

2017

Q1
Interim
Report

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Sanoma's Interim Report 1 January–31 March 2017:

Operational Result Continued to Improve

Dutch FTA TV business SBS divested to long-term partner Talpa

Sanoma Corporation, Stock Exchange Release, 26 April 2017 at 8:30 CET+1

First quarter

- Net sales amounted to EUR 343.8 million (2016: 353.1).
- Adjusted for changes in the Group structure, Sanoma's net sales decreased by 2.4%.
- Operational EBIT increased to EUR 11.4 million (2016: 1.9).
- Sanoma announced the divestment of Dutch TV operations of SBS on 10 April 2017. Following the announcement, all assets and liabilities relating to SBS are classified as held for sale in accordance with IFRS5 resulting in a non-cash capital loss for Sanoma affecting already the first quarter result. The impact on the result attributable to the equity holders of the Parent Company (i.e. the net result) in the first quarter is EUR -286.8 million.
- Operating profit was EUR -415.9 million (2016: 3.1).
- Items affecting comparability included in the operating profit were EUR -427.3 million (2016: 1.2) and were mainly related to the capital loss of the SBS asset held for sale classification. The impact of SBS in operating profit was EUR -424.6 million and the corresponding adjustment for non-controlling interests was EUR 137.7 million.
- Earnings per share were EUR -1.76 (2016: -0.01).
- Operational earnings per share were EUR 0.02 (2016: -0.04).
- Cash flow from operations was EUR -42.4 million (2016: -56.7) and capex was EUR 8.4 million (2016: 5.7). Sanoma's current dividend policy is based on cash flow from operations less capex.
- Net debt/adj. EBITDA ratio at the end of March was 3.5 times (2016: 4.7).
- Equity ratio was 27.4% (2016: 39.3%) due to the capital loss booked in connection with the SBS asset held for sale classification.

Outlook (unchanged from the revised outlook published on 10 April 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 10%.

The outlook is based on the assumption of the advertising markets development in the Netherlands and Finland being in line with that of 2016.

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

EUR million	1-3/ 2017	1-3/ 2016	Change %	1-12/ 2016
Net sales	343.8	353.1	-2.6	1,639.1
Operational EBIT	11.4	1.9		167.9
% of net sales	3.3	0.5		10.2
Operating profit	-415.9	3.1		196.6
Result for the period	-423.0	-0.1		116.0
Cash flow from operations	-42.4	-56.7		153.5
Capital expenditure *	8.4	5.7	47.9	34.8
% of net sales	2.4	1.6		2.1
Return on equity (ROE), % **	-30.1	-13.4		10.9
Return on investment (ROI), % **	-12.0	-5.4		9.9
Equity ratio, %	27.4	39.3		41.0
Net gearing, %	156.2	81.8		78.4
Number of employees at the end of the period (FTE)	5,188	5,379	-3.5	5,227
Average number of employees (FTE)	5,181	5,602	-7.5	5,384
Earnings/share, EUR	-1.76	-0.01		0.65
Cash flow from operations/share, EUR	-0.26	-0.35		0.95
Equity/share, EUR	2.48	4.44	-44.2	4.39

* Including finance leases.

** Rolling 12-month period.

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

Organic growth of net sales, %

	1-3/2017 vs. 1-3/2016	1-12/2016 vs. 1-12/2015
Media BeNe	-3.9	+0.5
Media Finland	+0.4	+0.7
Learning	-7.2	-2.5
Group	-2.4	+0.1

Susan Duinhoven, President and CEO

“The improvements in Sanoma’s profit continued in the first quarter of the year. Our operational EBIT improved to EUR 11.4 million (2016: 1.9).

Most of the improvement in profitability came from our Media business in Finland. The result improved due to continuous cost innovations and one-off corrections related to changes in accounting estimates. Sales were stable with TV and online sales developing favourably. Media Finland also improved its market share in the Finnish advertising market to 28.6 % (2016: 27.3%)

In Media BeNe the operational EBIT improved thanks to cost innovations, in particular in the print and online portfolio. The Dutch TV market continued to be under pressure, which impacted SBS results.

In the seasonally small first quarter in Learning, the top line came in somewhat lower than in the comparable period due to timing differences. The profitability was impacted by lower sales and higher depreciation and amortisation related to earlier investments as well as costs related to creating new methods for the Polish market currently undergoing an educational reform. The integration of De Boeck in Belgium increased the seasonal loss of the first quarter. The full year effect of this highly synergetic acquisition will be positive.

In the beginning of April, we announced the divestment of SBS, which will mark our exit from the Dutch free-to-air TV market. It is a result of our strategic review: we have decided to focus on strongholds, businesses where we have – or can achieve – a leading market position. Leading brands give us the opportunity to offer our customers a unique combination of both reach and targeting and allow us to benefit from the scale of our operations. We continue to pursue opportunities in our Learning business, as well as in our cross-media businesses in Finland, the Netherlands and Belgium.

The transaction resulted in a non-cash capital loss with a net impact of EUR -286.8 million on our net result in the first quarter.

Due to the reduced exposure to the uncertainties of the Dutch TV business and the continued strong results in our Finnish media business, we improved

our outlook for the year 2017 in connection with announcing the SBS divestment.”

Group outlook (unchanged from the revised outlook published on 10 April 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 10%.

The outlook is based on the assumption of the advertising markets development in the Netherlands and Finland being in line with that of 2016.

Impact of the SBS asset held for sale classification in reported figures

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

However, until the closing of the transaction, SBS is consolidated in Sanoma’s income statement. In accordance with the requirements of IFRS5, the non-current asset held for sale will no longer be depreciated/amortised.

The divestment is expected to close in the third quarter of 2017. Therefore Sanoma estimates to consolidate the result of SBS only in the first half of 2017, which typically is a seasonally weaker half of the year.

Net sales First quarter

In January–March, Sanoma’s net sales decreased by 2.6% and amounted to EUR 343.8 million (2016: 353.1). Adjusted for changes in the Group structure, net sales decreased by 2.4%.

Non-print sales in media business grew by 2.2% to EUR 139.9 million (2016: 137.0). Non-print sales represented 40.7% (2016: 38.8%) of the Group’s net sales.

Advertising sales decreased by 3.2% to EUR 130.0 million (2016: 134.3). Circulation sales decreased by 3.5% to EUR 131.9 million (2016: 136.7) following a

decline in single copy sales both in the Netherlands and Finland. Net sales from learning solutions decreased by 3.6% to EUR 31.7 million (2016: 32.9) mainly due change in ordering pattern leading sales

to shift from the first quarter of the year to the second. Other sales increased by 2.0% to EUR 50.2 million (2016: 49.3).

Group's net sales by country, %

	1-3/2017	1-3/2016	1-12/2016
Netherlands	46.7	47.7	46.5
Finland	42.7	41.5	38.1
Belgium	8.1	8.1	9.3
Other	2.5	2.7	6.1
Total Group	100.0	100.0	100.0

Group's net sales by type of sales, %

	1-3/2017	1-3/2016	1-12/2016
Advertising	37.8	38.0	35.7
Subscription	27.7	26.9	23.1
Single copy	10.6	11.8	10.2
Learning	9.2	9.3	17.2
Other	14.6	14.0	13.8
Total Group	100.0	100.0	100.0

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

Result

First quarter

In January–March, Sanoma's operational EBIT totalled EUR 11.4 million (2016: 1.9). Continuous cost innovations as well as one-off corrections, amounting to EUR 4.4 million, related to changes in accounting estimates improved the result.

The operational EBIT margin was 3.3% (2016: 0.5%) of net sales.

In the first quarter, the Group's total operating expenses, excluding items affecting comparability, decreased by 6.5%. Like-for-like cost of sales decreased by 7.4% and fixed costs by 5.9%. Paper costs decreased by 5.6%, transport and distribution

service by 7.5% and employee benefit expenses by 5.6%.

In January–March, operating profit included net of EUR -427.3 million (2016: 1.2) of items affecting comparability, which were mostly related to capital loss on the SBS asset held for sale classification. This capital loss of the transaction, EUR -424.6 million, corresponds to 100% consolidation. Sanoma held 67% of shares in SBS. A related item amounting to EUR 137.7 million is booked under items affecting comparability in non-controlling interests, the net impact of the transaction in the first quarter being EUR -286.8 million. In the comparable period, the items affecting comparability were related to capital gains and restructuring expenses.

Sanoma's net financial items totalled EUR -6.6 million (2016: -8.7). The improvement is related to lower interest expenses on the debt portfolio. The result before taxes amounted to EUR -422.4 million (2016: -5.5) in the first quarter. Earnings per share were EUR -1.76 (2016: -0.01). The decrease is related to the capital loss in connection with the SBS asset held for sale classification. Operational earnings per share improved to EUR 0.02 (2016: -0.04).

Balance sheet and financial position

At the end of March 2017, Sanoma's consolidated balance sheet totalled EUR 2,167.4 million (2016: 2,713.4). The decrease is mainly attributable to significantly lower goodwill and other intangible assets following the held for sale classification of SBS TV operations.

In January-March, the Group's cash flow from operations improved to EUR -42.4 million (2016: -56.7) mainly as a result of higher profitability and lower interest paid, partly offset by increase in working capital. Cash flow from operations per share was EUR -0.26 (2016: -0.35).

At the end of March, the net debt/adj. EBITDA ratio was 3.5 times (2016: 4.7) with the long-term target being below 2.5. The adjusted EBITDA used in this ratio is 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis. The divestment of SBS will have a positive effect on the development of this ratio going forward.

Sanoma's equity related ratios were significantly affected by the capital loss booked in connection with the SBS asset held for sale classification. As a result, Sanoma's equity ratio was 27.4% (2016: 39.3%) at the end of March 2017. Sanoma's lenders have given their consent to the temporary decrease in the equity ratio. Sanoma maintains its long-term target to achieve 35%-45% equity ratio. The return on equity (ROE) was -30.1% and the return on investment (ROI) was -12.0%.

Equity totalled EUR 553.4 million (2016: 1,005.7). The decrease is related to the SBS asset held for sale classification. Equity per share was EUR 2.48 (2016: 4.44). Interest-bearing liabilities, including SBS

liabilities and cash, totalled EUR 908.2 million (2016: 902.1) and interest-bearing net debt amounted to EUR 864.2 million (2016: 822.6).

In March 2017 EUR 200 million of the Bond 2017 expired. Sanoma used commercial papers and bank financing to refinance the bond.

Investments, acquisitions and divestments

In January-March 2017, investments in tangible and intangible assets, including finance leases, amounted to EUR 8.4 million (2016: 5.7). Investments were mainly related to digital business and ICT systems.

In March 2017 Sanoma announced the divestment of online classifieds business Sanoma Baltics AS. As a result of the transaction, Sanoma will recognize a capital gain of around EUR 10 million in the second quarter results.

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

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

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

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

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.

Events after the review period

On 10 April 2017 Sanoma announced that it has agreed to sell its 67% stake in the Dutch TV business SBS to Talpa for a net cash consideration of EUR 237 million and will obtain 100% ownership of the TV guide business Veronica Uitgeverij as part of the transaction.

Under IFRS5, SBS assets were classified as held for sale in the first quarter. The divestment will result in a non-cash capital loss of EUR 313 million, of which EUR 286.8 million is reported in items affecting comparability in the first quarter result 2017. The

divestment is subject to closing conditions including customary regulatory approvals and is expected to

close in the third quarter of 2017.

Reconciliation of operational EBIT

EUR million	1-3/ 2017	1-3/ 2016	1-12/ 2016
OPERATING PROFIT	-415.9	3.1	196.6
Items affecting comparability			
Media Bene			
Impairments			-13.6
Capital gains /losses *	-424.6	13.3	13.3
Restructuring expenses		-9.4	-25.5
Others			
Settlement of Dutch defined benefit pension plans			40.8
Media Finland			
Capital gains /losses	0.9		0.5
Restructuring expenses	-0.4	-0.9	-7.5
Others			
Transfer of surplus assets in Sanoma Pension Fund			-1.2
Learning			
Impairments			-4.4
Restructuring expenses	-0.6	-0.2	-10.9
Others			
Settlement of Dutch defined benefit pension plans			22.9
Transfer of surplus assets in Sanoma Pension Fund			3.0
Other companies			
Capital gains /losses		2.8	2.7
Restructuring expenses	-2.7	-4.5	-0.4
Others			
Transfer of surplus assets in Sanoma Pension Fund			-1.8
Settlement of Dutch defined benefit pension plans			11.0
ITEMS AFFECTING COMPARABILITY	-427.3	1.2	28.7
OPERATIONAL EBIT	11.4	1.9	167.9
Impairment of loan			-4.6
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES			-4.6
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTERESTS *	137.7		

* The capital loss of EUR -424.6 million in operating profit and a EUR 137.7 million adjustment in non-controlling interests relate to the SBS asset held for sale classification. Total impact in the net result is EUR -286.8 million.

Reconciliation of operational EPS

EUR million	1-3/ 2017	1-3/ 2016	1-12/ 2016
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	-285.1	0.0	110.8
Current year interest on the hybrid bond net of tax		-1.4	-5.5
Items affecting comparability*	288.8	-5.5	-22.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	3.7	-6.9	82.8
Adjusted average number of shares	162,389,388	162,165,006	162,291,679
Operational EPS	0.02	-0.04	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	31.3.2017	31.3.2016	31.12.2016
Non-current financial liabilities	364.9	125.5	239.1
Current financial liabilities	543.3	776.6	590.5
Cash and cash equivalents	-44.0	-79.5	-43.4
Interest-bearing net debt	864.2	822.6	786.2

Interest-bearing net debt includes financial assets and liabilities of SBS that are presented as part of assets and liabilities held for sale in the balance sheet 31 March 2017. More details are presented on p. 28.

Consumer Media

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

Consumer Media sales by type of sales, %

	1-3/2017	1-3/2016	1-12/2016
Advertising	41.6	42.0	43.1
Subscription	30.5	29.6	28.0
Single copy	11.7	13.1	12.3
Other	16.1	15.3	16.6
Total Consumer Media	100.0	100.0	100.0

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

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

	1-3/2017 vs. 1-3/2016			1-12/2016 vs. 1-12/2015		
	Subscription	Single copy	Total circulation	Subscription	Single copy	Total circulation
Media BeNe	0	-13	-5	-7	-16	-11
Media Finland	+1	-12	-1	+2	-9	0
of which Magazines incl. online	-5	-6	-5	+1	-7	+1
of which Newspapers incl. online	+3	-11	-1	+2	-9	-2
of which Pay-TV & Pay-VOD	+14	-100	+10	+9	-20	+8
Total Consumer Media	0	-12	-3	-2	-14	-6

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

	1-3/2017 vs. 1-3/2016			1-12/2016 vs. 1-12/2015		
	Print	Non-print	Total advertising	Print	Non-print	Total advertising
Media BeNe	-10	-7	-7	-32	0	-6
Media Finland	-11	+7	+1	-7	+11	+4
Total Consumer Media	-11	-1	-3	-18	+4	-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 40 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 15 million consumers every week. In the Netherlands, Sanoma is in the process of divesting its four free-to-air TV channels and an online video platform.

- Media BeNe's organic net sales decreased by 4% during the first quarter of 2017.
- SBS advertising sales were impacted by the negative development of the Dutch TV advertising market. The viewing share of SBS TV operations decreased and the negative viewing time trends in the Dutch market continued.
- Profitability improved during the first quarter as a result of cost innovations, in particular in the Dutch and Belgium print and online portfolio.
- Sanoma has agreed to sell its share, 67% of shares, in the SBS TV operations to Sanoma's long-term partner and co-shareholder Talpa. The closing of the transaction is expected in the third quarter of 2017.

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

EUR million	1-3/ 2017	1-3/ 2016	Change %	1-12/ 2016
Net sales	168.1	175.6	-4.3	775.9
Non-print	76.4	77.8	-1.8	376.3
Print	80.9	87.1	-7.0	353.5
Other	10.8	10.8	-0,1	46.1
Operational EBIT *	9.3	7.4	25.9	85.6
% of net sales	5.5	4.2		11.0
Operating profit	-408.0	11.4		100.6
Capital expenditure	3.2	1.1		5.8
Number of employees at the end of the period (FTE)	1,734	1,841	-5.9	1,768
Average number of employees (FTE)	1,736	1,872	-7.3	1,799

* Reconciliation of operational EBIT is presented in a separate table on page 7.

Operational indicators, %

	1-3/ 2017	1-3/ 2016	1-12/ 2016
Dutch TV operations			
TV channels' share of TV advertising	23.0	23.3	24.5
TV channels' national viewing share (20-54 years)	19.1	20.9	20.3
TV channels' national viewing share (6+ years)	17.2	18.2	18.6

First quarter

In January-March, net sales in Media BeNe decreased by 4.3% to EUR 168.1 million (2016: 175.6). Adjusted for structural changes, net sales decreased by 3.9%.

Non-print sales amounted to EUR 76.4 million (2016: 77.8) and represented 45.4% (2016: 44.3%) of net sales.

Advertising sales decreased by 7.0%, mainly due to lower TV advertising sales, and represented 37.4% (2016: 38.5%) of net sales. Subscription sales were stable, but single copy sales declined causing circulation sales to decrease by 5.4%. Circulation sales represented 40.2% (2016: 40.7%) of net sales.

Based on the preliminary market information, Sanoma estimates that the advertising market in the Netherlands increased by 3%. Advertising increased on a net basis in online including search by 7%, whereas the advertising declined in TV by 3% and in consumer magazines by 7% in January-March.

Operational EBIT in Media BeNe in January-March increased to EUR 9.3 million (2016: 7.4), due to cost innovations improving in particular the performance of the print and online portfolio.

Items affecting comparability included in the operating profit totalled EUR -424.6 million (2016: 4.0) and were related to capital loss on the SBS asset held for sale classification. This capital loss corresponds to 100% consolidation. A related item amounting to EUR 137.7 million is booked under items affecting comparability in non-controlling interests. The net result impact of the SBS asset held for sale classification in the first quarter was therefore EUR -286.8 million. In the comparable period, items affecting comparability consisted of capital gains and restructuring expenses.

Media BeNe's investments in tangible and intangible assets totalled EUR 3.2 million (2016: 1.1) in January-March and consisted mainly of brand-related investments.

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 organic net sales remained stable. Digital and TV sales developed positively.
- Media Finland continued to improve its market position and its share of the Finnish advertising market rose to 28.6% (2016: 27.3%)
- Operational EBIT improved due to continued cost innovations, one-off corrections and a better sales mix.

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

EUR million	1-3/ 2017	1-3/ 2016	Change %	1-12/ 2016
Net sales	144.1	144.5	-0.3	580.9
Non-print	63.6	59.2	7.3	242.0
Print	80.6	85.3	-5.5	338.9
Operational EBIT *	19.0	11.0	72.4	49.5
% of net sales	13.2	7.6		8.5
Operating profit	19.6	10.1	93.2	41.3
Capital expenditure	0.8	1.2	-32.2	5.2
Number of employees at the end of the period (FTE)	1,718	1,794	-4.2	1,718
Average number of employees (FTE)	1,719	1,801	-4.6	1,797

* Reconciliation of operational EBIT is presented in a separate table on page 7.

Operational indicators, %

	1-3/ 2017	1-3/ 2016	1-12/ 2016
Finnish TV operations			
TV channels' share of TV advertising	38.2	35.9	35.3
TV channels' national commercial viewing share (10-44 years)	36.1	37.4	36.9
TV channels' national viewing share (10+ years)	15.7	16.9	16.6

First quarter

In January–March, net sales in Media Finland were stable at EUR 144.1 million (2016: 144.5). Adjusted for structural changes, net sales increased by 0.4%.

Non-print sales grew by 7.3% to EUR 63.6 million (2016: 59.2), driven by growth in digital and TV sales and represented 44.1% (2016: 41.0%)

Advertising sales for Media Finland were stable and represented 46.6% (2016: 46.2%) of net sales. Circulation sales decreased by 1.4% due to lower single copy sales. Circulation sales represented 44.7% (2016: 45.2%) of net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis by 5% in the first quarter. Advertising in magazines decreased by 11%, in newspapers by 14% and in TV by 6%, whereas advertising on radio increased by 4% and in online excluding search by 7%.

Operational EBIT in Media Finland in January–March increased to EUR 19.0 million (2016: 11.0) due to continued cost innovations, one-off corrections related to changes in accounting estimates, amounting to EUR 4.4 million, and a better sales mix.

Items affecting comparability included in the operating profit totalled EUR 0.5 million (2016: -0.9) consisting of capital gain related to earlier divestment of Lehtimedia and restructuring expenses. In the comparable period, items affecting comparability consisted of restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 0.8 million (2016: 1.2) in January–March and were mainly related to 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 decreased somewhat in the seasonally minor first quarter. The decrease is primarily due to changes in ordering pattern leading orders to be executed in the second quarter especially in the Netherlands.
- The operational EBIT decreased due to higher depreciation and amortisation related to earlier investments, lower sales, costs related to developing new learning methods in Poland and consolidation of De Boeck.

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

EUR million	1-3/ 2017	1-3/ 2016	Change %	1-12/ 2016
Net sales	31.7	32.9	-3.6	282.6
Netherlands	17.8	19.7	-9.8	94.4
Poland	4.3	4.5	-3.9	70.8
Finland	3.7	3.2	14.7	48.1
Belgium	2.4	1.4	70.9	44.8
Sweden	3.5	4.1	-14.2	25.1
Other companies and eliminations	0.0	-0.1		-0.6
Operational EBIT *	-15.0	-10.9		56.8
% of net sales	-47.3	-33.2		20.1
Operating profit	-15.5	-11.1		67.4
Capital expenditure	3.3	2.8	18.7	17.7
Number of employees at the end of the period (FTE)	1,448	1,364	6.2	1,439
Average number of employees (FTE)	1,442	1,422	1.4	1,413

* Reconciliation of operational EBIT is presented in a separate table on page 7.

First quarter

In January-March, net sales decreased by 3.6% to EUR 31.7 million (2016: 32.9) mainly due to changes in ordering pattern affecting the first quarter sales in the Netherlands. Adjusted for structural changes, net sales decreased by 7.2%.

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 decreased to EUR -15.0 million (2016: -10.9). In addition to lower

sales, higher depreciation and amortisation related to earlier investments, costs related to creating new methods in Poland and the consolidation of De Boeck in a typically loss-making quarter decreased profits.

Items affecting comparability included in the operating profit totalled EUR -0.6 million (2016: -0.2) consisting of restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 3.3 million (2016: 2.8) in January-March. They were mainly related to investments in digital platforms and ICT.

The Group

Personnel

In January-March 2017, the average number of personnel (FTE) employed by the Sanoma Group was 5,181 (2016: 5,602). At the end of March, the number of Group employees (FTE) was 5,188 (2016: 5,379). In full-time equivalents, Media BeNe had 1,734 (2016: 1,841) employees at the end of March and Media Finland 1,718 (2016: 1,794). Learning had 1,448 (2016: 1,364) and other operations 288 (2016: 380) employees (FTE) at the end of March 2017. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 75.5 million (2016: 85.1).

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-March 2017, a total of 9,918,734 (2016: 13,497,086) Sanoma shares were traded on the Nasdaq Helsinki and traded shares accounted for some 6% (2016: 8%) 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 three months, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 8.17 (2016: EUR 4.08), with a low of

EUR 7.62 (2016: EUR 3.51) and a high of EUR 8.91 (2016: EUR 4.78). At the end of March, Sanoma's market capitalisation was EUR 1,275 million (2016: 698), with Sanoma's share closing at EUR 7.85 (2016: 4.30). 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 316,519 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 March 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).

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 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 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.

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 quarter (EUR 526 million outstanding at the end of March). 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 March, Sanoma had EUR 530 million undrawn committed facilities.

Sanoma's consolidated balance sheet included at the end of March EUR 1.7 billion in goodwill, immaterial rights and other intangible assets, including the SBS assets classified as assets held for sale. Most of this is related to magazine and TV operations. Sanoma is in the process of divesting its Dutch TV operations, which will reduce the amount of goodwill, immaterial rights and other intangible assets to 1.2 billion, of which 0.9 billion will be goodwill. 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 31 March 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.

Consolidated income statement

EUR million	1-3/ 2017	1-3/ 2016	1-12/ 2016
NET SALES	343.8	353.1	1,639.1
Other operating income	6.2	21.8	39.9
Materials and services	-103.7	-104.3	-501.1
Employee benefit expenses	-92.9	-107.4	-325.5
Other operating expenses *	-499.3	-89.5	-356.1
Share of results in joint ventures	1.0	1.0	0.1
Depreciation, amortisation and impairment losses	-71.0	-71.6	-299.7
OPERATING PROFIT	-415.9	3.1	196.6
Share of results in associated companies	0.1	0.1	-2.4
Financial income	4.7	9.2	10.5
Financial expenses	-11.3	-17.9	-47.5
RESULT BEFORE TAXES	-422.4	-5.5	157.2
Income taxes	-0.7	5.4	-41.2
RESULT FOR THE PERIOD	-423.0	-0.1	116.0
Result attributable to:			
Equity holders of the Parent Company	-285.1	0.0	110.8
Non-controlling interests *	-137.9	-0.1	5.2
Earnings per share for result attributable to the equity holders of the Parent Company:			
Earnings per share, EUR	-1.76	-0.01	0.65
Diluted earnings per share, EUR	-1.76	-0.01	0.65

* Other operating expenses include capital loss of EUR -424.6 million related to the SBS assets held for sale classification, corresponding to 100% consolidation. Sanoma holds 67% of shares in SBS and EUR 137.7 million corresponding the 33% minority share is included in non-controlling interest. Impact on the net result is thus EUR -286.8 million.

In connection with a reporting system change, Sanoma has adapted a new method for currency translation, changing from cumulative translation to periodic translation. Due to this, there are some minor changes in the historical figures. All figures in this report are presented according to the new method.

Statement of comprehensive income

EUR million	1-3/ 2017	1-3/ 2016	1-12/ 2016
Result for the period	-423.0	-0.1	116.0
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Change in translation differences	4.9	-0.2	-4.5
Share of other comprehensive income of equity-accounted investees	0.1	-0.3	-0.3
Cash flow hedges		0.0	0.6
Income tax related to cash flow hedges		0.0	-0.1
Items that will not be reclassified to profit or loss			
Defined benefit plans	5.5	-29.0	-19.5
Income tax related to defined benefit plans	-1.2	6.7	5.0
Other comprehensive income for the period, net of tax	9.2	-22.8	-18.8
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-413.8	-22.9	97.2
Total comprehensive income attributable to:			
Equity holders of the Parent Company	-275.9	-22.8	92.0
Non-controlling interests	-137.9	-0.1	5.2

Consolidated balance sheet

EUR million	31.3.2017	31.3.2016	31.12.2016
ASSETS			
Property, plant and equipment	52.8	65.8	57.8
Investment property	24.3	31.4	24.5
Goodwill	951.0	1,658.2	1,663.0
Other intangible assets	263.8	447.0	432.8
Equity-accounted investees	22.1	31.7	21.3
Available-for-sale financial assets	5.0	3.7	5.0
Deferred tax receivables	29.2	53.3	29.9
Trade and other receivables	20.9	36.8	21.8
NON-CURRENT ASSETS, TOTAL	1,369.0	2,327.9	2,256.0
Inventories	45.1	42.4	41.4
Income tax receivables	8.6	9.2	2.2
Trade and other receivables	200.5	254.5	255.8
Cash and cash equivalents	22.6	79.5	43.4
CURRENT ASSETS, TOTAL	276.8	385.5	342.9
Assets held for sale	521.6		6.8
ASSETS, TOTAL	2,167.4	2,713.4	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		-0.5	
Other equity	129.5	349.9	440.5
Hybrid bond		99.1	
	402.7	720.9	713.0
Non-controlling interests	150.7	284.8	289.5
EQUITY, TOTAL	553.4	1,005.7	1,002.5
Deferred tax liabilities	40.0	59.7	60.1
Pension obligations	8.2	118.7	13.7
Provisions	6.9	3.2	7.6
Financial liabilities	322.9	125.5	239.1
Trade and other payables	10.4	49.3	42.9
NON-CURRENT LIABILITIES, TOTAL	388.4	356.4	363.4
Provisions	15.0	23.1	18.1
Financial liabilities	543.3	776.6	590.5
Income tax liabilities	12.9	5.6	8.8
Trade and other payables	475.9	546.0	622.1
CURRENT LIABILITIES, TOTAL	1,047.0	1,351.3	1,239.5
Liabilities related to assets held for sale	178.7		0.3
LIABILITIES, TOTAL	1,614.0	1,707.7	1,603.1
EQUITY AND LIABILITIES, TOTAL	2,167.4	2,713.4	2,605.6

On 31 March 2017, assets held for sale included SBS that was classified as assets held for sale in March 2017. More details are presented on p. 28.

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

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company								Equity, total
	Share capital	Treasury shares	Fund for invested unres-tricted equity	Other reserves	Other equity	Hybrid bond	Total	Non-control-ling interests	
Equity at 1 Jan 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				0.0	-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
Equity at 31 March 2016	71.3	-2.1	203.3	-0.5	349.9	99.1	720.9	284.8	1,005.7
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					-275.9		-275.9	-137.9	-413.8
Share-based compensation		0.7			-0.2		0.5		0.5
Dividends paid					-32.6		-32.6	-0.5	-33.1
Acquisitions and other changes in non-controlling interests					-2.4		-2.4	-0.4	-2.7
Equity at 31 March 2017	71.3	-1.4	203.3		129.5	-1.4	402.7	150.7	553.4

Consolidated cash flow statement

EUR million	1-3/ 2017	1-3/ 2016	1-12/ 2016
OPERATIONS			
Result for the period	-423.0	-0.1	116.0
Adjustments			
Income taxes	0.7	-5.4	41.2
Financial income and expenses	6.6	8.7	37.0
Share of results in equity-accounted investees	-1.1	-1.1	2.4
Depreciation, amortisation and impairment losses	71.0	71.6	299.7
Gains/losses on sales of non-current assets	423.3	-17.4	-19.5
Acquisitions of broadcasting rights and prepublication costs	-65.3	-55.9	-207.2
Other adjustments	0.2	0.4	1.1
Change in working capital	-39.6	-31.5	-47.9
Interest paid and other financial items	-9.6	-19.9	-45.8
Taxes paid	-5.5	-6.2	-23.4
Cash flow from operations	-42.4	-56.7	153.5
INVESTMENTS			
Acquisition of tangible and intangible assets	-7.5	-5.8	-34.5
Operations acquired	-2.3	-0.2	-21.8
Proceeds from sale of tangible and intangible assets	0.5	0.9	3.0
Operations sold	7.5	39.3	43.1
Loans granted	0.0	-1.5	-1.7
Repayments of loan receivables	0.1	1.8	3.5
Interest received	0.1	0.2	0.4
Dividends received	0.0	0.0	4.7
Cash flow from investments	-1.7	34.7	-3.4
Cash flow before financing	-44.2	-22.0	150.1
FINANCING			
Redemption of hybrid bond			-100.0
Contribution by non-controlling interests			0.0
Change in loans with short maturity	159.4	-33.7	14.1
Drawings of other loans	125.0	40.0	240.1
Repayments of other loans and finance lease liabilities	-212.3	-20.2	-318.2
Interest paid on hybrid bond			-7.3
Dividends paid	-33.1	-0.5	-17.6
Cash flow from financing	39.0	-14.4	-188.9
CHANGE IN CASH AND CASH EQUIVALENTS			
ACCORDING TO CASH FLOW STATEMENT	-5.2	-36.4	-38.8
Effect of exchange rate differences on cash and cash equivalents	0.4	-0.8	-0.7
Net change in cash and cash equivalents	-4.8	-37.2	-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	38.2	45.3	43.1

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 5.7 million (2016: 34.2). Cash and cash equivalents of EUR 21.4 million are presented as part of assets held for sale in the balance sheet 31 March 2017.

Income statement by quarter

EUR million	1-3/ 2017	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016	1-12/ 2016
NET SALES	343.8	353.1	449.7	438.1	398.1	1,639.1
Other operating income	6.2	21.8	5.6	4.7	7.8	39.9
Materials and services	-103.7	-104.3	-137.0	-136.9	-123.0	-501.1
Employee benefit expenses	-92.9	-107.4	-28.6	-87.4	-102.1	-325.5
Other operating expenses *	-499.3	-89.5	-74.9	-82.7	-109.0	-356.1
Share of results in joint ventures	1.0	1.0	0.9	0.9	-2.8	0.1
Depreciation, amortisation and impairment losses	-71.0	-71.6	-74.2	-61.7	-92.2	-299.7
OPERATING PROFIT	-415.9	3.1	141.7	75.1	-23.2	196.6
Share of results in associated companies	0.1	0.1	-0.2	-0.4	-2.0	-2.4
Financial income	4.7	9.2	0.4	1.0	0.0	10.5
Financial expenses	-11.3	-17.9	-9.4	-7.1	-13.2	-47.5
RESULT BEFORE TAXES	-422.4	-5.5	132.5	68.6	-38.4	157.2
Income taxes	-0.7	5.4	-35.6	-17.3	6.3	-41.2
RESULT FOR THE PERIOD	-423.0	-0.1	96.9	51.3	-32.1	116.0
Result attributable to:						
Equity holders of the Parent Company	-285.1	0.0	93.8	48.8	-31.8	110.8
Non-controlling interests *	-137.9	-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	-0.01	0.57	0.29	-0.20	0.65
Diluted earnings per share, EUR	-1.76	-0.01	0.57	0.29	-0.20	0.65

* Other operating expenses include capital loss of EUR -424.6 million related to the SBS assets held for sale classification, corresponding to 100% consolidation. Sanoma holds 67% of shares in SBS and EUR 137.7 million corresponding to the 33% minority share is included in non-controlling interest. Impact on the net result is EUR -286.8 million.

Net sales by strategic business unit

EUR million	1-3/ 2017	1-3/ 2016	4-6/ 2016	7-9/ 2016	10-12/ 2016	1-12/ 2016
MEDIA BENE						
Non-print	76.4	77.8	99.0	81.9	117.6	376.3
Print	80.9	87.1	92.1	85.5	88.9	353.5
Other	10.8	10.8	11.5	12.3	11.5	46.1
Total	168.1	175.6	202.6	179.7	218.0	775.9
MEDIA FINLAND						
Non-print	63.6	59.2	64.3	53.4	65.2	242.0
Print	80.6	85.3	85.9	80.4	87.2	338.9
Total	144.1	144.5	150.1	133.8	152.4	580.9
LEARNING						
Netherlands	17.8	19.7	42.4	25.8	6.5	94.4
Poland	4.3	4.5	8.2	50.1	8.0	70.8
Finland	3.7	3.2	24.9	14.5	5.5	48.1
Belgium	2.4	1.4	15.3	24.1	4.0	44.8
Sweden	3.5	4.1	6.5	10.2	4.3	25.1
Other companies and eliminations	0.0	-0.1	-0.3	0.0	-0.2	-0.6
Total	31.7	32.9	97.1	124.7	28.0	282.6
OTHER AND ELIMINATIONS						
Russia & CEE	0.0	0.2	0.0	0.0	0.0	0.2
Other operations & eliminations	-0.1	-0.1	-0.1	-0.1	-0.3	-0.6
Total	-0.1	0.1	-0.1	-0.1	-0.3	-0.3
Total	343.8	353.1	449.7	438.1	398.1	1,639.1

Operating profit by strategic business unit

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

Operational EBIT by strategic business unit

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

Segment information

In 2017, Sanoma Group includes two reportable segments: Consumer Media and Learning. Consumer Media consists of two strategic business units in 2017: 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.–31.3.2017

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	312.1	31.7		343.8
Internal net sales	0.1		-0.1	
Net sales, total	312.2	31.7	-0.1	343.8
Operating profit	-388.5	-15.5	-11.8	-415.9
Operational EBIT	28.3	-15.0	-1.9	11.4
Share of results in associated companies	0.1			0.1
Financial income			4.7	4.7
Financial expenses			-11.3	-11.3
Result before taxes				-422.4
Segment assets	1,936.1	520.5	42.1	2,498.7

Sanoma segments 1.1.–31.3.2016

EUR million	Consumer Media	Learning	Unallocated/ eliminations	Total
External net sales	320.0	32.9	0.2	353.1
Internal net sales	0.1	0.0	-0.1	
Net sales, total	320.1	32.9	0.2	353.1
Operating profit	21.5	-11.1	-7.3	3.1
Operational EBIT	18.4	-10.9	-5.6	1.9
Share of results in associated companies	0.1	0.0		0.1
Financial income			9.2	9.2
Financial expenses			-17.9	-17.9
Result before taxes				-5.5
Segment assets	2,011.3	498.6	54.7	2,564.7

Changes in property, plant and equipment

EUR million	31.3.2017	31.3.2016	31.12.2016
Carrying amount at the beginning of the period	57.8	69.4	69.4
Increases	1.0	1.6	8.4
Acquisition of operations		0.0	0.5
Decreases	-0.3	-0.5	-1.3
Disposal of operations		-0.4	-2.6
Depreciation for the period	-3.9	-4.3	-16.8
Impairment losses for the period			0.0
Transfer to assets classified as held for sale	-2.4		
Exchange rate differences and other changes	0.7	-0.1	0.1
Carrying amount at the end of the period	52.8	65.8	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 136.7 million (2016: 161.0).

Effect of acquisitions on the consolidated balance sheet

EUR million	1-3/ 2017	1-12/ 2016
Acquisition costs	2.2	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	-0.4	-11.6
Recognised in equity	-1.8	-1.9
Goodwill from acquisitions		15.9

In 2017, Sanoma invested EUR 2.2 million in business acquisitions. The impact of each individual acquisition on the Group's assets and liabilities was minor. Business acquisitions have been described in paragraph Investments, acquisitions and divestments on page 6.

Sanoma announced the divestment of Dutch TV operations of SBS on 10 April 2017. Following the announcement, all assets and liabilities relating to SBS are classified as assets held for sale in accordance with IFRS5. Value of SBS was written off by EUR 424.6 million to reflect the lower fair value less cost to sell.

Assets held for sale

EUR million	31.3.2017
Property, plant and equipment	2.4
Goodwill	298.1
Other intangible assets	175.4
Trade and other receivables	24.3
Cash and cash equivalents	21.4
Total	521.6

Liabilities related to assets held for sale

EUR million	31.3.2017
Deferred tax liabilities	18.6
Financial liabilities	42.0
Trade and other payables	118.0
Total	178.7

Contingent liabilities

EUR million	31.3.2017	31.3.2016	31.12.2016
Contingencies for own commitments			
Mortgages		9.7	
Pledges	2.4	2.4	2.4
Other items	25.0	25.3	25.0
Total	27.4	37.4	27.4
Other commitments			
Operating lease liabilities	290.9	313.7	298.2
Royalties	12.6	19.3	14.6
Other items	69.4	68.5	71.2
Total	373.0	401.5	384.0
Total	400.4	438.9	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 2.2 million.

Derivative instruments

EUR million	31.3.2017	31.3.2016	31.12.2016
Fair values			
Interest rate derivatives (incl. accrued interests)			
Interest rate swaps	-0.3	-2.1	-0.4
Currency derivatives			
Forward contracts	3.0	2.7	6.3
Nominal values			
Interest rate derivatives			
Interest rate swaps	100.0	200.0	100.0
Currency derivatives			
Forward contracts	80.7	95.6	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

	1-3/2017	1-3/2016	1-12/2016
Average rate			
EUR/PLN (Polish Zloty)	4.29	4.29	4.44
EUR/SEK (Swedish Crown)	9.53	9.28	9.71
EUR/USD (US Dollar)	1.07	1.11	1.05
Closing rate	31.3.2017	31.3.2016	31.12.2016
EUR/PLN (Polish Zloty)	4.23	4.26	4.41
EUR/SEK (Swedish Crown)	9.17	9.23	9.55
EUR/USD (US Dollar)	1.07	1.14	1.05

January–March 2017 Interim Report webcast

The event for analysts, investors and media will be held in English by President and CEO Susan Duinhoven and CFO and COO Markus Holm on 26 April 2017 at 11:00 Finnish time (9:00 UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. The live webcast can be viewed on Sanoma's website at www.sanoma.com/en/investors and on demand after the event.

Please join in 5 – 10 minutes prior to the start time by dialing

Finland: +358 (0)9 7479 0404

US: +1 719 457 1036

UK: +44 (0)330 336 9411

Netherlands: +31 (0)20 703 8261

Conference id: 9595551

Financial reporting 2017

- Half-Year Report (January–June) on 25 July 2017, approx. at 8:30
- Interim Report January–September on 25 October 2017, approx. at 8:30.

Sanoma will organise a Capital Markets Day for analysts and institutional investors in Helsinki on 4 May 2017. For more information, contact ir@sanoma.com

Additional information

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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.