

Sanoma IR
16 July 2020

Sanoma divests its online classifieds business Oikotie to Schibsted for EUR 185 million – Q&A

External (to be published at www.sanoma.com/investors)

Q: What has happened?

A: Sanoma has divested Oikotie Ltd, a leading online classifieds player in Finland, to Schibsted, the leading player within marketplaces in the Nordics. The agreed enterprise value (EV) of Oikotie is EUR 185 million, corresponding to an EV/EBITDA multiple of 19.6 (based on 2019 pro forma EBITDA). The divestment concludes the evaluation of strategic options for Oikotie, which was announced on 11 February 2020.

Q: What does the divested business consist of?

A: Oikotie consists of the leading Finnish online classifieds sites in recruiting and housing, as well as sites focused on construction and renovation (rakentaja.fi) and electricity comparison (sähkövertailu.fi). Pro forma 2019, net sales of Oikotie grew to EUR 27.6 million (pro forma 2018: 26.3) and operational EBITDA improved to EUR 9.4 million (pro forma 2018: 8.4). Oikotie had 93 employees (88 FTE) at the end of June 2020, who will transfer to the buyer.

Q: Why did Sanoma decide to divest its most digital media asset, Oikotie, while it has recently invested more in print assets by acquiring the regional news media business from Alma Media?

A: The divestment of Oikotie is in-line with Media Finland's strategic focus on three core businesses: news & feature, entertainment and B2B marketing solutions. During the past years Oikotie has successfully grown its net sales, and its solid profitability improvement continued in 2019. The classifieds' market in Finland is exceptionally fragmented for a country of this size. In the media industry overall, the business logic lies in larger scale and increased efficiency, which enable future investments in the digital development. This is applicable both for the news media business, where we acquired the regional news media business from Alma Media, and for the online classifieds business, which we have now divested.

Q: Is there a significant impact on the selling price and/or on Oikotie's business due to the ongoing corona virus pandemic?

A: During the strategic evaluation we came into a conclusion that the value of Oikotie is higher as part of a dedicated classifieds player operating in multiple countries than as part of Sanoma. We consider the selling price good. Just like all advertising, online classifieds for recruitment and real estate have also been severely impacted by the corona virus pandemic. Demand for online classifieds declined by approx. 14% in January-June 2020 (source: Kantar TNS). Oikotie is in a good shape despite the inevitable temporary headwinds this year due to the pandemic. As a strategic player, Schibsted is able to see the long-term value creation potential of the business.

Q: How will you spend the money? Does the divestment change Sanoma's long-term strategy or financial targets?

A: The divestment does not change our long-term strategy or financial targets. The divestment further strengthens Sanoma's strategic focus on Learning and three core businesses of Media Finland: news & feature, entertainment and B2B marketing solutions. After the divestment, Sanoma has EUR 400-500 million headroom for future M&A and as stated before aims to grow especially its learning business. Sanoma's financial targets are available here <https://sanoma.com/investors/sanoma-as-an-investment-3/long-term-financial-targets/>.