

Key indicators

Key indicators, EUR million	2015	2014	2013*	2012**	2011
Net sales ***	1 716.6	1 901.6	2 083.5	2 376.3	2 378.1
Operating profit before depreciation, amortisation and impairment losses ***	265.8	461.4	377.5	506.1	482.2
% OF NET SALES	15.5	24.3	18.1	21.3	20.3
Operating profit excluding non-recurring items ***	83.2	118.8	154.6	231.0	224.1
% OF NET SALES	4.8	6.2	7.4	9.7	9.4
Non-recurring items ***	-206.9	15.0	-412.4	-50.0	-51.5
Operating profit ***	-123.6	133.8	-257.7	181.0	172.6
% OF NET SALES	-7.2	7.0	-12.4	7.6	7.3
Result before taxes ***	-151.7	90.7	-309.5	105.9	136.3
% OF NET SALES	-8.8	4.8	-14.9	4.5	5.7
Result for the period from continuing operations ***	-158.0	61.6	-320.3	69.9	78.6
% OF NET SALES	-9.2	3.2	-15.4	2.9	3.3
Result for the period	-158.0	61.6	-320.3	149.0	86.0
% OF NET SALES	-9.2	3.2	-15.4	6.0	3.1
Balance sheet total	2 765.1	3 016.5	3 349.1	4 019.8	4 328.3
Capital expenditure ***	54.7	50.7	65.6	59.5	76.2
% OF NET SALES	3.2	2.7	3.1	2.5	3.2
Return on equity (ROE), %	-13.6	4.9	-24.2	9.7	5.9
Return on investment (ROI), %	-5.3	6.5	-9.2	8.3	6.8
Equity ratio, %	39.5	42.2	37.2	41.3	37.0
Net gearing, %	77.8	66.7	95.7	78.7	105.7
Interest-bearing liabilities	899.6	918.1	1 280.2	1 408.7	1 727.2
Non-interest-bearing liabilities	833.3	888.9	888.2	1 034.5	1 077.0
Interest-bearing net debt	801.2	801.8	1 129.2	1 241.5	1 611.2
Average number of employees (full-time equivalents) ***	6 776	8 259	9 446	10 804	11 607
Number of employees at the end of the period (full-time equivalents) ***	6 116	7 583	9 035	10 381	10 960
Share indicators					
Earnings/share, EUR, continuing operations ***	-0.91	0.32	-1.89	0.39	0.47
Earnings/share, diluted, EUR, continuing operations ***	-0.91	0.32	-1.89	0.39	0.47
Earnings/share, EUR	-0.91	0.32	-1.89	0.88	0.52
Earnings/share, diluted, EUR	-0.91	0.32	-1.89	0.88	0.52
Earnings/share excluding non-recurring items, EUR	0.13	0.33	0.44	0.77	0.87
Cash flow from operations/share, EUR	0.16	0.45	0.73	1.18	1.68
Equity/share, EUR	4.59	5.54	5.42	7.82	7.70
Dividend/share, EUR ****	0.10	0.20	0.10	0.60	0.60
Dividend payout ratio, % ****	neg.	62.0	neg.	68.4	115.6
Dividend payout ratio excluding non-recurring items, % ****	79.2	61.5	22.6	77.5	69.4
Market capitalisation, EUR million *****	633.7	748.9	1 039.6	1 211.3	1 443.3
Effective dividend yield, % ****	2.6	4.3	1.6	8.1	6.8
P/E ratio	neg.	14.3	neg.	8.5	17.1
Adjusted number of shares at the end of the period *****	162 082 093	162 812 093	162 812 093	162 812 093	162 812 093
Adjusted average number of shares *****	162 721 764	162 812 093	162 812 093	162 812 093	162 810 642
Lowest share price, EUR	3.13	4.19	5.28	5.79	7.83
Highest share price, EUR	5.95	6.85	8.95	11.70	17.79
Average share price, EUR	4.28	5.17	6.79	8.15	12.30
Share price at the end of the period, EUR	3.91	4.60	6.39	7.44	8.87
Trading volumes, shares	81 355 104	59 025 525	54 326 354	106 129 204	89 486 428
% OF SHARES	50.0	36.3	33.4	65.2	55.0

* The figures for 2013 have been restated because of adoption of IFRS 11 Joint Arrangements. The standard permits only the equity method in consolidation of joint ventures, and the proportional consolidation method is not allowed any longer. The figures for 2011 and 2012 have not been restated.

** The figures for 2012 have been restated due to a change in IAS 19 'Employee benefits'. The revised standard eliminated the possibility of using the corridor approach in recognising the actuarial gains and losses from defined benefit plans. The revised IAS 19 standard requires the actuarial gains and losses to be recognised immediately in the statement of other comprehensive income. For 2012, the restated total equity has decreased by EUR 52.0 million to EUR 1,576.6 million and the restated operating profit excluding non-recurring items has decreased by EUR 1.3 million to EUR 231.0 million. The key figures for 2011 have not been adjusted.

*** The figures for 2012 and 2011 contain only continuing operations.

**** Year 2015 proposal of the Board of Directors.

***** The number of shares in 2011 includes 1,500 interim shares registered on 3 January 2012. Market capitalisation is calculated based on shares registered by 31 December 2011. The number of shares does not include treasury shares.

Definitions of key indicators

Return on equity (ROE), %	$\frac{\text{Result for the period}}{\text{Equity total (average of monthly balances)}} \times 100$
Return on investment (ROI), %	$\frac{\text{Result before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average of monthly balances)}} \times 100$
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)	$\frac{\text{Result for the period attributable to the equity holders of the Parent Company - tax-adjusted interest on hybrid loan}}{\text{Adjusted average number of shares on the market}}$
Cash flow/share	$\frac{\text{Cash flow from operations}}{\text{Adjusted average number of shares on the market}}$
Equity/share	$\frac{\text{Equity attributable to the equity holders of the Parent Company}}{\text{Adjusted number of shares on the market at the balance sheet date}}$
Dividend payout ratio, %	$\frac{\text{Dividend/share}}{\text{Result/share}} \times 100$
Market capitalisation	$\text{Number of shares on the market at the balance sheet date} \times \text{share price on the last trading day of the year}$
Effective dividend yield, %	$\frac{\text{Dividend/share}}{\text{Share price on the last trading day of the year}} \times 100$
P/E ratio	$\frac{\text{Share price on the last trading day of the year}}{\text{Result/share}}$
Interest-bearing net debt	Interest-bearing liabilities - cash and cash equivalents
EBITDA	Operating profit + depreciation, amortisation and impairments
Non-recurring items	Gains/losses on sale, restructuring expenses and impairments that exceed EUR 1 million, and expenses related to the Group-wide cost savings programmes

Net sales by strategic business unit

EUR million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015	1-3/ 2014	4-6/ 2014	7-9/ 2014	10-12/ 2014	1-12/ 2014
MEDIA BENE										
Digital	67.1	83.9	70.6	94.9	316.6	65.9	84.6	67.8	90.3	308.6
Online & Mobile	20.9	21.6	19.8	27.4	89.7	20.4	21.8	20.1	24.9	87.2
TV	46.2	62.3	50.8	67.5	226.9	45.5	62.8	47.7	65.4	221.4
Print	105.6	109.4	102.6	102.3	419.9	114.9	125.7	115.6	123.2	479.4
Magazines	105.6	109.4	102.6	102.3	419.9	114.9	125.7	115.6	123.2	479.4
Other	16.8	22.7	23.1	30.4	93.0	13.2	21.4	20.2	28.0	82.8
Total	189.5	216.0	196.4	227.6	829.5	194.0	231.7	203.6	241.5	870.8
MEDIA FINLAND										
Digital	50.0	56.9	46.6	59.3	212.8	48.6	53.4	43.5	53.2	198.7
Online & Mobile	21.9	25.7	22.1	27.4	97.2	21.3	22.1	18.3	23.2	84.8
TV & Radio	28.0	31.2	24.6	31.9	115.7	27.3	31.4	25.1	30.1	113.8
Print	90.5	89.7	84.8	92.0	356.9	108.8	109.9	103.1	110.6	432.5
Magazines	28.4	27.9	26.8	29.7	112.8	34.0	33.6	31.8	35.0	134.4
News	62.3	61.9	58.1	62.4	244.6	75.3	77.0	71.8	76.2	300.3
Eliminations	-0.2	-0.1	-0.2	-0.1	-0.5	-0.5	-0.7	-0.4	-0.6	-2.2
Other	2.5	-0.9	0.5	0.9	3.0	1.6	1.3	1.4	1.7	6.0
Total	143.0	145.7	131.9	152.2	572.8	159.0	164.6	148.0	165.5	637.2
LEARNING										
Netherlands	21.5	39.9	27.5	6.4	95.3	24.5	40.7	24.6	8.3	98.1
Poland	6.6	12.8	57.2	7.4	84.0	5.2	17.8	51.1	12.6	86.8
Finland	3.8	25.5	11.0	3.4	43.6	4.8	28.8	10.6	4.1	48.3
Belgium	1.5	14.3	16.3	3.2	35.2	1.9	13.6	16.7	2.6	34.8
Sweden	4.1	5.7	10.2	3.4	23.4	4.9	6.5	10.7	3.9	26.1
Other companies and eliminations	-0.1	-0.2	-0.3	-0.4	-1.1	-0.1	-0.5	-0.7	-0.6	-1.9
Total	37.4	97.9	121.8	23.3	280.5	41.2	106.9	113.0	30.9	292.0
OTHER AND ELIMINATIONS										
Russia & CEE	2.5	2.4	1.2	0.2	6.3	22.0	21.7	5.7	4.7	54.0
Other operations	8.2	6.9	7.7	5.8	28.7	28.9	8.8	8.2	9.5	55.3
Eliminations	-0.6	-0.1	-0.1	-0.3	-1.1	-6.8	-0.6	-0.6	0.3	-7.8
Total	10.2	9.2	8.8	5.7	33.9	44.0	29.9	13.2	14.5	101.6
Total	380.1	468.8	458.8	408.8	1 716.6	438.3	533.1	477.8	452.5	1 901.6

Operating profit excluding non-recurring items by strategic business unit

EUR million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015	1-3/ 2014	4-6/ 2014	7-9/ 2014	10-12/ 2014	1-12/ 2014
Media BeNe	5.8	27.1	20.1	10.9	63.9	8.3	25.7	13.9	23.3	71.2
Media Finland	-2.1	-2.5	2.0	15.6	13.0	0.4	7.5	9.9	5.6	23.5
Learning	-12.7	32.5	49.8	-24.9	44.7	-7.0	41.2	44.4	-27.1	51.4
Other companies and eliminations	-10.9	-7.6	-9.3	-10.5	-38.3	-5.7	-8.1	-6.1	-7.5	-27.3
Total	-19.9	49.4	62.5	-8.9	83.2	-4.0	66.3	62.1	-5.6	118.8

Operating profit by strategic business unit

EUR million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015	1-3/ 2014	4-6/ 2014	7-9/ 2014	10-12/ 2014	1-12/ 2014
Media BeNe	2.7	29.6	17.2	-72.3	-22.8	6.4	-29.4	20.5	-3.2	-5.7
Media Finland	13.1	-1.8	-11.7	-7.6	-8.1	133.1	4.8	12.5	-4.3	146.2
Learning	-12.8	31.6	49.1	-34.7	33.1	-7.0	39.7	52.9	-30.5	55.1
Other companies and eliminations	-14.0	-50.2	-44.5	-17.2	-125.9	29.5	-11.8	-8.3	-71.2	-61.8
Total	-11.0	9.2	10.1	-131.8	-123.6	162.1	3.2	77.6	-109.2	133.8

Income statement by quarter

EUR million	1-3/ 2015	4-6/ 2015	7-9/ 2015	10-12/ 2015	1-12/ 2015	1-3/ 2014	4-6/ 2014	7-9/ 2014	10-12/ 2014	1-12/ 2014
Net sales	380.1	468.8	458.8	408.8	1 716.6	438.3	533.1	477.8	452.5	1 901.6
Other operating income	20.0	11.3	5.0	0.8	37.1	179.0	7.3	28.9	9.3	224.5
Materials and services	-117.2	-137.3	-141.2	-131.6	-527.2	-143.0	-167.1	-150.9	-148.3	-609.2
Employee benefit expenses	-120.6	-126.8	-115.0	-109.9	-472.2	-138.0	-147.8	-113.7	-141.2	-540.7
Other operating expenses	-100.8	-130.9	-97.5	-125.1	-454.3	-104.3	-121.7	-100.4	-114.3	-440.7
Share of results in joint ventures	0.5	1.2	-24.0	-11.8	-34.1	0.4	-33.3	-2.0	-39.2	-74.1
Depreciation, amortisation and impairment losses	-73.1	-77.1	-76.1	-163.1	-389.4	-70.2	-67.1	-62.1	-128.1	-327.6
Operating profit	-11.0	9.2	10.1	-131.8	-123.6	162.1	3.2	77.6	-109.2	133.8
Share of results in associated companies	0.0	1.4	0.0	-2.0	-0.7	0.0	0.2	-0.1	-1.3	-1.2
Financial income	18.6	-2.6	4.6	5.7	26.4	2.4	2.7	10.2	6.6	21.8
Financial expenses	-20.8	-6.9	-11.8	-14.3	-53.8	-15.8	-12.7	-17.5	-17.6	-63.7
Result before taxes	-13.3	1.1	2.9	-142.4	-151.7	148.7	-6.6	70.3	-121.6	90.7
Income taxes	5.0	-16.0	-6.0	10.7	-6.3	-22.4	-11.0	-13.3	17.5	-29.1
Result for the period	-8.3	-14.9	-3.1	-131.7	-158.0	126.3	-17.6	57.0	-104.1	61.6
Result attributable to:										
Equity holders of the Parent Company	-8.3	-17.9	-5.1	-111.6	-142.9	126.4	-19.9	56.0	-104.2	58.3
Non-controlling interests	0.0	3.0	2.0	-20.0	-15.0	-0.1	2.3	1.0	0.1	3.3
Earnings per share for result attributable to the equity holders of the Parent Company:										
Earnings per share, EUR	-0.06	-0.12	-0.04	-0.70	-0.91	0.77	-0.13	0.34	-0.65	0.32
Diluted earnings per share, EUR	-0.06	-0.12	-0.04	-0.70	-0.91	0.77	-0.13	0.34	-0.65	0.32

Board of Directors' Report

Net sales

In 2015, Sanoma's net sales decreased by 9.7% and amounted to EUR 1,716.6 million (2014: 1,901.6; 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 3.4%.

New media sales grew by 4.4% to EUR 577.1 million (2014: 552.8).

Advertising sales decreased by 8.2% to EUR 597.8 million (2014: 651.3). Circulation sales decreased by 14.2% to EUR 583.5 million (2014: 680.1). Advertising and circulation sales were negatively impacted by divestments of non-core operations. Learning's net sales decreased by 3.9% to EUR 280.5 million (2014: 292.0) and other sales by 8.4% to EUR 254.8 million (2014: 278.2).

Group's net sales by country, %	1-12/2015	1-12/2014
Netherlands	44.5	41.8
Finland	37.1	38.0
Belgium	11.5	11.1
Other	6.9	9.1
Total Group	100.0	100.0

Group's net sales by type of sales, %	1-12/2015	1-12/2014
Advertising	34.8	34.3
Subscription	22.6	23.1
Single copy	11.4	12.7
Learning	16.3	15.4
Other	14.8	14.6
Total Group	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

Sanoma's operating profit excluding non-recurring items in 2015 totalled EUR 83.2 million (2014: 118.8; 2013: 154.6). Additional TV amortisations in the Dutch and Finnish TV operations lowered the profitability.

The operating profit excluding non-recurring items amounted to 4.8% (2014: 6.2%) of net sales.

In 2015, the Group's total expenses, excluding non-recurring items, decreased by 11.9%. The cost of sales decreased by 13.7% and fixed costs by 10.7%. Paper costs decreased by 23.5% and employee benefit expenses by 15.0%.

Sanoma's operating profit in 2015 was EUR -123.6 million (2014: 133.8; 2013: -257.7) or -7.2% (2014: 7.0%; 2013: -12.4%) of net sales.

Operating profit in 2015 included EUR -206.9 million (2014: 15.0) of non-recurring items mainly related to impairments of goodwill and other intangible assets as well as restructuring expenses. In 2014, non-recurring items were mainly related to capital gains, impairment of goodwill and other intangible assets, realisation of FX loss (Russia) and restructuring expenses.

Sanoma's full-year result included a EUR -0.7 million (2014: -1.2) result from associated companies.

Sanoma's net financial items totalled EUR -27.4 million (2014: -41.9). Financial income amounted to EUR 26.4 million (2014: 21.8), of which EUR 18.0 million were exchange rate gains (2014: 20.1). Financial expenses amounted to EUR -53.8 million (2014: -63.7), of which EUR 15.2 million were exchange rate losses (2014: 19.9). Interest expenses amounted to EUR -27.7 million (2014: -35.7).

The result before taxes amounted to EUR -151.7 million (2014: 90.7). Earnings per share were EUR -0.91 (2014: EUR 0.32). Earnings per share excluding non-recurring items were EUR 0.13 (2014: 0.33).

Balance sheet and financial position

At the end of 2015, Sanoma's consolidated balance sheet totalled EUR 2,765.1 million (2014: 3,016.5). The decrease is mainly due to goodwill impairments and divestments. In 2015, the Group's cash flow from operations decreased to EUR 25.2 million (2014: 73.7) as a result of lower profitability, change in working capital and higher taxes related to gain on sale of Sanoma House. Cash flow from operations per share was EUR 0.16 (2014: 0.45).

Sanoma's equity ratio was 39.5% (2014: 42.2%; 2013: 37.2%) at the end of 2015. A total of EUR 3.2 million was spent on the acquisition of treasury shares during the financial year. The return on equity (ROE) was -13.6% (2014: 4.9%; 2013: -24.2%) and the return on investment (ROI) was -5.3% (2014: 6.5%; 2013: -9.2%). Equity totalled EUR 1,029.1 million (2014: 1,201.3). Equity per share was EUR 4.59 (2014: 5.54). Interest-bearing liabilities decreased to EUR 899.6 million (2014: 918.1). Interest-bearing net debt was EUR 801.2 million (2014: 801.8).

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 2015, investments in tangible and intangible assets, including finance leases, amounted to EUR 54.7 million (2014: 50.7). Investments were mainly related to digital business and ICT systems, the same as in the comparable period. In 2015, Sanoma's business acquisitions totalled EUR 5.7 million (2014: 22.7). The impact of acquisitions on the Group's assets and liabilities was limited.

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 Bliask Bulgaria. As a result of the transaction, Sanoma recognised a capital loss of EUR 0.5 million in the second quarter of 2014.

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 a positive adjustment to the capital loss of EUR 8.6 million in the third quarter of 2014.

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 lease-back 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 first stage of the corporate arrangement was completed in January 2015, and the company will transfer fully to the ownership of Länsi-Savo in five years. As a result of the transaction, Sanoma recognised a capital gain of EUR 3.5 million in 2015.

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 the third quarter.

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 recognised 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.

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 September 2014, Sanoma increased its ownership in the Dutch e-commerce company SB Commerce from 40% to 100%.

In November 2014, Sanoma sold its ownership in Croatian Adria Media Zagreb.

In December 2014, Sanoma announced the divestment of its 50% ownership in Russian Fashion Press. In August 2015, Sanoma was informed that the Russian Government Commission for Monitoring Foreign Investments has at this time decided not to issue approval for the transaction.

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

In February 2015 Sanoma acquired 51% of the shares and in November 20% of the shares of the Dutch social media creator agency Social-Influencer BV.

In March 2015, Sanoma increased its ownership in the Finnish mobile marketing company Routa from 25% to 51%.

In April 2015, Sanoma sold its 33.3% stake in Delovoi Standard, the publisher of Russia's leading daily financial newspaper Vedomosti. Additionally, Sanoma sold its United Press portfolio of titles and its 50% stake in Viadeo. As a result of the transactions, Sanoma recognised a capital loss of EUR 6.6 million, including the currency translation adjustment.

In May 2015, Sanoma announced the divestments of three of its Belgian magazine titles. The transaction was closed in September. As a result of the transaction, Sanoma recognised a capital loss of EUR 12.2 million.

In October 2015 Oikotie, part of Sanoma Media Finland, acquired Jokakoti.fi real estate classified service and all of the shares of Jokakoti Oy.

In November 2015, Sanoma divested its majority ownership in the Finnish book-printing company Bookwell. As a result of the transaction, Sanoma recognised a EUR 3.9 million capital loss.

In November and December 2015 Sanoma sold Belgium titles Moustique, Télé Pocket and Bloemschikken. As a result of the transactions, Sanoma recognised a capital gain of EUR 2.5 million.

In December Sanoma sold Hämeen Paino shares and buildings to DA-Design Oy. As a result of the transaction, Sanoma recognised a capital loss of EUR 6.7 million.

In December 2015, Sanoma sold its 50% stake in Fashion Press and other remaining Russian assets (the remaining operations in United Press and 50% stake in Mondadori Independent Media). The closing of the transactions is subject to governmental approvals and certain other conditions.

Events after the end of 2015

In January 2016, Sanoma divested the Finnish language service company AAC Global.

In February 2016, Sanoma sold Autotrader.nl. As a result of the transaction, Sanoma will recognise a capital gain of around EUR 13 million.

In February 2016, Sanoma signed a new EUR 500 million Revolving Credit Facility. The facility has a maturity of four years and it has a 1 year extension option. The margin depends on the leverage of the borrower, the initial margin being 1.75% over Euribor.

Group Outlook

In 2016, Sanoma expects that the Group's consolidated net sales development adjusted for structural changes will be in line with last year or improve (2015: -3.4%). The Operational EBIT* margin is estimated to be over 7%.

*Due to upcoming changes in regulation by the European Securities and Market Authority, Sanoma has decided to replace operating profit excluding non-recurring items by Operational EBIT. The changes will be effective from the beginning of 2016.

Cost savings programme

As a part of streamlining operations and ensuring competitive cost level, in August 2015 Sanoma implemented a EUR 50 million cost savings programme.

The programme is proceeding according to plan. The full impact of savings is projected to be realised in 2016.

Consumer Media

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

Key indicators, EUR million	1-12/ 2015	1-12/ 2014
Net sales	1 402.2	1 508.0
Operating profit excluding non-recurring items	76.9	94.6
% OF NET SALES	5.5	6.3
Operating profit	-30.9	140.5
Capital expenditure	19.8	25.8
Return on investment (ROI), %	-2.4	10.7
Number of employees at the end of the period (full-time equivalents)	3 883	4 990
Average number of employees (full-time equivalents)	4 227	5 308

Consumer Media sales by type of sales, %	1-12/ 2015	1-12/ 2014
Advertising	42.4	41.5
Subscription	27.7	28.7
Single copy	13.9	15.1
Other	16.1	14.8
Total Consumer Media	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)			
	1-12/2015 vs. 1-12/2014		
	Subscription	Single copy	Total circulation
Media BeNe	-7	-17	-12
Media Finland	-13	-8	-12
of which Magazines incl. online	-15	-22	-15
of which Newspapers incl. online	-15	-6	-13
of which Pay-TV & Pay-VOD	+19	-21	+16
Total Consumer Media	-10	-15	-12

Advertising sales growth, % (based on reported figures, not adjusted for structural changes)				
	1-12/2015 vs. 1-12/2014			
	Print	Online & Mobile	TV & Radio	Total advertising
Media BeNe	-10	+1	+1	-2
Media Finland	-22	+2	+2	-9
Total Consumer Media	-18	+1	+1	-5

Media BeNe

Sanoma Media BeNe includes Dutch and Belgian consumer media operations as well as the Dutch press distribution business Aldipress. In the Netherlands, Sanoma has a leading portfolio with strong brands and strong market positions in every part of the media industry: magazines, TV, events, custom media, e-commerce sites and apps. In Belgium, Sanoma is a prominent multi-media company, with quality magazines and digital media. Our portfolio consists of many leading brands, including AutoWeek, Donald Duck, Flair, Flow, Kieskeurig.nl, Libelle, LINDA., Margriet, NU.nl, Schoolbank.nl, Startpagina.nl, Tina, VIVA and VTWonen. In the Netherlands Sanoma has four free-to-air TV channels: Net5, SBS6, SBS9 and Veronica.

- TV viewing share of SBS TV operation improved from 20.0% to 21.2% during 2015.
- Profitability was negatively impacted by an additional amortisation of around EUR 15 million of the TV programming rights in the Netherlands during the fourth quarter. Changes in the competitive landscape and consumer habits led to the devaluation of especially international fiction.
- Net sales declined in 2015 mainly due to divestments and closure of non-focus magazine titles. Organic net sales increased during the fourth quarter of 2015 supported by TV as well as online and mobile sales.

Key indicators, EUR million (based on reported figures, not adjusted for structural changes)	1-12/ 2015	1-12/ 2014	Change %
Net sales	829.5	870.8	-4.7
Digital	316.6	308.6	2.6
Online & Mobile	89.7	87.2	2.8
TV	226.9	221.4	2.5
Print	419.9	479.4	-12.4
Magazines	419.9	479.4	-12.4
Other	93.0	82.8	12.4
Operating profit excluding non-recurring items	63.9	71.2	-10.2
% OF NET SALES	7.7	8.2	
Operating profit	-22.8	-5.7	
Capital expenditure	9.4	10.5	-10.5
Number of employees at the end of the period (FTE)	2 020	2 483	-18.6
Average number of employees (FTE)	2 104	2 644	-20.4

Operational indicators, %	1-12/ 2015	1-12/ 2014
Dutch TV operations		
TV channels' share of TV advertising	24.4	24.0
TV channels' national viewing share (20-54 years)	21.2	20.0

2015

In January–December, Media BeNe's sales decreased by 4.7% to EUR 829.5 million (2014: 870.8). Net sales declined mainly due to divestments of non-focus magazine titles as well as lower print advertising sales. Adjusted for structural changes, net sales decreased by 1.4%.

Sanoma estimates that the advertising market in the Netherlands decreased on a net basis in consumer magazines by 13%, and increased in TV by 1% and in online excluding search by 8% in 2015.

Operating profit excluding non-recurring items in Media BeNe decreased by 10.2% to EUR 63.9 million (2014: 71.2), mainly due to the additional amortisation of TV rights in the Netherlands during the fourth quarter.

Non-recurring items included in operating profit totalled EUR -86.7 million (2014: -76.9) and were related to impairments as well as restructuring costs. In 2014 the non-recurring items consisted of restructuring expenses and a write-down to reflect the sales price of sold operations.

Media BeNe's investments in tangible and intangible assets totalled EUR 9.4 million (2014: 10.5), and consisted mainly of maintenance 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, online and mobile channels. We have leading brands and services, including Aku Ankka, Gloria, ET, Helsingin Sanomat, Huuto.net, Hyvä Terveys, Ilta-Sanomat, Jim, Kodin Kuvalehti, Liv, Me Naiset, Metro, Oikotie, Nelonen, Radio Aalto, Radio Rock, Radio Suomipop, Ruutu and Taloussanomat, which reach almost all Finns every day.

- Despite the challenging advertising market, Media Finland's comparable advertising sales remained at last year's level during the fourth quarter.
- Online and mobile sales continued on a solid growth path in 2015. New media sales represented already 38% of Media Finland's total net sales.
- Profitability improved during the second half of 2015 due to market share gains in advertising sales as well as cost savings.
- Divestments, especially the sale of regional newspaper business Sanoma Lehtimedia had a visible impact in Media Finland's net sales in 2015. In 2014, Lehtimedia's sales were EUR 37 million.

Key indicators, EUR million (based on reported figures, not adjusted for structural changes)	1-12/ 2015	1-12/ 2014	Change %
Net sales	572.8	637.2	-10.1
Digital	212.8	198.7	7.1
Online & Mobile	97.2	84.8	14.5
TV & Radio	115.7	113.8	1.6
Print	356.9	432.5	-17.5
Magazines	112.8	134.4	-16.1
News	244.6	300.3	-18.5
Eliminations	-0.5	-2.2	
Other	3.0	6.0	-50.0
Operating profit excluding non-recurring items	13.0	23.5	-44.8
% OF NET SALES	2.3	3.7	
Operating profit	-8.1	146.2	
Capital expenditure	10.5	15.4	-31.7
Number of employees at the end of the period (FTE)	1 863	2 508	-25.7
Average number of employees (FTE)	2 123	2 664	-20.3

Operational indicators, %	1-12/ 2015	1-12/ 2014
Finnish TV operations		
TV channels' share of TV advertising	32.2	32.6
TV channels' national commercial viewing share (10-44 years)	31.5	32.8
TV channels' national viewing share (10+ years)	15.1	15.1

2015

In January-December, Media Finland's sales decreased by 10.1% to EUR 572.8 million (2014: 637.2). Divestments had a negative impact on net sales. Adjusted for structural changes, net sales decreased by 4.1%.

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 4%, whereas advertising increased in radio by 3% and online excluding search by 7% in 2015.

Operating profit excluding non-recurring items in Media Finland decreased by 44.8% to EUR 13.0 million (2014: 23.5). Cost savings were able to offset lower net sales but additional TV amortisations decreased operating profit.

Non-recurring items included in operating profit totalled EUR -21.0 million (2014: 122.7) and were mainly related to restructuring expenses. In 2014 non-recurring items were mainly related to capital gains.

Media Finland's investments in tangible and intangible assets totalled EUR 10.5 million (2014: 15.4), 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 decreased by 4% in 2015 when adjusted for acquisitions and divestments. Non-print sales increased by 15% in footprint markets.
- Profitability in 2015 was negatively impacted by underperformance and write-downs in the digital operations of YDP.
- Nowa Era is adjusting well to the difficult legislation change driven educational text book market with increased market share and adjusted cost base.
- During the fourth quarter of 2015, Sanoma decided to change the amortisation period for Learning's prepublication rights to be better aligned with the general market practice and to better reflect the expected economic lifetime of the products. The change had a positive impact of around EUR 2 million on profitability in the fourth quarter, and will have a positive impact of around EUR 6 million on 2016 figures as well.

Key indicators, EUR million (based on reported figures, not adjusted for structural changes)	1-12/ 2015	1-12/ 2014	Change %
Net sales	280.5	292.0	-4.0
Netherlands	95.3	98.1	-2.9
Poland	84.0	86.8	-3.2
Finland	43.6	48.3	-9.6
Belgium	35.2	34.8	1.3
Sweden	23.4	26.1	-10.3
Other companies and eliminations	-1.1	-1.9	
Operating profit excluding non-recurring items	44.7	51.4	-13.1
% OF NET SALES	15.9	17.6	
Operating profit	33.1	55.1	-39.8
Capital expenditure	25.5	18.9	35.2
Number of employees at the end of the period (FTE)	1 507	1 563	-3.6
Average number of employees (FTE)	1 519	1 589	-4.5

2015

The Learning segment's net sales decreased by 4.0% to EUR 280.5 million (2014: 292.0). Adjusted for structural changes, net sales decreased by 4.0%.

Operating profit excluding non-recurring items in the Learning segment decreased by 13.1% to EUR 44.7 million (2014: 51.4) mainly due to lower profitability and write-downs in the international YDP operations.

Non-recurring items included in the operating profit totalled EUR -11.5 million (2014: 3.6), mainly related to restructuring expenses.

Learning's investments in tangible and intangible assets totalled EUR 25.5 million (2014: 18.9). They comprised mainly of investments in ICT for digital platforms.

The Group

Personnel

In 2015, the average number of personnel (FTE) employed by the Sanoma Group was 6,776 (2014: 8,259; 2013: 9,446). At the end of 2015, the number of Group employees (FTE) was 6,116 (2014: 7,583; 2013: 9,035). Divestments and restructuring decreased the number of personnel. In full-time equivalents, Media BeNe had 2,020 (2014: 2,483) employees at the end of 2015 and Media Finland 1,863 (2014: 2,508). Learning had 1,507 (2014: 1,563) and other operations 726 (2014: 1,029) employees (FTE) at the end of 2015.

Wages, salaries and fees to Sanoma's employees, including the expense recognition of share based payments, amounted to EUR 381.0 million (2014: 439.4; 2013: 460.6).

Dividend

On 31 December 2015, Sanoma Corporation's distributable funds were EUR 407.7 million, of which loss for the year made up EUR 100.6 million. Including the fund for non-restricted equity of EUR 203.3 million the distributable funds amounted to EUR 611.0 million at 31 December 2015.

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

- a dividend of EUR 0.10 per share, or in total an estimated EUR 16.2 million, shall be paid.
- a sum of EUR 0.4 million shall be transferred to the donation reserve and used at the Board's discretion.
- the amount left in equity shall be EUR 594.5 million.

In accordance with the Annual General Meeting's decision in April 2015, Sanoma paid out a per-share dividend of EUR 0.20 for 2014. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result excluding non-recurring items for the period in dividends.

Corporate Governance

For more information on Sanoma's Corporate Governance, please see the Corporate Governance Statement, pp. 80–86.

Shares and holdings

In 2015, a total of 81,355,104 (2014: 59,025,525) Sanoma shares were traded on the Nasdaq Helsinki and traded shares accounted for some 50% (2014: 36%) of the average number of shares. Sanoma's shares traded on the Nasdaq Helsinki corresponded to around 84% (2014: 82%) of the total traded share volume on stock exchanges.

During 2015, the volume-weighted average price of a Sanoma share on the Nasdaq Helsinki was EUR 4.28, with a low of EUR 3.13 and a high of EUR 5.95. At the end of 2015, Sanoma's market capitalization excluding treasury shares held by the company was EUR 634 million (2014: 749), with Sanoma's share closing at EUR 3.91 (2014: 4.60). At the end of 2015, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093.

In October–December, Sanoma acquired a total 730,000 of the company's own shares at the cost of EUR 3.2 million. At the end of 2015, the company holds a total of 730,000 own shares. Shares held by the company represented 0.4% of the total number of shares and votes.

✚ For more information on Sanoma's shares and shareholders, stock options and management ownership, see the Shares and shareholders section of the Financial Statements, pp. 68–74 as well as Notes 23 and 33 to the Financial Statements. For key indicators, see p. 4 of the Financial Statements.

Board of Directors, auditors and management

The AGM held on 8 April 2015 confirmed the number of Sanoma's Board members as ten. Board member Robin Langenskiöld was re-elected and Susan Duinhoven and Denise Koopmans were elected as new Board members. The Board of Directors of Sanoma consists of Antti Herlin (Chairman), Pekka Ala-Pietilä (Vice Chairman), Anne Brunila, Susan Duinhoven, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, 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 the Auditor in Charge.

At the end of 2015, the Executive Management Group (EMG) comprises: Susan Duinhoven (President and CEO of the Sanoma Group, chairman of the EMG), Jacqueline Cuthbert (CHRO), Arthur Hoffman (CEO, Sanoma Digital), Kim Ignatius (CFO), Pia Kalsta (CEO, Sanoma Media Finland), John Martin (CEO, Sanoma Learning) and Peter de Mönning (CEO, Sanoma Media BeNe).

On 18 September 2015, Sanoma announced that Harri-Pekka Kaukonen stepped down as Sanoma's President and CEO effective immediately.

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 8 April 2015 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 2016 and terminates the corresponding authorisation granted by the AGM on 9 April 2014.

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.

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

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements (pp. 87-89) 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 2.1 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.

➤ Definitions of key indicators used in this report are presented on p. 5 of the Financial Statements.