2017

Full-Year Result

Sanoma's 2017 Full-Year Result:

Solid operational EBIT improvement in 2017

Profitability improvement continued in the fourth quarter

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Sanoma announced on 16 January 2018 an intention to divest its Belgian women's magazine portfolio. Net sales of the divested business were EUR 80.5 million and operational EBIT EUR 6.5 million (EBIT margin 8.1%) in 2017. The divested business is consequently classified as Discontinued operations in this report. All key indicators and income statement related quarterly and FY figures presented in this report, including corresponding periods in 2016, cover Continuing operations only unless otherwise stated.

Fourth quarter

- Net sales were EUR 301.5 million (2016: 375.6; adjusted for the SBS divestment 305.4).
- Operational EBIT improved to EUR 1.6 million (2016: -0.4; adjusted for the SBS divestment -4.3).
- Operating profit was EUR 18.4 million (2016: -22.4; adjusted for the SBS divestment -20.3) and included EUR 16.8 million (2016: -22.0) of items affecting comparability consisting of capital gains related to the sales of real estate in Finland and restructuring costs.
- Operational earnings per share improved to EUR 0.00 (2016: -0.08) and earnings per share to EUR 0.09 (2016: -0.20).
- Cash flow from operations was EUR 93.0 million (2016: 106.0) and capital expenditure was EUR 10.2 million (2016: 12.2).

2017

- Net sales, adjusted for the SBS divestment, were stable and amounted to EUR 1,326.6 million (2016: 1,322.3). Net sales were EUR 1,433.4 million (2016: 1,554.4).
- Operational EBIT, adjusted for the SBS divestment, improved by 21% to EUR 180.6 million (2016: 149.6), corresponding to an EBIT margin of 13.6%. Operational EBIT improved to EUR 178.2 million (2016: 164.9), corresponding to an EBIT margin of 12.4%.
- Sanoma divested its Dutch FTA TV operations, SBS, in July for a net cash consideration of EUR 237 million.
- Items affecting comparability included in the operating profit amounted to EUR -417.2 million (2016: 42.0) and mainly consisted of the capital loss from the divestment of SBS and capital gains related to the sales of real estate in Finland. In 2016, items affecting comparability included a EUR 74.6 million adjustment for a settlement of defined benefit pension plans in the Netherlands.
- Operating profit, adjusted for the SBS divestment, was EUR 187.9 million (2016: 198.6). Operating profit was EUR -238.9 million (2016: 206.9).
- Operational earnings per share improved by 42% to EUR 0.71 (2016: 0.50). Due to the capital loss related to the SBS divestment, earnings per share were EUR -1.01 (2016: 0.69) and EUR -0.99 (2016: 0.65) including Discontinued operations.
- Cash flow from operations was EUR 141.2 million (2016: 158.1) and capital expenditure was EUR 38.2 million (2016: 34.9).
- Interest-bearing net debt decreased by 50% and was EUR 391.8 million (2016: 786.2) at the end of the year.
- Net debt/adj. EBITDA ratio strengthened following the decrease in net debt and improved profitability, and was 1.7 (2016: 3.2) at the end of the year.
- Equity ratio was 38.5% (2016: 41.0%) at the end of the year.
- The Board of Directors proposes a dividend of EUR 0.35 per share to be paid for the year 2017 in two instalments, EUR 0.20 on 4 April and EUR 0.15 on 1 November (estimated).

Outlook for 2018

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

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

Comparable key indicators, adjusted for the SBS divestment

EUR million	10–12/ 2017	10–12/ 2016	Change %	1–12/ 2017	1–12/ 2016	Change %
Net sales	**301.5**	305.4	-1.3	**1,326.6**	1,322.3	0.3
EBITDA	**62.7**	25.1	150.4	**345.7**	359.3	-3.8
Operational EBIT	**1.6**	-4.3	138.1	**180.6**	149.6	20.7
% of net sales	**0.5**	-1.4		**13.6**	11.3	
Operating profit	**18.4**	-20.3	190.4	**187.9**	198.6	-5.4
Result for the period from continuing operations	**14.0**	-30.1	146.6	**125.8**	116.9	7.6
Result for the period *	**12.9**	-30.2	142.5	**128.0**	110.2	16.2
Cash flow from operations *	**93.0**	83.1	12.0	**140.9**	141.2	-0.2
Capital expenditure **	**10.2**	11.2	-9.6	**36.4**	30.5	19.3
% of net sales	**3.4**	3.7		**2.7**	2.3	
Number of employees at the end of the period (FTE)				**4,425**	4,658	-5.0
Average number of employees (FTE)				**4,562**	4,792	-4.8
Earnings/share, EUR, continuing operations	**0.09**	-0.20	144.5	**0.77**	0.67	13.6
Earnings/share, EUR *	**0.08**	-0.20	140.6	**0.78**	0.63	23.3
Operational earnings/share, EUR, continuing operations	**0.00**	-0.09	96.8	**0.72**	0.46	55.8
Operational earnings/share, EUR *	**0.00**	-0.08	101.5	**0.74**	0.47	57.5
Cash flow from operations/share, EUR *	**0.57**	0.51	11.6	**0.87**	0.87	-0.3

* Includes both continued and discontinued operations.

** Including finance leases.

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.

Key indicators

EUR million	10–12/ 2017	10–12/ 2016	Change %	1–12/ 2017	1–12/ 2016	Change %
Net sales	**301.5**	375.6	-19.7	**1,433.4**	1,554.4	-7.8
EBITDA	**62.7**	68.1	-7.9	**-48.0**	502.2	
Operational EBIT	**1.6**	-0.4		**178.2**	164.9	8.1
% of net sales	**0.5**	-0.1		**12.4**	10.6	
Operating profit	**18.4**	-22.4		**-238.9**	206.9	
Result for the period from continuing operations	**14.0**	-31.9		**-300.3**	122.7	
Result for the period *	**12.9**	-32.1		**-298.1**	116.0	
Cash flow from operations *	**93.0**	106.0	-12.3	**141.2**	158.1	-10.7
Capital expenditure **	**10.2**	12.2	-16.5	**38.2**	34.9	9.3
% of net sales	**3.4**	3.2		**2.7**	2.2	
Return on equity (ROE), % * ‘ ***				**-47.4**	10.9	
Return on investment (ROI), % * ‘ ***				**-17.3**	9.9	
Equity ratio, % *				**38.5**	41.0	
Net gearing, % *				**70.7**	78.4	
Number of employees at the end of the period (FTE)				**4,425**	5,038	-12.2
Average number of employees (FTE)				**4,746**	5,171	-8.2
Earnings/share, EUR, continuing operations	**0.09**	-0.20		**-1.01**	0.69	
Earnings/share, EUR *	**0.08**	-0.20		**-0.99**	0.65	
Operational earnings/share, EUR, continuing operations	**0.00**	-0.08		**0.71**	0.50	41.7
Operational earnings/share, EUR *	**0.00**	-0.07		**0.73**	0.51	43.6
Cash flow from operations/share, EUR *	**0.57**	0.65	-12.5	**0.87**	0.97	-10.8
Equity/share, EUR *				**3.39**	4.39	-22.9
Dividend/share, EUR ****				**0.35**	0.20	
Dividend payout ratio, % ****				**neg.**	30.8	
Market capitalisation				**1,774.5**	1,338.4	32.6

* Includes continuing and discontinued operations.
** Including finance leases.
*** Rolling 12-month period.
**** Dividend for 2017 is a proposal by the Board of Directors.

Organic growth of net sales*, %

	10–12/2017 vs. 10–12/2016	1–12/2017 vs. 1–12/2016	1–12/2016 vs. 1–12/2015
Media BeNe	**-5.0**	**-3.4**	-1.0
Media Finland	**-1.0**	**-1.0**	0.7
Learning	**25.5**	**11.3**	-2.5
Group	**-0.1**	**0.5**	-0.6

* Comparable growth adjusted for acquisitions and divestment

Susan Duinhoven, President and CEO:

"We achieved solid profitability improvement in 2017 as our operational EBIT margin, adjusted for the SBS divestment, improved from 11.3% to 13.6%. Majority of the earnings improvement was due to increased efficiency in our media business in Finland, where our continued work with process and cost innovations is bearing fruit. We were also delighted to see the number of subscriptions of Helsingin Sanomat and Ruutu growing nicely during the year. The major restructuring of our business portfolio in Media BeNe led to a streamlined organisation and higher operational EBIT margin of 15.6%, adjusted for the SBS divestment. The Learning segment's earnings were stable as the positive impact of well managed cost innovations and net sales growth was offset by higher development costs as well as increased depreciation and amortisation due to higher investments and certain acquired assets in Belgium. All three SBUs absorbed a significantly larger part of overall Group costs, earlier booked in Other.

During the year we finalised our portfolio restructuring by making major changes in our media business especially in Belgium and the Netherlands. In July, we successfully divested our Dutch FTA TV operations, SBS, and in January 2018 we announced our intention to divest the Belgian women's magazine portfolio. The Belgian women's magazine business was small, in a relatively small two language market, resulting in high fixed costs. Consequently, the net sales in our stronghold businesses amounted to EUR 1.3 billion, adjusted for the SBS divestment and excluding the Discontinued operations. Net sales growth was strong in the learning business whereas comparable net sales of our media businesses declined slightly in line with market.

Our financial position strengthened significantly during the year. Our net debt declined to EUR 391.8 million (2016: 786.2) as we paid back a large part of our debt with the proceeds of the SBS divestment and with income financing. With the lower debt and higher profitability, our net debt/adjusted EBITDA improved to 1.7 (2016: 3.2) and is now well below our long-term target level. During the year, the SBS divestment had an adverse impact on our equity ratio, but by the end of 2017 the equity ratio had recovered to 38.5%, being within our long-term target range of 35-45%. We are very satisfied with our much improved financial position, which will allow us to seek growth and expansion opportunities; both via our own innovations and investments as well as highly synergetic bolt-on acquisitions.

The Board proposes a dividend of EUR 0.35 (2016: 0.20) per share to be paid for 2017. The payment is proposed to be done in two instalments, EUR 0.20 on 4 April and EUR 0.15 on 1 November (estimated), aligned with the seasonality of our cash flow generation. The proposed dividend represents 55% of our operational cash flow less capex, in line with our dividend policy stating a payout target range of 40-60%.

With the changes we have made in recent years, we today have a strong media and learning business portfolio. With our solid financial position and ability to generate a good cash flow, we aim to provide our shareholders an increasing dividend.

For the year 2018, we expect our net sales to be slightly below 2017 and our operational EBIT margin to improve to around 14%."

Impact of the SBS transaction on reported figures

Sanoma announced the divestment of the Dutch TV operations of SBS on 10 April 2017. Following the announcement, all assets and liabilities relating to SBS were classified as held for sale in accordance with IFRS 5. This resulted in a non-cash capital loss for Sanoma, affecting mainly the first quarter result.

SBS was consolidated in Sanoma's income statement until 30 June 2017. In accordance with the requirements of IFRS 5, the non-current asset held for sale was no longer depreciated/amortised after the announcement of the transaction.

The divestment was completed on 19 July 2017. To illustrate the effect of the divestment on the Group, some comparable adjusted key figures are presented in this report. Comparable adjusted figures fully exclude the divested operations of SBS, but include 100% of Veronica Uitgeverij. All other figures in this report are based on reported figures and include SBS until the end of June.

In connection with the SBS divestment, Sanoma changed its segments for IFRS reporting and now reports three segments, identical to its Strategic Business Units (SBUs).

Net sales

Fourth quarter

Net sales amounted to EUR 301.5 million (2016: 375.6; adjusted for SBS 305.4). Non-print media sales were stable at EUR 108.1 million (2016: 109.6, adjusted for the SBS divestment) and represented 36% (2016: 36%) of the Group's net sales.

When compared to figures adjusted for the SBS divestment in Q4 2016, advertising sales decreased by 6% to EUR 95.7 million (2016: 101.4), mainly due to the divestment of Kieskeurig.nl in the Netherlands. Circulation sales decreased by 3% to EUR 117.1 million (2016: 120.8), especially due to declining single copy sales. Net sales from learning grew significantly to EUR 35.2 million (2016: 27.9) with strong sales development across markets excluding Sweden. Other sales declined slightly to EUR 53.5 million (2016: 55.3).

2017

Net sales amounted to EUR 1,433.4 million (2016: 1,554.4). Adjusted for the SBS divestment, net sales were stable and amounted to EUR 1,326.6 million (2016: 1,322.3). Non-print media sales, adjusted for the SBS divestment, were stable at EUR 380.0 million (2016: 378.2) and represented 28.6% (2016: 28.6%) of the Group's net sales.

Adjusted for the SBS divestment, advertising sales decreased by 6% to EUR 346.2 million (2016: 366.5) due to divestment of Kieskeurig.nl and slightly weaker print advertising sales both in Finland and in the Netherlands. Circulation sales decreased by 3% to EUR 474.8 million (2016: 488.6), largely due to lower single copy sales. Net sales from learning grew by 13% to EUR 319.9 million (2016: 282.5) driven by good development in Poland and the acquisition of De Boeck in Belgium. Other sales were stable at EUR 185.8 million (2016: 184.8).

Group's comparable net sales by country, adjusted for the SBS divestment, %

	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Finland	**52.2**	51.3	**46.9**	47.2
Netherlands	**39.1**	41.3	**38.2**	40.2
Other	**8.7**	7.4	**14.9**	12.6
Total Group	**100.0**	100.0	**100.0**	100.0

Group's net sales by country, %

	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Finland	**52.2**	41.7	**43.4**	40.2
Netherlands	**39.1**	52.3	**42.8**	49.1
Other	**8.7**	6.0	**13.8**	10.7
Total Group	**100.0**	100.0	**100.0**	100.0

Group's comparable net sales by type of sales, adjusted for the SBS divestment, %

	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Advertising	**31.8**	33.2	**26.1**	27.7
Subscription	**29.3**	29.8	**26.8**	27.2
Single copy	**9.5**	9.8	**9.0**	9.7
Learning	**11.7**	9.1	**24.1**	21.4
Other	**17.8**	18.1	**14.0**	14.0
Total Group	**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.

Group's net sales by type of sales, %

	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Advertising	**31.8**	43.4	**30.4**	36.4
Subscription	**29.3**	24.2	**24.8**	23.2
Single copy	**9.5**	8.0	**8.3**	8.3
Learning	**11.7**	7.4	**22.3**	18.2
Other	**17.8**	17.0	**14.2**	14.0
Total Group	**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.

Result

Fourth quarter

Operational EBIT was EUR 1.6 million (2016: -0.4; adjusted for the SBS divestment -4.3), corresponding to a margin of 0.5% (2016: -0.1%, adjusted for the SBS divestment -1.4%). The profitability of the Learning and Media Finland SBUs improved, while EBIT of Media BeNe declined. Costs booked into Other operations decreased as a larger part of Group costs were allocated to the SBUs.

Total operating expenses decreased by 5%. when compared to Q4 2016 adjusted for the SBS divestment and excluding items affecting comparability. Transport and distribution costs as well as employee benefit expenses decreased, but the total cost of sales increased by 1% due to higher paper purchase volumes and costs. Fixed costs decreased by 8%.

Operating profit included EUR 16.8 million (2016: -22.0) net of items affecting comparability. They consisted of capital gains related to the sales of real estate in Finland, which were partially offset by restructuring costs. Operating profit was EUR 18.4 million (2016: -22.4; adjusted for the SBS divestment -20.3).

Net financial items decreased to EUR -7.6 million (2016: -13.3) as a result of lower debt. The result before taxes amounted to EUR 11.0 million (2016: -37.7). Earnings per share were EUR 0.09 (2016: -0.20) and EUR 0.08 (2016: -0.20) including Discontinued operations. Operational earnings per share were EUR 0.00 (2016: -0.08).

2017

Operational EBIT improved to EUR 178.2 million (2016: 164.9), corresponding to a margin of 12.4% (2016: 10.6%). Adjusted for the SBS divestment, operational EBIT improved by 21% to EUR 180.6 million (2016: 149.6), corresponding to a margin of 13.6% (2016: 11.3%).

Growth in operational EBIT was driven by strong profitability improvement in Media Finland, including EUR 4.4 million one-off corrections related to changes in accounting estimates in Q1 2017. Significant decline in Group costs booked into Other operations further supported profitability. Operational EBIT, adjusted for the SBS divestment, improved slightly in Media BeNe. Operational EBIT was stable in Learning, with a positive earnings impact of well managed cost innovations and net sales growth offsetting the negative impact of higher development costs as well as increased depreciation and amortisation due to higher investments and certain acquired assets in Belgium.

The Group's operating expenses, adjusted for the SBS divestment and excluding items affecting comparability, decreased by 3%. Cost of sales increased slightly. Paper costs grew slightly, driven by higher net sales in Learning, while transport and distribution costs as well as employee benefit expenses decreased clearly. Fixed costs decreased by 6%.

Operating profit included EUR -417.2 million (2016: 42.0) net of items affecting comparability, mainly related to the capital loss from the divestment of SBS and capital gains related to the sales of real estate in Finland. In the previous year, items affecting comparability included a EUR 74.6 million adjustment for a settlement of defined benefit pension plans in the Netherlands. Operating profit was EUR -238.9 million (2016: 206.9). Adjusted for the SBS divestment, operating profit was EUR 187.9 million (2016: 198.6).

Net financial items totalled EUR -23.3 million (2016: -37.2). The improvement is due to lower interest expenses resulting from the significant decrease of interest-bearing liabilities and lower average interest rate.

Result before taxes amounted to EUR -260.9 million (2016: 167.3). Earnings per share were EUR -1.01 (2016: 0.69) and EUR -0.99 (2016: 0.65) including Discontinued operations. The decrease is related to the items affecting comparability, especially the capital loss related to the divestment of SBS. Operational earnings per share improved by 41% to EUR 0.71 (2016: 0.50).

Balance sheet, financial position and cash flow

At the end of December 2017, the consolidated balance sheet totalled EUR 1,589.2 million (2016: 2,605.6). The decrease is mainly attributable to the deconsolidation of the SBS TV operations.

Equity totalled EUR 554.4 million (2016: 1,002.5). The decrease is related to the capital loss booked due to the SBS divestment and the corresponding deconsolidation of non-controlling interest. Equity per share was EUR 3.39 (2016: 4.39). Interest-bearing net debt amounted to EUR 391.8 million (2016: 786.2).

Equity ratio was 38.5% (2016: 41.0%) at the end of 2017, being at the long-term target corridor of 35%–45% despite the negative impact of the SBS divestment on the total amount of equity.

The return on equity (ROE) was -47.4% (2016: 10.9%) and the return on investment (ROI) was -17.3% (2016: 9.9%).

At the end of 2017, net debt to adjusted EBITDA ratio was 1.7 (2016: 3.2) being clearly below the Group's long-term target level (< 2.5). The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, in which acquired operations are included and divested operations excluded, and depreciation of both programming and prepublication rights have been raised above EBITDA on cash flow basis. The divestment of SBS had a positive effect on this ratio as the net cash consideration of the transaction, EUR 237 million, was used to reduce debt.

In 2017, the Group's cash flow from operations was EUR 141.2 million (2016: 158.1). The positive cash flow impact of higher EBITDA and lower financial items was offset by certain cash-based restructuring costs and changes in working capital. Capital expenditure was EUR 38.2 million (2016: 34.9).

Sanoma's dividend policy is based on cash flow from operations, less capital expenditure. In 2017, cash flow from operations per share was EUR 0.87 (2016: 0.97) and capital expenditure per share was EUR 0.22 (2016: 0.21).

Cash flow from investments amounted to EUR 245.2 million. It was positively impacted by the proceeds from operations sold, including SBS, Sanoma Baltics, and Kieskeurig.nl as well as divested real estate in Finland. In 2016, operations sold included Autotrader.nl, AAC Global, the remaining Russian magazine operations and the Head Office custom publishing operations in Finland.

Investments, acquisitions and divestments

In 2017, capital expenditure including finance leases amounted to EUR 38.2 million (2016: 34.9). Capital expenditure was mainly related to investments in digital business as well as ICT system development and maintenance. Majority of the investments was made to support growth in the learning business.

In November 2017, Sanoma sold an office property at Ludviginkatu 2-10, Helsinki, Finland and recognised a capital gain of EUR 24.3 million.

In July 2017, Sanoma divested 67% of the Dutch TV business SBS for a net cash consideration of EUR 237 million and obtaining 100% ownership of the TV guide business Veronica Uitgeverij. As a result of the transaction Sanoma recognised a non-cash capital loss of EUR -308.1 million. The total impact of the transaction on the Group's net result is EUR -286.2 million.

In June 2017, Sanoma divested the comparison website Kieskeurig.nl in the Netherlands.

In June 2017, Sanoma increased its holding in the Finnish marketing service company Routa from 51% to 80%.

In April 2017, Sanoma divested the online classifieds business of Sanoma Baltics AS and recognised a capital gain of EUR 9.9 million.

In January 2016, Sanoma acquired an 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 Kortingisleuk.nl and the remaining shares of Scoupy, two Dutch cashback marketing companies.

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

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

Events after the reporting period

On 16 January 2018, Sanoma announced an intention to divest its Belgian women's magazine portfolio, part of Media BeNe SBU, to Roularta Media Group. Enterprise value of the divested assets is EUR 34 million. Net sales were EUR 80.5 million and operational EBIT EUR 6.5 million (EBIT margin 8.1%) in 2017.

The divested business is consequently classified as Discontinued operations in this report. All key indicators and income statement related quarterly and FY figures presented in this report, including corresponding periods in 2016, cover Continuing operations only unless otherwise stated.

The transaction is subject to closing conditions including customary regulatory approvals and social consultation with the employee representatives, and is expected to be closed by the end of Q2 2018. Restructuring costs, capital gains and similar one-off items related to the transaction will be booked into the Discontinued operations' net result for 2018.

More information on the Discontinued operations' financial performance is available on p. 34.

Reconciliation of operational EBIT

EUR million	10–12/2017	10–12/2016	1–12/2017	1–12/2016
OPERATING PROFIT	**18.4**	-22.4	**-238.9**	206.9
Items affecting comparability				
Media BeNe				
Impairments		-5.5		-13.6
Capital gains /losses *			**-424.9**	13.3
Restructuring expenses	**-5.0**	-7.5	**-12.1**	-12.3
Others				
Settlement of defined benefit pension plans				40.8
Media Finland				
Capital gains /losses		0.6	**10.8**	0.5
Restructuring expenses	**-1.7**	-4.7	**-4.5**	-7.5
Others				
Transfer of surplus assets in Sanoma Pension Fund		-1.2		-1.2
Learning				
Impairments		-4.4	**-7.8**	-4.4
Restructuring expenses	**-2.2**	-8.8	**-6.2**	-10.9
Others				
Settlement of defined benefit pension plans			**2.3**	22.9
Transfer of surplus assets in Sanoma Pension Fund		3.0		3.0
Other companies				
Capital gains /losses	**25.8**		**25.8**	2.7
Restructuring expenses	**-0.2**	8.2	**-0.5**	-0.4
Others				
Transfer of surplus assets in Sanoma Pension Fund		-1.8		-1.8
Settlement of defined benefit pension plans				11.0
ITEMS AFFECTING COMPARABILITY	**16.8**	-22.0	**-417.2**	42.0
OPERATIONAL EBIT, CONTINUING OPERATIONS	**1.6**	-0.4	**178.2**	164.9
Impairment of loan		-4.6		-4.6
Impairments	**-0.1**		**-0.1**	
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES	**-0.1**	-4.6	**-0.1**	-4.6
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTEREST *			**138.4**	2.5
Impairments	**-2.5**		**-2.5**	
Restructuring expenses	**-0.5**	-13.2	**-0.5**	-13.2
ITEMS AFFECTING COMPARABILITY IN DISCONTINUED OPERATIONS	**-3.1**	-13.2	**-3.1**	-13.2

* A capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests included in operating profit relate to the SBS divestment. Total impact of the transaction in the net result is EUR -286.2 million.

Reconciliation of operational EPS

EUR million	10–12/2017	10–12/2016	1–12/2017	1–12/2016
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**13.0**	-31.8	**-161.5**	110.8
Current year interest on the hybrid bond net of tax		-1.2		-5.5
Items affecting comparability *	**-12.7**	21.4	**280.5**	-22.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**0.3**	-11.5	**119.0**	82.8
Adjusted average number of shares	**162,794,102**	162,333,596	**162,544,637**	162,291,679
Operational EPS	**0.00**	-0.07	**0.73**	0.51

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

Reconciliation of interest-bearing net debt

EUR million	31.12.2017	31.12.2016
Non-current financial liabilities	**196.3**	239.1
Current financial liabilities	**216.1**	590.5
Cash and cash equivalents	**-20.6**	-43.4
Interest-bearing net debt	**391.8**	786.2

Media BeNe

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

- In 2017, Media BeNe's net sales, adjusted for the SBS divestment, decreased slightly mainly due to lower advertising sales following the divestment of Kieskeurig.nl in June 2017.
- Operational EBIT, adjusted for the SBS divestment, improved slightly as the positive earnings impact of continued cost innovations and streamlined organisation more than offset the negative impact of lower net sales. Operational EBIT margin, adjusted for the SBS divestment, improved to 15.6% (2016: 14.7%).
- Operating profit, adjusted for the SBS divestment, declined as in 2016 the profit included a EUR 40.8 million settlement related to changes in the Dutch pension plans.
- The transaction to sell Sanoma's share, 67% of shares, of the SBS TV operations to Sanoma's long-term partner and co-shareholder Talpa and to acquire 100% of shares in the TV guide business Veronica was closed on 19 July 2017. SBS has been included in the Media BeNe SBU's reported figures until 30 June 2017.
- On 16 January 2018 Sanoma announced an intention to divest its Belgian women's magazine portfolio, which was part of the Media BeNe SBU. Consequently, the operations to be divested are accounted as Discontinued operations and are not included in the figures presented for Media BeNe in this report.
- After the major changes in its business portfolio in 2017, Media BeNe has a good cross media portfolio and streamlined operations in the Netherlands.
- Marc Duijndam was appointed as the CEO of Media BeNe starting from 1 January 2018.

Comparable key indicators, adjusted for the SBS divestment

EUR million	10–12/ 2017	10–12/ 2016	Change %	1–12/ 2017	1–12/ 2016	Change %
Net sales	**115.9**	125.3	-7.5	**436.5**	459.1	-4.9
Non-print	**40.4**	44.5	-9.1	**129.2**	136.1	-5.1
Print	**64.0**	69.3	-7.6	**260.9**	276.9	-5.8
Other	**11.4**	11.5	-1.0	**46.5**	46.1	0.8
EBITDA	**16.9**	20.0	-15.7	**64.7**	124.9	-48.2
Operational EBIT	**19.2**	21.1	-9.1	**68.1**	67.3	1.1
% of net sales	**16.5**	16.8		**15.6**	14.7	
Operating profit	**14.2**	14.1	0.3	**55.6**	102.6	-45.8
Capital expenditure	**0.4**	0.2	157.4	**3.3**	1.5	118.2
Number of employees at the end of the period (FTE)				**1,083**	1,199	-9.7
Average number of employees (FTE)				**1,132**	1,208	-6.3

Key indicators

EUR million	10–12/ 2017	10–12/ 2016	Change %	1–12/ 2017	1–12/ 2016	Change %
Net sales	**115.9**	195.5	-40.7	**543.3**	691.2	-21.4
Non-print	**40.4**	114.7	-64.8	**236.0**	368.3	-35.9
Print	**64.0**	69.3	-7.6	**260.8**	276.8	-5.8
Other	**11.4**	11.5	-1.0	**46.5**	46.1	0.9
EBITDA	**16.9**	63.1	-73.2	**-323.7**	267.8	
Operational EBIT *	**19.2**	25.0	-23.4	**65.8**	82.7	-20.4
% of net sales	**16.5**	12.8		**12.1**	12.0	
Operating profit	**14.2**	12.1	17.4	**-366.0**	110.9	
Capital expenditure	**0.4**	1.1	-60.8	**5.1**	5.9	-14.6
Number of employees at the end of the period (FTE)				**1,083**	1,579	-31.4
Average number of employees (FTE)				**1,316**	1,586	-17.0

* Reconciliation of operational EBIT is presented in a separate table on page 10.

Media BeNe's comparable sales by type of sales, adjusted for the SBS divestment, %

	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Advertising	**21.0**	23.7	**19.0**	21.5
Subscription	**30.2**	29.5	**33.0**	32.3
Single copy	**15.4**	14.6	**17.1**	17.4
Other	**33.4**	32.2	**31.0**	28.9
Total	**100.0**	100.0	**100.0**	100.0

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

Media BeNe's sales by type of sales, %

	10–12/2017	10–12/2016	1–12/2017	1–12/2016
Advertising	**21.0**	46.8	**31.7**	43.1
Subscription	**30.2**	18.9	**26.5**	21.4
Single copy	**15.4**	9.4	**13.7**	11.5
Other	**33.4**	25.0	**28.0**	23.9
Total	**100.0**	100.0	**100.0**	100.0

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

Media BeNe's comparable sales growth adjusted for the SBS divestment, %

	10–12/2017 vs. 10–12/2016	1–12/2017 vs. 1–12/2016
Subscription sales	-5	-3
Single copy sales	-2	-7
Total circulation sales	**-4**	**-4**
Print advertising sales	-1	-8
Non-print advertising sales	-25	-19
Total advertising sales	**-18**	**-16**

Media BeNe's sales growth, %

	10–12/2017 vs.10–12/2016	1–12/2017 vs. 1–12/2016
Subscription sales	-5	-3
Single copy sales	-2	-7
Total circulation sales	**-4**	**-4**
Print advertising sales	0	-8
Non-print advertising sales	-81	-45
Total advertising sales	**-73**	**-42**

Fourth quarter

Net sales of Media BeNe declined to EUR 115.9 million (2016: 195.5; adjusted for the SBS divestment 125.3). Non-print sales amounted to EUR 40.4 million (2016: 114.7; adjusted for the SBS divestment 44.5) and represented 34.9% (2016: 58.7%; adjusted for the SBS divestment 35.5%) of net sales.

Advertising sales, compared to Q4 2016 adjusted for the SBS divestment, decreased by 18% mainly due to the divestment of Kieskeurig.nl. Advertising sales represented 21.0% (2016: 46.8%; adjusted for the SBS divestment 23.7%) of net sales. Circulation sales decreased by 4% and represented 45.7% (2016: 28.3%; adjusted for the SBS divestment 44.1%) of net sales. Majority of the decrease was due to lower subscription sales. Other sales were stable.

Operational EBIT declined to EUR 19.2 million (2016: 25.0; adjusted for the SBS divestment 21.1). Following the divestment of SBS, the operational EBIT margin improved significantly and was 16.5% (2016: 12.8%; adjusted for the SBS divestment 16.8%). Lower net sales, especially in advertising, had a negative impact on earnings. It was partially offset by the positive impact of continued cost innovations.

Items affecting comparability included in the operating profit totalled EUR -5.0 million (2016: -13.0; adjusted for the SBS divestment -7.0) and consisted of a provision for unused office space in the Netherlands. Operating profit was EUR 14.2 million (2016: 12.1; adjusted for the SBS divestment 14.1).

Capital expenditure totalled EUR 0.4 million (2016: 1.1; adjusted for the SBS divestment 0.2) and was related to ICT development and maintenance investments.

2017

Media BeNe's net sales were EUR 543.3 million (2016: 691.2) and in 2017 included SBS only for the first half of the year. Net sales, adjusted for the SBS divestment, declined to EUR 436.5 million (2016: 459.1) mainly due to lower advertising sales following the divestment of Kieskeurig.nl. Non-print sales, adjusted for the SBS divestment, amounted to EUR 129.2 million (2016: 368.3; adjusted for the SBS divestment 136.1). Share of non-print sales, adjusted for the SBS divestment, remained stable and represented 29.6% (2016: 53.3%; adjusted for the SBS divestment 29.6%) of net sales.

Adjusted for the SBS divestment, advertising sales decreased by 16% mainly due to the divestment of Kieskeurig.nl and represented 19.0% (2016: 43.1%; adjusted for the SBS divestment 21.5%) of net sales. Circulation sales decreased by 4% and represented 50.0% (2016: 33.0%; adjusted for the SBS divestment 49.6%) of net sales. Majority of the decline was due to lower single copy sales. Other sales were stable.

Based on preliminary market information, Sanoma estimates that the advertising market in the Netherlands decreased on a net basis in consumer magazines by 6% and increased in online including search by 11% in 2017.

Operational EBIT was EUR 65.8 million (2016: 82.7) and in 2017 included SBS only for the first half of the year. Operational EBIT, adjusted for the SBS divestment, improved slightly to EUR 68.1 million (2016: 67.3) as the positive earnings impact of continued cost innovations and streamlined organisation more than offset the negative impact of lower net sales and higher depreciations.

Items affecting comparability included in operating profit totalled EUR -437.1 million (2016: 28.2) and were mainly related to the capital loss on the divestment of SBS, restructuring costs related to the streamlining of the Dutch back office organisation and a provision for unused office space. Related to the SBS divestment, a gain of EUR 138.4 million was booked under items affecting comparability in non-controlling interests. The net result impact of the divestment of SBS was EUR -286.2 million. In the comparable period, items affecting comparability consisted of settlement related to changes in the Dutch pension plans, capital gains, restructuring expenses as well as impairments. Operating profit was EUR -366.0 million (2016: 110.9) and adjusted for the SBS divestment EUR 55.6 million (2016: 102.6).

Capital expenditure was EUR 5.1 million (2016: 5.9). Capital expenditure, adjusted for the SBS divestment, totalled EUR 3.3 million (2016: 1.5) and consisted mainly of ICT development and maintenance investments.

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, Nelonen, Radio Suomipop and Ruutu. Sanoma's brands reach almost all Finns every day. For advertisers, we are a trusted partner with insight, impact and reach.

- In 2017, Media Finland's net sales were stable. Subscription sales of digital news and VOD grew, while print advertising sales were lower compared to the previous year.
- Operational EBIT improved significantly in 2017 driven by continued cost innovations across the business.
- The total number of Helsingin Sanomat subscriptions grew throughout the second half of the year and was 4% higher in the end of 2017 compared to the previous year, amounting to more than 387,000 subscriptions in total.
- Nelonen Media's commercial viewing share remained on a good level throughout the year and growth in the reach of the Ruutu VOD service was strong.
- Media Finland's market share in the advertising markets improved with stable advertising sales in a slightly declining market.

Key indicators

EUR million	**10–12/ 2017**	**10–12/ 2016**	**Change %**	**1–12/ 2017**	**1–12/ 2016**	**Change %**
Net sales	**150.6**	152.4	-1.2	**570.6**	580.9	-1.8
Non-print	**67.7**	65.2	3.8	**250.9**	242.0	3.6
Print	**83.0**	87.2	-4.9	**319.7**	338.9	-5.6
EBITDA	**33.8**	30.7	10.0	**162.1**	135.2	19.9
Operational EBIT *	**10.0**	9.3	8.0	**65.7**	49.5	32.6
% of net sales	**6.6**	6.1		**11.5**	8.5	
Operating profit	**8.3**	4.0		**71.9**	41.3	74.2
Capital expenditure	**0.6**	1.4	-57.3	**6.3**	5.2	20.0
Number of employees at the end of the period (FTE)				**1,703**	1,718	-0.9
Average number of employees (FTE)				**1,744**	1,797	-3.0

* Reconciliation of operational EBIT is presented in a separate table on page 10.

Media Finland's net sales by type of sales, %

	10–12/2017	**10–12/2016**	**1–12/2017**	**1–12/2016**
Advertising	**47.5**	47.1	**46.2**	46.1
Subscription	**35.4**	35.4	**37.2**	36.5
Single copy	**7.2**	7.6	**7.8**	8.4
Other	**9.9**	9.9	**8.9**	9.0
Total	**100.0**	100.0	**100.0**	100.0

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

Media Finland's sales growth, %

	10-12/2017 vs. 10-12/2016	1–12/2017 vs. 1–12/2016
Subscription sales	-1	0
of which magazines incl. online	-6	-6
of which newspapers incl. online	3	2
of which Pay-TV and VOD	-4	10
Single copy sales	-7	-10
of which magazines incl. online	3	-3
of which newspapers incl. online	-7	-9
Total circulation sales	**-2**	**-2**
Print advertising sales	-9	-11
Non-print advertising sales	4	3
Total advertising sales	**0**	**-2**

Operational indicators, %

	1–12/2017	1–12/2016
Finnish TV operations		
TV channels' share of TV advertising	**37.1**	35.3
TV channels' national commercial viewing share (10–44 years)	**36.9**	36.9
TV channels' national viewing share (10+ years)	**16.6**	16.6

Source: Finnpanel, Kantar TNS, Media advertising trends 12/2017

Fourth quarter

Net sales of Media Finland were stable at EUR 150.6 million (2016: 152.4). Non-print sales grew by 4% to EUR 67.7 million (2016: 65.2) and represented 44.9% (2016: 42.8%) of net sales.

Advertising sales were stable. Advertising sales represented 47.5% (2016: 47.1%) of net sales. Circulation sales were stable and represented 42.6% (2016: 43.0%) of net sales. Subscription sales were stable, whereas single copy sales decreased.

According to the Finnish Advertising Trends 2017 survey by Kantar TNS, the advertising market in Finland decreased on a net basis by 1% in the fourth quarter. Advertising in magazines decreased by 1%, in newspapers by 10% and in TV by 4%, whereas advertising on radio increased by 4% and online excluding search by 12%.

Operational EBIT improved to EUR 10.0 million (2016: 9.3) driven by continued cost innovations in several cost categories. Marketing expenses, which in 2017 focused heavily on the final quarter of the year, and higher digital development expenses had an adverse impact on earnings.

Items affecting comparability included in operating profit totalled EUR -1.7 million (2016: -5.2) and consisted of restructuring expenses. Operating profit increased to EUR 8.3 million (2016: 4.0).

Capital expenditure totalled EUR 0.6 million (2016: 1.4) and consisted mainly of maintenance investments.

2017

Media Finland's net sales decreased to EUR 570.6 million (2016: 580.9). Non-print sales grew by 4% to EUR 250.9 million (2016: 242.0) and represented 44.0% (2016: 41.7%) of net sales.

Advertising sales were stable and Media Finland's market share in the advertising markets improved in a slightly declining market. Advertising sales represented 46.2% (2016: 46.1%) of net sales. Circulation sales were stable and represented 44.9% (2016: 44.9%) of net sales. Subscription sales grew driven by digital news and VOD, while single copy sales decreased.

According to the Finnish Advertising Trends 2017 survey by Kantar TNS, the advertising market in Finland decreased on a net basis by 3% during the year. Advertising in magazines declined by 6%, in newspapers by 11%, and in TV by 5%, whereas advertising increased on radio by 4% and online excluding search by 7%.

Operational EBIT improved significantly to EUR 65.7 million (2016: 49.5), driven by cost innovations. The operational EBIT also includes EUR 4.4 million one-off corrections related to changes in accounting estimates in Q1 2017.

Items affecting comparability included in the operating profit totalled EUR 6.2 million (2016: -8.2). They included a capital gain related to the divestment of Sanoma Baltics in the second quarter and restructuring expenses. Operating profit increased to EUR 71.9 million (2016: 41.3).

Capital expenditure grew to EUR 6.3 million (2016: 5.2) and included investments in the B2B and data platforms.

Learning

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

- In 2017, Learning's net sales grew by 13.2% driven by significantly higher sales particularly in Poland following a successful launch of new learning methods related to two simultaneous curriculum reforms. Net sales grew also in Finland as well as in Belgium following the integration of De Boeck, acquired in June 2016.
- Operational EBIT was stable with positive earnings impact of well managed cost innovations and net sales growth offsetting the negative impact of higher development costs and increased depreciation and amortisation due to higher investments and certain acquired assets in Belgium.
- Majority of the higher capital expenditure was related to development of digital platforms and ICT.

Key indicators

EUR million	10-12/ 2017	10-12/ 2016	Change %	1–12/ 2017	1–12/ 2016	Change %
Net sales	**35.2**	28.0	25.5	**319.9**	282.6	13.2
Netherlands	**7.9**	6.5	21.5	**92.1**	94.4	-2.5
Poland	**10.3**	8.0	29.9	**100.0**	70.8	41.2
Finland	**6.9**	5.5	25.9	**53.0**	48.1	10.2
Belgium	**6.5**	4.0	61.3	**52.7**	44.8	17.5
Sweden	**3.6**	4.3	-16.2	**22.5**	25.1	-10.3
Other companies and eliminations	**0.0**	-0.2		**-0.4**	-0.6	
EBITDA	**-12.0**	-22.4		**98.0**	107.3	-8.7
Operational EBIT *	**-24.5**	-23.8		**57.0**	56.8	0.3
% of net sales	**-69.8**	-84.9		**17.8**	20.1	
Operating profit	**-26.7**	-34.0		**45.3**	67.4	-32.8
Capital expenditure	**7.0**	7.0	-0.7	**19.7**	17.7	11.3
Number of employees at the end of the period (FTE)				**1,358**	1,439	-5.6
Average number of employees (FTE)				**1,401**	1,413	-0.9

* Reconciliation of operational EBIT is presented in a separate table on page 10.

Fourth quarter

Net sales of Learning grew by 25.5% to EUR 35.2 million (2016: 28.0) due to significantly higher sales in all operating markets except in Sweden, where net sales declined against strong comparison in Q4 2016.

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 was EUR -24.5 million (2016: -23.8). The positive earnings impact from higher net sales was offset by increased depreciation and amortisation following higher investments, higher development costs especially in Poland as well as additional costs related to the recently launched corporate safety training initiative.

Items affecting comparability included in the operating profit totalled EUR -2.2 million (2016: -10.2) and consisted of restructuring expenses. In the comparable period, items affecting comparability included higher restructuring expenses as well as certain impairments.

Capital expenditure was stable totalling EUR 7.0 million (2016: 7.0) and consisting of investments in digital platforms and ICT.

2017

The Learning segment's net sales grew by 13.2% to EUR 319.9 million (2016: 282.6). Majority of the growth came from Poland, where the market momentum, in particular during the third quarter high season, was exceptionally positive due to two simultaneous curriculum reforms. Net sales grew also in Belgium, mainly following the integration of De Boeck, acquired in June 2016. Net sales development was positive in Finland, but negative in Sweden versus high growth due to new Swedes in 2016. Net sales declined slightly in the Netherlands, while Learning maintained its market share.

Operational EBIT was stable at EUR 57.0 million (2016: 56.8) with a positive earnings impact of well managed cost innovations and net sales growth offsetting the negative impact of higher development costs as well as increased depreciation and amortisation due to higher investments and certain acquired assets in Belgium.

Items affecting comparability included in the operating profit totalled EUR -11.7 million (2016: 10.5), consisting mainly of impairments and restructuring expenses related to discontinuation of YDP, the international operations based in Poland. In 2016, the items affecting comparability included a positive impact related to the settlement of changing defined benefit pension plans to a defined contribution plan in the Netherlands. Operating profit decreased to EUR 45.3 million (2016: 67.4).

Capital expenditure increased to EUR 19.7 million (2016: 17.7). Majority of the capital expenditure consisted investments in digital platforms and ICT.

The Group

Personnel

In 2017, the average number of personnel in full-time equivalents (FTE) employed by the Sanoma Group was 4,746 (2016: 5,171). At the end of 2017, the number of Group employees (FTE) was 4,425 (2016: 5,038). The number of employees (FTE) per SBU at the end of 2017 was following: Media BeNe 1,083 (2016: 1,579), Media Finland 1,703 (2016: 1,718), Learning 1,358 (2016: 1,439) and Other operations 281 (2016: 302).

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 340.1 million (2016: 299.6). In 2016, the employee benefit expenses included a EUR 74.6 million adjustment for a settlement of defined benefit pension plans in the Netherlands.

Dividend proposal

On 31 December 2017, Sanoma Corporation's distributable funds were EUR 462.3 million, of which profit for the year made up EUR 156.9 million. Including the fund for non-restricted equity of EUR 209.8 million the distributable funds amounted to EUR 672.0 million.

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

– A dividend of EUR 0.35 per share shall be paid for the year 2017. The dividend shall be paid in two instalments. The first instalment of EUR 0.20 per share shall be paid to a shareholder who is registered in the shareholders' register of the company maintained by

Euroclear Finland Ltd on the dividend record date 26 March 2018. The payment date for this instalment is 4 April 2018. The second instalment of EUR 0.15 per share is estimated to be paid on 1 November 2018.

– 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 614,536,485.52 million.

The Annual General Meeting on 21 March 2017 decided to pay a dividend of EUR 0.20 for the year 2016 (2015: 0.10) per share. The dividends were paid on 30 March 2017.

According to its 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.

Shares and holdings

In 2017, a total of 36,232,649 (2016: 48,152,687) Sanoma shares were traded on the Nasdaq Helsinki, and traded shares accounted for some 22% (2016: 30%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to approx. 73% (2016: 72%) of the total traded share volume on stock exchanges.

During the year, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 8.90 (2016: EUR 6.14), with a low of EUR 7.58 (2016: EUR 3.51) and a high of EUR 12.03 (2016: EUR 9.39). At the end of December, Sanoma's market capitalisation excluding the company's own shares was EUR 1,775 million (2016: 1,338), with Sanoma's share closing at EUR 10.87 (2016: 8.25). At the end of December, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 163,565,663.

At the end of December, the company held a total of 316,519 (2016: 478,497) of its own shares, representing 0.2% (2016: 0.3%) of all Sanoma shares and votes.

Board of Directors, auditors and management

The AGM held on 21 March 2017 confirmed the number of Sanoma's Board members as nine. Board members Pekka Ala-Pietilä, Antti Herlin, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Robin Langenskiöld, Rafaela Seppälä and Kai Öistämö, were re-elected as Board members. Pekka Ala-Pietilä was elected as Chairman of the Board and Antti Herlin as Vice Chairman. The AGM decided to amend the term of office of Board members to be one year.

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

At the end of 2017, the Executive Management Group (EMG) comprised the following members: Susan Duinhoven (President and CEO of the Sanoma Group), Markus Holm (CFO and COO), Pia Kalsta (CEO Sanoma Media Finland) and John Martin (CEO Sanoma Learning). Kim Ignatius (Executive Vice President) and Peter de Mönnink (CEO Sanoma Media BeNe) served as members of the EMG until the end of 2017. Marc Duijndam was appointed as the CEO of Sanoma Media BeNe as of 1 January 2018.

Board authorisations

The AGM held on 21 March 2017 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 2018 and terminates the corresponding authorisation granted by the 2016 AGM.

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 Ltd.

The Board of Directors did not exercise its right under the authorisation during 2017.

Seasonal fluctuation

The net sales and results of media businesses are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. 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.

General business risks associated with media and learning industries relate to developments in media advertising, consumer spending and public and private education spend. The volume of media advertising in specific is sensitive to overall economic development and consumer confidence. The general economic conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance.

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

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

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

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

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

Sanoma's consolidated balance sheet included at the end of 2017 EUR 1,185.7 million (2016: 2,095.8) of goodwill, immaterial rights and other intangible assets. Most of this is related to media operations in the Netherlands. Sanoma divested its Dutch TV operations, SBS, on 19 July 2017, which reduced the amount of goodwill, immaterial rights and other intangible assets by EUR 915.8 million. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios.

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 31 December 2017. 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.

IFRS 15 Revenue from Contracts with Customers and Clarifications to IFRS 15

(both effective for financial periods beginning on or after 1 January 2018)

Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

Sanoma started a project to assess the impact of IFRS 15 in 2016 and it continued in 2017. The differences between current revenue recognition policies and the IFRS 15 requirements have been identified and quantified. Sanoma's main revenue streams include magazine and newspaper publishing (circulation sales and advertising sales), TV and Radio operations, online and mobile revenues and learning solutions. For all revenue streams contract reviews of the key revenue contracts have been documented. In magazines and newspaper publishing, the main finding is the need to identify additional performance obligations in cases of providing gifts as premiums to new subscribers. Current TV and Radio revenue recognition is already strongly linked to individual performance obligations, hence the impact of IFRS 15 is considered to be limited. In learning solutions, the main findings are related to revenues of hybrid products (combining print and digital products). In some cases, there is a need to acknowledge multiple performance obligations, which are to be recognised at different moments (over time or at a point in time), depending on the characteristics of the performance obligations. The impact of IFRS 15 on the Group's annual net sales is considered insignificant, although the phasing over individual quarters will be affected. In order to ensure full comparability, Sanoma has decided to apply the retrospective method and not to apply any of the available practical expedients. To enable compliance with IFRS 15 requirements, required changes in the accounting systems will be implemented in Q1 2018. Restated financial figures for 2017 will be disclosed in a separate release during Q1 2018.

Consolidated income statement

Continuing operations

EUR million	10-12/2017	10–12/2016	1–12/2017	1–12/2016
NET SALES	**301.5**	375.6	**1,433.4**	1,554.4
Other operating income	**34.0**	10.1	**63.4**	48.9
Materials and services	**-104.1**	-114.7	**-453.2**	-466.7
Employee benefit expenses	**-83.1**	-98.8	**-340.1**	-299.6
Other operating expenses *	**-86.6**	-101.2	**-755.8**	-334.6
Share of results in joint ventures	**1.1**	-3.0	**4.4**	-0.1
Depreciation, amortisation and impairment losses	**-44.3**	-90.5	**-191.0**	-295.3
OPERATING PROFIT	**18.4**	-22.4	**-238.9**	206.9
Share of results in associated companies	**0.1**	-2.0	**1.4**	-2.4
Financial income	**1.8**	0.0	**12.9**	10.5
Financial expenses	**-9.4**	-13.3	**-36.2**	-47.7
RESULT BEFORE TAXES	**11.0**	-37.7	**-260.9**	167.3
Income taxes	**3.1**	5.8	**-39.4**	-44.6
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**14.0**	-31.9	**-300.3**	122.7
DISCONTINUED OPERATIONS				
Result for the period from discontinued operations	**-1.2**	-0.2	**2.3**	-6.7
RESULT FOR THE PERIOD	**12.9**	-32.1	**-298.1**	116.0
Result from continuing operations attributable to:				
Equity holders of the Parent Company	**14.2**	-31.6	**-163.8**	117.5
Non-controlling interests *	**-0.2**	-0.3	**-136.6**	5.2
Result from discontinued operations attributable to:				
Equity holders of the Parent Company	**-1.2**	-0.2	**2.3**	-6.7
Non-controlling interests	**-**	-	**-**	-
Result attributable to:				
Equity holders of the Parent Company	**13.0**	-31.8	**-161.5**	110.8
Non-controlling interests *	**-0.2**	-0.3	**-136.6**	5.2
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR, continuing operations	**0.09**	-0.20	**-1.01**	0.69
Diluted earnings per share, EUR, continuing operations	**0.09**	-0.20	**-1.01**	0.69
Earnings per share, EUR, discontinued operations	**-0.01**	0.00	**0.01**	-0.04
Diluted earnings per share, EUR, discontinued operations	**-0.01**	0.00	**0.01**	-0.04
Earnings per share, EUR	**0.08**	-0.20	**-0.99**	0.65
Diluted earnings per share, EUR	**0.08**	-0.20	**-0.99**	0.65

* A capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests relate to the SBS divestment. Total impact of the transaction in the net result is -286.2 million.

On 16 January 2018 Sanoma announced an intention to divest its Belgian women's magazine portfolio. The divested business is classified as Discontinued operations in 2017 reporting. Accordingly, the consolidated income statement for 2016 has been restated.

Statement of comprehensive income *

EUR million	10-12/2017	10–12/2016	1–12/2017	1–12/2016
Result for the period	**12.9**	-32.1	**-298.1**	116.0
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in translation differences	**1.3**	-1.0	**2.7**	-4.5
Share of other comprehensive income of equity-accounted investees	**0.0**	0.1	**0.0**	-0.3
Cash flow hedges		0.1		0.6
Income tax related to cash flow hedges		0.0		-0.1
Items that will not be reclassified to profit or loss				
Defined benefit plans	**-4.0**	16.5	**6.9**	-19.5
Income tax related to defined benefit plans	**0.5**	-4.0	**-1.9**	5.0
Other comprehensive income for the period, net of tax	**-2.2**	11.7	**7.7**	-18.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**10.6**	-20.3	**-290.3**	97.2
Total comprehensive income attributable to:				
Equity holders of the Parent Company	**10.8**	-20.0	**-153.8**	92.0
Non-controlling interests	**-0.2**	-0.3	**-136.6**	5.2

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

Consolidated balance sheet

EUR million	31.12.2017	31.12.2016
ASSETS		
Property, plant and equipment	**44.7**	57.8
Investment property	**13.9**	24.5
Goodwill	**934.6**	1,663.0
Other intangible assets	**251.1**	432.8
Equity-accounted investees	**20.8**	21.3
Available-for-sale financial assets	**4.0**	5.0
Deferred tax receivables	**17.3**	29.9
Trade and other receivables	**22.7**	21.8
NON-CURRENT ASSETS, TOTAL	**1,309.2**	2,256.0
Inventories	**40.5**	41.4
Income tax receivables	**6.9**	2.2
Trade and other receivables	**209.6**	255.8
Cash and cash equivalents	**20.6**	43.4
CURRENT ASSETS, TOTAL	**277.5**	342.9
Assets held for sale	**2.4**	6.8
ASSETS, TOTAL	**1,589.2**	**2,605.6**
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Parent Company		
Share capital	**71.3**	71.3
Treasury shares	**-1.4**	-2.1
Fund for invested unrestricted equity	**209.8**	203.3
Other equity	**273.2**	440.5
	552.8	713.0
Non-controlling interests	**1.7**	289.5
EQUITY, TOTAL	**554.4**	1,002.5
Deferred tax liabilities	**38.3**	60.1
Pension obligations	**9.7**	13.7
Provisions	**9.0**	7.6
Financial liabilities	**196.3**	239.1
Trade and other payables	**19.7**	42.9
NON-CURRENT LIABILITIES, TOTAL	**273.0**	363.4
Provisions	**17.1**	18.1
Financial liabilities	**216.1**	590.5
Income tax liabilities	**15.1**	8.8
Trade and other payables	**502.9**	622.1
CURRENT LIABILITIES, TOTAL	**751.1**	1,239.5
Liabilities related to assets held for sale	**10.6**	0.3
LIABILITIES, TOTAL	**1,034.7**	1,603.1
EQUITY AND LIABILITIES, TOTAL	**1,589.2**	**2,605.6**

Includes continuing and discontinued operations.

On 31 December 2017, assets held for sale included Belgian women's magazine portfolio, which was classified as discontinued operations. On 31 December 2016, assets held for sale included Kiinteistö Oy Lehtikaari 1 and Kiinteistö Oy Lepolankatu 15 that were classified as assets held for sale in December 2016.

Changes in consolidated equity

Equity attributable to the equity holders of the Parent Company

EUR million	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	Equity, total
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		-100.00
Tax-adjusted interest paid on hybrid bond					-5.8		-5.8		-5.8
Equity at 31 Dec 2016	**71.3**	**-2.1**	**203.3**		**440.5**		**713.0**	**289.5**	**1,002.5**
Equity at 1 Jan 2017	**71.3**	**-2.1**	**203.3**		**440.5**		**713.0**	**289.5**	**1,002.5**
Comprehensive income for the period					-153.8		-153.8	-136.6	-290.3
Share subscription with options			6.4				6.4		6.4
Share-based compensation					1.8		1.8		1.8
Shares delivered		0.7			-0.7				
Dividends paid					-32.5		-32.5	-1.6	-34.1
Acquisitions and other changes in non-controlling interests					17.8		17.8	-149.7	-131.9
Recognition of unpaid dividend					0.0		0.0		0.0
Equity at 31 Dec 2017	**71.3**	**-1.4**	**209.8**		**273.2**		**552.8**	**1.7**	**554.4**

Consolidated cash flow statement

EUR million	1–12/2017	1–12/2016
OPERATIONS		
Result for the period	**-298.1**	116.0
Adjustments		
Income taxes	**40.8**	41.2
Financial income and expenses	**23.2**	37.0
Share of results in equity-accounted investees	**-5.7**	2.4
Depreciation, amortisation and impairment losses	**195.1**	299.7
Gains/losses on sales of non-current assets	**420.3**	-19.5
Acquisitions of broadcasting rights and prepublication costs	**-167.2**	-207.2
Other adjustments	**1.1**	1.1
Adjustments, total	**507.5**	154.6
Change in working capital	**-18.5**	-47.9
Dividends received *	**5.5**	4.7
Interest paid and other financial items	**-20.5**	-45.8
Taxes paid	**-34.7**	-23.4
Cash flow from operations	**141.2**	158.1
INVESTMENTS		
Acquisition of tangible and intangible assets	**-36.5**	-34.5
Operations acquired	**-4.6**	-21.8
Proceeds from sale of tangible and intangible assets **	**47.6**	3.0
Operations sold ***	**238.2**	43.1
Loans granted	**0.0**	-1.7
Repayments of loan receivables	**0.3**	3.5
Interest received	**0.3**	0.4
Cash flow from investments	**245.2**	-8.1
Cash flow before financing	**386.4**	150.1
FINANCING		
Proceeds from share subscriptions	**6.4**	
Redemption of hybrid bond		-100.0
Contribution by non-controlling interests		0.0
Change in loans with short maturity	**-217.8**	14.1
Drawings of other loans	**172.5**	240.1
Repayments of other loans and finance lease liabilities	**-326.6**	-318.2
Interest paid on hybrid bond		-7.3
Acquisitions of non-controlling interests	**-11.2**	
Dividends paid	**-34.1**	-17.6
Cash flow from financing	**-410.7**	-188.9
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**-24.3**	-38.8
Effect of exchange rate differences on cash and cash equivalents	**-0.2**	-0.7
Net change in cash and cash equivalents	**-24.5**	-39.5
Cash and cash equivalents at the beginning of the period	**43.1**	82.5
Cash and cash equivalents at the end of the period	**18.6**	43.1

Includes continuing and discontinued operations.
* Dividends received transferred from the Cash flow from Investments to the Cash flow from operations.
** Proceeds from sale of tangible assets in 2017 include the divestment of the property at Ludviginkatu in Helsinki.
*** Operations sold in 2017 include SBS, Sanoma Baltics and Kieskeurig.nl.
Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 2.0 million (2016: 0.4).

Income statement by quarter

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	10-12/ 2017	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016
NET SALES	324.7	420.5	386.7	**301.5**	332.4	427.9	418.4	375.6
Other operating income	7.9	15.7	5.7	**34.0**	24.0	7.6	7.2	10.1
Materials and services	-95.9	-125.5	-127.7	**-104.1**	-95.2	-128.2	-128.5	-114.7
Employee benefit expenses	-89.3	-89.3	-78.4	**-83.1**	-93.8	-23.4	-83.7	-98.8
Other operating expenses *	-494.0	-107.8	-67.4	**-86.6**	-85.2	-71.4	-76.8	-101.2
Share of results in joint ventures	1.0	1.3	1.0	**1.1**	1.0	0.9	0.9	-3.0
Depreciation, amortisation and impairment losses	-70.7	-40.8	-35.1	**-44.3**	-70.5	-73.3	-61.0	-90.5
OPERATING PROFIT	-416.2	74.0	84.9	**18.4**	12.6	140.1	76.6	-22.4
Share of results in associated companies	0.1	0.9	0.2	**0.1**	0.1	-0.2	-0.4	-2.0
Financial income	4.7	5.5	0.8	**1.8**	9.2	0.4	1.0	0.0
Financial expenses	-11.3	-10.0	-5.4	**-9.4**	-17.9	-9.4	-7.1	-13.3
RESULT BEFORE TAXES	-422.8	70.4	80.5	**11.0**	4.0	130.9	70.1	-37.7
Income taxes	-0.5	-21.9	-20.2	**3.1**	2.4	-35.2	-17.6	5.8
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-423.2	48.6	60.3	**14.0**	6.4	95.8	52.5	-31.9
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations	0.2	2.3	0.9	**-1.2**	-6.5	1.2	-1.2	-0.2
RESULT FOR THE PERIOD	-423.0	50.8	61.3	**12.9**	-0.1	96.9	51.3	-32.1
Result from continuing operations attributable to:								
Equity holders of the Parent Company	-285.3	47.5	59.9	**14.2**	6.5	92.6	50.0	-31.6
Non-controlling interests *	-137.9	1.1	0.4	**-0.2**	-0.1	3.1	2.5	-0.3
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	0.2	2.3	0.9	**-1.2**	-6.5	1.2	-1.2	-0.2
Non-controlling interests	-	-	-	**-**	-	-	-	-
Result attributable to:								
Equity holders of the Parent Company	-285.1	49.7	60.8	**13.0**	0.0	93.8	48.8	-31.8
Non-controlling interests *	-137.9	1.1	0.4	**-0.2**	-0.1	3.1	2.5	-0.3
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	-1.76	0.29	0.37	**0.09**	0.03	0.56	0.30	-0.20
Diluted earnings per share, EUR, continuing operations	-1.76	0.29	0.37	**0.09**	0.03	0.56	0.30	-0.20
Earnings per share, EUR, discontinued operations	0.00	0.01	0.01	**-0.01**	-0.04	0.01	-0.01	0.00
Diluted earnings per share, EUR, discontinued operations	0.00	0.01	0.01	**-0.01**	-0.04	0.01	-0.01	0.00
Earnings per share, EUR	-1.76	0.31	0.37	**0.08**	-0.01	0.57	0.29	-0.20
Diluted earnings per share, EUR	-1.76	0.31	0.37	**0.08**	-0.01	0.57	0.29	-0.20

* A capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests relate to the SBS divestment. Total impact of the transaction in the net result is -286.2 million.

Net sales by strategic business unit

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	10-12/ 2017	1-12/ 2017	1-3/ 2016	4-6/ 2016	7-9/ 2016	10–12/ 2016	1–12/ 2016
MEDIA BENE										
Non-print	74.9	94.7	26.0	40.4	236.0	76.1	96.8	80.7	114.7	368.3
Print	63.3	68.9	64.5	64.0	260.8	68.1	72.4	67.0	69.3	276.8
Other	10.8	11.9	12.4	11.4	46.5	10.8	11.5	12.3	11.5	46.1
Total	**148.9**	**175.6**	**102.9**	**115.9**	**543.3**	**155.0**	**180.8**	**160.0**	**195.5**	**691.2**
MEDIA FINLAND										
Non-print	63.6	64.4	55.2	67.7	250.9	59.2	64.3	53.4	65.2	242.0
Print	80.6	80.2	76.0	83.0	319.7	85.3	85.9	80.4	87.2	338.9
Total	**144.1**	**144.6**	**131.2**	**150.6**	**570.6**	**144.5**	**150.1**	**133.8**	**152.4**	**580.9**
LEARNING										
Netherlands	17.8	38.2	28.2	7.9	92.1	19.7	42.4	25.8	6.5	94.4
Poland	4.3	5.6	79.8	10.3	100.0	4.5	8.2	50.1	8.0	70.8
Finland	3.7	31.8	10.6	6.9	53.0	3.2	24.9	14.5	5.5	48.1
Belgium	2.4	19.8	24.0	6.5	52.7	1.4	15.3	24.1	4.0	44.8
Sweden	3.5	5.2	10.2	3.6	22.5	4.1	6.5	10.2	4.3	25.1
Other companies and eliminations	0.0	-0.2	-0.1	0.0	-0.4	-0.1	-0.3	0.0	-0.2	-0.6
Total	**31.7**	**100.3**	**152.7**	**35.2**	**319.9**	**32.9**	**97.1**	**124.7**	**28.0**	**282.6**
Other operations and eliminations	-0.1	-0.1	-0.1	-0.2	-0.4	0.1	-0.1	-0.1	-0.3	-0.3
Total	**324.7**	**420.5**	**386.7**	**301.5**	**1,433.4**	**332.4**	**427.9**	**418.4**	**375.6**	**1,554.4**

Operating profit by strategic business unit

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	10–12/ 2017	1–12/ 2017	1–3/ 2016	4–6/ 2016	7–9/ 2016	10–12/ 2016	1–12/ 2016
Media BeNe	-408.4	16.9	11.3	**14.2**	**-366.0**	20.9	52.4	25.5	12.1	110.9
Media Finland	19.6	30.6	13.4	**8.3**	**71.9**	10.1	17.5	9.6	4.0	41.3
Learning	-15.5	25.0	62.6	**-26.7**	**45.3**	-11.1	63.8	48.8	-34.0	67.4
Other companies and eliminations	-11.8	1.5	-2.4	**22.6**	**9.8**	-7.3	6.5	-7.3	-4.4	-12.6
Total	-416.2	74.0	84.9	**18.4**	**-238.9**	12.6	140.1	76.6	-22.4	206.9

Operational EBIT by strategic business unit

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	10–12/ 2017	1–12/ 2017	1–3/ 2016	4–6/ 2016	7–9/ 2016	10–12/ 2016	1–12/ 2016
Media BeNe	8.9	23.7	14.0	**19.2**	**65.8**	7.9	27.2	22.5	25.0	82.7
Media Finland	19.0	22.5	14.1	**10.0**	**65.7**	11.0	19.0	10.2	9.3	49.5
Learning	-15.0	34.0	62.5	**-24.5**	**57.0**	-10.9	41.1	50.5	-23.8	56.8
Other companies and eliminations	-1.9	-2.4	-2.9	**-3.0**	**-10.2**	-5.6	-2.8	-4.8	-10.8	-24.0
Total	11.1	77.9	87.7	**1.6**	**178.2**	2.4	84.5	78.5	-0.4	164.9

Segment information

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

Sanoma Media BeNe includes the Dutch consumer media operations (magazines, events, custom media, websites and apps) and press distribution business Aldipress. Sanoma Media Finland is the leading multi-channel media company in Finland with a portfolio of magazines, newspapers, TV, radio, online and mobile channels. Sanoma Learning is a leading European provider of multi-channel learning solutions. Learning's main markets are Poland, the Netherlands, Finland, Belgium and Sweden. Discontinued operations include Belgian women's magazine portfolio, which Sanoma intends to divest during H1 2018. In addition to the Group eliminations, the column unallocated/eliminations includes non-core operations, head office functions, real estate companies as well as items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

Segment information 1 January – 31 December 2017

EUR million	Media BeNe	Media Finland	Learning	Unallocated/ eliminations	Continued operations	Discontinued operations	Eliminations	Total
External net sales	543.3	570.2	319.9		1,433.4	79.2		1,512.6
Internal net sales		0.4	0.0	-0.4		1.3	-1.3	
Net sales, total	543.3	570.6	319.9	-0.4	1,433.4	80.5	-1.3	1,512.6
Operating profit	-366.0	71.9	45.3	9.8	-238.9	3.6		-235.4
Operational EBIT	65.8	65.7	57.0	-10.2	178.2	6.5		184.8
Share of results in associated companies	1.2	0.2			1.4			1.4
Financial income				12.9	12.9	0.2	-0.2	12.9
Financial expenses				-36.2	-36.2	-0.1	0.2	-36.2
Result before taxes					-260.9	3.6		-257.3
Segment assets	767.2	230.6	672.5	-129.0	1,541.3	1.3		1,542.6

Segment information 1 January – 31 December 2016

EUR million	Media BeNe	Media Finland	Learning	Unallocated/ eliminations	Continued operations	Discontinued operations	Eliminations	Total
External net sales	691.2	580.5	282.5	0.3	1,554.4	84.7		1,639.1
Internal net sales		0.4	0.1	-0.6		0.8	-0.8	
Net sales, total	691.2	580.9	282.6	-0.3	1,554.4	85.5	-0.8	1,639.1
Operating profit	110.9	41.3	67.4	-12.6	206.9	-10.3		196.6
Operational EBIT	82.7	49.5	56.8	-24.0	164.9	2.9		167.9
Share of results in associated companies	-2.2	0.3	-0.4	-0.2	-2.4			-2.4
Financial income				10.5	10.5	0.2	-0.2	10.5
Financial expenses				-47.7	-47.7	0.0	0.2	-47.5
Result before taxes					167.3	-10.2		157.2
Segment assets	1,720.2	258.1	505.0	43.6				2,526.9

Changes in property, plant and equipment

EUR million	31.12.2017	31.12.2016
Carrying amount at the beginning of the period	**57.8**	69.4
Increases	**8.7**	8.4
Acquisition of operations		0.5
Decreases	**-3.3**	-1.3
Disposal of operations	**-2.7**	-2.6
Depreciation for the period	**-14.2**	-16.8
Impairment losses for the period	**-3.0**	0.0
Exchange rate differences and other changes	**1.4**	0.1
Carrying amount at the end of the period	**44.7**	57.8

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 18.0 million (2016: 167.1).

Effect of acquisitions on the consolidated balance sheet

EUR million	1–12/2017	1–12/2016
Acquisition costs	**16.9**	27.2
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities		0.0
Fair value of previously held interest		2.2
Fair value of acquired net assets	**-5.4**	-11.6
Recognised in equity	**-11.4**	-1.9
Goodwill from the acquisitions	**0.1**	15.9

In 2017, Sanoma invested EUR 16.9 million in business acquisitions. The impact of each individual acquisition on the Group's assets and liabilities was minor. Business acquisitions have been described in paragraph Investments, acquisitions and divestments on page 9.

Assets held for sale and discontinued operations

Discontinued operations in 2017

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

Income Statement of discontinued operations

EUR million	1-12/2017	1-12/2016
Net sales	**80.5**	85.5
Other operating income	**0.0**	0.1
Materials and services	**-34.5**	-36.1
Employee benefit expenses	**-14.9**	-25.9
Other operating expenses	**-23.4**	-29.7
Share of results in joint ventures		0.2
Depreciation, amortisation and impairment losses	**-4.2**	-4.4
Operating profit	**3.6**	-10.3
Financial income	**0.2**	0.2
Financial expenses	**-0.1**	0.0
Result before taxes	**3.6**	-10.2
Income taxes	**-1.4**	3.5
Result for the period from discontinued operations	**2.3**	-6.7

Cash flow related to discontinued operations

EUR million	1-12/2017	1-12/2016
Cash flow from operations	**5.1**	-14.8
Cash flow from investments	**-5.8**	16.0
Cash flow from financing	**0.0**	-0.1

Assets and liabilities related to discontinued operations in 2017

Assets related to discontinued operations

EUR million	31.12.2017
Goodwill	0.4
Other intangible assets	0.7
Deferred tax receivables	1.2
Inventories	0.1
Total	**2.4**

Liabilities related to discontinued operations

EUR million	31.12.2017
Pension obligations	4.0
Trade and other payables	6.7
Total	**10.6**

Non-current assets held for sale in 2016

In March 2016, Sanoma closed the transaction to sell the remaining operations in Russia that were classified as assets held for sale on 31 December 2015.

In December 2016, real estate companies Kiinteistö Oy Lehtikaari 1 and Kiinteistö Oy Lepolankatu 15 were classified as assets held for sale. Sanoma had signed an agreement to sell these two printing and office facilities in Kouvola and Lappeenranta to Länsi-Savo Oy in December 2014. The transaction was closed in March 2017.

The assets and liabilities classified as held for sale are presented in the following tables.

Assets held for sale

EUR million	31.12.2016
Property, plant and equipment	6.8
Trade and other receivables	0.0
Total	**6.8**

Liabilities related to assets held for sale

EUR million	31.12.2016
Deferred tax liabilities	0.2
Trade and other payables	0.0
Total	**0.3**

The assets held for sale are valued at carrying value.

Effect of SBS divestment on the consolidated balance sheet

EUR million	31.12.2017
Property, plant and equipment	2.6
Goodwill	715.5
Other intangible assets	200.3
Trade and other receivables	38.3
Cash and cash equivalents	25.8
Assets total	**982.5**
Deferred tax liabilities	18.1
Financial liabilities	46.0
Trade and other payables	112.4
Liabilities total	**176.6**
Derecognised non-controlling interest	**117.2**
Net assets	**688.7**

Sales consideration received in cash	237.1
Transaction fees paid	-5.6
Capital loss	**457.2**

Cash flow from sale of SBS

EUR million	
Sales consideration received in cash	237.1
Transaction fees paid	-5.6
Cash and cash equivalents of divested operations	-25.8
Cash flow from sale of SBS	**205.6**

Cash flow from other divested operations was EUR 29.7 million at 31 December 2017.

Contingent liabilities

EUR million	31.12.2017	31.12.2016
Contingencies for own commitments		
Pledges	**1.5**	2.4
Other items	**24.7**	25.0
Total	**26.2**	27.4
Other commitments		
Operating lease liabilities	**249.4**	298.2
Royalties	**7.8**	14.6
Other items	**49.3**	71.2
Total	**306.4**	384.0
Total	**332.6**	411.4

Derivative instruments

EUR million	31.12.2017	31.12.2016
Fair values		
Interest rate derivatives (incl. accrued interests)		
Interest rate swaps		-0.4
Currency derivatives		
Forward contracts	**-0.6**	6.3
Nominal values		
Interest rate derivatives		
Interest rate swaps		100.0
Currency derivatives		
Forward contracts	**66.4**	82.1

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

	1–12/2017	1–12/2016
Average rate		
EUR/PLN (Polish Zloty)	4.26	4.36
EUR/SEK (Swedish Krona)	9.64	9.47
EUR/USD (US Dollar)	1.13	1.11
Closing rate	**31.12.2017**	**31.12.2016**
EUR/PLN (Polish Zloty)	4.18	4.41
EUR/SEK (Swedish Krona)	9.84	9.55
EUR/USD (US Dollar)	1.20	1.05

2017 Full-Year Result analyst and investor conference

Full-Year 2017 Result and related materials are available on www.sanoma.com.

An analyst and investor conference with an audio webcast will be held in English by the President and CEO Susan Duinhoven and CFO and COO Markus Holm at 11:00 Finnish time (9:00 UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. To join the event at Sanomatalo, please register via email ir@sanoma.com.

The live audio webcast of the conference can be followed via www.sanoma.com/en/investors. To ask questions by phone during the live audio webcast, please register by email to ir@sanoma.com. Dial-in details will be sent for registered participants. An on-demand replay of the audio webcast will be available shortly after the end of the conference at www.sanoma.com/investors.

Interview opportunities for media are available after the conference. Media representatives are asked to book interviews via Communications Director Marcus Wiklund, marcus.wiklund@sanoma.com.

Annual General Meeting and Financial Statements

Sanoma Corporation's Annual General Meeting will be held on 22 March 2018 at 14:00 Finnish time (CET+1) at Marina Congress Center (Katajanokanlaituri 6, 00160 Helsinki, Finland). The agenda for the meeting will be available on the Group's website at Sanoma.com.

Sanoma's Financial Statements, Board of Directors' Report, Statement of Non-Financial Information, Corporate Governance Statement and Remuneration Statement for 2017 will be published latest on 28 February 2018 on Sanoma.com.

Financial reporting in 2018

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

Interim Report January–March 2018	27 April 2018 approx. at 8:30
Half-Year Report January–June 2018	24 July 2018 approx. at 8:30
Interim Report January–September 2018	24 October 2018 approx. at 8:30

Additional information

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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 operations in Finland, the Netherlands, Poland, Belgium and Sweden, our net sales totalled EUR 1.4 billion and we employed more than 4,400 professionals in 2017. Sanoma shares are listed on Nasdaq Helsinki.

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