

2016

Q3

# Interim Report

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## Sanoma's Interim Report 1 January – 30 September 2016:

# Continued Profitability Improvement

Sanoma Corporation, Stock Exchange Release, 28 October 2016 at 8:30 CET+1

### Third quarter

- Net sales amounted to EUR 438.1 million (2015: 458.3).
- Adjusted for changes in the Group structure, Sanoma's net sales decreased by 1.5% in the quarter.
- Operational EBIT increased by 25% to EUR 77.7 million (2015: 62.4).
- Operating profit was EUR 75.1 million (2015: 9.8).
- Earnings per share were EUR 0.29 (2015: -0.04).
- Operational earnings per share were EUR 0.30 (2015: 0.24).
- Cash flow from operations was EUR 95.8 million (2015: 70.9).
- Items affecting comparability included in the operating profit amounted to EUR -2.6 million (2015: -52.7) and were related to restructuring expenses as well as pension plans in the Netherlands. In the previous year, items affecting comparability consisted mainly of sales gains and losses as well as restructuring expenses.

### First nine months

- Net sales amounted to EUR 1,241 million (2015: 1,307).
- Adjusted for changes in the Group structure, Sanoma's net sales remained stable at previous year's level.
- Operational EBIT was EUR 166.5 million (2015: 92.1).
- Operating profit was EUR 219.8 million (2015: 8.2).
- Earnings per share were EUR 0.85 (2015: -0.22).
- Operational earnings per share were EUR 0.58 (2015: 0.22).
- Cash flow from operations was EUR 47.6 million (2015: -43.2).
- Items affecting comparability included in the operating profit amounted to EUR 53.3 million (2015: -83.9) and were mainly related to pension plans in the Netherlands. In the previous year, items affecting comparability consisted mainly of sales gains and losses as well as restructuring expenses.

### Outlook (unchanged from the revised outlook published on 20 October 2016)

In 2016, Sanoma expects that the Group's consolidated net sales development adjusted for structural changes will improve from last year (2015: -3.4%). The operational EBIT margin is estimated to be above 9.5%.

**Key indicators (based on reported figures, not adjusted for structural changes)**

EUR million	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %	1-12/ 2015
Net sales	<b>438.1</b>	458.3	-4.4	<b>1,241.0</b>	1,307.4	-5.1	1,716.7
Operational EBIT	<b>77.7</b>	62.4	24.5	<b>166.5</b>	92.1	80.8	83.7
% of net sales	<b>17.7</b>	13.6		<b>13.4</b>	7.0		4.9
Operating profit	<b>75.1</b>	9.8		<b>219.8</b>	8.2		-123.1
Result for the period	<b>51.3</b>	-3.4		<b>148.1</b>	-26.3		-157.7
Cash flow from operations	<b>95.8</b>	70.9	35.2	<b>47.6</b>	-43.2		25.5
Capital expenditure *	<b>7.3</b>	12.9	-43.5	<b>22.6</b>	43.1	-47.5	54.7
% of net sales	<b>1.7</b>	2.8		<b>1.8</b>	3.3		3.2
Return on equity (ROE), % **				<b>1.6</b>	3.6		-13.6
Return on investment (ROI), % **				<b>4.6</b>	9.4		-5.3
Equity ratio, %				<b>43.7</b>	41.2		39.5
Net gearing, %				<b>67.9</b>	73.5		77.8
Number of employees at the end of the period (FTE)				<b>5,269</b>	6,650	-20.8	6,116
Average number of employees (FTE)				<b>5,437</b>	6,935	-21.6	6,776
Earnings/share, EUR	<b>0.29</b>	-0.04		<b>0.85</b>	-0.22		-0.91
Cash flow from operations/share, EUR	<b>0.59</b>	0.44	35.6	<b>0.29</b>	-0.27		0.16
Equity/share, EUR				<b>5.16</b>	5.24	-1.4	4.59

\* Including finance leases.

\*\* Rolling 12-month period.

Sanoma presents certain financial performance measures (alternative performance measures or APMs) on a non-IFRS basis. The APMs 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. More information is available at Sanoma.com.

**Organic growth, %**

	7-9/2016 vs. 7-9/2015	1-9/2016 vs. 1-9/2015	1-12/2015 vs. 1-12/2014
Media BeNe	<b>-1.2</b>	<b>1.6</b>	-1.4
Media Finland	<b>0.6</b>	<b>0.7</b>	-4.1
Learning	<b>-4.1</b>	<b>-4.2</b>	-4.0
<b>Group</b>	<b>-1.5</b>	<b>0.1</b>	-3.4

### **Susan Duinhoven, President and CEO**

“In the third quarter of the year, Sanoma continued its performance improvement as operational EBIT increased by 25% to EUR 77.7 million. The increase came from all businesses and most prominently, as in previous quarters, from the improved profitability of the Finnish media business. Organic net sales declined slightly, by 1.5%.

The seasonally important third quarter for Learning came in slightly above our expectations. Sales in Learning Finland were boosted by the new curriculum and the launch of the Bingel digital learning platform, which has already been adopted by over 1,000 schools in the first few months. Sales also grew in Belgium where the De Boeck transaction was finalised. These together offset the decline in Poland, where legislative changes continue to affect the market. However, our market share increased. Profitability in Learning continued to improve, supported by cost innovations.

In Media Finland, the first nine months have been supported by good advertising sales as we have been able to increase our market share. In the third quarter also the good development of non-print sales continued. The share of TV viewing in the third quarter rose from 31.0% in the comparable period to 37.8%. The total weekly reach of the Finnish portfolio remains at the exceptionally high level of 97%. The favourable sales development contributed to the improved profitability, while the largest impact came from efficiency improvements. The results of the Suunta programme are now starting to be visible in the results. Media Finland is continuing with the implementation of over 100 Suunta cost and process initiatives.

Also Media BeNe continued its solid performance in the third quarter. While the cross-media approach benefitted the Dutch print and online brand portfolio, its performance did not fully offset lower sales in TV. SBS viewing shares were affected by the Olympics in the third quarter. In Belgium, we launched the home & deco title *vtwonen*. Operational EBIT improved due to successful cost innovations.

Going forward, we expect to see uncertainty in the advertising markets to continue. The cost innovations already launched in the third quarter of 2015 are now fully visible in our results. The teams in all the

businesses are continuing their great work for our customers and audiences and further innovating and improving our processes.”

### **Group outlook (unchanged from the revised outlook published on 20 October 2016)**

In 2016, Sanoma expects that the Group’s consolidated net sales development adjusted for structural changes will improve from last year (2015: -3.4%). The operational EBIT margin is estimated to be above 9.5%.

### **Net sales Third quarter**

Sanoma’s net sales decreased by 4.4% and amounted to EUR 438.1 million (2015: 458.3). Divestments of non-core operations and lower print sales had a negative impact on net sales. Adjusted for changes in the Group structure, net sales decreased by 1.5%.

Non-print media sales grew by 5.8% to EUR 135.3 million (2015: 128.0).

Without adjusting for changes in the Group structure, advertising sales decreased by 3.0% to EUR 125.5 million (2015: 129.3). Circulation sales decreased by 6.0% to EUR 137.0 million (2015: 145.8). Learning’s net sales increased by 2.9% to EUR 124.7 million (2015: 121.2). Other sales decreased by 17.8% to EUR 51.0 million (2015: 62.0).

### **First nine months**

Sanoma’s net sales decreased by 5.1% and amounted to EUR 1,241.0 million (2015: 1,307.4). Divestments of non-core operations had a major impact on net sales. Adjusted for changes in the Group structure, net sales remained at previous year’s level.

Non-print media sales grew by 7.7% to EUR 435.6 million (2015: 404.5).

Without adjusting for structural changes in the Group structure, advertising sales decreased by 2.4% to EUR 416.2 million (2015: 426.6). Circulation sales decreased by 7.3% to EUR 410.8 million

(2015: 443.1). Learning's net sales decreased by 0.8% to EUR 254.6 million (2015: 256.6). Other sales decreased by 12.0% to EUR 159.3 million (2015: 181.0).

### Group's net sales by country, %

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Netherlands	<b>41.0</b>	40.9	<b>45.7</b>	43.3	44.5
Finland	<b>33.6</b>	32.4	<b>37.7</b>	36.5	37.1
Belgium	<b>11.4</b>	11.5	<b>9.7</b>	12.0	11.5
Other	<b>14.0</b>	15.2	<b>6.9</b>	8.2	6.9
<b>Total Group</b>	<b>100.0</b>	100.0	<b>100.0</b>	100.0	100.0

### Group's net sales by type of sales, %

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Advertising	<b>28.6</b>	28.2	<b>33.5</b>	32.6	34.8
Subscription	<b>21.3</b>	20.8	<b>22.9</b>	22.3	22.6
Single copy	<b>10.0</b>	11.0	<b>10.2</b>	11.6	11.4
Learning	<b>28.5</b>	26.5	<b>20.5</b>	19.7	16.3
Other	<b>11.6</b>	13.5	<b>12.8</b>	13.8	14.8
<b>Total Group</b>	<b>100.0</b>	100.0	<b>100.0</b>	100.0	100.0

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

## Result

### Third quarter

Sanoma's operational EBIT totalled EUR 77.7 million (2015: 62.4). Profitability improved mainly due to cost innovations and operational improvements, in particular in Media Finland.

The operational EBIT margin was 17.7% (2015: 13.6%) of net sales.

In the third quarter, the Group's total expenses, excluding items affecting comparability, decreased by 10.2%. Like-for-like cost of sales decreased by 5.9% and fixed costs by 13.2%. Paper costs decreased by 19.9%, transport and distribution service by 8.5% and employee benefit expenses by 17.1%.

Operating profit included EUR -2.6 million (2015: -52.7) of items affecting comparability, related to restructuring expenses as well as pension plans in the Netherlands. In the previous year, items affecting comparability consisted mainly of sales gains and losses as well as restructuring expenses.

Sanoma's net financial items totalled EUR -6.1 million (2015: -7.2). The result before taxes amounted to EUR 68.6 million (2015: 2.5) in the third quarter. Earnings per share were EUR 0.29 (2015: -0.04). Operational earnings per share were EUR 0.30 (2015: 0.24).

### First nine months

Sanoma's operational EBIT totalled EUR 166.5 million (2015: 92.1). Cost innovations as well as higher

advertising sales in Media Finland supported profitability.

The operational EBIT margin was 13.4% (2015: 7.0%) of net sales.

In the first nine months, the Group's total expenses, excluding items affecting comparability, decreased by 12.7%. Like-for-like cost of sales decreased by 7.6% and fixed costs by 15.9%. Paper costs decreased by 26.1%, transport and distribution service by 6.9% and employee benefit expenses by 17.5%.

Operating profit included net of EUR 53.3 million (2015: -83.9) of items affecting comparability, mainly related to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan. In the previous year, items affecting comparability consisted mainly of sales gains and losses as well as restructuring expenses.

Sanoma's net financial items totalled EUR -23.8 million (2015: -18.8). The result before taxes amounted to EUR 195.6 million (2015: -9.3) in the first nine months. Earnings per share were EUR 0.85 (2015: -0.22). The increase is related to better operational performance as well as the settlement of Dutch defined benefit pension plans. Operational earnings per share were EUR 0.58 (2015: 0.22).

### Balance sheet and financial position

At the end of September 2016, Sanoma's consolidated balance sheet totalled EUR 2,728.0 million (2015: 2,961.2). The decrease is mainly attributable to divestments as well as impairments of goodwill in the fourth quarter of 2015.

In January-September, the Group's cash flow from operations improved to EUR 47.6 million (2015: -43.2) mainly as a result of higher profitability. Cash flow from operations per share was EUR 0.29 (2015: -0.27).

Sanoma's equity ratio was 43.7% (2015: 41.2%) at the end of September 2016. The return on equity (ROE) was 1.6% (2015: 3.6%) and the return on investment (ROI) was 4.6% (2015: 9.4%). Equity totalled EUR 1,128.3 million (2015: 1,158.3). Equity per share was EUR 5.16 (2015: 5.24). Interest-bearing liabilities decreased to EUR 799.8 million (2015:

922.3). Interest-bearing net debt was EUR 766.4 million (2015: 851.7).

### Investments, acquisitions and divestments

In January-September 2016, investments in tangible and intangible assets, including finance leases, amounted to EUR 22.6 million (2015: 43.1). Investments were mainly related to digital business and ICT systems.

In April 2014, Sanoma announced the divestment of its majority ownership in Sanoma Lehtimedia (a publisher of newspapers in southeast Finland) and in local printing companies. The first stage of the corporate arrangement was completed in January 2015, and the company will transfer fully to the ownership of Länsi-Savo in five years. As a result of the transaction, Sanoma recognised a capital gain of EUR 3.5 million in 2015.

In February 2015, Sanoma acquired 51% of the shares and in November 20% of the shares of the Dutch social media creator agency *Social Influencer* B.V.

In March 2015, Sanoma increased its ownership in the Finnish mobile marketing company Routa from 25% to 51%.

In April 2015, Sanoma sold its 33.3% stake in Delovoi Standard, the publisher of Russia's leading daily financial newspaper Vedomosti. Additionally, Sanoma sold its United Press portfolio of titles and its 50% stake in Viadeo. As a result of the transactions, Sanoma recognised a capital loss of EUR 6.6 million, including the currency translation adjustment.

In May 2015, Sanoma announced the divestments of three of its Belgian magazine titles. The transaction was closed in September. As a result of the transaction, Sanoma recognised a capital loss of EUR 12.2 million.

In October 2015, Oikotie, part of Sanoma Media Finland, acquired Jokakoti.fi real estate classified service and all of the shares of Jokakoti Oy.

In November 2015, Sanoma divested its majority ownership in the Finnish book-printing company Bookwell. As a result of the transaction, Sanoma recognised a capital loss of EUR 3.9 million.

In November and December 2015, Sanoma sold Belgium titles Moustique, Télé Pocket and Bloemschikken. As a result of the transactions, Sanoma recognised a capital gain of EUR 2.5 million.

In December 2015, Sanoma sold Hämeen Paino shares and buildings to DA-Design Oy. As a result of the transaction, Sanoma recognised a capital loss of EUR 6.7 million.

In December 2015, Sanoma sold its 50% stake in Fashion Press and other remaining Russian assets (the remaining operations in United Press and 50% stake in Mondadori Independent Media). Sanoma closed the transaction in March 2016.

In January 2016, Sanoma acquired 80% stake in the Finnish learning services company Tutorhouse.

In January 2016, Sanoma divested the Finnish language service company AAC Global.

In February 2016, Sanoma sold its Dutch online car classifieds business Autotrader.nl to AutoScout24. As a result of the transaction Sanoma recognised a capital gain of EUR 13.3 million.

In June 2016, Sanoma acquired the Dutch cashback marketing companies, Kortingsleuk.nl and the remaining shares of Scoupy.

In June 2016, Sanoma acquired the K-12 educational publishing activities of Group De Boeck in Belgium from Ergon Capital Partners.

In September 2016, Sanoma sold its Finnish Head Office custom publishing operations to Fokus Media.

## Reconciliation of operational EBIT

EUR million	7-9 2016	7-9 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>OPERATING PROFIT</b>	<b>75.1</b>	9.8	<b>219.8</b>	8.2	-123.1
<b>Items affecting comparability</b>					
<b>Media BeNe</b>					
Impairments	<b>0.0</b>	-2.5	<b>-8.1</b>	-3.8	-78.2
Sales gains/losses **		1.5	<b>13.3</b>	-12.2	-9.9
Restructuring expenses	<b>-2.5</b>	-6.3	<b>-15.5</b>	-23.0	-34.3
Others					
Settlement of Dutch defined benefit pension plans	<b>4.7</b>		<b>40.8</b>		
<b>Media Finland</b>					
Sales gains/losses		-11.2	<b>-0.2</b>	5.7	-2.5
Restructuring expenses	<b>-0.6</b>	-2.5	<b>-2.8</b>	-3.5	-18.4
<b>Learning</b>					
Restructuring expenses	<b>-1.8</b>	-0.6	<b>-2.1</b>	-1.7	-11.5
Others					
Settlement of Dutch defined benefit pension plans	<b>0.0</b>		<b>22.9</b>		
<b>Other companies</b>					
Sales gains/losses*	<b>-0.1</b>	-24.9	<b>2.7</b>	-31.5	-48.5
Restructuring expenses	<b>-1.7</b>	-6.3	<b>-8.6</b>	-14.0	-3.5
Others					
Settlement of Dutch defined benefit pension plans	<b>-0.8</b>		<b>11.0</b>		
<b>ITEMS AFFECTING COMPARABILITY</b>	<b>-2.6</b>	-52.7	<b>53.3</b>	-83.9	-206.8
<b>OPERATIONAL EBIT</b>	<b>77.7</b>	62.4	<b>166.5</b>	92.1	83.7
<b>Media Finland</b>					
Fair value remeasurement of previously held equity interest (mobile marketing company Routa)				1.9	1.9
<b>Media BeNe</b>					
Impairment of equity-accounted investees					-1.8
<b>ITEMS AFFECTING COMPARABILITY IN RESULTS OF ASSOCIATED COMPANIES</b>				1.9	0.1
Restructuring expenses (termination of lease agreement)				5.5	5.5
Impairment of loan					-1.4
<b>ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES</b>				5.5	4.1

\* In 2015, EUR -38.0 million impairment and realisation of cumulative FX loss related to equity accounted investees in Russia and Ukraine is included in the income statement on line share of results in joint ventures.

\*\* In Q3 2015 EUR -4.2 million and in 2015 EUR -35.4 million of the loss on sale is included in 'Other companies' figures.



## Reconciliation of operational EPS

EUR million	7-9 2016	7-9 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>48.8</b>	-5.4	142.5	-31.3	-142.6
Current year accrued interest on the hybrid bond net of tax	-1.5	-1.5	-4.3	-4.3	-5.8
Items affecting comparability	1.2	45.7	-43.9	71.3	169.2
<b>OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<b>48.5</b>	38.9	94.3	35.7	20.8
Adjusted average number of shares	<b>162,333,596</b>	162,812,093	162,277,604	162,812,093	162,721,764
<b>Operational EPS</b>	<b>0.30</b>	0.24	0.58	0.22	0.13

## Reconciliation of interest-bearing net debt

EUR million	30.9.2016	30.9.2015	31.12.2015
Non-current financial liabilities	<b>278.2</b>	494.2	507.4
Current financial liabilities	<b>521.6</b>	428.1	392.3
Cash and cash equivalents	<b>-33.3</b>	-70.7	-98.5
<b>Interest-bearing net debt</b>	<b>766.4</b>	851.7	801.2

## Consumer Media

The Consumer Media segment includes two strategic business units: Media BeNe and Media Finland.

### Consumer Media sales by type of sales, %

	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Advertising	<b>40.0</b>	39.2	<b>42.2</b>	41.4	42.4
Subscription	<b>29.8</b>	29.1	<b>28.8</b>	28.5	27.7
Single copy	<b>13.9</b>	15.3	<b>12.9</b>	14.7	13.9
Other	<b>16.3</b>	16.5	<b>16.1</b>	15.4	16.1
<b>Total Consumer Media</b>	<b>100.0</b>	100.0	<b>100.0</b>	100.0	100.0

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

### Circulation sales growth, % (based on reported figures, not adjusted for structural changes)

	7-9/2016 vs. 7-9/2015			1-9/2016 vs. 1-9/2015		
	Subscription	Single copy	<b>Total circulation</b>	Subscription	Single copy	<b>Total circulation</b>
Media BeNe	-7	-13	<b>-10</b>	-8	-18	<b>-13</b>
Media Finland	+2	-11	<b>-1</b>	+2	-8	<b>+0</b>
of which Magazines incl. online	+5	-12	<b>+3</b>	+2	-8	<b>+1</b>
of which Newspapers incl. online	+0	-11	<b>-3</b>	+1	-8	<b>-2</b>
of which Pay-TV & Pay-VOD	+2	-7	<b>+2</b>	+7	-8	<b>+6</b>
<b>Total Consumer Media</b>	<b>-2</b>	<b>-13</b>	<b>-6</b>	<b>-3</b>	<b>-16</b>	<b>-7</b>

### Advertising sales growth, % (based on reported figures, not adjusted for structural changes)

	7-9/2016 vs. 7-9/2015			1-9/2016 vs. 1-9/2015		
	Print	Digital	<b>Total advertising</b>	Print	Digital	<b>Total advertising</b>
Media BeNe	-34	-2	<b>-9</b>	-33	-1	<b>-7</b>
Media Finland	-8	+14	<b>+6</b>	-7	+12	<b>+5</b>
<b>Total Consumer Media</b>	<b>-19</b>	<b>+3</b>	<b>-2</b>	<b>-17</b>	<b>+4</b>	<b>-2</b>

## Media BeNe

Sanoma Media BeNe includes Dutch and Belgian consumer media operations as well as the Dutch press distribution business Aldipress. In the Netherlands, Sanoma has a leading cross media portfolio with strong brands and strong market positions in every part of the media industry: magazines, TV, events, custom media, e-commerce sites and apps. In Belgium, Sanoma is a prominent multi-media company, with quality magazines and digital media. Our portfolio consists of many leading brands, including AutoWeek, Donald Duck, Flair, Flow, Kieskeurig.nl, Libelle, LINDA., Margriet, NU.nl, Schoolbank.nl, Startpagina.nl, Tina, VIVA and vtwonen. In the Netherlands Sanoma has four free-to-air TV channels: Net5, SBS6, SBS9 and Veronica as well as online video platform KIJK.nl.

- In the third quarter, like-for-like net sales grew in the Dutch online and print portfolio. Total sales of Media BeNe were affected by lower advertising sales in TV operations.
- The viewing share of SBS TV operations were negatively affected by the large sports events in the third quarter and the overall TV market is impacted by the decrease in viewing time that continued in Q3.
- Media BeNe's profitability continued to improve in the third quarter, driven by cost innovations.

### Key indicators (based on reported figures, not adjusted for structural changes)

EUR million	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %	1-12/ 2015
Net sales	<b>179.7</b>	196.4	-8.5	<b>557.9</b>	601.9	-7.3	829.5
Digital	<b>71.4</b>	70.6	1.1	<b>221.8</b>	221.6	0.1	316.6
Print	<b>85.5</b>	102.6	-16.6	<b>264.6</b>	317.6	-16.7	419.9
Other	<b>22.8</b>	23.1	-1.5	<b>71.5</b>	62.6	14.1	93.0
Operational EBIT *	<b>21.8</b>	20.1	8.4	<b>58.8</b>	53.0	11.0	63.9
% of net sales	<b>12.1</b>	10.2		<b>10.5</b>	8.8		7.7
Operating profit	<b>24.0</b>	17.2	39.7	<b>89.3</b>	49.5	80.6	-22.8
Capital expenditure	<b>1.3</b>	2.4	-47.1	<b>4.7</b>	7.4	-35.8	9.4
Number of employees at the end of the period (FTE)				<b>1,775</b>	2,045	-13.2	2,020
Average number of employees (FTE)				<b>1,811</b>	2,137	-15.2	2,104

\* Reconciliation of operational EBIT is presented in a separate table on page 8.

## Operational indicators, %

	<b>1-9/ 2016</b>	<b>1-9/ 2015</b>	<b>1-12/ 2015</b>
<b>Dutch TV operations</b>			
TV channels' share of TV advertising	<b>22.4</b>	24.6	24.4
TV channels' national viewing share (20-54 years)	<b>19.9</b>	21.6	21.2

### Third quarter

Net sales in Media BeNe decreased by 8.5% to EUR 179.7 million (2015: 196.4). Adjusted for structural changes, net sales decreased by 1.2%.

Non-print sales increased by 1.4% to EUR 81.9 million (2015: 80.8).

Advertising sales decreased by 8.5%. Advertising sales represented 37.9% (2015: 37.9%) of net sales. Circulation sales decreased by 10.1% and represented 40.2% (2015: 40.9%) of net sales.

Sanoma estimates that the advertising market in the Netherlands increased on a net basis in online including search by 8%, but decreased in TV by 6% and in consumer magazines by 9% in the third quarter. Sanoma estimates that the total advertising

market increased by 1% in the third quarter in the Netherlands.

Operational EBIT in Media BeNe increased to EUR 21.8 million (2015: 20.1) due to cost innovations. Operating profit increased to EUR 24.0 million (2015: 17.2).

Items affecting comparability included in the operating profit totalled EUR 2.2 million (2015: -7.2) and were related to the pension plans in the Netherlands as well as restructuring expenses.

Media BeNe's investments in tangible and intangible assets totalled EUR 1.3 million (2015: 2.4) in the third quarter and consisted mainly of investments related to ICT.

## Media Finland

*Sanoma Media Finland is the leading multi-channel media company in Finland. We provide information, experiences and entertainment through magazines, newspapers, TV, radio, online and mobile channels. We have leading brands and services, including Aku Ankka, Gloria, ET, Helsingin Sanomat, Huuto.net, Hyvä Terveys, Ilta-Sanomat, Jim, Kodin Kuvalehti, Liv, Me Naiset, HS Metro, Oikotie, Nelonen, Radio Aalto, Radio Rock, Radio Suomipop, Ruutu and Taloussanomat, which reach almost all Finns every day.*

- Media Finland continued to improve its share of the total advertising market in the third quarter, with its TV viewing share improving by 6.8 percentage points to 37.8%
- Non-print sales continued to increase and grew by 13.3% in the third quarter.
- Operational EBIT improved significantly, supported by the growth in advertising sales, but in particular by the cost innovations and operational efficiency improvements.

### Key indicators (based on reported figures, not adjusted for structural changes)

EUR million	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %	1-12/ 2015
Net sales	<b>133.8</b>	131.9	1.5	<b>428.5</b>	420.6	1.9	572.8
Digital	<b>52.2</b>	46.6	11.8	<b>173.9</b>	153.5	13.3	212.8
Print	<b>80.4</b>	84.8	-5.1	<b>251.6</b>	264.9	-5.0	356.9
Other	<b>1.3</b>	0.5		<b>2.9</b>	2.1	37.8	3.0
Operational EBIT *	<b>10.2</b>	2.0		<b>40.3</b>	-2.6		13.0
% of net sales	<b>7.6</b>	1.5		<b>9.4</b>	-0.6		2.3
Operating profit	<b>9.6</b>	-11.7		<b>37.2</b>	-0.4		-8.1
Capital expenditure	<b>1.0</b>	1.6	-38.2	<b>3.8</b>	9.6	-60.6	10.5
Number of employees at the end of the period (FTE)				<b>1,749</b>	2,100	-16.7	1,863
Average number of employees (FTE)				<b>1,823</b>	2,174	-16.1	2,123

\* Reconciliation of operational EBIT is presented in a separate table on page 8.

## Operational indicators, %

	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>Finnish TV operations</b>			
TV channels' share of TV advertising	<b>35.3</b>	32.1	32.2
TV channels' national commercial viewing share (10-44 years)	<b>37.3</b>	31.2	31.5
TV channels' national viewing share (10+ years)	<b>15.7</b>	15.2	15.1

### Third quarter

Net sales in Media Finland increased by 1.5% to EUR 133.8 million (2015: 131.9). Adjusted for structural changes, net sales increased by 0.6%.

Non-print sales grew by 13.3% to EUR 53.4 million (2015: 47.1).

Advertising sales for Media Finland increased by 5.7% mainly due to market share gains in TV and radio, and represented 42.9% (2015: 41.2%) of net sales. Circulation sales decreased by 0.6%. Circulation sales represented 48.4% (2015: 49.4%) of net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis during the third quarter in magazines by 4% and in newspapers by 3% whereas advertising in TV increased by 2%, in online excluding search by 17% and in radio by 2%.

The total advertising market increased by 1% in the third quarter.

Operational EBIT in Media Finland increased to EUR 10.2 million (2015: 2.0). Cost innovations as well as advertising sales growth contributed to increased profitability. Operating profit increased to EUR 9.6 million (2015: -11.7) during the third quarter. An amortisation of EUR 6 million related to ice hockey TV rights impacted profitability, as in the comparable period.

Items affecting comparability included in the operating profit totalled EUR -0.6 million (2015: -13.7) consisting of restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 1.0 million (2015: 1.6) in the third quarter and were mainly related to maintenance capital expenditure.

## Learning

*Sanoma Learning is a leading European provider of multi-channel learning solutions active in five countries.*

- Learning's net sales in Western Europe grew in the third quarter, with a new curriculum in primary and upper secondary education driving sales in Finland. De Boeck is included in the Belgium figures as of 1 July 2016.
- Performance in Poland continued to be affected by the changes in the legislative environment, but is solid as market share increased.
- Despite lower performance in Poland, operational EBIT improved. Cost benefits from the earlier restructuring, a change in the prepublication amortisation schedule and the acquisition of De Boeck in Belgium contributed to the positive development.

### Key indicators (based on reported figures, not adjusted for structural changes)

EUR million	7-9/ 2016	7-9/ 2015	Change %	1-9/ 2016	1-9/ 2015	Change %	1-12/ 2015
Net sales	<b>124.7</b>	121.2	2.9	<b>254.6</b>	256.6	-0.8	280.3
Netherlands	<b>25.8</b>	27.5	-6.2	<b>87.9</b>	88.9	-1.1	95.3
Poland	<b>50.1</b>	56.6	-11.5	<b>62.8</b>	76.1	-17.4	83.9
Finland	<b>14.5</b>	11.0	32.0	<b>42.6</b>	40.2	6.0	43.6
Belgium	<b>24.1</b>	16.3	48.0	<b>40.8</b>	32.1	27.3	35.2
Sweden	<b>10.2</b>	10.2	0.6	<b>20.8</b>	20.0	4.2	23.3
Other companies and eliminations	<b>0.0</b>	-0.3		<b>-0.4</b>	-0.7		-1.1
Operational EBIT *	<b>50.5</b>	49.5	2.1	<b>80.6</b>	69.2	16.5	44.6
% of net sales	<b>40.5</b>	40.8		<b>31.7</b>	27.0		15.9
Operating profit	<b>48.8</b>	48.8	-0.2	<b>101.4</b>	67.5	50.3	33.1
Capital expenditure	<b>3.7</b>	6.8	-46.3	<b>10.7</b>	19.6	-45.3	25.5
Number of employees at the end of the period (FTE)				<b>1,426</b>	1,527	-6.6	1,507
Average number of employees (FTE)				<b>1,406</b>	1,521	-7.5	1,519

\* Reconciliation of operational EBIT is presented in a separate table on page 8.

### Third quarter

Net sales increased by 2.9% to EUR 124.7 million (2015: 121.2). Adjusted for structural changes, net sales decreased by 4.1%.

The learning business has, by nature, an annual cycle and strong seasonality. It accrues most of its net sales and results during the second and third quarters, whereas the first and fourth quarters are typically loss-making.

Operational EBIT in the Learning segment increased to EUR 50.5 million (2015: 49.5), positively impacted

by the acquisition of De Boeck in Belgium as well as cost innovations and the change in prepublication amortisation schedule. Operating profit amounted to EUR 48.8 million (2015: 48.8).

Items affecting comparability included in the operating profit totalled EUR -1.7 million (2015: -0.6) consisting of restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 3.7 million (2015: 6.8) in the third quarter. They were mainly related to investments in digital platforms.

## The Group

### Personnel

In January–September 2016, the average number of personnel (FTE) employed by the Sanoma Group was 5,437 (2015: 6,935). At the end of September, the number of Group employees (FTE) was 5,269 (2015: 6,650). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media BeNe had 1,775 (2015: 2,045) employees at the end of September and Media Finland 1,749 (2015: 2,100). Learning had 1,426 (2015: 1,527) and other operations 319 (2015: 978) employees (FTE) at the end of September 2016. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 238.9 million (2015: 289.8).

### Dividend

The Annual General Meeting on 12 April 2016 decided to pay a dividend of EUR 0.10 per share for the year 2015 (2014: 0.20). The dividends were paid on 21 April 2016.

### Shares and holdings

In January–September 2016, a total of 38,079,459 (2015: 64,182,341) Sanoma shares were traded on the Nasdaq Helsinki and traded shares accounted for 23% (2015: 39%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to 80% (2015: 86%) of the total traded share volume on stock exchanges. During the first nine months, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 5.58, with a low of EUR 3.51 and a high of EUR 9.15. At the end of September, Sanoma's market capitalisation was EUR 1,381 million (2015: 538), with Sanoma's share closing at EUR 8.48 (2015: 3.30). At the end of September, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093.

At the end of September, the company held a total of 478,497 own shares, representing 0.3% of all Sanoma shares and votes.

### Board of Directors, auditors and management

The AGM held on 12 April 2016 confirmed the number of Sanoma's Board members as ten. Board members Antti Herlin, Anne Brunila and Mika Ihamuotila were re-elected. The Board of Directors of Sanoma consists of Pekka Ala-Pietilä (Chairman), Antti Herlin (Vice Chairman), and Anne Brunila, Susan Duinhoven, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Robin Langenskiöld, Rafaela Seppälä, and Kai Öistämö as members.

The AGM appointed audit firm KPMG Oy Ab, with Virpi Halonen, Authorised Public Accountant, as Auditor in Charge, as the auditor of the Company.

At the end of September 2016, the Executive Management Group (EMG) comprises: Susan Duinhoven (President and CEO of the Sanoma Group), Kim Ignatius (CFO), Pia Kalsta (CEO, Sanoma Media Finland), John Martin (CEO, Sanoma Learning) and Peter de Mönning (CEO, Sanoma Media BeNe).

### Board authorisations

The AGM held on 12 April 2016 authorised the Board of Directors to decide on an issuance of a maximum of 50,000,000 new shares and a transfer of a maximum of 5,000,000 treasury shares. The authorisation will be valid until 30 June 2019. In a directed share issue, a maximum of 41,000,000 shares can be issued or transferred.

The AGM held on 12 April 2016 authorised the Board to decide on the repurchase of maximum of 16,000,000 Company's own shares. The authorisation is effective until 30 June 2017 and terminates the corresponding authorisation granted by the AGM on 8 April 2015.

These shares will be purchased with the Company's unrestricted shareholders' equity, and the repurchases will reduce funds available for distribution on profits. The shares will be repurchased to develop the Company's capital structure, carry out or finance potential corporate acquisitions or other business arrangements, to be used as a part of the Company's incentive programme or to be otherwise conveyed further, retained as treasury shares, or cancelled.



The shares can be repurchased either through a tender offer made to all shareholders on equal terms or in other proportion than that of the current shareholders at the market price of the repurchase moment on the Nasdaq Helsinki.

### **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 and the Netherlands is usually strongest in the second and fourth 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 operating profit, with the first quarter traditionally being clearly the smallest one for both.

### **Significant near term risks and uncertainty factors**

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. Many of the identified risks relate to changes in customer preferences. The driving force behind these changes is the on-going digitisation process. Sanoma takes actions in all its strategic business units to respond to this challenge.

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

Sanoma faces political risks in Poland, where legislative changes can have significant impacts on the learning business.

Normal business risks associated with the industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. Therefore, general economic conditions and economic trends in the industry influence Sanoma's business activities and operational performance.

Sanoma's financial risks include interest rate and currency risks, liquidity risk and credit risk. Other risks

include risks related to equity, impairment and the availability of capital. At the Group level, the most significant risks relate to liquidity risk and changes in exchange rates and interest rates.

Sanoma's consolidated balance sheet includes around EUR 2.1 billion in goodwill, immaterial rights and other intangible assets. Most of this is related to magazine and TV operations. 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. Major changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios.

## **Interim Report (unaudited)**

### **Accounting policies**

The Sanoma Group has 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 30 September 2016. 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. This Interim Report is unaudited.

## Consolidated income statement

EUR million	7-9 2016	7-9 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>NET SALES</b>	<b>438.1</b>	458.3	<b>1,241.0</b>	1,307.4	1,716.7
Other operating income	4.7	4.9	32.1	36.5	37.4
Materials and services	-136.9	-141.0	-378.2	-395.5	-527.1
Employee benefit expenses	-87.4	-114.9	-223.4	-362.4	-472.3
Other operating expenses	-82.7	-97.5	-247.1	-329.3	-454.4
Share of results in joint ventures	0.9	-24.0	2.9	-22.2	-34.1
Depreciation, amortisation and impairment losses	-61.7	-76.1	-207.5	-226.3	-389.4
<b>OPERATING PROFIT</b>	<b>75.1</b>	9.8	<b>219.8</b>	8.2	-123.1
Share of results in associated companies	-0.4	0.0	-0.4	1.3	-0.7
Financial income	1.0	4.6	10.6	20.6	26.1
Financial expenses	-7.1	-11.8	-34.4	-39.5	-53.7
<b>RESULT BEFORE TAXES</b>	<b>68.6</b>	2.5	<b>195.6</b>	-9.3	-151.4
Income taxes	-17.3	-5.9	-47.5	-17.0	-6.3
<b>RESULT FOR THE PERIOD</b>	<b>51.3</b>	-3.4	<b>148.1</b>	-26.3	-157.7
<b>Result attributable to:</b>					
Equity holders of the Parent Company	48.8	-5.4	142.5	-31.3	-142.6
Non-controlling interests	2.5	2.0	5.5	5.0	-15.0
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>					
Earnings per share, EUR	0.29	-0.04	0.85	-0.22	-0.91
Diluted earnings per share, EUR	0.29	-0.04	0.85	-0.22	-0.91

In connection with a reporting system change, Sanoma has adapted a new method for currency translation, changing from cumulative translation to periodic translation. Due to this, there are some minor changes in the historical figures. All figures in this report are presented according to the new method.

## Statement of comprehensive income

EUR million	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>Result for the period</b>	<b>51.3</b>	-3.4	<b>148.1</b>	-26.3	-157.7
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Change in translation differences	-0.3	-4.1	-3.5	-1.2	-1.0
Share of other comprehensive income of equity-accounted investees	-0.1	0.2		0.8	1.1
Realisation of translation differences related to assets held for sale				12.8	0.7
Reclassification of translation differences of sold earnings					12.8
Cash flow hedges	0.2	0.1	0.5	0.0	-0.2
Income tax related to cash flow hedges	0.0	0.0	-0.1	0.0	0.0
<b>Items that will not be reclassified to profit or loss</b>					
Defined benefit plans	-1.1	-33.8	-36.0	0.6	12.8
Income tax related to defined benefit plans	0.4	7.8	9.0	0.3	-1.5
<b>Other comprehensive income for the period, net of tax</b>	<b>-1.0</b>	-29.8	<b>-30.5</b>	13.4	24.7
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>50.3</b>	-33.2	<b>117.5</b>	-13.0	-133.0
Total comprehensive income attributable to:					
Equity holders of the Parent Company	47.8	-35.2	112.0	-17.9	-118.0
Non-controlling interests	2.5	2.0	5.5	5.0	-15.0

## Consolidated balance sheet

EUR million	30.9.2016	30.9.2015	31.12.2015
<b>ASSETS</b>			
Property, plant and equipment	59.9	79.6	69.4
Investment property	31.1	29.8	31.6
Goodwill	1,658.8	1,718.1	1,665.3
Other intangible assets	468.3	510.2	458.3
Equity-accounted investees	28.6	25.5	33.1
Available-for-sale financial assets	5.0	4.0	3.6
Deferred tax receivables	38.6	45.6	41.3
Trade and other receivables	33.3	37.1	37.6
NON-CURRENT ASSETS, TOTAL	2,323.5	2,449.9	2,340.3
Inventories	46.1	49.8	39.5
Income tax receivables	11.4	12.0	5.0
Trade and other receivables	313.7	359.3	271.0
Cash and cash equivalents	33.3	70.7	98.5
CURRENT ASSETS, TOTAL	404.5	491.8	414.0
Assets classified as held for sale		19.5	10.9
<b>ASSETS, TOTAL</b>	<b>2,728.0</b>	<b>2,961.2</b>	<b>2,765.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders of the Parent Company</b>			
Share capital	71.3	71.3	71.3
Treasury shares	-2.1		-3.2
Fund for invested unrestricted equity	203.3	203.3	203.3
Other reserves	-0.1	-0.4	-0.5
Other equity	466.8	479.4	373.4
Hybrid bond	99.1	99.1	99.1
	838.3	852.7	743.4
Non-controlling interests	290.1	305.6	285.7
EQUITY, TOTAL	1,128.3	1,158.3	1,029.1
Deferred tax liabilities	63.0	67.9	62.0
Pension obligations	34.8	93.5	89.1
Provisions	3.4	3.5	1.7
Financial liabilities	278.2	494.2	507.4
Trade and other payables	44.6	48.4	46.7
NON-CURRENT LIABILITIES, TOTAL	424.0	707.6	706.9
Provisions	20.4	25.9	26.5
Financial liabilities	521.6	428.1	392.3
Income tax liabilities	38.4	25.5	6.3
Trade and other payables	595.3	615.7	600.9
CURRENT LIABILITIES, TOTAL	1,175.7	1,095.2	1,026.0
Liabilities related to assets held for sale		0.0	3.1
<b>LIABILITIES, TOTAL</b>	<b>1,599.6</b>	<b>1,802.8</b>	<b>1,736.0</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,728.0</b>	<b>2,961.2</b>	<b>2,765.1</b>

On 30 September 2016, the Group did not have assets classified as held for sale. On 30 September 2015, assets classified as held for sale include Hearst Independent Media Publishing B.V. that was classified as assets held for sale in December 2014.

## Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company								Equity, total
	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	
<b>Equity at 1 Jan 2015</b>	<b>71.3</b>		<b>203.3</b>	<b>-0.4</b>	<b>529.1</b>	<b>99.1</b>	<b>902.4</b>	<b>298.9</b>	<b>1,201.3</b>
Comprehensive income for the period				0.0	-17.9		-17.9	5.0	-13.0
Share-based compensation					0.9		0.9		0.9
Dividends paid					-32.6		-32.6	-0.5	-33.1
Acquisitions and other changes in non-controlling interests					-0.1		-0.1	2.3	2.2
<b>Equity at 30 September 2015</b>	<b>71.3</b>		<b>203.3</b>	<b>-0.4</b>	<b>479.4</b>	<b>99.1</b>	<b>852.7</b>	<b>305.6</b>	<b>1,158.3</b>
<b>Equity at 1 Jan 2016</b>	<b>71.3</b>	<b>-3.2</b>	<b>203.3</b>	<b>-0.5</b>	<b>373.4</b>	<b>99.1</b>	<b>743.4</b>	<b>285.7</b>	<b>1,029.1</b>
Comprehensive income for the period				0.4	111.6		112.0	5.5	117.5
Share-based compensation		1.0			-0.3		0.8		0.8
Dividends paid					-16.3		-16.3	-1.1	-17.3
Acquisitions and other changes in non-controlling interests					-1.6		-1.6	-0.1	-1.8
<b>Equity at 30 September 2016</b>	<b>71.3</b>	<b>-2.1</b>	<b>203.3</b>	<b>-0.1</b>	<b>466.8</b>	<b>99.1</b>	<b>838.3</b>	<b>290.1</b>	<b>1,128.3</b>

## Consolidated cash flow statement

EUR million	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>OPERATIONS</b>			
Result for the period	148.1	-26.3	-157.7
Adjustments			
Income taxes	47.5	17.0	6.3
Financial income and expenses	23.8	18.8	27.6
Share of results in equity-accounted investees	-2.4	20.9	34.8
Depreciation, amortisation and impairment losses	207.5	226.3	389.4
Gains/losses on sales of non-current assets	-18.7	0.7	20.3
Acquisitions of broadcasting rights and prepublication costs	-165.8	-173.2	-226.5
Other adjustments	1.0	0.8	0.9
Change in working capital	-141.7	-65.0	-1.2
Interest and other financial items paid	-36.0	-28.7	-32.4
Taxes paid	-15.6	-34.6	-36.0
<b>Cash flow from operations</b>	<b>47.6</b>	<b>-43.2</b>	<b>25.5</b>
<b>INVESTMENTS</b>			
Acquisition of tangible and intangible assets	-22.9	-43.8	-55.1
Operations acquired	-21.6	-4.7	-9.5
Proceeds from sale of tangible and intangible assets	2.6	1.8	3.1
Operations sold	42.2	61.1	66.3
Loans granted	-2.4	-3.6	-4.3
Repayments of loan receivables	2.7	6.1	6.3
Interest received	0.3	0.5	0.6
Dividends received	4.5	4.7	6.1
<b>Cash flow from investments</b>	<b>5.4</b>	<b>22.0</b>	<b>13.6</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>53.0</b>	<b>-21.2</b>	<b>39.1</b>
<b>FINANCING</b>			
Contribution by non-controlling interests		0.1	0.1
Purchase of treasury shares			-3.2
Change in loans with short maturity	-56.4	94.4	62.1
Drawings of other loans	240.0	182.6	202.5
Repayments of other loans and finance lease liabilities	-269.6	-223.2	-230.8
Interest paid on hybrid bond			-7.3
Dividends paid	-17.3	-33.1	-33.2
<b>Cash flow from financing</b>	<b>-103.3</b>	<b>20.8</b>	<b>-9.7</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>-50.3</b>	<b>-0.4</b>	<b>29.4</b>
Effect of exchange rate differences on cash and cash equivalents	-0.8	-0.2	1.1
<b>Net change in cash and cash equivalents</b>	<b>-51.0</b>	<b>-0.6</b>	<b>30.5</b>
Cash and cash equivalents at the beginning of the period	82.5	52.0	52.0
Cash and cash equivalents at the end of the period	31.5	51.4	82.5

Cash and cash equivalents in cash flow statement include cash and cash equivalents less bank overdrafts.

## Income statement by quarter

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	1-3/ 2015	4-6/ 2015	7-9 2015	10-12/ 2015	1-12/ 2015
<b>NET SALES</b>	353.1	449.7	<b>438.1</b>	380.2	469.0	458.3	409.3	1,716.7
Other operating income	21.8	5.6	<b>4.7</b>	20.0	11.6	4.9	0.8	37.4
Materials and services	-104.3	-137.0	<b>-136.9</b>	-117.2	-137.3	-141.0	-131.6	-527.1
Employee benefit expenses	-107.4	-28.6	<b>-87.4</b>	-120.6	-126.9	-114.9	-109.9	-472.3
Other operating expenses	-89.5	-74.9	<b>-82.7</b>	-100.8	-131.0	-97.5	-125.1	-454.4
Share of results in joint ventures	1.0	0.9	<b>0.9</b>	0.5	1.2	-24.0	-11.9	-34.1
Depreciation, amortisation and impairment losses	-71.6	-74.2	<b>-61.7</b>	-73.1	-77.2	-76.1	-163.0	-389.4
<b>OPERATING PROFIT</b>	3.1	141.7	<b>75.1</b>	-10.9	9.4	9.8	-131.3	-123.1
Share of results in associated companies	0.1	-0.2	<b>-0.4</b>	0.0	1.4	0.0	-2.0	-0.7
Financial income	9.2	0.4	<b>1.0</b>	18.6	-2.6	4.6	5.5	26.1
Financial expenses	-17.9	-9.4	<b>-7.1</b>	-20.9	-6.8	-11.8	-14.2	-53.7
<b>RESULT BEFORE TAXES</b>	-5.5	132.5	<b>68.6</b>	-13.2	1.3	2.5	-142.0	-151.4
Income taxes	5.4	-35.6	<b>-17.3</b>	5.0	-16.0	-5.9	10.7	-6.3
<b>RESULT FOR THE PERIOD</b>	-0.1	96.9	<b>51.3</b>	-8.2	-14.7	-3.4	-131.4	-157.7
<b>Result attributable to:</b>								
Equity holders of the Parent Company	0.0	93.8	<b>48.8</b>	-8.2	-17.7	-5.4	-111.4	-142.6
Non-controlling interests	-0.1	3.1	<b>2.5</b>	0.0	3.0	2.0	-20.0	-15.0
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>								
Earnings per share, EUR	0.00	0.57	<b>0.29</b>	-0.06	-0.12	-0.04	-0.70	-0.91
Diluted earnings per share, EUR	0.00	0.57	<b>0.29</b>	-0.06	-0.12	-0.04	-0.70	-0.91

## Net sales by strategic business unit

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
<b>MEDIA BENE</b>								
Digital	68.2	82.3	<b>71.4</b>	67.1	83.9	70.6	94.9	316.6
Print	87.1	92.1	<b>85.5</b>	105.6	109.4	102.6	102.3	419.9
Other	20.4	28.3	<b>22.8</b>	16.8	22.7	23.1	30.4	93.0
<b>Total</b>	<b>175.6</b>	<b>202.6</b>	<b>179.7</b>	<b>189.5</b>	<b>216.0</b>	<b>196.4</b>	<b>227.6</b>	<b>829.5</b>
<b>MEDIA FINLAND</b>								
Digital	58.3	63.5	<b>52.2</b>	50.0	56.9	46.6	59.3	212.8
Print	85.3	85.9	<b>80.4</b>	90.5	89.7	84.8	92.0	356.9
Other	0.9	0.8	<b>1.3</b>	2.5	-0.9	0.5	0.9	3.0
<b>Total</b>	<b>144.5</b>	<b>150.1</b>	<b>133.8</b>	<b>143.0</b>	<b>145.7</b>	<b>131.9</b>	<b>152.2</b>	<b>572.8</b>
<b>LEARNING</b>								
Netherlands	19.7	42.4	<b>25.8</b>	21.5	39.9	27.5	6.4	95.3
Poland	4.5	8.2	<b>50.1</b>	6.7	12.8	56.6	7.7	83.9
Finland	3.2	24.9	<b>14.5</b>	3.8	25.5	11.0	3.4	43.6
Belgium	1.4	15.3	<b>24.1</b>	1.5	14.3	16.3	3.2	35.2
Sweden	4.1	6.5	<b>10.2</b>	4.1	5.7	10.2	3.4	23.3
Other companies and eliminations	-0.1	-0.3	<b>0.0</b>	-0.1	-0.2	-0.3	-0.4	-1.1
<b>Total</b>	<b>32.9</b>	<b>97.1</b>	<b>124.7</b>	<b>37.5</b>	<b>98.0</b>	<b>121.2</b>	<b>23.7</b>	<b>280.3</b>
<b>OTHER AND ELIMINATIONS</b>								
Russia & CEE	0.2	0.0	<b>0.0</b>	2.5	2.5	1.3	0.3	6.6
Other operations	0.0	0.0	<b>0.0</b>	8.2	6.9	7.7	5.8	28.7
Eliminations	-0.1	-0.1	<b>-0.1</b>	-0.6	-0.1	-0.1	-0.3	-1.1
<b>Total</b>	<b>0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>10.2</b>	<b>9.3</b>	<b>8.8</b>	<b>5.8</b>	<b>34.2</b>
<b>Total</b>	<b>353.1</b>	<b>449.7</b>	<b>438.1</b>	<b>380.2</b>	<b>469.0</b>	<b>458.3</b>	<b>409.3</b>	<b>1,716.7</b>



## Operating profit by strategic business unit

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
Media BeNe	11.4	53.9	<b>24.0</b>	2.7	29.6	17.2	-72.3	-22.8
Media Finland	10.1	17.5	<b>9.6</b>	13.1	-1.8	-11.7	-7.6	-8.1
Learning	-11.1	63.8	<b>48.8</b>	-12.8	31.5	48.8	-34.3	33.1
Other companies and eliminations	-7.3	6.5	<b>-7.3</b>	-13.9	-49.9	-44.5	-17.1	-125.4
<b>Total</b>	3.1	141.7	<b>75.1</b>	-10.9	9.4	9.8	-131.3	-123.1

## Operational EBIT by strategic business unit

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
Media BeNe	7.4	29.6	<b>21.8</b>	5.8	27.1	20.1	10.9	63.9
Media Finland	11.0	19.0	<b>10.2</b>	-2.1	-2.5	2.0	15.6	13.0
Learning	-10.9	41.1	<b>50.5</b>	-12.7	32.4	49.5	-24.6	44.6
Other companies and eliminations	-5.6	-2.8	<b>-4.8</b>	-10.8	-7.5	-9.1	-10.4	-37.8
<b>Total</b>	1.9	86.9	<b>77.7</b>	-19.8	49.5	62.4	-8.4	83.7

## Segment information

In 2016, Sanoma Group includes two reportable segments: Consumer Media and Learning. Consumer Media consists of two strategic business units in 2016: Sanoma Media BeNe and Sanoma Media Finland.

Consumer Media is responsible for magazines, TV and radio operations as well as newspapers, with operations in Finland, the Netherlands and Belgium. The segment also has a great variety of online and mobile services.

Learning is a leading European provider of multi-channel learning solutions. Learning's main markets are Belgium, Finland, the Netherlands, Poland and Sweden.

In addition to the Group eliminations, 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 and deferred tax receivables. Transactions between segments are based on market prices.

### Sanoma segments 1.1.–30.9.2016

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	986.1	254.6	0.2	1,241.0
Internal net sales	0.2	0.0	-0.2	
<b>Net sales, total</b>	986.4	254.6	0.0	1,241.0
<b>Operating profit</b>	126.6	101.4	-8.2	219.8
<b>Operational EBIT</b>	99.1	80.6	-13.2	166.5
Share of results in associated companies	0.0	-0.4		-0.4
Financial income			10.6	10.6
Financial expenses			-34.4	-34.4
<b>Result before taxes</b>				195.6
<b>Segment assets</b>	2,016.9	572.3	50.2	2,639.4

### Sanoma segments 1.1.–30.9.2015

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	1,022.3	256.6	28.5	1,307.4
Internal net sales	0.1	0.0	-0.1	
<b>Net sales, total</b>	1,022.4	256.6	28.4	1,307.4
<b>Operating profit</b>	49.0	67.5	-108.3	8.2
<b>Operational EBIT</b>	50.4	69.2	-27.4	92.1
Share of results in associated companies	1.3	0.0	0.0	1.3
Financial income			20.6	20.6
Financial expenses			-39.5	-39.5
<b>Result before taxes</b>				-9.3
<b>Segment assets</b>	2,211.1	523.2	88.9	2,823.2

## Changes in property, plant and equipment

EUR million	30.9.2016	30.9.2015	31.12.2015
Carrying amount at the beginning of the period	<b>69.4</b>	94.4	94.4
Increases	<b>6.0</b>	12.6	14.2
Acquisition of operations	<b>0.5</b>	0.0	0.0
Decreases	<b>-1.1</b>	-1.1	-2.0
Disposal of operations	<b>-2.6</b>	-0.2	-13.7
Depreciation for the period	<b>-12.6</b>	-15.6	-20.3
Impairment losses for the period		-10.7	-1.6
Transfer to assets classified as held for sale			-0.1
Exchange rate differences and other changes	<b>0.2</b>	0.2	-1.5
<b>Carrying amount at the end of the period</b>	<b>59.9</b>	79.6	69.4

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

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 161.5 million (2015: 213.9).

## Effect of acquisitions on the consolidated balance sheet

EUR million	1-9/ 2016	1-12/ 2015
Acquisition cost	<b>20.5</b>	5.7
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	<b>-0.1</b>	2.2
Fair value of previously held interest	<b>2.2</b>	2.8
Fair value of acquired net assets	<b>-9.8</b>	-5.3
Recognised in equity	<b>-1.8</b>	-0.6
<b>Goodwill from the acquisitions</b>	<b>11.0</b>	4.9

## Contingent liabilities

EUR million	30.9.2016	30.9.2015	31.12.2015
<b>Contingencies for own commitments</b>			
Mortgages	9.7	10.6	10.6
Pledges	2.4	2.4	2.4
Other items	25.0	35.6	25.6
Total	37.1	48.6	38.6
<b>Other contingencies</b>			
Operating lease liabilities	294.3	332.7	323.7
Royalties	17.6	3.4	12.5
Other items	42.5	73.4	69.9
Total	354.5	409.5	406.0
<b>Total</b>	<b>391.6</b>	<b>458.1</b>	<b>444.7</b>

### Interest on hybrid bond

On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. On 30 September 2016, the unpaid interest on the bond was EUR 5.8 million (2015: 5.8).

## Derivative instruments

EUR million	30.9.2016	30.9.2015	31.12.2015
<b>Fair values</b>			
<b>Interest rate derivatives (incl. accrued interests)</b>			
Interest rate swaps	-0.8	-1.1	-1.6
<b>Currency derivatives</b>			
Forward contracts	3.5	7.6	8.0
<b>Nominal values</b>			
<b>Interest rate derivatives</b>			
Interest rate swaps	200.0	200.0	200.0
<b>Currency derivatives</b>			
Forward contracts	100.6	112.0	100.2

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.

## Key exchange rates

	1-9/2016	1-9/2015	1-12/2015
<b>Average rate</b>			
EUR/PLN (Polish Zloty)	4.32	4.22	4.29
EUR/SEK (Swedish Crown)	9.57	9.39	9.25
EUR/USD (US Dollar)	1.12	1.12	1.09
<b>Closing rate</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
EUR/PLN (Polish Zloty)	4.32	4.24	4.26
EUR/SEK (Swedish Crown)	9.62	9.41	9.19
EUR/USD (US Dollar)	1.12	1.12	1.09

### January–September 2016 Interim Report webcast

The event for analysts, investors and media will be held in English by President and CEO Susan Duinhoven and CFO Kim Ignatius on 28 October 2016 at 11:00 Finnish time (9:00 am UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. The live webcast can be viewed on Sanoma's website at [www.sanoma.com/en/investors](http://www.sanoma.com/en/investors) and on demand after the event.

Please join in 5-10 minutes prior to the start time by dialling

Finland: +358 (0)9 7479 0404 / US: +1 719 325 4746 / UK: +44 (0)20 3043 2025 / Netherlands: +31 (0)20 703 8260  
Conference id: 6259323

### Financial reporting 2017

Sanoma will publish its Full-Year Result for 2016 on 7 February 2017 at approx. 8:30 am Finnish time.

Interim Reports and Half-Year Report will be published in 2017:

- Interim Report January–March on 26 April 2017, at approx. 8:30
- Half-Year Financial Report January–June on 25 July 2017, at approx. 8:30
- Interim Report January–September on 25 October 2017, at approx. 8:30

### Additional information

Sanoma's Investor Relations, Anna Tuominen, tel. +358 40 584 6944

### Sanoma

Sanoma is a front running media and learning company impacting the lives of millions every day. We provide consumers with engaging content, offer unique marketing solutions to business partners and enable teachers to excel at developing the talents of every child.

With companies operating in Finland, the Netherlands, Belgium, Poland and Sweden, our net sales totalled EUR 1.7 billion and we employed over 6,000 professionals in 2015. The Sanoma shares are listed in Nasdaq Helsinki.