

Half-year Report

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SANOMA CORPORATION, HALF-YEAR REPORT 1 JANUARY–30 JUNE 2019

# Stable operational EBIT both for Q2 and H1 2019

## Q2 2019

- Net sales declined slightly to EUR 353 million (2018: 363). Comparable net sales development was -2% (2018: -1%).
- Operational EBIT excl. PPA was stable, amounting to EUR 81 million (2018: 82).
- EBIT was EUR 73 million (2018: 71). The change in EBIT was a result of lower IACs, which totalled EUR -5 million (2018: -9). PPA amortisations were EUR 3 million (2018: 2).
- Operational EPS was EUR 0.33 (2018: 0.33).
- EPS was EUR 0.31 (2018: 0.28).
- Net debt / Adj. EBITDA was 2.2 (2018: 2.1), including an impact of 0.5 due to the implementation of the IFRS 16 standard.
- 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.
- On 28 June, Sanoma announced it had increased its ownership in the Finnish online classifieds company Oikotie Ltd. from 90% to 100%.

## H1 2019

- Net sales declined slightly to EUR 602 million (2018: 625). Comparable net sales development was -3% (2018: -3%).
- Operational EBIT excl. PPA was stable, amounting to EUR 91 million (2018: 92). The corresponding margin was 15.1% (2018: 14.8%).
- EBIT was EUR 85 million (2018: 79). The change in EBIT was a result of lower IACs, which totalled EUR -1 million (2018: -9), and included a capital gain related to the divestment of Mood for Magazines. PPA amortisations were EUR 6 million (2018: 4).
- Operational EPS was EUR 0.34 (2018: 0.35).
- EPS was EUR 0.35 (2018: 0.30).
- Free cash flow was EUR -41 million (2018: -43), including a positive EUR 12 million impact due to the implementation of the IFRS 16 standard, which was to a large extent offset by the settlement of a rental contract related to Discontinued operations in Belgium.
- 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.

## 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 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 30 June 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 Q2 2019 was EUR 6 million and on cash flow from financing EUR -6 million, and correspondingly EUR 12 million and EUR -12 million for H1 2019.

### Impacts of the implementation of IFRS 16 standard on balance sheet

	30 Jun 2018	31 Dec 2018	30 Jun 2019	IFRS 16 impact 30 Jun 2019
Net debt, EUR million	472.8	337.8	578.0	+178.8
Net debt / Adj. EBITDA	2.1	1.4	2.2	+0.5
Equity ratio	36.6%	44.7%	37.2%	-4.6pp

More information on the implementation of the IFRS 16 standard is available in the Accounting policies on p. 21.

### 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 margin excl. PPA is used as a basis in Sanoma's Outlook for 2019.

More information is available at Sanoma.com. Reconciliations are presented on p. 17 in this report. Definitions of key IFRS indicators and APMs are available on p. 34.

## Key indicators

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	353.4	362.9	-3%	601.6	624.5	-4%	1,315.4
Operational EBIT excl. PPA	80.8	82.2	-2%	90.9	92.4	-2%	206.2
Margin	22.9%	22.6%		15.1%	14.8%		15.7%
EBIT	72.7	70.6	3%	84.6	79.0	7%	168.5
Result for the period <sup>1)</sup>	50.0	68.0	-26%	57.4	62.9	-9%	125.6
Free cash flow <sup>1)</sup>	0.1	1.6		-41.2	-42.8	4%	108.9
<i>Impact of IFRS 16 standard</i>	5.7			11.9			
Equity ratio <sup>1)</sup>				37.2%	36.6%		44.7%
Net debt <sup>1)</sup>				578.0	472.8	22%	337.8
<i>Impact of IFRS 16 standard</i>				178.8			
Net debt / Adj. EBITDA <sup>1)</sup>				2.2	2.1	4%	1.4
<i>Impact of IFRS 16 standard</i>				0.5			
Average number of employees (FTE)				4,365	4,420	-1%	4,463
Operational EPS, EUR, continuing operations	0.33	0.33	-1%	0.34	0.35	-3%	0.83
Operational EPS, EUR <sup>1)</sup>	0.33	0.34	-1%	0.34	0.36	-6%	0.84
EPS, EUR, continuing operations	0.31	0.28	10%	0.35	0.30	17%	0.68
EPS, EUR <sup>1)</sup>	0.31	0.41	-26%	0.35	0.38	-7%	0.76
Free cash flow per share, EUR <sup>1)</sup>	0.00	0.01	-92%	-0.25	-0.26	3%	0.67
<i>Impact of IFRS 16 standard</i>	0.03			0.07			

<sup>1)</sup> In 2018 including continuing and discontinued operations. Discontinued operations include the Belgian women's magazine portfolio, which was divested on 29 June 2018. More information on the Discontinued operations' financial performance is available in the Full-Year Result 2018, on p. 36.

Result for the period for continuing operations was EUR 46 million for Q2 2018 and EUR 50 million for H1 2018.

## President and CEO Susan Duinhoven:

“We are satisfied with the continued good performance of Sanoma as a Group as well as all SBUs during the first half of 2019.

In Learning, H1 net sales were on the previous year’s level. There are no major curriculum renewals ongoing in our operating markets this year, and thus the markets are expected to remain more or less flat compared to 2018. We are currently well-positioned for the third-quarter high season, which has in the past years increased its importance due to optimisation in the supply chain and growing share of digital learning materials. We are also looking forward to closing the acquisition of Iddink by the end of Q3 2019. Our business development program “High Five” proceeded according to our plan, and we expect its benefits to focus even more to the second half of the year.

In Media Finland, net sales and earnings grew in the second quarter mainly as a result of earlier acquisitions, notably Rockfest, Finland’s largest rock and metal music festival, and the Finnish News Agency STT acquired a year ago. In addition, advertising sales developed positively partially due to parliamentary elections held in April and EU elections held in May. We are happy that both the number of subscriptions and subscription sales of Ruutu+ and Helsingin Sanomat continued to grow. Earnings development was not at the same level with the topline growth. This was mainly due to the fact that, as part of the deal structure, Rockfest did not contribute positively to our earnings yet this year, and STT had a break-even result.

Despite our good performance in the first half of the year, the underlying operating environment in the media business, especially in Finland, was relatively demanding, and we don’t expect it to change remarkably during the rest of the year.

In Media Netherlands, the impact of divestments we have made during the past nine months – LINDA. magazine, Head Office content marketing operations in Belgium, and Home Deco e-commerce operations – was clearly visible in our reported net sales and operational EBIT. At the same time, development of the underlying business was stable and met our expectations. Our online news site NU.nl had another strong quarter, both in usage and sales. During the first half of the year, revenues of NU.nl grew by 16%. Circulation sales continued to be impacted by the increase in the VAT of magazines, which came into force on 1 January. Net sales of the data-driven marketing and cashback service Scoupy were below the previous year’s level due to changes we have made in its product portfolio. We proceeded successfully with active cost containment, which mitigated the impact of lower net sales on profitability.

We keep our Outlook for 2019 unchanged. We remain focused on capturing good opportunities to grow our business, including synergetic bolt-on acquisitions, and aim for an increasing dividend.”

## Financial review Q2 2019

The Group's net sales declined slightly to EUR 353 million (2018: 363). In Media Finland, net sales grew as a result of earlier acquisitions. In Learning, net sales declined slightly due to shifting between quarters. As a consequence of divestments, net sales declined in Media Netherlands while the underlying sales development was relatively stable. The Group's comparable net sales development was -2% (2018: -1%).

### Net sales by SBU

EUR million	Q2 2019	Q2 2018	Change
Learning	105.4	108.3	-3%
Media Finland	154.5	146.2	6%
Media Netherlands	93.6	108.4	-14%
Other operations	-0.1	-0.1	-63%
<b>Group total</b>	<b>353.4</b>	<b>362.9</b>	<b>-3%</b>

Operational EBIT excl. PPA was stable and amounted to EUR 81 million (2018: 82). Earnings improved somewhat in Media Finland, but declined slightly in Learning and Media Netherlands.

### Operational EBIT excl. PPA by SBU

EUR million	Q2 2019	Q2 2018	Change
Learning	43.3	44.5	-3%
Media Finland	20.1	19.3	4%
Media Netherlands	19.6	20.3	-3%
Other operations	-2.2	-1.9	-14%
<b>Group total</b>	<b>80.8</b>	<b>82.2</b>	<b>-2%</b>

EBIT was EUR 73 million (2018: 71). Net IACs totalled EUR -5 million (2018: -9). Restructuring costs included in the IACs were mainly related to strategic business development and changes in IT infrastructure and services across SBUs. PPA amortisations amounted to EUR 3 million (2018: 2).

### IACs, PPAs and reconciliation of operational EBIT

EUR million	Q2 2019	Q2 2018
<b>EBIT</b>	<b>72.7</b>	<b>70.6</b>
<b>Items affecting comparability</b>		
Restructuring expenses	-5.7	-12.5
Capital gains / losses	0.5	3.3
<b>IACs total</b>	<b>-5.2</b>	<b>-9.2</b>
<b>Purchase price allocation amortisations (PPAs)</b>	<b>-3.0</b>	<b>-2.4</b>
<b>Operational EBIT excl. PPA</b>	<b>80.8</b>	<b>82.2</b>

A detailed reconciliation on SBU level is presented on p.17.

Net financial items were EUR -6 million (2018: -6), including a EUR -2 million impact related to the implementation of the IFRS 16 standard.

Result before taxes amounted to EUR 67 million (2018: 65). Income taxes were EUR 17 million (2018: 18). Result for the period was EUR 50 million (2018: 46; including Discontinued operations 68).

Operational earnings per share were EUR 0.33 (2018: 0.33; including Discontinued operations 0.34). Earnings per share were EUR 0.31 (2018: 0.28; including Discontinued operations 0.41).

## Financial review H1 2019

Net sales declined slightly to EUR 602 million (2018: 625) mainly as a result of divestments in Media Netherlands at the end of 2018 and during 2019. The Group's comparable net sales development was -3% (2018: -3%).

### Net sales by SBU

EUR million	H1 2019	H1 2018	Change
Learning	136.9	137.2	0%
Media Finland	286.1	283.2	1%
Media Netherlands	178.9	204.2	-12%
Other operations	-0.3	-0.2	28%
<b>Group total</b>	<b>601.6</b>	<b>624.5</b>	<b>-4%</b>

Operational EBIT excl. PPA was stable and amounted to EUR 91 million (2018: 92). The corresponding margin was 15.1% (2018: 14.8%). Earnings improved in Media Finland, were stable in Learning and declined in Media Netherlands as a result of divestments.

### Operational EBIT excl. PPA by SBU

EUR million	H1 2019	H1 2018	Change
Learning	27.0	27.3	-1%
Media Finland	34.3	32.8	4%
Media Netherlands	33.0	35.9	-8%
Other operations	-3.5	-3.6	4%
<b>Group total</b>	<b>90.9</b>	<b>92.4</b>	<b>-2%</b>

EBIT improved to EUR 85 million (2018: 79). Net IACs totalled EUR -1 million (2018: -9). 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 strategic business development and changes in IT infrastructure and services across SBUs. PPA amortisations amounted to EUR 6 million (2018: 4).

### IACs, PPAs and reconciliation of operational EBIT

EUR million	H1 2019	H1 2018
<b>EBIT</b>	<b>84.6</b>	<b>79.0</b>
<b>Items affecting comparability</b>		
Restructuring expenses	-11.9	-12.3
Capital gains / losses	11.4	3.3
<b>IACs total</b>	<b>-0.6</b>	<b>-9.0</b>
<b>Purchase price allocation amortisations (PPAs)</b>	<b>-5.7</b>	<b>-4.4</b>
<b>Operational EBIT excl. PPA</b>	<b>90.9</b>	<b>92.4</b>

A detailed reconciliation on SBU level is presented on p.17.

Net financial items increased to EUR -10 million (2018: -9) mainly due to the implementation of the IFRS 16 standard.

Result before taxes amounted to EUR 74 million (2018: 70). Income taxes were EUR 17 million (2018: 20). Result for the period was EUR 57 million (2018: 50; including Discontinued operations 63).

Operational earnings per share were EUR 0.34 (2018: 0.35; including Discontinued operations 0.36). Earnings per share were EUR 0.35 (2018: 0.30; including Discontinued operations 0.38).

## Financial position

At the end of June 2019, interest-bearing net debt was EUR 578 million (2018: 473), including an impact of EUR 179 million due to the implementation of the IFRS 16 standard. Net debt to adjusted EBITDA ratio was 2.2 (2018: 2.1), 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 clearly improved from the corresponding period in 2018.

At the end of June 2019, equity totalled EUR 589 million (2018: 559). Equity ratio was 37.2% (2018: 36.6%), including an impact of -4.6%-points due to the implementation of the IFRS 16 standard. The consolidated balance sheet totalled EUR 1,721 million (2018: 1,671).

## Cash flow

The Group's free cash flow amounted to EUR -41 million (2018: -43). The implementation of the IFRS 16 standard improved the free cash flow by EUR 12 million, which was to a large extent offset by the settlement of a rental contract related to Discontinued operations divested in June 2018 in Belgium. The settlement was paid in Q1 2019. Capital expenditure included in free cash flow was EUR 14 million (2018: 14). Free cash flow per share was EUR -0.25 (2018: -0.26), impact of the implementation of the IFRS 16 standard being EUR 0.07.

## 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.

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.

Information on acquisitions and divestments conducted in 2018 and earlier is available at [Sanoma.com](http://Sanoma.com).

## Events during 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.

## 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	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	105.4	108.3	-3%	136.9	137.2	0%	313.3
Operational EBIT excl. PPA	43.3	44.5	-3%	27.0	27.3	-1%	64.6
Margin	41.1%	41.1%		19.7%	19.9%		20.6%
EBIT <sup>1)</sup>	41.3	42.4	-2%	23.1	24.0	-4%	56.1
Capital expenditure	5.2	4.3	21%	9.0	7.8	15%	19.8
Average number of employees (FTE)				1,361	1,352	1%	1,351

<sup>1)</sup> Including IACs of EUR -1.1 million in Q2 2019 (2018: -1.3), EUR -2.2 million in H1 2019 (2018: -1.6) and EUR -5.1 million in FY 2018, and PPA amortisations of EUR 0.8 million in Q2 2019 (2018: 0.8), EUR 1.7 million in H1 2019 (2018: 1.7) and EUR 3.4 million in FY 2018. Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 17.

### Net sales by country

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Poland	6.2	4.4	41%	11.3	9.4	20%	91.5
The Netherlands	41.2	44.1	-7%	55.4	55.7	-1%	90.2
Finland	30.6	32.3	-5%	35.9	37.8	-5%	56.0
Belgium	22.0	22.0	0%	25.6	25.2	1%	51.7
Sweden	5.4	5.5	-2%	8.4	9.0	-6%	21.9
Other companies and eliminations	0.1	0.1	78%	0.2	0.1		2.1
<b>Net sales total</b>	<b>105.4</b>	<b>108.3</b>	<b>-3%</b>	<b>136.9</b>	<b>137.2</b>	<b>0%</b>	<b>313.3</b>

### Q2 2019

Net sales of Learning declined slightly amounting to EUR 105 million (2018: 108). Net sales grew in Poland driven by launch of new niche products. Net sales declined in the Netherlands as a large spring order was received already in Q1. In Finland, the ending of a curriculum renewal at the end of 2018, together with certain deliveries being postponed from Q2 to Q3, led to a decline in net sales.

The learning business has, by nature, an annual cycle with strong seasonality. Most of net sales and earnings are accrued during the second and third quarters, while the first and fourth quarters are typically loss making. Importance of the third quarter in net sales and earnings of the learning business is increasing due to optimisation in the supply chain and growing share of digital learning materials.

Operational EBIT excl. PPA decreased to EUR 43 million (2018: 45) as a result of shifts in net sales, as well as higher amortisations following earlier investments in digital platforms and renewed learning methods.

EBIT was EUR 41 million (2018: 42). IACs totalled EUR -1 million (2018: -1) and mainly consisted of restructuring expenses related to the ongoing business development programme "High Five". PPA amortisations were EUR 1 million (2018: 1).

Capital expenditure was EUR 5 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	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	154.5	146.2	6%	286.1	283.2	1%	578.5
Operational EBIT excl. PPA	20.1	19.3	4%	34.3	32.8	4%	72.0
Margin	13.0%	13.2%		12.0%	11.6%		12.5%
EBIT <sup>1)</sup>	15.4	20.5	-25%	25.4	32.1	-21%	61.8
Capital expenditure	1.2	0.5		1.9	2.3	-19%	4.1
Average number of employees (FTE)				1,793	1,742	3%	1,781

<sup>1)</sup> Including IACs of EUR -3.6 million in Q2 2019 (2018: 1.9), EUR -6.7 million in H1 2019 (2018: 0.5) and EUR -7.1 million in FY 2018, and PPA amortisations of EUR 1.1 million in Q2 2019 (2018: 0.7), EUR 2.2 million in H1 2019 (2018: 1.2) and EUR 3.2 million in FY 2018.

Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 17.

### Net sales by category

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Print	67.6	71.8	-6%	137.3	147.2	-7%	294.0
Non-print	86.9	74.4	17%	148.9	136.0	9%	284.4
<b>Net sales total</b>	<b>154.5</b>	<b>146.2</b>	<b>6%</b>	<b>286.1</b>	<b>283.2</b>	<b>1%</b>	<b>578.5</b>

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Advertising sales	69.0	65.1	6%	126.8	127.1	0%	250.0
Subscription sales	47.5	50.3	-6%	97.3	103.5	-6%	202.6
Single copy sales	10.7	11.1	-4%	20.9	22.2	-6%	45.2
Other	27.3	19.6	39%	41.2	30.4	36%	80.6
<b>Net sales total</b>	<b>154.5</b>	<b>146.2</b>	<b>6%</b>	<b>286.1</b>	<b>283.2</b>	<b>1%</b>	<b>578.5</b>

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

### Q2 2019

Net sales of Media Finland grew to EUR 155 million (2018: 146). Growth in advertising sales was mainly attributable to good development in digital advertising sales, which was partially driven by parliamentary and EU elections held in April-May. Radio also contributed to the growth in advertising sales. TV advertising sales were stable in line with the market but did not grow despite Fox TV channels being included in the advertising offering from the beginning of 2019. Subscription sales for Ruutu+ and Helsingin Sanomat continued to grow, partially compensating decline in magazine subscription sales and discontinuation of pay-TV (in September 2018). Other sales grew significantly as a result of the acquisition of Finland's largest rock and metal music festival Rockfest earlier this year, and the acquisition of Finnish News Agency STT at the end of June 2018.

According to the Finnish Advertising Trends survey for June 2019 by Kantar TNS, the advertising market in Finland grew by 5% on a net basis in Q2 2019, partially driven by election advertising. Advertising declined by 2% both in newspapers

and magazines, whereas advertising in radio increased by 10%, on TV by 1% and in online, excluding search and social media, by 9%.

Earnings improved slightly. Operational EBIT excl. PPA amounted to EUR 20 million (2018: 19), representing a margin of 13.0% (2018: 13.2%). As part of the deal structure, the acquired Rockfest did not contribute positively to Media Finland's earnings yet this year. STT had a break-even result.

EBIT declined to EUR 15 million (2018: 21). IACs totalled EUR -4 million (2018: 2) and included costs related to IT infrastructure and services as well as strategic business development. PPA amortisations were EUR 1 million (2018: 1).

Capital expenditure totalled EUR 1 million (2018: 1) 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, 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 <sup>1)</sup>

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Net sales	93.6	108.4	-14%	178.9	204.2	-12%	424.0
Operational EBIT excl. PPA	19.6	20.3	-3%	33.0	35.9	-8%	79.6
Margin	20.9%	18.7%		18.5%	17.6%		18.8%
EBIT <sup>2)</sup>	17.6	8.7		39.2	25.5	53%	58.0
Capital expenditure	0.1	0.3	-66%	1.0	1.1	-15%	2.3
Average number of employees (FTE)				937	1,049	-11%	1,059

<sup>1)</sup> Figures for 2018 include LINDA. magazine, Head Office content marketing operations in Belgium, and Home Deco e-commerce operations, which have been divested.

<sup>2)</sup> Including IACs of EUR -0.9 million in Q2 2019 (2018: -10.8), EUR 8.0 million in H1 2019 (2018: -8.8) and EUR -18.5 million in FY 2018, and PPA amortisations of EUR 1.0 million in Q2 2019 (2018: 0.8), EUR 1.8 million in H1 2019 (2018: 1.6) and EUR 3.0 million in FY 2018. Full reconciliation of operational EBIT excl. PPA is presented in a separate table on p. 17.

### Net sales by category

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Print	58.6	66.4	-12%	113.7	127.0	-10%	255.1
Non-print	22.0	30.0	-27%	42.5	54.8	-22%	120.5
Other	13.0	12.1	8%	22.6	22.5	1%	48.4
<b>Net sales total</b>	<b>93.6</b>	<b>108.4</b>	<b>-14%</b>	<b>178.9</b>	<b>204.2</b>	<b>-12%</b>	<b>424.0</b>

Other sales mainly include press distribution services.

EUR million	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	FY 2018
Circulation sales	49.3	54.9	-10%	98.8	108.2	-9%	216.8
Subscription sales (print)	33.7	36.1	-7%	67.5	72.5	-7%	143.9
Single copy sales (print)	15.6	18.8	-17%	31.3	35.6	-12%	72.9
Advertising sales	17.7	20.3	-13%	34.0	39.5	-14%	84.1
Other	26.6	33.2	-20%	46.1	56.5	-18%	123.0
<b>Net sales total</b>	<b>93.6</b>	<b>108.4</b>	<b>-14%</b>	<b>178.9</b>	<b>204.2</b>	<b>-12%</b>	<b>424.0</b>

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

### Q2 2019

Net sales of Media Netherlands declined to EUR 94 million (2018: 108) mainly as a result of earlier divestments of LINDA. magazine, Head Office content marketing operations in Belgium, and discontinuation of Home Deco e-commerce operations, which had a total impact of EUR -12 million on net sales. On a comparable basis, both circulation and advertising sales declined slightly. Circulation sales continued to be impacted by the increase in VAT of magazines, which came into force as of 1 January 2019 limiting the pricing opportunities. Within advertising sales, sales of online news site NU.nl grew significantly in line with the time spent on the site, while sales of the data-driven marketing and cashback service Scoupy continued to decline due to changes in its product portfolio.

Operational earnings were stable, as good cost containment especially on fixed costs offset the impact of net sales decline. Operational EBIT excl. PPA amounted to EUR 20 million (2018: 20), representing a margin of 20.9% (2018: 18.7%).

EBIT improved to EUR 18 million (2018: 9). IACs totalled EUR -1 million (2018: -11) and consisted of IT infrastructure and service costs. PPA amortisations were EUR 1 million (2018: 1).

Capital expenditure totalled EUR 0 million (2018: 0).

## Personnel

In January–June 2019, the average number of employees in full-time equivalents (FTE) employed by the Sanoma Group was 4,365 (2018: 4,420). The average number of employees (FTE) per SBU was as follows: Learning 1,361 (2018: 1,352), Media Finland 1,793 (2018: 1,742), Media Netherlands 937 (2018: 1,049), and Other operations 274 (2018: 277). At the end of June, the number of employees (FTE) of the Group was 4,416 (2018: 4,511). Changes in the number of employees were mainly related to acquisitions and divestments.

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 155 million (2018: 156).

## Share capital and shareholders

At the end of June 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 163,016,523 (2018: 163,404,370).

In March, 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 20,807 (2018: 20,937) registered shareholders at the end of June 2019.

## Share trading and performance

At the end of June 2019, Sanoma's market capitalisation was EUR 1,384 million (2018: 1,420) with Sanoma's share closing at EUR 8.49 (2018: 8.69). During January–June, the volume-weighted average price of Sanoma's share on Nasdaq Helsinki Ltd. was EUR 8.64 (2018: 9.64), with a low of EUR 7.96 (2018: 8.39) and a high of EUR 9.44 (2018: 11.47).

In January–June, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 83 million (2018: 201). The trading volume of 10 million shares (2018: 21) equalled an average daily turnover of 78k shares (2018: 168k). The traded shares accounted for some 6% (2018: 13%) of the average number of shares. The cumulative value of Sanoma's share turnover including alternative trading venues was EUR 207 million (2018: 468). In January–June, 57% (2018: 57%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, [www.fragmentation.fidessa.com](http://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 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 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, strengthened by acquisitions, 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. 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 1,158 million (2018: 1,193) of goodwill, immaterial rights and other intangible assets at the end of June 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](http://www.sanoma.com/investors).

## Financial reporting 2019

Sanoma will publish the following financial report during 2019:

Interim Report 1 January–30 September 2019

Friday, 25 October, approx. at 8:30

Helsinki, 24 July 2019

Board of Directors  
Sanoma Corporation

## Reconciliation of operational EBIT excl. PPA

EUR million	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
<b>EBIT</b>	<b>72.7</b>	<b>70.6</b>	<b>84.6</b>	<b>79.0</b>	<b>168.5</b>
<b>ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS</b>					
<b>Learning</b>					
Restructuring expenses	-1.1	-1.3	-2.2	-1.6	-5.1
PPA amortisations	-0.8	-0.8	-1.7	-1.7	-3.4
<b>Media Finland</b>					
Capital gains/losses		2.3		2.3	2.3
Restructuring expenses	-3.6	-0.3	-6.7	-1.8	-9.4
PPA amortisations	-1.1	-0.7	-2.2	-1.2	-3.2
<b>Media Netherlands</b>					
Capital gains/losses			10.8		-2.7
Restructuring expenses	-0.9	-10.8	-2.8	-8.8	-19.4
<b>Others</b>					
Settlement of Belgian defined benefit pension plan					3.6
PPA amortisations	-1.0	-0.8	-1.8	-1.6	-3.0
<b>Other companies</b>					
Capital gains/losses	0.5	1.0	0.5	1.0	2.7
Restructuring expenses	0.0	0.0	-0.2	-0.1	-0.1
<b>ITEMS AFFECTING COMPARABILITY (IACs) AND PPA AMORTISATIONS TOTAL</b>	<b>-8.1</b>	<b>-11.6</b>	<b>-6.3</b>	<b>-13.5</b>	<b>-37.7</b>
<b>OPERATIONAL EBIT EXCL. PPA</b>	<b>80.8</b>	<b>82.2</b>	<b>90.9</b>	<b>92.4</b>	<b>206.2</b>
Capital gains/losses			1.0		
Impairments			-1.1		-0.7
<b>ITEMS AFFECTING COMPARABILITY (IACs) IN FINANCIAL INCOME AND EXPENSES</b>			<b>-0.2</b>		<b>-0.7</b>
Capital gains/losses <sup>1)</sup>		33.0		33.0	33.0
Impairments		-0.4		-0.4	-0.4
Restructuring expenses		-3.2		-20.9	-20.9
Others				3.6	3.6
<b>ITEMS AFFECTING COMPARABILITY (IACs) IN DISCONTINUED OPERATIONS</b>		<b>29.4</b>		<b>15.3</b>	<b>15.3</b>

<sup>1)</sup> 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	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
<b>Result for the period attributable to the equity holders of the Parent Company</b>	<b>50.0</b>	<b>67.3</b>	<b>57.3</b>	<b>61.9</b>	<b>124.2</b>
Items affecting comparability <sup>1)</sup>	4.1	-12.4	-1.7	-2.6	13.2
<b>Operational result for the period attributable to the equity holders</b>	<b>54.0</b>	<b>54.9</b>	<b>55.6</b>	<b>59.3</b>	<b>137.4</b>
Adjusted average number of shares	163,016,523	163,404,370	162,849,578	163,353,771	163,084,958
<b>Operational EPS</b>	<b>0.33</b>	<b>0.34</b>	<b>0.34</b>	<b>0.36</b>	<b>0.84</b>

<sup>1)</sup> 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	30 Jun 2019	30 Jun 2018	31 Dec 2018
Non-current financial liabilities	166.2	199.4	4.3
Current financial liabilities	440.5	307.5	352.4
Cash and cash equivalents	-28.7	-34.1	-18.8
<b>Interest-bearing net debt</b>	<b>578.0</b>	<b>472.8</b>	<b>337.8</b>

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

## Income statement by quarter

EUR million	Q1 2019	Q2 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
<b>NET SALES</b>	<b>248.2</b>	<b>353.4</b>	<b>261.6</b>	<b>362.9</b>	<b>393.0</b>	<b>298.0</b>	<b>1,315.4</b>
Other operating income	14.9	5.4	6.2	9.0	6.4	7.9	29.6
Materials and services	-85.5	-117.5	-88.3	-119.0	-152.2	-106.8	-466.4
Employee benefit expenses	-77.9	-77.1	-77.7	-78.5	-71.2	-88.6	-316.0
Other operating expenses	-52.0	-52.6	-58.3	-72.0	-61.4	-76.4	-268.1
Share of results in joint ventures	1.0	1.2	1.0	1.0	1.4	1.5	4.8
Depreciation, amortisation and impairment losses	-36.9	-40.1	-36.2	-32.7	-26.9	-35.0	-130.8
<b>EBIT</b>	<b>11.9</b>	<b>72.7</b>	<b>8.4</b>	<b>70.6</b>	<b>88.9</b>	<b>0.6</b>	<b>168.5</b>
Share of results in associated companies	-0.1	0.0	0.1	-0.1	0.0	0.0	-0.1
Financial income	1.5	0.5	1.2	2.2	0.5	1.2	5.1
Financial expenses	-6.2	-6.1	-4.5	-8.0	-5.4	-4.6	-22.5
<b>RESULT BEFORE TAXES</b>	<b>7.1</b>	<b>67.1</b>	<b>5.1</b>	<b>64.8</b>	<b>84.0</b>	<b>-2.8</b>	<b>151.1</b>
Income taxes	0.2	-17.1	-1.5	-18.4	-16.4	-2.1	-38.4
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>7.3</b>	<b>50.0</b>	<b>3.6</b>	<b>46.4</b>	<b>67.6</b>	<b>-5.0</b>	<b>112.7</b>
<b>DISCONTINUED OPERATIONS</b>							
Result for the period from discontinued operations	-	-	-8.7	21.6	-	-	12.9
<b>RESULT FOR THE PERIOD</b>	<b>7.3</b>	<b>50.0</b>	<b>-5.1</b>	<b>68.0</b>	<b>67.6</b>	<b>-5.0</b>	<b>125.6</b>
<b>Result from continuing operations attributable to:</b>							
Equity holders of the Parent Company	7.4	50.0	3.2	45.7	67.1	-4.7	111.3
Non-controlling interests	0.0	0.1	0.4	0.7	0.6	-0.3	1.3
<b>Result from discontinued operations attributable to:</b>							
Equity holders of the Parent Company	-	-	-8.7	21.6	-	-	12.9
Non-controlling interests	-	-	-	-	-	-	-
<b>Result attributable to:</b>							
Equity holders of the Parent Company	7.4	50.0	-5.4	67.3	67.1	-4.7	124.2
Non-controlling interests	0.0	0.1	0.4	0.7	0.6	-0.3	1.3
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>							
Earnings per share, EUR, continuing operations	0.05	0.31	0.02	0.28	0.41	-0.03	0.68
Diluted earnings per share, EUR, continuing operations	0.05	0.31	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	0.31	-0.03	0.41	0.41	-0.03	0.76
Diluted earnings per share, EUR	0.05	0.31	-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	Q2 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	31.4	105.4	28.9	108.3	136.3	39.8	313.3
Media Finland	131.6	154.5	137.0	146.2	150.7	144.5	578.5
Media Netherlands	85.3	93.6	95.8	108.4	106.0	113.8	424.0
Other companies and eliminations	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.4
<b>Total</b>	<b>248.2</b>	<b>353.4</b>	<b>261.6</b>	<b>362.9</b>	<b>393.0</b>	<b>298.0</b>	<b>1,315.4</b>

## EBIT by SBU

EUR million	Q1 2019	Q2 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	-18.2	41.3	-18.4	42.4	52.1	-20.0	56.1
Media Finland	10.0	15.4	11.6	20.5	19.8	9.9	61.8
Media Netherlands	21.5	17.6	16.9	8.7	19.1	13.4	58.0
Other companies and eliminations	-1.4	-1.7	-1.7	-0.9	-2.1	-2.7	-7.4
<b>Total</b>	<b>11.9</b>	<b>72.7</b>	<b>8.4</b>	<b>70.6</b>	<b>88.9</b>	<b>0.6</b>	<b>168.5</b>

## Operational EBIT excl. PPA by SBU

EUR million	Q1 2019	Q2 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Learning	-16.3	43.3	-17.2	44.5	54.2	-16.9	64.6
Media Finland	14.2	20.1	13.5	19.3	22.1	17.1	72.0
Media Netherlands	13.4	19.6	15.6	20.3	19.3	24.4	79.6
Other companies and eliminations	-1.3	-2.2	-1.7	-1.9	-2.1	-4.3	-10.0
<b>Total</b>	<b>10.1</b>	<b>80.8</b>	<b>10.3</b>	<b>82.2</b>	<b>93.6</b>	<b>20.2</b>	<b>206.2</b>

## 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 30 June 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	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
<b>NET SALES</b>	<b>353.4</b>	<b>362.9</b>	<b>601.6</b>	<b>624.5</b>	<b>1,315.4</b>
Other operating income	5.4	9.0	20.3	15.2	29.6
Materials and services	-117.5	-119.0	-202.9	-207.4	-466.4
Employee benefit expenses	-77.1	-78.5	-155.0	-156.2	-316.0
Other operating expenses	-52.6	-72.0	-104.6	-130.3	-268.1
Share of results in joint ventures	1.2	1.0	2.2	2.0	4.8
Depreciation, amortisation and impairment losses	-40.1	-32.7	-77.0	-68.9	-130.8
<b>EBIT</b>	<b>72.7</b>	<b>70.6</b>	<b>84.6</b>	<b>79.0</b>	<b>168.5</b>
Share of results in associated companies	0.0	-0.1	-0.1	0.0	-0.1
Financial income	0.5	2.2	2.0	3.4	5.1
Financial expenses	-6.1	-8.0	-12.3	-12.5	-22.5
<b>RESULT BEFORE TAXES</b>	<b>67.1</b>	<b>64.8</b>	<b>74.3</b>	<b>69.9</b>	<b>151.1</b>
Income taxes	-17.1	-18.4	-16.9	-19.9	-38.4
<b>RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>50.0</b>	<b>46.4</b>	<b>57.4</b>	<b>50.0</b>	<b>112.7</b>
<b>DISCONTINUED OPERATIONS</b>					
Result for the period from discontinued operations	-	21.6	-	12.9	12.9
<b>RESULT FOR THE PERIOD</b>	<b>50.0</b>	<b>68.0</b>	<b>57.4</b>	<b>62.9</b>	<b>125.6</b>
<b>Result from continuing operations attributable to:</b>					
Equity holders of the Parent Company	50.0	45.7	57.3	49.0	111.3
Non-controlling interests	0.1	0.7	0.0	1.0	1.3
<b>Result from discontinued operations attributable to:</b>					
Equity holders of the Parent Company	-	21.6	-	12.9	12.9
Non-controlling interests	-	-	-	-	-
<b>Result attributable to:</b>					
Equity holders of the Parent Company	50.0	67.3	57.3	61.9	124.2
Non-controlling interests	0.1	0.7	0.0	1.0	1.3
<b>Earnings per share for result attributable to the equity holders of the Parent Company:</b>					
Earnings per share, EUR, continuing operations	0.31	0.28	0.35	0.30	0.68
Diluted earnings per share, EUR, continuing operations	0.31	0.28	0.35	0.30	0.68
Earnings per share, EUR, discontinued operations	-	0.13	-	0.08	0.08
Diluted earnings per share, EUR, discontinued operations	-	0.13	-	0.08	0.08
Earnings per share, EUR	0.31	0.41	0.35	0.38	0.76
Diluted earnings per share, EUR	0.31	0.41	0.35	0.38	0.76

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

## Statement of comprehensive income

EUR million	Q2 2019	Q2 2018	H1 2019	H1 2018	FY 2018
<b>Result for the period</b>	<b>50.0</b>	<b>68.0</b>	<b>57.4</b>	<b>62.9</b>	<b>125.6</b>
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Change in translation differences	0.2	-0.7	0.1	-1.1	-0.8
Share of other comprehensive income of equity-accounted investees	0.0	0.0	0.0	0.0	0.0
<b>Items that will not be reclassified to profit or loss</b>					
Defined benefit plans	-0.5	-0.4	3.6	-2.7	-7.7
Income tax related to defined benefit plans	0.1	-0.2	-0.7	0.4	1.5
<b>Other comprehensive income for the period, net of tax</b>	<b>-0.2</b>	<b>-1.3</b>	<b>3.0</b>	<b>-3.3</b>	<b>-6.9</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>49.8</b>	<b>66.7</b>	<b>60.3</b>	<b>59.6</b>	<b>118.6</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent Company	49.7	66.0	60.3	58.6	117.3
Non-controlling interests	0.1	0.7	0.0	1.0	1.3

## Consolidated balance sheet

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>ASSETS</b>			
Property, plant and equipment	33.3	40.4	36.5
Right-of-use assets	171.2	0.9	0.9
Investment property	9.7	12.9	10.3
Goodwill	901.0	941.5	935.7
Other intangible assets	257.0	251.2	250.4
Equity-accounted investees	15.1	16.5	18.4
Other investments	3.8	5.1	3.7
Deferred tax receivables	8.4	13.5	9.9
Trade and other receivables	10.6	22.1	14.3
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>1,410.3</b>	<b>1,304.0</b>	<b>1,280.1</b>
Inventories	48.8	51.3	36.9
Income tax receivables	19.9	14.9	10.4
Contract assets	10.1	7.7	5.2
Trade and other receivables	203.5	259.2	167.6
Cash and cash equivalents	28.7	34.1	18.8
<b>CURRENT ASSETS, TOTAL</b>	<b>311.0</b>	<b>367.2</b>	<b>238.8</b>
<b>ASSETS, TOTAL</b>	<b>1,721.3</b>	<b>1,671.1</b>	<b>1,519.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders of the Parent Company</b>			
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	302.8	273.5	333.8
	579.2	553.8	606.4
Non-controlling interests	9.6	4.9	5.0
<b>EQUITY, TOTAL</b>	<b>588.8</b>	<b>558.7</b>	<b>611.4</b>
Deferred tax liabilities	33.9	37.4	32.7
Pension obligations	4.8	11.8	8.4
Provisions	4.5	7.7	8.9
Financial liabilities	8.5	197.9	2.8
Lease liabilities	157.7	1.5	1.5
Contract liabilities	4.3		5.1
Trade and other payables	5.5	12.2	11.0
<b>NON-CURRENT LIABILITIES, TOTAL</b>	<b>219.2</b>	<b>268.4</b>	<b>70.4</b>
Provisions	8.2	35.3	25.1
Financial liabilities	417.6	307.2	352.1
Lease liabilities	22.9	0.3	0.3
Income tax liabilities	22.7	25.1	13.3
Contract liabilities	131.7	137.3	142.1
Trade and other payables	310.2	338.8	304.2
<b>CURRENT LIABILITIES, TOTAL</b>	<b>913.3</b>	<b>843.9</b>	<b>837.2</b>
<b>LIABILITIES, TOTAL</b>	<b>1,132.5</b>	<b>1,112.4</b>	<b>907.6</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>1,721.3</b>	<b>1,671.1</b>	<b>1,519.0</b>

## 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
<b>Equity at 31 Dec 2017</b>	<b>71.3</b>	<b>-1.4</b>	<b>209.8</b>	<b>265.8</b>	<b>545.4</b>	<b>1.7</b>	<b>547.1</b>
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
<b>Equity at 1 Jan 2018</b>	<b>71.3</b>	<b>-1.4</b>	<b>209.8</b>	<b>272.7</b>	<b>552.3</b>	<b>1.7</b>	<b>553.9</b>
Comprehensive income for the period				58.6	58.6	1.0	59.6
Share-based compensation				1.3	1.3		1.3
Shares delivered		0.7		-0.7			
Dividends				-57.2	-57.2	-0.7	-57.9
Acquisitions and other changes in non-controlling interests				-1.1	-1.1	3.0	1.8
<b>Equity at 30 Jun 2018</b>	<b>71.3</b>	<b>-0.7</b>	<b>209.8</b>	<b>273.5</b>	<b>553.8</b>	<b>4.9</b>	<b>558.7</b>
<b>Equity at 1 Jan 2019</b>	<b>71.3</b>	<b>-8.4</b>	<b>209.8</b>	<b>333.8</b>	<b>606.4</b>	<b>5.0</b>	<b>611.4</b>
Comprehensive income for the period				60.3	60.3	0.0	60.3
Share-based compensation				-2.3	-2.3		-2.3
Shares delivered		3.8		-3.8			
Dividends				-73.4	-73.4	-0.6	-74.0
Acquisitions and other changes in non-controlling interests				-11.8	-11.8	5.2	-6.6
<b>Equity at 30 Jun 2019</b>	<b>71.3</b>	<b>-4.6</b>	<b>209.8</b>	<b>302.8</b>	<b>579.2</b>	<b>9.6</b>	<b>588.8</b>

## Consolidated cash flow statement

EUR million	H1 2019	H1 2018	FY 2018
<b>OPERATIONS</b>			
Result for the period	57.4	62.9	125.6
Adjustments			
Income taxes	16.9	25.8	44.3
Financial income and expenses	10.3	9.1	17.3
Share of results in equity-accounted investees	-2.2	-2.0	-4.7
Depreciation, amortisation and impairment losses	77.0	69.4	131.4
Gains/losses on sales of non-current assets	-11.8	-36.7	-36.0
Other adjustments	-0.2	1.9	2.9
Adjustments, total	90.1	67.6	155.2
Change in working capital	-113.7	-103.6	-11.8
Acquisitions of broadcasting rights and prepublication costs	-40.5	-39.3	-77.3
Dividends received	4.3	4.3	5.1
Interest paid and other financial items	-5.8	-1.7	-11.5
Taxes paid	-19.0	-18.8	-44.4
<b>Cash flow from operations</b>	<b>-27.2</b>	<b>-28.6</b>	<b>140.9</b>
<b>INVESTMENTS</b>			
Capital expenditure	-14.0	-14.2	-32.0
Operations acquired	-12.4	-13.6	-16.0
Proceeds from sale of tangible and intangible assets	2.0	2.8	9.7
Operations sold <sup>1)</sup>	52.9	10.5	22.9
Loans granted	-0.7	0.0	0.0
Repayments of loan receivables	0.0	0.0	1.2
Interest received	0.1	0.1	0.5
<b>Cash flow from investments</b>	<b>27.9</b>	<b>-14.3</b>	<b>-13.7</b>
<b>Cash flow before financing</b>	<b>0.7</b>	<b>-42.9</b>	<b>127.2</b>
<b>FINANCING</b>			
Contribution by non-controlling interests	0.2	2.2	2.2
Purchase of treasury shares			-7.7
Change in loans with short maturity	63.9	92.1	-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	-12.0	-0.1	-0.3
Acquisitions of non-controlling interests	-8.4	-2.0	-11.2
Dividends paid	-41.4	-33.4	-57.9
<b>Cash flow from financing</b>	<b>2.3</b>	<b>58.8</b>	<b>-127.0</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT</b>	<b>3.0</b>	<b>15.8</b>	<b>0.2</b>
Effect of exchange rate differences on cash and cash equivalents	-0.1	-0.5	-0.3
<b>Net change in cash and cash equivalents</b>	<b>2.9</b>	<b>15.4</b>	<b>-0.1</b>
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	21.3	33.9	18.4
<b>FREE CASH FLOW (Cash flow from operations – Capital expenditure)</b>	<b>-41.2</b>	<b>-42.8</b>	<b>108.9</b>

<sup>1)</sup> 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 7.3 million (2018: 0.2) 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–30 June 2019

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/eliminations	Total
External net sales	136.9	285.9	178.9		601.6
Internal net sales	0.0	0.2	0.0	-0.3	
<b>Net sales, total</b>	<b>136.9</b>	<b>286.1</b>	<b>178.9</b>	<b>-0.3</b>	<b>601.6</b>
<b>EBIT</b>	<b>23.1</b>	<b>25.4</b>	<b>39.2</b>	<b>-3.1</b>	<b>84.6</b>
<b>Operational EBIT excl. PPA</b>	<b>27.0</b>	<b>34.3</b>	<b>33.0</b>	<b>-3.5</b>	<b>90.9</b>
Share of results in associated companies		-0.1			-0.1
Financial income				2.0	2.0
Financial expenses				-12.3	-12.3
<b>Result before taxes</b>					<b>74.3</b>
<b>Segment assets</b>	<b>735.5</b>	<b>350.0</b>	<b>710.4</b>	<b>-133.0</b>	<b>1,662.9</b>

## Segment information 1 January–30 June 2018

EUR million	Learning	Media Finland	Media Netherlands	Un-allocated/eliminat.	Continuing operations	Dis-continued operations	Eliminations	Total
External net sales	137.2	283.0	204.2		624.5	36.6		661.1
Internal net sales	0.0	0.2		-0.2		0.5	-0.5	
<b>Net sales, total</b>	<b>137.2</b>	<b>283.2</b>	<b>204.2</b>	<b>-0.2</b>	<b>624.5</b>	<b>37.1</b>	<b>-0.5</b>	<b>661.1</b>
<b>EBIT</b>	<b>24.0</b>	<b>32.1</b>	<b>25.5</b>	<b>-2.7</b>	<b>79.0</b>	<b>18.8</b>		<b>97.8</b>
<b>Operational EBIT excl. PPA</b>	<b>27.3</b>	<b>32.8</b>	<b>35.9</b>	<b>-3.6</b>	<b>92.4</b>	<b>3.5</b>		<b>96.0</b>
Share of results in associated companies		0.0			0.0			0.0
Financial income				3.4	3.4			3.4
Financial expenses				-12.5	-12.5	0.0		-12.5
<b>Result before taxes</b>					<b>69.9</b>	<b>18.8</b>		<b>88.7</b>
<b>Segment assets</b>	<b>728.2</b>	<b>250.3</b>	<b>756.0</b>	<b>-127.6</b>	<b>1,606.8</b>			<b>1,606.8</b>

## 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 three operating segments, which are also its strategic business units.

#### Disaggregation of revenue 1 January–30 June 2019

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Total
Finland	35.9	286.1		-0.2	321.9
The Netherlands	55.4		172.7	0.1	228.2
Poland	11.3				11.3
Belgium	25.6		6.1		31.7
Sweden	8.4				8.4
Other companies and eliminations	0.2			-0.2	0.1
<b>Primary geographical markets</b>	<b>136.9</b>	<b>286.1</b>	<b>178.9</b>	<b>-0.3</b>	<b>601.6</b>
Advertising		126.8	34.0	-0.1	160.6
Subscription		97.3	67.5	0.0	164.8
Single copy		20.9	31.3		52.3
Learning solutions	136.9			0.0	136.9
Other		41.2	46.1	-0.2	87.1
<b>Major product lines/services</b>	<b>136.9</b>	<b>286.1</b>	<b>178.9</b>	<b>-0.3</b>	<b>601.6</b>
Recognition at a point-in-time	111.4	106.5	108.2	-0.2	325.9
Recognition over-time	25.4	179.6	70.7	0.0	275.7
<b>Timing of revenue recognition</b>	<b>136.9</b>	<b>286.1</b>	<b>178.9</b>	<b>-0.3</b>	<b>601.6</b>

## Disaggregation of revenue 1 January–30 June 2018

EUR million	Learning	Media Finland	Media Netherlands	Unallocated/ eliminations	Total
Finland	37.8	283.2		-0.2	320.9
The Netherlands	55.7		193.0		248.7
Poland	9.4				9.4
Belgium	25.2		11.4		36.6
Sweden	9.0				9.0
Other companies and eliminations	0.1		-0.1	0.0	-0.1
<b>Primary geographical markets</b>	<b>137.2</b>	<b>283.2</b>	<b>204.2</b>	<b>-0.2</b>	<b>624.5</b>
Advertising		127.1	39.5	-0.1	166.6
Subscription		103.5	72.5	0.0	176.0
Single copy		22.2	35.6		57.9
Learning solutions	137.2			0.0	137.2
Other		30.4	56.5	-0.1	86.8
<b>Major product lines/services</b>	<b>137.2</b>	<b>283.2</b>	<b>204.2</b>	<b>-0.2</b>	<b>624.5</b>
Recognition at a point-in-time	111.2	104.6	123.6	-0.1	339.3
Recognition over-time	26.0	178.5	80.7	0.0	285.2
<b>Timing of revenue recognition</b>	<b>137.2</b>	<b>283.2</b>	<b>204.2</b>	<b>-0.2</b>	<b>624.5</b>

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

EUR million	30 Jun 2019	30 Jun 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	5.7	3.0	5.6
Acquisitions of operations	0.0	0.3	0.4
Decreases	-2.3	-0.5	-1.1
Disposal of operations	-3.0	-0.1	-0.6
Depreciation for the period	-16.8	-6.0	-11.5
Exchange rate differences and other changes	-0.4	0.0	0.0
<b>Carrying amount at the end of the period</b>	<b>204.6</b>	<b>41.4</b>	<b>37.4</b>

## Acquisitions and divestments

### Impact of business acquisitions on Group's assets and liabilities

EUR million	H1 2019	FY 2018
Property, plant and equipment	0.0	0.4
Intangible assets	12.9	17.1
Other non-current assets		0.1
Inventories		0.0
Other current assets	2.2	6.1
Assets, total	15.2	23.7
Non-current liabilities	-3.1	-1.3
Current liabilities	-0.5	-3.4
Liabilities, total	-3.5	-4.7
Fair value of acquired net assets	11.7	19.0
Acquisition cost	14.8	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	-11.7	-19.0
<b>Goodwill from the acquisitions</b>	<b>3.2</b>	<b>4.9</b>

### Acquisitions of non-controlling interests

EUR million	H1 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
<b>Impact on consolidated equity</b>	<b>-7.4</b>	<b>-1.6</b>

### Cash paid to obtain control, net of cash acquired

EUR million	H1 2019	FY 2018
Acquisition cost	14.8	20.8
Cash and cash equivalents of acquired operations	-1.4	-3.9
Decrease (+) / increase (-) in acquisition liabilities	-1.0	-1.0
<b>Cash paid to obtain control, net of cash acquired</b>	<b>12.4</b>	<b>15.9</b>
<b>Cash paid on acquisitions of non-controlling interests</b>	<b>8.4</b>	<b>11.2</b>

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 and in June 2019, Asuntomarkkinat business in Finland. In June 2019, Sanoma Media Finland increased its ownership in the online classifieds company Oikotie Ltd. from 90% to 100%.

## Impact of divestments on Group's assets and liabilities

EUR million	H1 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	46.8	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			
<b>Net result from sale of operations</b>	<b>10.8</b>	<b>33.0</b>	<b>-2.1</b>	<b>30.9</b>

## Cash flow from sale of operations

EUR million	H1 2019	Belgian women's 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	11.9	-8.2	0.7	-7.6
<b>Cash flow from sale of operations</b>	<b>52.9</b>	<b>15.3</b>	<b>6.8</b>	<b>22.0</b>

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

## Contingent liabilities

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Contingencies for own commitments</b>			
Pledges	1.4	1.6	1.4
Other items	15.0	15.0	15.0
Total	16.4	16.6	16.4
<b>Other commitments</b>			
Operating lease liabilities	0.2	232.3	219.1
Royalties	5.7	3.8	8.3
Commitments for acquisitions of intangible assets (film and TV broadcasting rights included)	28.6	21.4	33.6
Other items	43.3	47.0	53.0
Total	77.7	304.4	314.0
<b>Total</b>	<b>94.2</b>	<b>321.0</b>	<b>330.4</b>

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

## Derivative instruments

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
<b>Fair values</b>			
<b>Currency derivatives</b>			
Forward contracts (positive fair values)	0.1	0.3	0.2
Forward contracts (negative fair values)	-0.1	-0.4	-0.2
<b>Nominal values</b>			
<b>Currency derivatives</b>			
Forward contracts	7.7	30.3	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	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company – IACs}}{\text{Adjusted average number of shares on the market}}$