

SANOMA AGM 2019

Susan Duinhoven
President and CEO

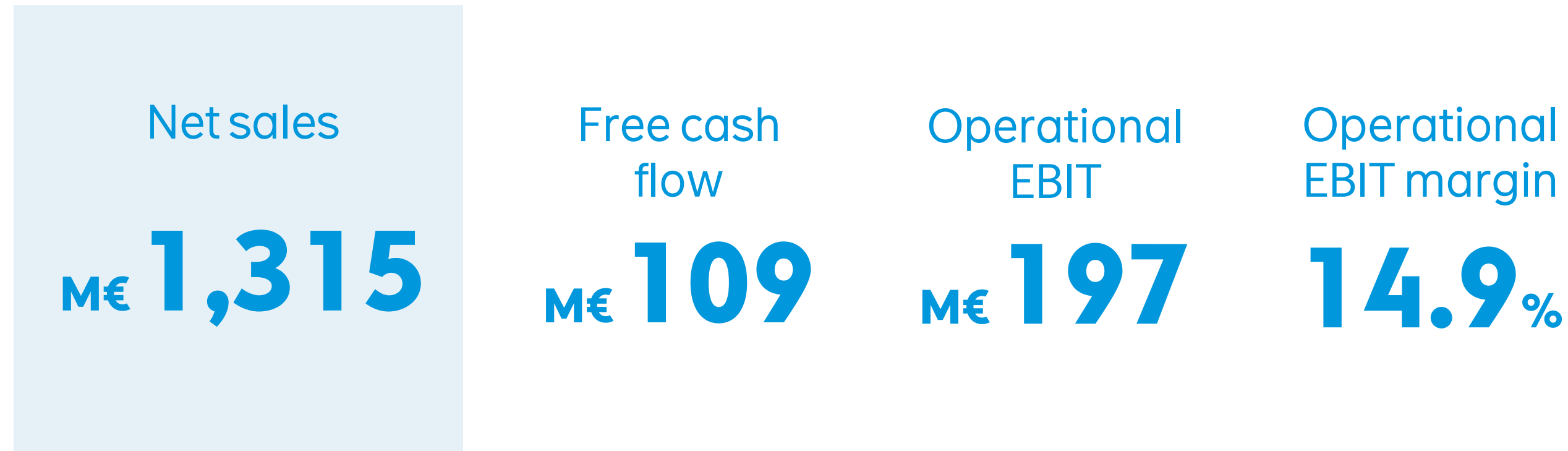




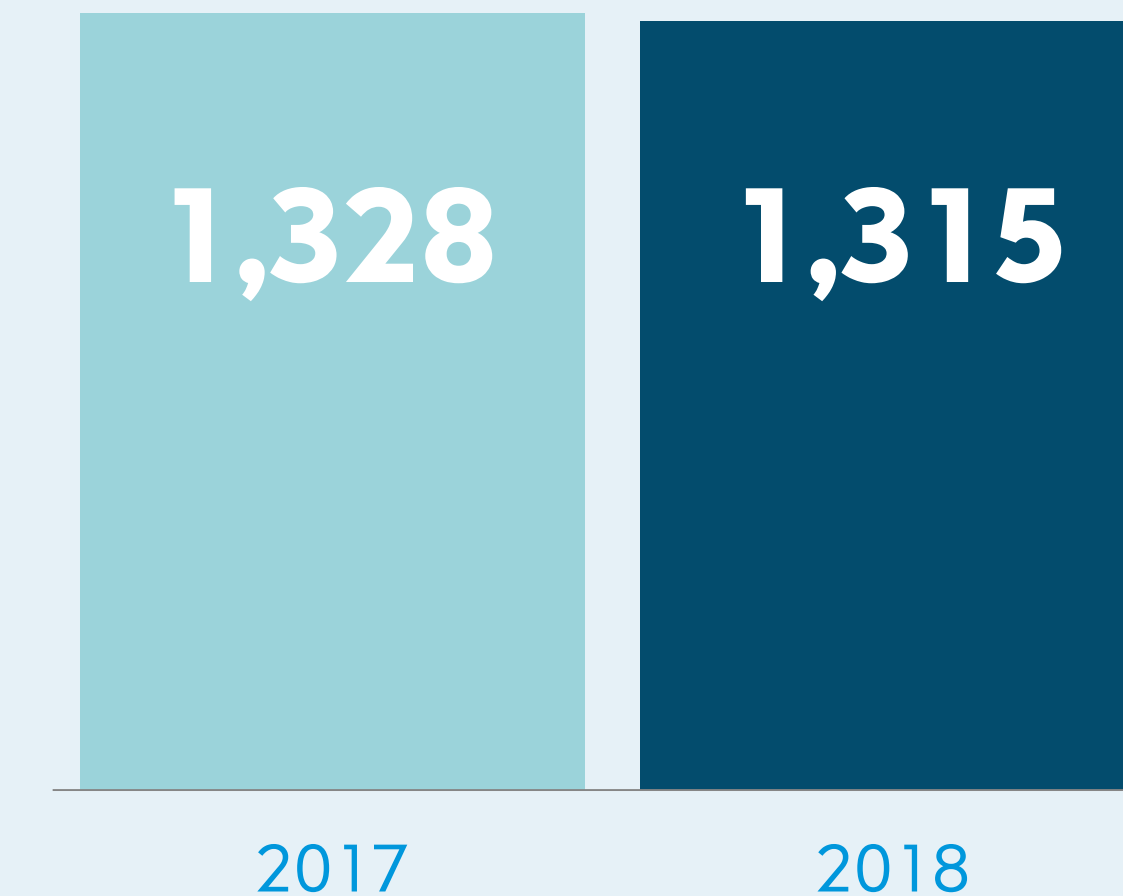
Overview of presentation

1. 2018: Financial highlights
2. 2018: Business highlights
3. Sanoma Learning – deep dive
4. Outlook 2019
5. 2018: Financial results in detail (CFO)

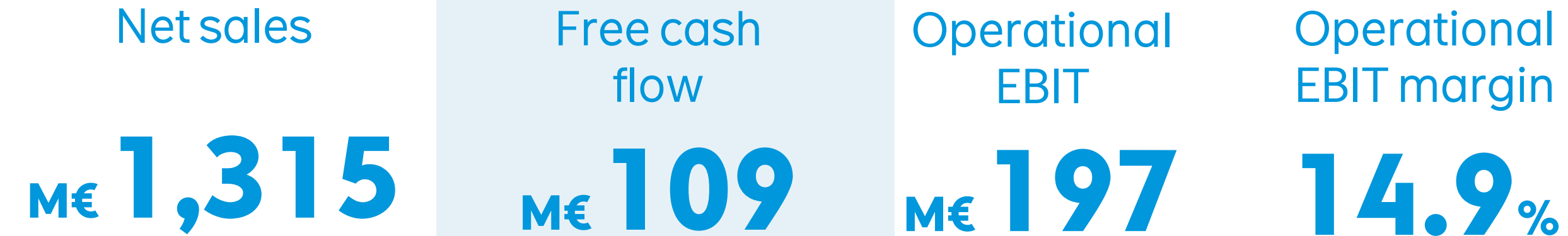
Financial highlights of 2018



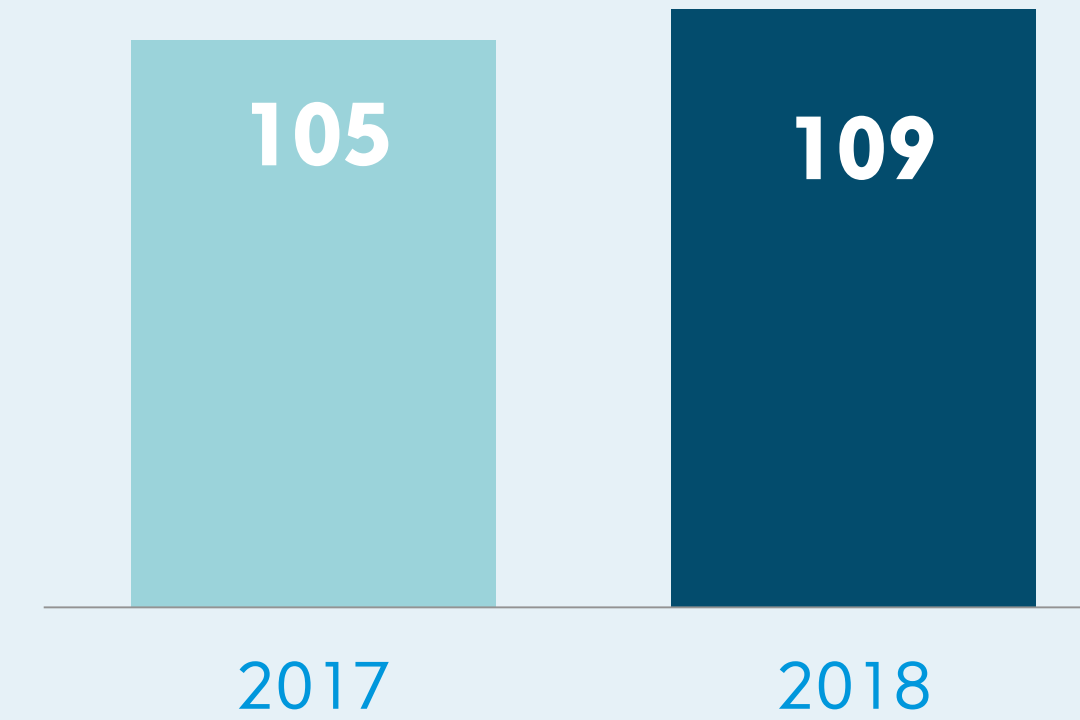
Net sales were stable



Financial highlights of 2018



Free cash flow improved



Financial highlights of 2018

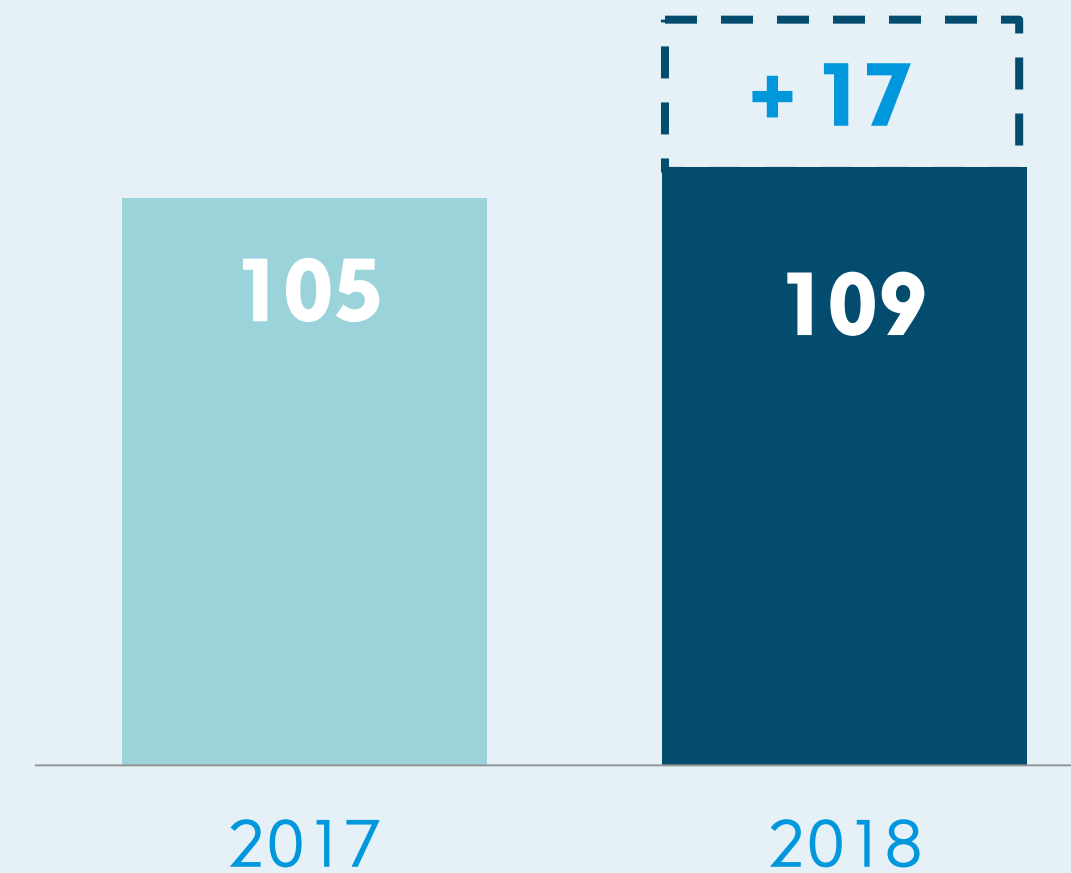
Net sales
M€ 1,315

Free cash flow
M€ 109

Operational EBIT
M€ 197

Operational EBIT margin
14.9%

Free cash flow improved



Without restructuring costs of divested Belgium women's magazines

Financial highlights of 2018

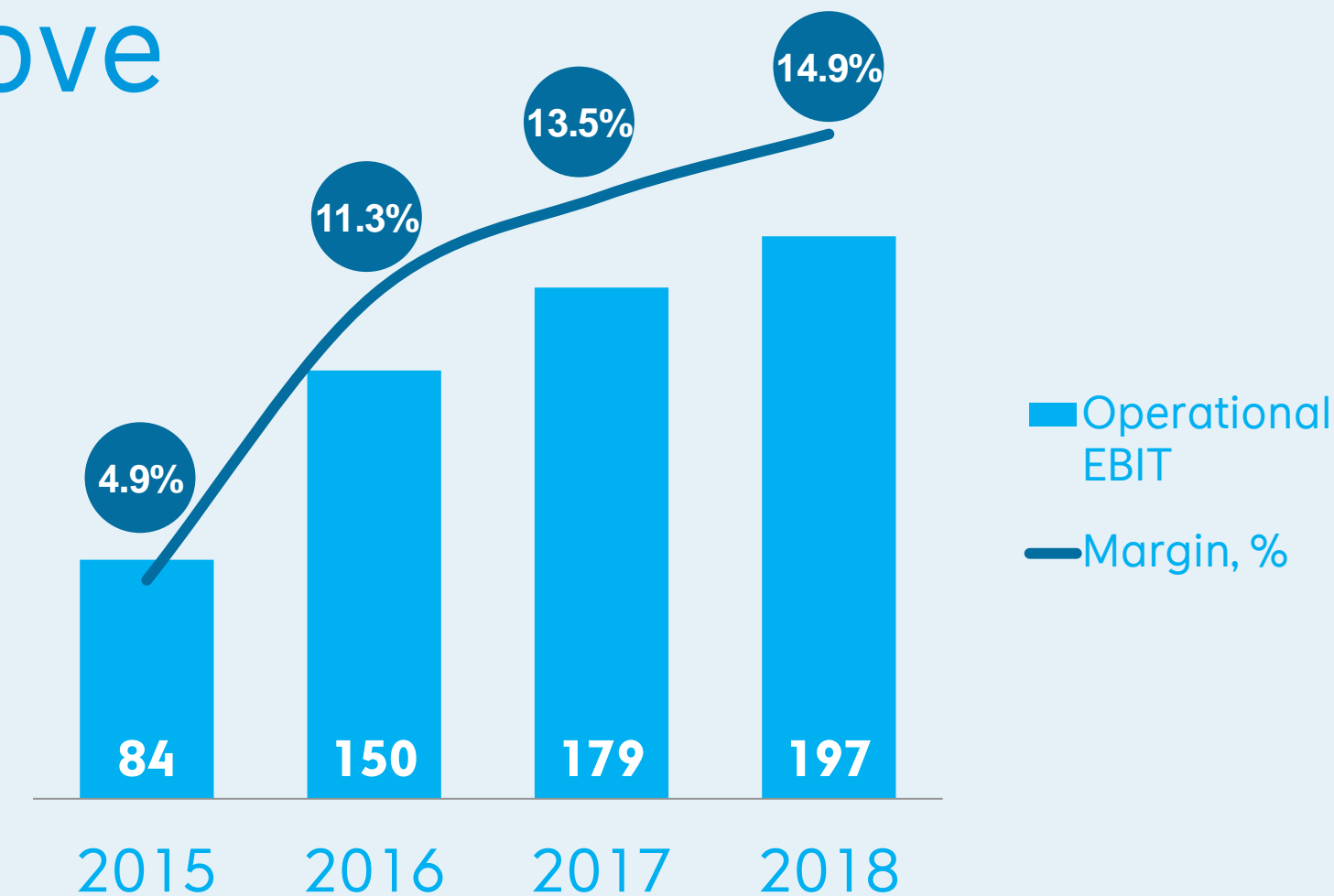
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Operational EBIT
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Operational EBIT margin
14.9%

Operational EBIT continued to improve



Financial highlights of 2018

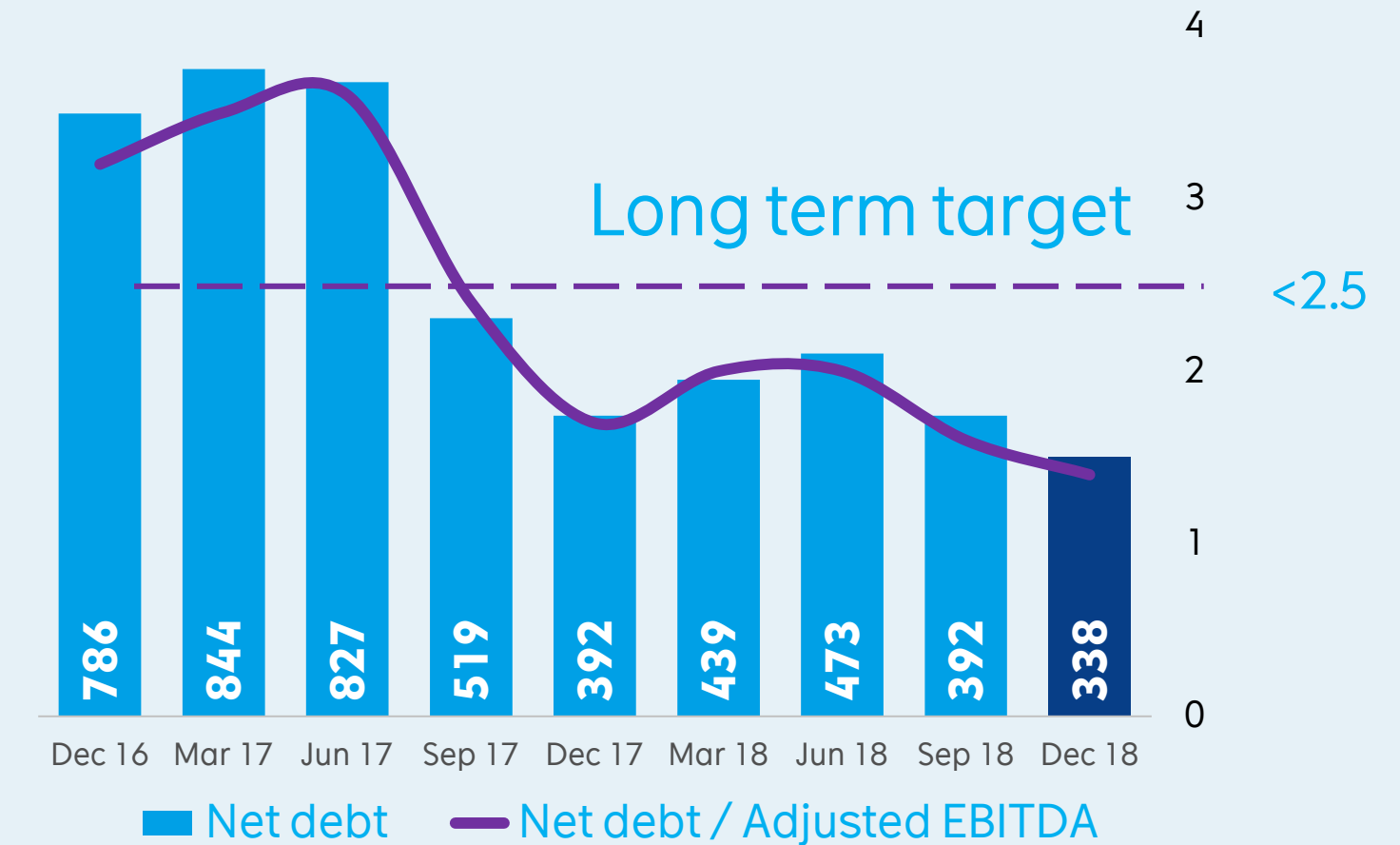
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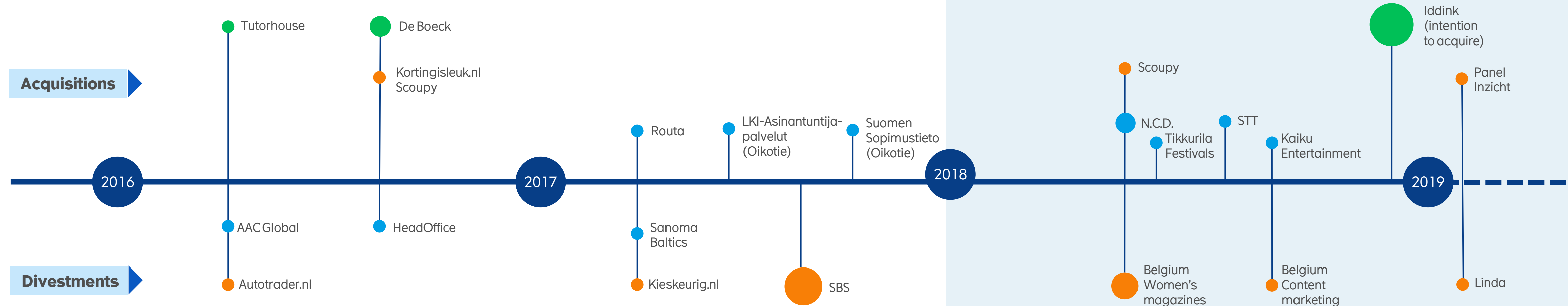
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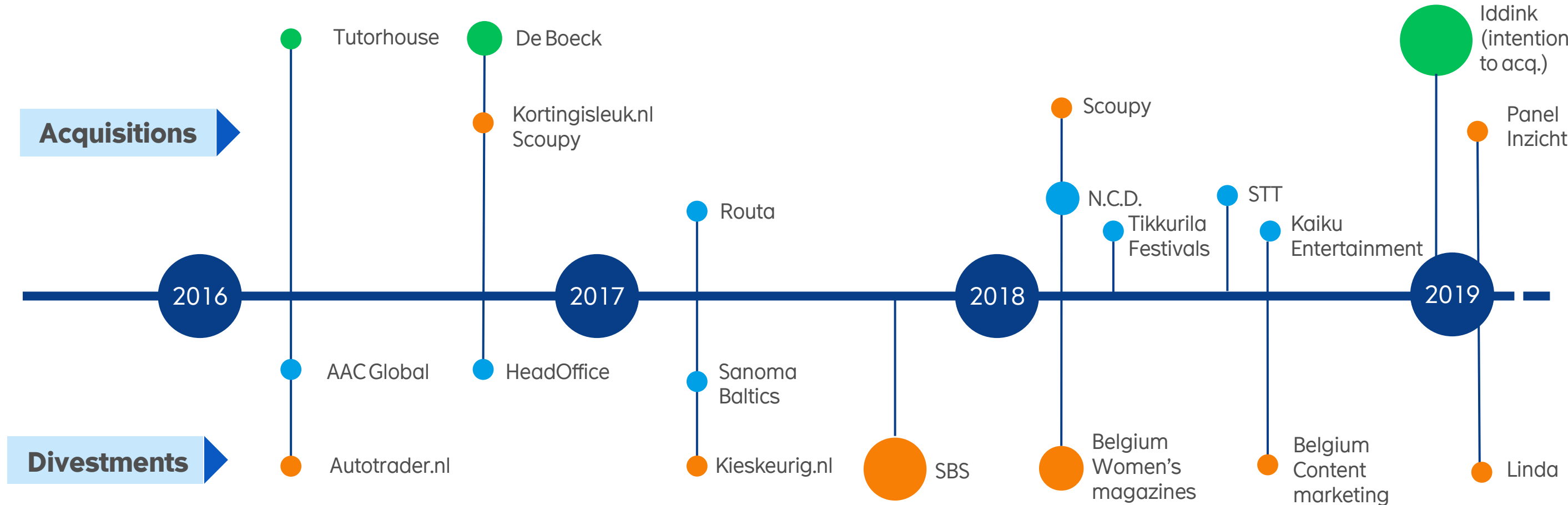
Leverage below long term target



Acquisitions and divestments in recent years

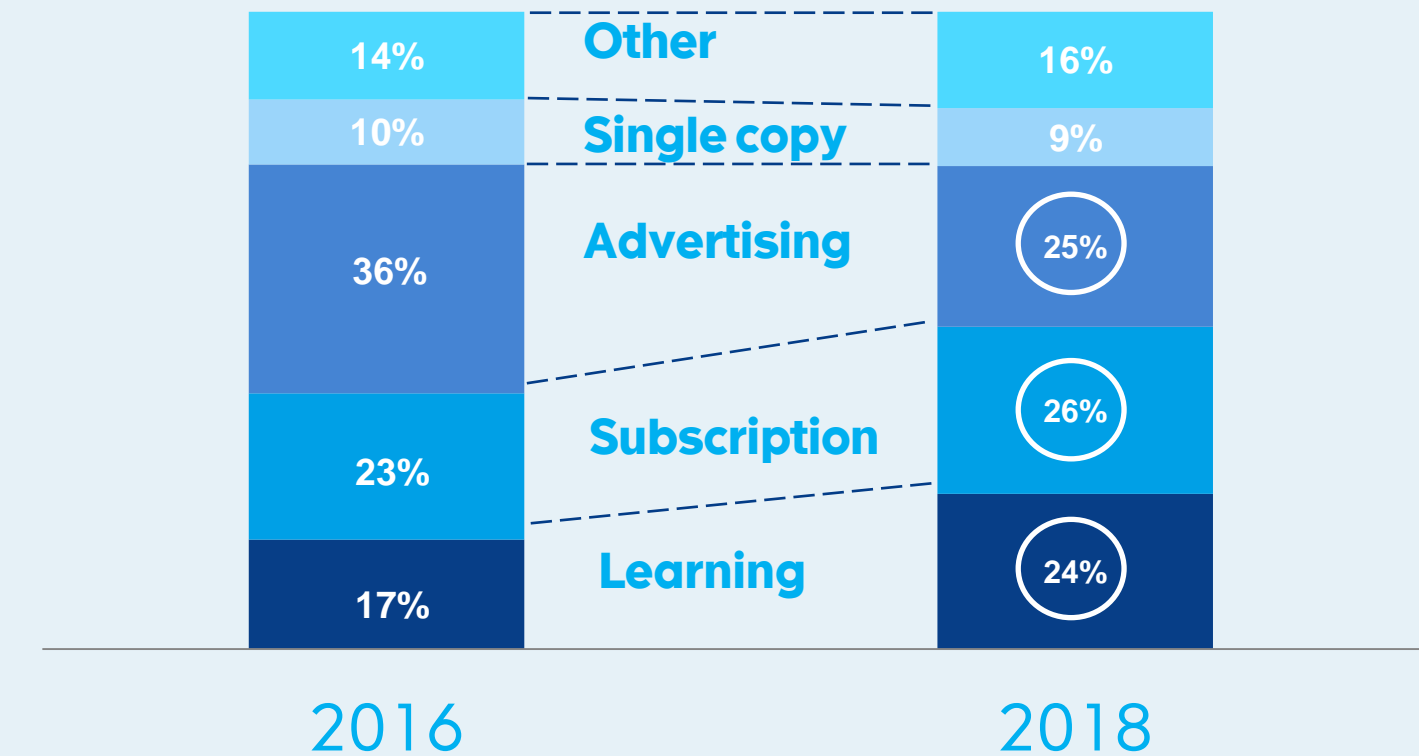


Acquisitions and divestments



Leading to a more balanced business portfolio already in 2018

Net sales by category



2. Business accomplishments in 2018



Festivals supporting our Finnish entertainment strategy



Digital Learning: 4,5 million pupil user sessions in Finland



Presidents are welcomed to the Land of Free Press



Helsingin Sanomat and Ruutu subscriptions increased



Parenting event in NL



IS sales accelerated digital B2B sales

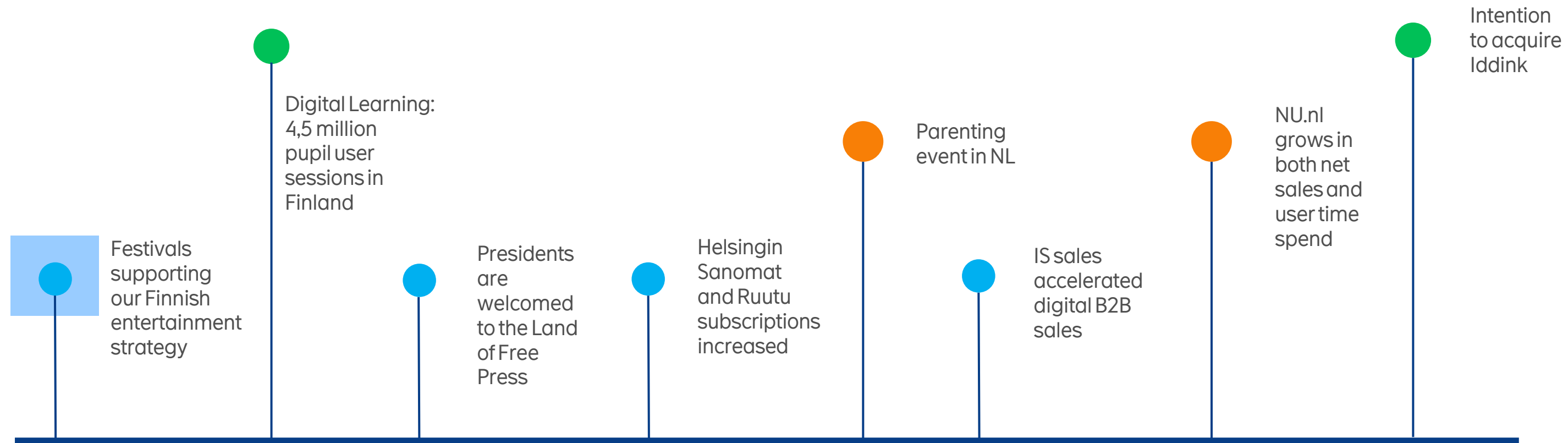


NU.nl grows in both net sales and user time spend



Intention to acquire Iddink

Business accomplishments in 2018



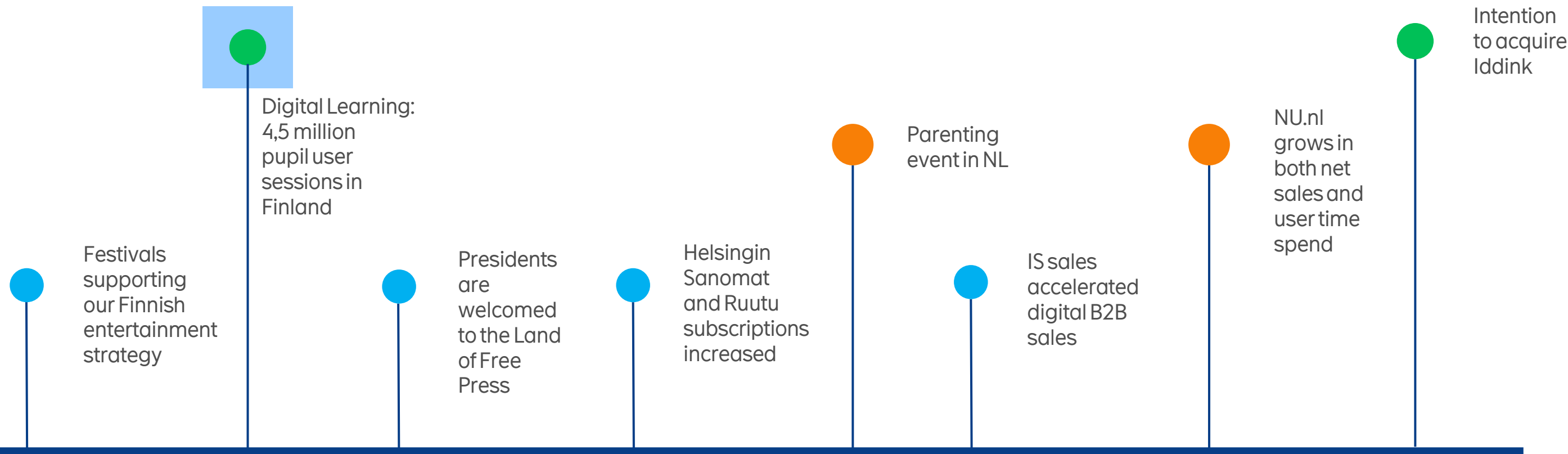
The Festival business strengthens our Finnish entertainment strategy

28
festivals

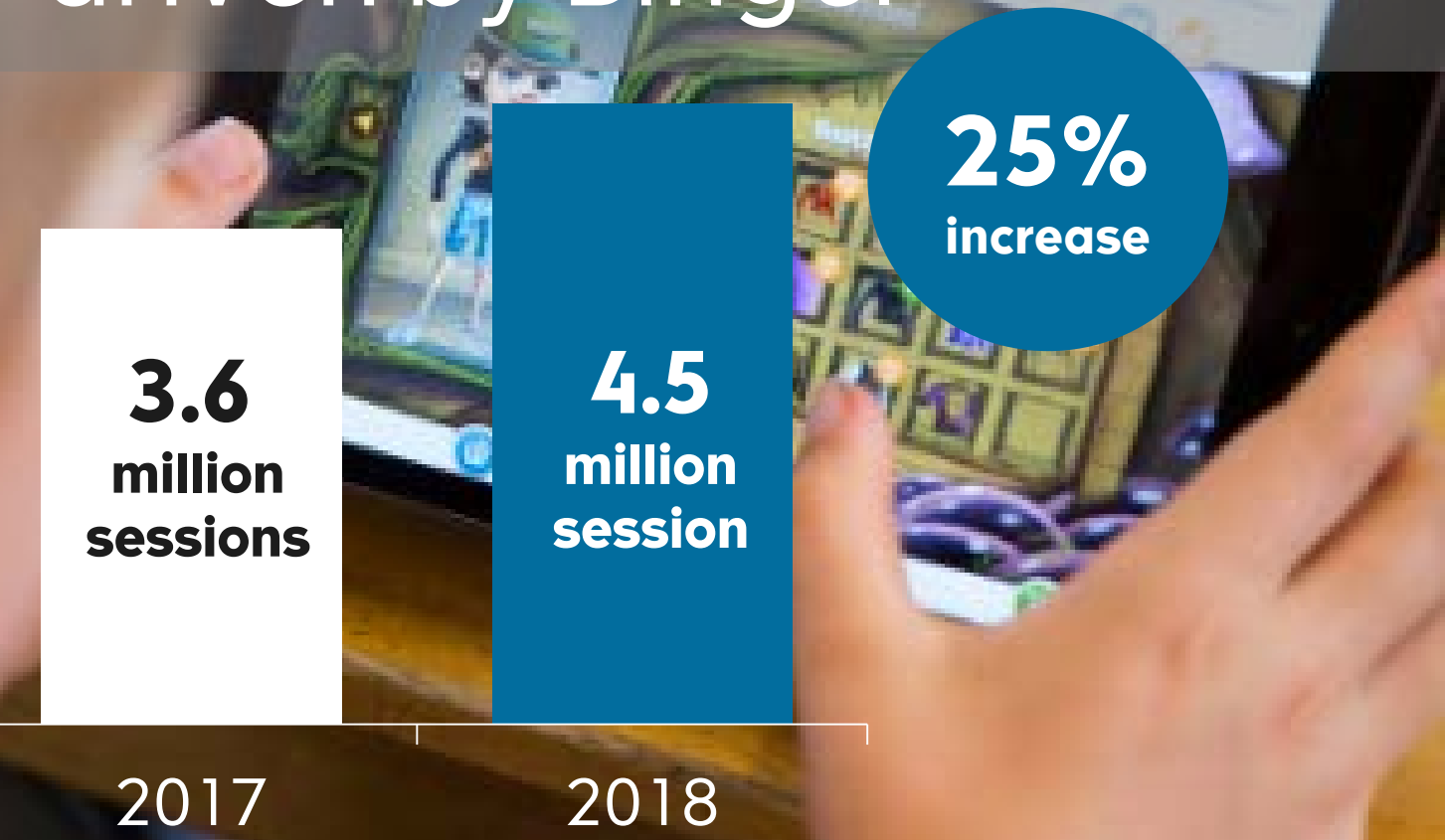
360.000
visitors

350
artist performances

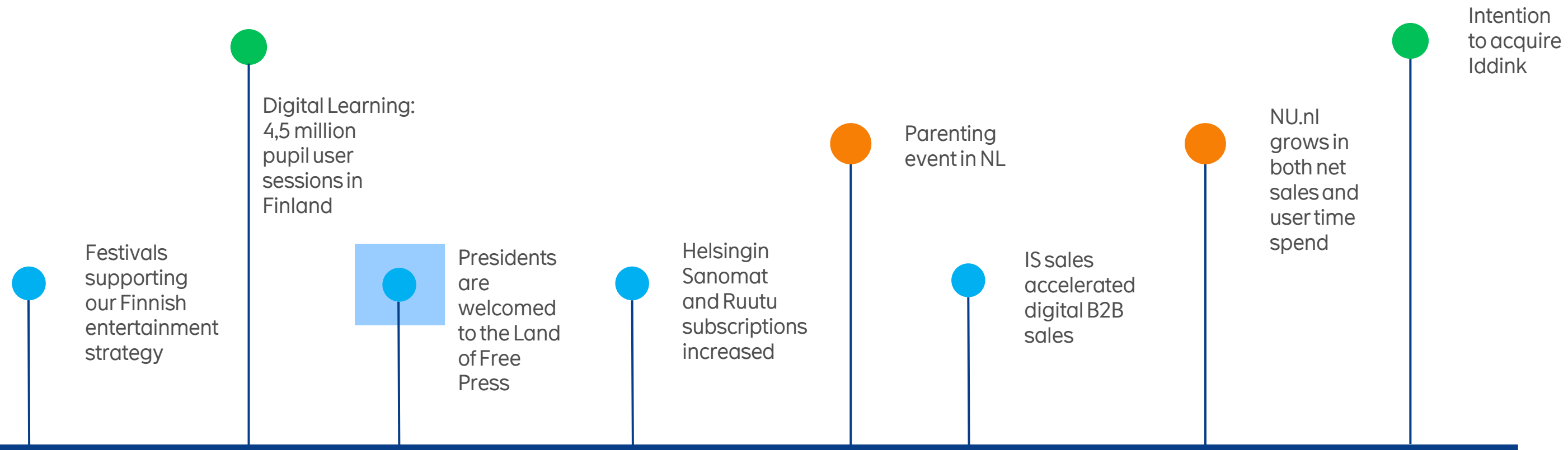
Business accomplishments in 2018



Sanoma Pro's digital learning user sessions increased in Finland driven by Bingel



Business accomplishments in 2018

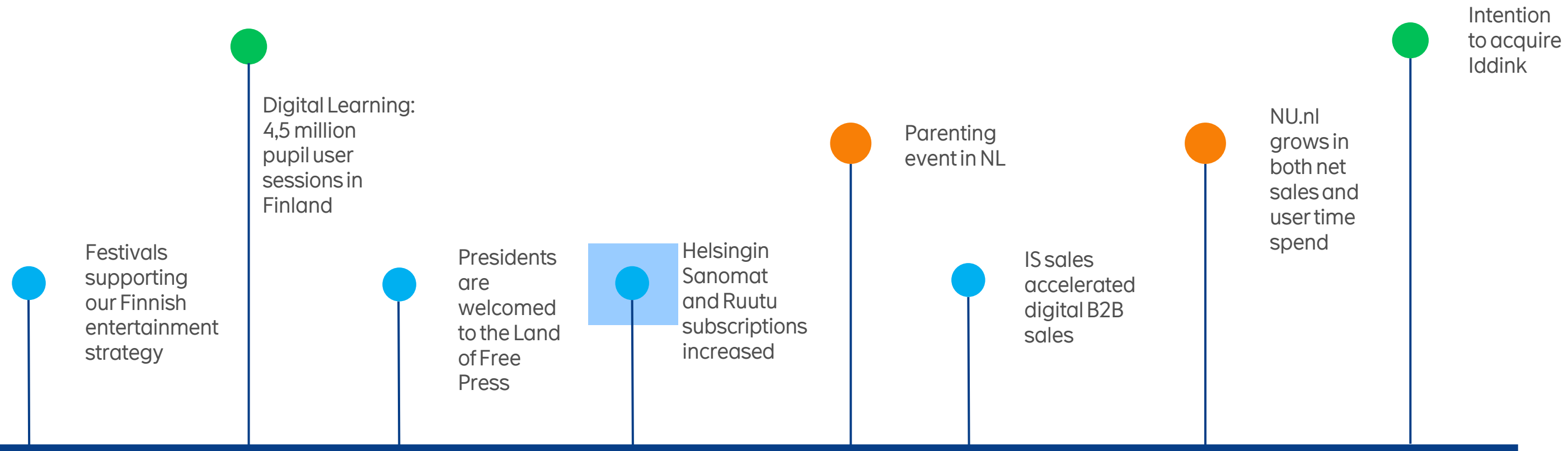


Helsingin Sanomat stimulated the global movement for Free Press

Media reach
1.2 bn
people

1 in **6**
persons in
the world

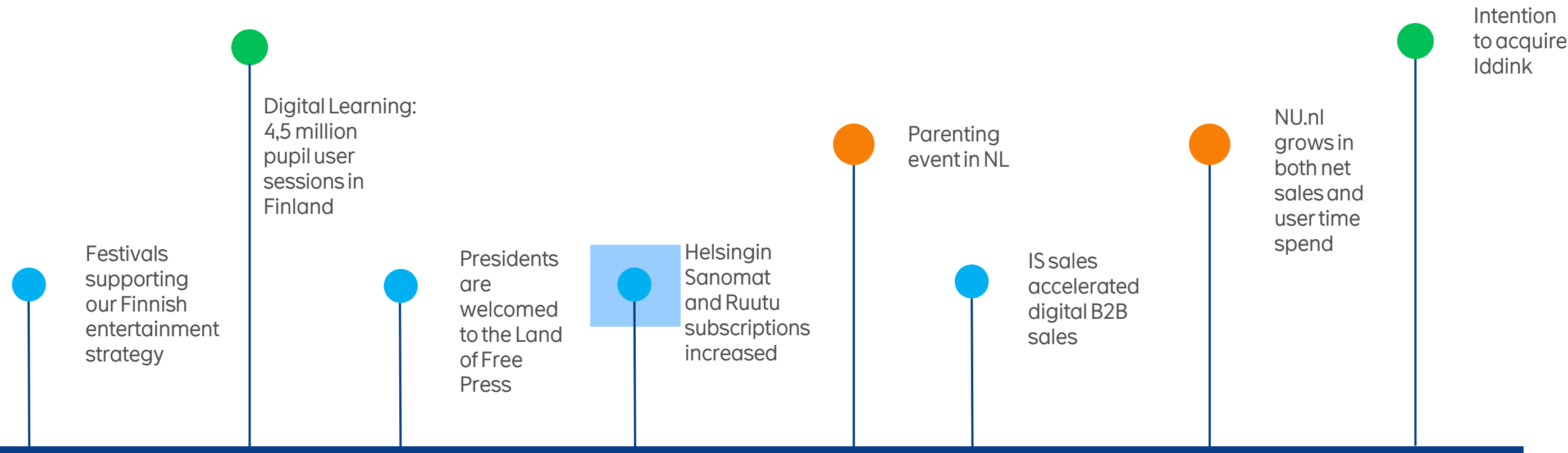
Business accomplishments in 2018



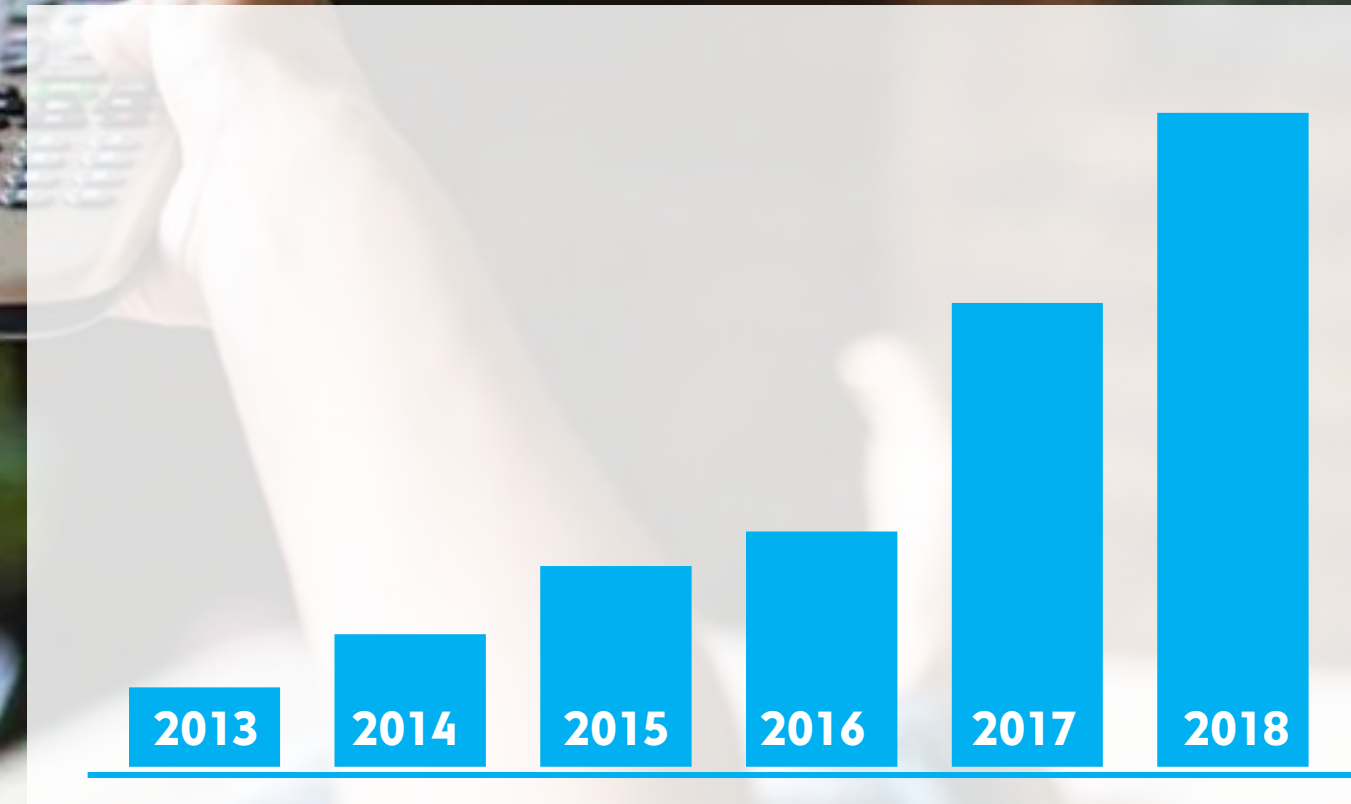
Helsingin Sanomat subscriptions increased



Business accomplishments in 2018

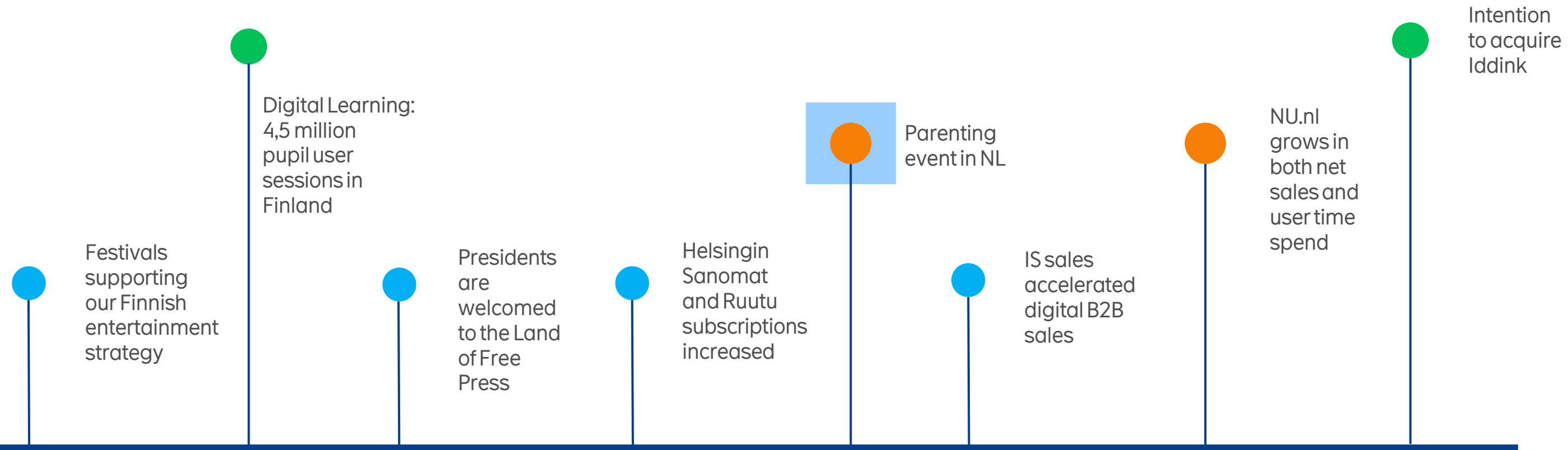


VOD-service Ruutu+ subscriptions increased



Over
200,000

Business accomplishments in 2018

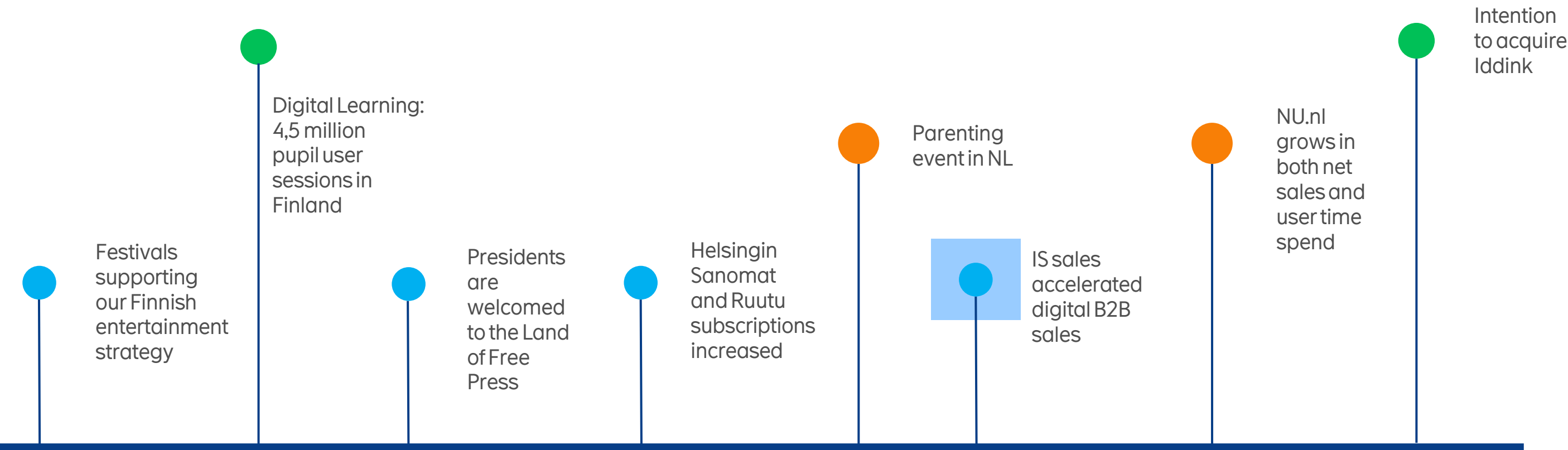


“In de Wolken” Festival for new parents

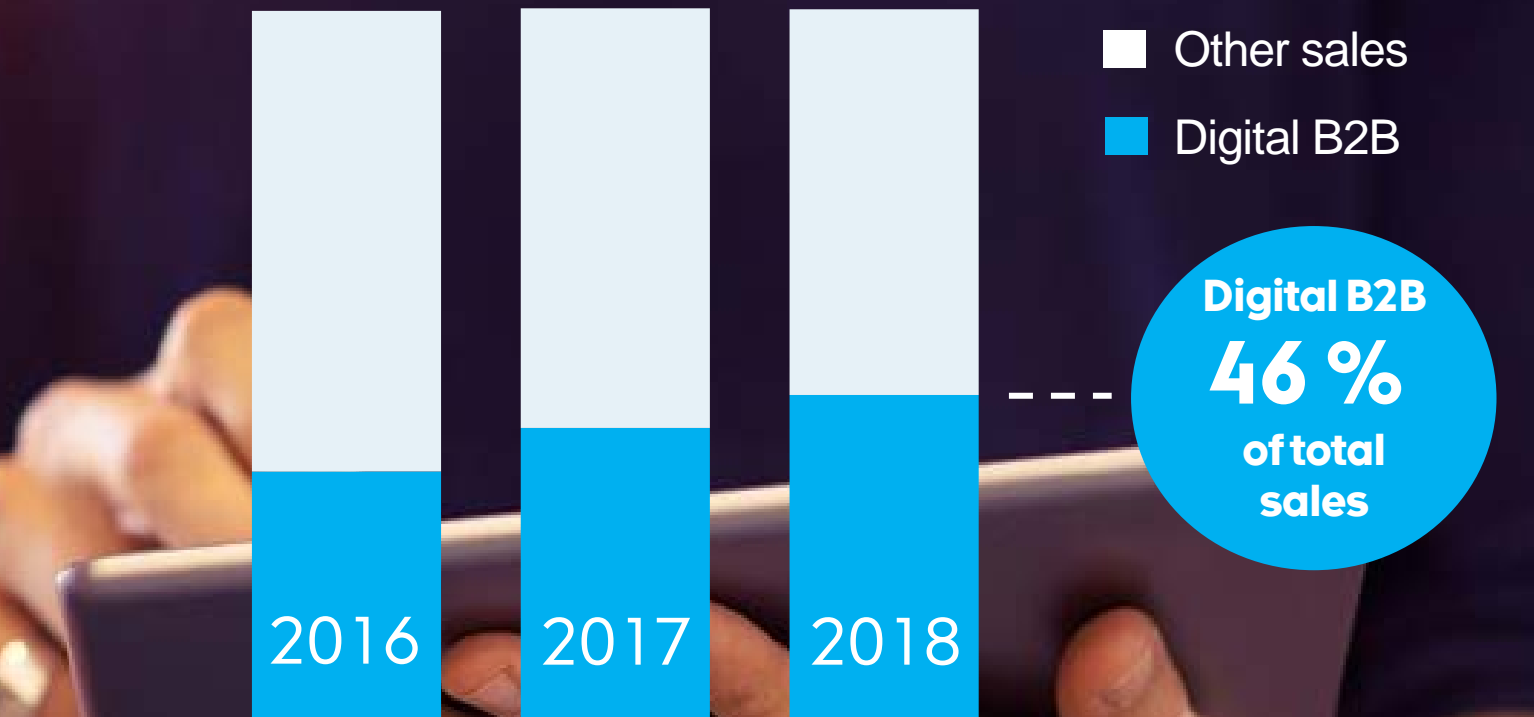
16,500
visitors in
3 days

100
B2B
partners

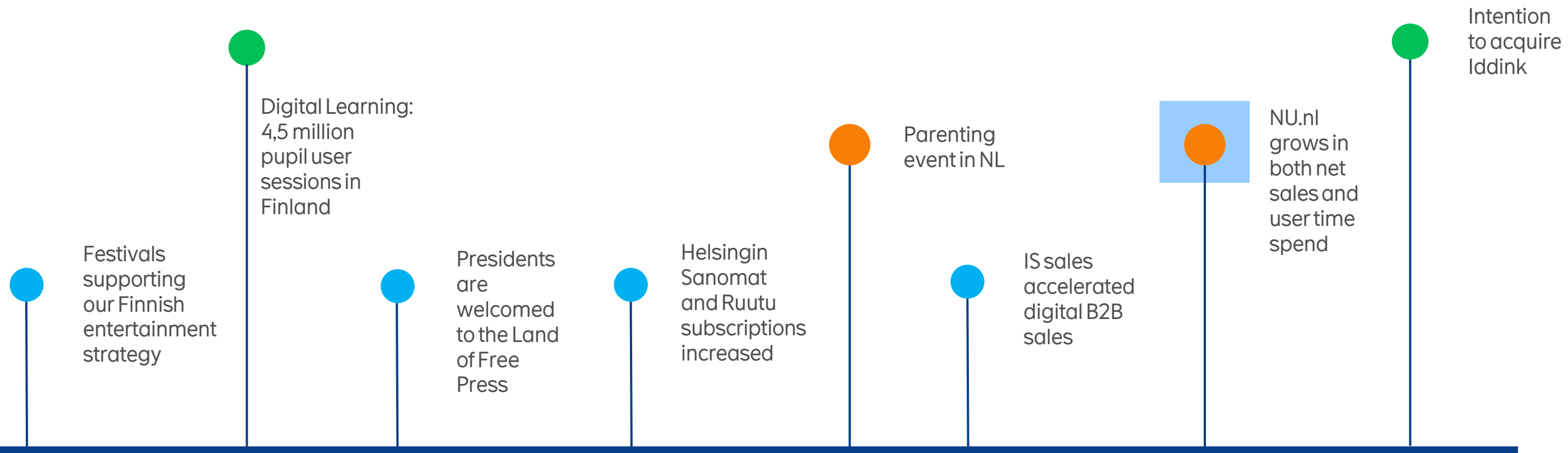
Business accomplishments in 2018



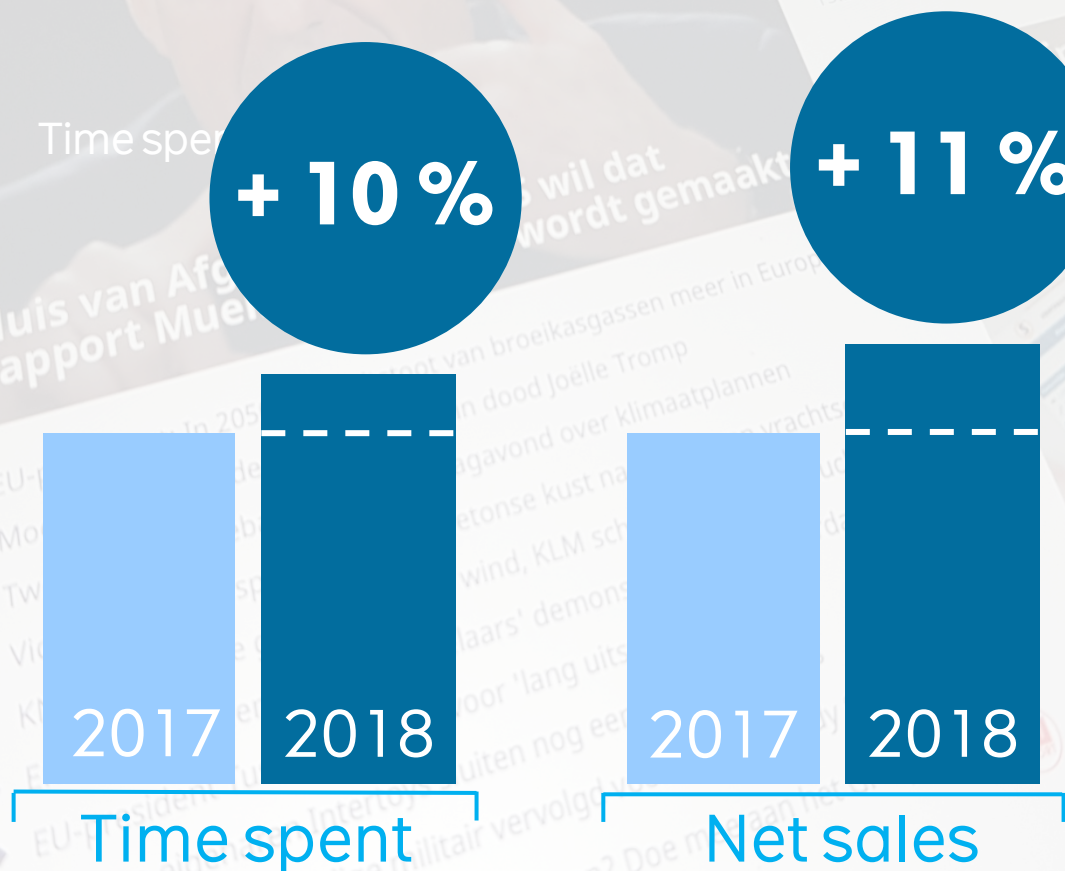
IS tabloid revenues stable with accelerated digital B2B sales



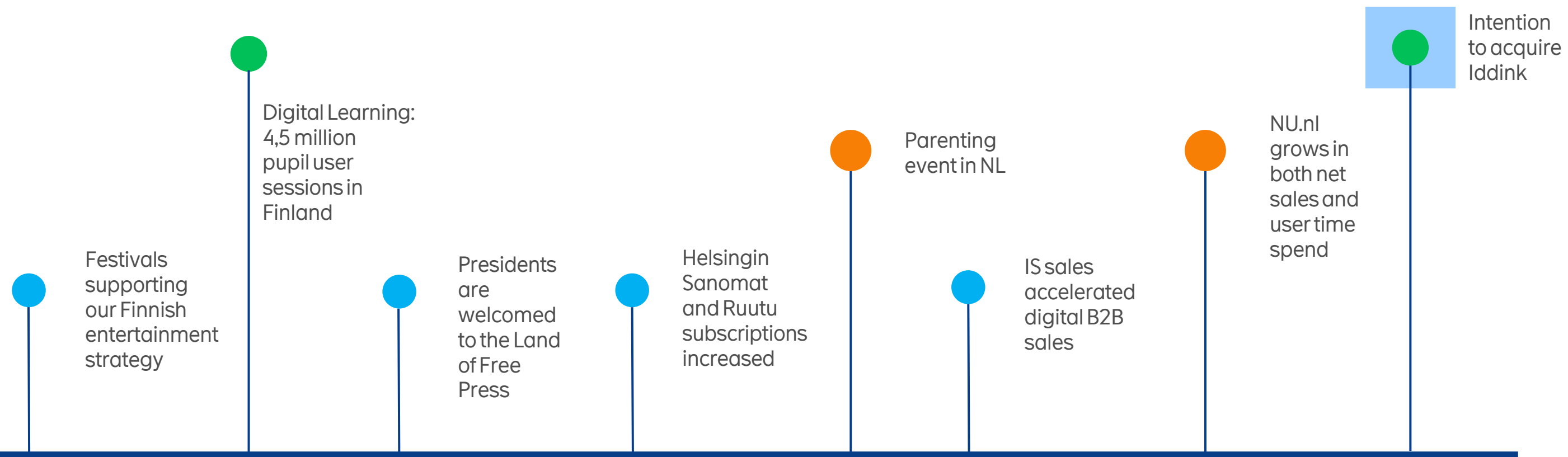
Business accomplishments in 2018



NU.nl grew in both total time spend and net sales



Business accomplishments in 2018



Iddink, a platform for future growth

Net sales
2017

€ 141

Operational
EBITDA

€ 27

3. Our methods support teachers to help pupils reach their maximum potential

By supporting key activities in the teaching and learning cycle with comprehensive learning solutions we enable learning impact.



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

Learning Outcomes

92%

Student engagement

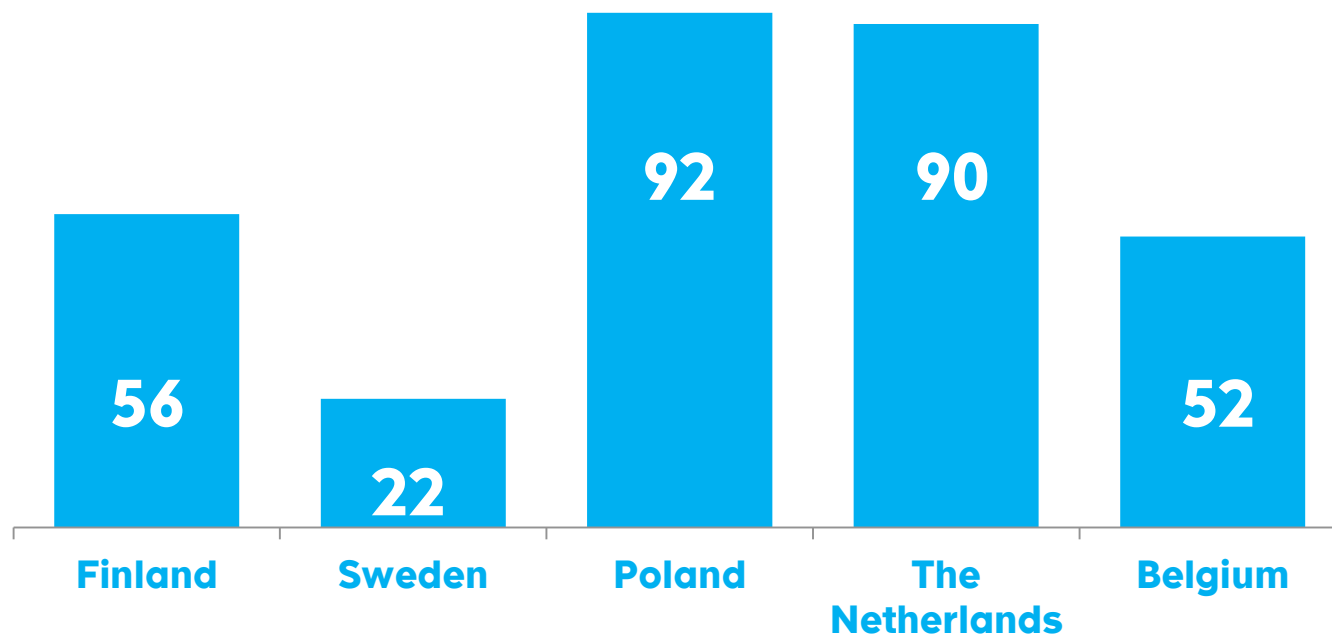
83%

Better efficiency for teachers

8 hrs/
week

A leading position in some of the worlds best education systems

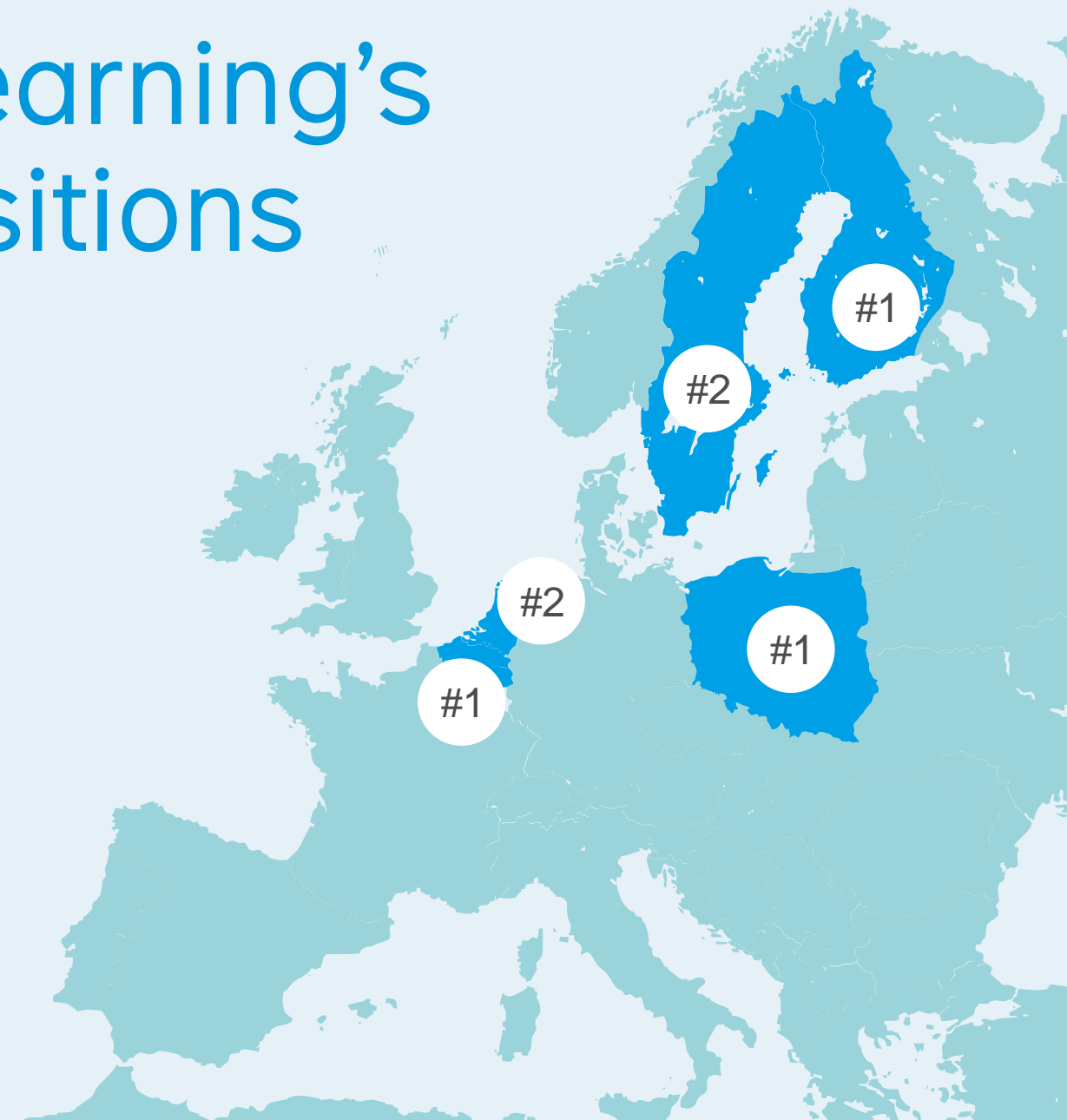
2018 Net sales by country M€



Net sales
2018
M€ **313**

Operational
EBIT 2018
M€ **61**

Sanoma Learning's market positions



Becoming a European Champion in Learning

1

**Organic growth
in footprint
markets**

2

**Capturing
synergies
across borders**

3

**Pursuing growth
by acquisitions in
existing and
adjacent markets**

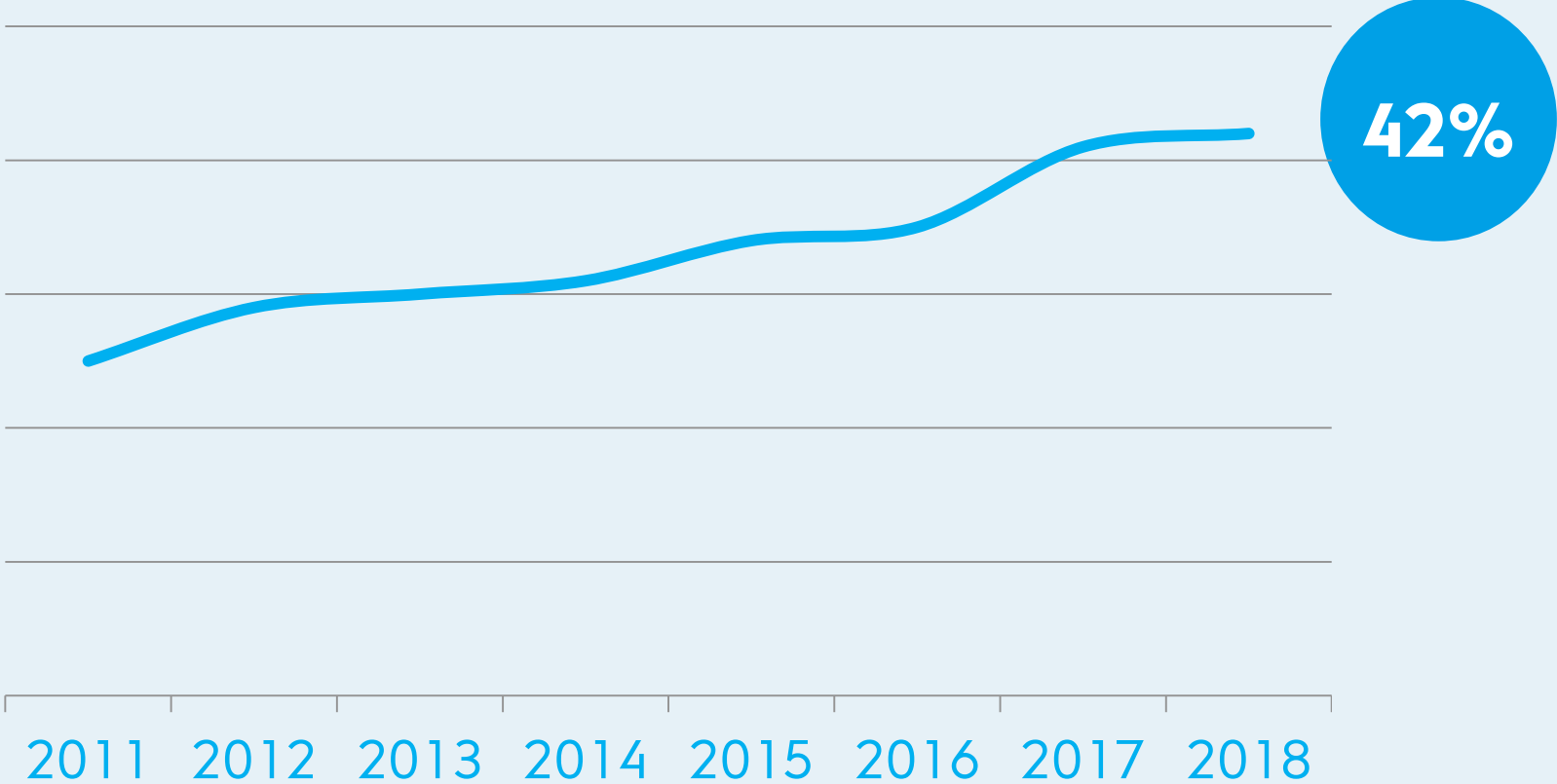
Organic growth in Poland

Introducing a 'one-stop-shop' concept including third party products to unburden the school

Introducing 46 new courses to the market to fit with new curriculum

Continued benefits from market share increase after strong one-time market growth in 2017

Our share of total market



Becoming a European Champion in Learning

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**Organic growth
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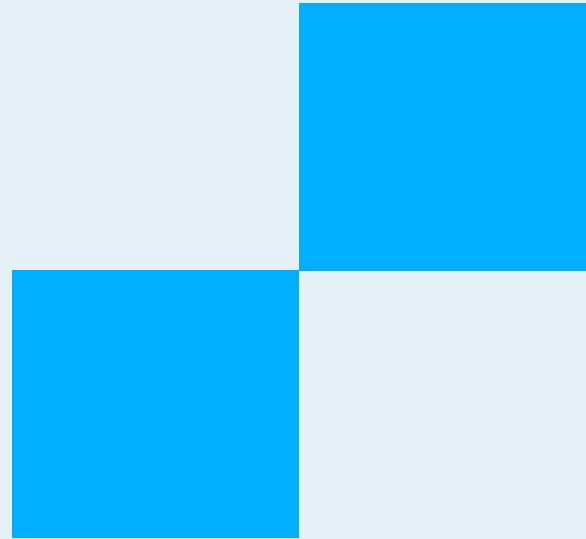
We are now working across borders with common processes

**Five national
leaders with long
history as
independent
companies**

**Integration
to create one
European
Learning
Company**

**“High Five”
Projects to
facilitate
change**

- **Improve efficiency**
- **Harmonise way of working and connect back offices**
- **Covering all elements of value chain**



We are now working across borders with common processes

Five national leaders with long history as independent companies

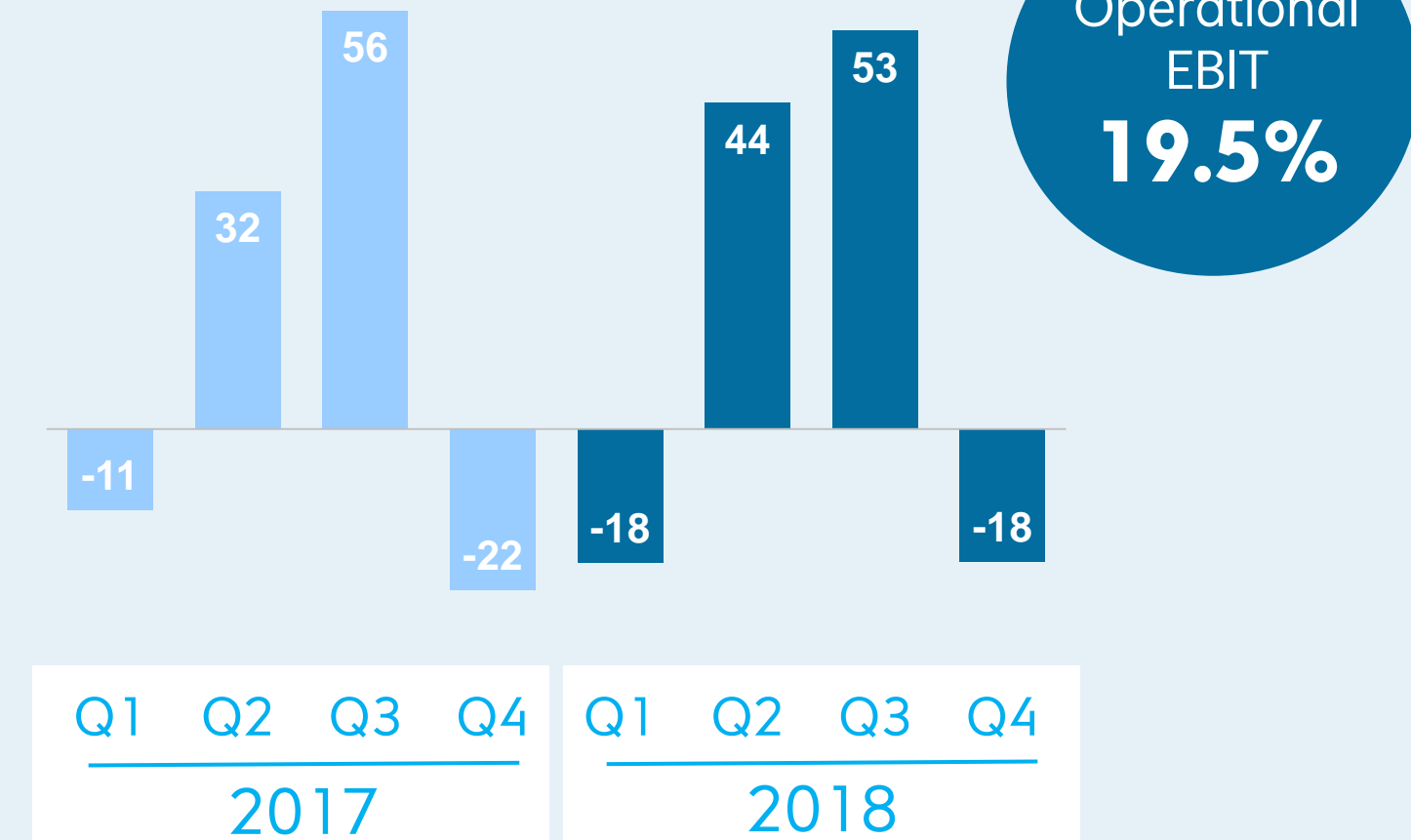
Integration to create one European Learning Company

“High Five” Projects to facilitate change

- Improve efficiency
- Harmonise way of working and connect back offices
- Covering all elements of value chain

Improved earnings 2018

Operational EBIT
EUR million

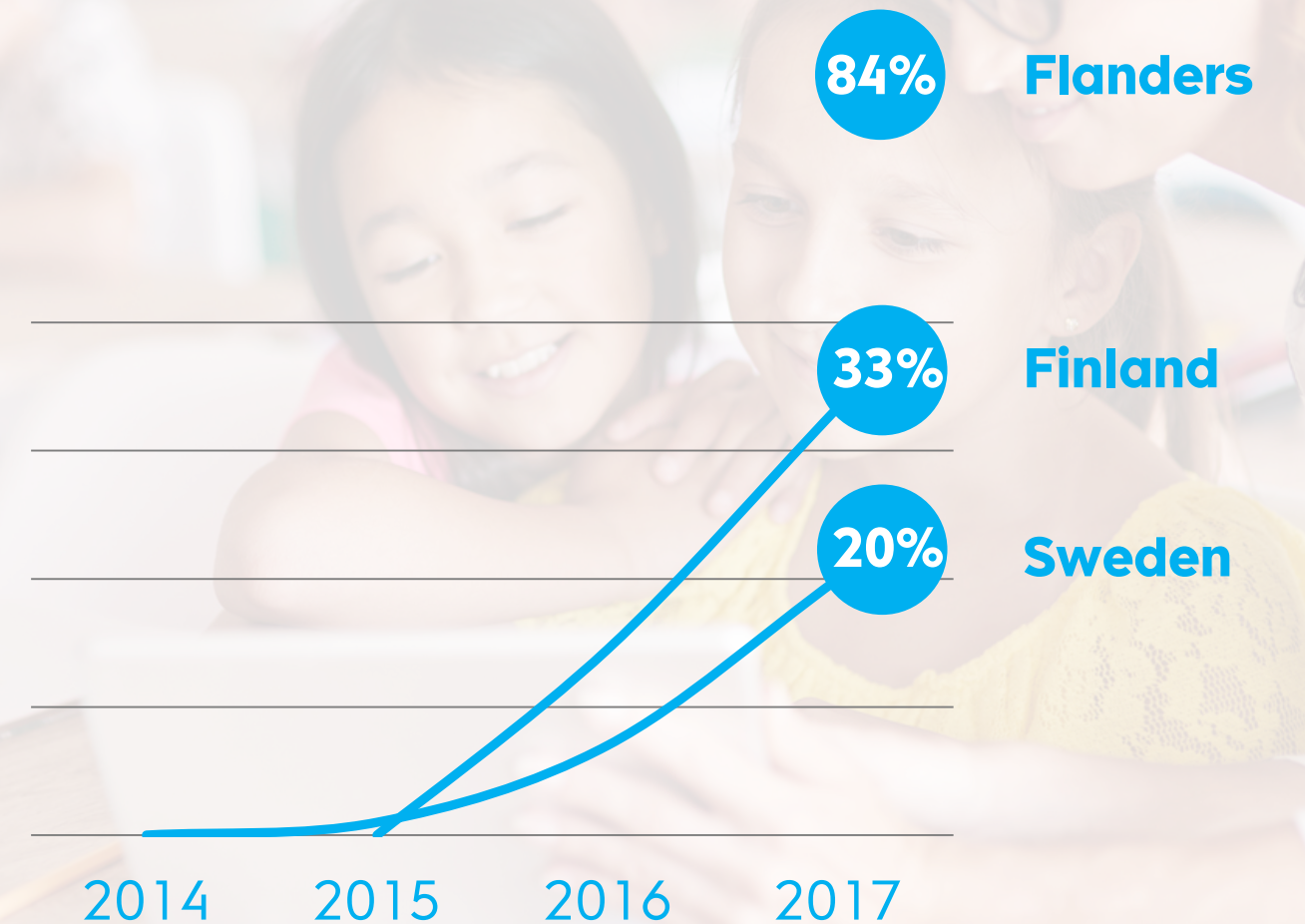


Bingel is the common platform for primary education

9/10
teachers
recommend

87%
of teachers
say Bingel help
personalizing
learning

Use of Bingel



Becoming a European Champion in Learning

1

**Organic growth
in footprint
markets**

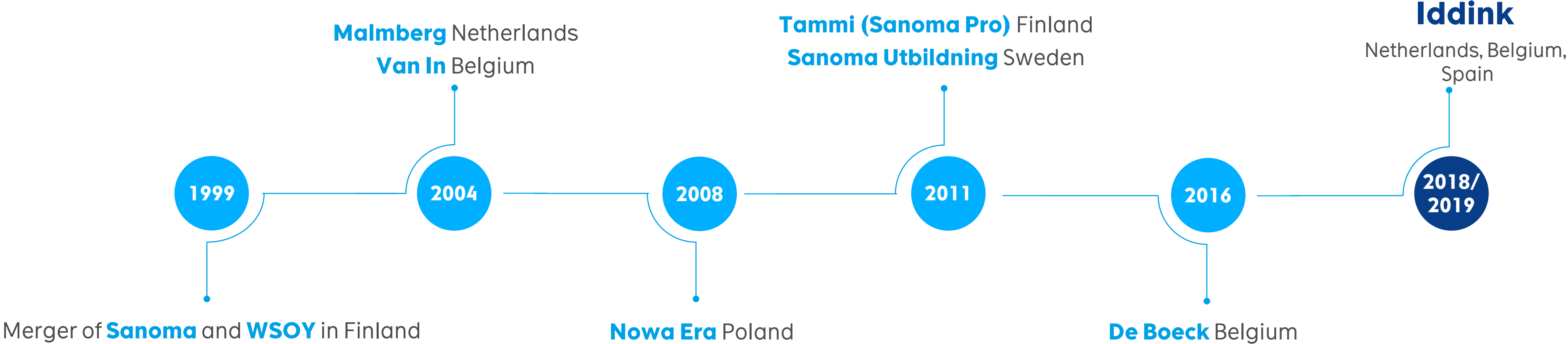
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synergies
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3

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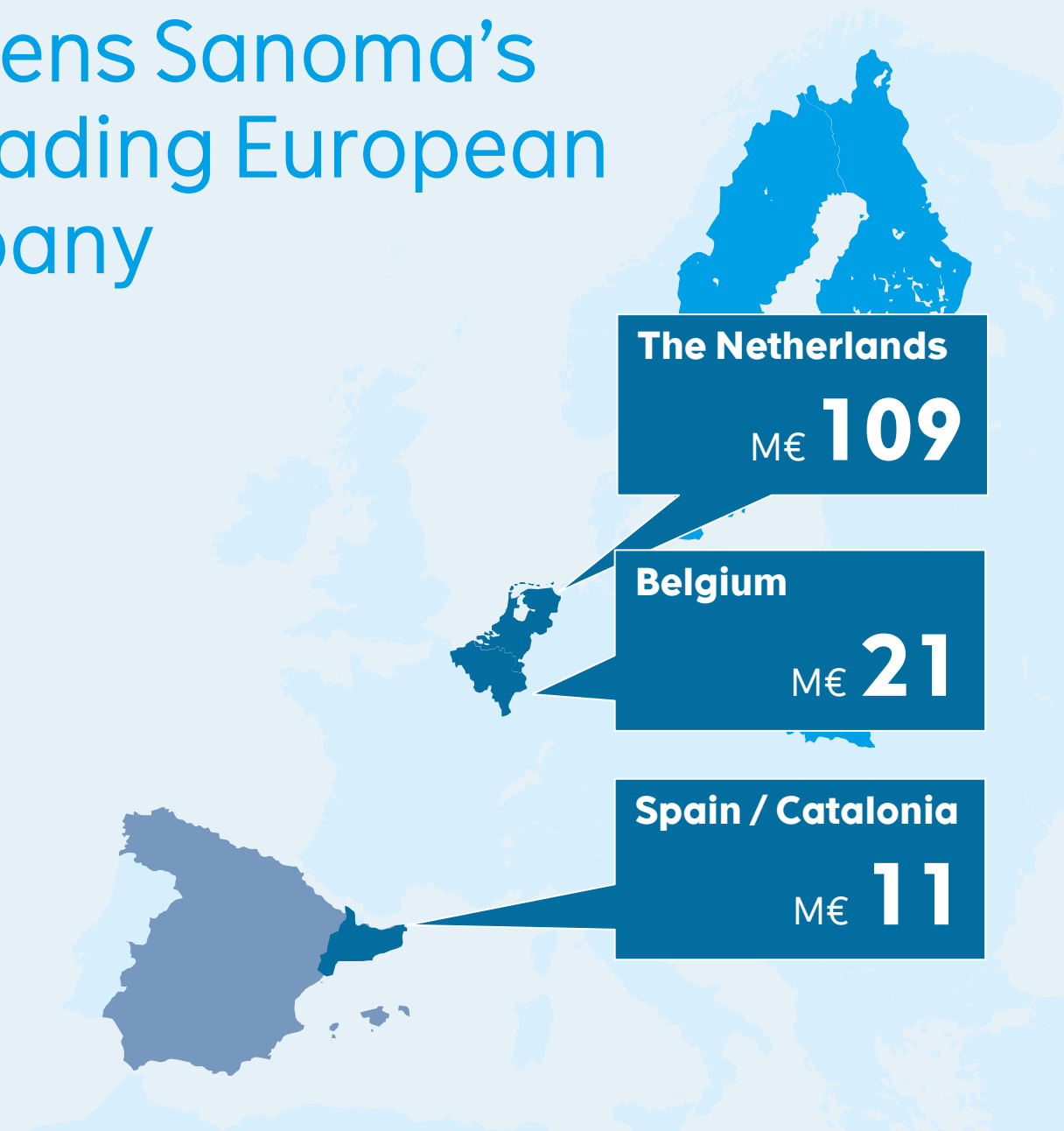
Sanoma Learning is successfully built through M&A



Iddink in brief

- In the Dutch market, Iddink provides educational platforms and services both for secondary and vocational education
- Net sales EUR 141 million
- 300 employees, about half of them working in educational technology

Iddink strengthens Sanoma's position as a leading European Learning Company



Iddink's role in the educational business: allowing schools to focus the teaching



4. Sanoma Group – looking forward



Our management team

Susan Duinhoven
President and CEO



Markus Holm
CFO and COO



John Martin
CEO
Sanoma Learning



Pia Kalsta
CEO
Sanoma Media Finland



Rob Kolkman
CEO
Sanoma Media Netherlands



Rob Kolkman

CEO of Sanoma Media Netherlands

- Member of the Sanoma EMT since Jan 1, 2019
- MBA, Master in Economics (Accountancy)
- Previously held several senior management roles at RELX Group:
 - Group Managing Director Reed Business Information 2017–2018
 - Managing Director of ICIS 2016–2017
 - CEO Reed Business Information Netherlands 2014–2016
 - Managing Director Elsevier Health Sciences Australia and New Zealand 2008–2014



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



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Resulting in:

Solid profitability



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Growing cash flow

Increasing dividends



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

Outlook for 2019

Group's comparable
net sales is
expected to be
in line with
2018

**Operational
EBIT margin**
excluding PPA is
expected to be
around 15%
(2018: 15.7%)

The outlook is based on the assumption the consumer confidence and advertising market development in Finland and in the Netherlands to be in line with 2018.

The outlook does not include any assumptions of the intended acquisition of Iddink (announced on 11 December 2018), which is expected to be closed in Q2-Q3 2019.

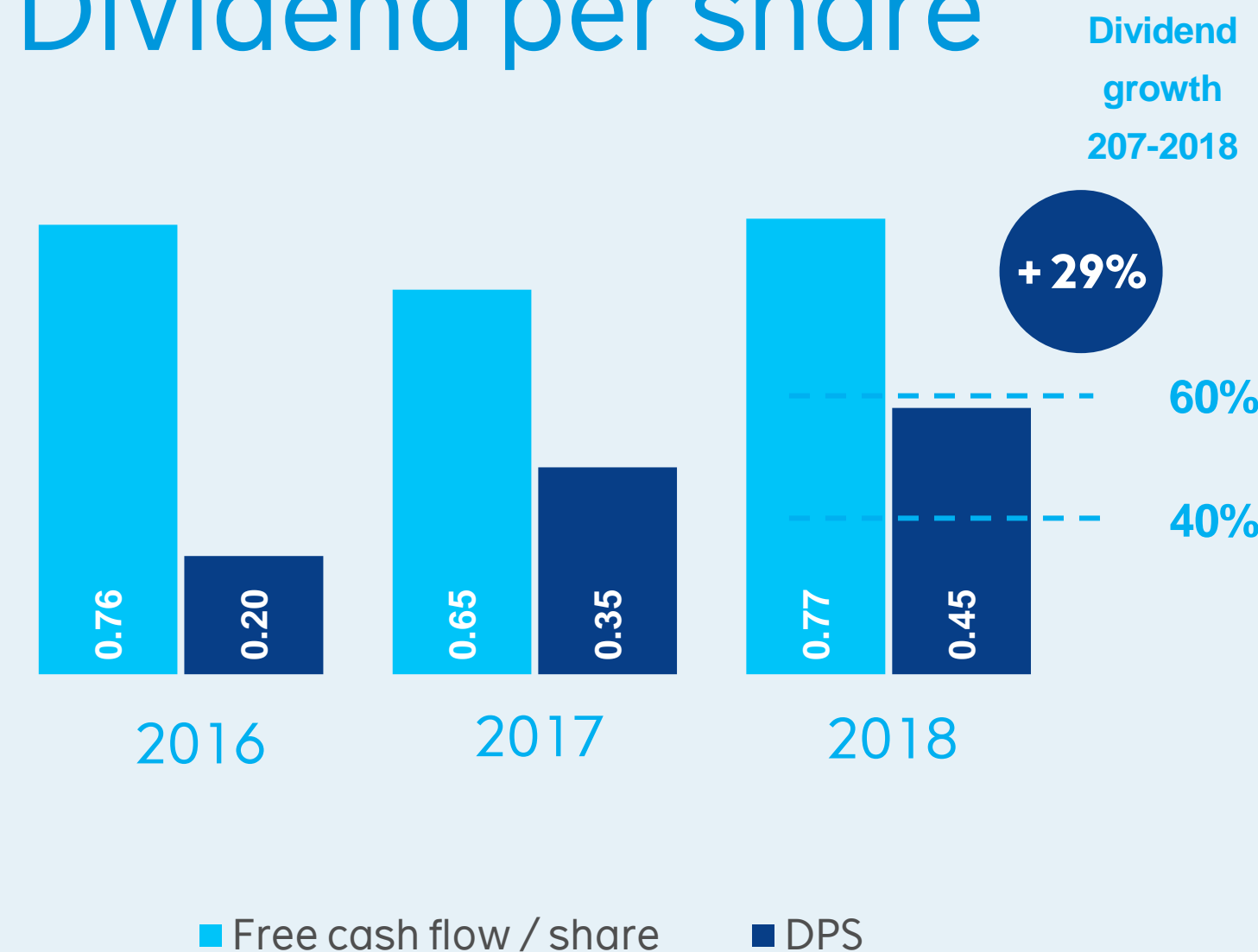
Board's Dividend Proposal: EUR 0.45 / share

- The Board proposes a dividend of EUR 0.45 per share to be paid for 2018
 - Total EUR 73 million
- 58% of free cash flow (excl. one-off costs related to the divestment of Belgian women's magazine portfolio)
- To be paid in two parts
 - EUR 0.25 on 5 April (record date 29 March)
 - EUR 0.20 in November

Unchanged Dividend policy:

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

Dividend per share



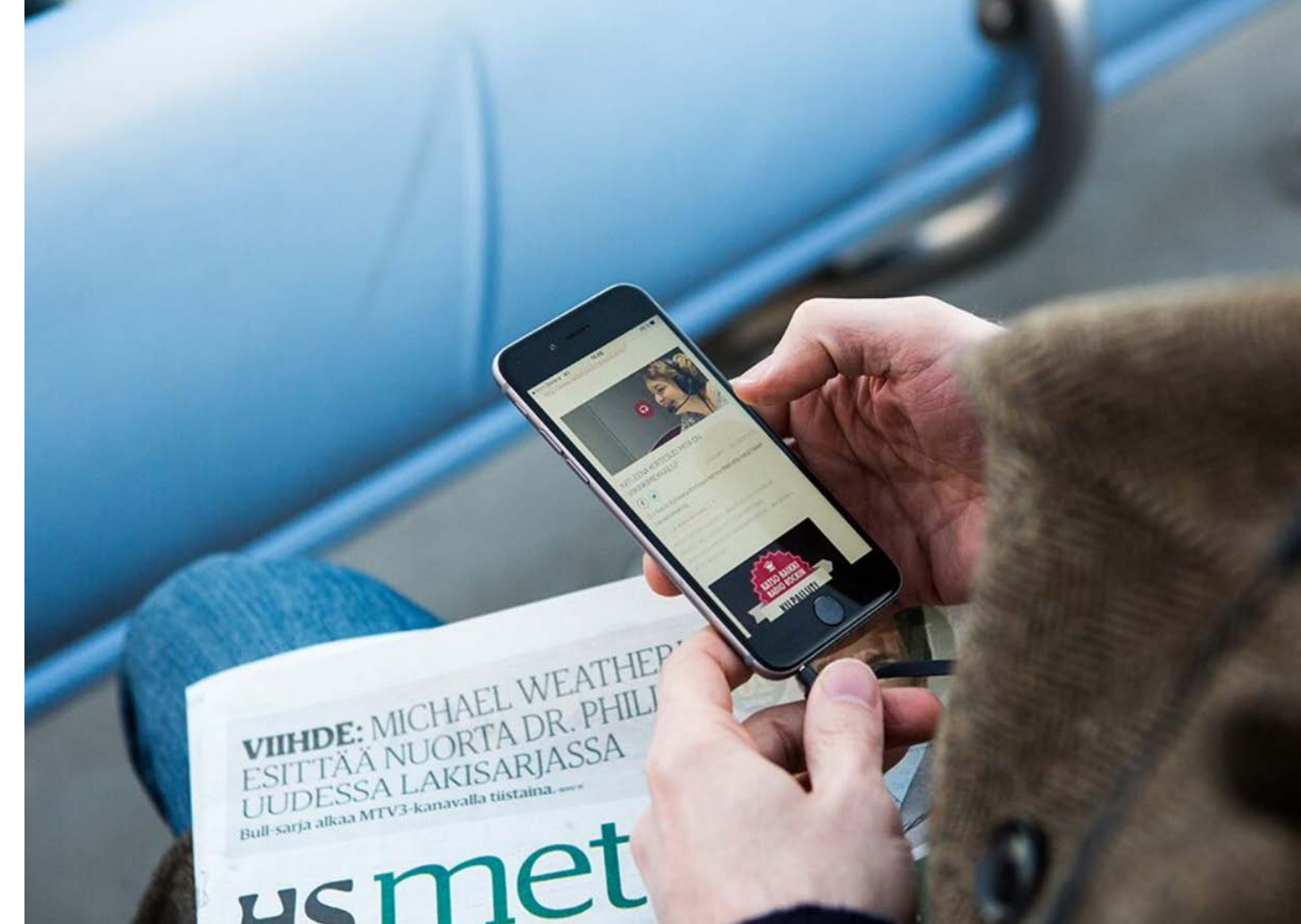
We have an important role to fulfill in the society

Independent Content

- Journalistic content supporting freedom of speech and independent information gathering for all citizens
- Local entertainment contributing to shared values and experiences
- Data assisting in serving relevant content to audiences with focus to avoid creating an 'information bubble'

Learning Impact

- 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





Year 2018



Markus Holm
CFO and COO



Key indicators 2018

EUR million	2017	2018	Long-term target
Net sales	1,328	1,315	
Operational EBIT	179	197	
EBIT	186	169	
Operational earnings/share, €	0.71	0.83	
Earnings/share, €	0.76	0.68	
Net debt/Adj. EBITDA	1.7	1.4	< 2.5
Equity ratio	38.2%	44.7%	35-45%
Free cash flow/share *, €	0.65	0.77	
Dividend/share, €	0.35	0.45	Increasing dividend
Pay-out ratio	55%	58%	40-60%

2018 figures refer to continuing operations. 2017 figures adjusted with the SBS divestment.

* Excluding one-off costs related to discontinued operations.



Profitability improved in all SBUs

Learning

- Benefits of the on-going business development programme "High Five"
- Lower marketing and development costs in Poland
- Lower amortisations and depreciations

Media Finland

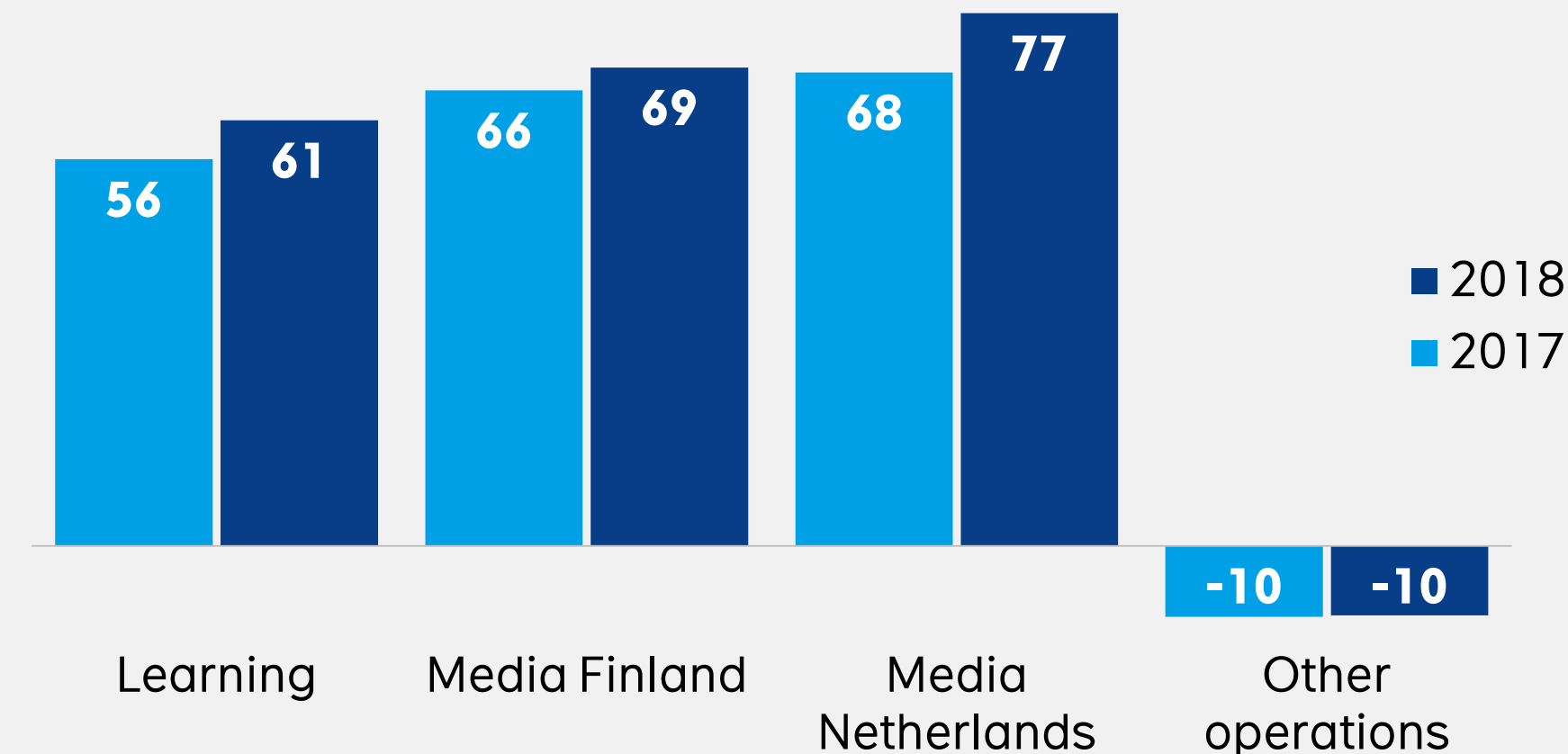
- Lower amortisations of TV-program rights
- Effective cost containment
- Festival and events business acquired during 2018

Media Netherlands

- Decreased personnel, marketing and other fixed costs due to streamlining of the organisation
- Effective cost containment

Operational EBIT

EUR million

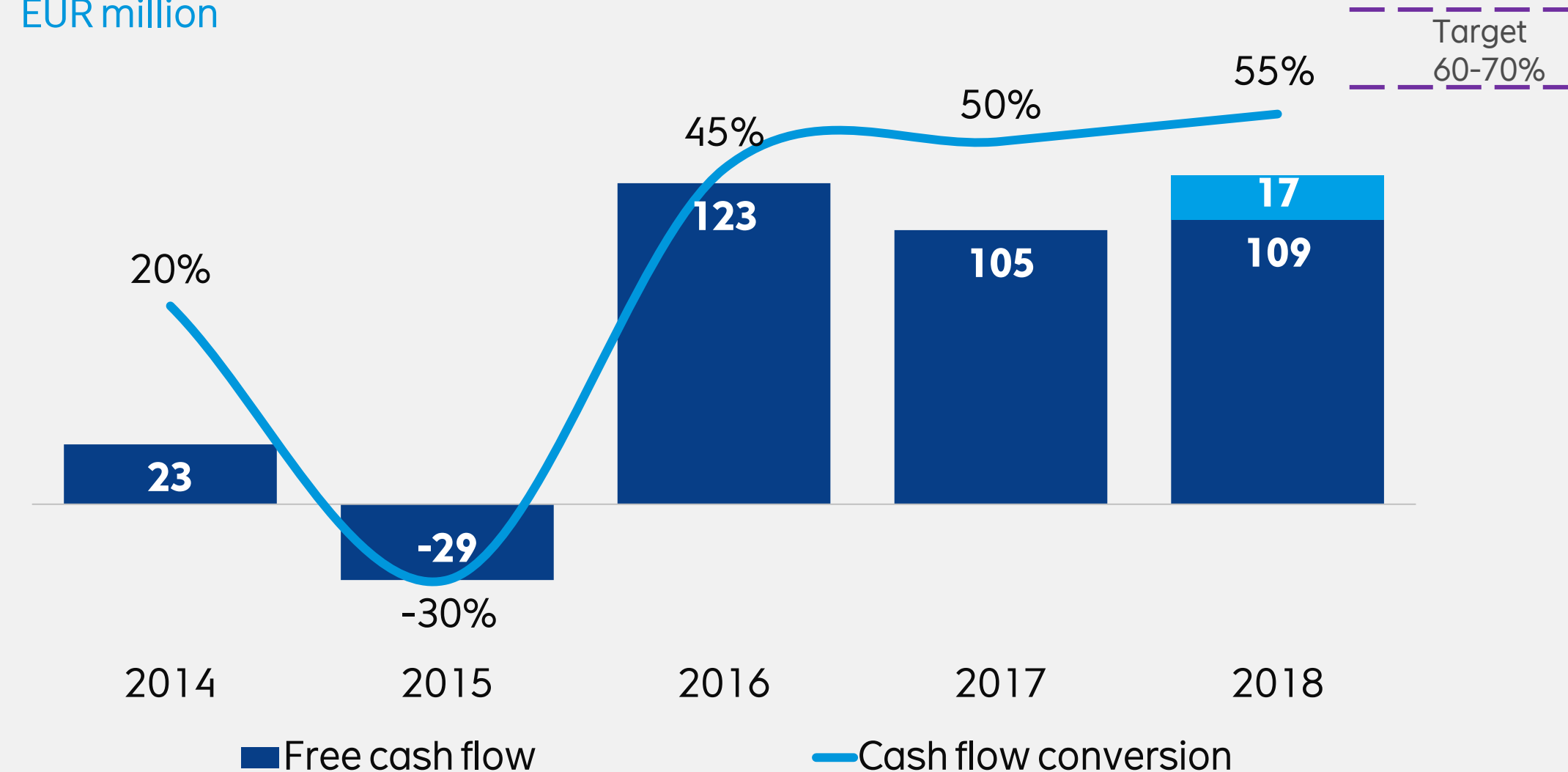


Free cash flow strengthened

- Most significant factors impacting cash flow in 2018
 - + Lower costs of TV programme rights
 - + Lower net financing costs
 - Higher taxes
 - One-off costs of EUR 17 million related to the divested Belgian women's magazine portfolio
- We aim to strengthen our cash flow further
 - Conversion 60-70% of EBITDA

Free cash flow

EUR million

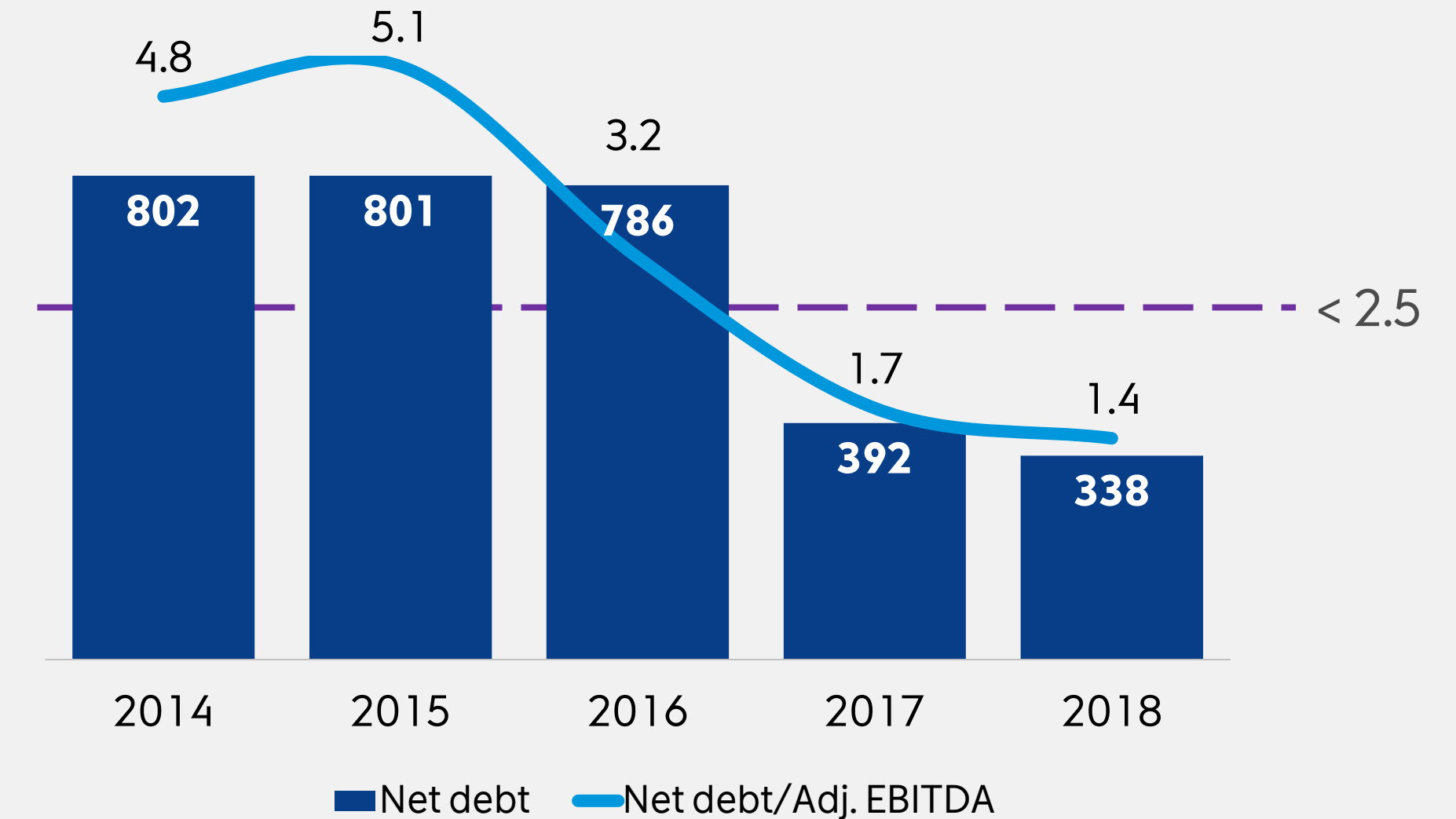


Net debt decreased significantly

- At the end of 2018
 - Interest-bearing net debt **EUR 338 million**
 - Net debt/Adj. EBITDA **1.4**
 - Long-term target < 2.5
 - In 2019 leverage expected to increase due to
 - Adoption of IFRS 16 Leases standard
 - Acquisition of Iddink
- ➡ Net debt/Adj. EBITDA will temporarily exceed the long-term target level

Net debt

EUR million

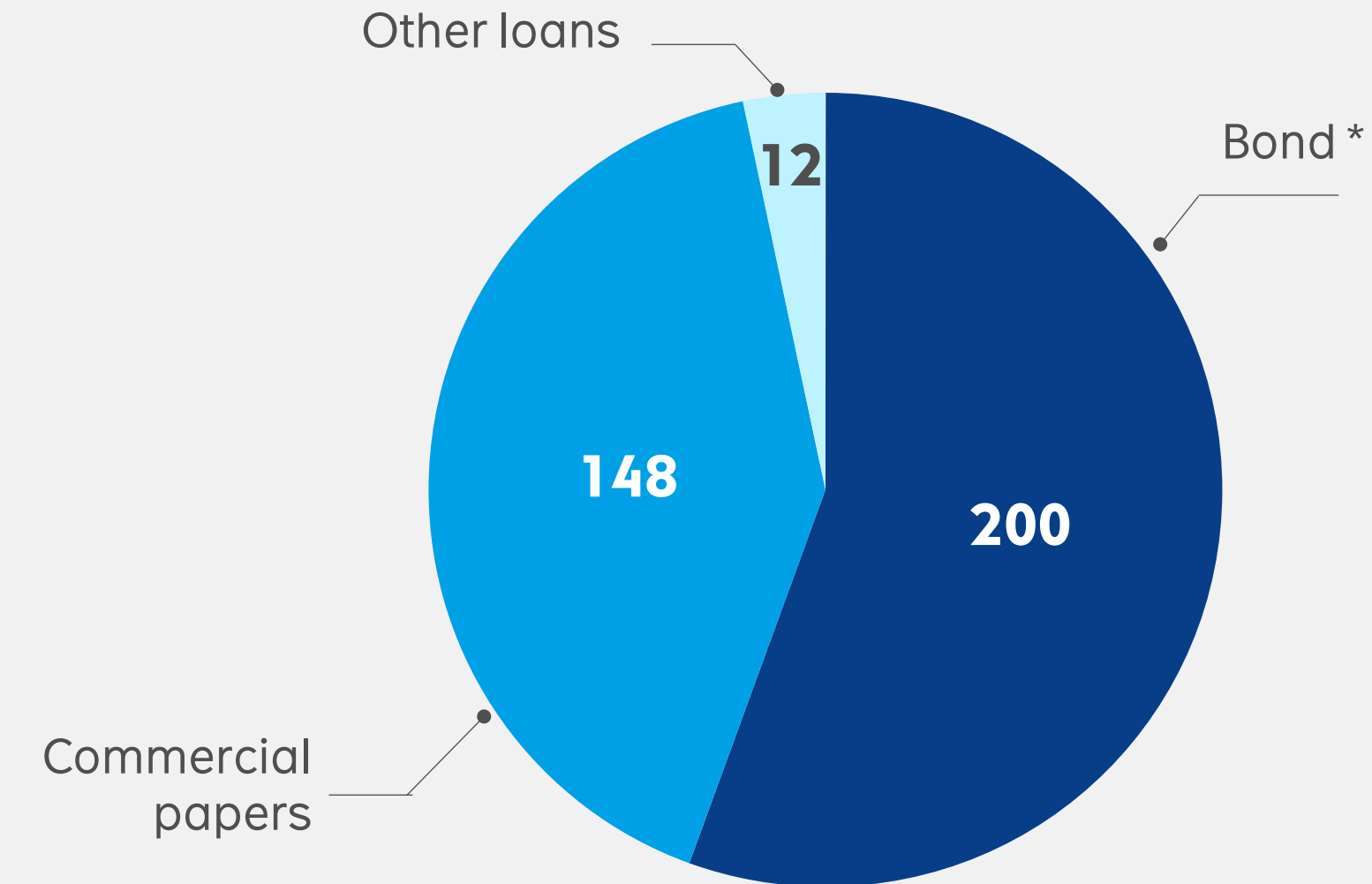


New credit facility agreement extended the maturity profile

- EUR 550 million syndicated credit facility agreement with nine banks in February 2019
 - EUR 250 million 4-year term loan to finance the acquisition of Iddink
 - EUR 300 million 5-year bullet revolving credit facility
- Refinancing of the EUR 200 million bond maturing in November will be reviewed later this year
- In 2018, net financing costs decreased to EUR -17 million (2017: -23) as a result of lower interest-bearing debt
 - Average interest rate 2.5% (2017: 2.1%)

External loan portfolio at 31 Dec 2018

EUR million



* Book value EUR 197 million

Outlook for 2019

Comparable net sales expected to be **in-line with 2018.**

Operational EBIT margin excluding PPA expected to be **around 15%** (2018: 15.7%).

Sanoma has an ambition to grow through M&A, and thus PPA amortisations are expected to increase.



Sanoma as an investment

A leading European learning and media company



Growing dividend

**Strong and balanced
business portfolio**



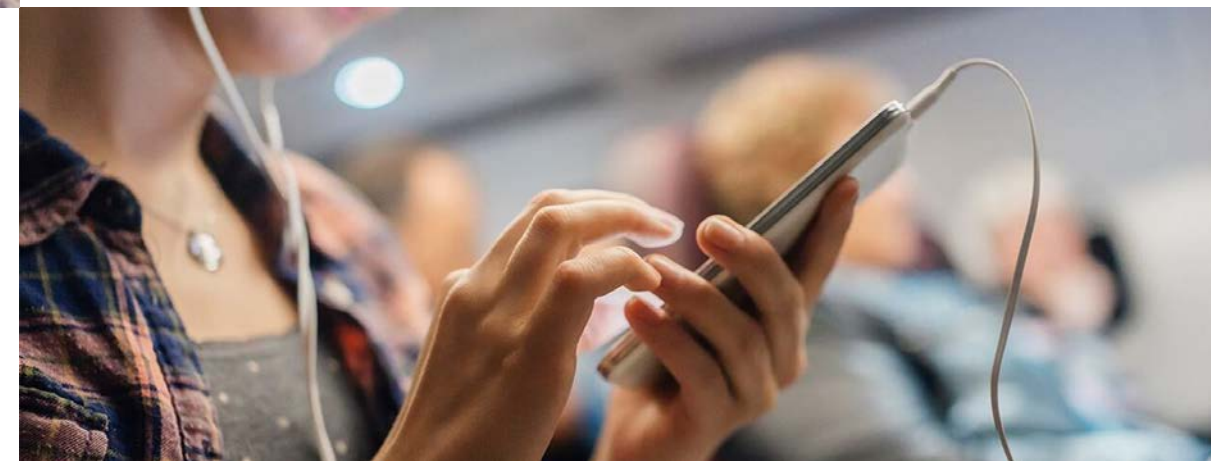
**Continued focus
on selective growth**



**Solid profitability and
improving cash flow**



**Equity ratio and leverage
within long-term target**



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