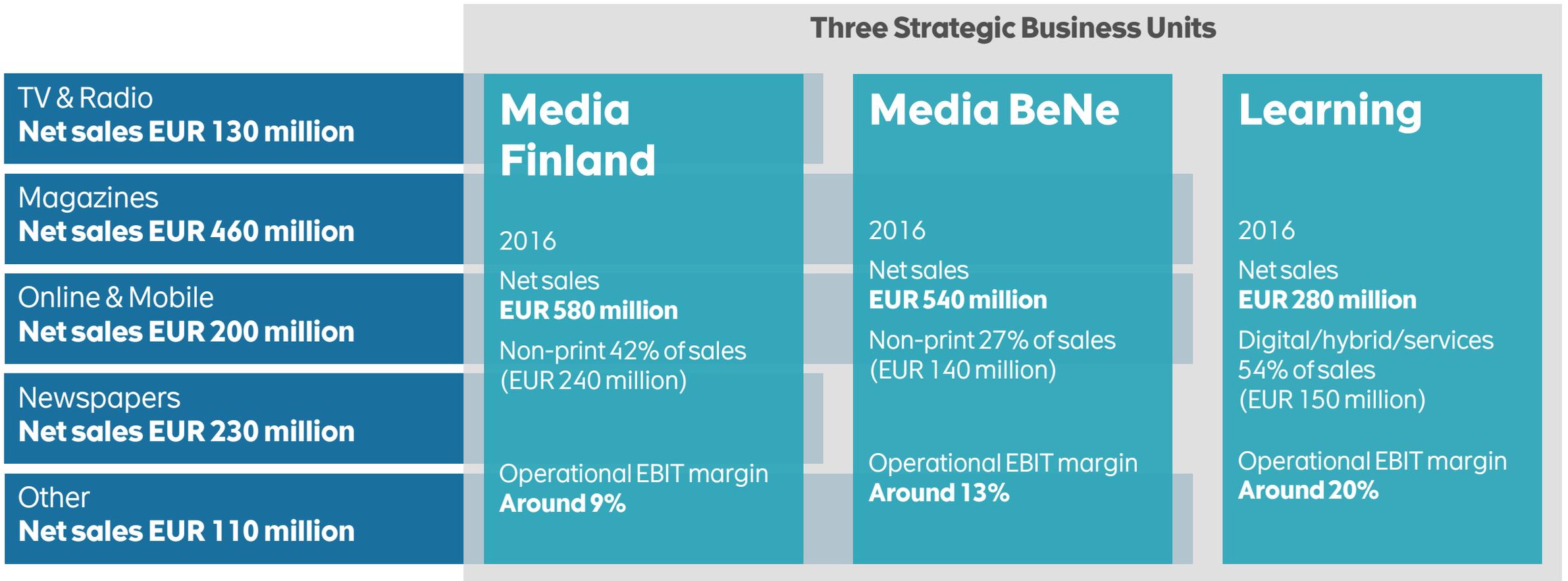
* EBITDA adjusted: 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis

Q&A

Sanoma pro forma 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%

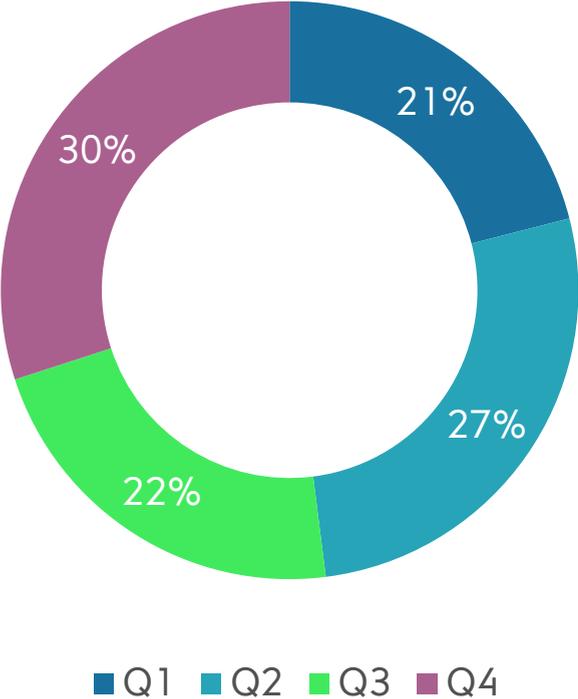


NOTE: Figures rounded to closest EUR 10 million.

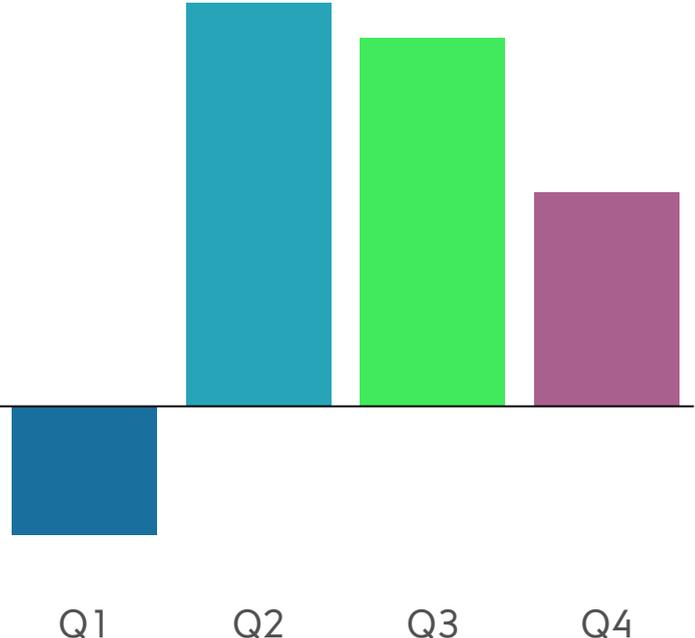
Seasonality in SBS

2016

Net sales split



Operational EBIT in relative terms



Sanoma – Largest Shareholders

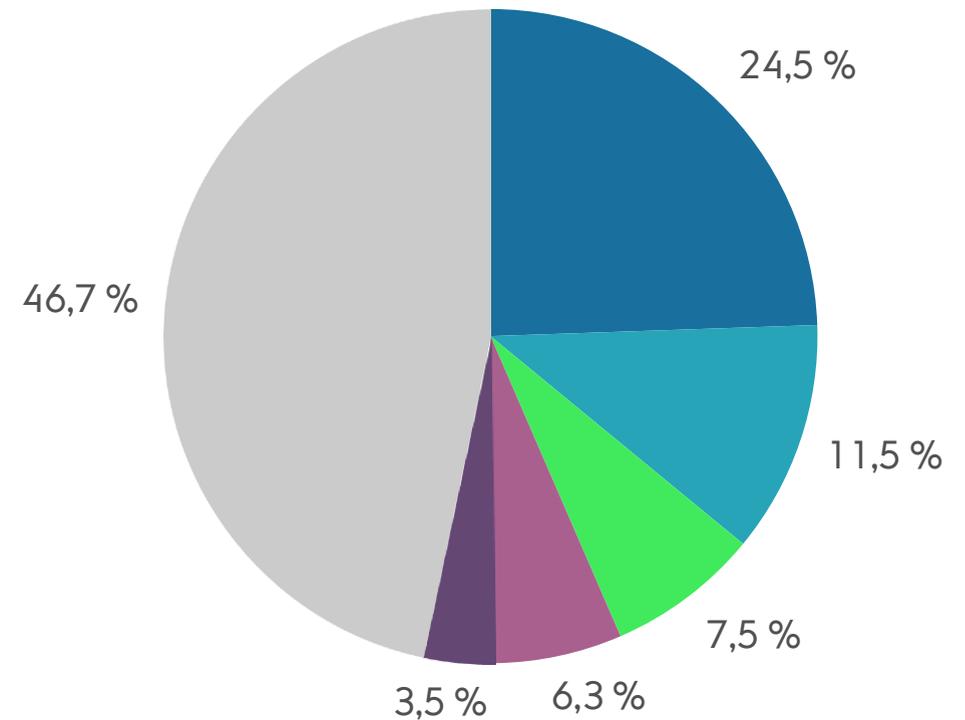
31 March 2017

	% of shares and votes
1. Jane and Aatos Erkko Foundation	24.46
2. Antti Herlin (Holding Manutas Oy: 11.47%, personal: 0.02%)	11.49
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. Foundation for Actors' Old-Age Home	1.23
8. The State Pension Fund	1.22
9. Alex Noyer	1.19
10. Lorna Auboin	1.14
Foreign ownership in total*	16.8%
Total number of shares	162,812,093
Total number of shareholders	21,780

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

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