2014

Q3 Interim Report

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Sanoma's Interim Report 1 January – 30 September 2014:

Good quarter in Finland and Learning

Sanoma Corporation, Stock Exchange Release, 29 October 2014 at 8:30 CET+1

Third quarter

— Net sales amounted to EUR 477.8 million (2013: 537.3).
— Adjusted for changes in the Group structure, Sanoma's net sales decreased by 3.3%.
— Operating profit excluding non-recurring items was EUR 62.1 million (2013: 76.9).
— Non-recurring items included in the operating profit amounted to EUR 15.5 million (2013: -312.9), mainly related to sales gains, restructuring expenses, impairments as well as an IFRS-pensions curtailment effect.
— Earnings per share were EUR 0.34 (2013: -1.59).
— Earnings per share excluding non-recurring items were EUR 0.24 (2013: 0.27).
— Cash flow from operations was EUR 89.9 million (2013: 111.3).

First nine months

— Net sales amounted to EUR 1,449.1 million (2013: 1,566.1).
— Adjusted for changes in the Group structure, Sanoma's net sales decreased by 3.4%.
— Operating profit excluding non-recurring items was EUR 124.4 million (2013: 142.4).
— Non-recurring items included in the operating profit amounted to EUR 118.5 million (2013: -377.3), mainly related to sales gains, restructuring expenses as well as a capital loss and a write-down related to the sale of Belgian TV operations.
— Earnings per share were EUR 0.97 (2013: -1.69).
— Earnings per share excluding non-recurring items were EUR 0.38 (2013: 0.43).
— Cash flow from operations was EUR 23.6 million (2013: 45.3).

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 results in joint ventures is presented as part of the operating profit, and on 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; the 2013 operating profit excluding non-recurring items decreased by EUR 0.2 million. The 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. The transition from the proportional consolidation method to the equity method also impacts the cash flow statement.

As of 1 January 2014, Sanoma consists of two segments: Consumer Media and Learning. Sanoma reports net sales and profitability for three strategic business units: Media Netherlands, Media Finland and Learning. Media Belgium and Media Russia & CEE are reported in the category 'Other'. Sanoma's financial reporting for 2013 has been adjusted to account for the changes.

Correction to Sanoma's 2013 earnings per share excluding non-recurring items

Sanoma corrects earnings per share excluding non-recurring items reported for 2013. The correction relates to certain non-recurring items included in the line item 'non-controlling interests' in 2013. The correction has no impact on the reported earnings per share.

Earnings per share excluding non-recurring items in 2013:

- 1–3/2013: -0.10 (previously reported -0.03)
- 1–6/2013: 0.16 (previously reported 0.23)
- 1–9/2013: 0.43 (previously reported 0.53)
- 1–12/2013: 0.44 (previously reported 0.54)

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

EUR million	7–9/ 2014	Restated 7–9/ 2013	Change %	1–9/ 2014	Restated 1–9/ 2013	Change %	Restated 1–12/ 2013
Net sales	**477.8**	537.3	-11.1	**1,449.1**	1,566.1	-7.5	2,083.5
Operating profit excluding non-recurring items	**62.1**	76.9	-19.2	**124.4**	142.4	-12.6	154.6
% of net sales	**13.0**	14.3		**8.6**	9.1		7.4
Operating profit	**77.6**	-236.0		**242.9**	-234.9		-257.7
Result for the period	**57.0**	-261.3		**165.7**	-289.2		-320.3
Capital expenditure **	**9.1**	14.0	-34.8	**32.0**	46.8	-31.5	65.6
% of net sales	**1.9**	2.6		**2.2**	3.0		3.1
Return on equity (ROE), % ***				**11.0**	n/a		-24.2
Return on investment (ROI), % ***				**9.7**	n/a		-9.2
Equity ratio, %				**41.9**	33.9		37.2
Net gearing, %				**65.4**	115.2		95.7
Number of employees at the end of the period (FTE)				**7,731**	9,284	-16.7	9,035
Average number of employees (FTE)				**8,452**	9,605	-12.0	9,446
Earnings/share, EUR	**0.34**	-1.59		**0.97**	-1.69		-1.89
Cash flow from operations/share, EUR	**0.55**	0.68	-19.2	**0.14**	0.28	-48.0	0.73
Equity/share, EUR				**5.92**	5.04	17.6	5.42

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

Harri-Pekka Kaukonen, President and CEO

"The third quarter was again a step in the right direction in implementing our transformation strategy. Our new media sales grew by 7%. Already 40% of our consumer media sales in the Netherlands and Finland have been generated from new media products and services during the last 12 months.

Our Finnish consumer media operations had good performance in the underlying business. The favourable development is mainly attributable to robust growth in digital sales and cost savings. TV and radio businesses have developed particularly well. However, the profitability level of Finnish consumer media business is still too low. We are continuing to improve its profitability by increasing operative efficiency.

In the Netherlands, our strategy is moving ahead. The divestments of non-focus magazine titles enable us to develop our domain strategy further. Overall profitability in the Netherlands in the third quarter was below last year's level due to investments in the digital business, a lower result in the print business and higher costs in TV programmes. Currently it seems that the fourth quarter will be challenging for the Dutch TV advertising market.

The learning business showed solid organic performance again. We have continuously and successfully introduced new digital tools and services to cater to the needs of teachers and pupils. Market conditions in all operating countries except Poland remained stable. In Poland, the new legislation is expected to have a material negative impact on the educational textbook market in the coming years. We estimate that the negative impact will be partly compensated for by new products and services as well as cost savings across the segment.

We are particularly happy with the development of the Group-wide cost savings programme, which is proceeding well. The annual run-rate was above EUR 60 million at the end of September. In addition, our balance sheet has strengthened significantly compared to the previous year. We are on the right track in our strategy and will speed up the pace in the coming quarters."

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 be realised by the end of 2016.

The programme is proceeding according to plan. Related to the programme, around EUR 56 million of non-recurring restructuring expenses had been recognised by the end of September 2014, of which some EUR 5 million was recognised in the third quarter. Savings in the third quarter were around EUR 14 million. The annual run-rate for gross savings at the end of September is around EUR 61 million.

Net sales

Third quarter

In July–September, Sanoma's net sales decreased by 11.1% and amounted to EUR 477.8 million (2013: 537.3). Higher online and mobile as well as TV and radio sales did not offset the decline in print sales. Divestments of non-core operations had a major impact on net sales. The closing of magazine titles in the Netherlands and Finland also had a negative impact on net sales. Adjusted for changes in the Group structure, net sales decreased by 3.3%.

New media sales grew by 6.7% to EUR 115.3 million (2013: 108.0).

Advertising sales decreased by 7.5% to EUR 137.3 million (2013: 148.5). Circulation sales decreased by 12.1% to EUR 165.6 million (2013: 188.5). Learning's net sales decreased by 8.2% to EUR 113.0 million (2013: 123.0). Other sales decreased by 20.0% to EUR 61.9 million (2013: 77.4). All categories were negatively impacted by multiple divestments of non-core operations.

First nine months

In January–September, Sanoma's net sales decreased by 7.5% and amounted to EUR 1,449.1 million (2013: 1,566.1). Divestments as well as print circulation and print advertising led to a decline in net sales, whereas online and mobile as well as TV and radio showed good growth. Adjusted for changes in the Group structure, net sales decreased by 3.4%.

New media sales grew by 7.3% to EUR 377.9 million (2013: 352.2).

Advertising sales decreased by 4.9% to EUR 472.8 million (2013: 497.0). Circulation sales decreased by 7.2% to EUR 516.0 million (2013: 556.2). Learning's net sales decreased by 4.1% to EUR 261.1 million (2013: 272.2) and other sales by 17.2% to EUR 199.3 million (2013: 240.7). All categories were negatively impacted by multiple divestments of non-core operations.

Group's net sales by country, %

	7–9/2014	Restated 7–9/2013	1–9/2014	Restated 1–9/2013	Restated 1–12/2013
Netherlands	**38.4**	36.4	**41.0**	39.0	39.5
Finland	**34.4**	35.4	**37.6**	38.6	38.9
Other	**27.1**	28.2	**21.3**	22.4	21.6
Total Group	**100.0**	100.0	**100.0**	100.0	100.0

Group's net sales by type of sales, %

	7–9/2014	Restated 7–9/2013	1–9/2014	Restated 1–9/2013	Restated 1–12/2013
Advertising	**28.7**	27.6	**32.6**	31.7	33.7
Subscription	**22.4**	21.7	**22.9**	22.0	22.2
Single copy	**12.2**	13.4	**12.8**	13.5	13.5
Learning	**23.6**	22.9	**18.0**	17.4	14.6
Other	**13.0**	14.4	**13.8**	15.4	16.0
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

Third quarter

In July–September, Sanoma's operating profit excluding non-recurring items totalled EUR 62.1 million (2013: 76.9). Weaker print advertising and circulation sales were partly offset by cost efficiencies. Multiple divestments of non-core operations also decreased absolute profitability.

The operating profit margin excluding non-recurring items was 13.0% (2013: 14.3%) of net sales.

In the third quarter, the Group's total expenses, excluding non-recurring items, decreased by 11.7%. The cost of sales decreased by 15.8% and fixed costs by 8.6%. Paper costs decreased by 19.5%, transport and distribution service by 15.5% and employee benefit expenses by 11.1%.

In July–September, operating profit included EUR 15.5 million (2013: -312.9) of non-recurring items mainly related to sales gains, restructuring expenses, impairments as well as an IFRS-pensions curtailment effect.

Sanoma's net financial items totalled EUR -7.3 million (2013: -15.1). The result before taxes amounted to EUR 70.3 million (2013: -251.0) in the third quarter. Earnings per share were EUR 0.34 (2013: -1.59). Earnings per share excluding non-recurring items were EUR 0.24 (2013: 0.27).

First nine months

Sanoma's operating profit excluding non-recurring items in January-September totalled EUR 124.4 million (2013: 142.4). Weaker print advertising and circulation sales were partly offset by cost efficiencies. Multiple divestments of non-core operations also decreased absolute profitability.

The operating profit excluding non-recurring items amounted to 8.6% (2013: 9.1%) of net sales.

Sanoma's net financial items totalled EUR -30.8 million (2013: -42.7). Result before taxes amounted to EUR 212.3 million (2013:-276.0). Earnings per share were EUR 0.97 (2013: EUR -1.69). Earnings per share excluding non-recurring items were EUR 0.38 (2013: 0.43).

Balance sheet and financial position

At the end of September 2014, Sanoma's consolidated balance sheet totalled EUR 3,171.0 million (2013: 3,459.0). The decrease is mainly due to the sale and leaseback of Sanoma House as well as divestments. In January–September, the Group's cash flow from operations amounted to EUR 23.6 million (2013: 45.3). Cash flow from operations per share was EUR 0.14 (2013: 0.28).

Sanoma's equity ratio was 41.9% (2013: 33.9%) at the end of September. The return on equity (ROE) was 11.0% and the return on investment (ROI) was 9.7%. Equity totalled EUR 1,262.6 million (2013: 1,113.9). Equity per share was EUR 5.92 (2013: 5.04). Interest-bearing liabilities decreased to EUR 937.1 million (2013: 1,439.3) following the sale and leaseback of Sanoma House and Sanomala, as well as divestments. Interest-bearing net debt was EUR 825.2 million (2013: 1,282.7).

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 July–September 2014, investments in tangible and intangible assets, including finance leases, amounted to EUR 9.1 million (2013: 14.0). Investments were mainly related to digital business and ICT systems.

In April 2013, Sanoma announced a divestment of Netinfo assets in Bulgaria. As a result of the transaction, Sanoma recognised a capital gain of EUR 9.0 million in the third quarter of 2013.

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 a capital loss of EUR 1.1 million in the first quarter of 2014.

In August 2013, Sanoma announced the divestment of Sanoma Bliasak Bulgaria. As a result of the transaction, Sanoma recognised a capital loss of EUR 0.5 million in 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, Sanoma recognised a capital loss of EUR -35.3 million in 2013 and an adjustment to a capital loss of EUR 8.6 million in the third quarter of 2014.

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. As a result of the transaction, Sanoma recognised a capital gain of EUR 1.0 million.

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, Sanoma recognised a non-recurring impairment of EUR 5.6 million in the fourth quarter of 2013 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 23.6 million.

In March 2014, Sanoma sold Sanoma House through 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 the Belgian school and teacher management software company Pronoia.

In March 2014, Sanoma Pro, the Finnish learning business, sold its B2B operations (digital and training services and business books). As a result of the transaction, Sanoma recognised a capital gain of EUR 0.6 million in the second quarter.

In April 2014, Sanoma announced the divestment of majority ownership in Sanoma Lehtimedia (a 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 transfer fully to the ownership of Länsi-Savo in five years.

In April 2014, Sanoma announced the divestment of its Hungarian media operations. As a result of the transaction, Sanoma recognised a capital gain of EUR 1.6 million in the third quarter.

In June 2014, Sanoma sold Wees Wegwijs, a small part of Sanoma's Belgian learning business. As a result of the transaction, Sanoma recognised a capital loss of EUR 1.5 million.

In June and July 2014, Sanoma announced the divestments of 22 of its Dutch magazine titles. As a result of the two transactions, Sanoma booked in total a capital gain of EUR 10.3 million in the third quarter.

In June 2014, Sanoma announced the divestment of its stake in De Vijver Media (SBS Belgium). As part of the arrangement, Sanoma increased its ownership of HUMO NV from 33% to 100% with immediate effect. As a result of the transaction, Sanoma recognised a write-down of EUR 26.0 million to reflect the sales price of Belgian TV operations. In addition, Sanoma recognised a capital loss of EUR 8.0 million related to Sanoma's share of HUMO owned by De Vijver Media. The sale of De Vijver Media is expected to be closed during the first quarter of 2015.

In June 2014, Sanoma announced the divestment of four of its Finnish magazine titles. As a result of the transaction, Sanoma recognised a capital gain of EUR 3.1 million in the third quarter.

Non-recurring items

EUR million	7–9/ 2014	Restated 7–9/ 2013	1–9/ 2014	Restated 1–9/ 2013	Restated 1–12/ 2013
Media Netherlands					
Impairment of goodwill and intangible assets	**-4.9**	-294.6	**-4.9**	-335.8	-335.8
Impairment of equity-accounted investees	**-0.8**		**-0.8**		
Gain on sale (22 magazines)	**10.3**		**10.3**		
IFRS-pensions curtailment effect	**6.4**		**6.4**		
Restructuring expenses	**-3.4**	-2.3	**-7.5**	-4.8	-9.3
Media Finland					
Gain on sale (Sanomala) *			**37.9**		
Gain on sale (Sanoma House)			**110.5**		
Gain on sale (4 magazines)	**3.1**		**3.1**		
Compensation related to an ICT system	**-0.1**		**-0.9**		3.2
Restructuring expenses	**-0.4**	-1.1	**-5.5**	-5.7	-9.4
Learning					
Change in contingent consideration (Netherlands)					1.1
Tax claim (Poland)					-1.5
Loss on sale (Belgium)			**-1.5**		
Result on sale (Hungary)	**8.6**	-24.5	**8.6**	-24.5	-35.3
Other companies					
Gain on sale (Bulgaria)		9.0		9.0	9.0
Gain on sale (Serbia)					0.4
Loss on sale (Romania)			**-1.1**		
Gain on sale (Czech Republic)	**-0.2**		**1.0**		
Gain on sale (Hungary)	**1.6**		**1.6**		
Loss on sale of joint venture (Bulgaria)			**-0.5**		
Impairment of goodwill and intangible assets		-6.3		-7.9	-7.9
Write-down to reflect the sales price (De Vijver Media) **			**-34.0**		
Impairment of equity-accounted investees	**-2.2**	-0.6	**-2.2**	-7.9	-9.8
Impairment (Koivuvaara)					-5.6
Gain on sale (building area in Koivuvaara)		0.3		1.8	1.7
Loss on sale (Printcenter and other operations)		-0.3		-2.2	-2.4
Gain on sale (Press distribution in Finland)			**23.6**		
Gain on sale (Bulevardi 12 and 14)		10.7		10.7	10.7
Gain on sale (Uudenmaankatu)		2.3		2.3	2.3
Restructuring expenses	**-2.4**	-5.6	**-25.6**	-12.5	-21.5
Other impairments					-2.5
NON-RECURRING ITEMS IN OPERATING PROFIT	**15.5**	-312.9	**118.5**	-377.3	-412.4
Other companies					
Gain on sale (Helsinki Halli)				1.3	1.3
NON-RECURRING ITEMS IN RESULTS OF ASSOCIATED COMPANIES				1.3	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.
** Is included in the income statement on line share of results in joint ventures.

Consumer Media

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

Consumer Media sales by type of sales, %

	7–9/2014	Restated 7–9/2013	1–9/2014	Restated 1–9/2013	Restated 1–12/2013
Advertising	**42.7**	40.8	**44.9**	44.0	45.0
Subscription	**33.0**	33.7	**31.9**	31.9	31.1
Single copy	**12.6**	13.9	**12.1**	13.0	12.4
Other	**11.7**	11.6	**11.0**	11.1	11.4
Total Consumer Media	**100.0**	100.0	**100.0**	100.0	100.0

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

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

	7–9/2014 vs. 7–9/2013			1–9/2014 vs. 1–9/2013		
	Subscription	Single copy	**Total circulation**	Subscription	Single copy	**Total circulation**
Media Netherlands	-11	-21	**-15**	-8	-12	**-10**
Media Finland	-8	-9	**-8**	-2	-9	**-3**
of which Magazines incl. online	-22	-15	**-22**	-11	-22	**-12**
of which Newspapers incl. online	0	-9	**-3**	-2	-8	**-4**
of which Pay-TV & Pay-VOD	+95	n.m.	**+98**	+157	n.m.	**+165**
Total Consumer Media	**-9**	**-16**	**-11**	**-4**	**-11**	**-6**

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

	7–9/2014 vs. 7–9/2013				1–9/2014 vs. 1–9/2013			
	Print	Online & Mobile	TV & Radio	**Total advertising**	Print	Online & Mobile	TV & Radio	**Total advertising**
Media Netherlands	-22	-2	0	**-4**	-19	+6	+3	**-4**
Media Finland	-14	+14	+12	**-2**	-14	+14	0	**-5**
Total Consumer Media	**-16**	**+4**	**+4**	**-3**	**-16**	**+9**	**+2**	**-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.

- The sale of 23 magazine titles was the main negative driver for declining print sales. Total net sales of sold titles amounted to around EUR 50 million in 2013.
- TV viewing share in the first nine months was lower than in the comparable period due to the Winter Olympics and the FIFA World Cup. Viewing share increased during the third quarter after the World Cup.
- Operating profit excluding non-recurring items declined in the third quarter, due to investments in digital and lower results in the print and TV businesses.

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

EUR million	7–9/ 2014	Restated 7–9/ 2013	Change %	1–9/ 2014	Restated 1–9/ 2013	Change %	Restated 1–12/ 2013
Net sales	**146.6**	160.0	-8.4	**472.6**	491.7	-3.9	685.8
Digital	**64.6**	64.8	-0.2	**211.1**	202.9	4.1	291.0
Online & mobile	**17.1**	17.4	-1.9	**55.7**	52.6	5.9	76.9
TV	**47.5**	47.3	0.4	**155.4**	150.2	3.4	214.1
Print	**76.2**	90.5	-15.8	**244.4**	275.1	-11.2	369.9
Magazines	**76.2**	90.5	-15.8	**244.4**	275.1	-11.2	369.9
Other	**5.8**	4.7	24.1	**17.1**	13.7	24.6	24.8
Operating profit excluding non-recurring items *	**10.8**	21.7	-50.4	**40.6**	47.2	-14.0	73.2
% of net sales	**7.3**	13.5		**8.6**	9.6		10.7
Operating profit	**18.2**	-275.3		**43.9**	-293.3		-271.9
Capital expenditure	**1.3**	3.0	-54.8	**3.5**	9.2	-62.0	11.2
Number of employees at the end of the period (FTE)				**1,891**	2,209	-14.4	2,181
Average number of employees (FTE)				**2,035**	2,233	-8.9	2,222

* Non-recurring items are presented in a separate table on page 10.

Operational indicators

	1–9/ 2014	1–9/ 2013
Magazines		
Number of magazines published (at the end of September)	**38**	63
Magazine copies sold, thousands	**77,740**	94,071
Advertising pages sold	**7,541**	7,810
Dutch TV operations		
TV channels' share of TV advertising	**24.2%**	24.9%
TV channels' national viewing share (20-54 years)	**19.8%**	20.6%

Third quarter

In July–September, net sales in Media Netherlands decreased by 8.4% to EUR 146.6 million (2013: 160.0). Adjusted for structural changes, net sales decreased by 3.7%.

New media sales grew by 1.4% to EUR 70.4 million (2013: 69.4).

Advertising sales decreased by 4.1% mainly due to weak print advertising markets. Advertising sales represented 44.1% (2013: 42.2%) of net sales. Circulation sales decreased by 14.9% and represented 41.5% (2013: 44.7%) of net sales. The closing of magazine titles had a major negative impact on net sales.

Sanoma estimates that the advertising market in the Netherlands increased on a net basis in TV by 2% and in online excluding search by 11%, and decreased in consumer magazines by 11% in July–September.

Operating profit excluding non-recurring items in Media Netherlands in July–September decreased to EUR 10.8 million (2013: 21.7), mainly due to investments in digital as well as a lower result in the print business and higher TV programme costs.

Non-recurring items included in the operating profit totalled EUR 7.5 million (2013: -296.9) and were related to the divestments of non-focus titles, impairments, restructuring expenses and an IFRS-pensions curtailment effect. 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 1.3 million (2013: 3.0) in July–September 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.

— Digital transformation continued on a growth path, driven by strong development especially in TV and radio. Newspapers' online & mobile sales showed robust growth as well.
— Print advertising remained weak and cautious consumer spending is visible in circulation.
— Cost savings compensated for the decline in net sales, but the rents of sale and leaseback arrangements lowered the reported profitability.
— In June, Sanoma announced the sale of four magazine titles to Fokus Media, and the divestment was closed on 1 September 2014. Net sales of the sold titles amounted to around EUR 6 million in 2013.

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

EUR million	7–9/ 2014	Restated 7–9/ 2013	Change %	1–9/ 2014	Restated 1–9/ 2013	Change %	Restated 1–12/ 2013
Net sales	**148.0**	157.5	-6.0	**471.6**	496.4	-5.0	675.4
Digital	**43.5**	37.5	15.8	**145.4**	131.4	10.7	185.9
Online & Mobile	**18.3**	15.8	15.9	**61.7**	53.0	16.3	74.7
TV & Radio	**25.1**	21.7	15.8	**83.8**	78.4	6.9	111.2
Print	**103.1**	118.9	-13.2	**321.9**	360.7	-10.8	483.8
Magazines	**31.8**	41.5	-23.4	**99.4**	118.7	-16.2	160.9
News	**71.8**	77.9	-7.9	**224.0**	243.7	-8.1	325.2
Eliminations	**-0.4**	-0.5		**-1.6**	-1.6		-2.2
Other	**1.4**	1.1	29.3	**4.3**	4.2	2.8	5.6
Operating profit excluding non-recurring items *	**9.9**	11.4	-12.4	**17.9**	25.3	-29.4	30.7
% of net sales	**6.7**	7.2		**3.8**	5.1		4.5
Operating profit	**12.5**	10.2	22.7	**150.4**	19.6	667.3	24.6
Capital expenditure	**2.7**	5.5	-49.9	**10.9**	15.6	-30.2	22.5
Number of employees at the end of the period (FTE)				**2,539**	2,752	-7.8	2,759
Average number of employees (FTE)				**2,708**	2,890	-6.3	2,860

* Non-recurring items are presented in a separate table on page 10.

Operational indicators

	1–9/ 2014	1–9/ 2013
Magazines		
Number of magazines published (at the end of September)	**26**	34
Magazine copies sold, thousands	**21,030**	29,014
Advertising pages sold	**3,974**	4,459
Finnish TV operations		
TV channels' share of TV advertising	**32.9%**	30.8%
TV channels' national commercial viewing share (10-44 years)	**33.0%**	31.5%
TV channels' national viewing share (10+ years)	**15.0%**	15.3%

Third quarter

In July–September, net sales in Media Finland decreased by 6.0% to EUR 148.0 million (2013: 157.5). Adjusted for structural changes, net sales decreased by 5.5%.

New media sales grew by 16.2% to EUR 44.9 million (2013: 38.6), driven by TV and radio. Newspapers' online & mobile sales showed robust growth as well.

Advertising sales for Media Finland decreased by 1.7% as a combination of strong digital advertising and a weak print advertising market, and represented 41.3% (2013: 39.4%) of net sales. Circulation sales decreased by 7.9% as the decline in print was not offset by higher Pay-TV and online-TV sales. Circulation sales represented 49.6% (2013: 50.6%) of net sales. The closing of magazine titles had a negative impact on net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis in magazines by 18%, in newspapers by 12%, whereas advertising in TV increased by 3%, on radio by 8% and online excluding search by 18% in the third quarter.

Operating profit excluding non-recurring items in Media Finland in July–September decreased to EUR 9.9 million (2013: 11.4). Lower net sales were offset by cost savings, but increased rents due to sale and leaseback arrangements decreased operating profit. In the previous year operating profit also included positive one-offs related to magazine media operations.

Non-recurring items included in the operating profit totalled EUR 2.6 million (2013: -1.1) consisting mainly of a sales gain related to the sale of four magazine titles.

Media Finland's investments in tangible and intangible assets totalled EUR 2.7 million (2013: 5.5) in July–September and consisted mainly of investments related to ICT and maintenance capital expenditure.

Learning

Learning is a leading European provider of learning materials and solutions in print and digital format.

- Net sales increased when adjusted for divestments.
- Learning operations in Hungary were sold on 8 October 2013. The divestment was related to a long period of adverse conditions in the Hungarian education market. In 2013, net sales in Hungary were EUR 13 million. Most of these net sales and all of the operating profit were generated during the third quarter of 2013.
- New legislation in Poland is expected to have a material negative impact on the educational textbook market in the coming years. Sanoma estimates that the negative impact will be partly compensated for by new products and services as well as cost savings across the segment.

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

EUR million	7–9/ 2014	7–9/ 2013	Change %	1–9/ 2014	1–9/ 2013	Change %	1–12/ 2013
Net sales	**113.0**	123.0	-8.1	**261.1**	272.2	-4.1	304.6
Netherlands	**24.6**	25.0	-1.8	**89.8**	87.9	2.1	95.3
Poland	**51.1**	46.7	9.4	**74.2**	70.9	4.6	83.8
Finland	**10.6**	13.9	-24.4	**44.2**	47.9	-7.8	53.5
Belgium	**16.7**	17.1	-2.4	**32.1**	30.1	6.7	33.8
Sweden	**10.7**	11.9	-9.6	**22.2**	24.9	-11.1	29.3
Other companies and eliminations	**-0.7**	8.3		**-1.4**	10.4		8.9
Operating profit excluding non-recurring items *	**44.4**	49.6	-10.6	**78.6**	81.1	-3.1	56.2
% of net sales	**39.3**	40.3		**30.1**	29.8		18.5
Operating profit	**52.9**	25.1	110.9	**85.6**	56.6	51.4	20.6
Capital expenditure	**3.4**	3.7	-6.4	**10.9**	9.7	12.7	14.3
Number of employees at the end of the period (FTE)				**1,580**	1,738	-9.1	1,564
Average number of employees (FTE)				**1,596**	1,744	-8.5	1,699

* Non-recurring items are presented in a separate table on page 10.

Third quarter

In July–September, net sales decreased by 8.1% to EUR 113.0 million (2013: 123.0) due to divestments of Hungarian operations and Finnish B2B business. Adjusted for structural changes, net sales increased by 0.6%.

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 44.4 million (2013: 49.6), negatively impacted by structural changes.

Non-recurring items included in the operating profit totalled EUR 8.6 million (2013: -24.5) consisting of an additional payment received related to the sale of Hungarian learning business. In the previous year, non-recurring items consisted of a capital loss on the sale of Hungarian business operation.

Learning's investments in tangible and intangible assets totalled EUR 3.4 million (2013: 3.7) in July–September. They were mainly related to investments in digital platforms and ICT.

The Group

Personnel

In January–September 2014, the average number of personnel (FTE) employed by the Sanoma Group was 8,452 (2013: 9,605). At the end of September, the number of Group employees (FTE) was 7,731 (2013: 9,284). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media Netherlands had 1,891 (2013: 2,209) employees at the end September and Media Finland 2,539 (2013: 2,752). Learning had 1,580 (2013: 1,738) and other operations 1,721 (2013: 2,585) employees (FTE) at the end of September 2014. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 320.5 million (2013: 342.0).

Dividend

The Annual General Meeting on 9 April 2014 decided to pay a dividend of EUR 0.10 for the year 2013 (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–September 2014, a total of 42,272,955 (2013: 39,669,079) Sanoma shares were traded on the NASDAQ OMX Helsinki and traded shares accounted for some 26% (2013: 24%) of the average number of shares. Sanoma's shares traded on the NASDAQ OMX Helsinki corresponded to around 79% (2013: 86%) of the total traded share volume on stock exchanges. During the first nine months, the volume-weighted average price of a Sanoma share on the NASDAQ OMX Helsinki was EUR 5.42, with a low of EUR 4.45 and a high of EUR 6.85. At the end of September, Sanoma's market capitalisation was EUR 0.8 billion (2013: 1.0), with Sanoma's share closing at EUR 4.99 (2013: 6.17). At the end of September, 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 September 2014, the Executive Management Group (EMG) comprises: Harri-Pekka Kaukonen (President and CEO of the Sanoma Group, chairman of the EMG), Jacqueline Cuthbert (CHRO), Arthur Hoffman (CEO, Sanoma Digital), 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 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 (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 30 September 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. This Interim Report is unaudited.

Changed accounting policies

Sanoma adopted the following new standards as of 1 January 2014: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities. According to IFRS 11 Joint Arrangements, 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	**7–9/ 2014**	**Restated 7–9/ 2013**	**1–9/ 2014**	**Restated 1–9/ 2013**	**Restated 1–12/ 2013**
NET SALES	**477.8**	537.3	**1,449.1**	1,566.1	2,083.5
Other operating income	**28.9**	19.6	**215.2**	36.6	54.9
Materials and services	**-150.9**	-179.2	**-460.9**	-524.4	-695.5
Employee benefit expenses	**-113.7**	-136.3	**-399.5**	-430.6	-577.5
Other operating expenses	**-100.4**	-96.4	**-326.5**	-312.7	-483.6
Share of results in joint ventures	**-2.0**	-0.2	**-34.9**	-5.7	-4.2
Depreciation, amortisation and impairment losses	**-62.1**	-380.9	**-199.5**	-564.3	-635.3
OPERATING PROFIT	**77.6**	-236.0	**242.9**	-234.9	-257.7
Share of results in associated companies	**-0.1**	0.2	**0.1**	1.5	1.2
Financial income	**10.2**	2.0	**15.2**	7.1	11.0
Financial expenses	**-17.5**	-17.1	**-46.0**	-49.8	-64.0
RESULT BEFORE TAXES	**70.3**	-251.0	**212.3**	-276.0	-309.5
Income taxes	**-13.3**	-10.3	**-46.6**	-13.1	-10.8
RESULT FOR THE PERIOD	**57.0**	-261.3	**165.7**	-289.2	-320.3
Result attributable to:					
Equity holders of the Parent Company	**56.0**	-258.7	**162.5**	-275.3	-307.9
Non-controlling interests	**1.0**	-2.5	**3.2**	-13.9	-12.4
Earnings per share for result attributable to the equity holders of the Parent Company:					
Earnings per share, EUR	**0.34**	-1.59	**0.97**	-1.69	-1.89
Diluted earnings per share, EUR	**0.34**	-1.59	**0.97**	-1.69	-1.89

Statement of comprehensive income

EUR million	7–9/ 2014	Restated 7–9/ 2013	1–9/ 2014	Restated 1–9/ 2013	Restated 1–12/ 2013
Result for the period	**57.0**	-261.3	**165.7**	-289.2	-320.3
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Change in translation differences	**-0.1**	0.7	**-1.6**	-13.7	-16.4
Share of other comprehensive income of equity-accounted investees	**-0.2**	-0.2	**-0.2**	-0.6	-0.3
Reclassification of foreign currency differences on loss of significant influence	**2.8**		**-0.7**		4.7
Cash flow hedges	**0.3**	1.5	**2.6**	5.8	7.4
Income tax related to cash flow hedges	**-0.1**	-0.4	**-0.5**	-1.4	-1.9
Items that will not be reclassified to profit or loss					
Defined benefit plans	**-45.9**		**-86.4**		-3.9
Income tax related to defined benefit plans	**11.1**		**20.9**		0.9
Other comprehensive income for the period, net of tax	**-32.1**	1.7	**-66.0**	-9.9	-9.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**24.9**	-259.6	**99.6**	-299.1	-329.9
Total comprehensive income attributable to:					
Equity holders of the Parent Company	**23.9**	-257.1	**96.4**	-285.3	-317.4
Non-controlling interests	**1.0**	-2.5	**3.2**	-13.9	-12.4

Consolidated balance sheet

EUR million	30.9.2014	Restated 30.9.2013	Restated 31.12.2013	Restated 1.1.2013
ASSETS				
Property, plant and equipment	**126.2**	249.7	149.0	280.1
Investment property	**12.3**	11.5	12.4	12.0
Goodwill	**1,777.5**	1,805.5	1,807.6	2,126.7
Other intangible assets	**529.5**	547.4	527.0	554.5
Equity-accounted investees	**92.1**	173.2	173.9	205.4
Available-for-sale financial assets	**4.3**	8.2	4.6	8.0
Deferred tax receivables	**65.0**	49.5	36.7	35.5
Trade and other receivables	**16.1**	21.9	25.2	15.4
NON-CURRENT ASSETS, TOTAL	**2,622.8**	2,866.8	2,736.2	3,237.8
Inventories	**51.0**	58.6	50.8	63.4
Income tax receivables	**5.1**	14.1	3.7	25.8
Trade and other receivables	**324.5**	362.6	315.6	346.5
Available-for-sale financial assets	**0.3**	0.3	0.3	0.3
Cash and cash equivalents	**112.0**	156.6	151.1	147.7
CURRENT ASSETS, TOTAL	**492.8**	592.2	521.4	583.8
Assets classified as held for sale	**55.3**		91.4	
ASSETS, TOTAL	**3,171.0**	3,459.0	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	**-0.5**	-3.6	-2.6	-8.0
Other equity	**590.7**	548.9	511.4	934.2
Hybrid bond	**99.1**		99.1	
	963.8	819.9	882.5	1,200.8
Non-controlling interests	**298.8**	293.9	296.8	302.9
EQUITY, TOTAL	**1,262.6**	1,113.9	1,179.3	1,503.7
Deferred tax liabilities	**80.5**	98.6	89.5	108.1
Pension obligations	**148.4**	56.0	63.0	50.4
Provisions	**5.6**	5.8	4.3	4.0
Financial liabilities	**465.9**	888.9	763.8	942.2
Trade and other payables	**42.1**	43.5	37.1	44.6
NON-CURRENT LIABILITIES, TOTAL	**742.6**	1,092.9	957.6	1,149.3
Provisions	**34.5**	16.9	18.7	11.9
Financial liabilities	**471.2**	550.4	516.5	436.0
Income tax liabilities	**61.5**	34.0	8.0	24.7
Trade and other payables	**587.7**	650.9	667.7	695.9
CURRENT LIABILITIES, TOTAL	**1,154.9**	1,252.2	1,210.8	1,168.6
Liabilities related to assets held for sale	**10.8**		1.3	
LIABILITIES, TOTAL	**1,908.3**	2,345.1	2,169.7	2,317.8
EQUITY AND LIABILITIES, TOTAL	**3,171.0**	3,459.0	3,349.1	3,821.5

In June 2014, Sanoma Lehtimedia, Saimaan Lehtipaino, Lehtikanta and De Vijver media were classified as assets held for sale. In 2013 the properties of Sanomala and Sanomatalo as well as the real estate company Ärrävaara were classified as assets held for sale.

Changes in consolidated equity

EUR million	Share capital	Fund for invested-unrestricted equity	Other Reserves	Other equity	Hybrid bond	Total	Non-controlling interests	Equity, total
	Equity attributable to the equity holders of the Parent Company							
Equity at 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			4.4	-289.6		-285.3	-13.9	-299.1
Share-based compensation				1.5		1.5		1.5
Dividends paid				-97.7		-97.7	-0.1	-97.8
Acquisitions and other changes in non-controlling interests				0.5		0.5	5.0	5.5
Equity at 30 September 2013	**71.3**	**203.3**	**-3.6**	**548.9**		**819.9**	**293.9**	**1,113.9**

EUR million	Share capital	Fund for invested-unrestricted equity	Other Reserves	Other equity	Hybrid bond	Total	Non-controlling interests	Equity, total
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			2.1	94.4		96.4	3.2	99.6
Share-based compensation				0.5		0.5		0.5
Dividends paid				-16.3		-16.3	-0.2	-16.4
Acquisitions and other changes in non-controlling interests				-0.1		-0.1	-1.0	-1.1
Reclassification of foreign currency differences on loss of significant influence				0.7		0.7		0.7
Equity at 30 September 2014	**71.3**	**203.3**	**-0.5**	**590.7**	**99.1**	**963.8**	**298.8**	**1,262.6**

Consolidated cash flow statement

EUR million	1–9/ 2014	Restated 1–9/ 2013	Restated 1–12/ 2013
OPERATIONS			
Result for the period	**165.7**	-289.2	-320.3
Adjustments			
Income taxes	**46.6**	13.1	10.8
Financial income and expenses	**30.8**	42.7	53.0
Share of results in associated companies and joint ventures	**34.8**	4.1	3.0
Depreciation, amortisation and impairment losses	**199.5**	564.3	635.3
Gains/losses on sales of non-current assets	**-194.3**	-23.7	10.7
Acquisitions of broadcasting rights and prepublication costs	**-159.2**	-161.1	-217.6
Other adjustments	**0.4**	1.5	1.6
Change in working capital	**-40.6**	-41.0	19.8
Interest and other financial items paid	**-43.9**	-45.4	-51.6
Taxes paid	**-16.4**	-20.0	-25.7
Cash flow from operations	**23.6**	45.3	119.1
INVESTMENTS			
Acquisition of tangible and intangible assets	**-32.9**	-48.0	-66.1
Operations acquired	**-18.4**	-9.1	-11.5
Proceeds from sale of tangible and intangible assets	**244.1**	17.1	19.0
Operations sold	**83.8**	33.4	33.2
Loans granted	**-5.8**	-9.5	-11.8
Repayments of loan receivables	**12.2**	2.2	2.4
Interest received	**1.2**	1.7	3.0
Dividends received	**14.1**	4.2	4.8
Cash flow from investments	**298.3**	-8.0	-27.1
Cash flow before financing	**321.9**	37.3	92.1
FINANCING			
Proceeds from issue of hybrid bond			99.1
Contribution by non-controlling interests		5.0	5.8
Change in loans with short maturity	**-3.1**	109.3	89.7
Drawings of other loans	**155.2**	41.8	41.7
Repayments of other loans and finance lease liabilities	**-481.7**	-90.8	-217.2
Dividends paid	**-16.4**	-97.8	-97.8
Cash flow from financing	**-346.1**	-32.5	-78.7
CHANGE IN CASH ANS CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**-24.2**	4.9	13.3
Effect of exchange rate differences on cash and cash equivalents	**-0.5**	-1.9	-2.3
Net change in cash and cash equivalents	**-24.7**	3.0	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	**40.0**	56.6	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	4–6/ 2014	7–9/ 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	533.1	**477.8**	470.6	558.2	537.3	517.5	2,083.5
Other operating income	179.0	7.3	**28.9**	9.4	7.6	19.6	18.2	54.9
Materials and services	-143.0	-167.1	**-150.9**	-162.8	-182.4	-179.2	-171.1	-695.5
Employee benefit expenses	-138.0	-147.8	**-113.7**	-146.6	-147.7	-136.3	-146.9	-577.5
Other operating expenses	-104.3	-121.7	**-100.4**	-103.2	-113.1	-96.4	-170.9	-483.6
Share of results in joint ventures	0.4	-33.3	**-2.0**	0.0	-5.5	-0.2	1.4	-4.2
Depreciation, amortisation and impairment losses	-70.2	-67.1	**-62.1**	-107.1	-76.3	-380.9	-71.0	-635.3
OPERATING PROFIT	162.1	3.2	**77.6**	-39.8	40.8	-236.0	-22.8	-257.7
Share of results in associated companies	0.0	0.2	**-0.1**	0.0	1.3	0.2	-0.3	1.2
Financial income	2.4	2.7	**10.2**	5.9	-0.8	2.0	3.9	11.0
Financial expenses	-15.8	-12.7	**-17.5**	-20.7	-11.9	-17.1	-14.2	-64.0
RESULT BEFORE TAXES	148.7	-6.6	**70.3**	-54.5	29.5	-251.0	-33.5	-309.5
Income taxes	-22.4	-11.0	**-13.3**	3.2	-6.1	-10.3	2.3	-10.8
RESULT FOR THE PERIOD	126.3	-17.6	**57.0**	-51.3	23.4	-261.3	-31.2	-320.3
Result attributable to:								
Equity holders of the Parent Company	126.4	-19.9	**56.0**	-38.6	22.0	-258.7	-32.6	-307.9
Non-controlling interests	-0.1	2.3	**1.0**	-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	-0.13	**0.34**	-0.24	0.14	-1.59	-0.20	-1.89
Diluted earnings per share, EUR	0.77	-0.13	**0.34**	-0.24	0.14	-1.59	-0.20	-1.89

Net sales by strategic business unit

EUR million	1–3/ 2014	4–6/ 2014	7–9/ 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**	**82.5**	**64.6**	**61.6**	**76.5**	**64.8**	**88.2**	**291.0**
Online & mobile	18.7	20.0	17.1	17.4	17.7	17.4	24.3	76.9
TV	45.3	62.5	47.5	44.2	58.8	47.3	63.8	214.1
Print	**79.1**	**89.1**	**76.2**	**88.5**	**96.1**	**90.5**	**94.8**	**369.9**
Magazines	79.1	89.1	76.2	88.5	96.1	90.5	94.8	369.9
Other	**2.8**	**8.5**	**5.8**	**2.1**	**7.0**	**4.7**	**11.1**	**24.8**
Total	**146.0**	**180.0**	**146.6**	**152.2**	**179.6**	**160.0**	**194.1**	**685.8**
MEDIA FINLAND								
Digital	**48.6**	**53.4**	**43.5**	**42.2**	**51.7**	**37.5**	**54.5**	**185.9**
Online & Mobile	21.3	22.1	18.3	16.7	20.5	15.8	21.7	74.7
TV & Radio	27.3	31.4	25.1	25.5	31.2	21.7	32.8	111.2
Print	**108.8**	**109.9**	**103.1**	**124.2**	**117.7**	**118.9**	**123.1**	**483.8**
Magazines	34.0	33.6	31.8	39.6	37.6	41.5	42.2	160.9
News	75.3	77.0	71.8	85.0	80.8	77.9	81.5	325.2
Eliminations	-0.5	-0.7	-0.4	-0.5	-0.7	-0.5	-0.6	-2.2
Other	**1.6**	**1.3**	**1.4**	**1.8**	**1.3**	**1.1**	**1.4**	**5.6**
Total	**159.0**	**164.6**	**148.0**	**168.2**	**170.7**	**157.5**	**179.0**	**675.4**
LEARNING								
Netherlands	24.5	40.7	24.6	26.3	36.5	25.0	7.4	95.3
Poland	5.2	17.8	51.1	6.2	18.1	46.7	12.8	83.8
Finland	4.8	28.8	10.6	5.3	28.7	13.9	5.6	53.5
Belgium	1.9	13.6	16.7	1.8	11.2	17.1	3.6	33.8
Sweden	4.9	6.5	10.7	5.2	7.8	11.9	4.4	29.3
Other companies and eliminations	-0.1	-0.5	-0.7	0.9	1.2	8.3	-1.5	8.9
Total	**41.2**	**106.9**	**113.0**	**45.7**	**103.5**	**123.0**	**32.4**	**304.6**
OTHER AND ELIMINATIONS								
Belgium	39.7	41.1	45.2	42.5	41.6	40.3	47.8	172.3
Russia & CEE	22.0	21.7	5.7	26.5	28.8	26.3	30.2	111.8
Other operations	45.5	28.9	28.6	52.5	52.4	49.0	51.0	204.8
Eliminations	-15.1	-10.2	-9.3	-17.0	-18.4	-18.7	-17.0	-71.1
Total	**92.1**	**81.5**	**70.2**	**104.5**	**104.4**	**96.8**	**112.0**	**417.8**
Total	**438.3**	**533.1**	**477.8**	**470.6**	**558.2**	**537.3**	**517.5**	**2,083.5**

Operating profit by strategic business unit

EUR million	1–3/ 2014	4–6/ 2014	7–9/ 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	17.7	**18.2**	-35.6	17.6	-275.3	21.4	-271.9
Media Finland	133.1	4.8	**12.5**	5.1	4.3	10.2	5.0	24.6
Learning	-7.0	39.7	**52.9**	-4.4	35.9	25.1	-35.9	20.6
Other companies and eliminations	28.0	-58.9	**-6.1**	-4.8	-16.9	4.0	-13.2	-31.0
Total	162.1	3.2	**77.6**	-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	4–6/ 2014	7–9/ 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	21.4	**10.8**	0.6	25.0	21.7	25.9	73.2
Media Finland	0.4	7.5	**9.9**	5.5	8.4	11.4	5.4	30.7
Learning	-7.0	41.2	**44.4**	-4.4	35.9	49.6	-24.8	56.2
Other companies and eliminations	-5.9	-3.7	**-3.0**	-4.3	-1.2	-5.8	5.8	-5.5
Total	-4.0	66.3	**62.1**	-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 in Finland and the Netherlands. 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 include non-core operations (e.g. Media operations in Belgium and Russia & CEE), 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.–30.9.2014

EUR million	Consumer Media	Learning	Other companies/ eliminations	Total
External net sales	944.1	261.1	244.0	1,449.1
Internal net sales	0.1	0.0	-0.2	
Net sales, total	944.2	261.1	243.8	1,449.1
Operating profit	194.4	85.6	-37.1	242.9
Operating profit excl. NRI	58.5	78.6	-12.6	124.4
Share of results in associated companies	0.1	0.0		0.1
Financial income			15.2	15.2
Financial expenses			-46.0	-46.0
Result before taxes				212.3
Segment assets	2,125.6	494.0	354.3	2,973.9

Sanoma segments 1.1.–30.9.2013 (Restated)

EUR million	Consumer Media	Learning	Other companies/ eliminations	Total
External net sales	987.8	272.2	306.0	1,566.1
Internal net sales	0.2	0.0	-0.2	
Net sales, total	988.1	272.2	305.8	1,566.1
Operating profit	-273.7	56.6	-17.8	-234.9
Operating profit excl. NRI	72.6	81.1	-11.3	142.4
Share of results in associated companies	0.3	0.0	1.3	1.5
Financial income			7.1	7.1
Financial expenses			-49.8	-49.8
Result before taxes				-276.0
Segment assets	2,242.9	508.8	469.4	3,221.2

Changes in property plant and equipment

EUR million	30.9.2014	Restated 30.9.2013	Restated 31.12.2013
Carrying amount at the beginning of the period	**149.0**	280.1	280.1
Increases	**9.7**	22.0	31.1
Acquisition of operations	**0.2**	0.2	0.2
Decreases	**-5.1**	-5.1	-6.1
Disposal of operations	**-4.4**	-17.0	-20.2
Depreciation for the period	**-19.3**	-26.3	-34.6
Impairment losses for the period	**0.0**	-2.3	-7.4
Transfer to assets classified as held for sale	**-3.1**		-91.2
Exchange rate differences and other changes	**-0.9**	-2.1	-2.9
Carrying amount at the end of the period	**126.2**	249.7	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 192.1 million (2013: 241.8).

Effect of acquisitions on the consolidated balance sheet

EUR million	1–9/ 2014	1–12/ 2013
Acquisition costs	**19.1**	10.0
Fair value of acquired net assets	**13.7**	4.0
Goodwill	**5.3**	6.0

Contingent liabilities

EUR million	30.9.2014	Restated 30.9.2013	Restated 31.12.2013
Contingencies for own commitments			
Mortgages	**11.7**	3.2	11.7
Pledges	**2.4**	2.4	2.4
Other items	**55.8**	45.6	45.9
Total	**69.8**	51.2	59.9
Other contingencies			
Operating lease liabilities	**363.5**	184.2	278.0
Royalties	**9.7**	11.8	10.0
Other items	**43.9**	44.2	54.4
Total	**417.1**	240.1	342.4
Total	**487.0**	291.3	402.4

Interest on hybrid bond
On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. On 30 September 2014, the unpaid interest on the bond was EUR 5.8 million.

Derivative instruments

EUR million	30.9.2014	30.9.2013	31.12.2013
Fair values			
Interest rate derivatives			
Interest rate swaps	**-2.2**	-9.0	-5.9
Currency derivatives			
Forward contracts	**-5.4**	-2.2	-3.5
Nominal values			
Interest rate derivatives			
Interest rate swaps	**300.0**	640.0	540.0
Currency derivatives			
Forward contracts	**150.2**	99.6	128.4

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

	1–9/2014	1–9/2013	1–12/2013
Average rate			
EUR/CZK (Czech Koruna)	27.49	25.72	25.96
EUR/HUF (Hungarian Forint)	308.44	296.45	296.65
EUR/PLN (Polish Zloty)	4.17	4.20	4.19
EUR/RUB (Russian Rouble)	48.01	41.65	42.32
EUR/SEK (Swedish Crown)	9.04	8.58	8.65
EUR/USD (US Dollar)	1.36	1.32	1.33
Closing rate	**30.9.2014**	**30.9.2013**	**31.12.2013**
EUR/CZK (Czech Koruna)	27.50	25.73	27.43
EUR/HUF (Hungarian Forint)	310.57	298.15	297.04
EUR/PLN (Polish Zloty)	4.18	4.23	4.15
EUR/RUB (Russian Rouble)	49.77	43.82	45.32
EUR/SEK (Swedish Crown)	9.15	8.66	8.86
EUR/USD (US Dollar)	1.26	1.35	1.38

January-September 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 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 / US: +1 334 323 6201 / UK: +44 (0)207 1620 077 / Netherlands: +31 (0)20 7965 008
Conference id: 948478

Financial reporting 2015

Sanoma will publish its Full-Year Result for 2014 on 5 February 2015 approx. at 8:30 am Finnish time.
Interim Reports in 2015 will be published on quarterly basis:
- Interim Report January-March on 29 April 2015, approx. at 8:30
- Interim Report January-June on 23 July 2015, approx. at 8:30
- Interim Report January-September on 29 October 2015, approx. at 8:30.

Additional information

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We believe in a world full of opportunities, feelings, reactions and inspiration. A world that you can reach, influence, explore and share. We want to make it yours.

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.