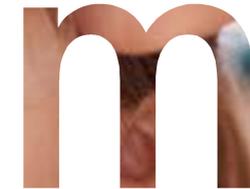


2018 Half-Year Report:

# Good performance in Q2 2018 supported by phasing of business in Learning

Susan Duinhoven, President & CEO

Markus Holm, CFO & COO



# Highlights of Q2 2018

Net sales

**M€363**

(2017: 359)

Operational EBIT

**M€80**

(2017: 73)

Operational EPS

**€0.33**

(2017: 0.29)

Free cash flow  
YTD

**M€-43**

(2017: -54)

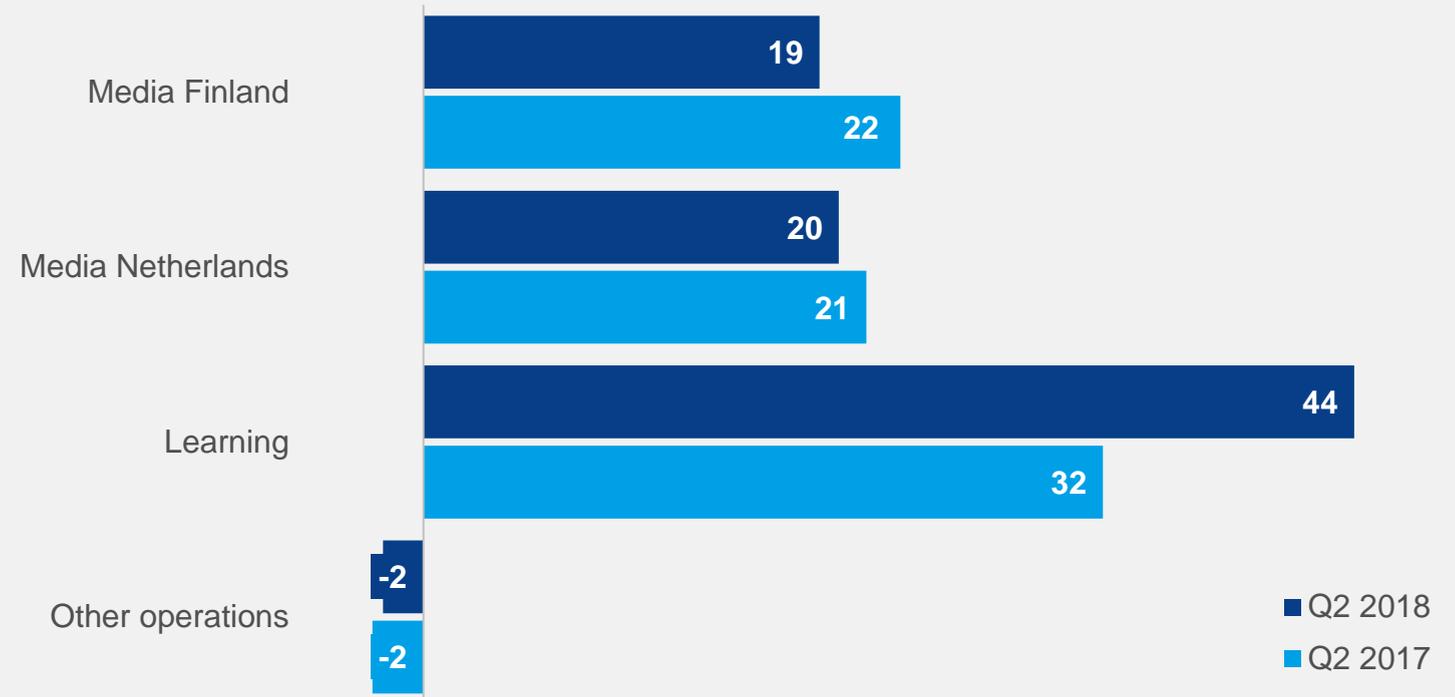
- Strong growth in Learning with orders shifting from Q1 in the Netherlands and from Q3 in Belgium and Finland
- Divestment of the Belgian women's magazine portfolio was completed at the end of June
- Ownership in Finnish News Agency (STT) and Dutch data-driven marketing and cashback service Scoupy was increased in June
- Outlook for 2018 unchanged

# Operational EBIT improved due to growth in Learning

- Operational EBIT of Media Finland declined
  - Lower print advertising sales
  - Print and pay TV subscription sales decreased
  - The festival and events business N.C.D. Production had a positive earnings impact
- Operational EBIT of Media Netherlands was stable
- Operational EBIT of Learning improved significantly as a result of topline growth following the phasing of business between quarters
- Costs of Other operations in line with Q2 17

## Q2 2018 Operational EBIT by SBU

EUR million



# Overall advertising market declined by 3% in Finland in Q2 2018

## Finnish measured media advertising markets

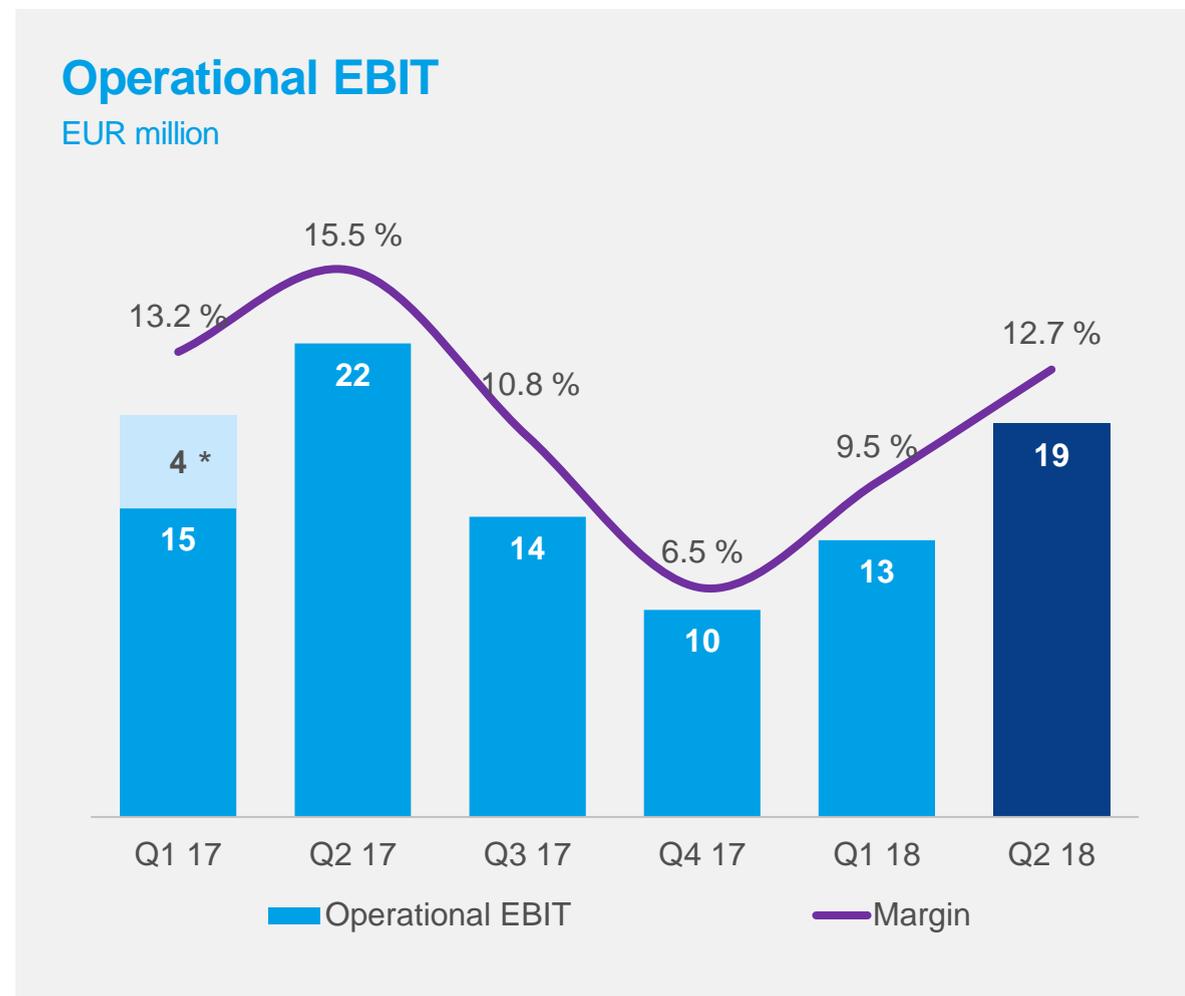
	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17
Newspapers	-13%	-12%	-10%	-12%	-12%
Magazines	-10%	-7%	-1%	-9%	-12%
TV	1%	1%	-4%	-4%	-7%
Radio	11%	-4%	4%	8%	0%
Online	3%	7%	12%	10%	1%
<b>Total market</b>	<b>-3%</b>	<b>-2%</b>	<b>-1%</b>	<b>-2%</b>	<b>-5%</b>

## Remarks on Q2 18 development

- Easter included in Q2 17 figures
- Election advertising included in 2017 figures (total market approx. -1% for Q2 18 excl. the elections in April 17)
- GDPR introduced on 25 May may have impacted online market growth negatively

# Media Finland: Performance supported by festival and events business

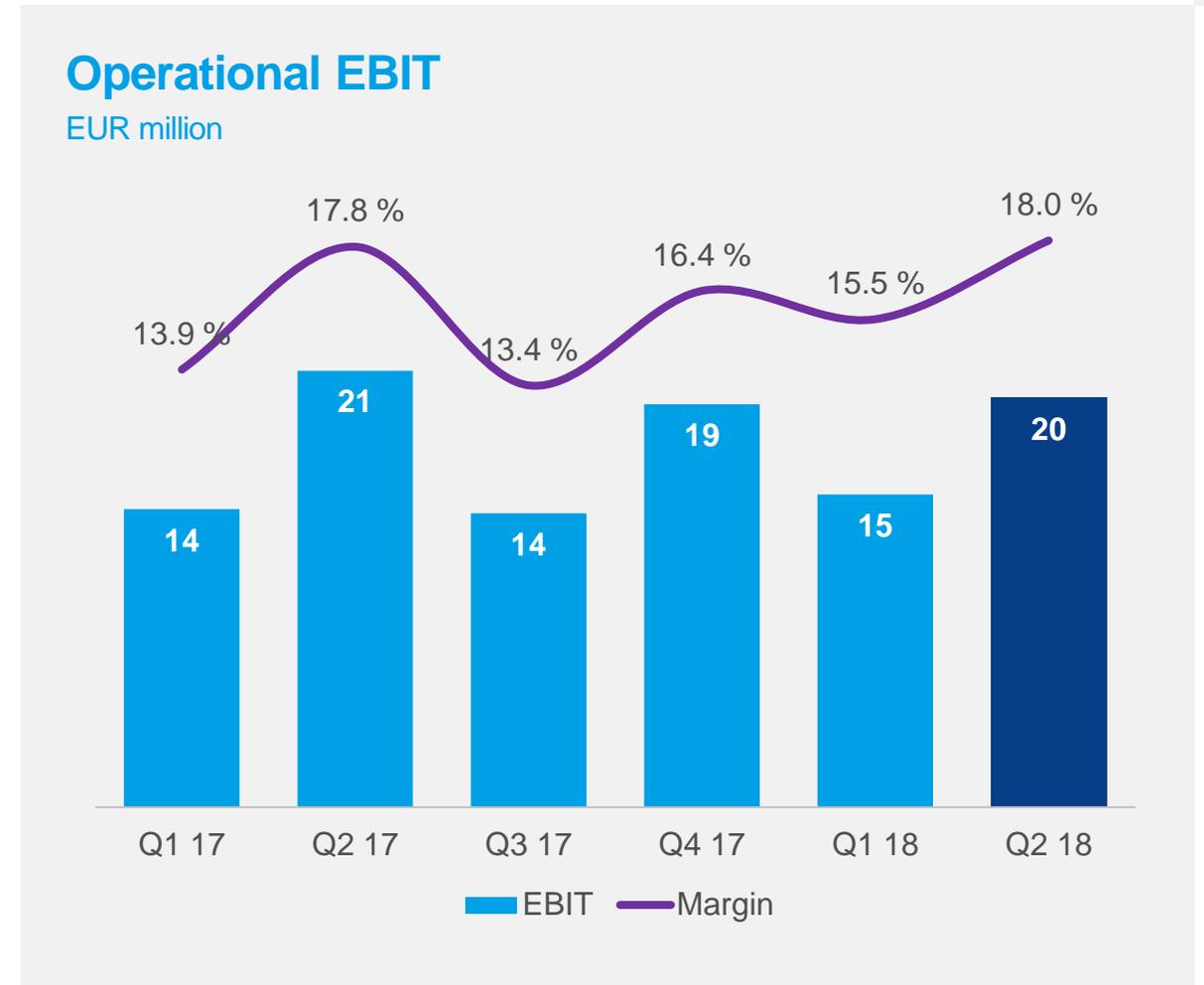
- Net sales stable at EUR 146 million (2017: 145)
  - Advertising sales as well as print and pay TV subscription sales decreased
  - Number of digital subscriptions grew significantly driven by HS and Ruutu
- Operational EBIT impacted by
  - Declining print advertising not fully compensated by increase in TV, radio and online advertising
  - Declining print subscriptions (magazines)
  - Discontinuation of Liiga
- Positive impact from the acquisition of N.C.D. Production both on net sales and earnings
- Ownership in the Finnish News Agency (STT) increased from 33% to 75%
  - Net sales EUR 12 million in 2017



\* EUR 4 million one-off correction

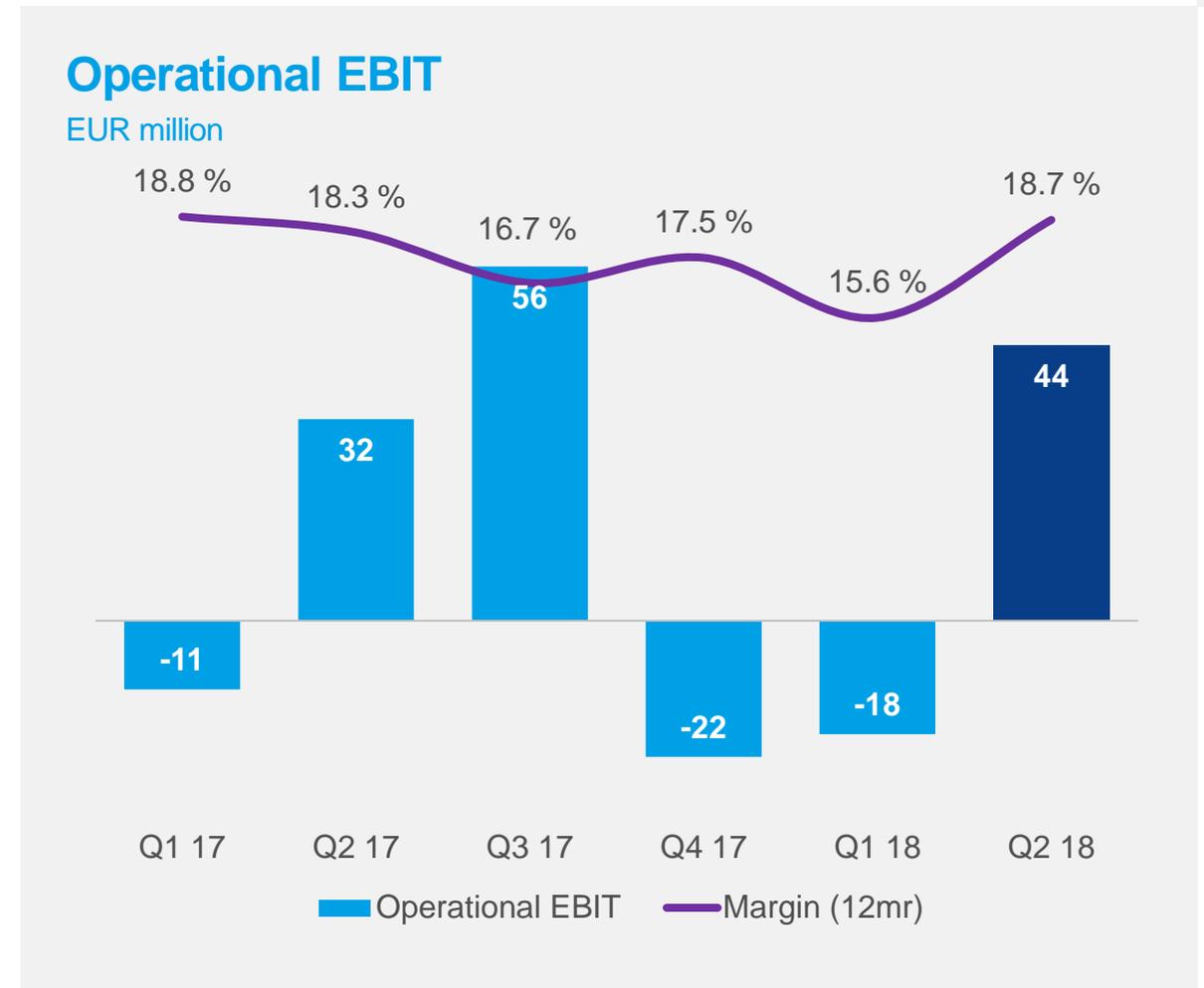
# Media Netherlands: Solid profitability

- Net sales declined to EUR 108 million (2017: 117)
  - Stable circulation sales
  - Advertising sales declined inline with market with a further impact due to the divestment of the comparison site Kieskeurig.nl in Q2 17
  - Other sales declined due to fewer events
- Operational EBIT decreased slightly as the impact of lower net sales was largely compensated by
  - Benefits of streamlined organisation
  - Last year's cost innovations in fixed costs paying off
- Ownership in the data-driven marketing and cashback service Scoupy was increased to 95%
- Divestment of Belgian women's magazine portfolio completed at the end of June



# Learning: Strong quarter supported by phasing of business

- Net sales grew to EUR 108 million (2017: 98) driven by
  - Traditional spring orders shifting from Q1 received during Q2 in the Netherlands
  - Certain orders received already in Q2 instead of Q3 in Belgium and Finland
- Operational EBIT improved significantly as a result of topline growth





## Outlook for 2018 (unchanged)

In 2018, Sanoma expects that the Group's

- **Consolidated net sales adjusted for structural changes will be slightly below 2017**
- **Operational EBIT margin will be around 14%.**

The outlook is based on an assumption of the consumer confidence and advertising markets in the Netherlands and Finland being in line with that of 2017.

# Financials



# Strong improvement in profitability due to Learning...

## Media Finland

- + Acquired festival and events business N.C.D. Production
- Soft print advertising sales
- Declining print subscriptions (magazines)
- Discontinuation of Liiga

## Media Netherlands

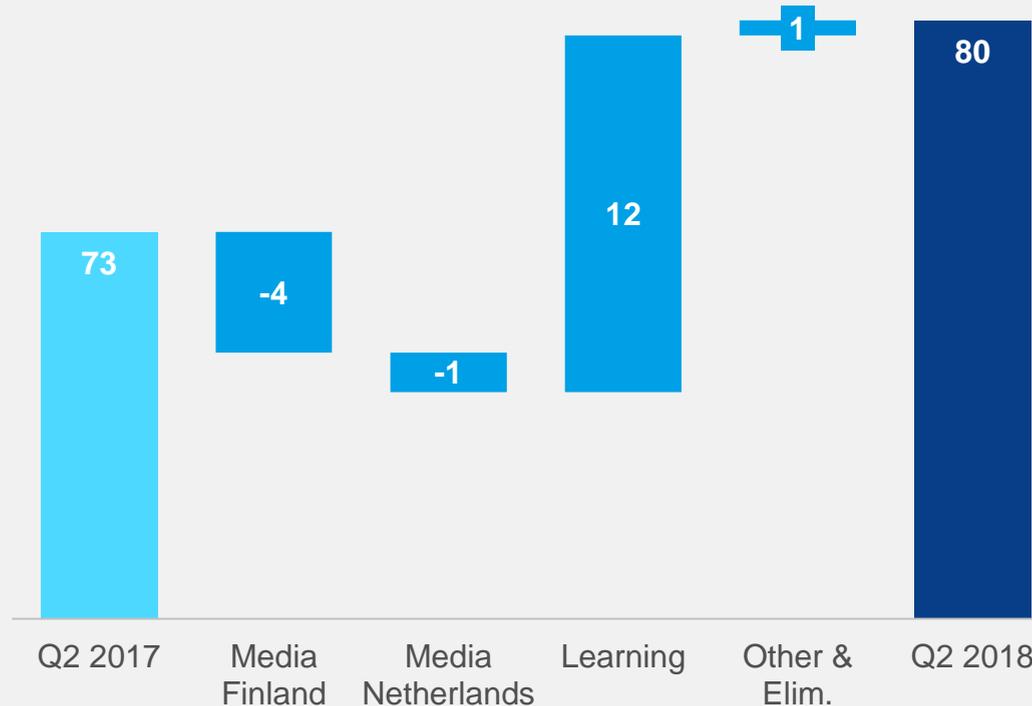
- + Lower fixed costs due to streamlined operations post-divestments
- + Strong performance of Scoupy
- Advertising sales
- Divestment of Kieskeurig.nl in June 17

## Learning

- + Traditional spring orders shifting from Q1 to Q2 in the Netherlands
- + Certain orders received already in Q2 instead of Q3 in Belgium and Finland

## Operational EBIT Q2 18 vs. Q2 17 by SBU

EUR million



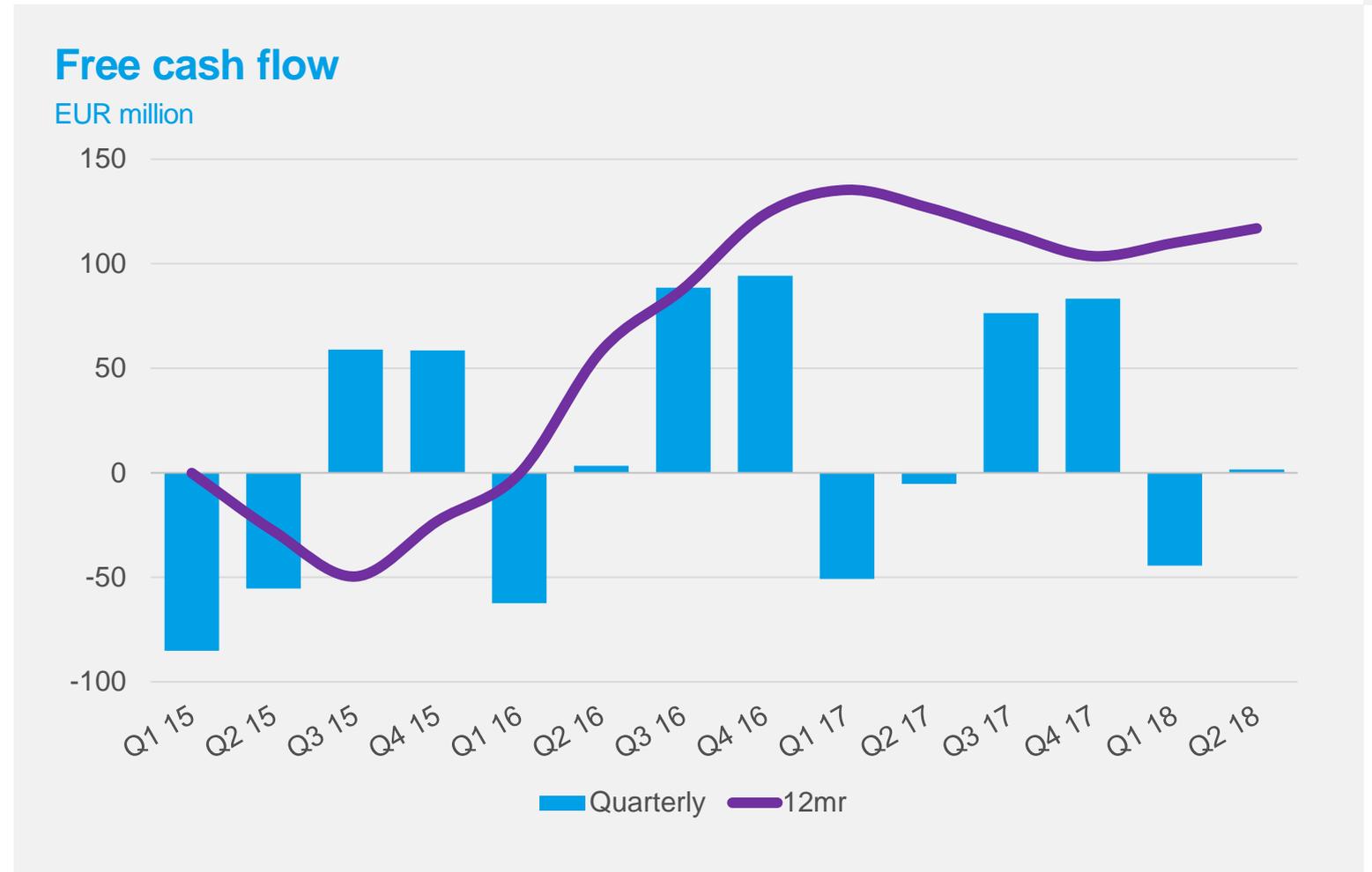
# ...with phasing between quarters in 2018

- **In Media Finland, more weight will be on H2 due to**
  - Discontinuation of the loss-making Liiga contract
  - High marketing, development and TV programming costs in Q4 17
  - NCD acquisition: Q3 the largest quarter due to seasonality
  - Positive one-off correction of EUR 4 million in Q1 17
- **In Learning**
  - Orders shifted from Q1 already received in Q2 in the Netherlands
  - Orders from Q3 already received in Q2 in Belgium and Finland
  - Q3 net sales expected to decline vs. PY due to exceptionally strong growth with two simultaneous curriculum reforms in Poland in 2017
- **Overall, solid H1 18 with operational EBIT of EUR 88 million (2017: 93)**



# Free cash flow (12mr) continuing on a good level

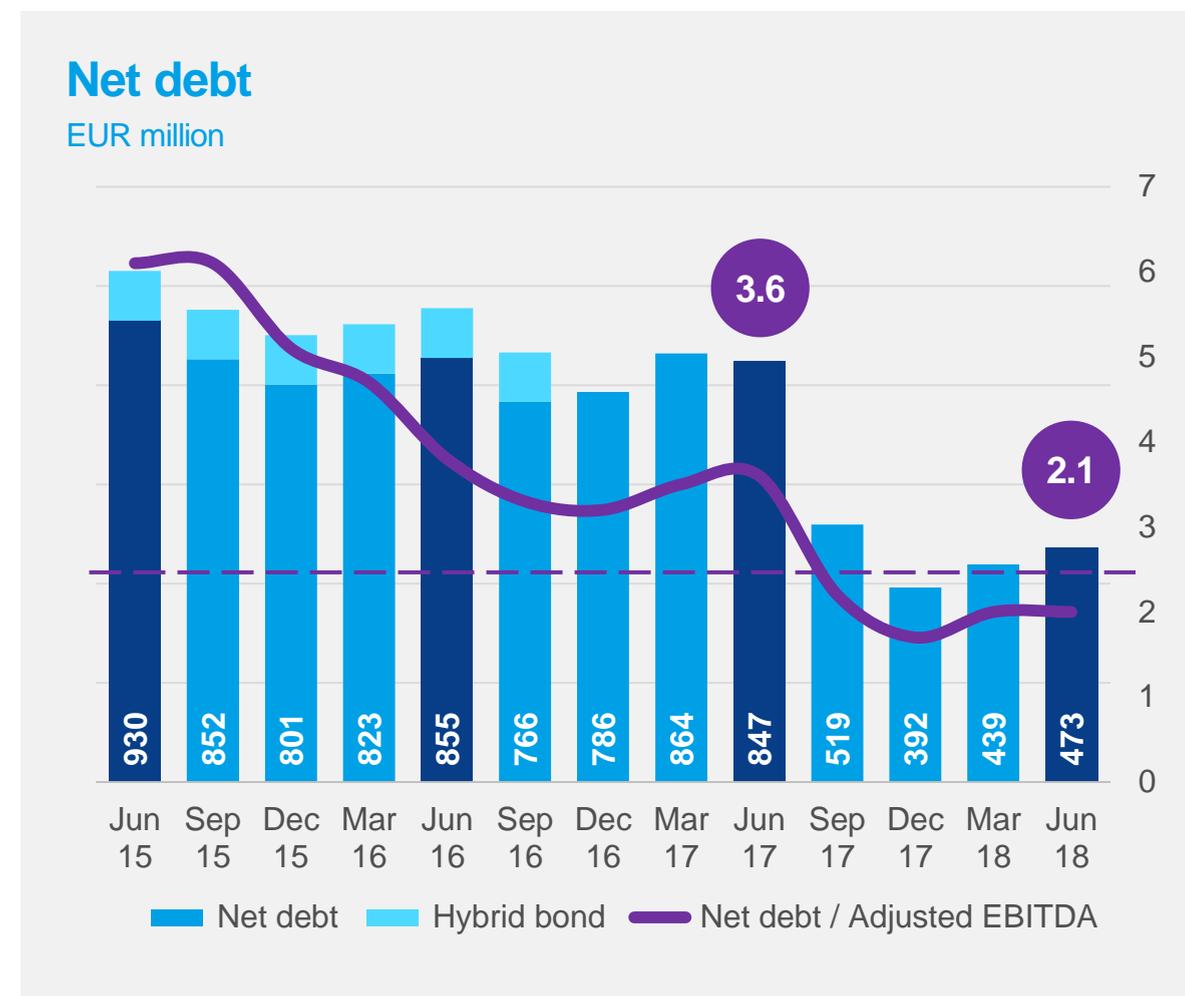
- Free cash flow improved by EUR 10 million in H1 18 due to
  - + Lower net financial items
  - Higher taxes as a result of real estate sale of Ludviginkatu in Helsinki in Q4 2017
- Divestment of Belgian women's magazine portfolio completed
  - Cash consideration of EUR 24 million being received in parts (in cash flow from investments)
  - Restructuring and transaction costs of EUR 18 million to be paid out in H2 18 (in cash flow from operations)
  - For dividend calculation, the items related to the divestment will be excluded from the free cash flow



Free cash flow = Cash flow from operations less capital expenditure

# Net debt substantially lower vs. end of Q2 2017

- At the end of Q2 2018
  - Net debt to adjusted EBITDA at 2.1 (2017: 3.6)
  - Net debt EUR 473 million (2017: 847)
  - Equity ratio 36.6% (2017: 28.8)
  
- Net financial items EUR -6 million (2017: -5) in Q2 18 and EUR -9 million (2017: -11) in H1 18
  - Lower external debt
  - Repayment of EUR 200 million bond with 5% coupon rate in March 2017
  - Revaluation related to Scoupy
  
- Average interest rate 2.4% (2017: 2.0) in H1 18



# Financial reporting in 2018

24 October

Q3 2018 Interim Report



# Appendix



# Sanoma in 2017



NET SALES  
**EUR 1,327 million**



NON-PRINT SALES  
**40%**



OPERATIONAL EBIT MARGIN  
**13.6%**

## Learning



EUR 318 million



45%



17.5%

## Media Finland



EUR 571 million



44%



11.5%

## Media Netherlands



EUR 440 million

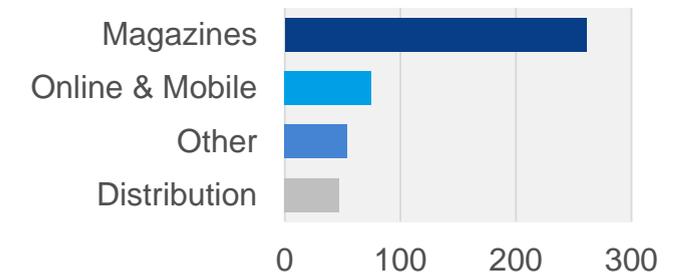
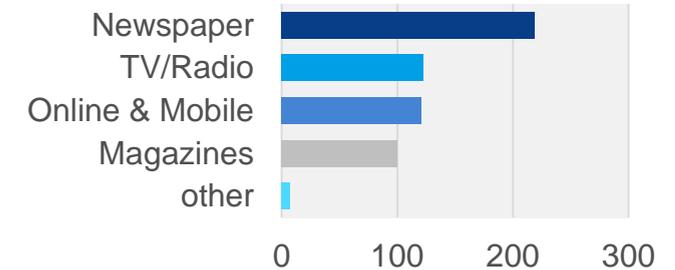
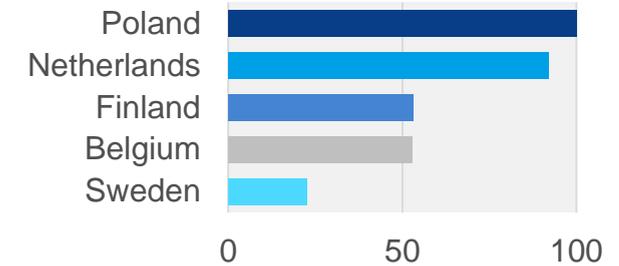


30%



15.5%

## Net sales 2017



# Group key figures 2017

Adjusted for the SBS divestment

EUR million	2017	2016
Net sales	1,328.0	1,322.3
Operational EBITDA	328.5	299.0
margin	24.7%	22.6%
Operational EBIT	186.4	149.6
margin	13.5%	11.3%
EBIT	186.4	198.6
Result for the period	126.8	110.2
Cash flow from operations	140.9	141.2
Capital expenditure	34.7	30.5
Average number of employees (FTE)	4,526	4,792

EUR	2017	2016
Operational EPS, continuing operations	0.71	0.46
Operational EPS *	0.74	0.47
EPS, continuing operations	0.76	0.67
EPS *	0.77	0.63
Cash flow from operations per share *	0.87	0.87

# Media Finland: Quarterly key figures

EUR million	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net sales	146.2	137.0	150.4	131.3	144.5	144.1
Operational EBITDA	37.9	35.8	35.3	35.5	42.1	42.9
Operational EBIT	18.6	13.1	9.8	14.2	22.4	19.0
margin	12.7%	9.5%	6.5%	10.8%	15.5%	13.2%
EBIT	20.5	11.6	8.2	13.5	30.5	19.6
Capital expenditure	0.5	1.8	0.5	3.0	1.9	1.0
Average number of employees (FTE)	1,742	1,709	1,744	1,755	1,744	1,719

# Media Netherlands: Quarterly key figures

Q1-Q2 2017 adjusted for the SBS divestment

EUR million	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net sales	108.4	95.8	116.9	103.9	116.9	101.9
Operational EBITDA	20.9	16.3	21.9	16.0	22.9	16.4
Operational EBIT	19.5	14.9	19.2	14.0	20.8	14.2
margin	18.0%	15.5%	16.4%	13.4%	17.8%	13.9%
EBIT	8.7	16.9	14.2	11.3	15.9	14.2
Capital expenditure	0.3	0.9	0.4	0.2	0.3	1.3
Average number of employees (FTE)	1,049	1,054	1,132	1,144	1,172	1,183

# Learning: Quarterly key figures

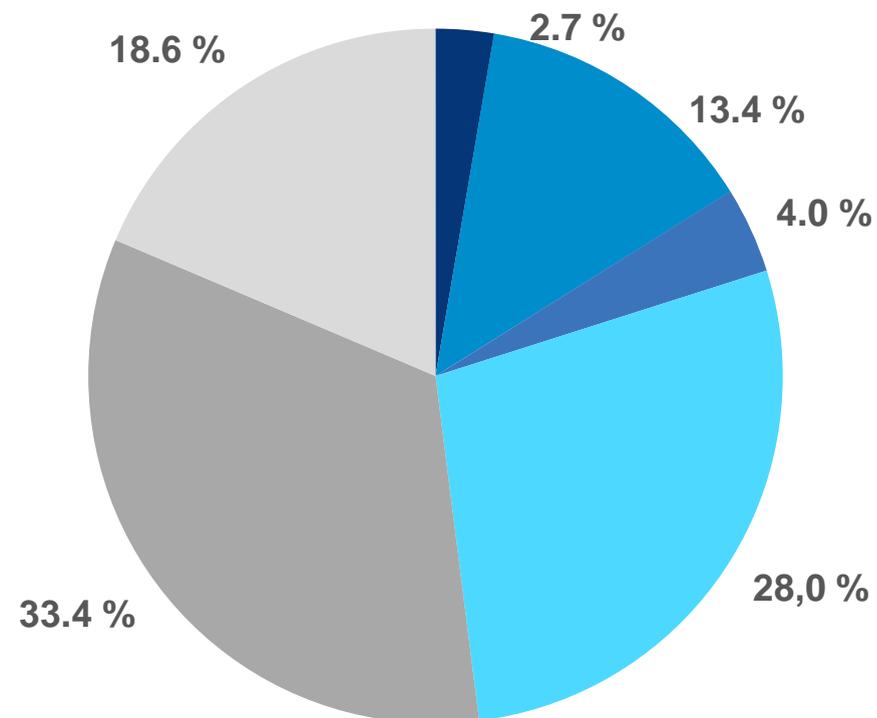
EUR million	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net sales	108.3	28.9	38.5	145.7	97.9	36.2
Operational EBITDA	54.3	-7.3	-7.2	66.1	41.8	-0.7
Operational EBIT	43.7	-18.0	-21.6	56.1	31.9	-10.9
margin	40.3%	-62.2%	-56.0%	38.5%	32.6%	-30.0%
EBIT	42.2	-18.4	-23.7	56.2	22.8	-11.4
Capital expenditure	4.3	3.5	6.0	4.1	5.2	3.3
Average number of employees (FTE)	1,352	1,353	1,401	1,413	1,430	1,442

# Largest shareholders

## Largest shareholders

30 June 2018	Number of shares	
1. Jane and Aatos Erkkö 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%
<b>10 largest shareholders total</b>	<b>98,769,052</b>	<b>60.4%</b>
<b>Foreign holding *</b>	<b>31,059,722</b>	<b>18.6%</b>
<b>Other shareholders</b>	<b>33,736,889</b>	<b>21.0%</b>
<b>Total number of shares</b>	<b>163,565,663</b>	<b>100.0%</b>
<b>Total number of shareholders</b>	<b>20,937</b>	

## Holding by category



- Private companies
- Public sector organisations
- Non-profit institutions serving households
- Financial and insurance institutions
- Households
- Foreigners

# Analyst coverage

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<b>Danske Markets Equities</b>	Panu Laitinmäki	+358 10 236 4867
<b>Handelsbanken CM</b>	Rasmus Engberg	+46 8 701 5116
<b>Inderes</b>	Petri Aho	+358 50 340 2986
<b>Nordea</b>	Sami Sarkamies	+358 9 165 59928
<b>Pohjola</b>	Kimmo Stenvall	+358 10 252 4561
<b>SEB Enskilda</b>	Jutta Rahikainen	+358 9 6162 8058



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