

2016

**Q1**  
**Interim**  
**Report**

**s a n o m a**

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**Sanoma's Interim Report 1 January – 31 March 2016:**

# Strongly Improved Operational Performance: Good Start to the Year

**Cost innovations and market share gains in Finland contributed to strong increase in profitability**

Sanoma Corporation, Stock Exchange Release, 3 May 2016 at 8:30 CET+1

**First quarter**

- Net sales amounted to EUR 353.1 million (2015: 380.1).
- Adjusted for changes in the Group structure, Sanoma's net sales decreased by 0.1%.
- Operational EBIT\* was EUR 1.9 million (2015: -19.9).
- Items affecting comparability included in the operating profit amounted to EUR 1.2 million (2015: 8.8), mainly related to sales gains and restructuring expenses, similar to the previous year.
- Earnings per share were EUR 0.00 (2015: -0.06).
- Operational earnings per share were EUR -0.04 (2015: -0.15).
- Cash flow from operations was EUR -56.2 million (2015: -73.1).

**Outlook (unchanged)**

In 2016, Sanoma expects that the Group's consolidated net sales development adjusted for structural changes will be in line with last year or improve (2015: -3.4%). The operational EBIT \* margin is estimated to be over 7%.

\*Due to upcoming changes in regulation by the European Securities and Market Authority, Sanoma has decided to replace 'operating profit excluding non-recurring items' by 'operational EBIT'.

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

<b>EUR million</b>	<b>1-3/ 2016</b>	<b>1-3/ 2015</b>	<b>Change %</b>	<b>1-12/ 2015</b>
Net sales	<b>353.1</b>	380.1	-7.1	1,716.6
Operational EBIT	<b>1.9</b>	-19.9		83.2
% of net sales	<b>0.5</b>	-5.2		4.8
Operating profit	<b>3.1</b>	-11.0		-123.6
Result for the period	<b>0.6</b>	-8.3		-158.0
Capital expenditure *	<b>5.7</b>	12.0	-52.6	54.7
% of net sales	<b>1.6</b>	3.1		3.2
Return on equity (ROE), % **	<b>-13.4</b>	-5.9		-13.6
Return on investment (ROI), % **	<b>-5.4</b>	-0.5		-5.3
Equity ratio, %	<b>39.3</b>	40.4		39.5
Net gearing, %	<b>81.8</b>	73.2		77.8
Number of employees at the end of the period (FTE)	<b>5,379</b>	7,000	-23.2	6,116
Average number of employees (FTE)	<b>5,602</b>	7,080	-20.9	6,776
Earnings/share, EUR	<b>0.00</b>	-0.06		-0.91
Cash flow from operations/share, EUR	<b>-0.35</b>	-0.45		0.16
Equity/share, EUR	<b>4.44</b>	5.26	-15.6	4.59

\* Including finance leases.

\*\* Rolling 12-month period.

**Organic growth, %**

	<b>1-3/2016 vs. 1-3/2015</b>	<b>1-12/2015 vs. 1-12/2014</b>
Media BeNe	<b>+3.1</b>	-1.4
Media Finland	<b>-0.8</b>	-4.1
Learning	<b>-12.8</b>	-4.0
<b>Group</b>	<b>-0.1</b>	-3.4

### **Susan Duinhoven, President and CEO**

“Sanoma’s first quarter of the year was strong: organic net sales were practically on previous year’s level and profitability improved. Cost innovations throughout the company and the full impact of the 2015 fall programme further improved the operational EBIT of EUR 1.9 million (2015: -19.9).

Media Finland continued a good performance after the promising fourth quarter in 2015 and made a solid operational EBIT of EUR 11.0 million (2015: -2.1). Growth in advertising sales in combination with the cost innovations made during past six months increased Media Finland’s profitability significantly.

A major part of the positive development was thanks to Nelonen Media that gained market shares with successful programming and became the market leader in commercial television. Also radio operations were in good shape; net sales grew by 39%. Strong growth in number of radio listeners and TV viewers stimulated advertising sales that increased more than 6%. Our non-print sales grew by 12.8%, supported by growth in online and mobile advertising.

Even though the advertising sales developed positively in Media Finland we remain cautious with our view on the markets. We still think that the advertising market in Finland 2016 will follow the pattern of 2015 and will remain volatile.

Also Media BeNe had a favourable start of the year: organic sales grew by 3.1% and operational EBIT improved from previous year. SBS viewing shares grew from 19.5 % to 20.9 % during the first quarter. Comparable net sales grew also in our Dutch print & online brand portfolio, which shows that focused portfolio and cross-media approach are working to our advantage.

First quarter of the year is typically a ‘light’ quarter in Learning representing around 13% of the full year

sales. Our net sales decreased but the profitability improved, supported by the renewed prepublication amortisation schedule and cost savings.”

### **Group outlook (unchanged)**

In 2016, Sanoma expects that the Group’s consolidated net sales development adjusted for structural changes will be in line with last year or improve (2015: -3.4%). The operational EBIT margin is estimated to be over 7%.

### **Cost innovations**

The EUR 50 million cost savings program executed in fall 2015 will have full impact in 2016.

In Q1 2016 Sanoma has taken a decision to review the organisation structures in Belgium media operations and Sanoma Technology.

### **Net sales First quarter**

In January–March, Sanoma’s net sales decreased by 7.1% and amounted to EUR 353.1 million (2015: 380.1). Divestments of non-core operations had a major impact on net sales. Adjusted for changes in the Group structure, net sales decreased by 0.1% even though organic growth in Media BeNe was over 3%.

Non-print media sales grew by 8.5% to EUR 137.0 million (2015: 126.2).

Advertising sales decreased by 1.3% to EUR 134.3 million (2015: 136.1). Circulation sales decreased by 9.9% to EUR 136.7 million (2015: 151.7). Learning’s net sales decreased by 12.3% to EUR 32.9 million (2015: 37.4). Other sales decreased by 10.3% to EUR 49.3 million (2015: 54.9). All categories except for Learning were negatively impacted by divestments of non-core operations.

**Group's net sales by country, %**

	1-3/2016	1-3/2015	1-12/2015
Netherlands	47.7	43.8	44.5
Finland	41.5	40.1	37.1
Belgium	8.1	12.2	11.5
Other	2.7	3.9	6.9
<b>Total Group</b>	<b>100.0</b>	100.0	100.0

**Group's net sales by type of sales, %**

	1-3/2016	1-3/2015	1-12/2015
Advertising	38.0	35.8	34.8
Subscription	26.9	26.5	22.6
Single copy	11.8	13.5	11.4
Learning	9.3	9.9	16.3
Other	14.0	14.4	14.8
<b>Total Group</b>	<b>100.0</b>	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 operational EBIT totalled EUR 1.9 million (2015: -19.9). Cost savings as well as higher advertising sales in Media Finland supported profitability.

The operational EBIT margin was 0.5% (2015: -5.2%) of net sales.

In the first quarter, the Group's total expenses, excluding items affecting comparability, decreased by 14.2%. The cost of sales decreased by 10.9% and fixed costs by 15.9%. Paper costs decreased by 33.9%, transport and distribution service by 5.5% and employee benefit expenses by 16.5%.

In January-March, operating profit included net of EUR 1.2 million (2015: 8.8) of items affecting comparability mainly related to sales gains and restructuring expenses, similar to the previous year.

Sanoma's net financial items totalled EUR -8.0 million (2015: -2.2). The higher expenses are mainly related

to the release of a lease liability in the comparable period last year. The result before taxes amounted to EUR -4.9 million (2015: -13.3) in the first quarter. Earnings per share were EUR 0.00 (2015: -0.06). The increase is mainly related to higher profitability. Operational earnings per share were EUR -0.04 (2015: -0.15).

**Balance sheet and financial position**

At the end of March 2016, Sanoma's consolidated balance sheet totalled EUR 2,713.4 million (2015: 3,022.3). The decrease is mainly attributable to divestments as well as impairments of goodwill in the fourth quarter of 2015.

In January-March, the Group's cash flow from operations improved to EUR -56.2 million (2015: -73.1) as a result of higher profitability. Cash flow from operations per share was EUR -0.35 (2015: -0.45).

Sanoma's equity ratio was 39.3% (2015: 40.4%) at the end of March 2016. The return on equity (ROE) was -13.4% and the return on investment (ROI) was -5.4%. Equity totalled EUR 1,005.7 million (2015: 1,155.5). The decrease is related to divestments and impairments of goodwill. Equity per share was EUR 4.44 (2015: 5.26). Interest-bearing liabilities decreased to EUR 902.1 million (2015: 954.6). Interest-bearing net debt was EUR 822.6 million (2015: 845.5).

In February 2016, Sanoma signed a new EUR 500 million Revolving Credit Facility. The facility has a maturity of four years and it has a 1 year extension option. The margin depends on the leverage of the borrower, the initial margin being 1.75% over Euribor.

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

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

### **Investments, acquisitions and divestments**

In January-March 2016, investments in tangible and intangible assets, including finance leases, amounted to EUR 5.7 million (2015: 12.0). Investments were mainly related to digital business and ICT systems.

In April 2014, Sanoma announced the divestment of its majority ownership in Sanoma Lehtimedia (a publisher of newspapers in southeast Finland) and in local printing companies. The first stage of the corporate arrangement was completed in January 2015, and the company will transfer fully to the ownership of Länsi-Savo in five years. As a result of the transaction, Sanoma recognised a capital gain of EUR 3.5 million in 2015.

In December 2014, Sanoma announced the sale of real estate located in Southeast Finland. The transaction will be finalised in 2017.

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

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

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

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

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

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

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

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

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

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

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

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

## Reconciliation of operational EBIT

EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
<b>OPERATING PROFIT</b>	<b>3.1</b>	-11.0	-123.6
<b>Items affecting comparability</b>			
<b>Media Bene</b>			
Impairments			
Impairment of goodwill and intangible assets		-1.3	-78.2
Sales gains /losses			
Gain/loss on sale (Netherlands, online and magazines)	<b>13.3</b>		-0.2
Loss on sale (Belgium, magazines) **			-12.2
Gain on sale (Belgium, magazines)			2.5
Restructuring expenses	<b>-9.4</b>	-1.8	-34.3
<b>Media Finland</b>			
Sales gains /losses			
Gain on sale (magazines)			1.7
Gain on sale (regional newspapers)		15.2	3.5
Loss on sale and impairment of building (Hämeen Paino)			-7.6
Restructuring expenses	<b>-0.9</b>		-18.4
<b>Learning</b>			
Restructuring expenses	<b>-0.2</b>	-0.1	-11.5
<b>Other companies</b>			
Sales gains /losses			
Net of gain on sale and realisation of cumulative FX loss (Russia)	<b>0.9</b>		-6.6
Impairment and realisation of cumulative FX loss – Equity-accounted investees Russia and Ukraine *			-38.0
Loss on sale (book-printing in Finland)			-3.9
Gain on sale (AAC Global in Finland)	<b>1.9</b>		
Restructuring expenses	<b>-4.5</b>	-3.1	-3.6
<b>ITEMS AFFECTING COMPARABILITY</b>	<b>1.2</b>	8.8	-206.9
<b>OPERATIONAL EBIT</b>	<b>1.9</b>	-19.9	83.2
<b>Media Finland</b>			
Fair value remeasurement of previously held equity interest (mobile marketing company Routa)			1.9
<b>Media BeNe</b>			
Impairment of equity-accounted investees			-1.8
<b>ITEMS AFFECTING COMPARABILITY IN RESULTS OF ASSOCIATED COMPANIES</b>			0.1
Restructuring expenses (termination of lease agreement)		5.5	5.5
Impairment of loan			-1.4
<b>ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES</b>		5.5	4.1

\* Is included in the income statement on the share of results in joint ventures.

\*\* EUR -35.4 million of the loss on sale is included in 'Other companies' figures.



## Consumer Media

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

### Consumer Media sales by type of sales, %

	1-3/2016	1-3/2015	1-12/2015
Advertising	42.0	40.5	42.4
Subscription	29.6	30.2	27.7
Single copy	13.1	15.3	13.9
Other	15.3	14.0	16.1
<b>Total Consumer Media</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

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

	1-3/2016 vs. 1-3/2015			1-12/2015 vs. 1-12/2014		
	Subscription	Single copy	Total circulation	Subscription	Single copy	Total circulation
Media BeNe	-9	-19	-13	-7	-17	-12
Media Finland	-2	-15	-5	-13	-8	-12
of which Magazines incl. online	-7	-47	-11	-15	-22	-15
of which Newspapers incl. online	-1	-7	-3	-15	-6	-13
of which Pay-TV & Pay-VOD	+12	-19	+11	+19	-21	+16
<b>Total Consumer Media</b>	<b>-5</b>	<b>-18</b>	<b>-10</b>	<b>-10</b>	<b>-15</b>	<b>-12</b>

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

	1-3/2016 vs. 1-3/2015				1-12/2015 vs. 1-12/2014			
	Print	Online & Mobile	TV & Radio	Total advertising	Print	Online & Mobile	TV & Radio	Total advertising
Media BeNe	-38	-1	+4	-7	-10	+1	+1	-2
Media Finland	-8	+20	+16	+6	-22	+2	+2	-9
<b>Total Consumer Media</b>	<b>-19</b>	<b>+9</b>	<b>+9</b>	<b>-0</b>	<b>-18</b>	<b>+1</b>	<b>+1</b>	<b>-5</b>

## Media BeNe

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

- Media BeNe's net sales increased by 3.1% during the first quarter of 2016 when adjusted for structural changes. Reported net sales declined primarily due to divestments of Belgium magazine titles.
- Viewing share of SBS TV operation improved from 19.5% to 20.9% during the first quarter of 2016.
- Profitability improved during the first quarter mainly as a result of cost efficiency.

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

EUR million	1-3/ 2016	1-3/ 2015	Change %	1-12/ 2015
Net sales	<b>175.6</b>	189.5	-7.3	829.5
<b>Digital</b>	<b>68.2</b>	67.1	1.7	316.6
Online & Mobile	<b>20.2</b>	20.9	-3.3	89.7
TV	<b>48.0</b>	46.2	3.9	226.9
<b>Print</b>	<b>87.1</b>	105.6	-17.6	419.9
Magazines	<b>87.1</b>	105.6	-17.6	419.9
<b>Other</b>	<b>20.6</b>	16.8	22.6	93.0
Operational EBIT *	<b>7.4</b>	5.8	27.3	63.9
% of net sales	<b>4.2</b>	3.1		7.7
Operating profit	<b>11.4</b>	2.7		-22.8
Capital expenditure	<b>1.1</b>	2.1	-49.5	9.4
Number of employees at the end of the period (FTE)	<b>1,841</b>	2,250	-18.2	2,020
Average number of employees (FTE)	<b>1,872</b>	2,267	-17.4	2,104

\* Reconciliation of operational EBIT is presented in a separate table on page 8.

## Operational indicators, %

	<b>1-3/ 2016</b>	<b>1-3/ 2015</b>	<b>1-12/ 2015</b>
<b>Dutch TV operations</b>			
TV channels' share of TV advertising	<b>23.3</b>	23.5	24.4
TV channels' national viewing share (20-54 years)	<b>20.9</b>	19.5	21.2

### First quarter

In January-March, net sales in Media BeNe decreased by 7.3% to EUR 175.6 million (2015: 189.5). Adjusted for structural changes, net sales increased by 3.1%.

Non-print sales grew by 5.5% to EUR 77.8 million (2015: 73.7).

Advertising sales decreased by 6.7% and represented 38.5% (2015: 38.2%) of net sales. Circulation sales decreased by 13.4% and represented 40.7% (2015: 43.5%) of net sales. The divestments of magazine titles had a negative impact on both categories.

Sanoma estimates that the advertising market in the Netherlands increased on a net basis in online including search by 8% and in TV by 6%, whereas the

advertising declined in consumer magazines by 14% in January-March.

Operational EBIT in Media BeNe in January-March increased to EUR 7.4 million (2015: 5.8), due to more focussed business portfolio and cost efficiency.

Items affecting comparability included in the operating profit totalled EUR 4.0 million (2015: -3.1) and were related to a gain on sales and restructuring expenses. In the comparable period, Items affecting comparability consisted of restructuring expenses and impairments.

Media BeNe's investments in tangible and intangible assets totalled EUR 1.1 million (2015: 2.1) in January-March and consisted mainly of investments related to ICT.

## Media Finland

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

- Finnish TV operation achieved market leadership in commercial TV during the first quarter. The viewing share increased to 37.4% from 31.2%.
- Media Finland's advertising sales grew by 6% as the advertising market share improved.
- Non-print sales continued on a solid growth path in the first quarter and grew by 12.8%.
- Operational EBIT improved due to good advertising sales development as well as cost savings.

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

EUR million	1-3/ 2016	1-3/ 2015	Change %	1-12/ 2015
Net sales	<b>144.5</b>	143.0	1.0	572.8
<b>Digital</b>	<b>58.3</b>	50.0	16.7	212.8
Online & Mobile	<b>27.8</b>	21.9	26.7	97.2
TV & Radio	<b>30.5</b>	28.0	8.9	115.7
<b>Print</b>	<b>85.3</b>	90.5	-5.8	356.9
Magazines	<b>26.8</b>	28.4	-5.8	112.8
Newspapers	<b>58.6</b>	62.3	-5.9	244.6
Eliminations	<b>-0.1</b>	-0.2		-0.5
<b>Other</b>	<b>0.9</b>	2.5	-64.2	3.0
Operational EBIT *	<b>11.0</b>	-2.1		13.0
% of net sales	<b>7.6</b>	-1.5		2.3
Operating profit	<b>10.1</b>	13.1	-22.8	-8.1
Capital expenditure	<b>1.2</b>	2.2	-45.6	10.5
Number of employees at the end of the period (FTE)	<b>1,794</b>	2,095	-14.4	1,863
Average number of employees (FTE)	<b>1,801</b>	2,097	-14.1	2,123

\* Reconciliation of operational EBIT is presented in a separate table on page 8.

## Operational indicators, %

	1-3/ 2016	1-3/ 2015	1-12/ 2015
<b>Finnish TV operations</b>			
TV channels' share of TV advertising	<b>35.9</b>	33.9	32.2
TV channels' national commercial viewing share (10-44 years)	<b>37.4</b>	31.2	31.5
TV channels' national viewing share (10+ years)	<b>16.9</b>	14.8	15.1

### First quarter

In January–March, net sales in Media Finland increased by 1.0% to EUR 144.5 million (2015: 143.0). Adjusted for structural changes, net sales decreased by 0.8%.

Non-print sales grew by 12.8% to EUR 59.2 million (2015: 52.5), driven by growth in online and mobile as well as TV and Radio.

Advertising sales for Media Finland increased by 6.4% mainly due to market share gains, and represented 46.2% (2015: 43.6%) of net sales. Circulation sales decreased by 4.9% mainly due to lower magazine sales. Circulation sales represented 45.2% (2015: 48.0%) of net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis in magazines by 11%, in newspapers by 6% and in TV by 2%, whereas advertising on radio increased by 15% and in online excluding search by 5% in the first quarter.

Advertising market development was negatively impacted as Easter was in the first quarter in 2016 and advertising for the elections in the comparable period last year.

Operational EBIT in Media Finland in January–March increased to EUR 11.0 million (2015: -2.1). Higher advertising sales as well as cost savings supported profitability.

Items affecting comparability included in the operating profit totalled EUR -0.9 million (2015: 15.2) consisting of restructuring expenses. In the comparable period, items affecting comparability mainly consisted of a sales gain related to the sale of Sanoma Lehtimedia.

Media Finland's investments in tangible and intangible assets totalled EUR 1.2 million (2015: 2.2) in January–March and were mainly of related to maintenance capital expenditure.

## Learning

*Sanoma Learning is a leading European provider of multi-channel learning solutions.*

- Net sales were organically lower in the seasonally minor first quarter. The decrease is mainly due to changes in ordering pattern leading orders to be executed in the second quarter especially in the Netherlands.
- The operational EBIT was supported by the change in the prepublication amortisation schedule as well as cost savings.

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

EUR million	1-3/ 2016	1-3/ 2015	Change %	1-12/ 2015
Net sales	<b>32.9</b>	37.4	-12.3	280.5
Netherlands	<b>19.7</b>	21.5	-8.5	95.3
Poland	<b>4.5</b>	6.6	-32.4	84.0
Finland	<b>3.2</b>	3.8	-14.2	43.6
Belgium	<b>1.4</b>	1.5	-9.4	35.2
Sweden	<b>4.1</b>	4.1	0.8	23.4
Other companies and eliminations	<b>-0.1</b>	-0.1		-1.1
Operational EBIT *	<b>-10.9</b>	-12.7		44.7
% of net sales	<b>-33.3</b>	-33.9		15.9
Operating profit	<b>-11.1</b>	-12.8		33.1
Capital expenditure	<b>2.8</b>	6.3	-55.8	25.5
Number of employees at the end of the period (FTE)	<b>1,364</b>	1,515	-10.0	1,507
Average number of employees (FTE)	<b>1,422</b>	1,533	-7.3	1,519

\* Reconciliation of operational EBIT is presented in a separate table on page 8.

### First quarter

In January–March, net sales decreased by 12.3% to EUR 32.9 million (2015: 37.4) mainly due to changes in ordering pattern. Adjusted for structural changes, net sales decreased by 12.8%.

The learning business has, by nature, an annual cycle and strong seasonality. It accrues most of its net sales and results during the second and third quarters, whereas the first and fourth quarters are typically loss-making.

Operational EBIT in the Learning segment improved to EUR -10.9 million (2015: -12.7), positively impacted

by the changed prepublication rights amortisation schedule as well as cost savings.

Items affecting comparability included in the operating profit totalled EUR -0.2 million (2015: -0.1) consisting of restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 2.8 million (2015: 6.3) in January–March. They were mainly related to investments in digital platforms and ICT.

## The Group

### Personnel

In January–March 2016, the average number of personnel (FTE) employed by the Sanoma Group was 5,602 (2015: 7,080). At the end of March, the number of Group employees (FTE) was 5,379 (2015: 7,000). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media BeNe had 1,841 (2015: 2,250) employees at the end March and Media Finland 1,794 (2015: 2,095). Learning had 1,364 (2015: 1,515) and other operations 380 (2015: 1,140) employees (FTE) at the end of March 2016. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 85.1 million (2015: 95.3).

### Dividend

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

### Shares and holdings

In January–March 2016, a total of 13,497,086 (2015: 18,254,437) Sanoma shares were traded on the Nasdaq Helsinki and traded shares accounted for some 8% (2015: 11%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to around 80% (2015: 83%) 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 Helsinki was EUR 4.08, with a low of EUR 3.51 and a high of EUR 4.78. At the end of March, Sanoma's market capitalisation was EUR 698 million (2015: 835), with Sanoma's share closing at EUR 4.30 (2015: 5.13). 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.

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

### Board of Directors, auditors and management

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

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

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

### Board authorisations

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

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

These shares will be purchased with the Company's unrestricted shareholders' equity, and the repurchases will reduce funds available for distribution on profits. The shares will be repurchased to develop the Company's capital structure, carry out or finance potential corporate acquisitions or other business arrangements, to be used as a part of the Company's incentive programme or to be otherwise conveyed further, retained as treasury shares, or cancelled.

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

### **Seasonal fluctuation**

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

### **Significant risks and uncertainty factors (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 2.1 billion in goodwill, immaterial rights and other intangible assets. Most of this is related to magazine and TV operations. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Major changes in business fundamentals could lead to further impairment.

## **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 2016. 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.



## Consolidated income statement

EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
<b>NET SALES</b>	<b>353.1</b>	380.1	1,716.6
Other operating income	<b>21.8</b>	20.0	37.1
Materials and services	<b>-104.3</b>	-117.2	-527.2
Employee benefit expenses	<b>-107.4</b>	-120.6	-472.2
Other operating expenses	<b>-89.5</b>	-100.8	-454.3
Share of results in joint ventures	<b>1.0</b>	0.5	-34.1
Depreciation, amortisation and impairment losses	<b>-71.6</b>	-73.1	-389.4
<b>OPERATING PROFIT</b>	<b>3.1</b>	-11.0	-123.6
Share of results in associated companies	<b>0.1</b>	0.0	-0.7
Financial income	<b>9.1</b>	18.6	26.4
Financial expenses	<b>-17.1</b>	-20.8	-53.8
<b>RESULT BEFORE TAXES</b>	<b>-4.9</b>	-13.3	-151.7
Income taxes	<b>5.4</b>	5.0	-6.3
<b>RESULT FOR THE PERIOD</b>	<b>0.6</b>	-8.3	-158.0
<b>Result attributable to:</b>			
Equity holders of the Parent Company	<b>0.6</b>	-8.3	-142.9
Non-controlling interests	<b>-0.1</b>	0.0	-15.0
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>			
Earnings per share, EUR	<b>0.00</b>	-0.06	-0.91
Diluted earnings per share, EUR	<b>0.00</b>	-0.06	-0.91

## Statement of comprehensive income

EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
<b>Result for the period</b>	<b>0.6</b>	-8.3	-158.0
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Change in translation differences	-0.9	5.6	-0.7
Share of other comprehensive income of equity-accounted investees	-0.3	0.3	1.1
Realisation of translation differences related to assets held for sale			0.7
Reclassification of translation differences of sold earnings			12.8
Cash flow hedges	0.0	-0.2	-0.2
Income tax related to cash flow hedges	0.0	0.0	0.0
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plans	-29.0	-57.4	12.8
Income tax related to defined benefit plans	6.7	14.3	-1.5
<b>Other comprehensive income for the period, net of tax</b>	<b>-23.4</b>	-37.3	25.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-22.9</b>	-45.6	-133.0
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company	-22.8	-45.6	-118.0
Non-controlling interests	-0.1	0.0	-15.0

## Consolidated balance sheet

EUR million	31.3.2016	31.3.2015	31.12.2015
<b>ASSETS</b>			
Property, plant and equipment	65.8	92.1	69.4
Investment property	31.4	26.7	31.6
Goodwill	1,658.2	1,753.2	1,665.3
Other intangible assets	447.0	512.1	458.3
Equity-accounted investees	31.7	23.7	33.1
Available-for-sale financial assets	3.7	4.9	3.6
Deferred tax receivables	53.3	54.2	41.3
Trade and other receivables	36.8	38.2	37.6
NON-CURRENT ASSETS, TOTAL	2,327.9	2,505.0	2,340.3
Inventories	42.4	48.4	39.5
Income tax receivables	9.2	14.8	5.0
Trade and other receivables	254.5	300.5	271.0
Cash and cash equivalents	79.5	109.2	98.5
CURRENT ASSETS, TOTAL	385.5	472.8	414.0
Assets classified as held for sale		44.5	10.9
<b>ASSETS, TOTAL</b>	<b>2,713.4</b>	<b>3,022.3</b>	<b>2,765.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders of the Parent Company</b>			
Share capital	71.3	71.3	71.3
Treasury shares	-2.1		-3.2
Fund for invested unrestricted equity	203.3	203.3	203.3
Other reserves	-0.5	-0.5	-0.5
Other equity	349.9	483.3	373.4
Hybrid bond	99.1	99.1	99.1
	720.9	856.5	743.4
Non-controlling interests	284.8	299.0	285.7
<b>EQUITY, TOTAL</b>	<b>1,005.7</b>	<b>1,155.5</b>	<b>1,029.1</b>
Deferred tax liabilities	59.7	76.3	62.0
Pension obligations	118.7	151.3	89.1
Provisions	3.2	3.1	1.7
Financial liabilities	125.5	570.4	507.4
Trade and other payables	49.3	46.0	46.7
NON-CURRENT LIABILITIES, TOTAL	356.4	847.2	706.9
Provisions	23.1	21.8	26.5
Financial liabilities	776.6	384.2	392.3
Income tax liabilities	5.6	25.9	6.3
Trade and other payables	546.0	587.5	600.9
CURRENT LIABILITIES, TOTAL	1,351.3	1,019.4	1,026.0
Liabilities related to assets held for sale		0.3	3.1
<b>LIABILITIES, TOTAL</b>	<b>1,707.7</b>	<b>1,866.9</b>	<b>1,736.0</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,713.4</b>	<b>3,022.3</b>	<b>2,765.1</b>

On 31 March 2016, the Group did not have assets classified as held for sale.

On 31 March 2015, assets classified as held for sale included Hearst Independent Media Publishing B.V. that was classified as assets held for sale in December 2014.

## Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company								Equity, total
	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	
<b>Equity at 1 Jan 2015</b>	<b>71.3</b>		<b>203.3</b>	<b>-0.4</b>	<b>529.1</b>	<b>99.1</b>	<b>902.4</b>	<b>298.9</b>	<b>1,201.3</b>
Comprehensive income for the period				-0.2	-45.4		-45.6	0.0	-45.6
Share-based compensation					0.3		0.3		0.3
Acquisitions and other changes in non-controlling interests					-0.6		-0.6	0.1	-0.6
<b>Equity at 31 March 2015</b>	<b>71.3</b>		<b>203.3</b>	<b>-0.5</b>	<b>483.3</b>	<b>99.1</b>	<b>856.5</b>	<b>299.0</b>	<b>1,155.5</b>
<b>Equity at 1 Jan 2016</b>	<b>71.3</b>	<b>-3.2</b>	<b>203.3</b>	<b>-0.5</b>	<b>373.4</b>	<b>99.1</b>	<b>743.4</b>	<b>285.7</b>	<b>1,029.1</b>
Comprehensive income for the period				0.0	-22.8		-22.8	-0.1	-22.9
Share-based compensation		1.0			-0.7		0.3		0.3
Dividends paid								-0.5	-0.5
Acquisitions and other changes in non-controlling interests					0.0		0.0	-0.3	-0.3
<b>Equity at 31 March 2016</b>	<b>71.3</b>	<b>-2.1</b>	<b>203.3</b>	<b>-0.5</b>	<b>349.9</b>	<b>99.1</b>	<b>720.9</b>	<b>284.8</b>	<b>1,005.7</b>

## Consolidated cash flow statement

EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
<b>OPERATIONS</b>			
Result for the period	0.6	-8.3	-158.0
Adjustments			
Income taxes	-5.4	-5.0	6.3
Financial income and expenses	8.0	2.2	27.4
Share of results in equity-accounted investees	-1.1	-0.5	34.8
Depreciation, amortisation and impairment losses	71.6	73.1	389.4
Gains/losses on sales of non-current assets	-17.4	-15.5	20.6
Acquisitions of broadcasting rights and prepublication costs	-55.9	-53.2	-226.5
Other adjustments	0.4	0.3	0.9
Change in working capital	-31.6	-30.4	-0.7
Interest paid and other financial items	-19.2	-30.0	-32.9
Taxes paid	-6.2	-5.9	-36.0
<b>Cash flow from operations</b>	<b>-56.2</b>	<b>-73.1</b>	<b>25.2</b>
<b>INVESTMENTS</b>			
Acquisition of tangible and intangible assets	-5.8	-11.3	-55.1
Operations acquired	-0.2	-2.1	-9.5
Proceeds from sale of tangible and intangible assets	0.9	0.7	3.1
Operations sold	39.3	31.6	66.7
Loans granted	-1.5	-2.0	-4.3
Repayments of loan receivables	1.9	6.0	6.3
Interest received	0.2	0.3	0.6
Dividends received	0.0	0.0	6.2
<b>Cash flow from investments</b>	<b>34.8</b>	<b>23.2</b>	<b>14.0</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>-21.4</b>	<b>-49.9</b>	<b>39.2</b>
<b>FINANCING</b>			
Contribution by non-controlling interests			0.1
Purchase of treasury shares			-3.2
Change in loans with short maturity	-33.7	-4.9	62.1
Drawings of other loans	40.0	85.6	202.5
Repayments of other loans and finance lease liabilities	-20.2	-41.8	-230.8
Interest paid on hybrid bond			-7.3
Dividends paid	-0.5		-33.2
<b>Cash flow from financing</b>	<b>-14.4</b>	<b>38.8</b>	<b>-9.7</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>			
<b>ACCORDING TO CASH FLOW STATEMENT</b>	<b>-35.8</b>	<b>-11.1</b>	<b>29.6</b>
Effect of exchange rate differences on cash and cash equivalents	-1.4	0.3	0.9
<b>Net change in cash and cash equivalents</b>	<b>-37.2</b>	<b>-10.8</b>	<b>30.5</b>
Cash and cash equivalents at the beginning of the period	82.5	52.0	52.0
Cash and cash equivalents at the end of the period	45.3	41.3	82.5

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

## Income statement by quarter

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

## Net sales by strategic business unit

EUR million	1-3/ 2016	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015
<b>MEDIA BENE</b>						
<b>Digital</b>	<b>68.2</b>	<b>67.1</b>	<b>83.9</b>	<b>70.6</b>	<b>94.9</b>	<b>316.6</b>
Online & Mobile	20.2	20.9	21.6	19.8	27.4	89.7
TV	48.0	46.2	62.3	50.8	67.5	226.9
<b>Print</b>	<b>87.1</b>	<b>105.6</b>	<b>109.4</b>	<b>102.6</b>	<b>102.3</b>	<b>419.9</b>
Magazines	87.1	105.6	109.4	102.6	102.3	419.9
<b>Other</b>	<b>20.6</b>	<b>16.8</b>	<b>22.7</b>	<b>23.1</b>	<b>30.4</b>	<b>93.0</b>
<b>Total</b>	<b>175.6</b>	<b>189.5</b>	<b>216.0</b>	<b>196.4</b>	<b>227.6</b>	<b>829.5</b>
<b>MEDIA FINLAND</b>						
<b>Digital</b>	<b>58.3</b>	<b>50.0</b>	<b>56.9</b>	<b>46.6</b>	<b>59.3</b>	<b>212.8</b>
Online & Mobile	27.8	21.9	25.7	22.1	27.4	97.2
TV & Radio	30.5	28.0	31.2	24.6	31.9	115.7
<b>Print</b>	<b>85.3</b>	<b>90.5</b>	<b>89.7</b>	<b>84.8</b>	<b>92.0</b>	<b>356.9</b>
Magazines	26.8	28.4	27.9	26.8	29.7	112.8
Newspapers	58.6	62.3	61.9	58.1	62.4	244.6
Eliminations	-0.1	-0.2	-0.1	-0.2	-0.1	-0.5
<b>Other</b>	<b>0.9</b>	<b>2.5</b>	<b>-0.9</b>	<b>0.5</b>	<b>0.9</b>	<b>3.0</b>
<b>Total</b>	<b>144.5</b>	<b>143.0</b>	<b>145.7</b>	<b>131.9</b>	<b>152.2</b>	<b>572.8</b>
<b>LEARNING</b>						
Netherlands	19.7	21.5	39.9	27.5	6.4	95.3
Poland	4.5	6.6	12.8	57.2	7.4	84.0
Finland	3.2	3.8	25.5	11.0	3.4	43.6
Belgium	1.4	1.5	14.3	16.3	3.2	35.2
Sweden	4.1	4.1	5.7	10.2	3.4	23.4
Other companies and eliminations	-0.1	-0.1	-0.2	-0.3	-0.4	-1.1
<b>Total</b>	<b>32.9</b>	<b>37.4</b>	<b>97.9</b>	<b>121.8</b>	<b>23.3</b>	<b>280.5</b>
<b>OTHER AND ELIMINATIONS</b>						
Russia & CEE	0.3	2.5	2.4	1.2	0.2	6.3
Other operations	0.0	8.2	6.9	7.7	5.8	28.7
Eliminations	-0.1	-0.6	-0.1	-0.1	-0.3	-1.1
<b>Total</b>	<b>0.1</b>	<b>10.2</b>	<b>9.2</b>	<b>8.8</b>	<b>5.7</b>	<b>33.9</b>
<b>Total</b>	<b>353.1</b>	<b>380.1</b>	<b>468.8</b>	<b>458.8</b>	<b>408.8</b>	<b>1,716.6</b>

## Operating profit by strategic business unit

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

## Operational EBIT by strategic business unit

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



## Segment information

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

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

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

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

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

### Sanoma segments 1.1.–31.3.2016

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	320.0	32.9	0.3	353.1
Internal net sales	0.1	0.0	-0.1	
<b>Net sales, total</b>	320.1	32.9	0.2	353.1
<b>Operating profit</b>	21.5	-11.1	-7.3	3.1
<b>Operational EBIT</b>	18.4	-10.9	-5.6	1.9
Share of results in associated companies	0.1	0.0		0.1
Financial income			9.1	9.1
Financial expenses			-17.1	-17.1
<b>Result before taxes</b>				-4.9
<b>Segment assets</b>	2,010.5	495.9	58.3	2,567.1

### Sanoma segments 1.1.–31.3.2015

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	332.4	37.4	10.3	380.1
Internal net sales	0.1	0.0	-0.1	
<b>Net sales, total</b>	332.5	37.4	10.2	380.1
<b>Operating profit</b>	15.8	-12.8	-14.0	-11.0
<b>Operational EBIT</b>	3.7	-12.7	-10.9	-19.9
Share of results in associated companies	0.0	0.0	0.0	0.0
Financial income			18.6	18.6
Financial expenses			-20.8	-20.8
<b>Result before taxes</b>				-13.3
<b>Segment assets</b>	2,205.1	488.6	140.2	2,833.8

## Changes in property, plant and equipment

EUR million	31.3.2016	31.3.2015	31.12.2015
Carrying amount at the beginning of the period	<b>69.4</b>	94.4	94.4
Increases	<b>1.6</b>	2.9	14.3
Acquisition of operations	<b>0.0</b>	0.0	0.0
Decreases	<b>-0.5</b>	-0.3	-2.0
Disposal of operations	<b>-0.4</b>		-13.6
Depreciation for the period	<b>-4.3</b>	-5.0	-20.3
Impairment losses for the period		-0.1	-1.6
Transfer to assets classified as held for sale			-0.1
Exchange rate differences and other changes	<b>-0.1</b>	0.2	-1.7
<b>Carrying amount at the end of the period</b>	<b>65.8</b>	92.1	69.4

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

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 161.0 million (2015: 228.2).

## Effect of acquisitions on the consolidated balance sheet

EUR million	1-3/ 2016	1-12/ 2015
Acquisition costs	<b>0.5</b>	5.7
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	<b>-0.2</b>	2.2
Fair value of previously held interest	<b>2.2</b>	2.8
Fair value of acquired net assets	<b>0.6</b>	-5.3
Recognised in equity		-0.6
<b>Goodwill from acquisitions</b>	<b>3.1</b>	4.9

## Contingent liabilities

EUR million	31.3.2016	31.3.2015	31.12.2015
<b>Contingencies for own commitments</b>			
Mortgages	9.7	10.6	10.6
Pledges	2.4	2.4	2.4
Other items	25.3	35.9	25.6
Total	37.4	48.9	38.6
<b>Other commitments</b>			
Operating lease liabilities	313.7	354.4	323.7
Royalties	19.3	6.3	12.5
Other items	68.5	65.7	69.9
Total	401.5	426.4	406.0
<b>Total</b>	<b>438.9</b>	<b>475.3</b>	<b>444.7</b>

### Interest on hybrid bond

On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. On 31 March 2016, the unpaid interest on the bond was EUR 2.2 million (2015: 2.2).

## Derivative instruments

EUR million	31.3.2016	31.3.2015	31.12.2015
<b>Fair values</b>			
<b>Interest rate derivatives (incl. accrued interests)</b>			
Interest rate swaps	-2.1	-1.1	-1.6
<b>Currency derivatives</b>			
Forward contracts	2.7	14.4	8.0
<b>Nominal values</b>			
<b>Interest rate derivatives</b>			
Interest rate swaps	200.0	200.0	200.0
<b>Currency derivatives</b>			
Forward contracts	95.6	96.2	100.2

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

## Key exchange rates

	1-3/2016	1-3/2015	1-12/2015
<b>Average rate</b>			
EUR/PLN (Polish Zloty)	4.37	4.19	4.18
EUR/RUB (Russian Rouble)	82.45	70.69	68.07
EUR/SEK (Swedish Crown)	9.33	9.38	9.35
EUR/USD (US Dollar)	1.10	1.13	1.11
<b>Closing rate</b>			
	<b>31.3.2016</b>	<b>31.3.2015</b>	<b>31.12.2015</b>
EUR/PLN (Polish Zloty)	4.26	4.09	4.26
EUR/RUB (Russian Rouble)	76.31	62.44	80.67
EUR/SEK (Swedish Crown)	9.23	9.29	9.19
EUR/USD (US Dollar)	1.14	1.08	1.09

### January–March 2016 Interim Report webcast

The event for analysts, investors and media will be held in English by President and CEO Susan Duinhoven and CFO Kim Ignatius on 3 May 2016 at 11:00 Finnish time (9:00 UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. The live webcast can be viewed on Sanoma's website at [www.sanoma.com/en/investors](http://www.sanoma.com/en/investors) and on demand after the event.

Please join by dialing

Finland: +358 (0)9 6937 9590 / US: +1 212 444 0896 / UK: +44 (0)20 3427 1908 / Netherlands: +31 (0)20 716 8256  
Conference id: 9772714

### Financial reporting 2016

- Interim Report January–June on 27 July 2016, approx. at 8:30
- Interim Report January–September on 28 October 2016, approx. at 8:30.

### Additional information

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

### About Sanoma

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

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

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

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