

Interim Report

Q3 2018

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SANOMA CORPORATION, INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2018

Operational EBIT improved

NET SALES AND OPERATIONAL EBIT GREW IN Q3

Q3 2018

- Net sales grew to EUR 393 million (2017: 381) driven by the acquired festival and events business in Finland. Net sales development adjusted for all structural changes was -3% (2017: 5%).
- Operational EBIT improved by 12% to EUR 91 million (2017: 81) as a result of discontinuation of ice-hockey TV rights in Finland and good profitability development in Media Netherlands. Corresponding margin was 23.2% (2017: 21.4%).
- EBIT improved to EUR 89 million (2017: 79).
- Operational EPS improved by 19% to EUR 0.42 (2017: 0.35).
- EPS improved to EUR 0.41 (2017: 0.34).
- Cash flow from operations improved to EUR 90 million (2017: 86), and capital expenditure declined to EUR 7 million (2017: 10).
- On 11 October, Sanoma improved its outlook for 2018 on operational EBIT margin from around 14% to above 14%.
- On 23 October, the Board of Directors decided on the record date and payment date of the second dividend instalment of EUR 0.15 per share.

Q1–Q3 2018

- Net sales were stable at EUR 1,017 million (2017: 1,129; adjusted 1,022). Net sales development adjusted for all structural changes was -3% (2017: 0%).
- Operational EBIT improved by 3% to EUR 179 million (2017: 172, adjusted: 175) driven by good profitability development in Media Netherlands and Learning. Corresponding margin was 17.6% (2017: 15.3%, adjusted 17.1%).
- EBIT was EUR 168 million (2017: -262, adjusted 165).
- Operational EPS improved by 10% to EUR 0.77 (2017: 0.69; adjusted 0.70).
- EPS was EUR 0.71 (2017: -1.12; adjusted 0.66).
- Cash flow from operations improved to EUR 61 million (2017: 48), and capital expenditure declined to EUR 22 million (2017: 25).
- On 7 March, Sanoma announced the acquisition of the festival and event business of N.C.D. Production in Finland. Net sales of the acquired business in 2017 were approx. EUR 20 million. The transaction was closed on 18 April.
- Divestment of Belgian women's magazine portfolio, reported as discontinued operations, was completed on 29 June.

Outlook (as revised on 11 October)

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

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

Discontinued operations

On 16 January 2018, Sanoma announced the intention to divest its Belgian women's magazine portfolio. The divested business was consequently classified as Discontinued operations in 2017 financial reporting. All key indicators and income statement related figures presented in this report, including corresponding figures in 2017, cover Continuing operations only unless otherwise stated. The divestment was completed on 29 June 2018. More information on the Discontinued operations' financial performance is available on p. 36.

Name of Media BeNe changed to Media Netherlands

Following the closing of the divestment of Belgian women's magazine portfolio, Sanoma has changed the name of its Media BeNe to Media Netherlands. The new name has been used since 1 July 2018.

Impact of the SBS transaction – Adjusted KPIs for 2017

Sanoma divested the Dutch TV operations of SBS on 19 July 2017. SBS was consolidated in Sanoma's income statement until 30 June 2017 as part of Media Netherlands. To enhance comparability between the reporting periods, certain comparable adjusted key figures for Q1-Q3 2017 and FY 2017 for the Group and for Media Netherlands are presented in this report. The comparable adjusted figures fully exclude the divested operations of SBS and include 100% of Veronica Uitgeverij and are named as "adjusted".

IFRS 15 restatement

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

More information on the transition to the IFRS 15 standard and its impacts on Sanoma is available in the Accounting policies, p. 25.

Alternative performance measures

Sanoma presents certain financial performance measures (alternative performance measures or APMs) on a non-IFRS basis. The APMs exclude certain non-operational or non-cash valuation items affecting comparability (IACs) and are provided to reflect the underlying business performance and to enhance comparability from period to period. APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

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

More information is available at Sanoma.com. Reconciliations are presented on p. 21 in this report. Definitions of key IFRS indicators and APMs are presented on p. 38.

Key indicators *

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017 adjusted	Change	FY 2017 adjusted
Net sales	393.0	380.8	3%	1,017.4	1,022.3	0%	1,328.0
Operational EBITDA	117.7	116.4	1%	274.6	280.1	-2%	328.5
margin	29.9%	30.6%		27.0%	27.4%		24.7%
Operational EBIT	91.0	81.4	12%	179.0	174.6	3%	179.0
margin	23.2%	21.4%		17.6%	17.1%		13.5%
EBIT	88.9	78.8	13%	167.9	165.2	2%	186.4
Result for the period **	67.6	56.7	19%	130.5	111.9	17%	126.8
Cash flow from operations **	89.7	85.6	5%	61.1	47.9	28%	140.9
Capital expenditure ** ' ***	7.3	10.2	-28%	21.5	25.2	-14%	34.7
Cash flow from operations less capital expenditure **	82.4	75.4	9%	39.6	22.7	74%	106.2
Equity ratio **				40.9%	33.9%		38.2%
Net debt **				391.9	518.7		391.8
Net debt / Adj. EBITDA **				1.6	2.4		1.7
Average number of employees (FTE)				4,453	4,599	-3%	4,562
Operational EPS, EUR, continuing operations	0.42	0.35	19%	0.77	0.70	10%	0.71
Operational EPS, EUR **	0.42	0.36	17%	0.78	0.72	8%	0.74
EPS, EUR, continuing operations	0.41	0.34	20%	0.71	0.66	8%	0.76
EPS, EUR **	0.41	0.35	19%	0.79	0.68	16%	0.77
Cash flow from operations per share, EUR **	0.55	0.53	4%	0.37	0.29	27%	0.87
Cash flow from operations less capital expenditure per share, EUR **	0.50	0.46	9%	0.24	0.14	74%	0.65

* 2017 figures have been restated due to a change in IFRS 15 and were originally published on 27 March 2018. More information on the restatement is available in Accounting policies on p. 25.

** Including continuing and discontinued operations. Equity ratio, net debt and net debt / Adj. EBITDA not adjusted for the SBS divestment.

*** Earlier, capital expenditure was presented on an accrual basis.

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

President and CEO Susan Duinhoven:

"During the first nine months of 2018, our teams across the businesses have made good progress, and our overall profitability has improved. This is also reflected in our FY 2018 outlook for operational EBIT margin, which we raised from around 14% to above 14% on 11 October. The improvement has been due to good performance and profitability development in Media Netherlands and Learning, while development of Media Finland has been stable.

In Media Netherlands, we have been able to fully leverage the benefits of our streamlined organisation after the divestment of SBS in July last year. As a result, our profitability has improved significantly; a good achievement with slightly declining net sales. We did benefit from the success of the data-driven marketing and cashback service Scoupy, which has now been combined with our media sales unit focussing on FMCG customers. In early September, we announced the appointment of Rob Kolkman as the CEO of Sanoma Media Netherlands as of 1 January 2019. Rob is currently employed by RELX Group and has wide international experience both from the business-to-business data and publishing businesses.

In Learning, our net sales and profitability have developed well. The decline in sales that we expected in Poland – given the fact that 2017 was an exceptional year benefitting from two overlapping curriculum reforms – was much lower due to market share gains. We experienced very encouraging net sales growth along with curriculum renewal also in Finland. In profitability terms, Learning has already started to see the first benefits of the "High Five" business development programme launched to integrate the back-offices of our five Learning companies.

In Media Finland, the high season of the festival and events business, which we strengthened by an acquisition in March, was successful in terms of sales, number of visitors and customer satisfaction. The profitability was slightly lower than we expected due to some one-off integration costs and certain low-performing festivals. During the third quarter, we saw a continued increase in digital subscriptions of Ruutu and Helsingin Sanomat, while magazine subscriptions declined. Print advertising market continued to be under pressure.

The transformation of the media industry continues: there are several growing areas, but the revenues from more traditional media are declining. Both in our Dutch and Finnish media businesses, we are constantly adapting our organisation to the changes in the market. In Media Finland, this has led to the announcement of co-operation negotiations in certain parts of operations with an aim to keep our competitiveness and efficiency also in the future.

Our free cash flow improved significantly compared to last year. Somewhat lower financial expenses and capital expenditure, as well as good working capital management in many businesses, contributed positively to the cash flow. During the quarter, we had non-recurring costs related to the divestment of the women's magazine portfolio in Belgium. These will be excluded from the operating cash flow when the Board will define its dividend proposal for the AGM 2019.

Going forward, we continue to focus on our customers and on managing our profitability and cash flow in order to increase the dividend. At the same time, we will review opportunities for synergetic, bolt-on acquisitions with a good strategic fit, which our strengthening balance sheet allows."

Financial review Q3 2018

Net sales grew to EUR 393 million (2017: 381). Growth was driven by Media Finland, where the acquisition of the festival and events business of N.C.D. Production in March 2018 had a significant positive contribution to sales during the high season of the business. Net sales were stable in Media Netherlands and declined in Learning against the exceptionally high comparison, which included the impact of two simultaneous curriculum reforms in Poland. Net sales development adjusted for all structural changes was -3% (2017: 5%).

Net sales by SBU

EUR million	Q3 2018	Q3 2017	Change
Media Finland	150.7	131.3	15%
Media Netherlands	106.0	103.9	2%
Learning	136.3	145.7	-6%
Other operations	-0.1	-0.1	14%
Group total	393.0	380.8	3%

Operational EBITDA amounted to EUR 118 million (2017: 116). Operational EBIT improved to EUR 91 million (2017: 81), corresponding to a margin of 23.2% (2017: 21.4%). Earnings grew in Media Netherlands and Media Finland, where the ending of the ice hockey TV-rights contract supported profitability. Following the lower net sales, earnings declined in Learning.

Operational EBIT by SBU

EUR million	Q3 2018	Q3 2017	Change
Media Finland	21.2	14.2	49%
Media Netherlands	18.6	14.0	33%
Learning	53.4	56.1	-5%
Other operations	-2.1	-2.9	28%
Group total	91.0	81.4	12%

EBIT was EUR 89 million (2017: 79) and included EUR -2 million (2017: -3) net of IACs. The restructuring expenses included in the IACs consist mainly of a provision related to onerous contracts of discontinued IT services in Belgium and costs related to the ongoing business development programme "High Five" in Learning. The capital gain is related to a property sale in Other operations in Finland. Other IACs include a pension settlement in Belgium.

Items affecting comparability (IACs) and reconciliation of operational EBIT

EUR million	Q3 2018	Q3 2017
EBIT	88.9	78.7
Items affecting comparability		
Restructuring expenses	-7.1	-5.4
Capital gains / losses	1.4	0.2
Other	3.6	2.4
Items affecting comparability total	-2.1	-2.8
Operational EBIT	91.0	81.4

A detailed reconciliation on SBU level is presented on p. 21.

Net financial items were stable and totalled EUR -5 million (2017: -5).

Result before taxes amounted to EUR 84 million (2017: 74). Income taxes were EUR 16 million (2017: 19). Result for the period was EUR 68 million (2017: 56) and including Discontinued operations EUR 68 million (2017: 57).

Operational earnings per share were EUR 0.42 (2017: 0.35). Earnings per share were EUR 0.41 (2017: 0.34) and including Discontinued operations EUR 0.41 (2017: 0.35).

Financial review Q1–Q3 2018

Net sales were stable at EUR 1,017 million (2017: 1,129; adjusted 1,022). Net sales grew slightly in Media Finland as a result of the acquisition of N.C.D. Production. In Media Netherlands, net sales declined slightly partially due to the divestment of the comparison site Kieskeurig.nl, which contributed EUR 5 million in Q1–Q3 2017 net sales. Net sales were stable in Learning. Net sales development adjusted for all structural changes was -3% (2017: 0%).

Net sales by SBU

EUR million	Q1-Q3 2018	Q1-Q3 2017 adjusted	Change	Q1-Q3 2017
Media Finland	434.0	420.0	3%	420.0
Media Netherlands	310.2	322.7	-4%	429.5
Learning	273.5	279.8	-2%	279.8
Other operations	-0.3	-0.2	-15%	-0.2
Group total	1,017.4	1,022.3	0%	1,129.0

Operational EBITDA was EUR 275 million (2017: 344; adjusted 280). Operational EBIT improved to EUR 179 million (2017: 172; adjusted 175), corresponding to a margin of 17.6% (2017: 15.3%; adjusted 17.1%). Earnings improved in Media Netherlands and Learning but declined in Media Finland, where operational EBIT for Q1-Q3 2017 included one-off corrections of EUR 4 million related to changes in accounting estimates.

Operational EBIT by SBU

EUR million	Q1-Q3 2018	Q1-Q3 2017 adjusted	Change	Q1-Q3 2017
Media Finland	52.8	55.7	-5%	55.7
Media Netherlands	52.9	48.9	8%	46.6
Learning	79.0	77.2	2%	77.2
Other operations	-5.7	-7.2	21%	-7.2
Group total	179.0	174.6	3%	172.3

EBIT was EUR 168 million (2017: -262; adjusted 165) and included EUR -11 million (2017: -434; adjusted -7) net of IACs. The restructuring expenses included in the IACs consist mainly of provisions related to onerous contracts of vacated office space and discontinued IT services in Belgium, as well as expenses related to the ongoing business development programme "High Five" in Learning. The capital gains consist of a gain related to the divestment of Sanoma Baltics in April 2017 and a gain related to a property sale in Finland. Other IACs include a pension settlement in Belgium.

Items affecting comparability (IACs) and reconciliation of operational EBIT

EUR million	Q1-Q3 2018	Q1-Q3 2017
EBIT	167.9	-261.7
Items affecting comparability		
Restructuring expenses	-19.4	-14.4
Impairments		-7.8
Capital gains / losses	4.7	-414.2
Other	3.6	2.4
Items affecting comparability total	-11.1	-433.9
Operational EBIT	179.0	172.3

A detailed reconciliation on SBU level is presented on p. 21.

Net financial items decreased and totalled EUR -14 million (2017: -16). The improvement is due to a lower amount of interest-bearing liabilities.

Result before taxes amounted to EUR 154 million (2017: -276). Income taxes were EUR 36 million (2017: 41). Result for the period was EUR 118 million (2017: -318) and including Discontinued operations EUR 131 million (2017: -314).

Operational earnings per share were EUR 0.77 (2017: 0.69; adjusted 0.70). Earnings per share were EUR 0.71 (2017: -1.12; adjusted 0.66) and including Discontinued operations EUR 0.79 (2017: -1.09; adjusted 0.68).

Financial position and cash flow

At the end of September 2018, the consolidated balance sheet totalled EUR 1,685 million (2017: 1.731).

Interest-bearing net debt decreased to EUR 392 million (2017: 519). Net debt to adjusted EBITDA ratio improved to 1.6 (2017: 2.4) being clearly below the Group's long-term target level (< 2.5).

Equity totalled EUR 626 million (2017: 535). Equity ratio was 40.9% (2017: 33.9%).

In January–September 2018, the Group's cash flow from operations improved to EUR 61 million (2017: 48). Lower net financial items and positive working capital development had a positive impact on cash flow, which was partially offset by higher taxes and one-off costs related to Discontinued operations. Capital expenditure was EUR 22 million (2017: 25). Cash flow from operations less capital expenditure improved and amounted to EUR 40 million (2017: 23) or EUR 0.24 (2017:0.14) per share.

Acquisitions and divestments

On 16 January 2018, Sanoma announced an intention to divest its Belgian women's magazine portfolio to Roularta Media Group. Enterprise value of the divested assets was EUR 34 million. Net sales were EUR 81 million and operational EBIT EUR 7 million (EBIT margin 8.1%) in 2017. The divested business is classified as Discontinued operations in Sanoma's financial reporting. The divestment was completed on 29 June 2018. Restructuring costs, capital gains and similar one-off items related to the transaction amounted to a net EBIT gain of EUR 12 million and were booked as IACs into the Discontinued operations' net result for H1 2018 (detailed reconciliation on p. 21). In addition, a provision of EUR -13 million related to onerous contracts of vacated office space and discontinued IT services was booked as IACs in the continuing operations' Q1–Q3 2018 result. More information on the Discontinued operations' financial performance is available on p. 36.

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

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

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

Changes in management

On 6 September 2018, Rob Kolkman was appointed CEO for Sanoma Media Netherlands as of 1 January 2019. He will report to Susan Duinhoven, President and CEO of Sanoma Corporation, and will be a member of Sanoma's Executive Management Team.

On 15 August 2018, Marc Duijndam, CEO of Sanoma Media Netherlands and member of Sanoma's Executive Management Team, left Sanoma by mutual agreement with immediate effect. Susan Duinhoven, the President and CEO of Sanoma Corporation, acts as the interim CEO of Sanoma Media Netherlands in addition to her regular duties until 31 December 2018.

Media Finland

Sanoma Media Finland is the leading media company in Finland. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, like Aku Ankka, Me Naiset, Helsingin Sanomat, Oikotie, Ilta-Sanomat, Nelonen, Radio Suomipop and Ruutu. Sanoma's brands reach almost all Finns every day. For advertisers, we are a trusted partner with insight, impact and reach.

Key indicators

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	150.7	131.3	15%	434.0	420.0	3%	570.4
Operational EBITDA	33.7	35.5	-5%	107.3	120.4	-11%	155.7
Operational EBIT	21.2	14.2	49%	52.8	55.7	-5%	65.5
Margin	14.0%	10.8%		12.2%	13.3%		11.5%
EBIT *	19.8	13.5	46%	51.9	63.6	-18%	71.8
Capital expenditure	0.7	3.0	-76%	3.0	5.9	-49%	6.4
Average number of employees (FTE)				1,779	1,755	1%	1,744

* Including IACs of EUR -1.4 million in Q3 2018, EUR -0.7 million in Q3 2017, EUR -0.9 million in Q1-Q3 2018, EUR 7.9 million in Q1-Q3 2017 and EUR 6.2 million in FY 2017. Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p.21.

Net sales by category

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Print	71.4	74.5	-4%	219.9	232.0	-5%	313.3
Non-print	79.4	56.9	40%	214.1	188.0	14%	257.1
Net sales total	150.7	131.3	15%	434.0	420.0	3%	570.4

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Advertising sales	55.0	56.5	-3%	182.1	191.9	-5%	263.4
Subscription sales	49.7	52.4	-5%	153.2	158.9	-4%	211.9
Single copy sales	11.3	11.4	-1%	33.5	33.4	0%	44.3
Other	34.8	11.0	216%	65.1	35.9	82%	50.8
Net sales total	150.7	131.3	15%	434.0	420.0	3%	570.4

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

Q3 2018

Net sales of Media Finland grew to EUR 151 million (2017: 131). Growth was attributable to the good sales development of the festival and events business, in which summer months are the annual high season. In March 2018, Sanoma strengthened its position in the festival and event business by acquiring N.C.D. Production. Digital subscription sales continued to grow driven by Ruutu and Helsingin Sanomat. Print subscription sales declined, in particular in magazines. Advertising sales decreased due to lower print advertising volume in line with the market.

According to the Finnish Advertising Trends survey for September 2018 by Kantar TNS, the advertising market in Finland decreased by 1% on a net basis in Q3 2018. Advertising in newspapers decreased by 8% and in magazines by 3%, whereas advertising on TV increased by 1%, in radio by 2% and online excluding search and social media by 2%.

Operational EBIT improved to EUR 21 million (2017: 14), representing a margin of 14.0% (2017: 10.8%). In Q3 2017, operational EBIT included an EUR 6 million amortisation related to ice hockey TV-rights. The acquired festival and events business had a positive impact on earnings despite certain integration and one-off costs. Higher paper prices had an adverse impact on earnings.

EBIT was EUR 20 million (2017: 14). IACs included in EBIT totalled EUR -1 million (2017: -1) and consisted of restructuring costs.

Capital expenditure totalled EUR 1 million (2017: 3) and consisted of maintenance investments.

On 8 October 2018, Sanoma Media Finland announced that it will start targeted co-operative negotiations in certain parts of B2B sales, printing operations and media units. At maximum, the number of employees may be reduced by 80. The related costs are expected to be booked as IACs for Q4 2018 in Media Finland.

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 over 12 million consumers every month.

Key indicators

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017 adjusted	Change	FY 2017 adjusted
Net sales	106.0	103.9	2%	310.2	322.7	-4%	439.6
Operational EBITDA	19.7	16.0	23%	57.0	55.3	3%	77.2
Operational EBIT margin	17.5%	13.4%		17.1%	15.2%		15.5%
EBIT *	19.1	11.3	69%	44.6	41.4	8%	55.6
Capital expenditure	0.3	0.2	62%	1.5	1.7	-15%	2.2
Average number of employees (FTE)				1,051	1,144	-8%	1,132

* Including IACs of EUR 0.5 million in Q3 2018, EUR -2.6 million in Q3 2017, EUR -8.3 million in Q1-Q3 2018, EUR -7.5 million in Q1-Q3 2017 and EUR -12.5 million in FY 2017. Full reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p 21.

Key indicators with reported figures for the comparison periods in 2017, which include the divested Dutch TV operations of SBS, are available on p. 20.

Net sales by category

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017 adjusted	Change	FY 2017 adjusted
Print	64.0	64.9	-1%	190.9	197.8	-3%	262.1
Non-print	28.7	26.0	11%	83.5	88.7	-6%	129.2
Other	13.3	13.0	2%	35.7	36.1	-1%	48.4
Net sales total	106.0	103.9	2%	310.2	322.7	-4%	439.6

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017 adjusted	Change	FY 2017 adjusted
Circulation sales	56.0	56.3	-1%	164.1	166.5	-1%	219.7
subscription sales (print)	35.7	35.6	0%	108.2	109.1	-1%	144.2
single copy sales (print)	20.3	20.7	-2%	55.9	57.4	-3%	75.5
Advertising sales	19.4	18.4	6%	58.9	63.2	-7%	89.6
Other	30.6	29.2	5%	87.2	93.0	-6%	130.3
Net sales total	106.0	103.9	2%	310.2	322.7	-4%	439.6

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

Q3 2018

Net sales of Media Netherlands were stable at EUR 106 million (2017: 104). Net sales of data-driven marketing and cashback service Scoupy grew and have been reclassified from other sales to advertising sales as of 1 July, with Q1-Q3 and FY 2017 sales restated accordingly. Circulation sales were stable. The decline in advertising sales for Q1-Q3 is due to the divestment of the comparison site Kieskeurig.nl, which contributed EUR 5 million in Q1–Q3 2017 net sales.

Operational EBIT improved significantly to EUR 19 million (2017: 14), representing a margin of 17.5% (2017: 13.4%). The improvement was mainly attributable to lower marketing, personnel and other fixed expenses resulting from the streamlining of the organisation after the divestment of the Dutch TV operations SBS in 2017. Due to changes in sales mix and some cost inflation especially for paper, cost of sales was slightly higher compared to previous year.

EBIT was EUR 19 million (2017: 11). IACs included in EBIT totalled EUR 1 million (2017: -3). IACs consisted of certain restructuring costs and provisions, resulting in a small net gain for the quarter.

Learning

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

Key indicators

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	136.3	145.7	-6%	273.5	279.8	-2%	318.3
Operational EBITDA	64.2	66.1	-3%	111.1	107.2	4%	100.0
Operational EBIT margin	39.2%	38.5%		28.9%	27.6%		17.5%
EBIT *	52.1	56.2	-7%	76.1	67.6	13%	43.9
Capital expenditure	5.2	4.1	26%	12.9	12.6	3%	19.2
Average number of employees (FTE)				1,350	1,413	-5%	1,401

* Including IACs of EUR -1.3 million in Q3 2018, EUR 0.1 million in Q3 2017, EUR -2.9 million in Q1-Q3 2018, EUR -9.6 million in Q1-Q3 2017 and EUR -11.7 million in FY 2017. Reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p 21.

Net sales by country

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Poland	70.3	79.8	-12%	79.7	89.7	-11%	100.0
The Netherlands	23.7	23.6	1%	79.4	81.2	-2%	91.6
Finland	10.8	9.0	21%	48.7	45.0	8%	52.4
Sweden	9.5	10.2	-7%	18.5	18.9	-2%	22.5
Belgium	20.7	23.2	-11%	45.9	45.4	1%	52.2
Other companies and eliminations	1.3	-0.1		1.3	-0.3		-0.4
Net sales total	136.3	145.7	-6%	273.5	279.8	-2%	318.3

Q3 2018

Net sales of Learning declined and amounted to EUR 136 million (2017: 146). Net sales declined in Poland, where the market normalised after strong growth in 2017 as a result of two simultaneous curriculum renewals. Continued market share gains mitigated the decline. Net sales continued to grow in Finland supported by the curriculum renewal ongoing until the end of 2018. In the Netherlands, net sales were stable despite the declining secondary education market. Net sales in Belgium declined during the quarter, but were stable for the first nine months. In Sweden, net sales grew in local currency, while declining when converted into euros.

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.

Operational EBIT declined slightly and was EUR 53 million (2017: 56). The adverse earnings impact of lower net sales was partially offset by the benefits of the ongoing business development programme "High Five", solid profitability development in the growing businesses and lower marketing and development costs in Poland.

EBIT was EUR 52 million (2017: 56). IACs included in EBIT totalled EUR -1 million (2017: 0) and consisted of restructuring expenses related to the ongoing business development programme “High Five”.

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

Personnel

In January–September 2018, the average number of employees in full-time equivalents (FTE) employed by the Sanoma Group was 4,453 (2017: 4,845). The average number of employees (FTE) per SBU was as follows: Media Finland 1,779 (2017: 1,755), Media Netherlands 1,051 (2017: 1,390), Learning 1,350 (2017: 1,413) and Other operations 273 (2017: 286). At the end of September, the number of employees (FTE) of the Group was 4,497 (2017: 4,467).

Wages, salaries and fees paid to Sanoma's employees, including the expense recognition of share-based payments, amounted to EUR 227 million (2017: 257).

Share capital and shareholders

At the end of September 2018, Sanoma's registered share capital was EUR 71 million (2017: 71) and the total number of shares was 163,565,663 (2017: 162,812,093), including 799,293 (2017: 316,519) own shares. Own shares represented 0.5% (2017: 0.2%) of all shares and votes. The number of outstanding shares excluding Sanoma's own shares was 162,766,370 (2017: 162,495,574).

Sanoma had 21,503 (2017: 21,100) registered shareholders at the end of September 2018.

Company's own shares

Sanoma repurchased own shares during Q3 2018. The repurchases started on 22 August and ended on 12 October 2018. During that time, Sanoma acquired a total of 900,000 own shares for an average price of EUR 8.57 per share. The shares were acquired in public trading on Nasdaq Helsinki Ltd. at the market price prevailing at the time of purchase. The repurchased shares were acquired on the basis of the authorisation given by the Annual General Meeting on 22 March 2018 and shall be used as part of the Company's incentive programme.

Following the repurchase, Sanoma Corporation held a total of 1,061,293 own shares, corresponding to 0.7% of the total number of shares.

Share trading and performance

At the end of September 2018, Sanoma's market capitalisation was EUR 1,379 million (2017: 1,500) with Sanoma's share closing at EUR 8.48 (2017: 9.23). During January–September 2018, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki Ltd. was EUR 9.35 (2017: 8.22), with a low of EUR 8.18 (2017: 7.58) and a high of EUR 11.47 (2017: 9.41).

In January–September 2018, the cumulative value of Sanoma's share turnover on Nasdaq Helsinki Ltd. was EUR 282 million (2017: 207). The trading volume of 30 million (2017: 25) shares equalled an average daily turnover of 159k (2017: 133k) shares. The traded shares accounted for some 18% (2017: 16%) of the average number of shares. The cumulative value of Sanoma's share turnover including alternative trading venues was EUR 614 million (2017: 480). In January–September 2018, 54% (2017: 57%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com).

Decisions of the Annual General Meeting

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

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

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

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

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

Seasonal fluctuation

The net sales and results of media businesses are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. TV advertising in Finland is usually strongest in the second and fourth quarters. The events business in Finland, recently strengthened by an acquisition, is focused on the second and third quarters. Learning accrues most of its net sales and results during the second and third quarters. Seasonal business fluctuations influence the Group's net sales and EBIT, with the first quarter traditionally being clearly the smallest one for both.

Significant near-term risks and uncertainties

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements and on the Group's website at Sanoma.com, together with the Group's main principles of risk management.

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

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

With regard to changing customer preferences, digitisation and mobilisation, new entrants might be able to better utilise these changes and therefore gain market share from Sanoma's established businesses.

Privacy and data protection are an integral part of Sanoma's business. Risks related to data security become more relevant as digital business is growing. Sanoma has invested in data security related technologies and runs a Group-wide privacy programme to ensure that employees know how to apply data security and privacy practices in their daily work. Regulatory changes regarding the use of subscriber and customer data could have a negative impact on Sanoma's ability to acquire subscribers for its content and to utilise data in its business.

Sanoma faces political risks in particular in Poland, where legislative changes can have significant impacts on the learning business. EU level changes currently considered for the Digital Single Market Initiative could have a significant impact on Sanoma's cost efficient access to high quality TV content for the Finnish market.

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

Sanoma's consolidated balance sheet included EUR 1,195 million (2017: 1,197) of goodwill, immaterial rights and other intangible assets at the end of September 2018. 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.

Financial reporting and AGM in 2019

Sanoma will publish the following financial reports during 2019:

Full-Year Result 2018	Wednesday, 6 February, approx. at 8:30
Interim Report 1 January–31 March 2019	Tuesday, 30 April, approx. at 8:30
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

Sanoma's Financial Statements and Directors' Report for 2018 will be published during week 10 (starting on 4 March 2019). The Annual General Meeting 2019 is planned to be held on Wednesday, 27 March 2019 in Helsinki.

Helsinki, 23 October 2018

Board of Directors
Sanoma Corporation

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

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	393.0	380.8	3%	1,017.4	1,129.0	-10%	1,434.7
Operational EBITDA	117.7	116.4	1%	274.6	343.9	-20%	392.3
margin	29.9%	30.6%		27.0%	30.5%		27.3%
Operational EBIT	91.0	81.4	12%	179.0	172.3	4%	176.7
margin	23.2%	21.4%		17.6%	15.3%		12.3%
EBIT	88.9	78.7	13%	167.9	-261.7	164%	-240.5
Result for the period **	67.6	56.6	20%	130.5	-314.2	142%	-299.3
Cash flow from operations **	89.7	85.6	5%	61.1	48.2	27%	141.2
Capital expenditure ** ' ***	7.3	10.2	-28%	21.5	27.0	-20%	36.5
Cash flow from operations less capital expenditure **	82.4	75.4	9%	39.6	21.2	87%	104.7
Equity ratio **				40.9%	33.9%		38.2%
Net debt **				391.9	518.7		391.8
Net debt / Adj. EBITDA **				1.6	2,4		1.7
Average number of employees (FTE)				4,453	4,845	-8%	4,746
Operational EPS, EUR, continuing operations	0.42	0.35	19%	0.77	0.69	12%	0.70
Operational EPS, EUR **	0.42	0.36	17%	0.78	0.71	10%	0.72
EPS, EUR, continuing operations	0.41	0.34	21%	0.71	-1.12	164%	-1.02
EPS, EUR **	0.41	0.35	19%	0.79	-1.09	172%	-1.00
Cash flow from operations per share, EUR **	0.55	0.53	4%	0.37	0.30	26%	0.87
Cash flow from operations less capital expenditure per share, EUR **	0.50	0.46	9%	0.24	0.13	86%	0.64

* 2017 figures have been restated due to a change in IFRS 15 and were originally published on 27 March 2018. More information on the restatement is available in Accounting policies on p. 25.

** Including continuing and discontinued operations.

*** Earlier capital expenditure was presented on an accrual basis.

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

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change	FY 2017
Net sales	106.0	103.9	2%	310.2	429.5	-28%	546.4
Operational EBITDA	19.7	16.0	23%	57.0	119.1	-52%	141.0
Operational EBIT	18.6	14.0	33%	52.9	46.6	14%	65.8
margin	17.5%	13.4%		17.1%	10.8%		12.0%
EBIT *	19.1	11.3	68%	44.6	-380.1	112%	-366.0
Capital expenditure	0.3	0.2	62%	1.5	3.5	-59%	4.0
Average number of employees (FTE)				1,051	1,390	-24%	1,316

* Including IAC of EUR 0.5 million in Q3 2018, EUR -2.4 million in Q3 2017, EUR -8.3 million in Q1-Q3 2018, EUR -432.0 million in Q1-Q3 2017 and EUR -437.1 million in FY 2017. Full reconciliation of operational EBITDA and operational EBIT is presented in a separate table on p. 21.

Reconciliation of operational EBIT

Continuing operations

EUR million	Q3 2018	Q3 2017	Q1-Q3 2018	Q1-Q3 2017	FY 2017
EBIT	88.9	78.7	167.9	-261.7	-240.5
Items affecting comparability (IACs)					
Media Finland					
Capital gains /losses			2.3	10.8	10.8
Restructuring expenses	-1.4	-0.7	-3.2	-2.9	-4.5
Media Netherlands					
Capital gains /losses *		0.2		-424.9	-424.9
Restructuring expenses	-3.1	-2.6	-11.9	-7.1	-12.1
Others					
Settlement of Belgian defined benefit pension plan	3.6		3.6		
Learning					
Impairments				-7.8	-7.8
Restructuring expenses	-1.3	-2.3	-2.9	-4.2	-6.2
Others					
Settlement of defined benefit pension plans		2.4		2.4	2.3
Other companies					
Capital gains /losses	1.4		2.4		25.8
Restructuring expenses	-1.4	0.3	-1.5	-0.2	-0.5
ITEMS AFFECTING COMPARABILITY (IACs)	-2.1	-2.8	-11.1	-433.9	-417.2
OPERATIONAL EBIT, CONTINUING OPERATIONS	91.0	81.4	179.0	172.3	176.7
Depreciation, amortization and impairments	26.9	35.1	95.8	146.6	191.0
Items affecting comparability in depreciation, amortization and impairments	0.2	0.1	0.2	-25.1	-24.6
OPERATIONAL EBITDA, CONTINUING OPERATIONS	117.7	116.4	274.6	343.9	392.3
Impairments					-0.1
ITEMS AFFECTING COMPARABILITY IN FINANCIAL INCOME AND EXPENSES					-0.1
ITEMS AFFECTING COMPARABILITY IN NON-CONTROLLING INTEREST *				138.4	138.4
Capital gains/losses **			33.0		
Impairments			-0.4		-2.5
Restructuring expenses		-0.2	-20.9	-0.5	-0.5
Others			3.6		
ITEMS AFFECTING COMPARABILITY IN DISCONTINUED OPERATIONS		-0.2	15.3	-0.5	-3.1

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

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

Reconciliation of operational EPS

EUR million	Q3 2018	Restated Q3 2017	Q1-Q3 2018	Restated Q1-Q3 2017	Restated FY 2017
RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	67.1	56.2	128.9	-177.7	-162.7
Items affecting comparability *	1.3	2.1	-1.3	293.3	280.5
OPERATIONAL RESULT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	68.3	58.3	127.6	115.5	117.8
Adjusted average number of shares	163,136,685	162,495,574	163,280,614	162,460,568	162,544,637
Operational EPS	0.42	0.36	0.78	0.71	0.72

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

Reconciliation of interest-bearing net debt

EUR million	30 Sep 2018	30 Sep 2017	31 Dec 2017
Non-current financial liabilities	200.9	200.0	196.3
Current financial liabilities	224.1	355.4	216.1
Cash and cash equivalents	-33.1	-36.7	-20.6
Interest-bearing net debt	391.9	518.7	391.8

Income statement by quarter

Continuing operations

EUR million	Q1 2018	Q2 2018	Q3 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
NET SALES	261.6	362.9	393.0	329.8	418.5	380.8	305.7	1,434.7
Other operating income	6.2	9.0	6.4	8.3	16.0	6.0	34.4	64.8
Materials and services *	-88.3	-119.0	-152.2	-98.3	-129.9	-131.3	-109.7	-469.2
Employee benefit expenses	-77.7	-78.5	-71.2	-89.3	-89.3	-78.4	-83.1	-340.1
Other operating expenses * ' **	-58.3	-72.0	-61.4	-492.9	-104.1	-64.4	-82.8	-744.1
Share of results in joint ventures	1.0	1.0	1.4	1.0	1.3	1.0	1.1	4.4
Depreciation, amortisation and impairment losses	-36.2	-32.7	-26.9	-70.7	-40.8	-35.1	-44.3	-191.0
EBIT	8.4	70.6	88.9	-412.1	71.8	78.7	21.2	-240.5
Share of results in associated companies	0.1	-0.1	0.0	0.1	0.9	0.2	0.1	1.4
Financial income	1.2	2.2	0.5	4.7	5.5	0.8	1.8	12.9
Financial expenses	-4.5	-8.0	-5.4	-11.3	-10.0	-5.4	-9.4	-36.2
RESULT BEFORE TAXES	5.1	64.8	84.0	-418.7	68.2	74.3	13.8	-262.4
Income taxes	-1.5	-18.4	-16.4	-1.5	-21.3	-18.6	2.2	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	3.6	46.4	67.6	-420.2	46.9	55.7	16.0	-301.6
DISCONTINUED OPERATIONS								
Result for the period from discontinued operations	-8.7	21.6	-	0.2	2.3	0.9	-1.2	2.3
RESULT FOR THE PERIOD	-5.1	68.0	67.6	-420.0	49.2	56.6	14.8	-299.3
Result from continuing operations attributable to:								
Equity holders of the Parent Company	3.2	45.7	67.1	-282.3	45.9	55.3	16.2	-165.0
Non-controlling interests **	0.4	0.7	0.6	-137.9	1.1	0.4	-0.2	-136.6
Result from discontinued operations attributable to:								
Equity holders of the Parent Company	-8.7	21.6	-	0.2	2.3	0.9	-1.2	2.3
Non-controlling interests	-	-	-	-	-	-	-	-
Result attributable to:								
Equity holders of the Parent Company	-5.4	67.3	67.1	-282.0	48.1	56.2	15.0	-162.7
Non-controlling interests **	0.4	0.7	0.6	-137.9	1.1	0.4	-0.2	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR, continuing operations	0.02	0.28	0.41	-1.74	0.28	0.34	0.10	-1.02
Diluted earnings per share, EUR, continuing operations	0.02	0.28	0.41	-1.74	0.28	0.34	0.10	-1.02
Earnings per share, EUR, discontinued operations	-0.05	0.13	-	0.00	0.01	0.01	-0.01	0.01
Diluted earnings per share, EUR, discontinued operations	-0.05	0.13	-	0.00	0.01	0.01	-0.01	0.01
Earnings per share, EUR	-0.03	0.41	0.41	-1.74	0.30	0.35	0.09	-1.00
Diluted earnings per share, EUR	-0.03	0.41	0.41	-1.74	0.30	0.34	0.09	-1.00

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

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

Net sales by strategic business unit

EUR million	Q1 2018	Q2 2018	Q3 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	137.0	146.2	150.7	144.1	144.5	131.3	150.4	570.4
Media Netherlands	95.8	108.4	106.0	149.5	176.1	103.9	116.9	546.4
Learning	28.9	108.3	136.3	36.2	97.9	145.7	38.5	318.3
Other companies and eliminations	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.4
Total	261.6	362.9	393.0	329.8	418.5	380.8	305.7	1,434.7

EBIT by strategic business unit

EUR million	Q1 2018	Q2 2018	Q3 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	11.6	20.5	19.8	19.6	30.5	13.5	8.2	71.8
Media Netherlands	16.9	8.7	19.1	-408.4	16.9	11.3	14.2	-366.0
Learning	-18.4	42.4	52.1	-11.4	22.8	56.2	-23.7	43.9
Other companies and eliminations	-1.7	-0.9	-2.1	-11.8	1.5	-2.4	22.6	9.8
Total	8.4	70.6	88.9	-412.1	71.8	78.7	21.2	-240.5

Operational EBIT by strategic business unit

EUR million	Q1 2018	Q2 2018	Q3 2018	Restated Q1 2017	Restated Q2 2017	Restated Q3 2017	Restated Q4 2017	Restated FY 2017
Media Finland	13.1	18.6	21.2	19.0	22.4	14.2	9.8	65.5
Media Netherlands	14.9	19.5	18.6	8.9	23.7	14.0	19.2	65.8
Learning	-18.0	43.7	53.4	-10.9	31.9	56.1	-21.6	55.6
Other companies and eliminations	-1.7	-1.9	-2.1	-1.9	-2.4	-2.9	-3.0	-10.2
Total	8.2	79.8	91.0	15.2	75.7	81.4	4.4	176.7

Interim report (unaudited)

Accounting policies

The Sanoma Group prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 30 September 2018. The accounting policies of the Interim Report, the definitions of key indicators as well as the explanations of use and definitions of Alternative Performance Measures (APMs) are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Applied new and amended standards

IFRS 15 Revenue from Contracts with Customers and Clarifications to IFRS 15 (both effective for financial periods beginning on or after 1 January 2018). Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

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

IFRS 15 impact on consolidated balance sheet

EUR million	30 Sep 2017	31 Dec 2017
ASSETS		
Deferred tax receivables	0.8	0.6
Trade and other receivables	0.3	0.3
ASSETS, TOTAL	1.2	0.9
EQUITY AND LIABILITIES		
EQUITY, TOTAL	-9.4	-7.4
Deferred tax liabilities	0.3	0.3
Income tax liabilities	-2.8	-2.1
Trade and other payables	13.1	10.2
EQUITY AND LIABILITIES, TOTAL	1.2	0.9

IFRS 15 impact on consolidated cash flow statement

EUR million	Q1-Q3 2017	FY 2017
OPERATIONS		
Result for the period	-3.2	-1.2
Adjustments		
Income taxes	-1.1	-0.3
Change in working capital	4.3	1.5
Cash flow from operations	-	-

IFRS 9 Financial Instruments and changes there to (effective for periods beginning on or after 1 January 2018).

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

Amendments to IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions (effective for periods beginning on or after 1 January 2018).

The amendments cover three accounting areas: measurement of cash-settled share-based payments, classification of share-based payments settled net of tax withholdings and accounting for a modification of a share-based payment from cash-settled to equity-settled. Sanoma has share-based payment transactions with net settlement features for withholding tax obligations and the amendments had an impact on Group's financial statements. According to the amendments Sanoma's share-based payment transactions with net settlement features are treated as equity-settled in entirety. Sanoma reclassified the recognised liability from liabilities to equity in the 1 January 2018 opening balance sheet.

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019).

Sanoma will adopt the new IFRS 16 Leases standard as of 1 January 2019. Sanoma will apply the modified retrospective method and consequently the comparative financials will not be restated. Based on current simulation on preliminary impacts, Sanoma has made indicative estimates of the annual impacts of IFRS 16 on certain key ratios. As lease liabilities will be included in the balance sheet, net debt is estimated to increase by approx. EUR 200 million, and Net debt / Adj. EBITDA ratio by approx. 0.6. Payments for lease liabilities will be disclosed in the financing cash flow, which is estimated to decline by approx. EUR 28 million. Respectively, cash flow from operations is expected to improve by approx. EUR 28 million. EBITDA is estimated to increase by approx. EUR 28 million following the classification of leasing costs in depreciation and interest. Equity ratio is expected to decrease by approx. 5%-points.

Consolidated income statement

Continuing operations

EUR million	Q3 2018	Restated Q3 2017	Q1-Q3 2018	Restated Q1-Q3 2017	Restated FY 2017
NET SALES	393.0	380.8	1,017.4	1,129.0	1,434.7
Other operating income	6.4	6.0	21.6	30.4	64.8
Materials and services *	-152.2	-131.3	-359.6	-359.5	-469.2
Employee benefit expenses	-71.2	-78.4	-227.4	-256.9	-340.1
Other operating expenses * ' **	-61.4	-64.4	-191.7	-661.3	-744.1
Share of results in joint ventures	1.4	1.0	3.4	3.3	4.4
Depreciation, amortisation and impairment losses	-26.9	-35.1	-95.8	-146.6	-191.0
EBIT	88.9	78.7	167.9	-261.7	-240.5
Share of results in associated companies	0.0	0.2	-0.1	1.2	1.4
Financial income	0.5	0.8	3.9	11.1	12.9
Financial expenses	-5.4	-5.4	-17.9	-26.8	-36.2
RESULT BEFORE TAXES	84.0	74.3	153.9	-276.2	-262.4
Income taxes	-16.4	-18.6	-36.2	-41.4	-39.1
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS	67.6	55.7	117.6	-317.6	-301.6
DISCONTINUED OPERATIONS					
Result for the period from discontinued operations	-	0.9	12.9	3.4	2.3
RESULT FOR THE PERIOD	67.6	56.6	130.5	-314.2	-299.3
Result from continuing operations attributable to:					
Equity holders of the Parent Company	67.1	55.3	116.0	-181.2	-165.0
Non-controlling interests **	0.6	0.4	1.6	-136.4	-136.6
Result from discontinued operations attributable to:					
Equity holders of the Parent Company	-	0.9	12.9	3.4	2.3
Non-controlling interests	-	-	-	-	-
Result attributable to:					
Equity holders of the Parent Company	67.1	56.2	128.9	-177.7	-162.7
Non-controlling interests **	0.6	0.4	1.6	-136.4	-136.6
Earnings per share for result attributable to the equity holders of the Parent Company:					
Earnings per share, EUR, continuing operations	0.41	0.34	0.71	-1.12	-1.02
Diluted earnings per share, EUR, continuing operations	0.41	0.34	0.71	-1.12	-1.02
Earnings per share, EUR, discontinued operations	-	0.01	0.08	0.02	0.01
Diluted earnings per share, EUR, discontinued operations	-	0.01	0.08	0.02	0.01
Earnings per share, EUR	0.41	0.35	0.79	-1.09	-1.00
Diluted earnings per share, EUR	0.41	0.34	0.79	-1.09	-1.00

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

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

Divested Belgian women's magazine portfolio was classified as discontinued operations in 2017.

Statement of comprehensive income *

EUR million	Q3 2018	Restated Q3 2017	Q1-Q3 2018	Restated Q1-Q3 2017	Restated FY 2017
Result for the period	67.6	56.6	130.5	-314.2	-299.3
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Change in translation differences	0.6	-1.3	-0.5	1.3	2.7
Share of other comprehensive income of equity-accounted investees	0.0	0.0	0.0	0.0	0.0
Items that will not be reclassified to profit or loss					
Defined benefit plans	4.4	3.0	1.7	11.0	6.9
Income tax related to defined benefit plans	-0.9	-0.6	-0.4	-2.3	-1.9
Other comprehensive income for the period, net of tax	4.1	1.2	0.8	10.0	7.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	71.7	57.7	131.3	-304.2	-291.6
Total comprehensive income attributable to:					
Equity holders of the Parent Company	71.1	57.3	129.7	-167.8	-155.0
Non-controlling interests	0.6	0.4	1.6	-136.4	-136.6

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

Consolidated balance sheet

EUR million	30 Sep 2018	Restated 30 Sep 2017	Restated 31 Dec 2017
ASSETS			
Property, plant and equipment	39.7	51.5	44.7
Investment property	11.3	23.9	13.9
Goodwill	941.1	934.9	934.6
Other intangible assets	254.4	262.0	251.1
Equity-accounted investees	17.0	18.2	20.8
Available-for-sale financial assets		4.2	4.0
Other investments	4.4		
Deferred tax receivables	15.3	26.9	18.0
Trade and other receivables	21.4	17.9	22.7
NON-CURRENT ASSETS, TOTAL	1,304.7	1,339.4	1,309.8
Inventories	44.7	45.9	40.5
Income tax receivables	19.6	12.4	6.9
Contract assets	5.2	8.8	6.2
Trade and other receivables	277.7	287.7	203.7
Cash and cash equivalents	33.1	36.7	20.6
CURRENT ASSETS, TOTAL	380.4	391.5	277.8
Assets held for sale			2.4
ASSETS, TOTAL	1,685.1	1,730.9	1,590.1
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	71.3
Treasury shares	-5.8	-1.4	-1.4
Fund for invested unrestricted equity	209.8	203.3	209.8
Other equity	345.0	257.8	265.8
	620.1	531.0	545.4
Non-controlling interests	5.5	4.2	1.7
EQUITY, TOTAL	625.7	535.2	547.1
Deferred tax liabilities	36.9	39.5	38.5
Pension obligations	5.1	2.8	9.7
Provisions	10.7	6.6	9.0
Financial liabilities	200.9	200.0	196.3
Trade and other payables	12.2	12.4	19.7
NON-CURRENT LIABILITIES, TOTAL	265.8	261.2	273.3
Provisions	29.0	18.3	17.1
Financial liabilities	224.1	355.4	216.1
Income tax liabilities	38.6	38.5	13.0
Contract liabilities	145.9	143.4	153.3
Trade and other payables	356.0	379.0	359.7
CURRENT LIABILITIES, TOTAL	793.6	934.5	759.2
Liabilities related to assets held for sale			10.6
LIABILITIES, TOTAL	1,059.4	1,195.7	1,043.0
EQUITY AND LIABILITIES, TOTAL	1,685.1	1,730.9	1,590.1

Includes continuing and discontinued operations.

Changes in consolidated equity

Equity attributable to the equity holders of the Parent Company

EUR million	Share capital	Treasury shares	Fund for invested unrestricted equity	Other equity	Total	Non-controlling interests	Equity, total
Equity at 31 Dec 2016	71.3	-2.1	203.3	440.5	713.0	289.5	1,002.5
Effect of IFRS 15 on 1 Jan 2017				-6.1	-6.1		-6.1
Equity at 1 Jan 2017	71.3	-2.1	203.3	434.4	706.8	289.5	996.4
Comprehensive income for the period				-167.8	-167.8	-136.4	-304.2
Share-based compensation				1.3	1.3		1.3
Shares delivered		0.7		-0.7			
Dividends				-32.5	-32.5	-1.0	-33.5
Acquisitions and other changes in non-controlling interests				23.1	23.1	-147.9	-124.8
Equity at 30 Sep 2017	71.3	-1.4	203.3	257.8	531.0	4.2	535.2
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				129.7	129.7	1.6	131.3
Purchase of treasury shares		-5.1			-5.1		-5.1
Share-based compensation				1.9	1.9		1.9
Shares delivered		0.7		-0.7			
Dividends				-57.2	-57.2	-0.7	-57.9
Acquisitions and other changes in non-controlling interests				-1.4	-1.4	3.0	1.5
Equity at 30 Sep 2018	71.3	-5.8	209.8	345.0	620.1	5.5	625.7

Consolidated cash flow statement

EUR million	Q1-Q3 2018	Restated Q1-Q3 2017	Restated FY 2017
OPERATIONS			
Result for the period	130.5	-314.2	-299.3
Adjustments			
Income taxes	42.2	43.5	40.5
Financial income and expenses	13.9	15.6	23.2
Share of results in equity-accounted investees	-3.3	-4.6	-5.7
Depreciation, amortisation and impairment losses	96.4	147.4	195.1
Gains/losses on sales of non-current assets	-38.3	446.2	420.3
Acquisitions of broadcasting rights and prepublication costs	-59.9	-144.5	-167.2
Other adjustments	2.2	1.0	1.1
Adjustments, total	53.1	504.6	507.2
Change in working capital	-94.7	-111.8	-17.0
Dividends received	5.1	5.4	5.5
Interest paid and other financial items	-3.5	-11.2	-20.5
Taxes paid	-29.4	-24.7	-34.7
Cash flow from operations	61.1	48.2	141.2
INVESTMENTS			
Capital expenditure	-21.5	-27.0	-36.5
Operations acquired	-13.6	-3.0	-4.6
Proceeds from sale of tangible and intangible assets *	6.3	9.0	47.6
Operations sold **	11.2	237.8	238.2
Loans granted	0.0	-0.1	0.0
Repayments of loan receivables	0.9	0.3	0.3
Interest received	0.2	0.2	0.3
Cash flow from investments	-16.6	217.1	245.2
Cash flow before financing	44.6	265.3	386.4
FINANCING			
Proceeds from share subscriptions			6.4
Contribution by non-controlling interests	2.2		
Purchase of treasury shares	-5.1		
Change in loans with short maturity	61.7	-72.8	-217.8
Drawings of other loans	0.0	172.5	172.5
Repayments of other loans and finance lease liabilities	-50.2	-331.0	-326.6
Acquisitions of non-controlling interests	-11.2	-7.4	-11.2
Dividends paid	-33.4	-33.5	-34.1
Cash flow from financing	-36.0	-272.2	-410.7
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	8.6	-6.9	-24.3
Effect of exchange rate differences on cash and cash equivalents	-0.3	0.5	-0.2
Net change in cash and cash equivalents	8.3	-6.4	-24.5
Cash and cash equivalents at the beginning of the period	18.6	43.1	43.1
Cash and cash equivalents at the end of the period	26.9	36.7	18.6

Includes continuing and discontinued operations.

* Proceeds from sale of tangible assets in 2017 include the divestment of the property at Ludviginkatu in Helsinki.

** The divestment of Belgian women's magazine portfolio is included in the operations sold on 30 September 2018. Operations sold in 2017 include SBS, Sanoma Baltics and Kieskeurig.nl.

Cash and cash equivalents in the cash flow statement include cash and cash equivalents less bank overdrafts of EUR 6.2 million (2017:0.0).

Segment information

In connection with the SBS divestment, Sanoma decided to change its segment reporting. Therefore, Sanoma now reports three operating segments, i.e. its three strategic business units Sanoma Media Finland, Sanoma Media Netherlands and Sanoma Learning. This is aligned with the way Sanoma manages the businesses.

Sanoma Media Finland is the leading multi-channel media company in Finland with a portfolio of magazines, newspapers, TV, radio, events as well as online and mobile channels. Sanoma Media Netherlands includes the Dutch consumer media operations (magazines, events, custom media, websites and apps) and press distribution business Aldipress. Sanoma Learning is a leading European provider of multi-channel learning solutions. Learning's main markets are Poland, the Netherlands, Finland, Belgium and Sweden. Discontinued operations include Belgian women's magazine portfolio, which was divested on 29 June 2018. In addition to the Group eliminations, the column unallocated/eliminations includes non-core operations, head office functions, real estate companies as well as items not allocated to segments. Segment assets do not include cash and cash equivalents, interest-bearing receivables, tax receivables or deferred tax receivables. Transactions between segments are based on market prices.

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

Segment information 1 January–30 September 2018

EUR million	Media Finland	Media Netherlands	Learning	Unallocated/eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	433.7	310.2	273.5		1,017.4	36.6		1,054.0
Internal net sales	0.3		0.0	-0.3		0.5	-0.5	
Net sales, total	434.0	310.2	273.5	-0.3	1,017.4	37.1	-0.5	1,054.0
EBIT	51.9	44.6	76.1	-4.7	167.9	18.8		186.7
Operational EBIT	52.8	52.9	79.0	-5.7	179.0	3.5		182.5
Share of results in associated companies	-0.1				-0.1			-0.1
Financial income				3.9	3.9			3.9
Financial expenses				-17.9	-17.9	0.0		-17.9
Result before taxes					153.9	18.8		172.7
Segment assets	258.2	748.7	741.3	-132.1	1,616.2			1,616.2

Segment information 1 January–30 September 2017 (Restated)

EUR million	Media Finland	Media Nether- lands	Learning	Unallocated/ eliminations	Continuing operations	Discontinued operations	Eliminations	Total
External net sales	419.8	429.5	279.8		1,129.0	58.0		1,187.0
Internal net sales	0.2		0.0	-0.2		0.9	-0.9	
Net sales, total	420.0	429.5	279.8	-0.2	1,129.0	58.9	-0.9	1,187.0
EBIT	63.6	-380.1	67.6	-12.8	-261.7	5.4		-256.3
Operational EBIT	55.7	46.6	77.2	-7.2	172.3	5.8		178.1
Share of results in associated companies	0.2	1.0			1.2			1.2
Financial income				11.1	11.1	0.1	-0.1	11.1
Financial expenses				-26.8	-26.8	0.0	0.1	-26.7
Result before taxes					-276.2	5.5		-270.7
Segment assets	264.0	744.8	591.2	52.4				1,652.4

Changes in property, plant and equipment

EUR million	30 Sep 2018	30 Sep 2017	31 Dec 2017
Carrying amount at the beginning of the period	44.7	57.8	57.8
Increases	4.3	7.3	8.7
Acquisitions of operations	0.3	0.0	
Decreases	-0.7	-1.0	-3.3
Disposal of operations	-0.1	-2.3	-2.7
Depreciation for the period	-8.7	-10.7	-14.2
Impairment losses for the period		-0.6	-3.0
Exchange rate differences and other changes	0.0	0.9	1.4
Carrying amount at the end of the period	39.7	51.5	44.7

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

Acquisitions and divestments

Impact of business acquisitions on Group's assets and liabilities

EUR million	Q1-Q3 2018	FY 2017
Property, plant and equipment	0.3	
Intangible assets	14.1	3.2
Other non-current assets	0.1	
Other current assets	5.4	
Assets, total	19.9	3.2
Non-current liabilities	-0.7	
Current liabilities	-3.3	-0.4
Liabilities, total	-3.9	-0.4
Fair value of acquired net assets	15.9	2.8
Acquisition cost	18.6	2.9
Non-controlling interests, based on the proportionate interest in the recognised amounts of the assets and liabilities	1.0	
Fair value of previously held interest	2.2	
Fair value of acquired net assets	-15.9	-2.8
Goodwill from the acquisitions	5.9	0.1

Acquisitions of non-controlling interests

EUR million	Q1-Q3 2018	FY 2017
Acquisition cost	11.2	14.0
Book value of the acquired interest	0.4	2.6
Decrease (+) / increase (-) in acquisition liabilities	9.1	
Impact on consolidated equity	-1.6	-11.4

Cash paid to obtain control, net of cash acquired

EUR million	Q1-Q3 2018	FY 2017
Acquisition cost	18.6	2.9
Cash and cash equivalents of acquired operations	-3.3	
Decrease (+) / increase (-) in acquisition liabilities	-1.8	0.1
Cash paid to obtain control, net of cash acquired	13.5	3.1
Cash paid on acquisitions of non-controlling interests	11.2	11.2

For Q1-Q3 2018, the following acquisitions are included in the calculation: N.C.D. Production, TAT-Palvelut Oy, Tikkurila Festival and Finnish News Agency (STT). The increase of ownership in Scoupy is included in the acquisitions of non-controlling interests. More information on the most material acquisitions is provided on p. 9.

Impact of divestments on Group's assets and liabilities

EUR million	Belgium	Other	Q1-Q3 2018	SBS	Other	FY 2017
Property, plant and equipment		0.1	0.1	2.6	0.1	2.7
Goodwill		0.0	0.0	715.5	14.3	729.8
Other intangible assets	0.7		0.7	200.3	2.6	202.9
Inventories	0.2		0.2			
Trade and other receivables	1.5	0.2	1.7	38.3	0.7	39.0
Cash and cash equivalents		0.2	0.2	25.8	3.1	28.9
Assets, total	2.4	0.5	2.9	982.5	20.8	1,003.3
Deferred tax liabilities	-0.2		-0.2	-18.1	-0.6	-18.7
Financial liabilities				-46.0		-46.0
Trade and other payables	-11.7	-0.3	-12.0	-112.4	-0.6	-113.0
Liabilities, total	-11.9	-0.3	-12.2	-176.6	-1.1	-177.7
Derecognised non-controlling interest				-117.2		-117.2
Net assets	-9.5	0.2	-9.3	688.7	19.7	708.4
Adjustment to capital loss					0.3	0.3
Sales price	23.5	2.5	26.0	237.1	29.0	266.1
Transaction fees paid				-5.6	-0.3	-5.9
Net result from sale of operations	33.0	2.3	35.3	-457.2	9.3	-448.0

Cash flow from sale of operations

EUR million	Belgium	Other	Q1-Q3 2018	SBS	Other	FY 2017
Sales price	23.5	2.5	26.0	237.1	29.0	266.1
Transaction fees paid				-5.6	-0.3	-5.9
Cash and cash equivalents of divested operations		-0.2	-0.2	-25.8	-3.1	-28.9
Decrease (+) / increase (-) in receivables from divestment	-16.2	0.9	-15.3		4.2	4.2
Cash flow from sale of operations	7.3	3.2	10.4	205.6	29.7	235.4

Discontinued operations in 2018

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

Income statement of discontinued operations

EUR million	Q1-Q3 2018	Q1-Q3 2017
Net sales	37.1	58.9
Other operating income	36.7	0.1
Materials and services	-15.2	-25.2
Employee benefit expenses	-24.4	-10.7
Other operating expenses	-14.8	-16.9
Depreciation, amortisation and impairment losses	-0.5	-0.8
EBIT	18.8	5.4
Financial income	-	0.1
Financial expenses	0.0	0.0
Result before taxes	18.8	5.5
Income taxes	-5.9	-2.1
Result for the period from discontinued operations	12.9	3.4

Cash flow related to discontinued operations

EUR million	Q1-Q3 2018	Q1-Q3 2017
Cash flow from operations	-13.0	0.1
Cash flow from investments	-0.1	-0.9
Cash flow from financing	-	-

Contingent liabilities

EUR million	30 Sep 2018	30 Sep 2017	31 Dec 2017
Contingencies for own commitments			
Pledges	1.8	1.5	1.5
Other items	15.0	24.8	24.7
Total	16.8	26.3	26.2
Other commitments			
Operating lease liabilities	224.1	264.4	249.4
Royalties	2.5	8.9	7.8
Other items	54.8	50.3	49.3
Total	281.4	323.6	306.4
Total	298.2	349.8	332.6

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 24.3 million (2017: 26.6).

Derivative instruments

EUR million	30 Sep 2018	30 Sep 2017	31 Dec 2017
Fair values			
Interest rate derivatives (incl. accrued interests)			
Interest rate swaps		-0.1	
Currency derivatives			
Forward contracts (positive fair values)	0.2	0.3	1.1
Forward contracts (negative fair values)	-0.3	-0.6	-1.7
Nominal values			
Interest rate derivatives			
Interest rate swaps		100.0	
Currency derivatives			
Forward contracts	22.7	94.8	66.4

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

Definitions of key indicators

Equity ratio, %	=	$\frac{\text{Equity total}}{\text{Balance sheet total – advances received}} \times 100$
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity total}} \times 100$
Earnings/share (EPS)	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid bond}}{\text{Adjusted average number of shares on the market}}$
Cash flow/share	=	$\frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares on the market}}$
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents
EBITDA	=	Operating profit + depreciation, amortisation and impairments
Net debt/adj. EBITDA	=	The adjusted EBITDA used in this ratio is the 12-month rolling operational EBITDA, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash flow basis
Items affecting comparability (IACs)	=	Gains/losses on sale, restructuring expenses and impairments that exceed EUR 1 million
Operational EPS	=	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid bond - items affecting comparability}}{\text{Adjusted average number of shares on the market}}$