

# Sanoma 2016

**Susan Duinhoven,**  
President and CEO, Sanoma Corporation

# Overview of presentation

## **1. Summary 2016**

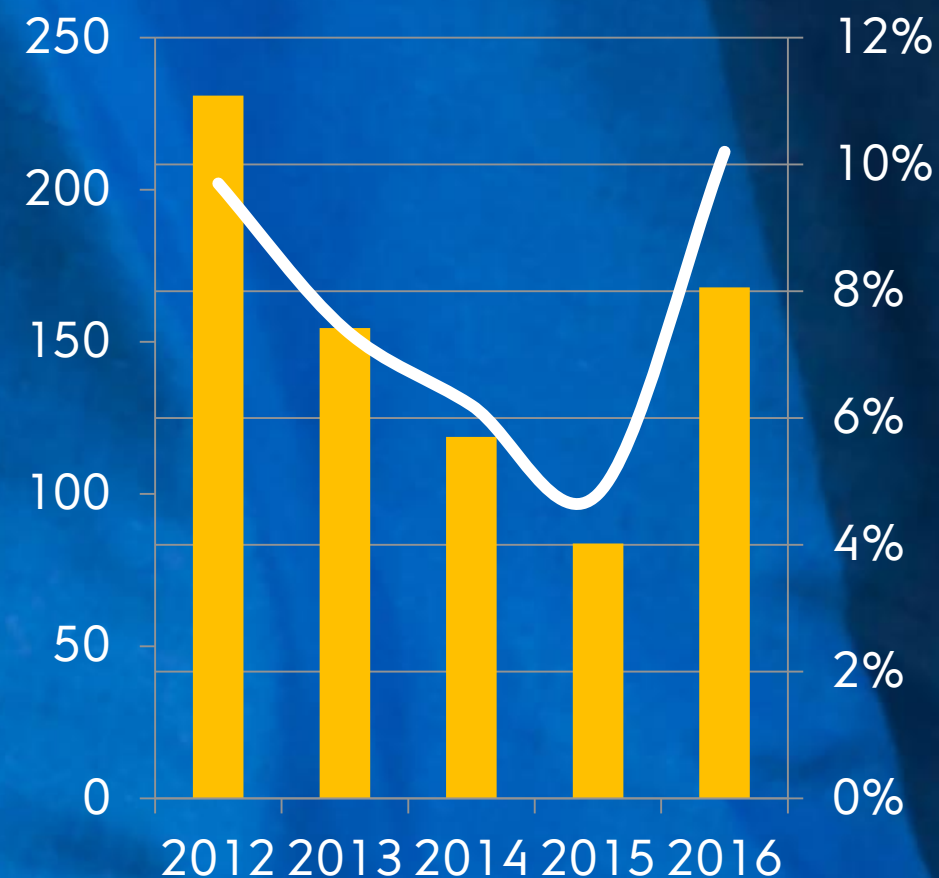
- 2. Business cases
- 3. Outlook for 2017 and dividend
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## Sanoma 2016: back on track

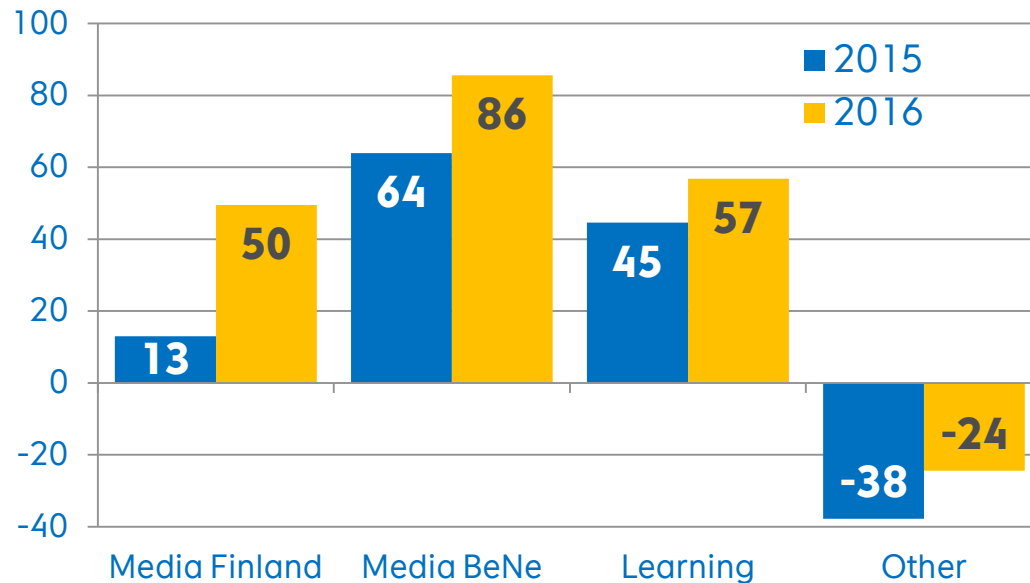
EUR million	2016	2015
Net sales	<b>1,639</b>	1,717
Organic growth	<b>0.1%</b>	-3.4%
Operational EBIT	<b>168</b>	84
Operational EBIT %	<b>10.2%</b>	4.9%

### Operational EBIT

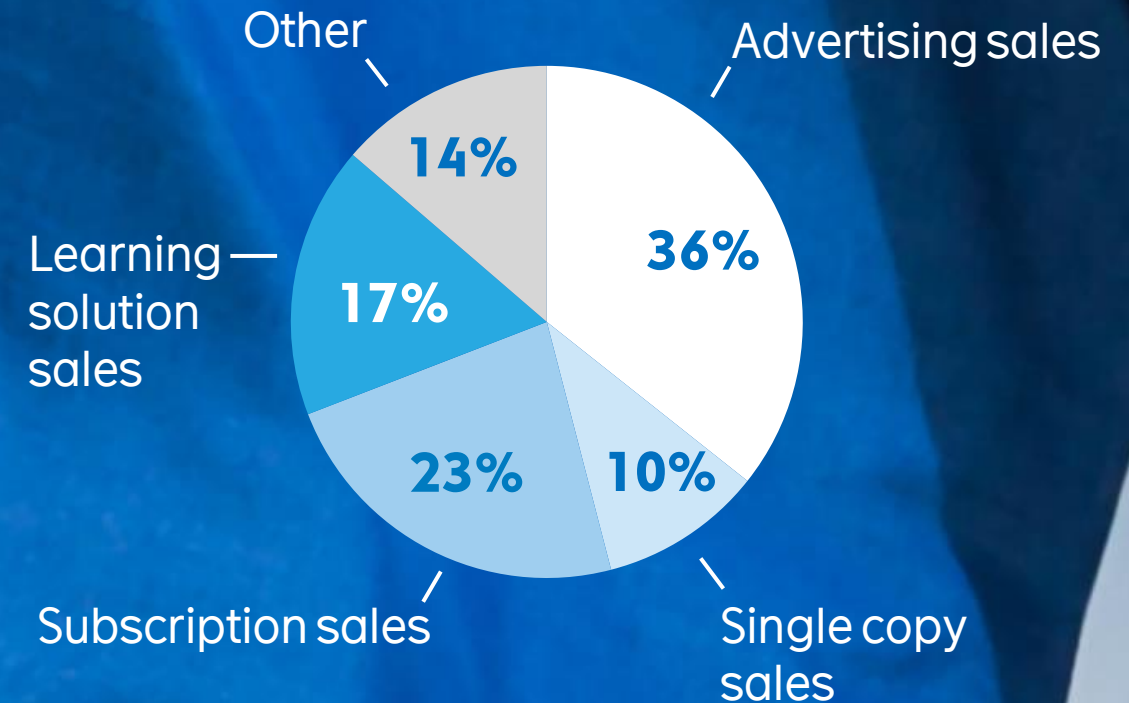


# All three business contributed

Full year operational EBIT, MEUR



## Composition of net sales 2016



## Media Finland

Net sales  
**EUR 580 million**



Pia Kalsta

## Media BeNe

Net sales  
**EUR 780 million**



Peter de Mönnink

## Learning

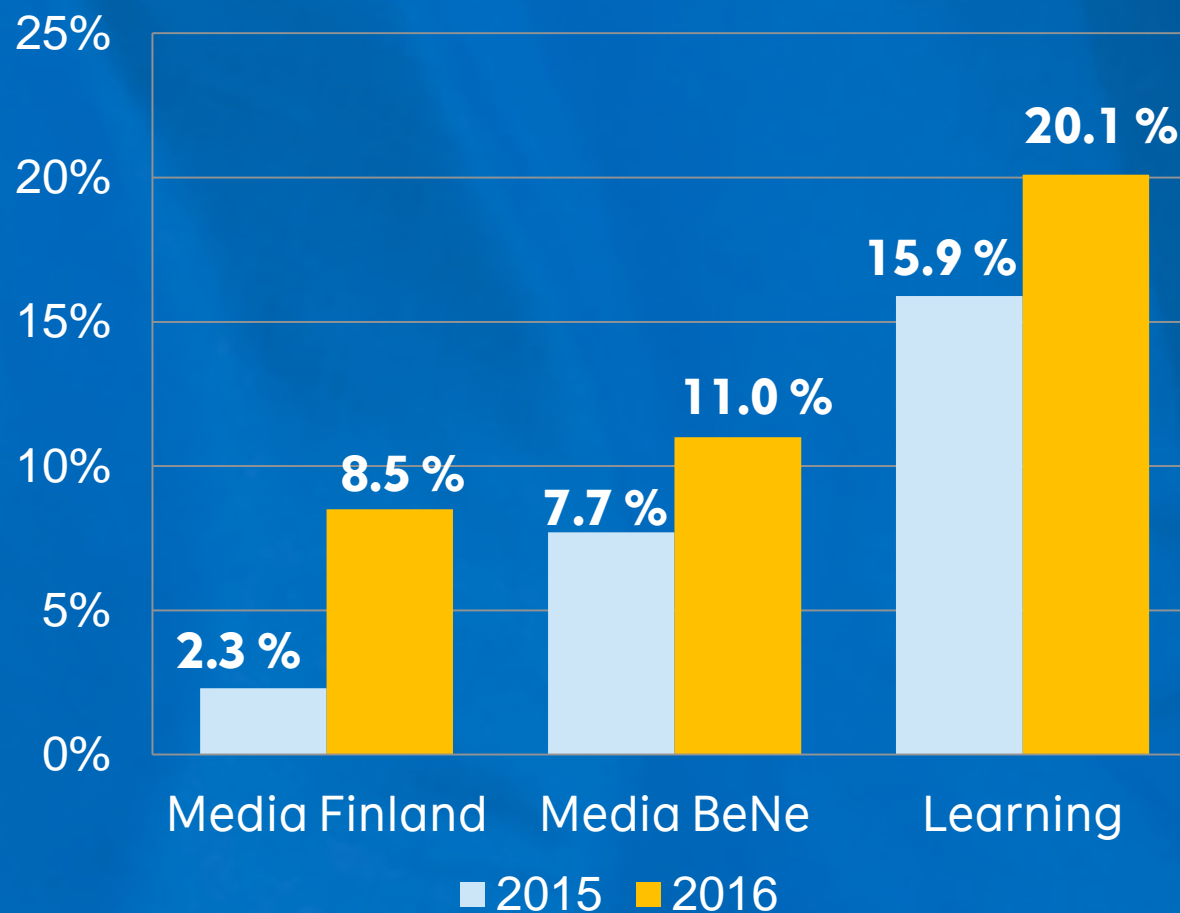
Net sales  
**EUR 280 million**



John Martin

## 3 businesses across 5 countries

Operational EBIT as % of Net sales



**Media  
Finland**

**Media BeNe**

**Learning**

## The year of **Sanoma Media Finland**

- **Success** in BtoB sales
- **TV viewing share** increased
- **Satisfactory growth** in non-print sales
- Cost innovation driving **profitability**
- Forming an **integrated** organisation



**Media Finland**

**Media BeNe**

**Learning**

## The year of **Sanoma Media BeNe**

- **Print and online portfolio** performing well
- **Over 1 billion** stream starts
- Nu.nl again **largest Dutch online news site**
- Expansion of **event business**
- **Integration** of Belgium and Digital business to Netherlands business

**Media Finland**

**Media BeNe**

**Learning**

## The year of **Sanoma Learning**

- **8% growth** in Western Europe
- **Success with Bingel** pushes sales of portfolio
- Acquisition of **De Boeck** in Belgium
- **Market share gain** in Poland, though market declining due to regulation
- **Profitability improved** through cost innovations



# Progress in Key Strategic Priorities



**Fulfil customer needs** in selected media brands and domains

**Utilise growth** and digital transformation opportunities in Learning

**Accelerate** cost innovation

**Improve** cash conversion and **deleverage** our business

# Media Advertising Markets improved in 2016

- The total **Media market grew** both in the Netherlands and in Finland
- TV in the Netherlands **declined** as did the viewing time
- In Finland Sanoma **gained significantly market share** while the TV market over all declined modestly
- For 2017 **we assume similar** trends in our markets with price increases compensating the viewing time decline in TV

Netherlands	FY/15	FY/16
Magazines	-13%	-7%
TV	+1%	-2%
Online	+8%	+10%
<b>Total market</b>	<b>+1%</b>	<b>+3%</b>

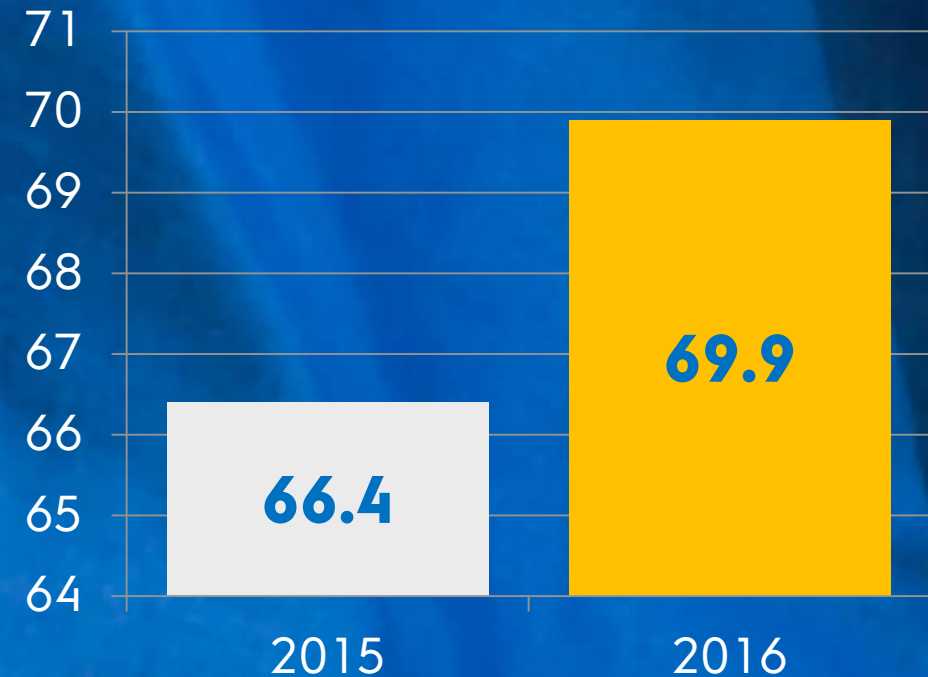
Finland	FY/15	FY/16
Newspapers	-6%	-4%
Magazines	-14%	-9%
TV	-4%	-1%
Radio	+3%	+3%
Online	+7%	+13%
<b>Total market</b>	<b>-2%</b>	<b>+1%</b>



# Organisation in better spirit

- **Simplified organizational structure** in Group and in each of three SBU's
- Highly **professional & dedicated** teams
- New competences to **support transformation**
- Employee satisfaction **increased** in 2016
- In 2016 total **FTE 5,227** (6,116) at year end

People Power Rating ®





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**Media  
Finland**

**Success in  
B2B sales:**

Growing  
faster than  
market





# Media Finland: Success in B2B sales

## Growing faster than market

Focus  
on the  
**Sales  
Organisation**

**Customer  
centric**  
teams

Unique  
proposition by  
combining  
**reach, targeting  
and creative  
solutions**

**TV Market  
Share growth**  
boosted by  
successful  
programming

B2B sales  
grew by  
**10.6 million  
euros**

**Sales  
grew 4%**  
when market  
grew only 1%





Media  
BeNe

Using  
Media  
Data:

In Health  
Care  
Insurance



# Using Media Data: Health Care insurance

**1 000 000**  
people plan to  
switch per year

Sanoma  
**key partner** for  
Dutch  
Healthcare

**Media data**  
providing  
customer  
insight

**Data**  
generating  
**interest** and  
**intent** profiles

**Interest profile**  
led to **42 %**  
more  
conversions on  
ads in our  
media

**Intent profile**  
led to **64 %**  
more  
conversions



**Sanoma  
Learning**

**De Boeck:**  
highly  
synergetic  
acquisition





# De Boeck: highly synergetic acquisition

**Target to grow**  
by bolt on  
acquisitions

**Acquisition** of  
De Boeck in  
Belgium

Revenue grew  
from  
**EUR 35m to  
EUR 53m**

Market share  
grew from  
**30% to 40%**

Integrated  
within  
**12 months**

Synergies  
over  
**150% of  
acquired  
EBIT**



VAN IN



**Sanoma  
Learning**

**Growth into  
adjacent  
markets:**

Safety Training  
in High risk  
Industries

**Tanks**





# Growth into adjacent Learning markets:

## Safety Training in High risk Industries

Expanding into  
**adjacent areas**  
of (digital)  
learning

10 min  
trainings  
in **safety and  
security**  
behavior for  
operational  
staff

Includes  
**certification  
and  
dashboards**

20 contractors  
and 10 asset  
owners =  
**80% of the  
workforce** in  
high risk  
industry in NL

**Launch** in  
Rotterdam  
Harbor in 2016  
-  
roll-out  
following our  
customers

Expandable  
into **other  
industries**





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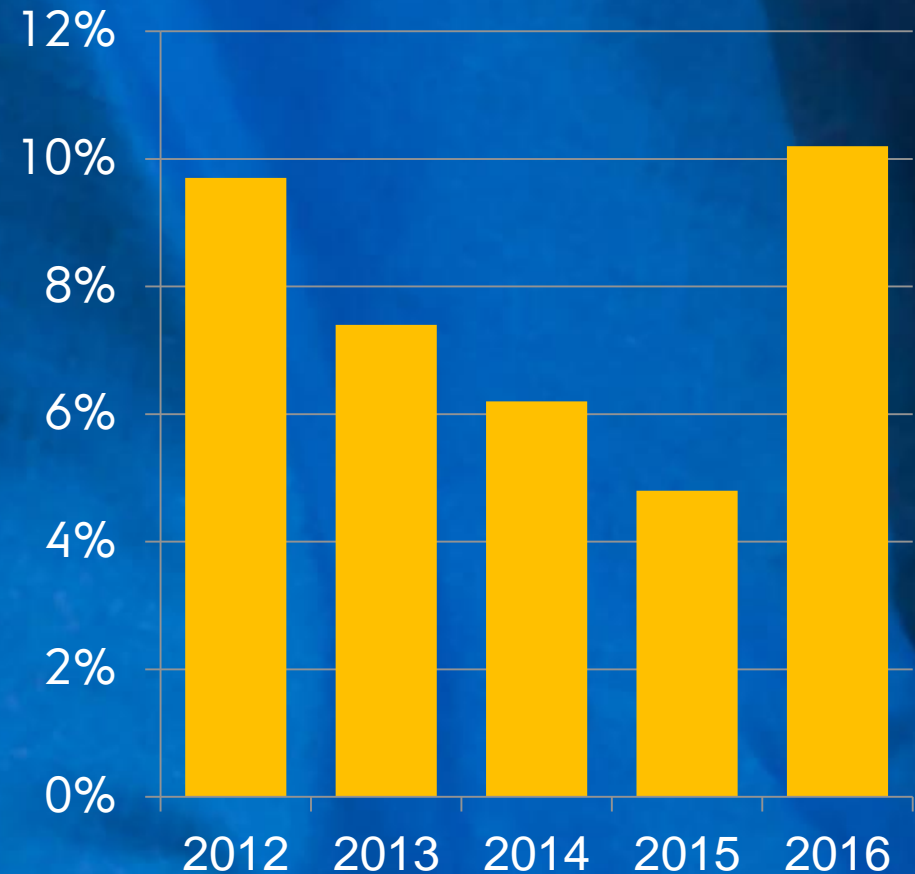
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# Outlook for 2017

Sanoma expects that the Group's consolidated

- Net Sales, adjusted for structural changes, **will be stable** and
- the operational EBIT margin will be **around 10%**

Operational EBIT margin (%)



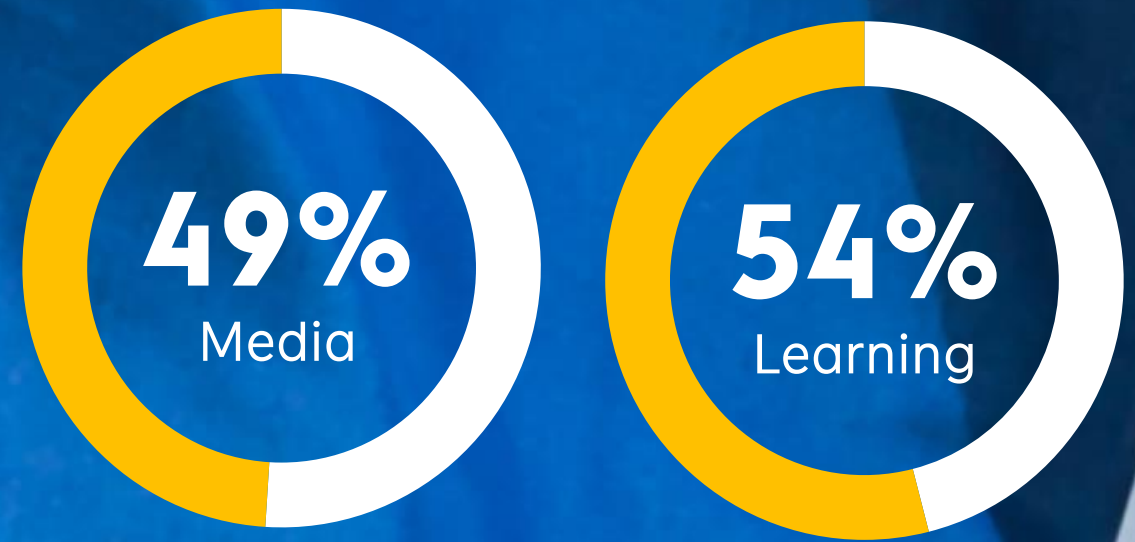
# Transformation continues

**2016:** quick wins captured

**2017:** further completing transformation process

- **Media Finland:** structural changes to the business to be implemented – system and process redesign
- **Media BeNe:** Continue expanding the 360 approach for all main brands
- **Learning:** Polish new curriculum, focus on growth in market share in footprint K12 markets and capture opportunities in adjacent markets

## Non-print share of sales - 2016



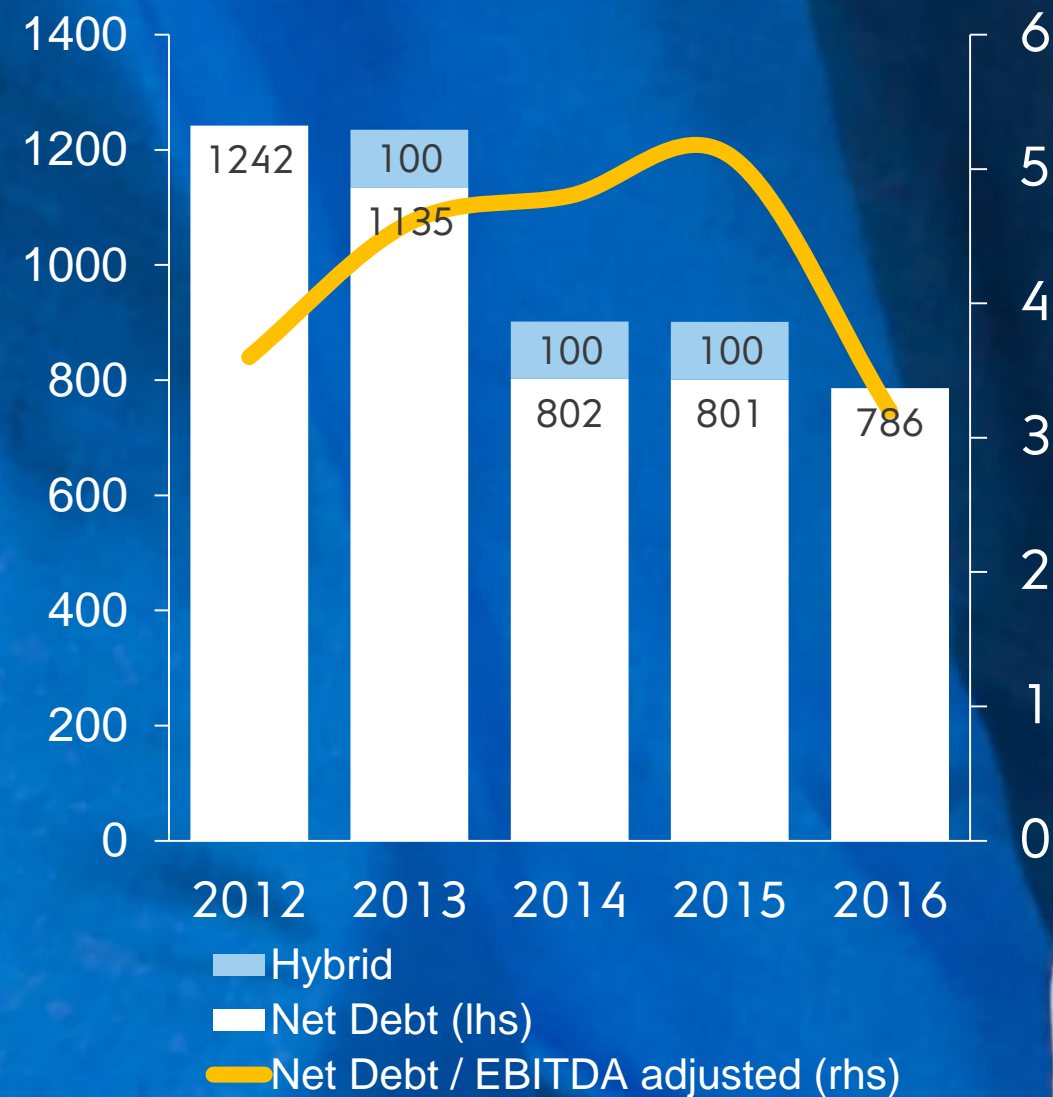


# Continued focus on Deleveraging

Net debt / EBITDA

Old target	New target
< 3.5	< 2.5

## Net Debt and Leverage



# Dividend

**Dividend of EUR 0.20 (0.10)**

proposed for 2016

## **New dividend policy from 2017 onwards:**

- increasing dividend
- equal to 40–60%  
of annual cash flow from  
operations less capital  
expenditure



# **Sanoma AGM**

**Markus Holm  
CFO and COO,  
Sanoma Corporation**



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# Summary of 2016

- Profitability improved **faster than expected**
- **Due to improved cash flow** balance sheet strengthened
- Significant refinancing **was successful**



# Key figures 2016

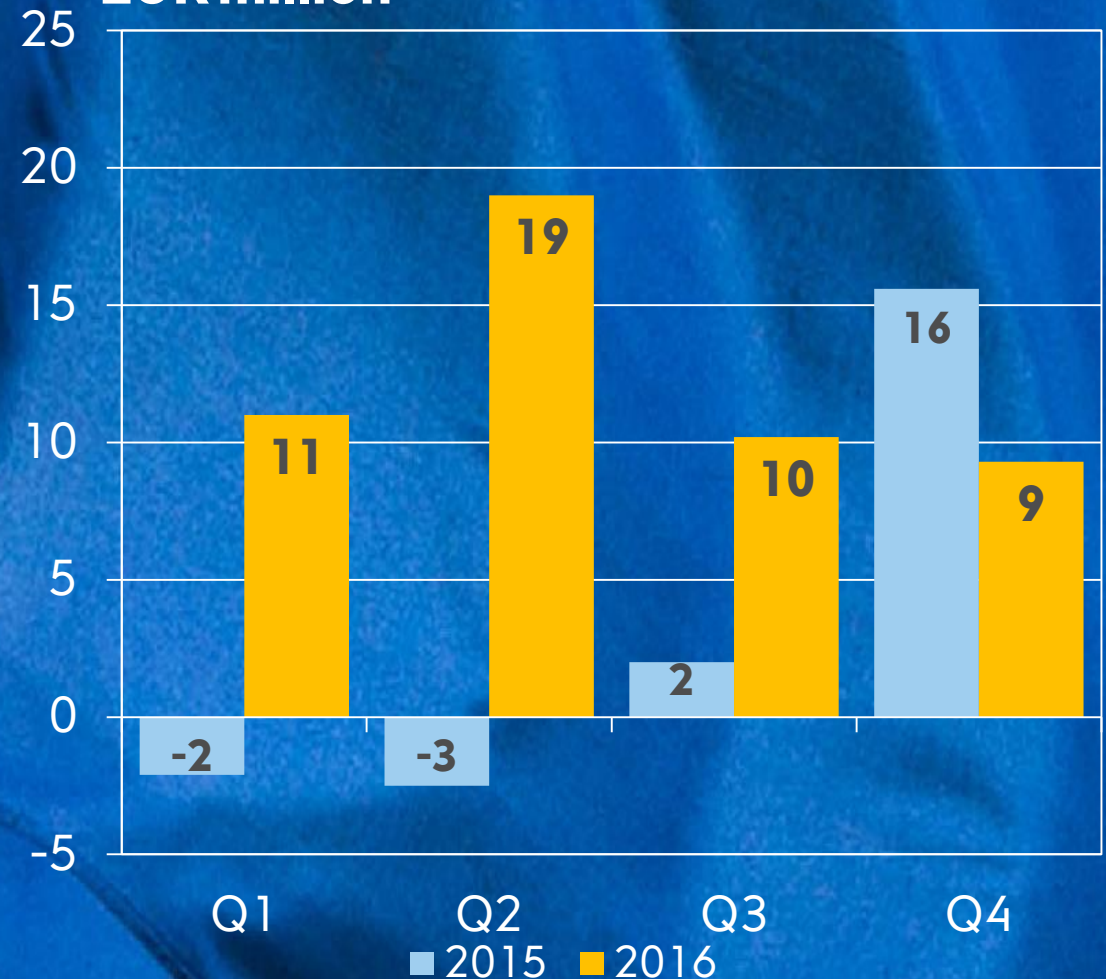
- Net sales EUR **1,639** million (2015: 1,717), organic growth **+0.1 %**
- Operational EBIT EUR **168** million (2015: 84) or **10.2 %** of net sales (2015: 4.9 %)
- Items affecting comparability EUR **29** million (2015: -207)
- Result for the period EUR **116** million (2015: -158)
- Cash flow from operations EUR **154** million (2015: 26)



# Media Finland improved results significantly

- Organic net sales **stable** (+0,7 %), especially TV had a good year
- Share of Finnish ad market **grew to 28 %**, Nelonen's share of viewing **increased to 37 %**
- Operational **EBIT increased to EUR 50** million (2015: 13)
- Result improvement is explained by **good advertising sales and cost innovations** in all business units

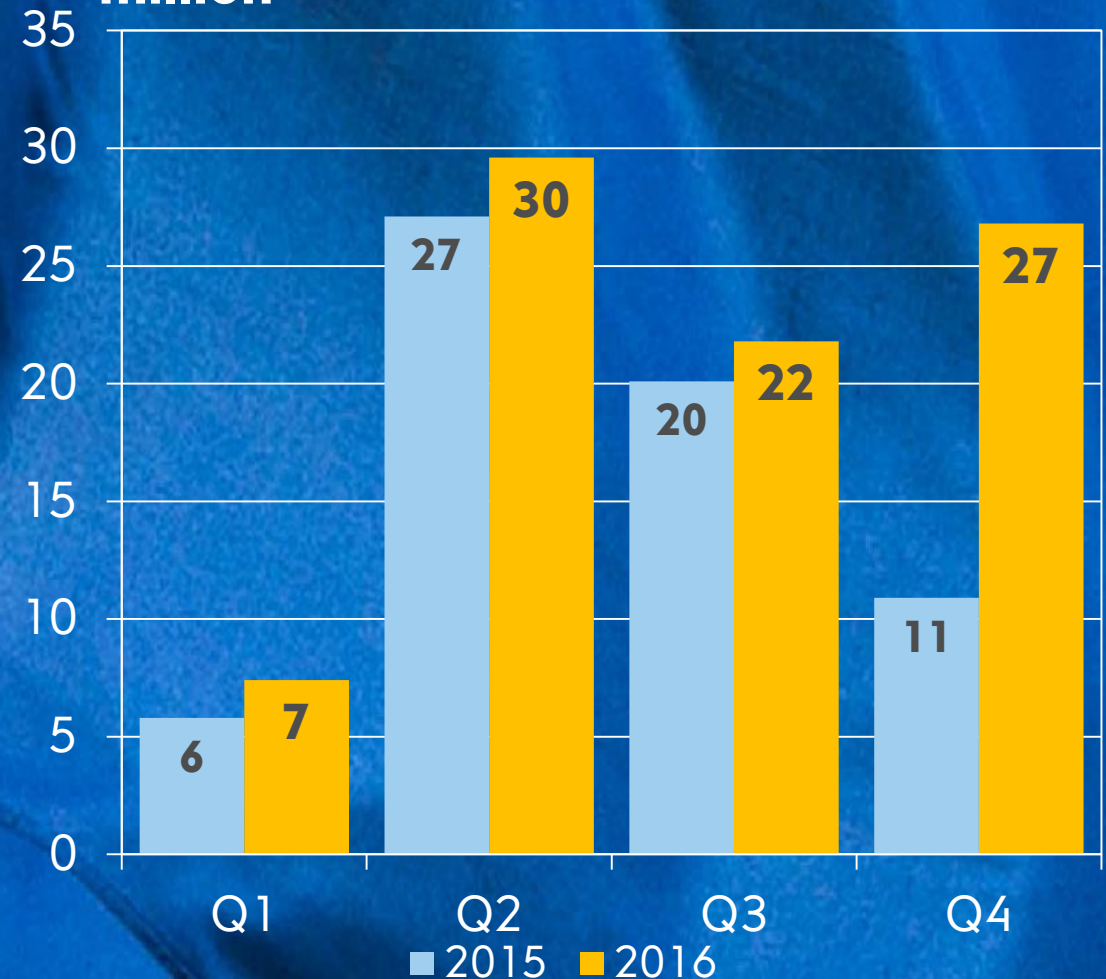
Operational EBIT by quarters, EUR million



# Media BeNe improved results in all business units

- Organic net sales (+0.5 %) and market position **stable**
- Operational **EBIT increased to EUR 86** million (2015: 64)
- Result **improved strongly** due to good performance of Dutch print & online portfolio and cost innovations
- As an example for cost innovations Dutch and Belgium support functions were combined and content rights were shared.

Operational EBIT by quarters, EUR million

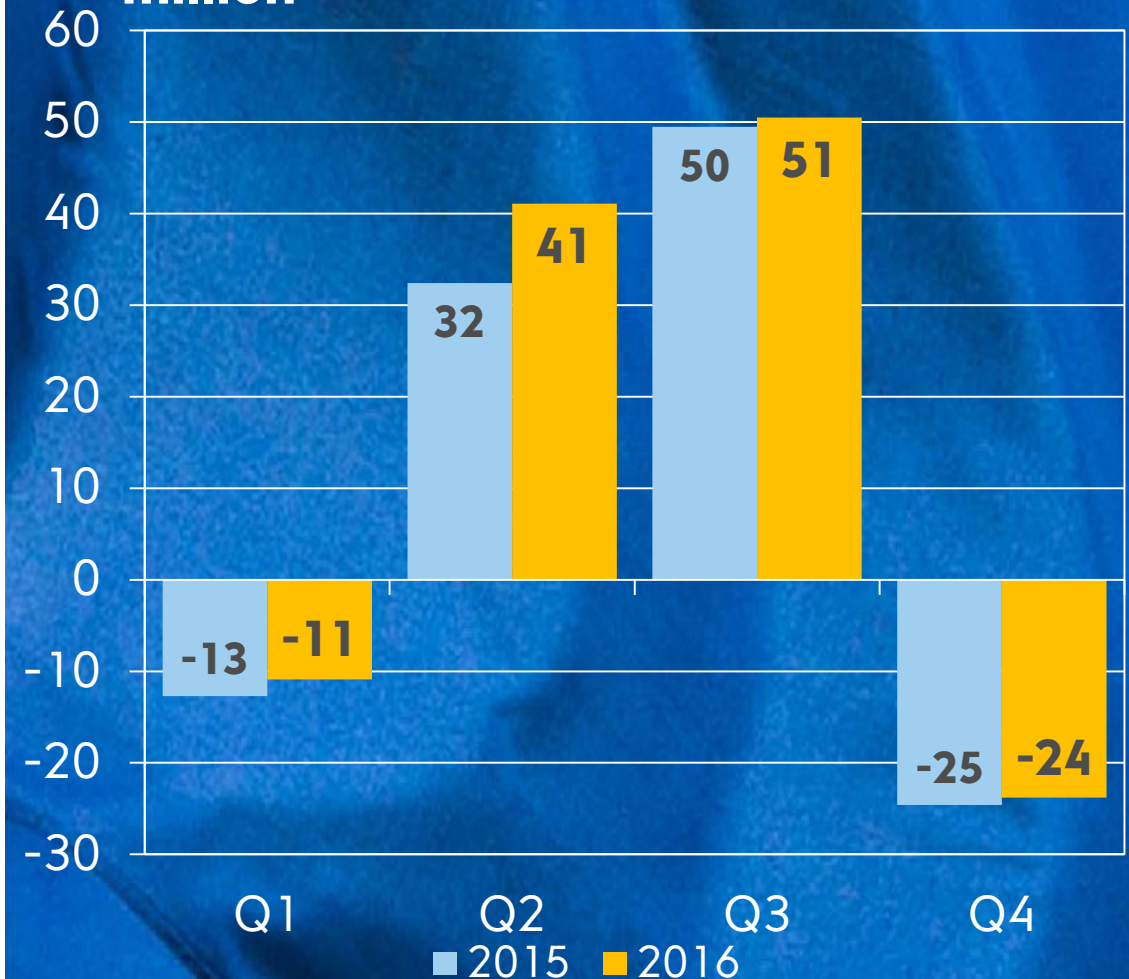




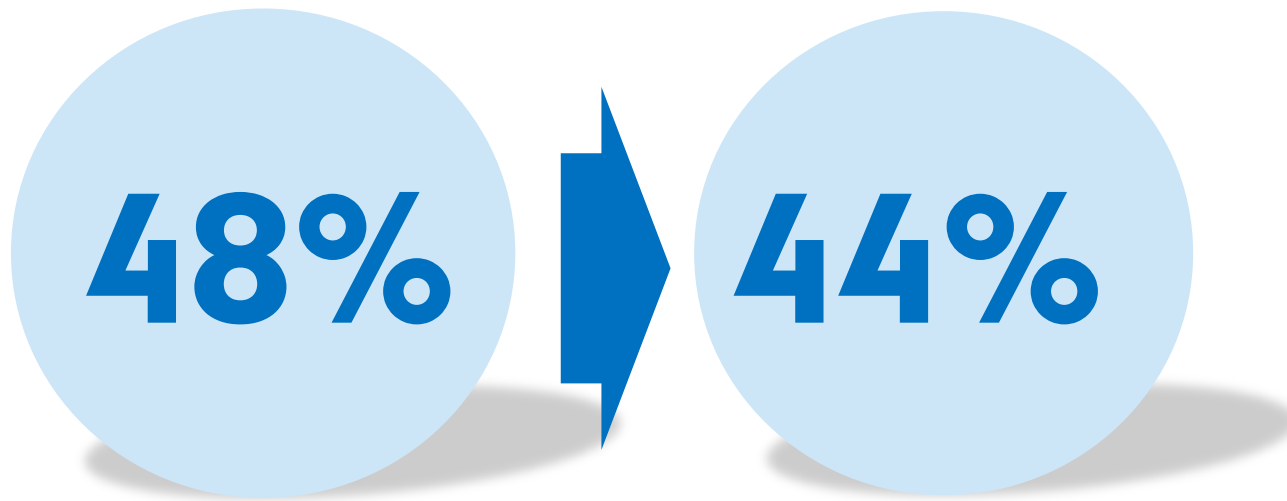
# Learning grew and improved results clearly

- Organic net sales **decreased slightly** (-2.5%) due to change of legislation in Poland
- Net sales **grew in Western Europe** (+8%) driven by curriculum changes, success in digital offering and acquisition of De Boeck
- Operational **EBIT increased** to EUR 57 million (2015: 45)
- **Clear improvement** in profitability as a result of cost innovations, De Boeck and change in amortisation schedule

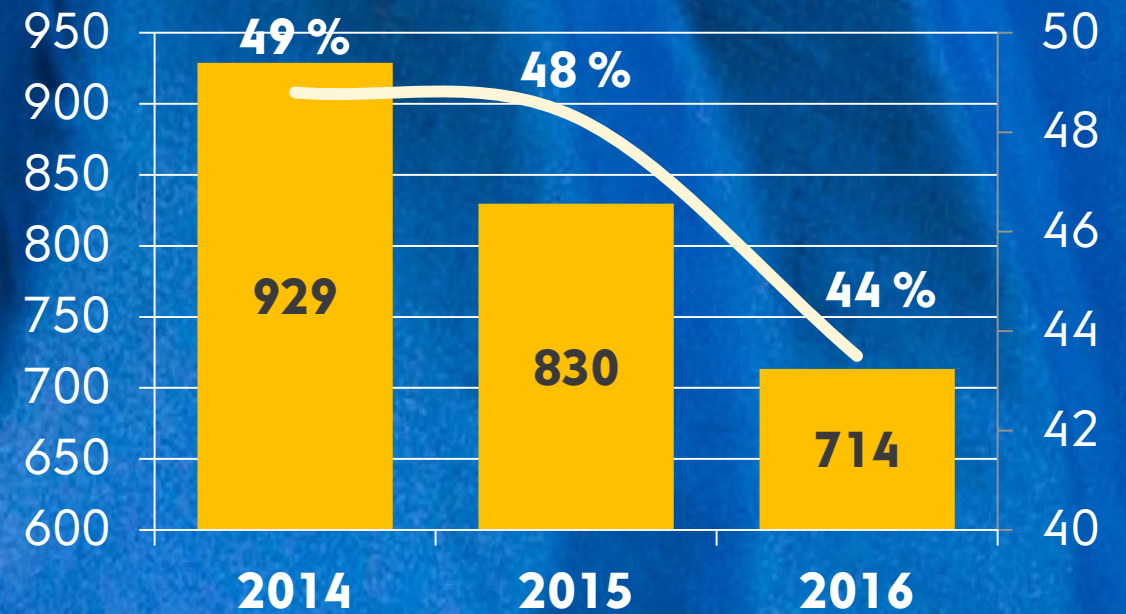
Operational EBIT by quarters, EUR million



## Share of fixed costs decreased significantly



## Change of operational fixed costs

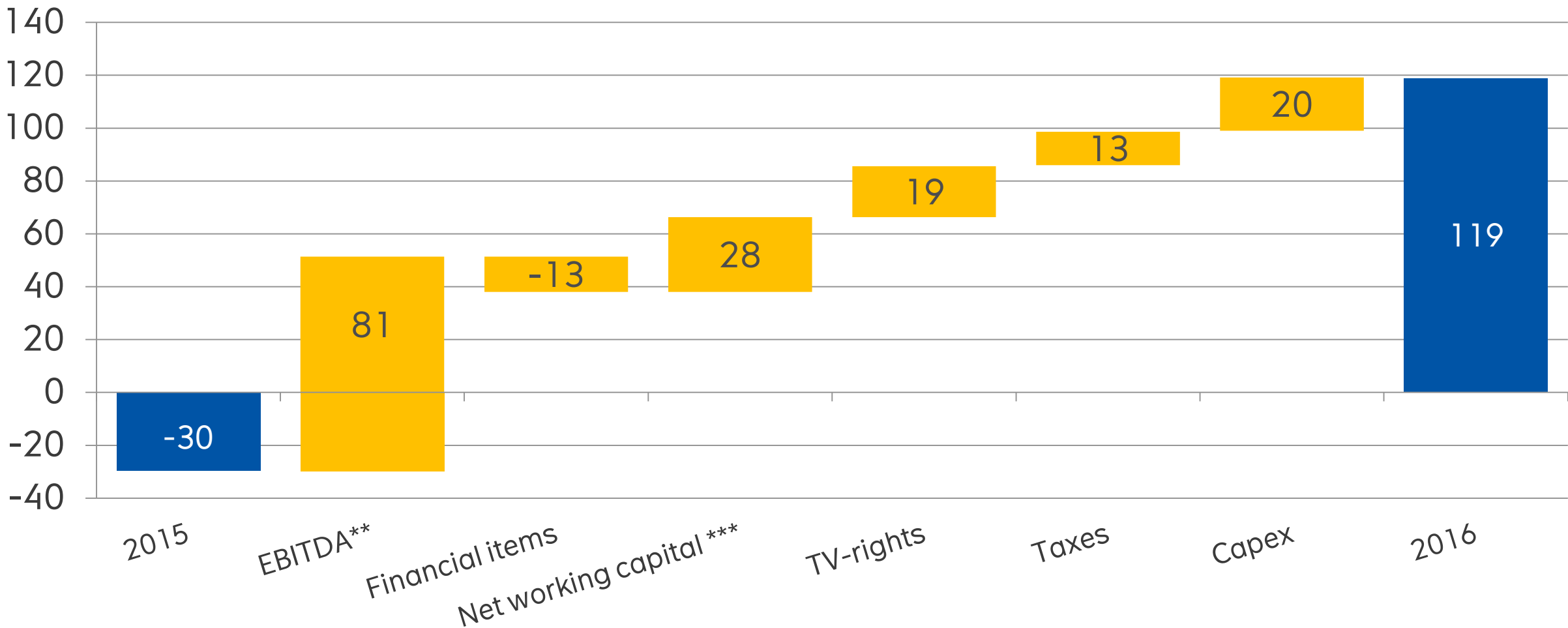


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# Cash flow\* improved markedly



\* Cash flow from operations less acquisition of tangible and intangible assets

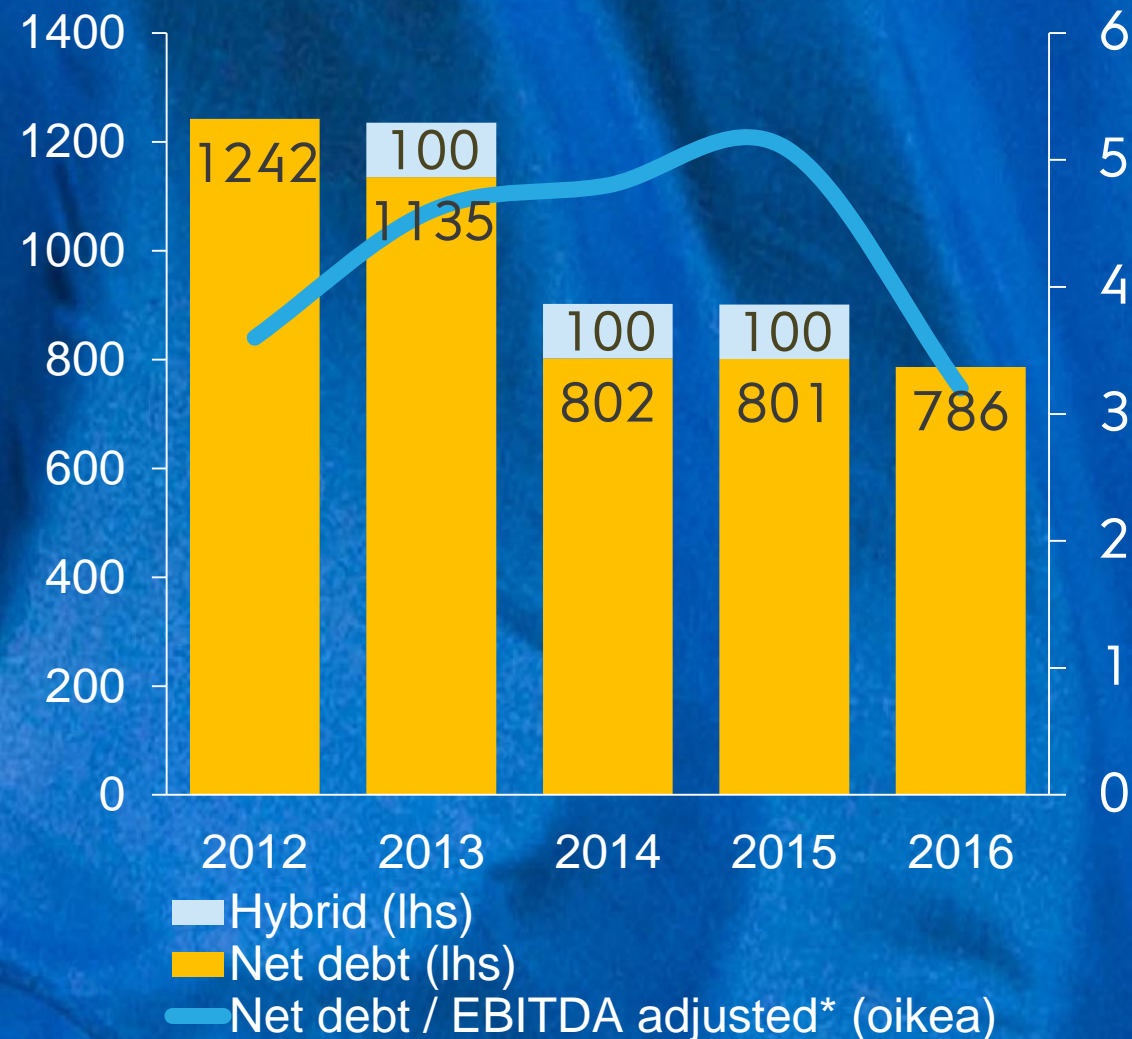
\*\* EBITDA adjusted for Dutch pension plan change, sales gains/losses of businesses and share of results of JV's

\*\*\* Net working capital is adjusted for Dutch pension plan change

# Debt reduced , equity ratio improved

- Net debt was reduced and equity ratio improved while the hybrid loan included in the equity was redeemed
  - Net debt EUR 786 million (801)
  - Equity ratio: 41.0% (39.5%)
  - In December 2016 EUR 100 million Hybrid bond was redeemed

Net debt, EUR million  
Net debt/EBITDA\*

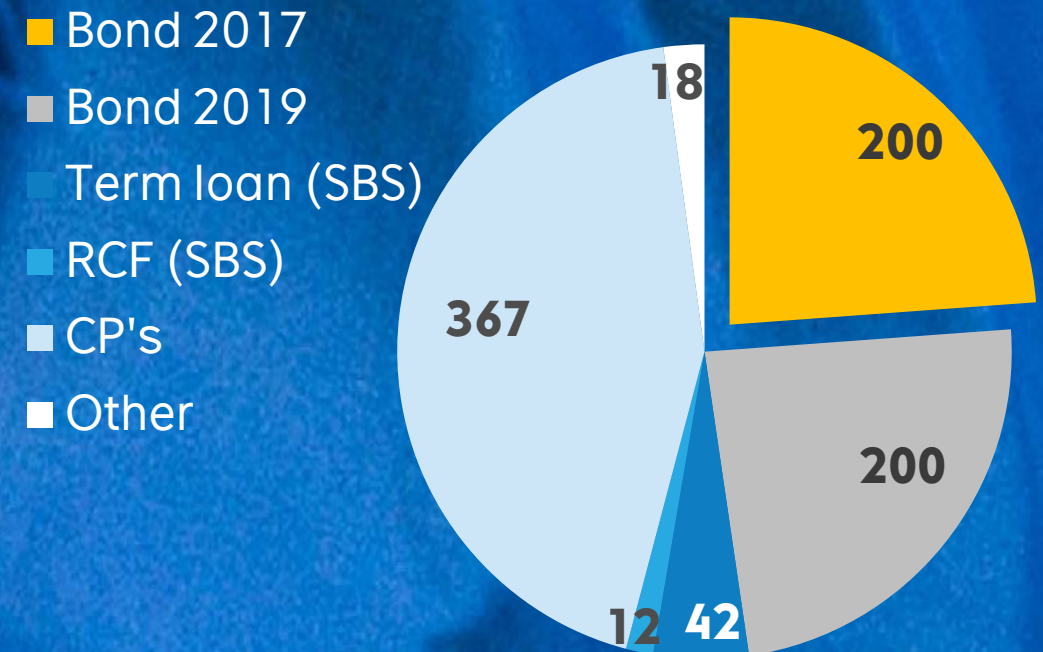


\*EBITDA adjusted: 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis

# Long term debt successfully refinanced

- In February 2016 four year EUR 500 million syndicated revolving credit facility was arranged
- In May 2016 EUR 200 million of the outstanding 2017 Bond was refinanced with 2019 Bond
- Financing costs are expected to decline in 2017 driven by reduction of debt and more cost efficient structure

Break down of debt, 31 December 2016



Average interest rate : 2.8 %



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# Sanoma as an investment

- Leading market position
- Stable organic net sales
- Significantly improved result
- Strong cash flow
- Growing dividend



The background of the image consists of a blue and white fabric, possibly a flag or a large piece of cloth, with large, stylized letters 'q' and 'h' visible. The blue fabric is the dominant color, and the white fabric is interspersed in a pattern that suggests a flag or a large graphic. The letters 'q' and 'h' are large and white, set against the blue background. The overall texture is wrinkled and dynamic.

# Thank you