

Sanoma acquires Alma Media's regional news media business

Analyst and investor conference, 11 February 2020



Agenda

- Introduction of the speakers & today's agenda
- Acquisition and the strategic rationale for Sanoma
 - Q&A for Sanoma
- Divestment and the strategic rationale for Alma Media
 - Q&A for Alma Media
- Closing of the event

Kaisa Uurasmaa, Head of IR & CSR, Sanoma

Susan Duinhoven, CEO, Sanoma

Kai Telanne, CEO, Alma Media

Sanoma acquires Alma Media's regional news media business and evaluates strategic options for its online classifieds' business in Finland

Analyst and investor conference, 11 February 2020

Susan Duinhoven, President & CEO



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Highly synergistic acquisition supporting the growth of Sanoma's digital news subscriptions in Finland

Sanoma has signed an agreement to acquire Alma Media's regional news media business in Finland with net sales of 94m€ and adjusted EBITDA of 20m€* for 2019

Highly synergistic bolt-on acquisition: estimated net synergies 13m€ from 2022 onwards

Agreed enterprise value 115m€, multiple 5.8 (EV / Pro forma adjusted EBITDA*) and 3.5 including also synergies

Growing our **digital subscription** base

Supporting Media Finland's **long-term profitability target**

(12-14% oper. EBIT margin excl. PPA)

Sustainable future for independent domestic journalism in Finland

Efficiency in shared operations, better **financial returns** on digital investments

Strengthening Media Finland in one of its strategic core businesses, **news & feature**

Independence of the strong regional titles, led by dedicated Editors-in-Chiefs, will continue after the acquisition

The acquisition will include:

- Alma Media Kustannus Oy
 - Leading regional newspapers Aamulehti (founded in 1881) and Satakunnan Kansa (founded in 1873)
 - Thirteen smaller newspapers in Tampere region as well as Western and Central Finland
- Alma Manu Oy
 - A state-of-the-art printing facility in Tampere
- The acquired business will report to Sanoma Media Finland's News & Feature unit, which currently consists of HS, IS and seven magazine titles



Janakkalan Sanomat
Jokilaakso
Jämsän Seutu

Kankaanpään Seutu
KMV-lehti
Merikarvia-lehti

Nokian Uutiset
Rannikkoseutu
Suur-Keuruu

Sydän-Satakunta
Tyrvään Sanomat
Valkeakosken Sanomat

Vekkari
ALMA MANU

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Alma Media's regional news media business

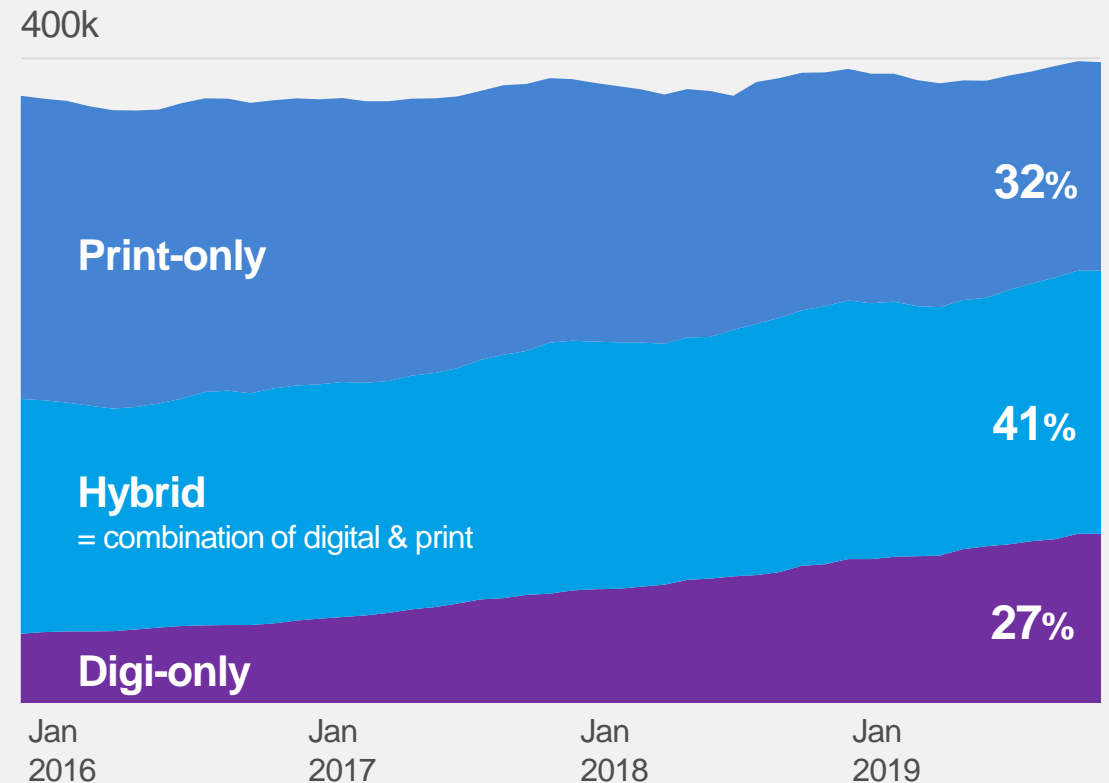
- Net sales of 94m€ and adjusted EBITDA of approx. 20m€* in 2019
 - Subscriptions are approx. 60% and advertising is approx. 40% of total net sales
 - Majority of print advertising sales comes from regional advertising – typically more stable than national print advertising
- Acquired titles have a total of 190k subscriptions (end of 2019)
 - Titles have strong position in their own regions, with a total reach of over 90%
 - Approx. 14% of subscriptions are digital-only; grew approx. by 60% in 2019
 - As a comparison: total number of subscriptions for HS is 397k, with share of digital-only being 27% (end of 2019)
- Alma Manu's state-of-the-art printing facility in Tampere, leased with a book value of 41m€ (end of 2019)
- Approx. 365 FTE (beginning of 2020)
 - Shared administrative operations will stay at Alma



Recent learnings and successes at Helsingin Sanomat supporting combined digital growth

- Number of digital-only subscriptions at HS is now above 100k, equalling more than 27% of total subscription base
 - Total number of subscriptions grew for the third year in a row, with strongest growth in digital
 - Already 2/3 of all subscriptions include a digital component
 - Appealing digital experience has attracted younger audiences
- Aim to accelerate digital growth in the acquired titles
 - Share of digital-only 14% (end of 2019); grew by approx. 60% in 2019
 - Better financial returns on increasing investments in digital development to be achieved
 - Attractive higher contribution for additional digital subscriber compared to print
- Future success in digital requires scale

1-2% annual growth in HS subscription base



Key rationale: Increasing scale in subscription news benefits readers, advertisers, employees and shareholders

Sustainable future for independent domestic journalism in Finland

Increasing efficiency

- Bolt-on, synergistic acquisition with estimated net synergies of approx. 13m€
 - Operational efficiency, procurement, IT and shared operations & support functions
 - Expected to be realised in full in 2022
- Enables better returns on the increasing investments in digital development

Sharing successes

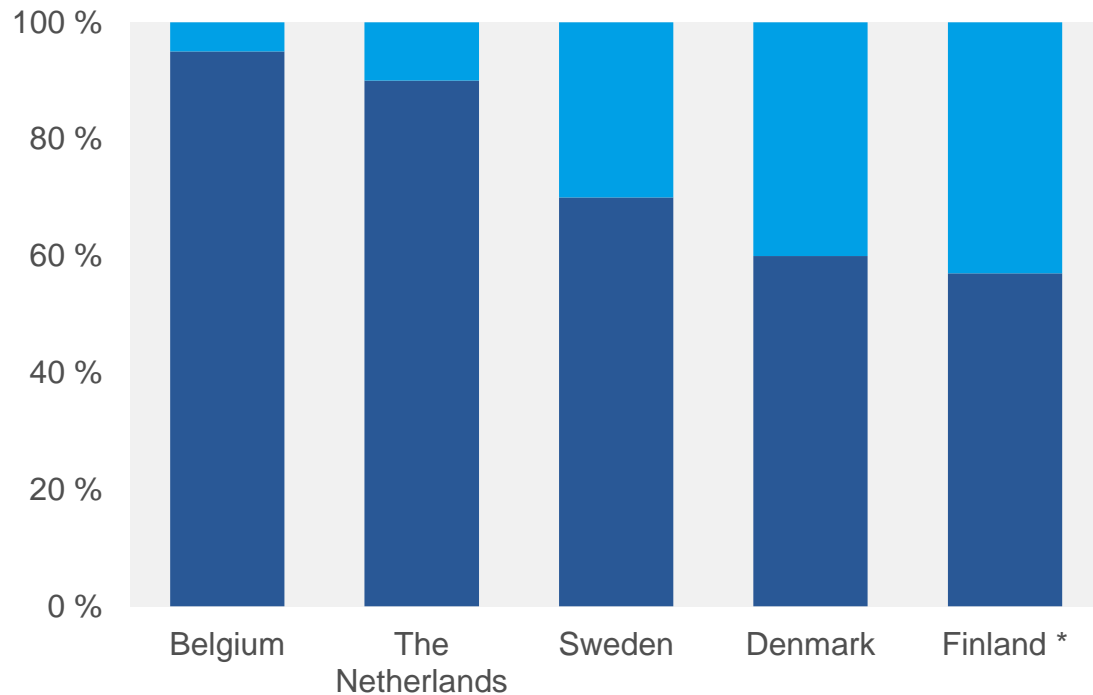
- Continued investments in joint development of digital platforms
- Shared pool of international, national & feature content as well as technology and talent
- Increased focus and wider product offering for regional B2B sales
- Extended opportunities for professional development and job rotation

Keeping all news titles editorially independent

- Editorially independent Editors-in-Chief
- Engaging, high-quality, regional and national journalism for readers now and in the future
- Freedom to focus uniquely on creating high-quality, independent news journalism

News media market in Finland continues to be highly fragmented and diverse

Market shares of two largest domestic news media players in some European countries



Total number of news media titles published in Finland more than

160

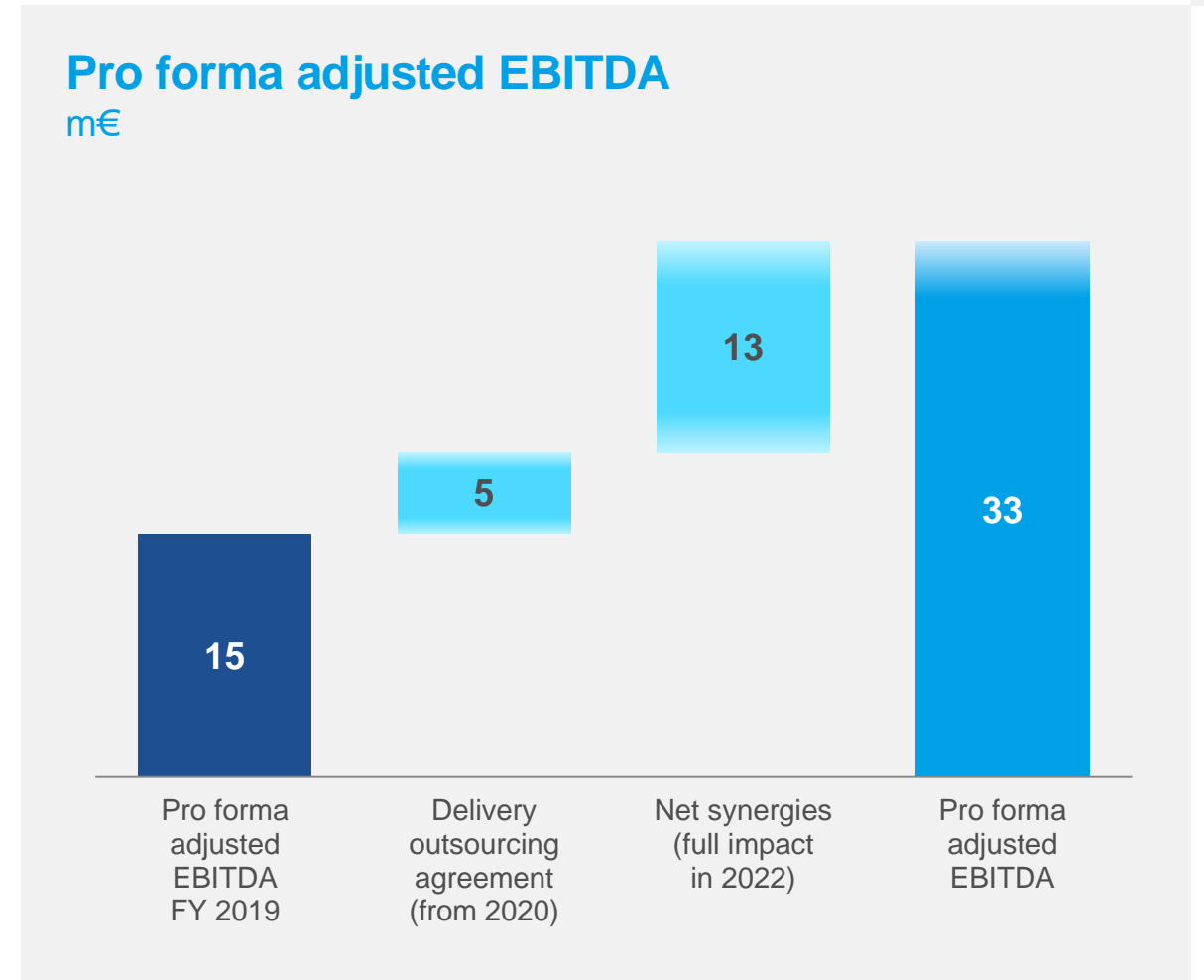
Acquired Alma Media regional news media titles
 # of newspaper titles: 13
 # of freesheets: 2

Sanoma's current news media titles
 # of newspaper titles: 1
 # of freesheets: 1
 # of tabloids: 1

Other publishers' news media titles
 # of newspaper titles: 149
 # of freesheets: 56
 # of tabloids: 1
 # of specialty newspapers: 11

Attractive valuation for highly synergistic bolt-on acquisition

- Enterprise value of 115m€, including 42m€ of net debt and advances received (end of 2019)
- EV / Pro forma adjusted EBITDA multiples
 - 5.8 incl. impact of the delivery outsourcing agreement *
 - 3.5 incl. net synergies also
- Expected annual cost savings of approx. 5m€ related to the delivery outsourcing agreement with full impact already in 2020 *
- Annual estimated net synergies of approx. 13m€, expected to be realised in full in 2022
 - Half related to operational efficiency, procurement and IT
 - The other half to shared operations and support functions



Funding, transaction costs and closing

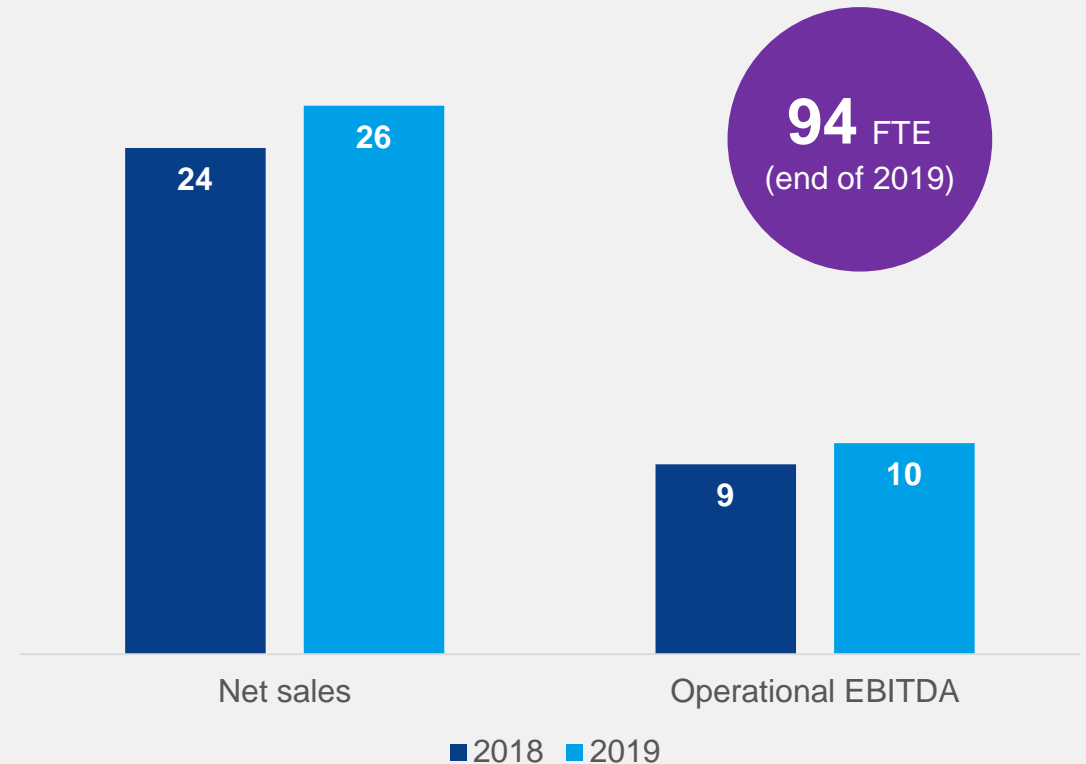
- Sanoma will finance the acquisition through existing debt facilities
- Transaction and integration costs of approx. 6m€ to be booked as IACs in Sanoma Media Finland's 2020 result
- The transaction is subject to customary closing conditions, including approval by the Finnish Competition and Consumer Authority, and is expected to be finalized during 2020
- After closing, the acquired business will be reported as part of Sanoma Media Finland SBU



Evaluating strategic options for Sanoma's online classifieds' business

- Sanoma has decided to evaluate strategic options for Oikotie Ltd., a leading online classifieds player in Finland
 - The leading Finnish online classifieds sites in recruiting and housing
 - Sites on construction and renovation (rakentaja.fi) and electricity comparison (sähkövertailu.fi)
- The evaluation is in-line with Sanoma Media Finland's focus on its core strategic businesses: news & feature, entertainment and B2B marketing solutions
- Divestment of the business can be one of the potential outcomes of the evaluation
- Sanoma will release further information as soon as the evaluation is completed

Net sales growth and profitability improvement m€, pro forma



Summary: Highly synergistic acquisition supporting the growth of digital news subscriptions in Finland

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Q&A



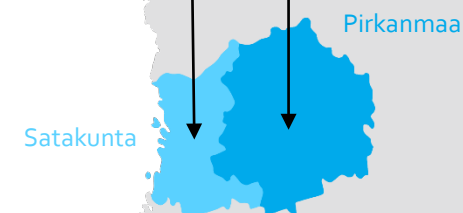
Alma Media Divests Regional Media

Digital Transformation Continues



Transaction Overview

- **Alma Media divests regional news media business and news printing operations to Sanoma Media Finland for enterprise value of EUR 115 million**
 - The transaction comprises sale of shares in Alma Media Kustannus Oy and Alma Manu Oy
 - In addition, Alma Media is entitled to potential additional purchase price subject to the future performance of the businesses to be divested
 - Alma Media books ca. EUR 58 million capital gain from the sale
 - Net debt and advances received to be included ca. EUR 42 million
- Altogether 365 (FTE) employees in the businesses to be divested will transfer to Sanoma Media Finland upon closing of the transaction
- The transaction is subject to customary closing conditions including approval of the Finnish Competition and Consumer Authority



Illustrative Key Figures For The Business To Be Divested

EUR million, all figures rounded	Preliminary, unaudited FY-2019	Reported 2018*
Revenue	99	103
Pro forma adj. EBITDA	15	13
Pro forma adj. operating profit	10	8
Cash flow from operating activities	13	9
Non-current assets	57**	63
Net debt and advances received	42	41

* Figures adjusted for the divestment of business operations in Lapland and IFRS 16 standard, without nonrecurring items.

** Including 9 million euros of goodwill recognized for Alma Consumer.



Divestment Rationale

Releases capital and management resources to focus in the digital businesses

1) Sharpening strategic focus

- Concentration on the development, growth and internationalisation of digital media and service businesses

2) In Finland, focus on national media brands and digital services

- Consistent portfolio evolution towards profitable and growing digital services
- National media brands, digital services, digital advertising and marketing solutions and paid digital content as a strategic core
- More resources for new business openings

3) Impact on financial position

- Focus on digital offering adds scalability
- Dependence and invested capital decreases on declining print media
- Balance sheet strengthens further, enabling acquisitions in the strategic focus areas

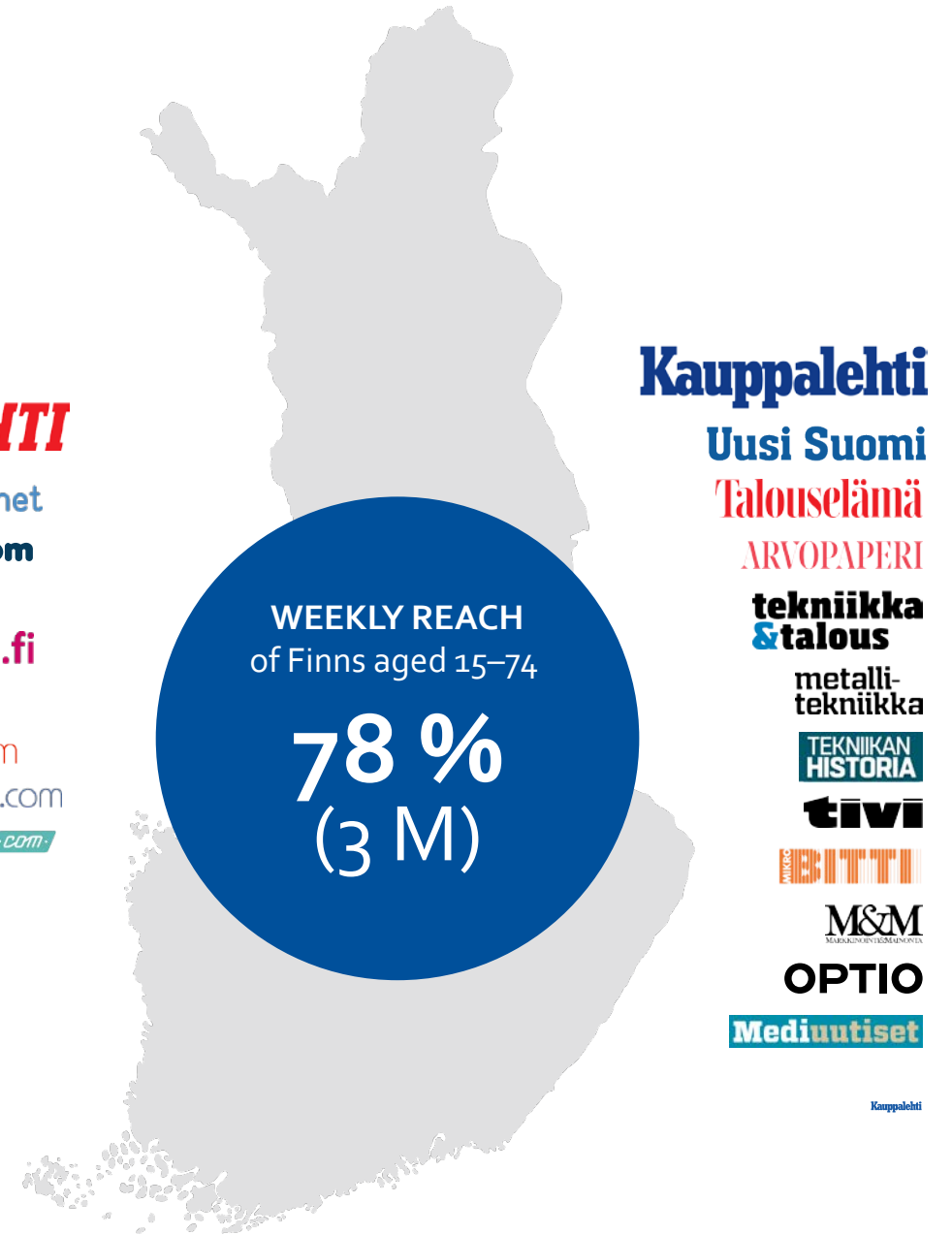
4) Responsible buyer from the media industry

- Sanoma has a long history in the industry and required resources to ensure the future of regional and local media business

Alma Network's Reach Remains Strong

- After the transaction, Alma's digital network, printed Iltalehti and Alma Talent media still reach **78 %** (81 %), or **3.0 million** of Finns every week*
- Alma Media's reach in print declines in Pirkanmaa and Satakunta area

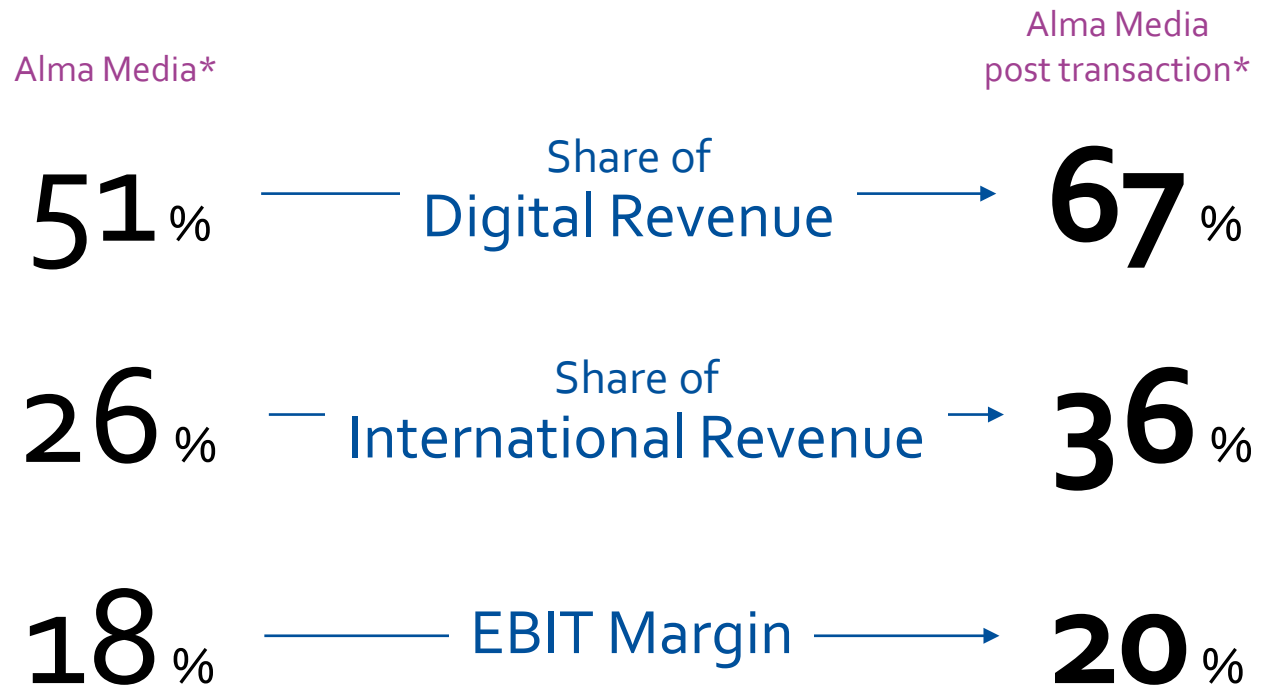
* Source: TNS Mind 1-6/ 2019, the 15-74 age group



Improved Business Mix Accelerates Shareholder Returns

Growth and margin profile improves as digital and international businesses gain more weight

A more detailed description on post transaction Alma Media will be published on 14 February 2020.



* Figures LTM Q3/2019

*Expanding our offering from
media to related digital services.*

*Fulfilling the needs of our users'
everyday life as consumers and
as professionals in business.*

Building A Top-Tier European Digital Media And Service Company



1

Enabling higher profit per user and driving operational gearing

2

Strengthening market positions in key areas

3

Securing transformation with financial solidity

Guidance For 2020

The divestment has an impact on Alma Media's guidance for 2020.

Alma Media will publish its outlook for 2020 in the Full-Year Result 2019 report on 14 February 2020. Alma Media will publish its guidance on the Group's continuing businesses.



Q&A

