2014

Q1 Interim Report

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Sanoma's Interim Report 1 January – 31 March 2014:

Cost savings compensated decline in net sales

Sanoma Corporation, Stock Exchange Release, 30 April 2014 at 8:30 CET+1

First quarter

- Net sales amounted to EUR 438.3 million (2013: 470.6).
- Adjusted for changes in the Group structure, Sanoma's net sales decreased by 6.3%.
- Operating profit excluding non-recurring items was EUR -4.0 million (2013: -2.5).
- Non-recurring items included in the operating profit amounted to EUR 166.0 million (2013: -37.2) mainly related to sales gains and restructuring expenses.
- Earnings per share were EUR 0.77 (2013: -0.24).
- Earnings per share excluding non-recurring items were EUR -0.09 (2013: -0.03).
- Cash flow from operations was EUR -52.1 million (2013: -65.6).
- The Annual General Meeting on 9 April 2014 decided to pay a dividend of EUR 0.10 (2012: 0.60) per share. The dividends were paid on 23 April 2014. In addition, the AGM authorised the Board of Directors to decide on the distribution of additional dividend of no more than EUR 0.20 per share. The distribution of additional dividend can be made in one or more instalments. The Board can also decide not to use this authorisation.

Outlook (unchanged)

In 2014, Sanoma expects that the Group's consolidated net sales adjusted for structural changes will decline somewhat compared to 2013. The operating profit margin excluding non-recurring items is estimated to be below the previous year's level (2013: 7.4% of net sales).

Mid-term outlook (unchanged)

Based on the execution of the strategic redesign, Sanoma expects that from 2016 onwards, the Group's consolidated net sales will return to organic growth. The operating profit margin excluding non-recurring items is targeted to be around 10% of net sales. Sanoma is targeting for a net debt to EBITDA ratio below 3.5.

Change in reporting

Sanoma has adopted the new IFRS 11 Joint Arrangements as of 1 January 2014. The standard permits only the equity method in the consolidation of joint ventures, and the proportional consolidation method is no longer allowed. In the income statement the share of result in the joint ventures is presented as part of the operating profit and in the consolidated balance sheet as equity-accounted investees. The change primarily relates to Media Russia & CEE and Media Belgium.

Adoption of IFRS 11 reduced 2013 consolidated net sales by EUR 135.2 million. The impact on profitability is minor, 2013 operating profit excluding non-recurring items decreased by EUR 0.2 million. Balance sheet total on 31 December 2013 decreased by EUR 164.9 million and the total equity of the Sanoma Group reduced by EUR 59.1 million. Transition from the proportional consolidation method to the equity method also has impact on the cash flow statement.

In addition, as announced on 31 October 2013, Sanoma will consist of two segments: Consumer Media and Learning. Sanoma will report net sales and profitability for three strategic business units: Media Netherlands, Media Finland and Learning. Media Belgium and Media Russia & CEE will be reported in the category 'Other'. The change is effective as of 1 January 2014. Sanoma's financial reporting for 2013 has been adjusted to account for the changes.

Key indicators*

EUR million	1–3/ 2014	Restated 1–3/ 2013	Change %	Restated 1–12/ 2013
Net sales	**438.3**	470.6	-6.9	2,083.5
Operating profit excluding non-recurring items	**-4.0**	-2.5		154.6
% of net sales	**-0.9**	-0.5		7.4
Operating profit	**162.1**	-39.8		-257.7
Result for the period	**126.3**	-51.3		-320.3
Capital expenditure **	**9.6**	11.4	-15.4	65.6
% of net sales	**2.2**	2.4		3.1
Return on equity (ROE), % ***	**-11.3**	n.a.		-24.2
Return on investment (ROI), % ***	**-2.1**	n.a.		-9.2
Equity ratio, %	**42.3**	40.5		37.2
Net gearing, %	**71.3**	90.1		95.7
Number of employees at the end of the period (FTE)	**8,831**	9,679	-8.8	9,035
Average number of employees (FTE)	**8,889**	9,769	-9.0	9,446
Earnings/share, EUR	**0.77**	-0.24		-1.89
Cash flow from operations/share, EUR	**-0.32**	-0.40		0.73
Equity/share, EUR	**6.11**	7.13	-14.4	5.42

* Comparable figures have been restated due to a new IFRS11 'Joint Arrangements'.
** Including finance leases.
*** Rolling 12-month period.

Harri-Pekka Kaukonen, President and CEO

"During the first quarter, we were able to offset the decline in net sales by cost savings. Our transformation strategy is proceeding well. New media sales grew by close to 9% in the first three months.

Consumer media operations in the Netherlands had a good quarter due to cost control and lower spending on TV programmes. Consumer confidence in the Netherlands has picked up and that is slightly visible in the advertising market. On the other hand, Finnish media operations faced a continued downbeat advertising market and cautious consumer spending with no near-term improvement in sight. However, good growth in online & mobile sales and our cost efficiency measures are able to off-set the tough market environment. Profitability declined due to investments in Pay-TV. For Learning, the first quarter is seasonally very minor. We had pre-orders in the Netherlands this year but not to the same extent as in the previous year.

During the first quarter we finalised a number of divestments and sold certain real estate as communicated earlier, including the sale and leaseback of Sanoma House. The proceeds from the sale were used to pay off part of the existing debt and as such it improved our financial flexibility. The capital gain booked from the transaction also further strengthened our balance sheet.

In addition, we announced tough measures to streamline our operations, for example the reorganisation of shared services in finance functions and the closure of the logistics centre in the Netherlands. Improved competitiveness and agility is necessary in the on-going swift transformation of the media sector.

In the coming months we will continue investments towards the execution of the transformation strategy. We will speed up the pace of development of our products and services to consumers, advertisers and teachers as well as to pupils. The Group-wide cost savings programme will help Sanoma to finance the required growth investments."

Group outlook (unchanged)

In 2014, Sanoma expects that the Group's consolidated net sales adjusted for structural changes will decline somewhat compared to 2013. The operating profit margin excluding non-recurring items is estimated to be below the previous year's level (2013: 7.4% of net sales).

Sanoma's outlook is based on three major factors:
(1) continued negative pressure on sales and operating profit due to declining print markets and weak economic development in Sanoma's core operating countries,
(2) strong positive impact from the EUR 100 million cost savings programme, and
(3) increased investment levels to fund digital transformation and growth in Consumer Media and the expansion into tutoring and emerging markets in Learning.

Mid-term outlook (unchanged)

Based on the execution of the strategic redesign, Sanoma expects that from 2016 onwards, the Group's consolidated net sales will return to organic growth. The operating profit margin excluding non-recurring items is targeted to be around 10% of net sales. Sanoma is targeting for a net debt to EBITDA ratio below 3.5.

Cost savings programme

As a part of streamlining operations and ensuring competitive cost levels, in 2012 Sanoma commenced a three-year, EUR 60 million Group-wide cost savings programme that was extended in October 2013 to EUR 100 million (gross). The full impact of the planned savings is estimated to realise by the end of 2016.

The programme is proceeding according to plan. Related to the programme, around EUR 44 million of non-recurring restructuring expenses have been recognised by the end of March 2014, of which some EUR 5 million was recognised in the first quarter. The impact of the realised gross cost savings of the programme so far is around EUR 31 million. Savings in the first quarter were around EUR 10 million. An annual run-rate for savings at the end of March is around EUR 45 million.

Net sales

First quarter

In January–March, Sanoma's net sales decreased by 6.9% and amounted to EUR 438.3 million (2013:

470.6). The decline is mainly due to lower print advertising sales whereas online and mobile advertising sales grew by 10.0%. The closing of magazine titles in the Netherlands and Finland also impacted net sales. Currency translations did not have a material effect on the first quarter net sales. Adjusted for changes in the Group structure, net sales decreased by 6.3%.

New media sales, i.e. non-print sales grew by 8.6% to EUR 117.0 million (2013: 107.7).

Advertising sales decreased by 5.7% to EUR 152.8 million (2013: 162.0). Circulation sales decreased by 5.1% to EUR 175.5 million (2013: 184.9). Learning's net sales decreased by 9.8% to EUR 41.2 million (2013: 45.7) and other sales by 12.0% to EUR 68.7 million (2013: 78.0).

Group's net sales by country, %

	1–3/2014	1–3/2013	1–12/2013
Netherlands	**41.0**	40.0	39.5
Finland	**41.4**	41.3	38.9
Belgium	**9.5**	9.4	9.9
Other EU countries	**6.7**	7.7	10.3
Non-EU countries	**1.4**	1.6	1.4
Total Group	**100.0**	100.0	100.0

Group's net sales by type of sales, %

	1–3/2014	1–3/2013	1–12/2013
Advertising	**34.9**	34.4	33.7
Subscription	**25.9**	24.6	22.2
Single copy	**14.2**	14.7	13.5
Learning	**9.4**	9.7	14.6
Other	**15.7**	16.6	16.0
Total Group	**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

First quarter

In January–March, Sanoma's operating profit excluding non-recurring items totalled EUR -4.0 million (2013: -2.5). Weaker print advertising and circulation sales were offset by cost efficiency.

The operating profit margin excluding non-recurring items was -0.9% (2013: -0.5%) of net sales. Currency translations did not have a material effect on the first quarter result.

In the first quarter, the Group's total expenses, excluding non-recurring items, decreased by 7.1%. The cost of sales decreased by 12.2% and fixed costs by 3.8%. Paper costs decreased by 14.8%, transport and distribution service by 8.5% and employee benefit expenses by 6.8%.

In January–March, operating profit included EUR 166.0 million (2013: -37.2) of non-recurring items related to sales gains and restructuring expenses.

Sanoma's net financial items totalled EUR -13.5 million (2013: -14.8). Result before taxes amounted to EUR 148.7 million (2013: -54.5) in the first quarter. Earnings per share were EUR 0.77 (2013: -0.24). Earnings per share excluding non-recurring items were EUR -0.09 (2013: -0.03).

Balance sheet and financial position

At the end of March 2014, Sanoma's consolidated balance sheet totalled EUR 3,231.5 million (2013: 3,778.8). The decrease is mainly due to impairments of goodwill and intangible assets during 2013. In January-March, the Group's cash flow from operations improved to EUR -52.1 million (2013: -65.6) as a result of timing differences in working capital and lower TV programme costs. Cash flow from operations per share was EUR -0.32 (2013: -0.40).

Sanoma's equity ratio was 42.3% (2013: 40.5%) at the end of March. The return on equity (ROE) was -11.3% and the return on investment (ROI) was -2.1%. Equity totalled EUR 1,291.1 million (2013: 1,451.8). The equity per share was EUR 6.11 (2013: 7.13). Interest-bearing liabilities decreased to EUR 1,066.7 million (2013: 1,441.9) following the sale and leaseback of Sanoma House and Sanomala, as well as divestments. Interest-bearing net debt was EUR 920.2 million (2013: 1,308.1).

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.

Investments, acquisitions and divestments

In January-March 2014, investments in tangible and intangible assets, including finance leases, amounted to EUR 9.6 million (2013: 11.4). Investments were mainly related to digital business and ICT systems.

In April 2013, Sanoma announced a divestment of Netinfo assets in Bulgaria. The deal was closed in September 2013. As a result of the transaction, Sanoma recognised a capital gain of EUR 9.0 million.

In June 2013, Sanoma sold the operations of Printcenter. As a result of the transaction, Sanoma recognised a capital loss of EUR -2.4 million.

In June 2013, Sanoma sold its ownership of Helsinki Halli Oy to Hjallis Promotion Ab Oy. The number of shares sold represented 18.1% of the total number of shares. As a result of the transaction, Sanoma recognised a capital gain of EUR 1.3 million.

In July 2013, Sanoma sold its ownership of the real estate companies Kiinteistö Oy Bulevardi 12 and Kiinteistö Oy Bulevardi 14. As a result of the transaction, Sanoma recognised a capital gain of EUR 13.0 million.

In August 2013, Sanoma announced the divestment of its Romanian operations. As a result of the transaction, Sanoma recognised in the first quarter of 2014, a capital loss of EUR -1.1 million.

In August 2013, Sanoma announced the divestment of Sanoma Bliasak Bulgaria. The deal is expected to be closed during the second quarter of 2014.

In September 2013, Sanoma increased its ownership of Fashionchick from 55% to 100%.

In October 2013, Sanoma sold its Learning operations in Hungary. As a result of the transaction, in 2013 Sanoma recognised a capital loss of EUR -35.3 million.

In December 2013, Sanoma sold its Serbian operations. As a result of the transaction, Sanoma recognised a capital gain of EUR 0.4 million.

In December 2013, Sanoma announced the divestment of its Czech operations. The deal is expected to be closed during the second quarter of 2014.

In January 2014, Sanoma sold its Sanomala printing facility and office properties located in Martinlaakso, Vantaa as well as office and production properties located in Koivuvaara, Vantaa. As a result of the transaction in Koivuvaara, in the fourth quarter of 2013 Sanoma recognised a non-recurring impairment of EUR -5.6 million to reflect the sales price. The sale of Sanomala resulted in a capital gain of EUR 37.9 million recognised in the first quarter of 2014.

In February 2014, Sanoma sold its Finnish press distribution company Lehtipiste. As a result of the transaction, Sanoma recognised a capital gain of EUR 24.0 million.

In March 2014, Sanoma sold Sanoma House with a sale and leaseback transaction. As a result of the transaction, Sanoma recognised a capital gain of EUR 110.5 million.

In March 2014, Sanoma acquired Belgian school- and teacher management software company Pronoia.

In March 2014, Sanoma announced the divestment of its online news service Apollo in Latvia. The deal is expected to be closed during the second quarter of 2014.

In March 2014, Sanoma Pro, the Finnish learning business sold its B2B operations (digital and training services and business books for professionals in the fields of taxation, financial administration, law and supervisory work). The deal is expected to be closed during the second quarter of 2014.

Events after the end of the first quarter 2014

On 10 April, Sanoma announced the divestment of majority ownership in Sanoma Lehtimedia (publisher of newspapers in southeast Finland) and in local printing companies. The estimated completion of the first stage of the corporate arrangement is January 2015, and the company will fully transfer to the ownership of Länsi-Savo in five years.

On 11 April, Sanoma announced that it plans to reorganise Dutch magazine distribution business Aldipress to concentrate on its commercial activities. The closing of the logistics centre is estimated to lead to around 130 redundancies.

On 24 April, Sanoma announced the divestment of its Hungarian media operations. The deal is expected to be closed during the second or the third quarter of 2014. Sanoma estimates that it will book at the closing a non-recurring capital gain of around EUR 11 million.

Non-recurring items

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 1–12/ 2013
Media Netherlands			
Impairment of goodwill and intangible assets		-34.8	-335.8
Restructuring expenses	**-0.5**	-1.4	-9.3
Media Finland			
Gain on sale (Sanomala)*	**37.9***		
Gain on sale (Sanoma House)	**110.5**		
Compensation related to an ICT system			3.2
Restructuring expenses	**-3.2**	-0.4	-9.4
Learning			
Change in contingent consideration (Netherlands)			1.1
Tax claim (Poland)			-1.5
Loss on sale (Hungary)			-35.3
Other companies			
Gain on sale (Bulgaria)			9.0
Gain on sale (Serbia)			0.4
Loss on sale (Romania)	**-1.1**		
Impairment of goodwill and intangible assets			-7.9
Impairment of equity-accounted investees			-9.8
Impairment (Koivuvaara)			-5.6
Gain on sale (building area in Koivuvaara)		1.5	1.7
Loss on sale (Printcenter and other operations)			-2.4
Gain on sale (Press distribution in Finland)	**24.0**		
Gain on sale (Bulevardi 12 and 14)			10.7
Gain on sale (Uudenmaankatu)			2.3
Restructuring expenses	**-1.6**	-2.1	-21.5
Other impairments			-2.5
NON-RECURRING ITEMS IN OPERATING PROFIT	**166.0**	-37.2	-412.4
Other companies			
Gain on sale (Helsinki Halli)			1.3
NON-RECURRING ITEMS IN RESULTS IN ASSOCIATED COMPANIES			1.3
Impairment losses on available-for-sale investments			-3.7
NON-RECURRING ITEMS IN FINANCIAL ITEMS			-3.7

* EUR 12.6 million of the gain on sale of Sanomala is included in Other companies' figures.

Consumer Media

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

Consumer Media sales by type of sales, %

	1–3/2014	1–3/2013	1–12/2013
Advertising	**44.3**	44.1	45.0
Subscription	**33.9**	33.2	31.1
Single copy	**12.1**	12.7	12.4
Other	**9.7**	10.1	11.4
Total Consumer Media	**100.0**	100.0	100.0

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

Circulation sales growth, %

			1–3/2014 vs. 1–3/2013
	Subscription	Single copy	**Total circulation**
Media Netherlands	-7	-6	**-7**
Media Finland	0	-13	**-3**
of which Magazines	-5	-38	**-9**
of which Newspapers	-4	-11	**-6**
of which Pay-TV & Pay-VOD	+205	n.m.	**+226**
Total Consumer Media	**-3**	**-9**	**-5**

Advertising sales growth, %

				1–3/2014 vs. 1–3/2013
	Print	Online	TV & Radio	**Total advertising**
Media Netherlands	-22	+8	+2	**0**
Media Finland	-18	+16	-2	**-8**
Total Consumer Media	**-19**	**+12**	**+1**	**-4**

Media Netherlands

Sanoma Media Netherlands is the media company with the leading portfolio in the Netherlands and has been awarded as the best media company for integrated, multi-media solutions in 2013. With our strong brands, we have a strong market position in all parts of the media industry: magazines, TV, events, custom media, e-commerce sites and apps. Our portfolio consists of many leading brands, including AutoWeek, Donald Duck, delicious., Flow, Grazia, Kieskeurig, Libelle, LINDA., Margriet, Net5, NU.nl, SBS 6, SchoolBANK, Startpagina, Tina, Viva, vtwonen and Veronica.

- Print advertising remained negative in the first quarter whereas TV advertising showed promising signs.
- TV viewing share in the first quarter was slightly below the previous year due to Olympics but improved in March.
- Operating profit in print business incl. online & mobile was at the previous year level due to good cost control. Operating profit in total increased driven by the better result in TV operations, partly due to lower TV costs.

Key indicators

EUR million	**1–3/ 2014**	**Restated 1–3/ 2013**	**Change %**	**Restated 1–12/ 2013**
Net sales	**146.0**	152.2	-4.1	685.8
Digital	**64.0**	61.6	3.9	291.0
Online & mobile	**18.7**	17.4	7.0	76.9
TV	**45.3**	44.2	2.6	214.1
Print	**79.1**	88.5	-10.5	369.9
Magazines	**79.1**	88.5	-10.5	369.9
Other	**2.8**	2.1	35.4	24.8
Operating profit excluding non-recurring items *	**8.5**	0.6		73.2
% of net sales	**5.8**	0.4		10.7
Operating profit	**8.0**	-35.6		-271.9
Capital expenditure	**0.9**	2.9	-68.6	11.2
Number of employees at the end of the period (FTE)	**2,118**	2,251	-5.9	2,181
Average number of employees (FTE)	**2,133**	2,249	-5.1	2,222

* Non-recurring items are presented in a separate table on page 8.

Operational indicators

	1–3/ 2014	1–3/ 2013
Magazines		
Number of magazines published	**61**	64
Magazine copies sold, thousands	**26,116**	31,321
Advertising pages sold	**2,305**	2,371
Dutch TV operations		
TV channels' share of TV advertising	**24.2%**	24.3%
TV channels' national viewing share (20-54 years)	**19.9%**	20.9%

First quarter

In January–March, net sales in Media Netherlands decreased by 4.1% to EUR 146.0 million (2013: 152.2). Structural changes did not impact net sales.

New media sales, i.e. non-print sales grew by 4.9% to EUR 66.8 million (2013: 63.7).

Advertising sales decreased by 0.4% as a combination of the weak print advertising and strong digital advertising market. Advertising sales represented 44.3% (2013: 42.7%) of the first quarter net sales. Circulation sales decreased by 6.6% and represented 44.9% (2013: 46.2%) of the first quarter net sales. The closing of magazine titles also impacted net sales. The decline in the underlying print advertising and circulation markets decelerated in the first quarter compared to the previous year.

Sanoma estimates that the advertising market in the Netherlands increased on a net basis in TV by 7%, in online excluding search by 4% and decreased in consumer magazines by 13% in January–March.

Operating profit excluding non-recurring items in Media Netherlands in January–March improved to EUR 8.5 million (2013: 0.6) as lower spending on TV programmes and cost efficiency more than compensated for the decrease in net sales.

Non-recurring items included in the operating profit totalled EUR -0.5 million (2013: -36.2). In the comparable period, non-recurring items mainly consisted of the impairment of goodwill and intangible assets.

Media Netherlands' investments in tangible and intangible assets totalled EUR 0.9 million (2013: 2.9) in January–March and consisted mainly of investments related to ICT.

Media Finland

Sanoma Media Finland is the leading multichannel media company in Finland. We provide information, experiences and entertainment through magazines, newspapers, TV, radio, Internet and mobile channels. We have more than 200 brands and services, including Aku Ankka, Gloria, ET, Helsingin Sanomat, Huuto.net, Hyvä Terveys, Ilta-Sanomat, Jim, Kodin Kuvalehti, Liv, Me Naiset, Metro, MSO.fi, Oikotie, Nelonen, Radio Aalto, Radio Rock, Radio Suomipop, Ruutu and Taloussanomat, which reach almost all Finns every day.

- Print advertising remained weak and cautious consumer spending is visible in circulation.
- Cost savings compensated for decline in net sales. Growth initiatives in Pay-TV impacted profitability.
- Online & mobile sales grew by 27%, particularly transformational sales of news business performed well.

Key indicators

EUR million	1–3/ 2014	Restated 1–3/ 2013	Change %	Restated 1–12/ 2013
Net sales	**159.0**	168.2	-5.5	675.4
Digital	**48.6**	42.2	15.0	185.9
Online & Mobile	**21.3**	16.7	27.5	74.7
TV & Radio	**27.3**	25.5	6.8	111.2
Print	**108.8**	124.2	-12.4	483.8
Magazines	**34.0**	39.6	-14.1	160.9
Newspapers	**75.3**	85.0	-11.4	325.2
Eliminations	**-0.5**	-0.5		-2.2
Other	**1.6**	1.8	-10.4	5.6
Operating profit excluding non-recurring items *	**0.4**	5.5	-92.1	30.7
% of net sales	**0.3**	3.3		4.5
Operating profit	**133.1**	5.1		24.6
Capital expenditure	**4.1**	3.8	7.0	22.5
Number of employees at the end of the period (FTE)	**2,675**	2,858	-6.4	2,759
Average number of employees (FTE)	**2,684**	2,863	-6.2	2,860

* Non-recurring items are presented in a separate table on page 8.

Operational indicators

	1–3/ 2014	1–3/ 2013
Magazines		
Number of magazines published	**30**	34
Magazine copies sold, thousands	**8,133**	11,065
Advertising pages sold	**1,369**	1,444
Finnish TV operations		
TV channels' share of TV advertising	**34.4 %**	33.5 %
TV channels' national commercial viewing share (10-44 years)	**33.6 %**	32.8 %
TV channels' national viewing share (10+ years)	**14.8 %**	14.8 %

First quarter

In January–March, net sales in Media Finland decreased by 5.5% to EUR 159.0 million (2013: 168.2). Structural changes did not impact net sales.

New media sales, i.e. non-print sales grew by 14.0% to EUR 50.2 million (2013: 44.0).

Advertising sales for Media Finland decreased by 7.6% due to the weak print advertising market and represented 44.3% (2013: 45.3%) of the first quarter net sales. Circulation sales decreased by 2.6% and represented 47.1% (2013: 45.7%) of the first quarter net sales. The closing of magazine titles also impacted net sales.

According to TNS Gallup Adex, the advertising market in Finland decreased on a net basis in magazines by 18%, in newspapers by 12% and in TV by 4%, whereas advertising in radio increased by 12% and in online excluding search by 13% in the first quarter.

Operating profit excluding non-recurring items in Media Finland in January–March decreased to EUR 0.4 million (2013: 5.5). Lower net sales were offset by cost savings but higher TV programme costs related to Pay-TV and increased rents due to sale and leasebacks decreased operating profit.

Non-recurring items included in the operating profit totalled EUR 132.7 million (2013: -0.4) consisting mainly of gains on sale and leasebacks of Sanoma House and Sanomala.

Media Finland's investments in tangible and intangible assets totalled EUR 4.1 million (2013: 3.8) in January–March and consisted mainly of investments related to ICT and maintenance capital expenditure.

Learning

The Learning segment includes the Sanoma Learning strategic business unit. Sanoma Learning is a leading European provider of learning materials and solutions in print and digital format.

- The first quarter is seasonally a weak quarter for Learning.
- Net sales decreased mainly due to a timing shift in the Netherlands, i.e. less pre-orders in March 2014 than in March 2013.
- Learning operations in Hungary were sold on 8 October 2013. The divestment is related to a long period of adverse conditions in the Hungarian education market. In 2013, net sales in Hungary were EUR 13 million.
- New legislation in Poland is expected to impact negatively the educational textbook market in the future. Sanoma estimates that a decline in revenue will be compensated for by cost savings in 2014.

Key indicators

EUR million	1–3/ 2014	Restated 1–3/ 2013	Change %	Restated 1–12/ 2013
Net sales	**41.2**	45.7	-9.8	304.6
Netherlands	**24.5**	26.3	-7.0	95.3
Poland	**5.2**	6.2	-15.0	83.8
Finland	**4.8**	5.3	-8.6	53.5
Belgium	**1.9**	1.8	2.0	33.8
Sweden	**4.9**	5.2	-6.2	29.3
Other companies and eliminations	**-0.1**	0.9		8.9
Operating profit excluding non-recurring items *	**-7.0**	-4.4		56.2
% of net sales	**-16.9**	-9.6		18.5
Operating profit	**-7.0**	-4.4		20.6
Capital expenditure	**2.7**	2.1	31.0	14.3
Number of employees at the end of the period (FTE)	**1,613**	1,750	-7.9	1,564
Average number of employees (FTE)	**1,616**	1,754	-7.9	1,699

* Non-recurring items are presented in a separate table on page 8.

First quarter

In January–March, net sales decreased by 9.8% to EUR 41.2 million (2013: 45.7) mainly due to a timing shift in the Netherlands, i.e. less pre-orders in March 2014 than in March 2013. Also the divestment of Hungarian learning operations impacted net sales negatively. Adjusted for structural changes, net sales declined by 7.4%.

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.

Operating profit excluding non-recurring items in the Learning segment decreased to EUR -7.0 million (2013: -4.4), negatively impacted by the timing shift between quarters and the launch of the tutoring service StudySteps in the Netherlands and Belgium.

In the first quarter, there were no non-recurring items included in the operating profit (2013: 0.0).

Learning's investments in tangible and intangible assets totalled EUR 2.7 million (2013: 2.1) in January-March. They were mainly related to investments in digital platforms and ICT.

The Group

Personnel

In January-March 2014, the average number of personnel (FTE) employed by the Sanoma Group was 8,889 (2013: 9,769). In full-time equivalents, the number of Group employees at the end of March was 8,831 (2013: 9,679). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media Netherlands had 2,118 (2013: 2,251) employees at the end March and Media Finland 2,675 (2013: 2,858). Learning had 1,613 (2013: 1,750) and other operations 2,425 (2013: 2,819) employees (FTE) at the end of March 2014. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 107.5 million (2013: 117.0).

Dividend

The Annual General Meeting on 9 April 2014 decided to pay a dividend of EUR 0.10 (2012: 0.60) per share. The dividends were paid on 23 April 2014.

In addition, the AGM authorised the Board of Directors to decide on the distribution of additional dividend of no more than EUR 0.20 per share. The distribution of additional dividend can be made in one or more instalments. The Board can also decide not to use this authorisation. The AGM decided that the authorisation includes the right for the Board to decide on all other conditions relating to the distribution of additional dividend. The authorisation is effective until the next Annual General Meeting.

Shares and holdings

In January-March 2014, a total of 22,433,632 (2013: 18,003,267) Sanoma shares were traded on the NASDAQ OMX Helsinki and traded shares accounted for some 14% (2013: 11%) of the average number of shares. Sanoma's shares traded on the NASDAQ OMX Helsinki corresponded to around 76% (2013: 63%) of the total traded share volume on stock exchanges. During the first three months, the volume-weighted average price of a Sanoma share on the NASDAQ OMX Helsinki was EUR 5.49, with a low of EUR 4.96 and a high of EUR 6.85. At the end of March, Sanoma's market capitalisation was EUR 0.8 billion (2013: 1.2), with Sanoma's share closing at EUR 5.06 (2013: 7.16). At the end of March, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093.

Board of Directors, auditors and management

The AGM held on 9 April 2014 confirmed the number of Sanoma's Board members as ten. Board member Rafaela Seppälä and Kai Öistämö were re-elected and Pekka Ala-Pietilä and Nils Ittonen were elected as new Board Members. The Board of Directors of Sanoma consists of Antti Herlin (Chairman), Sakari Tamminen (Vice Chairman), and Pekka Ala-Pietilä, Annet Aris, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Robin Langenskiöld, Rafaela Seppälä, and Kai Öistämö as members.

The AGM appointed chartered accountants KPMG Oy Ab as the auditor of the company, with Virpi Halonen, Authorised Public Accountant, as Auditor in Charge.

From the end of March 2014, the Executive Management Group (EMG) comprises: Harri-Pekka Kaukonen (President and CEO of the Sanoma Group, chairman of the EMG), Jacqueline Cuthbert (CHRO), Kim Ignatius (CFO), John Martin (CEO, Sanoma Learning), Peter de Mönnink (CEO, Sanoma Media Netherlands), Pekka Soini (CEO, Sanoma Media Finland) and Heike Tyler (CEO, Sanoma Media Russia & CEE).

Board authorisations

The AGM held on 3 April 2013 authorised the Board of Directors to decide on an issuance of a maximum of 82,000,000 new shares and a transfer of a maximum of 5,000,000 treasury shares. The authorisation will be valid until 30 June 2016. The Board of Directors is authorised to grant a maximum of 5,000,000 stock options as part of the Company's incentive programme. In a directed share issue, a maximum of 41,000,000 shares can be issued or transferred.

The AGM held on 9 April 2014 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 2015 and terminates the corresponding authorisation granted by the AGM on 3 April 2013.

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 OMX Helsinki Ltd.

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 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 (unchanged)

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 about EUR 2.3 billion in goodwill, publishing 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.

Interim Report (unaudited)

Accounting policies

The Sanoma Group has prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 31 March 2014. The accounting policies of the Interim Report, excluding the changed accounting principles, 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.

Changed accounting policies

Sanoma adopted the new IFRS 11 Joint Arrangements standard as of 1 January 2014. According to the standard, the rights and obligations of the arrangement are more decisive in defining the accounting treatment of the arrangement than the legal format of the arrangement. IFRS 11 establishes two types of joint arrangement: joint operations and joint ventures. The standard permits only the equity method in the consolidation of joint ventures, and the proportional consolidation method is no longer allowed. The change in accounting principles has been applied retrospectively as of January 2013.

Consolidated income statement

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 1–12/ 2013
NET SALES	**438.3**	470.6	2,083.5
Other operating income	**179.0**	9.4	54.9
Materials and services	**-143.0**	-162.8	-695.5
Employee benefit expenses	**-138.0**	-146.6	-577.5
Other operating expenses	**-104.3**	-103.2	-483.6
Share of results in joint ventures	**0.4**	0.0	-4.2
Depreciation, amortisation and impairment losses	**-70.2**	-107.1	-635.3
OPERATING PROFIT	**162.1**	-39.8	-257.7
Share of results in associated companies	**0.0**	0.0	1.2
Financial income	**2.4**	5.9	11.0
Financial expenses	**-15.8**	-20.7	-64.0
RESULT BEFORE TAXES	**148.7**	-54.5	-309.5
Income taxes	**-22.4**	3.2	-10.8
RESULT FOR THE PERIOD	**126.3**	-51.3	-320.3
Result attributable to:			
Equity holders of the Parent Company	**126.4**	-38.6	-307.9
Non-controlling interests	**-0.1**	-12.7	-12.4
Earnings per share for result attributable to the equity holders of the Parent Company:			
Earnings per share, EUR	**0.77**	-0.24	-1.89
Diluted earnings per share, EUR	**0.77**	-0.24	-1.89

Statement of comprehensive income

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 1–12/ 2013
Result for the period	**126.3**	-51.3	-320.3
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Change in translation differences	**-5.4**	-2.8	-16.4
Share of other comprehensive income of equity-accounted investees	**-0.1**	-0.4	-0.3
Reclassification of foreign currency differences on loss of significant influence	**0.3**		4.7
Cash flow hedges	**2.3**	2.2	7.4
Income tax related to cash flow hedges	**-0.5**	-0.5	-1.9
Items that will not be reclassified to profit or loss			
Defined benefit plans	**-14.7**		-3.9
Income tax related to defined benefit plans	**3.5**		0.9
Other comprehensive income for the period, net of tax	**-14.6**	-1.5	-9.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**111.7**	-52.8	-329.9
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**111.8**	-40.2	-317.4
Non-controlling interests	**-0.1**	-12.7	-12.4

Consolidated balance sheet

EUR million	31.3.2014	Restated 31.3.2013	Restated 31.12.2013	Restated 1.1.2013
ASSETS				
Property, plant and equipment	**140.7**	272.1	149.0	280.1
Investment property	**12.4**	12.0	12.4	12.0
Goodwill	**1,799.8**	2,108.1	1,807.6	2,126.7
Other intangible assets	**508.1**	558.8	527.0	554.5
Equity-accounted investees	**163.9**	196.8	173.9	205.4
Available-for-sale financial assets	**4.5**	8.2	4.6	8.0
Deferred tax receivables	**44.6**	39.7	36.7	35.5
Trade and other receivables	**27.8**	14.7	25.2	15.4
NON-CURRENT ASSETS, TOTAL	**2,701.8**	3,210.3	2,736.2	3,237.8
Inventories	**54.3**	66.2	50.8	63.4
Income tax receivables	**19.2**	11.7	3.7	25.8
Trade and other receivables	**309.4**	356.5	315.6	346.5
Available-for-sale financial assets	**0.3**	0.3	0.3	0.3
Cash and cash equivalents	**146.5**	133.8	151.1	147.7
CURRENT ASSETS, TOTAL	**529.7**	568.5	521.4	583.8
Assets classified as held for sale			91.4	
ASSETS, TOTAL	**3,231.5**	3,778.8	3,349.1	3,821.5
EQUITY AND LIABILITIES				
Equity attributable to the equity holders of the Parent Company				
Share capital	**71.3**	71.3	71.3	71.3
Fund for invested unrestricted equity	**203.3**	203.3	203.3	203.3
Other reserves	**-0.8**	-6.4	-2.6	-8.0
Other equity	**621.4**	893.3	511.4	934.2
Hybrid bond	**99.1**		99.1	
	994.3	1,161.6	882.5	1,200.8
Non-controlling interests	**296.8**	290.2	296.8	302.9
EQUITY, TOTAL	**1,291.1**	1,451.8	1,179.3	1,503.7
Deferred tax liabilities	**81.5**	108.9	89.5	108.1
Pension obligations	**79.2**	52.6	63.0	50.4
Provisions	**3.7**	4.1	4.3	4.0
Financial liabilities	**497.6**	950.9	763.8	942.2
Trade and other payables	**43.0**	44.0	37.1	44.6
NON-CURRENT LIABILITIES, TOTAL	**705.0**	1,160.5	957.6	1,149.3
Provisions	**16.0**	12.0	18.7	11.9
Financial liabilities	**569.1**	491.0	516.5	436.0
Income tax liabilities	**51.4**	12.9	8.0	24.7
Trade and other payables	**599.0**	650.5	667.7	695.9
CURRENT LIABILITIES, TOTAL	**1,235.5**	1,166.5	1,210.8	1,168.6
Liabilities related to assets held for sale			1.3	
LIABILITIES, TOTAL	**1,940.4**	2,327.0	2,169.7	2,317.8
EQUITY AND LIABILITIES, TOTAL	**3,231.5**	3,778.8	3,349.1	3,821.5

Changes in consolidated equity

	Equity attributable to the equity holders of the Parent Company							
EUR million	Share capital	Fund for invested-unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	Equity, total
31 Dec 2012	**71.3**	**203.3**	**-8.0**	**1,006.8**		**1,273.4**	**303.2**	**1,576.6**
Effect of IFRS 11 on 1 Jan 2013				-72.6		-72.6	-0.3	-72.9
Equity at 1 Jan 2013	**71.3**	**203.3**	**-8.0**	**934.2**		**1,200.8**	**302.9**	**1,503.7**
Comprehensive income for the period			1.6	-41.8		-40.2	-12.7	-52.8
Share-based compensation				0.6		0.6		0.6
Acquisitions and other changes in non-controlling Interests				0.4		0.4	0.0	0.4
Equity at 31 March 2013	**71.3**	**203.3**	**-6.4**	**893.3**		**1,161.6**	**290.2**	**1,451.8**
Equity at 1 Jan 2014	**71.3**	**203.3**	**-2.6**	**511.4**	**99.1**	**882.5**	**296.8**	**1,179.3**
Comprehensive income for the period			1.8	110.0		111.8	-0.1	111.7
Share-based compensation				0.3		0.3		0.3
Acquisitions and other changes in non-controlling interests				-0.1		-0.1	0.1	0.1
Reclassification of foreign currency differences on loss of significant influence				-0.3		-0.3		-0.3
Equity at 31 March 2014	**71.3**	**203.3**	**-0.8**	**621.4**	**99.1**	**994.3**	**296.8**	**1,291.1**

Consolidated cash flow statement

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 1–12/ 2013
Operations			
Result for the period	**126.3**	-51.3	-320.3
Adjustments			
Income taxes	**22.4**	-3.2	10.8
Financial income and expenses	**13.5**	14.8	53.0
Share of results in associated companies and joint ventures	**-0.5**	0.0	3.0
Depreciation, amortisation and impairment losses	**70.2**	107.1	635.3
Gains/losses on sales of non-current assets	**-171.7**	-2.4	10.7
Acquisitions of broadcasting rights and prepublication costs	**-51.9**	-62.3	-217.6
Other adjustments	**0.3**	0.7	1.6
Change in working capital	**-27.8**	-37.3	19.8
Interest and other financial items paid	**-26.8**	-29.8	-51.6
Taxes paid	**-6.0**	-1.9	-25.7
Cash flow from operations	**-52.1**	-65.6	119.1
Investments			
Acquisition of tangible and intangible assets	**-10.3**	-12.6	-66.1
Operations acquired	**-10.7**	-3.3	-11.5
Proceeds from sale of tangible and intangible assets	**239.8**	3.6	19.0
Operations sold	**36.8**	0.3	33.2
Loans granted	**-1.8**	-0.8	-11.8
Repayments of loan receivables	**1.7**	0.9	2.4
Interest received	**0.4**	0.7	3.0
Dividends received	**5.6**	0.1	4.8
Cash flow from investments	**261.5**	-11.0	-27.1
Cash flow before financing	**209.4**	-76.6	92.1
Financing			
Proceeds from issue of hybrid bond			99.1
Contribution by non-controlling interests			5.8
Change in loans with short maturity	**50.8**	57.9	89.7
Drawings of other loans	**25.0**	0.1	41.7
Repayments of other loans and finance lease liabilities	**-291.2**	-0.4	-217.2
Dividends paid			-97.8
Cash flow from financing	**-215.3**	57.6	-78.7
Change in cash and cash equivalents according to cash flow statement	**-5.9**	-19.0	13.3
Effect of exchange rate differences on cash and cash equivalents	**-0.8**	-0.3	-2.3
Net change in cash and cash equivalents	**-6.7**	-19.3	11.1
Cash and cash equivalents at the beginning of the period	**64.7**	53.6	53.6
Cash and cash equivalents at the end of the period	**58.0**	34.3	64.7

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

Income statement by quarter

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013	Restated 1–12/ 2013
Net sales	438.3	470.6	558.2	537.3	517.5	2,083.5
Other operating income	179.0	9.4	7.6	19.6	18.2	54.9
Materials and services	-143.0	-162.8	-182.4	-179.2	-171.1	-695.5
Employee benefit expenses	-138.0	-146.6	-147.7	-136.3	-146.9	-577.5
Other operating expenses	-104.3	-103.2	-113.1	-96.4	-170.9	-483.6
Share of results in joint ventures	0.4	0.0	-5.5	-0.2	1.4	-4.2
Depreciation, amortisation and impairment losses	-70.2	-107.1	-76.3	-380.9	-71.0	-635.3
Operating profit	162.1	-39.8	40.8	-236.0	-22.8	-257.7
Share of results in associated companies	0.0	0.0	1.3	0.2	-0.3	1.2
Financial income	2.4	5.9	-0.8	2.0	3.9	11.0
Financial expenses	-15.8	-20.7	-11.9	-17.1	-14.2	-64.0
Result before taxes	148.7	-54.5	29.5	-251.0	-33.5	-309.5
Income taxes	-22.4	3.2	-6.1	-10.3	2.3	-10.8
RESULT FOR THE PERIOD	126.3	-51.3	23.4	-261.3	-31.2	-320.3
Result attributable to:						
Equity holders of the Parent Company	126.4	-38.6	22.0	-258.7	-32.6	-307.9
Non-controlling interests	-0.1	-12.7	1.4	-2.5	1.4	-12.4
Earnings per share for result attributable to the equity holders of the Parent Company:						
Earnings per share, EUR	0.77	-0.24	0.14	-1.59	-0.20	-1.89
Diluted earnings per share, EUR	0.77	-0.24	0.14	-1.59	-0.20	-1.89

Net sales by strategic business unit

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013	Restated 1–12/ 2013
MEDIA NETHERLANDS						
Digital	**64.0**	**61.6**	**76.5**	**64.8**	**88.2**	**291.0**
Online & mobile	18.7	17.4	17.7	17.4	24.3	76.9
TV	45.3	44.2	58.8	47.3	63.8	214.1
Print	**79.1**	**88.5**	**96.1**	**90.5**	**94.8**	**369.9**
Magazines	79.1	88.5	96.1	90.5	94.8	369.9
Other	**2.8**	**2.1**	**7.0**	**4.7**	**11.1**	**24.8**
Total	**146.0**	**152.2**	**179.6**	**160.0**	**194.1**	**685.8**
MEDIA FINLAND						
Digital	**48.6**	**42.2**	**51.7**	**37.5**	**54.5**	**185.9**
Online & Mobile	21.3	16.7	20.5	15.8	21.7	74.7
TV & Radio	27.3	25.5	31.2	21.7	32.8	111.2
Print	**108.8**	**124.2**	**117.7**	**118.9**	**123.1**	**483.8**
Magazines	34.0	39.6	37.6	41.5	42.2	160.9
News	75.3	85.0	80.8	77.9	81.5	325.2
Eliminations	-0.5	-0.5	-0.7	-0.5	-0.6	-2.2
Other	**1.6**	**1.8**	**1.3**	**1.1**	**1.4**	**5.6**
Total	**159.0**	**168.2**	**170.7**	**157.5**	**179.0**	**675.4**
LEARNING						
Netherlands	24.5	26.3	36.5	25.0	7.4	95.3
Poland	5.2	6.2	18.1	46.7	12.8	83.8
Finland	4.8	5.3	28.7	13.9	5.6	53.5
Belgium	1.9	1.8	11.2	17.1	3.6	33.8
Sweden	4.9	5.2	7.8	11.9	4.4	29.3
Other companies and eliminations	-0.1	0.9	1.2	8.3	-1.5	8.9
TOTAL	**41.2**	**45.7**	**103.5**	**123.0**	**32.4**	**304.6**
OTHER AND ELIMINATIONS						
Belgium	39.7	42.5	41.6	40.3	47.8	172.3
Russia & CEE	22.0	26.5	28.8	26.3	30.2	111.8
Other operations	45.5	52.5	52.4	49.0	51.0	204.8
Eliminations	-15.1	-17.0	-18.4	-18.7	-17.0	-71.1
Total	**92.1**	**104.5**	**104.4**	**96.8**	**112.0**	**417.8**
TOTAL	**438.3**	**470.6**	**558.2**	**537.3**	**517.5**	**2,083.5**

Operating profit by strategic business unit

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013	Restated 1–12/ 2013
Media Netherlands	**8.0**	-35.6	17.6	-275.3	21.4	-271.9
Media Finland	**133.1**	5.1	4.3	10.2	5.0	24.6
Learning	**-7.0**	-4.4	35.9	25.1	-35.9	20.6
Other companies and eliminations	**28.0**	-4.8	-16.9	4.0	-13.2	-31.0
Total	**162.1**	-39.8	40.8	-236.0	-22.8	-257.7

Operating profit excluding non-recurring items by strategic business unit

EUR million	1–3/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013	Restated 1–12/ 2013
Media Netherlands	**8.5**	0.6	25.0	21.7	25.9	73.2
Media Finland	**0.4**	5.5	8.4	11.4	5.4	30.7
Learning	**-7.0**	-4.4	35.9	49.6	-24.8	56.2
Other companies and eliminations	**-5.9**	-4.3	-1.2	-5.8	5.8	-5.5
Total	**-4.0**	-2.5	68.1	76.9	12.3	154.6

Segment information

Starting from 1 January 2014, the Group consists of two segments: Consumer Media and Learning. The segmentation is based on business model and product differences. Consumer Media is responsible for magazines and TV operations as well as newspapers. The segment also has a great variety of online and mobile services. Learning's business is mainly B2B business. In addition to the Group eliminations, column unallocated/eliminations includes non-core operations, head office functions and real estate companies, as well as items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables and deferred tax receivables. Transactions between segments are based on market prices.

Sanoma segments 1.1.–31.3.2014

EUR million	Consumer Media	Learning	Other companies/ eliminations	Total
External net sales	304.9	41.2	92.2	438.3
Internal net sales	0.1	0.0	-0.1	
Net sales, total	305.0	41.2	92.1	438.3
Operating profit	141.1	-7.0	28.0	162.1
Operating profit excl. NRI	8.9	-7.0	-5.9	-4.0
Share of results in associated companies	0.1	0.0		0.0
Financial income			2.4	2.4
Financial expenses			-15.8	-15.8
Result before taxes				148.7
Segment assets	2,116.4	478.2	407.3	3,001.9

Sanoma segments 1.1.–31.3.2013 (Restated)

EUR million	Consumer Media	Learning	Other companies/ eliminations	Total
External net sales	320.3	45.7	104.6	470.6
Internal net sales	0.1	0.0	-0.1	
Net sales, total	320.4	45.7	104.5	470.6
Operating profit	-30.6	-4.4	-4.8	-39.8
Operating profit excl. NRI	6.1	-4.4	-4.3	-2.5
Share of results in associated companies	0.1	0.0		0.0
Financial income			5.9	5.9
Financial expenses			-20.7	-20.7
Result before taxes				-54.5
Segment assets	2,542.3	508.4	532.9	3,583.6

Changes in property plant and equipment

EUR million	31.3.2014	Restated 31.3.2013	Restated 31.12.2013
Carrying amount at the beginning of the period	**149.0**	280.1	280.1
Increases	**3.3**	5.2	31.1
Acquisition of operations		0.2	0.2
Decreases	**-2.0**	-3.7	-6.1
Disposal of operations	**-2.3**		-20.2
Depreciation for the period	**-7.0**	-8.9	-34.6
Impairment losses for the period	**0.0**	-0.2	-7.4
Transfer to assets classified as held for sale			-91.2
Exchange rate differences and other changes	**-0.3**	-0.5	-2.9
Carrying amount at the end of the period	**140.7**	272.1	149.0

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 192.9 million (2013: 223.2).

Effect of acquisitions on the consolidated balance sheet

EUR million	1–3/ 2014	1–12/ 2013
Acquisition costs	**0.0**	10.0
Fair value of acquired net assets	**0.0**	4.0
Goodwill	**0.0**	6.0

Contingent liabilities

EUR million	31.3.2014	Restated 31.3.2013	Restated 31.12.2013
Contingencies for own commitments			
Mortgages	**11.7**	8.3	11.7
Pledges	**2.4**	2.4	2.4
Other items	**46.0**	45.6	45.9
Total	**60.1**	56.2	59.9
Other contingencies			
Operating lease liabilities	**388.3**	199.1	278.0
Royalties	**12.1**	14.3	10.0
Other items	**46.5**	49.6	54.4
Total	**446.9**	263.0	342.4
Total	**507.0**	319.2	402.4

Interest on hybrid bond
On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. On 31 March 2014, the unpaid interest on the bond was EUR 2.2 million.

Derivative instruments

EUR million	31.3.2014	31.3.2013	31.12.2013
Fair values			
Interest rate derivatives			
Interest rate swaps	**-4.4**	-13.5	-5.9
Currency derivatives			
Forward contracts	**-2.8**	1.1	-3.5
Nominal values			
Interest rate derivatives			
Interest rate swaps	**640.0**	740.0	540.0
Currency derivatives			
Forward contracts	**133.8**	89.6	128.4

The fair value of the foreign currency forward contracts is determined using forward exchange market rates on 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

	1–3/2014	1–3/2013	1–12/2013
Average rate			
EUR/CZK (Czech Koruna)	27.51	25.66	25.96
EUR/HUF (Hungarian Forint)	307.52	303.01	296.65
EUR/PLN (Polish Zloty)	4.18	4.16	4.19
EUR/RUB (Russian Rouble)	48.01	39.93	42.32
EUR/SEK (Swedish Crown)	8.85	8.35	8.65
EUR/USD (US Dollar)	1.37	1.30	1.33
Closing rate	**31.3.2014**	**31.3.2013**	**31.12.2013**
EUR/CZK (Czech Koruna)	27.45	25.74	27.43
EUR/HUF (Hungarian Forint)	307.02	304.42	297.04
EUR/PLN (Polish Zloty)	4.17	4.18	4.15
EUR/RUB (Russian Rouble)	48.58	39.76	45.32
EUR/SEK (Swedish Crown)	8.95	8.36	8.86
EUR/USD (US Dollar)	1.38	1.28	1.38

January-March 2014 Interim Report webcast

The event for analysts and investors will be held in English by President and CEO Harri-Pekka Kaukonen and CFO Kim Ignatius at 11:00 Finnish time (9:00 UK time) at Nelonen studio, 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 2313 9201 / Netherlands: +31 (0)20 7965 008 / UK: +44 (0)20 7162 0077 / US: +1 334 323 6201
Conference id: 943083

Financial reporting 2014

Sanoma will publish its Interim Reports in 2014 on a quarterly basis:

- Interim Report January-June on 25 July 2014, at approx. 8:30 a.m.
- Interim Report January-September on 29 October 2014, at approx. 8:30. a.m.

Additional information

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Sanoma is a front running consumer media and learning company in Europe. In Finland and The Netherlands we are the market leading media company with a broad presence across multiple platforms. Our main markets in learning are Belgium, Finland, The Netherlands, Poland and Sweden. In 2013, Sanoma's net sales totalled EUR 2.1 billion. Sanoma is listed on the NASDAQ OMX Helsinki stock exchange.