Interim Report

Q1 2019

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SANOMA CORPORATION, INTERIM REPORT JANUARY–MARCH 2019

Solid start to the year

Q1 2019

- Net sales declined to EUR 248 million (2018: 262). Comparable net sales development was -5% (2018: -6%).
- Operational EBIT excl. PPA was stable, amounting to EUR 10 million (2018: 10).
- EBIT was EUR 12 million (2018: 8). The EBIT improved as a result of positive net IACs of EUR 5 million (2018: 0), including a capital gain related to the divestment of Mood for Magazines. The EBIT also included EUR 3 million (2018: 2) of PPA amortisations.
- Operational EPS was EUR 0.01 (2018: 0.02).
- EPS was EUR 0.05 (2018: 0.02).
- Free cash flow was EUR -41 million (2018: -44), including a positive EUR 6 million impact due to the implementation of the IFRS 16 standard and an adverse impact due to a settlement of rental contract related to Discontinued operations in Belgium.
- Net debt / Adj. EBITDA was 2.0 (2018: 2.0), including an impact of +0.5 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 17 April, Sanoma announced that the Dutch Authority for Consumers and Markets will take, as part of its standard procedure, a further assessment in order to reach a final decision with regard to the acquisition of Iddink. Sanoma expects the acquisition to be completed by the end of Q3 2019.

Outlook for 2019 (unchanged)

In 2019, Sanoma expects that the Group’s comparable net sales will be in-line with 2018 and operational EBIT margin excluding PPA will be around 15% (2018: 15.7%).

The outlook is based on an assumption of the consumer confidence and advertising market development in Finland and in the Netherlands to be in line with 2018. The outlook does not include any assumptions of the intended acquisition of Iddink (announced on 11 December 2018), which is expected to be closed by the end of Q3 2019.

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 this 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 March 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 Q1 2019 was EUR +6 million and on cash flow from financing EUR -6 million.

Impacts of the implementation of IFRS 16 standard on balance sheet

	31 Mar 2018	31 Dec 2018	31 Mar 2019	IFRS 16 impact 31 Mar 2019
Net debt, EUR million	438.9	337.8	531.1	+183.5
Net debt / Adj. EBITDA	2.0	1.4	2.0	+0.5
Equity ratio	34.1%	44.7%	35.3%	-4.6%-pts

More information on the implementation of the IFRS 16 standard is available in the Accounting policies on p. 20.

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. Operational EBIT margin excl. PPA is used as a basis in Sanoma's Outlook for 2019 and is included in financial reporting starting from this interim report.

More information is available at Sanoma.com. Reconciliations are presented on p. 16 in this report. Definitions of key IFRS indicators and APMs are available on p. 33.

Key indicators

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Net sales	248.2	261.6	-5%	1,315.4
Operational EBIT excl. PPA	10.1	10.3	-2%	206.2
Margin	4.1%	3.9%		15.7%
EBIT	11.9	8.4	42%	168.5
Result for the period [1)]	7.3	-5.1		125.6
Free cash flow [1)]	-41.3	-44.4	7%	108.9
Impact of IFRS 16 standard	*6.2*			
Equity ratio [1)]	35.3%	34.1%		44.7%
Net debt [1)]	531.1	438.9		337.8
Impact of IFRS 16 standard	*183.5*			
Net debt / Adj. EBITDA [1)]	2.0	2.0		1.4
Impact of IFRS 16 standard	*0.5*			
Average number of employees (FTE)	4,370	4,393	-1%	4,463
Operational EPS, EUR, continuing operations	0.01	0.02	-50%	0.83
Operational EPS, EUR [1)]	0.01	0.03	-64%	0.84
EPS, EUR, continuing operations	0.05	0.02		0.68
EPS, EUR [1)]	0.05	-0.03		0.76
Free cash flow per share, EUR [1)]	-0.25	-0.27	7%	0.67
Impact of IFRS 16 standard	*0.04*			

[1)] In 2018 including continuing and discontinued operations.

President and CEO Susan Duinhoven:

”Sanoma had a solid start to the year 2019. Typically, the first quarter is seasonally the smallest for us both in the media and in particular in the learning business. The learning business has, by nature, an annual cycle with the majority of earnings generated in Q2 and Q3, around the time when the new school year starts.

During the past years, we have persistently worked in line with our strategy to increase the share of more stable subscription and learning businesses of the Group’s net sales. After the first quarter, our Learning SBU is in a good position preparing for its high season in all its markets. Regarding our intention to acquire Iddink, the Dutch Authority for Consumers and Markets (ACM) is, as part of its standard procedure, currently assessing the transaction. We are looking forward to proceeding with the acquisition once their assessment is finalised, and expect closing by the end of the third quarter.

Both in Finland and in the Netherlands, the development in advertising markets continued to be weak, and our advertising sales declined. Overall, our exposure to advertising has decreased from 36% of the Group’s net sales in 2016 to 26% in 2018, out of which less than one-third is print advertising.

In Media Finland, good development of both HS and Ruutu+ subscription businesses continued. The number of subscriptions of Ruutu+ grew by 25% – an excellent achievement especially when keeping in mind that in 2018 we still had Liiga (the Finnish national ice-hockey league) in our portfolio.

Net sales of Media Netherlands decreased, half of this due to divestments. In February, we sold Mood for Magazines, publisher of LINDA. magazine to its founder, Linda de Mol, and Talpa. We are satisfied with the EV/EBIT multiple of 7.9x, especially as LINDA. had a higher dependency on single copy and advertising sales than the rest of our titles in Media Netherlands. The increase in the VAT of magazines in the Netherlands from 6% to 9% came into force in the beginning of this year and impacted our pricing capacity and thus the subscription revenues of the quarter. During the quarter, our advertising sales were impacted by changes in Scoupy’s product portfolio. As a result of lower net sales our profitability decreased, though being significantly mitigated by prudent cost management.

In the first quarter, we saw the impact of the IFRS 16 Leases standard implementation on our financials. While the underlying financial development was favourable, our reported net debt and net debt to adjusted EBITDA increased and equity ratio weakened due to this accounting change. Implementation of the standard also improved our free cash flow, but a similar size decrease in cash flow from financing neutralised the impact on net cash flow.

Our Outlook for 2019 remains unchanged, and we continue to focus on our long-term strategic cornerstones: growth through synergetic acquisitions and increasing dividend.”

Financial review Q1 2019

The Group's net sales declined to EUR 248 million (2018: 262). Net sales grew in Learning, as a large spring order was received at the end of March. Net sales declined in Media Finland and Media Netherlands. The Group's comparable net sales development was -5% (2018: -6%).

Net sales by SBU

EUR million	Q1 2019	Q1 2018	Change
Learning	31.4	28.9	9%
Media Finland	131.6	137.0	-4%
Media Netherlands	85.3	95.8	-11%
Other operations	-0.1	-0.1	-5%
Group total	**248.2**	**261.6**	**-5%**

Operational EBIT excl. PPA was stable and amounted to EUR 10 million (2018: 10). Earnings improved in Learning and Media Finland, but declined in Media Netherlands.

Operational EBIT excl. PPA by SBU

EUR million	Q1 2019	Q1 2018	Change
Learning	-16.3	-17.2	5%
Media Finland	14.2	13.5	5%
Media Netherlands	13.4	15.6	-14%
Other operations	-1.3	-1.7	25%
Group total	**10.1**	**10.3**	**-2%**

EBIT was EUR 12 million (2018: 8) and included EUR 5 million (2018: 0) net of IACs. The IACs included a capital gain of EUR 11 million related to the divestment of Mood for Magazines, publisher of LINDA. magazine in the Netherlands. Restructuring costs included in the IACs were mainly related to IT infrastructure and service costs across SBUs. The EBIT also included EUR 3 million (2018: 2) of purchase price allocation amortisations (PPA amortisations) across SBUs.

IACs, PPAs and reconciliation of operational EBIT

EUR million	Q1 2019	Q1 2018
EBIT	**11.9**	**8.4**
Items affecting comparability		
Restructuring expenses	-6.2	0.2
Capital gains / losses	10.8	
IACs total	**4.6**	**0.2**
Purchase price allocation amortisations (PPAs)	**-2.7**	**-2.1**
Operational EBIT excl. PPA	**10.1**	**10.3**

A detailed reconciliation on SBU level is presented on p. 16.

Net financial items increased to EUR -5 million (2018: -3) mainly due to the implementation of the IFRS 16 standard.

Result before taxes amounted to EUR 7 million (2018: 5). Income taxes were EUR 0 million (2018: 2). Result for the period was EUR 7 million (2018: 4; including Discontinued operations -5).

Operational earnings per share were EUR 0.01 (2018: 0.02; including Discontinued operations 0.03). Earnings per share were EUR 0.05 (2018: 0.02; including Discontinued operations -0.03).

Financial position

At the end of March 2019, interest-bearing net debt was EUR 531 million (2018: 439), including an impact of EUR 184 million due to the implementation of the IFRS 16 standard. Net debt to adjusted EBITDA ratio was 2.0 (2018: 2.0), including an impact of +0.5 due to the implementation of the IFRS 16 standard. When excluding the impact of the IFRS 16 implementation, net debt and net debt to adjusted EBITDA improved from the corresponding period in 2018, and remained approximately at the end of 2018 levels.

At the end of March 2019, equity totalled EUR 547 million (2018: 487). Equity ratio was 35.3% (2018: 34.1%). Compared to 44.7% at the end of 2018, the equity ratio weakened mainly due to the implementation of the IFRS 16 standard. The consolidated balance sheet totalled EUR 1,691 million (2018: 1,578).

Cash flow

The Group's free cash flow amounted to EUR -41 million (2018: -44). The implementation of the IFRS 16 standard improved the free cash flow by EUR 6 million. Settlement of a rental contract related to Discontinued operations, which were divested in June 2018 in Belgium, had an adverse impact on free cash flow. Capital expenditure included in free cash flow was EUR 6 million (2018: 7). Free cash flow per share was EUR -0.25 (2018: -0.27), impact of the implementation of the IFRS 16 standard being EUR 0.04.

Acquisitions and divestments

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 7.9x. 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 reporting period

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 amortizing term loan facility with four year maturity and a EUR 300 million bullet revolving credit facility with five year maturity. The term loan will be used for the intended acquisition of Iddink, which Sanoma announced on 11 December 2018. The acquisition is expected to be finalised by the end of Q3 2019. The revolving credit facility replaces the earlier revolving credit facility of similar size and will be used for general corporate purposes.

Events after the reporting period

On 17 April 2019, Sanoma announced that after its first assessment the Dutch Authority for Consumers and Markets (ACM) will take, as part of its standard procedure, a further assessment in order to reach a final decision with regard to the effects of the planned acquisition of Iddink by Sanoma (originally announced on 11 December 2018). The further assessment by the ACM can take a maximum of 13 weeks, which can be extended in case the ACM requires further clarifications. Sanoma expects the acquisition to be completed by the end of Q3 2019 compared to Q2-Q3 2019 indicated at the time of signing.

Learning

Sanoma Learning is a leading European learning company. We support over 1 million teachers in developing every pupil's talents to the maximum. Through our blended 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	Q1 2019	Q1 2018	Change	FY 2018
Net sales	31.4	28.9	9%	313.3
Operational EBIT excl. PPA	-16.3	-17.2	5%	64.6
Margin	-51.9%	-59.3%		20.6%
EBIT [1)]	-18.2	-18.4	1%	56.1
Capital expenditure	3.8	3.5	9%	19.8
Average number of employees (FTE)	1,355	1,353	0%	1,351

[1)] Including IACs of EUR -1.1 million in Q1 2019 (2018: -0.4) and EUR -5.1 million in FY 2018, and PPA amortisations of EUR 0.8 million in Q1 2019 (2018: 0.8) and EUR 3.4 million in FY 2018.
Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 16.

Net sales by country

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Poland	5.2	5.1	2%	91.5
The Netherlands	14.2	11.6	22%	90.2
Finland	5.4	5.6	-4%	56.0
Belgium	3.6	3.2	12%	51.7
Sweden	3.0	3.5	-13%	21.9
Other companies and eliminations	0.1	0.0		2.1
Net sales total	**31.4**	28.9	**9%**	**313.3**

Q1 2019

During the structurally small first quarter, net sales of Learning grew and amounted to EUR 31 million (2018: 29). Net sales growth was mainly due to a large spring order received at the end of March in the Netherlands, while in 2018 it was received only in April.

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.

As a result of net sales growth, operational EBIT excl. PPA improved and was EUR -16 million (2018: -17). The positive earnings impact from net sales growth was partially offset by somewhat higher marketing costs.

EBIT was EUR -18 million (2018: -18). IACs included in EBIT totalled EUR -1 million (2018: 0) and mainly consisted of IT infrastructure and service costs as well as restructuring expenses related to the ongoing business development programme “High Five”. PPA amortisations included in EBIT were EUR 1 million (2018: 1).

Capital expenditure was EUR 4 million (2018: 4) 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	Q1 2019	Q1 2018	Change	FY 2018
Net sales	131.6	137.0	-4%	578.5
Operational EBIT excl. PPA	14.2	13.5	5%	72.0
Margin	10.8%	9.9%		12.5%
EBIT [1)]	10.0	11.6	-14%	61.8
Capital expenditure	0.7	1.8	-62%	4.1
Average number of employees (FTE)	1,764	1,709	3%	1,781

[1)] Including IACs of EUR -3.1 million in Q1 2019 (2018: -1.5) and EUR -7.1 million in FY 2018, and PPA amortisations of EUR 1.1 million in Q1 2019 (2018: 0.4) and EUR 3.2 million in FY 2018.

Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 16.

Net sales by category

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Print	69.7	75.5	-8%	294.0
Non-print	62.0	61.5	1%	284.4
Net sales total	**131.6**	**137.0**	**-4%**	**578.5**

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Advertising sales	57.8	62.0	-7%	250.0
Subscription sales	49.8	53.2	-6%	202.6
Single copy sales	10.2	11.1	-8%	45.2
Other	13.8	10.7	29%	80.6
Net sales total	**131.6**	**137.0**	**-4%**	**578.5**

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

Q1 2019

Net sales of Media Finland declined to EUR 132 million (2018: 137). Advertising sales declined primarily in print and TV in line with the market. Digital subscription sales both for Helsingin Sanomat and Ruutu+ continued to grow. Decline in the total subscription sales was attributable to the discontinuation of pay-TV in September 2018 and lower print subscription sales. Other sales grew as a result of the acquisition of the Finnish News Agency STT in the end of June 2018.

According to the Finnish Advertising Trends survey for March 2019 by Kantar TNS, the advertising market in Finland decreased by 2% on a net basis in Q1 2019. Advertising in newspapers decreased by 7%, in magazines by 5% and on TV by 7%, whereas advertising in radio increased by 7% and online, excluding search and social media, by 2%.

Operational EBIT excl. PPA improved by 5% to EUR 14 million (2018: 14), representing a margin of 10.8% (2018: 9.9%). The improved profitability was attributable to lower TV production costs and amortisations in comparison to Q1 2018.

EBIT was EUR 10 million (2018: 12). IACs included in EBIT totalled EUR -3 million (2018: -2) and consisted mainly of IT infrastructure and service costs. PPA amortisations included in EBIT were EUR 1 million (2018: 0).

Capital expenditure totalled EUR 1 million (2018: 2) and consisted of maintenance investments.

Media Netherlands

Sanoma Media Netherlands includes the Dutch consumer media operations, Home Deco media operations in Belgium 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 nearly 12 million consumers every month.

Key indicators

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Net sales	85.3	95.8	-11%	424.0
Operational EBIT excl. PPA	13.4	15.6	-14%	79.6
Margin	15.8%	16.3%		18.8%
EBIT [1)]	21.5	16.9	28%	58.0
Capital expenditure	0.9	0.9	-1%	2.3
Average number of employees (FTE)	979	1,054	-7%	1,059

[1)] Including IACs of EUR 8.9 million in Q1 2019 (2018: 2.0) and EUR -18.5 million in FY 2018, and PPA amortisations of EUR 0.8 million in Q1 2019 (2018: 0.8) and EUR 3.0 million in FY 2018.

Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p 16.

Net sales by category

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Print	55.1	60.6	-9%	255.1
Non-print	20.5	24.8	-17%	120.5
Other	9.6	10.4	-8%	48.4
Net sales total	**85.3**	**95.8**	**-11%**	**424.0**

Other sales mainly include press distribution services.

EUR million	Q1 2019	Q1 2018	Change	FY 2018
Circulation sales	49.6	53.3	-7%	216.8
Subscription sales (print)	33.8	36.4	-7%	143.9
Single copy sales (print)	15.7	16.9	-7%	72.9
Advertising sales	16.3	19.2	-15%	84.1
Other	19.5	23.3	-16%	123.0
Net sales total	**85.3**	**95.8**	**-11%**	**424.0**

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

Q1 2019

Net sales of Media Netherlands declined to EUR 85 million (2018: 96). Approximately half of the decline was due to divestments. Other sales declined mainly due to the divestment of Belgian content marketing operations, Head Office. The impact of the divestment of Mood for Magazines, publisher of LINDA. magazine, is visible both in circulation and advertising sales. Demand for printed magazines continued to decline, and an increase of VAT from 6% to 9% came into force as of 1 January 2019. In addition to the Mood for Magazines divestment, advertising sales were negatively impacted by changes in Scoupy product portfolio as well as market development.

Operational EBIT excl. PPA declined to EUR 13 million (2018: 16), representing a margin of 15.8% (2018: 16.3%). The adverse earnings impact of lower net sales was partially offset by good cost containment especially on fixed costs.

EBIT was EUR 22 million (2018: 17). IACs included in EBIT totalled EUR 9 million (2018: 2) and consisted of a EUR 11 million capital gain resulting from the Mood for Magazines divestment and some IT infrastructure and service costs. PPA amortisations included in EBIT were EUR 1 million (2018: 1).

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

Personnel

In January–March 2019, the average number of employees in full-time equivalents (FTE) employed by the Sanoma Group was 4,370 (2018: 4,393). The average number of employees (FTE) per SBU was as follows: Learning 1,355 (2018: 1,353), Media Finland 1,764 (2018: 1,709), Media Netherlands 979 (2018: 1,054), and Other operations 273 (2018: 278). At the end of March, the number of employees (FTE) of the Group was 4,334 (2018: 4,415).

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 78 million (2018: 78).

Changes in management

On 1 January 2019, Rob Kolkman started as the CEO for Sanoma Media Netherlands. He reports to Susan Duinhoven, President and CEO of Sanoma Corporation, and is a member of Sanoma's Executive Management Team.

Share capital and shareholders

At the end of March 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: 161,293) own shares. Own shares represented 0.3% (2018: 0.1%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 163,016,253 (2018: 163,404,370).

During the quarter, 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 20,871 (2018: 20,255) registered shareholders at the end of March 2019.

Share trading and performance

At the end of March 2019, Sanoma's market capitalisation was EUR 1,425 million (2018: 1,556) with Sanoma's share closing at EUR 8.74 (2018: 9.53). During January–March, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 8.74 (2018: 10.20), with a low of EUR 8.02 (2018: 8.55) and a high of EUR 9.35 (2018: 11.47).

In January–March, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 40 million (2018: 105). The trading volume of 5 million shares (2018: 10) equalled an average daily turnover of 72k shares (2018: 163k). The traded shares accounted for some 3% (2018: 6%) of the average number of shares. The cumulative value of Sanoma's share turnover including alternative trading venues was EUR 98 million (2018: 263). In January–March, 60% (2018: 60%) 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 (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 shall be 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 shall be paid in November 2019.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 24 October 2019. The dividend record date would then be on or about 28 October 2019 and the dividend payment date on or about 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 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 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

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. Changes in taxation applied to Sanoma's products and services in its operating countries may have an impact on their demand.

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.

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.

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. 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.

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 1,166 million (2018: 1,178) of goodwill, immaterial rights and other intangible assets at the end of March 2019. Most of this is related to media operations in the Netherlands. 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.

More information on Sanoma's most significant risks and uncertainty factors and the main principles of risk management is available in the Report of the Board of Directors, Financial Statements and Corporate Governance Statement for 2018 on www.sanoma.com/investors.

Financial reporting 2019

Sanoma will publish the following financial reports during 2019:

Half-Year Report 1 January–30 June 2019	Thursday, 25 July, approx. at 8:30
Interim Report 1 January–30 September 2019	Friday, 25 October, approx. at 8:30

Helsinki, 29 April 2019

Board of Directors
Sanoma Corporation

Reconciliation of operational EBIT excl. PPA

EUR million	Q1 2019	Q1 2018	FY 2018
EBIT	**11.9**	8.4	168.5
ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS			
Learning			
Restructuring expenses	**-1.1**	-0.4	-5.1
PPA amortisations	**-0.8**	-0.8	-3.4
Media Finland			
Capital gains/losses			2.3
Restructuring expenses	**-3.1**	-1.5	-9.4
PPA amortisations	**-1.1**	-0.4	-3.2
Media Netherlands			
Capital gains/losses	**10.8**		-2.7
Restructuring expenses	**-1.9**	2.0	-19.4
Others			
Settlement of Belgian defined benefit pension plan			3.6
PPA amortisations	**-0.8**	-0.8	-3.0
Other companies			
Capital gains/losses			2.7
Restructuring expenses	**-0.1**	0.0	-0.1
ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS TOTAL	**1.9**	-1.9	-37.7
OPERATIONAL EBIT EXCL. PPA	**10.1**	10.3	206.2
Capital gains/losses	**1.0**		
Impairments	**-1.1**		-0.7
ITEMS AFFECTING COMPARABILITY (IACs) IN FINANCIAL INCOME AND EXPENSES	**-0.2**		-0.7
ITEMS AFFECTING COMPARABILITY (IACs) IN NON-CONTROLLING INTEREST			
Capital gains/losses [1)]			33.0
Impairments			-0.4
Restructuring expenses		-17.7	-20.9
Others		3.6	3.6
ITEMS AFFECTING COMPARABILITY (IACs) IN DISCONTINUED OPERATIONS		-14.0	15.3

[1)] In 2018, the capital gain of EUR 33.0 million was related to the divestment of Belgian women's magazine portfolio.

Reconciliation of operational EPS

EUR million	Q1 2019	Q1 2018	FY 2018
Result for the period attributable to the equity holders of the Parent Company	**7.4**	**-5.4**	**124.2**
Items affecting comparability [1)]	-5.8	9.8	13.2
Operational result for the period attributable to the equity holders	**1.6**	**4.4**	**137.4**
Adjusted average number of shares	162,680,778	163,302,611	163,084,958
Operational EPS	**0.01**	**0.03**	**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 Mar 2019	31 Mar 2018	31 Dec 2018
Non-current financial liabilities	170.8	196.8	4.3
Current financial liabilities	405.0	261.7	352.4
Cash and cash equivalents	-44.7	-19.6	-18.8
Interest-bearing net debt	**531.1**	**438.9**	**337.8**

In 2019, net debt has increased as a consequence of applying the IFRS 16 Leases standard.

Income statement by quarter

EUR million	Q1 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
NET SALES	**248.2**	**261.6**	**362.9**	**393.0**	**298.0**	**1,315.4**
Other operating income	14.9	6.2	9.0	6.4	7.9	29.6
Materials and services	-85.5	-88.3	-119.0	-152.2	-106.8	-466.4
Employee benefit expenses	-77.9	-77.7	-78.5	-71.2	-88.6	-316.0
Other operating expenses	-52.0	-58.3	-72.0	-61.4	-76.4	-268.1
Share of results in joint ventures	1.0	1.0	1.0	1.4	1.5	4.8
Depreciation, amortisation and impairment losses	-36.9	-36.2	-32.7	-26.9	-35.0	-130.8
EBIT	**11.9**	**8.4**	**70.6**	**88.9**	**0.6**	**168.5**
Share of results in associated companies	-0.1	0.1	-0.1	0.0	0.0	-0.1
Financial income	1.5	1.2	2.2	0.5	1.2	5.1
Financial expenses	-6.2	-4.5	-8.0	-5.4	-4.6	-22.5
RESULT BEFORE TAXES	**7.1**	**5.1**	**64.8**	**84.0**	**-2.8**	**151.1**
Income taxes	0.2	-1.5	-18.4	-16.4	-2.1	-38.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**7.3**	**3.6**	46.4	**67.6**	**-5.0**	**112.7**
DISCONTINUED OPERATIONS						
Result for the period from discontinued operations	-	-8.7	21.6	-	-	12.9
RESULT FOR THE PERIOD	**7.3**	**-5.1**	**68.0**	**67.6**	**-5.0**	**125.6**
Result from continuing operations attributable to:						
Equity holders of the Parent Company	7.4	3.2	45.7	67.1	-4.7	111.3
Non-controlling interests	0.0	0.4	0.7	0.6	-0.3	1.3
Result from discontinued operations attributable to:						
Equity holders of the Parent Company	-	-8.7	21.6	-	-	12.9
Non-controlling interests	-	-	-	-	-	-
Result attributable to:						
Equity holders of the Parent Company	7.4	-5.4	67.3	67.1	-4.7	124.2
Non-controlling interests	0.0	0.4	0.7	0.6	-0.3	1.3
Earnings per share for result attributable to the equity holders of the Parent Company:						
Earnings per share, EUR, continuing operations	0.05	0.02	0.28	0.41	-0.03	0.68
Diluted earnings per share, EUR, continuing operations	0.05	0.02	0.28	0.41	-0.03	0.68
Earnings per share, EUR, discontinued operations	-	-0.05	0.13	-	-	0.08
Diluted earnings per share, EUR, discontinued operations	-	-0.05	0.13	-	-	0.08
Earnings per share, EUR	0.05	-0.03	0.41	0.41	-0.03	0.76
Diluted earnings per share, EUR	0.05	-0.03	0.41	0.41	-0.03	0.76

Belgian women’s magazine portfolio was included in Discontinued operations in 2018.

Net sales by SBU

EUR million	Q1 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	31.4	28.9	108.3	136.3	39.8	313.3
Media Finland	131.6	137.0	146.2	150.7	144.5	578.5
Media Netherlands	85.3	95.8	108.4	106.0	113.8	424.0
Other companies and eliminations	-0.1	-0.1	-0.1	-0.1	-0.2	-0.4
Total	**248.2**	**261.6**	**362.9**	**393.0**	**298.0**	**1,315.4**

EBIT by SBU

EUR million	Q1 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	-18.2	-18.4	42.4	52.1	-20.0	56.1
Media Finland	10.0	11.6	20.5	19.8	9.9	61.8
Media Netherlands	21.5	16.9	8.7	19.1	13.4	58.0
Other companies and eliminations	-1.4	-1.7	-0.9	-2.1	-2.7	-7.4
Total	**11.9**	**8.4**	**70.6**	**88.9**	**0.6**	**168.5**

Operational EBIT excl. PPA by SBU

EUR million	Q1 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	-16.3	-17.2	44.5	54.2	-16.9	64.6
Media Finland	14.2	13.5	19.3	22.1	17.1	72.0
Media Netherlands	13.4	15.6	20.3	19.3	24.4	79.6
Other companies and eliminations	-1.3	-1.7	-1.9	-2.1	-4.3	-10.0
Total	**10.1**	**10.3**	**82.2**	**93.6**	**20.2**	**206.2**

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 March 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 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 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	Q1 2019	Q1 2018	FY 2018
NET SALES	**248.2**	**261.6**	**1,315.4**
Other operating income	14.9	6.2	29.6
Materials and services	-85.5	-88.3	-466.4
Employee benefit expenses	-77.9	-77.7	-316.0
Other operating expenses	-52.0	-58.3	-268.1
Share of results in joint ventures	1.0	1.0	4.8
Depreciation, amortisation and impairment losses	-36.9	-36.2	-130.8
EBIT	**11.9**	**8.4**	**168.5**
Share of results in associated companies	-0.1	0.1	-0.1
Financial income	1.5	1.2	5.1
Financial expenses	-6.2	-4.5	-22.5
RESULT BEFORE TAXES	**7.1**	**5.1**	**151.1**
Income taxes	0.2	-1.5	-38.4
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	**7.3**	**3.6**	**112.7**
DISCONTINUED OPERATIONS			
Result for the period from discontinued operations	-	-8.7	12.9
RESULT FOR THE PERIOD	**7.3**	**-5.1**	**125.6**
Result from continuing operations attributable to:			
Equity holders of the Parent Company	7.4	3.2	111.3
Non-controlling interests	0.0	0.4	1.3
Result from discontinued operations attributable to:			
Equity holders of the Parent Company	-	-8.7	12.9
Non-controlling interests	-	-	-
Result attributable to:			
Equity holders of the Parent Company	7.4	-5.4	124.2
Non-controlling interests	0.0	0.4	1.3
Earnings per share for result attributable to the equity holders of the Parent Company:			
Earnings per share, EUR, continuing operations	0.05	0.02	0.68
Diluted earnings per share, EUR, continuing operations	0.05	0.02	0.68
Earnings per share, EUR, discontinued operations	-	-0.05	0.08
Diluted earnings per share, EUR, discontinued operations	-	-0.05	0.08
Earnings per share, EUR	0.05	-0.03	0.76
Diluted earnings per share, EUR	0.05	-0.03	0.76

Belgian women’s magazine portfolio was included in Discontinued operations in 2018.

Statement of comprehensive income

EUR million	Q1 2019	Q1 2018	FY 2018
Result for the period	**7.3**	**-5.1**	**125.6**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Change in translation differences	-0.1	-0.3	-0.8
Share of other comprehensive income of equity-accounted investees	0.0	0.0	0.0
Items that will not be reclassified to profit or loss			
Defined benefit plans	4.1	-2.3	-7.7
Income tax related to defined benefit plans	-0.8	0.7	1.5
Other comprehensive income for the period, net of tax	**3.2**	**-2.0**	**-6.9**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**10.5**	**-7.0**	**118.6**
Total comprehensive income attributable to:			
Equity holders of the Parent Company	10.6	-7.4	117.3
Non-controlling interests	0.0	0.4	1.3

Consolidated balance sheet

EUR million	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS			
Property, plant and equipment	34.3	42.5	36.5
Right-of-use assets	176.1	0.9	0.9
Investment property	10.3	13.9	10.3
Goodwill	900.8	935.0	935.7
Other intangible assets	265.6	243.4	250.4
Equity-accounted investees	18.1	22.1	18.4
Other investments	3.8	5.1	3.7
Deferred tax receivables	8.9	22.2	9.9
Trade and other receivables	10.8	22.5	14.3
NON-CURRENT ASSETS, TOTAL	1,428.7	1,307.5	1,280.1
Inventories	38.3	45.5	36.9
Income tax receivables	14.7	11.5	10.4
Contract assets	8.5	5.0	5.2
Trade and other receivables	156.4	186.5	167.6
Cash and cash equivalents	44.7	19.6	18.8
CURRENT ASSETS, TOTAL	262.6	268.0	238.8
Assets held for sale and discontinued operations		2.8	
ASSETS, TOTAL	**1,691.3**	**1,578.3**	**1,519.0**
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	71.3
Treasury shares	-4.6	-0.7	-8.4
Fund for invested unrestricted equity	209.8	209.8	209.8
Other equity	260.0	205.3	333.8
	536.4	485.6	606.4
Non-controlling interests	10.6	1.5	5.0
EQUITY, TOTAL	546.9	487.1	611.4
Deferred tax liabilities	34.4	37.3	32.7
Pension obligations	4.3	12.1	8.4
Provisions	4.6	8.0	8.9
Financial liabilities	8.3	195.3	2.8
Lease liabilities	162.5	1.6	1.5
Contract liabilities	4.5		5.1
Trade and other payables	8.4	13.9	11.0
NON-CURRENT LIABILITIES, TOTAL	226.9	268.1	70.4
Provisions	8.7	29.3	25.1
Financial liabilities	382.3	261.4	352.1
Lease liabilities	22.7	0.3	0.3
Income tax liabilities	6.9	8.9	13.3
Contract liabilities	134.0	141.4	142.1
Trade and other payables	362.8	371.5	304.2
CURRENT LIABILITIES, TOTAL	917.4	812.8	837.2
Liabilities related to assets held for sale and discontinued operations		10.4	
LIABILITIES, TOTAL	**1,144.3**	**1,091.2**	**907.6**
EQUITY AND LIABILITIES, TOTAL	**1,691.3**	**1,578.3**	**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 unre-stricted 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				-7.4	-7.4	0.4	-7.0
Share-based compensation				-0.5	-0.5		-0.5
Shares delivered		0.7		-0.7			
Dividends				-57.2	-57.2	-0.3	-57.5
Acquisitions and other changes in non-controlling interests				-1.5	-1.5	-0.3	-1.8
Equity at 31 Mar 2018	**71.3**	**-0.7**	**209.8**	**205.3**	**485.6**	**1.5**	**487.1**
Equity at 1 Jan 2019	**71.3**	**-8.4**	**209.8**	**333.8**	**606.4**	**5.0**	**611.4**
Comprehensive income for the period				10.6	10.6	0.0	10.5
Share-based compensation				-3.1	-3.1		-3.1
Shares delivered		3.8		-3.8			
Dividends				-73.4	-73.4		-73.4
Acquisitions and other changes in non-controlling interests				-4.1	-4.1	5.6	1.5
Equity at 31 Mar 2019	**71.3**	**-4.6**	**209.8**	**260.0**	**536.4**	**10.6**	**546.9**

Consolidated cash flow statement

EUR million	Q1 2019	Q1 2018	FY 2018
OPERATIONS			
Result for the period	7.3	-5.1	125.6
Adjustments			
Income taxes	-0.2	-2.0	44.3
Financial income and expenses	4.7	3.4	17.3
Share of results in equity-accounted investees	-0.9	-1.1	-4.7
Depreciation, amortisation and impairment losses	36.9	36.2	131.4
Gains/losses on sales of non-current assets	-11.1	-0.3	-36.0
Other adjustments	-0.6	0.7	2.9
Adjustments, total	28.8	36.8	155.2
Change in working capital	-30.5	-34.3	-11.8
Acquisitions of broadcasting rights and prepublication costs	-24.8	-21.3	-77.3
Dividends received	0.1	0.0	5.1
Interest paid and other financial items	-3.6	-2.0	-11.5
Taxes paid	-12.5	-11.2	-44.4
Cash flow from operations	**-35.1**	**-37.2**	**140.9**
INVESTMENTS			
Capital expenditure	-6.1	-7.2	-32.0
Operations acquired	-8.4	0.0	-16.0
Proceeds from sale of tangible and intangible assets	0.5	0.4	9.7
Operations sold [1)]	45.2		22.9
Loans granted	0.0	0.0	0.0
Repayments of loan receivables		0.0	1.2
Interest received	0.1	0.1	0.5
Cash flow from investments	**31.2**	**-6.8**	**-13.7**
Cash flow before financing	**-3.9**	**-44.0**	**127.2**
FINANCING			
Contribution by non-controlling interests	0.2		2.2
Purchase of treasury shares			-7.7
Change in loans with short maturity	36.5	43.4	-1.1
Drawings of other loans	0.0	0.0	0.0
Repayments of other loans	0.0	0.0	-51.2
Payment of finance lease liabilities	-6.3	-0.1	-0.3
Acquisitions of non-controlling interests	-0.4	-2.0	-11.2
Dividends paid		-0.3	-57.9
Cash flow from financing	**30.0**	**41.1**	**-127.0**
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO		**-2.9**	**0.2**
Effect of exchange rate differences on cash and cash equivalents	-0.1	-0.4	-0.3
Net change in cash and cash equivalents	**26.1**	**-3.2**	**-0.1**
Cash and cash equivalents at the beginning of the period	18.4	18.6	18.6
Cash and cash equivalents at the end of the period	44.5	15.3	18.4
FREE CASH FLOW (Cash flow from operations – Capital expenditure)	**-41.3**	**-44.4**	**108.9**

[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 0.2 million (2018: 4.2) at the end of the period.

Segment information

Sanoma reports three operating segments, i.e. its three strategic business units Sanoma Learning, Sanoma Media Finland and Sanoma Media Netherlands. This is aligned with the way Sanoma manages the businesses.

Sanoma Learning is a leading European learning company, whose blended learning solutions are used by over 1 million teachers. It operates in Poland, the Netherlands, Finland, Belgium and Sweden. Sanoma Media Finland is the leading media company in Finland. It provides information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. Sanoma Media Netherlands includes the Dutch consumer media operations (magazines, news, events, custom media, e-commerce, websites and apps), Home Deco media operations in Belgium and the press distribution business Aldipress. Discontinued operations included in 2018 Belgian women's magazine operations, which were divested on 29 June 2018. 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 March 2019

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Total
External net sales	31.4	131.5	85.3		248.2
Internal net sales	0.0	0.1		-0.1	
Net sales, total	**31.4**	**131.6**	**85.3**	**-0.1**	**248.2**
EBIT	**-18.2**	**10.0**	**21.5**	**-1.4**	**11.9**
Operational EBIT excl. PPA	**-16.3**	**14.2**	**13.4**	**-1.3**	**10.1**
Share of results in associated companies		-0.1			-0.1
Financial income				1.5	1.5
Financial expenses				-6.2	-6.2
Result before taxes					**7.1**
Segment assets	**684.5**	**363.2**	**707.8**	**-133.2**	**1,622.3**

Segment information 1 January–31 March 2018

EUR million	Learning	Media Finland	Media Nether-lands	Unallocated/ eliminations	Continuing operations	Dis-continued operations	Elimina-tions	Total
External net sales	28.9	136.9	95.8		261.6	17.7		279.3
Internal net sales	0.0	0.1		-0.1		0.2	-0.2	
Net sales, total	**28.9**	**137.0**	**95.8**	**-0.1**	**261.6**	**17.9**	**-0.2**	**279.3**
EBIT	**-18.4**	**11.6**	**16.9**	**-1.7**	**8.4**	**-12.2**		**-3.8**
Operational EBIT excl. PPA	**-17.2**	**13.5**	**15.6**	**-1.7**	**10.3**	**1.8**		**12.1**
Share of results in associated companies		0.1			0.1			0.1
Financial income				1.2	1.2			1.2
Financial expenses				-4.5	-4.5			-4.5
Result before taxes					**5.1**	**-12.2**		**-7.1**
Segment assets	**673.9**	**230.6**	**744.3**	**-127.2**	**1,521.6**	**1.6**		**1,523.2**

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 with the Group's three strategic business units, which are its operating segments.

Disaggregation of revenue 2019

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Total
Finland	5.4	131.6		-0.1	136.9
The Netherlands	14.2		82.7		96.9
Poland	5.2				5.2
Belgium	3.6		2.6		6.2
Sweden	3.0				3.0
Other companies and eliminations	0.1			0.0	0.1
Primary geographical markets	**31.4**	**131.6**	**85.3**	**-0.1**	**248.2**
Advertising		57.8	16.3	0.0	74.0
Subscription		49.8	33.8	0.0	83.6
Single copy		10.2	15.7		26.0
Learning solutions	31.4			0.0	31.4
Other		13.8	19.5	-0.1	33.2
Major product lines/services	**31.4**	**131.6**	**85.3**	**-0.1**	**248.2**
Recognition at a point-in-time	18.6	46.5	49.5	-0.1	114.5
Recognition over-time	12.8	85.2	35.8		133.8
Timing of revenue recognition	**31.4**	**131.6**	**85.3**	**-0.1**	**248.2**

Disaggregation of revenue 2018

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Total
Finland	5.6	137.0		-0.1	142.5
The Netherlands	11.6		90.8		102.4
Poland	5.1				5.1
Belgium	3.2		5.1		8.3
Sweden	3.5				3.5
Other	0.0		-0.1	0.0	-0.1
Primary geographical markets	**28.9**	**137.0**	**95.8**	**-0.1**	**261.6**
Advertising		62.0	19.2	0.0	81.2
Subscription		53.2	36.4	0.0	89.6
Single copy		11.1	16.9		27.9
Learning solutions	28.9			0.0	28.9
Other		10.7	23.3	-0.1	34.0
Major product lines/services	**28.9**	**137.0**	**95.8**	**-0.1**	**261.6**
Recognition at a point-in-time	16.5	49.2	55.5	-0.1	121.0
Recognition over-time	12.4	87.8	40.3		140.6
Timing of revenue recognition	**28.9**	**137.0**	**95.8**	**-0.1**	**261.6**

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

EUR million	31 Mar 2019	31 Mar 2018	31 Dec 2018
Carrying amount at 31 Dec	37.4	44.7	44.7
Effect of IFRS 16 on Jan 2019	183.9		
Carrying amount at 1 Jan	221.3	44.7	44.7
Increases	2.6	2.0	5.6
Acquisitions of operations	0.0		0.4
Decreases	-1.9	-0.2	-1.1
Disposal of operations	-3.0		-0.6
Depreciation for the period	-8.5	-3.1	-11.5
Exchange rate differences and other changes	-0.1	0.1	0.0
Carrying amount at the end of the period	**210.4**	**43.4**	**37.4**

Acquisitions and divestments

Impact of business acquisitions on Group's assets and liabilities

EUR million	Q1 2019	FY 2018
Property, plant and equipment	0.0	0.4
Intangible assets	12.3	17.1
Other non-current assets		0.1
Inventories		0.0
Other current assets	2.1	6.1
Assets, total	14.5	23.7
Non-current liabilities	-2.9	-1.3
Current liabilities	-0.4	-3.4
Liabilities, total	-3.4	-4.7
Fair value of acquired net assets	11.1	19.0
Acquisition cost	14.0	20.8
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities		1.2
Fair value of previously held interest		1.8
Fair value of acquired net assets	-11.1	-19.0
Goodwill from the acquisitions	**2.9**	**4.9**

Acquisitions of non-controlling interests

EUR million	Q1 2019	FY 2018
Acquisition cost	0.4	11.2
Book value of the acquired interest	0.4	0.4
Decrease (+) / increase (-) in acquisition liabilities		9.1
Impact on consolidated equity	**0.0**	**-1.6**

Cash paid to obtain control, net of cash acquired

EUR million	Q1 2019	FY 2018
Acquisition cost	14.0	20.8
Cash and cash equivalents of acquired operations	-1.4	-3.9
Decrease (+) / increase (-) in acquisition liabilities	-4.2	-1.0
Cash paid to obtain control, net of cash acquired	**8.4**	**15.9**
Cash paid on acquisitions of non-controlling interests	**0.4**	**11.2**

In February 2019, Sanoma Media Netherlands acquired 70% of the shares of Panel Inzicht B.V. and in March 2019, Sanoma Media Finland acquired Rockfest festival business in Finland.

Impact of divestments on Group's assets and liabilities

EUR million	Q1 2019	Belgian womens' 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	46.8	2.4	11.9	14.2
Deferred tax liabilities		-0.2	-0.2	-0.5
Financial liabilities	-8.9			
Trade and other payables	-5.8	-11.7	-2.1	-13.7
Liabilities, total	-14.7	-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	44.0	23.5	7.2	30.7
Transaction fees paid	-1.1			
Net result from sale of operations	**10.8**	**33.0**	**-2.1**	**30.9**

Cash flow from sale of operations

EUR million	Q1 2019	Belgian womens' magazines	Other	FY 2018
Sales price	44.0	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	4.2	-8.2	0.7	-7.6
Cash flow from sale of operations	**45.2**	**15.3**	**6.8**	**22.0**

In February 2019, Sanoma divested Mood for Magazines, publisher of LINDA. magazine, in the Netherlands.

Contingent liabilities

EUR million	31 Mar 2019	31 Mar 2018	31 Dec 2018
Contingencies for own commitments			
Pledges	1.4	1.5	1.4
Other items	15.0	15.0	15.0
Total	16.4	16.5	16.4
Other commitments			
Operating lease liabilities	0.2	255.1	219.1
Royalties	6.8	5.7	8.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	21.7	18.9	33.6
Other items	43.2	50.5	53.0
Total	71.9	330.2	314.0
Total	**88.3**	**346.7**	**330.4**

In 2019, lease liabilities have decreased compared to previous year as due to applying of IFRS 16 most of the lease contracts have been reported in balance sheet as of 1 January 2019.

Derivative instruments

EUR million	31 Mar 2019	31 Mar 2018	31 Dec 2018
Fair values			
Currency derivatives			
Forward contracts (positive fair values)	0.2	0.1	0.2
Forward contracts (negative fair values)	-0.1	-0.6	-0.2
Nominal values			
Currency derivatives			
Forward contracts	11.7	43.9	6.8

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

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, %	=	$\frac{\text{Equity total}}{\text{Balance sheet total – advances received}} \times 100$
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	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company – IACs}}{\text{Adjusted average number of shares on the market}}$