

Full-Year Result

2019

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SANOMA CORPORATION, FULL-YEAR RESULT 2019

Net sales grew and operational EBIT improved

On 10 December 2019, Sanoma announced it had signed an agreement to divest its strategic business unit Sanoma Media Netherlands. Media Netherlands is consequently reported as discontinued operations in this report. Unless otherwise stated, all income-statement-related quarterly and FY figures presented in this report, including corresponding periods in 2018, cover continuing operations only. Figures related to balance sheet and cash flow cover both continuing and discontinued operations. Continuing operations include Sanoma Learning and Sanoma Media Finland SBUs, which are also Sanoma's reporting segments starting from this report. After the divestment, the remaining Group costs have been allocated to Learning and Media Finland SBUs and SBU-level comparative information for 2018 and 2019 has been adjusted accordingly.

Q4 2019

- Net sales grew to EUR 206 million (2018: 184) mainly as a result of the Iddink acquisition. Comparable net sales development was -1% (2018: -4%).
- Operational EBIT excl. PPA improved to EUR 2 million (2018: -5).
- EBIT was EUR -10 million (2018: -14). Items affecting comparability (IACs) totalled EUR -8 million (2018: -7). PPA amortisations were EUR 5 million (2018: 2).
- Operational EPS was EUR -0.03 (2018: -0.05) and EUR 0.07 (2018: 0.06) including discontinued operations.
- EPS was EUR -0.06 (2018: -0.09) and EUR -0.63 (2018: -0.03) including discontinued operations.
- In November, Sanoma repaid a EUR 200 million bond.
- On 10 December, Sanoma announced the divestment of its strategic business unit Sanoma Media Netherlands to DPG Media with an enterprise value of EUR 460 million. Due to the divestment, Sanoma booked a EUR 105 million capital loss in discontinued operations Q4 2019 result.
- On 17 December, Sanoma amended its long-term financial targets with SBU-level targets on net sales growth and profitability.
- During November-December, Sanoma announced three acquisitions in Learning: Essener, itslearning and Clickedu.

FY 2019

- Net sales grew to EUR 913 million (2018: 891) mainly as a result of the Iddink acquisition. Comparable net sales development was -1% (2018: -4%).
- Operational EBIT excl. PPA was EUR 135 million (2018: 123). The corresponding margin was 14.8% (2018: 13.8%).
- EBIT was EUR 102 million (2018: 107). IACs totalled EUR -23 million (2018: -10). PPA amortisations were EUR 11 million (2018: 7).
- Operational EPS was EUR 0.49 (2018: 0.49) and EUR 0.80 (2018: 0.84) including discontinued operations.
- EPS was EUR 0.38 (2018: 0.44) and EUR 0.07 (2018: 0.76) including discontinued operations.
- Net debt / Adj. EBITDA was 2.7 (2018: 1.4). Due to the Iddink acquisition and the implementation of the IFRS 16 standard, the ratio increased temporarily above the long-term target level (below 2.5).
- Free cash flow was EUR 131 million (2018: 109), including continuing and discontinued operations. Free cash flow included a positive EUR 25 million impact due to the implementation of the IFRS 16 standard.
- On 4 February, Sanoma signed a EUR 550 million syndicated credit facility.
- On 14 February, Sanoma announced the divestment of Mood for Magazines, publisher of LINDA. magazine, in the Netherlands. The divestment was completed at the end of February.
- On 28 June, Sanoma announced it had increased its ownership in the Finnish online classifieds company Oikotie Ltd. from 90% to 100%.
- On 13 September, Sanoma completed the acquisition of Iddink, a leading Dutch educational platform and service provider.
- The Board proposes a dividend of EUR 0.50 per share to be paid for the year 2019 in two instalments, EUR 0.25 in April and EUR 0.25 in November (estimated).

Outlook for 2020

In 2020, Sanoma expects that the Group's comparable net sales will be stable, and operational EBIT margin excl. PPA will be around 15% (2019: 14.8%).

IFRS 16 implementation

Sanoma has adopted the new IFRS 16 Leases standard as of 1 January 2019 and prepares its financial reports according to the new standard starting from the Q1 2019 interim report. IFRS 16 requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Sanoma Group's lease contracts are mostly related to premises and cars.

Sanoma applies the modified retrospective method, and consequently financials for 2018 have not been restated. The main impacts of the implementation of the IFRS 16 standard on Sanoma's balance sheet on 31 December 2019 are summarised in the table below. In addition, they are reported and discussed in respective sections of this interim report. The impact of the implementation of the IFRS 16 standard on Sanoma's cash flow from operations for Q4 2019 was EUR 7 million and on cash flow from financing EUR -7 million, and correspondingly EUR 25 million and EUR -25 million for FY 2019.

Impacts of the implementation of IFRS 16 standard on balance sheet

	31 Dec 2018	31 Dec 2019	IFRS 16 impact 31 Dec 2019
Net debt, EUR million	337.8	794.7	+188.4
Net debt / Adj. EBITDA	1.4	2.7	+0.4
Equity ratio	44.7%	30.5%	-3.5%-points

More information on the implementation of the IFRS 16 standard is available in the Accounting policies on p. 22.

Alternative performance measures

Sanoma presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). 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 between reporting periods. The APMs should not be considered as a substitute for performance measures in accordance with IFRS.

Sanoma has included Operational EBIT excluding purchase price allocation amortisations (Operational EBIT excl. PPA), and the corresponding margin, as an APM in its financial reporting from Q1 2019 interim report. Operational EBIT excl. PPA is used as a basis in Sanoma's Outlook for 2020.

More information is available at Sanoma.com. Definitions of key IFRS indicators and APMs are available on p. 38. Reconciliations are presented on p. 18 in this report.

Key indicators for continuing operations

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Net sales	205.6	184.1	12%	913.3	891.4	2%
Operational EBIT excl. PPA	2.1	-5.1		135.2	122.8	10%
Margin	1.0%	-2.8%		14.8%	13.8%	
EBIT	-10.2	-13.8	26%	102.1	106.7	-4%
Result for the period	-10.2	-15.0	32%	63.1	72.6	-13%
Operational EPS, EUR	-0.03	-0.05	49%	0.49	0.49	0%
EPS, EUR	-0.06	-0.09	30%	0.38	0.44	-14%
Average number of employees (FTE)				3,567	3,404	5%
Number of employees at the end of the year (FTE)				3,953	3,410	16%

Key indicators incl. continuing and discontinued operations ¹⁾

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Result for the period	-103.2	-5.0		13.3	125.6	-89%
Free cash flow	75.0	69.4	8%	131.3	108.9	21%
<i>Impact of IFRS 16 standard</i>	7.2			24.8		
Equity ratio				30.5%	44.7%	
Net debt				794.7	337.8	
<i>Impact of IFRS 16 standard</i>				188.4		
Net debt / Adj. EBITDA				2.7	1.4	
<i>Impact of IFRS 16 standard</i>				0.4		
Operational EPS, EUR	0.07	0.06	18%	0.80	0.84	-5%
EPS, EUR	-0.63	-0.03		0.07	0.76	-91%
Free cash flow per share, EUR	0.46	0.43	8%	0.81	0.67	21%
<i>Impact of IFRS 16 standard</i>	0.04			0.15		
Dividend per share, EUR ²⁾				0.50	0.45	

¹⁾ In 2019, discontinued operations include Sanoma Media Netherlands and certain minor subsidiaries acquired in 2019 and planned to be divested in the future. In addition, discontinued operations in 2018 include Belgian women's magazine portfolio, which was divested on 29 June 2018. In 2019, result of discontinued operations include EUR 105 million capital loss related to the divestment of Media Netherlands. More information on discontinued operations' financial performance is available on p. 35.

²⁾ 2019 is a proposal of the Board of Directors.

President and CEO Susan Duinhoven:

“2019 was a good year, marking the successful transformation of Sanoma into a learning and media company. We strengthened our learning business with four acquisitions – Iddink, Essener, itslearning and Clickedu – and announced an intention to divest Media Netherlands to DPG Media. After the divestment, we have two strong businesses, Learning and Media Finland, ready for growth, and a EUR 400 million headroom for M&A. Our business portfolio is well-balanced: after the recent acquisitions and the divestment approx. 45% of the Group’s net sales and 55% of operational earnings will come from Learning.

In Learning, the most sizable step on our growth path in 2019 was the acquisition of Iddink, a leading Dutch educational platform and service provider, which was closed in September. Iddink operates in the Netherlands, Belgium and Spain. It provides us direct access to the school management in addition to our earlier contact predominantly with teachers. Altogether, with the recent acquisitions we have grown our customer base by 50% to about 15 million primary, secondary and vocational education students and expanded our offering of blended learning materials and methods with learning material distribution, digital platforms for teaching and school administration as well as testing and analytics.

During the year, Learning’s financial performance was strong. Operational earnings improved by EUR 10 million, or 15%. Half of this was attributable to the Iddink acquisition, while the other half was a result of the good work our teams have done as part of the “High Five” business development programme.

Rob Kolkman, CEO of Media Netherlands, was appointed as CEO of Sanoma Learning as of 1 January 2020. Rob is an experienced, well-respected and results-driven business leader for our Learning team and I am happy that he continues at Sanoma. Rob succeeds John Martin, who will leave Sanoma in spring 2020 to pursue other career opportunities.

In Media Finland, digital subscription sales of both Helsingin Sanomat and Ruutu+ continued to grow. The number of Helsingin Sanomat subscriptions grew for the third consecutive year and subscription sales were at an all-time-high – great achievements also in an international comparison. Advertising sales were stable, with digital advertising sales growing by 6%, and print advertising sales, which today represents only 7% of the Group’s total net sales, declining. In total, Media Finland’s net sales and earnings were stable at the previous year’s level.

The divestment of Media Netherlands creates a EUR 400 million headroom for acquisitions. We see solid M&A pipelines for both Learning and Media Finland. In Learning, we are looking for growth opportunities in new geographies and in expanding our offering in the current markets. In Media Finland, we will be interested in synergistic acquisitions in news & feature, entertainment or B2B marketing solutions. With growth in mind, we remain committed to our dividend policy: an increasing dividend corresponding to 40-60% of annual free cash flow. Our focus is especially on increasing dividend per share in euros and thus we may temporarily exceed the pay-out range of 40-60%. For 2019, the Board proposes a dividend of EUR 0.50 to be paid, representing 58% of free cash flow (incl. the settlement of a rental contract related to Belgian women’s magazine operations paid in Q1 2019).

In December, we launched new SBU-level, long-term financial targets on comparable net sales growth and operational EBIT margin excl. PPA, while keeping our earlier Group-level targets on leverage, equity ratio and dividend unchanged. With the clear long-term vision on our SBUs’ net sales and profitability development, our outlook for 2020 is that the Group’s comparable net sales will be stable, and operational EBIT margin excl. PPA will be around 15%. We are looking forward to another successful year in 2020.”

Financial review Q4 2019

The Group's net sales grew to EUR 206 million (2018: 184). The growth was mainly due to the acquisition of Iddink in Learning, while net sales were stable in Media Finland. The Group's comparable net sales development was -1% (2018: -4%).

Net sales by SBU

EUR million	Q4 2019	Q4 2018	Change
Learning	61.4	39.8	54%
Media Finland	144.2	144.5	0%
Other operations	-0.1	-0.2	67%
Group total	205.6	184.1	12%

Operational EBIT excl. PPA improved to EUR 2 million (2018: -5). Mainly as a result of the Iddink acquisition, earnings improved in Learning. Earnings declined in Media Finland mainly due to a one-time write-down related to changes in the IT infrastructure and services.

Operational EBIT excl. PPA by SBU

EUR million	Q4 2019	Q4 2018	Change
Learning	-10.3	-17.2	40%
Media Finland	14.7	16.5	-11%
Other operations	-2.4	-4.4	45%
Group total	2.1	-5.1	

EBIT was EUR -10 million (2018: -14). Net IACs totalled EUR -8 million (2018: -7) and consisted of costs related to the recent acquisitions and divestments, strategic business development and changes in IT infrastructure and services. PPA amortisations amounted to EUR 5 million (2018: 2).

IACs, PPAs and reconciliation of operational EBIT

EUR million	Q4 2019	Q4 2018
EBIT	-10.2	-13.8
Items affecting comparability		
Restructuring expenses	-7.5	-7.1
Capital gains / losses		0.3
IACs total	-7.5	-6.8
Purchase price allocation amortisations (PPAs)	-4.7	-1.9
Operational EBIT excl. PPA	2.1	-5.1

A detailed reconciliation on SBU level is presented on p.18.

Net financial items were EUR -5 million (2018: -3) and included a EUR -1 million impact related to the implementation of the IFRS 16 standard.

Result before taxes amounted to EUR -15 million (2018: -17). Income taxes were EUR 5 million (2018: 2). Result for the period was EUR -10 million (2018: -15) and EUR -103 million (2018: -5) including discontinued operations, which includes a EUR 105 million capital loss related to the divestment of Media Netherlands.

Operational earnings per share were EUR -0.03 (2018: -0.05) and EUR 0.07 (2018: 0.06) including discontinued operations. Earnings per share were EUR -0.06 (2018: -0.09) and EUR -0.63 (2018: -0.03) including discontinued operations.

Financial review FY 2019

Net sales grew to EUR 913 million (2018: 891). Acquisition of Iddink had a EUR 22 million contribution on net sales growth. Net sales were stable in Media Finland. The Group's comparable net sales development was -1% (2018: -4%).

Net sales by SBU

EUR million	FY 2019	FY 2018	Change
Learning	336.7	313.3	7%
Media Finland	576.8	578.5	0%
Other operations	-0.3	-0.4	30%
Group total	913.3	891.4	2%

Operational EBIT excl. PPA improved to EUR 135 million (2018: 123), corresponding to a margin of 14.8% (2018: 13.8%). Earnings improved in Learning as a result of the Iddink acquisition and the benefits of the "High Five" business development programme. Earnings were stable in Media Finland. Costs booked in Other operations declined across cost categories.

Operational EBIT excl. PPA by SBU

EUR million	FY 2019	FY 2018	Change
Learning	73.2	63.5	15%
Media Finland	69.4	69.6	0%
Other operations	-7.4	-10.3	28%
Group total	135.2	122.8	10%

EBIT was EUR 102 million (2018: 107). Net IACs totalled EUR -23 million (2018: -10) and consisted of costs related to acquisitions and divestments, strategic business development and changes in IT infrastructure and services. PPA amortisations increased to EUR 11 million (2018: 7) due to recent acquisitions.

IACs, PPAs and reconciliation of operational EBIT

EUR million	FY 2019	FY 2018
EBIT	102.1	106.7
Items affecting comparability		
Restructuring expenses	-23.1	-14.6
Capital gains / losses	0.5	5.0
IACs total	-22.5	-9.6
Purchase price allocation amortisations (PPAs)	-10.5	-6.5
Operational EBIT excl. PPA	135.2	122.8

A detailed reconciliation on SBU level is presented on p. 18.

Net financial items increased to EUR -22 million (2018: -12) and included an impact of EUR -5 million related to the implementation of the IFRS 16 standard and a EUR 3 million exchange rate loss related to Sanoma's earlier Ukrainian subsidiary, which was liquidated during Q3 2019.

Result before taxes amounted to EUR 80 million (2018: 94). Income taxes were EUR 17 million (2018: 22). Result for the period was EUR 63 million (2018: 73) and EUR 13 million (2018: 126) including discontinued operations, which includes a EUR 105 million capital loss related to the divestment of Media Netherlands.

Operational earnings per share were EUR 0.49 (2018: 0.49) and EUR 0.80 (2018: 0.84) including discontinued operations. Earnings per share were EUR 0.38 (2018: 0.44) and EUR 0.07 (2018: 0.76) including discontinued operations.

Financial position

At the end of December 2019, interest-bearing net debt was EUR 795 million (2018: 338). The increase was due to the acquisition of Iddink, completed in September, and the implementation of IFRS 16, which had an impact of EUR 188 million. In November, Sanoma repaid a EUR 200 million bond. The repayment reduced the average interest rate of external loans to 2.3% (2018: 2.5). Net debt to adjusted EBITDA ratio was 2.7 (2018: 1.4). Due to the Iddink acquisition and the implementation of the IFRS 16 standard, the ratio increased temporarily above the long-term target level of below 2.5.

At the end of December 2019, equity totalled EUR 551 million (2018: 611), including EUR 105 million capital loss (impairment loss on classification as asset-held-for-sale under IFRS 5) related to the divestment of Media Netherlands. Equity ratio declined to 30.5% (2018: 44.7%). Due to the Iddink acquisition, the divestment of Media Netherlands and the implementation of the IFRS 16 standard, the ratio decreased temporarily below the long-term target level of 35-45%. The consolidated balance sheet totalled EUR 1,998 million (2018: 1,519).

Cash flow

The Group's free cash flow grew to EUR 131 million (2018: 109). The implementation of the IFRS 16 standard improved the free cash flow by EUR 25 million. The improvement was further supported by lower taxes paid. A EUR 10 million settlement of a rental contract related to discontinued operations divested in June 2018 in Belgium and expenditures related to changes in IT infrastructure and services across the Group had an adverse impact on free cash flow. Capital expenditure included in free cash flow was EUR 32 million (2018: 32). Free cash flow per share was EUR 0.81 (2018: 0.67), impact of the implementation of the IFRS 16 standard being EUR 0.15.

Acquisitions and divestments

On 17 December 2019, Sanoma announced the acquisition of Clickedu, one of the leading providers of digital platforms for teaching and administration in Spain. In 2018, net sales of Clickedu were EUR 3 million, and it employed 65 people.

On 10 December 2019, Sanoma announced it had signed an agreement to divest its strategic business unit Sanoma Media Netherlands to DPG Media. Sanoma Media Netherlands consists of leading Dutch and Belgian magazines (incl. Libelle, Donald Duck, vtwomen) and the online news brand NU.nl. Net sales of the divested business were EUR 368 million (2018: 424) and operational EBIT excl. PPA EUR 70 million (2018: 80) in 2019. At the end of December 2019, Media Netherlands had 922 employees, who will transition with the divested business to the buyer. Media Netherlands is reported as discontinued operations in this report. The agreed enterprise value (EV) of Sanoma Media Netherlands is EUR 460 million, corresponding to an EV / EBITDA multiple of 6.5. Sanoma will use the funds received from the divestment to reduce its debt. Due to the divestment, Sanoma has booked a non-cash capital loss of EUR 105 million (incl. divestment-related transaction costs) in discontinued operations Q4 2019 result. The loss has temporarily reduced the Group's equity ratio to 30.5%, below the long-term target level of 35-45%. The transaction is subject to customary closing conditions and is expected to be completed latest during Q3 2020.

On 5 December 2019, Sanoma announced the acquisition of itslearning, an international provider of award-winning cloud-based learning platforms. In 2018, net sales of itslearning were approx. EUR 30 million. Itslearning operates in nine countries and has approx. 200 employees.

On 18 November 2019, Sanoma announced the acquisition of Essener, the leading Dutch publisher of blended learning methods for social sciences. In 2018, net sales of Essener were EUR 3 million.

On 13 September 2019, Sanoma announced that it had completed the acquisition of Iddink, a leading Dutch educational platform and service provider. The acquisition was originally announced on 11 December 2018 and was subject to customary closing conditions, including the approval of Dutch competition authorities, which was announced on 29 August 2019. In 2019, net sales of Iddink were EUR 157 million (incl. Sanoma Group internal sales of EUR 17 million) and operational EBIT excl. PPA was EUR 22 million. Iddink had 385 employees (FTE) at the end of December 2019. The final purchase price of Iddink was EUR 212 million. Transaction related costs of approx. EUR 6 million have been booked as items affecting comparability (IACs) in Learning's Q3 and Q4 2019 result.

On 28 June 2019, Sanoma announced it had increased its ownership in the Finnish online classifieds company Oikotie Ltd. from 90% to 100% by acquiring shares held by TS Group. The transaction clarifies the ownership structure of Oikotie and simplifies further development of the business.

On 14 February 2019, Sanoma announced the divestment of Mood for Magazines, publisher of LINDA. magazine, in the Netherlands. The buyer was Linda de Mol, founder and minority shareholder of Mood for Magazines, together with Talpa. In 2018, net sales of Mood for Magazines were EUR 27 million, operational EBIT EUR 6 million and free cash flow

EUR 4 million. Value of Mood for Magazines, of which Sanoma owned 86%, was EUR 47 million, representing an EV/EBIT multiple of 7.9. Mood for Magazines had 53 employees. The transaction was completed at the end of February 2019.

Information on acquisitions and divestments conducted in 2018 and earlier is available at Sanoma.com.

Events during the year

On 17 December 2019, Sanoma amended its long-term financial targets with new targets on comparable net sales growth and profitability for both of its strategic business units, Sanoma Learning and Sanoma Media Finland. The new long-term financial targets for the SBUs are:

Long-term target	Sanoma Learning	Sanoma Media Finland
Comparable net sales growth	2-5%	+/- 2%
Operational EBIT margin excl. PPA	20-22%	12-14%

The Group's earlier long-term financial targets remained unchanged and valid, being:

Long-term target	Sanoma Group
Net debt / Adj. EBITDA	below 2.5
Equity ratio	35-45%
Dividend policy	increasing dividend corresponding to 40-60% of annual free cash flow

On 4 February 2019, Sanoma signed a EUR 550 million syndicated credit facility with a group of nine relationship banks. The facility has two tranches, a EUR 250 million amortising term loan facility with four-year maturity and a EUR 300 million bullet revolving credit facility with five-year maturity. The term loan was used for the Iddink acquisition in September. The revolving credit facility replaced the earlier revolving credit facility of similar size and will be used for general corporate purposes.

Learning

Sanoma Learning is a growing European-based education company serving about 15 million students in ten countries. Through a portfolio of modern, blended learning materials and methods, material distribution and digital platforms we support learning and teaching in primary, secondary and vocational education. Our mission is to make a positive impact on learning by enabling teachers and schools to help all students to reach their full potential. Through our local companies, we contribute to some of the world's best-performing education systems.

Key indicators ¹⁾

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Net sales	61.4	39.8	54%	336.7	313.3	7%
Operational EBIT excl. PPA	-10.3	-17.2	40%	73.2	63.5	15%
Margin	-16.7%	-43.3%		21.7%	20.3%	
EBIT ²⁾	-19.3	-20.3	5%	55.0	55.0	0%
Capital expenditure	8.3	6.8	21%	21.9	19.8	11%
Average number of employees (FTE)				1,488	1,351	10%

¹⁾ Including continuing operations only. Certain minor subsidiaries acquired in 2019 and planned to be divested in the future are reported as discontinued operations for 2019. More information on discontinued operations' financial performance is available on p. 35.

²⁾ Including IACs of EUR -5.5 million in Q4 2019 (2018: -2.2) and EUR -12.1 million in FY 2019 (2018:-5.1) and PPA amortisations of EUR 3.6 million in Q4 2019 (2018: 0.8) and EUR 6.1 million in FY 2019 (2018: 3.4).

Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 18.

Net sales by country

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
The Netherlands	27.9	10.8		106.9	90.2	19%
Poland	11.7	11.8	-1%	95.6	91.5	5%
Finland	7.6	7.3	3%	52.5	56.0	-6%
Belgium	7.1	5.7	23%	57.1	51.7	11%
Other countries and eliminations ¹⁾	7.1	4.2	71%	24.5	24.0	2%
Net sales total	61.4	39.8	54%	336.7	313.3	7%

¹⁾ Other countries include Sweden, Spain, Norway, Denmark, France and Germany.

Q4 2019

Net sales of Learning grew as a result of acquisitions, in particular Iddink, and amounted to EUR 61 million (2018: 40). On a comparable basis, net sales grew in the Netherlands while being stable in other markets.

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

Operational EBIT excl. PPA improved and was EUR -10 million (2018: -17). Earnings improvement was attributable to acquisitions and lower fixed costs in the underlying business as a result of the business development programme "High Five".

EBIT was EUR -19 million (2018: -20). IACs totalled EUR -6 million (2018: -2) and consisted of costs related to acquisitions and the business development programme "High Five". PPA amortisations increased to EUR 4 million (2018: 1) due to the acquisition of Iddink.

Capital expenditure was EUR 8 million (2018: 7) and consisted of growth investments in digital platforms and ICT.

FY 2019

As a result of acquisitions, in particular Iddink, net sales grew to EUR 337 million (2018: 313). On a comparable basis, Learning's net sales were stable comparable net sales growth development being 0%. Net sales grew in Belgium and Poland driven by increased demand during curriculum renewals. In the Netherlands, comparable net sales were at the previous year's level. Net sales declined in Finland due to lower demand after the ending of the curriculum renewal at the end of 2018 and an increasing share of digital learning materials, where sales are recognised monthly throughout the school year.

Operational EBIT excl. PPA improved and was EUR 73 million (2018: 64). Half of the earnings improvement was attributable to the acquisition of Iddink and half to lower variable and fixed expenses in the underlying business as a result of the business development programme "High Five". Change in the allocation of Group costs related to the divestment of Media Netherlands had an adverse impact on earnings.

EBIT was EUR 55 million (2018: 55). IACs totalled EUR -12 million (2018: -5) and mainly consisted of costs related to acquisitions, business development programme "High Five" and changes in IT infrastructure and services. PPA amortisations increased to EUR 6 million (2018: 3) due to the acquisition of Iddink.

Capital expenditure was EUR 22 million (2018: 20) and consisted of growth investments in digital platforms and ICT.

Media Finland

Sanoma Media Finland is the leading media company in Finland, reaching 97% of all Finns weekly. 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 Helsingin Sanomat, Ilta-Sanomat, Me Naiset, Aku Ankka, Oikotie, Nelonen, Ruutu and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

Key indicators

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Net sales	144.2	144.5	0%	576.8	578.5	0%
Operational EBIT excl. PPA	14.7	16.5	-11%	69.4	69.6	0%
Margin	10.2%	11.4%		12.0%	12.0%	
EBIT ¹⁾	11.9	9.3	28%	54.9	59.3	-7%
Capital expenditure	1.1	1.1	-5%	3.8	4.1	-7%
Average number of employees (FTE)				1,804	1,781	1%

¹⁾ Including IACs of EUR -1.7 million in Q4 2019 (2018: -6.2) and EUR -10.0 million in FY 2019 (2018: -7.1), and PPA amortisations of EUR 1.1 million in Q4 2019 (2018: 1.0) and EUR 4.4 million in FY 2019 (2018: 3.2).

Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 18.

Net sales by category

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Print	69.0	75.4	-9%	271.5	294.0	-8%
Non-print	75.2	69.1	9%	305.3	284.4	7%
Net sales total	144.2	144.5	0%	576.8	578.5	0%

EUR million	Q4 2019	Q4 2018	Change	FY 2019	FY 2018	Change
Advertising sales	66.2	67.9	-3%	247.3	250.0	-1%
Subscription sales	49.6	49.4	0%	195.8	202.6	-3%
Single copy sales	12.2	11.7	4%	45.1	45.2	0%
Other	16.3	15.5	5%	88.6	80.6	10%
Net sales total	144.2	144.5	0%	576.8	578.5	0%

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

Q4 2019

Net sales of Media Finland were stable and amounted to EUR 144 million (2018: 145). Growth in TV, video and radio advertising sales partially offset the declining print advertising sales. Digital subscription sales of Helsingin Sanomat and Ruutu+, as well as single copy sales of tabloid Ilta-Sanomat and lifestyle magazines continued to grow. Other sales grew driven by some one-time events and concerts during the quarter.

According to the Finnish Advertising Trends survey for December 2019 by Kantar TNS, the advertising market in Finland declined by 5% on a net basis in Q4 2019. Advertising declined by 10% in newspapers, by 11% in magazines and by 8% in TV, whereas advertising in radio increased by 2% and in online, excluding search and social media, by 1%.

Operational EBIT excl. PPA declined to EUR 15 million (2018: 17) mainly due to a write-down related to discontinued IT solutions. TV programme costs related to FOX channels increased. Earnings were positively impacted by lower paper costs.

EBIT was EUR 12 million (2018: 9). IACs totalled EUR -2 million (2018: -6) and included costs related to strategic business development and changes in the IT infrastructure and services. PPA amortisations were EUR 1 million (2018: 1).

Capital expenditure totalled EUR 1 million (2018: 1) and consisted of maintenance investments.

FY 2019

Net sales of Media Finland were stable and amounted to EUR 577 million (2018: 579). Comparable net sales development was -2%. During the year, TV, radio and digital advertising sales grew, while print advertising sales declined. As a result of strong growth in digital subscription sales, total subscription sales of Helsingin Sanomat were at an all-time-high. Subscription sales of Ruutu+ grew, while discontinuation of pay-TV in 2018 had a negative impact on subscription sales in the first half of 2019. In the second half of the year, single copy sales of Ilta-Sanomat and lifestyle magazines were supported by the decline in VAT of single copies, which became effective on 1 July 2019. Increase in other sales was attributable to growth in the festival and events sales, as well as the music publishing business acquired in Q4 2018.

According to the Finnish Advertising Trends survey for December 2019 by Kantar TNS, the advertising market in Finland declined by 1% on a net basis in 2019. Advertising declined by 9% in newspapers, by 7% in magazines and by 5% in TV, whereas advertising in radio increased by 6% and in online, including search and social media, by 9%.

Operational EBIT excl. PPA was at the previous year's level and amounted to EUR 69 million (2018: 70). Improved profitability of the festival and events business, as well as lower marketing, paper, distribution and other operating costs all had a positive contribution on earnings. Higher TV programme costs related to FOX channels, as well as change in the allocation of Group costs related to the divestment of Media Netherlands, had an adverse impact on earnings.

EBIT was EUR 55 million (2018: 59). IACs totalled EUR -10 million (2018: -7) and included costs related to strategic business development as well as changes in the IT infrastructure and services. PPA amortisations were EUR 4 million (2018: 3).

Capital expenditure totalled EUR 4 million (2018: 4) and consisted of maintenance investments.

Personnel

In 2019, the average number of employees in full-time equivalents (FTE) in continuing operations was 3,567 (2018: 3,404). The average number of employees (FTE) per SBU was as follows: Learning 1,488 (2018: 1,351), Media Finland 1,804 (2018: 1,781) and Other operations 275 (2018: 273). At the end of December, the number of employees (FTE) of the Group was 3,953 (2018: 3,410) and 985 (2018: 1,075) in discontinued operations. Number of employees increased as a consequence of acquisitions.

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 244 million (2018: 239).

Changes in management

On 10 December 2019, Rob Kolkman was appointed CEO for Sanoma Learning as of 1 January 2020. He will report to Susan Duinhoven, President and CEO of Sanoma Corporation, and continue as a member of Sanoma's Executive Management Team. As CEO of Sanoma Learning, Rob Kolkman succeeds John Martin, who will leave Sanoma in spring 2020. Rob Kolkman will continue as the CEO for Sanoma Media Netherlands until the closing of the divestment.

Executive Management Team

Sanoma's Executive Management Team as of 1 January 2020 consists of the following members: Susan Duinhoven, President and CEO; Markus Holm, CFO and COO; Pia Kalsta, CEO of Sanoma Media Finland and Rob Kolkman, CEO of Sanoma Learning and CEO of Sanoma Media Netherlands.

Share capital and shareholders

At the end of December 2019, Sanoma's registered share capital was EUR 71 million (2018: 71), and the total number of shares was 163,565,663 (2018: 163,565,663), including 549,140 (2018: 1,061,293) own shares. Own shares represented 0.3% (2018: 0.7%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,016,523 (2018: 162,504,370).

In March 2019, Sanoma delivered a total of 512,153 own shares (without consideration and after taxes) as part of its long-term share-based incentive plans.

Sanoma had 20,730 (2018: 20,741) registered shareholders at the end of December 2019.

Share trading and performance

At the end of December 2019, Sanoma's market capitalisation was EUR 1,541 million (2018: 1,380) with Sanoma's share closing at EUR 9.45 (2018: 8.49). In 2019, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 9.03 (2018: 9.28), with a low of EUR 7.96 (2018: 8.01) and a high of EUR 10.44 (2018: 11.47).

In 2019, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 172 million (2018: 365). The trading volume of 19 million shares (2018: 39) equalled an average daily turnover of 76k shares (2018: 157k). The traded shares accounted for some 12% (2018: 24%) of the average number of shares. Sanoma's share turnover, including alternative trading venues BATS and Chi-X, was 24 million shares (2018: 53). Nasdaq Helsinki represented 81% (2018: 75%) of the share turnover. (Source: Euroland)

Decisions of the Annual General Meeting

Sanoma Corporation's Annual General Meeting (AGM) was held on 27 March 2019 in Helsinki. The meeting adopted the Financial Statements, the Board of Directors' Report and the Auditor's Report for the year 2018 and discharged the members of the Board of Directors as well as the President and CEO from liability for the financial year 2018.

The AGM resolved that a dividend of EUR 0.45 per share shall be paid and a sum of EUR 350,000 be reserved for charitable donations to be used at the Board of Directors' discretion. The dividend was paid in two instalments. The first instalment of EUR 0.25 per share was paid to a shareholder who was registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the dividend record date 29 March 2019. The payment date for this instalment was 5 April 2019. The second instalment of EUR 0.20 per share was paid to a shareholder who, on the dividend record date, was registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd. In its meeting on 24 October 2019, the Board of Directors decided the dividend record date for the second instalment to be 28 October 2019 and the dividend payment date 4 November 2019.

The AGM resolved that the number of the members of the Board of Directors shall be set at nine. Pekka Ala-Pietilä, Antti Herlin, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Rafaela Seppälä and Kai Öistämö were re-elected as members, and Sebastian Langenskiöld was elected as a new member 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 2020. 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 Auditor shall be reimbursed against invoice approved by the Company.

The AGM authorised the Board of Directors to decide on the repurchase of 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 2020, and it terminates the corresponding authorisation granted by the AGM 2018.

The AGM authorised the Board of Directors to decide on issuance of new shares and the conveyance of the Company's own shares held by the Company (treasury shares) and the issuance of option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. Option rights and other special rights entitling to shares as specified in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act may not be granted as part of the Company's incentive programme. The Board will be entitled to decide on the issuance of a maximum of 18,000,000 new shares as well as conveyance of a maximum of 5,000,000 treasury shares held by the Company in one or several instalments. The issuance of shares, the conveyance of treasury shares and the granting of option rights and other special rights entitling to shares may be done in deviation from the shareholders' pre-emptive right (directed issue). The authorisation will be valid until 30 June 2020, and it will replace the authorisation to decide on issuance of shares, option rights and other special rights entitling to shares, which was granted to the Board of Directors by the Annual General Meeting on 12 April 2016.

Seasonal fluctuation

The learning business has, by nature, an annual cycle with strong seasonality. Most net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss making. In the media business, net sales and results 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 is focused on the second and third quarters. Seasonal business fluctuations influence the Group's net sales and EBIT, with the first and fourth quarter traditionally being the smallest ones for both.

Significant near-term risks and uncertainties

Sanoma is exposed to numerous risks and opportunities, which may arise from its own operations or the changing operating environment. The most significant risks that could have a negative impact on Sanoma's business, performance, or financial status are described below. However, other currently unknown or immaterial risks may arise or become material in the future.

Sanoma's strategic aim is to grow through acquisitions. In M&A, the key risks may relate to the availability of potential M&A targets, suitability of timing, transaction process, integration of the acquired business, retention of key personnel, or achievement of the targets set.

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 changes in B2B and public demand. Ongoing digitalisation and mobilisation are the main drivers behind many of these changes. In education, digital learning materials, methods and platforms are gradually penetrating the market. The increasing use of mobile devices is changing the way people consume media, while viewing time of free-to-air TV is decreasing. New entrants might be able to better utilise these changes and therefore gain market share from Sanoma's established businesses.

Sanoma faces political risks in particular in Poland, where legislative changes can have significant impacts on the learning business. Changes in the Digital Single Market Initiative, approved by the EU Commission in the end of March 2019, could have a significant impact on Sanoma's cost efficient access to high quality TV content for the Finnish market. Changes in taxation applied to Sanoma's products and services in its operating countries may have an impact on their demand.

The general economic conditions in Sanoma's operating countries and overall industry trends could influence Sanoma's business activities and operational performance. General business risks associated with the performance of the learning business relate to development of public and private education spending especially during the curriculum renewals. In the media business, risks associated with business and financial performance typically relate to advertising demand and consumer spending. The volume of media advertising is especially sensitive to overall economic development and consumer confidence.

Data is an increasingly essential part of Sanoma's business putting privacy and consumer trust at the core of the Group's daily operations. 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 customer and consumer data could have a negative impact on Sanoma's ability to utilise data in its business.

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 949 million (2018: 1,186) of goodwill, immaterial rights and other intangible assets at the end of December 2019. After the Iddink acquisition, most of this is related to the learning business. 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. The impairment losses on goodwill, immaterial rights and other immaterial intangible assets for continuing and discontinued operations totalled EUR 110 million in 2019 (2018: 6). Changes in business fundamentals could lead to further impairment, thus impacting Sanoma's equity-related ratios.

More information on Sanoma's most significant risks and uncertainty factors and the main principles of risk management will be included in the Report of the Board of Directors, Financial Statements and Corporate Governance Statement for 2019, which will be published on week 10.

Dividend proposal

On 31 December 2019, Sanoma Corporation's distributable funds were EUR 354 million, of which loss for the year made up EUR 62 million. Including the fund for non-restricted equity of EUR 210 million, the distributable funds amounted to EUR 564 million. The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.50 per share shall be paid for the year 2019. The dividend shall be paid in two instalments. The first instalment of EUR 0.25 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 27 March 2020. The payment date for this instalment is 3 April 2020. Record date for the second instalment of EUR 0.25 per share will be decided by the Board of Directors in October, and the estimated payment date will be in November 2020.
- A sum of EUR 350,000 shall be transferred to the donation reserve and used at the Board's discretion.
- The amount left in equity shall be EUR 482 million.

According to its dividend policy from 2017 onwards, Sanoma aims to pay an increasing dividend, equal to 40–60% of the annual free cash flow. When proposing a dividend to the AGM, the Board of Directors looks at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs, as well as both previous year's cash flows and expected future cash flows affecting capital structure.

Financial reporting and AGM in 2020

Sanoma will publish the following financial report during 2020:

Interim Report 1 January–31 March 2020	Wednesday, 29 April, approx. at 8:30
Half-Year Report 1 January–30 June 2020	Friday, 24 July, approx. at 8:30
Interim Report 1 January–30 September 2020	Thursday, 29 October, approx. at 8:30

Sanoma's Financial Statements and Board of Directors' Report for 2019 will be published during week 10 (starting on 2 March 2020). The Annual General Meeting 2020 will be held on Wednesday, 25 March 2020, in Helsinki.

Helsinki, 6 February 2020

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT excl. PPA

EUR million	Q4 2019	Q4 2018	FY 2019	FY 2018
EBIT	-10.2	-13.8	102.1	106.7
ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS				
Learning				
Restructuring expenses	-5.5	-2.2	-12.1	-5.1
PPA amortisations	-3.6	-0.8	-6.1	-3.4
Media Finland				
Capital gains/losses				2.3
Restructuring expenses	-1.7	-6.2	-10.0	-9.4
PPA amortisations	-1.1	-1.0	-4.4	-3.2
Other companies				
Capital gains/losses		0.3	0.5	2.7
Restructuring expenses	-0.3	1.3	-1.0	-0.1
ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS TOTAL	-12.3	-8.7	-33.1	-16.2
OPERATIONAL EBIT EXCL. PPA	2.1	-5.1	135.2	122.8
Capital gains/losses			1.0	
Impairments		0.7	-1.1	-0.7
ITEMS AFFECTING COMPARABILITY (IACs) IN FINANCIAL INCOME AND EXPENSES		0.7	-0.2	-0.7
Capital gains/losses		-2.7	10.8	30.3
Impairments ¹⁾	-105.1		-105.1	-0.4
Restructuring expenses	-5.5	-7.5	-9.1	-40.3
Others				7.2
PPA amortisations	-1.0	-0.7	-3.9	-3.0
ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS IN DISCONTINUED OPERATIONS TOTAL	-111.7	-11.0	-107.3	-6.2

¹ In 2019, the impairment of EUR 105.1 million relates to the impairment loss on classification as asset-held-for-sale under IFRS 5 following the announcement to divest Media Netherlands.

Reconciliation of operational EPS

EUR million	Q4 2019	Q4 2018	FY 2019	FY 2018
Result for the period attributable to the equity holders of the Parent Company	-103.5	-4.7	11.5	124.2
Items affecting comparability ¹⁾	115.2	14.5	118.9	13.2
Operational result for the period attributable to the equity holders of the Parent Company	11.7	9.8	130.4	137.4
Adjusted average number of shares	163,016,523	162,504,370	162,933,737	163,084,958
Operational EPS	0.07	0.06	0.80	0.84

¹⁾ When calculating operational earnings per share, the tax effect and the non-controlling interests' share of the items affecting comparability have been deducted.

Reconciliation of interest-bearing net debt

EUR million	31 Dec 2019	31 Dec 2018
Non-current financial liabilities	227.9	4.3
Current financial liabilities	400.7	352.4
Non-current lease liabilities	162.0	
Current lease liabilities	27.3	
Cash and cash equivalents	-23.2	-18.8
Interest-bearing net debt	794.7	337.8

Interest-bearing net debt includes financial assets and liabilities of Sanoma Media Netherlands that are presented as part of assets and liabilities held-for-sale in the balance sheet 31 December 2019. More details are presented on p. 36

In 2019, net debt has increased as a consequence of the Iddink acquisition and the implementation of IFRS 16 leases standard.

Income statement by quarter

EUR million	Q1 2019	Q2 2019	Q3 2019	Q4 2019	restated Q1 2018	restated Q2 2018	restated Q3 2018	restated Q4 2018
NET SALES	163.0	259.8	284.9	205.6	165.9	254.4	287.0	184.1
Other operating income	7.5	7.6	7.2	8.7	7.8	10.8	9.0	10.4
Materials and services	-50.0	-77.9	-95.2	-59.6	-48.7	-72.2	-105.2	-56.3
Employee benefit expenses	-58.4	-59.1	-56.5	-70.0	-58.2	-57.7	-54.1	-68.9
Other operating expenses	-38.5	-39.2	-39.7	-48.0	-42.0	-43.4	-42.5	-51.7
Share of results in joint ventures	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1
Depreciation, amortisation and impairment losses	-34.3	-37.5	-31.8	-46.9	-34.4	-31.0	-25.4	-31.6
EBIT	-10.7	53.9	69.1	-10.2	-9.4	61.0	68.9	-13.8
Share of results in associated companies	-0.1	0.0	0.0	0.0	0.1	-0.1	0.0	0.0
Financial income	1.4	0.5	0.6	0.5	1.0	2.2	0.5	1.2
Financial expenses	-5.9	-5.9	-7.7	-5.4	-4.4	-4.7	-4.1	-4.3
RESULT BEFORE TAXES	-15.3	48.6	61.9	-15.0	-12.7	58.4	65.2	-16.8
Income taxes	3.8	-12.5	-13.4	4.8	2.7	-13.5	-12.6	1.8
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-11.4	36.1	48.5	-10.2	-10.0	44.9	52.7	-15.0
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations	18.8	13.9	10.6	-93.1	4.9	23.1	15.0	10.0
RESULT FOR THE PERIOD	7.3	50.0	59.2	-103.2	-5.1	68.0	67.6	-5.0
Result from continuing operations attributable to:								
Equity holders of the Parent Company	-11.4	36.0	47.1	-10.3	-10.3	44.2	52.1	-14.7
Non-controlling interests	0.0	0.1	1.5	0.1	0.4	0.7	0.6	-0.3
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	18.8	13.9	10.6	-93.2	4.9	23.1	15.0	10.0
Non-controlling interests	0.0	0.0	0.0	0.1	-	-	-	-
Result attributable to:								
Equity holders of the Parent Company	7.4	50.0	57.7	-103.5	-5.4	67.3	67.1	-4.7
Non-controlling interests	0.0	0.1	1.5	0.3	0.4	0.7	0.6	-0.3
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	-0.07	0.22	0.29	-0.06	-0.06	0.27	0.32	-0.09
Diluted earnings per share, EUR, continuing operations	-0.07	0.22	0.29	-0.06	-0.06	0.27	0.32	-0.09
Earnings per share, EUR, discontinued operations	0.12	0.09	0.07	-0.57	0.03	0.14	0.09	0.06
Diluted earnings per share, EUR, discontinued operations	0.12	0.09	0.06	-0.57	0.03	0.14	0.09	0.06
Earnings per share, EUR	0.05	0.31	0.35	-0.63	-0.03	0.41	0.41	-0.03
Diluted earnings per share, EUR	0.05	0.31	0.35	-0.63	-0.03	0.41	0.41	-0.03

In 2019, discontinued operations include Sanoma Media Netherlands and certain minor subsidiaries acquired in 2019 and planned to be divested in the future. In addition, discontinued operations in 2018 include Belgian women's magazine portfolio, which was divested on 29 June 2018.

Net sales by SBU

EUR million	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	31.4	105.4	138.4	61.4	336.7	28.9	108.3	136.3	39.8	313.3
Media Finland	131.6	154.5	146.5	144.2	576.8	137.0	146.2	150.7	144.5	578.5
Other companies and eliminations	-0.1	-0.1	-0.1	-0.1	-0.3	-0.1	-0.1	-0.1	-0.2	-0.4
Total	163.0	259.8	284.9	205.6	913.3	165.9	254.4	287.0	184.1	891.4

EBIT by SBU

EUR million	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	-18.6	41.0	52.0	-19.3	55.0	-18.6	42.1	51.8	-20.3	55.0
Media Finland	9.3	14.7	19.0	11.9	54.9	11.0	19.9	19.2	9.3	59.3
Other companies and eliminations	-1.5	-1.8	-1.9	-2.7	-7.9	-1.8	-1.0	-2.1	-2.7	-7.7
Total	-10.7	53.9	69.1	-10.2	102.1	-9.4	61.0	68.9	-13.8	106.7

Operational EBIT excl. PPA by SBU

EUR million	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	-16.7	43.0	57.2	-10.3	73.2	-17.5	44.2	53.9	-17.2	63.5
Media Finland	13.5	19.4	21.7	14.7	69.4	12.9	18.7	21.5	16.5	69.6
Other companies and eliminations	-1.3	-2.3	-1.4	-2.4	-7.4	-1.8	-2.0	-2.1	-4.4	-10.3
Total	-4.5	60.1	77.5	2.1	135.2	-6.3	60.9	73.3	-5.1	122.8

Interim report (unaudited)

Accounting policies

Sanoma Group prepares 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 December 2019. 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 available 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 16 Leases (effective for financial periods beginning on or after 1 January 2019). Sanoma adopted the new IFRS 16 Leases standard as of 1 January 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases. Group's lease contracts are mostly related to leased premises and leased cars.

Leases of property, plant and equipment, where the Group is the lessee, are recognised as assets and liabilities for the lease term. Such an asset is recorded at the commencement of the lease term based on the estimated present value of the underlying minimum lease payments or, if lower, the fair value of the leased asset. The asset is depreciated during the lease term or, if shorter, during its useful life.

The lease liability is valued at the present value of the unpaid rents at the valuation date (commencement date of the lease). Rental costs include fixed rents and variable rents that depend on changes in the index or price level specified in the agreement. Other variable rents included in the lease are treated as an expense for the period. Rents are discounted at the internal rate of the lease. If the internal rate is not readily determinable, the company's additional credit interest rate is used.

In income statement leasing costs are classified as depreciation and interest. Lease payments are apportioned between the interest expenses and the repayment of lease liabilities. In cash flow the cash payments for the interest portion of the lease liability are presented in cash flow from operations. Cash payments for the principal portion of the lease liability are shown in cash flow from financing. The right-of-use assets and lease liabilities are presented separately in the balance sheet. The cash payments for the principal portion of the lease liability, which are paid in the next 12 months, are shown in current lease liabilities in balance sheet.

Sanoma applies the exemption for short-term leases and for leases for which underlying asset is of low value and continues to recognise those leases as an expense. In cash flow short-term lease payments and payments for leases of low-value assets are included in cash flow from operations.

Sanoma applies the modified retrospective method and consequently the comparative financials have not been restated. The effect of applying IFRS 16 was recognized in 1 January 2019 opening balance sheet. As a consequence of applying the standard, lease assets increased by EUR 183.9 million and lease liabilities by EUR 191.6 million. The application of the standard had no impact on retained earnings.

Consolidated income statement

EUR million	Q4 2019	Restated Q4 2018	FY 2019	Restated FY 2018
NET SALES	205.6	184.1	913.3	891.4
Other operating income	8.7	10.4	31.0	38.0
Materials and services	-59.6	-56.3	-282.7	-282.3
Employee benefit expenses	-70.0	-68.9	-244.0	-238.9
Other operating expenses	-48.0	-51.7	-165.3	-179.6
Share of results in joint ventures	0.1	0.1	0.4	0.4
Depreciation, amortisation and impairment losses	-46.9	-31.6	-150.5	-122.4
EBIT	-10.2	-13.8	102.1	106.7
Share of results in associated companies	0.0	0.0	0.0	-0.1
Financial income	0.5	1.2	3.1	5.0
Financial expenses	-5.4	-4.3	-24.9	-17.4
RESULT BEFORE TAXES	-15.0	-16.8	80.3	94.2
Income taxes	4.8	1.8	-17.2	-21.5
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	-10.2	-15.0	63.1	72.6
DISCONTINUED OPERATIONS				
Result for the period from discontinued operations	-93.1	10.0	-49.8	53.0
RESULT FOR THE PERIOD	-103.2	-5.0	13.3	125.6
Result from continuing operations attributable to:				
Equity holders of the Parent Company	-10.3	-14.7	61.4	71.3
Non-controlling interests	0.1	-0.3	1.7	1.3
Result from discontinued operations attributable to:				
Equity holders of the Parent Company	-93.2	10.0	-49.9	53.0
Non-controlling interests	0.1	-	0.1	-
Result attributable to:				
Equity holders of the Parent Company	-103.5	-4.7	11.5	124.2
Non-controlling interests	0.3	-0.3	1.8	1.3
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR, continuing operations	-0.06	-0.09	0.38	0.44
Diluted earnings per share, EUR, continuing operations	-0.06	-0.09	0.38	0.43
Earnings per share, EUR, discontinued operations	-0.57	0.06	-0.31	0.32
Diluted earnings per share, EUR, discontinued operations	-0.57	0.06	-0.31	0.32
Earnings per share, EUR	-0.63	-0.03	0.07	0.76
Diluted earnings per share, EUR	-0.63	-0.03	0.07	0.76

In 2019, discontinued operations include Sanoma Media Netherlands and certain minor subsidiaries acquired in 2019 and planned to be divested in the future. In addition, discontinued operations in 2018 include Belgian women's magazine portfolio, which was divested on 29 June 2018.

Statement of comprehensive income ¹⁾

EUR million	Q4 2019	Q4 2018	FY 2019	FY 2018
Result for the period	-103.2	-5.0	13.3	125.6
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in translation differences	0.8	-0.3	2.5	-0.8
Share of other comprehensive income of equity-accounted investees	0.1	0.0	0.1	0.0
Items that will not be reclassified to profit or loss				
Defined benefit plans	0.7	-9.4	6.1	-7.7
Income tax related to defined benefit plans	-0.1	1.9	-1.1	1.5
Other comprehensive income for the period, net of tax	1.6	-7.7	7.6	-6.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-101.7	-12.7	20.9	118.6
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-101.9	-12.4	19.1	117.3
Non-controlling interests	0.3	-0.3	1.8	1.3

¹⁾ Statement of comprehensive income includes both continuing and discontinued operations.

Consolidated balance sheet

EUR million	31 Dec 2019	31 Dec 2018
ASSETS		
Property, plant and equipment	78.0	37.4
Right-of-use assets	157.0	
Investment property	9.1	10.3
Goodwill	505.8	935.7
Other intangible assets	443.3	250.4
Equity-accounted investees	1.9	18.4
Other investments	3.9	3.7
Deferred tax receivables	12.6	9.9
Trade and other receivables	13.6	14.3
NON-CURRENT ASSETS, TOTAL	1,225.2	1,280.1
Inventories	25.4	36.9
Income tax receivables	7.6	10.4
Contract assets	0.4	5.2
Trade and other receivables	103.8	167.6
Cash and cash equivalents	16.3	18.8
CURRENT ASSETS, TOTAL	153.5	238.8
Assets held for sale and discontinued operations	619.2	
ASSETS, TOTAL	1,997.9	1,519.0
EQUITY AND LIABILITIES		
EQUITY		
Share capital	71.3	71.3
Treasury shares	-4.6	-8.4
Fund for invested unrestricted equity	209.8	209.8
Other equity	253.0	333.8
Total equity attributable to the equity holders of the Parent Company	529.4	606.4
Non-controlling interests	21.5	5.0
EQUITY, TOTAL	550.9	611.4
Deferred tax liabilities	74.6	32.7
Pension obligations	7.1	8.4
Provisions	0.6	8.9
Financial liabilities	221.3	4.3
Lease liabilities	138.4	
Contract liabilities	4.2	5.1
Trade and other payables	6.5	11.0
NON-CURRENT LIABILITIES, TOTAL	452.8	70.4
Provisions	1.3	25.1
Financial liabilities	398.4	352.4
Lease liabilities	22.5	
Income tax liabilities	8.4	13.3
Contract liabilities	129.7	142.1
Trade and other payables	210.4	304.2
CURRENT LIABILITIES, TOTAL	770.8	837.2
Liabilities related to assets held for sale and discontinued operations	223.3	
LIABILITIES, TOTAL	1,447.0	907.6
EQUITY AND LIABILITIES, TOTAL	1,997.9	1,519.0

Changes in consolidated equity

EUR million	Equity attributable to the equity holders of the Parent Company						
	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
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				117.3	117.3	1.3	118.6
Purchase of treasury shares		-7.7			-7.7		-7.7
Share-based compensation				2.9	2.9		2.9
Shares delivered		0.7		-0.7			
Dividends				-57.1	-57.1	-0.8	-57.9
Acquisitions and other changes in non-controlling interests				-1.3	-1.3	2.8	1.5
Equity at 31 Dec 2018	71.3	-8.4	209.8	333.8	606.4	5.0	611.4
Equity at 1 Jan 2019	71.3	-8.4	209.8	333.8	606.4	5.0	611.4
Comprehensive income for the period				19.1	19.1	1.8	20.9
Share-based compensation				-0.4	-0.4		-0.4
Shares delivered		3.8		-3.8			
Dividends				-73.4	-73.4	-1.2	-74.5
Acquisitions and other changes in non-controlling interests				-22.3	-22.3	15.9	-6.4
Equity at 31 Dec 2019	71.3	-4.6	209.8	253.0	529.4	21.5	550.9

Consolidated cash flow statement

EUR million	FY 2019	FY 2018
OPERATIONS		
Result for the period	13.3	125.6
Adjustments		
Income taxes	32.5	44.3
Financial income and expenses	23.5	17.3
Share of results in equity-accounted investees	-4.3	-4.7
Depreciation, amortisation and impairment losses	266.2	131.4
Gains/losses on sales of non-current assets	-12.4	-36.0
Other adjustments	-4.1	2.9
Adjustments, total	301.4	155.2
Change in working capital	-18.4	-11.8
Acquisitions of broadcasting rights and prepublication costs and rental books	-83.9	-77.3
Dividends received	4.7	5.1
Interest paid and other financial items	-17.9	-11.5
Taxes paid	-36.2	-44.4
Cash flow from operations	163.0	140.9
INVESTMENTS		
Capital expenditure	-31.7	-32.0
Operations acquired	-237.0	-16.0
Proceeds from sale of tangible and intangible assets	2.5	9.7
Operations sold ¹⁾	53.4	22.9
Loans granted	-0.4	0.0
Repayments of loan receivables	0.0	1.2
Interest received	0.3	0.5
Cash flow from investments	-212.8	-13.7
Cash flow before financing	-49.7	127.2
FINANCING		
Contribution by non-controlling interests	0.2	2.2
Purchase of treasury shares		-7.7
Change in loans with short maturity	193.6	-1.1
Drawings of other loans	250.3	0.0
Repayments of other loans	-289.2	-51.2
Payment of lease liabilities (2018: Payment of finance lease liabilities)	-24.8	-0.3
Acquisitions of non-controlling interests	-8.4	-11.2
Dividends paid	-74.5	-57.9
Cash flow from financing	47.3	-127.0
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	-2.4	0.2
Effect of exchange rate differences on cash and cash equivalents	-0.1	-0.3
Net change in cash and cash equivalents	-2.6	-0.1
Cash and cash equivalents at the beginning of the period	18.4	18.6
Cash and cash equivalents at the end of the period	15.9	18.4
FREE CASH FLOW (Cash flow from operations – Capital expenditure)	131.3	108.9

Includes continuing and discontinued operations.

¹⁾ The divestment of Mood for Magazines is included in the operations sold in 2019.

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 7.4 million (2018: 0.4) at the end of the period. Cash and cash equivalents in the cash flow statement include EUR 6.9 million cash and cash equivalents of discontinued operations, which are presented as part of assets held for sale in the balance sheet 31 December 2019.

Segment information

Sanoma reports two operating segments, which are its two strategic business units Sanoma Learning and Sanoma Media Finland. This is aligned with the way Sanoma manages the businesses. Sanoma Media Netherlands is reported as discontinued operations starting from this report. More information on discontinued operations is on p. 35.

Sanoma Learning is a growing European-based education company serving about 15 million students in ten countries. Through a portfolio of modern, blended learning materials and methods, material distribution and digital platforms we support learning and teaching in primary, secondary and vocational education. Our mission is to make a positive impact on learning by enabling teachers and schools to help all students to reach their full potential. Through our local companies, we contribute to some of the world's best-performing education systems.

Sanoma Media Finland is the leading media company in Finland, reaching 97% of all Finns weekly. 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 Helsingin Sanomat, Ilta-Sanomat, Me Naiset, Aku Ankka, Oikotie, Nelonen, Ruutu and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

In addition to the Group eliminations, the column unallocated/eliminations includes non-core operations, head office functions and 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.

Segment information 1 January–31 December 2019

EUR million	Learning	Media Finland	Unallocated/ eliminations	Continuing operations
External net sales	336.7	576.5	0.1	913.3
Internal net sales	0.0	0.3	-0.4	
Net sales, total	336.7	576.8	-0.3	913.3
EBIT	55.0	54.9	-7.9	102.1
Operational EBIT excl. PPA	73.2	69.4	-7.4	135.2
Share of results in associated companies		0,0		0.0
Financial income			3.1	3.1
Financial expenses			-24.9	-24.9
Result before taxes				80.3
Income taxes				-17.2
Result for the period from continuing operations				63.1
Result for the period from discontinued operations				-49.8
Result for the period				13.3
Segment assets	1,140.3	345.5	-144.0	1,341.8

Segment information 1 January–31 December 2018, restated

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Continuing operations
External net sales	313.3	578.0			891.4
Internal net sales	0.0	0.4		-0.4	
Net sales, total	313.3	578.5		-0.4	891.4
EBIT	55.0	59.3		-7.7	106.7
Operational EBIT excl. PPA	63.5	69.6		-10.3	122.8
Share of results in associated companies		-0.1			-0.1
Financial income				5.0	5.0
Financial expenses				-17.4	-17.4
Result before taxes					94.2
Income taxes					-21.5
Result for the period from continuing operations					72.6
Result for the period from discontinued operations					53.0
Result for the period					125.6
Segment assets	665.5	230.6	719.2	-136.2	1,479.2

Net sales

Disaggregation of revenue

In the following table revenue is disaggregated by primary geographical market, major product/service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue by the Group's two operating segments.

Disaggregation of revenue 1 January–31 December 2019

EUR million	Learning	Media Finland	Unallocated/ eliminations	Total
Finland	52.5	576.8	-0.3	629.1
The Netherlands	106.9			106.9
Poland	95.6			95.6
Belgium	57.1			57.1
Other companies and eliminations	24.5			24.5
Primary geographical markets	336.7	576.8	-0.3	913.3
Learning solutions	323.2		0.0	323.2
Advertising		247.3	-0.1	247.2
Subscription		195.8	0.0	195.8
Single copy		45.1		45.1
Other	13.5	88.6	-0.2	102.0
Major product lines/services	336.7	576.8	-0.3	913.3
Recognition at a point-in-time	266.1	217.2	-0.3	483.0
Recognition over-time	70.6	359.6		430.2
Timing of revenue recognition	336.7	576.8	-0.3	913.3

Disaggregation of revenue 1 January–31 December 2018, restated

EUR million	Learning	Media Finland	Unallocated/eliminations	Total
Finland	56.0	578.5	-0.4	634.1
The Netherlands	90.2			90.2
Poland	91.5			91.5
Belgium	51.7			51.7
Other companies and eliminations	24.0			24.0
Primary geographical markets	313.3	578.5	-0.4	891.4
Learning solutions	313.3		0.0	313.3
Advertising		250.0	-0.2	249.8
Subscription		202.6	0.0	202.6
Single copy		45.2		45.2
Other		80.6	-0.2	80.5
Major product lines/services	313.3	578.5	-0.4	891.4
Recognition at a point-in-time	264.6	226.0	-0.4	490.2
Recognition over-time	48.7	352.5		401.2
Timing of revenue recognition	313.3	578.5	-0.4	891.4

Changes in property, plant and equipment and right of use assets

EUR million	31 Dec 2019	31 Dec 2018
Carrying amount at 31 Dec	37.4	44.7
Effect of IFRS 16 on 1 Jan 2019	183.9	
Carrying amount at 1 Jan	221.3	44.7
Increases	12.6	5.6
Acquisitions of operations	70.1	0.4
Decreases	-2.7	-1.1
Disposal of operations	-3.0	-0.6
Depreciation for the period	-37.7	-11.5
Impairment losses for the period	0.0	
Transferred to assets held for sale	-25.1	
Exchange rate differences and other changes	-0.3	0.0
Carrying amount at the end of the period	235.1	37.4

Acquisitions and divestments

Iddink

On 13 September 2019 Sanoma completed the acquisition of Iddink Group ("Iddink"), a leading Dutch educational platform and service provider. The acquisition was announced on 11 December 2018 and it was subject to customary closing conditions, including the approval of Dutch competition authorities, which was announced on 29 August 2019.

Iddink's integrated learning and school administration platforms provide its customers – pupils, parents, schools and teachers – with access, communication and learning tools. Iddink's business is complementary to Sanoma's Dutch subsidiary Malmberg, a leading educational publisher for primary, secondary and vocational education. The acquisition enables further development of integrated digital learning platforms for secondary and vocational education in the Netherlands. Iddink will remain a separate operational company within Sanoma Learning and continues to serve all educational publishers and content providers in its markets on fair, reasonable and non-discriminatory terms.

Iddink's net sales in 2019 were EUR 157 million (incl. Sanoma Group internal sales of EUR 17 million) and operational EBIT excl. PPA was EUR 22 million. Iddink had 385 employees (FTE) at the end of December 2019.

Final purchase price of Iddink was EUR 212 million. Sanoma has financed the acquisition with a four-year term loan facility as announced on 4 February 2019. The acquisition has temporarily increased Sanoma's net debt / adj. EBITDA ratio above its long-term target level of below 2.5.

Acquisition accounting for Iddink is disclosed in the 2019 financial statements as provisional and subject to changes. The final purchase price of EUR 212 million has been allocated to identified net assets which include preliminarily customer relationships, brand, software/platforms and deferred income with the remaining residual accounted for as goodwill. The goodwill is attributable mainly to the skills and technical talent of Iddink's work force and the synergies expected to be achieved from integrating the company into the Sanoma Learning business.

Sanoma has booked transaction related costs of approx. EUR 6 million as items affecting comparability (IACs) in Learning's 2019 result.

Sanoma acquired 94% of the shares and recognizes a non-controlling interest. The Group elected to recognise the non-controlling interests in Iddink at its proportionate share of the acquired net identifiable assets.

Other

In February 2019, Sanoma Media Netherlands acquired 70% of the shares of Panel Inzicht B.V. and in April 2019, 70% of the shares of Pro Shots Photo Agency B.V. In March 2019, Sanoma Media Finland acquired Rockfest festival business, in June 2019, Asuntomarkkinat business and in September 2019, Aito Radios and Business FM business in Finland. In June 2019, Sanoma Media Finland increased its ownership in the online classified company Oikotie Ltd. from 90% to 100%.

In November 2019, Sanoma Learning acquired Essener, the leading Dutch publisher of blended learning methods for social sciences, from its founders. In 2018, Essener's net sales were EUR 3 million. Essener's product offering complements Sanoma's current product portfolio for secondary education in the Netherlands.

In December 2019, Sanoma Learning acquired itslearning, an international provider of award-winning cloud-based learning platforms founded in 1999 in Norway, from the investment organisation EQT. In 2018, itslearning's net sales were approx. EUR 30 million. It has operations in nine countries and about 200 employees. The acquisition expands Sanoma's footprint in digital learning into Norway, France and Germany, and extends Sanoma's position in several core markets.

Sanoma has booked transaction related costs of approx. EUR 2 million as items affecting comparability (IACs) in Learning's 2019 result.

In December 2019 Sanoma Learning acquired Clickedu, one of the leading providers of digital educational platforms in Spain, from its founders. In 2018, Clickedu's net sales were EUR 3 million and it employs 65 people. With the acquisition of Clickedu, Sanoma strengthens its position within the learning services market in Spain.

Impact of business acquisitions on Group's assets and liabilities

EUR million	Iddink	Other	FY 2019	FY 2018
Property, plant and equipment	51.1	0.3	51.4	0.4
Right-of-use assets	16.2	2.5	18.6	
Intangible assets	192.1	40.1	232.1	17.1
Other non-current assets	1.4	5.9	7.2	0.1
Inventories	3.9	0.1	4.0	0.0
Other current assets	52.3	11.6	63.9	6.1
Assets, total	316.9	60.4	377.3	23.7
Non-current liabilities	-143.3	-11.1	-154.4	-1.3
Current liabilities	-83.8	-17.6	-101.3	-3.4
Liabilities, total	-227.0	-28.7	-255.7	-4.7
Fair value of acquired net assets	89.9	31.7	121.6	19.0
Acquisition cost	212.1	58.8	270.9	20.8
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities		0.2	0.2	1.2
Fair value of previously held interest				1.8
Fair value of acquired net assets	-89.9	-31.7	-121.6	-19.0
Goodwill from the acquisitions	122.2	27.2	149.4	4.9

Acquisitions of non-controlling interests

EUR million	FY 2019	FY 2018
Acquisition cost	8.4	11.2
Book value of the acquired interest	1.0	0.4
Decrease (+) / increase (-) in acquisition liabilities		9.1
Impact on consolidated equity	-7.4	-1.6

Cash paid to obtain control, net of cash acquired

EUR million	Iddink	Other	FY 2019	FY 2018
Acquisition cost	212.1	58.8	270.9	20.8
Cash and cash equivalents of acquired operations	-4.5	-7.8	-12.3	-3.9
Decrease (+) / increase (-) in acquisition liabilities	-11.0	-11.2	-22.2	-1.0
Cash paid to obtain control, net of cash acquired	196.5	39.7	236.3	15.9
Cash paid on acquisitions of non-controlling interests			8.4	11.2

Impact of divestments on Group's assets and liabilities

EUR million	FY 2019	Belgian women's magazines	Other	FY 2018
Property, plant and equipment	3.0		0.6	0.6
Goodwill	37.9		4.4	4.4
Other intangible assets	0.3	0.7	1.0	1.6
Inventories	0.3	0.2		0.2
Trade and other receivables	2.3	1.5	4.7	6.2
Cash and cash equivalents	3.0		1.1	1.1
Assets, total	46.9	2.4	11.9	14.2
Deferred tax liabilities		-0.2	-0.2	-0.5
Financial liabilities	-8.9			
Trade and other payables	-5.9	-11.7	-2.1	-13.7
Liabilities, total	-14.8	-11.9	-2.3	-14.2
Net assets	32.1	-9.5	9.5	0.0
Recognised in Other comprehensive income			0.2	0.2
Sales price	44.3	23.5	7.2	30.7
Transaction fees paid	-1.1			
Net result from sale of operations	11.1	33.0	-2.1	30.9

Cash flow from sale of operations

EUR million	FY 2019	Belgian women's magazines	Other	FY 2018
Sales price	44.3	23.5	7.2	30.7
Cash and cash equivalents of divested operations	-3.0		-1.1	-1.1
Decrease (+) / increase (-) in receivables from divestment	12.1	-8.2	0.7	-7.6
Cash flow from sale of operations	53.4	15.3	6.8	22.0

In February 2019, Sanoma divested Mood for Magazines, publisher of LINDA. magazine, in the Netherlands. In 2018, net sales of Mood for Magazines were EUR 27 million, operational EBIT EUR 6 million and free cash flow EUR 4 million. Value of Mood for Magazines, of which Sanoma owned 86%, was EUR 47 million, representing an EV/EBIT multiple of 7.9. In October 2019 Sanoma Media Finland divested Huuto.net and Hintaseuranta.fi services.

Discontinued operations in 2019

In December 2019, Sanoma signed an agreement to divest the strategic business unit Sanoma Media Netherlands to DPG Media. The transaction is subject to customary closing conditions and is expected to be completed latest during Q3 2020. Media Netherlands will consequently be reported as discontinued operations in the income statement and the associated assets and liabilities are presented as held-for-sale.

The consolidated income statement has been represented to show the discontinued operations separately from continuing operations. The elimination of transactions between continuing operations and discontinued operations is attributed in a way that reflects the continuance of these transactions subsequent to the disposal.

On 16 January 2018, Sanoma announced the intention to divest its Belgian women's magazine portfolio to Roularta Media Group. The divestment was completed on 29 June 2018. The operations were reported as discontinued operations starting from FY 2017 financial reporting.

The discontinued operations' income statement and cash flow statement are presented in the following two tables and also include certain minor subsidiaries acquired in 2019 and planned to be divested in the future.

Income statement of discontinued operations

EUR million	FY 2019	Restated FY 2018
Net sales	368.7	460.6
Other operating income	15.0	41.7
Materials and services	-154.7	-198.8
Employee benefit expenses	-74.2	-101.5
Other operating expenses	-75.8	-116.8
Share of results in joint ventures	4.0	4.5
Depreciation, amortisation and impairment losses	-115.6	-9.0
EBIT	-32.7	80.7
Financial income	0.1	0.2
Financial expenses	-1.8	-5.1
Result before taxes	-34.5	75.7
Income taxes	-15.3	-22.8
Result for the period from discontinued operations	-49.8	53.0

Cash flow related to discontinued operations

EUR million	FY 2019	Restated FY 2018
Cash flow from operations	30.7	31.1
Cash flow from investments	64.1	6.4
Cash flow from financing	-92.5	-38.5

Assets held for sale 2019

EUR million	FY 2019
Property, plant and equipment and right-of-use assets	25.2
Goodwill	440.9
Other intangible assets	27.4
Equity-accounted investees	15.7
Non-current trade and other receivables	0.9
Deferred tax assets	4.5
Inventories	11.8
Income tax receivables	0.8
Trade and other receivables	76.4
Contract assets	8.7
Cash and cash equivalents	6.9
Total	619.2

Liabilities related to assets held for sale 2019

EUR million	FY 2019
Deferred tax liabilities	5.6
Non-current provisions	3.0
Non-current financial liabilities and lease liabilities	30.2
Current provisions	4.9
Current financial liabilities and lease liabilities	7.1
Income tax liabilities	0.8
Current trade and other payables	122.3
Contract liabilities	49.5
Total	223.3

Contingent liabilities

EUR million	31 Dec 2019	31 Dec 2018
Contingencies for own commitments		
Pledges	1.4	1.4
Other items	15.0	15.0
Total	16.4	16.4
Other commitments		
Operating lease liabilities		219.1
Royalties	6.0	8.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	22.6	33.6
Other items	50.7	53.0
Other commitments total	79.4	314.0
Total	95.8	330.4

Operating lease liabilities have been reported in accordance with the requirements of IFRS 16 since 1 January 2019.

Derivative instruments

EUR million	31 Dec 2019	31 Dec 2018
Fair values		
Currency derivatives		
Forward contracts (positive fair values)		0.2
Forward contracts (negative fair values)	-0.1	-0.2
Nominal values		
Currency derivatives		
Forward contracts	5.2	13.4

The fair value of the foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date.

Definitions of key indicators

Comparable net sales growth	=	Net sales (growth) adjusted for the impact of acquisitions and divestments
Items affecting comparability (IACs)	=	Gains/losses on sale, restructuring expenses and impairments that exceed EUR 1 million
Operational EBIT excl. PPA	=	EBIT – IACs – Purchase price allocation (PPA) amortisations
Equity ratio, %	=	$\frac{\text{Equity total}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Free cash flow	=	Cash flow from operations – capital expenditure
Free cash flow / share	=	$\frac{\text{Free cash flow}}{\text{Adjusted average number of shares on the market}}$
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents
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
EPS	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company}}{\text{Adjusted average number of shares on the market}}$
Operational EPS	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company} - \text{IACs}}{\text{Adjusted average number of shares on the market}}$