

2017

Q3

**Interim
Report**

Sanoma's Interim Report 1 January–30 September 2017:

Operational EBIT improved across business units

Strong Q3 sales in Learning and continued cost innovations throughout the Group improved result

Sanoma Corporation, Stock Exchange Release, 25 October 2017 at 8:30 CET+1

Third quarter

- Net sales adjusted for changes in the Group structure grew by 5.4%. Reported net sales amounted to EUR 405 million (2016: 438). The Dutch TV operations of SBS are not included in the third quarter figures as Sanoma completed the divestment of SBS to Talpa on 19 July 2017.
- Operational EBIT improved to EUR 89.3 million (2016: 77.7; adjusted for the SBS divestment 70.2) as a result of higher sales in Learning and lower costs across all businesses.
- Operating profit improved to EUR 86.3 million (2016: 75.1; adjusted for the SBS divestment 68.6).
- Items affecting comparability included in the operating profit totalled EUR -3.0 million (2016: -2.6) and consisted mainly of restructuring expenses.
- Operational earnings per share increased to EUR 0.39 (2016: 0.30), earnings per share increased to EUR 0.37 (2016: 0.29).
- Cash flow from operations was EUR 85.6 million (2016: 95.9). The cash flow was lower than in the comparable period mainly due to higher trade receivables in Learning. Capex was EUR 9.2 million (2016: 7.3).

First nine months

- Adjusted for changes in the Group structure, net sales were stable. Reported net sales amounted to EUR 1,190 million (2016: 1,241).
- Operational EBIT improved to EUR 182.4 million (2016: 166.5). Adjusted for the SBS divestment, comparable operational EBIT grew 19.1% to EUR 184.8 million (2016: 155.1).
- Operating profit decreased to EUR -252.0 million (2016: 219.8), due to the capital loss related to the divestment of SBS, which has been booked as an item affecting comparability.
- Items affecting comparability included in the operating profit amounted to EUR -434.4 million (2016: 53.3) and consisted of a capital loss related to the divestment of SBS, impairments and restructuring expenses as well as a capital gain on the divestment of Sanoma Baltics. Items affecting comparability in the same period last year included an EUR 74.6 million adjustment for the settlement of the pension plans in the Netherlands.
- Operational earnings per share were EUR 0.73 (2016: 0.58). Earnings per share were EUR -1.07 (2016: 0.85) due to capital loss related to SBS divestment.
- Cash flow from operations was EUR 48.2 million (2016: 52.1) and capex was EUR 28.0 million (2016: 22.6).
- As a result of the SBS divestment, Sanoma was able to continue deleveraging its balance sheet. Interest-bearing liabilities were significantly lower, totalling EUR 555.4 million (2016: 799.8) at the end of September.
- Net debt/adj. EBITDA ratio was 2.2 (2016: 3.3) at the end of September.
- Equity ratio was 34.2% (2016: 43.7%) at the end of September.

Outlook (as revised on October 24, 2017)

For 2017, Sanoma expects that the Group's consolidated net sales adjusted for structural changes, including the divestment of SBS, will be stable and the operational EBIT margin will be above 12%.

Comparable key indicators, adjusted for the SBS divestment

EUR million	7–9/ 2017	7–9/ 2016	Change %	1–9/ 2017	1–9/ 2016	Change %	1–12/ 2016
Net sales	404.6	387.8	4.3	1,083.1	1,079.1	0.4	1,407.0
EBITDA	121.8	106.9	13.9	289.1	327.4	-11.7	353.3
Operational EBIT	89.3	70.2	27.1	184.8	155.1	19.1	152.6
% of net sales	22.1	18.1		17.1	14.4		10.8
Operating profit	86.5	68.6	26.0	174.9	209.4	-16.5	188.3
Result for the period	61.4	46.7	31.6	115.2	140.4	-18.0	110.2
Cash flow from operations	85.6	102.5	-16.5	47.9	58.1	-17.6	141.2
Capital expenditure *	9.2	6.1	51.5	26.2	19.1	36.9	30.4
% of net sales	2.3	1.6		2.4	1.8		2.2
Number of employees at the end of the period (FTE)				4,655	4,894	-4.9	4,847
Average number of employees (FTE)				4,780	5,059	-5.5	5,006
Earnings/share, EUR	0.38	0.28	36.3	0.70	0.83	-15.5	0.63
Operational earnings/share, EUR	0.39	0.28	39.1	0.74	0.55	33.9	0.47
Cash flow from operations/share, EUR	0.53	0.63	-16.6	0.29	0.36	-17.7	0.87

* Including finance leases.

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

Key indicators

EUR million	7–9/ 2017	7–9/ 2016	Change %	1–9/ 2017	1–9/ 2016	Change %	1–12/ 2016
Net sales	404.6	438.1	-7.6	1,189.9	1,241.0	-4.1	1,639.1
EBITDA	121.7	136.8	-11.1	-104.6	427.3		496.3
Operational EBIT	89.3	77.7	14.9	182.4	166.5	9.6	167.9
% of net sales	22.1	17.7		15.3	13.4		10.2
Operating profit	86.3	75.1	15.0	-252.0	219.8		196.6
Result for the period	61.3	51.3	19.5	-310.9	148.1		116.0
Cash flow from operations	85.6	95.9	-10.7	48.2	52.1	-7.5	158.1
Capital expenditure *	9.2	7.3	25.8	28.0	22.6	23.7	34.8
% of net sales	2.3	1.7		2.4	1.8		2.1
Return on equity (ROE), % **				-45.0	1.6		10.9
Return on investment (ROI), % **				-17.6	4.6		9.9
Equity ratio, %				34.2	43.7		41.0
Net gearing, %				95.3	67.9		78.4
Number of employees at the end of the period (FTE)				4,655	5,269	-11.7	5,227
Average number of employees (FTE)				5,026	5,437	-7.6	5,384
Earnings/share, EUR	0.37	0.29	28.5	-1.07	0.85		0.65
Operational earnings/share, EUR	0.39	0.30	29.7	0.73	0.58	25.8	0.51
Cash flow from operations/share, EUR	0.53	0.59	-10.8	0.30	0.32	-7.6	0.97
Equity/share, EUR				3.33	5.16	-35.6	4.39

* Including finance leases.

** Rolling 12-month period.

Organic growth of net sales*, %

	7–9/2017 vs. 7–9/2016	1–9/2017 vs. 1–9/2016	1–12/2016 vs. 1–12/2015
Media BeNe	-4.6	-3.4	0.5
Media Finland	-1.2	-1.0	0.7
Learning	22.5	9.7	-2.5
Group	5.4	0.3	0.1

* Adjusted for changes in the Group structure.

Susan Duinhoven, President and CEO:

“Sanoma’s results improved strongly in the third quarter, driven by successful sales in the seasonally important quarter for Learning and cost innovations in all of our businesses. Our net sales adjusted for changes in the Group structure grew by 5.4% and our operational EBIT improved by 27.1%.

For the first nine months our operational EBIT improved by 19.1% and sales were stable, when adjusted for the divestment of SBS. Our operational earnings per share improved by 25.8%, mostly due to lower financial costs resulting from significantly lower debt levels. Based on our good performance, we revised our FY 2017 guidance on October 24 and expect the operational EBIT margin to be above 12%.

We continue to focus on cash generation. In the third quarter, our cash flow from operations was EUR 85.6 million (2016: 95.9), slightly lower than in the prior year due to sales-driven growth of trade receivables in Learning.

Media BeNe’s comparable operational EBIT, adjusted for SBS, continued to improve in the third quarter and was 9.0% higher compared to the previous year. The SBS divestment was completed in July. Profitability of our remaining print and online portfolio improved following our cost innovations and streamlining of the organisation. Sanoma’s brands continued their good performance in BeNe.

In the third quarter, net sales in Media Finland were stable, while operational EBIT grew by 38.3%, supported by cost innovations. Nelonen TV channels continued to hold their market-leading positions, and our Ruutu VOD service grew its reach, strengthening our non-print sales. Helsingin Sanomat showed an increase in both the total number of subscriptions and the share of digital subscriptions, reaching new heights during the third quarter. Our ability to keep sales stable in Finland in a challenging advertising market shows the strength of our portfolio and good work of our teams.

In Learning, net sales grew strongly by 22.5%, and operational EBIT increased by 23.8% in the third quarter. Momentum in the Polish market has been exceptionally positive in 2017 with two simultaneous curriculum changes impacting the market volume positively. The efforts and costs we have put into developing and marketing 46 new methods as part of the educational reforms paid off, as our market share in the Polish learning market grew. Part of our growth

came from third party products as we operate in the the local market both as a publisher and as a distributor with our ‘one-stop-shop’ concept.

As a result of the divestment of SBS, we have significantly decreased our debt, and our balance sheet ratios have improved. At the end of September, our net debt to adjusted EBITDA ratio was 2.2, being at our long-term target level, below 2.5, and equity ratio at 34.2% was already close again to our target of 35-45%. This will allow us to pursue opportunities to enhance our portfolio of leading brands and businesses, and to serve our customers in the best ways: providing consumers with informative and entertaining content and advertisers with the combination of reach and targeting to grow their business.”

Impact of the SBS transaction on reported figures

Sanoma announced the divestment of the Dutch TV operations of SBS on 10 April 2017. Following the announcement, all assets and liabilities relating to SBS were classified as held for sale in accordance with IFRS5. This resulted in a non-cash capital loss for Sanoma, affecting mainly the first quarter result.

SBS was consolidated in Sanoma’s income statement until 30 June 2017. Therefore, SBS has been excluded only as of the third quarter when adjusting net sales for structural changes. In accordance with the requirements of IFRS5, the non-current asset held for sale was no longer depreciated/amortised after the announcement of the transaction.

The divestment was completed on 19 July 2017. To illustrate the effect of the divestment on the Group, some comparable adjusted key figures are presented in this report. Comparable adjusted figures fully exclude the divested operations of SBS but include 100% of Veronica Uitgeverij. All other figures in this interim report are based on reported figures and include SBS until the end of June.

In connection with the SBS divestment, Sanoma changed its segments for IFRS reporting and now reports three segments, identical to its SBUs.

Net sales

Third quarter

In July–September, Sanoma’s net sales amounted to EUR 404.6 million (2016: 438.1; adjusted for the SBS

divestment 387.8). Adjusted for changes in the Group structure, net sales increased by 5.4%.

Non-print media sales, adjusted for the SBS divestment, decreased by 2.6% to EUR 82.8 million (2016: 84.9) and represented 20.5% (2016: 21.9%) of the Group's net sales.

Advertising sales, adjusted for the SBS divestment, decreased by 7.9% to EUR 76.8 million (2016: 83.4), print advertising being at lower levels. Circulation sales decreased by 3.4% to EUR 132.5 million (2016: 137.0), mostly due to lower single copy sales, both in the Netherlands and Finland. Net sales from learning increased by 22.5% to EUR 152.7 million (2016: 124.7), mainly driven by this year's uniquely favourable market development in Poland and the partial catch up of the soft Q2 in the Netherlands. Other sales were stable at EUR 42.7 million (2016: 42.7).

First nine months

In January–September, Sanoma's reported net sales were EUR 1,189.9 million (2016: 1,241.0). Adjusted for changes in the Group structure and for the SBS divestment, net sales were stable.

Non-print media sales, adjusted for the SBS divestment, were stable at EUR 277.5 million (2016: 273.7) and represented 25.6% (2016: 25.4%) of the Group's net sales.

Advertising sales, adjusted for the SBS divestment, decreased by 5.7% to EUR 262.8 million (2016: 278.6). Circulation sales decreased by 3.1% to EUR 397.9 million (2016: 410.8), largely due to decrease in single copy sales. Net sales from Learning increased by 11.8% to EUR 284.7 million (2016: 254.6). Other sales were stable at EUR 137.7 million (2016: 135.1).

Group's comparable net sales by country, adjusted for the SBS divestment, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Netherlands	31.3	33.4	35.9	37.5	37.7
Finland	35.0	37.9	42.9	43.3	44.4
Belgium	11.6	12.9	11.2	11.2	10.9
Other	22.1	15.8	10.0	8.0	7.0
Total Group	100.0	100.0	100.0	100.0	100.0

Group's net sales by country, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Netherlands	31.3	41.0	41.6	45.7	46.5
Finland	35.0	33.6	39.1	37.7	38.1
Belgium	11.6	11.4	10.2	9.7	9.3
Other	22.1	14.0	9.1	6.9	6.1
Total Group	100.0	100.0	100.0	100.0	100.0

Group's comparable net sales by type of sales, adjusted for the SBS divestment, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Advertising	19.0	21.5	24.3	25.8	27.4
Subscription	22.8	24.1	26.0	26.3	27.0
Single copy	9.9	11.3	10.7	11.8	11.9
Learning	37.7	32.1	26.3	23.6	20.1
Other	10.6	11.0	12.7	12.5	13.7
Total Group	100.0	100.0	100.0	100.0	100.0

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

Group's net sales by type of sales, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Advertising	19.0	28.6	29.6	33.5	35.7
Subscription	22.8	21.3	23.7	22.9	23.1
Single copy	9.9	10.0	9.7	10.2	10.2
Learning	37.7	28.5	23.9	20.5	17.2
Other	10.6	11.6	13.0	12.8	13.8
Total Group	100.0	100.0	100.0	100.0	100.0

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

Result**Third quarter**

In July–September, Sanoma's operational EBIT increased by 14.9% and totalled EUR 89.3 million (2016: 77.7, adjusted for the SBS divestment 70.2). The result improved in all SBUs mainly due to strong sales in Learning in the seasonally important third quarter and cost innovations throughout the Group.

The operational EBIT margin was 22.1% (2016: 17.7%, adjusted for the SBS divestment 18.1%) of net sales.

In the third quarter, the Group's total operating expenses, excluding items affecting comparability and adjusted for the SBS divestment, were at the previous year's level in terms of value. Cost of sales increased by 4.4% and fixed costs decreased by 3.6%. Paper costs were stable, transport and distribution service decreased by 5.7% and employee benefit expenses increased by 2.0%.

In July–September, operating profit included EUR -3.0 million (2016: -2.6) net of items affecting comparability, which consisted of restructuring expenses as well as a gain from the settlement of the Finnish defined pension plans. In the comparable

period, items affecting comparability comprised restructuring expenses and a gain from the settlement of the Dutch pension plans.

Sanoma's net financial items decreased to EUR -4.6 million (2016: -6.1) as a result of lower debt. The result before taxes amounted to EUR 82.0 million (2016: 68.6) in the third quarter. Operational earnings per share increased by 29.7% to EUR 0.39 (2016: 0.30). Earnings per share were EUR 0.37 (2016: 0.29).

First nine months

In January–September, Sanoma's operational EBIT increased by 9.6% to EUR 182.4 million (2016: 166.5). The result improved due to cost innovations in all SBUs, one-off corrections of EUR 4.4 million in the first quarter related to changes in accounting estimates, and sales growth in Learning. The improvement was partly offset by higher amortisations and depreciations related to earlier investments in Learning, and costs related to creating new learning methods in Poland.

The operational EBIT margin was 15.3% (2016: 13.4%) of net sales.

Adjusted for the SBS divestment, comparable operational EBIT was EUR 184.8 million (2016: 155.1). The comparable operational EBIT margin was 17.1% (2016: 14.4%) of net sales.

During the first nine months, the Group's total expenses, excluding items affecting comparability and SBS, decreased by 2.8%. Cost of sales increased by 0.5% and fixed costs decreased by 5.2%. Paper costs decreased by 2.3%, transport and distribution service by 6.5% and employee benefit expenses by 3.3%.

In January–September, operating profit included EUR -434.4 million (2016: 53.3) net of items affecting comparability, mainly related to the capital loss from the divestment of SBS. In the previous year, items affecting comparability included an EUR 74.6 million adjustment for a settlement of defined benefit pension plans in the Netherlands.

Sanoma's net financial items totalled EUR -15.6 million (2016: -23.8). The improvement is due to lower interest expenses resulting from the significant decrease of interest-bearing liabilities. The result before taxes amounted to EUR -266.4 million (2016: 195.6) in the first nine months. Earnings per share were EUR -1.07 (2016: 0.85). The decrease is related to the items affecting comparability, especially the capital loss related to the divestment of SBS. Operational earnings per share were EUR 0.73 (2016: 0.58).

Balance sheet and financial position

At the end of September 2017, Sanoma's consolidated balance sheet totalled EUR 1,729.7 million (2016: 2,728.0). The decrease is mainly attributable to the deconsolidation of the SBS TV operations.

In January–September, the Group's cash flow from operations decreased to EUR 48.2 million (2016: 52.1). Working capital increased mainly due to higher sales in the third quarter. Taxes paid were higher, while financial costs paid decreased and the purchases of TV rights were lower following the SBS divestment.

Sanoma's current dividend policy is based on cash flow from operations, less capex. In January–September, cash flow from operations per share was EUR 0.30 (2016: 0.32). Cash flow from investments amounted to EUR 217.1 million. It was positively impacted by EUR 237.8 million due to operations sold, including SBS, Sanoma Baltics, and Kieskeurig.nl. In

the comparable period, operations sold totalled EUR 42.2 million and included Autotrader.nl, AAC Global, the remaining Russian magazine operations and the Head Office custom publishing operations in Finland.

At the end of September, the net debt to adjusted EBITDA ratio was 2.2 (2016: 3.3), reaching the long-term target of below 2.5. The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, in which acquired operations are included and divested operations excluded, and depreciation of both programming and prepublication rights have been raised above EBITDA on cash flow basis. The divestment of SBS had a positive effect on this ratio as the net cash consideration of the transaction, EUR 237 million, was used to reduce Sanoma's debt.

Sanoma's equity-related ratios were significantly affected by the capital loss booked in connection with the SBS divestment. As a result, Sanoma's equity ratio was 27.4% at the end of March 2017, when SBS was classified as an asset held for sale, but improved to 34.2% by the end of September 2017 (2016: 43.7%). Sanoma maintains its long-term target of 35%–45% equity ratio. The return on equity (ROE) was -45.0% and the return on investment (ROI) was -17.6%.

Equity totalled EUR 544.5 million (2016: 1,128.3). The decrease is related to the capital loss booked due to the SBS divestment. Equity per share was EUR 3.33 (2016: 5.16). Interest-bearing liabilities totalled EUR 555.4 million (2016: 799.8), and interest-bearing net debt amounted to EUR 518.7 million (2016: 766.4).

Investments, acquisitions and divestments

In January–September 2017, investments in tangible and intangible assets, including finance leases, amounted to EUR 28.0 million (2016: 22.6). Investments were mainly related to digital business, ICT systems and maintenance.

In July 2017, Sanoma divested 67% of the Dutch TV business SBS for a net cash consideration of EUR 237 million and obtaining 100% ownership of the TV guide business Veronica Uitgeverij. As a result of the transaction Sanoma recognised a non-cash capital loss of EUR -308.1 million. The total impact of the transaction on the Group's net result is EUR -286.2 million.

In June 2017, Sanoma divested the comparison website Kieskeurig.nl in the Netherlands.

In June 2017, Sanoma increased its holding in the Finnish marketing service company Routa from 51% to 80%.

In April 2017, Sanoma divested the online classifieds business of Sanoma Baltics AS and recognised a capital gain of EUR 9.9 million.

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

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

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

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

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

In September 2016, Sanoma sold its Finnish Head Office custom publishing operations.

Reconciliation of operational EBIT

EUR million	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
OPERATING PROFIT	86.3	75.1	-252.0	219.8	196.6
Items affecting comparability					
Media BeNe					
Impairments		0.0		-8.1	-13.6
Capital gains /losses *	0.2		-424.9	13.3	13.3
Restructuring expenses	-2.8	-2.5	-7.6	-15.5	-25.5
Others					
Settlement of defined benefit pension plans		4.7		40.8	40.8
Media Finland					
Capital gains /losses			10.8	-0.2	0.5
Restructuring expenses	-0.7	-0.6	-2.9	-2.8	-7.5
Others					
Transfer of surplus assets in Sanoma Pension Fund					-1.2
Learning					
Impairments			-7.8		-4.4
Restructuring expenses	-2.3	-1.8	-4.2	-2.1	-10.9
Others					
Settlement of defined benefit pension plans	2.4	0.0	2.4	22.9	22.9
Transfer of surplus assets in Sanoma Pension Fund					3.0
Other companies					
Capital gains /losses		-0.1		2.7	2.7
Restructuring expenses	0.3	-1.7	-0.2	-8.6	-0.4
Others					
Transfer of surplus assets in Sanoma Pension Fund					-1.8
Settlement of defined benefit pension plans		-0.8		11.0	11.0
ITEMS AFFECTING COMPARABILITY	-3.0	-2.6	-434.4	53.3	28.7
OPERATIONAL EBIT	89.3	77.7	182.4	166.5	167.9
Impairment of loan					-4.6
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES					-4.6
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTERESTS *	0.0	0.3	138.4	0.3	2.5

* A capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests included in operating profit relate to the SBS divestment. Total impact of the transaction in the net result is EUR -286.2 million.

Reconciliation of operational EPS

EUR million	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	60.8	48.8	-174.5	142.5	110.8
Current year interest on the hybrid bond net of tax		-1.5		-4.3	-5.5
Items affecting comparability *	2.1	1.2	293.3	-43.9	-22.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	63.0	48.5	118.8	94.3	82.8
Adjusted average number of shares	162,495,574	162,333,596	162,460,568	162,277,604	162,291,679
Operational EPS	0.39	0.30	0.73	0.58	0.51

* When calculating operational earnings per share, the tax effect and the non-controlling interests' share of the items affecting comparability has been deducted.

Reconciliation of interest-bearing net debt

EUR million	30.9.2017	30.9.2016	31.12.2016
Non-current financial liabilities	200.0	278.2	239.1
Current financial liabilities	355.4	521.6	590.5
Cash and cash equivalents	-36.7	-33.3	-43.4
Interest-bearing net debt	518.7	766.4	786.2

Media BeNe

Sanoma Media BeNe includes the Dutch and Belgian consumer media operations as well as the Dutch press distribution business Aldipress. In the Netherlands, we have a leading cross media portfolio with over 30 strong brands and strong market positions in magazines, events, custom media, e-commerce, websites and apps. In Belgium, Sanoma is a prominent multi-media company, with quality magazines and digital media focusing around Women and Home & Deco. Through combining content and customer data, we develop successful marketing solutions for our clients. In total, Sanoma Media BeNe reaches over 13 million consumers every month.

- Media BeNe's net sales adjusted for structural changes decreased by 4.6% during the third quarter, mainly due to advertising and single copy sales declining in line with the market.
- Despite the sales decline, the profitability of the print and online portfolio improved as a result of continuous cost innovations. Adjusted for the SBS divestment, Media BeNe's operational EBIT improved by 9.0% in the third quarter to EUR 15.6 million (2016: 14.3).
- For the first nine months, operational EBIT, adjusted for the SBS divestment, increased by 15.5%, but the reported operating profit shows a decrease since the result in the comparable period included a EUR 40.8 million settlement related to changes in the Dutch pension plans.
- The transaction to sell Sanoma's share, 67% of shares, of the SBS TV operations to Sanoma's long-term partner and co-shareholder Talpa and to acquire 100% of shares in the TV guide business Veronica was closed on 19 July 2017. SBS was included in Sanoma's reported figures until 30 June 2017.

Comparable key indicators, adjusted for the SBS divestment

EUR million	7–9/ 2017	7–9/ 2016	Change %	1–9/ 2017	1–9/ 2016	Change %	1–12/ 2016
Net sales	120.8	129.3	-6.6	378.7	396.0	-4.4	543.8
Non-print	27.5	31.5	-12.5	94.3	96.8	-2.5	144.1
Print	80.9	85.5	-5.4	249.3	264.7	-5.8	353.6
Other	12.4	12.3	0.7	35.1	34.6	1.3	46.1
EBITDA	15.0	20.7	-27.5	54.0	98.0	-44.9	118.9
Operational EBIT	15.6	14.3	9.0	54.8	47.4	15.5	70.3
% of net sales	12.9	11.1		14.5	12.0		12.9
Operating profit	12.7	17.5	-27.2	46.8	78.9	-40.7	92.2
Capital expenditure	0.2	0.0		2.8	1.2		1.4
Number of employees at the end of the period (FTE)				1,298	1,400		1,388
Average number of employees (FTE)				1,325	1,433		1,421

Key indicators

EUR million	7–9/ 2017	7–9/ 2016	Change %	1–9/ 2017	1–9/ 2016	Change %	1–12/ 2016
Net sales	120.8	179.7	-32.8	485.4	557.9	-13.0	775.9
Non-print	27.5	81.9	-66.4	201.1	258.7	-22.2	376.3
Print	80.9	85.5	-5.4	249.2	264.6	-5.8	353.5
Other	12.4	12.3	1.1	35.1	34.6	1.5	46.1
EBITDA	15.0	50.6	-70.3	-334.4	197.9		261.9
Operational EBIT *	15.6	21.8	-28.4	52.4	58.8	-10.9	85.6
% of net sales	12.9	12.1		10.8	10.5		11.0
Operating profit	12.8	24.0	-46.7	-374.8	89.3		100.6
Capital expenditure	0.2	1.3	-84.6	4.6	4.7	-2.0	5.8
Number of employees at the end of the period (FTE)				1,298	1,775	-26.9	1,768
Average number of employees (FTE)				1,571	1,811	-13.3	1,799

* Reconciliation of operational EBIT is presented in a separate table on page 10.

Media BeNe's comparable sales by type of sales, adjusted for the SBS divestment, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Advertising	16.8	20.0	18.8	20.8	21.6
Subscription	33.2	31.7	32.5	31.8	30.8
Single copy	23.8	24.1	21.8	22.7	21.7
Other	26.3	24.1	26.9	24.7	25.9
Total	100.0	100.0	100.0	100.0	100.0

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

Media BeNe's sales by type of sales, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Advertising	16.8	37.9	33.1	39.5	40.8
Subscription	33.2	22.8	25.4	22.6	21.6
Single copy	23.8	17.4	17.0	16.1	15.2
Other	26.3	21.9	24.5	21.9	22.4
Total	100.0	100.0	100.0	100.0	100.0

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

Media BeNe's comparable sales growth adjusted for the SBS divestment, %

	7–9/2017 vs. 7–9/2016	1–9/2017 vs. 1–9/2016
Subscription sales	-2	-2
Single copy sales	-8	-8
Total circulation sales	-5	-5
Print advertising sales	-12	-11
Non-print advertising sales	-27	-16
Total advertising sales	-22	-14

Media BeNe's sales growth, %

	7–9/2017 vs. 7–9/2016	1–9/2017 vs. 1–9/2016
Subscription sales	-2	-2
Single copy sales	-8	-8
Total circulation sales	-5	-5
Print advertising sales	-12	-11
Non-print advertising sales	-80	-30
Total advertising sales	-70	-27

Third quarter

In July–September, net sales in Media BeNe were EUR 120.8 million (2016: 179.7; adjusted for the SBS divestment 129.3). Adjusted for structural changes, net sales decreased by 4.6%. Non-print sales amounted to EUR 27.5 million (2016: 81.9; adjusted for the SBS divestment 31.5) and represented 22.8% (2016: 45.6% adjusted for the SBS divestment 24.4%) of net sales. The main reason for the decrease in sales and lower share of non-print is the divestment of the SBS TV operations, excluded from the reported figures in the third quarter of 2017.

Advertising sales, adjusted for the SBS divestment, decreased by 22% due to divestment of Kieskeurig.nl and weaker print advertising, and represented 16.8% of net sales. Circulation sales decreased by 4.8% with mostly single copy sales being lower. Circulation sales represented 56.9% of net sales. Other sales were stable.

Operational EBIT in Media BeNe in July–September amounted to EUR 15.6 million (2016: 21.8; adjusted for the SBS divestment 14.3). The comparable result improved following the continuous streamlining of operations in the Dutch print and online portfolio. Reported operational EBIT was lower, as the comparable period included the divested SBS TV operations.

Items affecting comparability included in the operating profit totalled EUR -2.6 million (2016: 2.2) and consisted mainly of restructuring expenses related to streamlining of the Dutch operations. In the comparable period, items affecting comparability were related to the changes in the pension plans in the Netherlands as well as restructuring expenses.

Media BeNe's investments in tangible and intangible assets totalled EUR 0.2 million (2016: 1.3) in July–September and consisted mainly of ICT investments and maintenance capital expenditure.

Media Finland

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

- Media Finland's net sales were stable in the third quarter. Non-print advertising sales grew by 2.8%. Newspaper circulation and number of subscriptions in pay TV, in both linear and VOD, also developed positively.
- Operational EBIT improved by 38.3% in the third quarter due to continued cost innovations across business units.
- Nelonen Media's commercial viewing share remained strong in the third quarter, and the reach of the Ruutu VOD service grew quickly.
- The total number of Helsingin Sanomat subscriptions has increased for five consecutive months.

Key indicators

EUR million	7–9/ 2017	7–9/ 2016	Change %	1–9/ 2017	1–9/ 2016	Change %	1–12/ 2016
Net sales	131.2	133.8	-2.0	420.0	428.5	-2.0	580.9
Non-print	55.2	53.4	3.3	183.2	176.9	3.6	242.0
Print	76.0	80.4	-5.5	236.8	251.6	-5.9	338.9
EBITDA	34.6	32.8	5.7	128.3	104.4	22.8	135.2
Operational EBIT *	14.1	10.2	38.3	55.7	40.3	38.3	49.5
% of net sales	10.8	7.6		13.3	9.4		8.5
Operating profit	13.4	9.6	38.8	63.6	37.2	70.7	41.3
Capital expenditure	2.0	1.0	98.4	5.7	3.8	49.0	5.2
Number of employees at the end of the period (FTE)				1,691	1,749	-3.3	1,718
Average number of employees (FTE)				1,755	1,823	-3.7	1,797

* Reconciliation of operational EBIT is presented in a separate table on page 10.

Media Finland's net sales by type of sales, %

	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Advertising	43.1	42.9	45.7	45.8	46.1
Subscription	39.8	39.1	37.8	36.8	36.5
Single copy	8.7	9.3	8.0	8.7	8.4
Other	8.4	8.7	8.5	8.7	9.0
Total	100.0	100.0	100.0	100.0	100.0

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

Media Finland's sales growth, %

	7–9/2017 vs. 7–9/2016	1–9/2017 vs. 1–9/2016
Subscription sales	0	1
of which magazines incl. online	-9	-5
of which newspapers incl. online	5	2
of which Pay-TV and Pay-VOD	10	15
Single copy sales	-9	-11
of which magazines incl. online	-10	-5
of which newspapers incl. online	-7	-10
Total circulation sales	-2	-2
Print advertising sales	-10	-12
Non-print advertising sales	3	3
Total advertising sales	-2	-2

Operational indicators, %

	1–9/2017	1–9/2016	1–12/2016
Finnish TV operations			
TV channels' share of TV advertising	37.1	35.3	35.3
TV channels' national commercial viewing share (10–44 years)	36.8	37.3	36.9
TV channels' national viewing share (10+ years)	16.6	15.7	16.6

Source: Kantar TNS, Media advertising trends 8/2017

Third quarter

In July–September, net sales in Media Finland were stable at EUR 131.2 million (2016: 133.8).

Non-print sales increased to EUR 55.2 million (2016: 53.4) and represented 42.1% (2016: 39.9%) of net sales.

Following the development of print advertising sales, the total advertising sales for Media Finland declined by 1.6% and represented 43.1% (2016: 42.9%) of net sales. Circulation sales decreased by 1.8%.

Subscription sales were stable, whereas single copy sales decreased. Circulation sales represented 48.5% (2016: 48.4%) of net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis by 2% in the third quarter. Advertising in magazines decreased by 9%,

in newspapers by 12% and in TV by 4%, whereas advertising on radio increased by 8% and online excluding search by 10%.

Operational EBIT in Media Finland in July–September increased to EUR 14.1 million (2016: 10.2) due to continued cost innovations in many cost categories.

An amortisation of EUR 6.4 million (2016: 6.0) related to ice hockey TV rights had an adverse impact in profitability.

Items affecting comparability included in the operating profit totalled EUR -0.7 million (2016: -0.6) and consisted of restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 2.0 million (2016: 1.0) in July–September and were mainly related to real estate and other maintenance capital expenditure.

Learning

Sanoma Learning is one of Europe's leading learning companies, serving some 10 million students and one million teachers. Through our multi-channel learning solutions we help to engage students in achieving good learning outcomes, and support the effective work of the professional teacher in primary, secondary and vocational education. Through our local companies, we contribute to some of the world's best-performing education systems including Finland, the Netherlands, Belgium, Poland and Sweden.

- Net sales in Learning increased by 22.5% in the third quarter. The increase was, in particular, driven by the significantly higher sales in Poland, where the market momentum in 2017 is exceptionally positive due to two simultaneous curriculum reforms.
- Operational EBIT increased by 23.8% in the third quarter. In particular, the costs incurred earlier in 2017 in Poland, where 46 new methods were developed and marketed this year, paid off.
- For the first nine months, Learning's operational EBIT was at the previous year's level with positive earnings impact of well managed cost innovations and net sales growth offsetting the costs of the new Polish methods and the negative impact of higher depreciation and amortisation related to earlier investments.

Key indicators

EUR million	7–9/ 2017	7–9/ 2016	Change %	1–9/ 2017	1–9/ 2016	Change %	1–12/ 2016
Net sales	152.7	124.7	22.5	284.7	254.6	11.8	282.6
Netherlands	28.2	25.8	9.3	84.1	87.9	-4.3	94.4
Poland	79.8	50.1	59.1	89.7	62.8	42.7	70.8
Finland	10.6	14.5	-26.7	46.1	42.6	8.2	48.1
Belgium	24.0	24.1	-0.2	46.2	40.8	13.2	44.8
Sweden	10.2	10.2	-0.5	18.9	20.8	-9.1	25.1
Other companies and eliminations	-0.1	0.0		-0.3	-0.4		-0.6
EBITDA	72.6	59.4	22.2	109.9	129.7	-15.3	107.3
Operational EBIT *	62.5	50.5	23.8	81.5	80.6	1.1	56.8
% of net sales	40.9	40.5		28.6	31.7		20.1
Operating profit	62.6	48.8	28.3	72.0	101.4	-29.0	67.4
Capital expenditure	4.1	3.7	12.8	12.8	10.7	19.2	17.7
Number of employees at the end of the period (FTE)				1,379	1,426	-3.3	1 439
Average number of employees (FTE)				1,413	1,406	0.5	1 413

* Reconciliation of operational EBIT is presented in a separate table on page 10.

Third quarter

In July–September, net sales increased by 22.5% to EUR 152.7 million (2016: 124.7) mainly due to significantly higher sales in Poland, where the market momentum in 2017 is exceptionally positive due to two simultaneous curriculum reforms. Sales in the Netherlands were partially recovering from the sluggish start of the season, whereas sales in Finland were lower than in the comparable period due to different timing of deliveries.

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 Learning increased to EUR 62.5 million (2016: 50.5). The increase was due to successful sales in the seasonally important third quarter. The partial catch-up of sales after a soft second quarter in the Netherlands, as well as integration benefits in Belgium and cost innovations also had positive impacts on the results. These more than offset the development costs of the new Polish methods and the professional learning initiative SAM, where scaling up of the organisation has begun.

Items affecting comparability included in the operating profit totalled net of EUR 0.1 million (2016: -1.7) and consisted of a settlement of the defined pension plans and restructuring expenses related to current downscaling of YDP, the international operations based in Poland. In the comparable period, items affecting comparability were related to the restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 4.1 million (2016: 3.7) in July–September. They were mainly related to investments in digital platforms and ICT.

The Group

Personnel

In January–September 2017, the average number of personnel (FTE) employed by the Sanoma Group was 5,026 (2016: 5,437). At the end of September, the number of Group employees (FTE) was 4,655 (2016: 5,269). In full-time equivalents, Media BeNe had 1,298 (2016: 1,775) employees at the end of September and Media Finland 1,691 (2016: 1,749).

Learning had 1,379 (2016: 1,426) and other operations 287 (2016: 319) employees (FTE) at the end of September 2017. Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 219.4 million (2016: 238.9).

Dividend

The Annual General Meeting on 21 March 2017 decided to pay a dividend of EUR 0.20 for the year 2016 (2015: 0.10) per share. The dividends were paid on 30 March 2017.

Shares and holdings

In January–September 2017, a total of 25,181,884 (2016: 38,079,459) Sanoma shares were traded on the Nasdaq Helsinki, and traded shares accounted for some 16% (2016: 23%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to around 74% (2016: 80%) 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 Helsinki was EUR 8.22 (2016: EUR 5.58), with a low of EUR 7.58 (2016: EUR 3.51) and a high of EUR 9.41 (2016: EUR 9.15). At the end of September, Sanoma's market capitalisation was EUR 1,503 million (2016: 1,381), with Sanoma's share closing at EUR 9.23 (2016: 8.48). 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.

At the end of September, the company held a total of 316,519 of its own shares, representing 0.2% of all Sanoma shares and votes.

Board of Directors, auditors and management

The AGM held on 21 March 2017 confirmed the number of Sanoma's Board members as nine. Board members Pekka Ala-Pietilä, Antti Herlin, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Robin Langenskiöld, Rafaela Seppälä and Kai Öistämö, were re-elected as Board members. Pekka Ala-Pietilä was elected as Chairman of the Board and Antti Herlin as Vice Chairman. The AGM decided to amend the term of office of Board members to be one year.

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

At the end of September 2017, the Executive Management Group (EMG) comprises: Susan Duinhoven (President and CEO of the Sanoma Group), Markus Holm (CFO and COO), Kim Ignatius (Executive Vice President), Pia Kalsta (CEO Sanoma Media Finland), John Martin (CEO Sanoma Learning) and Peter de Mönnink (CEO Sanoma Media BeNe). Sanoma announced in September that Peter de Mönnink will transition to Talpa by year-end. Fulfilment of the CEO role for Sanoma Media BeNe will be communicated in due course.

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 21 March 2017 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 2018 and terminates the corresponding authorisation granted by the AGM on 12 April 2016.

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 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 near term risks and uncertainty factors

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements and on the Group's website at Sanoma.com, together with the Group's main principles of risk management.

Many of the identified risks relate to changes in customer preferences. The driving forces behind these changes are the on-going digitisation process and the decrease of viewing time in free-to-air TV. Sanoma takes actions in all its strategic business units to respond to these challenges. These changes in consumer behaviour create potential risks related to advertising volumes and pricing, in particular with the trend of increasing mobile usage.

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.

Privacy and data protection are an integral part of Sanoma's business. Risks related to data security become more relevant as digital business is growing. Sanoma has invested in data security related technologies and runs a Group-wide privacy programme to ensure that employees know how to apply data security and privacy practices in their daily work.

Sanoma faces political risks in particular in Poland, where legislative changes can have significant impacts on the learning business. EU level changes currently considered for telemarketing could have a significant impact on Sanoma's subscription sales in Finland and in the Netherlands.

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 risks, currency risks, liquidity risk and credit risks. Other risks include risks related to equity and impairment of assets. Sanoma has actively issued commercial papers during the first six months of 2017, but the position has significantly reduced since the sale of SBS in July (EUR 294 million outstanding at the end of

September). In order to mitigate possible market risks, Sanoma has long-term undrawn committed bank facilities in place as back-up facilities for commercial papers. At the end of September, Sanoma had EUR 475 million undrawn committed facilities.

Sanoma's consolidated balance sheet included at the end of September EUR 1.2 billion in goodwill, immaterial rights and other intangible assets. Most of this is related to magazine and TV operations. Sanoma divested its Dutch TV operations on 19 July 2017, which reduced the amount of goodwill, immaterial rights and other intangible assets by EUR 0.9 billion. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios.

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 2017. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures. This Interim Report is unaudited.

IFRS 15 Revenue from Contracts with Customers and Clarifications to IFRS 15 (both effective for financial periods beginning on or after 1 January 2018).

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Sanoma has started a project to assess the impact of IFRS 15 in 2016, which is continuing in 2017. The differences between current revenue recognition policies and the IFRS 15 requirements have been identified and quantified. The main revenue streams include magazine & newspaper publishing (circulation sales & advertising sales), TV & Radio operations, online and mobile revenues and learning solutions. For all revenue streams contract reviews of the key revenue contracts are in the process of being documented. In magazines & newspaper publishing, the main finding is the need to identify additional performance obligations in cases of providing gifts as premiums to new subscribers. Current TV & Radio revenue recognition is already strongly linked to individual performance obligations, hence the impact of IFRS 15 is considered to be limited. In the learning solutions, the main findings are related to revenues from hybrid products (combining print with digital products). In some cases, multiple performance obligations need to be acknowledged, which need to be recognised at different moments (over time or at a point in time), depending on the characteristics of the performance obligations. The impact on the Sanoma Group's annual net sales is considered insignificant, although the phasing over the individual quarters might be affected. In order to ensure full comparability, Sanoma has decided to apply the retrospective method. Whether or not any of the available practical expedients will be applied continues to be investigated in the fourth quarter of 2017. Preparations are in progress to change systems where necessary.

Consolidated income statement

EUR million	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
NET SALES	404.6	438.1	1,189.9	1,241.0	1,639.1
Other operating income	4.0	4.7	24.5	32.1	39.9
Materials and services	-135.5	-136.9	-373.2	-378.2	-501.1
Employee benefit expenses	-81.9	-87.4	-267.6	-223.4	-325.5
Other operating expenses *	-70.6	-82.7	-681.5	-247.1	-356.1
Share of results in joint ventures	1.0	0.9	3.3	2.9	0.1
Depreciation, amortisation and impairment losses	-35.3	-61.7	-147.4	-207.5	-299.7
OPERATING PROFIT	86.3	75.1	-252.0	219.8	196.6
Share of results in associated companies	0.2	-0.4	1.2	-0.4	-2.4
Financial income	0.8	1.0	11.1	10.6	10.5
Financial expenses	-5.4	-7.1	-26.7	-34.4	-47.5
RESULT BEFORE TAXES	82.0	68.6	-266.4	195.6	157.2
Income taxes	-20.7	-17.3	-44.6	-47.5	-41.2
RESULT FOR THE PERIOD	61.3	51.3	-310.9	148.1	116.0
Result attributable to:					
Equity holders of the Parent Company	60.8	48.8	-174.5	142.5	110.8
Non-controlling interests *	0.4	2.5	-136.4	5.5	5.2
Earnings per share for result attributable to the equity holders of the Parent Company:					
Earnings per share, EUR	0.37	0.29	-1.07	0.85	0.65
Diluted earnings per share, EUR	0.37	0.29	-1.07	0.85	0.65

*The capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests relate to the SBS divestment. Total impact of the transaction in the net result is -286.2 million.

Statement of comprehensive income

EUR million	7–9/2017	7–9/2016	1–9/2017	1–9/2016	1–12/2016
Result for the period	61.3	51.3	-310.9	148.1	116.0
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Change in translation differences	-1.3	-0.3	1.3	-3.5	-4.5
Share of other comprehensive income of equity-accounted investees	0.0	-0.1	0.0	-0.4	-0.3
Cash flow hedges		0.2		0.5	0.6
Income tax related to cash flow hedges		0.0		-0.1	-0.1
Items that will not be reclassified to profit or loss					
Defined benefit plans	3.0	-1.1	11.0	-36.0	-19.5
Income tax related to defined benefit plans	-0.6	0.4	-2.3	9.0	5.0
Other comprehensive income for the period, net of tax	1.2	-1.0	10.0	-30.5	-18.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	62.4	50.3	-300.9	117.5	97.2
Total comprehensive income attributable to:					
Equity holders of the Parent Company	62.0	47.8	-164.5	112.0	92.0
Non-controlling interests	0.4	2.5	-136.4	5.5	5.2

Consolidated balance sheet

EUR million	30.9.2017	30.9.2016	31.12.2016
ASSETS			
Property, plant and equipment	51.5	59.9	57.8
Investment property	23.9	31.1	24.5
Goodwill	934.9	1,658.8	1,663.0
Other intangible assets	262.0	468.3	432.8
Equity-accounted investees	18.2	28.6	21.3
Available-for-sale financial assets	4.2	5.0	5.0
Deferred tax receivables	26.1	38.6	29.9
Trade and other receivables	17.9	33.3	21.8
NON-CURRENT ASSETS, TOTAL	1,338.6	2,323.5	2,256.0
Inventories	45.9	46.1	41.4
Income tax receivables	12.4	11.4	2.2
Trade and other receivables	296.2	313.7	255.8
Cash and cash equivalents	36.7	33.3	43.4
CURRENT ASSETS, TOTAL	391.1	404.5	342.9
Assets held for sale			6.8
ASSETS, TOTAL	1,729.7	2,728.0	2,605.6
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	71.3
Treasury shares	-1.4	-2.1	-2.1
Fund for invested unrestricted equity	203.3	203.3	203.3
Other reserves		-0.1	
Other equity	267.2	466.8	440.5
Hybrid bond		99.1	
	540.3	838.3	713.0
Non-controlling interests	4.2	290.1	289.5
EQUITY, TOTAL	544.5	1,128.3	1,002.5
Deferred tax liabilities	39.2	63.0	60.1
Pension obligations	2.8	34.8	13.7
Provisions	6.6	3.4	7.6
Financial liabilities	200.0	278.2	239.1
Trade and other payables	12.4	44.6	42.9
NON-CURRENT LIABILITIES, TOTAL	260.9	424.0	363.4
Provisions	18.3	20.4	18.1
Financial liabilities	355.4	521.6	590.5
Income tax liabilities	41.3	38.4	8.8
Trade and other payables	509.3	595.3	622.1
CURRENT LIABILITIES, TOTAL	924.3	1,175.7	1,239.5
Liabilities related to assets held for sale			0.3
LIABILITIES, TOTAL	1,185.2	1,599.6	1,603.1
EQUITY AND LIABILITIES, TOTAL	1,729.7	2,728.0	2,605.6

The Group did not have assets held for sale either on 30 September 2017 or on 30 September 2016.

Changes in consolidated equity

Equity attributable to the equity holders of the Parent Company

EUR million	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	Equity, total
Equity at									
1 Jan 2016	71.3	-3.2	203.3	-0.5	373.4	99.1	743.4	285.7	1,029.1
Comprehensive income for the period				0.4	111.6		112.0	5.5	117.5
Share-based compensation		1.0			-0.3		0.8		0.8
Dividends paid					-16.3		-16.3	-1.1	-17.3
Acquisitions and other changes in non-controlling interests					-1.6		-1.6	-0.1	-1.8
Equity at									
30 Sep 2016	71.3	-2.1	203.3	-0.1	466.8	99.1	838.3	290.1	1,128.3
Equity at									
1 Jan 2017	71.3	-2.1	203.3		440.5		713.0	289.5	1,002.5
Comprehensive income for the period					-164.5		-164.5	-136.4	-300.9
Share-based compensation		0.7			0.6		1.3		1.3
Dividends paid					-32.5		-32.5	-1.0	-33.5
Acquisitions and other changes in non-controlling interests					23.1		23.1	-147.9	-124.8
Equity at									
30 Sep 2017	71.3	-1.4	203.3		267.2		540.3	4.2	544.5

Consolidated cash flow statement

EUR million	1–9/2017	1–9/2016	1–12/2016
OPERATIONS			
Result for the period	-310.9	148.1	116.0
Adjustments			
Income taxes	44.6	47.5	41.2
Financial income and expenses	15.6	23.8	37.0
Share of results in equity-accounted investees	-4.6	-2.4	2.4
Depreciation, amortisation and impairment losses	147.4	207.5	299.7
Gains/losses on sales of non-current assets	446.2	-18.7	-19.5
Acquisitions of broadcasting rights and prepublication costs	-144.5	-165.8	-207.2
Other adjustments	1.0	1.0	1.1
Adjustments, total	505.7	92.8	154.6
Change in working capital	-116.2	-141.7	-47.9
Dividends received *	5.4	4.5	4.7
Interest paid and other financial items	-11.2	-36.0	-45.8
Taxes paid	-24.7	-15.6	-23.4
Cash flow from operations	48.2	52.1	158.1
INVESTMENTS			
Acquisition of tangible and intangible assets	-27.0	-22.9	-34.5
Operations acquired	-3.0	-21.6	-21.8
Proceeds from sale of tangible and intangible assets	9.0	2.6	3.0
Operations sold **	237.8	42.2	43.1
Loans granted	-0.1	-2.4	-1.7
Repayments of loan receivables	0.3	2.7	3.5
Interest received	0.2	0.3	0.4
Cash flow from investments	217.1	0.9	-8.1
Cash flow before financing	265.3	53.0	150.1
FINANCING			
Redemption of hybrid bond			-100.0
Contribution by non-controlling interests			0.0
Change in loans with short maturity	-72.8	-56.4	14.1
Drawings of other loans	172.7	240.0	240.1
Repayments of other loans and finance lease liabilities	-331.2	-269.6	-318.2
Interest paid on hybrid bond			-7.3
Acquisitions of non-controlling interests	-7.4		
Dividends paid	-33.5	-17.3	-17.6
Cash flow from financing	-272.2	-103.3	-188.9
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	-6.9	-50.3	-38.8
Effect of exchange rate differences on cash and cash equivalents	0.5	-0.8	-0.7
Net change in cash and cash equivalents	-6.4	-51.0	-39.5
Cash and cash equivalents at the beginning of the period	43.1	82.5	82.5
Cash and cash equivalents at the end of the period	36.7	31.5	43.1

* Dividends received transferred from the Cash flow from Investments to the Cash flow from operations.

** Operations sold in 2017 include SBS, Sanoma Baltics and Kieskeurig.nl.

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 0.0 million (2016:1.8).

Income statement by quarter

EUR million	1-3/ 2017	4-6/ 2017	7-9/ 2017	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016	1-12/ 2016
NET SALES	343.8	441.4	404.6	353.1	449.7	438.1	398.1	1,639.1
Other operating income	6.2	14.4	4.0	21.8	5.6	4.7	7.8	39.9
Materials and services	-103.7	-134.0	-135.5	-104.3	-137.0	-136.9	-123.0	-501.1
Employee benefit expenses	-92.9	-92.9	-81.9	-107.4	-28.6	-87.4	-102.1	-325.5
Other operating expenses *	-499.3	-111.6	-70.6	-89.5	-74.9	-82.7	-109.0	-356.1
Share of results in joint ventures	1.0	1.3	1.0	1.0	0.9	0.9	-2.8	0.1
Depreciation, amortisation and impairment losses	-71.0	-41.1	-35.3	-71.6	-74.2	-61.7	-92.2	-299.7
OPERATING PROFIT	-415.9	77.6	86.3	3.1	141.7	75.1	-23.2	196.6
Share of results in associated companies	0.1	0.9	0.2	0.1	-0.2	-0.4	-2.0	-2.4
Financial income	4.7	5.5	0.8	9.2	0.4	1.0	0.0	10.5
Financial expenses	-11.3	-10.0	-5.4	-17.9	-9.4	-7.1	-13.2	-47.5
RESULT BEFORE TAXES	-422.4	74.0	82.0	-5.5	132.5	68.6	-38.4	157.2
Income taxes	-0.7	-23.2	-20.7	5.4	-35.6	-17.3	6.3	-41.2
RESULT FOR THE PERIOD	-423.0	50.8	61.3	-0.1	96.9	51.3	-32.1	116.0

Result attributable to:

Equity holders of the Parent Company	-285.1	49.7	60.8	0.0	93.8	48.8	-31.8	110.8
Non-controlling interests *	-137.9	1.1	0.4	-0.1	3.1	2.5	-0.3	5.2

Earnings per share for result attributable to the equity holders of the Parent Company:

Earnings per share, EUR	-1.76	0.31	0.37	-0.01	0.57	0.29	-0.20	0.65
Diluted earnings per share, EUR	-1.76	0.31	0.37	-0.01	0.57	0.29	-0.20	0.65

* The capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests relate to the SBS divestment. Total impact of the transaction in the net result is -286.2 million.

Net sales by strategic business unit

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	1–3/ 2016	4–6/ 2016	7–9/ 2016	10–12/ 2016	1–12/ 2016
MEDIA BENE								
Non-print	76.4	97.2	27.5	77.8	99.0	81.9	117.6	376.3
Print	80.9	87.4	80.9	87.1	92.1	85.5	88.9	353.5
Other	10.8	11.9	12.4	10.8	11.5	12.3	11.5	46.1
Total	168.1	196.5	120.8	175.6	202.6	179.7	218.0	775.9
MEDIA FINLAND								
Non-print	63.6	64.4	55.2	59.2	64.3	53.4	65.2	242.0
Print	80.6	80.2	76.0	85.3	85.9	80.4	87.2	338.9
Total	144.1	144.6	131.2	144.5	150.1	133.8	152.4	580.9
LEARNING								
Netherlands	17.8	38.2	28.2	19.7	42.4	25.8	6.5	94.4
Poland	4.3	5.6	79.8	4.5	8.2	50.1	8.0	70.8
Finland	3.7	31.8	10.6	3.2	24.9	14.5	5.5	48.1
Belgium	2.4	19.8	24.0	1.4	15.3	24.1	4.0	44.8
Sweden	3.5	5.2	10.2	4.1	6.5	10.2	4.3	25.1
Other companies and eliminations	0.0	-0.2	-0.1	-0.1	-0.3	0.0	-0.2	-0.6
Total	31.7	100.3	152.7	32.9	97.1	124.7	28.0	282.6
Other operations and eliminations	-0.1	-0.1	-0.1	0.1	-0.1	-0.1	-0.3	-0.3
Total	343.8	441.4	404.6	353.1	449.7	438.1	398.1	1,639.1

Operating profit by strategic business unit

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	1–3/ 2016	4–6/ 2016	7–9/ 2016	10–12/ 2016	1–12/ 2016
Media BeNe	-408.0	20.5	12.8	11.4	53.9	24.0	11.2	100.6
Media Finland	19.6	30.6	13.4	10.1	17.5	9.6	4.0	41.3
Learning	-15.5	25.0	62.6	-11.1	63.8	48.8	-34.0	67.4
Other companies and eliminations	-11.8	1.5	-2.4	-7.3	6.5	-7.3	-4.4	-12.6
Total	-415.9	77.6	86.3	3.1	141.7	75.1	-23.2	196.6

Operational EBIT by strategic business unit

EUR million	1–3/ 2017	4–6/ 2017	7–9/ 2017	1–3/ 2016	4–6/ 2016	7–9/ 2016	10–12/ 2016	1–12/ 2016
Media BeNe	9.3	27.5	15.6	7.4	29.6	21.8	26.8	85.6
Media Finland	19.0	22.5	14.1	11.0	19.0	10.2	9.3	49.5
Learning	-15.0	34.0	62.5	-10.9	41.1	50.5	-23.8	56.8
Other companies and eliminations	-1.9	-2.4	-2.9	-5.6	-2.8	-4.8	-10.8	-24.0
Total	11.4	81.7	89.3	1.9	86.9	77.7	1.4	167.9

Segment information

In connection with the SBS divestment, Sanoma decided to change its segment reporting. Therefore, Sanoma now reports three operating segments, i.e. its three strategic business units Sanoma Media BeNe, Sanoma Media Finland and Sanoma Learning. This is aligned with the way Sanoma manages the businesses.

Sanoma Media BeNe includes the Dutch and Belgian consumer media operations (magazines, events, custom media, websites and apps) as well as the Dutch press distribution business Aldipress. Sanoma Media Finland is the leading multi-channel media company in Finland with a portfolio of magazines, newspapers, TV, radio, online and mobile channels. 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, the column unallocated/eliminations includes non-core operations, head office functions, real estate companies as well as items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

Sanoma segments 1.1–30.9.2017

EUR million	Media BeNe	Media Finland	Learning	Unallocated/eliminations	Total
External net sales	485.4	419.7	284.7		1,189.9
Internal net sales		0.2	0.0	-0.2	
Net sales, total	485.4	420.0	284.7	-0.2	1,189.9
Operating profit	-374.8	63.6	72.0	-12.8	-252.0
Operational EBIT	52.4	55.7	81.5	-7.2	182.4
Share of results in associated companies	1.0	0.2			1.2
Financial income				11.1	11.1
Financial expenses				-26.7	-26.7
Result before taxes					-266.4
Segment assets	744.8	264.0	590.9	52.4	1,652.1

Sanoma segments 1.1–30.9.2016

EUR million	Media BeNe	Media Finland	Learning	Unallocated/eliminations	Total
External net sales	557.9	428.2	254.6	0.2	1,241.0
Internal net sales		0.3	0.0	-0.3	
Net sales, total	557.9	428.5	254.6	0.0	1,241.0
Operating profit	89.3	37.2	101.4	-8.2	219.8
Operational EBIT	58.8	40.3	80.6	-13.2	166.5
Share of results in associated companies	-0.3	0.2	-0.4		-0.4
Financial income				10.6	10.6
Financial expenses				-34.4	-34.4
Result before taxes					195.6
Segment assets	1,719.3	297.6	572.3	50.2	2,639.4

Changes in property, plant and equipment

EUR million	30.9.2017	30.9.2016	31.12.2016
Carrying amount at the beginning of the period	57.8	69.4	69.4
Increases	7.3	6.0	8.4
Acquisition of operations	0.0	0.5	0.5
Decreases	-1.0	-1.1	-1.3
Disposal of operations	-2.3	-2.6	-2.6
Depreciation for the period	-10.7	-12.6	-16.8
Impairment losses for the period	-0.6		0.0
Exchange rate differences and other changes	0.9	0.2	0.1
Carrying amount at the end of the period	51.5	59.9	57.8

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 26.6 million (2016: 161.5).

Effect of acquisitions on the consolidated balance sheet

EUR million	1–9/2017	1–12/2016
Acquisition costs	11.0	27.2
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities		0.0
Fair value of previously held interest		2.2
Fair value of acquired net assets	-3.6	-11.6
Recognised in equity	-6.6	-1.9
Goodwill from acquisitions	0.8	15.9

In 1-9/2017, Sanoma has invested EUR 11.0 million in business acquisitions. The impact of each individual acquisition on the Group's assets and liabilities has been minor. Business acquisitions have been described in paragraph Investments, acquisitions and divestments on page 8.

Effect of SBS divestment on the consolidated balance sheet

EUR million	30.9.2017
Property, plant and equipment	2.6
Goodwill	715.5
Other intangible assets	200.3
Trade and other receivables	38.3
Cash and cash equivalents	25.8
Assets total	982.5
Deferred tax liabilities	18.1
Financial liabilities	46.0
Trade and other payables	112.4
Liabilities total	176.6
Derecognised non-controlling interest	117.2
Net assets	688.7
Sales consideration received in cash	237.1
Transaction fees paid	-5.6
Capital loss	457.2

Cash flow from sale of SBS

EUR million	
Sales consideration received in cash	237.1
Transaction fees paid	-5.6
Cash and cash equivalents of divested operations	-25.8
Cash flow from sale of SBS	205.6

Cash flow from other divested operations was EUR 32.1 million at 30 September 2017.

Contingent liabilities

EUR million	30.9.2017	30.9.2016	31.12.2016
Contingencies for own commitments			
Mortgages		9.7	
Pledges	1.5	2.4	2.4
Other items	24.8	25.0	25.0
Total	26.3	37.1	27.4
Other commitments			
Operating lease liabilities	264.4	294.3	298.2
Royalties	8.9	17.6	14.6
Other items	50.3	42.5	71.2
Total	323.6	354.5	384.0
Total	349.8	391.6	411.4

Interest on hybrid bond

On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. Sanoma redeemed the hybrid bond on 12 December 2016 for the full outstanding amount in accordance with the terms and conditions of the hybrid bond. At the end of the comparative period the unpaid interest on the hybrid bond was EUR 5.8 million.

Derivative instruments

EUR million	30.9.2017	30.9.2016	31.12.2016
Fair values			
Interest rate derivatives (incl. accrued interests)			
Interest rate swaps	-0.1	-0.8	-0.4
Currency derivatives			
Forward contracts	-0.3	3.5	6.3
Nominal values			
Interest rate derivatives			
Interest rate swaps	100.0	200.0	100.0
Currency derivatives			
Forward contracts	94.8	100.6	82.1

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

	1–9/2017	1–9/2016	1–12/2016
Average rate			
EUR/PLN (Polish Zloty)	4.27	4.36	4.36
EUR/SEK (Swedish Crown)	9.58	9.37	9.47
EUR/USD (US Dollar)	1.11	1.12	1.11
Closing rate			
	30.9.2017	30.9.2016	31.12.2016
EUR/PLN (Polish Zloty)	4.30	4.32	4.41
EUR/SEK (Swedish Crown)	9.65	9.62	9.55
EUR/USD (US Dollar)	1.18	1.12	1.05

January–September 2017 Interim Report webcast

The event for analysts and investors will be held in English by President and CEO Susan Duinhoven and CFO and COO Markus Holm on 25 October 2017 at 11:00 am Finnish time (9:00 am UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki, Finland. To join the event at Sanomatalo please register via email at ir@sanoma.com.

Interview opportunities for media will be available after the investor webcast. Media representatives are asked to book interviews via Communications Director Marcus Wiklund, marcus.wiklund@sanoma.com.

The live audio webcast can be viewed on Sanoma's website at www.sanoma.com/en/investors and on demand after the event. The presentation material will be available on Sanoma's website after the report has been published.

For dial-in details to the live audio webcast by phone, please register via email at ir@sanoma.com. Conference ID and dial in numbers will be sent after registration.

Financial reporting 2018

Sanoma will publish its Full-Year Result for 2017 on 8 February 2018 approx. at 8:30 am Finnish time. Interim Reports and the Half-Year Report will be published in 2018 as follows:

- Interim Report January–March on 27 April 2018, approx. at 8:30
- Half-Year Financial Report January–June on 24 July 2018, approx. at 8:30
- Interim Report January–September on 24 October 2018, approx. at 8:30.

Additional information

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Sanoma

Sanoma is a front running media and learning company impacting the lives of millions every day. We provide consumers with engaging content, offer unique marketing solutions to business partners and enable teachers to excel at developing the talents of every child.

With companies operating in Finland, the Netherlands, Belgium, Poland and Sweden, our net sales totalled EUR 1.6 billion and we employed more than 5,000 professionals in 2016. The Sanoma shares are listed on Nasdaq Helsinki.