

2016

Full-Year Result

sanoma

Sanoma Corporation — P.O. Box 60, 00089 Sanoma, Helsinki, Finland
tel. +358 105 1999 — www.sanoma.com — VAT FI15243611 — Domicile Helsinki

Sanoma's 2016 Full-Year Result:

Back on Track Faster than Expected

Performance improvement continued in the fourth quarter

Sanoma Corporation, Financial Statement Release, 7 February 2017 at 8:30 CET+1

Fourth quarter

- Net sales amounted to EUR 398.1 million (2015: 409.3).
- Adjusted for changes in the Group structure, Sanoma's net sales were stable.
- Operational EBIT increased to EUR 1.4 million (2015: -8.4).
- Operating profit was EUR -23.2 million (2015: -131.3).
- Earnings per share were EUR -0.20 (2015: -0.69).
- Operational earnings per share were EUR -0.07 (2015: -0.09).
- Cash flow from operations was EUR 105.8 million (2015: 68.7).
- Items affecting comparability included in the operating profit amounted to EUR -24.6 million (2015: -122.9), mainly related to restructuring expenses and impairments. In the fourth quarter of 2015, the items were mainly related to impairment of goodwill and intangible assets, sales losses and restructuring expenses.

2016

- Net sales amounted to EUR 1,639.1 million (2015: 1,716.7).
- Adjusted for changes in the Group structure, Sanoma's net sales were stable (+0.1%).
- Operational EBIT improved significantly, to EUR 167.9 million (2015: 83.7).
- Operating profit increased to EUR 196.6 million (2015: -123.1)
- Earnings per share were EUR 0.65 (2015: -0.91).
- Operational earnings per share were EUR 0.51 (2015: 0.13).
- Cash flow from operations was EUR 153.5 million (2015: 25.5).
- Net debt/adj. EBITDA ratio was 3.2 times (2015: 5.1) after the redemption of the hybrid.
- The Board of Directors proposes a dividend of EUR 0.20 per share (2015: 0.10).
- Items affecting comparability included in the operating profit amounted to EUR 28.7 million (2015: -206.8), mainly related to settlement of the Dutch defined benefit pension plans, sales gains as well as restructuring expenses and impairments. In 2015, the items were mainly related to impairment of goodwill and intangible assets, sales losses and restructuring expenses.

Outlook

For 2017, Sanoma expects that the Group's consolidated net sales adjusted for structural changes will be stable and the operational EBIT margin will be around 10%.

The outlook is based on the assumption of the advertising markets development in the Netherlands and Finland being in line with that of 2016.

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

EUR million	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Net sales	398.1	409.3	-2.7	1,639.1	1,716.7	-4.5
Operational EBIT	1.4	-8.4		167.9	83.7	
% of net sales	0.3	-2.1		10.2	4.9	
Operating profit	-23.2	-131.3		196.6	-123.1	
Result for the period	-32.1	-131.4		116.0	-157.7	
Cash flow from operations	105.8	68.7	54.1	153.5	25.5	
Capital expenditure *	12.2	11.5	5.5	34.8	54.7	-36.4
% of net sales	3.1	2.8		2.1	3.2	
Return on equity (ROE), % **				10.9	-13.6	
Return on investment (ROI), % **				9.9	-5.3	
Equity ratio, %				41.0	39.5	
Net gearing, %				78.4	77.8	
Number of employees at the end of the period (FTE)				5,227	6,116	-14.5
Average number of employees (FTE)				5,384	6,776	-20.5
Earnings/share, EUR	-0.20	-0.69		0.65	-0.91	
Cash flow from operations/share, EUR	0.65	0.42	54.2	0.95	0.16	
Equity/share, EUR				4.39	4.59	-4.2
Dividend/share, EUR ***				0.20	0.10	
Market capitalisation				1,338.4	633.7	

* Including finance leases.

** Rolling 12-month period.

*** Dividend for 2016 is a proposal by the Board of Directors.

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, %

	10-12/2016 vs. 10-12/2015	1-12/2016 vs. 1-12/2015	1-12/2015 vs. 1-12/2014
Media BeNe	-2.2	0.5	-1.4
Media Finland	0.8	0.7	-4.1
Learning	15.9	-2.5	-4.0
Group	0.0	0.1	-3.4

Susan Duinhoven, President and CEO

“Sanoma’s performance in the fourth quarter of the year was in line with the significant improvement in results seen in previous quarters. In 2016, our organic net sales were stable. The benefits from the cost innovation initiatives, started in the third quarter of 2015, came in faster than anticipated and our operational EBIT in 2016 doubled to EUR 167.9 million.

In Media BeNe, all businesses posted improved results in 2016 due to successful cost innovations. Most of the increase in profits came from the Dutch print and online brand portfolio. According to a recent study, Sanoma is the leading local online publisher and our Dutch news site NU.nl reaches 67% of the population monthly.

In 2016, Media Finland’s results improved very significantly driven by cost innovations. In addition, the good development of non-print sales contributed to increased profitability. Non-print sales amounted to 42% of net sales at the end of the year (2015: 38%). Nelonen’s share of TV viewing increased throughout the year and rose in the fourth quarter to 35.8% from 32.6% in the comparable period last year. Media Finland will be continuing with the implementation of the over 100 ‘Suunta’ revenue, cost and process improvement initiatives, and the profitability in 2017 is likely to be affected by related development costs.

Also Learning had a good year. Curriculum changes, successes of the digital learning platform Bingel, as well as the acquisition of De Boeck in Belgium contributed to 8% increase in sales in the Western European markets in 2016. In Poland, we were able to increase our market share, but the sharp market decline influenced Learning’s total net sales negatively. The improved market share makes Sanoma well positioned to invest in developing new methods to support the new educational reform beginning in 2017. Profitability in Learning improved significantly, driven by cost innovations in all businesses.

Our significantly improved cash flow has enabled us to deleverage our balance sheet during 2016 considerably. For 2016, the Board proposes a dividend of EUR 0.20 (2015: 0.10). Deleveraging continues to be important also in the coming years and we have reviewed our long-term financial targets

to reflect this. Our new dividend policy, published today, will also be based on cash flow. From 2017 onwards, we aim to pay an increasing dividend, equal to 40–60% of annual cash flow from operations less capital expenditure. The improvements in cash flows and continued deleveraging will have a positive effect on our operational earnings per share going forward.

The faster than expected improvement in our results clearly shows the strength of Sanoma. The strong brands, the good market positions and the great teams working to serve our customers have been able to get the company back on track in 2016. We look forward to continue on our transformation path and further improve our processes and products in 2017.”

Group outlook

For 2017, Sanoma expects that the Group’s consolidated net sales adjusted for structural changes will be stable and the operational EBIT margin will be around 10%.

The outlook is based on the assumption of the advertising markets development in the Netherlands and Finland being in line with that of 2016.

Net sales

Fourth quarter

In October–December, Sanoma’s net sales decreased by 2.7% and amounted to EUR 398.1 million (2015: 409.3). Divestments of non-core operations had a negative impact on net sales. Adjusted for changes in the Group structure, net sales were stable.

Non-print sales grew by 5.9% to EUR 182.8 million (2015: 172.6) mainly as a result of increased TV and online advertising sales.

Advertising sales decreased overall by 1.8% to EUR 168.3 million (2015: 171.3). Print advertising sales decreased, while digital advertising showed growth. Circulation sales decreased by 3.5% to EUR 135.5 million (2015: 140.5). Learning’s sales increased by 17.8% to EUR 27.9 million (2015: 23.7). Other sales decreased by 10.0% to EUR 66.5 million (2015: 73.9) due to divestments.

2016

In 2016, Sanoma’s net sales decreased by 4.5% and amounted to EUR 1,639.1 million (2015: 1,716.7) due

to divestments. Adjusted for changes in the Group structure, net sales were at the previous year's level.

Non-print sales grew by 7.1% to EUR 618.3 million (2015: 577.1).

Without adjusting for structural changes in the Group structure, advertising sales decreased by 2.2% to EUR

584.5 million (2015: 597.9). Circulation sales decreased by 6.4% to EUR 546.3 million (2015: 583.6). Learning's net sales increased by 0.8% to EUR 282.6 million (2015: 280.3). Other sales decreased by 11.4% to EUR 225.8 million (2015: 254.9) due to divestments.

Group's net sales by country, %

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Netherlands	49.3	48.4	46.5	44.5
Finland	39.3	38.9	38.1	37.1
Belgium	8.1	9.7	9.3	11.5
Other	3.3	3.0	6.1	6.9
Total Group	100.0	100.0	100.0	100.0

Group's net sales by type of sales, %

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Advertising	42.3	41.9	35.7	34.8
Subscription	24.0	23.6	23.1	22.6
Single copy	10.0	10.7	10.2	11.4
Learning	7.0	5.8	17.2	16.3
Other	16.7	18.0	13.8	14.8
Total Group	100.0	100.0	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

Fourth quarter

In October–December, Sanoma's operational EBIT increased to EUR 1.4 million (2015: -8.4) mainly due to further cost innovations as well as operational improvements starting already in the third quarter of 2015.

The operational EBIT margin was 0.3% (2015: -2.1%) of net sales.

In the fourth quarter, the Group's total operating expenses, excluding items affecting comparability,

decreased by 3.1%. Like-for-like cost of sales decreased by 8.5%. Fixed costs increased by 0.6%. Paper costs decreased by 15.7% and transport and distribution service by 7.7%. Employee benefit expenses increased by 3.4% due to higher level of variable compensation than in the comparable period.

In October–December, operating profit included EUR -24.6 million (2015: -122.9) of items affecting comparability related to restructuring expenses and impairments. In the fourth quarter of 2015, the items

were mainly related to impairment of goodwill and intangible assets, sales losses and restructuring expenses.

Sanoma's net financial items totalled EUR -13.2 million (2015: -8.8). The result before taxes amounted to EUR -38.4 million (2015: -142.0) in the fourth quarter. Earnings per share were EUR -0.20 (2015: -0.69). Operational earnings per share were EUR -0.07 (2015: -0.09).

2016

Sanoma's operational EBIT in 2016 increased to EUR 167.9 million (2015: 83.7) due cost innovations.

The operational EBIT margin was 10.2% (2015: 4.9%) of net sales.

In 2016, the Group's total operating expenses, excluding items affecting comparability, decreased by 10.4%. Like-for-like cost of sales decreased by 7.7% and fixed costs by 12.2%. Paper costs decreased by 24.0% and employee benefit expenses by 13.0%.

Sanoma's operating profit in 2016 was EUR 196.6 million (2015: -123.1) or 12.0% (2015: -7.2%) of net sales.

Operating profit in 2016 included a net of EUR 28.7 million (2015: -206.8) of items affecting comparability. They were mainly related to settlement of the Dutch defined benefit pension plans, sales gains as well as restructuring expenses and impairments. In 2015, the items were mainly related to impairments of goodwill and intangible assets, sales losses and restructuring expenses.

Sanoma's full-year result included a EUR -2.4 million (2015: -0.7) result from associated companies.

Sanoma's net financial items totalled EUR -37.0 million (2015: -27.6). Financial income amounted to EUR 10.5 million (2015: 26.1), of which EUR 10.0 million were exchange rate gains (2015: 17.9). Financial expenses amounted to EUR -47.5 million (2015: -53.7), of which EUR -10.2 million were exchange rate losses (2015: -15.1). Interest expenses amounted to EUR -25.8 million (2015: -27.7).

The result before taxes amounted to EUR 157.2 million (2015: -151.4). Earnings per share were EUR 0.65 (2015: EUR -0.91). The increase is related to

better operational performance and the settlement of Dutch defined benefit pension plans as well as higher negative items affecting comparability in 2015.

Operational earnings per share were EUR 0.51 (2015: 0.13).

Balance sheet and financial position

At the end of 2016, Sanoma's consolidated balance sheet totalled EUR 2,605.6 million (2015: 2,765.1). The decrease is mainly attributable to divestments, the settlement of Dutch defined pension plans and lower interest-bearing debt. In 2016, the Group's cash flow from operations increased to EUR 153.5 million (2015: 25.5) as a result of increased operational performance as well as improvement in working capital, lower investments in TV programming and lower taxes. Cash flow from operations per share was EUR 0.95 (2015: 0.16).

During the year, Sanoma was able to deleverage its balance sheet significantly. At the year end, the net debt/adj. EBITDA ratio was 3.2 times (2015: 5.1). Without the redemption of the Hybrid Bond in December, the ratio would have been 2.8 times. The adjusted EBITDA used in this ratio is 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.

Sanoma's equity ratio was 41.0% (2015: 39.5%) at the end of 2016. The return on equity (ROE) was 10.9% (2015: -13.6%) and the return on investment (ROI) was 9.9% (2015: -5.3%). Equity totalled EUR 1,002.5 million (2015: 1,029.1). Equity per share was EUR 4.39 (2015: 4.59). Interest-bearing liabilities decreased to EUR 829.6 million (2015: 899.6). Interest-bearing net debt was EUR 786.2 million (2015: 801.2).

In 2016, Sanoma successfully refinanced most of its long-term debt. In February, Sanoma signed a EUR 500 million Revolving Credit Facility with maturity of four years. In May, Sanoma did a EUR 200 million tender offer on existing bonds maturing in 2017 (original amount EUR 400 million) and to finance this tender, issued a new EUR 200 million Senior Unsecured Bond with a maturity of 3.5 years. In December, Sanoma redeemed its EUR 100 million Hybrid Bond, issued in 2013.

Investments, acquisitions and divestments

In 2016, investments in tangible and intangible assets, including finance leases, amounted to EUR 34.8 million (2015: 54.7). Investments were mainly related to digital business and ICT systems. Sanoma's business acquisitions totalled EUR 27.2 million (2015: 5.7). The impact of acquisitions on the Group's assets and liabilities was limited.

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 sales 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 sales 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 sales 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 sales 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 sales 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 sales 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 sales 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	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
OPERATING PROFIT	-23.2	-131.3	196.6	-123.1
Items affecting comparability				
Media BeNe				
Impairments	-5.5	-74.4	-13.6	-78.2
Sales gains/losses **		2.3	13.3	-9.9
Restructuring expenses	-10.0	-11.4	-25.5	-34.3
Others				
Settlement of Dutch defined benefit pension plans			40.8	
Media Finland				
Sales gains/losses	0.6	-8.1	0.5	-2.5
Restructuring expenses	-4.7	-14.9	-7.5	-18.4
Others				
Transfer of surplus assets in Sanoma Pension Fund	-1.2		-1.2	
Learning				
Impairments	-4.4		-4.4	
Restructuring expenses	-8.8	-9.8	-10.9	-11.5
Others				
Settlement of Dutch defined benefit pension plans			22.9	
Transfer of surplus assets in Sanoma Pension Fund	3.0		3.0	
Other companies				
Sales gains/losses *		-17.0	2.7	-48.5
Restructuring expenses	8.2	10.5	-0.4	-3.5
Others				
Transfer of surplus assets in Sanoma Pension Fund	-1.8		-1.8	
Settlement of Dutch defined benefit pension plans			11.0	
ITEMS AFFECTING COMPARABILITY	-24.6	-122.9	28.7	-206.8
OPERATIONAL EBIT	1.4	-8.4	167.9	83.7
Media Finland				
Fair value remeasurement of previously held equity interest (mobile marketing company Routa)				1.9
Media BeNe				
Impairment of equity-accounted investees		-1.8		-1.8
ITEMS AFFECTING COMPARABILITY IN RESULTS OF ASSOCIATED COMPANIES		-1.8		0.1
Restructuring expenses (termination of lease agreement)				5.5
Impairment of loan	-4.6	-1.4	-4.6	-1.4
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES	-4.6	-1.4	-4.6	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 2015, EUR -35.4 million of the loss on sale is included in 'Other companies' figures.

Reconciliation of operational EPS

EUR million	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	-31.8	-111.4	110.8	-142.6
Current year accrued interest on the hybrid bond net of tax	-1.2	-1.5	-5.5	-5.8
Items affecting comparability*	21.4	97.9	-22.5	169.2
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	-11.5	-14.9	82.8	20.8
Adjusted average number of shares	162,333,596	162,453,723	162,291,679	162,721,764
Operational EPS	-0.07	-0.09	0.51	0.13

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

Reconciliation of interest-bearing net debt

EUR million	31.12.2016	31.12.2015
Non-current financial liabilities	239.1	507.4
Current financial liabilities	590.5	392.3
Cash and cash equivalents	-43.4	-98.5
Interest-bearing net debt	786.2	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, %

	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Advertising	45.5	45.1	43.1	42.4
Subscription	25.8	25.5	28.0	27.7
Single copy	10.8	11.5	12.3	13.9
Other	18.0	17.9	16.6	16.1
Total Consumer Media	100.0	100.0	100.0	100.0

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

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

	10-12/2016 vs. 10-12/2015			1-12/2016 vs. 1-12/2015		
	Subscription	Single copy	Total circulation	Subscription	Single copy	Total circulation
Media BeNe	-6	-8	-7	-7	-16	-11
Media Finland	+3	-11	0	+2	-9	0
of which Magazines incl. online	0	-2	0	+1	-7	1
of which Newspapers incl. online	+2	-11	-2	+2	-9	-2
of which Pay-TV & Pay-VOD	+16	-59	+13	+9	-20	8
Total Consumer Media	-1	-9	-4	-2	-14	-6

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

	10-12/2016 vs. 10-12/2015			1-12/2016 vs. 1-12/2015		
	Print	Digital	Total advertising	Print	Digital	Total advertising
Media BeNe	-31	+2	-4	-32	0	-6
Media Finland	-6	+6	+2	-7	+11	+4
Total Consumer Media	-16	+3	-2	-18	+4	-2

Media BeNe

Sanoma Media BeNe includes Dutch and Belgian consumer media operations as well as the Dutch press distribution business Aldipress. In the Netherlands, we have a leading cross media portfolio with over 50 strong brands and strong market positions in every part of the media industry: magazines, events, custom media, e-commerce, websites and apps as well as four free-to-air TV channels and an online video platform. In Belgium, Sanoma is a prominent multi-media company, with quality magazines and digital media focusing around Women and Home & Deco. Through combining content and customer data, we develop successful marketing solutions for our clients. In total, Sanoma Media BeNe reaches over 15 million consumers every week.

- In 2016, organic net sales were stable (+0.5%) in Media Bene. The Dutch print and online portfolio performed well and also TV sales were stable.
- The TV viewing share of SBS decreased slightly, mainly due to the major sports events in the summer period. The decreasing TV viewing time trend continued in the market.
- Media BeNe's profitability improved strongly during the year, driven by the good performance of the Dutch print and online portfolio, the integration of the Digital team and cost innovations with all business units improving their results.

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

EUR million	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Net sales	218.0	227.6	-4.2	775.9	829.5	-6.5
Digital	97.1	94.9	2.3	318.9	316.6	0.7
Print	88.9	102.3	-13.1	353.5	419.9	-15.8
Other	32.0	30.4	5.4	103.5	93.0	11.3
Operational EBIT *	26.8	10.9		85.6	63.9	33.9
% of net sales	12.3	4.8		11.0	7.7	
Operating profit	11.2	-72.3		100.6	-22.8	
Capital expenditure	1.1	2.0	-45.3	5.8	9.4	-37.8
Number of employees at the end of the period (FTE)				1,768	2,020	-12.5
Average number of employees (FTE)				1,799	2,104	-14.5

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

Operational indicators, %

	1-12/ 2016	1-12/ 2015
Dutch TV operations		
TV channels' share of TV advertising	24.5	24.4
TV channels' national viewing share (20-54 years)	20.3	21.2
TV channels' national viewing share (6+ years)	18.6	18.5

Fourth quarter

In October–December, the net sales in Media BeNe decreased by 4.2% to EUR 218.0 million (2015: 227.6). Sales were affected by divestments in 2015. Adjusted for structural changes, net sales decreased by 2.2%.

Non-print sales increased by 3.0% to EUR 129.1 million (2015: 125.3).

Advertising sales decreased by 4.2%. Advertising sales represented 44.3% (2015: 44.3%) of net sales. Circulation sales decreased by 6.7% and represented 32.1% (2015: 32.9%) 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 5% and in consumer magazines by 3% in the fourth quarter. Sanoma estimates that the total advertising market increased by 1% in the fourth quarter in the Netherlands.

Operational EBIT in Media BeNe increased to EUR 26.8 million (2015: 10.9) due to the good performance of the Dutch print and digital portfolio and cost innovations. In addition, the comparable period result included additional amortisation of TV programming rights. Operating profit increased to EUR 11.2 million (2015: -72.3).

Items affecting comparability included in the operating profit totalled EUR -15.5 million (2015: -83.2) and were related to restructuring expenses and impairments.

Media BeNe's investments in tangible and intangible assets totalled EUR 1.1 million (2015: 2.0) in the fourth quarter and consisted mainly of investments related to ICT.

2016

In January–December, Media BeNe's reported net sales decreased by 6.5% to EUR 775.9 million (2015: 829.5). Net sales declined due to divestments of non-focus magazine titles in 2015, partly compensated by the good performance of the Dutch print & online portfolio. Adjusted for structural changes, net sales increased by 0.5%.

Sanoma estimates that the advertising market in the Netherlands decreased on a net basis in consumer magazines by 7% and in TV by 2% and increased in online including search by 10% in 2016.

Operational EBIT in Media BeNe increased by 33.9% to EUR 85.6 million (2015: 63.9) as a result of cost innovations such as integration of back office functions in Belgium and Netherlands and content sharing. Operating profit increased to EUR 100.6 million (2015: -22.8).

Items affecting comparability included in operating profit totalled EUR 15.0 million (2015: -86.7) and were related to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan, sales gains, restructuring expenses as well as impairments. In 2015 the items consisted of impairments and restructuring expenses.

Media BeNe's investments in tangible and intangible assets totalled EUR 5.8 million (2015: 9.4), and consisted mainly of investments related to ICT.

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, magazines, online and mobile channels. We have leading brands and services, like Aku Ankka, Me Naiset, Helsingin Sanomat, Oikotie, Ilta-Sanomat, 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.

- In 2016, Media Finland's organic net sales were stable (+0.7%). Advertising sales in particular in TV and radio grew.
- Market shares improved throughout the year. At the end of the year, Media Finland had 28.0% (2015: 27.1%) of the total advertising market in Finland and Nelonen's TV viewing share in its target group improved by 5.4 percentage points to 36.9%. However, the underlying market trends remain challenging.
- Profitability improved very significantly driven by cost innovations and the successful advertising sales. Media Finland will be continuing with the implementation of the over 100 'Suunta' revenue, cost and process initiatives. Development costs related to these initiatives are likely to have an impact on profitability in 2017.

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

EUR million	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Net sales	152.4	152.2	0.2	580.9	572.8	1.4
Digital	64.0	59.3	7.9	237.9	212.8	11.8
Print	87.2	92.0	-5.2	338.9	356.9	-5.1
Other	1.2	0.9	38.0	4.1	3.0	37.8
Operational EBIT *	9.3	15.6	-40.6	49.5	13.0	
% of net sales	6.1	10.2		8.5	2.3	
Operating profit	4.0	-7.6		41.3	-8.1	
Capital expenditure	1.4	0.9	64.5	5.2	10.5	-50.2
Number of employees at the end of the period (FTE)				1,718	1,863	-7.8
Average number of employees (FTE)				1,797	2,123	-15.3

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

Operational indicators, %

	1-12/ 2016	1-12/ 2015
Finnish TV operations		
TV channels' share of TV advertising	35.3	32.2
TV channels' national commercial viewing share (10-44 years)	36.9	31.5
TV channels' national viewing share (10+ years)	16.6	15.1

Fourth quarter

In October–December, net sales in Media Finland were stable at EUR 152.4 million (2015: 152.2). Adjusted for structural changes, net sales increased by 0.8%.

Non-print sales grew by 8.3% to EUR 65.2 million (2015: 60.2) mainly due to increased TV and radio advertising sales.

Advertising sales for Media Finland increased by 1.7% and represented 47.1% (2015: 46.4%) of net sales. Circulation sales were stable. Circulation sales represented 43.0% (2015: 43.1%) of net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis in magazines by 12%, in newspapers by 4%, and on radio by 4%, whereas advertising increased in TV by 1% and online excluding search by 15% in the fourth quarter.

Operational EBIT in Media Finland totalled to EUR 9.3 million (2015: 15.6). The fourth quarter result was affected by development costs related to the 'Suunta' initiatives and items such as rental provisions for unused office space and provisions related to variable compensation.

Items affecting comparability included in the operating profit totalled EUR -5.2 million (2015: -23.2) mainly consisting of restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 1.4 million (2015: 0.9) and consisted of maintenance investments.

2016

In January–December, Media Finland's sales increased by 1.4% to EUR 580.9 million (2015: 572.8). Adjusted for structural changes, net sales increased by 0.7%.

According to TNS Gallup, the advertising market in Finland decreased on a net basis in magazines by 9%, in newspapers by 4%, and in TV by 1%, whereas advertising increased on radio by 3% and online including search by 13% in 2016.

Operational EBIT in Media Finland increased very significantly to EUR 49.5 million (2015: 13.0). Cost innovations and increased advertising sales contributed to the improved profitability. Operating profit increased to EUR 41.3 million (2015: -8.1).

Items affecting comparability included in the operating profit totalled EUR -8.2 million (2015: -21.0) and were mainly related to restructuring expenses as in 2015.

Media Finland's investments in tangible and intangible assets totalled EUR 5.2 million (2015: 10.5), and consisted of maintenance investments.

Learning

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

- In 2016, net sales increased in Finland and Sweden as well as in Belgium, where Sanoma acquired the educational publisher De Boeck and started to integrate it with the existing operations of Van In. In total, sales in Western Europe grew by 8%.
- Performance in Poland was affected by a declining market volume, due to the changes in the legislative environment. However, Nowa Era was able to increase its market share and is now well positioned to invest in developing new methods to support the new educational reform beginning in 2017.
- During the year, Learning continued to successfully introduce digital solutions in its markets. In 2016, the non-print sales amounted to 54% (2015: 50%) of Learning's net sales.
- Operational EBIT improved by 27% in 2016, supported by cost innovations and the change in the prepublication amortisation schedule.

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

EUR million	10–12/ 2016	10–12/ 2015	Change %	1–12/ 2016	1–12/ 2015	Change %
Net sales	28.0	23.7	18.4	282.6	280.3	0.8
Netherlands	6.5	6.4	1.7	94.4	95.3	-0.9
Poland	8.0	7.7	2.7	70.8	83.9	-15.6
Finland	5.5	3.4	60.2	48.1	43.6	10.2
Belgium	4.0	3.2	26.6	44.8	35.2	27.2
Sweden	4.3	3.4	27.9	25.1	23.3	7.6
Other companies and eliminations	-0.2	-0.4		-0.6	-1.1	
Operational EBIT *	-23.8	-24.6		56.8	44.6	27.3
% of net sales				20.1	15.9	
Operating profit	-34.0	-34.3		67.4	33.1	
Capital expenditure	7.0	5.9	19.4	17.7	25.5	-30.3
Number of employees at the end of the period (FTE)				1,439	1,507	-4.5
Average number of employees (FTE)				1,413	1,519	-7.0

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

Fourth quarter

In October–December, net sales increased by 18.4% to EUR 28.0 million (23.7) with all countries growing. Adjusted for structural changes, net sales increased by 15.9%.

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 -23.8 million (2015: -24.6) due to improved sales and benefits from restructuring, partly offset by the phasing of the costs and the integration of De Boeck. Operating profit in the fourth quarter was EUR -34.0 million (2015: -34.3).

Items affecting comparability included in the operating profit totalled EUR -10.2 million (2015: -9.8) and consisted mainly of restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 7.0 million (2015: 5.9) in October-December. They were mainly related to investments in digital platforms and ICT.

2016

In January-December, the Learning segment's net sales increased by 0.8% to EUR 282.6 million (2015: 280.3). Adjusted for structural changes, net sales decreased by 2.5% due to the decrease in sales in Poland following the legislative changes.

Operational EBIT in the Learning segment improved by 27.3% to EUR 56.8 million (2015: 44.6) driven by the cost innovations and organisational restructuring started in 2015 and the change in prepublication amortisation schedule. Operating profit increased to EUR 67.4 million (2015: 33.1).

Items affecting comparability included in the operating profit totalled EUR 10.5 million (2015: -11.5), mainly related to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan as well as to restructuring expenses. In 2015 the items consisted of restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 17.7 million (2015: 25.5). They were mainly related to investments in digital platforms and ICT.

The Group

Personnel

In 2016, the average number of personnel (FTE) employed by the Sanoma Group was 5,384 (2015: 6,776). At the end of 2016, the number of Group employees (FTE) was 5,227 (2015: 6,116).

Divestments and restructuring decreased the number of personnel.

In full-time equivalents, Media BeNe had 1,768 (2015: 2,020) employees at the end 2016 and Media Finland 1,718 (2015: 1,863). Learning had 1,439 (2015: 1,507) and other operations 302 (2015: 726) employees (FTE) at the end of 2016. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 323.7 million (2015: 381.0).

Dividend

On 31 December 2016, Sanoma Corporation's distributable funds were EUR 333.8 million, of which loss for the year made up EUR 57.6 million. Including the fund for non-restricted equity of EUR 203.3 million the distributable funds amounted to EUR 537.2 million.

The Board of Directors proposes to the Annual General Meeting that:

- a dividend of EUR 0.20 per share, or in total an estimated EUR 32.5 million, shall be paid.
- a sum of EUR 0.35 million shall be transferred to the donation reserve and used at the Board's discretion.
- the amount left in equity shall be EUR 504.3 million.

In accordance with the Annual General Meeting's decision in April 2016, Sanoma paid out a per-share dividend of EUR 0.10 for 2015.

According to the new dividend policy from 2017 onwards, Sanoma aims to pay an increasing dividend, equal to 40-60% of annual cash flow from operations less capital expenditure.

When proposing a dividend to the AGM, the Board of Directors will look at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.

AGM and Financial Statements

Sanoma Corporation's AGM will be held on 21 March 2017 at 14:00 Finnish time (CET+1) in the Scandic Park Conferences and Meetings (Mannerheimintie 46, 00260, Helsinki, Finland). The agenda for the

meeting will be available later on the Group's website at Sanoma.com.

Sanoma's Financial Statements, Board of Directors' Report and Corporate Governance Statement for 2016 will be published on 27 February 2017 on Sanoma.com.

Shares and holdings

In 2016, a total of 48,152,687 (2015: 81,355,104) Sanoma shares were traded on the Nasdaq Helsinki and traded shares accounted for 30% (2015: 50%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to 72% (2015: 84%) of the total traded share volume on stock exchanges. During 2016, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 6.14 (2015: 4.28), with a low of EUR 3.51 (2015: 3.13) and a high of EUR 9.39 (2015: 5.95). At the end of December, Sanoma's market capitalisation was EUR 1,338 million (2015: 634), with Sanoma's share closing at EUR 8.25 (2015: 3.91). At the end of 2016, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093.

At the end of 2016, 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, Niils 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 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 Mönnink (CEO, Sanoma Media BeNe).

Sanoma has appointed Markus Holm CFO and COO as of 1 February 2017, and he will also be a member of EMG.

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.

The Board of Directors did not exercise its right under this authorisation during 2016.

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 both for Consumer Media and Learning.

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 forces behind these changes are the on-going digitisation process and the decrease of viewing time in free-to-air TV. Sanoma takes actions in all its strategic business units to respond to these challenges.

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 particular 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 risk, currency risks, liquidity risk and credit risk. Other risks include risks related to equity and impairment of assets.

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. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios.

Full-year statement (audited)

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 31 December 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.

Consolidated income statement

EUR million	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
NET SALES	398.1	409.3	1,639.1	1,716.7
Other operating income	7.8	0.8	39.9	37.4
Materials and services	-123.0	-131.6	-501.1	-527.1
Employee benefit expenses	-102.1	-109.9	-325.5	-472.3
Other operating expenses	-109.0	-125.1	-356.1	-454.4
Share of results in joint ventures	-2.8	-11.9	0.1	-34.1
Depreciation, amortisation and impairment losses	-92.2	-163.0	-299.7	-389.4
OPERATING PROFIT	-23.2	-131.3	196.6	-123.1
Share of results in associated companies	-2.0	-2.0	-2.4	-0.7
Financial income	0.0	5.5	10.5	26.1
Financial expenses	-13.2	-14.2	-47.5	-53.7
RESULT BEFORE TAXES	-38.4	-142.0	157.2	-151.4
Income taxes	6.3	10.7	-41.2	-6.3
RESULT FOR THE PERIOD	-32.1	-131.4	116.0	-157.7
Result attributable to:				
Equity holders of the Parent Company	-31.8	-111.4	110.8	-142.6
Non-controlling interests	-0.3	-20.0	5.2	-15.0
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR	-0.20	-0.69	0.65	-0.91
Diluted earnings per share, EUR	-0.20	-0.69	0.65	-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	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Result for the period	-32.1	-131.4	116.0	-157.7
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in translation differences	-1.0	0.2	-4.5	-1.0
Share of other comprehensive income of equity-accounted investees	0.1	0.3	-0.3	1.1
Realisation of translation differences related to assets held for sale		0.7		0.7
Reclassification of translation differences of sold earnings				12.8
Cash flow hedges	0.1	-0.2	0.6	-0.2
Income tax related to cash flow hedges	0.0	0.0	-0.1	0.0
Items that will not be reclassified to profit or loss				
Defined benefit plans	16.5	12.2	-19.5	12.8
Income tax related to defined benefit plans	-4.0	-1.9	5.0	-1.5
Other comprehensive income for the period, net of tax	11.7	11.4	-18.8	24.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-20.3	-120.0	97.2	-133.0
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-20.0	-100.0	92.0	-118.0
Non-controlling interests	-0.3	-20.0	5.2	-15.0

Consolidated balance sheet

EUR million	31.12.2016	31.12.2015
ASSETS		
Property, plant and equipment	57.8	69.4
Investment property	24.5	31.6
Goodwill	1,663.0	1,665.3
Other intangible assets	432.8	458.3
Equity-accounted investees	21.3	33.1
Available-for-sale financial assets	5.0	3.6
Deferred tax receivables	29.9	41.3
Trade and other receivables	21.8	37.6
NON-CURRENT ASSETS, TOTAL	2,256.0	2,340.3
Inventories	41.4	39.5
Income tax receivables	2.2	5.0
Trade and other receivables	255.8	271.0
Cash and cash equivalents	43.4	98.5
CURRENT ASSETS, TOTAL	342.9	414.0
Assets classified as held for sale	6.8	10.9
ASSETS, TOTAL	2,605.6	2,765.1
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Parent Company		
Share capital	71.3	71.3
Treasury shares	-2.1	-3.2
Fund for invested unrestricted equity	203.3	203.3
Other reserves	0.0	-0.5
Other equity	440.5	373.4
Hybrid bond		99.1
	713.0	743.4
Non-controlling interests	289.5	285.7
EQUITY, TOTAL	1,002.5	1,029.1
Deferred tax liabilities	60.1	62.0
Pension obligations	13.7	89.1
Provisions	7.6	1.7
Financial liabilities	239.1	507.4
Trade and other payables	42.9	46.7
NON-CURRENT LIABILITIES, TOTAL	363.4	706.9
Provisions	18.1	26.5
Financial liabilities	590.5	392.3
Income tax liabilities	8.8	6.3
Trade and other payables	622.1	600.9
CURRENT LIABILITIES, TOTAL	1,239.5	1,026.0
Liabilities related to assets held for sale	0.3	3.1
LIABILITIES, TOTAL	1,603.1	1,736.0
EQUITY AND LIABILITIES, TOTAL	2,605.6	2,765.1

On 31 December 2016, assets classified as held for sale included Kiinteistö Oy Lehtikaari 1 and Kiinteistö Oy Lepolankatu 15, classified as assets held for sale in December 2016. On 31 December 2015, assets classified as held for sale included OOO United Press and joint venture OOO Mondadori Independent Media, classified as assets held for sale in December 2015, and Hearst Independent Media Publishing B.V., 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	
Equity at 1 Jan 2015	71.3		203.3	-0.4	529.1	99.1	902.4	298.9	1,201.3
Comprehensive income for the period				-0.2	-117.8		-118.0	-15.0	-133.0
Purchase of treasury shares		-3.2					-3.2		-3.2
Share-based compensation					1.1		1.1		1.1
Dividends paid					-32.6		-32.6	-0.6	-33.2
Acquisitions and other changes in non-controlling interests					-0.6		-0.6	2.4	1.8
Tax-adjusted interest paid on hybrid bond					-5.8		-5.8		-5.8
Recognition of unpaid dividends					0.1		0.1		0.1
Equity at 31 December 2015	71.3	-3.2	203.3	-0.5	373.4	99.1	743.4	285.7	1,029.1
Equity at 1 Jan 2016	71.3	-3.2	203.3	-0.5	373.4	99.1	743.4	285.7	1,029.1
Comprehensive income for the period				0.5	91.5		92.0	5.2	97.2
Share-based compensation					1.0		1.0		1.0
Shares delivered		1.0			-1.0				
Dividends paid					-16.2		-16.2	-1.4	-17.6
Acquisitions and other changes in non-controlling interests					-1.4		-1.4	0.0	-1.4
Redemption of hybrid bond					-0.9	-99.1	-100.0		-100.0
Tax-adjusted interest paid on hybrid bond					-5.8		-5.8		-5.8
Equity at 31 December 2016	71.3	-2.1	203.3	0.0	440.5		713.0	289.5	1,002.5

Consolidated cash flow statement

EUR million	1-12/ 2016	1-12/ 2015
OPERATIONS		
Result for the period	116.0	-157.7
Adjustments		
Income taxes	41.2	6.3
Financial income and expenses	37.0	27.6
Share of results in equity-accounted investees	2.4	34.8
Depreciation, amortisation and impairment losses	299.7	389.4
Gains/losses on sales of non-current assets	-19.5	20.3
Acquisitions of broadcasting rights and prepublication costs	-207.2	-226.5
Other adjustments	1.1	0.9
Change in working capital	-47.9	-1.2
Interest and other financial items paid	-45.8	-32.4
Taxes paid	-23.4	-36.0
Cash flow from operations	153.5	25.5
INVESTMENTS		
Acquisition of tangible and intangible assets	-34.5	-55.1
Operations acquired	-21.8	-9.5
Proceeds from sale of tangible and intangible assets	3.0	3.1
Operations sold	43.1	66.3
Loans granted	-1.7	-4.3
Repayments of loan receivables	3.5	6.3
Interest received	0.4	0.6
Dividends received	4.7	6.1
Cash flow from investments	-3.4	13.6
Cash flow before financing	150.1	39.1
FINANCING		
Redemption of hybrid bond	-100.0	
Contribution by non-controlling interests	0.0	0.1
Purchase of treasury shares		-3.2
Change in loans with short maturity	14.1	62.1
Drawings of other loans	240.1	202.5
Repayments of other loans and finance lease liabilities	-318.2	-230.8
Interest paid on hybrid bond	-7.3	-7.3
Dividends paid	-17.6	-33.2
Cash flow from financing	-188.9	-9.7
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	-38.8	29.4
Effect of exchange rate differences on cash and cash equivalents	-0.7	1.1
Net change in cash and cash equivalents	-39.5	30.5
Cash and cash equivalents at the beginning of the period	82.5	52.0
Cash and cash equivalents at the end of the period	43.1	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	10-12/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015
NET SALES	353.1	449.7	438.1	398.1	380.2	469.0	458.3	409.3
Other operating income	21.8	5.6	4.7	7.8	20.0	11.6	4.9	0.8
Materials and services	-104.3	-137.0	-136.9	-123.0	-117.2	-137.3	-141.0	-131.6
Employee benefit expenses	-107.4	-28.6	-87.4	-102.1	-120.6	-126.9	-114.9	-109.9
Other operating expenses	-89.5	-74.9	-82.7	-109.0	-100.8	-131.0	-97.5	-125.1
Share of results in joint ventures	1.0	0.9	0.9	-2.8	0.5	1.2	-24.0	-11.9
Depreciation, amortisation and impairment losses	-71.6	-74.2	-61.7	-92.2	-73.1	-77.2	-76.1	-163.0
OPERATING PROFIT	3.1	141.7	75.1	-23.2	-10.9	9.4	9.8	-131.3
Share of results in associated companies	0.1	-0.2	-0.4	-2.0	0.0	1.4	0.0	-2.0
Financial income	9.2	0.4	1.0	0.0	18.6	-2.6	4.6	5.5
Financial expenses	-17.9	-9.4	-7.1	-13.2	-20.9	-6.8	-11.8	-14.2
RESULT BEFORE TAXES	-5.5	132.5	68.6	-38.4	-13.2	1.3	2.5	-142.0
Income taxes	5.4	-35.6	-17.3	6.3	5.0	-16.0	-5.9	10.7
RESULT FOR THE PERIOD	-0.1	96.9	51.3	-32.1	-8.2	-14.7	-3.4	-131.4
Result attributable to:								
Equity holders of the Parent Company	0.0	93.8	48.8	-31.8	-8.2	-17.7	-5.4	-111.4
Non-controlling interests	-0.1	3.1	2.5	-0.3	0.0	3.0	2.0	-20.0
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR	-0.01	0.57	0.29	-0.20	-0.06	-0.12	-0.04	-0.69
Diluted earnings per share, EUR	-0.01	0.57	0.29	-0.20	-0.06	-0.12	-0.04	-0.69

Net sales by strategic business unit by quarter

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015
MEDIA BENE								
Digital	68.2	82.3	71.4	97.1	67.1	83.9	70.6	94.9
Print	87.1	92.1	85.5	88.9	105.6	109.4	102.6	102.3
Other	20.4	28.3	22.8	32.0	16.8	22.7	23.1	30.4
Total	175.6	202.6	179.7	218.0	189.5	216.0	196.4	227.6
MEDIA FINLAND								
Digital	58.3	63.5	52.2	64.0	50.0	56.9	46.6	59.3
Print	85.3	85.9	80.4	87.2	90.5	89.7	84.8	92.0
Other	0.9	0.8	1.3	1.2	2.5	-0.9	0.5	0.9
Total	144.5	150.1	133.8	152.4	143.0	145.7	131.9	152.2
LEARNING								
Netherlands	19.7	42.4	25.8	6.5	21.5	39.9	27.5	6.4
Poland	4.5	8.2	50.1	8.0	6.7	12.8	56.6	7.7
Finland	3.2	24.9	14.5	5.5	3.8	25.5	11.0	3.4
Belgium	1.4	15.3	24.1	4.0	1.5	14.3	16.3	3.2
Sweden	4.1	6.5	10.2	4.3	4.1	5.7	10.2	3.4
Other companies and eliminations	-0.1	-0.3	0.0	-0.2	-0.1	-0.2	-0.3	-0.4
Total	32.9	97.1	124.7	28.0	37.5	98.0	121.2	23.7
OTHER AND ELIMINATIONS								
Russia & CEE	0.2	0.0	0.0	0.0	2.5	2.5	1.3	0.3
Other operations	0.0	0.0	0.0	0.0	8.2	6.9	7.7	5.8
Eliminations	-0.1	-0.1	-0.1	-0.3	-0.6	-0.1	-0.1	-0.3
Total	0.1	-0.1	-0.1	-0.3	10.2	9.3	8.8	5.8
Total	353.1	449.7	438.1	398.1	380.2	469.0	458.3	409.3

Net sales by strategic business unit by year

EUR million	1-12/ 2016	1-12/ 2015
MEDIA BENE		
Digital	318.9	316.6
Print	353.5	419.9
Other	103.5	93.0
Total	775.9	829.5
MEDIA FINLAND		
Digital	237.9	212.8
Print	338.9	356.9
Other	4.1	3.0
Total	580.9	572.8
LEARNING		
Netherlands	94.4	95.3
Poland	70.8	83.9
Finland	48.1	43.6
Belgium	44.8	35.2
Sweden	25.1	23.3
Other companies and eliminations	-0.6	-1.1
Total	282.6	280.3
OTHER AND ELIMINATIONS		
Russia & CEE	0.2	6.6
Other operations	0.0	28.7
Eliminations	-0.6	-1.1
Total	-0.3	34.2
Total	1,639.1	1,716.7

Operating profit by strategic business unit by quarter

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015
Media BeNe	11.4	53.9	24.0	11.2	2.7	29.6	17.2	-72.3
Media Finland	10.1	17.5	9.6	4.0	13.1	-1.8	-11.7	-7.6
Learning	-11.1	63.8	48.8	-34.0	-12.8	31.5	48.8	-34.3
Other companies and eliminations	-7.3	6.5	-7.3	-4.4	-13.9	-49.9	-44.5	-17.1
Total	3.1	141.7	75.1	-23.2	-10.9	9.4	9.8	-131.3

Operating profit by strategic business unit by year

EUR million	1-12/ 2016	1-12/ 2015
Media BeNe	100.6	-22.8
Media Finland	41.3	-8.1
Learning	67.4	33.1
Other companies and eliminations	-12.6	-125.4
Total	196.6	-123.1

Operational EBIT by strategic business unit by quarter

EUR million	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015
Media BeNe	7.4	29.6	21.8	26.8	5.8	27.1	20.1	10.9
Media Finland	11.0	19.0	10.2	9.3	-2.1	-2.5	2.0	15.6
Learning	-10.9	41.1	50.5	-23.8	-12.7	32.4	49.5	-24.6
Other companies and eliminations	-5.6	-2.8	-4.8	-10.8	-10.8	-7.5	-9.1	-10.4
Total	1.9	86.9	77.7	1.4	-19.8	49.5	62.4	-8.4

Operational EBIT by strategic business unit by year

EUR million	1-12/ 2016	1-12/ 2015
Media BeNe	85.6	63.9
Media Finland	49.5	13.0
Learning	56.8	44.6
Other companies and eliminations	-24.0	-37.8
Total	167.9	83.7

Segment information

In 2016, Sanoma Group included two reportable segments: Consumer Media and Learning. Consumer Media is combined of two strategic business units in 2016: Sanoma Media BeNe and Sanoma Media Finland. Consumer Media is responsible for magazines, TV operations and 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 multichannel 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.–31.12.2016

EUR million	Consumer Media	Learning	Unallocated/eliminations	Total
External net sales	1,356.4	282.5	0.3	1,639.1
Internal net sales	0.4	0.1	-0.5	
Net sales, total	1,356.7	282.6	-0.2	1,639.1
Operating profit	141.8	67.4	-12.6	196.6
Operational EBIT	135.1	56.8	-24.0	167.9
Share of results in associated companies	-1.9	-0.4	-0.2	-2.4
Financial income			10.5	10.5
Financial expenses			-47.5	-47.5
Result before taxes				157.2
Segment assets	1,978.2	505.0	43.7	2,526.9

Sanoma segments 1.1.–31.12.2015

EUR million	Consumer Media	Learning	Unallocated/eliminations	Total
External net sales	1,401.9	280.3	34.5	1,716.7
Internal net sales	0.3	0.0	-0.3	
Net sales, total	1,402.2	280.3	34.2	1,716.7
Operating profit	-30.9	33.1	-125.4	-123.1
Operational EBIT	76.9	44.6	-37.8	83.7
Share of results in associated companies	-0.7	0.0	0.0	-0.7
Financial income			26.1	26.1
Financial expenses			-53.7	-53.7
Result before taxes				-151.4
Segment assets	2,061.7	483.2	68.2	2,613.1

Changes in property plant and equipment

EUR million	31.12.2016	31.12.2015
Carrying amount at the beginning of the period	69.4	94.4
Increases	8.4	14.2
Acquisition of operations	0.5	0.0
Decreases	-1.3	-2.0
Disposal of operations	-2.6	-13.7
Depreciation for the period	-16.8	-20.3
Impairment losses for the period	0.0	-1.6
Transfer to assets classified as held for sale		-0.1
Exchange rate differences and other changes	0.1	-1.5
Carrying amount at the end of the period	57.8	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 167.1 million (2015: 202.3).

Effect of acquisitions on the consolidated balance sheet

EUR million	1-12/ 2016	1-12/ 2015
Acquisition costs	27.2	5.7
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	0.0	2.2
Fair value of previously held interest	2.2	2.8
Fair value of acquired net assets	-11.6	-5.3
Recognised in equity	-1.9	-0.6
Goodwill from the acquisitions	15.9	4.9

In 2016, Sanoma invested EUR 27.2 million in business acquisitions. The impact of each individual acquisition on the Group's assets and liabilities was minor. The combined effect of the acquisitions since the acquisition date on the Group's net sales amounted to EUR 13.0 million, and on operating profit EUR -4.3 million. Business acquisitions have been described in paragraph Investments, acquisitions and divestments on page 7.

Contingent liabilities

EUR million	31.12.2016	31.12.2015
Contingencies for own commitments		
Mortgages		10.6
Pledges	2.4	2.4
Other items	25.0	25.6
Total	27.4	38.6
Other contingencies		
Operating lease liabilities	298.2	323.7
Royalties	14.6	12.5
Other items	71.2	69.9
Total	384.0	406.0
Total	411.4	444.7

Interest on hybrid bond

On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. Sanoma redeemed the hybrid bond on 12 December 2016 for the full outstanding amount in accordance with the terms and conditions of the hybrid bond. At the end of the comparative period the unpaid interest on the hybrid bond was EUR 0.4 million.

Derivative instruments

EUR million	31.12.2016	31.12.2015
Fair values		
Interest rate derivatives (incl. accrued interests)		
Interest rate swaps	-0.4	-1.6
Currency derivatives		
Forward contracts	6.3	8.0
Nominal values		
Interest rate derivatives		
Interest rate swaps	100.0	200.0
Currency derivatives		
Forward contracts	82.1	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

	1-12/2016	1-12/2015
Average rate		
EUR/PLN (Polish Zloty)	4.44	4.29
EUR/SEK (Swedish Crown)	9.71	9.25
EUR/USD (US Dollar)	1.05	1.09
Closing rate	31.12.2016	31.12.2015
EUR/PLN (Polish Zloty)	4.41	4.26
EUR/SEK (Swedish Crown)	9.55	9.19
EUR/USD (US Dollar)	1.05	1.09

Full-Year Result 2016 webcast

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

Please join by dialing

Finland: +358 (0)9 7479 0361 / US: +1 719 457 2086 / UK: +44 (0)330 336 9105 / Netherlands: +31 (0)20 721 9251
Conference id: 3062306

Financial reporting 2017

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

Additional information

Sanoma's Investor Relations, Anna Tuominen, tel. +358 40 5846944

Sanoma.com

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 1.6 billion and we employed more than 5,000 professionals in 2016. The Sanoma shares are listed on Nasdaq Helsinki.