Sanoma

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

The sun is starting to shine

With the growth in the Learning business and extensive efficiency program, we expect Sanoma's earnings to grow significantly in the coming years. Our confidence in the realization of earnings growth through revenue growth has strengthened, while the share valuation is moderate. These factors, together with the overall more moderate risk profile of Sanoma, constitute an attractive risk/reward ratio in our view. Reflecting this and the estimate changes, we raise our target price to EUR 10.0 (was EUR 9.0) and reiterate our Accumulate recommendation.

The relative weight of the Learning business is clearly higher

Sanoma's Learning business, which has expanded in Europe, has increased the share of stable and predictable business to more than half of the company's revenue. Thanks to the higher margin of this business, the Group's profitability potential has also increased. At the same time, the role of the Media business has decreased and, in particular, the relative share of declining print media has shrunk (2024: 19%). We expect this trend to continue in the medium and long term as a result of the growth of the Learning business, and we estimate that the quality of the Media business will strengthen as the digitalization rate of income increases.

We expect clear earnings growth in the coming years

We estimate that the growth potential of the Learning business is within the 0-5% range, while the Media business growth outlook is relatively stable. Thus, we forecast the company's medium- and long-term growth rate to be approximately 2%. In our view, the company will continue to accelerate growth through acquisitions, particularly in the Learning business. The goal of doubling the Learning business by 2030 requires the company to make several acquisitions in the second half of the current decade. The outlook for this year is relatively stable, but we forecast a level increase in Sanoma's profitability in 2026. This is mainly due to the significant Solar efficiency program and the timing of curriculum reforms in the learning business. In the Solar program, the company has focused on streamlining operations and developing processes following major corporate reorganizations, and 80% of the work was already completed by the end of 2024. Thanks to this, we are confident in the effectiveness of the program, as the revenue of the Learning business will turn to growth in 2026-2027. Reflecting these factors, we expect significant earnings growth from the company in the coming years (2024-2027 EPS CAGR-% 16%). The key risks to our estimates are a re-acceleration of inflation, the development of consumer purchasing power, and the scale of the earnings benefits realized from the Solar program.

Earnings growth and dividend create an attractive expected return

With the low earnings level of the current year, the share valuation is slightly elevated (2025e adj. P/E 16x and EV/EBITA 12x). However, the earnings growth we expect will push the P/E ratios for 2026-2027 to 12-11x and the corresponding EV/EBITA ratios to around 9x. Thus, the expected earnings growth will act as a significant driver of the expected return. Together with a dividend yield of just under 5%, earnings growth will raise the expected return substantially above the required return. We consider Sanoma's risk profile to be more moderate than average, which makes the stock's risk/reward ratio attractive in our view. The valuation framework formed by the DCF model and sum of the parts calculation (EUR 10.0 and EUR 9.0 per share) support our view that the stock is attractively priced.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 10.00
(was 9.00 EUR)

Share price:
8.94

Business risk
●●○○○

Valuation risk
●●○○○

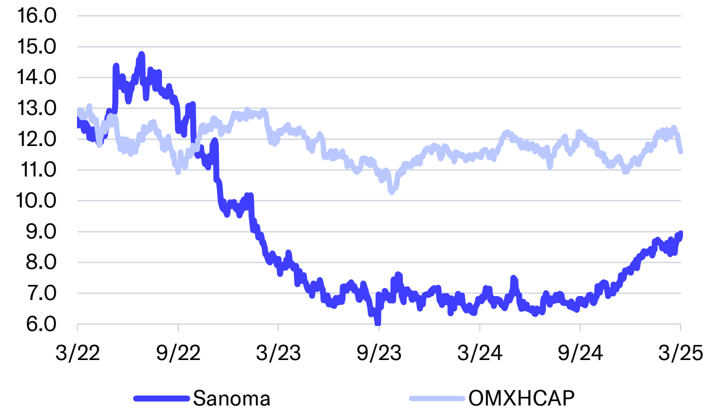
	2024	2025e	2026e	2027e
Revenue	1345	1316	1367	1392
growth-%	-3%	-2%	4%	2%
EBIT adj. excl. PPA	180	184	216	226
EBIT-% adj.	13.4 %	14.0 %	15.8 %	16.2 %
Net Income	40.5	80.3	115.2	123.3
EPS (adj.)	0.52	0.55	0.75	0.81
P/E (adj.)	14.9	16.4	11.9	11.0
P/B	1.6	1.9	2.2	2.0
Dividend yield-%	5.1 %	4.7 %	4.8 %	5.0 %
EV/EBIT (adj.)	13.8	14.5	11.5	10.6
EV/EBITDA	6.0	6.3	5.9	5.5
EV/S	1.5	1.6	1.5	1.5

Source: Inderes

Guidance (Unchanged)

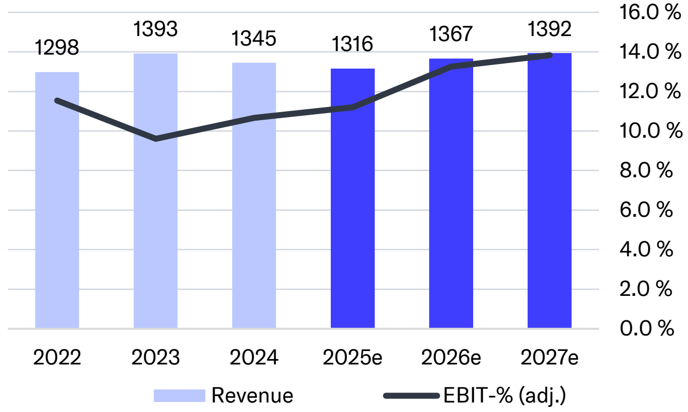
In 2025, Sanoma expects that the Group's reported revenue will be 1.28–1.32 BNEUR (2024: 1.34) and operational EBIT excl. PPA is expected to be 170–190 MEUR (2024: 180 MEUR).

Share price



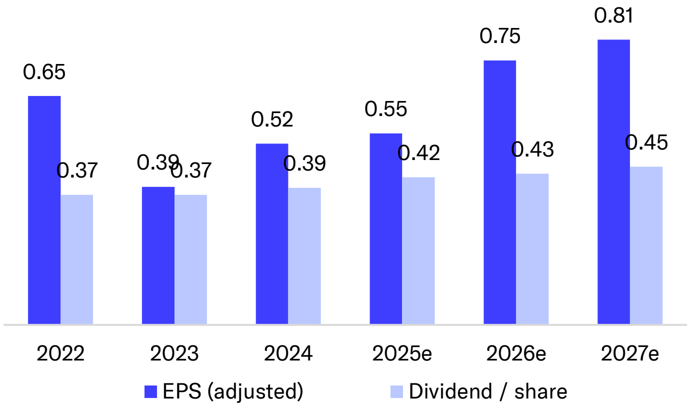
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Growth of digital revenue in the Media business
- Improved revenue structure with growth in digital income and Learning business
- The potential of profitability improvement from efficiency measures
- Synergy benefits from completed acquisitions

Risk factors

- The trend-like decline in print media
- Weakening competitive position, especially against global competitors
- Typical risks associated with acquisitions
- Risks related to general economic development
- Technology risks

Valuation	2025e	2026e	2027e
Share price	8.94	8.94	8.94
Number of shares, millions	164	164	164
Market cap	1462	1462	1462
EV	2133	2090	2038
P/E (adj.)	16.4	11.9	11.0
P/E	20.7	12.9	11.9
P/B	1.9	2.2	2.0
P/S	1.1	1.1	1.0
EV/Sales	1.6	1.5	1.5
EV/EBITDA	6.3	5.9	5.5
EV/EBIT (adj.)	14.5	11.5	10.6
Payout ratio (%)	85.5 %	61.0 %	59.7 %
Dividend yield-%	4.7 %	4.8 %	5.0 %

Source: Inderes

Contents

Sanoma in brief

Sanoma is a Group consisting of two independent business units. It is one of the leading learning material and solutions providers in Europe and the leading media company in Finland.

1,345 MEUR (1,393 MEUR)

Revenue 2024 (2023)

13.4% (12.6%)

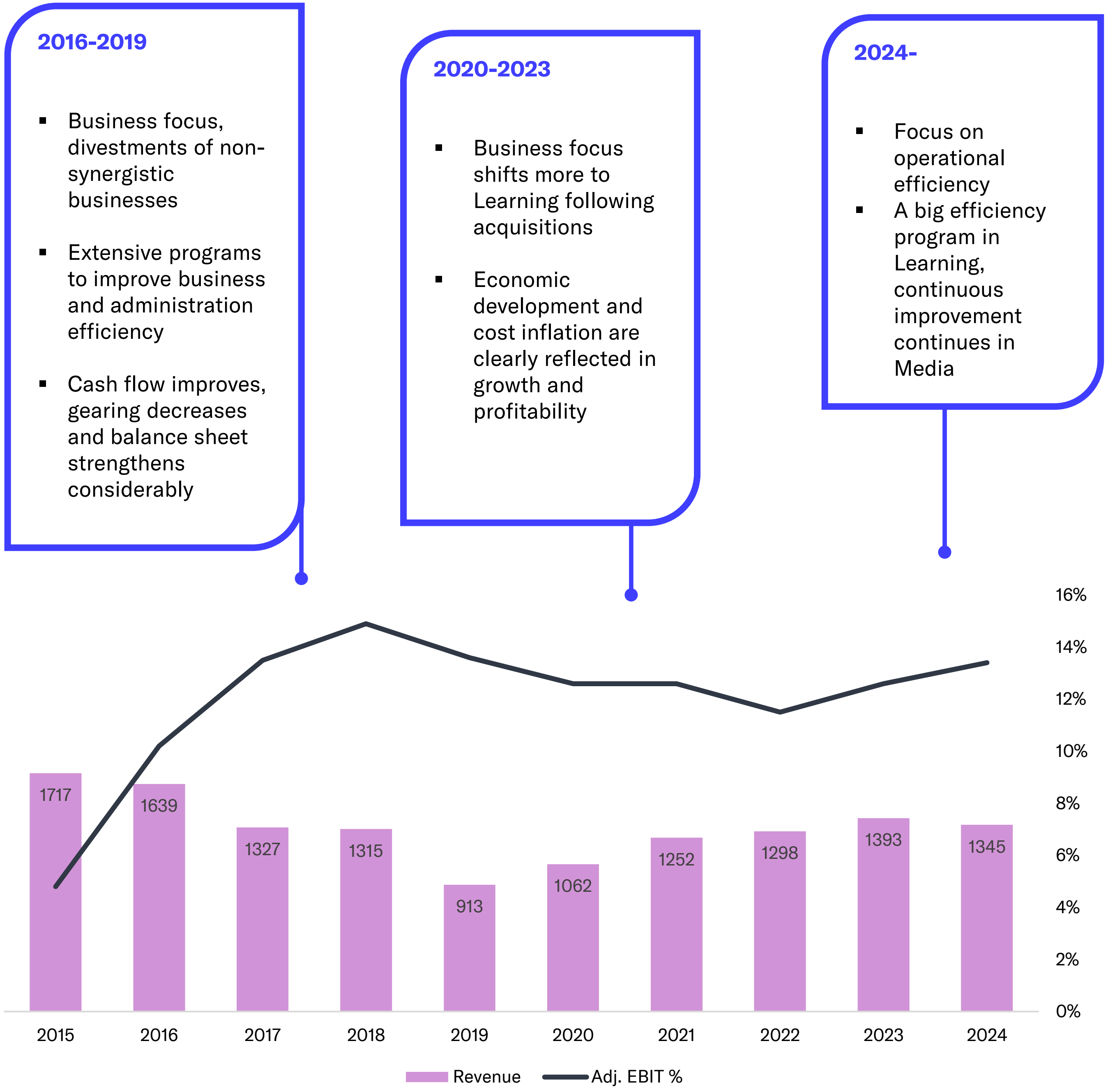
Operational EBIT % excluding PPA, 2024 (2023)

57% / 82%

Learning's share of revenue and operational EBIT excluding PPA, 2024

16% / 19%

Share of advertising sales/print media of revenue, 2024



Business model 1/3

Learning solutions and media business

Sanoma is a learning and media group that consists of two independent business areas; Learning and Media Finland. The company has Learning business in 12 countries while Media business focuses on Finland. The Group's revenue totaled 1,345 MEUR in 2024 (2023: 1,393 MEUR). Operational EBIT excluding PPA (hereinafter operational EBIT) was 180 MEUR or 13.4% of revenue. Operational EBIT rose from 175 MEUR (12.6%) in the year before, mainly due to improved earnings in Media Finland, while the earnings development of Learning was fairly stable.

Sanoma has a significant market position on the Dutch, Spanish, Italian, Polish, Finnish, Swedish and Belgian learning materials and solutions markets and on the Finnish media market. The company's well-known domestic media brands and products include, e.g., Helsingin Sanomat, Iltas-anomat, Nelonen, Ruutu, Radio Suomipop and Aku Ankka. All in all, Sanoma's portfolio comprises dozens of leading media, digital service and learning brands.

Two independent business units

The Learning business comprises the income of printed, digital, and blended (i.e. combination of printed and digital) learning materials and solutions. In 2024, the business constituted 57% of the Group's revenue and 76% of its operational EBIT.

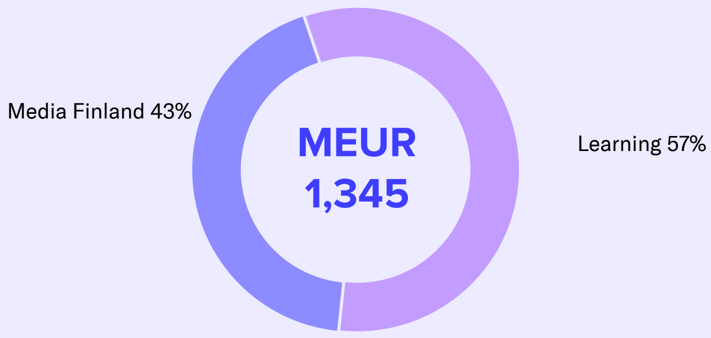
Sanoma's other business, Media Finland, is the leading cross-media company in Finland. The segment's income primarily comprises subscription, content and advertising income of the newspaper, news and magazine media, advertising and subscription income of TV, radio and related online services. It also includes other service income comprising, e.g., festivals, events, marketing services, event marketing, corporate publications, books and printing services. Media Finland's share in the Group's 2024 revenue was 43% and 24% of operational EBIT excluding the result of Other Operations. Under the Other Operations segment, the company reports the Group's other costs not allocated to business segments, which stood at -14.4 MEUR in 2024.

Four income components

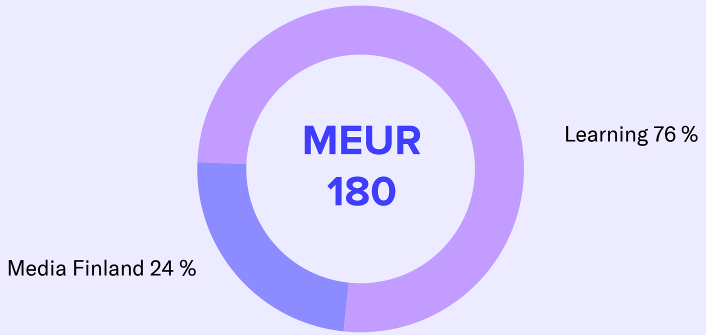
Sanoma's business can be divided into four main components by income type, which differ from each other in terms of the recurrence of income, customer type and cyclicality.

Learning income (2024: 57% of revenue) consist fully of the income from the Learning segment's digital and printed learning materials (incl. distribution) and digital learning platforms. The customer target group for learning income is mainly the public sector, and in particular primary and secondary schools, upper secondary schools and vocational schools (K12). Learning income is not tied to the general economic development in the short term but is subject to changes between school years and curricula. Annual Learning income concentrates partly on Q2 and especially on Q3, which also results in strong seasonal fluctuation in Sanoma's income and cash flow. Moreover, Learning income may annually vary considerably from country to country.

revenue distribution, 2024



EBIT distribution, 2024*



* Operational EBIT excl. PPA, NB! Segment-specific relative shares do not consider the result of Other Operations
Source: Sanoma and Inderes

Business model 2/3

This is based on the demand for learning materials, typically driven by curriculum reforms in individual education markets every 4-8 years. Due to the growth and geographical expansion of Learning, the income fluctuation from one year to another is moderate for the entire business, as the curriculum reforms of the countries do not occur in the same years.

2) **Media's content income** (2024: 22% of Sanoma's revenue) comprises subscription and single-copy sales income of printed newspapers and magazines (e.g. HS and Aku Ankka), as well as online news and entertainment media services (e.g. HS.fi and Ruutu+). Content income revenue largely comprises recurring subscription income that represented some 19% of Sanoma's revenue (87% of all content income) last year, and the corresponding share of single-copy sales is almost 3%. The primary customer target group for content income is consumers.

3) **Media advertising income** (2024: 16% of revenue) consists of advertising income from newspapers and magazines, TV and radio channels and related online services. The relative share of print advertising has fallen significantly, accounting for only 21% of all advertising income in 2024, so a large proportion comes from digital channels, TV and radio. The main customer target group for advertising income is corporate customers. The development of advertising income is somewhat cyclical by nature because companies' advertising investments are typically tied to general economic development.

4) **Other income** (2024: 6% of the revenue) consist of Finnish festival operations, marketing services, corporate publications, as well as books and printing services.

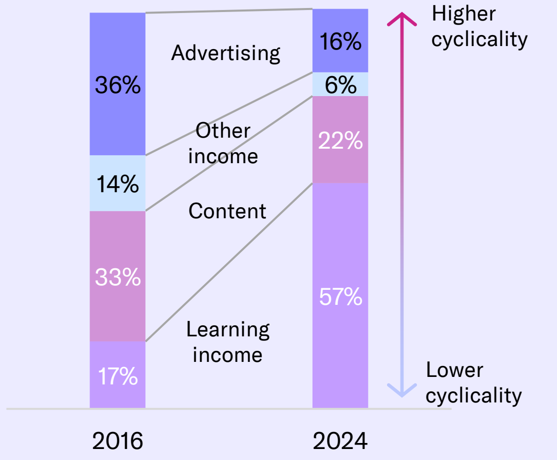
Although the main customer target group for other income is businesses, a large portion of the income from the festival business that forms a significant share of other income (estimated roughly 25-30%) comes from consumers. Relative to the past, other earnings are reduced by the sale of the Netwheels business (2023 revenue 8 MEUR) together with other smaller divestments at the beginning of 2024.

Structural trends affect income flows

In addition to normal demand drivers, Sanoma's income development is guided by structural trends of different magnitude. The structural trend that most affects Sanoma is the regression of print media resulting from the digitalization of media consumption that strongly affects both the development of print media content income and, especially, print media advertising. The share of print media income of Sanoma's revenue was 19% in 2024. An opposing trend to that of print media is the structural growth of digital media income. The income share of other media than print media (incl. also linear TV and radio) included in the Media business was 23% of Sanoma's revenue in 2024.

Structural trends also affect the growth of Learning and other income, but their effect is lower than media's. In recent years, Sanoma has restructured the focus of its business considerably with M&A transactions. Especially due to the growth of the Learning business, the share of declining types of print media revenue has decreased considerably. At the same time, the dependency of business income on general economic development, i.e., cyclicality has decreased.

Sanoma's revenue distribution 2024



Estimated effect of trends on Sanoma's income

Income type	Impact of trends on income
Learning income	Steady growth +2-5% p.a.
Content income	Growth in digital income 0-5 % p.a. Decline in traditional content -0-5% p.a.
Advertising	Growth in digital advertising 0-5 % p.a. Clear decline in printed advertising 510% p.a.
Other income	Stable +/-2% p.a.

Source: Inderes

Business model 3/3

Overall risk profile of Sanoma's business model is moderate

In our view, Sanoma's business model has a moderate risk profile, and we do not believe that this overall picture is altered by the strong inflation and decline in advertising income seen in 2022-2023, which temporarily weighed on the company's margin. The business model's risk level is specifically reduced by moderate cyclicality, high share of recurring and predictable income, strong market position, as well as reasonably good and predictable operational cash flow over time. The business model's risk level is increased by factors related to the revolution of the media sector that strongly reduces the demand for print media, undermine Sanoma's pricing power, and reduce the economies of scale of print media operations.

The risk level of the business model is raised by the contract structures of the Learning business that allow prices to be raised ex-post relative to cost inflation. Limited pricing power also affects consumer-driven content income from media businesses, reflecting the wide competitive field of content income and the relatively low threshold for consumers to switch content. We also believe that the competitive situation in advertising limits the pricing power of players in the sector.

Share of predictable income is high

The share of income from recurring order flows in Sanoma's revenue was 76% in 2024, and they comprise very stable and predictable Learning income and media content subscription sales. The share of advertising income that is dependent on consumer demand and economic cycles has decreased markedly in Sanoma's revenue because of acquisitions in the Learning business in recent years.

Global competition and regression of print media reduce pricing power

Sanoma holds a strong market position in its own fields of specialization, especially on the Finnish media market. Traditionally, this has guaranteed Sanoma strong pricing power. However, reduced coverage of print media, fragmentation of media consumption, as well as the competitive pressure introduced mainly by Google and Meta (incl. Facebook and Instagram), have weakened the advertising pricing power of local media companies. We estimate that the speed of change has leveled out somewhat, with larger media companies improving their technological solutions and winning market share from small domestic operators. However, the pricing power has recently been particularly tested by high cost inflation, which is slow to transfer to prices and requires new package deals at product/service level.

Print media's economies of scale declining but digital offers high benefits of scale

Most of Sanoma's cost structure is fixed, as is typical for newspaper, magazine, and learning material publication. As a result of the regression of print media, Sanoma's economies of scale have, in our opinion, decreased in print media, which means the company has had to constantly cut its fixed costs and improve operational efficiency.

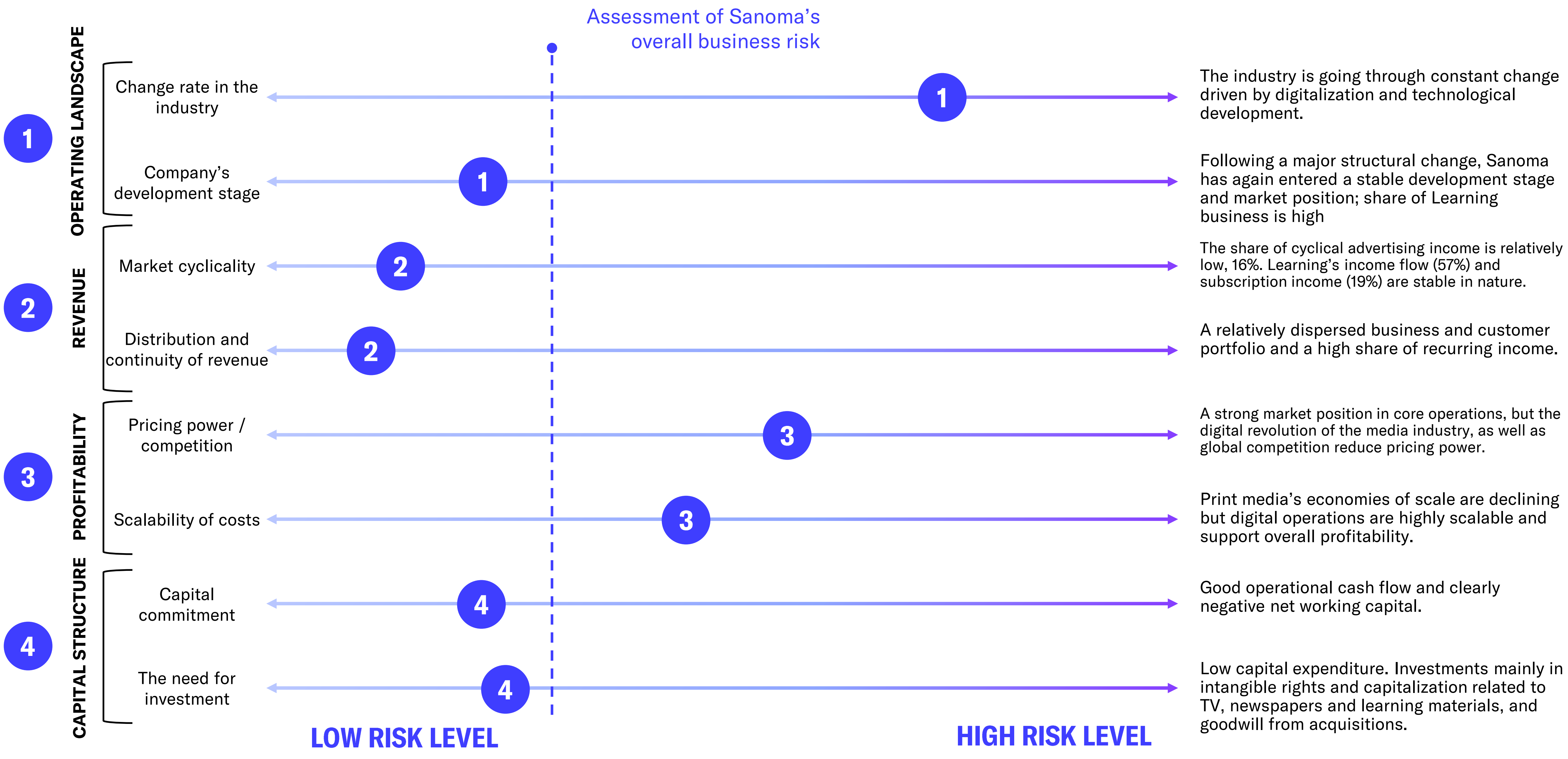
However, in growing digital income, the economies of scale are clearly higher and relative profitability is higher, which compensates for the weakening profitability potential of printed media as long as the company can hold on to its customers as they move from print to digital.

Working capital strengthens operational cash flow

The ability of Sanoma's businesses to generate cash flow is quite good as a whole, as the cash flows of media's content income are typically very front-loaded and include a lot of advance payments, which typically results in working capital being clearly negative at an annual level (net working capital/revenue -15.7% at the end of 2024). In addition, organic business growth typically ties up limited capital.

However, business focusing more strongly on the Learning business will decrease negative working capital in relative terms. Due to the timing of the curriculum reforms, content investments also vary from year to year. In the short term, the company has aimed and still aims to improve efficiency in, e.g., content production and the growth outlook for the Learning business requires less content investments in the coming years. Thus, as in 2024, cash flow in the coming years should be strengthened by lower investments, and in addition, lower gearing and interest rate development should strengthen cash flow.

Risk profile of the business



Strategy and financial targets

No specific group-level strategy

Sanoma has not announced a group-level strategy and the strategy comprises the individual strategies of its independent business units. In our view, it is natural not to have a group-level strategy as the business models, markets and competitive fields of the businesses are drastically different from each other, with synergies only in terms of group administration. In the rapidly evolving media sector, rigid long-term group-level strategies could, in our opinion, even impair Sanoma's competitiveness.

In the short term, we believe that Sanoma's strategic focus is on organic growth that utilizes the scalability of its core businesses, streamlining operations and strengthening cash flow. For completed acquisitions, the company has finished the integration and cost synergies are being worked out, especially in the Learning business with the Solar efficiency program.

Acquisitions are an integral part of the strategy

Acquisitions are an important part of Sanoma's strategy, as they are needed to increase revenue and ensure economies of scale, as well as to replace the fading income from print media. Divestments, on the other hand, have in the past been used to direct capital to more efficient use but we feel the current business portfolio no longer contains significant potential divestment objects.

In the future, we expect acquisitions to focus especially on the Learning segment. In the short term, Learning is likely to focus on complementary acquisitions, but in the longer term, it targets significant growth in its core markets in Europe. We estimate that Media Finland could carry out small-scale acquisitions that strengthen its value chain position and economies of scale.

Financial targets and dividend policy

Sanoma has Group-level financial targets for the balance sheet and financial position, while growth and margin targets are at segment level. In addition, the group-level growth target is over 2 billion in revenue by 2030, with over 75% of revenue coming from the Learning business. The company's dividend policy is a growing dividend, which is 40-60% of the annual free cash flow.

In light of the latest reported figures (2024), we believe that gearing (2.2x) and solvency (45%) were in line with justified target levels. The company has a hybrid bond of 150 MEUR, which is included in equity but not in net debt due to accounting practice. This improves balance sheet indicators, although ultimately these assets are not shareholders' assets.

In its dividend policy, Sanoma emphasizes dividend growth, which is tied to the development of free cash flow. However, the path of growing dividend broke in spring 2023, as the company cut its dividend paid for 2022 due to the weakened free cash flow. The dividend per share for 2024 will increase from the previous year to EUR 0.39 (2023: EUR 0.37 per share) and corresponds to 44% of free cash flow and we beleive the company is now in a position to continue distributing profits in line with its growing dividend policy.

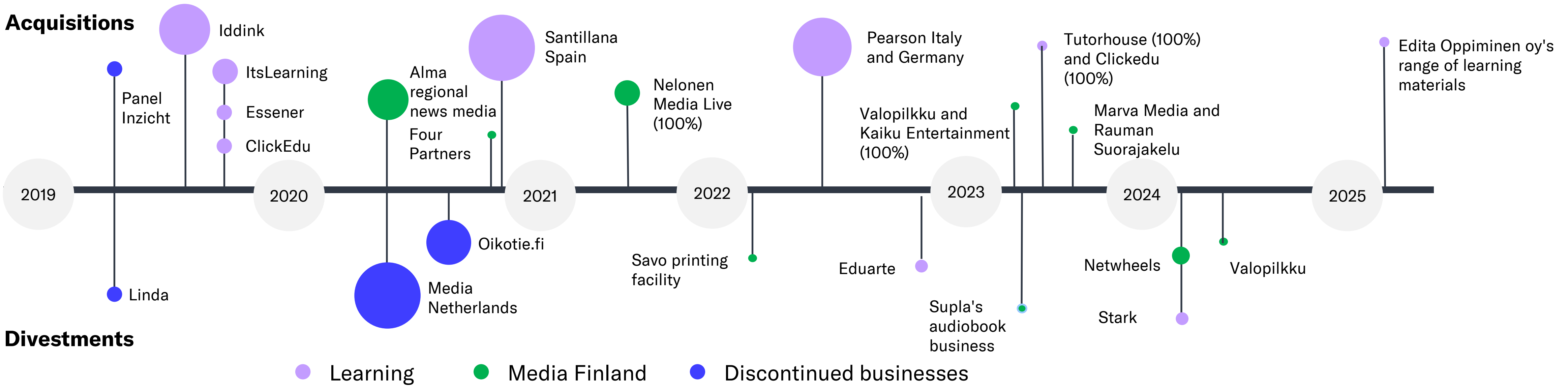
Financial targets and profit distribution policy

Gearing: Net debt to adjusted EBITDA ratio below 3.0x.

Capital adequacy: Equity ratio 35-45%.

Dividend policy: Growing dividend corresponding to 40-60% of annual free cash flow.

Sanoma's acquisitions in 2019-2025 and segments' M&A strategy



Source: The color of the ball reflects the business area in which the company is/was incorporated

Business activities' M&A strategy

Learning

- The importance of acquisitions is high
- Acquisition target areas include K12 learning solutions and related markets
- Increasing economies of scale and market share in the current core businesses and markets
- Expansion in existing market areas (short term)
- Geographical expansion to new target countries (medium and long term)

Media Finland

- The importance of mergers and acquisitions is complementary
- Possible small complementing acquisitions in areas where synergies with core businesses is high
- Partnerships and consolidation possible if opportunities appear
- Small divestments can be made to develop the portfolio

Sanoma's strategic and operational development

2017 - 2019

Stabilization of core operations and becoming active in M&A transactions

- Divestment of non-core, non- synergistic businesses
- Restructuring of financing
- Focus on improving profitability and cash flow
- Iddink and other complementing acquisitions in Learning
- Learning implemented the ”High Five” program to improve efficiency

2020 - 2023

Significant M&A transactions in both businesses

- Core businesses in a stable development phase, despite the pandemic
- Divestment of Sanoma Media Netherlands and Oikotie
- Structural revolution of media continued, and the pandemic accelerated the growth of digital media while strengthening the decline in print
- Santillana and Pearson acquisitions in the Learning business and acquisition of Alma Media's regional news media business in the Media business
- High cost inflation and a contraction in advertising started depressing profitability

2024 - 2025

Efficiency measures to strengthen profitability and the balance sheet

- With the structural revolution in media, the focus of the Media business continues to shift toward digital products and services
- Progress of the Solar efficiency program in Learning, continuous efficiency improvement in Media business
- Efficiency programs have already supported free cash flow through lower investments
- Strengthening of cash flow and financial position continues ahead of the next major acquisitions

Strategic and operational development trends

Actualized

- Business structure is more focused and profitable, focus shifted clearly to the Learning business
- Profitability at a good level in Learning, but Media Finland's profitability has been particularly affected by the decline in print media
- Gearing, which was elevated due to acquisitions, has decreased to a comfortable level

Near future, 1-3 years

- Focus on operational efficiency, Solar program in Learning and continuously improving efficiency in Media Finland
- Investments in the digital development of the learning business will continue, and content investments will decrease
- Media Finland focuses on the transition from print to digital
- As gearing decreases, M&As will become more relevant and their probability increases

Long-term

- Managing the structural change in media and gradually strengthening profitability as consumption continues to shift from print to digital
- Learning business, digital services and acquisitions as growth drivers
- Sanoma strives for a clearly higher market share than the current 17% in the 4-5 BNEUR European learning markets (K12) through organic growth and acquisitions
- Expansion beyond Europe is possible in the Learning business

Source: Inderes

Sector review – Learning 1/2

Demand drivers linked to structural changes, educational reforms and efficiency improvement

In our view, the learning sector's outlook and demand are influenced by three drivers: continuous curriculum and education system reforms, the structural change of demand driven by digitalization, and the need to improve learning results and make teaching more efficient.

The structural change of demand driven by digitalization has also affected the learning market for some time but due to the slow rate of overall change in the curricula and education systems, the change has been significantly slower, more predictable and controlled than in the media market. Digitalization is reflected in the learning market primarily in the declining use of printed learning materials and, at the same time, the higher demand for digital learning solutions, new business and pricing models, as well as competitors offering new purely digital solutions.

The key driver of the learning market are still country-specific curriculum, education system and learning material reforms that typically occur in 4-8-year cycles. While these changes dramatically affect demand in the short term, long-term trend growth in the industry is slow.

The third driver steering and increasing demand in the learning market in the long term is the increasing need to improve learning results and, especially, in the private education sector the need to improve the efficiency of education investments. This provides learning companies with new business expansion opportunities both in K12 and digital learning platforms.

Key trends of the learning market

In our opinion, the key trends affecting the learning market are:

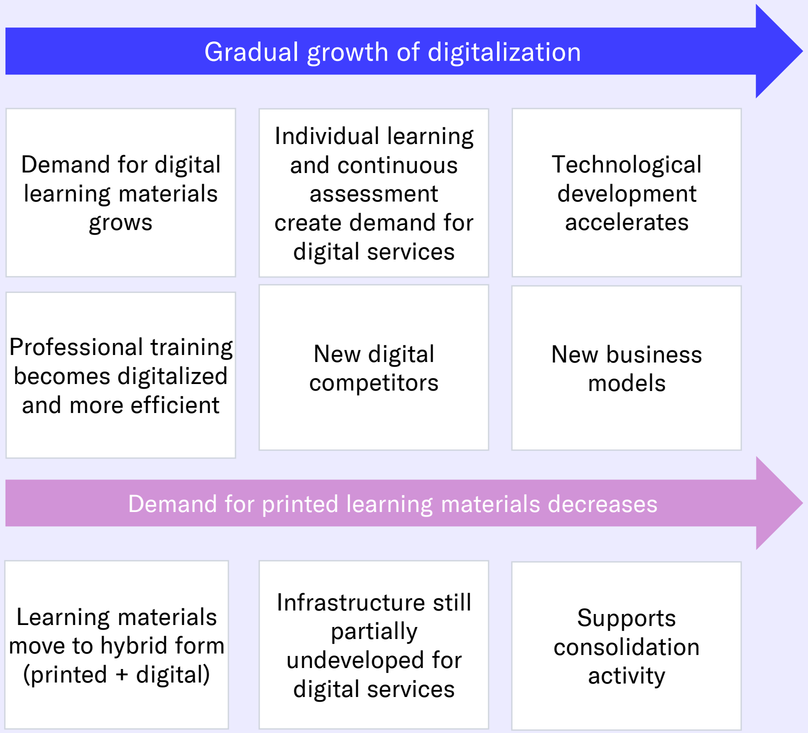
- The market share of combined printed and digital learning materials and purely digital learning solutions is growing.
- Individual learning and continuous assessment of learning are becoming more commonplace, which shapes the demand for learning solutions and increases the demand for digital services, specifically.
- The requirements for educational methods increase, and the rate of change accelerates, which together with the teacher shortage increases the need for solutions that support teaching.
- Professional learning solutions become digitalized and efficiency requirements increase.
- The number of competitors increases with new digital operators, and the consolidation of traditional operators continues.
- The sector will adopt recurring subscription fee-based business models.

We believe, the switch to distance learning driven by the COVID pandemic has increased the demand for digital learning solutions, contributing to the gradual growth of digitalization. The rate of growth varies considerably on Sanoma's target markets and the starting points on the markets also vary.

Outlook for learning materials market

According to Sanoma, the share of the learning materials market and digital learning platforms is only about 3% of the total cost of education in the company's market areas.

Key trends of the learning market



Sector review – Learning 2/2

We estimate that this part of the market will grow slowly in the long term (+0-2% p.a.) as the use of printed learning materials decreases and age cohorts diminish. With the digitalization of learning materials and new teaching methods, the market shares are redistributed based on which players are able to invest in digital solutions. We believe Sanoma is well-positioned in this revolution as it has a comprehensive and well-developed digital solution product portfolio and the ability to invest in it.

Outlook for learning platforms

The share of learning platforms and administrative systems for education is still relatively small in the revenue of learning companies like Sanoma (about 10-20%). These platforms are funded by the education budget for administration, systems and development which is significantly larger than that for learning materials. The size of this budget is normally around 15% of total costs.

As a result of the above-mentioned trends and the learning market's bigger market potential, the long-term growth outlook of this sector is, in our view, clearly more positive (>5% p.a.) than those of the learning material market.

Competitive field mainly consists of local learning companies

The learning sector requires strong country-specific expertise, tailoring and competence, as well as an extensive local sales and distribution network. For example, in Finland, teachers have a high level of autonomy and freedom to choose learning material formats and solutions, which decentralizes decision-making across a large group. Subsequently, the market entry threshold is extremely high, and competition mainly occurs between local operators. Furthermore, the number of operators in the sector is typically fairly small because profitable learning material publishing requires a relatively large-scale.

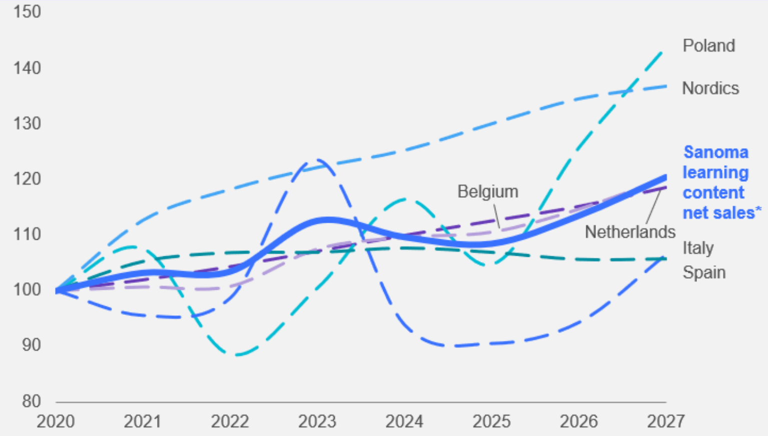
The competitive field for digital platforms and applications is, however, much more fragmented and international because competition also occurs between technologies, not just content and methods and, thus, competition is not quite as dependent on local level expertise. Nonetheless, according to players in the field, the infrastructure of schools still suffers from shortcomings in some countries, which slows down the adoption of digital materials.

Sanoma's main competitors in publishing learning materials are Otava in Finland, Noordhoff and ThiemeMeulenhoff in the Netherlands, Plantyn and Pelckmans in Belgium, WSiP in Poland, Liber, Natur & Kultur and Gleerups in Sweden, Grupo Anaya in Spain, and Mondadori and Zanichelli in Italy.

Noordhoff, Plantyn and Liber are owned by Infinitas Learning, while ThiemeMeulenhoff is owned by the German Klett.

According to Sanoma, all the above individual, country-specific companies mainly operate solely on their home market and none of them have significant operations in several countries even if they have the same owner. To our understanding no major publishers of digital K12 materials have so far emerged in any of the target countries where Sanoma Learning operates.

Growth forecasts for the K12 learning materials market



* Learning's content revenue excluding the effect of the Pearson acquisition in 2022-2023

Source: Sanoma

Learning 1/3

Learning is Sanoma's larger segment

The Learning segment has grown into Sanoma's larger segment measured by revenue, which is a result of, e.g., acquisitions. Sanoma Learning's revenue in 2024 was 764 MEUR or 57% of Sanoma's revenue. Learning is also the larger segment measured by operational result. In 2024, its operational EBIT was 147 MEUR or 19.2 % of revenue.

The Learning business comprises the sales income of printed, digital, and blended learning materials and solutions. The main segment of the company's products and services is the K12 segment, which covers basic and secondary education, as well as vocational education.

Most of Learning's income come from the steadily developing K12 market

Most of Learning's income is generated by the steadily developing and highly predictable basic (primary and lower secondary) education learning material and learning solutions market. In 2024, print income accounted for 54% of its revenue, with the remainder being non-print income.

By product and service type, 79% of Learning's revenue in 2024 was generated from learning materials, which include both printed and digital materials. This is also the most profitable business in Learning's income sources, as according to Sanoma, its profitability is 15-35%, depending on the local market. Correspondingly, in 2024, under 10% of revenue came from material distribution, which is at a low profitability level of 0-5%. Due to the low profitability of the distribution business, the company has also discontinued some distribution agreements. The remainder, i.e. 10%, was divided between teaching platforms, administration platforms, and test and analytics services, where margins are typically around 5-10%.

Geographically, more than 90% of the Learning segment's business comes from markets where it has an extensive service portfolio and where it is among the three largest operators. The strong market position of the segment's operations is based on the local companies' long history as learning material publishers, developers, and distributors, and the industry's barriers to entry. Sanoma Learning's companies include, e.g., Sanoma Pro in Finland, Nowa Era in Poland, Van In in Belgium, Malmberg in the Netherlands, Sanoma Utbildning in Sweden, Iddink in the Netherlands, Belgium and Spain, Santillana in Spain, and Sanoma Italia in Italy.

Financial targets and strategy

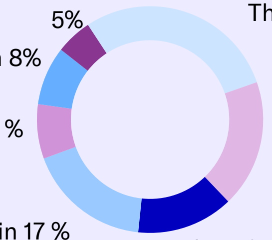
Sanoma's long-term financial targets for Learning are 2-5% annual comparable revenue growth and over 23% operational EBIT margin excluding PPA, which it aims for with the help of the Solar efficiency program by 2026, and approximately 80% of the related measures had been implemented by the end of 2024. In addition, 75% of the Group-level revenue target of over 2 billion should come from the Learning business in 2030. This means that the company's goal is to nearly double the size of Learning by the end of this decade. Learning targets organic growth via curriculum reforms and increasing digitalization. In addition, the segment continues to make targeted investments in content and digital platforms. We estimate that acquisitions will be a key growth driver also in the future.

764 MEUR **(2023 : 795 MEUR)**
Revenue 2023

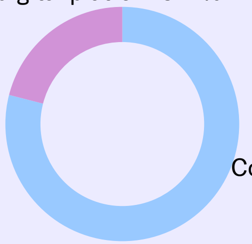
19.2% **(2023: 18.7%)**
Profitability, operational EBIT %*

~ 17% market share
On Europe's 4-5 BNEUR K12 market

Revenue by country, 2024



Revenue by product type, 2024



Source: Inderes, Sanoma
* Operational EBIT excl. PPA

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From time to time, fluctuations in education cycles have a significant impact on the segment's revenue development (see p. 14 graph). For example, the end of the Spanish curriculum reform lowered revenue last year together with the termination of unprofitable distribution agreements.

We estimate that Learning will try to strengthen its hold, especially on the digital learning platforms on various markets also in future, because this position is strategically attractive due to the stable nature of income. In addition, on the platform side, we expect purchases to have long life cycles because the threshold to change platforms is high due to costs and usage habits. Whereas we suspect that changing learning materials is a bit easier when the curriculum changes. Here, the company can expand by introducing platforms it already owns to markets where the level of digitalization is rising or inorganically by acquiring platforms with a strong foothold on these markets.

We believe, the focus of Sanoma's acquisition strategy will be, above all, on expanding Learning. Here we believe the main target market is the K12 market in Europe, but we do not believe expansion in the K12 market outside Europe is out of the question in the long term.

Growth estimates for the next few years

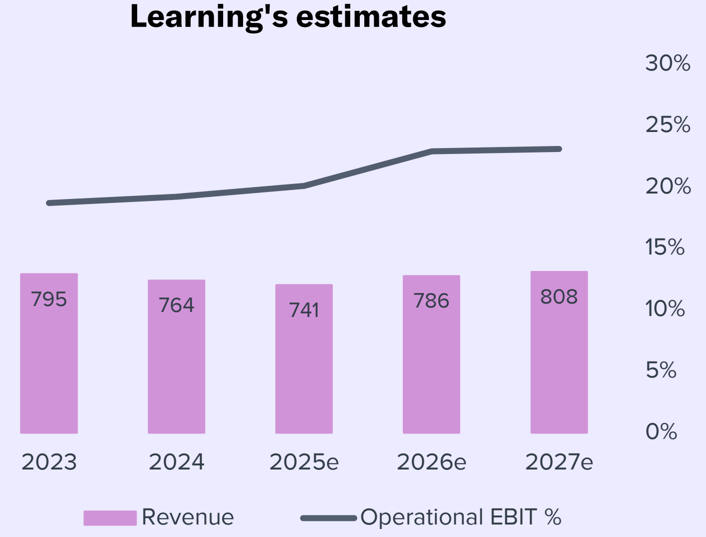
We estimate that the Learning segment's revenue will decrease by 3% in 2025, due to stable demand for learning materials in almost all of Learning's major operating countries, as well as the termination of distribution agreements, which will continue to hamper revenue slightly. In our estimate, revenue is supported by the usual price increases, as the calming of inflation has removed the pressure and justification for higher price increases seen in previous years. Against this background, our revenue forecast for 2025 is 741 MEUR (2024: 764 MEUR).

In 2026, we expect revenue to turn to clear growth, as we estimate revenue of 786 MEUR, corresponding to a growth of 6%. This growth is driven by Learning's major operating countries, Poland and Spain, turning to growth, which is supported by the continued stable growth in the Netherlands and the Nordic countries. However, Italy's continued slight contraction slows down growth a bit. Based on the market outlook, the growth drivers will remain roughly similar in 2027, which is reflected in our estimate of 3% growth to 808 MEUR in 2027.

Estimates for the next few years

We expect Learning's operational EBIT for 2025 to develop fairly steadily, as our operational EBIT estimate is approximately 149 MEUR (2024: 146.9 MEUR) corresponding to a margin of 20.1%. Our forecast of a somewhat stable earnings level is, in addition to normal cost inflation, based on the expectation of slight earnings pressure as a result of the decrease in revenue. However, savings from the Solar efficiency program, which will be reflected in 2025 earnings, will slightly offset this impact. It should also be noted that the profitability of the distribution agreements driving the contraction in revenue has historically been quite low, so the earnings loss from their termination is also small.

We forecast operational EBIT for 2026 to rise to around 180 MEUR, driven by strong revenue growth and the full impact of the Solar program. In the Solar program, part of the earnings improvement will come from lower depreciation due to smaller investments,



Income statement (MEUR)	2023	2024	2025e	2026e	2027e
Revenue	795	764	**741**	**786**	**808**
Operational EBIT	148.4	146.9	**148.8**	**179.7**	**186.5**
EBIT adj.	113.9	116.5	**118**	**151.7**	**161.5**
EBIT	70.5	59.1	**102.5**	**145.7**	**155.5**
Non-recurring items	-43.4	-57.4	**-15.5**	**-6**	**-6**

Growth and profitability	2023	2024	2025e	2026e	2027e
Revenue growth, %	16.8%	-3.9	**-3.1%**	**6.1%**	**2.7%**
Growth in operational EBIT %	12.6%	-1%	**1.3%**	**20.8%**	**3.8%**
Operational EBIT %	18.7%	19.2%	**20.1%**	**22.9%**	**23.1%**
Adj. EBIT %	14.3%	15.2%	**15.9%**	**19.3%**	**20.0%**
EBIT %	8.9%	7.7%	**13.8%**	**18.5%**	**19.3%**

Source: Inderes

Learning 3/3

which has already been reflected in investment levels and thus free cash flow. In addition, we estimate that higher volumes will highlight the efficiency improvements sought through the efficiency program in content design and production. The development of digital platforms has also largely been centralized in Poland and Spain, so this should also be reflected in earnings next year. Our 2026 estimate corresponds to an operational EBIT margin of 22.9%, which is roughly in line with the company's target level of over 23%. We forecast revenue growth to raise the 2027 operational EBIT margin to 23.1%, which corresponds to an operational EBIT of 186.5 MEUR. The slight strengthening of profitability in the 2027 estimate is due to volume growth in the rather profitable Spanish and Polish education market.

Thanks to Learning's long-term stable outlook, we feel the related forecasting risks are more moderate than for the average business. Negative estimate uncertainty is increased by the risk of inflation fluctuations, as we estimate that incorporating them into pricing will be structurally delayed. Thus, rising inflation could put more pressure on profitability than we expect. We believe the key positive risks are related to a more effective efficiency program than we expect.

Learning's valuation

We have identified five listed peer companies for the Learning segment but, due to the different development stages of some operators, we feel their valuation as a whole does not currently work as a relevant yardstick for Learning. In our estimate, Pearson, John Wiley & Sons Inc and Wilmington are most suitable among the peer companies for the valuation comparison, and we have determined Learning's acceptable valuation multiples based on the average EV/EBIT multiples for 2025 and 2026, which are around 1412x. With our 2025 and 2026 operational EBIT estimates for Learning and the multiples of the peer companies, Learning's value is 1,887 MEUR. We consider the absolute valuation multiples of the peer companies justified for the next few years, considering the stable and predictable demand and fairly good profitability level of Sanoma's Learning business.

We also believe that the valuation of Learning can be compared to the valuation multiples of the Santillana Spain and Pearson acquisitions. The enterprise value (EV) of the Santillana transaction was 465 MEUR and the average operational EBIT excluding PPA of the acquired target in 2018-2020 was 34.6 MEUR. Thus, the EV/EBITA ratio of the transaction was good 13x. We expect that Learning's operational EBIT for 2025 will be 149 MEUR, in which case the acquisition valuation multiple would indicate that Learning's EV is around 1,845 MEUR. The Pearson transaction's EV was 190 MEUR and the average operational EBIT (excluding PPA) for 2020-2021 was 17.5 MEUR, which is nearly 11 EV/EBITA. This would give Learning a value of 1,615 MEUR. Therefore, Learning's value is 1,885 MEUR calculated on the average of the methods presented above. Thus, Learning's valuation has risen slightly from the previous extensive report (2024 estimate: 1,713 MEUR). This is due to the valuation multiples of peers rising slightly and our earnings estimate being a bit higher than a year ago.

Learning's peer group

Peer group Company	EV MEUR	EV/EBIT 25e	 26e	EV/S 25e	 26e
Bloomsbury Publishing PLC	583	12.1	11.0	1.4	1.4
Pearson PLC	10850	14.1	13.1	2.4	2.3
John Wiley & Sons Inc	2936	13.5	11.9	1.9	1.9
Wilmington PLC	358	14.3	11.3	2.8	2.6
Chegg Inc	221			0.6	0.6
Average		**13.5**	**11.8**	**1.8**	**1.8**
Median		**13.8**	**11.6**	**1.9**	**1.9**

Source: Inderes, Refinitiv

Sector review – media 1/4

Structural and cyclical drivers

The growth of the media sector is currently influenced by several structural, legislative and cyclical drivers. The main driver of the media sector has for a long time been the structural revolution arising from digitalization and demographic factors, which shapes consumer and advertiser demand, as well as the competitive field of the media industry, while disrupting business models. The revolution is most evident in the sharp trend-like decline of print media income and growth in digital media. The general economic trend (GDP change), which has historically had a clear correlation especially with advertising income trends, has been left in the shade of structural change as a demand driver. However, short- and medium-term GDP changes still have a significant effect on advertising income. In addition, media companies are strongly affected by technological development, the partial blurring of media sector boundaries, as well as legislative and cultural factors that shape the competitive dynamic between media companies and social media, in particular.

Key trends of the media sector

In our view, the key media sector market trends for investors are:

- The use of and demand for traditional media (newspapers, magazines, books and linear TV) decreases, which gradually reduces the content and advertising income of print media and weakens their profitability.
- The consumption of digital content and services increases and becomes more diverse, e.g., as mobile devices and applications become increasingly popular, which increases digital content and advertising income and improves relative profitability.
- The competitive media field is globalizing, and access to content and data becomes faster and easier, which especially weakens the competitiveness of small media companies specializing in print media and increases competition for content income and advertising investments.
- Willingness to pay for digital content increases and the pricing models develop, supporting the growth of digital content income.
- Advertising becomes automated and more efficient, which will shape the structure and pricing of the digital advertising market.
- The quantity and importance of data increases, creating new business opportunities and services.
- Data protection and privacy requirements increase. One of these drivers is the EU's General Data Protection Regulation (GDPR), which levels the playing field between local media companies and global platform operators.
- Technological expertise and investment ability are emphasized as competitive factors.

Advertising market development and outlook

In the past few years, the most influential trend on the Finnish advertising market has been the sharp decline of print media and, equally, the increase of digital

Digitalization
New devices, new digital services and applications, faster network connections and the growing share of "digital natives" among the population digitalizes media consumption heavily.

Economic trend
Conventionally, the media sector has been very sensitive to economic fluctuations because over 50% of the income comes from advertising. With digitalization, the percentage of content income of revenue grows, which makes the sector less sensitive to economic fluctuations.

Technological development
New technologies change the earning models and competition dynamic. Especially the role of data and analytics as a competitive factor becomes highlighted. The main competitors are global platforms and technology companies.

Regulation and culture
Data protection and privacy regulation becomes stricter, which increases the importance of fixed customer relationships. So-called 'fake news' emphasize the role of well-known and trusted content providers.

Source: Inderes

Sector review – media 2/4

advertising. The growth rate of the Finnish advertising market is clearly lagging the GDP trend, which is explained, e.g., by the relatively large share of print media of the overall market.

Coverage of statistics describing total advertising has become slightly less comprehensive in recent years, as a significant part of advertising investments is directed at global operators excluded from the calculation, such as Facebook and Google. Advertisers have also invested heavily in the deployment of new advertising technologies, which has decreased direct investment in media advertising.

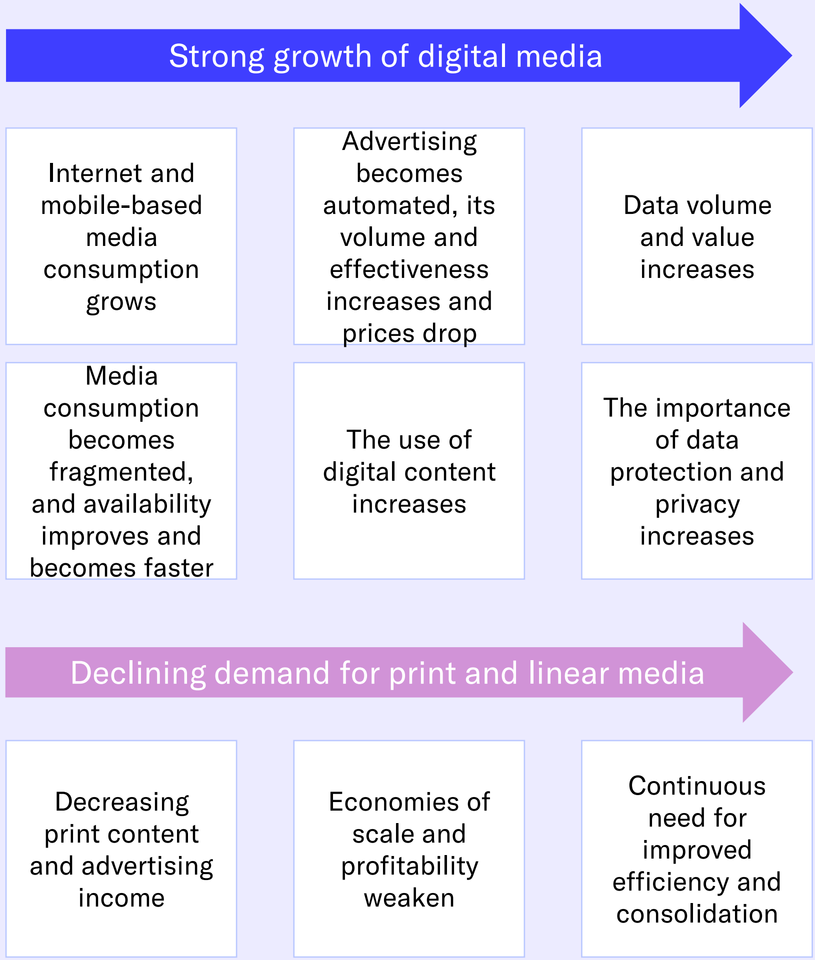
Examined by advertising channel, the development of the advertising market has been very divaricated for a long time. In Finland, advertising in magazines and newspapers has halved in the 2010s, and the amount of TV advertising has also dropped clearly. By contrast, the amount of online advertising has more than doubled since the beginning of the 2010s and according to Kantar TNS its share of total advertising was some 55% in 2024.

Major global players like Facebook and Google have taken a large share of the value of digital advertising and are competing with national players in this market. The fastest-growing trends within digital advertising have been social media marketing, mobile marketing and native advertising. We expect the structural trends in the advertising market to continue as unchanged in the big picture in the coming years. This means that we expect the decline in print advertising to continue and the relative share of digital advertising to increase. Thus, we expect the overall market value development to be fairly stable in Finland, depending, however, on the economic growth rate.

According to Kantar TNS, the volume of online advertising in Finland has grown roughly by 5-10% per year in recent years, but in 2023-2024 it remained at the previous year's level, reflecting the subdued economic development. In 2024, growth in the entire market fell to -3% (2023: -2%), where one of the main drivers was an 18% drop in print advertising in newspapers. We believe the growth in online advertising will continue to be brisker than general market growth in the medium term. We expect the linear TV advertising trend to continue on a slight decline (-5–0%) in the medium term, as some of the investments previously made in TV advertising will be redirected to digital advertising and streaming services.

Content income trends

There is no detailed statistics on the market development of content income but based on the development of media sector companies we estimate that content income has decreased slightly (0-3%) in a historical review. We believe, the decline has been sharpest in single copy sales of tabloids and magazines. The decrease of content income has been curbed by price increases and, especially, the accelerated growth of digital content sales. Even though the share of digital content sales overall is still relatively low, the largest media operators, like Sanoma and Alma Media, have successfully managed to increase the number of subscribers paying for digital content. At the moment, subscribers of only the digital



Source: Inderes

Sector review – media 3/4

newspaper are the largest customer segment of Helsingin Sanomat. The number of users paying for digital subscriptions of news media has grown to good 95% of the total number of subscribers.

The growth in the number of digital subscribers has been driven by, e.g., greater willingness to pay for digital content as the popularity of digital services, such as Netflix and Spotify, has increased, the discussion concerning fake news, the measures to develop paywalls and chargeable content, as well as improved accessibility and quality of digital services. Growth of digital content sales has, however, strongly focused on news and financial media, while digital subscription income development in magazines has to our understanding been relatively muted. We estimate that overall growth in content income will be low in the next few years, as the growth of digital content income does not fully compensate for the decline in print media income due to the higher prices of print media.

Growth of digital content improves relative profitability

One of the positive effects of the digital revolution of the media sector is that the growth of the relative share of digital income improves the sector's relative profitability. The improved relative profitability is based on the gross margin of digital products and services, which is typically clearly higher than that of print media products due to lower distribution and material costs. The scalability of digital operations is also markedly better than that of print media.

According to our estimate, the EBIT % of media operations relying solely on digital content and advertising income is roughly 20-30%, whereas the EBIT % of print media has historically typically been within the 5-10% range. We estimate that strong cost inflation has put pressure on the profitability of print media, while their volumes have fallen significantly in recent years. This makes it even more difficult to achieve reasonable profitability in print media, which we estimate accelerates structural changes in print media.

Global giants rule the competitive field

Digitalization will increasingly shape the competitive media field, and competition in advertising takes place more against global platform companies, like Facebook and Google, instead of between local media companies. In terms of content income in print media and services, competition is still local, but TV and digital media increasingly compete with global companies, as well as companies outside the media industry (such as Apple or telecom operators).

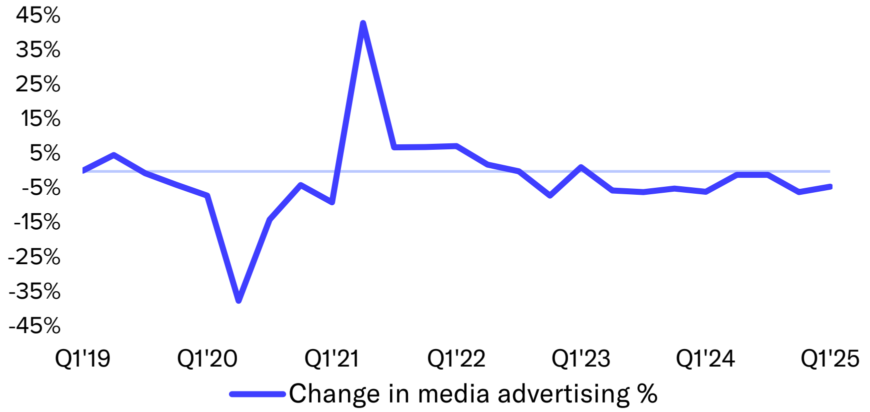
So far, leading Finnish media companies have fared relatively well in the competition against the likes of Facebook and Google, and their share of the digital advertising and content market has remained high in a global comparison. In terms of content income, Finnish media companies are supported by the high threshold to enter a small market and language region, long and strong relationships with readers in print media and strong brands. Sanoma also benefits relatively from its multichannel approach, which other Finnish or international platform or media companies do not have.

The deregulation of the gambling market is likely to grow the market

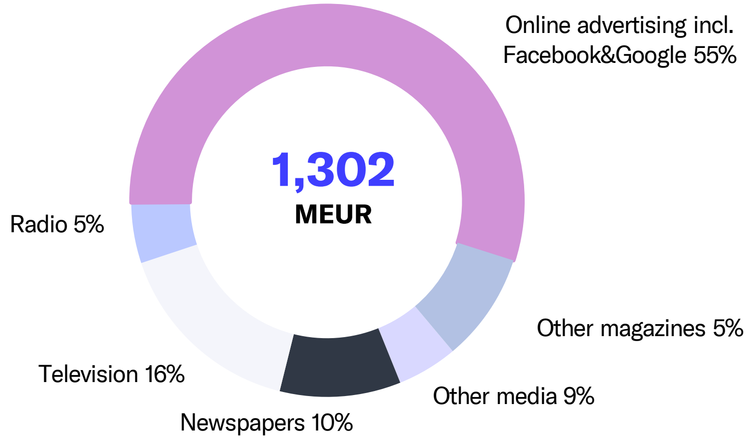
The gambling market in Finland is expected to be opened to competition in 2027. Currently, it seems that this will also grow the advertising market, as gambling companies are expected to invest in their brand awareness and marketing of the games. However, as the legislation is still pending, there is uncertainty regarding the impact of gambling deregulation on the advertising market. Based on estimates we have heard from the industry, its impact is currently estimated at around 100-200 MEUR, which, calculated from the midpoint, would mean an increase of about 12% relative to the current advertising market. However, it should be noted that gambling companies can be expected to spend money on marketing, both in the form of sponsorship agreements and pure advertising investments. The sponsorship agreement signed by Veikkaus is already an example of this. Thus, the direct impact on the advertising market is likely to be smaller than the overall impact, but nevertheless, we believe it will bring clear growth to the advertising market. Based on current information, we estimate that it will be reflected in advertising at the turn of 2026-2027 through brand-building investments, and later on as so-called continuous advertising from 2027 onwards. We estimate that the advertising investments of gambling companies will focus on digital channels in the long run, where the conversion rate of advertisements (i.e. how well individual advertisements are converted into gambling) will be a key competitive factor.

Sector review – media 4/4

Development of Finnish media advertising



Distribution of Finnish media advertising, 2024



Source: Kantar TNS, IAB and Inderes, NB! Q1'25 figures incl. only January-February figures

Media Finland 1/3

Finland's largest commercial media company

Media Finland's revenue was 581 MEUR in 2024, which corresponded with 43% of Sanoma's revenue. Measured by operational EBIT, Media Finland is, however, clearly the smaller segment (operational EBIT 47.5 MEUR or 24% of Sanoma's operational EBIT excluding Other Operations).

The segment's strategy focuses on three units, which are journalism (news & feature), entertainment and B2B marketing solutions. Journalism consists of news media like HS, regional media (e.g. Aamulehti), Ilta-Sanomat and a number of magazines. In addition, Sanoma Lifestyle that focuses mainly on printed magazines (e.g. Aku Ankka, ET and Kodin Kuvalehti) is part of the unit. Correspondingly, entertainment includes, e.g., TV and radio (Nelonen Media), live streaming service Ruutu, audio content service Supla and live events. B2B marketing solutions cover advertising and marketing solution sales.

Media Finland is among Finland's largest commercial media companies, measured by both the number of newspaper and magazine users and subscribers, printed and online media advertising, as well as TV and radio advertising. Compared to the Finnish media advertising market calculated by Kantar TNS (some 1.3 BNEUR), Media Finland's market share is good 16% of the whole market.

Income highly dispersed – weight of print media still relatively high

Media Finland's business model is widely distributed between different income sources, which is the result of the segment's multichannel operating model and comprehensive product portfolio that covers the entire Finnish media sector.

Content income has become the largest form of income for Media Finland. In 2024, the share of content income was around 50% of the segment's revenue (2023: 48%), which introduced stability to revenue. Of this, recurring subscription income made up 87% and single copy sales only some 13%. We estimate that a significant share of content income is currently generated by printed and digital newspapers' content (e.g. HS), even though the subscription income of video services (Ruutu.fi and Supla) has also increased in the longer term.

Advertising income formed 37% of the segment's revenue in 2024 (2023: 37%). In 2024, some 79% of advertising income came from more stable TV and radio advertising and growing online advertising, while only around 21% came from declining print media.

Other income comprised nearly 13% of the segment's revenue in 2023 (2023: 16%). In particular, selling of the Netwheels business, together with other smaller divestments clearly reduced other income in 2024 compared to the previous year. At the same time, other revenue was slightly reduced by the smaller number of events and festivals and the decline in sales of external printing services. Other sources of income in other income include marketing services and book publishing services. In the longer term, we estimate that printing services is a declining source of income in other income.

Segment's financial targets and strategy

Sanoma's long-term financial targets for Media Finland are +/-2% comparable revenue growth and operational EBIT % excluding PPA of 12–14%.

Media Finland in brief, 2024

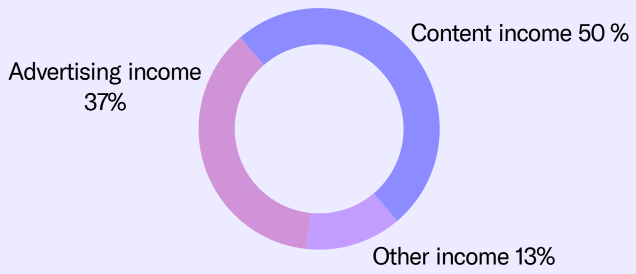
581 MEUR **(2023: 598 MEUR)**
Revenue 2024

8.2% **(2023: 6.7%)**
Profitability 2024, operational EBIT %*

54% / 46%
Share of non-print media/share of print media of revenue, 2024

16% **(2023: 16%)**
Market share of the Finnish media advertising market

Revenue by income type, 2024



Source: Inderes, Sanoma
* Operational EBIT excl. PPA

Media Finland 2/3

The revenue growth outlook of Media Finland is subdued and ambiguous in the long term, as close to half of the segment's income continues to be based on the print media market that is declining strongly thanks to structural trends. Despite the structural decline of print media, the company believes in sustainable growth of digital content demand so the segment's strategy focuses on a leading position in the news & feature segment. Therefore, the strategy is built around maintaining a leading position throughout the shift from print to digital, which was also the basis for acquiring Alma Media's regional news media operations in 2020.

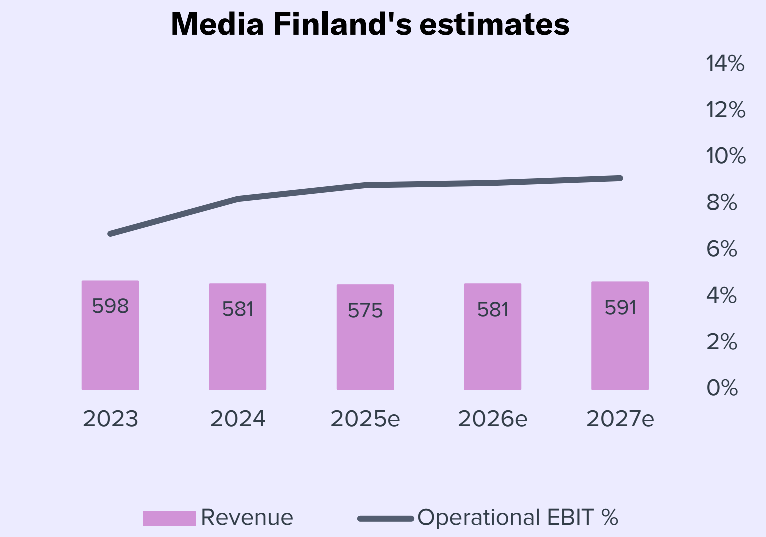
However, due to the lower unit price of digital media, the shift from print to digital has a negative effect on the company's revenue. However, digital is much more scalable due to its cost structure and, consequently, more profitable. Accelerating the shift is not, however, strategically attractive as quickly scaling down the distribution of print media and printing costs is not possible. In addition, it would weaken advertising income quickly and not all consumers are ready to move fully to digital consumption. Thus, Sanoma lets the consumer control the change pace instead of actively seeking to speed it up itself, which we feel is justified.

Media Finland's growth forecasts

We estimate Media Finland's revenue to decline by 1% to 575 MEUR in 2025, reflecting our expectation of a decrease in advertising, single-copy sales and other income. Subscription income that will maintain slight growth acts as a bit of a counterforce. In addition, the structural shift from print to lower-price-point digital products is hampering revenue development. In our estimates, the contraction in advertising is substantial in H1'25, and even though we forecast the development to stabilize in H2'25, our full-year estimate Sanoma's advertising development is 1%. In 2026, we expect advertising sales to turn to 2% growth as a result of the recovery in economic growth, while the growth picture for other types of sales is somewhat similar to the previous year. Thus, in our estimates, 2026 revenue will grow by 1% to 581 MEUR. In 2027, we expect Media Finland's growth to accelerate slightly and reach 2%. A factor that stands out from the previous year's growth drivers in our 2027 estimates is the doubling of the advertising growth rate to 4%, which is based on our expectation of the deregulation of the gambling market and the resulting growth in advertising. We believe that Sanoma is well-positioned to take a significant slice of this market, but we would like to point out that there is some uncertainty regarding market development (size and timing of its construction).

Media Finland's profitability forecasts

We expect Media Finland's operational EBIT to rise to 50.5 MEUR in 2025, which corresponds to an operational EBIT of 8.8%. Operational EBIT is strengthened by the usual and continuous efficiency measures implemented by Media Finland and the gradual change in the revenue structure towards digital income that is more profitable. These same drivers, together with a slight increase in advertising, support an increase in operational EBIT to 51.5 MEUR, or 8.9% of revenue in 2026. In 2027, we expect earnings growth to accelerate from the year before and the segment's operational EBIT to rise to 54 MEUR or 9.1% of revenue. This is driven by the acceleration in the growth of high-margin advertising, as we estimate that gambling advertising will focus more on digital channels.



Income statement (MEUR)	2023	2024	2025e	2026e	2027e
Revenue	598	581	**575**	**581**	**591**
Operational EBIT	39.8	47.5	**50.5**	**51.5**	**54**
EBIT adj.	33.0	41.1	**44.5**	**46.5**	**49**
EBIT	-8.4	38.2	**41.5**	**43**	**45.5**
Non-recurring items	-41.3	-3	**-3**	**-3.5**	**-3.5**

Growth and profitability	2023	2024	2025e	2026e	2027e
Revenue growth, %	-3%	-3%	**-1%**	**1%**	**1.8%**
Growth in operational EBIT %	- 39.5%	19.3%	**6.2%**	**2%**	**5%**
Operational EBIT %	6.7%	8.2%	**8.8%**	**8.9%**	**9.1%**
Adj. EBIT %	5.5%	7.1%	**7.7%**	**8%**	**8.3%**
EBIT %	-1.4%	6.6%	**7.2%**	**7.4%**	**7.7%**

Source: Inderes

Media Finland 3/3

Uncertainties related to estimates

We consider faster-than-expected growth in advertising and subscription income and more effective efficiency measures than expected to be the key positive risks related to our forecasts. However, we do not expect Media Finland to have significant potential for substantial efficiency measures, so we suspect the measures will be continuous and bring small efficiency improvements. We consider Finland's economic growth, and hence factors related to the development of advertising, as a negative risk. In addition, a key negative and positive risk is the effects of the gambling market deregulation on advertising and Sanoma's market share in this potential new market. Our current estimates assume a market size of 100 MEUR annually and Sanoma's market share to be approximately 10%. Thus, relative to the current market size estimates and, on the other hand, Media Finland's current market share, our assumptions are more on the conservative side. We believe this is justified, considering the open issues related to market development.

Media Finland's valuation

We have examined the value of the Media Finland segment based on the valuation multiples of an extensive peer group consisting of international media companies. We have defined altogether 12 peer companies for the Media Finland segment. Primarily, the peer group comprises combined print & digital media companies, similar to Sanoma, as well as a few TV companies. In response to the media transformation, many previously traditional media companies have acquired other sources of revenue alongside conventional media sources, just as Sanoma has done. Thus, there is a difference between players in, e.g., how far their income has been digitalized and to what extent they have other income sources next to traditional media. There are also differences in their market positions. Thus, we only consider the value determined for Media Finland through the peer group as indicative.

We use the peer group's 2025-2026 median EV/EBIT multiples and 2025 EV/S multiple in our valuation. The median EV/EBIT multiples of the peer group for 2024-2025 we use are 10x and 11x. Similarly, the peer group's median EV/S ratio for 2025 is in turn 1.0x.

With these above-mentioned valuation multiples and Media Finland's revenue and operational EBIT estimates, Media Finland's enterprise value (EV) is 546-582 MEUR with the average being 543 MEUR. Thus, Media Finland's value has not changed much from our last extensive report (2024 estimate: 553 MEUR).

Media Finland's peer group

Peer group	EV	EV/EBIT		EV/S	
Company	MEUR	25e	26e	25e	26e
Alma Media	1167	14.7	13.5	3.6	3.5
Future PLC	1358	5.2	4.9	1.5	1.4
Gannett	1299	13.2	11.3	0.6	0.6
ITV PLC	4095	6.9	6.7	1.0	0.9
Lagardere	7509	12.0	11.4	0.8	0.8
Arnoldo Mondadori Editore	707	7.3	7.1	0.7	0.7
News Corp	15520	17.8	15.8	1.9	1.9
New York Times	6847	17.0	15.3	2.7	2.6
Promotora de Informaciones	1181	9.3	8.3	1.2	1.2
Prosiebensat 1 Media	3264	9.9	9.0	0.8	0.8
Roularta Media Group	153	8.7	21.8	0.4	0.5
Average		**10.2**	**10.4**	**1.3**	**1.2**
Median		**9.9**	**11.3**	**1.0**	**0.9**

Source: Inderes

Financial position and development 1/ 2

Balance sheet entails considerable intangible assets

Sanoma's balance sheet total was 1,879 MEUR at the end of 2024. The assets of the balance sheet are largely composed of intangible assets. These consist of goodwill of 810 MEUR (43% of the balance sheet) and other intangible assets of 646 MEUR (34% of the balance sheet). Goodwill and intangible assets are largely the result of acquisitions, in addition to which other intangible assets include capitalization of broadcasting rights and content production costs. 86% of goodwill (with 2023 figures) is allocated to the Learning business, reflecting its large acquisitions in recent years.

The business ties up reasonable amounts of long-term tangible assets consisting mainly of buildings, i.e., premises. At the end of 2024, tangible assets stood at 61 MEUR, or 9% of the balance sheet total. We consider the asset items in the balance sheet to be current and do not expect extensive intangible assets to result in material write-downs. The underlying reason is that goodwill mainly targets the Learning business, which is a very profitable. Impairment testing carried out by the company, which we believe is based on reasonable parameters, also supports this view.

Working capital is clearly negative

The company's net working capital is typically clearly negative because the company accrues significant advance payments and non-interest-bearing debts are typically clearly higher than accounts receivable. At the end of 2024, net working capital was a negative 211 MEUR or nearly -16% of revenue (2023: -14%). This is lower than usual relative to the company's historical level, which we suspect is partly explained by the change in the focus of the business as the relative share of the Learning business has increased. Thus, we do not expect that net working capital would fall to the historical and 2020-2023 level of about -20 % with the current structure.

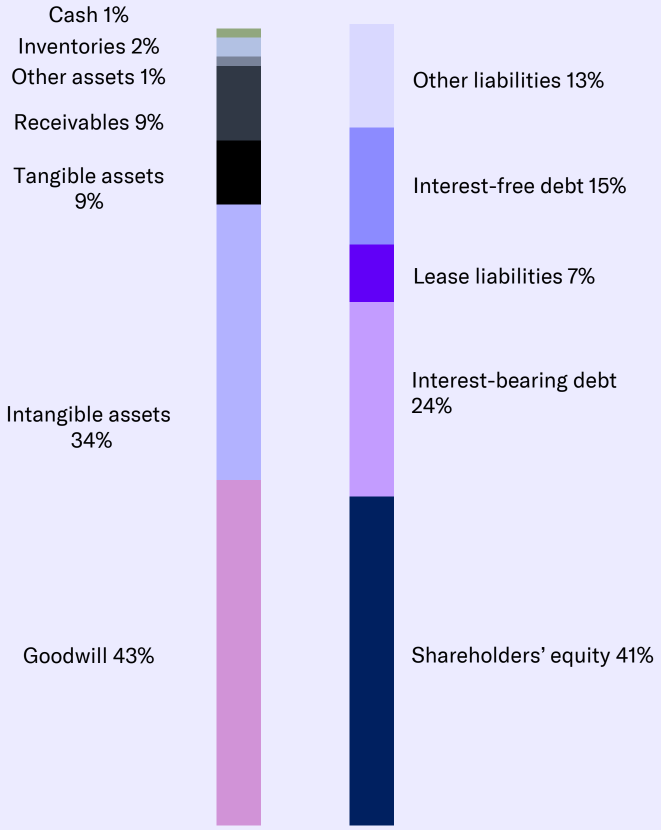
The debt level is reasonable, also considering the hybrid bond

At the end of 2024, the company had 590 MEUR in interest-bearing liabilities (incl. lease liabilities), 21 MEUR in cash assets and, thus, interest-bearing net debt amounted to 569 MEUR. It should be noted, however, that the balance sheet contains a hybrid bond of 150 MEUR, which, per accounting practice, is included as equity. It thus reduces net debt and improves balance sheet indicators. However, the capital of the hybrid bond is ultimately not shareholders' capital, and thus we consider this decrease in net debt to only be technical. Gearing in 2024 was 2.2x measured with the net debt/EBITDA ratio. If the hybrid loan was included as debt, the same ratio would be 2.8x, which is also within the target level. Thus, we believe that the company's financial position is stable overall.

At the end of 2024, the company's financial loans consisted of long-term loans of approximately 368 MEUR and short-term loans of approximately 88 MEUR. The long-term loans consist of a 150 MEUR bond (maturing in the fall of 2027), a 100 MEUR loan agreement (maturing at the end of 2025) and a syndicated credit facility (maturing in August 2026). Correspondingly, the reset date for the hybrid bond is in March 2026. In other words, large loans will fall due for the company in the coming years, but we do not expect their refinancing to become a problem.

Balance sheet structure 2024 (% of balance sheet total)

MEUR 1,879



Financial position and development 2/2

The company has also communicated that it will repay the hybrid bond in early 2026, which we believe is enabled by its financial position and ability to refinance debt. The company also has a 300 MEUR committed credit facility, which was fully unused at the end of 2024.

Free cash flow is at a good level

Sanoma's operational cash flow in 2020-2024 has been at 137-183 MEUR and in 2024 it reached 183 MEUR. On average, cash flow from operating activities has been around 13% relative to revenue, i.e. at a fairly good level.

However, the impact of IFRS16 should be included, since, despite relatively moderate fixed asset investments (on average 44 MEUR in the period), in the current size class, Sanoma's lease liability repayments have been on average 31 MEUR per year.

Considering fixed asset investments and lease liability repayments, free cash flow in 2019-2023 averaged approximately 89 MEUR and rose to 113 MEUR in 2024. The average free cash flow for the period has been EUR 0.54 per share and in 2024 the free cash flow rose to EUR 0.69 per share.

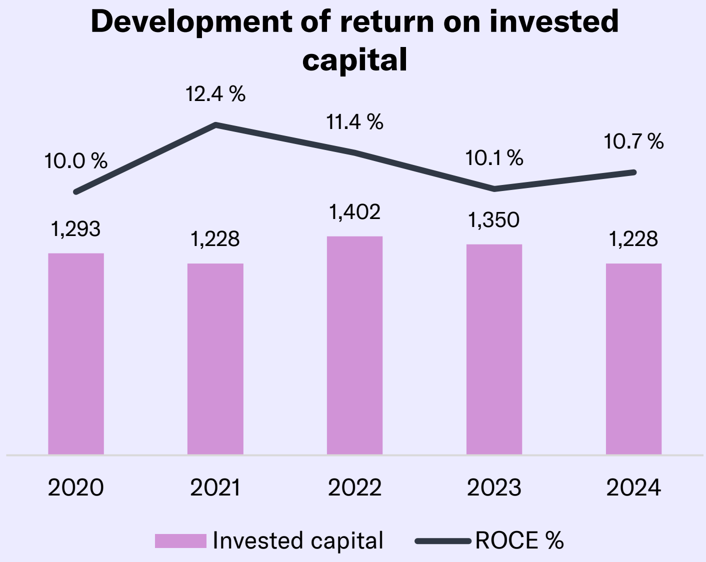
During the same period, Sanoma has paid an average dividend of approximately EUR 0.44 per share, leaving quite little of the free cash flow for debt repayment. The dividend to be paid for 2024 is EUR 0.39 per share. The company's financial position enables a dividend of this magnitude, and considering the current gearing, the expected level of free cash flow also enables increasing the dividend in the future. However, this is also dependent on inorganic growth targets and the capital tied to them.

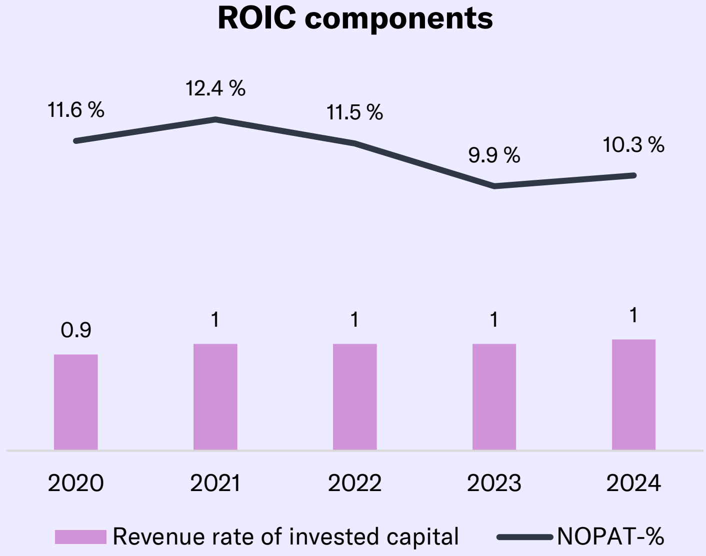
Learning's inorganic growth has tied up capital which, however, generates reasonable income

As a result of pruning non-core activities in 2016-2019 and the resulting reduction in the balance sheet, Sanoma's balance sheet and capital employed have grown considerably again in recent years, which is based especially on inorganic growth in Learning. Despite a clearly inflated balance sheet, the company's ROIC has reached a good level, as over the last five years it has averaged close on 11. Therefore, the business has created value, since the achieved ROIC exceeds the required return on capital we find justified for the company.

When examining ROIC, it should be noted that the EBIT of recent years does not for all years fully reflect the results of acquisitions made during the financial year for the whole year. This reduces ROIC, as the capital used for the arrangements is fully reflected in the balance sheet as committed capital. We have used the average capital invested in the previous two years to calculate ROIC.

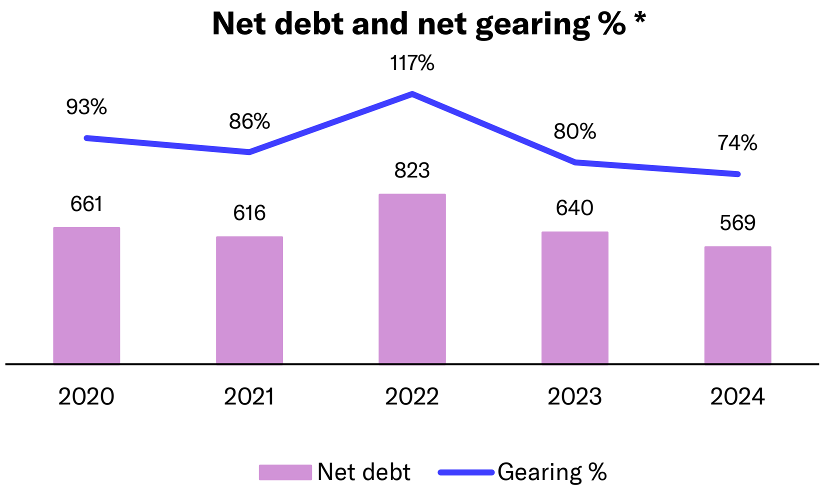
We estimate that over time, the ROIC of the current businesses will be slightly higher than the average level in the last five years if the company succeeds in the ongoing significant profitability improvement program in Learning and sustainably achieves the targeted higher profitability level in its business.

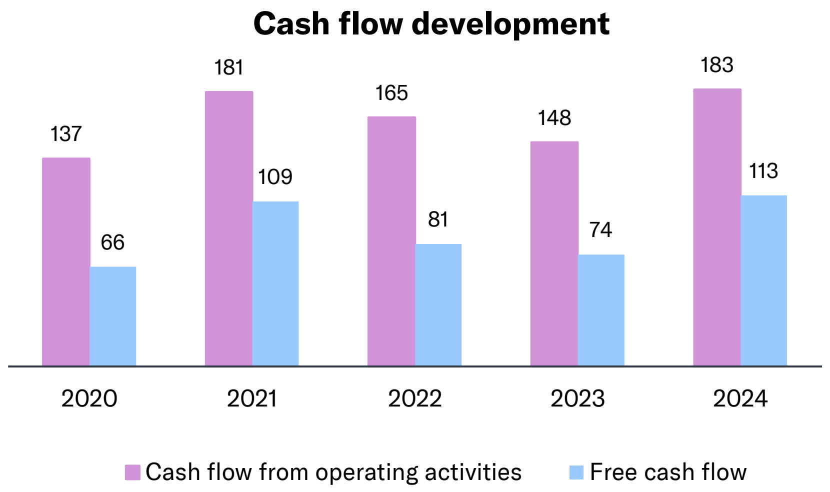


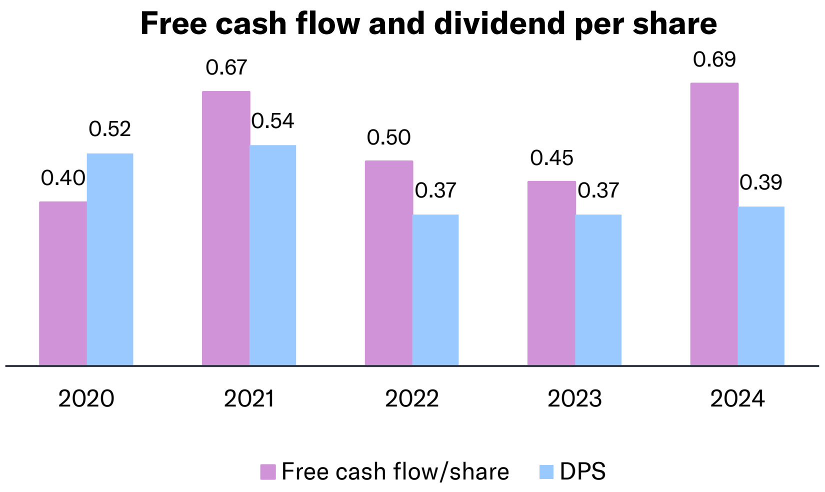


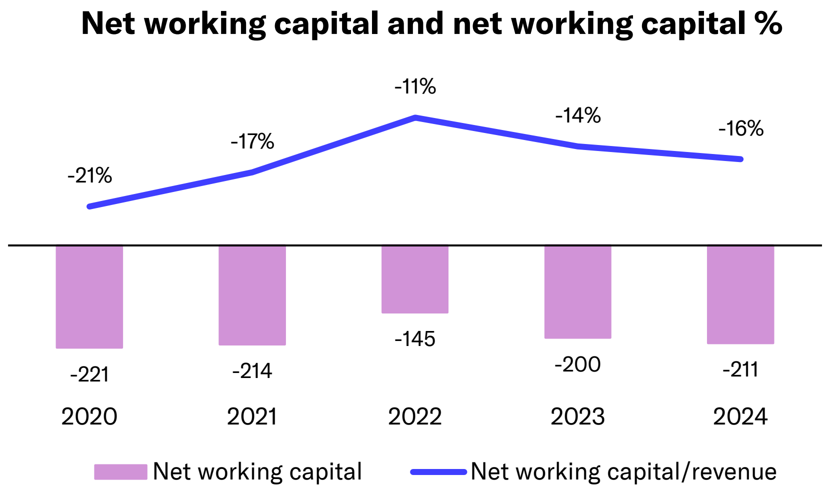
Source: Inderes

Financial position









Source: Inderes, Sanoma
* NB! Hybrid bond treated as equity, ** Free cash flow = cash flow from operating activities – com. Investments — IFRS16 payments

Group level estimates

Stable earnings development in 2025

In its guidance for the current year, Sanoma expects the Group's reported revenue to be 1.28-1.32 BNEUR (2024: 1.34 BNEUR) and operational EBIT excluding PPA to be 170-190 MEUR (2024: 180 MEUR). Our 2025 revenue estimate is 1,316 MEUR, which corresponds to a 2% decline in revenue and is at the upper end of the guidance range. The decline in revenue is driven by both segments. We forecast that operational EBIT will develop rather stably from the previous year and be 184 MEUR. Our forecast is slightly above the midpoint of the guidance range. Below operational items, we expect, in particular, the lower interest rate level to reduce net financing costs year on year while we expect the tax rate to be at its normal level. Therefore, our estimate for adjusted earnings per share for 2025 is EUR 0.55, and EPS growth is thus stronger than operational earnings growth. We expect the company to raise the dividend paid for 2025 to EUR 0.42 per share (2024: 0.39) supported by good cash flow development and a strengthened financial position.

Estimates for 2026-2027: Earnings improvement from revenue growth and efficiency measures

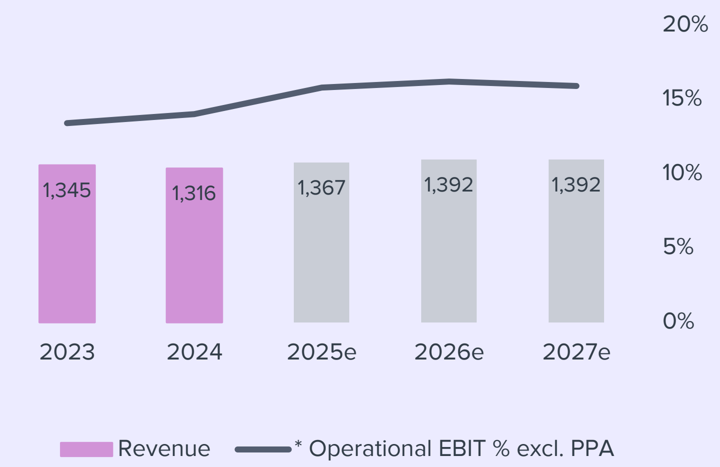
In 2026-2027, we expect Sanoma's revenue to grow by some 4% and 2%. The growth in 2026 reflects especially the growth outlook for Learning's learning material volumes, which is accelerating clearly. At the same time, we also expect Media Finland to return to growth, which is supported in particular by advertising turning to growth in our estimates. In 2027, we expect Learning's growth rate to moderate slightly from the year before, and Group-level growth moderates in our estimates due to its larger scale, despite the fact that Media Finland's growth accelerates in our forecasts, supported by advertising.

The consolidated EBIT margins in 2026 and 2027 are 14% and 15.8% with our estimates. The significantly larger margin improvement in 2026 is based in particular on Learning's Solar efficiency program, which has a significant impact on Group-level profitability. In line with operational earnings growth, we expect strong growth in EPS in the coming years, boosted by a slight decrease in net financial expenses. At the same time, however, we believe that the company will continue its inorganic growth during the forecast period, which may change indebtedness and net financial expense estimates. However, we do not include potential future M&As in the modeling. With operational earnings growth, we expect the company to raise its dividend to EUR 0.43 per share in 2026 and further to EUR 0.45 per share in 2027. The free cash flow for the next few years remains at a good level in our forecasts. We would like to point out that the decrease in investments was already partly reflected in the free cash flow for 2024, so free cash flow and operational earnings do not improve hand in hand in the next few years.

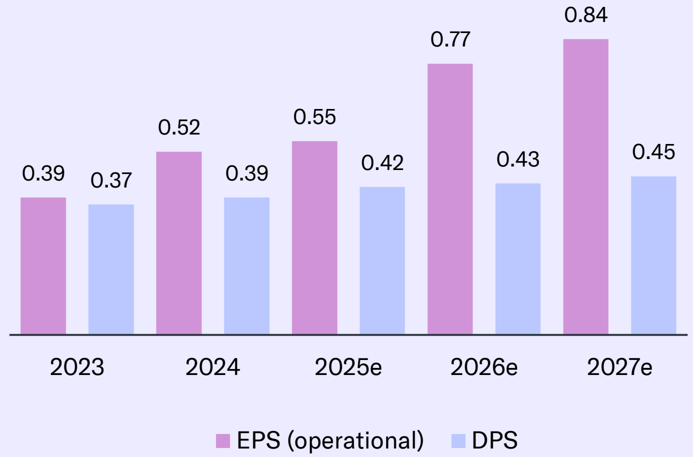
Long-term earnings estimates

In our forecasts, Sanoma's long-term revenue growth is 2%. This reflects a 2-5% growth in the Learning business and a steadily developing Media business. After the profitability improvement in the coming years, we expect a somewhat stable long-term profitability development, as we expect Learning to reach its profitability potential and we do not expect the Media business to reach its long-term profitability target.

Revenue and profitability



EPS and dividend



Source: Inderes

Estimate revisions

- In connection with the report, we have made minor forecast changes to our operational forecasts for the coming years
- The forecast changes focused on Learning and one-off items
- We revised Learning's profitability forecast slightly downwards for 2026 but correspondingly raised it for 2027
- We also raised our forecasts for 2026-2027 non-recurring items slightly
- We reviewed our 2026-2028 depreciation expectations
- Operational estimate changes were in the range of 1-2%
- However, our EPS estimates increased, caused by incorporating the repayment of the high-interest hybrid bond in the estimates from Q2'26 onwards
- We also raised our estimate on the dividend to be paid for 2027 a bit

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	1316	1316	0%	1367	1367	0%	1392	1392	0%
EBIT (exc. NRIs)	147	147	0%	183	181	-1%	188	193	2%
EBIT	132	129	-2%	175	172	-2%	180	183	1%
PTP	106	103	-3%	157	148	-6%	164	158	-3%
EPS (excl. NRIs)	0.54	0.55	1%	0.74	0.75	2%	0.77	0.81	6%
DPS	0.41	0.42	2%	0.43	0.43	0%	0.44	0.45	2%

Source: Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**1393**	**221**	**342**	**540**	**241**	**1345**	**222**	**333**	**520**	**241**	**1316**	**1367**	**1392**	**1419**
Media Finland	598	140	152	144	145	581	137	150	142	146	575	581	586	597
Learning	795	81	191	396	97	764	85	183	377	96	741	786	806	822
EBITDA	**287**	**23**	**97**	**170**	**40**	**329**	**16**	**99**	**207**	**18**	**340**	**357**	**369**	**372**
Depreciation	-235	-54	-54	-53	-87	-248	-53	-53	-53	-53	-211	-185	-186	-188
EBIT excl. NRI and PPA	**175**	**-24**	**61**	**170**	**-27**	**180**	**-23**	**61**	**170**	**-23**	**184**	**216**	**226**	**226**
EBIT (excl. NRI)	**134**	**-33**	**52**	**161**	**-36**	**143**	**-32**	**51**	**161**	**-33**	**147**	**181**	**193**	**194**
EBIT	**52**	**-31**	**43**	**117**	**-47**	**82**	**-37**	**46**	**154**	**-35**	**129**	**172**	**183**	**185**
Media Finland	33	6	12	16	7	41	6	13	17	9	44	46	49	50
Learning	114	-35	42	148	-38	117	-34	43	147	-37	118	152	162	162
Non-recurring items	-82	1	-8	-44	-11	-62	-5	-5	-7	-3	-19	-10	-10	-10
Other and eliminations	-13	-4	-3	-3	-5	-14	-4	-4	-3	-4	-15	-17	-18	-18
Net financial items	-31	-7	-11	-9	-7	-33	-7	-7	-6	-6	-26	-24	-25	-23
PTP	**20**	**-38**	**33**	**108**	**-54**	**48**	**-44**	**39**	**148**	**-41**	**103**	**148**	**158**	**162**
Taxes	-17	11	-8	-24	14	-8	10	-9	-33	9	-23	-32	-35	-36
Minority interest	-1	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	**3**	**-28**	**24**	**84**	**-40**	**40**	**-34**	**31**	**116**	**-32**	**80**	**115**	**123**	**126**
EPS (adj.)	**0.39**	**-0.20**	**0.17**	**0.75**	**-0.20**	**0.52**	**-0.20**	**0.20**	**0.73**	**-0.20**	**0.55**	**0.75**	**0.81**	**0.83**
EPS (rep.)	**-0.03**	**0.00**	**0.00**	**0.00**	**0.00**	**0.19**	**0.00**	**0.00**	**0.00**	**0.00**	**0.43**	**0.69**	**0.75**	**0.77**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	7.3 %	1.5 %	0.3 %	-7.0 %	-4.8 %	-3.5 %	0.4 %	-2.7 %	-3.8 %	0.0 %	-2.2 %	3.9 %	1.9 %	1.9 %
Adjusted EBIT growth-%	-10.7 %	-19.2 %	20.7 %	-4.8 %	-2.6 %	7.1 %	-1.9 %	-0.5 %	0.1 %	-10.0 %	2.9 %	22.9 %	6.3 %	0.8 %
Adjusted EBITDA-%		20.1 %	32.9 %	21.8 %	21.4 %	24.3 %	9.2 %	31.2 %	41.1 %	8.3 %	27.2 %	26.8 %	27.2 %	26.9 %
EBITDA-%	20.6 %	10.3 %	28.3 %	31.5 %	16.4 %	24.5 %	7.2 %	29.7 %	39.9 %	7.3 %	25.8 %	26.1 %	26.5 %	26.2 %
Adj. EBIT-% exlcuding PPA amortizations	12.6 %	-10.8 %	17.9 %	31.5 %	-11.3 %	13.4 %	-10.4 %	18.2 %	32.7 %	-9.7 %	14.0 %	15.8 %	16.2 %	15.9 %
Adjusted EBIT-%	9.6 %	-14.9 %	15.1 %	29.8 %	-15.0 %	10.7 %	-14.5 %	15.4 %	31.0 %	-13.5 %	11.2 %	13.3 %	13.8 %	13.7 %
Net earnings-%	0.0 %	-0.1 %	0.0 %	0.1 %	-0.1 %	0.0 %	-0.1 %	0.1 %	0.1 %	-0.1 %	0.0 %	0.1 %	0.1 %	0.1 %

Source: Inderes

Investment profile

Sanoma profiled as a stable dividend company for investors

As a result of the growth in the Learning business, Sanoma's investment profile has changed considerably in the 2020s. We believe that the biggest change is the partial replacement of cyclical advertising income flows with stable and predictable income flows from the Learning business, which also has a higher margin than conventional media business. As part of the implemented structural change in revenue and earnings, we believe the longer-term risk profile of the share has decreased, and the company's operational profitability and cash flow profile have also improved. However, indebtedness, together with increased interest rates, consumes a substantial part of cash flow due to increased interest costs. In the short term, this will slow down the targeted inorganic growth of the Learning business, although the decrease in the debt level and interest rates will alleviate this pressure already this year. However, inorganic growth can be expected to continue in the medium term, which we estimate will further increase the relative share of the Learning business.

Acquisitions play a major role

Acquisitions are an important part of Sanoma's strategy, and the developmental stage and trends of the sector increase the probability of acquisitions also in future. The size class of Sanoma's acquisitions may vary significantly also in future in the long term, but we believe that it is likely that even larger acquisitions will not significantly change the company's operational risk profile in the future. Potential acquisitions are not included in our estimates before they materialize, as it is practically impossible to predict them with sufficient accuracy.

In our opinion, Sanoma's key positive value drivers for investors are:

Creating shareholder value through acquisitions: Accelerating earnings growth through acquisitions in the long term is, in our view, quite likely. We believe, the focus of acquisitions will continue to be on the more stable Learning operations. Therefore, acquisitions provide the opportunity to change the revenue and earnings structure towards even more stable income components.

Growth of digital business: We believe Sanoma's digital media operations have reasonable growth prospects and their profitability is good, so they form a value driver for the share.

Improving profitability: We see potential for Sanoma to improve profitability in both segments, which, if successful, strengthens cash flow and reduces its indebtedness. The Solar program in the Learning business will bring significant earnings improvements if successful, whereas the need for efficiency in the Media business is continuous reflecting the structural change in operations.

In our opinion, Sanoma's key negative value drivers and risks for investors are:

Reducing print media income: We expect the decline of Sanoma's print media revenue to continue far into the future, which will subdue the company's overall growth and depress cash flow in the Media business.

Weakening competitive position: The competitive field in the media industry is fragmented, the threshold to enter the industry has lowered and competition for advertising investments has increased through global operators (e.g. Facebook and Google), which means the competitive position of national, regional and local media companies has weakened.

Technological risks: The key risks in the field of digital business operations are linked to technological changes that may rapidly change the markets and business models, as well as significantly increase the costs of product development and advertising. Currently, such risks include, e.g., the increasing popularity of ad blockers and the strengthening position of social media tech platforms.

Risks related to the operating environment: Although the cyclical sensitivity of Sanoma's operations has decreased markedly, a weak economic cycle weakens earnings expectations, especially in Media Finland. Long-term demand trends also require continuous adjustments in the media business.

Acquisition risks: Sanoma has many unsuccessful acquisitions in the past that have destroyed shareholder value and serve as a reminder of the risks involved. However, with the current business structure, we feel the probability is more moderate than before, and weak acquisitions have been made before the current management of the company.

Investment profile

1. The Learning business is defensive and grows over time
2. Structural change in media decelerates organic growth, growth is sought through acquisitions especially in Learning
3. Reasonable operational risk level: strong market position, highly diversified income, modest share of cyclical income
4. Elevated gearing, which together with increased debt cost weakens cash flow
5. Cost inflation tests pricing power and efficiency measures

Potential

- Improving income defensiveness as the focus of business shifts increasingly towards the Learning business
- Growth in digital income and services
- Efficiency programs in both segments and profitability improvement potential
- Improved revenue structure with growth in the Learning business

Risks

- Failed acquisitions and integration of them
- Acceleration of the structural change in media and drop in print media
- Weakening competitive position especially against global competitors
- Risk related to technology and regulations

Valuation 1/2

Valuation methods

We examine the share's valuation with the expected total return based on the estimates for the next few years (earnings growth + dividends + expected changes in valuation multiples). In addition, we support the valuation with a sum of the parts calculation and DCF model. We have used relative valuation when defining the segment-specific values for our sum of the parts calculation. We examine the absolute valuation with the net result-based P/E ratio that also considers the interest costs of the hybrid bond and the EV/EBITA ratio that considers the balance sheet structure.

The stock's expected total return

We believe that the dividend yield, which averages just under 5% in our estimates, plays an essential role in the expected return of Sanoma's share in the coming years.

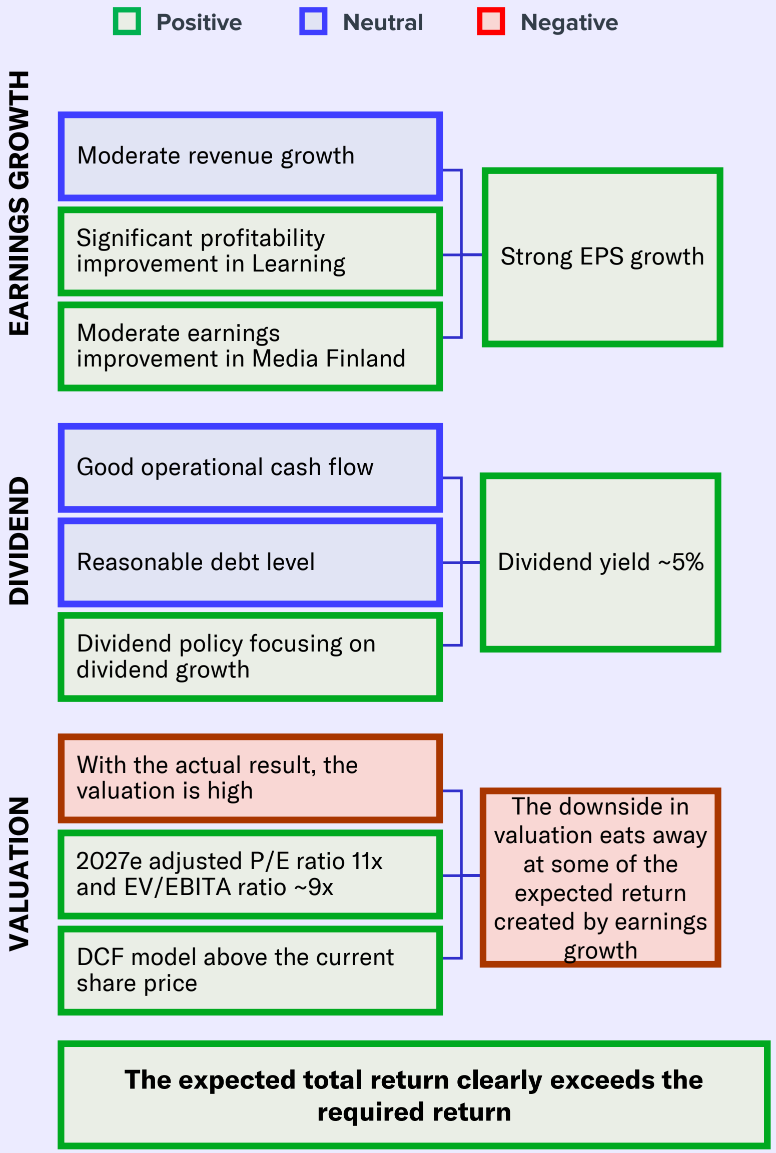
We expect Sanoma's operational result to grow in the next few years, which is mainly based on Learning's earnings growth. We also expect this to flow efficiently to net profit due to the moderation of indebtedness, resulting in a decrease in net financial costs. Thus, we expect the company's adjusted EPS to grow by 16% (CAGR-%) in 2024-2027. Therefore, earnings growth also constitutes a key driver for the expected return of the stock.

With 2025 earnings, Sanoma is valued at an adjusted P/E ratio of 17x and the corresponding EV/EBITA ratio is 12x. We consider these valuation multiples high overall, especially when viewed on a net income basis. We expect the earnings recovery to push the corresponding valuation multiples to lower levels, as the 2027 adjusted P/E is only 11x and EV/EBITA is 9x. These valuation multiples are clearly below the median valuation multiples of the past five years (2020-2024 adj. P/E 14x and EV/EBITA ~ 14x). We do not consider the historical valuation level justified at the moment as required returns have clearly increased with higher interest rates. However, we believe the earnings growth more than compensates for the downside in the valuation multiples, and thus earnings growth creates a bigger driver for the expected return than the downside in the valuation. This, together with the dividend yield we expect, pushes the expected return clearly above the required return

DCF

We feel the DCF calculation can be given weight in Sanoma's valuation especially as the largest share of cash flows comes from Learning's cash flow that is stable and predictable in the longer term. Due to the steady growth of Learning (excluding possible acquisitions) and the decrease in print media, revenue reaches a 2% growth in the model in the medium- and long-term forecast periods (2027-2033). Correspondingly, in our model, the adjusted EBIT margin rises from 10.7% in 2024 to an average of 13.5% in the longer term and is 13.5% in the terminal. This reflects the higher profitability of the Learning business and an increasing relative share of revenue. In recent history, the company has also reached higher operating profitability than these levels (excl. PPA), so we do not consider these long-term profitability expectations too demanding.

Total shareholder return drivers 2024-2027e



Source: Inderes

Valuation 2/2

The weighted average cost of capital (WACC) we use in the cash flow model is 7.5%, and the cost of equity at 8.4%. Based on these parameters, the value of the stock according to our DCF model is EUR 10.0 per share.

Sum-of-the-parts calculation

Sanoma's businesses are highly independent and there are no significant synergies between them so we believe they should be valued with different valuation multiples due to their different demand drivers, risk profiles and profitability levels. Thus we believe the sum of the parts offers a reasonable yardstick for the share's valuation and increases transparency into the company's value creation.

Our estimate of the gross value of Sanoma's parts is 2,193 MEUR based on the relative valuations we present in the segment reviews and considering Group expenses. Learning accounts for approximately 3/4 of the combined value of the two segments, while it covers as much as 86% of the aforementioned gross value.

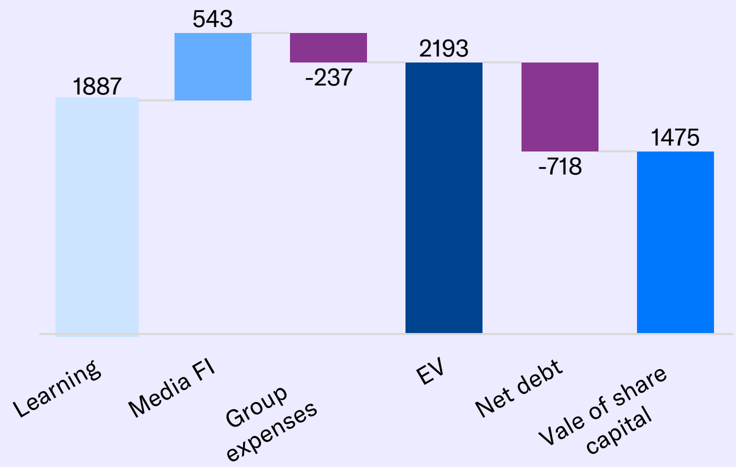
By deducting the present value of the Group costs (237 MEUR) and interest-bearing net debt of 718 MEUR (incl. a 149 MEUR hybrid) from the segments' EV at the end of 2024, the value of Sanoma's share capital based on the sum of the parts is 1,475 MEUR or around EUR 9.0 per share.

We believe that the sum of parts calculation works in creating the framework for Sanoma's valuation but we do not base our target price directly on it. The reason is that we do not expect the value of the separate components to be realized through M&A transactions in the short term. However, we consider this a possible scenario in the medium and long term. In addition, with regard to the sum-of-the-parts calculation, it should be noted that the peer groups that can be formed for both segments, and especially the Learning business, are somewhat limited or not fully comparable. Due to this, we consider the value given by the sum of the parts as only indicative.

Valuation summary

We reiterate Sanoma's Accumulate recommendation and raise our target price to EUR 10.0. Based on different methods, the fair value of the share is EUR 8.5-10.5 per share. Various valuation methods indicate that the share is moderately valued, especially relative to the earnings development forecasted for the coming years. At the same time, we consider the steps of the earnings improvement program, which largely relies on the efficiency program in Learning, to be quite clear and thus we feel the risk level of the improvement program is lower than average. Against this backdrop, we find the risk/reward ratio attractive at the current price level. The key risks associated with our view relate to factors affecting margin development in the coming years, in addition to risks related to general valuation levels (i.e. required returns).

Estimate of Sanoma's sum of the parts, 03/2025



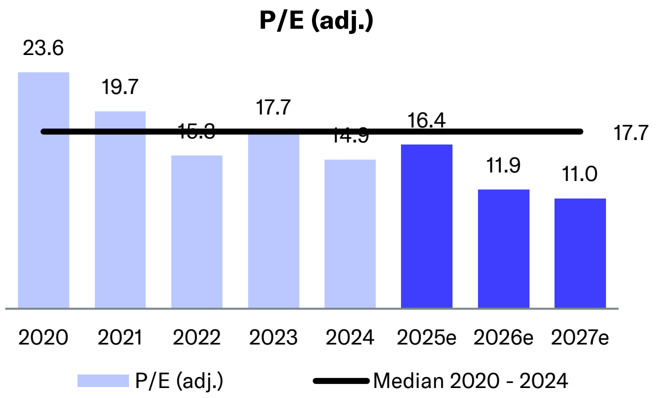
Distribution of EV, 03/2025

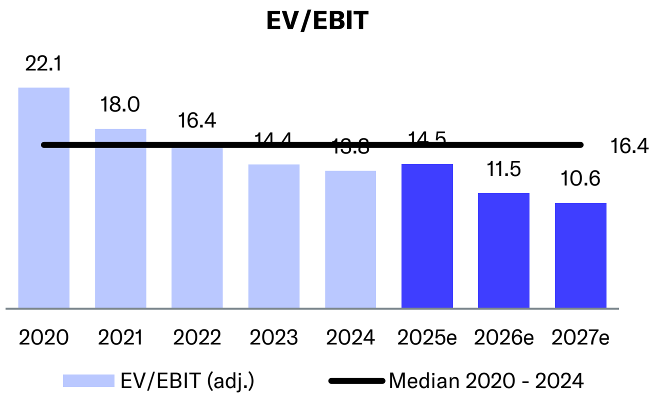
Source: Inderes

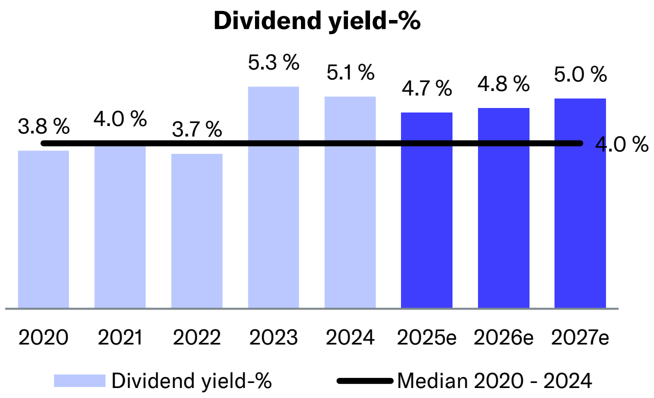
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	13.7	13.6	9.96	6.95	7.67	**8.94**	**8.94**	**8.94**	**8.94**
Number of shares, millions	163	163	163	163	164	**164**	**164**	**164**	**164**
Market cap	2240	2219	1625	1135	1254	**1462**	**1462**	**1462**	**1462**
EV	2951	2842	2453	1928	1974	**2133**	**2090**	**2038**	**1977**
P/E (adj.)	23.6	19.7	15.3	17.7	14.9	**16.4**	**11.9**	**11.0**	**10.8**
P/E	9.5	22.1	21.3	neg.	40.6	**20.7**	**12.9**	**11.9**	**11.6**
P/B	3.2	3.1	2.3	1.4	1.6	**1.9**	**2.2**	**2.0**	**1.9**
P/S	2.1	1.8	1.3	0.8	0.9	**1.1**	**1.1**	**1.0**	**1.0**
EV/Sales	2.8	2.3	1.9	1.4	1.5	**1.6**	**1.5**	**1.5**	**1.4**
EV/EBITDA	6.6	8.1	7.5	6.7	6.0	**6.3**	**5.9**	**5.5**	**5.3**
EV/EBIT (adj.)	22.1	18.0	16.4	14.4	13.8	**14.5**	**11.5**	**10.6**	**10.2**
Payout ratio (%)	35.8 %	87.6 %	79.2 %	1948.7 %	157.6 %	**85.5 %**	**61.0 %**	**59.7 %**	**56.0 %**
Dividend yield-%	3.8 %	4.0 %	3.7 %	5.3 %	5.1 %	**4.7 %**	**4.8 %**	**5.0 %**	**4.8 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Alma Media	1026	1167	14.7	13.5	12.0	11.3	3.6	3.5	17.7	16.0	3.8	4.0	4.1
Future PLC	1006	1358	5.2	4.9	4.8	4.6	1.5	1.4	5.9	5.3	0.5	0.5	1.2
Gannett Co	400	1299	13.2	11.3	5.1	5.0	0.6	0.6	84.0	19.9			
ITV PLC	3579	4095	6.9	6.7	5.8	5.6	1.0	0.9	8.8	8.3	6.3	6.4	1.8
Lagardere SA	2911	7509	12.0	11.4	8.8	8.3	0.8	0.8	10.8	9.8	3.2	3.3	1.1
Arnoldo Mondadori Editore	562	707	7.3	7.1	4.5	4.4	0.7	0.7	8.3	7.7	7.0	7.8	0.8
News Corp	14489	15520	17.8	15.8	11.6	10.9	1.9	1.9	28.6	24.9	1.0	1.0	1.8
New York Times	7369	6847	17.0	15.3	14.3	12.9	2.7	2.6	23.3	21.2	1.5	1.6	3.7
Promotora de Informaciones SA	450	1181	9.3	8.3	5.9	5.5	1.2	1.2	29.0	15.1			
Prosiebensat 1 Media	1344	3264	9.9	9.0	6.0	5.6	0.8	0.8	6.1	5.5	3.5	4.3	0.9
Roularta Media Group	215	153	8.7	21.8	4.0	5.5	0.4	0.5	13.1	34.2	6.5	8.1	0.9
Bloomsbury Publishing PLC	586	583	12.1	11.0	9.6	9.0	1.4	1.4	16.0	14.6	2.6	2.7	2.4
Pearson PLC	9758	10850	14.1	13.1	10.7	10.2	2.4	2.3	18.2	16.5	2.1	2.5	2.0
John Wiley & Sons Inc	2213	2936	13.5	11.9	7.9	7.5	1.9	1.9	12.5	11.7	3.2	3.3	
Wilmington PLC	392	358	14.3	11.3	11.0	9.7	2.8	2.6	16.5	14.9	3.1	3.4	2.7
Chegg Inc	64	221			4.0	5.5	0.6	0.6	7.4				0.3
Sanoma (Inderes)	**1462**	**2133**	**14.5**	**11.5**	**6.3**	**5.9**	**1.6**	**1.5**	**16.4**	**11.9**	**4.7**	**4.8**	**1.9**
Average			**11.7**	**11.5**	**7.9**	**7.6**	**1.5**	**1.5**	**19.1**	**15.0**	**3.4**	**3.8**	**1.8**
Median			**12.1**	**11.3**	**7.0**	**6.6**	**1.3**	**1.3**	**14.5**	**14.9**	**3.2**	**3.3**	**1.8**
Diff-% to median			**19%**	**2%**	**-10%**	**-11%**	**26%**	**19%**	**13%**	**-21%**	**46%**	**44%**	**7%**
Media peers													
Average			**10.2**	**10.4**	**6.9**	**6.6**	**1.3**	**1.2**	**19.6**	**14.0**			**1.6**
Median			**9.9**	**11.3**	**5.9**	**5.6**	**1.0**	**0.9**	**13.1**	**15.1**			**1.2**
Learning peers													
Average			**13.5**	**11.8**	**8.6**	**8.4**	**1.8**	**1.8**	**14.1**	**14.4**			**1.8**
Median			**13.8**	**11.6**	**9.6**	**9.0**	**1.9**	**1.9**	**16.0**	**14.8**			**2.2**

Source: Refinitiv / Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**1643**	**1512**	**1511**	**1539**	**1566**
Goodwill	812	810	810	810	810
Intangible assets	601	496	473	479	484
Tangible assets	185	161	183	205	226
Associated companies	4	4	4	4	4
Other investments	6	6	6	6	6
Other non-current assets	31	33	33	33	33
Deferred tax assets	6	4	4	4	4
Current assets	**273**	**217**	**217**	**225**	**238**
Inventories	54	45	39	41	42
Other current assets	14	9	9	9	9
Receivables	139	142	138	150	160
Cash and equivalents	66	21	30	24	27
Balance sheet total	**2055**	**1879**	**1841**	**1842**	**1848**

Source: Inderes

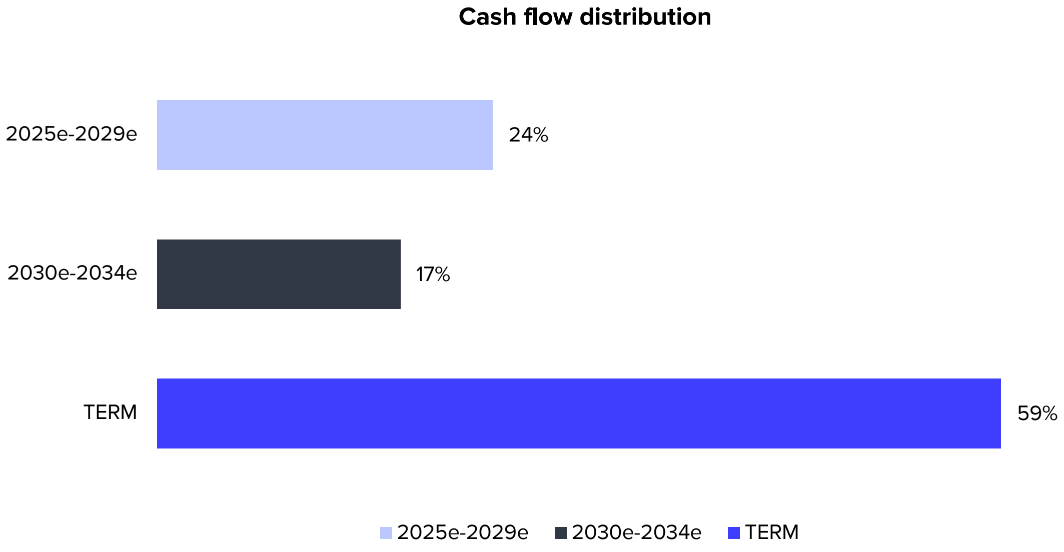
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**799**	**772**	**779**	**674**	**727**
Share capital	71	71	71	71	71
Retained earnings	140	114	121	166	219
Hybrid bonds	149	149	149	0	0
Revaluation reserve	0	0	0	0	0
Other equity	436	436	436	436	436
Minorities	3	1	1	1	1
Non-current liabilities	**499**	**583**	**561**	**661**	**611**
Deferred tax liabilities	116	100	100	100	100
Provisions	2	5	5	5	5
Interest bearing debt	374	472	450	550	500
Convertibles	0	0	0	0	0
Other long term liabilities	7	7	7	7	7
Current liabilities	**738**	**524**	**501**	**507**	**510**
Interest bearing debt	331	118	100	100	100
Payables	242	239	234	239	242
Other current liabilities	165	167	167	167	167
Balance sheet total	**2037**	**1879**	**1841**	**1842**	**1848**

DCF-calculation

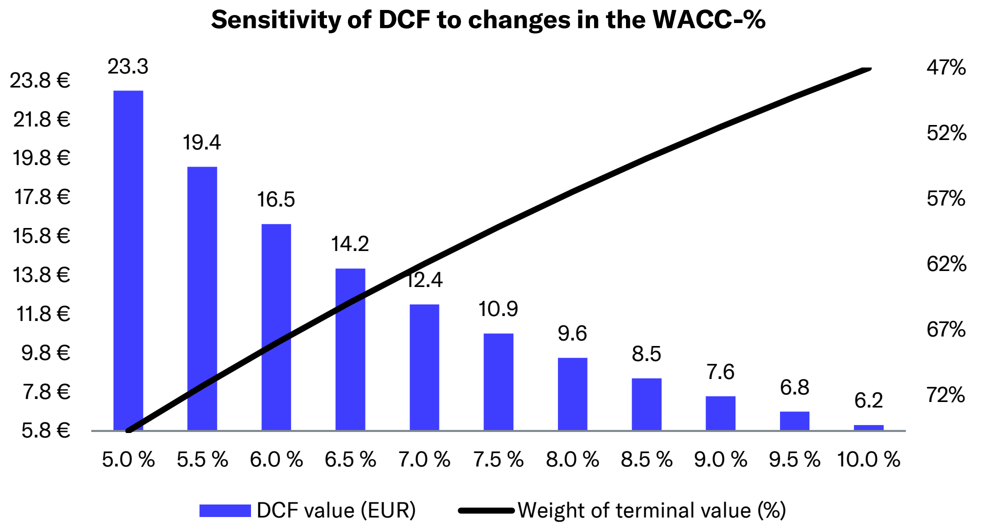
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-3.5 %	-2.2 %	3.9 %	1.9 %	1.9 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	6.1 %	9.8 %	12.6 %	13.1 %	13.0 %	13.5 %	13.5 %	14.0 %	14.0 %	13.5 %	13.5 %	13.5 %
EBIT (operating profit)	**81.8**	**129**	**172**	**183**	**185**	**195**	**199**	**211**	**215**	**211**	**216**	
+ Depreciation	248	211	185	186	188	177	170	173	176	182	184	
- Paid taxes	-22	-23	-32	-35	-36	-39	-40	-43	-45	-44	-46	
- Tax, financial expenses	-3.4	-5.7	-5.3	-5.5	-5.1	-4.0	-3.6	-3.1	-2.7	-2.2	-1.8	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	11	4	-9	-7	1	1	-4	-5	-12	0	0.4	
Operating cash flow	**315**	**315**	**310**	**321**	**332**	**331**	**322**	**333**	**332**	**347**	**352**	
+ Change in other long-term liabilities	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-130	-173	-178	-179	-180	-182	-184	-186	-188	-190	-189	
Free operating cash flow	**188**	**142**	**132**	**142**	**152**	**148**	**138**	**147**	**145**	**157**	**163**	
+/- Other	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	188	142	132	142	152	148	138	147	145	157	163	3004
Discounted FCFF		**135**	**116**	**117**	**116**	**105**	**91.0**	**89.9**	**82.3**	**83.4**	**80**	**1480**
Sum of FCFF present value		2495	2360	2244	2127	2012	1906	1815	1726	1643	1560	1480
Enterprise value DCF		**2495**										
- Interest bearing debt		-739										
+ Cash and cash equivalents		21.1										
-Minorities		-2										
-Dividend/capital return		0										
Equity value DCF		**1775**										
Equity value DCF per share		**10.0**										

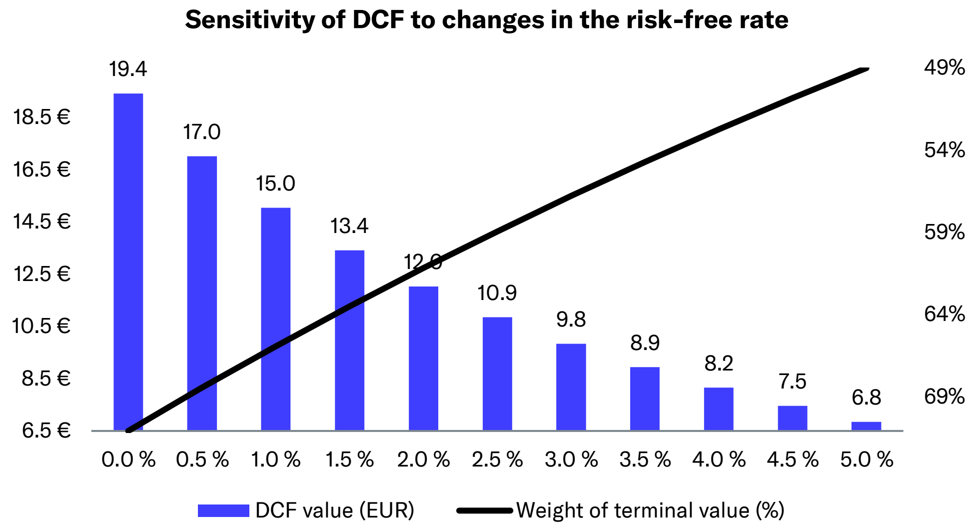
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	5.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.4 %**
Weighted average cost of capital (WACC)	**7.5 %**

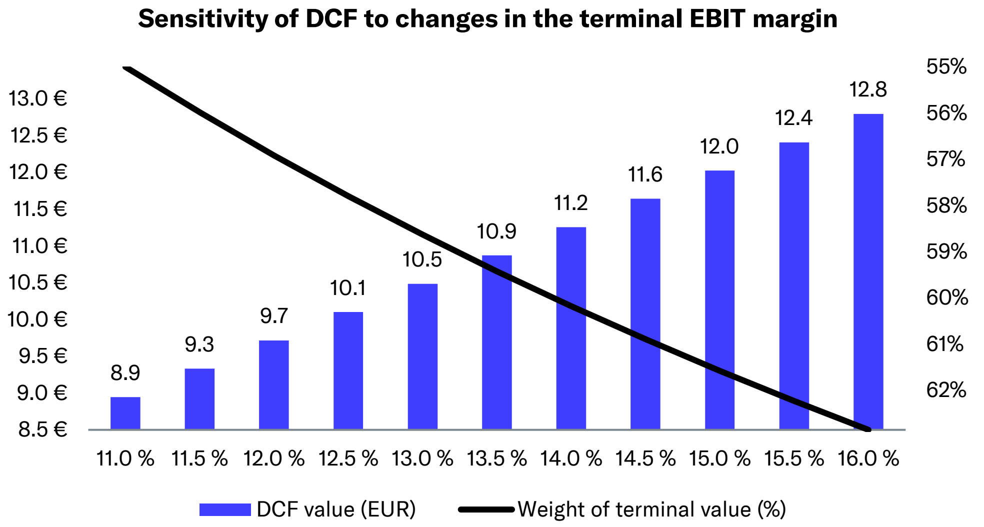
Source: Inderes

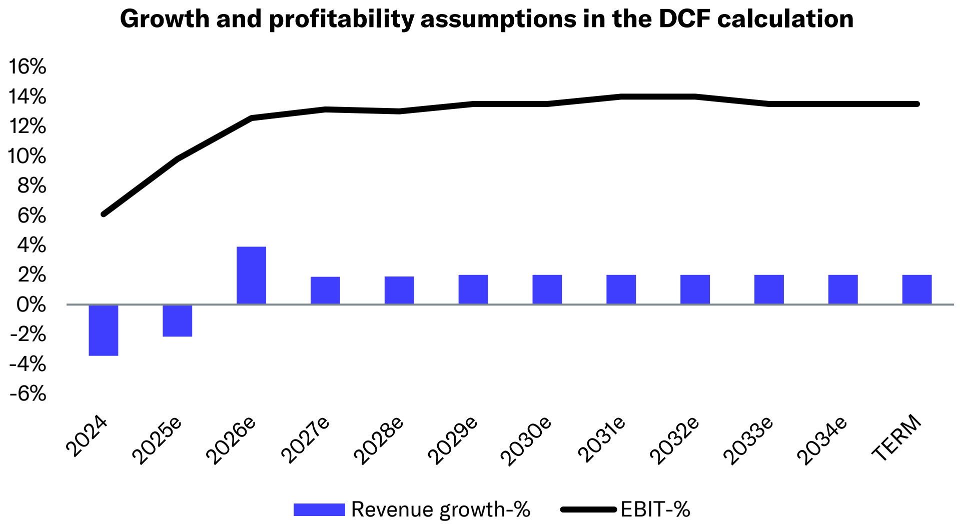


DCF sensitivity calculations and key assumptions in graphs









Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	1298	1393	1345	**1316**	**1367**
EBITDA	329	287	329	**340**	**357**
EBIT	112	52	82	**129**	**172**
PTP	99	20	48	**103**	**148**
Net Income	76.2	3.1	40.5	**80.3**	**115.2**
Extraordinary items	-37.9	-82.3	-61.5	**-18.5**	**-9.5**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	2104	2055	1879	**1841**	**1842**
Equity capital	702	799	772	**779**	**674**
Goodwill	812	812	810	**810**	**810**
Net debt	823	640	568	**520**	**626**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	329	287	329	**340**	**357**
Change in working capital	-69	54.8	11.3	**3.9**	**-8.7**
Operating cash flow	227	318	315	**315**	**310**
CAPEX	-324	-221	-130	**-173**	**-178**
Free cash flow	-136	96	188	**142**	**132**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.9	1.4	1.5	**1.6**	**1.5**
EV/EBITDA	7.5	6.7	6.0	**6.3**	**5.9**
EV/EBIT (adj.)	16.4	14.4	13.8	**14.5**	**11.5**
P/E (adj.)	15.3	17.7	14.9	**16.4**	**11.9**
P/B	2.3	1.4	1.6	**1.9**	**2.2**
Dividend-%	3.7 %	5.3 %	5.1 %	**4.7 %**	**4.8 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.47	-0.03	0.19	**0.43**	**0.69**
EPS (adj.)	0.65	0.39	0.52	**0.55**	**0.75**
OCF / share	1.39	1.95	1.93	**1.93**	**1.90**
FCF / share	-0.83	0.59	1.15	**0.87**	**0.81**
Book value / share	4.26	4.88	4.71	**4.75**	**4.12**
Dividend / share	0.37	0.37	0.39	**0.42**	**0.43**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	4%	7%	-3%	**-2%**	**4%**
EBITDA growth-%	-6%	-13%	15%	**3%**	**5%**
EBIT (adj.) growth-%	-5%	-11%	7%	**3%**	**23%**
EPS (adj.) growth-%	-6%	-40%	31%	**6%**	**38%**
EBITDA-%	25.3 %	20.6 %	24.5 %	**25.8 %**	**26.1 %**
EBIT (adj.)-%	11.5 %	9.6 %	10.7 %	**11.2 %**	**13.3 %**
EBIT-%	8.6 %	3.7 %	6.1 %	**9.8 %**	**12.6 %**
ROE-%	10.8 %	0.4 %	5.2 %	**10.4 %**	**15.9 %**
ROI-%	7.4 %	3.3 %	5.7 %	**9.6 %**	**12.9 %**
Equity ratio	35.8 %	42.0 %	45.0 %	**45.8 %**	**39.6 %**
Gearing	117.3 %	80.0 %	73.7 %	**66.8 %**	**92.8 %**

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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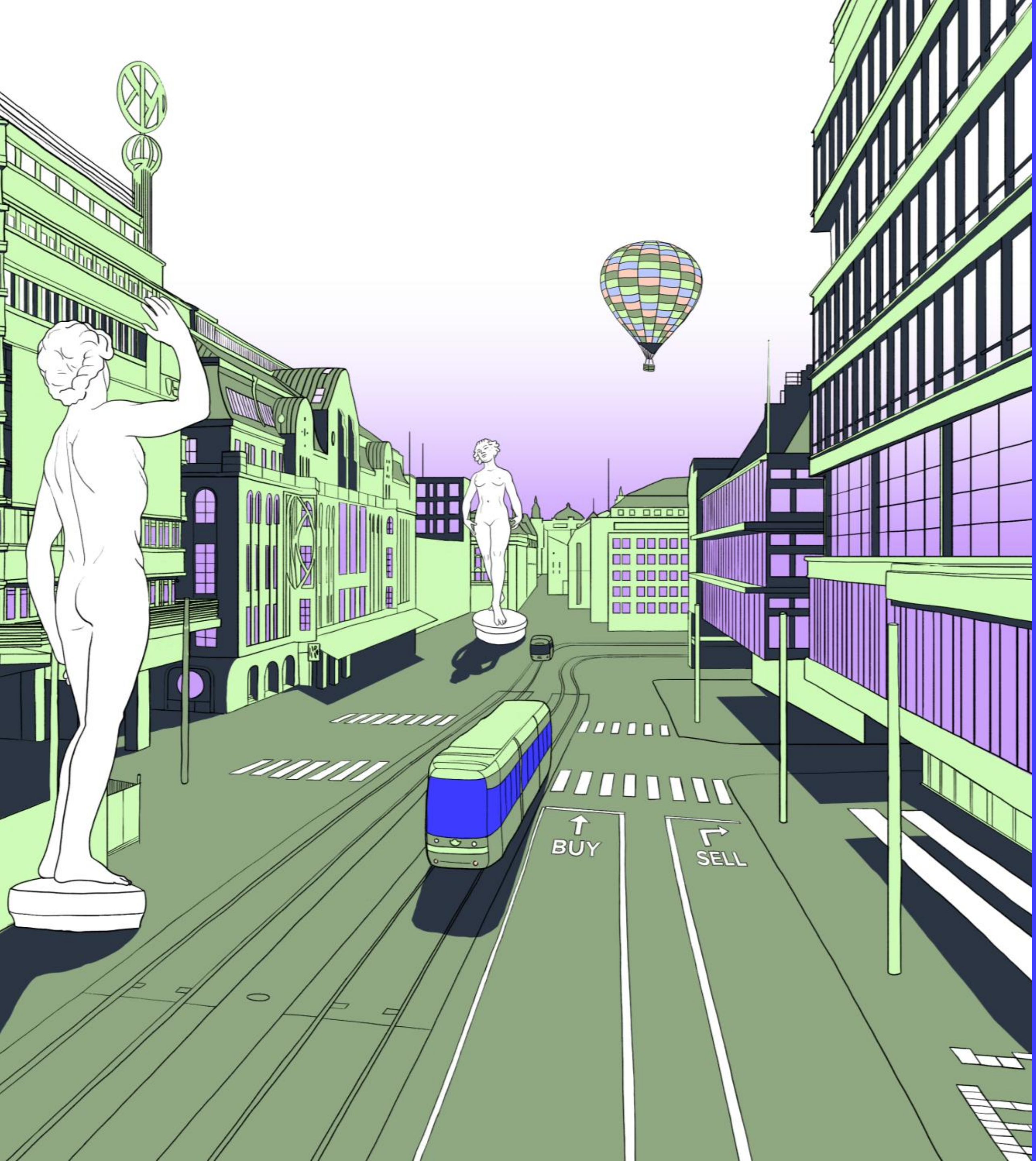
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/27/2020	Accumulate	10.00 €	9.30 €
10/20/2020	Reduce	12.50 €	12.84 €
10/30/2020	Reduce	12.50 €	12.48 €
12/9/2020	Reduce	13.00 €	13.38 €
2/11/2021	Reduce	15.00 €	15.95 €
4/12/2021	Reduce	15.00 €	14.56 €
5/3/2021	Accumulate	15.00 €	14.44 €
7/29/2021	Reduce	15.50 €	16.16 €
10/28/2021	Accumulate	15.50 €	14.34 €
2/14/2022	Accumulate	14.00 €	12.58 €
4/13/2022	Accumulate	14.00 €	12.26 €
5/2/2022	Accumulate	14.00 €	12.04 €
6/8/2022	Accumulate	14.00 €	13.18 €
7/26/2022	Reduce	14.00 €	14.76 €
7/28/2022	Reduce	14.00 €	13.80 €
10/28/2022	Reduce	11.50 €	12.16 €
1/10/2023	Reduce	10.00 €	9.96 €
2/13/2023	Reduce	9.50 €	9.48 €
5/2/2023	Accumulate	8.50 €	7.88 €
5/5/2023	Accumulate	8.00 €	7.29 €
7/24/2023	Accumulate	7.50 €	6.72 €
7/27/2023	Accumulate	7.50 €	7.21 €
10/27/2023	Reduce	7.50 €	7.45 €
1/22/2024	Reduce	7.00 €	6.76 €
2/7/2024	Accumulate	7.00 €	6.35 €
5/2/2024	Accumulate	7.00 €	6.73 €
5/8/2024	Accumulate	7.00 €	6.66 €
7/25/2024	Accumulate	7.00 €	6.74 €
11/1/2024	Accumulate	8.00 €	7.23 €
2/7/2025	Reduce	8.00 €	8.41 €
2/12/2025	Accumulate	9.00 €	8.41 €
4/1/2025	Accumulate	10.00 €	8.94 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

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