

2016

Q2
Interim
Report

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Sanoma's Interim Report 1 January – 30 June 2016:

Positive Development Continued in the Second Quarter

Sanoma Corporation, Stock Exchange Release, 27 July 2016 at 8:30 CET+1

Second quarter

- Net sales amounted to EUR 449.8 million (2015: 468.8).
- Adjusted for changes in the Group structure, Sanoma's net sales increased by 1.7%.
- Operational EBIT was EUR 86.9 million (2015: 49.4).
- Items affecting comparability included in the operating profit amounted to EUR 54.8 million (2015: -40.3), mainly related to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan. In the previous year, items affecting comparability consisted mainly of a write-down on Belgian magazine titles and restructuring expenses.
- Operating profit was EUR 141.7 million (2015: 9.2).
- Earnings per share were EUR 0.57 (2015: -0.12).
- Operational earnings per share were EUR 0.33 (2015: 0.13).
- Cash flow from operations was EUR 9.2 million (2015: -40.6).

First half

- Net sales amounted to EUR 802.9 million (2015: 848.9).
- Adjusted for changes in the Group structure, Sanoma's net sales increased by 1.0%.
- Operational EBIT was EUR 88.8 million (2015: 29.6).
- Items affecting comparability included in the operating profit amounted to EUR 56.0 million (2015: -31.4), mainly related to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan. In the previous year, items affecting comparability consisted mainly of sales gains and losses, restructuring expenses and a write-down on Belgian magazine titles.
- Operating profit was EUR 144.7 million (2015: -1.8).
- Earnings per share were EUR 0.57 (2015: -0.18).
- Operational earnings per share were EUR 0.29 (2015: -0.02).
- Cash flow from operations was EUR -46.9 million (2015: -113.7).

Outlook (unchanged from the revised outlook published on 14 July 2016)

In 2016, Sanoma expects that the Group's consolidated net sales development adjusted for structural changes will improve from last year (2015: -3.4%). The operational EBIT margin is estimated to be around 9%.

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

EUR million	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %	1-12/ 2015
Net sales	449.8	468.8	-4.1	802.9	848.9	-5.4	1,716.6
Operational EBIT	86.9	49.4	75.8	88.8	29.6	200.0	83.2
% of net sales	19.3	10.5		11.1	3.5		4.8
Operating profit	141.7	9.2		144.7	-1.8		-123.6
Result for the period	97.3	-14.9		97.9	-23.2		-158.0
Cash flow from operations	9.2	-40.6		-46.9	-113.7		25.2
Capital expenditure *	9.6	18.3	-47.3	15.3	30.3	-49.4	54.7
% of net sales	2.1	3.9		1.9	3.6		3.2
Return on equity (ROE), % **				-3.4	-5.8		-13.6
Return on investment (ROI), % **				1.2	-0.4		-5.3
Equity ratio, %				41.7	41.9		39.5
Net gearing, %				79.3	78.1		77.8
Number of employees at the end of the period (FTE)				5,467	7,005	-22.0	6,116
Average number of employees (FTE)				5,491	7,021	-21.8	6,776
Earnings/share, EUR	0.57	-0.12		0.57	-0.18		-0.91
Cash flow from operations/share, EUR	0.06	-0.25		-0.29	-0.70		0.16
Equity/share, EUR				4.87	5.45	-10.6	4.59

* Including finance leases.

** Rolling 12-month period.

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

From Q1 2016, Sanoma has relabelled the previously referenced "excluding non-recurring items" non-IFRS financial measures as "Operational" performance measures. Operational performance measures exclude the income statement impacts of certain non-operational or non-cash valuation items affecting comparability. There is more information about Alternative Performance Measures on page 8.

Organic growth, %

	4-6/2016 vs. 4-6/2015	1-6/2016 vs. 1-6/2015	1-12/2015 vs. 1-12/2014
Media BeNe	+2.6	+3.0	-1.4
Media Finland	+2.2	+0.7	-4.1
Learning	-0.9	-4.2	-4.0
Group	+1.7	+1.0	-3.4

Susan Duinhoven, President and CEO

“Sanoma continued its good development during the second quarter. Organic net sales grew by 1.7% - a very satisfactory achievement under still challenging market conditions. Supported both by increased advertising sales in Media Finland and tight cost control, our operational performance improved strongly during the quarter.

Media Finland was the biggest single positive factor behind the improved profitability. Both consumer and advertising sales increased compared to last year. TV & Radio operations continued their excellent performance. Both also won market share during the second quarter. The viewing share of TV channels improved in the second quarter to 36.6% from 31.1% and radio sales grew by 30%.

Besides the good sales development, profitability at Media Finland was also supported by operational improvements and cost savings. The planning for the turn-around initiatives Suunta for Media Finland is now completed and various activities will now commence, each with their own timelines. In preparation, the organisational structure has already changed in the second quarter.

The operational performance development of Media BeNe in the second quarter was also good. Organic net sales grew by 2.6% and profitability improved. Especially the print & online brand portfolio continued on a positive path. Like-for-like net sales and the profitability improved strongly. The Dutch free-to-air television real time viewing time trend developed negatively in Q2. In June the European soccer championship, shown on public broadcasting channels, also had the expected negative impact on SBS viewing shares.

Sanoma Learning continued its steady development. Sales in the second quarter declined slightly, mainly due to the legislation driven market change in Poland. Profitability improved versus last year, partially due to the change in the amortisation schedule and some shifts between the quarters. Sanoma Learning successfully acquired the Belgian company De Boeck and this will be included in Sanoma's income statement from 1 July onwards. This transaction reinforces our existing market leadership in the Belgian market and will create attractive integrational synergies going forward.

Based on the strongly improved results in the first half of the year and assuming continuation of market trends in the second half of the year, we improved our outlook for the year 2016. We will of course remain exposed to continued volatility in the general economy and the advertising markets, but with the dedication of our teams in all our businesses we are confident that we can continue our improvement for the remainder of the year 2016.”

Group outlook (unchanged from the revised outlook published on 14 July 2016)

In 2016, Sanoma expects that the Group's consolidated net sales development adjusted for structural changes will improve from last year (2015: -3.4%). The operational EBIT margin is estimated to be around 9%.

Net sales Second quarter

Sanoma's net sales decreased by 4.1% and amounted to EUR 449.8 million (2015: 468.8). Divestments of non-core operations had a major impact on net sales. Adjusted for changes in the Group structure, net sales increased by 1.7% in Q2 2016.

Non-print media sales grew by 8.6% to EUR 163.3 million (2015: 150.4).

Without adjusting for structural changes in the Group structure, advertising sales decreased by 2.9% to EUR 156.5 million (2015: 161.2). Circulation sales decreased by 5.9% to EUR 137.1 million (2015: 145.6). Learning's net sales decreased by 0.8% to EUR 97.1 million (2015: 97.9). Other sales decreased by 7.7% to EUR 59.1 million (2015: 64.1).

First half

Sanoma's net sales decreased by 5.4% and amounted to EUR 802.9 million (2015: 848.9) during the first half of the year. Divestments of non-core operations had a major impact on net sales. Adjusted for changes in the Group structure, net sales increased by 1.0%.

Non-print media sales grew by 8.6% to EUR 300.3 million (2015: 276.6).

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

290.8 million (2015: 297.2). Circulation sales decreased by 7.9% to EUR 273.8 million (2015: 297.3). Learning's net sales decreased by 4.0% to EUR 130.0 million (2015: 135.3). Other sales

decreased by 8.9% to EUR 108.4 million (2015: 119.0).

Group's net sales by country, %

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Netherlands	48.5	45.3	48.2	44.6	44.5
Finland	38.6	37.5	39.9	38.7	37.1
Belgium	9.4	12.5	8.8	12.4	11.5
Other	3.4	4.7	3.1	4.3	6.9
Total Group	100.0	100.0	100.0	100.0	100.0

Group's net sales by type of sales, %

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Advertising	34.8	34.4	36.2	35.0	34.8
Subscription	21.2	20.4	23.7	23.1	22.6
Single copy	9.2	10.6	10.4	11.9	11.4
Learning	21.6	20.9	16.2	15.9	16.3
Other	13.1	13.7	13.5	14.0	14.8
Total Group	100.0	100.0	100.0	100.0	100.0

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

Result

Second quarter

Sanoma's operational EBIT totalled EUR 86.9 million (2015: 49.4). Cost savings as well as higher advertising sales in Media Finland supported profitability.

The operational EBIT margin was 19.3% (2015: 10.5%) of net sales.

In the second quarter, the Group's total expenses, excluding items affecting comparability, decreased by 13.7%. Like-for-like cost of sales decreased by 6.5% and fixed costs by 18.3%. Paper costs decreased by 24.6%, transport and distribution service by 6.6% and employee benefit expenses by 18.7%.

Operating profit included net of EUR 54.8 million (2015: -40.3) of items affecting comparability, mainly related to the EUR 70.6 million settlement of defined benefit pension plans in the Netherlands as well as impairments and restructuring expenses. Sanoma has moved in the Netherlands from Defined Benefit pension schemes to a Collective Defined Contribution pension scheme. The final settlement reduces Sanoma's pension liabilities, net of agreed obligations, with a EUR 70.6 million impact on operating profit, and a EUR 53 million impact on net result. The settlement accounting has been done according to IAS 19, and is treated as an item affecting comparability. In the previous year, items affecting comparability consisted mainly of a write-

down on Belgian magazine titles and restructuring expenses.

Sanoma's net financial items totalled EUR -8.6 million (2015: -9.4). The result before taxes amounted to EUR 133.0 million (2015: 1.1) in the second quarter. Earnings per share were EUR 0.57 (2015: -0.12). The increase is related to better operational performance as well as the settlement of Dutch defined benefit pension plans. Operational earnings per share were EUR 0.33 (2015: 0.13).

First half

Sanoma's operational EBIT totalled EUR 88.8 million (2015: 29.6). Cost savings as well as higher advertising sales in Media Finland supported profitability.

The operational EBIT margin was 11.1% (2015: 3.5%) of net sales.

In the first half, the Group's total expenses, excluding items affecting comparability, decreased by 13.9%. Like-for-like cost of sales decreased by 8.6% and fixed costs by 17.1%. Paper costs decreased by 29.3%, transport and distribution service by 6.1% and employee benefit expenses by 17.6%.

Operating profit included net of EUR 56.0 million (2015: -31.4) of items affecting comparability in the first half, mainly related to the settlement of defined benefit pension plans in the Netherlands. In the previous year, items affecting comparability consisted mainly of sales gains and losses, restructuring expenses and a write-down on Belgian magazine titles.

Sanoma's net financial items totalled EUR -16.6 million (2015: -11.6). The result before taxes amounted to EUR 128.1 million (2015: -12.2) in the first half. Earnings per share were EUR 0.57 (2015: -0.18). The increase is related to better operational performance as well as the settlement of Dutch defined benefit pension plans. Operational earnings per share were EUR 0.29 (2015: -0.02).

Balance sheet and financial position

At the end of June 2016, Sanoma's consolidated balance sheet totalled EUR 2,773.0 million (2015: 2,990.4). The decrease is mainly attributable to divestments as well as impairments of goodwill in the fourth quarter of 2015.

In January-June, the Group's cash flow from operations improved to EUR -46.9 million (2015: -113.7) as a result of higher profitability. Cash flow from operations per share was EUR -0.29 (2015: -0.70).

Sanoma's equity ratio was 41.7% (2015: 41.9%) at the end of June 2016. The return on equity (ROE) was -3.4% and the return on investment (ROI) was 1.2%. Equity totalled EUR 1,078.2 million (2015: 1,191.1). Equity per share was EUR 4.87 (2015: 5.45). Interest-bearing liabilities decreased to EUR 907.0 million (2015: 1,001.7). Interest-bearing net debt was EUR 854.9 million (2015: 930.4).

In February 2016, Sanoma signed a new EUR 500 million Revolving Credit Facility. The facility has a maturity of four years and a one-year extension option. The margin depends on the leverage of the borrower, with the initial margin being 1.75% over the Euribor.

In May 2016, Sanoma finalised a EUR 200 million tender offer of existing bonds maturing in 2017, and EUR 200 million new issue of 3.5-year Senior Unsecured Bond.

In March 2012, Sanoma issued a EUR 400 million five-year Senior Unsecured Eurobond. The maturity date of the bond is 20 March 2017 and therefore at the end of June 2016 the remaining EUR 200 million bond is classified as a current liability.

In December 2013, Sanoma issued a EUR 100 million hybrid bond, i.e. capital securities. The proceeds of the hybrid bond were used to reduce debt. The settlement date of the bond was 12 December 2013 and the coupon rate of the bond is 7.25% per annum. The bond has no maturity, but the company may exercise an early redemption option after three years. Sanoma's objective is to utilize the opportunity in December 2016 and to refinance the hybrid bond with senior debt and operational cash flow.

Investments, acquisitions and divestments

In January-June 2016, investments in tangible and intangible assets, including finance leases, amounted to EUR 15.3 million (2015: 30.3). Investments were mainly related to digital business and ICT systems.

In April 2014, Sanoma announced the divestment of its majority ownership in Sanoma Lehtimedia

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Alternative Performance Measures used in Sanoma's financial reporting

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs)* are effective for the financial year 2016. Accordingly, Sanoma is publishing the explanation of use, definitions as well as reconciliations of its APMs to the IFRS financial statements.

Sanoma presents APMs 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 the IFRS.

From Q1 2016, Sanoma has relabelled the previously referenced "excluding non-recurring items" non-IFRS financial measures with "Operational" performance measures. Operational performance measures exclude the income statement impacts of certain non-operational or non-cash valuation items affecting comparability.

The items affecting comparability and APMs used by Sanoma are defined below:

Items affecting comparability:

Gains/losses on sale, restructuring expenses and impairments that exceed EUR 1 million.

Interest-bearing net debt:

Interest-bearing liabilities - cash and cash equivalents.

The reconciliation of interest-bearing net debt is presented on page 10.

Net sales growth adjusted for structural changes (organic growth):

Net sales growth adjusted for the impact of acquisitions and divestments.

Operational EBIT:

Operating profit - items affecting comparability

The reconciliation of operational EBIT is presented on page 9.

Operational EPS:

[Result for the period attributable to the equity holders of the parent company - tax-adjusted interest on hybrid loan - items affecting comparability] / Adjusted average number of shares in the market

The reconciliation of operational EPS is presented on page 10.

In addition to the APMs described above, Sanoma reports a number of key figures that are not defined under the IFRS. The definitions and names of these measures remain unchanged and are published in the Financial Statements and Board of Directors' Report for 2015.

*) Alternative performance measure (APM) = financial measure other than financial measure defined or specified in IFRS

Reconciliation of operational EBIT

EUR million	4-6 2016	4-6 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
OPERATING PROFIT	141.7	9.2	144.7	-1.8	-123.6
Items affecting comparability					
Media BeNe					
Impairments	-8.1		-8.1	-1.3	-78.2
Sales gains/losses **		-13.8	13.3	-13.8	-9.9
Restructuring expenses	-3.6	-14.9	-13.0	-16.7	-34.3
Others					
Settlement of Dutch defined benefit pension plans	36.1		36.1		
Media Finland					
Sales gains/losses	-0.2	1.7	-0.2	16.8	-2.5
Restructuring expenses	-1.4	-0.9	-2.3	-0.9	-18.4
Learning					
Restructuring expenses	-0.1	-0.9	-0.3	-1.1	-11.5
Others					
Settlement of Dutch defined benefit pension plans	22.8		22.8		
Other companies					
Sales gains/losses*		-6.8	2.8	-6.8	-48.5
Restructuring expenses	-2.5	-4.6	-6.9	-7.8	-3.6
Others					
Settlement of Dutch defined benefit pension plans	11.7		11.7		
ITEMS AFFECTING COMPARABILITY	54.8	-40.3	56.0	-31.4	-206.9
OPERATIONAL EBIT	86.9	49.4	88.8	29.6	83.2
Media Finland					
Fair value remeasurement of previously held equity interest (mobile marketing company Routa)		1.9		1.9	1.9
Media BeNe					
Impairment of equity-accounted investees					-1.8
ITEMS AFFECTING COMPARABILITY IN RESULTS OF ASSOCIATED COMPANIES		1.9		1.9	0.1
Restructuring expenses (termination of lease agreement)				5.5	5.5
Impairment of loan					-1.4
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES				5.5	4.1

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

** In Q2 2015 EUR -31.2 million and in 2015 EUR -35.4 million of the loss on sale is included in 'Other companies' figures.

Reconciliation of operational EPS

EUR million	4-6 2016	4-6 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	94.2	-17.9	94.8	-26.2	-142.9
Current year accrued interest on the hybrid bond net of tax	-1.4	-1.4	-2.9	-2.9	-5.8
Items affecting comparability	-39.6	40.2	-45.1	25.8	169.3
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	53.1	20.9	46.9	-3.3	20.6
Adjusted average number of shares	162,333,596	162,812,093	162,249,301	162,812,093	162,721,764
Operational EPS	0.33	0.13	0.29	-0.02	0.13

Reconciliation of interest-bearing net debt

EUR million	30.6.2016	30.6.2015	31.12.2015
Non-current financial liabilities	282.4	493.8	507.4
Current financial liabilities	624.6	507.8	392.3
Cash and cash equivalents	-52.0	-71.3	-98.5
Interest-bearing net debt	854.9	930.4	801.2

Consumer Media

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

Consumer Media sales by type of sales, %

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Advertising	44.4	44.2	43.2	42.4	42.4
Subscription	27.1	26.4	28.3	28.2	27.7
Single copy	11.8	13.7	12.4	14.5	13.9
Other	16.8	15.6	16.1	14.9	16.1
Total Consumer Media	100.0	100.0	100.0	100.0	100.0

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

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

	4-6/2016 vs. 4-6/2015			1-6/2016 vs. 1-6/2015		
	Subscription	Single copy	Total circulation	Subscription	Single copy	Total circulation
Media BeNe	-7	-23	-14	-8	-21	-14
Media Finland	+7	+3	+6	+2	-7	0
of which Magazines incl. online	+9	n.a.	+15	0	-6	0
of which Newspapers incl. online	+5	-6	+1	+2	-7	-1
of which Pay-TV & Pay-VOD	+6	+2	+6	+9	-9	+8
Total Consumer Media	0	-16	-6	-3	-17	-8

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

	4-6/2016 vs. 4-6/2015			1-6/2016 vs. 1-6/2015		
	Print	Digital	Total advertising	Print	Digital	Total advertising
Media BeNe	-27	-2	-6	-33	0	-6
Media Finland	-5	+7	+3	-6	+12	+5
Total Consumer Media	-14	+2	-2	-16	+5	-1

Media BeNe

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

- Media BeNe' net sales increased by 2.6% during the second quarter when adjusted for structural changes. Reported net sales declined primarily due to divestments of Belgian magazine titles.
- The viewing share of the SBS TV operation declined during the second quarter, negatively impacted by the European soccer championship.
- Profitability improved in the second quarter as a result of cost efficiency and higher sales in the Dutch print & online business.

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

EUR million	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %	1-12/ 2015
Net sales	202.6	216.0	-6.2	378.2	405.5	-6.7	829.5
Digital	82.3	83.9	-2.0	150.5	151.0	-0.4	316.6
Print	92.1	109.4	-15.9	179.1	215.0	-16.7	419.9
Other	28.1	22.7	23.8	48.7	39.5	23.3	93.0
Operational EBIT *	29.6	27.1	9.4	37.0	32.9	12.6	63.9
% of net sales	14.6	12.5		9.8	8.1		7.7
Operating profit	53.9	29.6	82.3	65.3	32.3		-22.8
Capital expenditure	2.4	2.8	-15.9	3.5	5.0	-30.3	9.4
Number of employees at the end of the period (FTE)				1,781	2,081	-14.4	2,020
Average number of employees (FTE)				1,845	2,189	-15.7	2,104

* Reconciliation of operational EBIT is presented in a separate table on page 9.

Operational indicators, %

	1-6/ 2016	1-6/ 2015	1-12/ 2015
Dutch TV operations			
TV channels' share of TV advertising	23.7	24.6	24.4
TV channels' national viewing share (20-54 years)	20.5	20.5	21.2

Second quarter

Net sales in Media BeNe decreased by 6.2% to EUR 202.6 million (2015: 216.0). Adjusted for structural changes, net sales increased by 2.6%.

Non-print sales grew by 4.9% to EUR 99.0 million (2015: 94.4).

Advertising sales decreased by 5.9%. Advertising sales represented 41.7% (2015: 41.6%) of net sales. Circulation sales decreased by 14.0% and represented 35.5% (2015: 38.8%) of net sales. The divestments of magazine titles is the main source of the decrease in both revenue categories.

Sanoma estimates that the advertising market in the Netherlands increased on a net basis in online including search by 8% and decreased in TV by 2% and in consumer magazines by 7% in April-June period. Sanoma estimates that the total advertising market increased by 2% in the second quarter.

Operational EBIT in Media BeNe increased to EUR 29.6 million (2015: 27.1) due to improved operational performance in the Dutch print & online business as well as cost efficiency. Operating profit increased to EUR 53.9 million (2015: 29.6) during the second quarter.

Items affecting comparability included in the operating profit totalled EUR 24.3 million (2015: 2.5) and were related to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan as well as goodwill impairments and restructuring expenses.

Media BeNe's investments in tangible and intangible assets totalled EUR 2.4 million (2015: 2.8) in the second quarter and consisted mainly of investments related to ICT.

Media Finland

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

- Media Finland's advertising market share improved during the second quarter in a declining market, mainly driven by strong performance in TV and Radio.
- Commercial TV viewing share increased to 36.6% from 31.1% during the second quarter.
- Non-print sales continued on a growth path during the second quarter and grew by 14.7%.
- Operational EBIT improved in Q2 due to good advertising sales development and tight cost control driven by operational efficiency and cost savings.

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

EUR million	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %	1-12/ 2015
Net sales	150.1	145.7	3.1	294.6	288.7	2.1	572.8
Digital	63.5	56.9	11.5	121.8	106.9	13.9	212.8
Print	85.9	89.7	-4.2	171.2	180.2	-5.0	356.9
Other	0.8	-0.9		1.7	1.6	3.4	3.0
Operational EBIT *	19.0	-2.5		30.1	-4.6		13.0
% of net sales	12.7	-1.7		10.2	-1.6		2.3
Operating profit	17.5	-1.8		27.6	11.3		-8.1
Capital expenditure	1.6	5.8	-72.3	2.8	8.0	-65.0	10.5
Number of employees at the end of the period (FTE)				1,907	2,319	-17.8	1,863
Average number of employees (FTE)				1,819	2,156	-15.6	2,123

* Reconciliation of operational EBIT is presented in a separate table on page 9.

Operational indicators, %

	1-6/ 2016	1-6/ 2015	1-12/ 2015
Finnish TV operations			
TV channels' share of TV advertising	35.4	32.3	32.2
TV channels' national commercial viewing share (10-44 years)	37.0	31.2	31.5
TV channels' national viewing share (10+ years)	17.0	15.3	15.1

Second quarter

Net sales in Media Finland increased by 3.1% to EUR 150.1 million (2015: 145.7). Adjusted for structural changes, net sales increased by 2.2%.

Non-print sales grew by 14.7% to EUR 64.3 million (2015: 56.0), driven by growth in TV and radio as well as online and mobile.

Advertising sales for Media Finland increased by 2.8% mainly due to market share gains in TV and radio, and represented 47.9% (2015: 48.1%) of net sales. Circulation sales increased by 6.0% as a result of improved quality of subscription base, price optimization and digitalisation. Circulation sales represented 43.3% (2015: 42.2%) of net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis during the second quarter in magazines by 10%, in newspapers by 5%

and in TV by 4%, whereas advertising in radio increased by 3% and in online excluding search by 18%. The total advertising market decreased by 1% in the second quarter.

Operational EBIT in Media Finland increased to EUR 19.0 million (2015: -2.5). Advertising sales growth and cost savings contributed to the improved profitability. Operating profit increased to EUR 17.5 million (2015: -1.8) during the second quarter.

Items affecting comparability included in the operating profit totalled EUR -1.5 million (2015: 0.7) consisting of restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 1.6 million (2015: 5.8) in the second quarter and were mainly related to maintenance capital expenditure.

Learning

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

- Learning's net sales declined by 4% during the first half of the year. The decline is mainly related to the legislation driven market decline in Poland, while Western European footprint markets show modest market growth.
- The acquisition of De Boeck in Belgium will have a positive impact on Learning's net sales from the beginning of the third quarter of 2016. De Boeck's revenues amounted to around EUR 17 million in 2015. The transaction has over EUR 2 million annual synergy potential.
- Operational EBIT was supported by restructuring benefits, time shift in costs and the change in the prepublication amortisation schedule.

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

EUR million	4-6/ 2016	4-6/ 2015	Change %	1-6/ 2016	1-6/ 2015	Change %	1-12/ 2015
Net sales	97.1	97.9	-0.8	130.0	135.3	-4.0	280.5
Netherlands	42.4	39.9	6.3	62.1	61.4	1.1	95.3
Poland	8.3	12.8	-35.4	12.8	19.4	-34.4	84.0
Finland	24.9	25.5	-2.2	28.1	29.2	-3.8	43.6
Belgium	15.3	14.3	7.6	16.7	15.8	6.0	35.2
Sweden	6.5	5.7	13.7	10.6	9.8	8.3	23.4
Other companies and eliminations	-0.3	-0.2		-0.4	-0.3		-1.1
Operational EBIT *	41.1	32.5	26.4	30.1	19.8	52.2	44.7
% of net sales	42.3	33.2		23.2	14.6		15.9
Operating profit	63.8	31.6		52.7	18.7		33.1
Capital expenditure	4.3	6.5	-34.7	7.0	12.8	-45.1	25.5
Number of employees at the end of the period (FTE)				1,431	1,515	-5.5	1,507
Average number of employees (FTE)				1,397	1,521	-8.1	1,519

* Reconciliation of operational EBIT is presented in a separate table on page 9.

Second quarter

Net sales decreased by 0.8% to EUR 97.1 million (2015: 97.9). Adjusted for structural changes, net sales decreased by 0.9%.

The learning business has, by nature, an annual cycle and strong seasonality. It accrues most of its net sales and results during the second and third quarters,

whereas the first and fourth quarters are typically loss-making.

Operational EBIT in the Learning segment improved to EUR 41.1 million (2015: 32.5), positively impacted by restructuring cost benefits, time shift in costs between quarters as well as prepublication rights amortisation change. Operating profit increased to EUR 63.8 million (2015: 31.6).

Items affecting comparability included in the operating profit totalled EUR 22.7 million (2015: -0.9) consisting mainly of the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan.

Learning's investments in tangible and intangible assets totalled EUR 4.3 million (2015: 6.5) in the second quarter. They were mainly related to investments in digital platforms and ICT.

The Group

Personnel

In January–June 2016, the average number of personnel (FTE) employed by the Sanoma Group was 5,491 (2015: 7,021). At the end of June, the number of Group employees (FTE) was 5,467 (2015: 7,005). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media BeNe had 1,781 (2015: 2,081) employees at the end of June and Media Finland 1,907 (2015: 2,319). Learning had 1,431 (2015: 1,515) employees (FTE) and other operations 346 (2015: 1,089) at the end of June 2016. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 165.2 million (2015: 197.6).

Dividend

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

Shares and holdings

In January–June 2016, a total of 24,027,868 (2015: 32,794,667) Sanoma shares were traded on the Nasdaq Helsinki and the traded shares accounted for 15% (2015: 20%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to 68% (2015: 83%) of the total traded share volume on stock exchanges. During the first six months, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 4.42, with a low of EUR 3.51 and a high of EUR 5.60. At the end of June, Sanoma's market capitalisation was EUR

853 million (2015: 757), with Sanoma's share closing at EUR 5.26 (2015: 4.65). At the end of June, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093.

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

Board of Directors, auditors and management

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

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

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

Board authorisations

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

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

These shares will be purchased with the Company's unrestricted shareholders' equity, and the repurchases will reduce funds available for

distribution on profits. The shares will be repurchased to develop the Company's capital structure, carry out or finance potential corporate acquisitions or other business arrangements, to be used as a part of the Company's incentive programme or to be otherwise conveyed further, retained as treasury shares, or cancelled.

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

Seasonal fluctuation

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

Significant risks and uncertainty factors

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements and on the Group's website at Sanoma.com, together with the Group's main principles of risk management. Many of the identified risks relate to changes in customer preferences. The driving force behind these changes is the on-going digitisation process. Sanoma takes actions in all its strategic business units to respond to this challenge.

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

Normal business risks associated with the industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. Therefore, general economic conditions and economic trends in the industry

influence Sanoma's business activities and operational performance.

Sanoma's financial risks include interest rate and currency risks, liquidity risk and credit risk. Other risks include risks related to equity, impairment and the availability of capital. At the Group level, the most significant risks relate to liquidity risk and changes in exchange rates and interest rates.

Sanoma's consolidated balance sheet includes around EUR 2.1 billion in goodwill, immaterial rights and other intangible assets. Most of this is related to magazine and TV operations. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Major changes in business fundamentals could lead to further impairment.

Market reactions on the "Brexit" referendum have been moderate and Sanoma expects no significant impact on Brexit on its operations, unless Brexit cascades to broader economic uncertainty and leads to a prolonged weak global economic growth.

Interim Report (unaudited)

Accounting policies

The Sanoma Group has prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 30 June 2016. The accounting policies of the Interim Report, and the definitions of key indicators are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures. This Interim Report is unaudited.

Consolidated income statement

EUR million	4-6 2016	4-6 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
NET SALES	449.8	468.8	802.9	848.9	1,716.6
Other operating income	5.7	11.3	27.4	31.3	37.1
Materials and services	-137.0	-137.3	-241.3	-254.5	-527.2
Employee benefit expenses *	-28.6	-126.8	-136.0	-247.4	-472.2
Other operating expenses	-74.9	-130.9	-164.4	-231.7	-454.3
Share of results in joint ventures	0.9	1.2	1.9	1.7	-34.1
Depreciation, amortisation and impairment losses	-74.2	-77.1	-145.8	-150.2	-389.4
OPERATING PROFIT	141.7	9.2	144.7	-1.8	-123.6
Share of results in associated companies	-0.2	1.4	-0.1	1.3	-0.7
Financial income	0.5	-2.6	9.6	16.1	26.4
Financial expenses	-9.1	-6.9	-26.2	-27.7	-53.8
RESULT BEFORE TAXES	133.0	1.1	128.1	-12.2	-151.7
Income taxes	-35.6	-16.0	-30.2	-11.0	-6.3
RESULT FOR THE PERIOD	97.3	-14.9	97.9	-23.2	-158.0
Result attributable to:					
Equity holders of the Parent Company	94.2	-17.9	94.8	-26.2	-142.9
Non-controlling interests	3.1	3.0	3.0	3.0	-15.0
Earnings per share for result attributable to the equity holders of the Parent Company:					
Earnings per share, EUR	0.57	-0.12	0.57	-0.18	-0.91
Diluted earnings per share, EUR	0.57	-0.12	0.57	-0.18	-0.91

* Employee benefit expenses impacted in 4-6/2016 due to the settlement of changing defined benefit pension plans in the Netherlands to a defined contribution plan.

Statement of comprehensive income

EUR million	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Result for the period	97.3	-14.9	97.9	-23.2	-158.0
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Change in translation differences	-3.4	-2.4	-4.3	3.1	-0.7
Share of other comprehensive income of equity-accounted investees	0.0	0.3	-0.3	0.7	1.1
Realisation of translation differences related to assets held for sale		12.8		12.8	0.7
Reclassification of translation differences of sold earnings					12.8
Cash flow hedges	0.3	0.1	0.4	-0.1	-0.2
Income tax related to cash flow hedges	-0.1	0.0	-0.1	0.0	0.0
Items that will not be reclassified to profit or loss					
Defined benefit plans	-5.9	91.7	-34.9	34.4	12.8
Income tax related to defined benefit plans	1.9	-21.8	8.6	-7.5	-1.5
Other comprehensive income for the period, net of tax	-7.2	80.7	-30.6	43.4	25.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	90.1	65.8	67.3	20.2	-133.0
Total comprehensive income attributable to:					
Equity holders of the Parent Company	87.0	62.8	64.2	17.3	-118.0
Non-controlling interests	3.1	3.0	3.0	3.0	-15.0

Consolidated balance sheet

EUR million	30.6.2016	30.6.2015	31.12.2015
ASSETS			
Property, plant and equipment	65.1	93.8	69.4
Investment property	31.1	26.4	31.6
Goodwill	1,658.0	1,721.9	1,665.3
Other intangible assets	450.8	492.4	458.3
Equity-accounted investees	28.3	24.6	33.1
Available-for-sale financial assets	5.0	4.3	3.6
Deferred tax receivables	38.1	28.6	41.3
Trade and other receivables	34.0	36.8	37.6
NON-CURRENT ASSETS, TOTAL	2,310.3	2,428.8	2,340.3
Inventories	50.3	52.4	39.5
Income tax receivables	11.9	15.1	5.0
Trade and other receivables	308.4	341.5	271.0
Cash and cash equivalents	52.0	71.3	98.5
CURRENT ASSETS, TOTAL	422.7	480.3	414.0
Assets classified as held for sale		81.4	10.9
ASSETS, TOTAL	2,733.0	2,990.4	2,765.1
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	71.3
Treasury shares	-2.1		-3.2
Fund for invested unrestricted equity	203.3	203.3	203.3
Other reserves	-0.2	-0.4	-0.5
Other equity	419.3	514.2	373.4
Hybrid bond	99.1	99.1	99.1
	790.6	887.4	743.4
Non-controlling interests	287.6	303.6	285.7
EQUITY, TOTAL	1,078.2	1,191.1	1,029.1
Deferred tax liabilities	64.2	70.5	62.0
Pension obligations	33.5	57.7	89.1
Provisions	4.7	3.0	1.7
Financial liabilities	282.4	493.8	507.4
Trade and other payables	46.2	49.7	46.7
NON-CURRENT LIABILITIES, TOTAL	431.0	674.8	706.9
Provisions	19.8	24.0	26.5
Financial liabilities	624.6	507.8	392.3
Income tax liabilities	23.6	14.7	6.3
Trade and other payables	555.8	563.1	600.9
CURRENT LIABILITIES, TOTAL	1,223.8	1,109.7	1,026.0
Liabilities related to assets held for sale		14.9	3.1
LIABILITIES, TOTAL	1,654.8	1,799.4	1,736.0
EQUITY AND LIABILITIES, TOTAL	2,733.0	2,990.4	2,765.1

On 30 June 2016, the Group did not have assets classified as held for sale.

On 30 June 2015, assets classified as held for sale included three Belgian magazine titles that were classified as assets held for sale in June 2015. In addition, assets classified as held for sale included Hearst Independent Media Publishing B.V. that was classified as assets held for sale in Dec 2014.

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company								Equity, total
	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	
Equity at 1 Jan 2015	71.3		203.3	-0.4	529.1	99.1	902.4	298.9	1,201.3
Comprehensive income for the period				-0.1	17.3		17.3	3.0	20.2
Share-based compensation					0.6		0.6		0.6
Dividends paid					-32.6		-32.6	-0.5	-33.1
Acquisitions and other changes in non-controlling interests					-0.3		-0.3	2.3	2.0
Equity at 30 June 2015	71.3		203.3	-0.4	514.2	99.1	887.4	303.6	1,191.1
Equity at 1 Jan 2016	71.3	-3.2	203.3	-0.5	373.4	99.1	743.4	285.7	1,029.1
Comprehensive income for the period				0.3	63.9		64.2	3.0	67.3
Share-based compensation		1.0			-0.5		0.5		0.5
Dividends paid					-16.3		-16.3	-1.1	-17.3
Acquisitions and other changes in non-controlling interests					-1.3		-1.3	-0.1	-1.4
Equity at 30 June 2016	71.3	-2.1	203.3	-0.2	419.3	99.1	790.6	287.6	1,078.2

Consolidated cash flow statement

EUR million	1-6/ 2016	1-6/ 2015	1-12/ 2015
OPERATIONS			
Result for the period	97.9	-23.2	-158.0
Adjustments			
Income taxes	30.2	11.0	6.3
Financial income and expenses	16.6	11.6	27.4
Share of results in equity-accounted investees	-1.9	-3.0	34.8
Depreciation, amortisation and impairment losses	145.8	150.2	389.4
Gains/losses on sales of non-current assets	-18.3	3.3	20.6
Acquisitions of broadcasting rights and prepublication costs	-98.0	-105.2	-226.5
Other adjustments	0.5	0.3	0.9
Change in working capital	-175.9	-100.0	-0.7
Interest paid and other financial items	-33.5	-27.8	-32.9
Taxes paid	-10.3	-31.0	-36.0
Cash flow from operations	-46.9	-113.7	25.2
INVESTMENTS			
Acquisition of tangible and intangible assets	-15.5	-30.9	-55.1
Operations acquired	-21.3	-4.5	-9.5
Proceeds from sale of tangible and intangible assets	2.2	1.9	3.1
Operations sold	40.3	39.1	66.7
Loans granted	-2.1	-3.0	-4.3
Repayments of loan receivables	2.7	6.1	6.3
Interest received	0.3	0.4	0.6
Dividends received	4.4	3.8	6.2
Cash flow from investments	10.9	12.9	14.0
CASH FLOW BEFORE FINANCING	-36.1	-100.8	39.2
FINANCING			
Contribution by non-controlling interests		0.1	0.1
Purchase of treasury shares			-3.2
Change in loans with short maturity	36.8	151.2	62.1
Drawings of other loans	240.0	162.7	202.5
Repayments of other loans and finance lease liabilities	-264.4	-202.9	-230.8
Interest paid on hybrid bond			-7.3
Dividends paid	-17.3	-33.1	-33.2
Cash flow from financing	-5.0	78.0	-9.7
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	-41.1	-22.8	29.6
Effect of exchange rate differences on cash and cash equivalents	-1.1	-0.1	0.9
Net change in cash and cash equivalents	-42.1	-22.8	30.5
Cash and cash equivalents at the beginning of the period	82.5	52.0	52.0
Cash and cash equivalents at the end of the period	40.4	29.2	82.5

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

Income statement by quarter

EUR million	1-3/ 2016	4-6/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
NET SALES	353.1	449.8	380.1	468.8	458.8	408.8	1,716.6
Other operating income	21.8	5.7	20.0	11.3	5.0	0.8	37.1
Materials and services	-104.3	-137.0	-117.2	-137.3	-141.2	-131.6	-527.2
Employee benefit expenses	-107.4	-28.6	-120.6	-126.8	-115.0	-109.9	-472.2
Other operating expenses	-89.5	-74.9	-100.8	-130.9	-97.5	-125.1	-454.3
Share of results in joint ventures	1.0	0.9	0.5	1.2	-24.0	-11.8	-34.1
Depreciation, amortisation and impairment losses	-71.6	-74.2	-73.1	-77.1	-76.1	-163.1	-389.4
OPERATING PROFIT	3.1	141.7	-11.0	9.2	10.1	-131.8	-123.6
Share of results in associated companies	0.1	-0.2	0.0	1.4	0.0	-2.0	-0.7
Financial income	9.1	0.5	18.6	-2.6	4.6	5.7	26.4
Financial expenses	-17.1	-9.1	-20.8	-6.9	-11.8	-14.3	-53.8
RESULT BEFORE TAXES	-4.9	133.0	-13.3	1.1	2.9	-142.4	-151.7
Income taxes	5.4	-35.6	5.0	-16.0	-6.0	10.7	-6.3
RESULT FOR THE PERIOD	0.6	97.3	-8.3	-14.9	-3.1	-131.7	-158.0
Result attributable to:							
Equity holders of the Parent Company	0.6	94.2	-8.3	-17.9	-5.1	-111.6	-142.9
Non-controlling interests	-0.1	3.1	0.0	3.0	2.0	-20.0	-15.0
Earnings per share for result attributable to the equity holders of the Parent Company:							
Earnings per share, EUR	0.00	0.57	-0.06	-0.12	-0.04	-0.70	-0.91
Diluted earnings per share, EUR	0.00	0.57	-0.06	-0.12	-0.04	-0.70	-0.91

Net sales by strategic business unit

EUR million	1-3/ 2016	4-6/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
MEDIA BENE							
Digital	68.2	82.3	67.1	83.9	70.6	94.9	316.6
Print	87.1	92.1	105.6	109.4	102.6	102.3	419.9
Other	20.6	28.1	16.8	22.7	23.1	30.4	93.0
Total	175.6	202.6	189.5	216.0	196.4	227.6	829.5
MEDIA FINLAND							
Digital	58.3	63.5	50.0	56.9	46.6	59.3	212.8
Print	85.3	85.9	90.5	89.7	84.8	92.0	356.9
Other	0.9	0.8	2.5	-0.9	0.5	0.9	3.0
Total	144.5	150.1	143.0	145.7	131.9	152.2	572.8
LEARNING							
Netherlands	19.7	42.4	21.5	39.9	27.5	6.4	95.3
Poland	4.5	8.3	6.6	12.8	57.2	7.4	84.0
Finland	3.2	24.9	3.8	25.5	11.0	3.4	43.6
Belgium	1.4	15.3	1.5	14.3	16.3	3.2	35.2
Sweden	4.1	6.5	4.1	5.7	10.2	3.4	23.4
Other companies and eliminations	-0.1	-0.3	-0.1	-0.2	-0.3	-0.4	-1.1
Total	32.9	97.1	37.4	97.9	121.8	23.3	280.5
OTHER AND ELIMINATIONS							
Russia & CEE	0.3	0.0	2.5	2.4	1.2	0.2	6.3
Other operations	0.0	0.0	8.2	6.9	7.7	5.8	28.7
Eliminations	-0.1	-0.1	-0.6	-0.1	-0.1	-0.3	-1.1
Total	0.1	-0.1	10.2	9.2	8.8	5.7	33.9
Total	353.1	449.8	380.1	468.8	458.8	408.8	1,716.6

Operating profit by strategic business unit

EUR million	1-3/ 2016	4-6/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
Media BeNe	11.4	53.9	2.7	29.6	17.2	-72.3	-22.8
Media Finland	10.1	17.5	13.1	-1.8	-11.7	-7.6	-8.1
Learning	-11.1	63.8	-12.8	31.6	49.1	-34.7	33.1
Other companies and eliminations	-7.3	6.5	-14.0	-50.2	-44.5	-17.2	-125.9
Total	3.1	141.7	-11.0	9.2	10.1	-131.8	-123.6

Operational EBIT by strategic business unit

EUR million	1-3/ 2016	4-6/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
Media BeNe	7.4	29.6	5.8	27.1	20.1	10.9	63.9
Media Finland	11.0	19.0	-2.1	-2.5	2.0	15.6	13.0
Learning	-10.9	41.1	-12.7	32.5	49.8	-24.9	44.7
Other companies and eliminations	-5.6	-2.8	-10.9	-7.6	-9.3	-10.5	-38.3
Total	1.9	86.9	-19.9	49.4	62.5	-8.9	83.2

Segment information

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

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

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

In addition to the Group eliminations, column unallocated/eliminations includes non-core operations, head office functions, real estate companies as well as items not allocated to segments.

Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables and deferred tax receivables. Transactions between segments are based on market prices.

Sanoma segments 1.1.–30.6.2016

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	672.7	130.0	0.3	802.9
Internal net sales	0.2	0.0	-0.2	
Net sales, total	672.8	130.0	0.1	802.9
Operating profit	92.9	52.7	-0.8	144.7
Operational EBIT	67.1	30.1	-8.4	88.8
Share of results in associated companies	-0.1	0.0		-0.1
Financial income			9.6	9.6
Financial expenses			-26.2	-26.2
Result before taxes				128.1
Segment assets	2,001.4	568.2	56.2	2,625.8

Sanoma segments 1.1.–30.6.2015

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	694.0	135.3	19.5	848.9
Internal net sales	0.1	0.0	-0.1	
Net sales, total	694.2	135.3	19.4	848.9
Operating profit	43.6	18.7	-64.2	-1.8
Operational EBIT	28.3	19.8	-18.5	29.6
Share of results in associated companies	1.3	0.0	0.0	1.3
Financial income			16.1	16.1
Financial expenses			-27.7	-27.7
Result before taxes				-12.2
Segment assets	2,232.6	520.2	113.0	2,865.8

Changes in property, plant and equipment

EUR million	30.6.2016	30.6.2015	31.12.2015
Carrying amount at the beginning of the period	69.4	94.4	94.4
Increases	5.1	10.6	14.3
Acquisition of operations	0.5	0.0	0.0
Decreases	-0.8	-0.6	-2.0
Disposal of operations	-0.4	-0.1	-13.6
Depreciation for the period	-8.5	-10.4	-20.3
Impairment losses for the period		-0.2	-1.6
Transfer to assets classified as held for sale		-0.2	-0.1
Exchange rate differences and other changes	-0.2	0.2	-1.7
Carrying amount at the end of the period	65.1	93.8	69.4

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

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 163.9 million (2015: 242.8).

Effect of acquisitions on the consolidated balance sheet

EUR million	1-6/ 2016	1-12/ 2015
Acquisition costs	20.5	5.7
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	-0.1	2.2
Fair value of previously held interest	2.2	2.8
Fair value of acquired net assets	-10.0	-5.3
Recognised in equity	-1.8	-0.6
Goodwill from acquisitions	10.8	4.9

Contingent liabilities

EUR million	30.6.2016	30.6.2015	31.12.2015
Contingencies for own commitments			
Mortgages	9.7	10.6	10.6
Pledges	2.4	2.4	2.4
Other items	25.1	35.8	25.6
Total	37.3	48.9	38.6
Other commitments			
Operating lease liabilities	305.0	343.7	323.7
Royalties	18.5	5.3	12.5
Other items	43.6	68.6	69.9
Total	367.1	417.5	406.0
Total	404.3	466.4	444.7

Interest on hybrid bond

On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. On 30 June 2016, the unpaid interest on the bond was EUR 4.0 million (2015: 4.0).

Derivative instruments

EUR million	30.6.2016	30.6.2015	31.12.2015
Fair values			
Interest rate derivatives (incl. accrued interests)			
Interest rate swaps	-1.1	-0.8	-1.6
Currency derivatives			
Forward contracts	4.2	8.8	8.0
Nominal values			
Interest rate derivatives			
Interest rate swaps	200.0	200.0	200.0
Currency derivatives			
Forward contracts	95.1	103.3	100.2

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

Key exchange rates

	1-6/2016	1-6/2015	1-12/2015
Average rate			
EUR/PLN (Polish Zloty)	4.37	4.16	4.18
EUR/RUB (Russian Rouble)	78.30	65.71	68.07
EUR/SEK (Swedish Crown)	9.30	9.35	9.35
EUR/USD (US Dollar)	1.12	1.13	1.11
Closing rate			
	30.6.2016	30.6.2015	31.12.2015
EUR/PLN (Polish Zloty)	4.44	4.19	4.26
EUR/RUB (Russian Rouble)	71.52	62.36	80.67
EUR/SEK (Swedish Crown)	9.42	9.22	9.19
EUR/USD (US Dollar)	1.11	1.12	1.09

January–June 2016 Interim Report webcast

The event for analysts, investors and media will be held in English by President and CEO Susan Duinhoven and CFO Kim Ignatius on 27 July 2016 at 11:00 Finnish time (9:00 UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. The live webcast can be viewed on Sanoma's website at www.sanoma.com/en/investors and on demand after the event.

Please join by dialing

Finland: +358 (0)9 2310 1619 / US: +1 646 254 3376 / UK: +44 (0)20 3427 1935 / Netherlands: +31 (0)20 716 8251
Conference id: 4878127

Financial reporting 2016

- Interim Report January–September on 28 October 2016, approx. at 8:30.

Additional information

Sanoma's Investor Relations, Pekka Rouhiainen, tel. +358 40 7395897

About Sanoma

Sanoma is an inspiring, relevant and trusted consumer media and learning company. Ever since its formation in 1889, the company has held creativity and independent thinking at its core in order to deliver high-quality content in new and different ways.

Sanoma's consumer media business provides consumers with engaging and personalised content through cross-media brands that touch their lives. Sanoma's close relationships with its consumers enable the company to offer unique value-added marketing solutions to its business partners.

Sanoma Learning's learning solutions enable teachers to excel at developing the talents of every child, creating opportunities for children to advance their prospects in life.

With operating companies in Finland, the Netherlands, Belgium, Poland and Sweden, Sanoma realised net sales of more than EUR 1.7 billion in 2015. The company employed over 6,000 employees.