

Sanoma Capital Markets Day 2018

Building on a solid base for
selective growth

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sanoma

Agenda

8:45

Welcome

Building on a solid base for selective growth

Susan Duinhoven, President & CEO

Focusing on profitability and cash flow generation

Marc Duijndam, CEO Sanoma Media Netherlands

Continuing to strengthen our market position

Pia Kalsta, CEO Sanoma Media Finland

Coffee break

Creating a European champion in learning

John Martin, CEO Sanoma Learning

Solid financial base for shareholder returns

Markus Holm, CFO & COO

12:15

Buffet lunch

13:15

End of event

Adjustments and restatements

- All 2016-2017 figures presented in this presentation are for continuing operations only.
 - Sanoma announced on 16 January 2018 the intention to divest its Belgian women's magazine portfolio. The divested business was consequently classified as Discontinued operations in 2017 financial reporting.
- All annual and quarterly figures for 2017 presented in this presentation have been restated to account for IFRS 15 standard.
 - Restated figures have been published as a stock exchange release on 29 March 2018.
- All income statement and balance sheet related Group and Media Netherlands figures for 2016-2017 are adjusted for the SBS divestment.
 - Sanoma divested the Dutch TV operations of SBS on 19 July 2017. SBS was consolidated in Sanoma's income statement until 30 June 2017 as part of Media Netherlands SBU. To enhance comparability between reporting periods, all income statement and balance sheet related key figures for 2016-2017 for the Group and for Media Netherlands are presented excluding SBS.
- More information on the adjustments and restatement is available on p. 3 of the Q1 2018 Interim Report.

Today's speakers



Susan Duinhoven
President & CEO
Sanoma Corporation



Marc Duijndam
CEO
Media Netherlands



Pia Kalsta
CEO
Media Finland



John Martin
CEO
Learning



Markus Holm
CFO & COO
Sanoma Corporation

Building on a solid base for selective growth

Susan Duinhoven
President & CEO

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Building on a solid base for selective growth

We have completed major portfolio changes

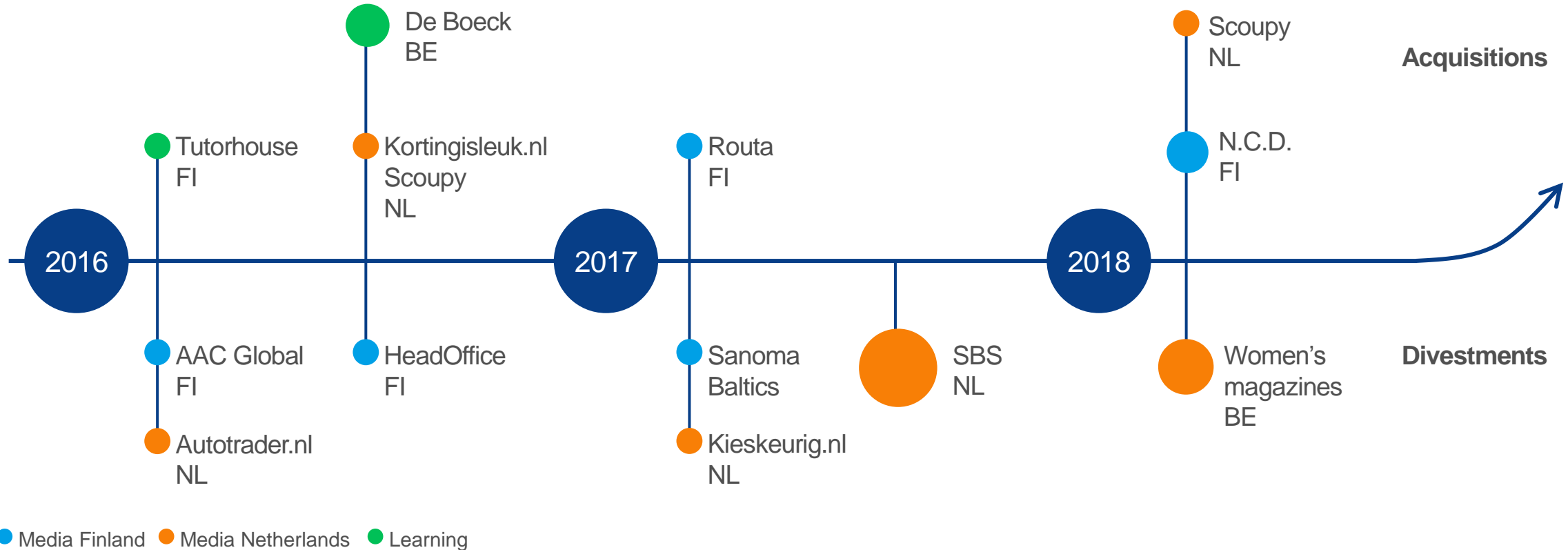
We continue to focus on our customers, profitability & cash flow...

... and increasingly focus on selective growth through M&A

Resulting in:

- Solid profitability
- Growing cash flow
- Increasing dividends
- Equity ratio and leverage within long-term target

Our major portfolio changes are now completed....



... resulting in improved performance in 2017

NET SALES
EUR 1,327 million

NON-PRINT SALES
40%

OPERATIONAL EBIT MARGIN
13.6%

Media Finland

EUR 571 million

44% non-print

11.5% margin

Media Netherlands

EUR 440 million

30% non-print

15.5% margin

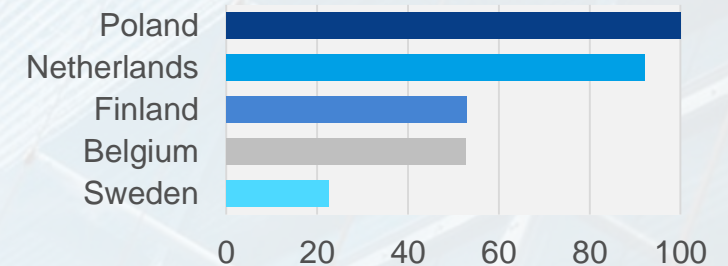
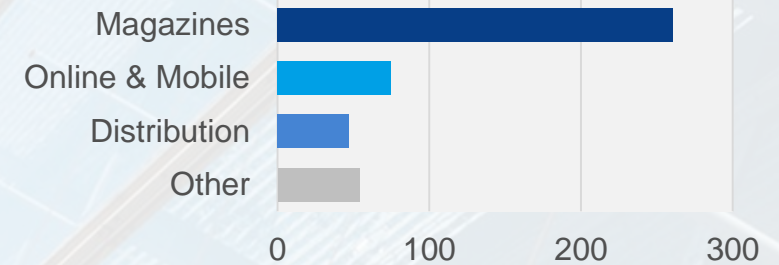
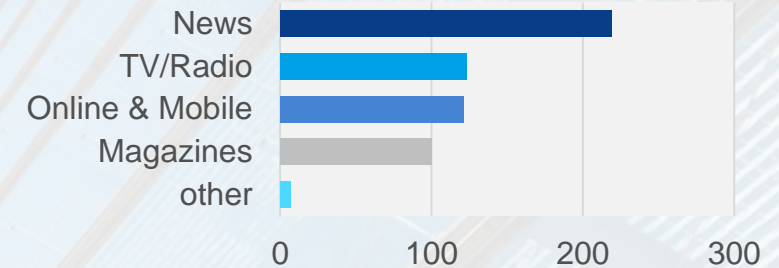
Learning

EUR 318 million

45% non-print

17.5% margin

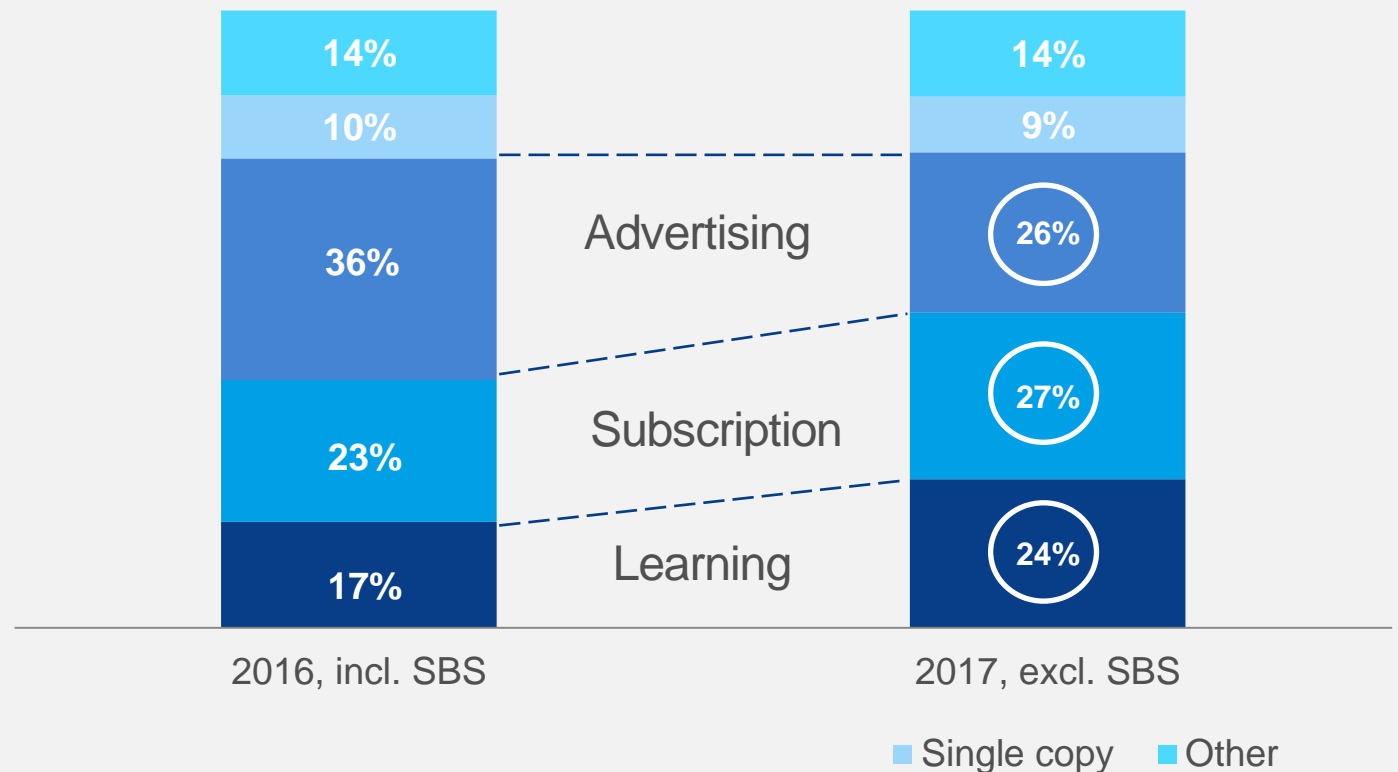
Net sales 2017



We have a more balanced business portfolio...

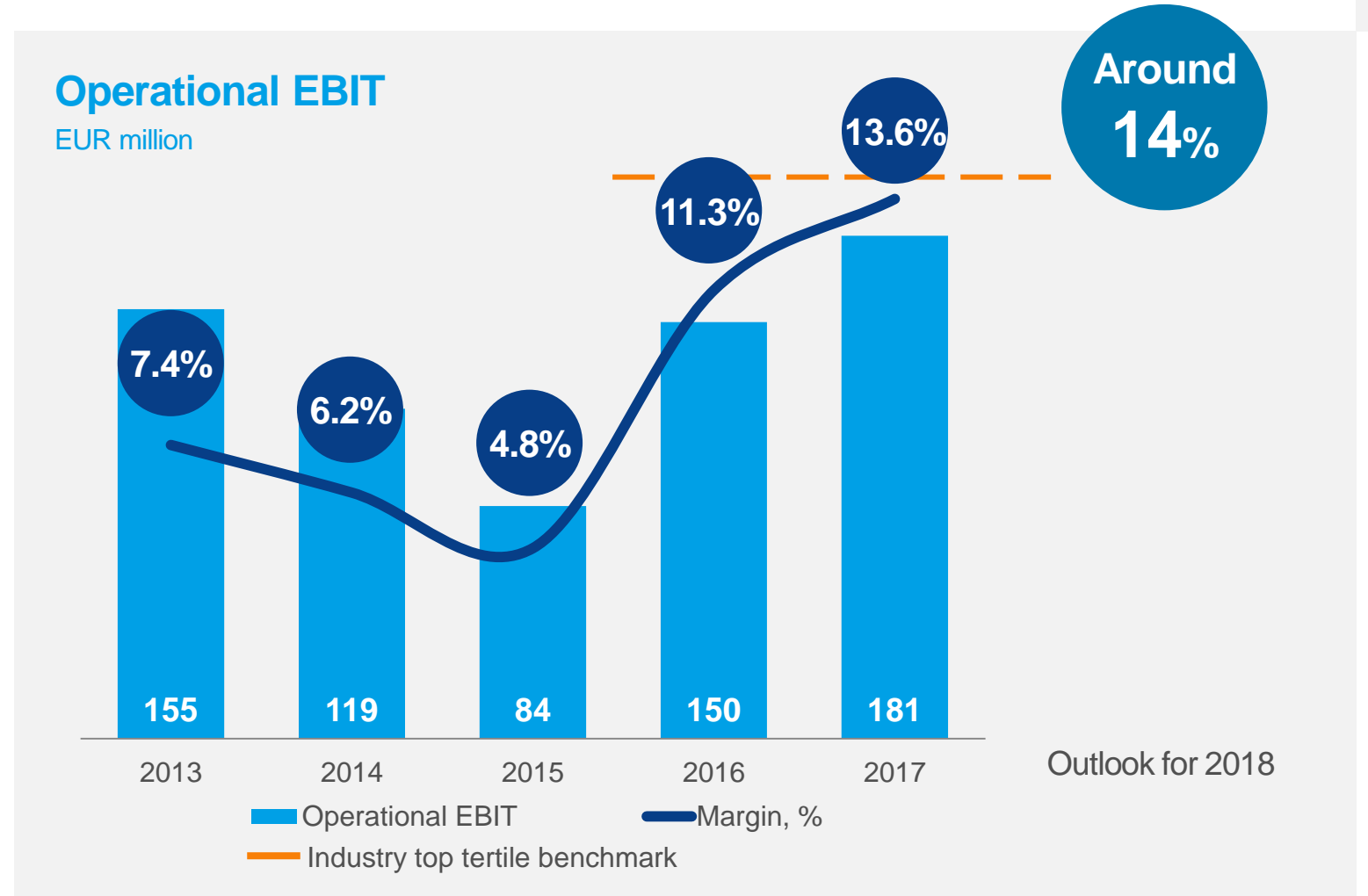
- Higher share of more stable subscription and learning sales
- Lower exposure to more volatile advertising sales
 - Finland 75% of the Group's advertising sales: MEUR 250
 - The Netherlands 25%: MEUR 80
- Overall focus on 'stronghold positions' in all segments we operate in

Net sales by category



... and improved profitability...

- Profitability continued to improve in 2017
 - Streamlined and more efficient operations
 - Divestments of Dutch TV operations SBS and Belgian women's magazine portfolio
 - Cost innovations
- Outlook for 2018 operational EBIT margin is around 14%
- EBIT margin is in line with the top tertile industry benchmark of 14% in 2017



...and a solid financial base in line with our long-term targets...

Key ratio	2017 performance	Long-term target
Net debt / adj. EBITDA	1.7	< 2.5
Equity ratio	38.2%	35-45%
Dividend policy	55%	40-60% of cash flow from operations less capex

... and we continue to focus on our role in society

Content

- Journalistic content supporting freedom of speech and independent information gathering
- Local entertainment contributing to shared values and experiences
- Data assisting in serving relevant content to audiences while focus on 'avoiding in creating an information bubble'

Learning

- Our modern learning methods supporting teachers in developing the full potential of every pupil
- Helping in building a strong foundation for a stable, productive and prosperous society
- Data being central to adaptive learning methods and measuring learning impact

Solid performance and compliance in

Responsible data use / Talent and diversity management / Journalistic ethics / Privacy and security / Responsible business practices / Environmental management / Supply chain management

We adapt to a rapidly changing media landscape

1 Increasing time used on media though mostly mobile

2 Video is used more and more

3

4

5

6

- 1
 - Constant growth in time spent
 - Lower value mobile advertising model
- 2
 - Requires different 'story telling' utilizing expertise from our media portfolio
 - Having to constantly reduce production costs

We adapt to a rapidly changing media landscape

1

Increasing time used on media though mostly mobile

2

Video is used more and more

3

Data is increasingly important

4

The role of technology is expanding

5

6

3

- Recommendations increase engagement of users
- Advertisers willing to pay for increased conversion
- New skill sets in organization and full compliance on security and privacy are required

4

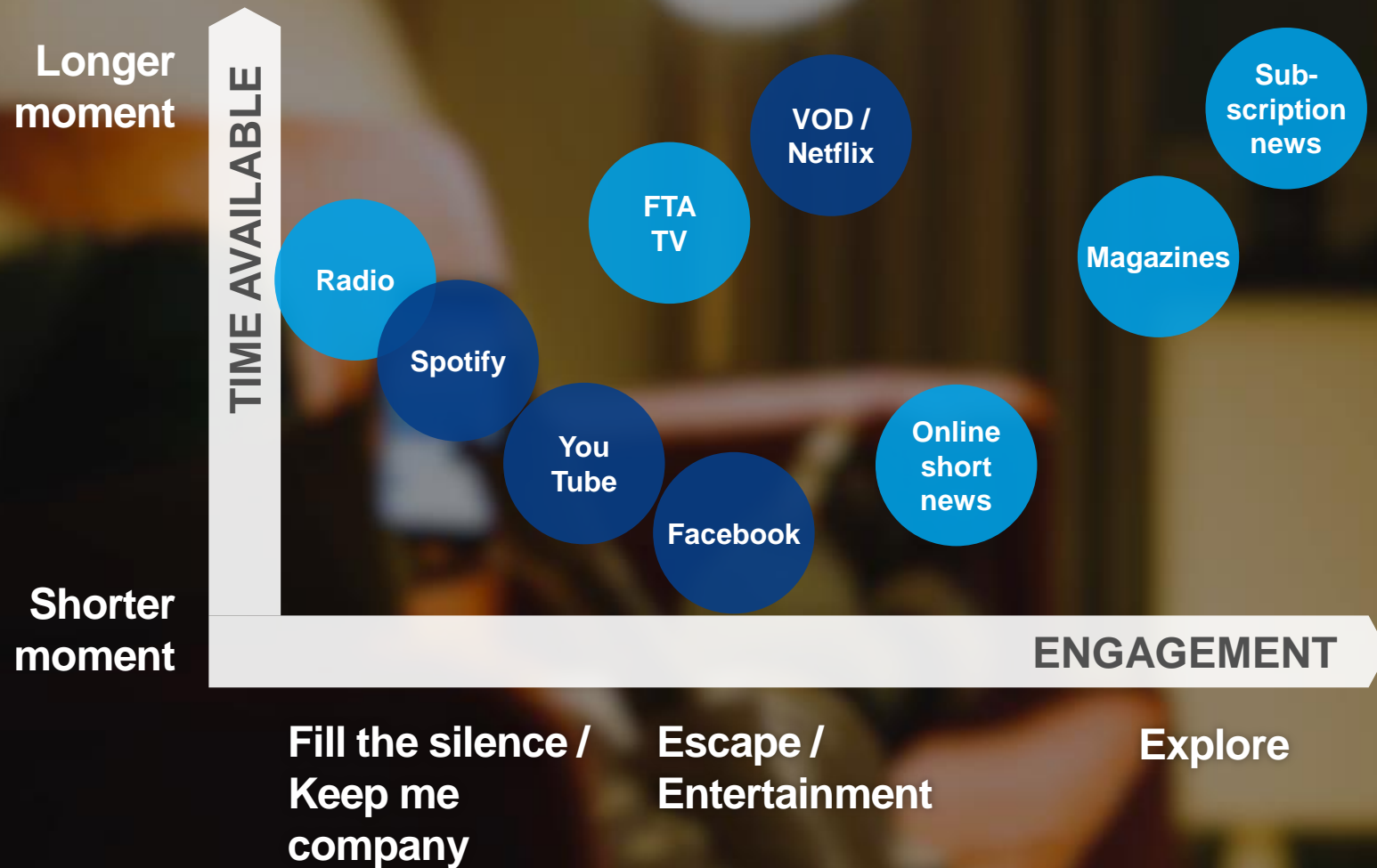
- High user experience requirements
- Use of Machine Learning and AI in analysis and content production
- Increasing investments may lead to industry consolidation

We adapt to a rapidly changing media landscape

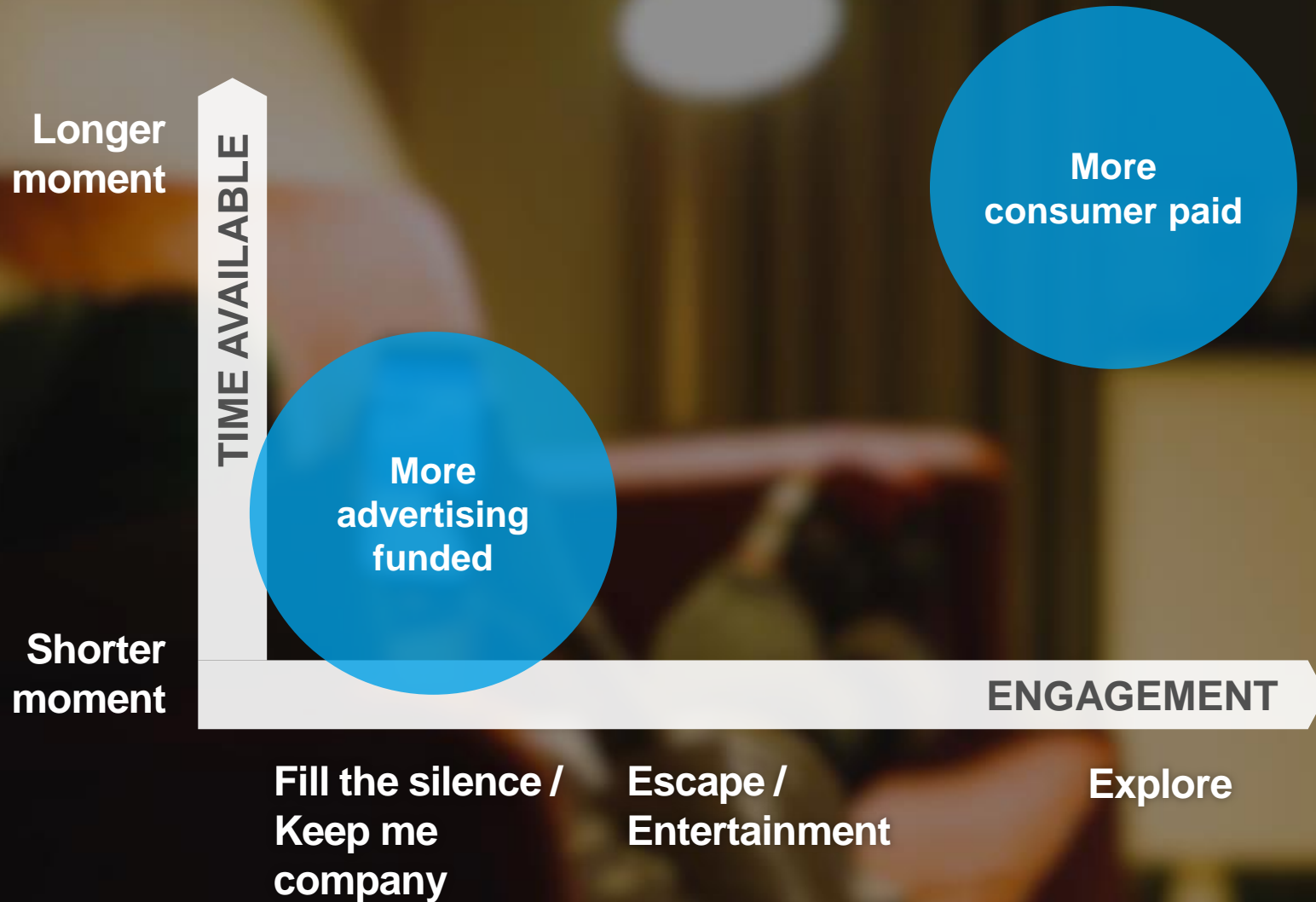
- 1 Increasing time used on media though mostly mobile
- 2 Video is used more and more
- 3 Data is increasingly important
- 4 The role of technology is expanding
- 5 Consumers' willingness to pay for online is increasing
- 6 Marketers are seeking efficiencies and impact by a balanced use of media channels

- 5
 - Increases commercialization opportunities for us
 - Online subscription news
 - Subscription based VOD
- 6
 - Strength of traditional mass media in reaching new customers recognized again
 - Value of curated media as safe environment for brands

In the changing media landscape, consumer focus directs our growth – Examples of media channels' positions



Consumers are willing to pay for engaging media moments



Our brand portfolio covers the whole spectrum

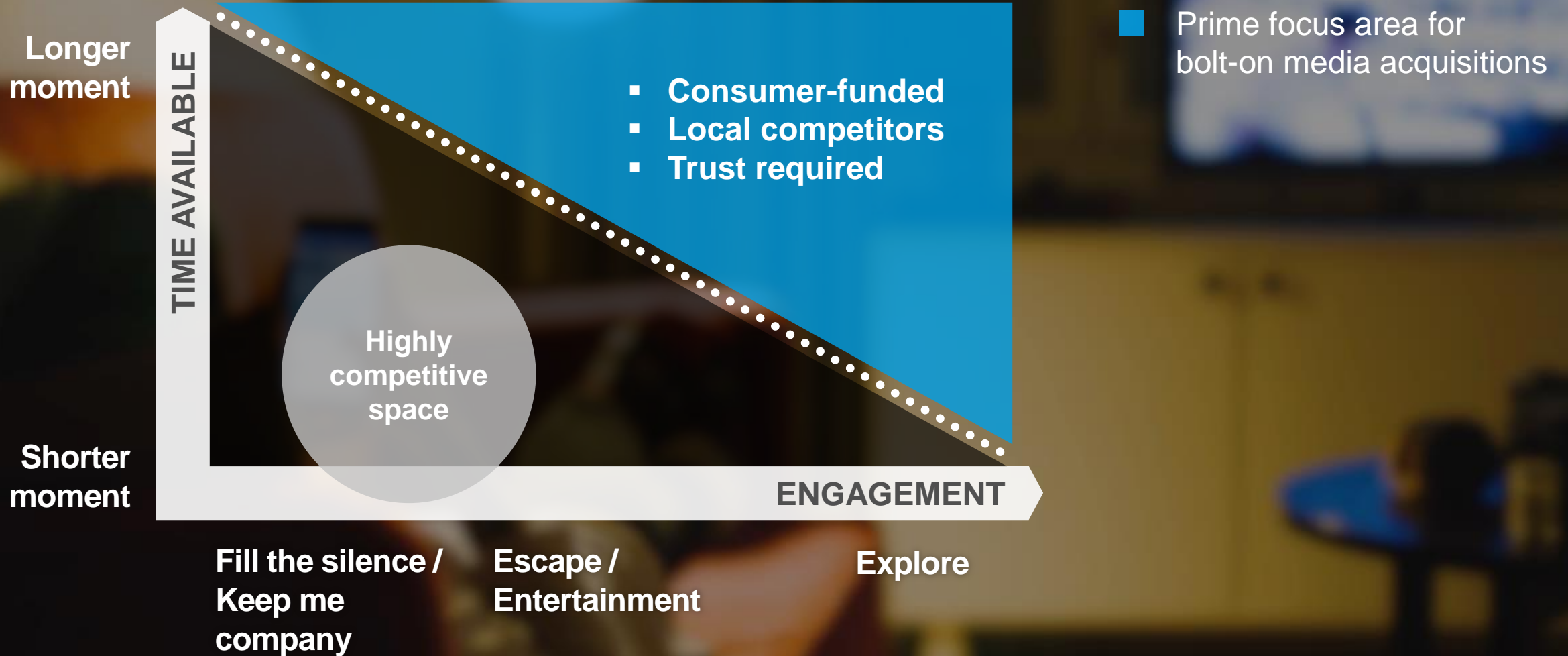


Fill the silence /
Keep me
company

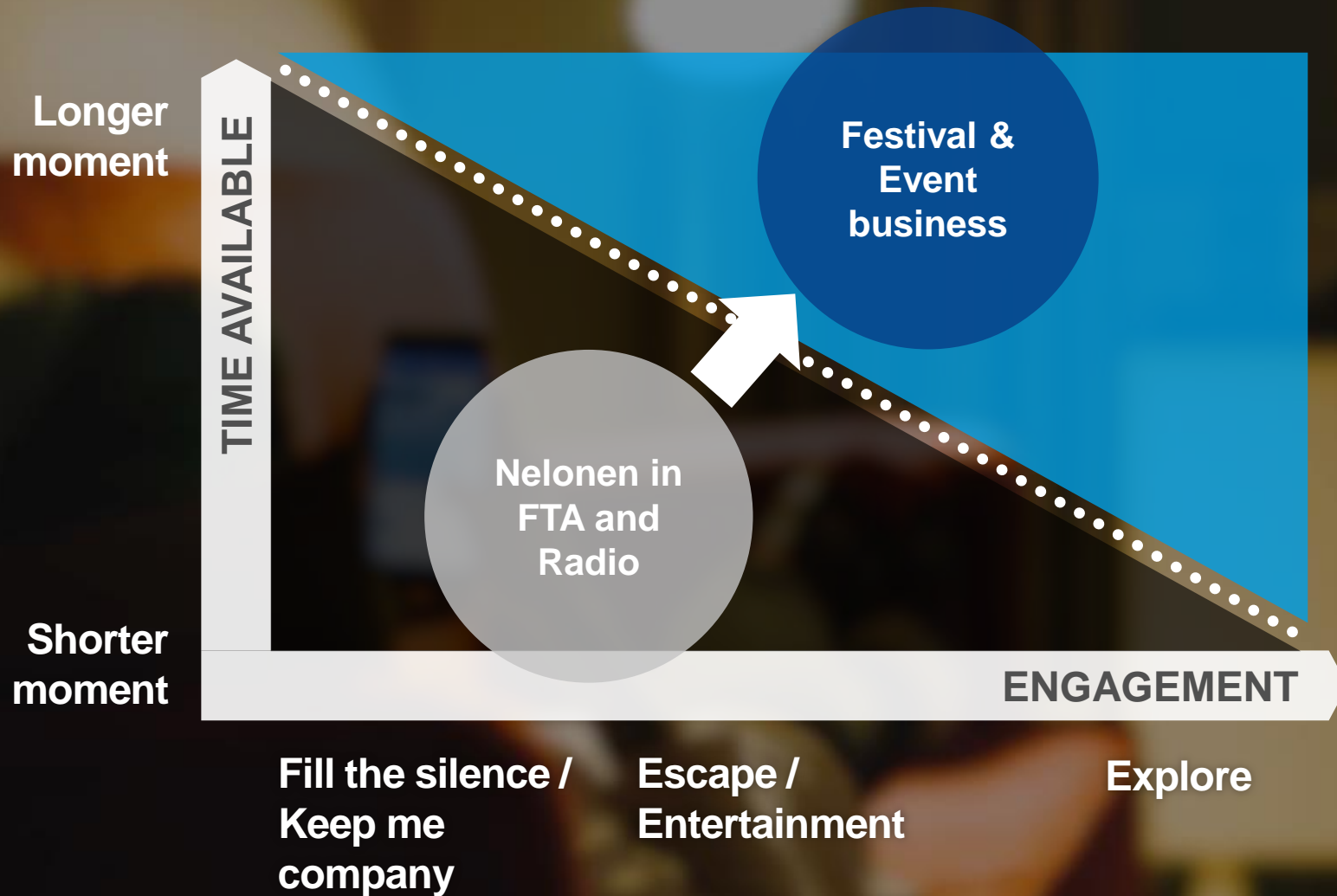
Escape /
Entertainment

Explore

Consumer-funded media moments are attractive to us



Consumer-funded media moments attractive for expansion



Opportunities across all three businesses for selective growth through M&A

Increasing focus on selective growth

- Synergistic bolt-on acquisitions
- Organic growth initiatives
- Active portfolio management

Headroom for acquisitions in 2019

EUR

300-400

million

In Media Finland, we aim to strengthen three business areas



Entertainment

- Total TV proposition integrating FTA, AVOD and local content based, consumer paid VOD
- Entry into sizeable and growing market of live experiences



News, feature & lifestyle

- Strong portfolio of lifestyle and news brands
- Aiming for growth in consumer paid media moments



B2B

- Unique combination of reach and targeting opportunities
- Growing into value-added services
- Growing into supporting small and mid-size companies

....aiming to benefit from partnering and consolidation opportunities where possible

In Media Netherlands, data will create growth in online news

Blockbuster brands

Cross media brands
with increasing cash
conversion

Online news & Data business

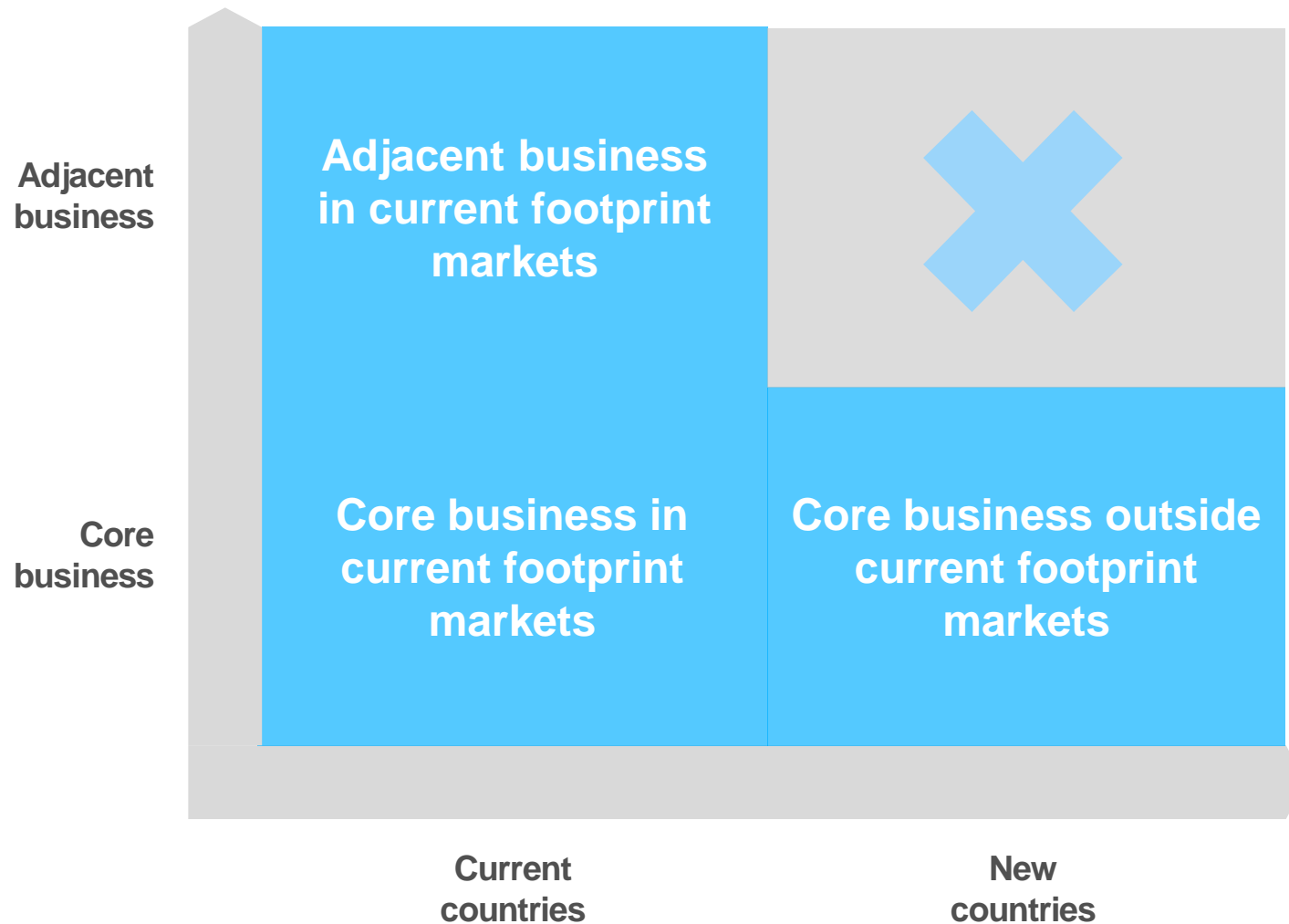
Value creation through
top line growth by
increasing value of
advertising



Special Interest

Smaller brands
with high cost
efficiency focus

In Learning, our M&A strategy aims at three target areas



Long-term growth potential:

- Boost profitability through scale and synergies
- Strengthen market positions in ecosystem
- Diversify risks

Building on a solid base for selective growth

We have completed major portfolio changes

We continue to focus on our customers, profitability & cash flow...

... and increasingly focus on selective growth through M&A

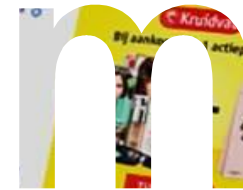
Resulting in:

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Sanoma Media Netherlands:

Focusing on profitability and cash flow generation

Marc Duijndam
CEO



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Focusing on profitability and cash flow generation

- Our core business is stable with >1.3m subscriptions
- NU.nl & data business will drive value creation through topline growth
- We have a strong profitability with 15.5% EBIT margin
- We focus on increasing cash conversion as portfolio restructuring is now completed

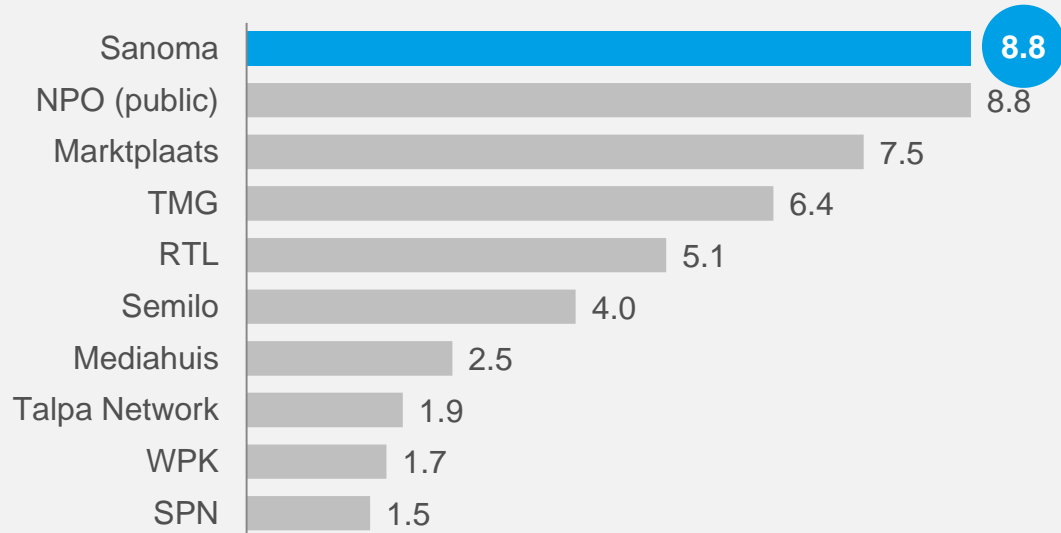


We have the leading local media brands in both digital and print – reaching over 12m consumers every month



#1 local player in Digital reach

Top local Digital publishers in monthly reach (millions)*

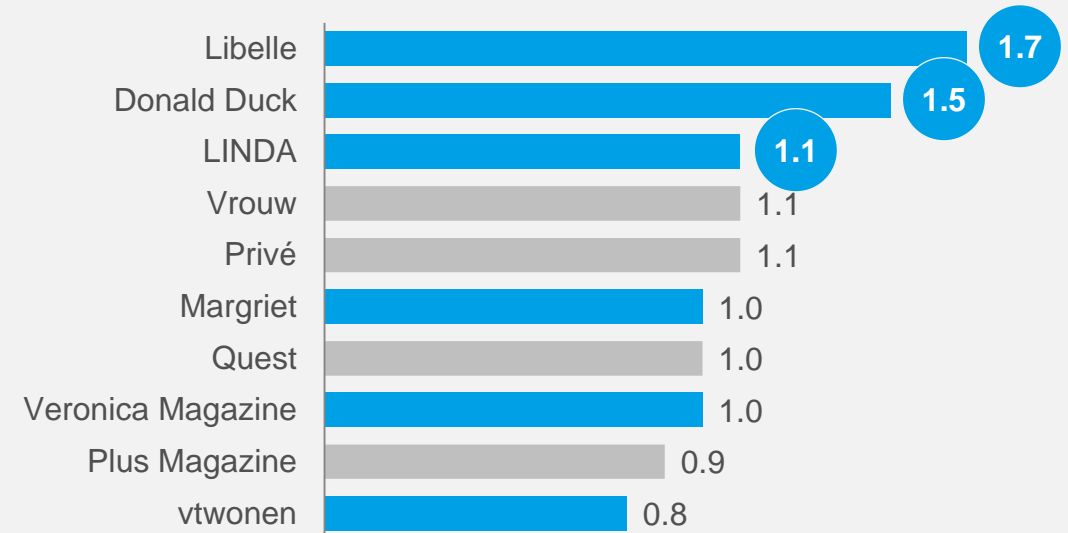


* Source NOBO



#1 player in Magazine reach

Top 10 magazines, monthly reach (millions) **



** Source NOM excludes free circulation magazines



FASHIONCHICK
EIGEN HUIS & INTERIEUR



Ouders
Ariadne at Home

libelle

Startpagina

LINDA.

VIVA

vtwonen

Stijlvol
WONEN



Margriet

FLAIR

DONALD DUCK

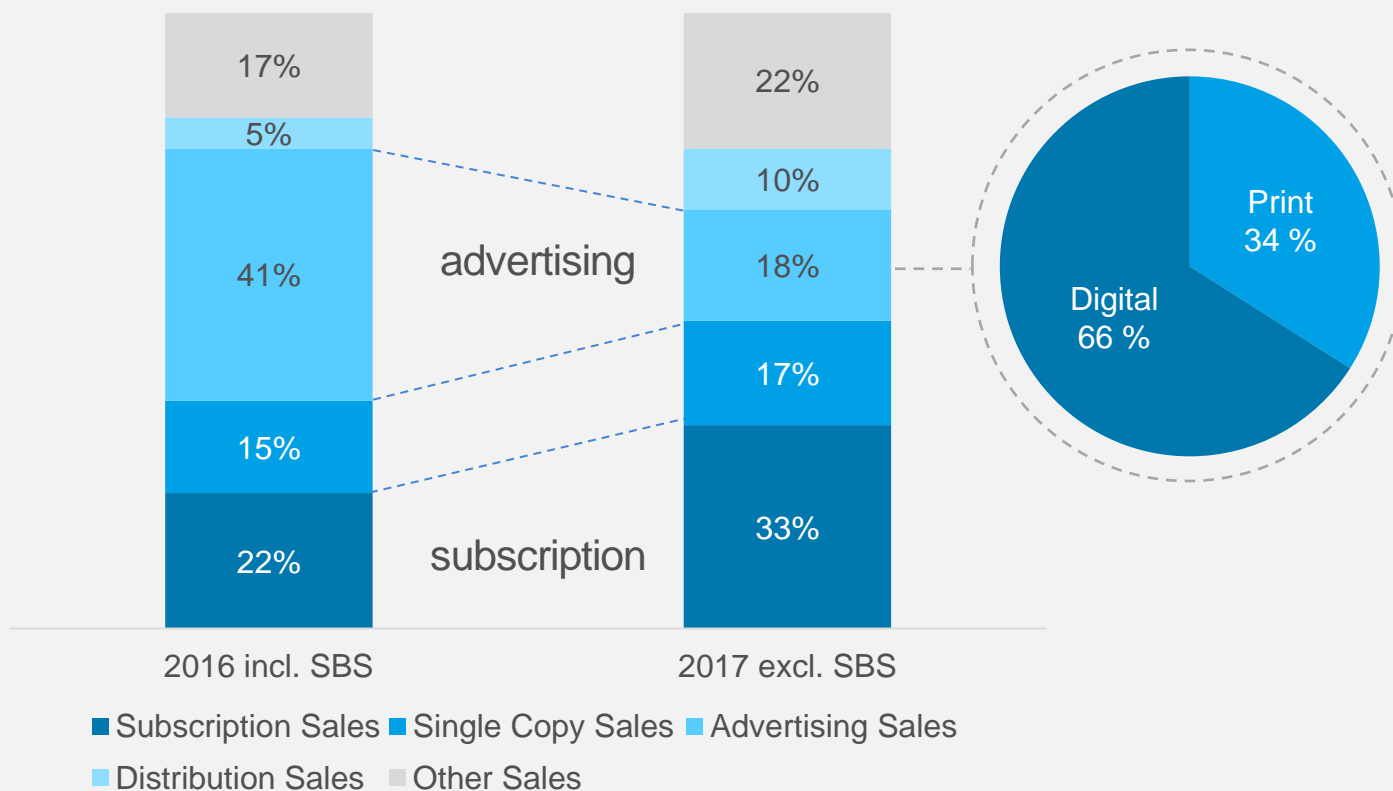
WONEN
Landelijke sign

flow

We completed the portfolio restructuring resulting in high share of subscription sales and lower share of advertising

- Divestment of Dutch TV operations SBS
- Acquisition of Veronica Magazine (TV Guide, 220k subscriptions)
- Divestment of comparison site Kieskeurig
- Intention to divest the Belgian women's magazine portfolio

Net sales by category



Our focus is on cash flow generation

Blockbuster brands

1

Cross media brands with increasing cash conversion

55%

> average

Online news & Data business

3

Value creation through top line growth by increasing value of advertising



9%

~ average

Special interest brands

2

Smaller brands with high cost efficiency focus

36%

< average

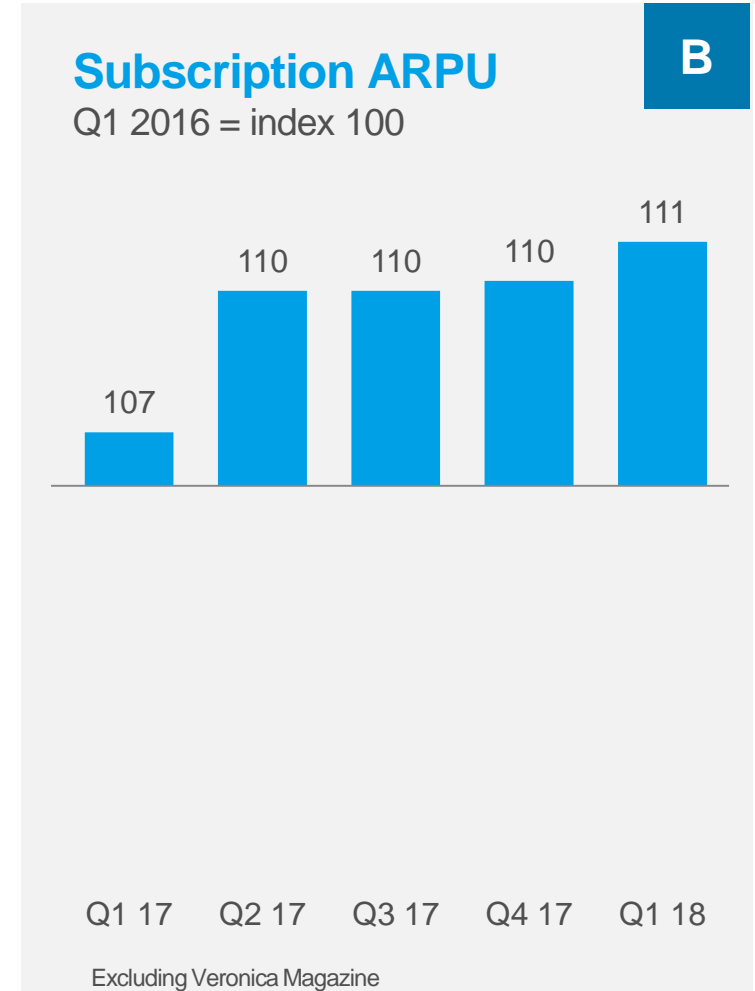
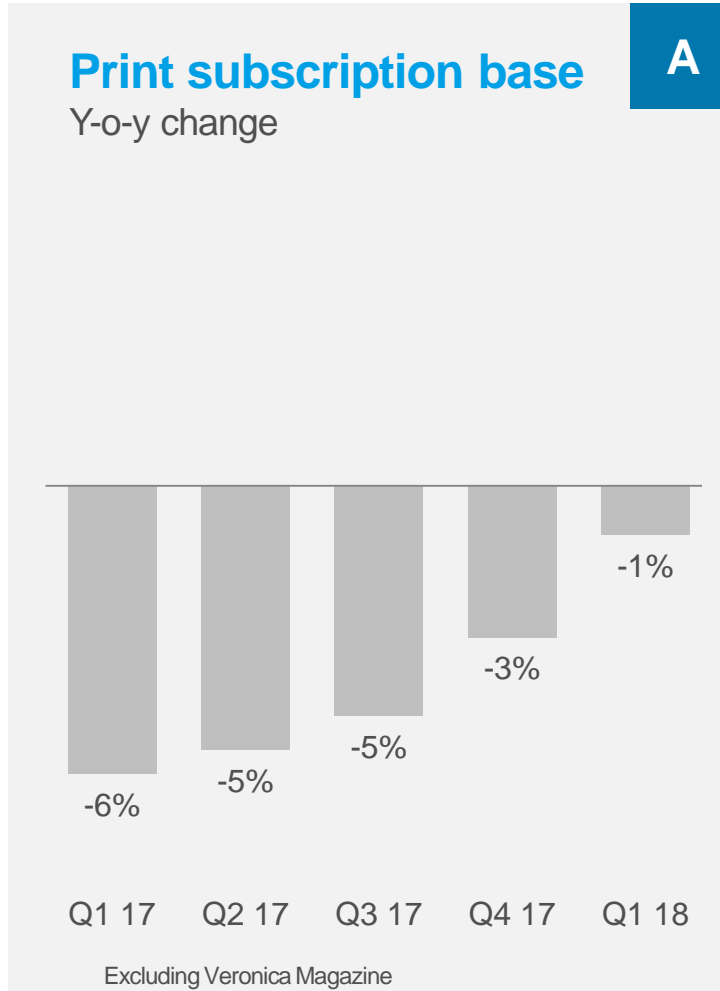
Share of net sales in 2017

Profitability

We continue to innovate also in our print subscription business...

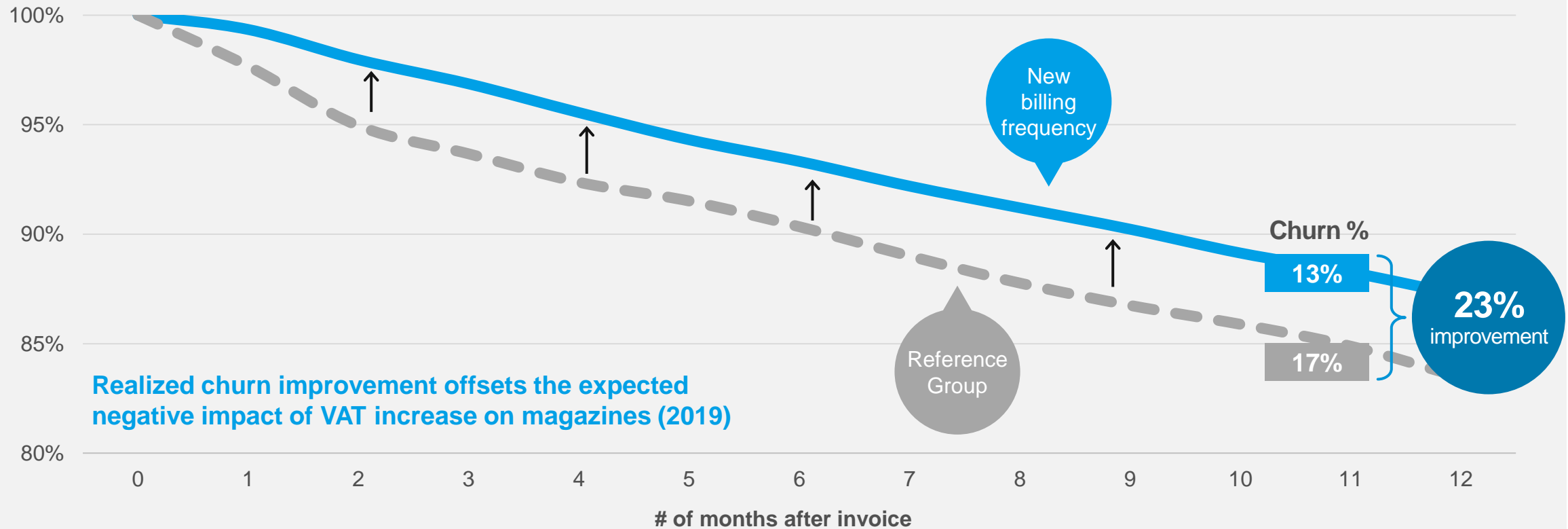
Successful subscription programs

-  Loyalty program
-  Cross & upsell
-  Bundling
-  Smart pricing



... increasing the billing frequency is one of these innovations improving the retention

Retention rate of women's weekly 'Margriet'




* % of not-cancelled subscriptions by #months after invoice

Over the years we expanded our stronghold brands into multiple products and media types



Our Parenting Special Interest proposition is unique in the Dutch market for consumer and advertiser

1 3 2



Data acquisition



The right offer at the right time



Told by 3 strong cross media brands







Data acquisition results in identification of 80% of the total 172k babies born in NL p.y.



We have successfully implemented cost innovation programs across the business

Selection of cost saving projects

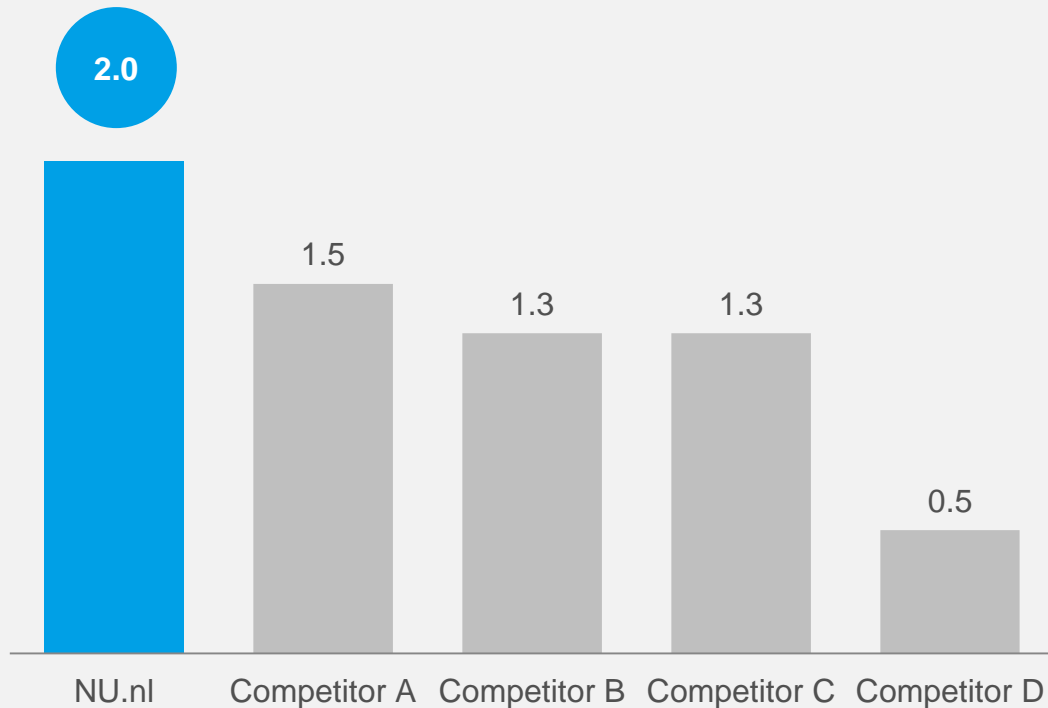
 Editorial operations	Focus on core-brands Freelance project
 Staff & Overhead	Continuous cost innovation Sales, CTM, Back office savings
 Procurement	Various procurement initiatives
 Organisation	Integration Sanoma Digital Resizing organisation after divestments

Continuous focus on operational efficiency and cost innovations

Focus on customer centricity in online news is further strengthening NU.nl's leading position

NU.nl is the #1 digital news player in the Netherlands reaching 2 million unique visitors per day

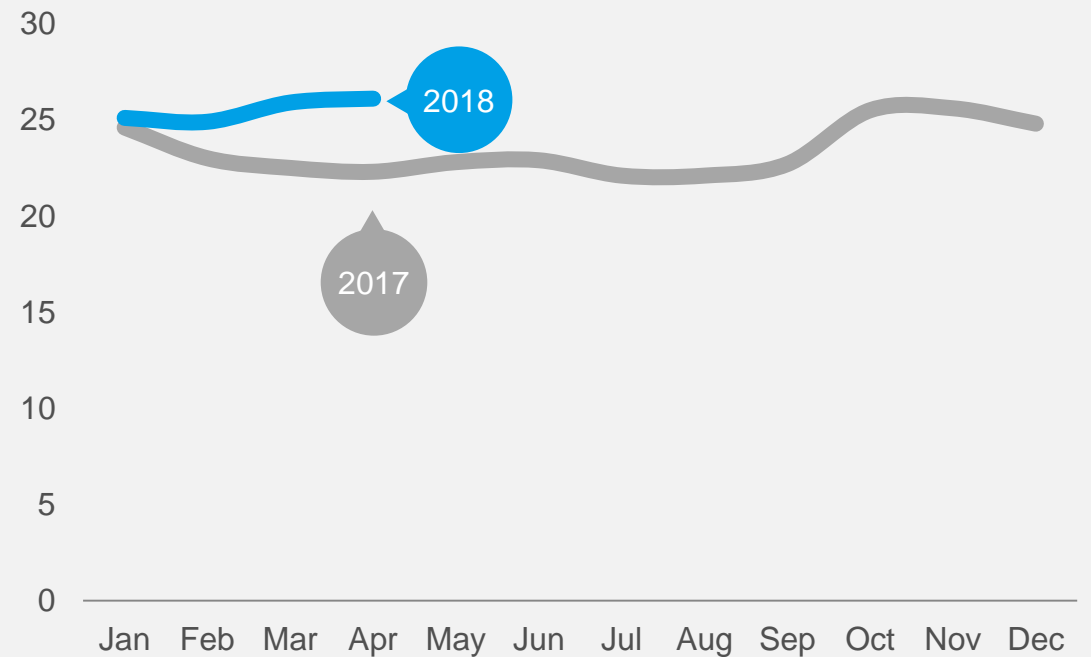
Unique daily reach* (millions)



* Source NOBO 2017 – Average daily digital reach excludes international players as Google/ Facebook

Share of time spent development shows the focus on customer centricity is paying off

NU.nl share of time spent in news market



Success of Scoupy: a unique B2C proposition combined with data and FMCG focus

Strong B2C proposition:

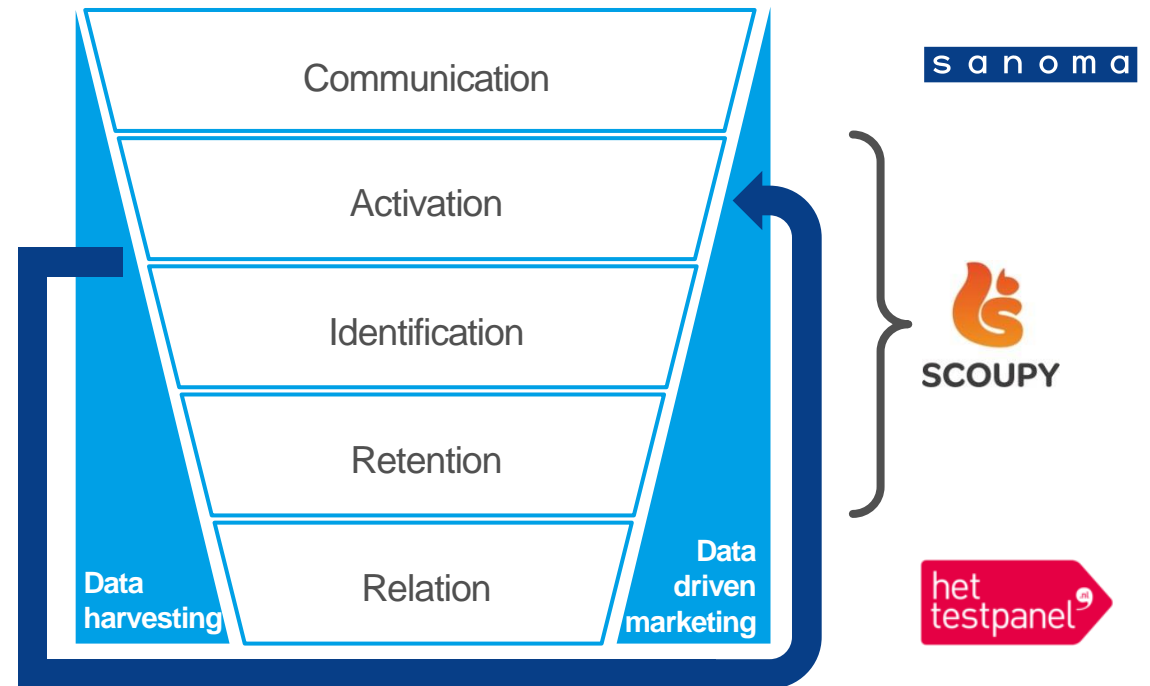
Direct cashback on FMCG products



- Consumer scans the receipt to receive cashback
- Consumer receives discount and trial opportunities on new products
- **215k unique monthly users**

B2B value proposition:

Data-driven, full coverage of marketing funnel



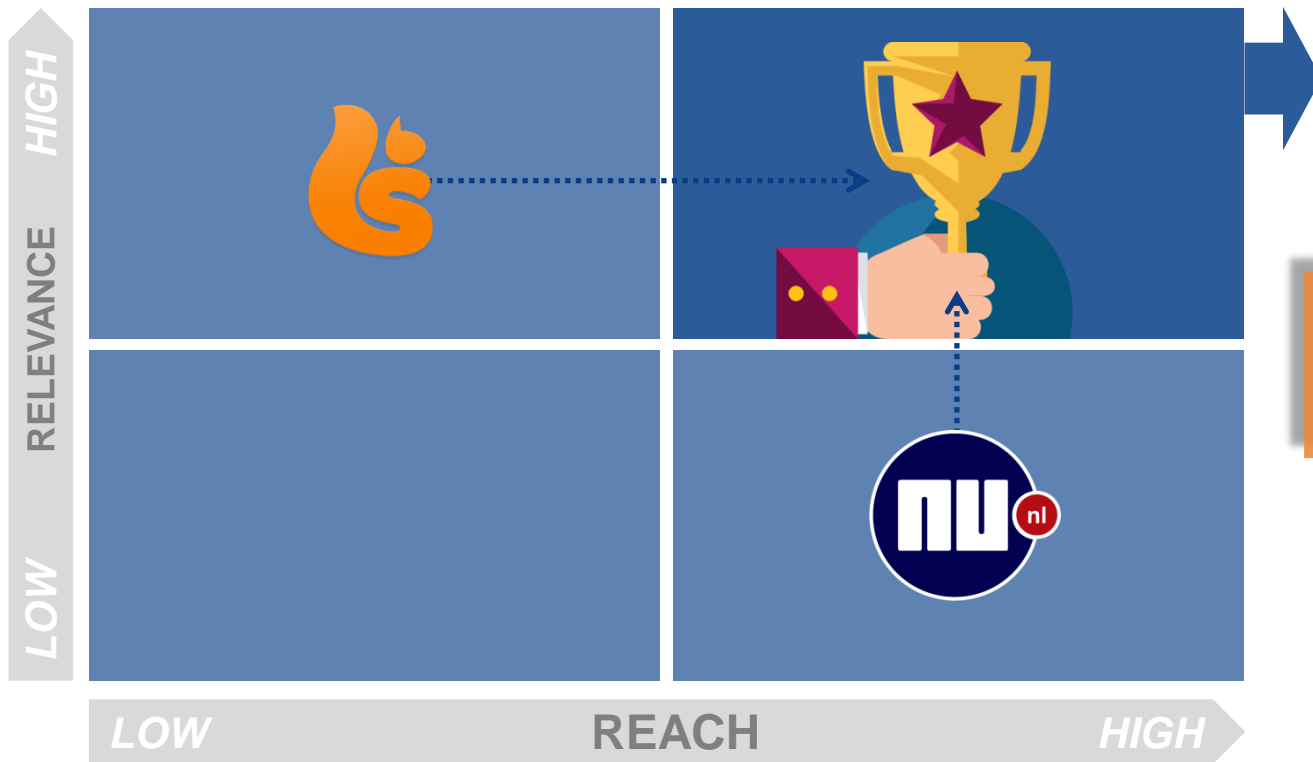
Scoupy is monetized by B2B:

Branding (advertising) and performance (lead/sales)

The combination of Scoupy and NU.nl provides unique synergies in advertising

Relevance x reach = impact

Apply **collected data** by SCOUPLY to **target relevant audience** on NU.nl directly with premium pricing



We have increased the cash conversion and this will continue as restructuring is completed

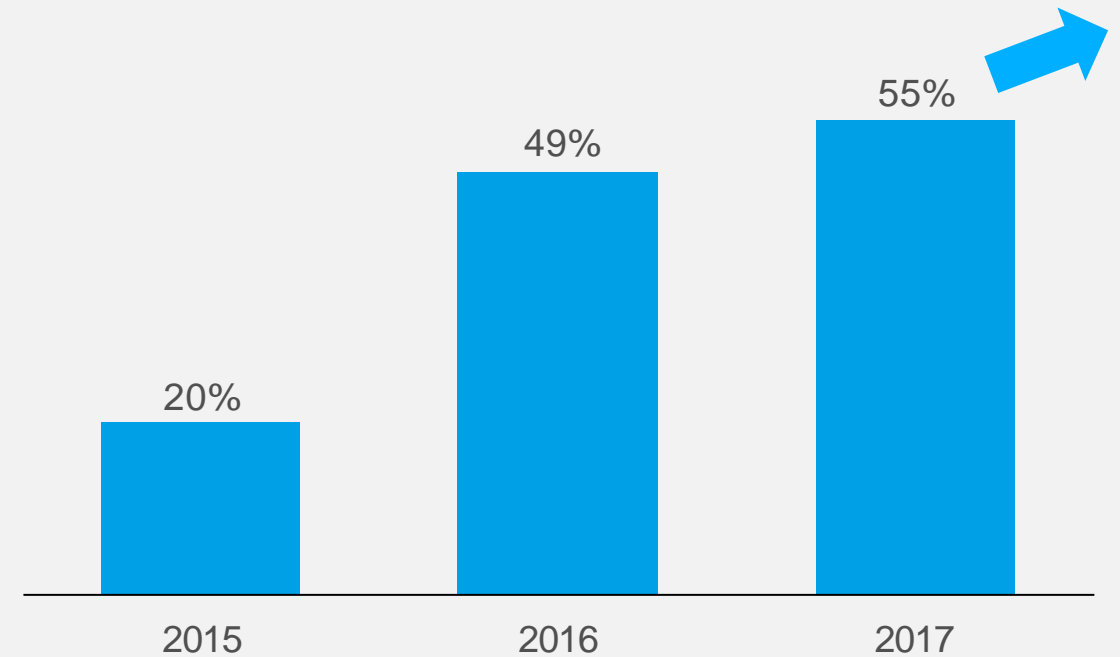
Key drivers

1 Active working capital management

2 Reduction of IACs

3 Selective low-risk investments

Cash conversion ratio 2015 - 2017



Focusing on profitability and cash flow generation

- Our core business is stable with >1.3m subscriptions
- NU.nl & data business will drive value creation through topline growth
- We have a strong profitability with 15.5% EBIT margin
- We focus on increasing cash conversion as portfolio restructuring is now completed



Sanoma Media Finland:

Continuing to strengthen our market position

Pia Kalsta
CEO

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Continuing to strengthen our market position

- We improved our competitiveness and profitability
- We strengthen our positions in three areas:
 - Growing in **entertainment**
 - Transforming **B2B** offering and organization
 - Building on our unique position in the **news media**

We have strong brands on all media platforms reaching 95% of all Finns weekly

#1
in news



HS **ILTA-SANOMAT**

50%

Share of net sales

#1
in Magazines



kodin et **AKU AMKA**
kuvalehti

20%

#1
in audio



Radio Suomi pop **supla** **LOCP**

5%

#1/2
in television



4 **jim** **RUUTU** **liv**

20%

#1/2
in classifieds

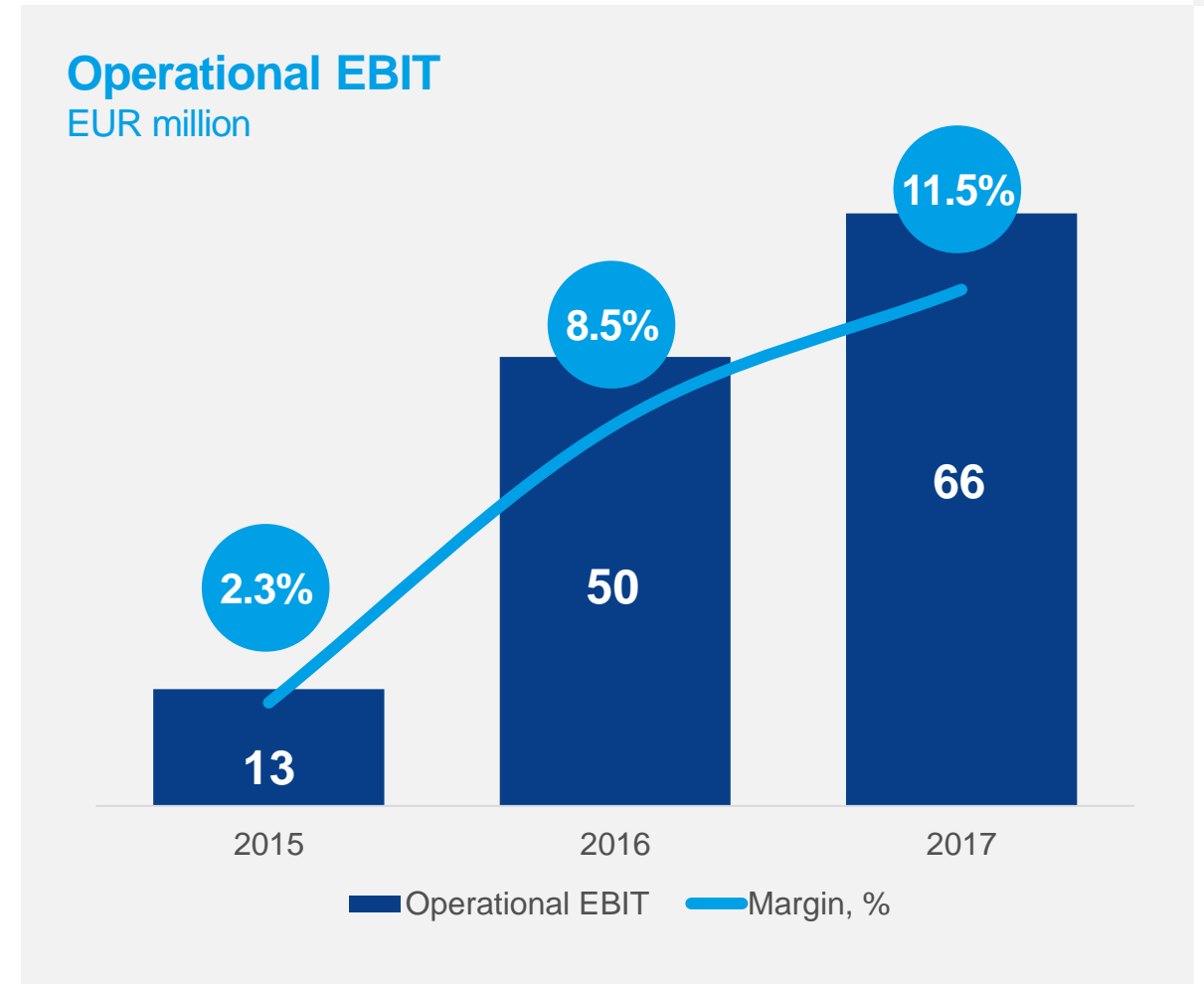


OIKOTIE

5%

In the past years we improved our profitability significantly

- Successful cost innovations across the business
 - Procurement
 - Distribution
 - Content creation, purchases and editorial co-operation
 - Commercial operations
 - HR and finance administration
- Improved customer focus
 - Stable advertising sales in 2016
 - Growing subscription sales in 2017



Going forward we will continue focusing on improving competitiveness while initiating growth

2016–2017

Improving profitability

Suunta transformation program to create competitive core business and cost innovations

2018

Initiating growth

Improving competitiveness

- Operational efficiency
- Cost innovations
- Integrated organization to bring synergies and customer centricity

2019–

Growing through M&A

Improving competitiveness

We aim to strengthen three key areas



Entertainment



News, feature,
lifestyle

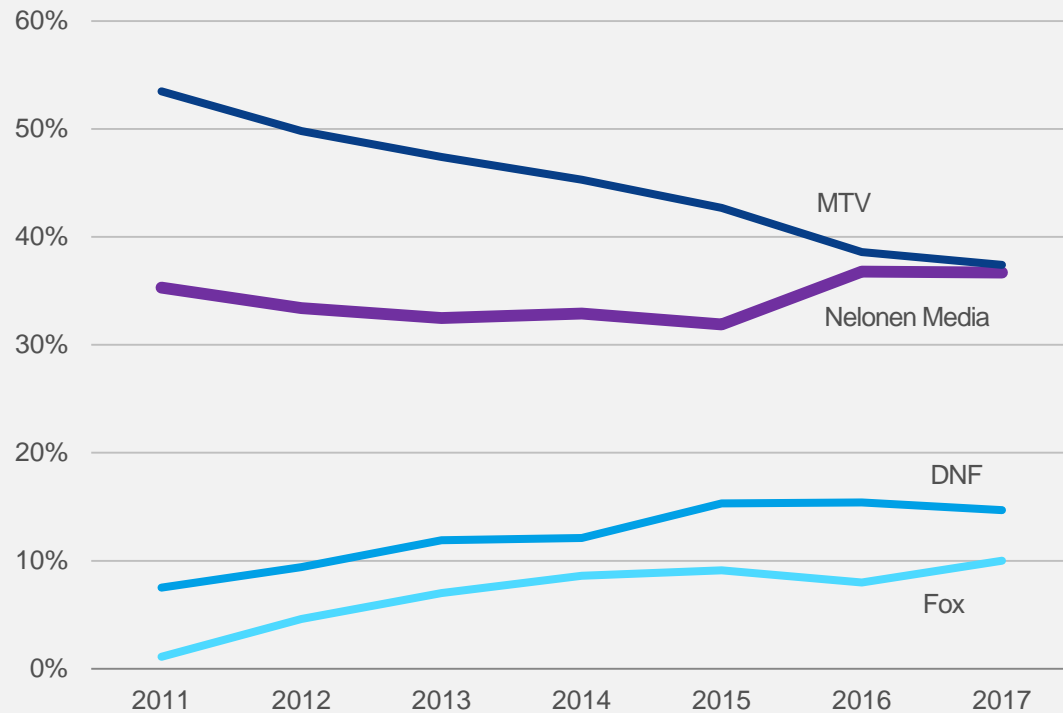


B2B

We have a strong position in both linear television and video-on-demand

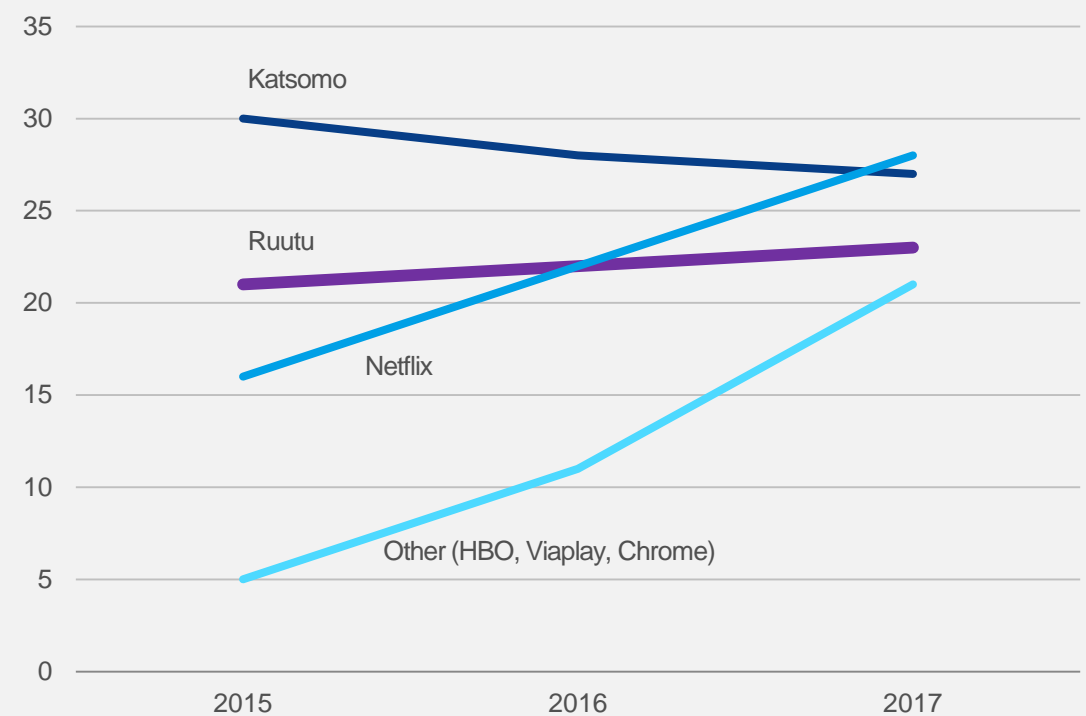
Commercial TV viewing shares

25-44 y

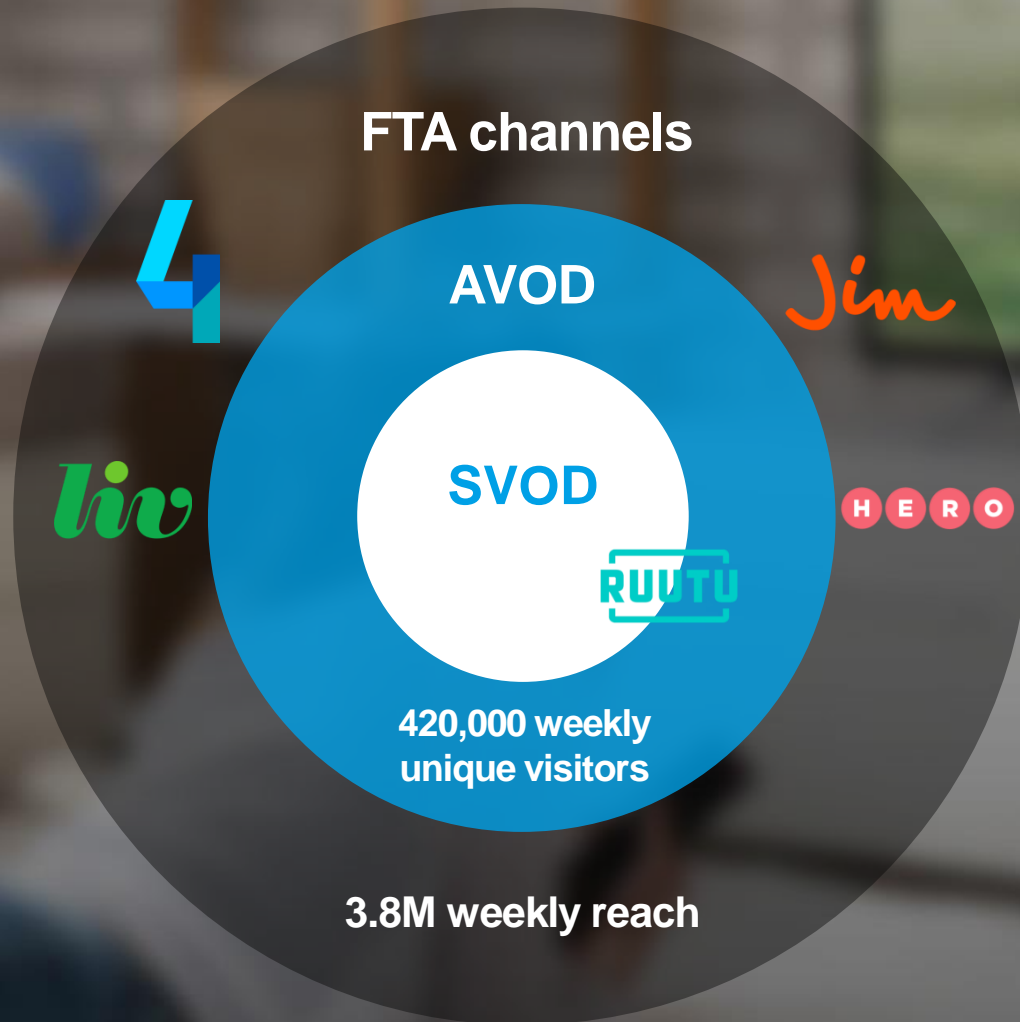


Commercial VOD

Monthly reach, % of Finnish adult population, excl. Youtube



To follow the changing consumer habits, we implement Total TV strategy

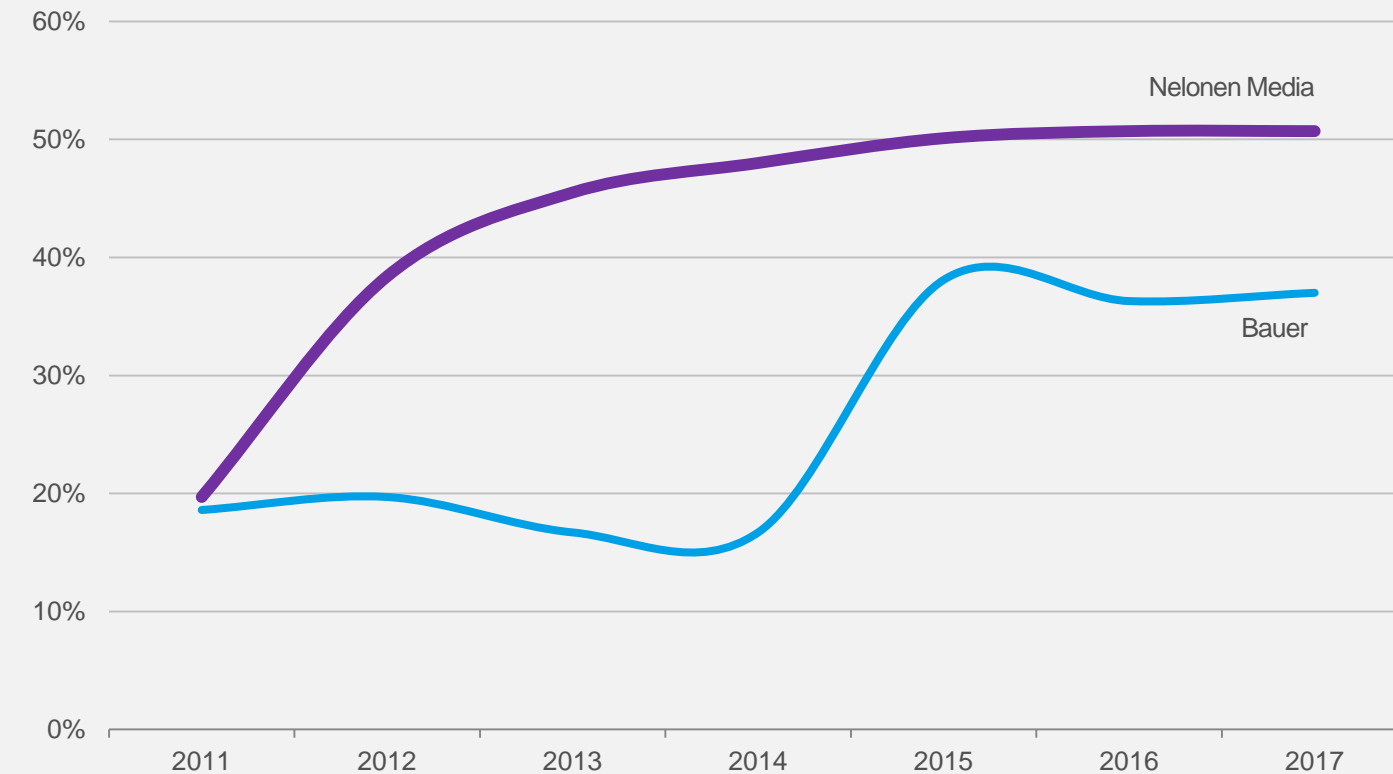


- Monetizing content investments across platforms
- Combining reach and targeting opportunities for advertisers

We are clear number one in radio and developing audio-on-demand market

Commercial listening shares

25-44 y



Supla – Audio on Demand

300,000
app
downloads

100,000
weekly
users

41 minutes
average
use time

We scale up our assets for growth

TV & video

Radio & audio

Stars and artists

Marketing power

Customer insight

We scale up our assets for growth

TV & video

Radio & audio

Festivals

Stars and artists

Marketing power

Customer insight

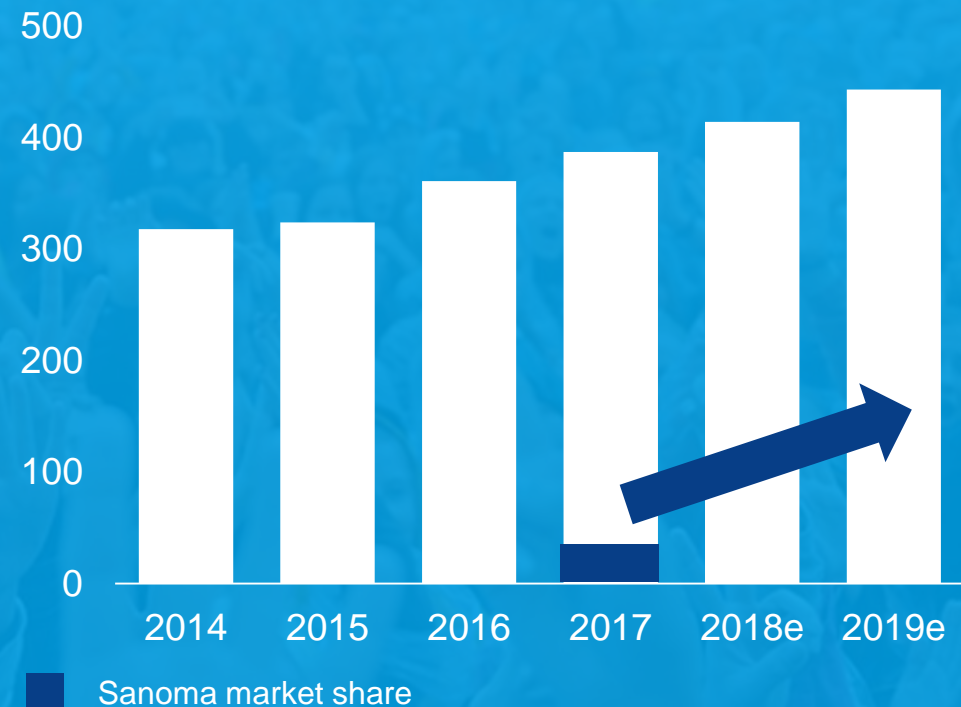
Acquisition
of N.C.D.
Production
in March
2018

Events market grows 7% annually

- Global trend: interest towards live experiences as a counterweight to digital
- Festivals have higher profitability than media in general - ancillary sales play a significant role
- Potential in B2B promotion
- Further developing the festival brands

Estimated festivals and concerts market in Finland

EUR million, tickets and ancillary sales



We aim to strengthen three key areas



News, feature,
lifestyle



Entertainment

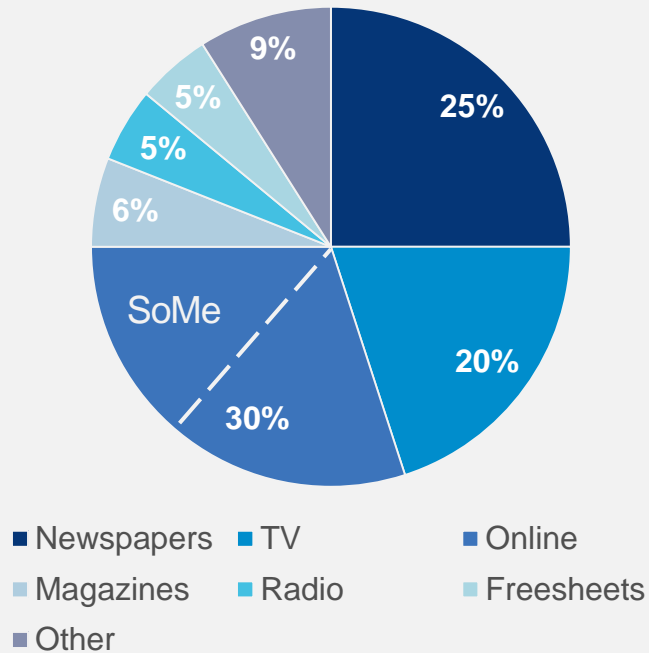


B2B

Local players have a significant share of the total advertising market in Finland

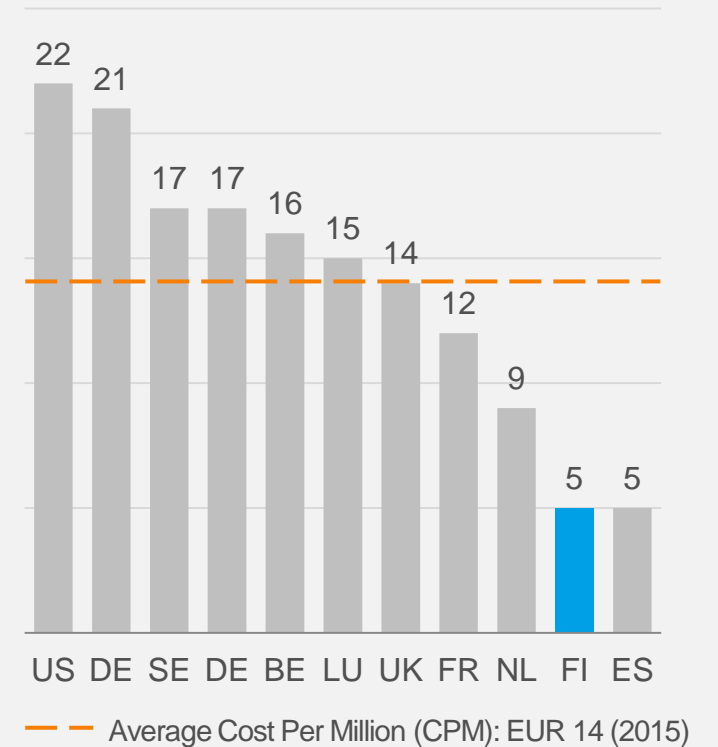
- Total advertising spend in Finland was **EUR 1.2 bn** in 2017
- Share of search and social media was approx. **15%** (EUR 180 million)
- Advertising follows the move of media consumption from print to digital
- Advertising income in FTA-TV has decreased; exceptionally low price level in Finland

Finnish advertising by category in 2017



Source: Kantar TNS

TV CPM price comparison



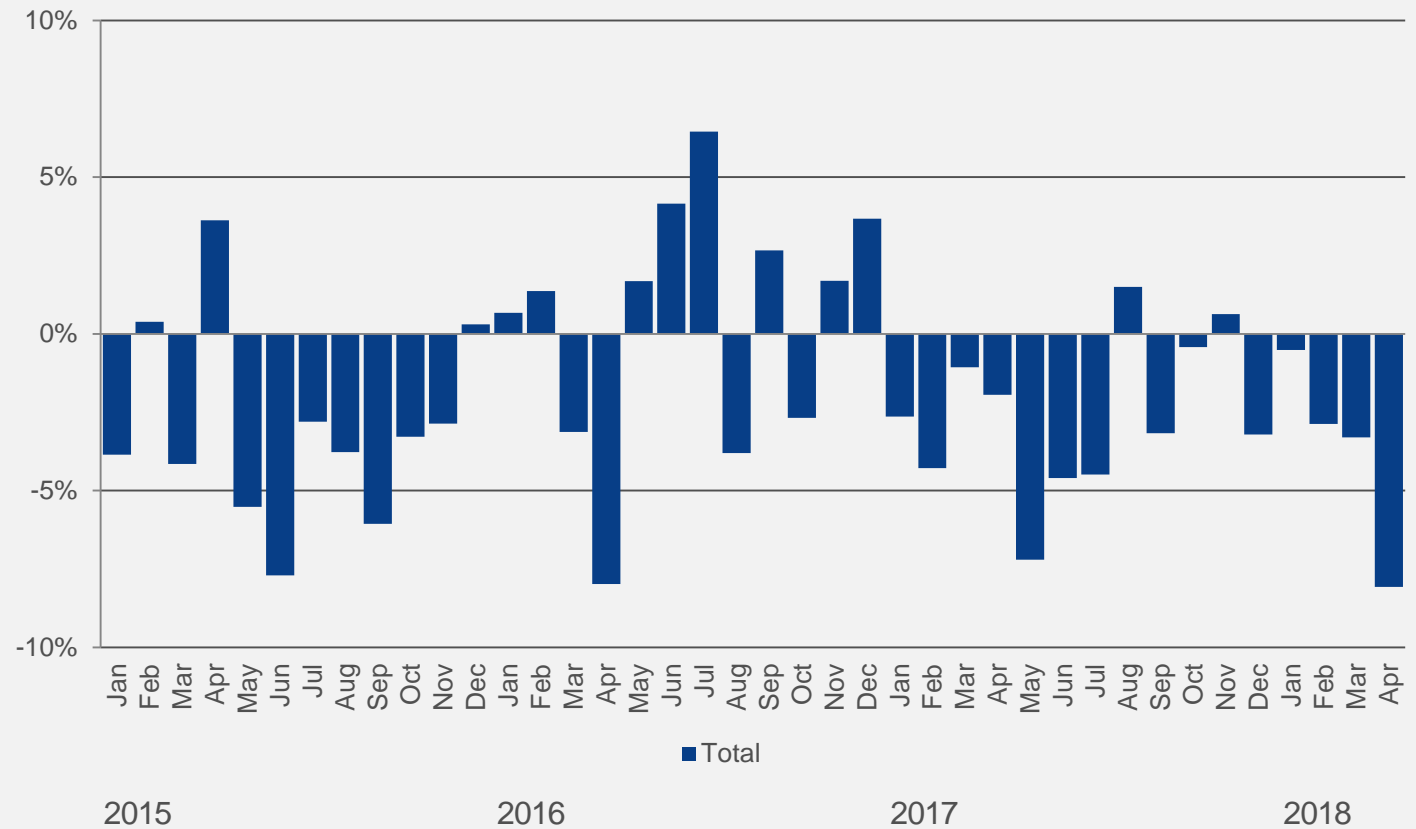
Source: BCG

Total media market expected to be flat, while the local media market will continue to decline

- Total media market, including search and social media in 2015 - 2017: +0.4%
- Within the whole market: international digital players gaining share
- The growing digital revenues not able to compensate the decline for local players

Local media market development

(online development excl. search and social media)



Source: Kantar TNS

We can offer a unique combination of long-term and short-term marketing solutions

**Sales focused
/ targeted
audiences**

**Brand building
/ mass
audiences**

Demand
harvesting

Demand
creation

Why Sanoma Media Finland can uniquely support both?

- Reach that enables mass and targeting
- Integrated offering across media types
- Deep customer insight
- Responsible use of data and safe environment for brands

We expand our customer base and role in value chain

SME sales through Routa

- Own media products
- 3rd party products

Value added services for selected verticals

- Real estate
- Recruitment

Marketing services to corporate customers

We aim to strengthen three key areas



News, feature,
lifestyle



Entertainment



B2B

People continue to use both offline and online news

Overall news consumption in growth

Longer
moment

TIME AVAILABLE

Interest in lifestyle
and feature content

Willingness
to pay for
news media

Increasing
reach of news
content

Shorter
moment

ENGAGEMENT

Escape

Explore

We have two strong, distinct news brands

Longer moment

TIME AVAILABLE

In 2017:
Visits +4.5%
Time spent on site +13%



Shorter moment



In 2017:

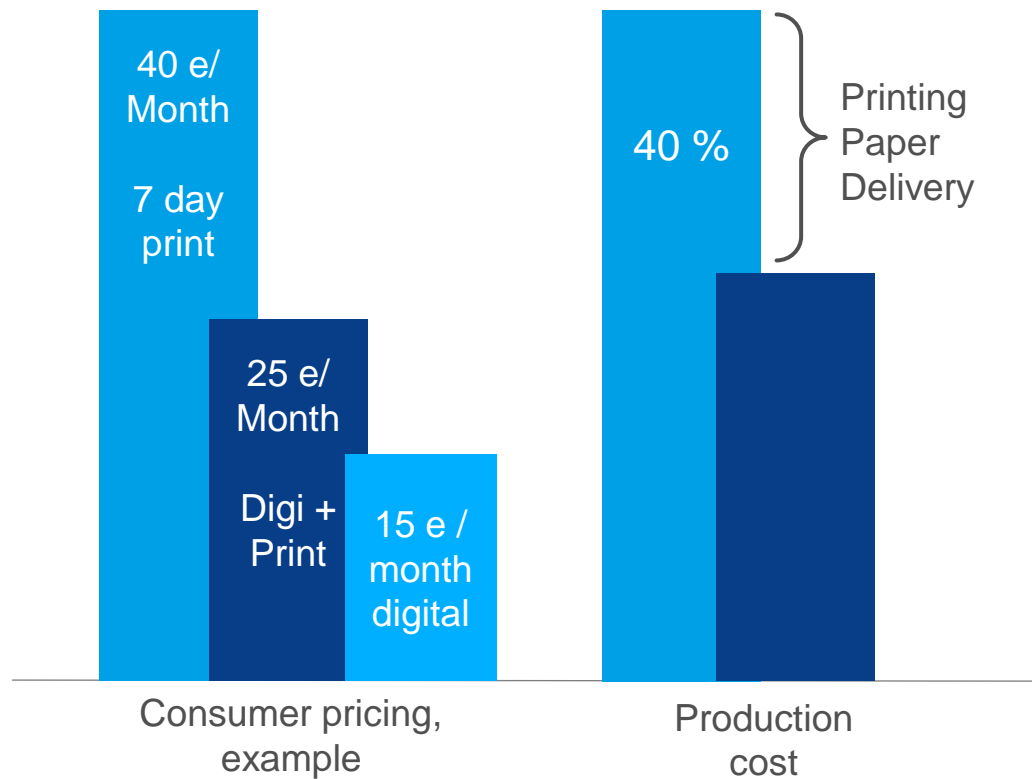
- Time spent on site +16%
- Digital subscriptions by under 40yos +40%

ENGAGEMENT

Escape

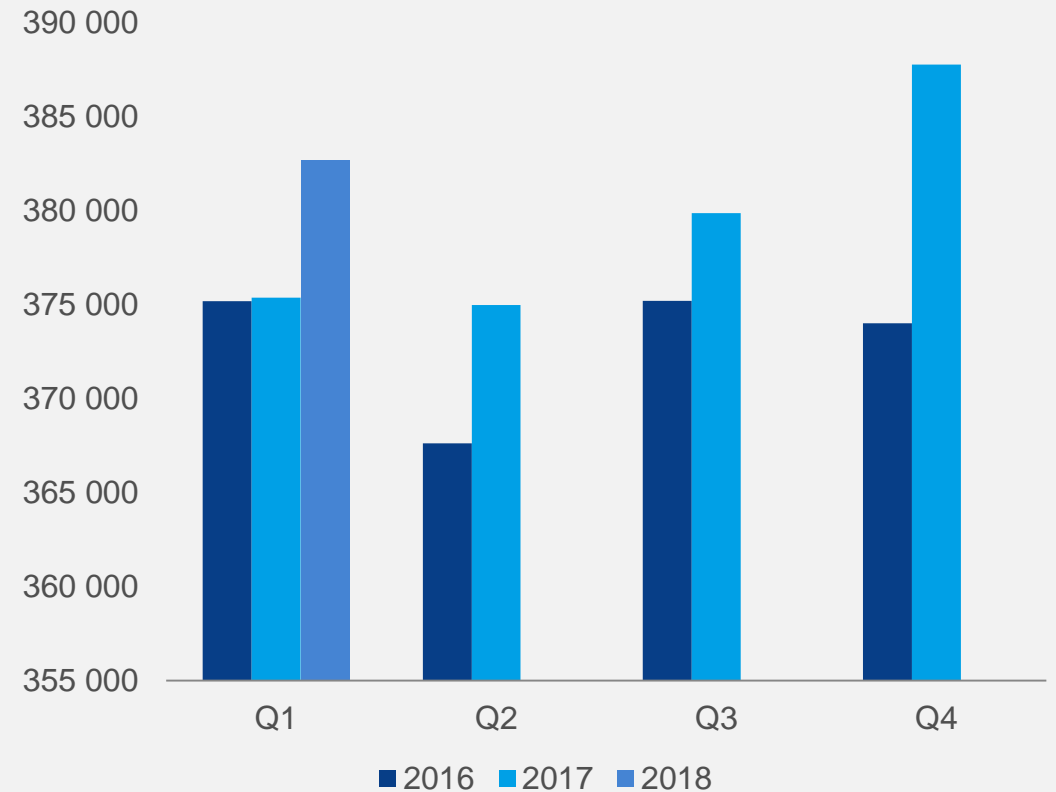
Explore

Long-term HS scenario: We gain clear cost benefits coming from digitalization



HS subscriptions

Print & digital in total



Continuing to strengthen our market position

- We improved our competitiveness and profitability
- We strengthen our positions in three areas:
 - Growing in **entertainment**
 - Transforming **B2B** offering and organization
 - Building on our unique position in the **news media**

Sanoma Learning:
**Creating a European
Champion in Learning**

John Martin
CEO

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Creating a European Champion in Learning

Leading in
current
markets

Organic growth in footprint markets

Capturing synergies across borders

Pursuing M&A in K12 and adjacent markets

Becoming a
European
Champion

A leading position in some of the world's best education systems

Serving **10 million** pupils and **1 million** teachers

PISA score of European top performers + top 3

1	Japan	529
2	Estonia	524
3	Canada	523
4	Finland	523
6	Slovenia	509
7	Ireland	509
8	Germany	508
9	Netherlands	508
10	Switzerland	506
12	Norway	505
13	Denmark	504
14	Poland	504
15	Belgium	503
17	United Kingdom	500
18	Portugal	497
19	Sweden	496
20	France	496
	OECD average	492

#2 in Sweden

€23m Sales, 22% share
Market: 1.3 million pupils

#1 in Finland

€52m Sales, 55% share
Market: 0.6 million pupils

#2 in the Netherlands

€92m Sales, 30% share
Market: 2.4 million pupils

#1 in Belgium

€52m Sales, 40% share
Market: 1.5 million pupils

#1 in Poland

€100m Sales, 41% share
Market: 4.0 million pupils

We lead in blended learning in advanced markets

Learning outcomes

Student engagement

Teacher efficiency



World-class learning and teaching design skills, with a local understanding of customer needs

Integrated multichannel offering

Centrally driven technology platforms that enable synergies, while allowing local flexibility

Marketing and sales capability with strong local brands and deep local relationships

Our methods save teachers' time 8 hours/week and improve learning outcomes and student engagement

We enable learning impact...

Learning Outcomes *

91%

Student engagement *

78%

Better efficiency for teachers **

8 hrs/
week

...by supporting key activities in the teaching and learning cycle...



... with comprehensive learning solutions

- Instruction
- Teacher guides
- Exercising
- Analytics
- Platform & Distribution
- Services

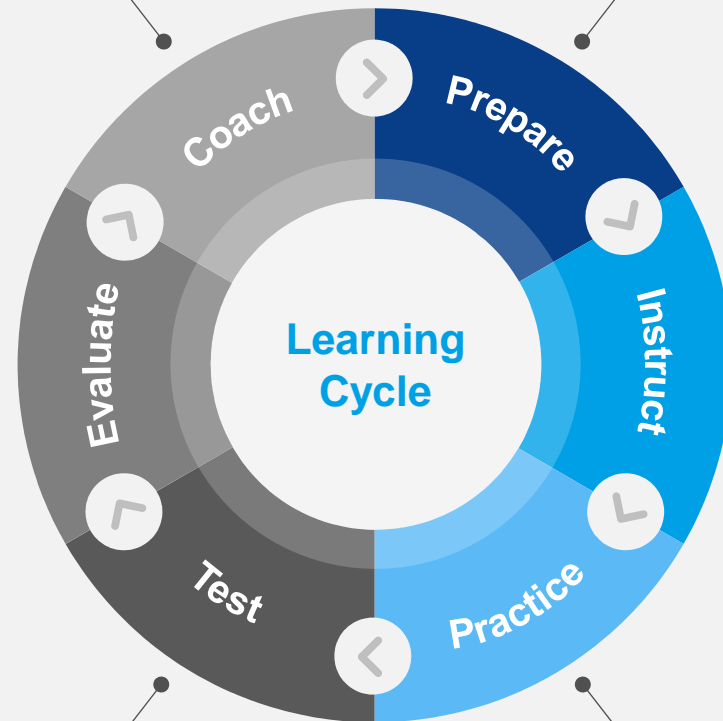
Digital & data can future-proof our offering

New impact, new pedagogies, new media

Better insights enable more specific and effective interventions and coaching

Better insights on pupils' progress

Saves time of teacher
Improves teaching quality



Pre-defined learning pathways
Tools for creating personal learning pathways
"Teacher as a DJ"
Use of insights

Multi-channel content increases engagement
Tailoring content to pupil's needs

Saves time for pupils & teachers
Enables adaptivity to drive learning outcomes
Better insights on pupils' progress

Improving learning impact

- Outcomes
- Engagement
- Efficiency

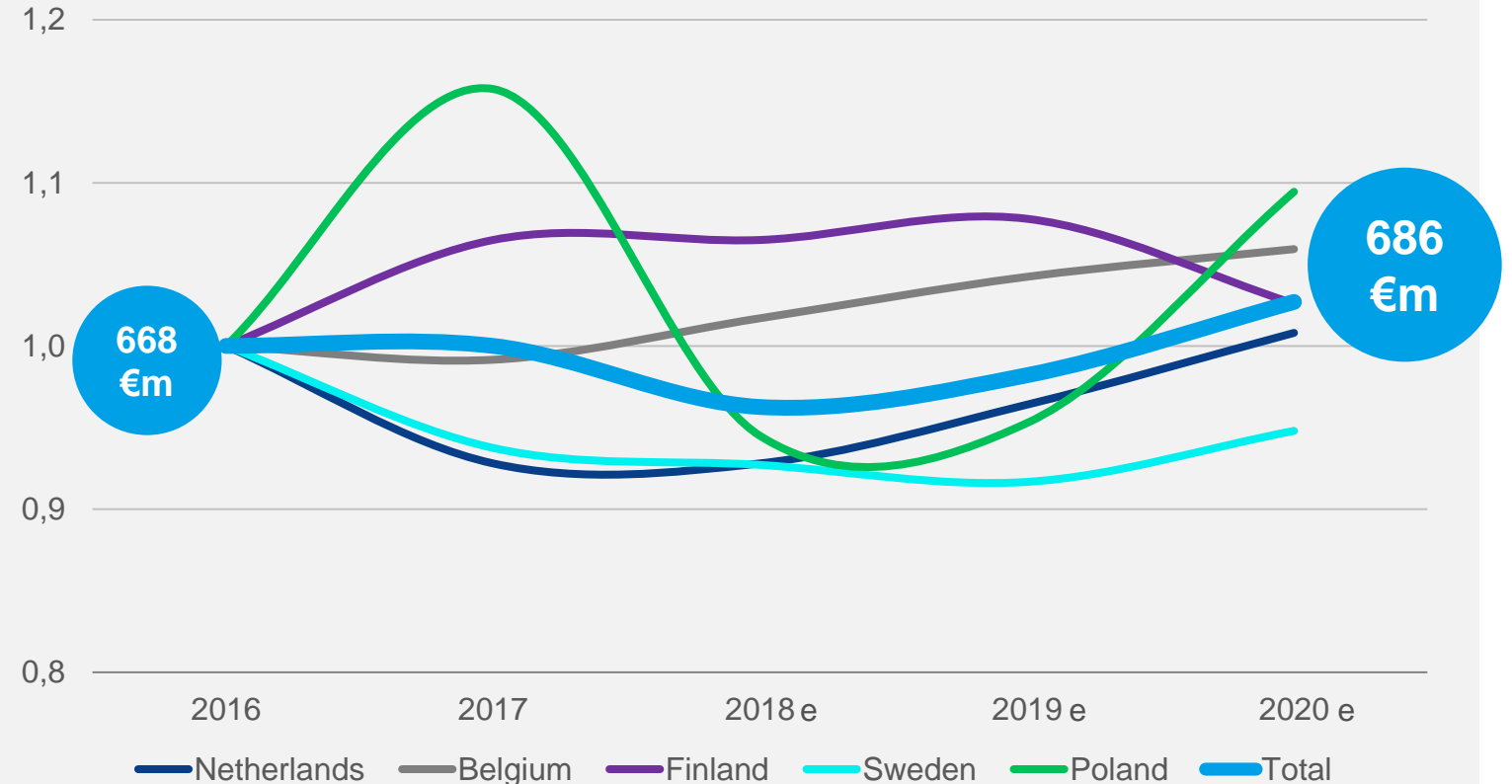
Providing insights to further improve our platforms and courses

Overall market remains stable while individual markets fluctuate driven by local reforms

- Overall market value remains stable in the long term, with CAGR around 1% (2016-2020)
- Individual markets fluctuate according to reform cycles:
 - In the **Netherlands** primary mathematics course renewal starts in 2019
 - **Belgian** market will grow due to Catholic schools reform
 - Reform cycle in **Finland** completed by 2018, leading to market shrinking
 - **Swedish** market flat as no new reforms expected
 - **Polish** market more volatile due to overlapping of two major reforms in 2017

Overall market value expected to remain stable

Indexed to 2016

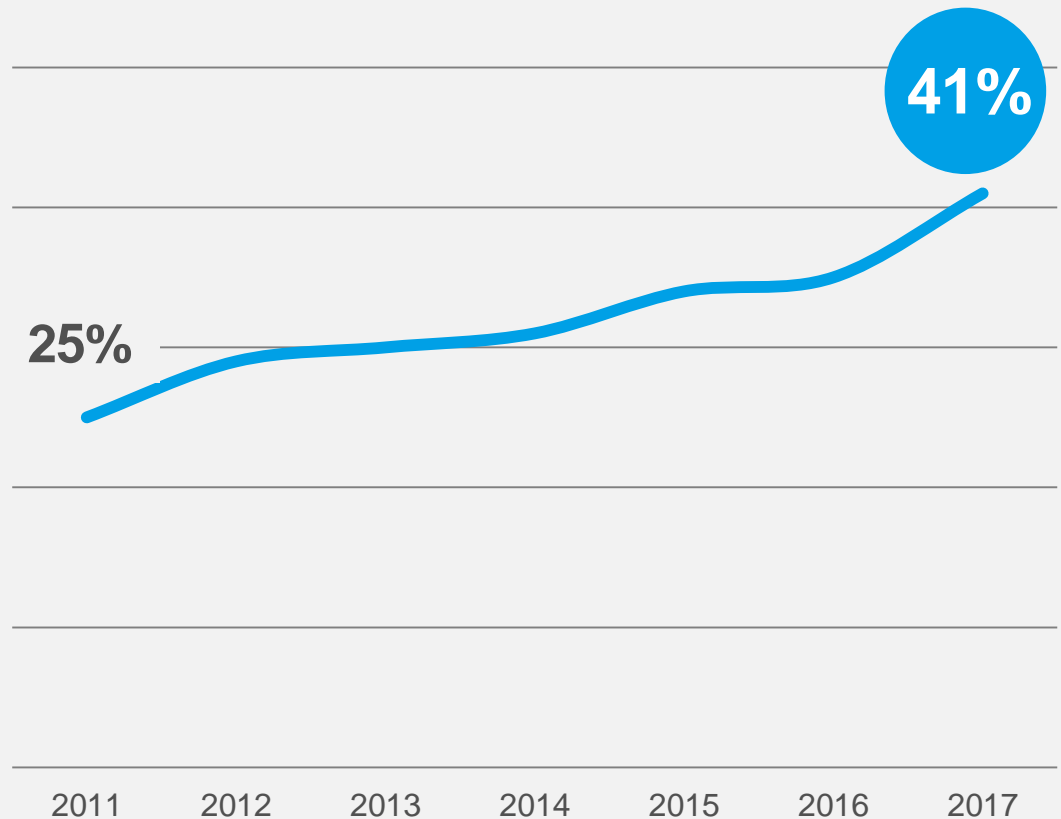


* Estimated net spend after distributor discounts,

We gained further market share in the reformed segments in Poland in 2017

- Exceptionally strong one-time market growth in 2017 due to two simultaneous curriculum reforms
- We put in extra effort and expenditure to prepare 46 new courses
- We use a 'one-stop-shop' concept including third party products to unburden the school
- Market will take a step back in 2018 and stabilize in 2019 as the overlap in reforms disappears

Our share of total market



Using Bingel, we continue to strengthen our multichannel offering across markets

Bingel is a storified, adaptive learning platform for primary education

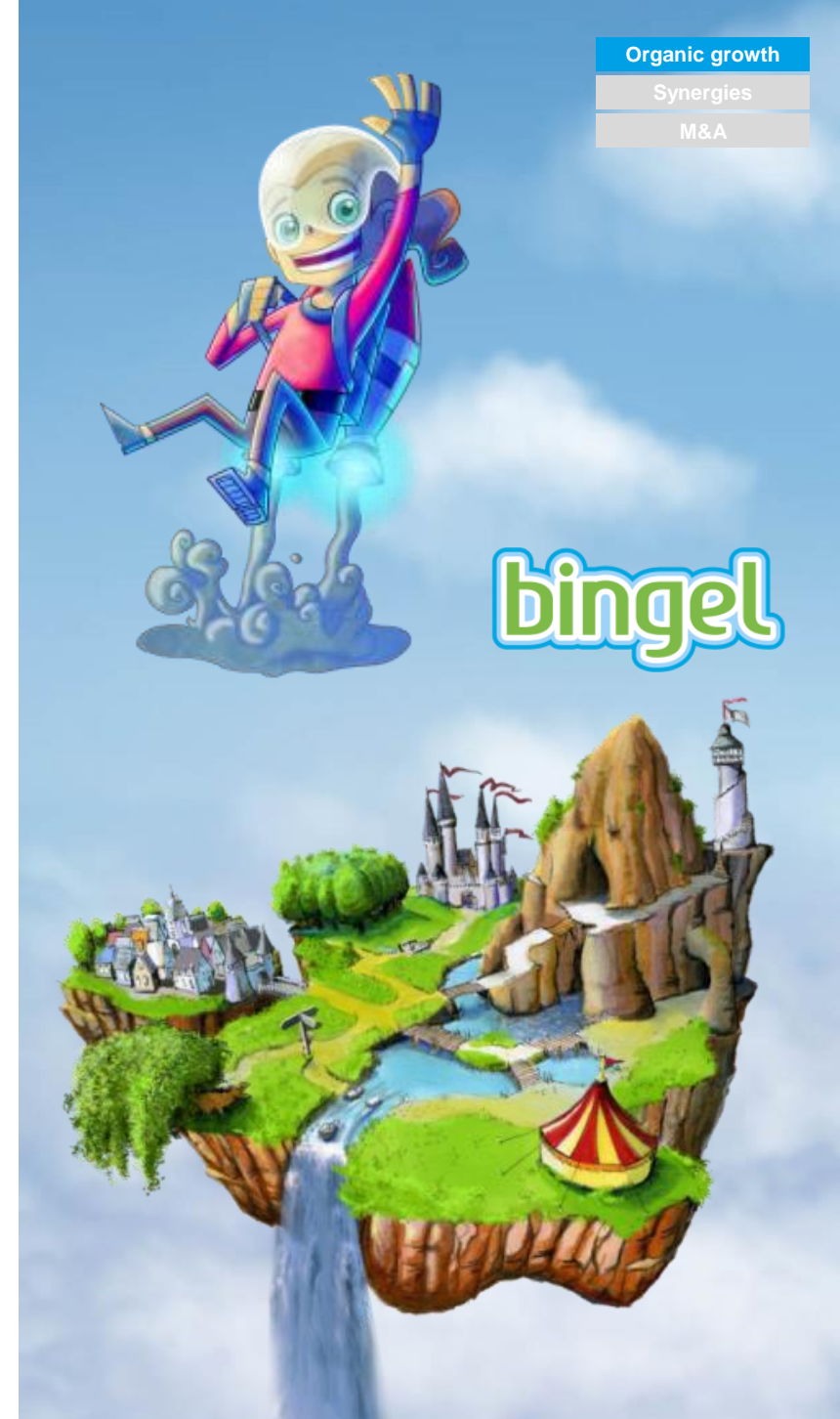
- Makes learning fun and engaging for pupils, while enabling teachers to provide increased personalization in their class
 - Learning outcomes
 - Pupil engagement
 - Teacher support
- Part of the educational system in Belgium, Sweden and Finland
- 90% of teachers would recommend Bingel to peers
- Bingel has won numerous awards



International Excellence Awards 2015

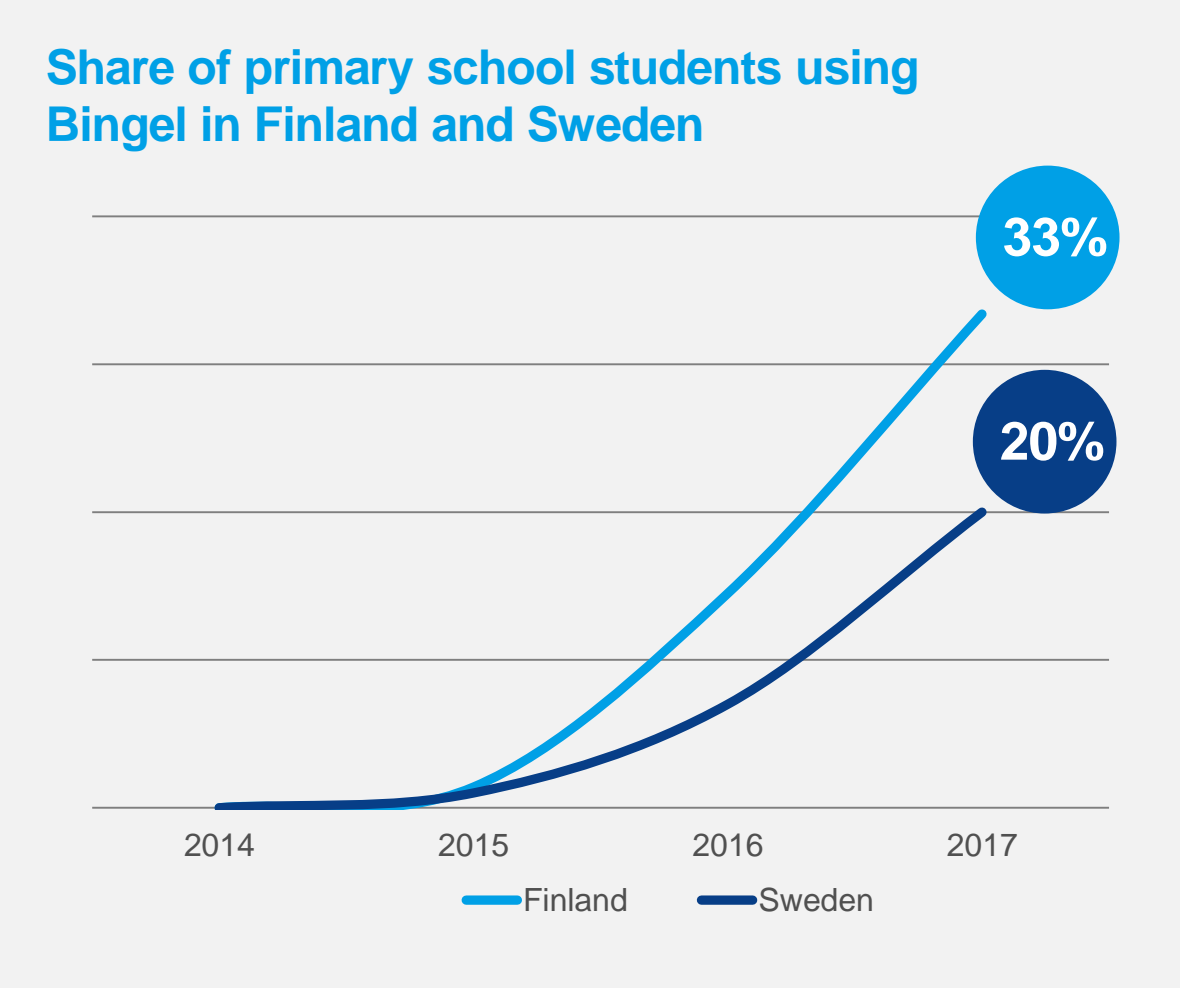


ClickSafe Award
Best Belgian online content for children



Bingel is used in almost all primary schools in Flanders and is growing fast in Finland and Sweden

<p>84%</p> <p>of schools in Flanders* use Bingel (end of 2017)</p>	<p>>1 bn</p> <p>exercises completed since 2011</p>	<p>>25k</p> <p>teachers assigning exercises</p>
<p>>1 mn</p> <p>exercises for pupils to do</p>	<p>9/10</p> <p>teachers say they would recommend</p>	<p>87%</p> <p>of teachers say Bingel helps them personalize learning for their students</p>



* Two main constituent regions of Belgium, Flanders (Dutch-speaking) and Wallonia (French-speaking) have separate educational systems

We are working across borders and throughout the value chain to create a European Champion

From five national leaders...



MALMBERG

s a n o m a pro

s a n o m a utbildning



VAN IN

...to an integrated European Champion

- “High Five” program
- Covering all elements of value chain
- Currently in implementation phase

Examples of ongoing “High Five” projects

Investing in the future

Customer facing applications

- Consolidating onto a small number of winning applications such as Bingel

Funding the journey

Paper, printing, binding

- Harmonize procurement
- Streamline operations

Enabling the change

Common finance

- Harmonize systems and processes
- Create a common organization

Our M&A strategy aims at three target areas

Adjacent business

Adjacent business in current footprint markets



Core business

Core business in current footprint markets

Core business outside current footprint markets

Long-term growth potential:

- Boost profitability through scale and synergies
- Strengthen market positions in ecosystem
- Diversify risks

Current countries

New countries

Creating a European Champion in Learning

Leading in
current
markets

Organic growth in footprint markets

Capturing synergies across borders

Pursuing M&A in K12 and adjacent markets

Becoming a
European
Champion

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Solid financial base for shareholder returns

Markus Holm
CFO & COO

d

Solid financial base for shareholder returns

We have completed major portfolio changes

- Solid balance sheet with decreased leverage

We continue to focus on profitability improvement and cash generation

- Opportunities for profitability improvement especially in Learning
- Targeting higher cash conversion of 60-70%

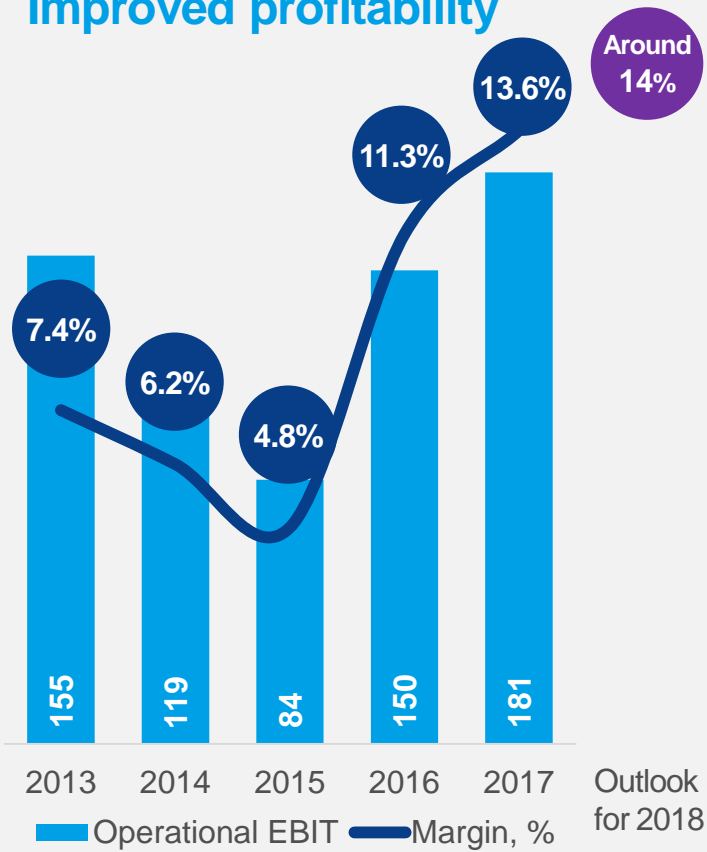
We increase focus on selective growth through M&A

- EUR 300-400 million headroom for M&A

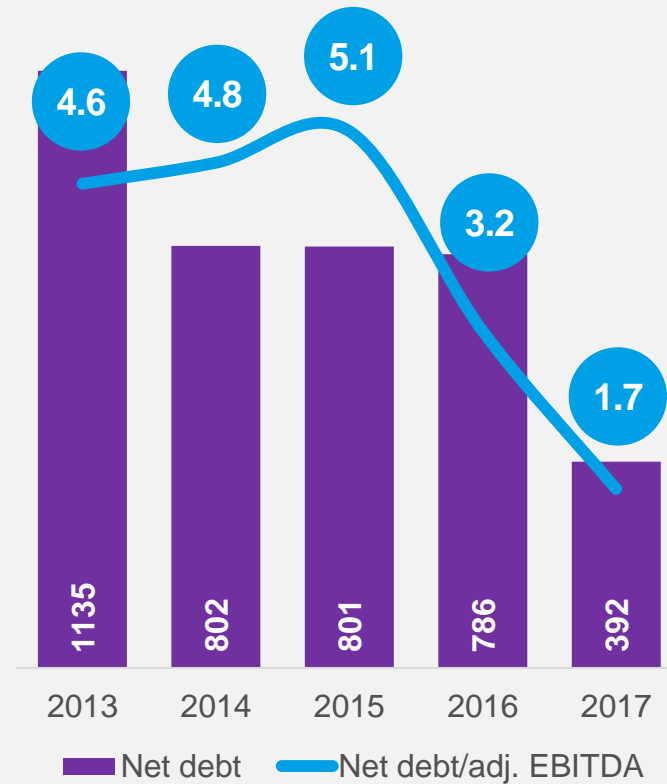
Increasing dividend: 40-60% of free cash flow

We have built a solid financial base

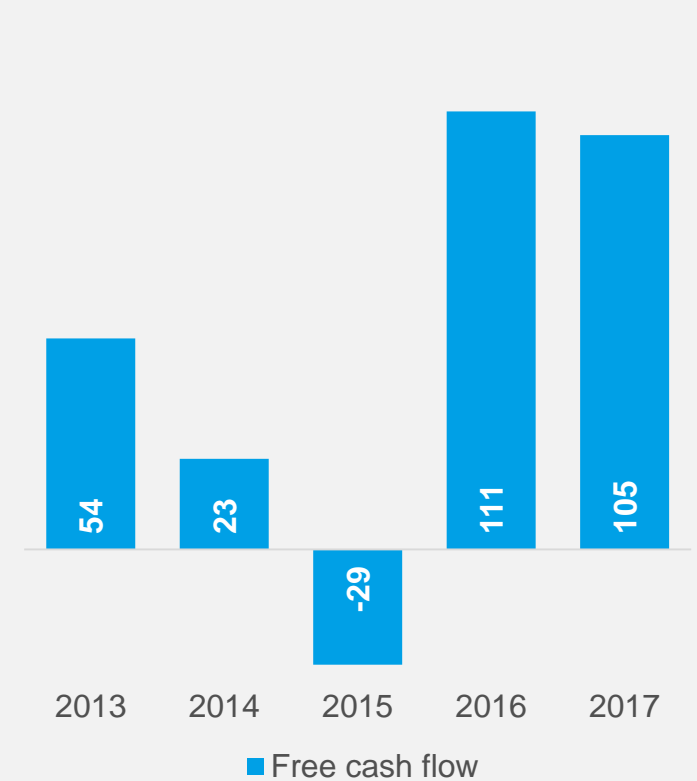
Improved profitability



Stable financial position

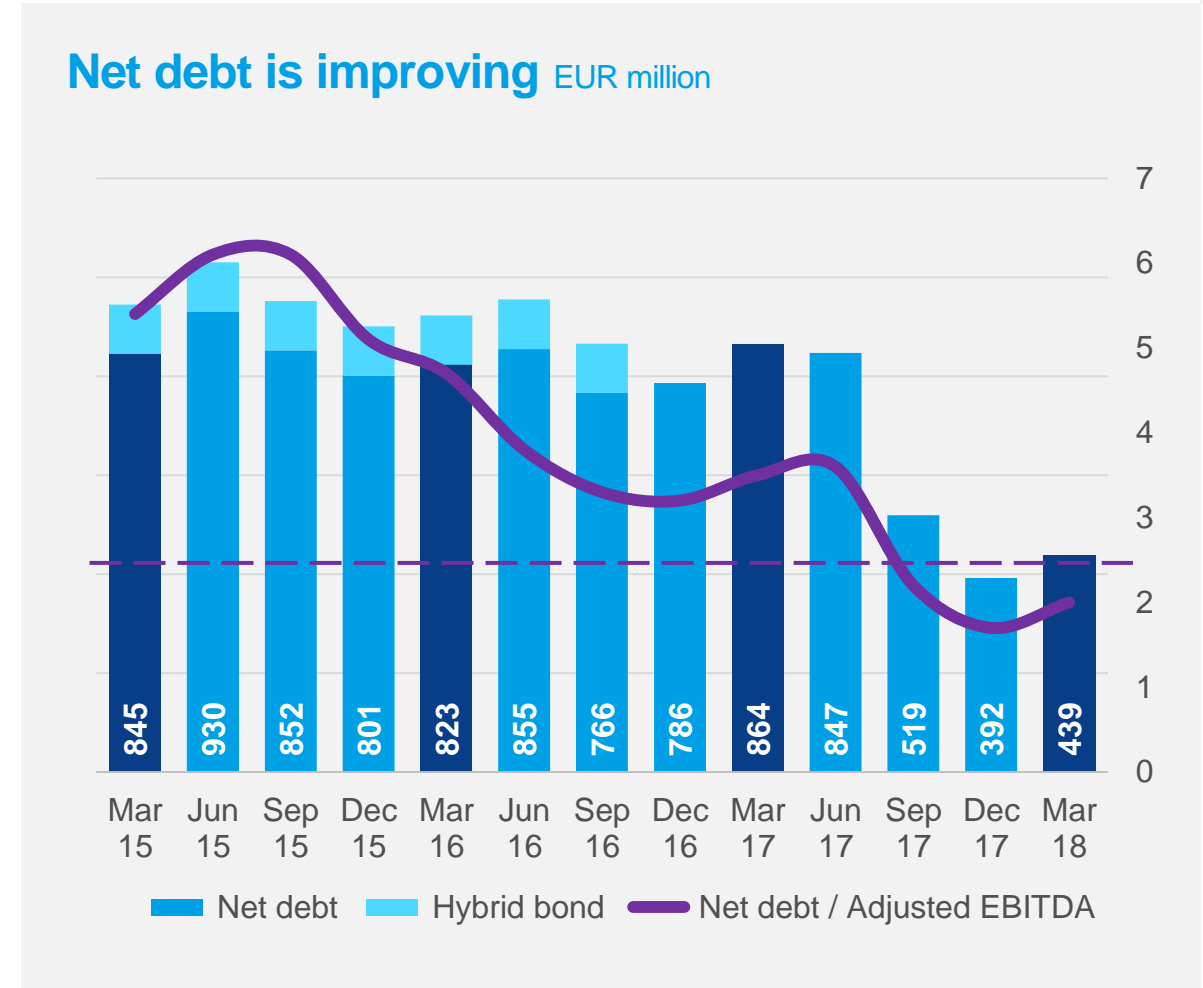


Solid cash generation



Our leverage is at the long-term target level (< 2.5 net debt/adj. EBITDA)

- Our leverage has decreased rapidly: Net debt / adjusted EBITDA from 3.6 at the end of Q1 2017 to **2.0** at the end of Q1 2018
- At the same time, net debt nearly halved to EUR **439** million
- Equity ratio **34.1%** at the end of Q1 2018
 - Long-term target 35-45%

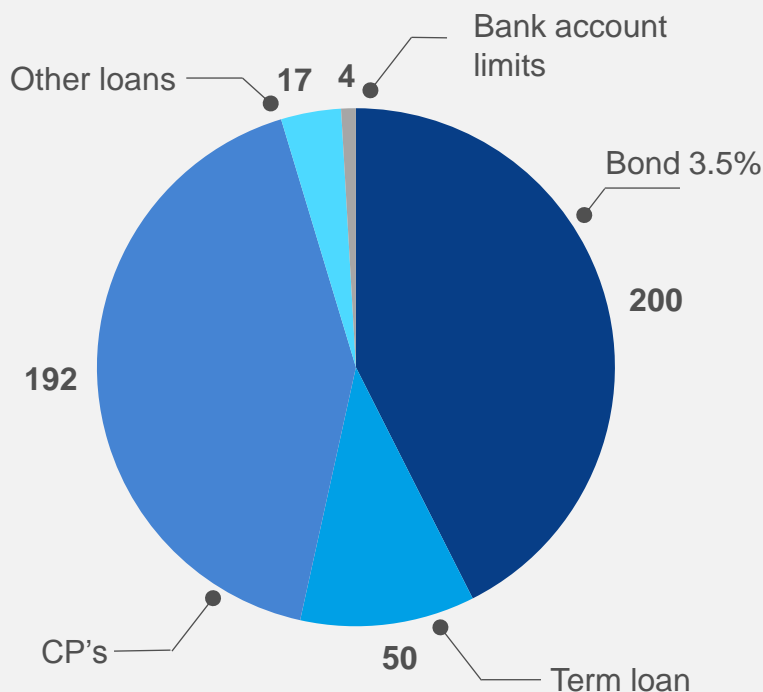


We have a balanced debt portfolio and lower net financial expenses

- Next refinancing early 2019 for the EUR 300 million RCF
- The EUR 200 million bond will be repaid or refinanced depending on acquisition funding requirements
- Average interest rate decreased to **2.1%** in 2017 (2016: 2.8%)
- Net financial expenses decreased to EUR **23** million (2016: 37)
 - Further decrease in 2018

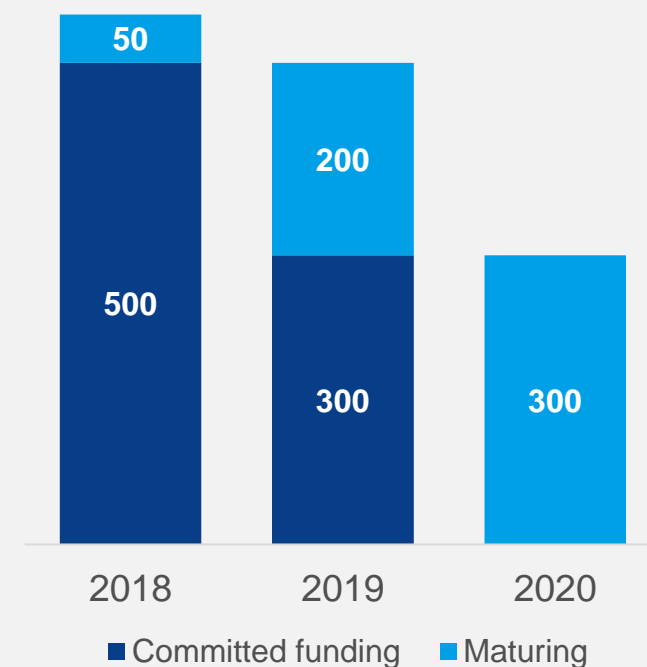
Debt structure

EUR million, 31 March 2018



Maturity profile

EUR million, 31 March 2018



The annual seasonality pattern is a characteristic of our business

- Our quarterly financial performance is strongly affected by the seasonal pattern of the Learning business:
 - Q1 and Q4 are typically loss-making, while most of net sales and earnings are accrued during Q2 and Q3
- We are experiencing a structural shift to later ordering in Learning mainly due to
 - Increasing share of digital learning methods
 - Optimisation of supply and inventories throughout the chain
 - Increased importance of Poland where deliveries are typically close to school start

Operational EBIT

EUR million



2016 figures not restated for IFRS 15

We are targeting a higher cash conversion

Our mid-term cash conversion * target is 60-70%

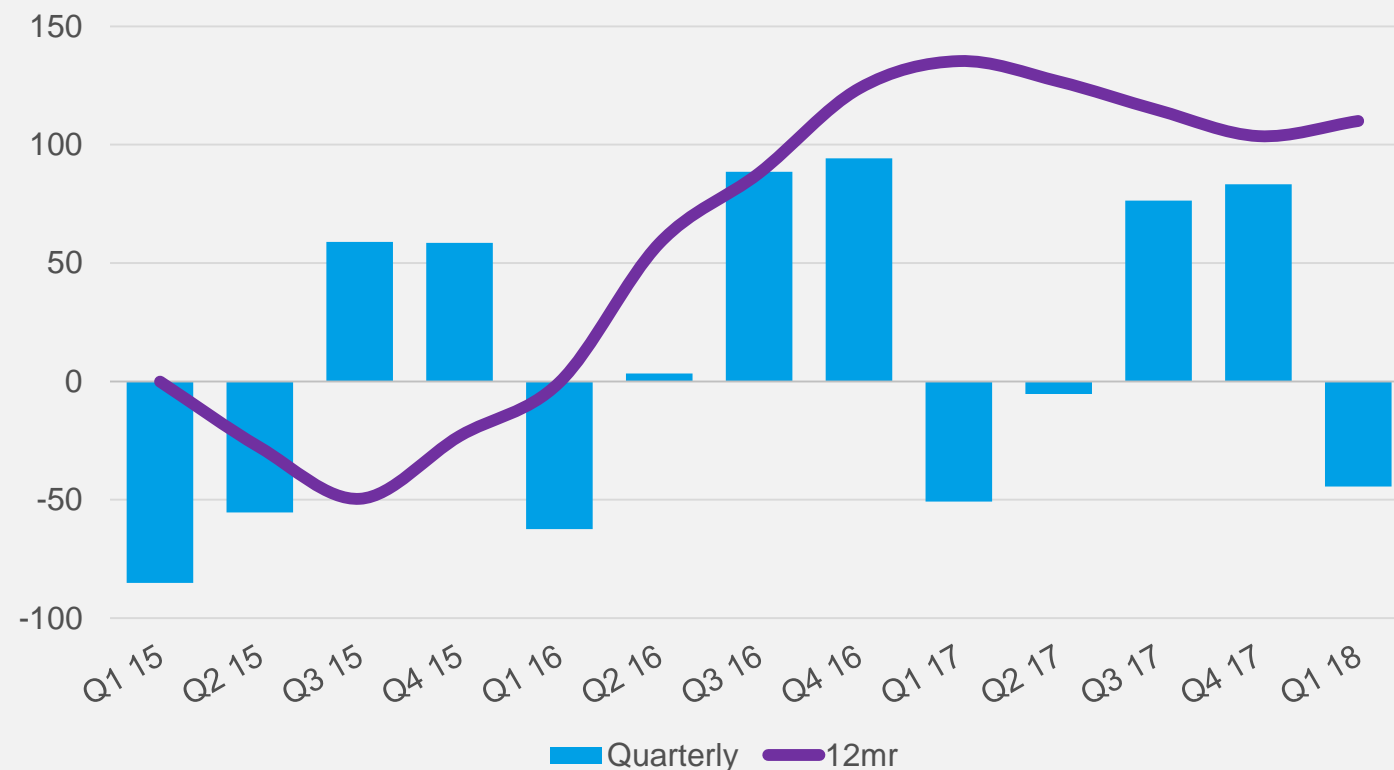
- In 2017, cash conversion approx. 50%

Assumptions for key cash flow elements for 2018

- Profitability improvement
- Lower net financing costs
- Lower IAC in continuing operations
- Stable working capital
- Stable capex

Free cash flow is increasing

EUR million



Free cash flow = Cash flow from operations less capital expenditure

We expect headroom for acquisitions to increase to EUR 300-400 million...

- With our leverage at the target level (net debt / adj. EBITDA < 2.5), we estimate to have approx. EUR **300-400** million headroom for acquisitions in 2019, due to
 - Solid profitability
 - Improved free cash flow
 - Reduced leverage
- In addition, we have flexibility to temporarily exceed the leverage target level if we identify a major transaction fitting our M&A criteria



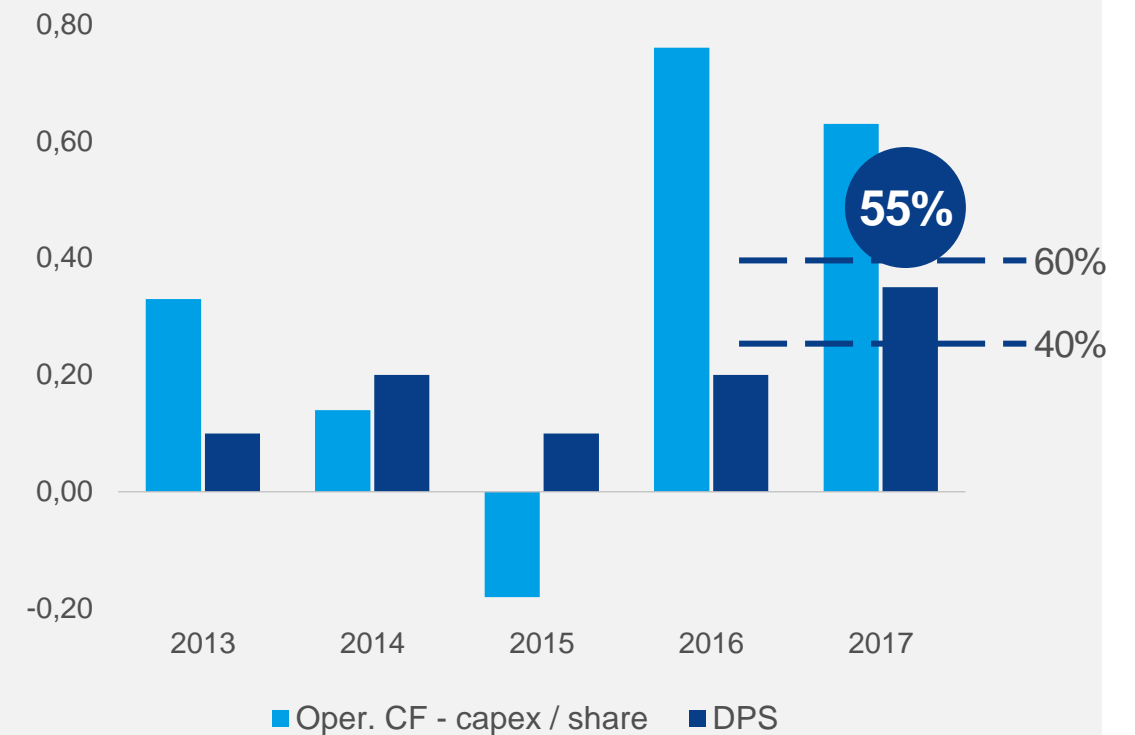
...and we are fully committed to our dividend policy

Dividend policy:

Sanoma aims to pay an increasing dividend, equal to 40–60% of annual cash flow from operations, after capital expenditure.

When proposing a dividend to the AGM, the Board of Directors will look at the general macro-economic environment, Sanoma's current and target capital structure, future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.

Progressive dividend EUR



Building on a solid base for selective growth

We have completed major portfolio changes

We continue to focus on our customers, profitability & cash flow...

... and increasingly focus on selective growth through M&A

Resulting in:

- Solid profitability
- Growing cash flow
- Increasing dividends
- Equity ratio and leverage within long-term target

Appendix



Sanoma in 2017

NET SALES
EUR 1,327 million

NON-PRINT SALES
40%

OPERATIONAL EBIT MARGIN
13.6%

Media Finland

EUR 571 million

44% non-print

11.5% margin

Media Netherlands

EUR 440 million

30% non-print

15.5% margin

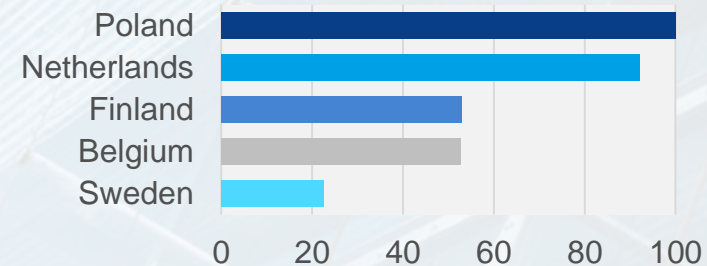
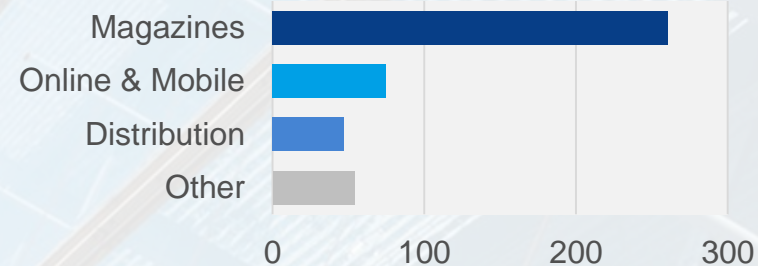
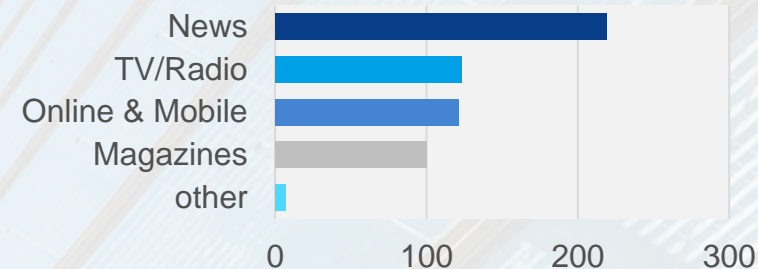
Learning

EUR 318 million

45% non-print

17.5% margin

Net sales 2017



Net sales

M€ 571

Operational EBIT

M€ 66

Margin

11.5%

Employees (FTE)

1,700

Sanoma Media Finland

- Leading media company in Finland
- Information, experiences, inspiration and entertainment through multiple media platforms:
 - Newspapers
 - TV
 - Radio
 - Events
 - Magazines
 - Online and mobile channels
- Reaching almost all Finns every day
- A trusted partner with insight, impact and reach for advertisers

Net sales

M€ 440

Operational EBIT

M€ 68

Margin

15.5%

Employees

1,100

Sanoma Media Netherlands

- Dutch consumer media operations and the press distribution business Aldipress
- Leading cross media portfolio with strong brands and market positions in magazines, news, digital, events and e-commerce.
- Content and customer data combined to develop successful marketing solutions for our clients.
- Reaching 12+ million consumers every month

Net sales

M€ 318

Operational EBIT

M€ 56

Margin

17.5%

Employees (FTE)

1,400

Sanoma Learning

- Leading positions in countries with some of world's best educational systems
- Solutions that drive higher learning outcomes, engagement and efficiencies
- Scalable technologies to support leadership in the digital transformation
- A clear strategy to become a European champion through:
 - Organic growth including digital strategy
 - Capturing synergies from harmonization of key processes
 - M&A opportunities in K12 and adjacent market

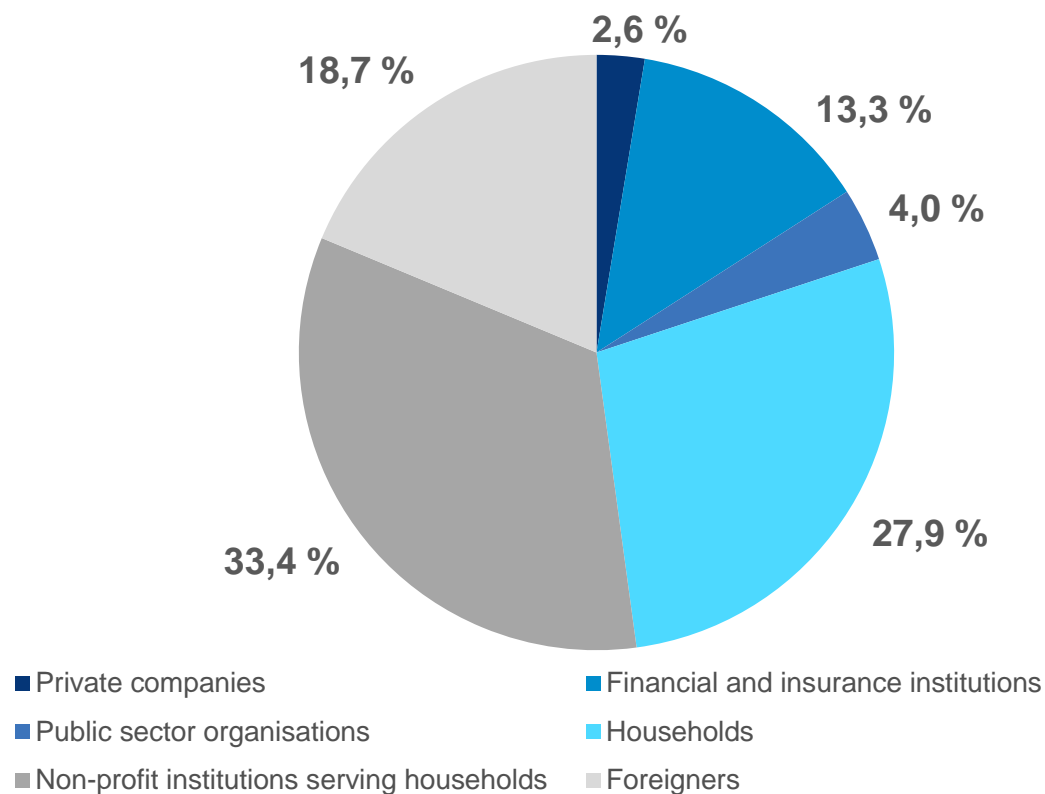
Largest shareholders

31 May 2018

Largest shareholders

31 May 2018	Number of shares	
1. Jane and Aatos Erkko Foundation	39,820,286	24.4%
2. Antti Herlin (Holding Manutas Oy: 11.91%, personal: 0.02%)	19,506,800	11.9%
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	3,572,220	2.2%
7. Foundation for Actors' Old-Age Home	2,000,000	1.2%
8. Alex Noyer	1,908,965	1.2%
9. The State Pension Fund	1,860,000	1.1%
10. Lorna Auboin	1,852,470	1.1%
10 largest shareholders total	98,769,052	60.4%
Foreign holding *	30,579,291	18.7%
Other shareholders	34,217,320	20.9%
Total number of shares	163,565,663	100.0%
Total number of shareholders	20,566	

Holding by category



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.

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