Half-Year Report

2018

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SANOMA CORPORATION, HALF-YEAR REPORT 1 JANUARY–30 JUNE 2018

Good performance in the second quarter supported by phasing of business in Learning

SOLID FIRST HALF OF THE YEAR

Q2 2018

- Net sales amounted to EUR 363 million (2017: 418; adjusted 359) and were supported by Learning, where the traditional spring orders shifting from the beginning of the year were received during the quarter. Net sales development adjusted for all structural changes was -1% (2017: -2%).
- Operational EBIT improved to EUR 80 million (2017: 76; adjusted 73) mainly due to net sales growth in Learning. Corresponding margin was 22.0% (2017: 18.1%; adjusted 20.3%).
- EBIT was EUR 71 million (2017: 72; adjusted 69).
- Operational EPS was EUR 0.33 (2017: 0.30; adjusted 0.29).
- EPS was EUR 0.28 (2017: 0.28; adjusted 0.27).
- Cash flow from operations was EUR 9 million (2017: 5; adjusted 3) and capital expenditure was EUR 7 million (2017: 9; adjusted 8).
- Divestment of Belgian women's magazine portfolio, reported as discontinued operations, was completed on 29 June.

H1 2018

- Net sales were EUR 624 million (2017: 748; adjusted 641). Net sales development adjusted for all structural changes was -3% (2017: -2%)
- Operational EBIT decreased to EUR 88 million (2017: 91; adjusted 93) mainly due to one-off corrections included in Media Finland's earnings in H1 2017. Corresponding margin was 14.1% (2017: 12.1%; adjusted 14.5%).
- EBIT was EUR 79 million (2017: -340; adjusted 86).
- Operational EPS was EUR 0.35 (2017: 0.34; adjusted 0.35).
- EPS was EUR 0.30 (2017: -1.46; adjusted 0.32).
- Cash flow from operations was EUR -29 million (2017: -37; adjusted -38) and capital expenditure was EUR 14 million (2017: 17; adjusted 15).
- On 7 March Sanoma announced the acquisition of the festival and event business of N.C.D. Production in Finland. Net sales of the acquired business in 2017 were approx. EUR 20 million. The transaction was closed on 18 April.

Outlook (unchanged)

In 2018, Sanoma expects that the Group's consolidated net sales adjusted for structural changes will be slightly below 2017, and operational EBIT margin will be around 14%.

The outlook is based on an assumption of the consumer confidence and advertising markets in the Netherlands and Finland being in line with that of 2017.

Discontinued operations

On 16 January 2018, Sanoma announced the intention to divest its Belgian women's magazine portfolio. The divested business was consequently classified as Discontinued operations in 2017 financial reporting. All key indicators and income statement related figures presented in this report, including corresponding figures in 2017, cover Continuing operations only unless otherwise stated. The divestment was completed on 29 June 2018. More information on the Discontinued operations' financial performance is available on p. 35.

Name of Media BeNe changed to Media Netherlands

Following the closing of the divestment of Belgian women's magazine portfolio, Sanoma has changed the name of its Media BeNe to Media Netherlands. The new name is used starting from this report.

Impact of the SBS transaction – Adjusted KPIs for 2017

Sanoma divested the Dutch TV operations of SBS on 19 July 2017. SBS was consolidated in Sanoma's income statement until 30 June 2017 as part of Media Netherlands. To enhance comparability between the reporting periods, certain comparable adjusted key figures for 2017 for the Group and for Media Netherlands are presented in this report. The comparable adjusted figures fully exclude the divested operations of SBS and include 100% of Veronica Uitgeverij and are named as "adjusted".

IFRS 15 restatement

Sanoma has adopted the new IFRS 15 Revenue from Contracts with Customers as of 1 January 2018 and prepares its financial reports according to the new standard starting from Q1 2018. IFRS 15 impacts the timing of recognizing revenue and cost. The impact of the new standard on Sanoma Group's annual net sales is considered insignificant, although the phasing over individual quarters will be affected, especially in Learning. All annual and quarterly financial figures presented in this report have been restated to account for the changes. Adoption of IFRS 15 has no impact on Sanoma's Outlook for 2018 or its long-term financial targets.

More information on the transition to the IFRS 15 standard and its impacts on Sanoma is available in the Accounting policies, p. 24.

Alternative performance measures

Sanoma presents certain financial performance measures (alternative performance measures or APMs) on a non-IFRS basis. The APMs exclude certain non-operational or non-cash valuation items affecting comparability (IACs) and 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.

Sanoma has included Operational EBITDA as a new APM in its financial reporting starting from Q1 2018. As depreciation, amortization, impairments and IACs are excluded from the Operational EBITDA it is considered to complement other performance measures and provide valuable information to investors.

More information is available at Sanoma.com. Reconciliations are presented on p. 20 in this report. Definitions of key IFRS indicators and APMs are presented on p. 37.

Key indicators *

EUR million	Q2 2018	Q2 2017 adjusted	Change	H1 2018	H1 2017 adjusted	Change	FY 2017 adjusted
Net sales	362.9	359.3	1%	624.5	641.5	-3%	1,328.0
Operational EBITDA	112.5	105.8	6%	156.9	163.7	-4%	328.5
margin	31.0%	29.4%		25.1%	25.5%		24.7 %
Operational EBIT	79.8	72.8	10%	88.0	93.2	-6%	179.0
margin	22.0%	20.3%		14.1%	14.5%		13.5 %
EBIT	70.6	68.7	3%	79.0	86.4	-9%	186.4
Result for the period **	68.0	46.8	45%	62.9	55.2	14%	126.8
Cash flow from operations **	8.6	2.6	228%	-28.6	-37.7	24%	140.9
Capital expenditure ** ' ***	7.0	8.3	-16%	14.2	15.0	-5%	34.7
Cash flow from operations less capital expenditure **	1.6	-5.7	128%	-42.8	-52.7	19%	106.2
Equity ratio **				36.6%	28.8%		38.2%
Net debt **				472.8	846.7		391.8
Net debt / Adj. EBITDA **				2.1	3.6		1.7
Average number of employees (FTE)				4,420	4,632	-5%	4,562
Operational EPS, EUR, continuing operations	0.33	0.29	16%	0.35	0.35	2%	0.71
Operational EPS, EUR **	0.34	0.30	11%	0.36	0.36	0%	0.74
EPS, EUR, continuing operations	0.28	0.27	3%	0.30	0.32	-6%	0.76
EPS, EUR **	0.41	0.29	44%	0.38	0.33	13%	0.77
Cash flow from operations per share, EUR **	0.05	0.02	227%	-0.18	-0.23	25%	0.87
Cash flow from operations less capital expenditure per share, EUR **	0.01	-0.04	128%	-0.26	-0.32	19%	0.65

* 2017 figures have been restated due to a change in IFRS 15 and were originally published on 27 March 2018. More information on the restatement is available in Accounting policies on p. 24.
** Including continuing and discontinued operations. Equity ratio, net debt and net debt / Adj. EBITDA not adjusted for the SBS divestment.
*** Earlier capital expenditure was presented on an accrual basis.

Key indicators with non-adjusted figures for the comparison periods in 2017, which include the divested Dutch TV operations of SBS, are available on p. 18.

President and CEO Susan Duinhoven:

”The second quarter was good for Sanoma with a satisfactory momentum in all our businesses. Especially the Learning business performed well and its net sales and earnings grew. In the Netherlands, we received the traditional spring orders that had been shifted from the first quarter, while in Belgium and Finland second quarter performance was boosted by orders coming in already in June instead of July-August. Overall, we are pleased with the performance of the Learning business. For the full year comparison, one should keep in mind the exceptionally strong market growth with two simultaneous curriculum reforms in Poland in H2 2017, which is not going to be repeated this year.

In the second quarter, our operational EBIT improved significantly thanks to net sales growth in Learning. Declining underlying net sales have had an adverse impact on Media Finland’s profitability throughout the first half of the year. Compared to earlier years, this year we expect our performance in Finland to be weighted more towards the second half of the year due to e.g. ending of the Liiga contract (no write-off in Q3), the acquisition of the festival and events business N.C.D. Production and certain marketing and development investments made in Q4 2017. Even with lower net sales, Media Netherlands maintained its profitability thanks to the actions we have taken to reduce the complexity and adjust the scale of our operations after last year’s divestments.

We made good progress on our long-term strategy of selective growth through M&A during the quarter. The acquisition of N.C.D. Production and increase of ownership in the Finnish News Agency (STT) were completed in Finland. In the Netherlands, we increased our ownership in the data-driven marketing and cashback service Scoupy to 95%. Lastly, the sale of the Belgian women’s magazine portfolio was completed according to plan at the end of the second quarter. All transaction costs are now included in earnings, while the restructuring costs will be paid, and the majority of the cash consideration received, during the coming quarters.

In Learning, we have started an internal business transformation programme called ”High Five” to harmonise processes and capture synergies in all parts of the value chain across our operating countries and to create lean and efficient operations for future growth. We will be investing modestly in systems and management support during the coming months with a relatively short pay-back.

During the second half of 2018, we continue to focus on our long-term strategy. We will focus on our customers as well as on improving our profitability and cash flow for increasing dividends. In addition, we aim as well as for selective growth through M&A with equity ratio and leverage within long-term targets. Our FY 2018 outlook remains unchanged and we are comfortable with the development in the first half of the year.”

Financial review Q2 2018

Net sales were EUR 363 million (2017: 418; adjusted 359). Net sales of Learning grew driven by the Netherlands, where the traditional spring orders shifting from the beginning of the year were received during the second quarter. The acquisition of the festival and events business of N.C.D. Production in March 2018 had a positive impact on Media Finland's net sales. Underlying net sales of Media Finland and Media Netherlands declined slightly due to continued soft advertising sales. Net sales development adjusted for all structural changes was -1% (2017: -2%).

Net sales by SBU

EUR million	Q2 2018	Q2 2017 adjusted	Change	Q2 2017
Media Finland	146.2	144.5	1%	144.5
Media Netherlands	108.4	116.9	-7%	176.1
Learning	108.3	97.9	11%	97.9
Other operations	-0.1	-0.1	11%	-0.1
Group total	**362.9**	**359.3**	**1%**	**418.5**

Operational EBITDA amounted to EUR 113 million (2017: 142; adjusted 106). Operational EBIT improved to EUR 80 million (2017: 76; adjusted 73), corresponding to a margin of 22.0% (2017:18.1%; adjusted 20.3%). The increase was attributable to net sales growth in the Learning, whereas earnings of Media Finland and Media Netherlands declined.

Operational EBIT by SBU

EUR million	Q2 2018	Q2 2017 adjusted	Change	Q2 2017
Media Finland	18.6	22.4	-17%	22.4
Media Netherlands	19.5	20.8	-6%	23.7
Learning	43.7	31.9	37%	31.9
Other operations	-1.9	-2.4	20%	-2.4
Group total	**79.8**	**72.8**	**10%**	**75.7**

EBIT was EUR 71 million (2017: 72; adjusted 69) and included EUR -9 million (2017: -4; adjusted -4) net of IACs. The restructuring expenses included in the IACs consist mainly of a provision related to an onerous rental contract of vacated office space in Belgium and expenses related to the ongoing business transformation programme "High Five" in Learning. The capital gain relates to the divestment of Sanoma Baltics in April 2017.

Items affecting comparability (IACs) and reconciliation of operational EBIT

EUR million	Q2 2018	Q2 2017
EBIT	**70.6**	**71.8**
Items affecting comparability		
Restructuring expenses	-12.5	-5.4
Impairments		-7.8
Capital gains / losses	3.3	9.3
Items affecting comparability total	**-9.2**	**-3.9**
Operational EBIT	**79.8**	**75.7**

A detailed reconciliation on SBU level is presented on p. 20.

Net financial items totalled EUR -6 million (2017: -5) and included a revaluation related to the increase of ownership in Scoupy in June 2018.

Result before taxes amounted to EUR 65 million (2017: 68). Income taxes were EUR 18 million (2017: 21). Result for the period was EUR 46 million (2017: 47) and including Discontinued operations EUR 68 million (2017: 49).

Operational earnings per share were EUR 0.33 (2017: 0.30; adjusted 0.29). Earnings per share were EUR 0.28 (2017:0.28; adjusted 0.27) and including Discontinued operations EUR 0.41 (2017:0.30; adjusted 0.29).

Financial review H1 2018

Net sales declined to EUR 624 million (2017: 748; adjusted 641) as a result of somewhat negative sales development in both media businesses, which in the Netherlands was partially due to the divestment of the comparison site Kieskeurig.nl. Net sales were stable in Learning. Net sales development adjusted for all structural changes was -3% (2017: -2%).

Net sales by SBU

EUR million	H1 2018	H1 2017 adjusted	Change	H1 2017
Media Finland	283.2	288.7	-2%	288.7
Media Netherlands	204.2	218.8	-7%	325.6
Learning	137.2	134.2	2%	134.2
Other operations	-0.2	-0.2	-28%	-0.2
Group total	**624.5**	**641.5**	**-3%**	**748.3**

Operational EBITDA declined to EUR 157 million (2017: 228; adjusted 164). Operational EBIT decreased to EUR 88 million (2017: 91; adjusted 93), corresponding to a margin of 14.1% (2017: 12.1%; adjusted 14.5%). Earnings improved in Learning, were stable in Media Netherlands and declined in Media Finland. In H1 2017, operational EBIT of Media Finland includes one-off corrections of EUR 4 million related to changes in accounting estimates.

Operational EBIT by SBU

EUR million	H1 2018	H1 2017 adjusted	Change	H1 2017
Media Finland	31.6	41.5	-24%	41.5
Media Netherlands	34.3	35.0	-2%	32.6
Learning	25.6	21.0	22%	21.0
Other operations	-3.6	-4.3	16%	-4.3
Group total	**88.0**	**93.2**	**-6%**	**90.8**

EBIT was EUR 79 million (2017: -340; adjusted 86) and included EUR -9 million (2017: -431; adjusted -7) net of IACs. The restructuring expenses included in the IACs consist mainly of a provision related to an onerous rental contract of vacated office space in Belgium and expenses related to the ongoing business transformation programme "High Five" in Learning. The capital gain relates to the divestment of Sanoma Baltics in April 2017.

Items affecting comparability (IACs) and reconciliation of operational EBIT

EUR million	H1 2018	H1 2017
EBIT	**79.0**	**-340.4**
Items affecting comparability		
Restructuring expenses	-12.3	-9.0
Impairments		-7.8
Capital gains / losses	3.3	-414.4
Items affecting comparability total	**-9.0**	**-431.2**
Operational EBIT	**88.0**	**90.8**

A detailed reconciliation on SBU level is presented on p. 20.

Net financial items totalled EUR -9 million (2017: -11). The improvement was due to the significant decrease of interest-bearing liabilities.

Result before taxes amounted to EUR 70 million (2017: -350). Income taxes were EUR 20 million (2017: 23). Result for the period was EUR 50 million (2017: -373) and including Discontinued operations EUR 63 million (2017: -371).

Operational earnings per share were EUR 0.35 (2017: 0.34; adjusted 0.35). Earnings per share were EUR 0.30 (2017: -1.46; adjusted 0.32) and including Discontinued operations EUR 0.38 (2017: -1.44; adjusted 0.33).

Financial position and cash flow

At the end of June 2018, the consolidated balance sheet totalled EUR 1,671 million (2017: 2,204). The decrease is mainly attributable to the divestment of the SBS TV operations.

Interest-bearing net debt amounted to EUR 473 million (2017: 847). At the end of June 2018, net debt to adjusted EBITDA ratio was 2.1 (2017: 3.6), below the Group's long-term target level (< 2.5).

Equity totalled EUR 559 million (2017: 594). Equity ratio was 36.6% (2017: 28.8%).

In January–June 2018, the Group's cash flow from operations was EUR -29 million (2017: -37). Lower net financial expenses paid had a positive impact on cash flow. Taxes paid were higher and were mostly related to the real estate sale in Helsinki in Q4 2017. Capital expenditure was EUR 14 million (2017: 17). Cash flow from operations less capital expenditure was EUR -43 million (2017: -54) and EUR -0.26 per share (2017: -0.33).

Acquisitions and divestments

On 16 January 2018, Sanoma announced an intention to divest its Belgian women's magazine portfolio to Roularta Media Group. Enterprise value of the divested assets is EUR 34 million. Net sales were EUR 81 million and operational EBIT EUR 7 million (EBIT margin 8.1%) in 2017. The divested business is classified as Discontinued operations in Sanoma's financial reporting. The divestment was completed on 29 June 2018. Restructuring costs, capital gains and similar one-off items related to the transaction amounted to a net EBIT gain of EUR 12 million and were booked as IACs into the Discontinued operations' net result for H1 2018 (detailed reconciliation on p.20). In addition, a provision of EUR -11 million related to an onerous rental contract of vacated office space was booked as IACs in the continuing operations' Q2 2018 result. More information on the Discontinued operations' financial performance is available on p. 35.

On 7 March 2018, Sanoma announced that it has entered into an agreement to acquire the festival and event business of N.C.D. Production Ltd. and its group companies. Net sales of the acquired operations were approx. EUR 20 million in 2017. The acquired operations have been moved into a newly established company, of which Sanoma holds 60% and the previous owner of N.C.D. Production the remainder. The transaction was completed on 18 April 2018 and the acquired business is reported as part of Media Finland as of Q2 2018.

On 26 June 2018, Sanoma announced that it has increased its ownership in the Dutch data-driven marketing and cashback service Scoupy from 72% to 95%. Net sales of Scoupy were approx. EUR 7 million in 2017. The founding partners of Scoupy continue to hold the remaining 5% of the company. They also continue to work in a non-executive capacity with Scoupy with a focus on further developing the business. Scoupy will continue to be reported as part of Media Netherlands.

On 27 June 2018, Sanoma announced that it has increased its ownership in the Finnish News Agency (STT) from 33% to 75% by acquiring Alma Media's and TS Group's shares in STT. Net sales of STT were approx. EUR 12 million in 2017. STT is reported as part of Media Finland as of 27 June 2018.

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, events, 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.

Key indicators

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Net sales	146.2	144.5	1%	283.2	288.7	-2%	570.4
Operational EBITDA	37.9	42.1	-10%	73.6	84.9	-13%	155.7
Operational EBIT	18.6	22.4	-17%	31.6	41.5	-24%	65.5
Margin	12.7%	15.5%		11.2%	14.4%		11.5%
EBIT *	20.5	30.5	-33%	32.1	50.1	-36%	71.8
Capital expenditure	0.5	1.9	-74%	2.3	2.9	-20%	6.4
Average number of employees (FTE)				1,742	1,744	0%	1,744

* Including IACs of EUR 1.9 million in Q2 2018, EUR 8.1 million in Q2 2017, EUR 0.5 million in H1 2018, EUR 8.6 million in H1 2017 and EUR 6.2 million in FY 2017. Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 20.

Net sales by category

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Print	72.0	78.6	-8%	148.5	157.5	-6%	313.3
Non-print	74.2	65.9	13%	134.7	131.1	3%	257.1
Net sales total	**146.2**	**144.5**	**1%**	**283.2**	**288.7**	**-2%**	**570.4**

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Advertising sales	65.1	68.2	-4%	127.1	135.3	-6%	263.4
Subscription sales	50.3	52.8	-5%	103.5	106.4	-3%	211.9
Single copy sales	11.1	11.3	-1%	22.2	22.0	1%	44.3
Other	19.6	12.3	60%	30.4	24.9	22%	50.8
Net sales total	**146.2**	**144.5**	**1%**	**283.2**	**288.7**	**-2%**	**570.4**

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

Q2 2018

Net sales of Media Finland were stable at EUR 146 million (2017: 145). Comparable net sales declined 5% as both advertising sales as well as print and pay TV subscription sales decreased. Digital subscription sales grew. The acquisition of the festival and event business of N.C.D. Production in March 2018 had a positive impact on net sales.

According to the Finnish Advertising Trends survey for June 2018 by Kantar TNS, the advertising market in Finland decreased by 3% on a net basis in Q2 2018. Advertising in newspapers decreased by 13%, in magazines by 10%, whereas advertising on TV increased by 1%, in radio by 11% and online excluding search and social media by 3%.

Operational EBIT decreased to EUR 19 million (2017: 22). The acquired festival and events business had a positive impact on earnings, but it was not sufficient to offset the adverse earnings impact of lower advertising sales.

EBIT was EUR 21 million (2017: 31). IACs included in EBIT totalled EUR 2 million (2017: 8) and consisted of a capital gain related to the divestment of Sanoma Baltics in April 2017.

Capital expenditure totalled EUR 1 million (2017: 2) and consisted of maintenance investments.

Media Netherlands

Sanoma Media Netherlands includes the Dutch consumer media operations and the press distribution business Aldipress. We have a leading cross media portfolio with strong brands and market positions in magazines, news, events, custom media, e-commerce, websites and apps. Through combining content and customer data, we develop successful marketing solutions for our clients. In total, Sanoma Media Netherlands reaches over 12 million consumers every month.

Key indicators

EUR million	Q2 2018	Q2 2017 adjusted	Change	H1 2018	H1 2017 adjusted	Change	FY 2017 adjusted
Net sales	108.4	116.9	-7%	204.2	218.8	-7%	439.6
Operational EBITDA	20.9	22.9	-9%	37.2	39.3	-5%	77.2
Operational EBIT	19.5	20.8	-6%	34.3	35.0	-2%	68.1
margin	18.0%	17.8%		16.8%	16.0%		15.5%
EBIT *	8.7	15.9	-46%	25.5	30.1	-15%	55.6
Capital expenditure	0.3	0.3	-5%	1.1	1.5	-25%	2.2
Average number of employees (FTE)				1,049	1,172	-11%	1,132

* Including IACs of EUR -10.8 million in Q2 2018, EUR -4.9 million in Q2 2017, EUR -8.8 million in H1 2018, EUR -4.9 million in H1 2017 and EUR -12.5 million in FY 2017. Full reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 20.

Key indicators with reported figures for the comparison periods in 2017, which include the divested Dutch TV operations of SBS, are available on p. 19.

Net sales by category

EUR million	Q2 2018	Q2 2017 adjusted	Change	H1 2018	H1 2017 adjusted	Change	FY 2017 adjusted
Print	66.4	69.3	-4%	127.0	132.9	-4%	262.1
Non-print	30.0	35.5	-15%	54.8	62.7	-13%	129.2
Other	12.1	12.2	-1%	22.5	23.2	-3%	48.4
Net sales total	**108.4**	**116.9**	**-7%**	**204.2**	**218.8**	**-7%**	**439.6**

EUR million	Q2 2018	Q2 2017 adjusted	Change	H1 2018	H1 2017 adjusted	Change	FY 2017 adjusted
Circulation sales	54.9	55.9	-2%	108.2	110.2	-2%	219.7
subscription sales (print)	36.1	36.8	-2%	72.5	73.6	-1%	144.2
single copy sales (print)	18.8	19.2	-2%	35.6	36.7	-3%	75.5
Advertising sales	16.0	21.7	-26%	31.8	41.8	-24%	82.9
Other	37.5	39.3	-5%	64.2	66.7	-4%	137.0
Net sales total	**108.4**	**116.9**	**-7%**	**204.2**	**218.8**	**-7%**	**439.6**

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

Q2 2018

Net sales of Media Netherlands declined to EUR 108 million (2017: 176; adjusted 117). Circulation sales were stable. Advertising sales continued to decline, with a further adverse impact due to the divestment of the comparison site Kieskeurig.nl in June 2017. The decline in other sales was attributable to the lower number of events held during the quarter compared to the prior year.

Operational EBIT decreased to EUR 20 million (2017: 24; adjusted 21) representing a solid margin of 18.0% (2017: 13.5%; adjusted 17.8%). The benefits of the streamlined organisation and good cost containment continued to have a positive impact on earnings, which largely compensated the adverse impact of lower net sales.

EBIT was EUR 9 million (2017: 17; adjusted 16). IACs included in EBIT totalled EUR -11 million (2017: -5; adjusted -5) and consisted of a provision related to an onerous rental contract of vacated office space in Belgium.

Learning

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

Key indicators

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Net sales	108.3	97.9	11%	137.2	134.2	2%	318.3
Operational EBITDA	54.3	41.8	30%	47.0	41.1	14%	100.0
Operational EBIT	43.7	31.9	37%	25.6	21.0	22%	55.6
margin	40.3%	32.6%		18.7%	15.7%		17.5%
EBIT *	42.4	22.8	85%	24.0	11.4	110%	43.9
Capital expenditure	4.3	5.2	-18%	7.8	8.5	-9%	19.2
Average number of employees (FTE)				1,352	1,430	-5%	1,401

* Including IACs of EUR -1.3 million in Q2 2018, EUR -9.1 million in Q2 2017, EUR -1.6 million in H1 2018, EUR -9.6 million in H1 2017 and EUR -11.7 million in FY 2017. Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 20.

Net sales by country

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Poland	4.4	5.6	-22%	9.4	9.9	-5%	100.0
The Netherlands	44.1	37.2	19%	55.7	57.6	-3%	91.6
Finland	32.3	31.3	3%	37.8	36.1	5%	52.4
Sweden	5.5	5.2	6%	9.0	8.7	3%	22.5
Belgium	22.0	18.9	16%	25.2	22.1	14%	52.2
Other companies and eliminations	0.1	-0.2	132%	0.1	-0.3	126%	-0.4
Net sales total	**108.3**	**97.9**	**11%**	**137.2**	**134.2**	**2%**	**318.3**

Q2 2018

Net sales of Learning grew and amounted to EUR 108 million (2017: 98). Growth was strongest in the Netherlands due to the phasing of sales: the traditional spring orders shifting from Q1 were received during Q2, albeit the total market continued to decline slightly. Net sales grew also in Belgium and in Finland as certain orders were received already in Q2 instead of Q3.

The learning business has, by nature, an annual cycle with strong seasonality. Most of net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss-making.

As a result of net sales growth and the phasing of business between quarters, operational EBIT improved significantly to EUR 44 million (2017: 32).

EBIT was EUR 42 million (2017: 23). IACs included in EBIT totalled EUR -1 million (2017: -9) and consisted of restructuring expenses related to the ongoing business transformation programme “High Five”.

Capital expenditure was EUR 4 million (2017: 5) and consisted of investments in digital platforms and ICT.

Personnel

In January–June 2018, the average number of employees in full-time equivalents (FTE) employed by the Sanoma Group was 4,420 (2017: 5,001). The average number of employees (FTE) per SBU was as follows: Media Finland 1,742 (2017: 1,744), Media Netherlands 1,049 (2017: 1,541), Learning 1,352 (2017: 1,430) and Other operations 277 (2017: 287). At the end of June, the number of employees (FTE) of the Group was 4,511 (2017: 5,033). The decrease was mostly due to the divestments.

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 156 million (2017: 179).

Share capital and shareholders

At the end of June 2018, Sanoma's registered share capital was EUR 71 million (2017: 71) and the total number of shares was 163,565,663 (2017: 162,812,093), including 161,293 (2017: 316,519) own shares. Own shares represented 0.1% (2017: 0.2%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,404,370 (2017: 162,495,574).

Sanoma had 20,937 (2017: 21,282) registered shareholders at the end of June 2018.

Share trading and performance

At the end of June 2018, Sanoma's market capitalisation was EUR 1,420 million (2017: 1,329) with Sanoma's share closing at EUR 8.69 (2017: 8.18). During January–June 2018, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki Ltd. was EUR 9.64 (2017: 8.17), with a low of EUR 8.39 (2017: 7.62) and a high of EUR 11.47 (2017: 8.91).

In January-June 2018, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 201 million (2017: 144). The trading volume of 21 million (2017: 18) shares equalled an average daily turnover of 168k (2017: 142k) shares. The traded shares accounted for some 13% (2017: 11%) of the average number of shares. The cumulative value of Sanoma's share turnover including alternative trading venues was EUR 468 million (2017: 356). In January-June 2018, 57% (2017: 59%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com)

Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting of Shareholders (AGM) was held on 22 March 2018 in Helsinki. The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditors' Report for the year 2017 and discharged the members of the Board of Directors as well as the President and CEO from liability for the financial year 2017.

As proposed by the Board of Directors, dividend for 2017 was set at EUR 0.35 (2016: EUR 0.20) per share. The dividend shall be paid in two instalments. The first instalment of EUR 0.20 per share shall be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date 26 March 2018. The payment date for this instalment was 4 April 2018. The second instalment of EUR 0.15 per share shall be paid in November 2018. The second instalment shall be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date, which, together with the dividend payment date, shall be decided by the Board of Directors in its meeting scheduled for 23 October 2018. The estimated dividend record date for the second instalment would then be 25 October 2018 and the dividend payment date 1 November 2018.

The AGM resolved that the number of members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Antti Herlin, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Robin Langenskiöld, Rafaela Seppälä and Kai Öistämö were re-elected as members of the Board of Directors. Pekka Ala-Pietilä was elected as the Chairman of the Board and Antti Herlin as the Vice Chairman. The term of all the Board members ends at the end of the AGM 2019. The remuneration payable to the members of the Board of Directors shall remain as before.

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

The Board of Directors was authorised to decide on the repurchase a maximum of 16,000,000 of the Company's own shares (approx. 9.8% of all shares of the Company) in one or several instalments. Own shares shall be repurchased with funds from the Company's unrestricted shareholders' equity, and the repurchases shall reduce funds available for distribution of profits. The authorisation will be valid until 30 June 2019 and it terminates the corresponding authorisation granted by the AGM 2017.

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. The events business in Finland, recently strengthened by an acquisition, is focused on the second and third 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 EBIT, with the first quarter traditionally being clearly the smallest one for both.

Significant near-term risks and uncertainties

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.

General business risks associated with media and learning industries relate to developments in media advertising, consumer spending and public and private education spend. The volume of media advertising in specific is sensitive to overall economic development and consumer confidence. The general economic conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. In paper supply, continued market tightness and increasing demand driven by good overall economic conditions may have an adverse impact on paper prices.

Many of Sanoma's identified strategic risks relate to changes in customer preferences, which apply not only to the changes in consumer behaviour, but also to the direct and indirect impacts on the behaviour of business-to-business customers. The driving forces behind these changes are the on-going digitisation and mobilisation and the decrease of viewing time of free-to-air TV. Sanoma takes actions in all its strategic business units to respond to these challenges.

With regard to changing customer preferences, digitisation and mobilisation, 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. Regulatory changes regarding the use of subscriber and customer data could have a negative impact on Sanoma's ability to acquire subscribers for its content and to utilise data in its business.

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 the Digital Single Market Initiative could have a significant impact on Sanoma's cost efficient access to high quality TV content for the Finnish market.

Sanoma's financial risks include interest rate, currency, liquidity and credit risks. Other risks include risks related to equity and impairment of assets.

Sanoma's consolidated balance sheet included EUR 1,193 million (2017: 1,182) of goodwill, immaterial rights and other intangible assets at the end of June 2018. Most of this is related to media operations in the Netherlands. Sanoma divested its Dutch TV operations, SBS, on 19 July 2017, which reduced the amount of goodwill, immaterial rights and other intangible assets by EUR 916 million. 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.

Financial reporting

Sanoma will publish the following financial report during the course of the year:

Interim Report January–September 2018	24 October 2018 approx. at 8:30

Helsinki, 23 July 2018

Board of Directors
Sanoma Corporation

Key indicators with non-adjusted figures for comparison periods in 2017 *

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Net sales	362.9	418.5	-13%	624.5	748.3	-17%	1,434.7
Operational EBITDA	112.5	141.7	-21%	156.9	227.5	-31%	392.3
margin	31.0%	33.9%		25.1%	30.4%		27.3%
Operational EBIT	79.8	75.7	5%	88.0	90.8	-3%	176.7
margin	22.0%	18.1%		14.1%	12.1%		12.3%
EBIT	70.6	71.8	-2%	79.0	-340.4	123%	-240.5
Result for the period **	68.0	49.2	38%	62.9	-370.7	117%	-299.3
Cash flow from operations **	8.6	5.0	72%	-28.6	-37.4	24%	141.2
Capital expenditure ** ' ***	7.0	9.3	-25%	14.2	16.8	-15%	36.5
Cash flow from operations less capital expenditure **	1.6	-4.3	137%	-42.8	-54.2	21%	104.7
Equity ratio **				36.6%	28.8%		38.2%
Net debt **				472.8	846.7		391.8
Net debt / Adj. EBITDA **				2.1	3.6		1.7
Average number of employees (FTE)				4,420	5,001	-12%	4,746
Operational EPS, EUR, continuing operations	0.33	0.30	13%	0.35	0.34	5%	0.70
Operational EPS, EUR **	0.34	0.31	8%	0.36	0.35	3%	0.72
EPS, EUR, continuing operations	0.28	0.28	-1%	0.30	-1.46	121%	-1.02
EPS, EUR **	0.41	0.30	39%	0.38	-1.44	126%	-1.00
Cash flow from operations per share, EUR **	0.05	0.03	71%	-0.18	-0.23	24%	0.87
Cash flow from operations less capital expenditure per share, EUR **	0.01	-0.03	137%	-0.26	-0.33	22%	0.64

* 2017 figures have been restated due to a change in IFRS 15 and were originally published on 27 March 2018. More information on the restatement is available in Accounting policies on p. 24.
** Including continuing and discontinued operations.
*** Earlier capital expenditure was presented on an accrual basis.

Key indicators, Media Netherlands

EUR million	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change	FY 2017
Net sales	108.4	176.1	-38%	204.2	325.6	-37%	546.4
Operational EBITDA	20.9	58.8	-64%	37.2	103.1	-64%	141.0
Operational EBIT	19.5	23.7	-18%	34.3	32.6	5%	65.8
margin	18.0%	13.5%		16.8%	10.0%		12.0%
EBIT *	8.7	16.9	-49%	25.5	-391.5	107%	-366.0
Capital expenditure	0.3	1.2	-80%	1.1	3.3	-66%	4.0
Average number of employees (FTE)				1,049	1,541	-32%	1,316

* Including IACs of EUR -10.8 million in Q2 2018, EUR -5.0 million in Q2 2017, EUR -8.8 million in H1 2018, EUR -429.6 million in H1 2017 and EUR -437.1 million in FY 2017. Full reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 20.

Reconciliation of operational EBIT

Continuing operations

EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017	FY 2017
EBIT	**70.6**	**71.8**	**79.0**	**-340.4**	**-240.5**
Items affecting comparability (IACs)					
Media Finland					
Capital gains /losses	2.3	9.9	2.3	10.8	10.8
Restructuring expenses	-0.3	-1.8	-1.8	-2.1	-4.5
Media Netherlands					
Capital gains /losses *		-0.6		-425.1	-424.9
Restructuring expenses	-10.8	-4.5	-8.8	-4.5	-12.1
Learning					
Impairments		-7.8		-7.8	-7.8
Restructuring expenses	-1.3	-1.3	-1.6	-1.8	-6.2
Others					
Settlement of defined benefit pension plans					2.3
Other companies					
Capital gains /losses	1.0		1.0		25.8
Restructuring expenses	0.0	2,1	-0.1	-0,6	-0,5
ITEMS AFFECTING COMPARABILITY (IACs)	**-9.2**	**-3.9**	**-9.0**	**-431.2**	**-417.2**
OPERATIONAL EBIT, CONTINUING OPERATIONS	**79.8**	**75.7**	**88.0**	**90.8**	**176.7**
Depreciation, amortization and impairments	32.7	40.8	68.9	111.5	191.0
Items affecting comparability in depreciation, amortization and impairments		-25.2		-25.2	-24.6
OPERATIONAL EBITDA, CONTINUING OPERATIONS	**112.5**	**141.7**	**156.9**	**227.5**	**392.3**
Impairments					-0.1
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES					**-0.1**
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTEREST *		**0.7**		**138.5**	**138.4**
Capital gains/losses **	33.0		33.0		
Impairments	-0.4		-0.4		-2.5
Restructuring expenses	-3.2	-0.3	-20.9	-0.3	-0.5
Others			3.6		
ITEMS AFFECTING COMPARABILITY IN DISCONTINUED OPERATIONS	**29.4**	**-0.3**	**15.3**	**-0.3**	**-3.1**

* In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was -286.2 million.

** In 2018, the capital gain of EUR 33.0 million is related to the divestment of Belgian women's magazine portfolio.

Reconciliation of operational EPS

EUR million	Q2 2018	Restated Q2 2017	H1 2018	Restated H1 2017	Restated FY 2017
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**67.3**	**48.1**	**61.9**	**-233.9**	**-162.7**
Items affecting comparability *	-12.4	2.3	-2.6	291.1	280.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	**54.9**	**50.5**	**59.3**	**57.2**	**117.8**
Adjusted average number of shares	163,404,370	162,495,574	163,353,771	162,442,775	162,544,637
Operational EPS	**0.34**	**0.31**	**0.36**	**0.35**	**0.72**

* 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 Jun 2018	30 Jun 2017	31 Dec 2017
Non-current financial liabilities	199.4	359.8	196.3
Current financial liabilities	307.5	537.1	216.1
Cash and cash equivalents	-34.1	-50.2	-20.6
Interest-bearing net debt	**472.8**	**846.7**	**391.8**

Interest-bearing net debt 30 June 2017 includes financial assets and liabilities of SBS that are presented as part of assets and liabilities held for sale in the balance sheet 30 June 2017.

Income statement by quarter

Continuing operations

EUR million	Q1 2018	Q2 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
NET SALES	**261.6**	**362.9**	**329.8**	**418.5**	**380.8**	**305.7**	**1,434.7**
Other operating income	6.2	9.0	8.3	16.0	6.0	34.4	64.8
Materials and services *	-88.3	-119.0	-98.3	-129.9	-131.3	-109.7	-469.2
Employee benefit expenses	-77.7	-78.5	-89.3	-89.3	-78.4	-83.1	-340.1
Other operating expenses * ‘ **	-58.3	-72.0	-492.9	-104.1	-64.4	-82.8	-744.1
Share of results in joint ventures	1.0	1.0	1.0	1.3	1.0	1.1	4.4
Depreciation, amortisation and impairment losses	-36.2	-32.7	-70.7	-40.8	-35.1	-44.3	-191.0
EBIT	**8.4**	**70.6**	**-412.1**	**71.8**	**78.7**	**21.2**	**-240.5**
Share of results in associated companies	0.1	-0.1	0.1	0.9	0.2	0.1	1.4
Financial income	1.2	2.2	4.7	5.5	0.8	1.8	12.9
Financial expenses	-4.5	-8.0	-11.3	-10.0	-5.4	-9.4	-36.2
RESULT BEFORE TAXES	**5.1**	**64.8**	**-418.7**	**68.2**	**74.3**	**13.8**	**-262.4**
Income taxes	-1.5	-18.4	-1.5	-21.3	-18.6	2.2	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**3.6**	**46.4**	**-420.2**	**46.9**	**55.7**	**16.0**	**-301.6**
DISCONTINUED OPERATIONS							
Result for the period from discontinued operations	-8.7	21.6	0.2	2.3	0.9	-1.2	2.3
RESULT FOR THE PERIOD	**-5.1**	**68.0**	**-420.0**	**49.2**	**56.6**	**14.8**	**-299.3**
Result from continuing operations attributable to:							
Equity holders of the Parent Company	3.2	45.7	-282.3	45.9	55.3	16.2	-165.0
Non-controlling interests **	0.4	0.7	-137.9	1.1	0.4	-0.2	-136.6
Result from discontinued operations attributable to:							
Equity holders of the Parent Company	-8.7	21.6	0.2	2.3	0.9	-1.2	2.3
Non-controlling interests	-	-	-	-	-	-	-
Result attributable to:							
Equity holders of the Parent Company	-5.4	67.3	-282.0	48.1	56.2	15.0	-162.7
Non-controlling interests **	0.4	0.7	-137.9	1.1	0.4	-0.2	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:							
Earnings per share, EUR, continuing operations	0.02	0.28	-1.74	0.28	0.34	0.10	-1.02
Diluted earnings per share, EUR, continuing operations	0.02	0.28	-1.74	0.28	0.34	0.10	-1.02
Earnings per share, EUR, discontinued operations	-0.05	0.13	0.00	0.01	0.01	-0.01	0.01
Diluted earnings per share, EUR, discontinued operations	-0.05	0.13	0.00	0.01	0.01	-0.01	0.01
Earnings per share, EUR	-0.03	0.41	-1.74	0.30	0.35	0.09	-1.00
Diluted earnings per share, EUR	-0.03	0.41	-1.74	0.30	0.34	0.09	-1.00

* Sales and commission costs directly related to sales transferred from Other operating expenses to Materials and services.

** In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was -286.2 million.

Net sales by strategic business unit

EUR million	Q1 2018	Q2 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	137.0	146.2	144.1	144.5	131.3	150.4	570.4
Media Netherlands	95.8	108.4	149.5	176.1	103.9	116.9	546.4
Learning	28.9	108.3	36.2	97.9	145.7	38.5	318.3
Other companies and eliminations	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.4
Total	**261.6**	**362.9**	**329.8**	**418.5**	**380.8**	**305.7**	**1,434.7**

EBIT by strategic business unit

EUR million	Q1 2018	Q2 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	11.6	20.5	19.6	30.5	13.5	8.2	71.8
Media Netherlands	16.9	8.7	-408.4	16.9	11.3	14.2	-366.0
Learning	-18.4	42.4	-11.4	22.8	56.2	-23.7	43.9
Other companies and eliminations	-1.7	-0.9	-11.8	1.5	-2.4	22.6	9.8
Total	**8.4**	**70.6**	**-412.1**	**71.8**	**78.7**	**21.2**	**-240.5**

Operational EBIT by strategic business unit

EUR million	Q1 2018	Q2 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	13.1	18.6	19.0	22.4	14.2	9.8	65.5
Media Netherlands	14.9	19.5	8.9	23.7	14.0	19.2	65.8
Learning	-18.0	43.7	-10.9	31.9	56.1	-21.6	55.6
Other companies and eliminations	-1.7	-1.9	-1.9	-2.4	-2.9	-3.0	-10.2
Total	**8.2**	**79.8**	**15.2**	**75.7**	**81.4**	**4.4**	**176.7**

Interim report (unaudited)

Accounting policies

The Sanoma Group 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 June 2018. 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.

Applied new and amended standards

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.

Sanoma’s main revenue streams include magazine and newspaper publishing (circulation sales and advertising sales), TV and Radio operations, online and mobile revenues and learning solutions. For all revenue streams contract reviews of the key revenue contracts were documented. In magazines and newspaper publishing, the main impact of IFRS 15 is the need to identify additional performance obligations in cases of providing gifts as premiums to new subscribers, which are recognized at a point in time. TV and Radio revenue recognition is strongly linked to individual performance obligations, hence the impact of IFRS15 is limited. In learning solutions, the main impacts of IFRS 15 are related to revenues of hybrid products (combining print and digital products). In some cases, there is a need to acknowledge multiple performance obligations, which are to be recognised at different moments (over time or at a point in time), depending on the characteristics of the performance obligations. The impact of IFRS 15 on the Group’s annual net sales is insignificant, although the phasing over individual quarters is affected. Sanoma has applied the full retrospective method when adopting IFRS 15 as of 1 January 2018. The cumulative effect of applying IFRS 15 has been recognized in opening balance of retained earnings as at 1 January 2017. The impact on comparison figures presented in the comprehensive income statement 2017 were disclosed in a separate release. The impact on comparison figures related to the balance sheet and cash flow statement are shown in the following tables.

IFRS 15 impact on consolidated balance sheet

EUR million	30 Jun 2017	31 Dec 2017
ASSETS		
Deferred tax receivables	0.6	0.6
Trade and other receivables	0.2	0.3
ASSETS, TOTAL	**0.8**	**0.9**
EQUITY AND LIABILITIES		
EQUITY, TOTAL	-4.7	-7.4
Deferred tax liabilities	0.3	0.3
Income tax liabilities	-1.5	-2.1
Trade and other payables	6.7	10.2
EQUITY AND LIABILITIES, TOTAL	**0.8**	**0.9**

IFRS 15 impact on consolidated cash flow statement

EUR million	H1 2017	FY 2017
OPERATIONS		
Result for the period	1.4	-1.2
Adjustments		
Income taxes	0.5	-0.3
Change in working capital	-1.9	1.5
Cash flow from operations	-	-

IFRS 9 Financial Instruments and changes there to (effective for periods beginning on or after 1 January 2018). IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard includes updated principles for classification and measurement of financial assets and liabilities and a new model for estimating impairments of financial assets based on expected credit losses. In addition, the regulations related to hedge accounting have been revised. In Sanoma, applying the standard changed the process of booking impairment allowances for trade receivables, the classification of financial assets as well as the accounting for modifications of financial liabilities. A more detailed description of the effect of applying IFRS 9 can be found in the accounting policies of Financial Statements for 2017. Sanoma did not apply the standard retrospectively but adjusted the 1 January 2018 opening balance for the effects of the standard instead. The impact of applying IFRS 9 is insignificant for Sanoma Group.

Amendments to IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions (effective for periods beginning on or after 1 January 2018). The amendments cover three accounting areas: measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings and accounting for a modification of a share-based payment from cash-settled to equity-settled. Sanoma has share-based payment transactions with net settlement features for withholding tax obligations and the amendments had an impact on Group's financial statements. According to the amendments Sanoma's share-based payment transactions with net settlement features are treated as equity-settled in entirety. Sanoma reclassified the recognised liability from liabilities to equity in the 1 January 2018 opening balance sheet.

Consolidated income statement

Continuing operations

EUR million	Q2 2018	Restated Q2 2017	H1 2018	Restated H1 2017	Restated FY 2017
NET SALES	**362.9**	**418.5**	**624.5**	**748.3**	**1,434.7**
Other operating income	9.0	16.0	15.2	24.3	64.8
Materials and services *	-119.0	-129.9	-207.4	-228.2	-469.2
Employee benefit expenses	-78.5	-89.3	-156.2	-178.6	-340.1
Other operating expenses * ' **	-72.0	-104.1	-130.3	-597.0	-744.1
Share of results in joint ventures	1.0	1.3	2.0	2.3	4.4
Depreciation, amortisation and impairment losses	-32.7	-40.8	-68.9	-111.5	-191.0
EBIT	**70.6**	**71.8**	**79.0**	**-340.4**	**-240.5**
Share of results in associated companies	-0.1	0.9	0.0	1.0	1.4
Financial income	2.2	5.5	3.4	10.3	12.9
Financial expenses	-8.0	-10.0	-12.5	-21.4	-36.2
RESULT BEFORE TAXES	**64.8**	**68.2**	**69.9**	**-350.5**	**-262.4**
Income taxes	-18.4	-21.3	-19.9	-22.8	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**46.4**	**46.9**	**50.0**	**-373.3**	**-301.6**
DISCONTINUED OPERATIONS					
Result for the period from discontinued operations	21.6	2.3	12.9	2.5	2.3
RESULT FOR THE PERIOD	**68.0**	**49.2**	**62.9**	**-370.7**	**-299.3**
Result from continuing operations attributable to:					
Equity holders of the Parent Company	45.7	45.9	49.0	-236.4	-165.0
Non-controlling interests **	0.7	1.1	1.0	-136.8	-136.6
Result from discontinued operations attributable to:					
Equity holders of the Parent Company	21.6	2.3	12.9	2.5	2.3
Non-controlling interests	-	-	-	-	-
Result attributable to:					
Equity holders of the Parent Company	67.3	48.1	61.9	-233.9	-162.7
Non-controlling interests **	0.7	1.1	1.0	-136.8	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:					
Earnings per share, EUR, continuing operations	0.28	0.28	0.30	-1.46	-1.02
Diluted earnings per share, EUR, continuing operations	0.28	0.28	0.30	-1.46	-1.02
Earnings per share, EUR, discontinued operations	0.13	0.01	0.08	0.02	0.01
Diluted earnings per share, EUR, discontinued operations	0.13	0.01	0.08	0.02	0.01
Earnings per share, EUR	0.41	0.30	0.38	-1.44	-1.00
Diluted earnings per share, EUR	0.41	0.30	0.38	-1.44	-1.00

* Sales and commission costs directly related to sales transferred from Other operating expenses to Materials and services.
** In 2017, the capital loss of EUR -424.2 million and a EUR 138.3 million adjustment in non-controlling interests were related to the SBS divestment. Total impact of the transaction in the net result was -286.2 million.

Divested Belgian women's magazine portfolio is classified as discontinued operations in the Q2 2018 and 2017 reporting.

Statement of comprehensive income *

EUR million	Q2 2018	Restated Q2 2017	H1 2018	Restated H1 2017	Restated FY 2017
Result for the period	**68.0**	**49.2**	**62.9**	**-370.7**	**-299.3**
Other comprehensive income: **Items that may be reclassified subsequently to profit or loss**					
Change in translation differences	-0.7	-2.2	-1.1	2.7	2.7
Share of other comprehensive income of equity-accounted investees	0.0	-0.1	0.0	0.0	0.0
Items that will not be reclassified to profit or loss					
Defined benefit plans	-0.4	2.4	-2.7	7.9	6.9
Income tax related to defined benefit plans	-0.2	-0.6	0.4	-1.7	-1.9
Other comprehensive income for the period, net of tax	**-1.3**	**-0.4**	**-3.3**	**8.8**	**7.7**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**66.7**	**48.8**	**59.6**	**-361.9**	**-291.6**
Total comprehensive income attributable to:					
Equity holders of the Parent Company	66.0	47.7	58.6	-225.1	-155.0
Non-controlling interests	0.7	1.1	1.0	-136.8	-136.6

* Statement of comprehensive income includes both continuing and discontinued operations.

Consolidated balance sheet

EUR million	30 Jun 2018	Restated 30 Jun 2017	Restated 31 Dec 2017
ASSETS			
Property, plant and equipment	41.4	52.1	44.7
Investment property	12.9	24.1	13.9
Goodwill	941.5	935.2	934.6
Other intangible assets	251.2	246.6	251.1
Equity-accounted investees	16.5	17.1	20.8
Available-for-sale financial assets		5.0	4.0
Other investments	5.1		
Deferred tax receivables	13.5	25.4	18.0
Trade and other receivables	22.1	16.6	22.7
NON-CURRENT ASSETS, TOTAL	1,304.0	1,322.1	1,309.8
Inventories	51.3	53.1	40.5
Income tax receivables	14.9	13.2	6.9
Contract assets	7.7	11.4	6.2
Trade and other receivables	259.2	257.3	203.7
Cash and cash equivalents	34.1	24.4	20.6
CURRENT ASSETS, TOTAL	367.2	359.5	277.8
Assets held for sale		522.1	2.4
ASSETS, TOTAL	**1,671.1**	**2,203.7**	**1,590.1**
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	71.3
Treasury shares	-0.7	-1.4	-1.4
Fund for invested unrestricted equity	209.8	203.3	209.8
Other equity	273.5	169.8	265.8
	553.8	443.0	545.4
Non-controlling interests	4.9	150.9	1.7
EQUITY, TOTAL	558.7	593.9	547.1
Deferred tax liabilities	37.4	39.5	38.5
Pension obligations	11.8	5.8	9.7
Provisions	7.7	7.1	9.0
Financial liabilities	199.4	323.8	196.3
Trade and other payables	12.2	10.8	19.7
NON-CURRENT LIABILITIES, TOTAL	268.4	387.1	273.3
Provisions	35.3	10.6	17.1
Financial liabilities	307.5	527.1	216.1
Income tax liabilities	25.1	26.2	13.0
Contract liabilities	137.3	136.4	153.3
Trade and other payables	338.8	350.5	359.7
CURRENT LIABILITIES, TOTAL	843.9	1,050.8	759.2
Liabilities related to assets held for sale		172.0	10.6
LIABILITIES, TOTAL	**1,112.4**	**1,609.8**	**1,043.0**
EQUITY AND LIABILITIES, TOTAL	**1,671.1**	**2,203.7**	**1,590.1**

Includes continuing and discontinued operations.

On 30 June 2017, assets held for sale included SBS that was classified as assets held for sale in March 2017.

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 equity	Total	Non-controlling interests	Equity, total
Equity at 31 Dec 2016	**71.3**	**-2.1**	**203.3**	**440.5**	**713.0**	**289.5**	**1,002.5**
Effect of IFRS 15 on 1 Jan 2017				-6.1	-6.1		-6.1
Equity at 1 Jan 2017	**71.3**	**-2.1**	**203.3**	**434.4**	**706.8**	**289.5**	**996.4**
Comprehensive income for the period				-225.1	-225.1	-136.8	-361.9
Share-based compensation				0.9	0.9		0.9
Shares delivered		0.7		-0.7			
Dividends				-32.5	-32.5	-1.0	-33.5
Acquisitions and other changes in non-controlling interests				-7.2	-7.2	-0.8	-8.0
Equity at 30 June 2017	**71.3**	**-1.4**	**203.3**	**169.8**	**443.0**	**150.9**	**593.9**
Equity at 31 Dec 2017	**71.3**	**-1.4**	**209.8**	**265.8**	**545.4**	**1.7**	**547.1**
Effect of IFRS 9 on 1 Jan 2018				1.1	1.1		1.1
Effect of amendments to IFRS 2 on 1 Jan 2018				5.8	5.8		5.8
Equity at 1 Jan 2018	**71.3**	**-1.4**	**209.8**	**272.7**	**552.3**	**1.7**	**553.9**
Comprehensive income for the period				58.6	58.6	1.0	59.6
Share-based compensation				1.3	1.3		1.3
Shares delivered		0.7		-0.7			
Dividends				-57.2	-57.2	-0.7	-57.9
Acquisitions and other changes in non-controlling interests				-1.1	-1.1	3.0	1.8
Equity at 30 June 2018	**71.3**	**-0.7**	**209.8**	**273.5**	**553.8**	**4.9**	**558.7**

Consolidated cash flow statement

EUR million	H1 2018	Restated H1 2017	Restated FY 2017
OPERATIONS			
Result for the period	62.9	-370.7	-299.3
Adjustments			
Income taxes	25.8	24.3	40.5
Financial income and expenses	9.1	11.0	23.2
Share of results in equity-accounted investees	-2.0	-3.3	-5.7
Depreciation. amortisation and impairment losses	69.4	112.1	195.1
Gains/losses on sales of non-current assets	-36.7	446.8	420.3
Acquisitions of broadcasting rights and prepublication costs	-39.3	-105.1	-167.2
Other adjustments	1.9	0.3	1.1
Adjustments, total	28.3	486.1	507.2
Change in working capital	-103.6	-133.8	-17.0
Dividends received	4.3	5.4	5.5
Interest paid and other financial items	-1.7	-7.6	-20.5
Taxes paid	-18.8	-16.9	-34.7
Cash flow from operations	**-28.6**	**-37.4**	**141.2**
INVESTMENTS			
Capital expenditure	-14.2	-16.8	-36.5
Operations acquired	-13.6	-8.2	-4.6
Proceeds from sale of tangible and intangible assets *	2.8	1.0	47.6
Operations sold **	10.5	35.9	238.2
Loans granted	0.0	-0.2	0.0
Repayments of loan receivables	0.0	0.4	0.3
Interest received	0.1	0.1	0.3
Cash flow from investments	**-14.3**	**12.2**	**245.2**
Cash flow before financing	**-42.9**	**-25.2**	**386.4**
FINANCING			
Proceeds from share subscriptions			6.4
Contribution by non-controlling interests	2.2		
Change in loans with short maturity	92.1	146.8	-217.8
Drawings of other loans	0.0	135.0	172.5
Repayments of other loans and finance lease liabilities	-0.1	-218.5	-326.6
Acquisitions of non-controlling interests	-2.0		-11.2
Dividends paid	-33.4	-33.5	-34.1
Cash flow from financing	**58.8**	**29.8**	**-410.7**
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**15.8**	**4.6**	**-24.3**
Effect of exchange rate differences on cash and cash equivalents	-0.5	0.5	-0.2
Net change in cash and cash equivalents	**15.4**	**5.1**	**-24.5**
Cash and cash equivalents at the beginning of the period	18.6	43.1	43.1
Cash and cash equivalents at the end of the period	33.9	48.1	18.6

Includes continuing and discontinued operations.
* Proceeds from sale of tangible assets in 2017 include the divestment of the property at Ludviginkatu in Helsinki.
** The divestment of Belgian women's magazine portfolio is included in the operations sold on 30 June 2018. 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 0.2 million (2017:2.1). Cash and cash equivalents of EUR 25.8 million are presented as part of assets held for sale in the balance sheet 30 June 2017.

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 Finland, Sanoma Media Netherlands and Sanoma Learning. This is aligned with the way Sanoma manages the businesses.

Sanoma Media Finland is the leading multi-channel media company in Finland with a portfolio of magazines, newspapers, TV, radio, events as well as online and mobile channels. Sanoma Media Netherlands includes the Dutch consumer media operations (magazines, events, custom media, websites and apps) and press distribution business Aldipress. Sanoma Learning is a leading European provider of multi-channel learning solutions. Learning's main markets are Poland, the Netherlands, Finland, Belgium and Sweden. Discontinued operations include Belgian women's magazine portfolio, which was divested on 29 June 2018. 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.

In accordance with IFRS 15, a disaggregation of revenue needs to be presented, reflecting how the nature, amount timing and uncertainty of revenues are affected by economic factors. Sanoma considers that this should be assessed in conjunction with other information that is disclosed in the interim report. The SBU information in the text part includes a revenue split per category (both print/non-print and subscription/single copy/advertising for Media Netherlands and Media Finland) and per country for Learning. In conjunction with the segment information as well as the risks described in the 'significant near-term risks and uncertainties' paragraph the impact of economic factors is considered sufficiently reflected.

Segment information 1 January–30 June 2018

EUR million	Media Finland	Media Nether-lands	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	283.0	204.2	137.2		624.5	36.6		661.6
Internal net sales	0.2		0.0	-0.2		0.5	-0.5	
Net sales, total	**283.2**	**204.2**	**137.2**	**-0.2**	**624.5**	**37.1**	**-0.5**	661.6
EBIT	**32.1**	**25.5**	**24.0**	**-2.7**	**79.0**	**18.8**		**97.8**
Operational EBIT	**31.6**	**34.3**	**25.6**	**-3.6**	**88.0**	**3.5**		**91.5**
Share of results in associated companies	0.0				0.0			0.0
Financial income				3.4	3.4			3.4
Financial expenses				-12.5	-12.5	0.0		-12.5
Result before taxes					**69.9**	**18.8**		**88.7**
Segment assets	**250.3**	**756.0**	**728.2**	**-127.6**	**1,606.8**			**1,606.8**

Segment information 1 January–30 June 2017 (Restated)

EUR million	Media Finland	Media Nether-lands	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	288.5	325.6	134.2		748.3	40.1		788.3
Internal net sales	0.2		0.0	-0.2		0.5	-0.5	
Net sales, total	**288.7**	**325.6**	**134.2**	**-0.2**	**748.3**	**40.5**	**-0.5**	**788.3**
EBIT	**50.1**	**-391.5**	**11.4**	**-10.4**	**-340.4**	**3.9**		**-336.4**
Operational EBIT	**41.5**	**32.6**	**21.0**	**-4.3**	**90.8**	**4.2**		**95.0**
Share of results in associated companies	0.0	1.0			1.0			1.0
Financial income				10.3	10.3	0.1	-0.1	10.3
Financial expenses				-21.4	-21.4	0.0	0.1	-21.3
Result before taxes					**-350.5**	**4.0**		**-346.4**
Segment assets	**236.1**	**1,292.2**	**564.4**	**45.3**				**2,138.0**

Changes in property, plant and equipment

EUR million	30 Jun 2018	30 Jun 2017	31 Dec 2017
Carrying amount at the beginning of the period	44.7	57.8	57.8
Increases	3.0	4.8	8.7
Acquisitions of operations	0.3		
Decreases	-0.5	-0.6	-3.3
Disposal of operations	-0.1	-0.1	-2.7
Depreciation for the period	-6.0	-7.2	-14.2
Impairment losses for the period		-0.6	-3.0
Transfer to assets classified as held for sale		-2.6	
Exchange rate differences and other changes	0.0	0.7	1.4
Carrying amount at the end of the period	**41.4**	**52.1**	**44.7**

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

Acquisitions and divestments

Impact of business acquisitions on Group's assets and liabilities

EUR million	H1 2018	FY 2017
Property, plant and equipment	0.3	
Intangible assets	14.1	3.2
Other non-current assets	0.1	
Other current assets	4.8	
Assets, total	19.2	3.2
Non-current liabilities	-0.7	
Current liabilities	-2.6	-0.4
Liabilities, total	-3.3	-0.4
Fair value of acquired net assets	15.9	2.8
Acquisition cost	18.6	2.9
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	1.0	
Fair value of previously held interest	2.2	
Fair value of acquired net assets	-15.9	-2.8
Goodwill from the acquisitions	**5.9**	**0.1**

Acquisitions of non-controlling interests

EUR million	H1 2018	FY 2017
Acquisition cost	2.0	14.0
Book value of the acquired interest	0.4	2.6
Impact on consolidated equity	**-1.6**	**-11.4**

Cash paid to obtain control, net of cash acquired

EUR million	H1 2018	FY 2017
Acquisition cost	18.6	2.9
Cash and cash equivalents of acquired operations	-3.3	
Decrease (+) / increase (-) in acquisition liabilities	-1.8	0.1
Cash paid to obtain control, net of cash acquired	**13.5**	**3.1**
Cash paid on acquisitions of non-controlling interests	**2.0**	**11.2**

For H1 2018, the following acquisitions are included in the calculation: N.C.D. Production, TAT-Palvelut Oy, Tikkurila Festival and Finnish News Agency (STT). More information on the most material acquisitions is provided on p. 9.

Impact of divestments on Group’s assets and liabilities

EUR million	Belgium	Other	H1 2018	SBS	Other	FY 2017
Property, plant and equipment		0.1	0.1	2.6	0.1	2.7
Goodwill		0.0	0.0	715.5	14.3	729.8
Other intangible assets	0.7		0.7	200.3	2.6	202.9
Inventories	0.2		0.2			
Trade and other receivables	1.5	0.2	1.7	38.3	0.7	39.0
Cash and cash equivalents		0.2	0.2	25.8	3.1	28.9
Assets, total	2.4	0.5	2.9	982.5	20.8	1,003.3
Deferred tax liabilities	-0.2		-0.2	-18.1	-0.6	-18.7
Financial liabilities				-46.0		-46.0
Trade and other payables	-11.7	-0.3	-12.0	-112.4	-0.6	-113.0
Liabilities, total	-11.9	-0.3	-12.2	-176.6	-1.1	-177.7
Derecognised non-controlling interest				-117.2		-117.2
Net assets	-9.5	0.2	-9.3	688.7	19.7	708.4
Adjustment to capital loss					0.3	0.3
Sales price	23.5	2.5	26.0	237.1	29.0	266.1
Transaction fees paid				-5.6	-0.3	-5.9
Net result from sale of operations	**33.0**	**2.3**	**35.3**	**-457.2**	**9.3**	**-448.0**

Cash flow from sale of operations

EUR million	Belgium	Other	H1 2018	SBS	Other	FY 2017
Sales price	23.5	2.5	26.0	237.1	29.0	266.1
Transaction fees paid				-5.6	-0.3	-5.9
Cash and cash equivalents of divested operations		-0.2	-0.2	-25.8	-3.1	-28.9
Decrease (+) / increase (-) in receivables from divestment	-16.2	0.9	-15.3		4.2	4.2
Cash flow from sale of operations	**7.3**	**3.2**	**10.4**	**205.6**	**29.7**	**235.4**

Discontinued operations in 2018

On 16 January 2018, Sanoma announced an intention to divest its Belgian women's magazine portfolio to Roularta Media Group by the end of the second quarter of 2018. The divestment was completed on 29 June 2018. The operations were reclassified as discontinued operations. The income statement and cash flow statement are presented in the following two tables.

Income statement of discontinued operations

EUR million	H1 2018	H1 2017
Net sales	**37.1**	**40.5**
Other operating income	36.7	0.0
Materials and services	-15.2	-17.0
Employee benefit expenses	-24.4	-7.2
Other operating expenses	-14.8	-11.9
Depreciation, amortisation and impairment losses	-0.5	-0.5
EBIT	**18.8**	**3.9**
Financial income	-	0.1
Financial expenses	0.0	0.0
Result before taxes	**18.8**	**4.0**
Income taxes	-5.9	-1.5
Result for the period from discontinued operations	**12.9**	**2.5**

Cash flow related to discontinued operations

EUR million	H1 2018	H1 2017
Cash flow from operations	-0.7	-4.6
Cash flow from investments	-0.1	3.3
Cash flow from financing	-	-

Contingent liabilities

EUR million	30 Jun 2018	30 Jun 2017	31 Dec 2017
Contingencies for own commitments			
Pledges	1.6	2.4	1.5
Other items	15.0	24.9	24.7
Total	16.6	27.3	26.2
Other commitments			
Operating lease liabilities	232.3	286.0	249.4
Royalties	3.8	11.9	7.8
Other items	47.0	65.9	49.3
Total	283.1	363.8	306.4
Total	**299.7**	**391.1**	**332.6**

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 21.4 million (2017: 146.2).

Derivative instruments

EUR million	30 Jun 2018	30 Jun 2017	31 Dec 2017
Fair values			
Interest rate derivatives (incl. accrued interests)			
Interest rate swaps		-0.2	
Currency derivatives			
Forward contracts (positive fair values)	0.3	0.9	1.1
Forward contracts (negative fair values)	-0.4	-2.2	-1.7
Nominal values			
Interest rate derivatives			
Interest rate swaps		100.0	
Currency derivatives			
Forward contracts	30.3	66.4	66.4

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

Definitions of key indicators

Equity ratio, %	=	$\frac{\text{Equity total}}{\text{Balance sheet total – advances received}} \times 100$
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity total}} \times 100$
Earnings/share (EPS)	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid bond}}{\text{Adjusted average number of shares on the market}}$
Cash flow/share	=	$\frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares on the market}}$
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents
EBITDA	=	Operating profit + depreciation, amortisation and impairments
Net debt/adj. EBITDA	=	The adjusted EBITDA used in this ratio is the 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
Items affecting comparability (IACs)	=	Gains/losses on sale, restructuring expenses and impairments that exceed EUR 1 million
Operational EPS	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid bond - items affecting comparability}}{\text{Adjusted average number of shares on the market}}$