Interim Report

Q1 2018

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SANOMA CORPORATION, INTERIM REPORT 1 JANUARY–31 MARCH 2018

Seasonally small quarter with structural ordering shifts

Q1 2018

- Net sales declined to EUR 262 million (2017: 330; adjusted 282) mainly due to structural shifting to later ordering in Learning and soft advertising markets.
- Operational EBIT decreased to EUR 8.2 million (2017: 15; adjusted 20) mainly due to Learning's net sales decline and one-off corrections included in Media Finland's earnings in Q1 2017. Corresponding operational EBIT margin was 3.1% (2017: 4.6%; adjusted 7.2%).
- EBIT was EUR 8.4 million (2017: -412; adjusted 18).
- Net financial items decreased significantly to EUR -3 million (2017: -7).
- Operational EPS were EUR 0.02 (2017: 0.04; adjusted 0.06).
- EPS were EUR 0.02 (2017: -1.74; adjusted 0.05).
- Cash flow from operations was EUR -37 million (2017: -42; adjusted -40) and capital expenditure was EUR 7 million (2017: 8; adjusted 7).
- On 16 January Sanoma announced the intention to divest its Belgian women's magazine portfolio.
- On 7 March Sanoma announced the acquisition of the festival and event business of N.C.D. Production in Finland. Net sales of the acquired business in 2017 was approx. EUR 20 million. The transaction was closed on 18 April.

Outlook (unchanged)

In 2018, Sanoma expects that the Group's consolidated net sales adjusted for structural changes will be slightly below 2017, and operational EBIT margin will be around 14%.

The outlook is based on an assumption of the consumer confidence and advertising markets in the Netherlands and Finland being in line with that of 2017.

Discontinued operations

Sanoma announced on 16 January 2018 the intention to divest its Belgian women's magazine portfolio. The divested business was consequently classified as Discontinued operations in 2017 financial reporting. All key indicators and income statement related figures presented in this report, including corresponding figures in 2017, cover Continuing operations only unless otherwise stated.

More information on the Discontinued operations' financial performance is available on p. 29.

Impact of the SBS transaction – Adjusted KPIs for Q1 2017

Sanoma divested the Dutch TV operations of SBS on 19 July 2017. SBS was consolidated in Sanoma's income statement until 30 June 2017 as part of Media BeNe SBU. To enhance comparability between reporting periods, certain comparable adjusted key figures for Q1 2017 for the Group and for Media BeNe are presented in this report. The comparable adjusted figures fully exclude the divested operations of SBS and include 100% of Veronica Uitgeverij and are named as "adjusted".

IFRS 15 restatement

Sanoma has adopted the new IFRS 15 Revenue from Contracts with Customers as of 1 January 2018 and prepares its financial reports according to the new standard starting from this interim report. IFRS 15 impacts the timing of recognizing revenue and cost. The impact of the new standard on Sanoma Group's annual net sales is considered insignificant, although the phasing over individual quarters will be affected, especially in the Learning SBU. All annual and quarterly financial figures presented in this report have been restated to account for the changes. Adoption of IFRS 15 has no impact on Sanoma's Outlook for 2018 or its long-term financial targets.

More information on the transition to the IFRS 15 standard and its impacts on Sanoma is available in the Accounting principles, p. 20.

Alternative performance measures

Sanoma presents certain financial performance measures (alternative performance measures or APMs) on a non-IFRS basis. The APMs exclude certain non-operational or non-cash valuation items affecting comparability (IACs) and are provided to reflect the underlying business performance and to enhance comparability from period to period. APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

Sanoma has included Operational EBITDA as a new APM in its financial reporting starting from this interim report. As depreciation, amortization, impairments and IACs are excluded from the Operational EBITDA it is considered to complement other performance measures and provide valuable information to investors.

More information is available at Sanoma.com. Reconciliations are presented on p. 16 in this report. Definitions of key IFRS indicators and APMs are presented on p. 31.

Key indicators *

EUR million	Q1 2018	Q1 2017 adjusted	Change	Q1 2017	FY 2017
Net sales	261.6	282.2	-7%	329.8	1,434.7
Operational EBITDA	44.4	57.9	-23%	85.8	392.3
margin	17.0%	20.5%		26.0%	27.3%
Operational EBIT	8.2	20.4	-60%	15.2	176.7
margin	3.1%	7.2%		4.6%	12.3%
EBIT	8.4	17.7	-53%	-412.1	-240.5
Result for the period **	-5.1	8.4	-160%	-420.0	-299.3
Cash flow from operations **	-37.2	-40.4	8%	-42.4	141.2
Capital expenditure ** ' ***	7.2	6.7	8%	7.5	36.5
Cash flow from operations less capital expenditure **	-44.4	-47.0	6%	-49.9	104.7
Equity ratio **	34.1%			27.3%	38.2%
Net debt **	438.9			864.2	391.8
Net debt / Adj. EBITDA **	2.0			3.5	1.7
Average number of employees (FTE)	4,393	4,627	-5%	5,002	4,746
Operational EPS, EUR, continuing operations	0.02	0.06	-67%	0.04	0.70
Operational EPS, EUR **	0.03	0.06	-55%	0.04	0.72
EPS, EUR, continuing operations	0.02	0.05	-58%	-1.74	-1.02
EPS, EUR **	-0.03	0.05	-168%	-1.74	-1.00
Cash flow from operations per share, EUR **	-0.23	-0.25	-8%	-0.26	0.87
Cash flow from operations less capital expenditure per share, EUR **	-0.27	-0.29	-6%	-0.31	0.64

* Q1 2017 and FY 2017 figures have been restated due to a change in IFRS 15 and were originally published on 27 March 2018. More information on the restatement is available in Accounting principles on p. 20.
** Including continuing and discontinued operations.
*** Earlier capital expenditure was presented on an accrual basis.

President and CEO Susan Duinhoven:

”Sanoma did relatively well in the first quarter. First quarter typically is seasonally the smallest for us both in the media and especially in the learning business. In Learning, we have already during the last years seen some structural shifting in ordering from Q1 to later quarters, and while it moderated slightly last year, this year it accelerated. The learning business has, by nature, an annual cycle with strong seasonality. The business accelerates towards the start of the new school year creating a peak season in the second and especially third quarter.

Softness in advertising markets continued and had an adverse impact on our media businesses. Profitability of Media BeNe improved – mostly thanks to the actions we have taken to adjust our operations to the post-SBS scale and reduced complexity. In Media Finland, the comparable earnings (excluding the one-off correction in Q1 2017) declined somewhat following the negative advertising sales development.

We progressed on our strategic path during the quarter with two recent transactions. The divestment of our Belgian women’s magazine portfolio is going as planned; agreement with our social partners and employee representatives has been reached and the transaction is expected to be finalized early Q3 2018. In Finland, we acquired the festival and events business of N.C.D. Production and strengthened our cross-media entertainment proposition. Live events is a growing market with above average profitability compared to media industry in general. This acquisition is a very good example of our growth strategy: a bolt-on acquisition that complements our existing businesses and creates advantages for advertisers, consumers and the creative talent. We will integrate our existing events business into the acquired business and our enhanced offering opens up new opportunities for our customers.

During 2018, the pattern of our business and financial performance will be different compared to previous year with more emphasis on the second half of the year. On the cost side, we expect to see some higher increase in paper costs compared to last years, especially for the newsprint in Finland. We see interesting business opportunities and continue to improve profitability in our SBUs. We continue to focus on our long-term strategy of synergetic bolt-on acquisitions and increasing dividend, and our outlook for this year remains unchanged.”

Financial review Q1 2018

Net sales declined to EUR 262 million (2017: 330; adjusted 282). In Learning, the structural shifting of business to later ordering had an adverse net sales impact. Due to the soft advertising markets, net sales of Media BeNe and Media Finland also declined. Net sales development adjusted for all structural changes was -6% (2017: -1%).

Net sales by SBU

EUR million	Q1 2018	Q1 2017 adjusted	Change	Q1 2017
Media Finland	137.0	144.1	-5%	144.1
Media BeNe	95.8	101.9	-6%	149.5
Learning	28.9	36.2	-20%	36.2
Other operations	-0.1	-0.1	0%	-0.1
Group total	**261.6**	**282.2**	**-7%**	**329.8**

Operational EBITDA declined to EUR 44 million (2017: 86; adjusted 58). Operational EBIT decreased to EUR 8 million (2017: 15; adjusted 20), corresponding to a margin of 3.1% (2017: 4.6%; adjusted 7.2%). The decline was mainly due to lower net sales in Learning and one-off corrections of EUR 4 million included in Q1 2017 earnings of Media Finland. Earnings improved in Media BeNe and Other operations.

Operational EBIT by SBU

EUR million	Q1 2018	Q1 2017 adjusted	Change	Q1 2017
Media Finland	13.1	19.0	-31%	19.0
Media BeNe	14.9	14.2	5%	8.9
Learning	-18.0	-10.9	-66%	-10.9
Other operations	-1.7	-1.9	12%	-1.9
Group total	**8.2**	**20.4**	**-60%**	**15.2**

EBIT was EUR 8 million (2017: -412; adjusted 18). EBIT included EUR 0.2 million (2017: -427; adjusted -3) net of items affecting comparability, consisting of restructuring expenses in Media Finland and in Learning as well as a release of earlier provision for unused office space in Media BeNe. In Q1 2017, IACs mainly consisted of the capital loss related to the divestment of SBS.

Items affecting comparability and reconciliation of operational EBIT

EUR million	Q1 2018	Q1 2017
EBIT	**8.4**	**-412.1**
Items affecting comparability		
Restructuring expenses	0.2	-3.6
Capital gains / losses		-423.7
Items affecting comparability total	**0.2**	**-427.3**
Operational EBIT	**8.2**	**15.2**

A detailed reconciliation on SBU level is presented in p. 16.

Net financial items totalled EUR -3 million (2017: -7). The improvement was due to the significant decrease of interest-bearing liabilities and lower average interest rate.

Result before taxes amounted to EUR 5 million (2017: -419). Income taxes were EUR 2 million (2017: 2). Result for the period was EUR 4 million (2017: -420) and including Discontinued operations EUR -5 million (2017: -420).

Operational earnings per share were EUR 0.02 (2017: 0.04; adjusted 0.06). Earnings per share were EUR 0.02 (2017: -1.74; adjusted 0.05) and including Discontinued operations EUR -0.03 (2017: -1.74; adjusted 0.05).

Financial position and cash flow

At the end of March 2018, the consolidated balance sheet totalled EUR 1,578 million (2017: 2,168). The decrease is mainly attributable to the divestment of the SBS TV operations.

Interest-bearing net debt amounted to EUR 439 million (2017: 864). At the end of March 2018, net debt to adjusted EBITDA ratio was 2.0 (2017: 3.5) being clearly below the Group’s long-term target level (< 2.5).

Equity totalled EUR 487 million (2017: 550). The decrease is due to the negative total comprehensive income of continuing and discontinued operations as well as declaring the dividend to be paid. Equity ratio was 34.1% (2017: 27.3%).

In January–March 2018, the Group’s cash flow from operations was EUR -37 million (2017: -42). The positive impact of lower net financial items was partially offset by lower profitability and higher taxes paid, which were mostly related to the real estate sale in Helsinki, Finland in Q4 2017. Capital expenditure was EUR 7 million (2017: 8). Cash flow from operations less capital expenditure was EUR -44 million (2017: -50) and EUR -0.27 per share (2017: -0.31).

Acquisitions and divestments

On 16 January 2018, Sanoma announced an intention to divest its Belgian women’s magazine portfolio, part of Media BeNe SBU, to Roularta Media Group. Enterprise value of the divested assets is EUR 34 million. Net sales were EUR 81 million and operational EBIT EUR 7 million (EBIT margin 8.1%) in 2017. The transaction is subject to closing conditions including customary regulatory approvals and social consultation with the employee representatives, and is expected to be closed early Q3 2018. Restructuring costs, capital gains and similar one-off items related to the transaction will be booked into the Discontinued operations’ net result for 2018. In Q1 2018, a restructuring provision of EUR 17 million was disclosed in the Discontinued operations’ result. Cash flow impact due to the payment of restructuring costs is expected after the closing of the transaction. More information on the Discontinued operations’ financial performance is available on p. 29.

On March 7 2018, Sanoma announced that it has entered into an agreement to acquire the festival and event business of N.C.D Production Ltd. and its group companies. Net sales of the acquired operations were approx. EUR 20 million in 2017. The acquired operations will be moved into a newly established company, of which Sanoma holds 60% and the current owner of N.C.D Production the remainder. The transaction was closed in April 2018.

Media Finland

Sanoma Media Finland is the leading media company in Finland. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, like Aku Ankka, Me Naiset, Helsingin Sanomat, Oikotie, Ilta-Sanomat, Nelonen, Radio Suomipop and Ruutu. Sanoma's brands reach almost all Finns every day. For advertisers, we are a trusted partner with insight, impact and reach.

Key indicators

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales	137.0	144.1	-5%	570.4
Operational EBITDA	35.8	42.9	-17%	155.7
Operational EBIT	13.1	19.0	-31%	65.5
Margin	9.5%	13.2%		11.5%
EBIT *	11.6	19.6	-41%	71.8
Capital expenditure	1.8	1.0	79%	6.4
Average number of employees (FTE)	1,709	1,719	-1%	1,744

* Including IAC of EUR -1.5 million in Q1 2018, EUR 0.5 million in Q1 2017 and EUR 6.2 million in FY 2017. Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 16.

Net sales by category

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Print	76.5	78.9	-3%	313.3
Non-print	60.5	65.2	-7%	257.1
Net sales total	**137.0**	**144.1**	**-5%**	**570.4**

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Advertising sales	62.0	67.2	-8%	263.4
Subscription sales	53.2	53.6	-1%	211.9
Single copy sales	11.1	10.7	3%	44.3
Other	10.7	12.6	-15%	50.8
Net sales total	**137.0**	**144.1**	**-5%**	**570.4**

Other sales mainly include marketing services, event marketing, custom publishing, books and printing.

Q1 2018

Net sales of Media Finland declined to EUR 137 million (2017: 144) with both print and non-print sales decreasing. Advertising sales followed the negative market development. Q1 2017 advertising sales included EUR 3 million of one-off corrections related to changes in accounting estimates. Subscription sales were stable.

According to the Finnish Advertising Trends survey for March 2018 by Kantar TNS, the advertising market in Finland decreased by 2% on a net basis in Q1 2018. Advertising in newspapers decreased by 12%, in magazines by 7% and in radio by 4%, whereas advertising on TV increased by 1% and online excluding search and social media by 7%.

Operational EBIT decreased to EUR 13 million (2017: 19). Q1 2017 operational EBIT included one-off corrections of EUR 4 million related to changes in accounting estimates. Declining net sales had an adverse impact on earnings.

EBIT was EUR 12 million (2017: 20). Items affecting comparability included in EBIT totalled EUR -1 million (2017: 1) and consisted of restructuring expenses.

Capital expenditure totalled EUR 2 million (2017: 1) and consisted mainly of maintenance investments.

Media BeNe

Sanoma Media BeNe includes the Dutch consumer media operations and the press distribution business Aldipress. We have a leading cross media portfolio with strong brands and market positions in magazines, news, events, custom media, e-commerce, websites and apps. Through combining content and customer data, we develop successful marketing solutions for our clients. In total, Sanoma Media BeNe reaches over 12 million consumers every month.

Key indicators

EUR million	Q1 2018	Q1 2017 adjusted	Change	Q1 2017	FY 2017
Net sales	95.8	101.9	-6%	149.5	546.4
Operational EBITDA	16.3	16.4	-0%	44.3	141.0
Operational EBIT	14.9	14.2	5%	8.9	65.8
margin	15.5%	13.9%		6.0%	12.0%
EBIT *	16.9	14.2	19%	-408.4	-366.0
Capital expenditure	0.9	1.3	-30%	2.1	4.0
Average number of employees (FTE)	1,054	1,183	-11%	1,557	1,316

* Including IAC of EUR 2.0 million in Q1 2018, EUR -424.6 million in Q1 2017 and EUR -437.1 million in FY 2017. Full reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 16.

Net sales by category

EUR million	Q1 2018	Q1 2017 adjusted	Change	Q1 2017	FY 2017
Print	60.6	63.6	-5%	63.6	262.0
Non-print	24.8	27.3	-9%	74.9	236.0
Other	10.4	11.0	-5%	11.0	48.4
Net sales total	**95.8**	**101.9**	**-6%**	**149.5**	**546.4**

EUR million	Q1 2018	Q1 2017 adjusted	Change	Q1 2017	FY 2017
Circulation sales	53.3	54.3	-2%	54.3	219.7
subscription sales (print)	36.4	36.8	-1%	36.8	144.2
single copy sales (print)	16.9	17.5	-4%	17.5	75.5
Advertising sales	15.8	20.1	-22%	58.9	172.5
Other	26.7	27.4	-3%	36.3	154.2
Net sales total	**95.8**	**101.9**	**-6%**	**149.5**	**546.4**

Other sales mainly include press distribution and marketing services, event marketing, custom publishing and books.

Q1 2018

Net sales of Media BeNe declined to EUR 96 million (2017: 150; adjusted 102). Circulation sales were stable. Advertising sales declined mainly due to the divestment of comparison site Kieskeurig.nl in June 2017 and a weak market development.

Operational EBIT improved to EUR 15 million (2017: 9; adjusted 14) representing a solid margin of 15.5% (2017: 6.0%; adjusted 13.9%). Profitability improvement was mostly driven by the benefits of the streamlined organisation and continued cost innovations in particular on fixed costs.

EBIT was EUR 17 million (2017: -408; adjusted 14). Items affecting comparability included in EBIT totalled EUR 2 million (2017: -425; adjusted 0) and consisted of an adjustment of provision for unused office space in the Netherlands.

Capital expenditure totalled EUR 1 million (2017: 2; adjusted 1) and was related to ICT development.

Learning

Sanoma Learning is one of Europe's leading learning companies, serving some 10 million pupils and one million teachers. Through our multi-channel learning solutions we help to engage pupils in achieving good learning outcomes, and support the effective work of the professional teachers in primary, secondary and vocational education. Through our local companies, we contribute to some of the world's best-performing education systems including Poland, the Netherlands, Finland, Belgium and Sweden.

Key indicators

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Net sales	28.9	36.2	-20%	318.3
Operational EBITDA	-7.3	-0.7	-975%	100.0
Operational EBIT	-18.0	-10.9	-66%	55.6
margin	-62.2%	-30.0%		17.5%
EBIT *	-18.4	-11.4	-61%	43.9
Capital expenditure	3.5	3.3	5%	19.2
Average number of employees (FTE)	1,353	1,442	-6%	1,401

* Including IAC of EUR -0.4 million in Q1 2018, EUR -0.6 million in Q1 2017 and EUR -11.7 million in FY 2017. Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 16.

Net sales by country

EUR million	Q1 2018	Q1 2017	Change	FY 2017
Poland	5.1	4.3	17%	100.0
The Netherlands	11.6	20.4	-43%	91.6
Finland	5.6	4.7	18%	52.4
Sweden	3.5	3.5	-2%	22.5
Belgium	3.2	3.2	-1%	52.2
Other companies and eliminations	0.0	0.0	0%	-0.4
Net sales total	**28.9**	**36.2**	**-20%**	**318.3**

Q1 2018

Net sales of Learning declined to EUR 29 million (2017: 36) due to significantly lower sales in the Netherlands, where the traditional spring orders are structurally moving from Q1 to later quarters.

The learning business has, by nature, an annual cycle with strong seasonality. The first and fourth quarters are typically loss-making, while most of net sales and earnings are accrued during the second and third quarters.

Operational EBIT decreased to EUR -18 million (2017: -11) mostly due to the structural shift of net sales in the Netherlands.

EBIT was EUR -18 million (2017: -11). Items affecting comparability included in EBIT totalled EUR -0.4 million (2017: -1) and consisted of restructuring expenses.

Capital expenditure was EUR 4 million (2017: 3) and consisted of investments in digital platforms and ICT.

Personnel

In January–March 2018, the average number of employees in full-time equivalents (FTE) employed by the Sanoma Group was 4,393 (2017: 5,002). The average number of employees (FTE) per SBU was as follows: Media BeNe 1,054 (2017: 1,557), Media Finland 1,709 (2017: 1,719), Learning 1,353 (2017: 1,442) and Other operations 278 (2017: 284). At the end of March, the number of employees (FTE) of the Group was 4,415 (2017: 5,010). The decrease was mostly due to the divestments.

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 78 million (2017: 89).

Share capital and shareholders

At the end of March 2018, Sanoma's registered share capital was EUR 71 million (2017: 71) and the number of shares was 163,565,663 (2017: 162,812,093) including a total of 161,293 (2017: 316,519) own shares. Own shares represented 0.1% (2017: 0.2) of all Sanoma shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,404,370 (2017: 162,495,574).

Sanoma had 20,255 (2017: 21,780) registered shareholders at the end of March 2018.

Share trading and performance

At the end of March 2018, Sanoma's market capitalisation was EUR 1,556 million (2017: 1,275) with Sanoma's share closing at EUR 9.53 (2017: 7.85). During January–March, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 10.20 (2017: 8.17), with a low of EUR 8.55 (2017: 7.62) and a high of EUR 11.47 (2017: 8.91).

In January-March, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd was EUR 105 million (2017: 81). The trading volume of 10 million (2017: 10) shares equalled an average daily turnover of 163k (2017: 155k) shares. The traded shares accounted for some 6% (2017: 6) of the average number of shares. The cumulative value of Sanoma's share turnover including alternative trading venues was EUR 263 (2017: 204) million. In January-March, 60% (2017: 60) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com).

Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting of Shareholders (AGM) was held on 22 March 2018 in Helsinki. The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditors' Report for the year 2017 and discharged the members of the Board of Directors as well as the President and CEO from liability for the financial year 2017.

As proposed by the Board of Directors, dividend for 2017 was set at EUR 0.35 (2016: EUR 0.20) per share. The dividend shall be paid in two instalments. The first instalment of EUR 0.20 per share shall be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date 26 March 2018. The payment date for this instalment is 4 April 2018. The second instalment of EUR 0.15 per share shall be paid in November 2018.The second instalment shall be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 23 October 2018. The estimated dividend record date for the second instalment would then be 25 October 2018 and the dividend payment date 1 November 2018.

The AGM resolved that the number of members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Antti Herlin, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Robin Langenskiöld, Rafaela Seppälä and Kai Öistämö were re-elected as members of the Board of Directors. Pekka Ala-Pietilä was elected as the Chairman of the Board and Antti Herlin as the Vice Chairman. The term of all the Board members ends at the end of the AGM 2019. The remuneration payable to the members of the Board of Directors shall remain as before.

The AGM appointed audit firm PricewaterhouseCoopers Oy as the auditor of the Company with Samuli Perälä, Authorised Public Accountant, as the auditor with principal responsibility.

The Board of Directors was authorised to decide on the repurchase a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. Own shares shall be repurchased with funds from the Company's unrestricted shareholders' equity, and the repurchases shall reduce funds available for distribution of profits. The authorisation will be valid until 30 June 2019 and it terminates the corresponding authorisation granted by the AGM 2017.

Seasonal fluctuation

The net sales and results of media businesses are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland, recently strengthened by an acquisition, is focused on the second and third quarters. Learning accrues most of its net sales and results during the second and third quarters. Seasonal business fluctuations influence the Group's net sales and EBIT, with the first quarter traditionally being clearly the smallest one for both.

Significant near-term risks and uncertainties

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements and on the Group's website at Sanoma.com, together with the Group's main principles of risk management.

General business risks associated with media and learning industries relate to developments in media advertising, consumer spending and public and private education spend. The volume of media advertising in specific is sensitive to overall economic development and consumer confidence. The general economic conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. In paper supply, continued market tightness and increasing demand driven by good overall economic conditions may have an adverse impact on paper prices.

Many of Sanoma's identified strategic risks relate to changes in customer preferences, which apply not only to the changes in consumer behaviour, but also to the direct and indirect impacts on the behaviour of business-to-business customers. The driving forces behind these changes are the on-going digitisation and mobilisation and the decrease of viewing time of free-to-air TV. Sanoma takes actions in all its strategic business units to respond to these challenges.

With regard to changing customer preferences, digitisation and mobilisation, new entrants might be able to better utilise these changes and therefore gain market share from Sanoma's established businesses.

Privacy and data protection are an integral part of Sanoma's business. Risks related to data security become more relevant as digital business is growing. Sanoma has invested in data security related technologies and runs a Group-wide privacy programme to ensure that employees know how to apply data security and privacy practices in their daily work. Regulatory changes regarding the use of subscriber and customer data could have a negative impact on Sanoma's ability to acquire subscribers for its content and to utilize data in its business.

Sanoma faces political risks in particular in Poland, where legislative changes can have significant impacts on the learning business. EU level changes currently considered for the Digital Single Market Initiative could have a significant impact on Sanoma's cost efficient access to high quality TV content for the Finnish market.

Sanoma's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment of assets.

Sanoma's consolidated balance sheet included at the end of March 2018 EUR 1,178 million (2017: 1,215) of goodwill, immaterial rights and other intangible assets. Most of this is related to media operations in the Netherlands. Sanoma divested its Dutch TV operations, SBS, on 19 July 2017, which reduced the amount of goodwill, immaterial rights and other intangible assets by EUR 916 million. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios.

Financial reporting

Sanoma will publish the following financial reports during the course of the year:

Half-Year Report January–June 2018	24 July 2018 approx. at 8:30
Interim Report January–September 2018	24 October 2018 approx. at 8:30

Helsinki, 26 April 2018

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT
Continuing operations

EUR million	Q1 2018	Q1 2017	FY 2017
EBIT	**8.4**	**-412.1**	**-240.5**
Items affecting comparability			
Media Finland			
Capital gains /losses		0.9	10.8
Restructuring expenses	-1.5	-0.4	-4.5
Media BeNe			
Capital gains /losses *		-424.6	-424.9
Restructuring expenses	2.0		-12.1
Learning			
Impairments			-7.8
Restructuring expenses	-0.4	-0.6	-6.2
Others			
Settlement of defined benefit pension plans			2.3
Other companies			
Capital gains /losses			25.8
Restructuring expenses	0.0	-2.7	-0.5
ITEMS AFFECTING COMPARABILITY	**0.2**	**-427.3**	**-417.2**
OPERATIONAL EBIT, CONTINUING OPERATIONS	**8.2**	**15.2**	**176.7**
Depreciation, amortization and impairments	36.2	70.7	191.0
Items affecting comparability in depreciation, amortization and impairments			-24.6
OPERATIONAL EBITDA, CONTINUING OPERATIONS	**44.4**	**85.8**	**392.3**
Impairments			-0.1
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES			**-0.1**
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTEREST *		**137.7**	**138.4**
Impairments			-2.5
Restructuring expenses	-17.7		-0.5
Others	3.6		
ITEMS AFFECTING COMPARABILITY IN DISCONTINUED OPERATIONS	**-14.0**		**-3.1**

* In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was -286.2 million.

Reconciliation of operational EPS

EUR million	Q1 2018	Restated Q1 2017	Restated FY 2017
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**-5.4**	**-282.0**	**-162.7**
Items affecting comparability *	9.8	288.8	280.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**4.4**	**6.7**	**117.8**
Adjusted average number of shares	163,302,611	162,389,388	162,544,637
Operational EPS	**0.03**	**0.04**	**0.72**

* When calculating operational earnings per share, the tax effect and the non-controlling interests’ share of the items affecting comparability has been deducted.

Reconciliation of interest-bearing net debt

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Non-current financial liabilities	196.8	364.9	196.3
Current financial liabilities	261.7	543.3	216.1
Cash and cash equivalents	-19.6	-44.0	-20.6
Interest-bearing net debt	**438.9**	**864.2**	**391.8**

Interest-bearing net debt 31 March 2017 includes financial assets and liabilities of SBS that are presented as part of assets and liabilities held for sale in the balance sheet 31 March 2017.

Income statement by quarter
Continuing operations

EUR million	Q1 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
NET SALES	**261.6**	**329.8**	**418.5**	**380.8**	**305.7**	**1,434.7**
Other operating income	6.2	8.3	16.0	6.0	34.4	64.8
Materials and services *	-88.3	-98.3	-129.9	-131.3	-109.7	-469.2
Employee benefit expenses	-77.7	-89.3	-89.3	-78.4	-83.1	-340.1
Other operating expenses * **	-58.3	-492.9	-104.1	-64.4	-82.8	-744.1
Share of results in joint ventures	1.0	1.0	1.3	1.0	1.1	4.4
Depreciation, amortisation and impairment losses	-36.2	-70.7	-40.8	-35.1	-44.3	-191.0
EBIT	**8.4**	**-412.1**	**71.8**	**78.7**	**21.2**	**-240.5**
Share of results in associated companies	0.1	0.1	0.9	0.2	0.1	1.4
Financial income	1.2	4.7	5.5	0.8	1.8	12.9
Financial expenses	-4.5	-11.3	-10.0	-5.4	-9.4	-36.2
RESULT BEFORE TAXES	**5.1**	**-418.7**	**68.2**	**74.3**	**13.8**	**-262.4**
Income taxes	-1.5	-1.5	-21.3	-18.6	2.2	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**3.6**	**-420.2**	**46.9**	**55.7**	**16.0**	**-301.6**
DISCONTINUED OPERATIONS						
Result for the period from discontinued operations	-8.7	0.2	2.3	0.9	-1.2	2.3
RESULT FOR THE PERIOD	**-5.1**	**-420.0**	**49.2**	**56.6**	**14.8**	**-299.3**
Result from continuing operations attributable to:						
Equity holders of the Parent Company	3.2	-282.3	45.9	55.3	16.2	-165.0
Non-controlling interests **	0.4	-137.9	1.1	0.4	-0.2	-136.6
Result from discontinued operations attributable to:						
Equity holders of the Parent Company	-8.7	0.2	2.3	0.9	-1.2	2.3
Non-controlling interests	-	-	-	-	-	-
Result attributable to:						
Equity holders of the Parent Company	-5.4	-282.0	48.1	56.2	15.0	-162.7
Non-controlling interests **	0.4	-137.9	1.1	0.4	-0.2	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:						
Earnings per share, EUR, continuing operations	0.02	-1.74	0.28	0.34	0.10	-1.02
Diluted earnings per share, EUR, continuing operations	0.02	-1.74	0.28	0.34	0.10	-1.02
Earnings per share, EUR, discontinued operations	-0.05	0.0	0.01	0.01	-0.01	0.01
Diluted earnings per share, EUR, discontinued operations	-0.05	0.0	0.01	0.01	-0.01	0.01
Earnings per share, EUR	-0.03	-1.74	0.30	0.35	0.09	-1.00
Diluted earnings per share, EUR	-0.03	-1.74	0.30	0.34	0.09	-1.00

* Sales and commission costs directly related to sales transferred from Other operating expenses to Materials and services.
** In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was -286.2 million.

Net sales by strategic business unit

EUR million	Q1 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	137.0	144.1	144.5	131.3	150.4	570.4
Media BeNe	95.8	149.5	176.1	103.9	116.9	546.4
Learning	28.9	36.2	97.9	145.7	38.5	318.3
Other companies and eliminations	-0.1	-0.1	-0.1	-0.1	-0.2	-0.4
Total	**261.6**	**329.8**	**418.5**	**380.8**	**305.7**	**1,434.7**

EBIT by strategic business unit

EUR million	Q1 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	11.6	19.6	30.5	13.5	8.2	71.8
Media BeNe	16.9	-408.4	16.9	11.3	14.2	-366.0
Learning	-18.4	-11.4	22.8	56.2	-23.7	43.9
Other companies and eliminations	-1.7	-11.8	1.5	-2.4	22.6	9.8
Total	**8.4**	**-412.1**	**71.8**	**78.7**	**21.2**	**-240.5**

Operational EBIT by strategic business unit

EUR million	Q1 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	13.1	19.0	22.4	14.2	9.8	65.5
Media BeNe	14.9	8.9	23.7	14.0	19.2	65.8
Learning	-18.0	-10.9	31.9	56.1	-21.6	55.6
Other companies and eliminations	-1.7	-1.9	-2.4	-2.9	-3.0	-10.2
Total	**8.2**	**15.2**	**75.7**	**81.4**	**4.4**	**176.7**

Interim report (unaudited)

Accounting policies

The Sanoma Group prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 31 March 2018. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Applied new and amended standards

IFRS 15 Revenue from Contracts with Customers and Clarifications to IFRS 15 (both effective for financial periods beginning on or after 1 January 2018). Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

Sanoma’s main revenue streams include magazine and newspaper publishing (circulation sales and advertising sales), TV and Radio operations, online and mobile revenues and learning solutions. For all revenue streams contract reviews of the key revenue contracts were documented. In magazines and newspaper publishing, the main impact of IFRS 15 is the need to identify additional performance obligations in cases of providing gifts as premiums to new subscribers, which are recognized at a point in time. TV and Radio revenue recognition is strongly linked to individual performance obligations, hence the impact of IFRS15 is limited. In learning solutions, the main impacts of IFRS 15 are related to revenues of hybrid products (combining print and digital products). In some cases, there is a need to acknowledge multiple performance obligations, which are to be recognised at different moments (over time or at a point in time), depending on the characteristics of the performance obligations. The impact of IFRS 15 on the Group’s annual net sales is insignificant, although the phasing over individual quarters is affected. Sanoma has applied the full retrospective method when adopting IFRS 15 as of January 1, 2018. The cumulative effect of applying IFRS 15 has been recognized in opening balance of retained earnings as at January 1, 2017. The impact on comparison figures presented in the comprehensive income statement 2017 were disclosed in a separate release. The impact on comparison figures related to the balance sheet and cash flow statement are shown in the following tables.

IFRS 15 impact on consolidated balance sheet

EUR million	31 Mar 2017	31 Dec 2017
ASSETS		
Deferred tax receivables	0.3	0.6
Trade and other receivables	0.1	0.3
ASSETS, TOTAL	**0.4**	**0.9**
EQUITY AND LIABILITIES		
EQUITY, TOTAL	-3.1	-7.4
Deferred tax liabilities	0.3	0.3
Income tax liabilities	-1.1	-2.1
Trade and other payables	4.4	10.2
EQUITY AND LIABILITIES, TOTAL	**0.4**	**0.9**

IFRS 15 impact on consolidated cash flow statement

EUR million	Q1 2017	FY 2017
OPERATIONS		
Result for the period	3.1	-1.2
Adjustments		
Income taxes		1.1
Change in working capital	-4.1	1.5
Cash flow from operations	-	-

IFRS 9 Financial Instruments and changes there to (effective for periods beginning on or after 1 January 2018). IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard includes updated principles for classification and measurement of financial assets and liabilities and a new model for estimating impairments of financial assets based on expected credit losses. In addition, the regulations related to hedge accounting have been revised. In Sanoma, applying the standard changed the process of booking impairment allowances for trade receivables, the classification of financial assets as well as the accounting for modifications of financial liabilities. A more detailed description of the effect of applying IFRS 9 can be found in the accounting policies of Financial Statements for 2017. Sanoma did not apply the standard retrospectively but adjusted the 1 January 2018 opening balance for the effects of the standard instead. The impact of applying IFRS 9 is insignificant for Sanoma Group.

Amendments to IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions (effective for periods beginning on or after 1 January 2018). The amendments cover three accounting areas: measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings and accounting for a modification of a share-based payment from cash-settled to equity-settled. Sanoma has share-based payment transactions with net settlement features for withholding tax obligations and the amendments had an impact on Group's financial statements. According to the amendments Sanoma's share-based payment transactions with net settlement features are treated as equity-settled in entirety. Sanoma reclassified the recognised liability from liabilities to equity in the 1 January 2018 opening balance sheet.

Consolidated income statement

Continuing operations

EUR million	Q1 2018	Restated Q1 2017	Restated FY 2017
NET SALES	**261.6**	**329.8**	**1,434.7**
Other operating income	6.2	8.3	64.8
Materials and services *	-88.3	-98.3	-469.2
Employee benefit expenses	-77.7	-89.3	-340.1
Other operating expenses * **	-58.3	-492.9	-744.1
Share of results in joint ventures	1.0	1.0	4.4
Depreciation, amortisation and impairment losses	-36.2	-70.7	-191.0
EBIT	**8.4**	**-412.1**	**-240.5**
Share of results in associated companies	0.1	0.1	1.4
Financial income	1.2	4.7	12.9
Financial expenses	-4.5	-11.3	-36.2
RESULT BEFORE TAXES	**5.1**	**-418.7**	**-262.4**
Income taxes	-1.5	-1.5	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**3.6**	**-420.2**	**-301.6**
DISCONTINUED OPERATIONS			
Result for the period from discontinued operations	-8.7	0.2	2.3
RESULT FOR THE PERIOD	**-5.1**	**-420.0**	**-299.3**
Result from continuing operations attributable to:			
Equity holders of the Parent Company	3.2	-282.3	-165.0
Non-controlling interests **	0.4	-137.9	-136.6
Result from discontinued operations attributable to:			
Equity holders of the Parent Company	-8.7	0.2	2.3
Non-controlling interests	-	-	-
Result attributable to:			
Equity holders of the Parent Company	-5.4	-282.0	-162.7
Non-controlling interests **	0.4	-137.9	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:			
Earnings per share, EUR, continuing operations	0.02	-1.74	-1.02
Diluted earnings per share, EUR, continuing operations	0.02	-1.74	-1.02
Earnings per share, EUR, discontinued operations	-0.05	0.00	0.01
Diluted earnings per share, EUR, discontinued operations	-0.05	0.00	0.01
Earnings per share, EUR	-0.03	-1.74	-1.00
Diluted earnings per share, EUR	-0.03	-1.74	-1.00

* Sales and commission costs directly related to sales transferred from Other operating expenses to Materials and services.
** In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was -286.2 million.

Sanoma announced 16 January 2018 an intention to divest its Belgian women's magazine portfolio. The divested business is classified as discontinued operations for the Q1 2018 and 2017 reporting.

Statement of comprehensive income *

EUR million	Q1 2018	Restated Q1 2017	Restated FY 2017
Result for the period	**-5.1**	**-420.0**	**-299.3**
Other comprehensive income: **Items that may be reclassified subsequently to profit or loss**			
Change in translation differences	-0.3	4.9	2.7
Share of other comprehensive income of equity-accounted investees	0.0	0.1	0.0
Items that will not be reclassified to profit or loss			
Defined benefit plans	-2.3	5.5	6.9
Income tax related to defined benefit plans	0.7	-1.2	-1.9
Other comprehensive income for the period, net of tax	**-2.0**	**9.2**	**7.7**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-7.0**	**-410.7**	**-291.6**
Total comprehensive income attributable to:			
Equity holders of the Parent Company	-7.4	-272.8	-155.0
Non-controlling interests	0.4	-137.9	-136.6

* Statement of comprehensive income includes both continuing and discontinued operations.

Consolidated balance sheet

EUR million	31 Mar 2018	Restated 31 Mar 2017	Restated 31 Dec 2017
ASSETS			
Property, plant and equipment	43.4	52.8	44.7
Investment property	13.9	24.3	13.9
Goodwill	935.0	951.0	934.6
Other intangible assets	243.4	263.8	251.1
Equity-accounted investees	22.1	22.1	20.8
Available-for-sale financial assets		5.0	4.0
Other investments	5.1		
Deferred tax receivables	22.2	29.5	18.0
Trade and other receivables	22.5	20.9	22.7
NON-CURRENT ASSETS, TOTAL	1,307.5	1,369.3	1,309.8
Inventories	45.5	45.1	40.5
Income tax receivables	11.5	8.6	6.9
Trade and other receivables	191.5	200.6	209.9
Cash and cash equivalents	19.6	22.6	20.6
CURRENT ASSETS, TOTAL	268.0	276.9	277.8
Assets held for sale	2.8	521.6	2.4
ASSETS, TOTAL	**1,578.3**	**2,167.8**	**1,590.1**
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	71.3
Treasury shares	-0.7	-1.4	-1.4
Fund for invested unrestricted equity	209.8	203.3	209.8
Other equity	205.3	126.4	265.8
	485.6	399.6	545.4
Non-controlling interests	1.5	150.7	1.7
EQUITY, TOTAL	487.1	550.3	547.1
Deferred tax liabilities	37.3	40.3	38.5
Pension obligations	12.1	8.2	9.7
Provisions	8.0	6.9	9.0
Financial liabilities	196.8	322.9	196.3
Trade and other payables	13.9	10.4	19.7
NON-CURRENT LIABILITIES, TOTAL	268.1	388.7	273.3
Provisions	29.3	15.0	17.1
Financial liabilities	261.7	543.3	216.1
Income tax liabilities	8.9	11.7	13.0
Trade and other payables	512.9	480.2	513.0
CURRENT LIABILITIES, TOTAL	812.8	1,050.2	759.2
Liabilities related to assets held for sale	10.4	178.7	10.6
LIABILITIES, TOTAL	**1,091.2**	**1,617.6**	**1,043.0**
EQUITY AND LIABILITIES, TOTAL	**1,578.3**	**2,167.8**	**1,590.1**

Includes continuing and discontinued operations.

On 31 March 2018, assets held for sale included Belgian women's magazine operations portfolio, which was classified as discontinued operations in December 2017. On 31 March 2017, assets held for sale included SBS that was classified as assets held for sale in March 2017.

Changes in consolidated equity

Equity attributable to the equity holders of the Parent Company

EUR million	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other equity	Total	Non-controlling interests	Equity, total
Equity at 31 Dec 2016	**71.3**	**-2.1**	**203.3**	**440.5**	**713.0**	**289.5**	**1,002.5**
Effect of IFRS 15 on 1 Jan 2017				-6.1	-6.1		-6.1
Equity at 1 Jan 2017	**71.3**	**-2.1**	**203.3**	**434.4**	**706.8**	**289.5**	**996.4**
Comprehensive income for the period				-272.8	-272.8	-137.9	-410.7
Share-based compensation				0.5	0.5		0.5
Shares delivered		0.7		-0.7			
Dividends paid				-32.6	-32.6	-0.5	-33.1
Acquisitions and other changes in non-controlling interests				-2.4	-2.4	-0.4	-2.7
Equity at 31 March 2017	**71.3**	**-1.4**	**203.3**	**126.4**	**399.6**	**150.7**	**550.3**
Equity at 31 Dec 2017	**71.3**	**-1.4**	**209.8**	**265.8**	**545.4**	**1.7**	**547.1**
Effect of IFRS 9 on 1 Jan 2018				1.1	1.1		1.1
Effect of amendments to IFRS 2 on 1 Jan 2018				5.8	5.8		5.8
Equity at 1 Jan 2018	**71.3**	**-1.4**	**209.8**	**272.7**	**552.3**	**1.7**	**553.9**
Comprehensive income for the period				-7.4	-7.4	0.4	-7.0
Share-based compensation				-0.5	-0.5		-0.5
Shares delivered		0.7		-0.7			
Dividends paid				-57.2	-57.2	-0.3	-57.5
Acquisitions and other changes in non-controlling interests				-1.5	-1.5	-0.3	-1.8
Equity at 31 March 2018	**71.3**	**-0.7**	**209.8**	**205.3**	**485.6**	**1.5**	**487.1**

Consolidated cash flow statement

EUR million	Q1 2018	Restated Q1 2017	Restated FY 2017
OPERATIONS			
Result for the period	-5.1	-420.0	-299.3
Adjustments			
Income taxes	-2.0	1.7	40.5
Financial income and expenses	3.4	6.6	23.2
Share of results in equity-accounted investees	-1.1	-1.1	-5.7
Depreciation. amortisation and impairment losses	36.2	71.0	195.1
Gains/losses on sales of non-current assets	-0.3	423.3	420.3
Acquisitions of broadcasting rights and prepublication costs	-21.3	-65.3	-167.2
Other adjustments	0.7	0.2	1.1
Adjustments, total	15,4	436.4	507.2
Change in working capital	-34.3	-43.7	-17.0
Dividends received	0.0	0.0	5.5
Interest paid and other financial items	-2.0	-9.6	-20.5
Taxes paid	-11.2	-5.5	-34.7
Cash flow from operations	**-37.2**	**-42.4**	**141.2**
INVESTMENTS			
Capital expenditure	-7.2	-7.5	-36.5
Operations acquired	0.0	-2.3	-4.6
Proceeds from sale of tangible and intangible assets *	0.4	0.5	47.6
Operations sold **		7.5	238.2
Loans granted	0.0	0.0	0.0
Repayments of loan receivables	0.0	0.1	0.3
Interest received	0.1	0.1	0.3
Cash flow from investments	**-6.8**	**-1.7**	**245.2**
Cash flow before financing	**-44.0**	**-44.2**	**386.4**
FINANCING			
Proceeds from share subscriptions			6.4
Change in loans with short maturity	43.4	159.4	-217.8
Drawings of other loans	0.0	125.0	172.5
Repayments of other loans and finance lease liabilities	-0.1	-212.3	-326.6
Acquisitions of non-controlling interests	-2.0		-11.2
Dividends paid	-0.3	-33.1	-34.1
Cash flow from financing	**41.1**	**39.0**	**-410.7**
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**-2.9**	**-5.2**	**-24.3**
Effect of exchange rate differences on cash and cash equivalents	-0.4	0.4	-0.2
Net change in cash and cash equivalents	**-3.2**	**-4.8**	**-24.5**
Cash and cash equivalents at the beginning of the period	18.6	43.1	43.1
Cash and cash equivalents at the end of the period	15.3	38.2	18.6

Includes continuing and discontinued operations.
* Proceeds from sale of tangible assets in 2017 include the divestment of the property at Ludviginkatu in Helsinki.
** Operations sold in 2017 include SBS, Sanoma Baltics and Kieskeurig.nl.
Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 4.2 million (2017: 5.7).
Cash and cash equivalents of EUR 21.4 million are presented as part of assets held for sale in the balance sheet 31 March 2017.

Segment information

In connection with the SBS divestment, Sanoma decided to change its segment reporting. Therefore, Sanoma now reports three operating segments, i.e. its three strategic business units Sanoma Media Finland, Sanoma Media BeNe and Sanoma Learning. This is aligned with the way Sanoma manages the businesses.

Sanoma Media Finland is the leading multi-channel media company in Finland with a portfolio of magazines, newspapers, TV, radio, online and mobile channels. Sanoma Media BeNe includes the Dutch consumer media operations (magazines, Events, custom media, websites and apps) and press distribution business Aldipress. Sanoma Learning is a leading European provider of multi-channel learning solutions. Learning's main markets are Poland, the Netherlands, Finland, Belgium and Sweden. Discontinued operations include Belgian women's magazine portfolio, which Sanoma intends to divest during Q3 2018. In addition to the Group eliminations, the column unallocated/eliminations includes non-core operations, head office functions, real estate companies as well as items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

In accordance with IFRS 15, a disaggregation of revenue needs to be presented, reflecting how the nature, amount timing and uncertainty of revenues are affected by economic factors. Sanoma considers that this should be assessed in conjunction with other information that is disclosed in the interim report. The SBU information in the text part includes a revenue split per category (both print/non-print and subscription/single copy/advertising for Media BeNe and Media Finland) and per country for Learning. In conjunction with the segment information as well as the risks described in the 'significant near-term risks and uncertainties' paragraph the impact of economic factors is considered sufficiently reflected.

Segment information 1 January – 31 March 2018

EUR million	Media Finland	Media BeNe	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	136.9	95.8	28.9		261.6	17.7		279.3
Internal net sales	0.1		0.0	-0.1		0.2	-0.2	
Net sales, total	**137.0**	**95.8**	**28.9**	**-0.1**	**261.6**	**17.9**	**-0.2**	**279.3**
EBIT	**11.6**	**16.9**	**-18.4**	**-1.7**	**8.4**	**-12.2**		**-3.8**
Operational EBIT	**13.1**	**14.9**	**-18.0**	**-1.7**	**8.2**	**1.8**		**10.0**
Share of results in associated companies	0.1				0.1			0.1
Financial income				1.2	1.2			1.2
Financial expenses				-4.5	-4.5			-4.5
Result before taxes					**5.1**	**-12.2**		**-7.1**
Segment assets	**230.6**	**744.3**	**673.9**	**-127.2**	**1,521.6**	**1.6**		**1,523.2**

Segment information 1 January – 31 March 2017 (Restated)

EUR million	Media Finland	Media BeNe	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	144.1	149.5	36.2		329.8	19.1		348.9
Internal net sales	0.1			-0.1		0.2	-0.2	
Net sales, total	**144.1**	**149.5**	**36.2**	**-0.1**	**329.8**	**19.3**	**-0.2**	**348.9**
EBIT	**19.6**	**-408.4**	**-11.4**	**-11.8**	**-412.1**	**0.4**		**-411.7**
Operational EBIT	**19.0**	**8.9**	**-10.9**	**-1.9**	**15.2**	**0.4**		**15.5**
Share of results in associated companies	0.0	0.0			0.1			0.1
Financial income				4.7	4.7	0.0	0.0	4.7
Financial expenses				-11.3	-11.3		0.0	-11.3
Result before taxes					**-418.7**	**0.4**		**-418.2**
Segment assets	**251.4**	**1,290.0**	**520.6**	**42.1**				**2,104.0**

Changes in property, plant and equipment

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Carrying amount at the beginning of the period	44.7	57.8	57.8
Increases	2.0	1.0	8.7
Decreases	-0.2	-0.3	-3.3
Disposal of operations			-2.7
Depreciation for the period	-3.1	-3.9	-14.2
Impairment losses for the period			-3.0
Transfer to assets classified as held for sale		-2.4	
Exchange rate differences and other changes	0.1	0.7	1.4
Carrying amount at the end of the period	**43.4**	**52.8**	**44.7**

The Group had no commitments for acquisition of property, plant and equipment at the end of the reporting period or in the comparative period.

Effect of acquisitions on the consolidated balance sheet

EUR million	Q1 2018	FY 2017
Acquisition cost	2.0	16.9
Fair value of acquired net assets		-2.8
Book value of the acquired interest	-0.4	-2.6
Recognised in equity	-1.6	-11.4
Goodwill from the acquisitions	**-**	**0.1**

Discontinued operations in 2018

On 16 January 2018, Sanoma announced an intention to divest its Belgian women's magazine portfolio to Roularta Media Group by the end of the second quarter of 2018. The operations were reclassified as discontinued operations. The income statement and cash flow statement are presented in the following two tables.

Income Statement of discontinued operations

EUR million	Q1 2018	Q1 2017
Net sales	**17.9**	**19.3**
Other operating income	3.7	0.0
Materials and services	-7.4	-8.2
Employee benefit expenses	-20.9	-3.6
Other operating expenses	-5.5	-6.7
Depreciation, amortisation and impairment losses	0.0	-0.3
EBIT	**-12.2**	**0.4**
Financial income		0.0
Financial expenses	0.0	0.0
Result before taxes	**-12.2**	**0.4**
Income taxes	3.6	-0.2
Result for the period from discontinued operations	**-8.7**	**0.2**

Result for the period from discontinued operations include restructuring provision of EUR 17.2 million.

Cash flow related to discontinued operations

EUR million	Q1 2018	Q1 2017
Cash flow from operations	-0.9	-2.5
Cash flow from investments	0.5	1.9
Cash flow from financing	-	-

Contingent liabilities

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Contingencies for own commitments			
Pledges	1.5	2.4	1.5
Other items	15.0	25.0	24.7
Total	16.5	27.4	26.2
Other commitments			
Operating lease liabilities	255.1	290.9	249.4
Royalties	5.7	12.6	7.8
Other items	50.5	69.4	49.3
Total	311.4	373.0	306.4
Total	**327.8**	**400.4**	**332.6**

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 18.9 million (2017: 136.7).

Derivative instruments

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Fair values			
Interest rate derivatives (incl. accrued interests)			
Interest rate swaps		-0.3	
Currency derivatives			
Forward contracts (positive fair values)	0.1	3.8	1.1
Forward contracts (negative fair values)	-0.6	-0.8	-1.7
Nominal values			
Interest rate derivatives			
Interest rate swaps		100.0	
Currency derivatives			
Forward contracts	43.9	80.7	66.4

The fair value of the foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows.

Definitions of key indicators

Equity ratio, % = $\frac{\text{Equity total}}{\text{Balance sheet total – advances received}} \times 100$

Net gearing, % = $\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity total}} \times 100$

Earnings/share (EPS) = $\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid bond}}{\text{Adjusted average number of shares on the market}}$

Cash flow/share = $\frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares on the market}}$

Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents
EBITDA	=	Operating profit + depreciation, amortisation and impairments
Net debt/adj. EBITDA	=	The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis
Items affecting comparability	=	Gains/losses on sale, restructuring expenses and impairments that exceed EUR 1 million

Operational EPS = $\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid bond - items affecting comparability}}{\text{Adjusted average number of shares on the market}}$