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Full-Year Result 2019:

**Net sales grew and  
operational EBIT improved**

Susan Duinhoven, President & CEO

Markus Holm, CFO & COO

# Divestment of Media Netherlands

- On 10 December 2019, Sanoma announced it has signed an agreement to divest the strategic business unit Sanoma Media Netherlands
- Media Netherlands is consequently reported as Discontinued operations in Sanoma's 2019 financial reporting
- Unless otherwise stated, all income statement related quarterly and FY figures in this presentation, including corresponding periods in 2018, cover continuing operations only
- Continuing operations include Sanoma Learning and Sanoma Media Finland SBUs
- Figures related to balance sheet and cash flow include both continuing and discontinued operations
- Due to the divestment, Group costs are allocated to Learning and Media Finland SBUs only and SBU-level comparative information for 2018 and 2019 has been adjusted accordingly (restated Q1 18–Q3 19 figures on p. 25 and 27)



# 2019 was a year of transformation

**Growing the learning business  
with four acquisitions**

**Divestment of Sanoma Media  
Netherlands announced in  
December**



**Two strong  
businesses,  
Learning and  
Media Finland,  
ready for  
growth**

**400m€  
headroom  
for M&A**

**SBU-level  
targets for  
comparable net  
sales growth  
and profitability**

# FY 2019: Net sales grew and profitability improved

Net sales

**913m€**

(2018: 891)

Operational EBIT  
excl. PPA

**135m€**

(2018: 123)

Operational EBIT  
margin excl. PPA

**14.8%**

(2018: 13.8%)

Free cash flow

**131m€**

(2018: 109)

Net debt / Adj.  
EBITDA

**2.7**

(2018: 1.4)

- Net sales grew as a result of acquisitions; comparable net sales development was -1% (2018: -4%)
- Clear profitability improvement driven by acquisitions and High Five business development programme in Learning
- Group cost of 3.9m€ (2018: 3.5) related to Media Netherlands divestment included
- Free cash flow includes 25m€ improvement due to IFRS 16
- Leverage temporarily above the long-term target level due to the Iddink acquisition and IFRS 16
- Board proposes a dividend of 0.50€ to be paid in two equal instalments

# Earnings improved in Learning and were stable in Media Finland

## Learning

- Earnings improved significantly as a result of acquisitions and High Five business development programme

## Media Finland

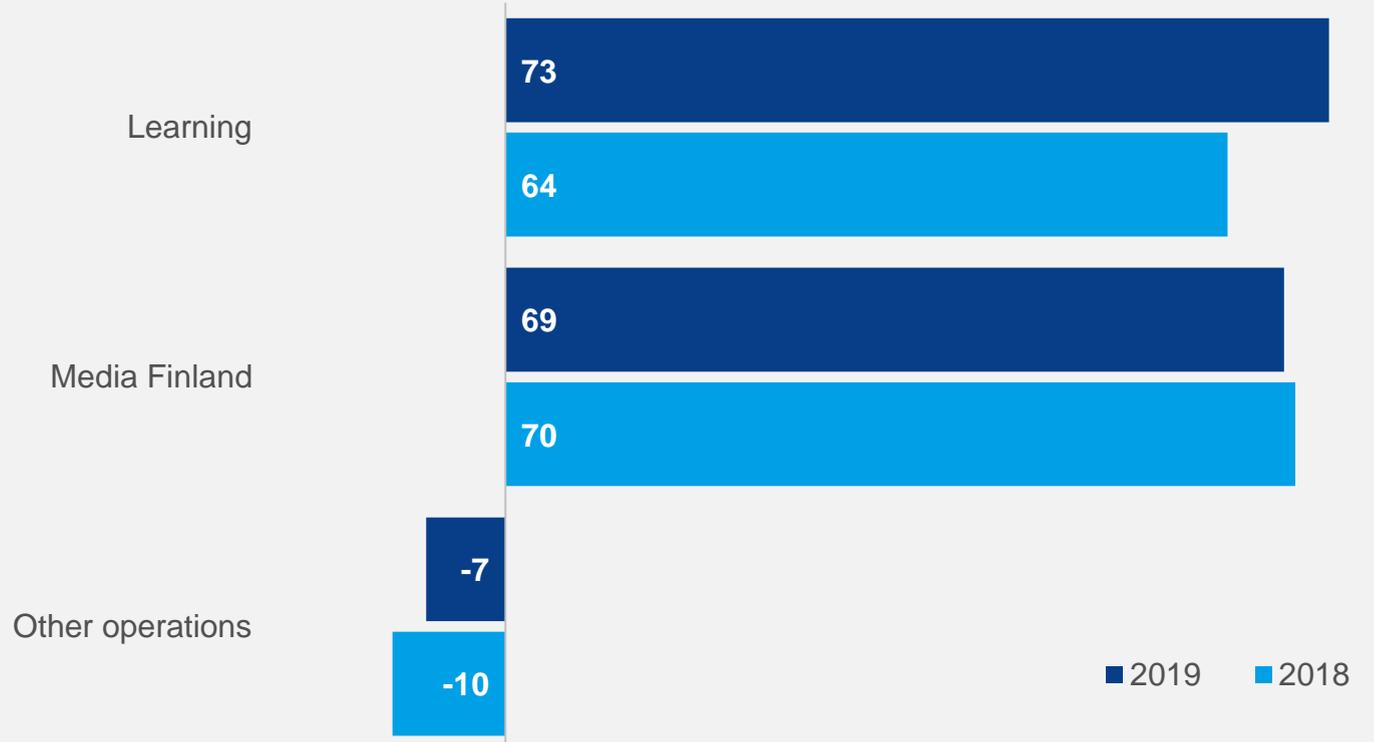
- Stable net sales and earnings

## Other operations

- Exceptionally low costs across cost categories

## Operational EBIT excl. PPA by SBU

m€

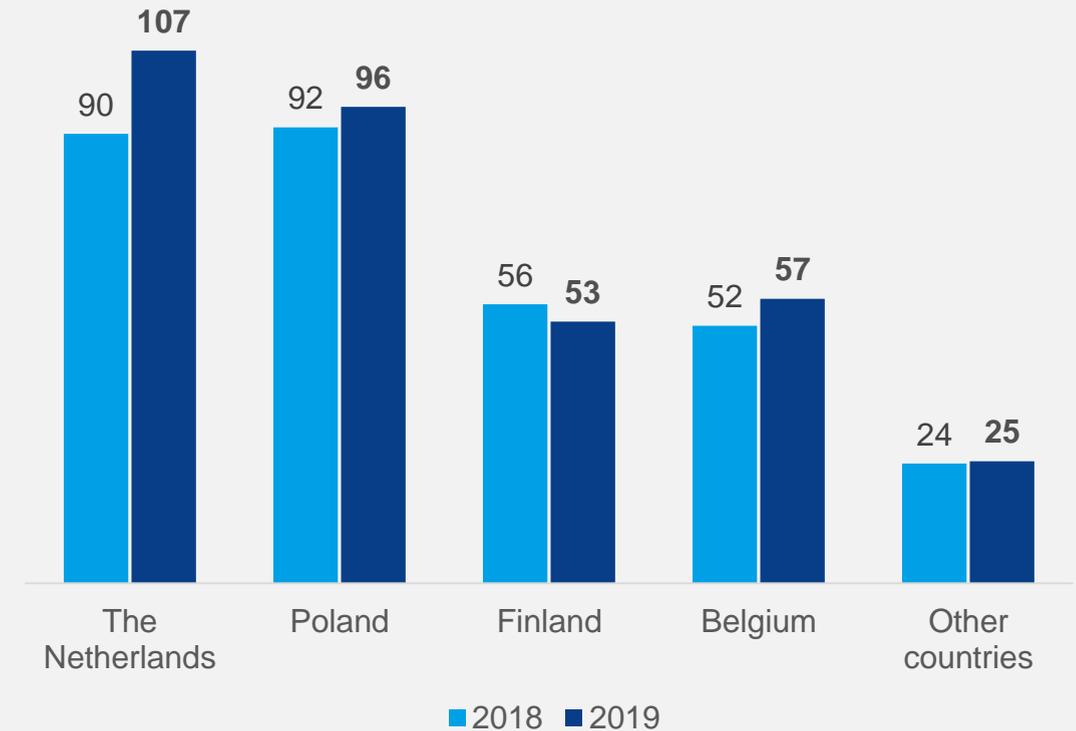


# Learning: Net sales grew through acquisitions in 2019...

- Net sales grew to 337m€ (2018: 313) through acquisitions
- In 2019, Iddink performed according to our expectations
  - Net sales 22m€ in Q4 2019 (2018: 25) and 157m€ (2018: 141) in FY 2019
  - Of which group internal sales 17m€ in 2019 (2018: 17)
  - Operational EBIT excl. PPA 5m€ in Q4 2019 (2018: 6) and 22m€ in FY 2019 (2018: 20)
- Itslearning contributed by 2m€ on net sales
- Two smaller acquisitions, Essener and Clickedu, done in November-December

## Net sales by country

m€



Other countries include Sweden, Spain, Norway, Denmark, France and Germany  
Iddink Q4 2019 net sales included in the Netherlands, Belgium and Spain

# Learning: ...while being stable on a comparable basis

- Net sales growth in Belgium and Poland during curriculum renewals
- The Netherlands at the previous year's level
- Decline in Finland
  - Ending of the curriculum renewal in 2018
  - Increasing share of digital learning materials
- In 2020-21, market growth in learning materials expected in Poland, the Netherlands and Finland

**15m**

(2018: 6m)

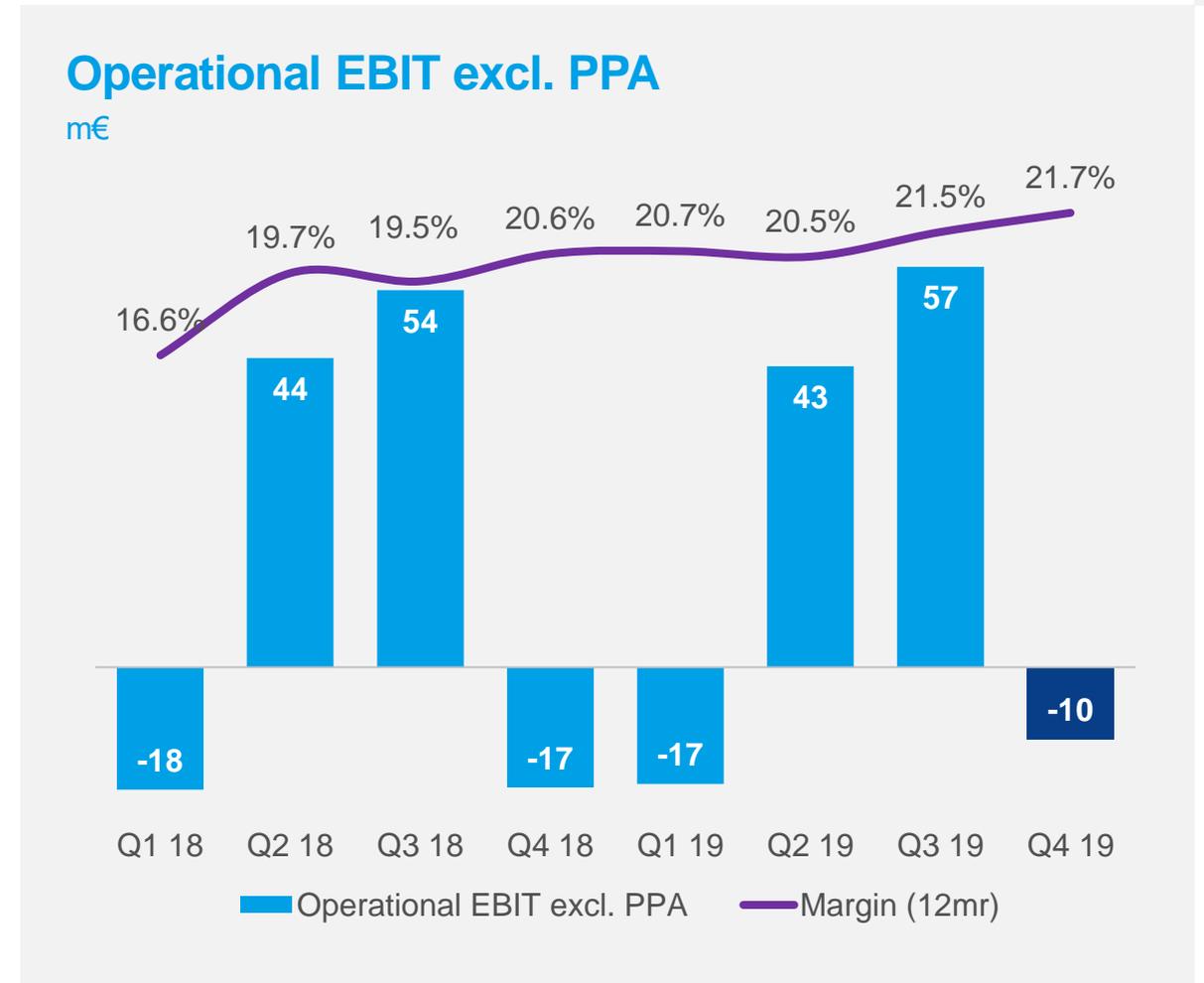
Users in Sanoma's  
digital platforms

Organic  
growth  
**+1m**

**+8m**  
due to  
acquisitions

# Learning: Profitability improved in existing business and by Iddink acquisition

- Operational EBIT excl. PPA improved by 15% to 73m€ (2018: 64)
  - Half of the improvement attributable to lower variable and fixed expenses in the underlying business largely as a result of the High Five business development programme
  - The other half attributable to the acquisition of Iddink



# Media Finland: Continued growth in digital subscription sales...

- FY net sales stable at 577m€ (2018: 579)
- Total number of HS subscriptions grew for the third year in a row and subscription sales for HS is at all-time-high
- Monthly visits at IS.fi all-time-high in December
- News & Feature unit started on 1 October: Combines HS and IS with seven magazine brands to facilitate e.g. sharing of content for the digital audience
- Continued success in digital subscription sales of Ruutu+ offsetting the impact of the discontinuation of pay-TV in H2 2018
- Solid growth in the festival and events business
- Digital advertising sales grew by 6%, total advertising sales -1%
  - Total advertising market -1% in 2019 \*
  - Digital advertising market +4% and +9% incl. search and social media \*

Detailed data on Finnish advertising market development is available on p. 28.

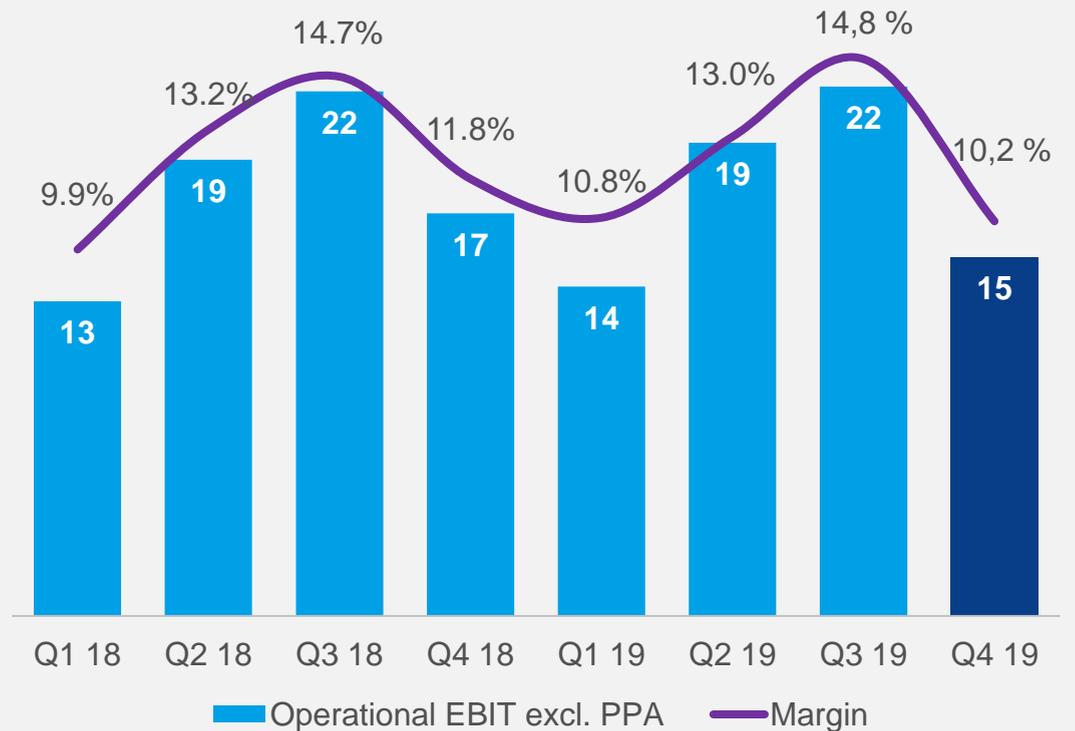


# Media Finland: ... and stable profitability

- Operational EBIT excl. PPA stable at 69 m€ (2018: 70)
  - + Improved profitability of the festival and events business
  - + Lower marketing, paper, distribution and other operating costs
  - Higher TV programme costs related to FOX channels
  - Write-down related to discontinued IT solutions was done in Q4

## Operational EBIT excl. PPA

m€

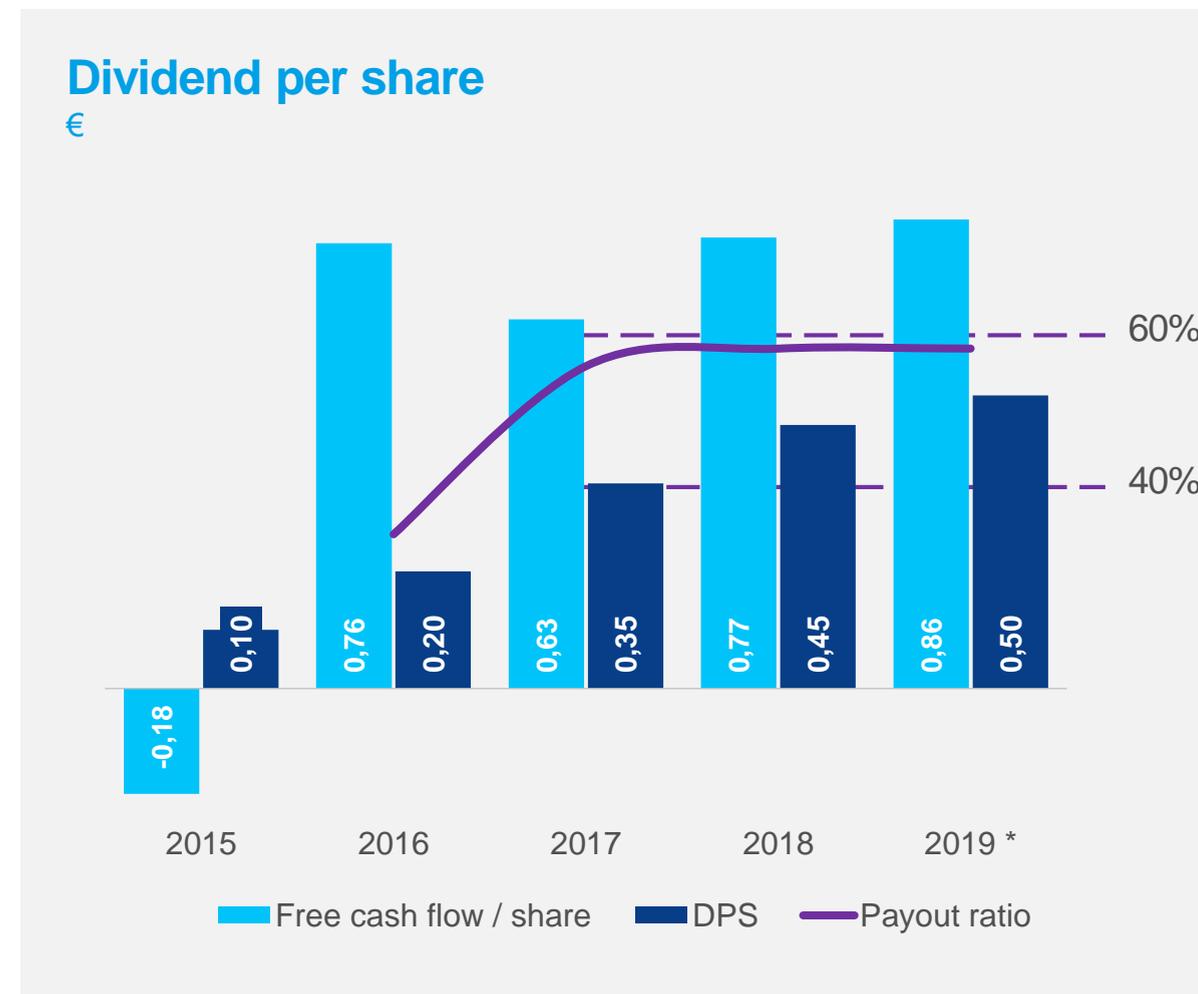


# The Board proposes a dividend of 0.50€

- The Board proposes a dividend of 0.50€ per share to be paid for 2019
  - Increase of 11% vs. 2018
  - Representing a total of approx. 82m€
- 58% of free cash flow \*
- To be paid in two parts
  - 0.25€ on 3 April (record date 27 March)
  - 0.25€ in November (record date tbc in October)

## Dividend policy:

Sanoma aims to pay an increasing dividend, equal to 40–60% of annual free cash flow



# On track towards our long-term financial targets

Key ratios	Long-term target	FY 2019
Learning		
Comparable net sales growth	2-5%	0%
Operational EBIT margin excl. PPA	20-22%	21.7%
Media Finland		
Comparable net sales growth	+/-2%	-2%
Operational EBIT margin excl. PPA	12-14%	12.0%

# Outlook for 2020

In 2020, Sanoma expects that the Group's

- **Comparable net sales will be stable, and**
- **Operational EBIT margin excl. PPA \* will be around 15% (2019: 14.8%).**

\* PPA = purchase price allocation amortisations

# Financials

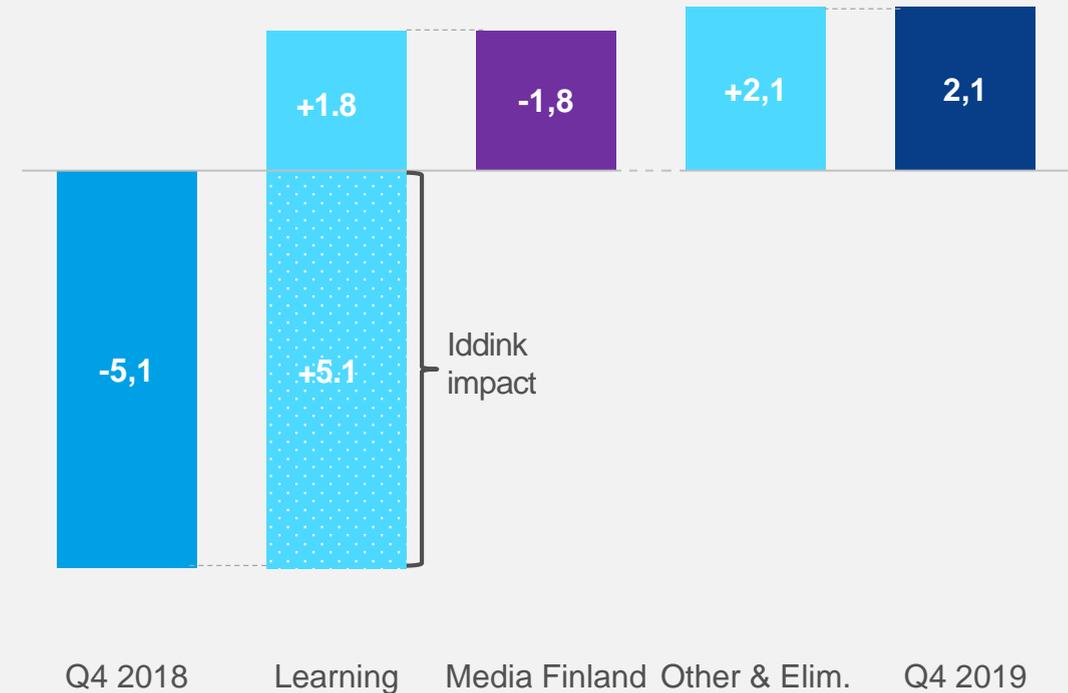


# Q4 2019 operational earnings improved driven by Iddink

<b>Learning</b>	<ul style="list-style-type: none"> <li>+ Iddink acquisition 5m€</li> <li>+ Lower fixed costs</li> </ul>
<b>Media Finland</b>	<ul style="list-style-type: none"> <li>+ Lower paper costs</li> <li>- One-time write-down related to discontinued IT solutions</li> <li>- TV programme costs related to FOX channels</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>+ Lower costs across cost categories</li> <li>+ Certain additional provisions and expenses in Q4 2018</li> </ul>

In FY 2019, costs of Other operations were exceptionally low across categories – expected to normalise to 2018 level (10m€) in 2020.

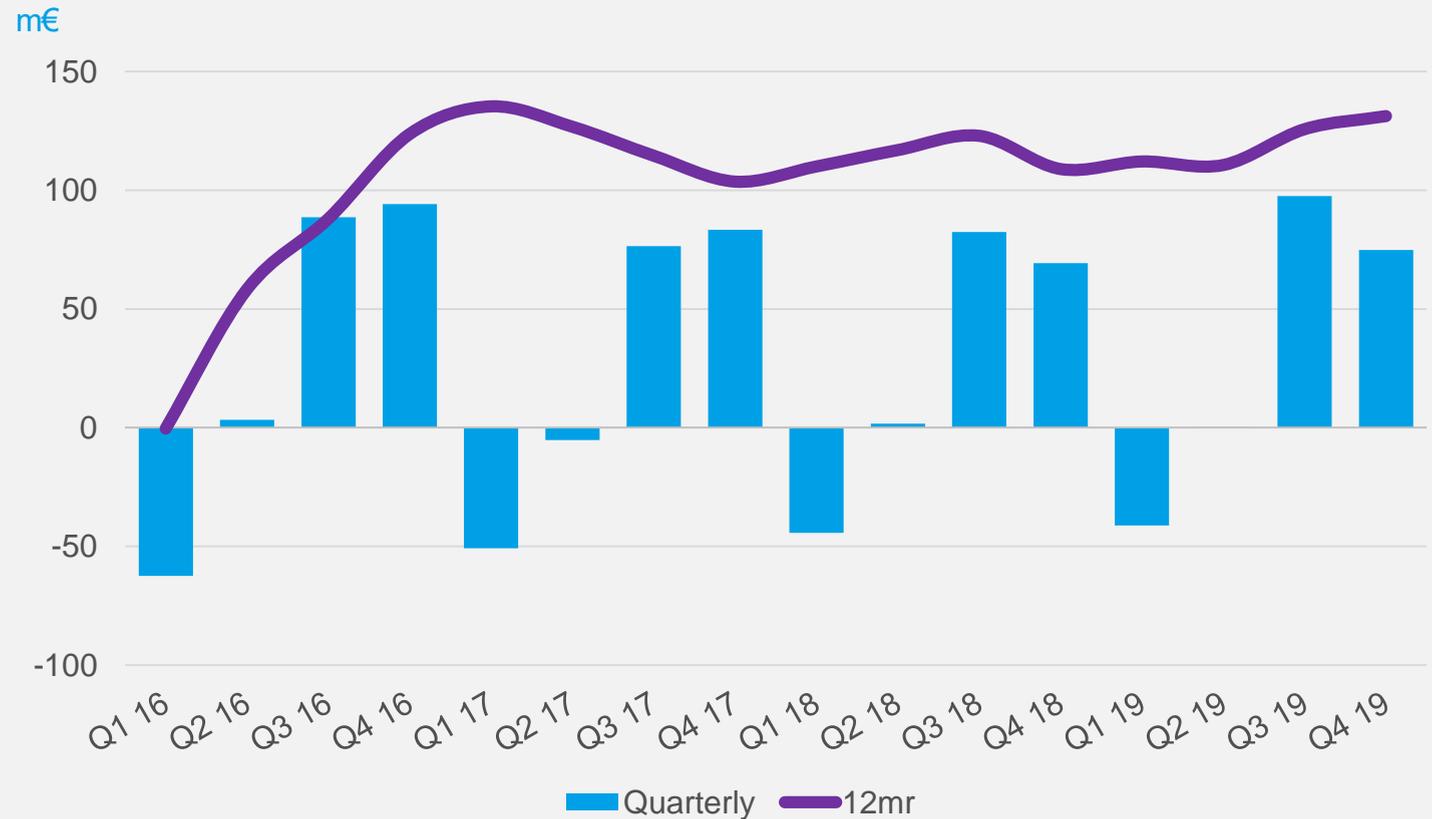
Operational EBIT excl. PPA Q4 19 vs. Q4 18  
m€



# Solid free cash flow

- In 2019, free cash flow improved to 131m€ (2018: 109)
- + Implementation of the IFRS 16 standard improved the free cash flow by 25m€
- + Lower taxes paid
- 10m€ settlement of a rental contract related to Discontinued operations divested in June 2018 in Belgium
- Higher IACs related to M&A and changes in IT infrastructure and services
- Divestment of LINDA. Magazine

## Free cash flow



Free cash flow = Cash flow from operations less capital expenditure

# Net debt higher due to Iddink acquisition and IFRS 16

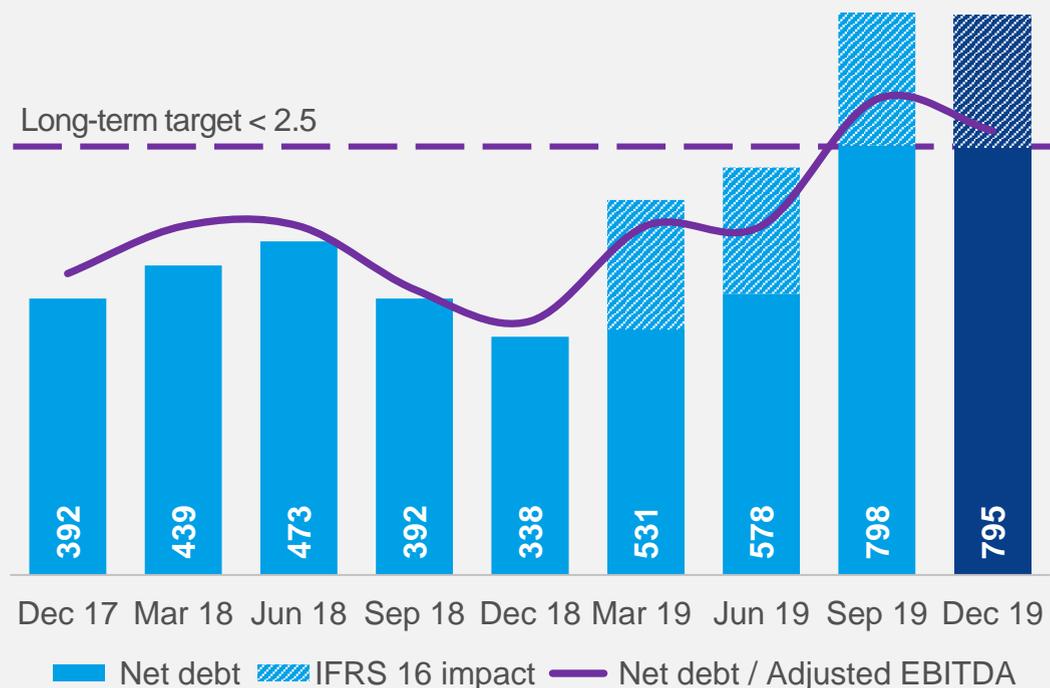
	Q4 18	Q4 19	IFRS 16 impact
<b>Net debt</b>	338	795	+188
<b>Net debt / Adj. EBITDA</b>	1.4	2.7	+0.4
<b>Equity ratio</b>	44.7%	30.5%	-3.5%-p.

- Acquisition of Iddink and IFRS 16 raised the net debt / Adj. EBITDA above the long-term target level
- Equity ratio declined below the long-term target level due to 105m€ capital loss related to the divestment of Media Netherlands, the Iddink acquisition and IFRS 16
- Both expected to return to the target level upon receipt of the proceeds of the Media Netherlands divestment

Summary of key impacts of the implementation of IFRS 16 on P/L, BS and CF is available in the Appendix, p. 24.

## Net debt

M€

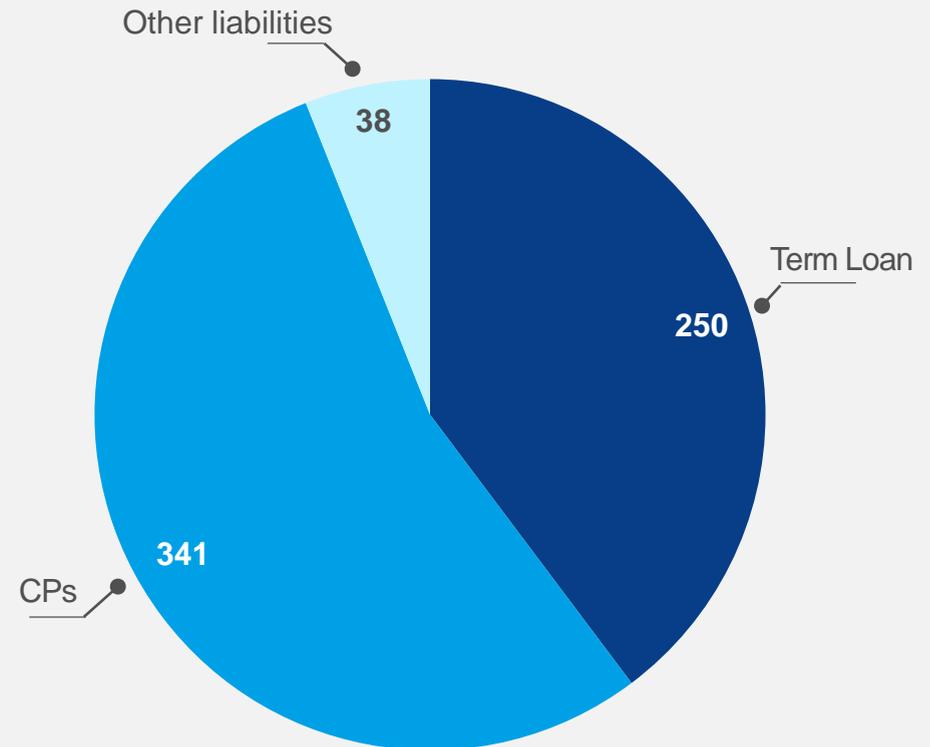


# 200m€ bond repaid in November

- 200m€ bond was repaid at the end of November
  - Expected to significantly reduce financial expenses going forward
- 250m€ 4-year term loan was drawn in September to finance the acquisition of Iddink
- Net financial items -22m€ in 2019 (2018: -12)
  - IFRS 16 impact -5m€
  - Exchange rate loss of 3m€ related to liquidated Ukrainian subsidiary
- Average interest rate 2.3% (2018: 2.5%)
  - Expected to be below 1% in 2020

## Debt structure

m€, 31 December 2019



\* Book value 199m€

# Financial reporting in 2020

Week 10	Financial Statements and Directors' Report 2019
25 March	Annual General Meeting 2020
29 April	Q1 2020 Interim Report
24 July	Q2 2020 Interim Report
29 October	Q3 2020 Interim Report



# Appendix



# Sanoma in 2019

 NET SALES  
**EUR 913 million**

 NON-PRINT SALES  
**51%**

 OPERATIONAL EBIT MARGIN  
**14.8%**

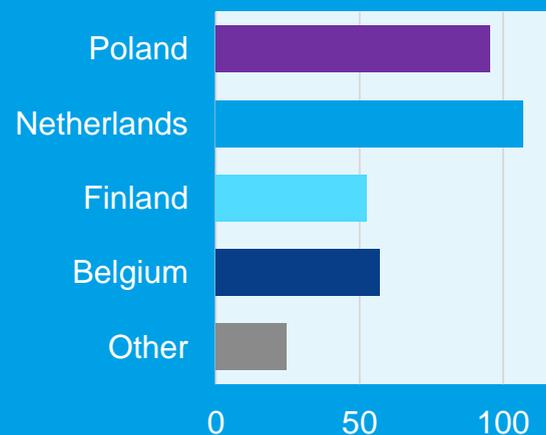
## Learning

 EUR 337 million

 49%

 21.7%

### NET SALES 2019



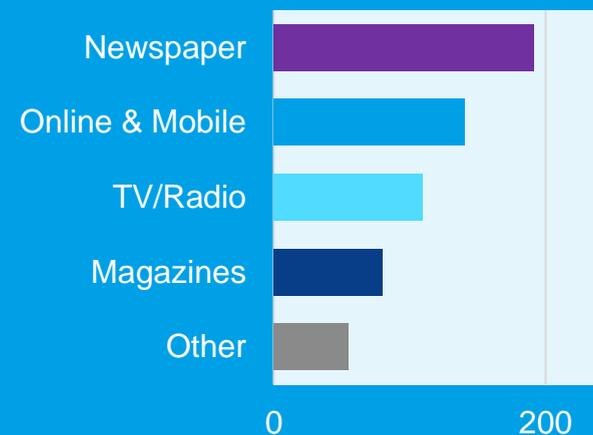
## Media Finland

 EUR 577 million

 53%

 12.0%

### NET SALES 2019



# Group key figures 2019

EUR million	2019	2018
Net sales	913.3	891.4
Operational EBIT excl. PPA	135.2	122.8
margin	14.8%	13.8%
EBIT	102.1	106.7
Result for the period	63.1	72.6
Free cash flow	131.3	108.9
Equity ratio	30.5%	44.7%
Net debt	794.7	337.8
Net debt / Adj. EBITDA	2.7	1.4
Operational EPS	0.49	0.49
EPS	0.38	0.44

EUR	2019	2018
Average number of employees (FTE)	3,567	3,404
Number of employees at the end of the year (FTE)	3,953	3,410
Dividend per share	0.50	0.45

All income statement related figures cover Continuing operations only. Balance sheet and cash flow figures cover also Discontinued operations.

# IFRS 16 impact on key ratios

- Sanoma has adopted the new IFRS 16 Leases standard as of 1 Jan 2019
  - Lease agreements are recognised in the balance sheet as right-of-use assets and interest-bearing liabilities
  - Cost of leasing is recognised as depreciation and interest expense, not as operational rental expense
- Sanoma applies the modified retrospective method
  - 2018 financials have not been restated
  - Main impacts on key ratios are summarised on this page
  - More information is available in the Full-Year 2019 Result

- Main impacts related to the implementation of IFRS 16 standard on key ratios in Q4 2019 and FY 2019:

<b>MEUR</b>	<b>Q4 2019</b>	<b>FY 2019</b>
Operational EBITDA	6.4	22.6
Depreciation	-5.9	-21.0
Operational EBIT excl. PPA	0.5	1.6
Net financial expenses	-1.3	-5.1
Net result	-0.6	-2.7
Cash flow from operations	7.2	24.8
Cash flow from financing	-7.2	-24.8
Net cash flow	0.0	0.0
Net debt		188.4
Net debt / Adj. EBITDA		0.4
Equity ratio		-3.5

All income statement related figures cover Continuing operations only. Balance sheet and cash flow figures cover also Discontinued operations.

# Learning: Adjusted \* quarterly key figures

EUR million	FY 19	FY 18	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	336.7	313.3	61.4	138.4	105.4	31.4	39.8	136.3	108.3	28.9
EBIT	55.0	55.0	-19.3	52.0	41.0	-18.6	-20.3	51.8	42.1	-18.6
Items affecting comparability (IACs)	-12.1	-5.1	-5.5	-4.4	-1.1	-1.1	-2.2	-1.3	-1.3	-0.4
PPA amortisations	-6.1	-3.4	-3.6	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8
Operational EBIT excl. PPA	73.2	63.5	-10.3	57.2	43.0	-16.7	-17.2	53.9	44.2	-17.5
margin	21.7%	20.3%	-16.7%	41.3%	40.7%	-53.1%	-43.3%	39.6%	40.8%	-60.3%
Capital expenditure	21.9	19.8	8.3	4.7	5.2	3.8	6.8	5.2	4.3	3.5
Average number of employees (FTE)	1,488	1,351	1,488	1,398	1,361	1,355	1,351	1,350	1,352	1,353

# Iddink reported financials for 2019

Preliminarily adjusted for IFRS, unaudited

## Key quarterly income statement figures

<i>EUR million</i>	<b>FY 19</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>Q1 19</b>	<b>Q4 18</b>	<b>Q3 18</b>	<b>Q2 18</b>	<b>Q1 18</b>	<b>FY 18</b>
Net sales	<b>156.9</b>	<b>21.7</b>	95.7	20.6	18.9	23.8	82.5	18.8	16.6	141.7
Incl. Group internal sales	<b>16.5</b>	<b>0.1</b>	8.3	7.9	0.2	0.3	4.9	11.6	0.1	16.9
EBITDA	<b>45.3</b>	<b>11.5</b>	16.7	9.0	8.1	6.8	16.9	7.6	8.4	39.7
Depreciation and amortisation*	<b>34.7</b>	<b>8.9</b>	10.0	7.9	7.9	7.5	7.3	7.4	7.3	29.4
Reported EBIT	<b>10.6</b>	<b>2.6</b>	6.7	1.1	0.2	-0.7	9.6	0.3	1.1	10.3
Items affecting comparability	<b>-4.0</b>	<b>-0.3</b>	-3.8	0.0	0.0	-0.4	-0.4	-1.3	-0.9	-3.0
PPA amortisations	<b>-7.6</b>	<b>-2.5</b>	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-6.8
Operational EBIT excl. PPA	<b>22.3</b>	<b>5.4</b>	12.1	2.8	1.9	1.4	11.7	3.3	3.7	20.1

\* Incl. rental book depreciations of EUR 16.6 million in 2018.

# Media Finland: Adjusted \* quarterly key figures

EUR million	FY 19	FY 18	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net sales	576.8	578.5	144.2	146.5	154.5	131.6	144.5	150.7	146.2	137.0
EBIT	54.9	59.3	11.9	19.0	14.7	9.3	9.3	19.2	19.9	11.0
Items affecting comparability (IACs)	-10.0	-7.1	-1.7	-1.5	-3.6	-3.1	-6.2	-1.4	1.9	-1.5
PPA amortisations	-4.4	-3.2	-1.1	-1.1	-1.1	-1.1	-1.0	-1.0	-0.7	-0.4
Operational EBIT excl. PPA	69.4	69.6	14.7	21.7	19.4	13.5	16.5	21.5	18.7	12.9
margin	12.0%	12.0%	10.2%	14.8%	12.6%	10.3%	11.4%	14.3%	12.8%	9.4%
Capital expenditure	3.8	4.1	1.1	0.9	1.2	0.7	1.1	0.7	0.5	1.8
Average number of employees (FTE)	1,804	1,781	1,804	1,811	1,793	1,764	1,781	1,779	1,742	1,709

# Finnish advertising market stable in 2019

## Finnish measured media advertising markets

	FY 19	Q4 19	Q3 19	Q2 19	Q1 19	FY 18	Q4 18	Q3 18	Q2 18	Q1 18
Newspapers	-9%	-10%	-12%	-2%	-7%	-11%	-12%	-8%	-13%	-12%
Magazines	-7%	-11%	-8%	-2%	-5%	-5%	-2%	-3%	-10%	-7%
TV	-5%	-8%	-5%	1%	-7%	0%	-1%	1%	1%	1%
Radio	6%	2%	6%	10%	7%	4%	4%	2%	11%	-4%
Online *	4%	1%	6%	9%	2%	3%	2%	2%	3%	7%
<b>Total market</b>	<b>-1%</b>	<b>-5%</b>	<b>-2%</b>	<b>5%</b>	<b>-2%</b>	<b>-2%</b>	<b>-2%</b>	<b>-1%</b>	<b>-3%</b>	<b>-2%</b>

Online incl. search  
and social media  
in 2019

**+9%**  
(2018: +14%)

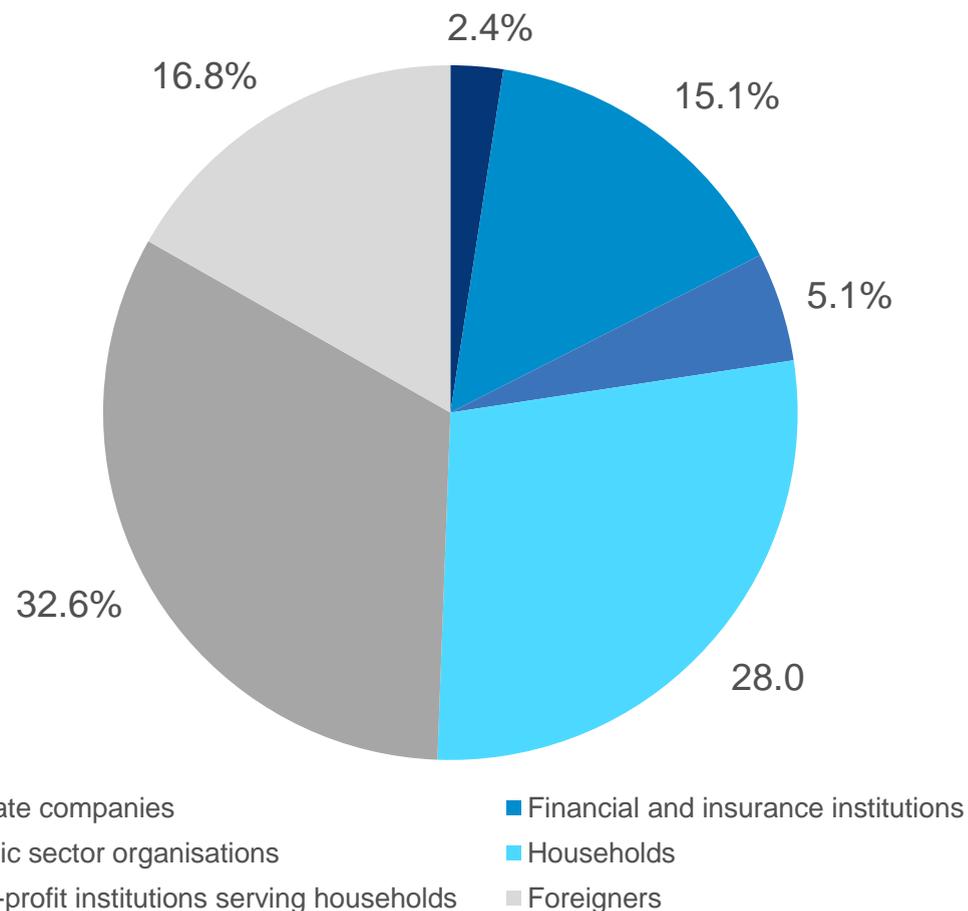
# Largest shareholders

31 December 2019

## Largest shareholders

	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	4,667,597	2.9%
7. Alex Noyer	1,903,965	1.2%
8. Foundation for Actors' Old-Age Home	1,900,000	1.2%
9. Lorna Aubouin	1,852,470	1.1%
10. The State Pension Fund	1,760,000	1.1%
<b>10 largest shareholders total</b>	<b>99,659,429</b>	<b>61.1%</b>
<b>Foreign holding *</b>	<b>27,450,665</b>	<b>16.8%</b>
<b>Other shareholders</b>	<b>36,455,569</b>	<b>22.1%</b>
<b>Total number of shares</b>	<b>163,565,663</b>	<b>100.0%</b>
<b>Total number of shareholders</b>	<b>20,730</b>	

## Holding by category



# Analyst coverage

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