2014

Full-Year Result

Sanoma Corporation — P.O. Box 20, 00089 Sanoma, Helsinki, Finland
tel. +358 105 1999 — www.sanoma.com — VAT FI15243611 — Domicile Helsinki

Sanoma's 2014 Full-Year Result:

Transformation proceeding well

Sanoma Corporation, Stock Exchange Release, 5 February 2015 at 8:30 CET+1

Fourth quarter

- Net sales amounted to EUR 452.5 million (2013: 517.5).
- Adjusted for changes in the Group structure, Sanoma's net sales decreased by 4.7%.
- Operating profit excluding non-recurring items was EUR -5.6 million (2013: 12.3).
- Non-recurring items included in the operating profit amounted to EUR -103.5 million (2013: -35.0), mainly related to impairment of goodwill and intangible assets, realisation of FX loss (Russia) as well as restructuring expenses.
- Earnings per share were EUR -0.65 (2013: -0.20).
- Earnings per share excluding non-recurring items were EUR -0.05 (2013: 0.01).
- Cash flow from operations was EUR 50.2 million (2013: 73.8).

2014

- Net sales amounted to EUR 1,901.6 million (2013: 2,083.5).
- Adjusted for changes in the Group structure, Sanoma's net sales decreased by 3.7%.
- Operating profit excluding non-recurring items was EUR 118.8 million (2013: 154.6).
- Non-recurring items included in the operating profit amounted to EUR 15.0 million (2013: -412.4), mainly related to capital gains, impairment of goodwill and other intangible assets, realisation of FX loss (Russia), restructuring expenses as well as a capital loss and a write-down related to the sale of Belgian TV operations.
- Earnings per share were EUR 0.32 (2013: -1.89).
- Earnings per share excluding non-recurring items were EUR 0.33 (2013: 0.44).
- Cash flow from operations was EUR 73.7 million (2013: 119.1).
- The Board of Directors proposes a dividend of EUR 0.20 per share (2013: 0.10).

Outlook

In 2015, Sanoma expects that the Group's consolidated net sales growth adjusted for structural changes will be around the previous year's development (2014: -3.7%). The operating profit margin excluding non-recurring items is estimated to be at or above the previous year's level (2014: 6.2% of net sales).

Mid-term outlook (unchanged)

Based on the execution of the strategic redesign, Sanoma expects that from 2016 onwards, the Group's consolidated net sales will return to organic growth. The operating profit margin excluding non-recurring items is targeted to be around 10% of net sales. Sanoma is targeting a net debt to EBITDA ratio below 3.5.

Changes in reporting

Sanoma has adopted the new IFRS 11 Joint Arrangements as of 1 January 2014. The standard permits only the equity method in the consolidation of joint ventures, and the proportional consolidation method is no longer allowed. In the income statement, the share of results in joint ventures is presented as part of the operating profit, and on the consolidated balance sheet as equity-accounted investees. The change primarily related to Media Russia & CEE and Media Belgium.

Adoption of IFRS 11 reduced 2013 consolidated net sales by EUR 135.2 million. The impact on profitability is minor; the 2013 operating profit excluding non-recurring items decreased by EUR 0.2 million. The balance sheet total on 31 December 2013 decreased by EUR 164.9 million, and the total equity of the Sanoma Group reduced by EUR 59.1 million. The transition from the proportional consolidation method to the equity method also impacted the cash flow statement.

As of 1 January 2014, Sanoma consists of two segments: Consumer Media and Learning. Sanoma reports net sales and profitability for three strategic business units: Media Netherlands, Media Finland and Learning. Media Belgium and Media Russia & CEE are reported in the category ‘Other’. Sanoma's financial reporting for 2013 has been adjusted to account for the changes.

Key indicators* (based on reported figures, not adjusted for structural changes)

EUR million	10–12/ 2014	Restated 10–12/ 2013	Change %	1–12/ 2014	Restated 1–12/ 2013	Change %
Net sales	**452.5**	517.5	-12.6	**1,901.6**	2,083.5	-8.7
Operating profit excluding non-recurring items	**-5.6**	12.3		**118.8**	154.6	-23.2
% of net sales	**-1.2**	2.4		**6.2**	7.4	
Operating profit	**-109.2**	-22.8		**133.8**	-257.7	
Result for the period	**-104.1**	-31.2		**61.6**	-320.3	
Capital expenditure **	**18.7**	18.8	-0.7	**50.7**	65.6	-22.7
% of net sales	**4.1**	3.6		**2.7**	3.1	
Return on equity (ROE), % ***				**4.9**	-24.2	
Return on investment (ROI), % ***				**6.5**	-9.2	
Equity ratio, %				**42.2**	37.2	
Net gearing, %				**66.7**	95.7	
Number of employees at the end of the period (FTE)				**7,583**	9,035	-16.1
Average number of employees (FTE)				**8,259**	9,446	-12.6
Earnings/share, EUR	**-0.65**	-0.20		**0.32**	-1.89	
Cash flow from operations/share, EUR	**0.31**	0.45	-32.0	**0.45**	0.73	-38.1
Equity/share, EUR				**5.54**	5.42	2.3
Dividend/share, EUR ****				**0.20**	0.10	100.0
Dividend/result, % ****				**62.0**	neg.	
Market capitalisation				**748.9**	1,039.6	-28.0

* Comparable figures have been restated due to the new IFRS11 Joint Arrangements.
** Including finance leases.
*** Rolling 12-month period.
**** Dividend for 2014 is a proposal by the Board of Directors

Harri-Pekka Kaukonen, President and CEO

"The year 2014 ended according to our expectations and in line with the outlook we provided a year ago. As anticipated, the organic growth was somewhat negative. New media sales grew by around 6% and we are very pleased with the fact that already 42% of our consumer media sales in the Netherlands and Finland have been generated from new media products and services.

Our largest strategic business unit, Media Netherlands, went through major magazine portfolio pruning, which was successfully completed. We are now better able to focus on strong brands and key domains. Our domain approach is starting to deliver clear results, for example around the home deco brand vtwonen. We will continue to develop the strategy further. The SBS TV operations improved its viewing share in all but one month, excluding the major sports events that were shown on public channels. In addition, SBS won Champions League football rights for 2015-2018. These give us confidence that SBS is on the right track. During 2015, we will integrate our Belgian business into the Dutch operations. This combination will create the most strategic and financial value in both markets, enhancing the overall strategic position of Sanoma.

Our Finnish consumer media operations improved its underlying performance during the year despite heavy headwinds due to the weak economy and slow advertising market. Double-digit growth in online and mobile sales was one of the highlights of the year. TV and radio businesses developed particularly well. However, the profitability level of Finnish consumer media business is still too low. We are continuing to improve its profitability by increasing operative efficiency especially as 2015 looks unpredictable for the Finnish economy and advertising market.

The learning business continued its success including organic growth. Successful new digital tools and services are behind the improved performance. Digital and service sales grew by 15% in 2014. Market conditions in all operating countries except Poland remained stable. In Poland, new legislation is expected to have a material negative impact on the educational textbook market in the coming years. We estimate that the negative impact will be partly compensated for by new products and services as well as cost savings across the segment.

The Group-wide cost savings programme is ahead of schedule. The annual run-rate is already close to the promised EUR 100 million mark, almost a year in advance. In addition, our balance sheet has strengthened significantly compared to the previous year. All in all, we are on our way to improving the growth profile and financial performance of the company."

Group outlook

In 2015, Sanoma expects that the Group's consolidated net sales growth adjusted for structural changes will be around the previous year's development (2014: -3.7%). The operating profit margin excluding non-recurring items is estimated to be at or above the previous year's level (2014: 6.2% of net sales).

Mid-term outlook (unchanged)

Based on the execution of the strategic redesign, Sanoma expects that from 2016 onwards, the Group's consolidated net sales will return to organic growth. The operating profit margin excluding non-recurring items is targeted to be around 10% of net sales. Sanoma is targeting a net debt to EBITDA ratio below 3.5.

Cost savings programme

As a part of streamlining operations and ensuring competitive cost levels, in 2012 Sanoma commenced a three-year, EUR 60 million Group-wide cost savings programme that was extended in October 2013 to EUR 100 million (gross). The full impact of the planned savings is estimated to be realised by the end of 2016.

The programme is proceeding according to plan. Related to the programme, around EUR 78 million of non-recurring restructuring expenses had been recognised by the end of December 2014, of which some EUR 23 million was recognised in the fourth quarter. Savings in the fourth quarter were around EUR 18 million. Savings in 2014 were around EUR 55 million. The annual run-rate for gross savings at the end of December is around EUR 91 million.

Net sales

Fourth quarter

In October–December, Sanoma's net sales decreased by 12.6% and amounted to EUR 452.5 million (2013: 517.5). Divestments of non-core operations had a major impact on net sales. The closing of magazine titles in the Netherlands and Finland also had a negative impact on net sales. Organic net sales declined mainly due to lower print sales. Adjusted for changes in the Group structure, net sales decreased by 4.7%.

New media sales grew by 2.0% to EUR 158.3 million (2013: 155.2).

Advertising sales decreased by 12.8% to EUR 178.6 million (2013: 204.7). Circulation sales decreased by 12.8% to EUR 164.1million (2013: 188.3). Learning's net sales decreased by 4.4% to EUR 30.9 million (2013: 32.4). Other sales decreased by 14.4% to EUR 78.9 million (2013: 92.1). All categories were negatively impacted by multiple divestments of non-core operations.

2014

In 2014, Sanoma's net sales decreased by 8.7% and amounted to EUR 1,901.6 million (2013: 2,083.5). Divestments as well as lower print circulation and print advertising sales led to a decline in the Group's net sales, whereas new media sales recorded good growth. Adjusted for changes in the Group structure, net sales decreased by 3.7%.

New media sales grew by 5.7% to EUR 536.2 million (2013: 507.4).

Advertising sales decreased by 7.2% to EUR 651.3 million (2013: 701.7). Circulation sales decreased by 8.6% to EUR 680.1 million (2013: 744.5). Learning's net sales decreased by 4.1% to EUR 292.0 million (2013: 304.6) and other sales by 16.4% to EUR 278.2 million (2013: 332.8). All categories were negatively impacted by multiple divestments of non-core operations.

Group’s net sales by country, %

	10–12/2014	Restated 10–12/2013	1–12/2014	Restated 1–12/2013
Netherlands	**44.1**	40.9	**41.8**	39.5
Finland	**39.2**	39.8	**38.0**	38.9
Other	**16.7**	19.4	**20.2**	21.6
Total Group	**100.0**	100.0	**100.0**	100.0

Group’s net sales by type of sales, %

	10–12/2014	Restated 10–12/2013	1–12/2014	Restated 1–12/2013
Advertising	**39.5**	39.6	**34.3**	33.7
Subscription	**23.8**	22.9	**23.1**	22.2
Single copy	**12.5**	13.5	**12.7**	13.5
Learning	**6.8**	6.3	**15.4**	14.6
Other	**17.4**	17.8	**14.6**	16.0
Total Group	**100.0**	100.0	**100.0**	100.0

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

Result

Fourth quarter

In October–December, Sanoma’s operating profit excluding non-recurring items totalled EUR -5.6 million (2013: 12.3). Weaker print advertising and circulation sales were partly offset by cost efficiencies. Multiple divestments of non-core operations also decreased profitability.

The operating profit margin excluding non-recurring items was -1.2% (2013: 2.4%) of net sales.

In the fourth quarter, the Group’s total expenses, excluding non-recurring items, decreased by 11.2%. The cost of sales decreased by 13.4% and fixed costs by 9.9%. Paper costs decreased by 16.0%, transport and distribution service by 18.4% and employee benefit expenses by 7.2%.

In October–December, operating profit included EUR -103.5 million (2013: -35.0) of non-recurring items mainly related to impairment of goodwill and intangible assets, realisation of FX loss (Russia) and restructuring expenses.

Sanoma’s net financial items totalled EUR -11.1 million (2013: -10.4). The result before taxes amounted to EUR -121.6 million (2013: -33.5) in the fourth quarter. Earnings per share were EUR -0.65 (2013: -0.20). Earnings per share excluding non-recurring items were EUR -0.05 (2013: 0.01).

2014

Sanoma’s operating profit excluding non-recurring items in 2014 totalled EUR 118.8 million (2013: 154.6). Weaker print advertising and circulation sales were partly offset by cost efficiencies. Multiple divestments of non-core operations also decreased profitability.

The operating profit excluding non-recurring items amounted to 6.2% (2013: 7.4%) of net sales.

In 2014, the Group's total expenses, excluding non-recurring items, decreased by 9.0%. The cost of sales decreased by 12.4% and fixed costs by 6.6%. Paper costs decreased by 15.8% and employee benefit expenses by 7.3%.

Sanoma's operating profit in 2014 was EUR 133.8 million (2013: -257.7) or 7.0% (2013: -12.4%) of net sales.

Operating profit in 2014 included EUR 15.0 million (2013: -412.4) of non-recurring items mainly related to capital gains, impairment of goodwill and other intangible assets, realisation of FX loss (Russia), restructuring expenses as well as a capital loss and a write-down related to the sale of Belgian TV operations. In 2013, non-recurring items were mainly related to impairment charges of goodwill and intangible assets, restructuring expenses as well as capital gains and losses.

Sanoma's full-year result included EUR -1.2 million (2013: 1.2) result from associated companies.

Sanoma's net financial items totalled EUR -41.9 million (2013: -53.0). Financial income amounted to EUR 21.8 million (2013: 11.0), of which EUR 20.1 million were exchange rate gains (2013: 7.1). Financial expenses amounted to EUR -63.7 million (2013: -64.0), of which EUR -19.9 million were exchange rate losses (2013: -9.0). Interest expenses amounted to EUR -35.7 million (2013: -44.2).

The result before taxes amounted to EUR 90.7 million (2013:-309.5). Earnings per share were EUR 0.32 (2013: EUR -1.89). Earnings per share excluding non-recurring items were EUR 0.33 (2013: 0.44).

Balance sheet and financial position

At the end of 2014, Sanoma's consolidated balance sheet totalled EUR 3,016.5 million (2013: 3,349.1). The decrease is mainly due to divestments. In 2014, the Group's cash flow from operations amounted to EUR 73.7 million (2013: 119.1) due to lower profitability. Cash flow from operations per share was EUR 0.45 (2013: 0.73).

Sanoma's equity ratio was 42.2% (2013: 37.2%) at the end of 2014. The return on equity (ROE) was 4.9% (2013: -24.2%) and the return on investment (ROI) was 6.5% (2013: -9.2%). Equity totalled EUR 1,201.3 million (2013: 1,179.3). Equity per share was EUR 5.54 (2013: 5.42). Interest-bearing liabilities decreased to EUR 918.1 million (2013: 1,280.2) following the sale and leaseback of Sanoma House and Sanomala, as well as divestments. Interest-bearing net debt was EUR 801.8 million (2013: 1,129.2).

In December 2013, Sanoma issued a EUR 100 million hybrid bond, i.e. capital securities. The proceeds of the hybrid bond were used to reduce debt. The settlement date of the bond was 12 December 2013 and the coupon rate of the bond is 7.25% per annum. The bond has no maturity, but the company may exercise an early redemption option after three years.

Investments, acquisitions and divestments

In 2014, investments in tangible and intangible assets, including finance leases, amounted to EUR 50.7 million (2013: 65.6). Investments were mainly related to digital business and ICT systems.

In April 2013, Sanoma announced a divestment of Netinfo assets in Bulgaria. As a result of the transaction, Sanoma recognised a capital gain of EUR 9.0 million in the third quarter of 2013.

In June 2013, Sanoma sold the operations of Printcenter. As a result of the transaction, Sanoma recognised a capital loss of EUR 2.4 million.

In June 2013, Sanoma sold its ownership of Helsinki Halli Oy to Hjallis Promotion Ab Oy. The number of shares sold represented 18.1% of the total number of shares. As a result of the transaction, Sanoma recognised a capital gain of EUR 1.3 million.

In July 2013, Sanoma sold its ownership of the real estate companies Kiinteistö Oy Bulevardi 12 and Kiinteistö Oy Bulevardi 14. As a result of the transaction, Sanoma recognised a capital gain of EUR 13.0 million.

In August 2013, Sanoma announced the divestment of its Romanian operations. As a result of the transaction, Sanoma recognised a capital loss of EUR 1.1 million in the first quarter of 2014.

In August 2013, Sanoma announced the divestment of Sanoma Bliasak Bulgaria. As a result of the transaction, Sanoma recognised a capital loss of EUR 0.5 million in the second quarter of 2014.

In September 2013, Sanoma increased its ownership of Fashionchick from 55% to 100%.

In October 2013, Sanoma sold its Learning operations in Hungary. As a result of the transaction, Sanoma recognised a capital loss of EUR -35.3 million in 2013 and an adjustment to the capital loss of EUR 8.6 million in the third quarter of 2014.

In December 2013, Sanoma sold its Serbian operations. As a result of the transaction, Sanoma recognised a capital gain of EUR 0.4 million.

In December 2013, Sanoma announced the divestment of its Czech operations. As a result of the transaction, Sanoma recognised a capital gain of EUR 1.0 million in 2014.

In January 2014, Sanoma sold its Sanomala printing facility and office properties located in Martinlaakso, Vantaa, as well as office and production properties located in Koivuvaara, Vantaa. As a result of the transaction in Koivuvaara, Sanoma recognised a non-recurring impairment of EUR 5.6 million in the fourth quarter of 2013 to reflect the sales price. The sale of Sanomala resulted in a capital gain of EUR 37.9 million, recognised in the first quarter of 2014.

In February 2014, Sanoma sold its Finnish press distribution company Lehtipiste. As a result of the transaction, Sanoma recognised a capital gain of EUR 23.6 million.

In March 2014, Sanoma sold Sanoma House through a sale and leaseback transaction. As a result of the transaction, Sanoma recognised a capital gain of EUR 110.5 million.

In March 2014, Sanoma acquired the Belgian school and teacher management software company Pronoia.

In March 2014, Sanoma Pro, the Finnish learning business, sold its B2B operations (digital and training services and business books). As a result of the transaction, Sanoma recognised a capital gain of EUR 0.6 million in the second quarter.

In April 2014, Sanoma announced the divestment of its majority ownership in Sanoma Lehtimedia (a publisher of newspapers in southeast Finland) and in local printing companies. The estimated completion of the first stage of the corporate arrangement is January 2015, and the company will transfer fully to the ownership of Länsi-Savo in five years.

In April 2014, Sanoma announced the divestment of its Hungarian media operations. As a result of the transaction, Sanoma recognised a capital gain of EUR 4.3 million.

In June 2014, Sanoma sold Wees Wegwijs, a small part of Sanoma's Belgian learning business. As a result of the transaction, Sanoma recognised a capital loss of EUR 1.5 million.

In June and July 2014, Sanoma announced the divestments of 22 of its Dutch magazine titles. As a result of the two transactions, Sanoma booked in total a capital gain of EUR 10.8 million in the third quarter.

In June 2014, Sanoma announced the divestment of its stake in De Vijver Media (SBS Belgium). As part of the arrangement, Sanoma increased its ownership of HUMO NV from 33% to 100% with immediate effect. As a result of the transaction, Sanoma recognised a write-down of EUR 26.0 million to reflect the sales price of Belgian TV operations. In addition, Sanoma recognised a capital loss of EUR 8.0 million related to Sanoma's share of HUMO owned by De Vijver Media. The sale of De Vijver Media is expected to be closed during the first quarter of 2015.

In June 2014, Sanoma announced the divestment of four of its Finnish magazine titles. As a result of the transaction, Sanoma recognised a capital gain of EUR 3.1 million in the third quarter.

In November 2014, Sanoma sold its ownership in Croatian Adria Media Zagreb. The closing of the deal is subject to the approval of the competition authorities.

In December 2014, Sanoma announced the divestment of its 50% ownership in the Russian Fashion Press. The closing of the deal is subject to the approval of the competition authorities.

In December 2014, Sanoma announced the sale of real estate located in Southeast Finland. The transaction will be finalised in 2017.

Non-recurring items

EUR million	10–12/ 2014	10–12/ 2013	1–12/ 2014	1–12/ 2013
Media Netherlands				
Impairment of goodwill and intangible assets	**-11.7**		**-16.6**	-335.8
Impairment of equity-accounted investees			**-0.8**	
Gain on sale (23 magazines)	**0.5**		**10.8**	
IFRS-pensions curtailment effect			**6.4**	
Restructuring expenses	**-12.8**	-4.5	**-20.4**	-9.3
Media Finland				
Gain on sale (Sanomala)			**37.9**	
Gain on sale (Sanoma House)			**110.5**	
Gain on sale (4 magazines)			**3.1**	
Compensation and impairment related to an ICT system	**-0.4**	3.2	**-1.3**	3.2
Restructuring expenses	**-9.4**	-3.6	**-14.9**	-9.4
Learning				
Change in contingent consideration (Netherlands)		1.1		1.1
Tax claim (Poland)		-1.5		-1.5
Loss on sale (Belgium)			**-1.5**	
Loss on sale (Hungary)		-10.8		-35.3
Adjustment to capital loss (Hungary)			**8.6**	
Restructuring expenses	**-3.4**		**-3.4**	0.0
Other companies				
Gain on sale (Bulgaria)				9.0
Gain on sale (Serbia)		0.4		0.4
Loss on sale (Romania)			**-1.1**	
Gain on sale (Czech Republic)			**1.0**	
Gain on sale (Hungary)	**2.7**		**4.3**	
Loss on sale of joint venture (Bulgaria)			**-0.5**	
Impairment of goodwill and intangible assets (Belgium)	**-24.9**		**-24.9**	-7.9
Write-down to reflect the sales price (Belgian TV)			**-34.0**	
Impairment and realisation of FX loss (Russia and Ukraine)	**-40.4**		**-40.4**	
Impairment of equity-accounted investees	**-0.1**	-1.9	**-2.3**	-9.8
Impairment (Koivuvaara)		-5.6		-5.6
Gain on sale (building area in Koivuvaara)		-0.1		1.7
Loss on sale (Printcenter and other operations)		-0.2		-2.4
Gain on sale (Press distribution in Finland)			**23.6**	
Gain on sale (Bulevardi 12 and 14)				10.7
Gain on sale (Uudenmaankatu)				2.3
Restructuring expenses	**-3.5**	-9.1	**-29.1**	-21.5
Other impairments		-2.5		-2.5
NON-RECURRING ITEMS IN OPERATING PROFIT	**-103.5**	-35.0	**15.0**	-412.4
Other companies				
Gain on sale (Helsinki Halli)				1.3
NON-RECURRING ITEMS IN RESULTS OF ASSOCIATED COMPANIES				1.3
Restructuring expenses	**-2.7**		**-2.7**	
Impairment losses on available-for sale investments	**-0.1**	-3.7	**-0.1**	-3.7
NON-RECURRING ITEMS IN FINANCIAL ITEMS	**-2.8**	-3.7	**-2.8**	-3.7

Consumer Media

The Consumer Media segment includes two strategic business units Media Netherlands and Media Finland.

Consumer Media sales by type of sales, %

	10–12/2014	Restated 10–12/2013	1–12/2014	Restated 1–12/2013
Advertising	**47.6**	47.8	**45.6**	45.0
Subscription	**28.2**	29.1	**30.9**	31.1
Single copy	**10.2**	10.9	**11.6**	12.4
Other	**14.0**	12.2	**11.8**	11.4
Total Consumer Media	**100.0**	100.0	**100.0**	100.0

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

Circulation sales growth, % (based on reported figures, not adjusted for structural changes)

	10–12/2014 vs. 10–12/2013			1–12/2014 vs. 1–12/2013		
	Subscription	Single copy	**Total circulation**	Subscription	Single copy	**Total circulation**
Media Netherlands	-17	-18	**-17**	-10	-14	**-12**
Media Finland	-5	-6	**-5**	-3	-8	**-4**
of which Magazines incl. online	-16	-31	**-18**	-13	-24	**-14**
of which Newspapers incl. online	3	1	**2**	-1	-6	**-2**
of which Pay-TV & Pay-VOD	+18	-17	**+16**	+93	+135	**+95**
Total Consumer Media	**-10**	**-13**	**-11**	**-6**	**-12**	**-8**

Advertising sales growth, % (based on reported figures, not adjusted for structural changes)

	10–12/2014 vs. 10–12/2013				1–12/2014 vs. 1–12/2013			
	Print	Online & Mobile	TV & Radio	**Total advertising**	Print	Online & Mobile	TV & Radio	**Total advertising**
Media Netherlands	-35	-2	2	**-5**	-24	+3	+3	**-1**
Media Finland	-15	+1	-11	**-11**	-15	+10	-3	**-7**
Total Consumer Media	**-21**	**-1**	**-3**	**-8**	**-17**	**+6**	**+1**	**-4**

Media Netherlands

Sanoma Media Netherlands is the media company with the leading portfolio in the Netherlands and has been awarded as the best media company for integrated, multi-media solutions in 2013. With our strong brands, we have a strong market position in all parts of the media industry: magazines, TV, events, custom media, e-commerce sites and apps. Our portfolio consists of many leading brands, including AutoWeek, Donald Duck, Flow, Grazia, Kieskeurig, Libelle, LINDA., Margriet, Net5, NU.nl, SBS 6, SchoolBANK, Startpagina, Tina, Viva, vtwonen and Veronica.

- The sale of 22 magazine titles during July was the main negative driver for declining print sales. The total net sales of titles sold amounted to around EUR 50 million in 2013 and around EUR 24 million in 2014.
- TV viewing share in 2014 was almost at previous year's level despite the Winter Olympics and the FIFA World Cup being shown on public channels.
- Operating profit excluding non-recurring items declined in 2014, due to lower profitability in digital business and investments in digital/cross-media initiatives.

Key indicators (based on reported figures, not adjusted for structural changes)

EUR million	10–12/ 2014	Restated 10–12/ 2013	Change %	1–12/ 2014	Restated 1–12/ 2013	Change %
Net sales	**180.1**	194.1	-7.2	**652.7**	685.8	-4.8
Digital	**89.0**	88.2	0.9	**300.1**	291.0	3.1
Online & mobile	**24.0**	24.3	-1.3	**79.7**	76.9	3.6
TV	**65.0**	63.8	1.8	**220.3**	214.1	2.9
Print	**76.7**	94.8	-19.0	**321.1**	369.9	-13.2
Magazines	**76.7**	94.8	-19.0	**321.1**	369.9	-13.2
Other	**14.4**	11.1	29.7	**31.5**	24.8	26.8
Operating profit excluding non-recurring items *	**24.4**	25.9	-5.8	**65.0**	73.2	-11.1
% of net sales	**13.6**	13.5		**10.0**	10.7	
Operating profit	**0.4**	21.4		**44.3**	-271.9	
Capital expenditure	**3.2**	2.0	59.6	**6.7**	11.2	-40.0
Number of employees at the end of the period (FTE)				**1,834**	2,181	-15.9
Average number of employees (FTE)				**1,995**	2,222	-10.3

* Non-recurring items are presented in a separate table on page 10.

Operational indicators

	1–12/ 2014	1–12/ 2013
Dutch TV operations		
TV channels' share of TV advertising	**24.0%**	24.6%
TV channels' national viewing share (20-54 years)	**20.0%**	20.4%

Fourth quarter

In October–December, net sales in Media Netherlands decreased by 7.2% to EUR 180.1 million (2013: 194.1). Adjusted for structural changes, net sales decreased by 2.4%.

New media sales grew by 4.1% to EUR 103.4 million (2013: 99.3).

Advertising sales decreased by 5.1% mainly due to weak print advertising markets. Advertising sales represented 50.5% (2013: 49.4%) of net sales. Circulation sales decreased by 17.4% and represented 32.4% (2013: 36.5%) of net sales. The closing of magazine titles had a major negative impact on net sales.

Sanoma estimates that the advertising market in the Netherlands decreased on a net basis in TV by 4% and in consumer magazines by 17%, and increased in online excluding search by 11% in October–December.

Operating profit excluding non-recurring items in Media Netherlands in October–December decreased to EUR 24.4 million (2013: 25.9), mainly due to investments in digital and a lower result in the print business as well as lower TV programme costs.

Non-recurring items included in the operating profit totalled EUR -24.0 million (2013: -4.5) and were related to impairments and restructuring expenses.

Media Netherlands' investments in tangible and intangible assets totalled EUR 3.2 million (2013: 2.0) in October–December and consisted mainly of investments related to ICT.

2014

In January–December, Media Netherlands' sales decreased by 4.8% to EUR 652.7 million (2013: 685.8). The underlying macro-economic uncertainty is adversely impacting the advertising market, particularly in print advertising. Adjusted for structural changes, net sales decreased by 2.5%.

Sanoma estimates that the advertising market in the Netherlands decreased on a net basis in consumer magazines by 17%, and increased in TV by 2% and in online excluding search by 13% in 2014.

Operating profit excluding non-recurring items in Media Netherlands decreased by 11.1% to EUR 65.0 million (2013: 73.2), mainly due to lower profitability in digital business and investments in digital/cross-media initiatives.

Non-recurring items included in operating profit totalled EUR -20.7 million (2013: -345.1) and were related to impairments, restructuring costs, capital gains and an IFRS pensions curtailment effect.

Media Netherlands' investments in tangible and intangible assets totalled EUR 6.7 million (2013: 11.2), and consisted mainly of investments related to ICT.

Media Finland

Sanoma Media Finland is the leading multichannel media company in Finland. We provide information, experiences and entertainment through magazines, newspapers, TV, radio, Internet and mobile channels. We have more than 200 brands and services, including Aku Ankka, Gloria, ET, Helsingin Sanomat, Huuto.net, Hyvä Terveys, Ilta-Sanomat, Jim, Kodin Kuvalehti, Liv, Me Naiset, Metro, MSO.fi, Oikotie, Nelonen, Radio Aalto, Radio Rock, Radio Suomipop, Ruutu and Taloussanomat, which reach almost all Finns every day.

- In 2014, digital transformation continued on a growth path, driven by online & mobile sales.
- Print advertising remained weak and cautious consumer spending is visible in circulation.
- Cost savings compensated for the decline in net sales, but the rents of sale and leaseback arrangements lowered the reported profitability.
- In June, Sanoma announced the sale of four magazine titles to Fokus Media, and the divestment was closed on 1 September 2014. The net sales of the titles sold amounted to around EUR 6 million in 2013 and above EUR 3 million in 2014.
- As of 1 January 2015 Sanoma will not consolidate Sanoma Lehtimedia (a publisher of newspapers in southeast Finland) to the income statement. The net sales of the sold business amounted to around EUR 37 million in 2014.

Key indicators (based on reported figures, not adjusted for structural changes)

EUR million	10–12/ 2014	Restated 10–12/ 2013	Change %	1–12/ 2014	Restated 1–12/ 2013	Change %
Net sales	**165.5**	179.0	-7.5	**637.2**	675.4	-5.7
Digital	**53.2**	54.5	-2.4	**198.7**	185.9	6.8
Online & Mobile	**23.2**	21.7	6.8	**84.8**	74.7	13.5
TV & Radio	**30.1**	32.8	-8.4	**113.8**	111.2	2.3
Print	**110.6**	123.1	-10.1	**432.5**	483.8	-10.6
Magazines	**35.0**	42.4	-17.2	**134.4**	160.9	-16.5
News	**76.2**	81.5	-6.4	**300.3**	325.2	-7.7
Eliminations	**-0.6**	-0.6		**-2.2**	-2.2	
Other	**1.7**	1.4	19.4	**6.0**	5.6	7.0
Operating profit excluding non-recurring items *	**5.6**	5.4	3.4	**23.5**	30.7	-23.6
% of net sales	**3.4**	3.0		**3.7**	4.5	
Operating profit	**-4.3**	5.0		**146.2**	24.6	
Capital expenditure	**4.4**	6.8	-35.1	**15.4**	22.5	-31.7
Number of employees at the end of the period (FTE)				**2,508**	2,759	-9.1
Average number of employees (FTE)				**2,664**	2,860	-6.8

* Non-recurring items are presented in a separate table on page 10.

Operational indicators

	1–12/ 2014	1–12/ 2013
Finnish TV operations		
TV channels' share of TV advertising	**32.6%**	33.8%
TV channels' national commercial viewing share (10-44 years)	**32.8%**	32.0%
TV channels' national viewing share (10+ years)	**15.1%**	15.4%

Fourth quarter

In October–December, net sales in Media Finland decreased by 7.5% to EUR 165.5 million (2013: 179.0). Adjusted for structural changes, net sales decreased by 6.6%.

New media sales declined by 1.8% to EUR 54.9 million (2013: 55.9) due to lower TV advertising sales.

Advertising sales for Media Finland decreased by 10.8% due to the weak advertising market in print and TV and represented 44.4% (2013: 46.1%) of net sales. Circulation sales decreased by 5.0% as the decline in print was not offset by higher Pay-TV and online-TV sales. Circulation sales represented 45.0% (2013: 43.8%) of net sales. The closure of magazine titles had a negative impact on net sales.

According to TNS Gallup, the advertising market in Finland decreased on a net basis in magazines by 15%, in newspapers by 8%, and in TV by 5%, whereas advertising increased on radio by 8% and online excluding search by 1% in the fourth quarter.

Operating profit excluding non-recurring items in Media Finland in October–December increased to EUR 5.6 million (2013: 5.4). Lower net sales and increased rents were offset by cost savings.

Non-recurring items included in the operating profit totalled EUR -9.8 million (2013: -0.5) mainly consisting of restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 4.4 million (2013: 6.8) in October–December and consisted mainly of investments related to ICT.

2014

In January–December, Media Finland' sales decreased by 5.7% to EUR 637.2 million (2013: 675.4). The underlying macroeconomic uncertainty is adversely impacting the advertising market, particularly in printed advertising. Adjusted for structural changes, net sales decreased by 5.3%.

According to TNS Gallup, the advertising market in Finland decreased on a net basis in magazines by 16%, in newspapers by 9%, and in TV by 4%, whereas advertising increased on radio by 9% and online excluding search by 12% in 2014.

Operating profit excluding non-recurring items in Media Finland decreased by 23.6% to EUR 23.5 million (2013: 30.7). Cost savings were able to offset lower net sales but increased rents due to sale and leaseback arrangements decreased operating profit.

Non-recurring items included in operating profit totalled EUR 122.7 million (2013: -6.2) and were mainly related to capital gains and restructuring expenses.

Media Finland's investments in tangible and intangible assets totalled EUR 15.4 million (2013: 22.5), and consisted mainly of investments related to ICT and maintenance capital expenditure.

Learning

Learning is a leading European provider of multi-channel learning solutions.

- Net sales increased by 1% in 2014 when adjusted for acquisitions and divestments.
- Digital and service sales grew by 15% when adjusted for acquisitions and divestments and amounted to EUR 51 million.
- New legislation in Poland is expected to have a material negative impact on the educational textbook market in the coming years. Sanoma estimates that the negative impact will be partly compensated for by new products and services as well as cost savings across the segment.
- Learning operations in Hungary were sold in October 2013. The divestment was related to a long period of adverse conditions in the Hungarian education market. In 2013, net sales in Hungary were EUR 13 million.
- In March 2014, Sanoma Pro, the Finnish learning business, sold its B2B operations (digital and training services and business books). In 2013, net sales were around EUR 4 million and around EUR 1 million in 2014.

Key indicators (based on reported figures, not adjusted for structural changes)

EUR million	10–12/ 2014	10–12/ 2013	Change %	1–12/ 2014	1–12/ 2013	Change %
Net sales	**30.9**	32.4	-4.4	**292.0**	304.6	-4.1
Netherlands	**8.3**	7.4	12.8	**98.1**	95.3	2.9
Poland	**12.6**	12.8	-1.8	**86.8**	83.8	3.6
Finland	**4.1**	5.6	-27.4	**48.3**	53.5	-9.8
Belgium	**2.6**	3.6	-27.8	**34.8**	33.8	3.0
Sweden	**3.9**	4.4	-10.8	**26.1**	29.3	-11.0
Other companies and eliminations	**-0.6**	-1.5		**-1.9**	8.9	
Operating profit excluding non-recurring items *	**-27.1**	-24.8		**51.4**	56.2	-8.5
% of net sales	**-87.6**	-76.7		**17.6**	18.5	
Operating profit	**-30.5**	-35.9		**55.1**	20.6	
Capital expenditure	**8.0**	4.7	70.7	**18.9**	14.3	31.6
Number of employees at the end of the period (FTE)				**1,563**	1,564	-0.1
Average number of employees (FTE)				**1,589**	1,699	-6.4

* Non-recurring items are presented in a separate table on page 10.

Fourth quarter

In October–December, net sales decreased by 4.4% to EUR 30.9 million (2013: 32.4), mainly due to timing shifts and the divestment of Finnish B2B business. Adjusted for structural changes, net sales decreased by 0.4%.

The learning business has, by nature, an annual cycle and strong seasonality. It accrues most of its net sales and results during the second and third quarters, whereas the first and fourth quarters are typically loss-making.

Operating profit excluding non-recurring items in the Learning segment decreased to EUR -27.1 million (2013: -24.8), negatively impacted by timing shifts.

Non-recurring items included in the operating profit totalled EUR -3.4 million (2013: -11.1) consisting of restructuring expenses. In the previous year, non-recurring items consisted of a capital loss on the sale of Hungarian business operations.

Learning's investments in tangible and intangible assets totalled EUR 8.0 million (2013: 4.7) in October–December. They were mainly related to investments in ICT for digital platforms.

2014

The Learning segment's net sales decreased by 4.1% to EUR 292.0 million (2013: 304.6), due to structural changes. Adjusted for structural changes, net sales increased by 1.0%.

Operating profit excluding non-recurring items in the Learning segment decreased by 8.5% to EUR 51.4 million (2013: 56.2) mainly due to divestments and investments in digital businesses, for example in the Netherlands and Belgium.

Non-recurring items included in the operating profit totalled EUR 3.6 million (2013: -35.6), consisting of an additional payment received related to the sale of the Hungarian learning business and restructuring expenses. In the previous year, non-recurring items consisted of a capital loss on the sale of Hungarian business operations.

Learning's investments in tangible and intangible assets totalled EUR 18.9 million (2013: 14.3). They comprised mainly of investments in ICT for digital platforms.

The Group

Personnel

In 2014, the average number of personnel (FTE) employed by the Sanoma Group was 8,259 (2013: 9,446). At the end of 2014, the number of Group employees (FTE) was 7,583 (2013: 9,035). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media Netherlands had 1,834 (2013: 2,181) employees at the end 2014 and Media Finland 2,508 (2013: 2,759). Learning had 1,563 (2013: 1,564) and other operations 1,678 (2013: 2,531) employees (FTE) at the end of 2014. Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 439.4 million (2013: 460.6).

Dividend

On 31 December 2014, Sanoma Corporation's distributable funds were EUR 747.3 million, of which profit for the year made up EUR 224.8 million.

The Board of Directors proposes to the Annual General Meeting that:

– a dividend of EUR 0.20 per share, or in total an estimated EUR 32.6 million, shall be paid.

– a sum of EUR 0.55 million shall be transferred to the donation reserve and used at the Board's discretion.

– the amount left in equity shall be EUR 714.2 million.

In accordance with the Annual General Meeting's decision in April 2014, Sanoma paid out a per-share dividend of EUR 0.10 for 2013. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result excluding non-recurring items for the period in dividends.

AGM, Financial Statements and Annual Report

Sanoma Corporation's AGM will be held on 8 April 2015 at 14:00 Finnish time (CET+1) in the Congress Wing of Messukeskus (the Helsinki Exhibition & Convention Centre, Helsinki, Finland). The agenda for the meeting will be available later on the Group's website at Sanoma.com.

Sanoma's Financial Statements, Board of Directors' Report and Corporate Governance Statement for 2014 will be published in digital format on the Group's website during week 10 (the week beginning 2 March). The annual review 'Sanoma View' and Corporate Sustainability Report will be published on the same day.

Shares and holdings

In 2014, a total of 59,025,525 (2013: 54,326,354) Sanoma shares were traded on the Nasdaq Helsinki and traded shares accounted for some 36% (2013: 33%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to around 80% (2013: 84%) of the total traded share volume on stock exchanges.

During 2014, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 5.17, with a low of EUR 4.19 and a high of EUR 6.85. At the end of 2014, Sanoma's market capitalisation was EUR 749 million (2013: 1,039), with Sanoma's share closing at EUR 4.60 (2013: 6.39). At the end of 2014, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093.

Board of Directors, auditors and management

The AGM held on 9 April 2014 confirmed the number of Sanoma's Board members as ten. Board member Rafaela Seppälä and Kai Öistämö were re-elected and Pekka Ala-Pietilä and Nils Ittonen were elected as new Board Members. The Board of Directors of Sanoma consists of Antti Herlin (Chairman), Sakari Tamminen (Vice Chairman), and Pekka Ala-Pietilä, Annet Aris, Anne Brunila, Mika Ihamuotila, Nils Ittonen, Robin Langenskiöld, Rafaela Seppälä, and Kai Öistämö as members.

The AGM appointed chartered accountants KPMG Oy Ab as the auditor of the company, with Virpi Halonen, Authorised Public Accountant, as Auditor-in-Charge.

From the end of December 2014, the Executive Management Group (EMG) comprises: Harri-Pekka Kaukonen (President and CEO of the Sanoma Group, chairman of the EMG), Jacqueline Cuthbert (CHRO), Arthur Hoffman (CEO, Sanoma Digital), Kim Ignatius (CFO), John Martin (CEO, Sanoma Learning), Peter de Mönnink (CEO, Sanoma Media Netherlands), Pekka Soini (CEO, Sanoma Media Finland) and Heike Tyler (CEO, Sanoma Media Russia & CEE).

Board authorisations

The AGM held on 3 April 2013 authorised the Board of Directors to decide on an issuance of a maximum of 82,000,000 new shares and a transfer of a maximum of 5,000,000 treasury shares. The authorisation will be valid until 30 June 2016. The Board of Directors is authorised to grant a maximum of 5,000,000 stock options as part of the Company's incentive programme. In a directed share issue, a maximum of 41,000,000 shares can be issued or transferred.

The AGM held on 9 April 2014 authorised the Board to decide on the repurchase of maximum of 16,000,000 Company's own shares. The authorisation is effective until 30 June 2015 and terminates the corresponding authorisation granted by the AGM on 3 April 2013.

These shares will be purchased with the Company's unrestricted shareholders' equity, and the repurchases will reduce funds available for distribution on profits. The shares will be repurchased to develop the Company's capital structure, carry out or finance potential corporate acquisitions or other business arrangements, to be used as a part of the Company's incentive programme or to be otherwise conveyed further, retained as treasury shares, or cancelled.

The shares can be repurchased either through a tender offer made to all shareholders on equal terms or in other proportion than that of the current shareholders at the market price of the repurchase moment on the Nasdaq Helsinki Ltd.

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 and the Netherlands is usually strongest in the second and fourth 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 operating profit, with the first quarter traditionally being clearly the smallest one for both.

Significant risks and uncertainty factors (unchanged)

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. Many of the identified risks relate to changes in customer preferences. The driving force behind these changes is the on-going digitisation process. Sanoma takes actions in all its strategic business units to respond to this challenge.

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

Normal business risks associated with the industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. Therefore, general economic conditions and economic trends in the industry influence Sanoma's business activities and operational performance.

Sanoma's financial risks include interest rate and currency risks, liquidity risk and credit risk. Other risks include risks related to equity, impairment and the availability of capital. At the Group level, the most significant risks relate to liquidity risk and changes in exchange rates and interest rates.

Sanoma's consolidated balance sheet includes about EUR 2.3 billion in goodwill, publishing rights and other intangible assets. Most of this is related to magazine and TV operations. 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. Major changes in business fundamentals could lead to further impairment.

Full-year statement (audited)

Accounting policies

The Sanoma Group has 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 31 December 2014. The accounting policies of the Interim Report, excluding the changed accounting principles, and the definitions of key indicators 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.

Changed accounting policies

Sanoma adopted the following new standards as of 1 January 2014: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities. According to IFRS 11 Joint Arrangements, the rights and obligations of the arrangement are more decisive in defining the accounting treatment of the arrangement than the legal format of the arrangement. IFRS 11 establishes two types of joint arrangement: joint operations and joint ventures. The standard permits only the equity method in the consolidation of joint ventures, and the proportional consolidation method is no longer allowed. The change in accounting principles has been applied retrospectively as of January 2013.

Consolidated income statement

EUR million	10–12/ 2014	Restated 10–12/ 2013	1–12/ 2014	Restated 1–12/ 2013
NET SALES	**452.5**	517.5	**1,901.6**	2,083.5
Other operating income	**9.3**	18.2	**224.5**	54.9
Materials and services	**-148.3**	-171.1	**-609.2**	-695.5
Employee benefit expenses	**-141.2**	-146.9	**-540.7**	-577.5
Other operating expenses	**-114.3**	-170.9	**-440.7**	-483.6
Share of results in joint ventures	**-39.2**	1.4	**-74.1**	-4.2
Depreciation, amortisation and impairment losses	**-128.1**	-71.0	**-327.6**	-635.3
OPERATING PROFIT	**-109.2**	-22.8	**133.8**	-257.7
Share of results in associated companies	**-1.3**	-0.3	**-1.2**	1.2
Financial income	**6.6**	3.9	**21.8**	11.0
Financial expenses	**-17.6**	-14.2	**-63.7**	-64.0
RESULT BEFORE TAXES	**-121.6**	-33.5	**90.7**	-309.5
Income taxes	**17.5**	2.3	**-29.1**	-10.8
RESULT FOR THE PERIOD	**-104.1**	-31.2	**61.6**	-320.3
Result attributable to:				
Equity holders of the Parent Company	**-104.2**	-32.6	**58.3**	-307.9
Non-controlling interests	**0.1**	1.4	**3.3**	-12.4
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR	**-0.65**	-0.20	**0.32**	-1.89
Diluted earnings per share, EUR	**-0.65**	-0.20	**0.32**	-1.89

Statement of comprehensive income

EUR million	10–12/ 2014	Restated 10–12/ 2013	1–12/ 2014	Restated 1–12/ 2013
Result for the period	**-104.1**	-31.2	**61.6**	-320.3
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Change in translation differences	**-26.4**	-2.5	**-28.0**	-16.4
Share of other comprehensive income of equity-accounted investees	**-1.7**	0.2	**-1.9**	-0.3
Realisation of translation differences related to assets held for sale	**36.8**		**36.8**	
Reclassification of foreign currency differences on loss of significant influence	**-1.5**	4.7	**-2.3**	4.7
Cash flow hedges	**0.2**	1.5	**2.8**	7.4
Income tax related to cash flow hedges	**0.0**	-0.5	**-0.6**	-1.9
Items that will not be reclassified to profit or loss				
Defined benefit plans	**51.9**	-3.9	**-34.6**	-3.9
Income tax related to defined benefit plans	**-12.8**	0.9	**8.1**	0.9
Other comprehensive income for the period, net of tax	**46.5**	0.4	**-19.6**	-9.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-57.6**	-30.8	**42.0**	-329.9
Total comprehensive income attributable to:				
Equity holders of the Parent Company	**-57.7**	-32.2	**38.7**	-317.4
Non-controlling interests	**0.1**	1.4	**3.3**	-12.4

Consolidated balance sheet

EUR million	31.12.2014	Restated 31.12.2013	Restated 1.1.2013
ASSETS			
Property, plant and equipment	**94.4**	149.0	280.1
Investment property	**30.3**	12.4	12.0
Goodwill	**1,749.2**	1,807.6	2,126.7
Other intangible assets	**513.3**	527.0	554.5
Equity-accounted investees	**22.9**	173.9	205.4
Available-for-sale financial assets	**4.9**	4.6	8.0
Deferred tax receivables	**36.9**	36.7	35.5
Trade and other receivables	**12.0**	25.2	15.4
NON-CURRENT ASSETS, TOTAL	**2,463.8**	2,736.2	3,237.8
Inventories	**44.6**	50.8	63.4
Income tax receivables	**9.5**	3.7	25.8
Trade and other receivables	**282.4**	315.6	346.5
Available-for-sale financial assets		0.3	0.3
Cash and cash equivalents	**116.3**	151.1	147.7
CURRENT ASSETS, TOTAL	**452.8**	521.4	583.8
Assets classified as held for sale	**99.9**	91.4	
ASSETS, TOTAL	**3,016.5**	3,349.1	3,821.5
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Parent Company			
Share capital	**71.3**	71.3	71.3
Fund for invested unrestricted equity	**203.3**	203.3	203.3
Other reserves	**-0.4**	-2.6	-8.0
Other equity	**529.1**	511.4	934.2
Hybrid bond	**99.1**	99.1	
	902.4	882.5	1,200.8
Non-controlling interests	**298.9**	296.8	302.9
EQUITY, TOTAL	**1,201.3**	1,179.3	1,503.7
Deferred tax liabilities	**78.0**	89.5	108.1
Pension obligations	**94.2**	63.0	50.4
Provisions	**2.1**	4.3	4.0
Financial liabilities	**521.5**	763.8	942.2
Trade and other payables	**41.6**	37.1	44.6
NON-CURRENT LIABILITIES, TOTAL	**737.4**	957.6	1,149.3
Provisions	**26.8**	18.7	11.9
Financial liabilities	**396.6**	516.5	436.0
Income tax liabilities	**26.8**	8.0	24.7
Trade and other payables	**619.4**	667.7	695.9
CURRENT LIABILITIES, TOTAL	**1,069.5**	1,210.8	1,168.6
Liabilities related to assets held for sale	**8.2**	1.3	
LIABILITIES, TOTAL	**1,815.2**	2,169.7	2,317.8
EQUITY AND LIABILITIES, TOTAL	**3,016.5**	3,349.1	3,821.5

In 2013, the properties of Sanomala and Sanomatalo as well as the real estate company Ärrävaara were classified as assets held for sale. In 2014, assets classified as held for sale include: Sanoma Lehtimedia, Saimaan Lehtipaino, Lehtikanta, De Vijver Media, Independent Media Ukraine Publishing, joint venture Independent Media Ukraine and Hearst Independent Media Publishing B.V.

Changes in consolidated equity

EUR million	Share capital	Fund for invested-unrestricted equity	Other Reserves	Other equity	Hybrid bond	Total	Non-controlling interests	Equity, total
	Equity attributable to the equity holders of the Parent Company							
Equity at 31 Dec 2012	**71.3**	**203.3**	**-8.0**	**1,006.8**		**1,273.4**	**303.2**	**1,576.6**
Effect of IFRS 11 on 1 Jan 2013				-72.6		-72.6	-0.3	-72.9
Equity at 1 Jan 2013	**71.3**	**203.3**	**-8.0**	**934.2**		**1,200.8**	**302.9**	**1,503.7**
Comprehensive income for the period			5.4	-322.8		-317.4	-12.4	-329.9
Share-based compensation				1.6		1.6		1.6
Dividends paid				-97.7		-97.7	-0.2	-97.8
Acquisitions and other changes in non-controlling interests				0.3		0.3	6.5	6.8
Issuance of hybrid bond					99.1	99.1		99.1
Recognition of unpaid dividends				0.6		0.6		0.6
Reclassification of foreign currency differences on loss of significant influence				-4.7		-4.7		-4.7
Equity at 31 December 2013	**71.3**	**203.3**	**-2.6**	**511.4**	**99.1**	**882.5**	**296.8**	**1,179.3**
Equity at 1 Jan 2014	**71.3**	**203.3**	**-2.6**	**511.4**	**99.1**	**882.5**	**296.8**	**1,179.3**
Comprehensive income for the period			2.2	36.5		38.7	3.3	42.0
Share-based compensation				0.7		0.7		0.7
Dividends paid				-16.3		-16.3	-0.3	-16.6
Acquisitions and other changes in non-controlling interests				0.3		0.3	-0.9	-0.6
Interest paid on hybrid bond				-5.9		-5.9		-5.9
Recognition of unpaid dividends				0.1		0.1		0.1
Reclassification of foreign currency differences on loss of significant influence				2.3		2.3		2.3
Equity at 31 December 2014	**71.3**	**203.3**	**-0.4**	**529.1**	**99.1**	**902.4**	**298.9**	**1,201.3**

Consolidated cash flow statement

EUR million	1–12/ 2014	Restated 1–12/ 2013
OPERATIONS		
Result for the period	**61.6**	-320.3
Adjustments		
Income taxes	**29.1**	10.8
Financial income and expenses	**41.9**	53.0
Share of results in associated companies and joint ventures	**75.3**	3.0
Depreciation, amortisation and impairment losses	**327.6**	635.3
Gains/losses on sales of non-current assets	**-198.6**	10.7
Acquisitions of broadcasting rights and prepublication costs	**-213.2**	-217.6
Other adjustments	**0.6**	1.6
Change in working capital	**22.9**	19.8
Interest and other financial items paid	**-49.6**	-51.6
Taxes paid	**-23.9**	-25.7
Cash flow from operations	**73.7**	119.1
INVESTMENTS		
Acquisition of tangible and intangible assets	**-51.0**	-66.1
Operations acquired	**-21.4**	-11.5
Proceeds from sale of tangible and intangible assets	**246.4**	19.0
Operations sold	**83.8**	33.2
Loans granted	**-4.0**	-11.8
Repayments of loan receivables	**12.2**	2.4
Sales on short-term investments	**0.1**	
Interest received	**1.5**	3.0
Dividends received	**15.5**	4.8
Cash flow from investments	**283.2**	-27.1
Cash flow before financing	**356.9**	92.1
FINANCING		
Proceeds from issue of hybrid bond		99.1
Contribution by non-controlling interests		5.8
Change in loans with short maturity	**-31.2**	89.7
Drawings of other loans	**193.6**	41.7
Repayments of other loans and finance lease liabilities	**-506.6**	-217.2
Interest paid on hybrid bond	**-7.3**	0.0
Dividends paid	**-16.6**	-97.8
Cash flow from financing	**-369.1**	-78.7
CHANGE IN CASH ANS CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**-11.2**	13.3
Effect of exchange rate differences on cash and cash equivalents	**-1.4**	-2.3
Net change in cash and cash equivalents	**-12.6**	11.1
Cash and cash equivalents at the beginning of the period	**64.7**	53.6
Cash and cash equivalents at the end of the period	**52.0**	64.7

Income statement by quarter

EUR million	1–3/ 2014	4–6/ 2014	7–9/ 2014	10–12/ 2014	1–3/ 2013*	4–6/ 2013*	7–9/ 2013*	10–12/ 2013*
NET SALES	438.3	533.1	477.8	**452.5**	470.6	558.2	537.3	517.5
Other operating income	179.0	7.3	28.9	**9.3**	9.4	7.6	19.6	18.2
Materials and services	-143.0	-167.1	-150.9	**-148.3**	-162.8	-182.4	-179.2	-171.1
Employee benefit expenses	-138.0	-147.8	-113.7	**-141.2**	-146.6	-147.7	-136.3	-146.9
Other operating expenses	-104.3	-121.7	-100.4	**-114.3**	-103.2	-113.1	-96.4	-170.9
Share of results in joint ventures	0.4	-33.3	-2.0	**-39.2**	0.0	-5.5	-0.2	1.4
Depreciation, amortisation and impairment losses	-70.2	-67.1	-62.1	**-128.1**	-107.1	-76.3	-380.9	-71.0
OPERATING PROFIT	162.1	3.2	77.6	**-109.2**	-39.8	40.8	-236.0	-22.8
Share of results in associated companies	0.0	0.2	-0.1	**-1.3**	0.0	1.3	0.2	-0.3
Financial income	2.4	2.7	10.2	**6.6**	5.9	-0.8	2.0	3.9
Financial expenses	-15.8	-12.7	-17.5	**-17.6**	-20.7	-11.9	-17.1	-14.2
RESULT BEFORE TAXES	148.7	-6.6	70.3	**-121.6**	-54.5	29.5	-251.0	-33.5
Income taxes	-22.4	-11.0	-13.3	**17.5**	3.2	-6.1	-10.3	2.3
RESULT FOR THE PERIOD	126.3	-17.6	57.0	**-104.1**	-51.3	23.4	-261.3	-31.2
Result attributable to:								
Equity holders of the Parent Company	126.4	-19.9	56.0	**-104.2**	-38.6	22.0	-258.7	-32.6
Non-controlling interests	-0.1	2.3	1.0	**0.1**	-12.7	1.4	-2.5	1.4
Earnings per share for result attributable to the equity holders of the Parent Company:								
Earnings per share, EUR	0.77	-0.13	0.34	**-0.65**	-0.24	0.14	-1.59	-0.20
Diluted earnings per share, EUR	0.77	-0.13	0.34	**-0.65**	-0.24	0.14	-1.59	-0.20

*2013 figures restated.

Net sales by strategic business unit by quarter

EUR million	1–3/ 2014	4–6/ 2014	7–9/ 2014	10–12/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013
MEDIA NETHERLANDS								
Digital	**64.0**	**82.5**	**64.6**	**89.0**	**61.6**	**76.5**	**64.8**	**88.2**
Online & mobile	18.7	20.0	17.1	24.0	17.4	17.7	17.4	24.3
TV	45.3	62.5	47.5	65.0	44.2	58.8	47.3	63.8
Print	**79.1**	**89.1**	**76.2**	**76.7**	**88.5**	**96.1**	**90.5**	**94.8**
Magazines	79.1	89.1	76.2	76.7	88.5	96.1	90.5	94.8
Other	**2.8**	**8.5**	**5.8**	14.4	**2.1**	**7.0**	**4.7**	**11.1**
Total	**146.0**	**180.0**	**146.6**	**180.1**	**152.2**	**179.6**	**160.0**	**194.1**
MEDIA FINLAND								
Digital	**48.6**	**53.4**	**43.5**	**53.2**	**42.2**	**51.7**	**37.5**	**54.5**
Online & Mobile	21.3	22.1	18.3	23.2	16.7	20.5	15.8	21.7
TV & Radio	27.3	31.4	25.1	30.1	25.5	31.2	21.7	32.8
Print	**108.8**	**109.9**	**103.1**	**110.6**	**124.2**	**117.7**	**118.9**	**123.1**
Magazines	34.0	33.6	31.8	35.0	39.6	37.6	41.5	42.2
News	75.3	77.0	71.8	76.2	85.0	80.8	77.9	81.5
Eliminations	-0.5	-0.7	-0.4	-0.6	-0.5	-0.7	-0.5	-0.6
Other	**1.6**	**1.3**	**1.4**	**1.7**	**1.8**	**1.3**	**1.1**	**1.4**
Total	**159.0**	**164.6**	**148.0**	**165.5**	**168.2**	**170.7**	**157.5**	**179.0**
LEARNING								
Netherlands	24.5	40.7	24.6	8.3	26.3	36.5	25.0	7.4
Poland	5.2	17.8	51.1	12.6	6.2	18.1	46.7	12.8
Finland	4.8	28.8	10.6	4.1	5.3	28.7	13.9	5.6
Belgium	1.9	13.6	16.7	2.6	1.8	11.2	17.1	3.6
Sweden	4.9	6.5	10.7	3.9	5.2	7.8	11.9	4.4
Other companies and eliminations	-0.1	-0.5	-0.7	-0.6	0.9	1.2	8.3	-1.5
Total	**41.2**	**106.9**	**113.0**	**30.9**	**45.7**	**103.5**	**123.0**	**32.4**
OTHER AND ELIMINATIONS								
Belgium	39.7	41.1	45.2	50.7	42.5	41.6	40.3	47.8
Russia & CEE	22.0	21.7	5.7	4.7	26.5	28.8	26.3	30.2
Other operations	45.5	28.9	28.6	29.3	52.5	52.4	49.0	51.0
Eliminations	-15.1	-10.2	-9.3	-8.8	-17.0	-18.4	-18.7	-17.0
Total	**92.1**	**81.5**	**70.2**	**75.9**	**104.5**	**104.4**	**96.8**	**112.0**
Total	**438.3**	**533.1**	**477.8**	**452.5**	**470.6**	**558.2**	**537.3**	**517.5**

Net sales by strategic business unit by year

EUR million	1–12/ 2014	Restated 1–12/ 2013
MEDIA NETHERLANDS		
Digital	**300.1**	**291.0**
Online & mobile	79.7	76.9
TV	220.3	214.1
Print	**321.1**	**369.9**
Magazines	321.1	369.9
Other	**31.5**	**24.8**
Total	**652.7**	**685.8**
MEDIA FINLAND		
Digital	**198.7**	**185.9**
Online & Mobile	84.8	74.7
TV & Radio	113.8	111.2
Print	**432.5**	**483.8**
Magazines	134.4	160.9
News	300.3	325.2
Eliminations	-2.2	-2.2
Other	**6.0**	**5.6**
Total	**637.2**	**675.4**
LEARNING		
Netherlands	98.1	95.3
Poland	86.8	83.8
Finland	48.3	53.5
Belgium	34.8	33.8
Sweden	26.1	29.3
Other companies and eliminations	-1.9	8.9
Total	**292.0**	**304.6**
OTHER AND ELIMINATIONS		
Belgium	176.7	172.3
Russia & CEE	54.0	111.8
Other operations	132.4	204.8
Eliminations	-43.4	-71.1
Total	**319.7**	**417.8**
Total	**1,901.6**	**2,083.5**

Operating profit by strategic business unit by quarter

EUR million	1–3/ 2014	4–6/ 2014	7–9/ 2014	10–12/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013
Media Netherlands	8.0	17.7	18.2	**0.4**	-35.6	17.6	-275.3	21.4
Media Finland	133.1	4.8	12.5	**-4.3**	5.1	4.3	10.2	5.0
Learning	-7.0	39.7	52.9	**-30.5**	-4.4	35.9	25.1	-35.9
Other companies and eliminations	28.0	-58.9	-6.1	**-74.8**	-4.8	-16.9	4.0	-13.2
Total	162.1	3.2	77.6	**-109.2**	-39.8	40.8	-236.0	-22.8

Operating profit by strategic business unit by year

EUR million	1–12/ 2014	Restated 1–12/ 2013
Media Netherlands	**44.3**	-271.9
Media Finland	**146.2**	24.6
Learning	**55.1**	20.6
Other companies and eliminations	**-111.8**	-31.0
Total	**133.8**	-257.7

In the financial year 2014 Sanoma recognised in operating profit EUR 31.9 million (2013: 309.1) impairment losses from goodwill. A goodwill impairment loss of EUR 24.9 million was recorded in Media Belgium following the strategic review of the business unit. In Media Netherlands goodwill impairment losses amounting to EUR 7.0 million were recorded in a few magazines and web services following the strategic review of those assets. In addition, impairment losses totalling EUR 24.7 million were recognised from intangible assets with definite useful life, of which EUR 21.2 million related to Media Netherlands, EUR 2.7 million to Learning, and EUR 0.8 million to Media Finland.

Following the decision to liquidate the Ukrainian operations and the signing of the divestment of Sanoma's 50% stake in Fashion Press in Russia to Hearst Shkulev Media, both joint ventures have been classified as assets held for sale as at 31 December 2014. In connection with the classification, an impairment of EUR 3.5 million was recognised in Media Russia & CEE. In addition to the impairment write-off, the cumulative FX loss of EUR 36.8 million, which was previously recognised in other comprehensive income in equity, was recognised in income statement.

Operating profit excluding non-recurring items by strategic business unit by quarter

EUR million	1–3/ 2014	4–6/ 2014	7–9/ 2014	10–12/ 2014	Restated 1–3/ 2013	Restated 4–6/ 2013	Restated 7–9/ 2013	Restated 10–12/ 2013
Media Netherlands	8.5	21.4	10.8	**24.4**	0.6	25.0	21.7	25.9
Media Finland	0.4	7.5	9.9	**5.6**	5.5	8.4	11.4	5.4
Learning	-7.0	41.2	44.4	**-27.1**	-4.4	35.9	49.6	-24.8
Other companies and eliminations	-5.9	-3.7	-3.0	**-8.5**	-4.3	-1.2	-5.8	5.8
Total	-4.0	66.3	62.1	**-5.6**	-2.5	68.1	76.9	12.3

Operating profit excluding non-recurring items by strategic business unit by year

EUR million	1–12/ 2014	Restated 1–12/ 2013
Media Netherlands	**65.0**	73.2
Media Finland	**23.5**	30.7
Learning	**51.4**	56.2
Other companies and eliminations	**-21.2**	-5.5
Total	**118.8**	154.6

Segment information

Starting from 1 January 2014, the Group consists of two segments: Consumer Media and Learning. The segmentation is based on business model and product differences. Consumer Media is responsible for magazines and TV operations as well as newspapers in Finland and the Netherlands. The segment also has a great variety of online and mobile services. Learning's business is mainly B2B business. In addition to the Group eliminations, column unallocated/eliminations include other operations, e.g. Media operations in Belgium and Russia & CEE (Russian Fashion Press classified as assets held for sale), group 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 and deferred tax receivables. Transactions between segments are based on market prices.

Sanoma segments 1.1.–31.12.2014

EUR million	Consumer Media	Learning	Other companies/ eliminations	Total
External net sales	1,289.7	292.0	319.9	1,901.6
Internal net sales	0.1	0.1	-0.2	
Net sales, total	1,289.9	292.0	319.7	1,901.6
Operating profit	190.5	55.1	-111.8	133.8
Operating profit excl. NRI	88.5	51.4	-21.2	118.8
Share of results in associated companies	-1.2	0.0		-1.2
Financial income			21.8	21.8
Financial expenses			-63.7	-63.7
Result before taxes				90.7
Segment assets	2,100.2	455.1	286.5	2,841.8

Sanoma segments 1.1.–31.12.2013 (Restated)

EUR million	Consumer Media	Learning	Other companies/ eliminations	Total
External net sales	1,360.9	304.5	418.1	2,083.5
Internal net sales	0.3	0.0	-0.3	
Net sales, total	1,361.2	304.6	417.8	2,083.5
Operating profit	-247.3	20.6	-31.0	-257.7
Operating profit excl. NRI	103.9	56.2	-5.5	154.6
Share of results in associated companies	-0.1	0.0	1.3	1.2
Financial income			11.0	11.0
Financial expenses			-64.0	-64.0
Result before taxes				-309.5
Segment assets	2,221.0	455.9	461.7	3,138.6

Changes in property plant and equipment

EUR million	31.12.2014	Restated 31.12.2013
Carrying amount at the beginning of the period	**149.0**	280.1
Increases	**14.9**	31.1
Acquisition of operations	**0.2**	0.2
Decreases	**-6.4**	-6.1
Disposal of operations	**-4.4**	-20.2
Depreciation for the period	**-25.3**	-34.6
Impairment losses for the period	**-10.4**	-7.4
Transfer to assets classified as held for sale	**-3.5**	-91.2
Exchange rate differences and other changes	**-19.7**	-2.9
Carrying amount at the end of the period	**94.4**	149.0

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

At the end of the reporting period, the commitments for acquisition of intangible assets (film and TV broadcasting rights included) were EUR 236.5 million (2013: 219.2).

Effect of acquisitions on the consolidated balance sheet

EUR million	1–12/ 2014	1–12/ 2013
Acquisition costs	**22.7**	10.0
Fair value of acquired net assets	**14.4**	3.9
Goodwill	**8.3**	6.2

Contingent liabilities

EUR million	31.12.2014	Restated 31.12.2013
Contingencies for own commitments		
Mortgages	**10.7**	11.7
Pledges	**2.4**	2.4
Other items	**55.7**	45.9
Total	**68.8**	59.9
Other contingencies		
Operating lease liabilities	**352.3**	278.0
Royalties	**6.3**	10.0
Other items	**74.0**	54.4
Total	**432.6**	342.4
Total	**501.4**	402.4

Interest on hybrid bond
On 12 December 2013, Sanoma issued a hybrid bond of EUR 100 million. At the reporting date, the unpaid interest on the bond was EUR 0.4 million.

Derivative instruments

EUR million	30.12.2014	31.12.2013
Fair values		
Interest rate derivatives (incl. accrued interests)		
Interest rate swaps	**-1.6**	-5.9
Currency derivatives		
Forward contracts	**7.3**	-3.5
Nominal values		
Interest rate derivatives		
Interest rate swaps	**300.0**	540.0
Currency derivatives		
Forward contracts	**94.6**	128.4

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

Key exchange rates

	1–12/2014	1–12/2013
Average rate		
EUR/PLN (Polish Zloty)	4.18	4.19
EUR/RUB (Russian Rouble)	51.00	42.32
EUR/SEK (Swedish Crown)	9.10	8.65
EUR/USD (US Dollar)	1.33	1.33
Closing rate	**31.12.2014**	**31.12.2013**
EUR/PLN (Polish Zloty)	4.27	4.15
EUR/RUB (Russian Rouble)	72.34	45.32
EUR/SEK (Swedish Crown)	9.39	8.86
EUR/USD (US Dollar)	1.21	1.38

Full-Year Result 2014 webcast

The event for analysts and investors will be held today in English by President and CEO Harri-Pekka Kaukonen and CFO Kim Ignatius at 11:00 Finnish time (9:00 UK time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. The live webcast can be viewed on Sanoma's website at www.sanoma.com/en/investors and on demand after the event.

Please join by dialing
Finland: +358 (0)9 2313 9201 / US: +1 334 323 6201 / UK: +44 (0)207 1620 077 / Netherlands: +31 (0)20 7965 008
Conference id: 950 766

Financial reporting 2015

- Interim Report January-March on 29 April 2015, approx. at 8:30
- Interim Report January-June on 23 July 2015, approx. at 8:30
- Interim Report January-September on 29 October 2015, approx. at 8:30.

Additional information

Sanoma's Investor Relations, Olli Turunen, tel. +358 40 552 8907

Sanoma.com

Get the world. Sanoma helps people access and understand the world.

We believe in a world full of opportunities, feelings, reactions and inspiration. A world that you can reach, influence, explore and share. We want to make it yours.

Sanoma is a front running consumer media and learning company in Europe. In Finland and the Netherlands we are the market leading media company with a broad presence across multiple platforms. Our main markets in learning are Belgium, Finland, the Netherlands, Poland and Sweden. In 2014, Sanoma's net sales totalled EUR 1.9 billion. Sanoma is listed on the Nasdaq Helsinki stock exchange.