Full-Year Result

2018

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SANOMA CORPORATION, FULL-YEAR RESULT 2018

Improved operational EBIT across all SBUs

Q4 2018

- Net sales declined slightly to EUR 298 million (2017: 306). Net sales development adjusted for structural changes was -3% (2017: 0%).
- Operational EBIT improved clearly to EUR 18 million (2017: 4) as a result of earnings growth in all SBUs.
- EBIT was EUR 1 million (2017: 21). The EBIT included EUR -17 million (2017: 17) of IACs, which mainly related to restructuring actions across SBUs.
- Operational EPS improved to EUR 0.06 (2017: 0.01).
- EPS was EUR -0.03 (2017: 0.10).
- Free cash flow was EUR 69 million (2017: 84).
- On 15 November, Sanoma announced the divestment of its content marketing operations, Head Office, in Belgium.
- On 11 December, Sanoma announced its intention to acquire Iddink, a leading Dutch educational platform and service provider.
- On 4 February 2019, Sanoma signed a EUR 550 million syndicated credit facility.

FY 2018

- Net sales were stable at EUR 1,315 million (2017: 1,435; adjusted 1,328). Net sales development adjusted for structural changes was -3% (2017: 1%).
- Operational EBIT improved by 10% to EUR 197 million (2017: 177, adjusted: 179) driven by good profitability development across all SBUs. Corresponding margin was 14.9% (2017: 12.3%; adjusted 13.5%).
- EBIT was EUR 169 million (2017: -241, adjusted 186). The EBIT included EUR -28 million (2017:-417; adjusted 7) of IACs, which mainly related to Discontinued operations as well as restructuring actions across SBUs.
- Operational EPS improved by 17% to EUR 0.83 (2017: 0.70; adjusted 0.71).
- EPS was EUR 0.68 (2017:-1.02; adjusted 0.76).
- Free cash flow improved slightly to EUR 109 million (2017: 105; adjusted 106) and included EUR 17 million of one-off costs related to Discontinued operations, which will be added back to the free cash flow for dividend calculation purposes. Free cash flow excluding the one-off costs related to Discontinued operations was EUR 126 million.
- On 7 March, Sanoma announced the acquisition of the festival and event business of N.C.D. Production in Finland. The transaction was closed on 18 April.
- On 29 June, Sanoma completed the divestment of Belgian women's magazine portfolio, reported as discontinued operations.
- The Board proposes a dividend of EUR 0.45 per share to be paid for the year 2018 in two instalments, EUR 0.25 in April and EUR 0.20 in November (estimated).

Outlook for 2019

In 2019, Sanoma expects that the Group's comparable net sales will be in-line with 2018 and operational EBIT margin excluding PPA will be around 15% (2018: 15.7%).

The outlook is based on an assumption of the consumer confidence and advertising market development in Finland and in the Netherlands to be in line with 2018. The outlook does not include any assumptions of the intended acquisition of Iddink (announced on 11 December 2018), which is expected to be closed in Q2-Q3 2019.

Discontinued operations

On 16 January 2018, Sanoma announced the intention to divest its Belgian women's magazine portfolio. The divested business was consequently classified as Discontinued operations in 2017 financial reporting. All key indicators and income statement related figures presented in this report, including corresponding figures in 2017, cover Continuing operations only unless otherwise stated. The divestment was completed on 29 June 2018. More information on the Discontinued operations' financial performance is available on p. 36.

Name of Media BeNe changed to Media Netherlands

Following the closing of the divestment of Belgian women's magazine portfolio, Sanoma has changed the name of its Media BeNe SBU to Media Netherlands. The new name has been used since 1 July 2018.

Impact of the SBS transaction – Adjusted KPIs for 2017

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

IFRS 15 restatement

Sanoma has adopted the new IFRS 15 Revenue from Contracts with Customers as of 1 January 2018 and prepared its financial reports according to the new standard starting from Q1 2018. IFRS 15 impacts the timing of recognizing revenue and cost. The impact of the new standard on Sanoma Group's annual net sales is considered insignificant, although the phasing over individual quarters is affected, especially in Learning. All annual and quarterly financial figures presented in this report have been restated to account for the changes. Adoption of IFRS 15 had no impact on Sanoma's long-term financial targets.

More information on the transition to the IFRS 15 standard and its impacts on Sanoma is available in the Accounting policies, p. 25–26.

Alternative performance measures

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

Sanoma will include Operational EBIT excluding purchase price allocation amortisations (Operational EBIT excl. PPA), and the corresponding margin, as a new APM in its financial reporting. Sanoma has an ambition to grow through M&A, and thus PPA amortisations are expected to have an increasing impact on Sanoma's results. On the other hand, the new APM includes all material operational costs, such as amortisations of TV-programming rights and prepublication assets, which are not included in Operational EBITDA. Therefore the new APM is considered to complement other performance measures and provide valuable information to investors. Operational EBIT margin excl. PPA is used as a basis in Sanoma's Outlook for 2019 and will be included in financial reporting from Q1 2019 onwards. Operational EBITDA and Operational EBIT, which have been included as APMs in Sanoma's financial reporting in 2018, will no longer be reported from Q1 2019 onwards.

Sanoma has updated its cash flow terminology and defined free cash flow as operating cash flow less capital expenditure. From 6 February 2019, the terms free cash flow and free cash flow per share will also be used as the basis of Sanoma's dividend policy. The dividend policy is available on p. 18. The updated terminology is used in this report. In addition, the term "Net sales adjusted for structural changes" has been changed to "Comparable net sales". The new term is used in Sanoma's Outlook for 2019 and will be used in financial reporting from Q1 2019 onwards.

More information is available at Sanoma.com. Reconciliations are presented on p. 21 in this report. Definitions of key IFRS indicators and APMs are available on p. 38.

Key indicators [1)]

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017 adjusted	Change
Net sales	298.0	305.7	-3%	1,315.4	1,328.0	-1%
Operational EBITDA	51.7	48.4	7%	326.3	328.5	-1%
margin	17.4%	15.8%		24.8%	24.7%	
Operational EBIT	17.6	4.4		196.6	179.0	10%
margin	5.9%	1.5%		14.9%	13.5%	
EBIT	0.6	21.2	-97%	168.5	186.4	-10%
Result for the period [2)]	-5.0	14.8		125.6	126.8	-1%
Free cash flow [2)]	69.3	83.5	-17%	108.9	106.2	3%
Equity ratio [2), 3)]				44.7%	38.2%	
Net debt [2), 3)]				337.8	391.8	
Net debt / Adj. EBITDA [2), 3)]				1.4	1.7	
Average number of employees (FTE)				4,463	4,562	-2%
Operational EPS, EUR, continuing operations	0.06	0.01		0.83	0.71	17%
Operational EPS, EUR [2)]	0.06	0.01		0.84	0.74	14%
EPS, EUR, continuing operations	-0.03	0.10		0.68	0.76	-10%
EPS, EUR [2)]	-0.03	0.09		0.76	0.77	-1%
Free cash flow per share, EUR [2)]	0.43	0.51	-17%	0.67	0.65	3%
Dividend per share, EUR [4)]				0.45	0.35	29%

[1)] 2017 figures have been restated due to the implementation of IFRS 15 and were originally published on 29 March 2018. More information on the restatement is available in Accounting policies on p 25.
[2)] Including continuing and discontinued operations.
[3)] Not adjusted for the SBS divestment.
[4)] 2018 proposal of the Board of Directors.

Key indicators with non-adjusted figures for the comparison periods in 2017, which include the divested Dutch TV operations of SBS, are available on p. 19.

President and CEO Susan Duinhoven:

”2018 was another good year for Sanoma. We improved our profitability in all three SBUs despite the challenging business environment in media. During the year, we also took pre-emptive actions to ensure we remain competitive in the months and years to come. Thanks to our solid financial position, growth returned to our agenda and we announced several acquisitions during the year. I am proud and grateful of the hard work and commitment that our teams have again shown.

In Learning, our teams have been particularly successful with the curriculum renewals in Poland and in Finland in recent years. In 2018, we also launched a business development programme, “High Five”, which focuses on creating lean, harmonised and efficient operations and processes for our five operating countries. The positive effects of the programme were already visible in our 2018 profitability. The “High Five” will continue in the years to come and we expect further cost benefits with modest additional investments in 2019.

In December 2018, we took a significant step on our growth path from a predominantly media company into a learning and media company. We announced our intention to acquire Iddink, a leading Dutch educational platform and service provider. The transaction enables the development of seamless digital learning solutions, improving our products and services for the pupils, parents, teachers and schools. Iddink provides Sanoma Learning a platform for future growth not only in the Netherlands, but also in Belgium and Spain, and significantly increases Learning’s share of Sanoma’s operational EBIT excl. PPA.

In Media Finland, our success in transformation was visible in the growing number of digital subscriptions for Helsingin Sanomat and Ruutu. In HS, the total number of subscriptions increased for the second year in a row. Growth in digital subscriptions compensated the decline in print, and we experienced new, younger audiences being attracted with new product combinations, such as a digital subscription complemented with printed HS Viikko. Unfortunately the continued decline in print advertising volumes was not fully compensated by the increase in digital advertising. With this trend expected to continue, we conducted targeted co-operative negotiations in certain parts of B2B sales, printing operations and media units in the fourth quarter to prepare for the coming years. We are actively seeking growth and completed several smaller synergetic bolt-on acquisitions during the year. Most prominently, the expansion into the growing markets of live festivals and events by the acquisition of N.C.D. Production strengthens our cross-media proposition in entertainment and creates advantages for advertisers, consumers as well as the creative talents.

In Media Netherlands, we had a particularly strong year both in the magazine subscription sales as well as in the news business NU.nl, where both the usage and revenues grew. We continued to focus our business portfolio even further and divested both the women’s magazines and the content marketing operations in Belgium. To align with the simplified business portfolio, we continued to streamline our organisation during the year and our profitability improved significantly. At the end of the year, we took some one-off costs (booked as IACs) in order to prepare for the discontinuation of the Home Deco e-commerce operations, which have been licensed to a third party. Growth in digital advertising was partially supported by the data-driven marketing and cashback service Scoupy, of which we own 95% since June and have now integrated it into our organisation.

In addition to improved profitability in all SBUs, our balance sheet strengthened further during the year, and our leverage was 1.4 at year-end. In 2019, the main impacts on our leverage will come from the new IFRS 16 standard, effective as of 1 January, and the closing of acquisition of Iddink, expected in Q2-Q3 2019. We have decided to prudently maintain our long-term leverage target unchanged at “below 2.5” although the new IFRS 16 by itself is expected to increase our leverage roughly by 0.6. The impact of the Iddink acquisition is partially dependent on the timing of the closing, but it is expected to temporarily take our leverage above the long-term target level.

The Board proposes a dividend of EUR 0.45 to be paid for 2018 (2017: 0.35). Our 2018 free cash flow improved slightly from the previous year, and for dividend calculation purposes we have added back EUR 17 million of one-off costs related to the divestment of the Belgian women’s magazine portfolio. The dividend represents a pay-out ratio of 58% (2017: 55%) of this way adjusted free cash flow. We remain strongly committed to our policy of paying an increasing dividend equal to 40-60% of annual free cash flow.

With the attractive bolt-on acquisitions done in 2018 and our organisations well prepared for the coming year, we look forward to integrate these acquisitions successfully in 2019 and grow our business further.”

Financial review Q4 2018

Net sales declined slightly to EUR 298 million (2017: 306). Net sales grew slightly in Learning, where growth was driven by good performance in Poland. Net sales declined slightly in Media Finland and Media Netherlands. The Group's net sales development adjusted for structural changes was -3% (2017: 0%).

Net sales by SBU

EUR million	Q4 2018	Q4 2017	Change
Media Finland	144.5	150.4	-4%
Media Netherlands	113.8	116.9	-3%
Learning	39.8	38.5	3%
Other operations	-0.2	-0.2	0%
Group total	**298.0**	**305.7**	**-3%**

Operational EBITDA amounted to EUR 52 million (2017: 48). Operational EBIT improved clearly to EUR 18 million (2017: 4) as earnings grew in all SBUs.

Operational EBIT by SBU

EUR million	Q4 2018	Q4 2017	Change
Media Finland	16.0	9.8	63%
Media Netherlands	23.7	19.2	23%
Learning	-17.8	-21.6	18%
Other operations	-4.3	-3.0	-44%
Group total	**17.6**	**4.4**	

EBIT was EUR 1 million (2017: 21) and included EUR -17 million (2017: 17) net of IACs. Restructuring expenses included in the IACs consisted of expenses related to discontinuation of Media Netherlands' Home Deco e-commerce operations, which have been licensed to a third party, as well as conclusion of targeted co-operative negotiations in Media Finland and business development programme "High Five" in Learning. The capital loss was related to the divestment of Head Office in Belgium, while Q4 2017 included capital gains from real estate divestments in Finland.

Items affecting comparability (IACs) and reconciliation of operational EBIT

EUR million	Q4 2018	Q4 2017
EBIT	**0.6**	**21.2**
Items affecting comparability		
Restructuring expenses	-14.6	-9.0
Capital gains / losses	-2.4	25.8
Other		-0.1
Items affecting comparability total	**-17.0**	**16.8**
Operational EBIT	**17.6**	**4.4**

A detailed reconciliation on SBU level is presented on p. 21.

Net financial items decreased and totalled EUR -3 million (2017: -8).

Result before taxes amounted to EUR -3 million (2017: 14). Income taxes were EUR -2 million (2017: 2). Result for the period was EUR -5 million (2017: 16) and including Discontinued operations EUR -5 million (2017: 15).

Operational earnings per share were EUR 0.06 (2017: 0.01). Earnings per share were EUR -0.03 (2017: 0.10) and including Discontinued operations EUR -0.03 (2017: 0.09).

Financial review FY 2018

Net sales were stable and amounted to EUR 1,315 million (2017: 1,435; adjusted 1,328). Net sales of Media Finland were on the previous year's level as a result of the acquisition of N.C.D. Production. Net sales of Media Netherlands declined slightly, partially due to the divestment of the comparison site Kieskeurig.nl, which contributed EUR 5 million in 2017 net sales. Net sales remained stable in Learning compared to strong growth in 2017 with the two overlapping curriculum reforms in Poland. The Group's net sales development adjusted for structural changes was -3% (2017: 1%).

Net sales by SBU

EUR million	FY 2018	FY 2017 adjusted	Change	FY 2017
Media Finland	578.5	570.4	1%	570.4
Media Netherlands	424.0	439.6	-4%	546.4
Learning	313.3	318.3	-2%	318.3
Other operations	-0.4	-0.4	0%	-0.4
Group total	**1,315.4**	**1,328.0**	**-1%**	**1,434.7**

Operational EBITDA was stable at EUR 326 million (2017: 392; adjusted 329). Operational EBIT improved clearly to EUR 197 million (2017: 177; adjusted 179), corresponding to a margin of 14.9% (2017: 12.3%; adjusted 13.5%). Earnings improved in all SBUs. In Media Netherlands, this was mainly driven by the improved cost structure resulting from the continued focusing of the business portfolio. In Learning, earnings grew following the launch of the business development programme "High Five" and solid performance especially in Poland and in Finland. Lower amortisations of TV programming rights, in particular related to the discontinuation of the ice-hockey TV-rights, and continued cost innovations had a positive impact in Media Finland's operational EBIT.

Operational EBIT by SBU

EUR million	FY 2018	FY 2017 adjusted	Change	FY 2017
Media Finland	68.8	65.5	5%	65.5
Media Netherlands	76.6	68.1	12%	65.8
Learning	61.2	55.6	10%	55.6
Other operations	-10.0	-10.2	2%	-10.2
Group total	**196.6**	**179.0**	**10%**	**176.7**

EBIT decreased to EUR 169 million (2017: -241; adjusted 186) due to costs related to restructuring of the businesses during the year. The EBIT included EUR -28 million (2017: -417; adjusted 7) net of IACs. Restructuring expenses included in the IACs were related to discontinuation of Media Netherlands' Home Deco e-commerce operations, which have been licensed to a third party, as well as conclusion of targeted co-operative negotiations in Media Finland and the launch of business development programme "High Five" in Learning. In addition, there were restructuring expenses related to the Discontinued operations, which included provisions related to onerous contracts of vacated office space and discontinued IT services. The net capital gain consists of the divestment of Sanoma Baltics, sale of properties in Finland and the divestment of Head Office in Belgium. The net capital loss in 2017 was related to the divestment of the Dutch TV business SBS. Other IACs include a pension settlement related to the Discontinued operations in Belgium.

Items affecting comparability (IACs) and reconciliation of operational EBIT

EUR million	FY 2018	FY 2017
EBIT	**168.5**	**-240.5**
Items affecting comparability		
Restructuring expenses	-34.1	-23.3
Impairments		-7.8
Capital gains / losses	2.3	-388.4
Other	3.6	2.3
Items affecting comparability total	**-28.2**	**-417.2**
Operational EBIT	**196.6**	**176.7**

A detailed reconciliation on SBU level is presented on p. 21.

Net financial items decreased and totalled EUR -17 million (2017: -23). The improvement is due to a lower amount of interest-bearing liabilities.

Result before taxes amounted to EUR 151 million (2017: -262). Income taxes were EUR -38 million (2017 -39). Result for the period was EUR 113 million (2017: -302) and including Discontinued operations EUR 126 million (2017: -299).

Operational earnings per share were EUR 0.83 (2017: 0.70; adjusted 0.71). Earnings per share were EUR 0.68 (2017: -1.02; adjusted 0.76) and including Discontinued operations EUR 0.76 (2017: -1.00; adjusted 0.77).

Financial position

Interest-bearing net debt decreased during the year and was EUR 338 million (2017: 392) at the end of December 2018. Net debt to adjusted EBITDA ratio improved to 1.4 (2017: 1.7).

At the end of December 2018, equity totalled EUR 611 million (2017: 547). Equity ratio was 44.7% (2017: 38.2%). The consolidated balance sheet totalled EUR 1,519 million (2017: 1,590).

Cash flow

The Group's free cash flow improved slightly and amounted to EUR 109 million (2017: 105; adjusted 106). The positive impact of lower TV programming spend and net financial items was sufficient to offset the negative impact of higher taxes, including the tax on the sale of an office property in Helsinki, and one-off costs of EUR 17 million related to Discontinued operations in Belgium, which will be added back to the free cash flow for dividend calculation purposes. Free cash flow excluding the one-off costs related to Discontinued operations was EUR 126 million (2017: 105; adjusted 106). Capital expenditure included in the free cash flow was EUR 32 million (2017: 37; adjusted 35). Free cash flow per share was EUR 0.67 (2017: 0.64; adjusted 0.65), and free cash flow per share excluding the one-off costs related to Discontinued operations was EUR 0.77 (2017: 0.64; adjusted 0.65).

Acquisitions and divestments

On 11 December 2018, Sanoma announced its intention to acquire Iddink, a leading Dutch educational platform and service provider. In 2017, net sales of Iddink were EUR 141 million and operational EBITDA was EUR 27 million. Iddink operates in the Netherlands, Belgium and Spain and employs approx. 300 people, about half of the employees working in educational technology. With the acquisition, Sanoma enters the integrated digital educational platform business for secondary and vocational education in the Netherlands, where Iddink's business is complementary to Sanoma's Dutch learning subsidiary Malmberg. Iddink is currently owned by private equity firm NPM Capital and Iddink's management. The purchase price on a cash and debt free basis is EUR 277 million. The transaction is expected to be finalised in Q2-Q3 2019. After closing, the acquired business will be reported as part of the Learning SBU.

On 15 November 2018, Sanoma announced that it has divested its content marketing operations, Head Office, in Belgium. Net sales of the divested business were EUR 13 million in 2017 and it employed 51 people (FTE).

On 27 June 2018, Sanoma announced that it has increased its ownership in the Finnish News Agency (STT) from 33% to 75% by acquiring Alma Media's and TS Group's shares in STT. Net sales of STT were approx. EUR 12 million in 2017. STT is reported as part of Media Finland as of 27 June 2018.

On 26 June 2018, Sanoma announced that it has increased its ownership in the Dutch data-driven marketing and cashback service Scoupy from 72% to 95%. Net sales of Scoupy were approx. EUR 7 million in 2017. The founding partners of Scoupy continue to hold the remaining 5% of the company. They also continue to work in a non-executive capacity with Scoupy with a focus on further developing the business. Scoupy will continue to be reported as part of Media Netherlands.

On 7 March 2018, Sanoma announced that it has entered into an agreement to acquire the festival and event business of N.C.D. Production Ltd. and its group companies. Net sales of the acquired operations were approx. EUR 20 million in 2017. The acquired operations have been moved into a newly established company, of which Sanoma holds 60% and the previous owner of N.C.D. Production the remainder. The transaction was completed on 18 April 2018 and the acquired business is reported as part of Media Finland as of Q2 2018.

On 16 January 2018, Sanoma announced an intention to divest its Belgian women's magazine portfolio to Roularta Media Group. Enterprise value of the divested assets was EUR 34 million. Net sales were EUR 81 million and operational EBIT EUR 7 million (EBIT margin 8.1%) in 2017. The divested business is classified as Discontinued operations in Sanoma's financial reporting. The divestment was completed on 29 June 2018. Restructuring costs, capital gains and similar one-off items related to the transaction amounted to a net EBIT gain of EUR 12 million and were booked as IACs into the Discontinued operations' net result for H1 2018 (detailed reconciliation on p. 21). In addition, IACs of EUR -13 million related to onerous contracts of vacated office space and discontinued IT services were booked in the continuing operations' FY 2018 result. More information on the Discontinued operations' financial performance is available on p. 36.

Media Finland

Sanoma Media Finland is the leading media company in Finland, reaching 95% of all Finns weekly. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, like Helsingin Sanomat, Ilta-Sanomat, Me Naiset, Aku Ankka, Oikotie, Nelonen, Ruutu and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

Key indicators

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Net sales	144.5	150.4	-4%	578.5	570.4	1%
Operational EBITDA	35.4	35.3	0%	142.8	155.7	-8%
Operational EBIT	16.0	9.8	63%	68.8	65.5	5%
Margin	11.1%	6.5%		11.9%	11.5%	
EBIT [1)]	9.9	8.2	21%	61.8	71.8	-14%
Capital expenditure	1.1	0.5		4.1	6.4	-35%
Average number of employees (FTE)				1,781	1,744	2%

[1)] Including IACs of EUR -6.2 million in Q4 2018 (2017: -1.7) and EUR -7.1 million in FY 2018 (2017: 6.2). Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p.21.

Net sales by category

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Print	75.4	82.8	-9%	294.0	319.6	-8%
Non-print	69.1	67.7	2%	284.4	250.9	13%
Net sales total	**144.5**	**150.4**	**-4%**	**578.5**	**570.4**	**1%**

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Advertising sales	67.9	71.6	-5%	250.0	263.4	-5%
Subscription sales	49.4	53.1	-7%	202.6	211.9	-4%
Single copy sales	11.7	12.2	-4%	45.2	48.3	-6%
Other	15.5	13.6	14%	80.6	46.8	72%
Net sales total	**144.5**	**150.4**	**-4%**	**578.5**	**570.4**	**1%**

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

Q4 2018

Net sales of Media Finland declined to EUR 145 million (2017: 150). Digital advertising sales increased, but the growth was not sufficient to offset the decline in other advertising products. Digital subscription sales grew, driven especially by Helsingin Sanomat. Decline in the total subscription sales was attributable to the development of print and especially magazine subscription sales and the discontinuation of pay-tv in September.

According to the Finnish Advertising Trends survey for December 2018 by Kantar TNS, the advertising market in Finland decreased by 2% on a net basis in Q4 2018. Advertising in newspapers decreased by 12%, in magazines by 2% and on TV by 1%, whereas advertising in radio increased by 4% and online, excluding search and social media, by 2%.

Operational EBIT improved to EUR 16 million (2017: 10), representing a margin of 11.1% (2017: 6.5%). The improved profitability was attributable to decreased amortisations of TV programme rights and lower marketing costs.

EBIT was EUR 10 million (2017: 8). IACs included in EBIT totalled EUR -6 million (2017: -2) and consisted mainly of restructuring costs related to targeted co-operative negotiations conducted in certain parts of B2B sales, printing operations and media units during the quarter.

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

FY 2018

Net sales of Media Finland were stable and amounted to EUR 579 million (2017: 570). Digital subscription sales continued to grow, driven by Ruutu and Helsingin Sanomat (HS). The total number of HS subscriptions grew for the second year in a row. Print subscription sales declined, in particular in magazines. Advertising sales decreased due to lower print advertising volume in line with the market. In 2017, advertising sales included EUR 3 million of one-off corrections related to changes in accounting estimates. Taking this into account, the comparable advertising sales decline was 4%. Growth in other sales was attributable to the festival and events business N.C.D. Production acquired in April 2018.

According to the Finnish Advertising Trends survey for December 2018 by Kantar TNS, the advertising market in Finland decreased by 2% on a net basis in 2018. Advertising in newspapers decreased by 11% and in magazines by 5%. Advertising on TV was at the previous year’s level, while advertising in radio grew by 4% and online, excluding search and social media, by 3%.

Operational EBIT improved to EUR 69 million (2017: 66), representing a margin of 11.9% (2017: 11.5%). Lower amortisations of TV programme rights, including the EUR 6 million impact of the discontinuation of ice-hockey TV-rights, had a positive impact on earnings. As a result of prudent cost containment and lower comparable sales, cost of sales declined. The acquired festival and events business had a positive contribution on earnings despite certain integration and one-off costs. 2017 operational EBIT included one-off corrections of EUR 4 million related to changes in accounting estimates.

EBIT was EUR 62 million (2017: 72). IACs included in EBIT totalled EUR -7 million (2017: 6) and consisted of restructuring costs related to co-operative negotiations conducted during Q4 2018, certain one-off costs related to earlier restructuring programmes and certain inventory write-downs.

Capital expenditure totalled EUR 4 million (2017: 6) and consisted of maintenance investments.

Media Netherlands

Sanoma Media Netherlands includes the Dutch consumer media operations, Home Deco media operations in Belgium 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 Netherlands reaches nearly 12 million consumers every month.

Key indicators

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017 adjusted	Change
Net sales	113.8	116.9	-3%	424.0	439.6	-4%
Operational EBITDA	24.7	21.9	13%	81.7	77.2	6%
Operational EBIT	23.7	19.2	23%	76.6	68.1	12%
margin	20.8%	16.4%		18.1%	15.5%	
EBIT [1)]	13.4	14.2	-5%	58.0	55.6	4%
Capital expenditure	0.8	0.4	87%	2.3	2.2	5%
Average number of employees (FTE)				1,059	1,132	-6%

[1)] Including IACs of EUR -10.3 million in Q4 2018 (2017: -5.0) and EUR -18.5 million in FY 2018 (2017: -12.5). Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p 21.

Key indicators with reported figures for the comparison periods in 2017, which include the divested Dutch TV operations of SBS, are available on p. 20.

Net sales by category

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017 adjusted	Change
Print	64.2	64.3	0%	255.1	262.1	-3%
Non-print	37.0	40.4	-9%	120.5	129.2	-7%
Other	12.6	12.2	3%	48.4	48.4	0%
Net sales total	**113.8**	**116.9**	**-3%**	**424.0**	**439.6**	**-4%**

Other sales mainly include press distribution services.

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017 adjusted	Change
Circulation sales	52.7	53.2	-1%	216.8	219.7	-1%
subscription sales (print)	35.7	35.1	2%	143.9	144.2	0%
single copy sales (print)	17.0	18.1	-6%	72.9	75.5	-3%
Advertising sales	25.2	26.4	-5%	84.1	89.6	-6%
Other	35.9	37.3	-4%	123.0	130.3	-6%
Net sales total	**113.8**	**116.9**	**-3%**	**424.0**	**439.6**	**-4%**

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

Q4 2018

Net sales of Media Netherlands declined slightly to EUR 114 million (2017: 117). The decline was mainly due to the divestment of the Belgian content marketing operations, Head Office, which prior to the divestment was reported in other sales. Circulation sales performed well and were stable. Advertising sales declined in line with the market.

Operational EBIT improved significantly to EUR 24 million (2017: 19), representing a margin of 20.8% (2017: 16.4%). The improvement was mainly attributable to lower fixed expenses resulting from the streamlining of the organisation, which was done during the year to align with the simplified business portfolio after the divestment of the SBS TV business and the Belgian women's magazine portfolio. Lower cost of sales, which was driven by the divestment of Head Office in Belgium and favourable sales mix, also had a positive impact on earnings.

EBIT was EUR 13 million (2017: 14). IACs included in EBIT totalled EUR -10 million (2017: -5). IACs consisted mainly of restructuring costs related to the discontinuation of the Home Deco e-commerce operations, which have been licensed to a third party, and a capital loss related to the divestment of Head Office in Belgium.

Capital expenditure totalled EUR 1 million (2017: 0) and consisted of investments in both maintenance and business expansion.

FY 2018

Net sales declined slightly and amounted to EUR 424 million (2017: 440). Circulation sales were stable with growth in the sales of certain magazine titles, such as Donald Duck and vtwonen. On a comparable basis, advertising sales were flat. The negative impact of the divestment of the comparison site Kieskeurig.nl, EUR 5 million, was offset by the growing digital advertising sales. The divestment of Kieskeurig.nl was also visible in the decline in non-print sales. Other sales declined mainly due to the divestment of Head Office in Belgium.

Operational EBIT improved clearly to EUR 77 million (2017: 68), representing a solid margin of 18.1% (2017: 15.5%). The improvement was mainly attributable to lower personnel, marketing and other fixed expenses resulting from the streamlining of the organisation during the course of the year. Efficient cost containment clearly offset the somewhat adverse impact of sales mix and cost increases especially for paper.

EBIT was EUR 58 million (2017: 56). IACs included in EBIT totalled EUR -19 million (2017: -12). IACs included provisions related to onerous contracts of vacated office space and discontinued IT services as well as a pension settlement, which were all related to the Discontinued operations. Additionally, the IACs included restructuring costs related to discontinuation of the Home Deco e-commerce operations, which have been licensed to a third party, and a capital loss related to the divestment of Head Office in Belgium.

Capital expenditure totalled EUR 2 million (2017: 2) and consisted of investments in both maintenance and business expansion.

Learning

Sanoma Learning is a leading European learning company. We support over 1 million teachers in developing every pupil's talents to the maximum. Through our blended learning solutions, we help to engage pupils in achieving good learning outcomes and support the effective work of the professional teachers in primary, secondary and vocational education. Through our local companies, we contribute to some of the world's best-performing education systems including Poland, the Netherlands, Finland, Belgium and Sweden.

Key indicators

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Net sales	39.8	38.5	3%	313.3	318.3	-2%
Operational EBITDA	-6.0	-7.2	17%	105.2	100.0	5%
Operational EBIT	-17.8	-21.6	18%	61.2	55.6	10%
margin	-44.7%	-56.0%		19.5%	17.5%	
EBIT [1)]	-20.0	-23.7	16%	56.1	43.9	28%
Capital expenditure	6.8	6.6	4%	19.8	19.2	3%
Average number of employees (FTE)				1,351	1,401	-4%

[1)] Including IACs of EUR -2.2 million in Q4 2018 (2017: -2.2) and EUR -5.1 million in FY 2018 (2017: -11.7).Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p 21.

Net sales by country

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Poland	11.8	10.3	14%	91.5	100.0	-8%
The Netherlands	10.8	10.4	4%	90.2	91.6	-1%
Finland	7.3	7.4	-1%	56.0	52.4	7%
Belgium	5.7	6.8	-16%	51.7	52.2	-1%
Sweden	3.4	3.6	-4%	21.9	22.5	-3%
Other companies and eliminations	0.7	0.0		2.1	-0.4	
Net sales total	**39.8**	**38.5**	**3%**	**313.3**	**318.3**	**-2%**

Q4 2018

During the structurally small fourth quarter, net sales of Learning grew slightly and amounted to EUR 40 million (2017: 39). Net sales grew in Poland and stabilised in the Netherlands. In Finland, net sales were in line with the previous year, but declined in Belgium. In Sweden, net sales grew in local currency, while declining slightly when converted into euros.

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

Operational EBIT improved and was EUR -18 million (2017: -22). Earnings improvement was mainly driven by the cost benefits resulting from the business development programme "High Five". The improvement was further supported by net sales growth and release of a provision related to a legal case in Belgium.

EBIT was EUR -20 million (2017: -24). IACs included in EBIT totalled EUR -2 million (2017: -2) and mainly consisted of restructuring expenses related to the ongoing business development programme "High Five".

Capital expenditure was EUR 7 million (2017: 7) and consisted of investments in digital platforms and ICT.

FY 2018

Net sales were on the previous year's level and amounted to EUR 313 million (2017: 318). In Poland, the market normalised after strong growth with two simultaneous curriculum renewals in 2017, resulting in a net sales decline. In Finland, net sales grew driven by curriculum renewal, which was completed by the end of 2018. In the Netherlands, net sales were stable with strong performance in primary education. Net sales were stable in Belgium. In Sweden, net sales grew in local currency, while declining slightly when converted into euros.

Operational EBIT increased clearly to EUR 61 million (2017: 56), representing a solid margin of 19.5% (2017: 17.5%). The improvement was mainly driven by the benefits of the recently launched business development programme "High Five", which were visible across operations. Lower marketing and development costs in Poland, as well as lower depreciation and amortisation further supported earnings growth.

EBIT was EUR 56 million (2017: 44). IACs included in EBIT totalled EUR -5 million (2017: -12) and consisted of restructuring expenses related to the ongoing business development programme "High Five".

Capital expenditure was EUR 20 million (2017: 19) and consisted of investments in digital platforms and ICT.

Personnel

In 2018, the average number of employees in full-time equivalents (FTE) employed by the Sanoma Group was 4,463 (2017: 4,746). The average number of employees (FTE) per SBU was as follows: Media Finland 1,781 (2017: 1,744), Media Netherlands 1,059 (2017: 1,316), Learning 1,351 (2017: 1,401) and Other operations 273 (2017: 285). At the end of December, the number of employees (FTE) of the Group was 4,485 (2017: 4,425).

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 316 million (2017: 340).

Changes in management

On 6 September 2018, Rob Kolkman was appointed CEO for Sanoma Media Netherlands as of 1 January 2019. He will report to Susan Duinhoven, President and CEO of Sanoma Corporation, and will be a member of Sanoma's Executive Management Team.

On 15 August 2018, Marc Duijndam, CEO of Sanoma Media Netherlands and member of Sanoma's Executive Management Team, left Sanoma by mutual agreement with immediate effect. Susan Duinhoven, the President and CEO of Sanoma Corporation, acted as the interim CEO of Sanoma Media Netherlands in addition to her regular duties until 31 December 2018.

Executive Management Team

Sanoma's Executive Management Team as of 1 January 2019 consists of following members: Susan Duinhoven, President and CEO; Markus Holm, CFO and COO; Pia Kalsta, CEO of Sanoma Media Finland; Rob Kolkman, CEO of Sanoma Media Netherlands and John Martin, CEO of Sanoma Learning.

Share capital and shareholders

At the end of December 2018, Sanoma's registered share capital was EUR 71 million (2017: 71) and the total number of shares was 163,565,663 (2017: 163,565,663), including 1,061,293 (2017: 316,519) own shares. Own shares represented 0.7% (2017: 0.2%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 162,504,370 (2017: 163,249,144).

Sanoma had 20,741 (2017: 20,393) registered shareholders at the end of December 2018.

Acquisition of own shares

Sanoma repurchased own shares from 22 August until 12 October 2018. During that time, Sanoma acquired a total of 900,000 own shares for an average price of EUR 8.57 per share. The shares were acquired in public trading on Nasdaq Helsinki Ltd. at the market price prevailing at the time of purchase. The repurchased shares were acquired on the basis of the authorisation given by the Annual General Meeting on 22 March 2018 to be used as part of the Company's incentive programme.

Share trading and performance

At the end of December 2018, Sanoma's market capitalisation was EUR 1,380 million (2017: 1,775) with Sanoma's share closing at EUR 8.49 (2017: 10.87). In 2018, the volume-weighted average price of Sanoma's share on the Nasdaq Helsinki Ltd. was EUR 9.28 (2017: 8.90), with a low of EUR 8.01 (2017: 7.58) and a high of EUR 11.47 (2017: 12.03).

In 2018, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 365 million (2017: 322). The trading volume of 39 million (2017: 36) shares equalled an average daily turnover of 157k (2017: 144k) shares. The traded shares accounted for some 24% (2017: 22%) of the average number of shares. The cumulative value of Sanoma's share turnover including alternative trading venues was EUR 805 million (2017: 699). In 2018, 55% (2017: 54%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com).

Decisions of the Annual General Meeting

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

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

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

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

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

Seasonal fluctuation

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

Significant near-term risks and uncertainties

More information on Sanoma's most significant risks and uncertainty factors and the main principles of risk management will be included in the Report of the Board of Directors, Financial Statements and Corporate Governance Statement for 2018, which will be published on week 10.

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

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 utilise 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 EUR 1,186 million (2017: 1,185) of goodwill, immaterial rights and other intangible assets at the end of December 2018. Most of this is related to media operations in the Netherlands. 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.

Events after the reporting period

On 4 February 2019, Sanoma signed a EUR 550 million syndicated credit facility with a group of nine relationship banks. The facility has two tranches, a EUR 250 million term loan facility with four year maturity and a EUR 300 million bullet revolving credit facility with five year maturity. The term loan will be used for the intended acquisition of Iddink, which Sanoma announced on 11 December 2018. The acquisition is expected to be finalised in Q2–Q3 2019. The revolving credit facility replaces the earlier revolving credit facility of similar size and will be used for general corporate purposes.

Dividend proposal

On 31 December 2018, Sanoma Corporation's distributable funds were EUR 486 million, of which profit for the year made up EUR 85 million. Including the fund for non-restricted equity of EUR 210 million, the distributable funds amounted to EUR 695 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.45 per share shall be paid for the year 2018. The dividend shall be paid in two instalments. The first instalment of EUR 0.25 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 29 March 2019. The payment date for this instalment is 5 April 2019. Record date for the second instalment of EUR 0.20 per share will be decided by the Board of Directors in October, and the estimated payment date will be in November 2019.
- A sum of EUR 350,000 shall be transferred to the donation reserve and used at the Board's discretion.
- The amount left in equity shall be EUR 622 million.

According to its dividend policy from 2017 onwards, Sanoma aims to pay an increasing dividend, equal to 40–60% of the annual free cash flow. When proposing a dividend to the AGM, the Board of Directors looks 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.

Financial reporting and AGM in 2019

Sanoma will publish the following financial reports during 2019:

Interim Report 1 January–31 March 2019	Tuesday, 30 April, approx. at 8:30
Half-Year Report 1 January–30 June 2019	Thursday, 25 July, approx. at 8:30
Interim Report 1 January–30 September 2019	Friday, 25 October, approx. at 8:30

Sanoma's Financial Statements and Directors' Report for 2018 will be published during week 10 (starting on 4 March 2019). The Annual General Meeting 2019 will be held on Wednesday, 27 March 2019 in Helsinki.

Helsinki, 5 February 2019

Board of Directors
Sanoma Corporation

Key indicators with non-adjusted figures for comparison periods in 2017 [1)]

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Net sales	298.0	305.7	-3%	1,315.4	1,434.7	-8%
Operational EBITDA	51.7	48.4	7%	326.3	392.3	-17%
margin	17.4%	15.8%		24.8%	27.3%	
Operational EBIT	17.6	4.4		196.6	176.7	11%
margin	5.9%	1.5%		14.9%	12.3%	
EBIT	0.6	21.2	-97%	168.5	-240.5	
Result for the period [2)]	-5.0	14.8		125.6	-299.3	
Free cash flow [2)]	69.3	83.5	-17%	108.9	104.7	4%
Equity ratio [2)]				44.7%	38.2%	
Net debt [2)]				337.8	391.8	
Net debt / Adj. EBITDA [2)]				1.4	1.7	
Average number of employees (FTE)				4,463	4,746	-6%
Operational EPS, EUR, continuing operations	0.06	0.01		0.83	0.70	19%
Operational EPS, EUR [2)]	0.06	0.01		0.84	0.72	16%
EPS, EUR, continuing operations	-0.03	0.10		0.68	-1.02	
EPS, EUR [2)]	-0.03	0.09		0.76	-1.00	
Free cash flow per share, EUR [2)]	0.43	0.51	-17%	0.67	0.64	4%
Dividend/share, EUR [3)]				0.45	0.35	29%

[1)] 2017 figures have been restated due to implementation of IFRS 15 and were originally published on 29 March 2018. More information on the restatement is available in Accounting policies on p. 25–26.
[2)] Including continuing and discontinued operations.
[3)] 2018 proposal by Board of Directors.

Key indicators of Media Netherlands with non-adjusted figures for comparison periods in 2017 [1)]

EUR million	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Net sales	113.8	116.9	-3%	424.0	546.4	-22%
Operational EBITDA	24.7	21.9	13%	81.7	141.0	-42%
Operational EBIT	23.7	19.2	23%	76.6	65.8	16%
margin	20.8%	16.4%		18.1%	12.0%	
EBIT [1)]	13.4	14.2	-5%	58.0	-366.0	
Capital expenditure	0.8	0.4	87%	2.3	4.0	-43%
Average number of employees (FTE)				1,059	1,316	-20%

[1)] Including IAC of EUR -10.3 million in Q4 2018 (2017: -5.0) and EUR -18.5 million 2018 (2017: -437.1). Full reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 21.

Reconciliation of operational EBIT

Continuing operations

EUR million	Q4 2018	Q4 2017	FY 2018	FY 2017
EBIT	**0.6**	**21.2**	**168.5**	**-240.5**
Items affecting comparability (IACs)				
Media Finland				
Capital gains /losses			2.3	10.8
Restructuring expenses	-6.2	-1.7	-9.4	-4.5
Media Netherlands				
Capital gains /losses [1)]	-2.7		-2.7	-424.9
Restructuring expenses	-7.5	-5.0	-19.4	-12.1
Others				
Settlement of Belgian defined benefit pension plan			3.6	
Learning				
Impairments				-7.8
Restructuring expenses	-2.2	-2.1	-5.1	-6.2
Others				
Settlement of defined benefit pension plans		-0.1		2.3
Other companies				
Capital gains /losses	0.3	25.8	2.7	25.8
Restructuring expenses	1.3	-0.2	-0.1	-0,5
ITEMS AFFECTING COMPARABILITY (IACs)	**-17.0**	**16.8**	**-28.2**	**-417.2**
OPERATIONAL EBIT, CONTINUING OPERATIONS	**17.6**	**4.4**	**196.6**	**176.7**
Depreciation, amortization and impairments	35.0	44.3	130.8	191.0
Items affecting comparability in depreciation, amortization and impairments	0.9	0.4	1.1	-24.6
OPERATIONAL EBITDA, CONTINUING OPERATIONS	**51.7**	**48.4**	**326.3**	**392.3**
Impairments	0.7	-0.1	0.7	-0.1
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES	**0.7**	**-0.1**	**0.7**	**-0.1**
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTEREST [1)]				**138.4**
Capital gains/losses [2)]			33.0	
Impairments		-2.5	-0.4	-2.5
Restructuring expenses		-0.1	-20.9	-0.5
Others			3.6	
ITEMS AFFECTING COMPARABILITY IN DISCONTINUED OPERATIONS		**-2.6**	**15.3**	**-3.1**

[1)] In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was EUR -286.2 million.
[2)] In 2018, the capital gain of EUR 33.0 million is related to the divestment of Belgian women's magazine portfolio.

Reconciliation of operational EPS

EUR million	Q4 2018	Restated Q4 2017	FY 2018	Restated FY 2017
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**-4.7**	**15.0**	**124.2**	**-162.7**
Items affecting comparability [1)]	14.5	-12.7	13.2	280.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**9.8**	**2.3**	**137.4**	**117.8**
Adjusted average number of shares	162,504,370	162,794,102	163,084,958	162,544,637
Operational EPS	**0.06**	**0.01**	**0.84**	**0.72**

[1)] When calculating operational earnings per share, the tax effect and the non-controlling interests' share of the items affecting comparability have been deducted.

Reconciliation of interest-bearing net debt

EUR million	31 Dec 2018	31 Dec 2017
Non-current financial liabilities	4.3	196.3
Current financial liabilities	352.4	216.1
Cash and cash equivalents	-18.8	-20.6
Interest-bearing net debt	**337.8**	**391.8**

Income statement by quarter

Continuing operations

EUR million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017
NET SALES	**261.6**	**362.9**	**393.0**	**298.0**	**329.8**	**418.5**	**380.8**	**305.7**
Other operating income	6.2	9.0	6.4	7.9	8.3	16.0	6.0	34.4
Materials and services [1]	-88.3	-119.0	-152.2	-106.8	-98.3	-129.9	-131.3	-109.7
Employee benefit expenses	-77.7	-78.5	-71.2	-88.6	-89.3	-89.3	-78.4	-83.1
Other operating expenses [1],[2]	-58.3	-72.0	-61.4	-76.4	-492.9	-104.1	-64.4	-82.8
Share of results in joint ventures	1.0	1.0	1.4	1.5	1.0	1.3	1.0	1.1
Depreciation, amortisation and impairment losses	-36.2	-32.7	-26.9	-35.0	-70.7	-40.8	-35.1	-44.3
EBIT	**8.4**	**70.6**	**88.9**	**0.6**	**-412.1**	**71.8**	**78.7**	**21.2**
Share of results in associated companies	0.1	-0.1	0.0	0.0	0.1	0.9	0.2	0.1
Financial income	1.2	2.2	0.5	1.2	4.7	5.5	0.8	1.8
Financial expenses	-4.5	-8.0	-5.4	-4.6	-11.3	-10.0	-5.4	-9.4
RESULT BEFORE TAXES	**5.1**	**64.8**	**84.0**	**-2.8**	**-418.7**	**68.2**	**74.3**	**13.8**
Income taxes	-1.5	-18.4	-16.4	-2.1	-1.5	-21.3	-18.6	2.2
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**3.6**	**46.4**	**67.6**	**-5.0**	**-420.2**	**46.9**	**55.7**	**16.0**
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations	-8.7	21.6	-	-	0.2	2.3	0.9	-1.2
RESULT FOR THE PERIOD	**-5.1**	**68.0**	**67.6**	**-5.0**	**-420.0**	**49.2**	**56.6**	**14.8**
Result from continuing operations attributable to:								
Equity holders of the Parent Company	3.2	45.7	67.1	-4.7	-282.3	45.9	55.3	16.2
Non-controlling interests [2]	0.4	0.7	0.6	-0.3	-137.9	1.1	0.4	-0.2
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	-8.7	21.6	-	-	0.2	2.3	0.9	-1.2
Non-controlling interests	-	-	-	-	-	-	-	-
Result attributable to:								
Equity holders of the Parent Company	-5.4	67.3	67.1	-4.7	-282.0	48.1	56.2	15.0
Non-controlling interests [2]	0.4	0.7	0.6	-0.3	-137.9	1.1	0.4	-0.2
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	0.02	0.28	0.41	-0.03	-1.74	0.28	0.34	0.10
Diluted earnings per share, EUR, continuing operations	0.02	0.28	0.41	-0.03	-1.74	0.28	0.34	0.10
Earnings per share, EUR, discontinued operations	-0.05	0.13	-	-	0.00	0.01	0.01	-0.01
Diluted earnings per share, EUR, discontinued operations	-0.05	0.13	-	-	0.00	0.01	0.01	-0.01
Earnings per share, EUR	-0.03	0.41	0.41	-0.03	-1.74	0.30	0.35	0.09
Diluted earnings per share, EUR	-0.03	0.41	0.41	-0.03	-1.74	0.30	0.34	0.09

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

Net sales by strategic business unit

EUR million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	137.0	146.2	150.7	144.5	578.5	144.1	144.5	131.3	150.4	570.4
Media Netherlands	95.8	108.4	106.0	113.8	424.0	149.5	176.1	103.9	116.9	546.4
Learning	28.9	108.3	136.3	39.8	313.3	36.2	97.9	145.7	38.5	318.3
Other companies and eliminations	-0.1	-0.1	-0.1	-0.2	-0.4	-0.1	-0.1	-0.1	-0.2	-0.4
Total	**261.6**	**362.9**	**393.0**	**298.0**	**1,315.4**	**329.8**	**418.5**	**380.8**	**305.7**	**1,434.7**

EBIT by strategic business unit

EUR million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	11.6	20.5	19.8	9.9	61.8	19.6	30.5	13.5	8.2	71.8
Media Netherlands	16.9	8.7	19.1	13.4	58.0	-408.4	16.9	11.3	14.2	-366.0
Learning	-18.4	42.4	52.1	-20.0	56.1	-11.4	22.8	56.2	-23.7	43.9
Other companies and eliminations	-1.7	-0.9	-2.1	-2.7	-7.4	-11.8	1.5	-2.4	22.6	9.8
Total	**8.4**	**70.6**	**88.9**	**0.6**	**168.5**	**-412.1**	**71.8**	**78.7**	**21.2**	**-240.5**

Operational EBIT by strategic business unit

EUR million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	13.1	18.6	21.2	16.0	68.8	19.0	22.4	14.2	9.8	65.5
Media Netherlands	14.9	19.5	18.6	23.7	76.6	8.9	23.7	14.0	19.2	65.8
Learning	-18.0	43.7	53.4	-17.8	61.2	-10.9	31.9	56.1	-21.6	55.6
Other companies and eliminations	-1.7	-1.9	-2.1	-4.3	-10.0	-1.9	-2.4	-2.9	-3.0	-10.2
Total	**8.2**	**79.8**	**91.0**	**17.6**	**196.6**	**15.2**	**75.7**	**81.4**	**4.4**	**176.7**

Interim report (unaudited)

Accounting policies

Sanoma Group prepares 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 2018. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Applied new and amended standards

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

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

IFRS 15 impact on consolidated balance sheet

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

IFRS 15 impact on consolidated cash flow statement

EUR million	FY 2017
OPERATIONS	
Result for the period	-1.2
Adjustments	
Income taxes	-0.3
Change in working capital	1.5
Cash flow from operations	-

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

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

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019). Sanoma will adopt the new IFRS 16 Leases standard as of 1 January 2019. Sanoma will apply the modified retrospective method and consequently the comparative financials will not be restated. Based on current simulation on preliminary impacts, Sanoma has made indicative estimates of the annual impacts of IFRS 16 on certain key ratios. As lease liabilities will be included in the balance sheet, net debt is estimated to increase by approx. EUR 200 million, and Net debt / Adj. EBITDA ratio by approx. 0.6. Payments for lease liabilities will be disclosed in the financing cash flow, which is estimated to decline by approx. EUR 28 million. Respectively, cash flow from operations is expected to improve by approx. EUR 28 million. EBITDA is estimated to increase by approx. EUR 28 million following the classification of leasing costs in depreciation and interest. Equity ratio is expected to decrease by approx. 5%-points.

Consolidated income statement

Continuing operations

EUR million	Q4 2018	Restated Q4 2017	FY 2018	Restated FY 2017
NET SALES	**298.0**	**305.7**	**1,315.4**	**1,434.7**
Other operating income	7.9	34.4	29.6	64.8
Materials and services [1)]	-106.8	-109.7	-466.4	-469.2
Employee benefit expenses	-88.6	-83.1	-316.0	-340.1
Other operating expenses [1), 2)]	-76.4	-82.8	-268.1	-744.1
Share of results in joint ventures	1.5	1.1	4.8	4.4
Depreciation, amortisation and impairment losses	-35.0	-44.3	-130.8	-191.0
EBIT	**0.6**	**21.2**	**168.5**	**-240.5**
Share of results in associated companies	0.0	0.1	-0.1	1.4
Financial income	1.2	1.8	5.1	12.9
Financial expenses	-4.6	-9.4	-22.5	-36.2
RESULT BEFORE TAXES	**-2.8**	**13.8**	**151.1**	**-262.4**
Income taxes	-2.1	2.2	-38.4	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**-5.0**	**16.0**	**112.7**	**-301.6**
DISCONTINUED OPERATIONS				
Result for the period from discontinued operations	-	-1.2	12.9	2.3
RESULT FOR THE PERIOD	**-5.0**	**14.8**	**125.6**	**-299.3**
Result from continuing operations attributable to:				
Equity holders of the Parent Company	-4.7	16.2	111.3	-165.0
Non-controlling interests [2)]	-0.3	-0.2	1.3	-136.6
Result from discontinued operations attributable to:				
Equity holders of the Parent Company	-	-1.2	12.9	2.3
Non-controlling interests	-	-	-	-
Result attributable to:				
Equity holders of the Parent Company	-4.7	15.0	124.2	-162.7
Non-controlling interests [2)]	-0.3	-0.2	1.3	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR, continuing operations	-0.03	0.10	0.68	-1.02
Diluted earnings per share, EUR, continuing operations	-0.03	0.10	0.68	-1.02
Earnings per share, EUR, discontinued operations	-	-0.01	0.08	0.01
Diluted earnings per share, EUR, discontinued operations	-	-0.01	0.08	0.01
Earnings per share, EUR	-0.03	0.09	0.76	-1.00
Diluted earnings per share, EUR	-0.03	0.09	0.76	-1.00

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

Divested Belgian women's magazine portfolio was classified as discontinued operations in 2017.

Statement of comprehensive income [1)]

EUR million	Q4 2018	Restated Q4 2017	FY 2018	Restated FY 2017
Result for the period	**-5.0**	**14.8**	**125.6**	**-299.3**
Other comprehensive income: **Items that may be reclassified subsequently to profit or loss**				
Change in translation differences	-0.3	1.3	-0.8	2.7
Share of other comprehensive income of equity-accounted investees	0.0	0.0		0.0
Items that will not be reclassified to profit or loss				
Defined benefit plans	-9.4	-4.0	-7.7	6.9
Income tax related to defined benefit plans	1.9	0.5	1.5	-1.9
Other comprehensive income for the period, net of tax	**-7.7**	**-2.2**	**-6.9**	**7.7**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-12.7**	**12.6**	**118.6**	**-291.6**
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-12.4	12.8	117.3	-155.0
Non-controlling interests	-0.3	-0.2	1.3	-136.6

[1)] Statement of comprehensive income includes both continuing and discontinued operations.

Consolidated balance sheet

EUR million	31 Dec 2018	Restated 31 Dec 2017
ASSETS		
Property, plant and equipment	37.4	44.7
Investment property	10.3	13.9
Goodwill	935.7	934.6
Other intangible assets	250.4	251.1
Equity-accounted investees	18.4	20.8
Available-for-sale financial assets		4.0
Other investments	3.7	
Deferred tax receivables	9.9	18.0
Trade and other receivables	14.3	22.7
NON-CURRENT ASSETS, TOTAL	1,280.1	1,309.8
Inventories	36.9	40.5
Income tax receivables	10.4	6.9
Contract assets	5.2	6.2
Trade and other receivables	167.6	203.7
Cash and cash equivalents	18.8	20.6
CURRENT ASSETS, TOTAL	238.8	277.8
Assets held for sale		2.4
ASSETS, TOTAL	**1,519.0**	**1,590.1**
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Parent Company		
Share capital	71.3	71.3
Treasury shares	-8.4	-1.4
Fund for invested unrestricted equity	209.8	209.8
Other equity	333.8	265.8
	606.4	545.4
Non-controlling interests	5.0	1.7
EQUITY, TOTAL	611.4	547.1
Deferred tax liabilities	32.7	38.5
Pension obligations	8.4	9.7
Provisions	8.9	9.0
Financial liabilities	4.3	196.3
Contract liabilities	5.1	
Trade and other payables	11.0	19.7
NON-CURRENT LIABILITIES, TOTAL	70.4	273.3
Provisions	25.1	17.1
Financial liabilities	352.4	216.1
Income tax liabilities	13.3	13.0
Contract liabilities	142.1	153.3
Trade and other payables	304.2	359.7
CURRENT LIABILITIES, TOTAL	837.2	759.2
Liabilities related to assets held for sale		10.6
LIABILITIES, TOTAL	**907.6**	**1,043.0**
EQUITY AND LIABILITIES, TOTAL	**1,519.0**	**1,590.1**

Includes continuing and discontinued operations.

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unre-stricted equity	Other equity	Total	Non-controlling interests	Equity, total
Equity at 31 Dec 2016	**71.3**	**-2.1**	**203.3**	**440.5**	**713.0**	**289.5**	**1,002.5**
Effect of IFRS 15 on 1 Jan 2017				-6.1	-6.1		-6.1
Equity at 1 Jan 2017	**71.3**	**-2.1**	**203.3**	**434.4**	**706.8**	**289.5**	**996.4**
Comprehensive income for the period				-155.0	-155.0	-136.6	-291.6
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				-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 dividends				0.0	0.0		0.0
Equity at 31 Dec 2017	**71.3**	**-1.4**	**209.8**	**265.8**	**545.4**	**1.7**	**547.1**
Equity at 31 Dec 2017	**71.3**	**-1.4**	**209.8**	**265.8**	**545.4**	**1.7**	**547.1**
Effect of IFRS 9 on 1 Jan 2018				1.1	1.1		1.1
Effect of amendments to IFRS 2 on 1 Jan 2018				5.8	5.8		5.8
Equity at 1 Jan 2018	**71.3**	**-1.4**	**209.8**	**272.7**	**552.3**	**1.7**	**553.9**
Comprehensive income for the period				117.3	117.3	1.3	118.6
Purchase of treasury shares		-7.7			-7.7		-7.7
Share-based compensation				2.9	2.9		2.9
Shares delivered		0.7		-0.7			
Dividends				-57.1	-57.1	-0.8	-57.9
Acquisitions and other changes in non-controlling interests				-1.3	-1.3	2.8	1.5
Equity at 31 Dec 2018	**71.3**	**-8.4**	**209.8**	**333.8**	**606.4**	**5.0**	**611.4**

Consolidated cash flow statement

EUR million	FY 2018	Restated FY 2017
OPERATIONS		
Result for the period	125.6	-299.3
Adjustments		
Income taxes	44.3	40.5
Financial income and expenses	17.3	23.2
Share of results in equity-accounted investees	-4.7	-5.7
Depreciation, amortisation and impairment losses	131.4	195.1
Gains/losses on sales of non-current assets	-36.0	420.3
Other adjustments	2.9	1.1
Adjustments, total	155.2	674.5
Change in working capital	-11.8	-17.0
Acquisitions of broadcasting rights and prepublication costs	-77.3	-167.2
Dividends received	5.1	5.5
Interest paid and other financial items	-11.5	-20.5
Taxes paid	-44.4	-34.7
Cash flow from operations	**140.9**	**141.2**
INVESTMENTS		
Capital expenditure	-32.0	-36.5
Operations acquired	-16.0	-4.6
Proceeds from sale of tangible and intangible assets [1]	9.7	47.6
Operations sold [2]	22.9	238.2
Loans granted	0.0	0.0
Repayments of loan receivables	1.2	0.3
Interest received	0.5	0.3
Cash flow from investments	**-13.7**	**245.2**
Cash flow before financing	**127.2**	**386.4**
FINANCING		
Proceeds from share subscriptions		6.4
Contribution by non-controlling interests	2.2	
Purchase of treasury shares	-7.7	
Change in loans with short maturity	-1.1	-217.8
Drawings of other loans	0.0	172.5
Repayments of other loans and finance lease liabilities	-51.5	-326.6
Acquisitions of non-controlling interests	-11.2	-11.2
Dividends paid	-57.9	-34.1
Cash flow from financing	**-127.0**	**-410.7**
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**0.2**	**-24.3**
Effect of exchange rate differences on cash and cash equivalents	-0.3	-0.2
Net change in cash and cash equivalents	**-0.1**	**-24.5**
Cash and cash equivalents at the beginning of the period	18.6	43.1
Cash and cash equivalents at the end of the period	18.4	18.6
Free cash flow (Cash flow from operations – Capital expenditure)	108.9	104.7

Includes continuing and discontinued operations.
[1] Proceeds from sale of tangible assets in 2017 include the divestment of the property at Ludviginkatu in Helsinki.
[2] The divestment of Belgian women's magazine portfolio and content marketing operations, Head Office, are included in the operations sold in 2018. 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 0.4 million (2017:2.0).

Segment information

Sanoma reports three operating segments, i.e. its three strategic business units Sanoma Media Finland, Sanoma Media Netherlands and Sanoma Learning. This is aligned with the way Sanoma manages the businesses.

Sanoma Media Finland is the leading media company in Finland. It provides information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. Sanoma Media Netherlands includes the Dutch consumer media operations (magazines, news, events, custom media, e-commerce, websites and apps), Home Deco media operations in Belgium and the press distribution business Aldipress. Sanoma Learning is a leading European learning company, whose blended learning solutions are used by over 1 million teachers. It operates in Poland, the Netherlands, Finland, Belgium and Sweden. Discontinued operations include Belgian women's magazines operations, which was divested on 29 June 2018. In addition to the Group eliminations, the column unallocated/eliminations includes non-core operations, head office functions, real estate companies as well as items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

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

Segment information 1 January–31 December 2018

EUR million	Media Finland	Media Nether-lands	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	578.0	424.0	313.3		1,315.4	36.6		1,352.0
Internal net sales	0.4		0.0	-0.4		0.5	-0.5	
Net sales, total	**578.5**	**424.0**	**313.3**	**-0.4**	**1,315.4**	**37.1**	**-0.5**	**1,352.0**
EBIT	**61.8**	**58.0**	**56.1**	**-7.4**	**168.5**	**18.8**		**187.3**
Operational EBIT	**68.8**	**76.6**	**61.2**	**-10.0**	**196.6**	**3.5**		**200.1**
Share of results in associated companies	-0.1				-0.1			-0.1
Financial income				5.1	5.1			5.1
Financial expenses				-22.5	-22.5	0.0		-22.5
Result before taxes					**151.1**	**18.8**		**169.9**
Segment assets	**230.6**	**719.2**	**665.5**	**-136.2**	**1,479.2**			**1,479.2**

Segment information 1 January–31 December 2017 (Restated)

EUR million	Media Finland	Media Netherlands	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	570.1	546.4	318.3		1,434.7	79.2		1,513.9
Internal net sales	0.4		0.0	-0.4		1.3	-1.3	
Net sales, total	**570.4**	**546.4**	**318.3**	**-0.4**	**1,434.7**	**80.5**	**-1.3**	**1,513.9**
EBIT	**71.8**	**-366.0**	**43.9**	**9.8**	**-240.5**	**3.6**		**-236.9**
Operational EBIT	**65.5**	**65.8**	**55.6**	**-10.2**	**176.7**	**6.5**		**183.2**
Share of results in associated companies	0.2	1.2			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					**-262.4**	**3.6**		**-258.8**
Segment assets	**230.6**	**767.2**	**672.7**	**-129.0**	**1,541.6**	**1.3**		**1,542.8**

Changes in property, plant and equipment

EUR million	31 Dec 2018	31 Dec 2017
Carrying amount at the beginning of the period	44.7	57.8
Increases	5.6	8.7
Acquisitions of operations	0.4	
Decreases	-1.1	-3.3
Disposal of operations	-0.6	-2.7
Depreciation for the period	-11.5	-14.2
Impairment losses for the period		-3.0
Exchange rate differences and other changes	0.0	1.4
Carrying amount at the end of the period	**37.4**	**44.7**

Acquisitions and divestments

Impact of business acquisitions on Group's assets and liabilities

EUR million	FY 2018	FY 2017
Property, plant and equipment	0.4	
Intangible assets	17.1	3.2
Other non-current assets	0.1	
Inventories	0.0	
Other current assets	6.1	
Assets, total	23.7	3.2
Non-current liabilities	-1.3	
Current liabilities	-3.4	-0.4
Liabilities, total	-4.7	-0.4
Fair value of acquired net assets	19.0	2.8
Acquisition cost	20.8	2.9
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	1.2	
Fair value of previously held interest	1.8	
Fair value of acquired net assets	-19.0	-2.8
Goodwill from the acquisitions	**4.9**	**0.1**

Acquisitions of non-controlling interests

EUR million	FY 2018	FY 2017
Acquisition cost	11.2	14.0
Book value of the acquired interest	0.4	2.6
Decrease (+) / increase (-) in acquisition liabilities	9.1	
Impact on consolidated equity	**-1.6**	**-11.4**

Cash paid to obtain control, net of cash acquired

EUR million	FY 2018	FY 2017
Acquisition cost	20.8	2.9
Cash and cash equivalents of acquired operations	-3.9	
Decrease (+) / increase (-) in acquisition liabilities	-1.0	0.1
Cash paid to obtain control, net of cash acquired	**15.9**	**3.1**
Cash paid on acquisitions of non-controlling interests	**11.2**	**11.2**

For 2018, the following business acquisitions are included in the calculation: N.C.D. Production, TAT-Palvelut Oy, Tikkurila Festival, Finnish News Agency (STT) and Kaiku Entertainment. The increase of ownership in Scoupy is included in the acquisitions of non-controlling interests. More information on the most material acquisitions is provided on p. 9-10.

Impact of divestments on Group's assets and liabilities

EUR million	Belgian magazines	Other	FY 2018	SBS	Other	FY 2017
Property, plant and equipment		0.6	0.6	2.6	0.1	2.7
Goodwill		4.4	4.4	715.5	14.3	729.8
Other intangible assets	0.7	1.0	1.6	200.3	2.6	202.9
Inventories	0.2		0.2			
Trade and other receivables	1.5	4.7	6.2	38.3	0.7	39.0
Cash and cash equivalents		1.1	1.1	25.8	3.1	28.9
Assets, total	2.4	11.9	14.2	982.5	20.8	1,003.3
Deferred tax liabilities	-0.2	-0.2	-0.5	-18.1	-0.6	-18.7
Financial liabilities				-46.0		-46.0
Trade and other payables	-11.7	-2.1	-13.7	-112.4	-0.6	-113.0
Liabilities, total	-11.9	-2.3	-14.2	-176.6	-1.1	-177.7
Derecognised non-controlling interest				-117.2		-117.2
Net assets	-9.5	9.5	0.0	688.7	19.7	708.4
Adjustment to capital loss					0.3	0.3
Recognised in Other comprehensive income		0.2	0.2			
Sales price	23.5	7.2	30.7	237.1	29.0	266.1
Transaction fees paid				-5.6	-0.3	-5.9
Net result from sale of operations	**33.0**	**-2.1**	**30.9**	**-457.2**	**9.3**	**-448.0**

Cash flow from sale of operations

EUR million	Belgian magazines	Other	FY 2018	SBS	Other	FY 2017
Sales price	23.5	7.2	30.7	237.1	29.0	266.1
Transaction fees paid				-5.6	-0.3	-5.9
Cash and cash equivalents of divested operations		-1.1	-1.1	-25.8	-3.1	-28.9
Decrease (+) / increase (-) in receivables from divestment	-8.2	0.7	-7.6		4.2	4.2
Cash flow from sale of operations	**15.3**	**6.8**	**22.0**	**205.6**	**29.7**	**235.4**

Discontinued operations in 2018

On 16 January 2018, Sanoma announced its intention to divest its Belgian women's magazine portfolio to Roularta Media Group by the end of the second quarter of 2018. The divestment was completed on 29 June 2018. The operations were reclassified as discontinued operations. The income statement and cash flow statement are presented in the following two tables.

Income statement of discontinued operations

EUR million	FY 2018	FY 2017
Net sales	**37.1**	**80.5**
Other operating income	36.7	0.0
Materials and services	-15.2	-34.5
Employee benefit expenses	-24.4	-14.9
Other operating expenses	-14.8	-23.4
Depreciation, amortisation and impairment losses	-0.5	-4.2
EBIT	**18.8**	**3.6**
Financial income		0.2
Financial expenses	0.0	-0.1
Result before taxes	**18.8**	**3.6**
Income taxes	-5.9	-1.4
Result for the period from discontinued operations	**12.9**	**2.3**

Cash flow related to discontinued operations

EUR million	FY 2018	FY 2017
Cash flow from operations	**-17.1**	5.1
Cash flow from investments	**7.9**	-5.8
Cash flow from financing	**-**	-

Contingent liabilities

EUR million	31 Dec 2018	31 Dec 2017
Contingencies for own commitments		
Pledges	1.4	1.5
Other items	15.0	24.7
Total	16.4	26.2
Other commitments		
Operating lease liabilities	219.1	249.4
Royalties	8.3	7.8
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	33.6	18.0
Other items	53.0	49.3
Total	314.0	324.5
Total	**330.4**	**350.7**

Derivative instruments

EUR million	31 Dec 2018	31 Dec 2017
Fair values		
Currency derivatives		
Forward contracts (positive fair values)	0.2	1.1
Forward contracts (negative fair values)	-0.2	-1.7
Nominal values		
Currency derivatives		
Forward contracts	6.8	66.4

The fair value of the foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date.

Definitions of key indicators

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

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

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

Free cash flow/share = $\frac{\text{Free cash flow}}{\text{Adjusted average number of shares on the market}}$

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

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