SCHIBSTED MEDIA GROUP

ANNUAL REPORT 2016

SCHIBSTED
MEDIA GROUP

INDEX

THIS IS SCHIBSTED MEDIA GROUP

Schibsted Media Group is a listed company headquartered in Oslo, Norway.

Our strategy of becoming a global leader within our chosen fields is ambitious. It consists of three elements that work seamlessly together: Online Classifieds, Media Houses and Growth.

Online Classifieds
We aim to be a global leader in online classified marketplaces and offer our users the best possible solutions and services.

Media Houses
We are building world-class digital media houses that will shape the media landscape for years to come.

Growth
We invest in great entrepreneurs and help scale their businesses locally and internationally by leveraging the Schibsted ecosystem.

Engaging more than 200 million people worldwide
From Mexico to Malaysia, from Brazil to Norway – millions of people interact with Schibsted companies every day.

We are meeting our customers' needs with our expanding range of smart products and services. Schibsted is becoming increasingly international, and we are rapidly moving forward.

We ensure that new and old sofas can be sold. News reports are read and watched when, where and how consumers want. Weather reports are checked with quick online services. Carpenters are found through a couple of clicks. TV viewing is planned. Maps and routes are checked. Job seekers and employers are connected. Deals are made. Old cars find new owners. Prices are compared. And the latest fashion is browsed. These are just some of the ways our services empower people in their daily life. All around the world.

Our international reach requires that we understand and are sensitive to the diversity of our customers and companies. We are committed to constantly innovating and improving our services to meet the needs of people all around the world. Today and tomorrow.

Online Classifieds

Established phase
- Norway: Finn.no, Mitt Anbud, Lendo
- Sweden: Blocket.se, Bytbil.com, Servicefinder
- France: Leboncoin.fr, MB Diffusion
- Spain: Coches.net, Fotocasa.es, Vibbo.es, Milanuncios.com, InfoJobs.net, Habitaclia.com
- Italy: Subito.it
- Austria: Willhaben.at
- Hungary: Hasznaltauto.hu
- Malaysia: Mudah.my
- Ireland: Done Deal, Adverts, Daft
- Colombia: Fincaraiz

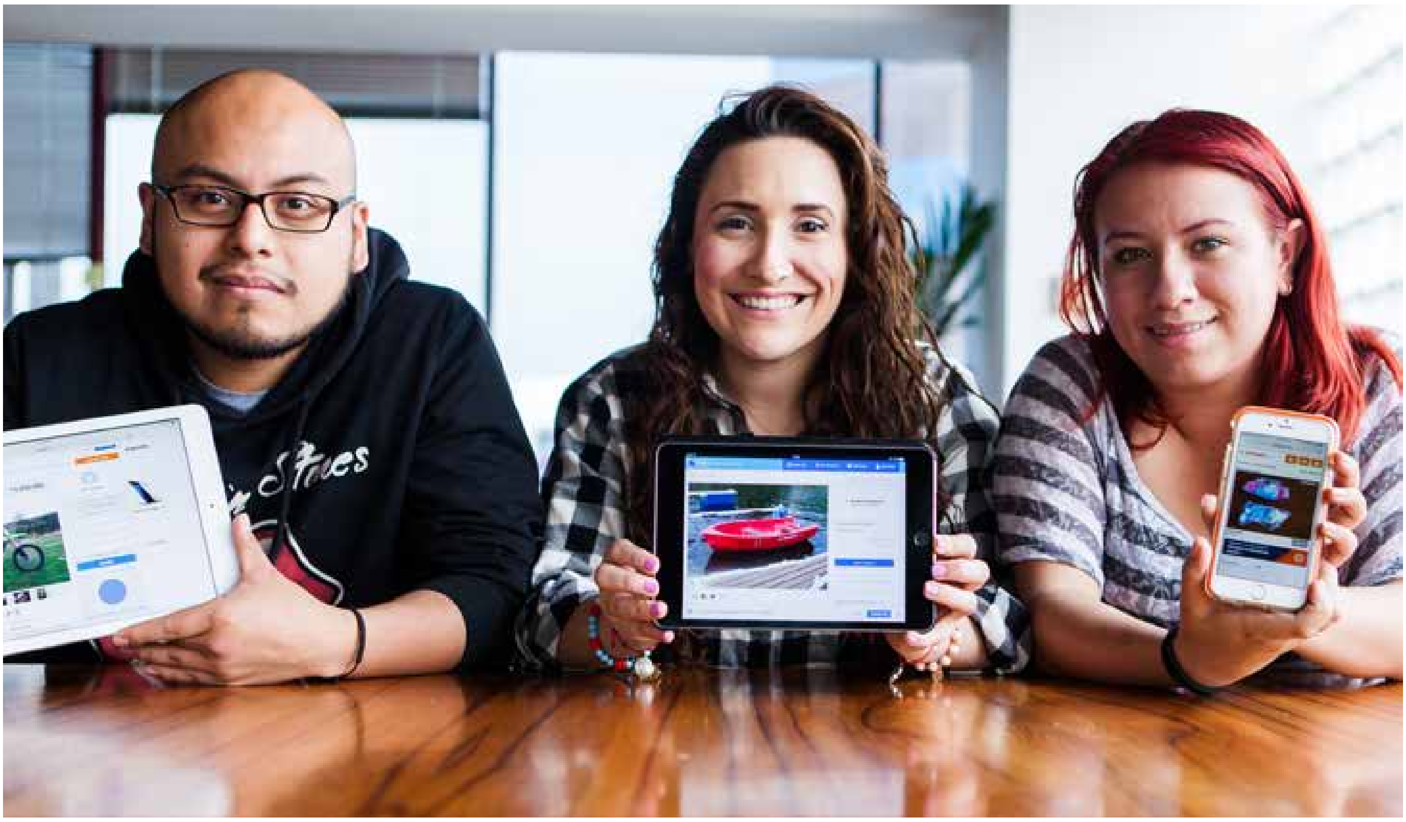
Investment phase
- Schibsted-controlled classifieds marketplaces in Belarus, Belgium, Dominican Republic, Finland, Germany, Hungary, Italy, Mexico, Morocco, Portugal, Tunisia and UK.
- Online classifieds marketplaces owned through joint ventures in Bangladesh, Brazil, Chile, Indonesia, Thailand and Vietnam.

Media Houses

Norway
- VG media house (online and single-copy print newspapers)
- Subscription-based media houses (Aftenposten, Bergens Tidende, Stavanger Aftenblad, Fædrelandsvennen)
- Schibsted Growth
- Other activities (primarily printing and distribution)

Sweden
- Aftonbladet media house (online and single-copy print newspapers)
- Svenska Dagbladet (subscription-based media house)
- Schibsted Growth (focused on online personal finance (for example Lendo), price comparison (Prisjakt), online coupons and online directories)

A STRONGER SCHIBSTED



In 2016 Schibsted concluded a year where we have strengthened our foundation for profitable growth and value creation going forward. We have continued to build our position as a global leader in Online classifieds, and to develop world-class digital media houses based on strong ecosystems in Scandinavia. Together with the build-up of a strong product and technology organization, this has resulted in a steady progress in accordance to our strategic plan.

Progress and growth in Online classifieds
Our Marketplaces had a strong year, both in our Emerging Markets and Established Markets. We saw more users, more traffic, and more revenue. Sites like Leboncoin, Finn and Blocket continue to be the main revenue drivers, but it is also great to see that emerging markets such as Brazil is now on a good path to profitability.

Our strongest growth engine Leboncoin.fr has continued to grow rapidly. Leboncoin.fr has during 2016 built a significant revenue base in real estate, and initiated monetization of the attractive jobs vertical. The results so far are promising. In the relatively mature Scandinavian markets, the positive trends continued, whereas our operations in Spain have during 2016 struggled to maintain the high growth rates from 2015.

Within our Other Developed markets, Italy, Austria and Ireland have seen steady high growth rates during 2016. It is reassuring to conclude that they in total have established themselves with positive EBITDA for the year as a whole.

Our progress in Emerging markets continues, and it is good to see that the revenue growth in Brazil accelerates. Our native marketplace app Shpock continues to set new records in terms of downloads and user engagement.

Journalism you can trust
2016 has been a year full of changes also in the world around us. From Brexit to the presidential election in the US, we see very clearly how news shapes opinions and more importantly, calls to action.

In the light of the disclosure and debate around fake news, I feel stronger than ever that independent, trustworthy journalism is crucial for modern democracies. I am proud that our media houses continue to create award winning journalism. We see that consumers are willing to pay for our great digital content. The number of digital subscriptions keeps increasing across our titles, and for me this is one of the most encouraging developments of the year. We also have very strong positions in digital advertising and keep developing the very best solutions for our customers. As a result, our media houses produced improved EBITDA margins in 2016 as a whole and do a great job in counteracting the severe negative impact from the decline in print advertising revenues.

I would also like to highlight the progress of our operations in Schibsted Growth. Over long time, Schibsted Growth has delivered strong results. They have notched several successes in 2016 too, as Prisjakt and Lendo continued their growth. Prisjakt continues its roll out in selected international markets, most recently launched in Italy and France. During 2016, the effectiveness of the Lendo business model has also become particularly visible, and Lendo has consequently made its first steps outside of Scandinavia. I am excited to follow these developments in the time to come.

Building a stronger Schibsted
The build-up of product and technology capabilities as a strong power across Schibsted is essential in order to strengthen the foundation for profitable growth and value creation going forward. Improved online classifieds components and platforms, tools to streamline the editorial operations and our data driven advertising platform are essential elements.

The basis for competition in digital marketplaces is tilting from a heavy focus on marketing towards more emphasis being put on creating the best digital products and technological solutions for the user. Our advances within product and tech focus on building better marketplaces and tailor-made news products based on state-of-the-art technology. This will benefit our users in the form of continued roll-outs of improved products and services.

In 2017 and onwards, we simply have to move forward much faster as the speed of change accelerates in the world around us. We will develop and scale our new digital technology and products, and to launch quickly in the market. We have laid the foundation and we are well positioned to harvest more and more of our investments in better products and technology.

Our greater purpose
Having a greater purpose to our daily job is critical for a company to thrive. For me, Schibsted is more than its content. It's more than our classified ads. It goes beyond our products and our revenue.

To me, what matters is how we support independent journalism, the pillar of a democratic society. Journalism matters more than ever, and independent journalism must have a sustainable future.

I'm determined to help publishing find sure footing in uncertain times, so we can continue to give a voice to the voiceless.

Our marketplaces help dreams come true. Families find homes. People find jobs. One person's second-hand sofa is someone else's vintage couch. We can boil it down to "listings" or "transactions", but behind each one is someone's personal story of what matters to them. That matters to me.

We support entrepreneurs, through Schibsted Growth. We give them the chance to carry out their dreams with the backing of one of the world's largest media and marketplaces companies. It's not just about the return on the investment, but how we build for the future. Shaping the future, not just waiting for it to arrive, matters to me.

When I look out across Schibsted, I see more than 7,000 people who do things that matter. We shape what tomorrow will be. Together, we do great things to serve our users and fulfil our mission of "Empowering people in their daily lives".

Rolv Erik Ryssdal

ROLV ERIK RYSSDAL
CEO, Schibsted Media Group

KEY FIGURES

(NOK million)	2016	2015	2014
Operating revenues	**15,854**	**15,117**	**14,975**
Operating expenses	(13,723)	(13,101)	(13,034)
Gross operating profit (EBITDA)	**2,131**	**2,016**	**1,941**
Depreciation and amortisation	(529)	(498)	(467)
Share of profit (loss) of joint ventures and associated companies	(171)	52	(841)
Impairment loss	(80)	(488)	(131)
Other revenues and expenses	(114)	1,079	8
Operating profit	**1,237**	**2,161**	**510**
Profit (loss) before taxes	**1,258**	**1,966**	**382**
Gross operating margin (EBITDA) (%)	13	13	13
Equity ratio (%)	52	51	38
Net interest bearing debt/EBITDA	0.5	0.4	1.1
Basic earnings per share (NOK)	2.05	5.79	(0.84)
Basic earnings per share - adjusted (NOK)	2.70	3.17	(0.73)
Diluted earnings per share (NOK)	2.05	5.78	(0.84)
Cash flow from operating activities per share (NOK)	6.66	4.56	5.73

ONLINE CLASSIFIEDS

Operating revenues	6,787	5,692	4,766
Gross operating profit (EBITDA)	1,897	1,669	1,429
Gross operating margin (EBITDA) (%)	28	29	30

MEDIA HOUSE NORWAY

Operating revenues	5,393	5,723	6,237
Gross operating profit (EBITDA)	439	398	538
Gross operating margin (EBITDA) (%)	8	7	9

MEDIA HOUSE SWEDEN

Operating revenues	4,145	3,871	3,759
Gross operating profit (EBITDA)	507	422	391
Gross operating margin (EBITDA) (%)	12	11	10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BOARD OF DIRECTORS' REPORT 2016

Consumer trends and technological opportunities have developed at an amazing speed during 2016, and there is no reason why the speed of development should slow down. During the past year, Schibsted has taken major steps to ensure that we can take advantage of the ever-developing technological landscape.

We have made changes to our organizational structure and significantly increased our competence base in product and technology. We can now say that Schibsted is truly becoming a technology-driven media company. We aim to increase our speed of development and broaden our revenue base. We seek to develop better digital products for our users that are more tailored to their individual needs, and thereby unlock the value of the vast amounts of user data we collect. This will enable us to leverage our global scale and to continue to deliver value creation for our users, customers and shareholders in the short and long run.

More than 70 percent of Schibsted's revenues came from digital services in 2016, and our portfolio is focused on digital news in Norway and Sweden, online classifieds services and smart services empowering people in their daily life. In the time to come, the user centricity will remain at the core of our strategic thinking. What will engage and empower consumers in their future daily life? We have to continue to stay close to our customers – both consumers and businesses - and make sure we continue to serve them well and thereby deserve their loyalty. In order to achieve this we need to foster an entrepreneurial mindset within our organization. At the same time, we will be open for external ideas. We will continue to create value for customers and shareholders by investing in digital startups and including them into the Schibsted family through the Schibsted Growth setup. This open-mindedness for innovation might become even more important in the future, and we will aim to continue the successful story of Schibsted Growth.

For our Online classifieds segments combined, we have a target of growing our revenues by 15–20 percent annually over a medium- to long-term time horizon. The most important foundation for this development lies in our leading traffic positions in a range of countries. To support development, we are focusing a large part of our product and tech development efforts on tools and products in classifieds verticals and on developing next-generation online classifieds platforms and functionalities. During 2016, we were able to move forward our positions in several markets. One of the most important achievements was the significant growth in market share in the French real estate market. Our online classifieds sites combined grew their revenues by 19 percent, and EBITDA grew by 14 percent. It is not only the established operations in large European markets that did well. We clearly see that the investments we have made in new ventures in early-stage countries are beginning to pay off in the form of rapid growth in monetization and reduced investments. Our digital news media have over the last 12 months continued to operate in a challenging market. Print advertising has continued on a downward path, as expected. A particularly bright spot has been that the uptake in digital subscriptions has accelerated, largely driven by young people buying subscriptions.

In the future, we intend to remain one of the leading companies in terms of using of technology in the production and presentation of journalism. Schibsted's internally developed publishing platform streamlines the editorial process and frees up capacity for the core task: producing content. Technological improvements, coupled with adaption of the cost base to the changing market structure, are essential to securing the future of our editorial operations.
We firmly believe that independent, factual and reliable editorial content will be a distinguishing factor going forward, in an era many have characterized as 'the post-truth era'.

We truly believe in the value of all our online sites as channels for digital advertising. The digital advertising market is bound to grow well for several years, and to be able to fully participate in this structural growth, we are investing in next generation advertising systems and tools based on the AppNexus technology.

The market is continuing its path towards the 'identified web', where collecting and utilizing data about users will be absolutely essential. Schibsted is experiencing significant growth in the logged-in share of traffic, which is an important building block in order to succeed. Logged-in traffic enables us to capture accurate data and present more relevant and personalized content for consumers while at the same time provide more efficient products for advertisers. These opportunities are strengthened by our ecosystem strategy,

which is applied in Norway and Sweden. Here, we see that the combination of our three main strategic pillars gives Schibsted leading national positions, enabling us to leverage technology and data in order to create added value.

An integrated part of Schibsted's strategy is to support the growth profile by actively taking part in value-creating consolidation and M&A activities. The introduction of the B-share in 2015 is essential in this respect. The dual-class share structure makes it possible for Schibsted to efficiently access the equity market or to use shares as a currency in connection with acquisitions or mergers. The primary focus in terms of M&A is to consolidate online classifieds markets and to strengthen our positions in markets where we are already present. The Board emphasizes the advantage of maintaining significant financial strength and flexibility in order to be able to act when the right opportunities in the M&A field arise.

Going forward, we believe Schibsted's services will continue to be important for consumers and for society. By providing high-quality editorial content, well-functioning marketplaces and relevant marketing, we will deliver on our mission of "Empowering people in their daily life".

Schibsted Media Group's Board 2016-2017:
Back row, from left: Eugénie Van Wiechen, Torbjörn Ek, Tanya Cordrey, Birger Steen.
Front row, from left: Finn E. Våga, Marianne Budnik, Ole Jacob Sunde (Chair), Ingunn Saltbones, Christian Ringnes. Arnaud de Puyfontaine was not present at the photo session.

HIGHLIGHTS IN 2016

During 2016, our Group has continued to follow the strategic direction set out by the Board. We continued to develop our strong Online classifieds brands and traffic positions, and made significant progress in terms of developing world-class digital media houses. The joint product and tech efforts that were made at Group level made it easier to take advantage of our global scale. In Scandinavia, we see the benefit of having large digital ecosystems with a large and highly engaged audience.

The rapid pace of revenue growth in our Online classifieds operations continued in 2016. Once again, the strongest driver was the French online classifieds star Leboncoin.fr, a company that continues its impressive growth in both revenue and EBITDA. During 2016, Leboncoin.fr managed to take significant shares of the French real estate market, and embarked on a journey towards replicating this success in the recruitment market. We saw steady progress in Scandinavia, whereas the macro environment and competitive landscape in Spain led to a deceleration in revenue growth. Within our early-stage operations in both Europe and emerging markets, we reached a maturity level that allowed harder push for monetization. This led to acceleration in the revenue growth for our Investment phase operations.

Within Media Houses, the publishing operations were under sustained pressure from print revenue decline. However, they were able to maintain operating margins as a result of strict cost discipline. There were also some very positive developments in the digital area. 2016 was a turning point when it comes to the audience's willingness to pay for quality editorial content. This means that we are able to build a purely digital subscription base that makes the financial horizon much brighter for our high-quality newspapers.

During 2016, Schibsted invested considerable amounts in product and technology development. We strengthened our capabilities considerably, and adapted our organization towards becoming far more agile and efficient in product launches.

- The Group achieved operating revenues of NOK 15,854 million; a growth of 5 percent.
- Gross operating profit (EBITDA) ex Investment phase was NOK 2,904 million, a growth of 13 percent from NOK 2,560 million in 2015. The EBITDA margin ex Investment phase operations was 19 percent (17%).
- Reported gross operating profit (EBITDA) was NOK 2,131 million, compared to NOK 2,016 million in 2015.

A global leader in Online classifieds

- Revenue growth of 19 percent.
- Gross operating profit (EBITDA) grew 14 percent. The growth was 21 percent excluding Investment phase.
- 19 percent revenue growth and stable EBITDA margin in France, driven largely by rapid growth in real estate.
- Sustained healthy development in Scandinavia, where extended product range and price optimization were key drivers.
- A challenging year and a slowdown in growth rate combined with margin pressure for the operations in Spain.
- Strong revenue growth and positive EBITDA for Other Developed markets, driven by improved trend in Italy and continued good development in Austria, Ireland and Hungary.
- Accelerated growth in revenues and reduced losses in Investment phase operations excluding Shpock, driven by significant monetization efforts in Brazil. Increased investments in the native app Shpock, resulting in strong growth in app downloads and user engagement, particularly in the UK and Germany.

Building world-class digital media houses

- Significant structural changes continued in the industry. Digital advertising increased 2 percent, whereas print advertising declined by 21 percent.
- Strong growth in digital subscriptions, resulting in stable circulation revenues from 2015 to 2016.
- Total EBITDA margin for media houses increased by 1 percentage points to 10 percent supported by cost adaptations and digital growth.
- Continued high revenue growth rate for Schibsted Growth. Personal finance services and price comparisons were the most important drivers of the development.

Stronger focus on technology and product development

- Continued ramp-up of competence within online product and technology development in order to facilitate the digital transformation and the strategy of forming identity-based ecosystems.
- During 2016, several product launches were made on the back of the new product & tech initiative. Close to all our newsrooms implemented the common publishing platform. Within the field of advertising, our own advertising platform built on Appnexus technology was rolled out in France and Norway, supporting long-term growth for digital advertising. The foundation for further developments within data analytics, products and tools for classifieds, and advertising was laid during 2016.
- A new organization with new geographies and stronger global functions was implemented during the year to increase efficiency and facilitate collaboration across the Group. The new organizational model implies accountability for financial reporting along a geographical dimension. At the same time, Product and Technology are new global functions across the geographies.

The Board proposes allocating a dividend of NOK 1.75 (1.75) for the 2016 financial year.

ANALYSIS OF THE 2016 FINANCIAL STATEMENTS

Schibsted Media Group presents its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as approved by the EU.

SCHIBSTED MEDIA GROUP (NOK million)	**2016**	**2015**
Operating revenues	**15,854**	**15,117**
Operating expenses	(13,723)	(13,101)
Gross operating profit (EBITDA)	**2,131**	**2,016**
Depreciation and amortisation	(529)	(498)
Share of profit(loss) from joint ventures and associated companies	(171)	52
Impairment loss	(80)	(488)
Other income and expenses	(114)	1,079
Operating profit	**1,237**	**2,161**
Gross operating profit (EBITDA) margin	13 %	13 %
Gross operating profit (EBITDA) ex. Investment phase	**2,904**	**2,560**
Gross operating profit (EBITDA) margin ex. Investment phase	19 %	17 %
Investment phase	**(773)**	**(544)**

Operating revenues reported for the Group increased by 5 percent from 2015 to 2016. The increase in revenues stems from good growth within the Group's online classifieds segments as well as from online revenues within media houses.

The online classifieds segments showed a total growth in operating revenues from 2015 to 2016 of 19 percent. Online Classifieds International reported a growth rate from 2015 to 2016 of 28 percent. The revenue increase is broad-based, and all sites are growing. Online Classifieds Norway reported an increased growth rate of 10 percent due to solid growth in the verticals and in personal finance. Online Classifieds Sweden reported a lower growth rate of 7 percent due to slowdown in marketplaces for services.

Advertising revenues (including online classifieds) increased by 7 percent from 2015 to 2016. The structural migration from print to online caused advertising revenues from print to decrease by 17 percent. Online advertising in media houses showed a decrease of 1 percent, while advertising revenues from online classifieds (including listing fees and upsell features) increased by 21 percent.

Changes in readership habits and acceleration in the speed of transition to digital media have, as in previous years, led to a considerable decline in circulation volumes of the single-copy newspapers VG and Aftonbladet of 18 percent. The decline was to some extent compensated by price increases, and total casual sales revenues for print and online fell by 9 percent. The subscription newspapers were able to slow down the subscription volume decline through attractive online and print/online bundled subscriptions, combined with some price increases. Total circulation revenues from newspaper subscriptions increased by 10 percent.

The Group's total operating expenses showed a reported increase of 5 percent. In order to capture opportunities in the market and to build number-one positions, Schibsted is investing significant amounts in developing online classifieds products and markets. In 2016, the investment, defined as proportional gross operating loss (EBITDA) for the operations in Investment phase, was NOK 872 million. Of this, NOK 753 million affected the gross operating profit negatively. The remaining NOK 118 million was incurred in joint ventures, and is under IFRS reported on a net result basis (the equity method), included in net operating profit (EBIT). In addition, Schibsted has incurred significant costs related to digital product and technology. In this area, focus has been on developing joint technological platforms for advertising, online classifieds and publishing, as well as a common technical infrastructure. The Group continuously works on adapting the cost base in the media houses to market trends. Significant cost reductions on several fronts were made to the print editions in 2016, and this focus will be maintained going forward.

The impairment losses of NOK 80 million (NOK 488 million) are related to the closing down of operations.

Share of profit (loss) of joint ventures and associates of NOK 52 million in 2015 includes a gain on sale of NOK 450 million related to Schibsted's agreement with Naspers, Telenor and Singapore Press Holdings.

Other income and expenses in 2016 were net a loss of NOK 114 million (NOK 1,079 million) mainly related to structural measures within Media Houses. 2015 showed a gain of NOK 858 million on remeasurement of previously held ownership in new subsidiaries, primarily Shpock (Finderly), a NOK 239 million gain on the sale of Aspiro, and a NOK 124 million gain on the sale of Schibsted's online classifieds operations in Switzerland also contribute significantly. On the negative side in 2015, restructuring costs of NOK 141 million were linked to Schibsted's continuous work on cost adaptations in the media houses to align the cost base to market changes.

Schibsted announced in May 2015 an offer to acquire the largest online classifieds site for real estate in Sweden, Hemnet. During 2016, the agreement has been under scrutiny by the Swedish Competition Authority (SCA). A set of commercially acceptable remedies were offered. It is Schibsted's view that the SCA's initial concerns have been alleviated as a result of these remedies and that Schibsted would be the best owner of Hemnet both from the perspective of Swedish consumers and from the realtors' viewpoint. However, in July 2016, the SCA informed Schibsted that the authority would not clear the transaction in its current form. Schibsted therefore terminated the acquisition process. Schibsted still considers the Swedish real estate market to be attractive, and will now consider other alternatives for its presence in the market.

In September 2016, Schibsted announced the acquisition of MB Diffusion, the leading online classifieds marketplace for agricultural and construction equipment in France. The company has strong synergies with Leboncoin in France, and has an international presence with prospects for further growth.

Underlying development

The currency-adjusted revenue growth rate for the Group was 3 percent from 2015 to 2016.

Total revenue growth for all three online classifieds segments combined, adjusted for currency effects, was 16 percent.

Total decline for both media house segments combined, adjusted for currency effects, was 2 percent.

Events after the reporting period

On 16 January 2017, Schibsted Spain announced the acquisition of the real estate portal Habitaclia.com for an undisclosed figure. With this transaction, Schibsted Spain, owner of the Spanish real estate site Fotocasa.es, strengthens its leadership in the real estate classified ads segment. Habitaclia will operate as an independent brand within Schibsted Spain, maintaining its offices and adding its more than 80 employees to Schibsted Spain. Fotocasa and Habitaclia will continue to operate autonomously, although processes will be established so both brands can learn from the strengths of the other.

Balance sheet

The carrying amount of the Group's assets decreased by NOK 1,208 million to NOK 20,408 million during 2016. The decrease in assets is mainly an effect of translation differences (strengthening of NOK versus EUR and SEK) and decreased cash partly offset by increase in assets from business combinations. The Group's net interest-bearing borrowings increased by NOK 282 million to NOK 1,074 million. The Group's equity ratio was 52 percent at the end of 2016 and 51 percent at the end of 2015

Schibsted's holding of treasury shares, acquired under current authorization from the Annual General Meeting to increase the number of treasury shares to maximum 10,800,361 during a period of 12 months, was reduced from 314,079 treasury A-shares at year-end 2015 to 276,020 A-shares at year-end 2016. Likewise 565,204 treasury B-shares at year-end 2015 were reduced to 480,797 B-shares at year-end 2016. The net decrease of 122,466 treasury shares is a result of 252,466 treasury shares being sold or transferred to employees in connection with various incentive programs partly offset by 130,000 treasury shares being acquired.

Liquidity

As of 31 December 2016, Schibsted's net interest-bearing debt was NOK 1,074 million, compared to NOK 792 million as of 31 December 2015.

Schibsted ASA repaid a loan of EUR 25 million from Eksportfinans at maturity end of January. Schibsted has two long term revolving credit facilities of totally EUR 425 million. As of 31 December none of these facilities were drawn. After exercising the last extension option, the final maturity of the EUR 300 million revolving credit facility is 14 July 2021. No other changes has been made to the main loan portfolio during 2016.

Schibsted's revolving credit facilities and bank loans are subject to financial covenants linked to the ratio of net interest-bearing debt to gross operating profit (EBITDA). This ratio was 0.5 at the end of 2016 and is well within the financial covenant.

After the issue of B-shares in September 2015, the liquidity reserve is much higher than before. Including cash and cash equivalents, the liquidity reserve at the end of Q4 2016 was NOK 5.1 billion. This gives a liquidity reserve of 33 percent of annual revenues.

Cash flows

Net cash flow from operating activities was NOK 1,506 million for 2016, compared to NOK 993 million in 2015. The improvement is a result of increased gross operating profit and improved net financial items as well as reduced tax payments and positive development in working capital.

Net cash outflow from investing activities was NOK 1,248 million for 2016, compared to NOK 1,513 million in 2015. The decrease is mainly related to significantly reduced net cash outflows from investments in joint ventures and associates, partly offset by increased net cash outflows from acquisitions and sales of subsidiaries, and by increased investment in fixed and intangible assets.

Net cash outflow from financing activities was NOK 877 million for 2016, compared to a net cash inflow of NOK 1,683 million in 2015. The cash inflow in 2015 included a capital increase of NOK 2,634 million. In addition, net cash payments from changes in ownership interests and dividends paid to non-controlling interests were reduced while net repayment of interest-bearing debt was increased.

Research and development activities

Schibsted's vision is "Shaping the media of tomorrow. Today." To achieve this, we have to constantly innovate and improve the products we offer our users, both in our marketplaces and in the media houses. Schibsted Media Group has been at the heart of the digital transformation for 20 years, and we continue to invest substantial resources in improving and developing our products.

Users are changing behavior at a faster pace than ever before. They consume media in new ways and across platforms, they expect online services to follow them seamlessly, they expect services to know them and anticipate their needs, they seek one-click solutions and immediate response, and they are more adept as digital consumers. We must live up to their high expectations.

In 2016 significant resources were therefore allocated to accelerate the development of a central organization for group-wide development of products and technology in response to both user and advertiser needs. By centralizing a larger part of the core technology development, the intention is to free up capacity in the operational units for new product development. The increasing globalization of the competition in the online sector and the move towards more identity-driven products require a centralized approach in order to reduce the time-to-market of new products based on new technology.

Innovation has always been an important part of the DNA of Schibsted Media Group and its organizations and companies. "We are innovative" is one of our four core values. Schibsted Media Group is recognized as one of the most innovative media companies in the world. Constant innovation is key in order to maintain this position. Our innovation efforts are primarily focused on online classified platforms, media platforms, online payment solutions, advertising technology, data analytics and identity. To emphasize the importance of innovation in Schibsted, an innovation award was presented for the fifth year running.

The annual Innovation Award is Schibsted's way to appreciate and share the excellence of innovation across the Group. The 2016 Schibsted Innovation Award was won by the team behind the new IP-based geo-targeted ads. The IP-based geo-targeting ad platform was a joint effort between the Schibsted Product and Tech organization, based in London, and the Schibsted Norway advertising unit, based in Oslo, which helped bring the product innovation to market. Commercial geo-targeting solutions exist, but the new product launched by Schibsted greatly improves accuracy. This leap in performance has already helped Schibsted secure and grow advertising revenue, while improving the advertising experience significantly for consumers.

All the Group's companies are making continuous efforts to further develop both existing products and products that will provide new revenue flows. Expenditure related to the development of intangible assets is only capitalized when the future economic value can be demonstrated.

ANALYSIS OF MARKET RISK

Schibsted is operating in an industry that is subject to constant change. Our ambition, underpinned by our business model and strategy, is to remain resilient in the face of constant game-changing disruption through innovation and continuously challenging ourselves to improve.

Operational risk

Schibsted's advertising revenues are to a certain extent affected by cyclical developments in real economy figures, notably GDP growth, unemployment rates, and consumer confidence. The Group's advertising revenues from the recruitment market and, to a lesser extent, the real estate market and display advertising, are the revenue streams most exposed to cyclicality. In 2016, the Group's total advertising revenues, including revenues from listing fees and upsell features in the classifieds sites, amounted to 62 percent (60 percent) of total revenues. Most of the future growth in revenue is expected to come from consumer-oriented classifieds services. These revenues are considered to have a relatively low degree of cyclicality.

Structural changes in media consumption are impacting Group's revenues from print newspapers, resulting in accelerated migration from print to digital consumption. Moreover, the Group is facing structural changes and increased competition in the digital advertising market as advertising revenues follow the user consumption patterns from desktop to mobile platforms. The Group's ambition is to proactively address and reduce the impact of these risks, and the key focus areas in the Group's strategy contribute to achieving this. The Group is continuing its efforts in joint development of platforms for media houses and online classifieds as well as in advertising technology and analytics.

As a global player in an industry subject to technology developments that are advancing at an increasingly rapid pace, the Group is exposed to increased competition from disruptive players, technology and new business models. The classifieds operations also face increasingly competitive environments in several markets. Strategic initiatives such as the Group's commitment to technology and innovation, and to diversification of revenue streams from the media houses, online classifieds, and the growth companies, are all aimed at reducing the impact of this risk.

Financial risks

Currency risk

The Group has Norwegian krone (NOK) as its predominant currency, and is exposed to fluctuations in the exchange rates of other currencies through its operations outside Norway. Schibsted has exchange rate risks linked to both balance sheet monetary items, to the translation of investments in foreign operations and to cash flows. The Group makes use of loans in foreign currencies and financial derivatives (forward contracts and cross-currency swaps) to reduce its foreign exchange exposure. Schibsted actively manages loans in foreign currencies and financial derivatives in accordance with the Group's financial strategy in order to reduce the currency risk.

Exchange rate fluctuations may affect the ratio of net interest-bearing debt to gross operating profit (EBITDA). A general 10-percent depreciation of NOK will increase the Group's net interest-bearing debt by around NOK 34 million as of 31 December 2016 and will cause a change in the ratio of net interest-bearing debt to EBITDA of around 0.02.

Interest rate risk
Virtually all of the Group's debt as at 31 December 2016 was subject to a variable interest rate. Consequently, changes in interest rates affect both interest-bearing debt and cash balances. A general change of 1 percentage point in the variable interest rate will change Schibsted's net interest expenses by approximately NOK 10 million.

Credit risk
Account receivables are diversified through a large number of customers, customer categories, and markets. Account receivables consist of a combination of prepaid subscriptions or advertisements and sales invoiced after delivery of the product. The credit risk posed by some receivables (prepaid subscriptions and payments made by credit card on purchase date) is minimal, while for other receivables it is higher. Credit risk will also vary across the countries in which we operate. Credit insurance is also used to some extent. Overall, the credit risk is considered low.

Financial risks are monitored by Group treasury and overlooked by Group management.


SCHIBSTED FUTURE REPORT 2016
6,800
30
MacBook Air

OPERATING SEGMENT ANALYSIS

Online classifieds

Schibsted Media Group operates online classifieds companies in 29 markets. Operations in Norway, Sweden, France, Spain, Italy, Austria, Ireland, Malaysia, Colombia and Hungary are in Developed phase, whereas online classifieds sites in Investment phase operate in several other countries.

Online Classifieds is divided into three segments: Online Classifieds Norway, Online Classifieds Sweden and Online Classifieds International, which includes all assets outside Scandinavia.

The figures presented below are pro forma figures, using proportional consolidation of joint ventures and associates. For IFRS figures, please see Note 6 (Operating segment disclosures). An overview of definitions and reconciliations is provided at the end of the report.

ONLINE CLASSIFIEDS EBITDA PRO FORMA (EUR MILLION)	**2016**	**2015**
Operating revenues	**733.2**	**638.1**
Gross operating profit (EBITDA)	**199.2**	**159.3**
Gross operating profit (EBITDA) margin	27 %	25 %
Gross operating profit (EBITDA) Developed phase	**292.8**	**254.9**
Gross operating profit (EBITDA) margin Developed phase	43 %	42 %
Gross operating profit (EBITDA) Investment phase	**-93.6**	**-95.6**

Main features in 2016

- Online classifieds developed strongly in most markets in 2016, and Schibsted focused on creating further growth through innovation and product improvement alongside continued investments in less developed markets.
- Online Classifieds showed a growth of 15 percent in operating revenues in 2016 in EUR terms. Adjusting for currency effects, the growth rate was 17 percent in 2016.
- Visible operational leverage in several units. Increased EBITDA margin for Developed phase operations to 43 percent in 2016, up from 42 percent in 2015.
- Investment phase revenues growth accelerated to 64 percent, year over year. The negative EBITDA of Investment phase operations was EUR 93.6 million in 2016, compared to EUR 95.6 million in 2015.

Online Classifieds International

Online Classifieds International comprises all online classifieds operations outside Scandinavia. The segment had consolidated revenues of NOK 4,085 million in 2016, up from NOK 3,202 million in 2015. The revenue increase is broad-based, and all sites are growing. Consolidated EBITDA is NOK 692 million in 2016 compared to NOK 510 million in 2015.

France

Leboncoin.fr is the leading online classifieds marketplace in France and has a strong position within generalist, cars, real estate and jobs ads. Leboncoin celebrated its 10th anniversary in 2016. MB Diffusion was acquired in September 2016, and the company is consolidated in the figures from 31 October.

LEBONCOIN.FR (EUR MILLION)	**2016**	**2015**
Operating revenues	**214.0**	**179.7**
Gross operating profit (EBITDA)	**129.2**	**107.3**
Gross operating profit (EBITDA) margin	60 %	60 %

Main features in 2016

- Operating revenues grew by 19 percent in 2016 compared to 2015. The revenue growth came from a broad range of sources in display advertising, listing fees and upsell features.
- The EBITDA margin was 60 percent. Costs increased in 2016 particularly related to marketing in connection with the launch of the jobs vertical, technology development and strengthening the organization.
- The position in real estate is strong in terms of volume and traffic. Leboncoin has made significant progress in signing up new independent real estate agents and large networks after the cooperation agreement with Spir Communication expired in 2014. Revenues from stand-alone real estate contracts was gradually phased in during 2015, and continued with good growth rates in 2016.
- During 2016, Leboncoin continued to strengthen its position as the leading site for professional car listings in France.
- In October 2016, Leboncoin started to monetize its strong position within the jobs vertical. Revenue contribution was limited in 2016, but the development is promising.
- MB Diffusion was acquired in September. MB Diffusion is the leading online classifieds marketplace for agricultural and construction equipment in France. The company has strong synergies with Leboncoin.fr in France, and has an international presence with prospects for further growth.

Spain

Schibsted Spain is the clear leader in the Spanish online classifieds market, holding clear number-one positions in generalist, cars, jobs and real estate. The company operates under the main brands Vibbo.es, Milanuncios.com, Coches.net, InfoJobs.net and Fotocasa.es.

SCHIBSTED SPAIN (EUR MILLION)	**2016**	**2015**
Operating revenues	**110.7**	**99.0**
Gross operating profit (EBITDA)	**23.7**	**22.6**
Gross operating profit (EBITDA) margin	21 %	23 %

Main features in 2016

- Revenues increased 12 percent from 2015 to 2016. The growth came from the main verticals: real estate, cars and jobs, and from display advertising. EBITDA margin was 21 percent (23%).
- The growth rate in 2016 was lower than in 2015. The lower growth was primarily a result of reduced momentum for digital display advertising and some slowdown in jobs due to macroeconomic conditions. The positions in the verticals were broadly maintained.
- Marketing expenses were high in 2016 compared to 2015 in order to support growth in the competitive generalist and real estate segments.
- Acquisition of the real estate portal Habitaclia.com in January 2017.

Other developed operations

Subito.it is the leading generalist and car classifieds site in Italy. Subito showed solid traffic growth, revenue growth and a significant margin improvement in 2016. The gap to competitors in the Italian online classifieds market was further increased in terms of traffic, and Subito invested less in marketing in 2016 than in previous years.

In Ireland, Schibsted and the Irish online media company Distilled Media holds leading positions in the generalist, cars and real estate segments. In 2016, the revenue growth was solid, and the EBITDA margin was improved.

Willhaben.at (Austria) is the leader in the generalist and real estate markets. It also holds a strong position in the car market. The site continues to grow fast in terms of traffic, with corresponding revenue growth.

Mudah.my is the clear market leader in online classifieds in Malaysia, and holds strong positions in generalist, cars, and real estate. Mudah's revenues showed a healthy growth rate again in 2016, and the EBITDA margin is improving.

Schibsted owns the leading car classifieds site in Hungary, Haznaltauto.hu. The site holds a strong position in the Hungarian market. Revenues grew at a steady pace in 2016, and the site is producing healthy EBITDA margins.

Investment phase

Schibsted lays the foundation for future growth by leveraging our people and technology. Several avenues of growth are pursued, notably developing existing sites with new innovative products and service offerings, expanding into new verticals in existing markets, selected greenfield start-ups and in-market consolidation through joint ventures or M&A. The businesses in this phase have mainly been launched based on the successful Swedish Blocket concept. Experiences from successful establishments in core markets form the basis for investments in online classifieds in new markets.

In 2016, the portfolio of online classifieds sites in Investment phase developed well and increased traffic significantly.

Schibsted, together with Telenor, Naspers and Singapore Press Holdings, has joint ventures/associates with varying ownership shares in Brazil, Indonesia, Thailand and Bangladesh. The joint ventures hold strong market-leading positions in most of the markets. In Brazil, OLX.com.br has established a strong brand and leadership positions in traffic and volumes in verticals. During 2016, OLX.com.br began charging listing fees for professional customers in cars and real estate. The initiative has been received positively in the market, and revenues in Brazil are growing rapidly.

Schibsted holds market positions with good potential in several markets. Sites such as Segundamano.mx in Mexico, Avito.ma in Morocco, Corots.com.do in the Dominican Republic, Tayara.tn in Tunisia, Kufar.by in Belarus, Jofogas.hu in Hungary, Yapo.cl in Chile (50/50 joint venture with Telenor) and Tori.fi in Finland are all number one in their respective markets.

Schibsted has increased the ownership in the mobile-only app Shpock. The app has shown a positive trend in Austria, Germany and the United Kingdom. The app has achieved a total of 35 million downloads. In 2016 the app was also launched in our existing markets in Norway, Sweden and Italy.

In total, Schibsted's Investment phase operations include activities in 23 countries.

The revenue growth in Investment phase was 64 percent in 2016, up from 29 percent in 2015. The total amount invested decreased slightly in 2016. In 2016, investment charged to gross operating profit (EBITDA) was EUR 81.0 million (EUR 57.3 million). In addition, EUR 12.6 million (EUR 38.3) was invested through joint ventures and associates, an amount which does not affect EBITDA, but which does affect operating profit (EBIT). In total, investments amounted to EUR 93.6 million (EUR 95.6).

Online Classifieds Sweden

Blocket.se is the number-one website for online classified ads in Sweden as well as one of the country's strongest brands. Bytbil.se is the leading classifieds site for cars in Sweden. This segment also includes Shpock in Sweden and the marketplace for services, Servicefinder.

ONLINE CLASSIFIEDS SWEDEN (NOK MILLION)	**2016**	**2015**
Operating revenues	**1,052**	**987**
Gross operating profit (EBITDA)	**547**	**507**
Gross operating profit (EBITDA) margin	52 %	51 %

Main features in 2016

- Online Classifieds Sweden's operating revenues grew by 7 percent in 2016 in NOK terms. The EBITDA margin was 52 percent in 2016.
- Revenue growth is driven by both classifieds revenues from listing fees and upsell features, and from online advertising. Jobs and generalist particularly showed solid growth in revenues from 2015 to 2016.
- Servicefinder, the marketplace for services, showed slower revenue growth in 2016 due to high churn rates. The total revenue growth excluding Servicefinder was 8 percent in 2016 in NOK terms, and the EBITDA margin was 55 percent (52%)
- The acquisition process for the real estate site Hemnet was terminated in 2016. Schibsted still considers the Swedish real estate market to be attractive, and will consider other alternatives for its presence in the market.
- Online Classifieds Sweden spends resources on building new revenue models in order to ensure long-term growth.

Online Classifieds Norway

Finn.no is clearly the number-one website for online classified ads in Norway. The company is the market leader in the car, real estate, recruitment and generalist ads. This segment also includes Shpock in Norway, the marketplace for services MittAnbud and the personal finance marketplaces Lendo.no and Penger.no.

ONLINE CLASSIFIEDS NORWAY (NOK MILLION)	2016	2015
Operating revenues	**1,650**	**1,503**
Gross operating profit (EBITDA)	**658**	**652**
Gross operating profit (EBITDA) margin	40 %	43 %

Main features in 2016

- Online Classifieds Norway continued to develop positively in 2016 with a revenue growth of 10 percent. The revenue growth was solid in all verticals while the market for display advertising was slow in 2016. Personal finance and marketplace for services showed strong revenue growth from 2015 to 2016.
- Macro conditions in Norway led to volume decline in the real estate vertical by 5 percent. All other verticals showed solid growth in both traffic and listings.
- Operating costs increased by 16 percent from 2015 to 2016. The cost increase are related to product and tech development and to increased marketing activity.

Media House Norway

The segment Media Houses Norway comprise the single-copy newspaper VG (print and online), the subscription-based newspapers Aftenposten, Bergens Tidende, Stavanger Aftenblad, and Fædrelandsvennen (print and online), printing plant operations, distribution operations and growth companies.

MEDIA HOUSE NORWAY (NOK MILLION)	2016	2015
Operating revenues	**5,393**	**5,723**
Gross operating profit (EBITDA)	**439**	**398**
Gross operating profit (EBITDA) margin	8 %	7 %

Main features in 2016

- Advertising revenues from online decreased by 7 percent, while print advertising revenues decreased by 25 percent. Total advertising revenues declined by 17 percent.
- Total circulation revenues was flat from 2015 to 2016, supported by price increases and customer satisfaction with pure online and bundled online/print subscriptions.
- Total operating revenues fell by 6 percent in 2016 compared to 2015.
- Media House Norway is right in the middle of the structural migration from print to online. Online media consumption is increasing rapidly, especially on mobile platforms, while the online advertising market has been soft throughout 2016. Print newspapers are losing market shares in both the readership and the advertising markets. Rapid adaption of the business model and cost base is required in order to be relevant and profitable in the digital future.
- The media houses are addressing the challenges in print media with ongoing efficiency measures, and these are progressing as planned. At the same time, more resources are being allocated to digital activities. The ambition is to create world-class digital media houses. The declining trend in print advertising is expected to continue, and continued online growth and innovation will be crucial to securing the future based on high-quality editorial products combined with healthy financial results. In 2016, Schibsted rolled out a new media platform and a new advertising platform.

Verdens Gang (VG)

Verdens Gang publishes Norway's clearly leading online newspaper VG.no and the market leading single-copy newspaper. VG.no is one of the most popular websites in Norway, irrespective of category.

VERDENS GANG (NOK MILLION)	**2016**	**2015**
Operating revenues	**1,700**	**1,817**
of which offline	1,017	1,186
of which online	683	631
Gross operating profit (EBITDA)	**272**	**272**
Gross operating profit (EBITDA) margin	16 %	15 %

Main features in 2016

- Total revenues for VG decreased by 6 percent in 2016 compared to 2015. EBITDA was flat due to significant cost measures in the organization.
- VG's online advertising revenues improved over the year due to new advertising products introduced. Revenues from online advertising increased by 1 percent from 2015 to 2016. VG experienced strong growth for its premium subscription-based editorial product VG+, which approached 100,000 subscribers at the end of 2016.
- Circulation revenues declined 9 percent in 2016 compared to 2015. Price increases supported the revenues, whereas print circulation volumes on weekdays fell by 18 percent and on Sundays by 19 percent.
- Print advertising revenues decreased by 29 percent from 2015 to 2016.
- The total operating expenses decreased by 8 percent. The decrease was a result of significant cost savings on printing, distribution and personnel.
- The position as Norway's largest website, measured in terms of unique users, was maintained during the year.

Subscription-based newspapers

Schibsted has leading subscription-based newspapers in four of Norway's largest cities: Oslo, Bergen, Stavanger, and Kristiansand. Each newspaper also has online editions that are leaders in their respective markets.

SUBSCRIPTION-BASED NEWSPAPERS (NOK MILLION)	**2016**	**2015**
Operating revenues	**2,848**	**3,073**
of which print	2,233	2,521
of which online	615	552
Gross operating profit (EBITDA)	**161**	**186**
Gross operating profit (EBITDA) margin	6 %	6 %

Main features in 2016

- Total revenues for the subscription-based newspapers decreased by 7 percent in 2016. Advertising revenues, both print and online, decreased from 2015 to 2016. Total circulation revenues increased 6 percent from 2015 to 2016, as the newspapers experienced strong growth in the number of digital subscribers. The circulation volume in 2016 was 1 percent lower than in 2015.
- Online advertising revenues decreased by 21 percent from 2015 to 2016. The decline was mainly due to a continued soft advertising market, but we see improvements in the trend for online advertising. The decline in print advertising revenues continued the same trend, with a 24 percent decline in 2016 compared to 2015.
- Schibsted's media houses work continuously on adapting their cost base to market trends and at the same time develop their online operations. Operating expenses decreased by 7 percent in 2016 compared to 2015, on the back of several extensive cost-saving measures such as personnel reductions and a reorganization of the commercial side of the subscription-based newspapers.

Media House Sweden

The segment Media House Sweden consists of three key business areas: Aftonbladet (Sweden's leading online newspaper and largest print-based single-copy newspaper), Svenska Dagbladet (print-based subscription and online newspaper) and Schibsted Growth (online growth companies including Hitta, Lendo, Prisjakt and Let's Deal).

MEDIA HOUSE SWEDEN (NOK MILLION)	**2016**	**2015**
Operating revenues	**4,145**	**3,871**
Gross operating profit (EBITDA)	**507**	**422**
Gross operating profit (EBITDA) margin	12 %	11 %

Main features in 2016

- Advertising revenues from online increased by 9 percent, while print advertising revenues decreased by 14 percent in 2016 compared to 2015. The growth in digital advertising more than compensated for the fall in print advertising.
- Total operating revenues increased by 4 percent from 2015 to 2016, as the fall in circulation was only 1 percent from last year due to price increases and higher digital revenues.
- The positive development online with total online revenue growth of 14 percent includes continued growth in both Aftonbladet, Svenska Dagbladet and Schibsted Growth.
- The media houses are addressing the challenges in print media with cost reduction programs and ongoing efficiency measures, and these are progressing as planned. At the same time, more resources are being allocated to digital activities. The ambition is to create world-class digital media houses. The declining trend in print advertising is expected to continue, and continued online growth and innovation will be crucial to secure the future based on high-quality editorial products combined with healthy financial results.
- Schibsted Growth showed very positive development in 2016, driven particularly by personal finance and price comparison sites.

Aftonbladet

Aftonbladet is a media house with number-one positions in both the print and online sectors. Aftonbladet is Sweden's leading news media in all channels: print, online, mobile, and web TV.

AFTONBLADET (SEK MILLION)	**2016**	**2015**
Operating revenues	**1,933**	**1,935**
of which offline	1,045	1,152
of which online	888	783
Gross operating profit (EBITDA)	**236**	**233**
Gross operating profit (EBITDA) margin	12 %	12 %

Main features in 2016

- Aftonbladet's online revenues increased by 13 percent in 2016, driven particularly by mobile advertising and web TV. Total revenues for Aftonbladet were flat from 2015 to 2016, as the growth in digital revenues offset the decline in the markets for print advertising and print circulations.
- Print circulation revenues decreased by 7 percent, supported by price increases. The print circulation volume declined by 20 percent on weekdays.
- Advertising revenues for Aftonbladet's print edition decreased by 21 percent compared to 2015.

Svenska Dagbladet (SvD)

Svenska Dagbladet is the second-largest subscription-based newspaper in Sweden and holds a particularly strong position in the Stockholm region.

SVENSKA DAGBLADET (SEK MILLION)	2016	2015
Operating revenues	**951**	**944**
Gross operating profit (EBITDA)	**74**	**51**
Gross operating profit (EBITDA) margin	8 %	5 %

Main features in 2016

- SvD increased its gross operating profit from SEK 51 million to SEK 74 million in 2016.
- The positive trend was a result of a cost reduction of 2 percent, which demonstrates the company's ability to adapt to market trends during the year.
- Total revenues increased by 1 percent, supported by an online growth of 21 percent.
- The circulation volume for SvD (weekdays) decreased by only 1 percent from 2015 to 2016, and circulation revenues increased by 5 percent, supported by growth in both print and online subscription revenues.

Schibsted Growth

Schibsted Growth consists of a portfolio of web-based growth companies. These companies benefit greatly from the strong traffic positions and brands of Schibsted's established operations in Sweden and Norway.

SCHIBSTED GROWTH (SEK MILLION)	**2016**	**2015**
Operating revenues	**1,150**	**986**
Gross operating profit (EBITDA)	**279**	**214**
Gross operating profit (EBITDA) margin	24 %	22 %

Main features in 2016

- Schibsted Growth holds strong market positions in areas like personal finance (Lendo.se, Compricer.se and Kundkraft.se), online coupons, price comparisons, and online directories. The companies offer consumer information services and showed a reported revenue growth of 17 percent in 2016. Revenue growth was supported by strong growth in Lendo and Prisjakt.
- Revenue growth excluding Hitta.se was 22 percent in 2016. Hitta's revenues increased by 2 percent after a few years of revenue decline.
- EBITDA margin in 2016 was 24 percent, up from 22 percent in 2015.
- Most of the portfolio's operations showed good revenue growth. Significant amounts are being reinvested in marketing and customer acquisition. Several growth concepts have been launched in Norway in the last few years. Some concepts are now also being launched in other markets in Europe.

Outlook

Online classifieds

Schibsted sees continued revenue growth potential and inherent operational leverage for its portfolio of developed online classifieds sites, on the back of the strong brand positions and traffic leadership in a range of markets and verticals. On a medium- to long-term horizon, the target for annual revenue growth remains at 15–20 percent.

Our leading French site Leboncoin.fr holds significant long-term potential. Based on the traffic leadership and the strength of the Leboncoin brand, there is room for increased market shares in verticals such as real estate, cars and jobs. An improved product offering in the jobs vertical was launched in Q4 2016.

Our Spanish operations showed relatively slow revenue growth in Q4 2016. Revenue growth is expected to accelerate again in 2017 as a result of product enhancements and better market conditions.

Our strategy of building online classifieds traffic and brand leadership positions as well as new product rollouts will continue as long as it is considered to create long-term shareholder value. Continued investments are planned in native apps, such as Shpock, in 2017. In other markets overall, increased monetization and reduced marketing spend imply reduced net investment spend. The positive trend in terms of profitability development in Brazil is expected to continue during 2017, and the Brazilian operation is expected to reach profitability during 2017. In total, investments in full year 2017 are expected to go significantly down compared to EUR 93.6 million in 2016.

Note that the investments are affecting profit and loss, and that the impact is split between consolidated companies (EBITDA), joint ventures and associates.

Media houses

The media houses in Schibsted will continue the transformation into world-class digital media houses based on strong editorial products. Schibsted is rolling out a new media platform that offers a user-first perspective and encompasses the entire newsroom production process. It is highly scalable across all media companies and allows publishers to leap into a digital-only newsroom.

Overall, the structural digital shift and the transformation process are expected to continue. Schibsted will remain focused on digital product development combined with cost adaptations, aimed at producing continued healthy cash flows and operating margins. However, if the current advertising market trends persist, further margin contraction is likely during the coming 12 months.

Investments in technology and online product development

The build-up of Schibsted's global technology and product development resources is ongoing, and the aim is to facilitate the digital transformation and the strategy of forming identity-based ecosystems. Schibsted holds strong traffic positions and has great brands in Scandinavia covering a broad range of online services. We intend to use these strong national ecosystems as a basis for developing products that improve the ability to offer targeted advertising and personalized products for consumers within both online classifieds and news. The advertising technology, based on a strategic partnership with Appnexus, may be a viable alternative to other established players in the market, and represents an opportunity for new revenue sources, for example in the fast-growing market for programmatic advertising.

The ramp-up and organizational change in product and technology will improve efficiency and reduce time-to-market for new services for online classifieds operations, media houses and adjacent services. Investments in 2017 will increase somewhat compared to 2016, as previously communicated. In 2018, we will be able to take advantage of efficiency effects and reduce duplication of efforts.

Going concern assumption

The Group's economic and financial position is good. Based on the Group's long-term strategy and forecasts, and in accordance with Section 3-3a of the Norwegian Accounting Act, the Board confirms that the use of the going concern assumption is appropriate. The 2016 financial statements have been prepared on this assumption.

Statement of corporate governance

In accordance with Section 3-3b of the Norwegian Accounting Act, a statement of corporate governance has been prepared. The statement is included as a separate document in the annual report.

Statement of sustainability

In accordance with Section 3-3c of the Norwegian Accounting Act, a statement of sustainability has been prepared. The statement is included as a separate document in the annual report. Information on external environment is included in this document.

INFORMATION ON THE WORKING ENVIRONMENT

Schibsted aims to be a leading company in Europe in terms of developing talent, managers, and employees. The Group's senior and subsidiary management gives high priority to attracting talented people, developing good managers and creating competent organizations. Competitive terms of employment and a stimulating working environment with good opportunities for personal and professional development form part of this strategy.

At year-end, Schibsted had 7,300 (6,900) employees, of whom 4,800 (4,000) worked outside Norway. The Group's sickness absence rate was three percent of total working hours. Of all the Group's companies, operations at the printing plants and newspaper distribution involve the highest risk of injury.

At year-end, Schibsted had operations in two newspaper printing plants: Schibsted Norge's printing plants in Oslo and Bergen in Norway. In addition, one printing plant was closed down during 2016. In 2016 there were three (three) injuries that resulted in sickness absence and five (ten) minor personal injuries such as bruise injuries and cuts.

Schibsted distributes newspapers in Norway on behalf of both our own newspapers and other publications. In 2016 there were 42 (39) injuries to employees, of which 36 (35) resulted in sickness absence. None of the injuries was serious or had long-term impacts on the employees concerned. A further nine injuries to subcontractors were reported.

In recent years, the threat against our journalists and editors has increased. Acts and threats of violence against journalists is not a new phenomenon, but the nature of the threats has changed. This applies both to journalists covering events in conflict zones and to those covering our home markets Sweden and Norway.

In addition to the increased risk associated with having a presence in conflict areas, there is the threat posed by religious and political extremists and mentally unstable individuals. The increase in terrorism activities in Europe is also a growing concern.

Schibsted has therefore sharpened its focus on security to protect our employees. This includes gaining a better understanding of the threats we are facing and establishing specific security measures for individuals, media houses, and events hosted by Schibsted. The security measures include business travel security.

ENABLING PEOPLE TO BE GREAT: PEOPLE, CHANGE, AND STRATEGY

Schibsted truly believes in the power of people. We believe that we have a huge amount of energy and drive, expertise and opportunity within our organization. We want to create a workplace experience that will attract not only our own people, but all the great talent out there that we want to connect with.

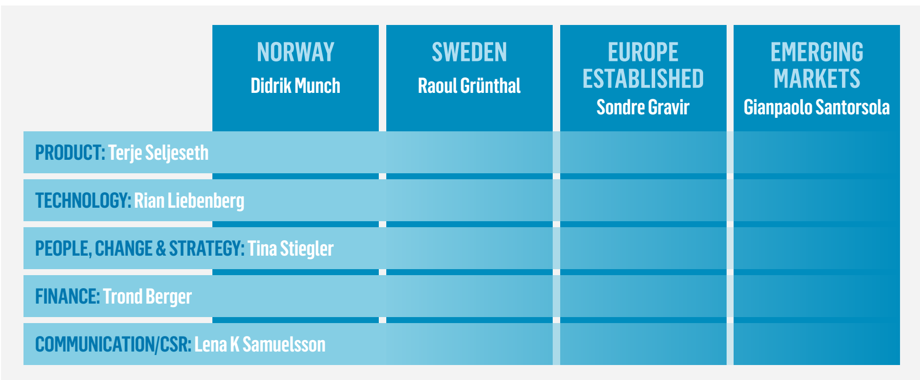
The mission for the global People function is to be a strategic resource for the Group, one that is user-centric, transparent, agile and data-driven.

Near the end of 2015, Schibsted Media Group made a deliberate strategic decision to restructure and redesign its business units into one global matrix organization, where functions and geographic regions intersect. A Program Management Office (Change Office) was established at this pivotal moment with the mandate, as an independent body, to drive and facilitate the structural roll-out and implementation of this new organizational matrix, particularly from the perspective of the global Product & Tech functions.

Over the course of 2016, Change Office served as a vital liaison between various stakeholders, business units and teams across Schibsted, specifically preparing, coaching and enabling these stakeholders to, at a minimum, execute according to the structural mechanics of the matrix. Change Office also served as a tactical and strategic advisory body, offering its business and risk analyses on the critical intersections of corporate strategy, performance management, governance, leadership and incentives within the matrix.

The transformation work for Schibsted will continue in 2017.

The organizational structure:



The new global People organization is a HR Business Partner model, with close collaboration between the different units. As a business partner, the People area aims to attract, recruit, and retain talent globally. We develop our people, we support management through strategic problem solving, and we leverage global scale, data and analytics.

A global People management team was established in 2016, with four key areas: Core HR, Learning & Development, Recruitment, and HR Operations. In addition, a HR Projects team supports the organization. By the end of the year a first draft of a new People strategy was developed, based on a clear mandate of a globally operational People function, an initiative that will continue in 2017.

Efforts to establish more global structures and policies are also in progress. This work includes alignment and coordination of compensation and benefits, followed by a job ladder initiative.

In respect of the One Company strategy, we are focusing on tools to collaborate more efficiently. In 2016, Schibsted began implementing a digital world-class HR system for strategic processes and transactions. This is not only about implementing a state-of-the-art HRIS tool; it is about moving our HR work into the 21st century, as Schibsted moves from multiple local solutions into a single, data-driven approach to HR throughout the Group. This will make cross-border movement and team management easier. The HR system is closely linked to the transformation of Schibsted into a global matrix organization.

An important investment to secure successful implementation of our new organization has been the new senior management development program, S-PACE (Schibsted-PACE (People-driven. Agile. Collaborative. Entrepreneurial)). The program is targeted at leaders who are critical to make the new matrix organization work efficiently, and the first group began the program in May. By the end of 2016, 125 senior managers had joined the program, which runs for one year. The Schibsted Executive Team (SET) has also participated in the program. In 2017, we expect further roll-out of the program, reaching a total of 300 key leaders from all around the world.

The focus in the S-PACE program is to develop leadership capabilities in accordance with the global leadership principles, PACE (People-driven. Agile. Collaborative. Entrepreneurial). Already well received in the organization, the program is considered a success. The program is run in cooperation with global thought leaders and experts. Collaboration, change management, leading in a matrix, entrepreneurship and strategy have been some of the key areas, in addition to a tailor-made continuous learning concept to make our leaders develop their leadership skills and behavior in a systematic way.

The People team in Schibsted also delivers other high-quality training programs to the Group. Regularly arranged programs, like the Schibsted Sales Academy, the Schibsted Brand Academy and the Schibsted Journalism Academy, as well as the Project Manager program, receive an average rating of above 5 out of 6 by participants.

During 2016, the Schibsted Sales Academy, the Schibsted Brand Academy and the Schibsted Journalism Academy have hosted training modules attended by more than 400 employees, all led by some of the world's best professionals. In addition, the People team has worked closely with these organizations, providing workshops and facilitating cross-company sharing and development of tools and methodologies.

Schibsted's management trainee program aims to recruit the most promising talent from universities and business schools. The trainees have to rotate between demanding assignments across the Group's geographies, giving them the opportunity to grow into key positions. The trainee program began in 1997 as a Norwegian/Swedish initiative, and developed into an international program in 2013, reflecting Schibsted's international ambitions. The program focuses on competency profiles within innovation and technology, preparing candidates for an international career.

Schibsted's Group Security function is responsible for security and contingency planning in the Group's divisions and subsidiaries. As a consequence of the terrorist attack against Charlie Hebdo on 7 January 2015, the main goal for Group Security has been to gain a better understanding of the threats we are facing in the form of politically motivated violence. Another priority has been to implement specific security measures for individuals, media houses and events hosted by Schibsted. In 2016 there has also been a focus on security on business travel, which will continue in 2017.

Schibsted's business is characterized by great opportunities and equally great challenges. We firmly believe our greatest assets and competitive advantages are our people and our culture. It is by successfully leveraging these resources that we will continue to drive Schibsted forward in 2017.

Discrimination

Please refer to the sustainability statement.

DIVIDEND AND CAPITAL STRUCTURE

Schibsted Media Group is a listed company, and our aim is that our shares should be perceived as an attractive investment. A competitive return should be based on healthy finances. The goal is to ensure a competitive return through long-term growth in the share price and dividend. The company's shares should as far as possible achieve a price that reflects the company's long-term earnings capacity.

Schibsted holds strong positions in the Scandinavian media markets. The media houses' strong brands and market-leading positions help ensure a good cash flow, even with continuing structural changes and lower profitability for print newspapers. Online classifieds operations both in Scandinavia and internationally contribute with strong, profitable growth. 2016 was a positive year for Schibsted Media Group, with solid revenues and improvements in many of the markets in which the Group operates. The Group's financial flexibility has been stable during the year. At the end of 2016, the Group had a strong balance sheet, satisfactory cash flow, and healthy liquidity.

Schibsted has the following dividend policy:

"The strategy and vision which Schibsted's Board of Directors has agreed on means the Group's operations must adapt quickly and be highly developed. Schibsted's capital structure must be sufficiently robust to maintain the desired freedom of action and to be able to exploit growth opportunities based on strict assessments relating to our allocation of capital.

Schibsted will place emphasis on paying a stable to increasing dividend amount over time. In years of economic slowdown or for other reasons weaker cash flows, the company may reduce or decide not to pay dividend.

Schibsted is exposed to economic cycles as well as structural changes, and the capital structure should also be strong enough to secure financial flexibility during recession periods, which is one of the worst-case scenarios taken into account in our modeling."

Schibsted is still in a phase of investment in online activities that will form a basis for future growth in profitability. The Board has taken a balanced approach to the dividend proposal, and has taken into consideration the fact that the Group is increasingly strengthening its growth profile. Against this background, the Board will recommend to the Annual General Meeting that a dividend of NOK 1.75 per share be distributed for the 2016 financial year. A dividend of NOK 1.75 per share means a total payout of NOK 396 million (adjusted for shares owned by Schibsted).

SCHIBSTED ASA

Schibsted ASA is the parent company of the Group. The company's accounts have been presented in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway (NGAAP).

Operating revenues amounted to NOK 48 million (NOK 33 million). The operating expenses of NOK 309 million (NOK 262 million) relate to Group administration services. The operating loss in 2016 was NOK -261 million (NOK -229 million). Net financial items include distributions (dividends and group contributions) from subsidiaries of NOK 399 million (NOK 975 million). The pre-tax profit on ordinary operations amounted to NOK 271 million (NOK 826 million).

Schibsted ASA had 87 (78) employees at year-end, 19 (19) of whom were trainees assigned to the Group's companies. The Group's CEO is Schibsted ASA's President and CEO.

THE BOARD OF SCHIBSTED ASA PROPOSES ALLOCATING THE PROFIT FOR THE YEAR AS FOLLOWS:

Profit for the year	NOK	206 million

PROPOSED ALLOCATION:

Allocated to dividend, NOK 1.75 per share	NOK	396 million
Transferred from other equity	NOK	190 million

Group contributions to subsidiaries total NOK 108 million.

Oslo, 30 March 2017
Schibsted ASA's Board of Directors

Ole Jacob Sunde
Chairman of the Board

Christian Ringnes

Birger Steen

Arnaud de Puyfontaine

Ingunn Saltbones

Finn E. Våga

Eugénie Van Wiechen

Torbjörn Ek

Marianne Budnik

Tanya Cordrey

Rolv Erik Ryssdal
CEO

SUSTAINABILITY STATEMENT

Introduction by our CEO Rolv Erik Ryssdal

At the beginning of 2017, one might be inclined to look at the world through the eyes of a pessimist: we are facing tremendous challenges at the human and planetary levels, and the democratic model is being challenged on several fronts. In May 2016, I signed a personal pledge, along with several other business leaders of multinational companies, to contribute to the United Nations' Global Goals for Sustainable Development. We chose to actively commit to goal number 12 Responsible Consumption through our Schibsted Second Hand Effect project. In January 2017, coinciding with the Davos meeting, two reports were released, both of which address the societal and business opportunities that arise from trying to achieve the United Nations' 17 Global Goals for Sustainable Development.

Several of the challenges addressed by the Global Goals for Sustainable Development and the business opportunities that arise from them have been, and will continue to be, relevant for Schibsted. The increasing inequality in the world, both within and between countries, is alarming. Our media houses cover the stories behind the statistics, and challenge politicians and businesses in Norway and Sweden through news articles and investigative reporting, and by facilitating public debates. We have also expanded our marketplaces from Norway and Sweden to 29 countries over the past decade. Our marketplaces give our users the opportunity to access goods and services through the network effect created by the user-to-user marketplaces. In Schibsted we have called this a "people's movement": our users have access to a wider range of products and services at more transparent and more competitive prices through a more efficient marketplace than traditional flea markets and souks. The marketplaces also contribute to re-establishing the human connection between buyers and sellers when they meet to exchange goods or services. These meetings create connections between people from various social and economic backgrounds, which may play a small part in rebuilding trust in others, or even in generating new business ideas. Our Schibsted Second Hand Effect site includes some of these stories.

The consequences of climate change are another important challenge. In 2015 we rolled out the Schibsted Second Hand Effect to four additional marketplaces based on the work started in our Swedish marketplace Blocket in 2013. Through this project, we are able to calculate the potential environmental savings generated by our users' buying and selling second-hand goods on our marketplaces. In 2016 we added three additional marketplaces to this study. This means we now reach users in eight countries – from Morocco in the south to Norway in the north – in our efforts to increase people's awareness about the positive environmental effects that we see from second-hand trade.

Another challenge – but also a potential opportunity – is cyberthreats. In Schibsted, we are in the business of trust, whether it's about the trustworthiness of our news reporting or about our users' feeling safe when trading on our marketplaces and entrusting us with their personal data. That is why the threat of cybercrime, whether it is aimed directly at our business or at our users and readers, has a high priority on our agenda. We work very hard to prevent cybercriminals from harming people while using our services. We have dedicated teams that work relentlessly to keep our business safe from external threats. If we succeed in maintaining the trust we have earned from our users and readers over the years – in an environment that is more challenging than ever – we may in fact turn this threat into an opportunity for Schibsted and our companies.

In Schibsted we acknowledge that our companies have an important role to play in addressing challenges at both local and global level. We will continue to explore how we can play our part in addressing some of these challenges and seizing relevant opportunities. We have many talented people in Schibsted, and by leveraging existing competence and knowledge and building on our existing business models, I believe we have the possibility to make an impact. But we cannot achieve this alone; we must cooperate with our users, readers, and business partners at group and company level, and address potential issues across our value chain.

In Schibsted we take our role and responsibility as a multinational company very seriously. We must create value for our shareholders and owners, but we also have important commitments to our users and readers, our people and to the world around us. We are committed to respecting the Ten Principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, and to complying with applicable laws and regulations in the countries where we operate.

We try to be as transparent as possible, and explain why when we cannot. We disclose our carbon emissions to the Carbon Disclosure Project, and maintain dialog with our stakeholders at both corporate and local level. This year's statement includes quantification of our performance in areas that are important to us and that are critical in facilitating both value creation and value protection. These selected indicators are aligned with the Global Reporting Initiative's G4. As former VG publisher Torry Pedersen stated in VG's annual editorial report for 2015: *"Drawing up an editorial balance sheet means it should indeed be balanced."* We think that the same holds true for a statement on sustainability. That's why we have included both what makes us proud and the areas we need to improve on. We acknowledge that there are issues we have yet to fully address, but in the past year we have taken several steps to amend this, and are committed to continue this work going forward.

CEO, Rolv Erik Ryssdal

Introduction by Lena K. Samuelsson, EVP Communication & CSR

Journalism you can trust

For Schibsted, trust has always been – and always will be – the cornerstone of our way of doing business. One of our main responsibilities as a media group is to ensure editorial freedom and the right to freedom of speech. Our media houses have played an important role in society for more than a hundred years and will continue to do so. We have set ourselves the ambitious goal of building world-class digital media houses to ensure that we reach the readers of today and tomorrow. We remain committed to uncovering stories that challenge established truths and thus fulfill our mission of "Empowering people in their daily life" by providing high-quality journalism and reliable information. Today more than ever, we are committed to upholding and defending these values. In 2016 the debate on the trustworthiness of news sources and the emergence of fake news were high on the public agenda. In Schibsted we have a robust editorial governance model, and invest in people and technology to ensure that our readers can continue to trust our products. This work is described in more detail below in the editorial report.

Empowering people to make economic and sustainable choices

I believe we all need a higher purpose, and for our marketplaces this is all about helping people's dreams come true. Families find homes. People find jobs. One person's second-hand sofa is someone else's vintage couch. We can boil it down to 'listings' or 'transactions', but behind each one is someone's personal story of what matters to them. And that matters to us. And to the planet, too. For a long time we wanted to know what effect our users' second-hand shopping had on the environment, and now we know: in 2016 our marketplaces enabled our users to save 16.3 million tons of carbon dioxide because second-hand trade protects our environment by reducing the need for new goods. That is equivalent to the effect of a total standstill of all traffic in Paris for almost 5 years and 11 months. The Schibsted Second Hand Effect is the result of our relentless focus on making our marketplaces more efficient, safe and easy to use. Each and every Schibsted employee plays a part here: from the communication teams that help us tell our story and the data science and business intelligence teams that find the data we need to make our calculations to the infrastructure and IT teams that make our marketplaces safe for our users. Finally, I'd like to mention the project managers who played pivotal role in realizing this project: Federico from Subito, Linnéa from Blocket, Kristine from Finn, Marta and Aida from Spain, Anne, Marie and Pauline from France, Ali from Morocco, Sami from Finland and Alexandra from Hungary have all spent their time and energy motivating our companies to provide data and improve their internal processes in important areas of sustainability. These people are our in-house environmental heroes! The Schibsted Second Hand Effect is an immense source of pride for all of us in Schibsted, and we hope it will enable us to play a small part in increasing awareness about one of the key challenges humanity faces today.

EVP Communication & CSR, Lena K. Samuelsson

I. About the sustainability report

Scope and external assurance, and reporting period

Unless specified otherwise, the scope of this statement includes companies and operations of which we have full ownership or operational control. Since it is our first year of reporting performance indicators, we have decided to exclude all legal entities with less than 25 full-time equivalents (FTEs). This means that our joint ventures are not included in the indicators, though we have included some cases in the qualitative descriptions. In accordance with current Norwegian legislation, we have decided not to perform external assurance on these figures. We will review this decision for our future reporting. Unless otherwise specified, the findings and results pertain to the fiscal year 2016.

How have we defined what matters?

Defining what really matters is not an easy task. Sometimes certain important aspects may conflict, as in the case of privacy, tax or security concerns. Sometimes business needs must take priority over sustainability aspects. We try to balance these interests in the best possible way for our users, people and companies, for Schibsted, and for the world around us. This process has included several feedback loops and changes, and we expect to review and redefine what is most important to align with changes in our business and the world around us. We have adopted a structured approach, leveraging the methodology described in the GRI G4 framework and focusing on complying with what we believe to be material aspects of the Oslo Børs' recommendations on sustainability reporting. We have also used the work done by the European Responsible Media Forum, in which Schibsted participates, and have looked at industry analyses and materiality aspects issued by the Sustainability Accounting Standards Board in the United States.

In 2016 we engaged with several of our internal and external stakeholders to identify what is most important to them. Based on this input, and on what is most important to us, we established our materiality matrix to define what is most important to our people, our stakeholders and to Schibsted. We define our stakeholders as the people, groups and companies that are impacted by our business, or that may have an impact on us.

WHO DID WE ENGAGE WITH?	HOW DID WE ENGAGE WITH THEM?	WHAT IS MOST IMPORTANT TO THEM?
Users of our print and digital products and services, and corporate customers	Focus groups, brand-specific customer satisfaction feedback, social media, blogs, and a sustainability survey of users in selected countries.	User safety and fraud protection, skills development and knowledge sharing, high-quality products and services, increasing renewable energy use.
Corporate customers primarily advertisers and business partners	Primarily by responding to formal and informal sustainability enquiries.	Compliance with UN Global Compact.
Our people	Schibsted Executive Team workshop. Sustainability survey of employees. Due to the Schibsted Next reorganization, we did not conduct a group-wide employee survey in 2016. Employee satisfaction surveys and pulse measurements were conducted at local level.	Empowering people to make economic and sustainable choices, user safety and fraud protection, increasing diversity and equality, skills development and knowledge sharing, reducing carbon emissions, work–life balance, being an attractive employer, freedom of expression.
Owners and investors	Interviews, enquiries from analysts, meetings with investors and analyst meetings, road shows, conferences and reporting.	Sustainability in the business model, democracy and freedom of expression, transparency, integrity, innovation, employee satisfaction, impact on users and society, privacy, media ethics, employees (talents, diversity, skills), governance, reporting.
Industry peers	Quarterly industry forum with European peers through the Responsible Media Forum.	Content impact, diversity, privacy, sustainable development goals.
Regulators, notably in the media and publishing industries in the EU, Norway and Sweden, data protection authorities, tax authorities and competition authorities. Financial regulatory authorities in Norway and Sweden	Dialog, primarily through membership in industry organizations such as News Media Europe, European Publishers Council, the Norwegian and Swedish media industry organizations MBL and TU, and through direct dialog with our internal subject-matter experts. Dialog with national legislative bodies and regulators is managed by our companies.	Media ownership, privacy and data protection, tax, competition law, country- and company- specific financial services legislation, anti-corruption, anti-money laundering.
Suppliers	Initiated dialog with a selection of key global suppliers.	Governance, anti-corruption, human and labor rights, environmental impact, privacy, and cybersecurity.

Our sustainability risks and opportunities
In the tech and media industry in general, and in Schibsted in particular, we are facing several risks pertaining to sustainable development, but also opportunities. Presented below is an overview of the risks and opportunities we believe are most important to our shareholders, our people, and to the world around us.

Risks:

1. LOSS OF USER DATA OR INCIDENTS FOR USERS
2. DECREASE OF EMPLOYER BRAND VALUE
3. FAILURE TO MEET USER EXPECTATIONS
4. LACK OF DEFINED TARGETS FOR MATERIAL AREAS
5. LOW KNOWLEDGE AND MATURITY ON SUSTAINABILITY
6. GREENWASHING REPUTATION
7. LACK OF CONTROL OF SUSTAINABILITY IN SUPPLY CHAIN
8. FAILURE TO COMPLY WITH CONTENT AND ADVERTISING ETHICS
9. STAGNATION IN REDUCTION OF CO2 EMISSIONS

Opportunities:

1. ATTRACT AND RETAIN EMPLOYEES
2. ATTRACT AND RETAIN USERS
3. ONE SUSTAINABLE COMPANY
4. ATTRACT AND RETAIN CAPITAL
5. INNOVATION
6. INCREASED TRUST IN PRODUCTS AND SERVICES
7. REDUCED COSTS
8. INCREASED BENEFITS FROM DIVERSITY
9. ADAPTATION TO GENERAL EXTERNAL EXPECTATIONS

What is most important?
We have defined our material sustainability aspects based on dialog with internal and external stakeholders illustrated in the table below.

	HOW WE ACT	OUR PEOPLE	ENVIRONMENTAL IMPACT	SOCIETAL IMPACT
BRAND BUILDING	User safety and fraud protection	Be an attractive employer		Empower people to make economic & sustainable choices
				High quality products & services
FOCUS AREAS	Protection of user data	Skills development and knowledge sharing	Increase renewable energy use	Improve transparency towards our users
	Promote freedom of expression	Increase diversity and equality	Reduce carbon emissions	
		Work–life balance		
BASE AREAS	Sustainable supply chain	Promote intrapreneurship and innovation	Safe handling of electronic waste	Job creation
	Unconditional source protection	Health, safety and integrity of employees	Efficient use of materials and chemicals	Charity engagement
	Active work against bribery		More efficient energy use	
			Reduce water usage	

Why do these matter to us?
The reasons why the key material aspects are important to us are presented below.

Attract and retain the right people: Schibsted relies on highly skilled people to execute and implement our strategy and to capture new business opportunities. Attracting and retaining the right people for the right job is crucial to ensuring continued growth and value creation.

Empower people to make economic and sustainable choices: Schibsted has always been a company with the users at heart. Our mission is "Empowering people in their daily life", and by providing high-quality digital marketplaces we are doing just that. Our classified sites are widely used and have become an integral part of people's daily life. Building our online classified sites around the world makes good business sense, and we believe it is positive for people and the environment that second-hand goods can be traded so easily.

Our growth companies, whether created through internal innovation or acquisitions, build on this tradition. We are attracting inspiring entrepreneurs and great online companies, all of whom share this spirit of innovation and entrepreneurship and are dedicated to building transparent marketplaces and smart services to improve everyday life. Several of our companies have price comparison functionalities enabling people to find the most economical choice of goods and service suppliers, thus allowing them to save money.

High-quality products and services: Our business model and success are dependent on people's trust in us. Our company has a long tradition of independent news, information and transparent marketplaces. Trustworthiness and quality are essential for our continued growth and success.

Improve transparency towards our users: In a digital age, being transparent in our dealings with our users is a prerequisite. This applies not only to our journalistic process and our online services, but also to other domains such as privacy and data protection.

Increasing renewable energy use: We acknowledge the significant challenges the world is facing because of climate change. Although our internal energy consumption is limited for a corporation of our size in terms of number of employees and revenue, we continue to address this issue internally and by engaging with our business partners.

Promoting freedom of expression: Freedom of expression is one of the fundamental human rights as defined by the Universal Declaration of Human Rights. Freedom of expression and a free press are pillars of a democratic society. Our stance on freedom of expression and editorial independence can be traced back more than 175 years to the founding fathers of two of our oldest newspapers. For us, a free, independent and trustworthy media is a prerequisite in any democratic society. It is part of our legacy, our present and our future to continue to champion and defend this role.

Protection of user data: Privacy and protection of user data is an important issue throughout Schibsted, because identity is one of the keys to successful implementation of our strategy and objectives. Data protection rules affect online services and news media companies, both online and offline.

Skills development and knowledge sharing: Schibsted relies on highly skilled and highly trained people to execute and implement our strategy, capture new business opportunities, and drive innovation. In an ever-changing world where new technologies and business models are constantly emerging, our ability to continue to develop skills and share knowledge both within and outside the Schibsted family is essential for our future growth.

User safety and fraud protection: User safety and trust is a key component in the Schibsted product experience for our media houses, our classified sites and our growth services. Making sure our users feel safe when they read our news and use our services is the foundation for the trust they show us, and a prerequisite for long-term sustainable growth.

II. Users' Report

This section describes what we do to keep our users and readers safe while engaging with us through our digital news sites and marketplaces. Matters relating specifically to the media houses are discussed in the editorial report.

User satisfaction

For Schibsted and our companies, providing products and services that are easy, efficient and safe to use is a key priority. We measure user satisfaction at company, brand and/or product level. So far, however, we have not initiated a global metric across all our operations. Several sites have won awards for their user satisfaction performance: in May 2016 our Norwegian marketplace Finn won the Norwegian Customer Satisfaction Awards in the Norwegian Customer Satisfaction Barometer, an annual survey conducted by BI Norwegian Business School that measures customer satisfaction and loyalty among Norwegian consumers.

"We care about our users and customers, and the demands for improvements from users, customers and employees are what drive us forward. Our customers will not afford us the luxury of resting on our laurels, so we must keep listening, gaining insight and experience, and driving development of Finn forward."
EVP Established Markets (former CEO of Finn) Sondre Gravir.

For the second year in a row, InfoJobs Italy won the Website of the Year award in the Career and Training category. The Website of the Year award is arranged by the global independent research agency MetrixLab, and represents the online people's choice for the best and most popular websites in Italy.

Keeping our users and readers safe

User safety and trust is a key component in the Schibsted product experience for all our marketplaces and services. Earning and maintaining user trust is a prerequisite for the network effect from which our marketplaces benefit, and thus for long-term value creation for our shareholders. Our objective is to protect our users from any type of fraud they might encounter through online transactions, and we have several principles and procedures in place to ensure this. In recent years, we have invested heavily in our cybersecurity protection in terms of technology and increased staffing. We monitor and prevent planned, unforeseen and actual cyberattacks to ensure that our products and services are always available to our users and that our users are safe while using our marketplaces and services.

We have comprehensive and transparent user safety policies, and provide guidelines on how to buy and sell safely through our marketplaces. Some of our companies have gone a step further and published easy-to-use guidelines and tips to ensure that our users stay safe while using our sites. A few notable examples are Blocket in Sweden, DoneDeal in Ireland, Finn in Norway and several of our brands in Spain.

In 2016 we decided to further improve user safety by establishing a central team to provide a global service to help our companies fight fraud and review user-generated content even more efficiently. Fraud detection and review of user content are important business issues across many product areas, including our marketplaces, messaging functionalities, and our advertising, identity and payment functions. A comprehensive fraud detection and review solution will help us meet global needs more efficiently and to address the needs of local markets and products.

The focus of the global team is to provide our users with a safe environment and high-quality, spam-free content and leads they can trust, and to help our companies protect their business and reputation through high-quality, cost-effective moderation tools that meet compliance and local regulation requirements.

Prohibiting the sale of illegal or unethical goods and services
We practice a zero-tolerance policy with respect to fraud, and work proactively and strategically on security and safety matters to protect users from fraud, malevolent actors and other criminal activity such as phishing and smishing. Furthermore, our sites cooperate with authorities such as the police and customs agencies to prevent fraudulent activities occurring on our sites.

All our online marketplaces operate under a set of rules to prevent fraud and advertising of illegal or unethical goods or services on our marketplaces. The specific rules, as well as applicable terms and conditions for each marketplace, are displayed on the respective websites. The rules defining what types of good and services can be displayed on our marketplaces are based on our common values and culture and take into account local regulatory and societal specificities. The rules ban the advertising of goods such as illegal weapons, drugs and other illegal or counterfeit items on our sites. Our sites also practice a zero-tolerance policy with respect to pornography and prostitution. The Group has established procedures to ensure that newly acquired companies discontinue such activities on acquisition. To ensure that these rules are followed, we have established local manual and automated ad reviewing processes that moderate ads before they are displayed.

Advertising on our print and digital products and services
All our print and digital products follow the marketing legislation that applies to their respective markets. According to Norwegian and Swedish legislation and to our principles of editorial independence, the publishers of each media house have traditionally had the final say on what is published on their print and digital products. Nonetheless, this change has no impact on the advertising we allow, and we remain committed to respecting national laws, Schibsted's values, and those of our respective media houses.

Our marketplaces do not permit any advertising of prohibited products and services, such as prostitution and pornography. Combined with our editorial legacy, this policy empowers the general managers of each company to make discretionary decisions regarding advertising on their sites.

Protection of personal data in Schibsted
Privacy is a fundamental human right set out in the Universal Declaration of Human

Rights. In Schibsted we collect personal data about our users as part of our normal operations. These data constitute a valuable asset for us as an innovative global media company and help us achieve our corporate objectives in all our business areas. We are highly committed to protecting the personal data we collect. We have an extensive privacy program in place to help the Group deliver on this commitment. Its key objectives are to: ensure compliance with our legal requirements; prepare for the General Data Protection Regulation (GDPR) due to enter into force across EU/EEA in May 2018; embed privacy in our corporate culture, tech stack and products; maintain public trust and support; and guide Schibsted's data-driven innovations.

In 2016 we strengthened our Group Privacy Office. To better anchor our privacy expertise, commitment and compliance in the various business units, we established and continue to roll out a network of local privacy representatives. We also appointed a dedicated Privacy Product team to build a privacy product where end users can obtain information about and control how their personal data are processed. Furthermore, we are establishing a central Privacy Engineering team with responsibility to implement privacy by design in our tech stack. Throughout 2016 we expanded our Privacy Compliance Program by establishing extensive procedures for handling personal data in order to meet user expectations and our legal obligations. This will be continuously developed and automatized going forward. We also focused on privacy training and awareness, and will continue these efforts in 2017. Schibsted conducted extensive dialog with the Norwegian Data Protection Authority throughout the year. We will continue this dialog in 2017 and initiate dialog with other national data protection authorities with our end users' best interests in mind.

We have initiated reporting routines for complaints regarding breaches of customer privacy and loss of customer data. In 2016 we had one case of unauthorized disclosure of personal data within our media houses in Norway. The incident was reported to the Norwegian Data Protection Authority and resolved shortly thereafter. The company received one substantiated complaint of failure to delete user data in one of our marketplaces. This matter was followed up by the marketplace in question and resolved without delay.

How we live up to our mission

Our mission is "Empowering people in their daily life", and we focused on areas that align with our mission. Our marketplaces and digital news sites are powerful platforms where supply and demand for a number of products and services meet, where new business models and interpersonal connections are created, and where we empower people to help each other through using our platforms and technology. We value the trust our users have in us. The case presented below and on our sustainability website How We Care demonstrate the powerful role our media houses and marketplaces can play in helping people help each other and the planet.

Case: Empowering users to make economic and sustainable choices

In 2016 we continued our Schibsted Second Hand Effect project. This is our approach to the United Nations' Global Goal 12: Ensure sustainable consumption and production patterns. Second-hand trade protects our environment by reducing the need to produce new goods.

By buying second-hand goods, our users reduce water consumption, greenhouse gas emissions, and the use of chemicals and other treatments associated with production processes that have negative impacts on our environment.

We rolled out the approach adopted by our Swedish subsidiary Blocket since 2012 to calculate the positive climate effects from second-hand trade. In addition to the four sites included in 2016, we added three new sites in 2017. The purpose of the Schibsted Second Hand Effect project is to increase awareness about the positive climate effects of second-hand trade in the selected markets and thereby raise environmental consciousness. The primary target groups are users of the respective sites, consumers in the domestic markets, employees, business partners, the media, and investors.

Every month more than millions of users engage in these eight Schibsted sites; Blocket in Sweden, Finn in Norway, Leboncoin in France, Subito in Italy, Vibbo in Spain, Avito in Morocco, Jófogás in Hungary and Tori in Finland. We believe that together we can make a difference to the environment. Second-hand shopping is part of many people's daily life and an easy way to contribute towards reducing our environmental footprint.

The study was conducted in cooperation with the IVL Swedish Environmental Research Institute, and is based on the following assumptions:

- Whoever purchases a used item refrains from buying the corresponding new product, thereby avoiding the emissions associated with new production.
- Each used item sold does not need to be disposed of, thereby avoiding the emissions associated with waste management.
- To account for the fact that an average car is sold more than once (regardless of where in the second-hand market it was bought), the methodology divides the carbon dioxide equivalents (CO2e) emissions related to the production of new cars by a factor reflecting the national average of the number of times a car is sold before being scrapped, in relation to the current size of car fleet and average car life span.
- A simplification of reality, corresponding to a best-case scenario in order to demonstrate the potential climate benefit compared to no recycling whatsoever.

The total amount of potential emissions saved by the users of our eight sites is no less than impressive, representing 16.3 million tons of CO2e. This is equivalent to a total stand-still of traffic in Paris for 5 years and 11 months.

III. Editorial Report: How we work to provide high– quality editorial products and services

Editorial independence and governance

One of our responsibilities as owner and media industry player is to ensure editorial freedom and freedom of expression. Schibsted's Articles of Association state that the shareholders shall enable Schibsted to operate its information business in such a way that editorial freedom and integrity are fully ensured. More information about editorial governance, independence, editorial self-regulation, editorial ethics, principles and codes, and our approach to responsible marketing are described in the section entitled 'How We Act' on our sustainability website How We Care.

Protection from harassment and abuse

Articles published on most of our media houses' online platforms are open to comment by our readers. Increased reader involvement, facilitated by mobile platforms, strengthens transparency and focuses on quality in the relationship between our readers and our journalists. Moreover, our online discussion forums bring the public debate to more citizens and enable them to have their voice heard. Opening articles to comment by readers also entails a responsibility to protect the subjects of the articles as well as the commentators. Our media houses have implemented several measures to prevent harassment, threats, and hate speech. Our moderators monitor debates and remove comments that are deemed inappropriate or illegal, and the comment fields for certain articles may be closed temporarily at the discretion of the publisher in order to prevent hateful comments and harassment.

Improving transparency with our readers and society

Our Norwegian newspapers publish annual editorial reports where they review the journalistic year and discuss both strengths and weaknesses. These reports, available in Norwegian only, can be found on the respective media house websites. This section attempts to summarize what our Norwegian and Swedish media houses did in 2016.

For our media houses, the primary societal impact lies in the interaction we have with our readers. When we do our job right, words can change society for the better; such is the power of journalism. Journalism reveals injustice, puts pressure on politicians to act, and gives people a voice. This is the core of Schibsted's media houses, and it serves as a unique tool to empower people in their daily life.

Our media houses have a unique opportunity to influence society and shape public opinion through their content. In Norway and Sweden our media houses report extensively on everything from politics and societal developments to the impact of technology on everyday life. Our media houses play an important role in both national and local debates, and have the power to both normalize certain types of behavior and amplify topics and voices through the editorial choices they make. They are active in local, national and sometimes internal debates, and contribute to initiating debates on topics they consider to be of societal importance. In 2016 several of our media houses launched editorial initiatives and campaigns related to sustainability topics, some of which are presented on our website How We Care.

2016 will be particularly remembered for two words: fake news

The combination of social media, professional propaganda teams and a tense international climate has provided an ideal breeding ground for rumors, propaganda and false stories. This presents our media houses and editorial newsrooms with challenges – but also with opportunities. Today, more than ever before, we need a news media that does not allow itself to get carried away by populist trends but instead aspires to report the facts and give a balanced presentation of reality.

In parallel with the emergence of the concept of fake news in 2016, Brexit and the US presidential election revealed a deep crisis of confidence between large sections of the population and government authorities. We see similar signs in several other countries. These trends tell us that the need for reliable, editorially controlled media is greater than ever before. 2016 was otherwise a year when – despite considerable challenges in both the advertising market and the print newspapers – Schibsted Media Group's editorial teams set new records in terms of digital users and hauled in numerous awards for innovative, important and successful journalism projects.

The international recognition Schibsted's journalism received in 2016 clearly demonstrates how the Group's traditions are being carried forward into a new era. The Next Generation Journalism future lab and Schibsted Journalism Academy initiatives show that Schibsted continues its journalistic thrust into the future. In 2016 more than 270 journalists and editorial leaders attended master-class programs, workshops and hackathons in different areas of journalism, such as virtual reality, robot journalism and data-driven journalism.

Aftenposten
2016 proved to be a landmark year for Aftenposten: the 17-year-long trend in declining subscriptions was finally turned back: Aftenposten now has 10 percent more subscribers than at the turn of the previous year. The year's most important project was to reorganize the entire editorial department in respect of how the media house handles content and technology, so as to improve quality and online subscriber experience. Aftenposten began the year with 20,000 digital subscribers and ended it with almost 75,000.

The Panama Papers international collaborative project represents one of Aftenposten's largest ever investigative reporting assignments. Nine months after the first disclosures broke, investigations have been opened into 6,500 companies and individuals worldwide. Here at home it was documented that DNB had helped customers set up companies in tax havens – without the knowledge of the bank's senior management, board or owners. After the disclosures, DNB concluded that this practice should never have been allowed. Two other major projects dealt with violence against children in immigrant communities and maternal violence, both of which were nominated for the Norwegian Foundation for Investigative Journalism's SKUP awards.

Complaints upheld: The Norwegian Press Complaints Commission considered seven complaints lodged against Aftenposten in 2016. Three complaints were upheld and two reprimands issued.

Aftonbladet
2016 was the best year Aftonbladet has had in a long time. It began in January with an exposé on how the Swedish Association of Local Authorities spent its membership funds.

Next came the investigative project into how Sweden's public sector spent SEK 5.7 on travel, representation and courses in 2015. From thereon in it was non-stop: a digital project looking at the gaps between social classes in Swedish society, investigations into the Church of Sweden, Swedish jihadists, and members of the Soldiers of Odin organization, to name just a few.

2016 was also an extremely intensive year for news reporting, and Aftonbladet made full use of all its channels to cover events such as the shootings in Orlando, the terrorist attacks in Nice, Brussels and Berlin, and the US presidential election. These events gave Aftonbladet a direct traffic volume of over 80 percent. Over 54 percent of Swedes aged between 15 and 24 now use Aftonbladet as their primary news source. 2016 was also the year when Aftonbladet gained 250,000 Pluss subscribers and discovered that the willingness to read long in-depth articles on mobile phones far exceeded expectations of only a few years ago.

Complaints upheld: No complaints against Aftonbladet were upheld by the Swedish Press Council, nor anywhere else in the legal system. This is a unique result for Aftonbladet, and the result of several staff training sessions.

Bergens Tidende

Bergens Tidende's editorial team set three main goals for 2016: deliver high-quality, relevant journalism from Bergen and western Norway; adapt to the new business model as fast as possible; and to make significant cost reductions. All three goals were achieved.

The most challenging story for the editorial staff in 2016 was the Turøy accident in April and the ensuing lengthy coverage of aviation safety in Norway. Heavy resources were also devoted to the cruise ship story involving corruption charges against the mayor of Bergen, the failure by Bergen police to investigate serious drug crimes, and disclosures in the wake of the Dark Room story that revealed extensive online distribution of child abuse material. Bergens Tidende also followed Sportsklubben Brann's comeback season and local artists such as Kygo, Alan Walker and Aurora on their journeys to stardom.

The most important strategic change in 2016 was the shift towards digital paid services. Bergens Tidende doubled the number of digital subscriptions in 2016, and the figure currently stands at 21,300. This contributes to an overall subscription growth of around 4 percent, which everyone in Bergens Tidende considers a major success. This followed up the growth in subscriptions in 2015 and shows that Bergens Tidende has managed to stem the previous year-long trend of declining subscription rates.

Bergens Tidende's subsidiaries also proved successful, particularly the business site Sysla, which is part of Beta Vest. Sysla has gained a strong position with an important and attractive target group, and will soon be offering nationwide coverage. Sysla has succeeded in bringing our journalism out to new platforms, and is about to build a business model that can function in a world where journalism must be financed from different sources.

Complaints upheld: The Norwegian Press Complaints Commission considered three complaints lodged against Bergens Tidende in 2016. One complaint was upheld and one reprimand issued.

E24/Dine Penger

2016 was the year when E24 celebrated its 10th anniversary and finally surpassed its main rival DN.no. The media house is now the preferred destination for business and economy news in Norway. The most important task for E24 in 2016 was to further heighten its news profile, and plenty of opportunities presented themselves to this end: turbulence in the financial markets, the Panama Papers, Kjell Inge Røkke's corporate raid of supply vessel companies, a major merger on the Norwegian shelf, Donald Trump, and the leadership wrangle in Telenor were some of the main news stories E24 covered closely.

On 4 January 2016, the first trading day of the year, the Shanghai stock exchange plunged by 7 percent, sending ripples across global stock markets and causing oil prices to fall to below USD 28 a barrel to its lowest level for 12 years. All this culminated during the Confederation of Norwegian Enterprise's annual conference on 7 January. With a TV studio set up, several journalists in place and live coverage in-house, E24/Dine Penger had perhaps one of the best coverages of the year, combining breaking news updates with the long-term oil outlook and the restructuring of the Norwegian economy.

Hard priorities have also enabled the editorial desk to lead the way on stories such as Norwegian's bid for a US flights license, the estate agents who were caught underquoting property values in Oslo, the wave of consumer loans, sky-high bank revenues, the party Swedes' departure from Norway, and the ups and downs of the oil brake.

E24/Dine Penger also arranged Aksje-NM (Norwegian stock trading championship) where 20,000 participants vied for the title of Norway's best stock picker, and Ledertalentene (Leadership Talents), an award that has earned significant prestige in the business sector.

Complaints upheld: No complaints against E24/Dine Penger were considered by the Norwegian Press Complaints Commission in 2016.

Fædrelandsvennen

2016 proved to be the year when Fædrelandsvennen turned the corner in digital subscription sales. The number of digital subscribers increased by 105 percent in 2016, giving the media house 1,000 more subscribers at the beginning of 2017 compared to the same time last year.

Fædrelandsvennen's biggest journalistic challenge came at the end of the year, when a brutal double murder shook Kristiansand just before Christmas. Fourteen-year-old Jacob Hassan and mother-of-two Tone Ilebekk were found stabbed to death in a schoolyard in the Lund district. The next shock came two days later: a 15-year-old local boy confessed to the murders.

Covering cases like this raises a number of ethical dilemmas for editorial staff, but this time a new phenomenon presented the biggest challenge: the flood of rumors, names, theories and possible motives for the crime published on social media. The newspaper had never experienced digital traffic volumes like it before; for three days in a row fvn.no generated more traffic than bt.no.

The media house's financial position is changing rapidly. Fædrelandsvennen is now close to achieving a 50–50 distribution between advertising revenues and user revenues. Another notable development is the increase in mobile traffic by 49 percent – by far the biggest increase in Schibsted – and half of it is now coming from mobile. Fvn.no has the highest activity level per logged-in user of all the Schibsted newspapers. For the first time, subscribers read more paid stories than free stories. Fædrelandsvennen increased the number of digital subscribers by 105 percent, from 3,287 to 6,728. For the first time, articles were the most important sales channel: 60 percent of digital sales came via articles. The average age of subscribers went down; single-article sales went mostly to users aged between 25 and 30.

2016 was also a good year for niche products. The Krsby site has acquired a strong brand identity among young online users in Kristiansand. Abito was launched as Fædrelandsvennen's digital property initiative, and in a short space of time created the country's biggest Instagram accounts for home and interior. Local sports and culture established themselves as the country's biggest and most successful projects based on user-generated content. And last, but not least: the open access portal Innsyn.no was considerably expanded in 2016. Among other things, it opened access to all of the City of Oslo's archives, with support from the Fritt Ord Foundation and the Oslo branch of the Association of Norwegian Editors.

Fædrelandsvennen's local media house also took some new steps in 2016. At the beginning of the year, all content in the online news site Lister24 was moved behind the paywall. This contributed significantly to increasing the number of pure digital subscribers from around 350 to 1,050. The newspapers Kristiansand Avis and Søgne og Songdalen also took, or are planning, new digital steps. Discussions were held during the year about whether Schibsted's portfolio of small newspapers should continue to be owned by Fædrelandsvennen AS or whether they should become part of Lokalavisene AS. In December it was decided that they should remain in Fædrelandsvennen's ownership.

Complaints upheld: Two complaints against Fædrelandsvennen were considered by the Norwegian Press Complaints Commission in 2016, and one reprimand was issued.

Stavanger Aftenblad
The relationship between the media and the Child Welfare Service has traditionally been characterized by skepticism and distrust. Stavanger Aftenblad came to grips with this issue when it learned of the fate of the then 15-year-old girl called "Ida". The journalists examined the threshold for using coercion, the Child Welfare Service's ability to be in the child's corner, its interaction with others, and its ability to perform its primary task: to give the child a better life.

The outcome was a story that filled the entire first section (64 pages) of a Saturday edition of Stavanger Aftenblad in January 2016, 47 videos, and a podcast telling the story in 10 chapters.

Numerous follow-up stories were published about "Ida" and the Child Welfare Service, a long debate was held in the Norwegian parliament, and the podcast became the most widely loaned audiobook at Norwegian libraries in 2016.

Complaints upheld: One complaint against Stavanger Aftenblad was considered and upheld by the Norwegian Press Complaints Commission in 2016.

Svenska Dagbladet
2016 proved to be a successful year for Svenska Dagbladet (SvD), both editorially and financially. The target for the year of 40,000 digital subscribers was reached by mid November, and never before was SvD's journalism appreciated as much as in 2016.

Already in spring 2016, reporters Fredrik Mellgren and Henrik Ennart won Sweden's most prestigious award, Gullspaden, for investigative journalism. The team spent 18 months investigating the construction of Sweden's biggest hospital, a project that exceeded all budgets and ended up costing Swedish taxpayers more than SEK 22 billion. It was also the year when reporter Negra Efendic made her literary debut with Jag var precis som du (I was just like you) and won the Storyteller of the Year category in the Swedish Grand Prize for Journalism, an award SvD had not won for 12 years.

In 2016 the editorial staff focused on topics and areas where SvD could make a difference for its readers, such as schools, politics, health, finance markets, companies, personal finance, contemporary culture, opinions and, not least, foreign affairs. At the same time they worked on developing premium journalism that would help sell digital subscriptions in order to increase value for our existing paying readership.

One challenge for SvD in 2016 was what to do about web TV. The editorial staff produced several explainer videos for social media and also succeeded with SvD 2 minuter, providing brief analyses of current news events. The goal for 2017 is to define a new strategy for moving images and thereby double traffic. Last, but not least, SvD Junior, a newspaper for children and young people, was launched in the Swedish market. The newspaper currently has 12,000 subscribers and bears its own cost by a good margin. SvD Junior was also nominated for Journal of the Year.

Complaints upheld: The Swedish Press Council upheld one complaint against SvD in 2016.

Verdens Gang
Never before had so many read Verdens Gang (VG) as on 9 November 2016. On the day Donald Trump won the US presidential element, more than 3.5 billion people read VG digitally, the majority from their mobile phones. VG devoted considerable resources to covering the US election via VGTV and other channels, with excellent results.
For example, close to 28 million people watched VGTV's humorous video in which grass tufts in Troms were likened to Trump's hair.

2016 was also a year in which several of VG's investigative projects attracted attention and prompted public debate. These included the spotlight placed on the Ministry of Foreign Affairs' appropriations to aid consultants, the extensive use of belt restraints in Norwegian psychiatric units, and the sexual abuse of minors in Tysfjord municipality in Nordland.

VG's journalists uncovered fraud in the campaign to have the espionage case against Arne Treholt reopened, revealed a story that got a lawyer charged for several criminal offences, and questioned the financial management and secrecy culture in Norway's national sports federation. The newspaper also won several awards for its work, most notably international recognition for its advanced data journalism project The Downloaders, in which VG journalists identified and confronted Norwegian men who had download child sexual abuse images and videos from the internet.

Complaints upheld: Two complaints against VG were considered and upheld by the Norwegian Press Complaints Commission in 2016.

Fighting for journalism
Finally, we return to our starting point: the challenges of fake news and the importance of free, independent journalism. There were several examples in 2016 of how Schibsted news organizations are fighting the problem of fake news. In September, a newly launched site called Politisk Inkorrekt, whose tagline is *"anything but politically correct",* ran a story about Swedish Prime Minister Stefan Löfven wearing an outlandishly expensive watch. The story generated around 1,000 shares and 2,000 reactions on Facebook. After investigating the story, Aftonbladet discovered that the watch was a gift and was not worth nearly as much as was reported. The publisher then spent between SEK 3,000 and 4,000 (between USD 340 and 450) following up the story, targeting the people who had commented on the fake story. Ehsan Fadakar, Head of Social and Third-party Strategy in Schibsted Media Group, said to the media site Digiday that it has been an expensive way of fighting fake news. *"But Aftonbladet is a popular Swedish publisher on Facebook. We also have some responsibility to prevent people from seeing fake news"*, he said.

Going forward, we will continue the fight against fake news and prioritize the production of world-class journalism, and through this contribute to the Schibsted vision: Shaping the media of tomorrow. Today. It is considered instrumental for Schibsted to develop an active approach to the fake news trend, and this issue will be part of our publishing strategy. One of the steps that is already taken is the launch of a new Norwegian entity called "Faktisk" ("In Fact"). This is a joint effort between several of the leading Norwegian media outlets, and aims to be a trustworthy entity checking the factuality of statements from media or public persons. In 2017 we will launch the Power of Journalism – a new open arena to share, discuss, learn and talk about what we care about: the future of journalism. With "The Power of Journalism" we want to start a conversation with partners and colleagues in the media business and outside. Because we firmly believe that the answer to the challenges we all face lies in collaboration.

IV. Taking on broader Societal responsibility

In addition to our responsibility directly stemming from our core business, we aspire to be a positive force in the world around us. Some of our initiatives at Group and company level are presented below.

Collaborating and sharing knowledge outside the Schibsted family

In Schibsted we believe that sharing and collaboration are key, both within disciplines and across them. That is why we encourage sharing and collaboration to create a better workplace. By attracting great people to join us, we have built a virtuous circle of great people, creating an attractive workplace and attracting even more great people. We have several publications and blogs that support this philosophy of collaboration.

Future Report

In 2016 we launched the third edition of our Future Report. The Future Report is Schibsted Media Group's attempt to gather and understand some of the latest digital trends and profound changes in user behavior and technology that are revolutionizing people's everyday life all over the world – and the opportunities that these changes offer. We want to share this knowledge with our companies and with the world around us to create an understanding about challenges and opportunities and to initiate a dialog about the future.

Schibsted Bytes

Written by experts, for experts, Schibsted Bytes is a platform for sharing new discoveries and best practice, showcasing good ideas, and celebrating cooperation. We welcome contributions from everyone in Schibsted, on whatever subject they feel the need to share. Often the articles are provided by our companies' local tech blogs, allowing us to reuse and capitalize on the knowledge that exists in our companies. Sharing spreads knowledge, promoting new ideas, new applications and new visions of the future. And by developing those ideas and releasing and sharing them with the wider world, we can empower everyone – not just Schibsted, but everyone. Imagine that: a better, brighter, freer world that you and your colleagues helped to create!

Promoting and supporting innovation, entrepreneurship and innovation

With an international perspective and offices in Oslo, Paris and Stockholm, the Schibsted Growth team invests in ambitious digital companies with plans to change the world. We help smart founders and winning teams establish products or services, scale their businesses, maximize growth, and ultimately to become market leaders. Working alongside entrepreneurs, we achieve that by providing cash funding and by leveraging the collective experience and resources within Schibsted Media Group. We look for disruptive, scalable and innovative business models that create unique value for consumers or businesses. A proven business model and traction are advantages. Over the years we have invested in companies like Blocket, Prisjakt, Hitta, TV.nu, Let's Deal, Lendo and many more.

During the past 10 years Schibsted has constantly and methodically sought out and supported startup companies and promising entrepreneurs. The goal is to find digital ideas that solve everyday problems in new ways. Our digital services help consumers compare offers and prices in a range of markets from loans, insurance, property rental and consumer products, and enable them to make informed decisions regarding their personal finances. In many ways, these services have changed the rules in consumer markets in that offers and products can now be easily be compared with those of competitors online, thus increasing consumer power.

Memberships and voluntary reporting
Schibsted is a member of several organizations and follows voluntary frameworks and reports to several organizations.

United Nations Global Compact
Schibsted Media Group has reported to the UN Global Compact since 2009, and continues to support and promote its Ten Principles.

OECD Guidelines for Multinational Enterprises
Schibsted is committed to complying with the OECD Guidelines for Multinational Enterprises, which contain voluntary principles covering a variety of issues affecting companies' social responsibilities.

Carbon Disclosure Project (CDP)
Schibsted has reported to CDP since in 2010. CDP is a global not-for-profit organization providing the world's only global natural capital disclosure system, representing more than 800 institutional investors.

Responsible Media Forum
In 2011 Schibsted became a member of the Nordic Media CSR Forum with the aim of setting the agenda for corporate social responsibility in the media sector. Since 2012 we have participated in the UK-based Responsible Media Forum. For more information and the Forum's activity report for 2016, visit responsiblemediaforum.org/home.

Transparency International
In 2011 Schibsted became a member of Transparency International, which raises awareness of the damaging effects of corruption, and works with partners in government, business, and civil society to develop and implement effective measures to handle corruption. In 2016 we participated in an initiative by Transparency International Norway to develop a guide with practical dilemmas on anti- corruption and bribery.

FTSE4GOOD
Following the December 2015 review, Schibsted was confirmed as a constituent of the FTSE4Good Global Index. Created by the global index provider FTSE Russell, FTSE4Good is an equity index series designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalize on the benefits of responsible business practice.

Charity engagements

In Schibsted we draw a distinction between our responsibility as a multinational enterprise on the one hand and charity, sponsorship, and philanthropy on the other. In 2016 we had one partnership at Group level, as well as some brand-specific initiatives. A selection of our initiatives at Group and local level are described on our website How We Care.

V. Empowering our people

In Schibsted we rely on talented people from many countries and functions to deliver high-quality products and services. We have consumer-facing operations in 29 countries, in addition to tech hubs in one additional country. In 2016 we had 7,300 employees, distributed in the following regions.

	TOTAL GROUP	NORWAY	SWEDEN	REST OF THE WORLD
Number of employees	7,300	2,500	1,800	3,000

Skills development and knowledge sharing

In 2016 the Global People organization established a dedicated Learning and Development (L&D) department, grouping together the global academies and training initiatives. L&D will collaborate with local HR Business Partners to achieve efficient utilization of training resources. L&D's mandate and strategy will be outlined in more detail in 2017. Current initiatives include leadership development, sales development, project management, brand building, innovation development, and journalism.

Knowledge is actively shared through internal communication channels (intranets, blogs, newsletters, chat rooms and collaboration tools), training modules, and physical gatherings (events) across the Group. Moreover, Schibsted runs a Travel Grant program to encourage employees to work temporarily in other Schibsted companies with the aim of cross-corporate learning. In 2016, 30 applicants from nine different countries were approved for the program.

A dedicated management trainee program seeks to recruit and develop top talents into future key positions in the Group. L&D has the responsibility for building candidates' skills, competence and capabilities. The trainees are assigned four different placements during their employment, which helps promote knowledge sharing across companies in the Group. This also applies to alumni trainees, many of whom stay with us for many years after completing the program in different management positions.

PROGRAM	NO. OF PARTICIPANTS DURING 2016
Journalism Academy	274
Brand Academy	45
Sales Academy	100

Performance reviews and development talks

In Schibsted we attach importance to the performance and development of our people. We conduct performance reviews at least twice a year, and more frequently in some functions and countries. Our policy is that all employees should complete development dialog with their leaders at least once a year.

Schibsted and our companies as an attractive employer

Schibsted aspires to be a group that attracts talents in our local markets, and the new People Strategy will address this issue. Establishing a clear Employee Value Proposition is one component in this work.

Work–life balance

Promising initiatives already exists in countries such as Italy and Spain, and we aim to concentrate on global initiatives in this area during 2017.

Diversity and equality in Schibsted

In Schibsted we truly believe that monoculture is bad for business while diversity drives more innovation, stronger solutions and better results, and ensures a wider range of experience. Our Board of Directors is composed of 40 percent women, as required by the Norwegian Limited Liabilities Companies Act. For Schibsted, key dimensions for measuring diversity are nationality, competence, and gender. In 2016 we held round-table discussions on how to further improve on these issues, and the recruitment policy was updated to achieve more transparency. Our Code of Conduct prohibits discrimination based on race, religion, gender, sexual orientation, age, disability or other characteristics protected by law.

"I believe it's important to have a diverse workforce, because it encourages us to take multiple perspectives into our product design, and that helps ensure that innovation will thrive. If we only hire one type of person, everyone will see the world the same way. That would quickly result in boring or useless products, and opportunities to innovate would likely die."
CTO Rian Liebenberg

	TOTAL GROUP	NORWAY	SWEDEN	REST OF THE WORLD
Percentage female employees	36%	34%	35%	40%
Percentage male employees	64%	66%	65%	60%

Promoting gender equality in our media houses and in the technology industry

One challenge that we see very clearly as we transition from a traditional media company to a tech-driven media company is related to the gender imbalance in technology-related professions. In 2016 many of our employees made efforts to address gender imbalance, both internally in Schibsted and externally. Case studies on how we work in this area are presented on our website How We Care.

Recruitment policy: We focus on using a neutral language in job advertisements to avoid gender bias. We aim to have at least one female candidate in the final round in recruitment processes, and to use both female and male interviewers. In addition to thinking broadly in terms of diversity, we focus on attracting and encouraging female candidates. Schibsted also works on other guidelines and unconscious bias training for interviewers in recruitment processes.

Schibsted's policy is that that 50 percent of newly appointed leaders at management levels 1, 2, 3, and 4 must be female. This initiative has already made a clear impact at employee and lower management levels. At year-end, Schibsted had 32 percent female managers at management levels 1, 2 and 3.

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL GROUP
Female	20%	35%	32%	36%
Male	80%	65%	68%	64%

Development programs: Schibsted focuses on recruiting a high number of female participants to our leadership and academic programs. The criteria for selecting participants to the top management training program (S-PACE) were gender, competence and nationality (country of work). This program reflects the leadership principles (PACE), one of the twelve principles of which is "Embrace diversity".

Leadership reviews: We focus on female leaders in leadership reviews and in succession planning.

Gatherings and networks: We arrange gatherings and networks to give female leaders the opportunity to meet and to take on more responsibility.

One initiative to strengthen diversity in Schibsted is the new Global Mentor Program launched to develop a diverse population of leaders with potential for senior management positions and to recruit more women to senior management positions. The selection criteria for the mentor program are aligned with the overall diversity dimensions: nationality, competence and gender.

Going forward, the people strategy will reflect gender balance, and will focus on encouraging dialog with selected female management talents every year. In leadership reviews, we will place more emphasis on assessing leaders based on non-financial results.

Health, work environment and safety

In Schibsted the responsibility for ensuring that our employees have a healthy and sound work environment lies firmly with the line organization. Country-specific rules and Schibsted's values are included in the personnel handbooks in most of our companies. The Global People function has overarching responsibility to ensure that the work environment is safe and reflects our values. The Chief Security Officer has overarching responsibility to ensure the security of our assets and of our people, both at their workplace and while traveling. More information can be found in the Board of Directors' report.

Protecting labor rights through employee representation and dialog
Schibsted respects and supports internationally recognized labor rights. We recognize and respect the rights of employees to associate and to engage in collective bargaining. Schibsted Media Group shall ensure that its operations do not infringe on such labor rights, including occupational health and safety. We practice a policy of zero tolerance of forced labor and child labor across the Group.

Employee representation is safeguarded in several ways. The main arenas are listed below. For more details, visit www.schibsted.com.

- Employee representatives on the Board of Directors: The Board of Directors currently consists of 10 members, three of whom are employee representatives elected by and from the employees for two-year terms. Employees are also represented on the boards of most subsidiaries in Norway and Sweden.
- Group employee representatives: Schibsted currently has three full-time Group employee representatives. Their task is to safeguard the interests of all employees in matters dealt with at the Group level.
- Schibsted European Works Council (EWC): The EWC serves as a forum for information, dialog and consultation between employees and the Schibsted Executive Team. The EWC currently consists of 35 representatives (22 men and 13 women) from 10 countries elected by and from the employees. The EWC convenes twice yearly.
- Where required by law, or initiated by employees, our companies have established work environment committees to facilitate a safe and sound work environment and to minimize workplace discrimination.

Our Group Employee Representatives visit our companies on a regular basis and review local working conditions and the results of the Schibsted Employee Survey with local management. The representatives also organize meetings to which all local employees are invited.

Union representation
As stipulated in our Code of Conduct, Schibsted employees have full freedom of association, and may organize themselves as they choose. According to the latest estimates by our Group Employee Representatives, the percentage of unionized employees is as presented in the table below.

	GROUP	NORWAY	SWEDEN
Unionized employees	30%	47%	41%

VI. How we act

Our Code of Conduct: Defining our principles of integrity

One of Schibsted Media Group's core values is integrity. Integrity has always been a vital part of how we do business, as it is decisive for maintaining the trust on which a media organization depends. For many years now, Schibsted Media Group has demonstrated high standards of integrity.

Our Code of Conduct states our principles on human rights, labor rights, environmental care and anti-corruption. In 2015 we reviewed our Code of Conduct to integrate aspects such as privacy and anti-money laundering. The Board approved the updated version of the Code of Conduct in Q4 2015. The Code of Conduct clearly supports the Group's value of integrity, and applies it to all Schibsted-appointed board members, leaders and employees of Schibsted Media Group, including entities in which we own more than 50 percent voting rights. Where Schibsted Media Group does not exercise such control, the board members appointed by Schibsted shall promote the main principles outlined in the Code of Conduct.

In late 2016 we rolled out an e-learning and knowledge test for all our employees to ensure that everyone is aware of and understands the updated Code of Conduct. 2016 was a soft launch year for the program, due to the transition to our new matrix organization. In 2017 we will expand our dialog with local People organizations and focus on training local expert organizations and leaders to deliver face-to-face training and dilemma training in their local functions and companies.

In addition, we continue to organize face-to-face training programs such as the Schibsted Sales Academy, the Schibsted Leadership Program, the Management Trainee Program, Schibsted Journalism Academy, and the Project Management Program, as well as risk-based training for high-risk companies and functions.

Our expansion into emerging markets in recent years has implied operating in new cultural environments. While this may represent challenges with respect to the Code of Conduct, we believe that our corporate culture, governance model, and close follow-up of local management contribute to reducing the risks associated with internationalization. We work continuously to improve communication, understanding, and monitoring of compliance with the Code of Conduct in our emerging and established markets. We will continue to strengthen our efforts to be acknowledged as a media group with a strong commitment to integrity in all our operations.

Linking executive performance to sustainability criteria

For 2017 the Compensation Committee has decided to include privacy as one of the non-financial criteria for performance-related pay for the Schibsted Executive Team.

Our channels for reporting grievances

In Schibsted we want to promote a culture in which discussing ethical dilemmas and compliance concerns is an integrated part of our business and in which employees feel comfortable raising concerns about unethical business conduct with their colleagues, teams and leaders.

We have several channels available for reporting concerns about unethical business conduct beyond the line organization, such as employee representatives and Group Employee Representatives, local and global People functions, local and Group Legal departments, and the Compliance function. In 2012 we implemented our grievance channel SpeakUp, a last-resort tool for reporting concerns about unethical business conduct. Both the reception and handling of reported compliance concerns through the SpeakUp system are outsourced to third parties, and the system protects the identity of the reporter while providing the opportunity to establish a dialog. Reports can be made in the reporter's native language via a web interface or telephone. For more information, please refer to our Code of Conduct. Except for fraud and corruption that must be reported to the Group's Compliance Officer, our principle is that concerns about unethical business be dealt with in the local companies. The Group's expert organizations and functions assist the local companies as required.

No material compliance concerns were raised through the SpeakUp channel in 2016.

Working proactively to prevent bribery and corruption

Schibsted Media Group practices a policy of zero tolerance of corruption, including facilitation payments. This does not, however, mean that our corruption risk is zero. We have established policies, processes, controls and procedures to mitigate the risk of fraud and corruption, and we review applicable legislation in key markets.

Our Code of Conduct covers our principles related to bribery and facilitation payments, business gifts and entertainment, and conflicts of interests. The Code informs our employees, leaders, and board members about the principles that are important to us. In addition, we have created a guideline giving examples of business gifts and entertainment to facilitate discussions and decision-making.

When entering into agreements with new business partners, Legal and Compliance assess the need to perform full or limited due diligence procedures based on the nature and scope of the acquisition. Group Treasury is always involved in transactions, and ensures compliance with our principles regarding payments to low-tax countries and other payment-related concerns.

The general principle is that all cases of alleged or perpetrated fraud and corruption be brought to the attention of the Group Compliance Officer. Anti-corruption is an integral part of our Code of Conduct training, and is tailored to address the risks faced by specific business areas and functions.

In 2016, no material breaches of our Code of Conduct and policies were identified through our grievance channel or internal reporting.

Human rights

In Schibsted we support and respects the protection of internationally recognized human rights. This means that we conduct our activities in a manner that respects human rights as set out in the Universal Declaration of Human Rights, and that we demand the same from our business partners.

Operating in regulated industries
As Schibsted has expanded into the personal finance sector, we have also entered a business that is regulated by local financial services authorities in Norway and Sweden. We have appointed dedicated local compliance officers to ensure compliance with applicable regulatory requirements specific to the financial services industry in the respective countries. Related expert functions at Group level, such as Legal, Privacy and Compliance, maintain close dialog with the local compliance officers. In 2016 one of these companies was subject to an anti-money laundering review by the local financial services authorities. We cooperated and took action to address the findings from the review.

Sustainable internationalization
In 2011 the Board of Directors approved our Guidelines on Internationalization. These guidelines align with official Norwegian foreign policy and the principles set out in the 2009 Government white paper on corporate social responsibility in a global economy. When launching operations in new countries, the following principles apply:

- Strict adherence to the Ten Principles of the UN Global Compact and their inclusion in the employment contracts of all personnel.
- An obligation to enforce adherence, and reasonable efforts to ensure compliance by employees, partners and suppliers.
- The decision to launch operations in a new country is subject to approval by the Schibsted Executive Team.

Operating in countries subject to sanctions
As a listed Norwegian company, Schibsted is subject to several national and transnational legislative and sanctions regimes. The Group's Legal, Treasury and Compliance functions monitor the regulatory framework with regards to sanctions.

The Group's classifieds site Kufar is located in Belarus, a country that is currently subject to sanctions imposed by the EU and the Norwegian and US governments. Kufar's operations are not directly affected by the sanctions. However, the Group Treasury and Compliance Officer conducted close dialog with Kufar's management to ensure that our site prohibits the sale and purchase of embargoed goods and material dealings with the individuals, companies and entities targeted by the sanctions.

As Schibsted has become more international, we have increased the number of employees with international backgrounds, including US citizens. Schibsted is aware of the reach of the US sanctions regimes with regards to US citizens, and will perform a review of the roles of these citizens to ensure that our operations comply with applicable sanctions legislation.

Case study: Using the *Schibsted Second Hand Effect* to improve our sustainability profile

As part of our ongoing Schibsted Second Hand Effect project we performed sustainability training and reviewed the participating companies with regard to anti-corruption, human and labor rights, and environmental impact. This contributed to increasing our understanding of how our business impacts people, the environment and the world around us, and to the introduction of changes to internal processes and new ways of communicating. The most important benefit for both Schibsted and the companies has been the possibility to share and collaborate with the expert organizations in the different countries, and to see the power we gain when we work together as one sustainable company.

Working towards a sustainable supply chain

In Schibsted we buy goods such as office equipment and paper for our printing plants from suppliers, and services from consultants and lawyers, media agencies, travel agencies and tech service providers. Although we have some group-wide suppliers, most of our supplies and services are purchased locally. We acknowledge that we have a responsibility to ensure that our suppliers respect fundamental human rights, labor rights and the environment, and in a way that prevents fraud and corruption. In 2016 we developed our supplier Code of Conduct, which is based on the Ten Principles in the UN Global Compact. This work built on the work done by our Swedish marketplace Blocket, and we have begun to engage in dialog with our suppliers on this issue.

As part of our *Schibsted Second Hand Effect* project, we have introduced a supply-chain analysis aimed at identifying risks and opportunities and at ensuring that the goods and services we receive are delivered on fair terms for the business and for the people involved in delivering them, the local communities, and the world around us. We have initiated dialog with a selection of high-risk and/or high-value suppliers that deliver services to the companies participating in the Schibsted Second Hand Effect project. In Norway and Sweden we began analyzing the supply chains of our largest companies. Several functions work together on this approach, with the support of external subject-matter experts. We will continue this work in 2017, using a risk-based approach, prioritizing global suppliers, and considering the requirements of the respective national legislations.

How we work on topics that affect our business

Schibsted Norway and Schibsted Sweden work actively with their own initiatives as well as through their main media industry organizations MBL (Norway) and TU (Sweden) to follow up political issues that impact the regulatory frameworks in which we operate. Schibsted pays membership fees to these organizations as well as to selected national industry organizations. EVP Sweden Raoul Grünthal is currently board chair of TU, and Schibsted has three members on the MBL board. Our companies work locally on matters that are important at national level, either through industry organizations or by participating in public debates.

VII. Environmental impact

We are committed to minimizing any impacts our operations may have on the environment. Schibsted and our companies shall adhere to relevant local regulations and internationally recognized standards. We also want to increase awareness and encourage people to contribute to reducing their environmental impact by giving them the opportunity to make environmentally friendly choices by buying second-hand goods.

We adopt a precautionary approach to the potential impacts our operations may have. With the exception of our printing plants, where, incidentally, emissions are showing a declining trend, the extent of environmental impact caused by our operations is minimal.

Although Schibsted is a low-energy intensive group given the number of employees and revenue , we acknowledge the significant challenges that humans and the world are facing, and are committed to playing our part to prevent accelerated climate change. In 2016 we developed our environmental policy, which was approved by the Schibsted Executive Team as part of the Schibsted Second Hand Effect project. We are implementing this policy on a risk-based approach, starting with our largest operations. Our policy states our commitment to the three environmental principles in the UN Global Compact and to the following principles:

- We are committed to reducing the negative environmental impact of our operations.
- We have adopted a precautionary approach to all materials and processes used in our operations that may be harmful to the environment.
- We undertake initiatives to promote greater environmental responsibility in our operations and encourage the development and promotion of environmentally friendly technologies.

With the exception of our printing plants, we operate in a low-energy intensive business. This part of the report focuses mainly on the printing plants, but also addresses other sources of emissions generated by our businesses.

Measuring the impact of our operations

Newspaper production has always represented our largest source of greenhouse gas emissions, with emissions related to paper production accounting for more than 80 percent of total emissions. The digital transformation has contributed to a significant reduction in the amount of paper used, and hence to a reduction in emissions of more than 50 percent since measurement began in 2009. This figure continues to decrease steadily each year.

Following the digital transformation, our media content is increasingly produced, accessed and shared using digital technology, and the environmental footprint from our digital content is expected to increase. As of 2015, data centers accounted for around 2 percent of global emissions worldwide. In 2016 the Responsible Media Forum, in which Schibsted participates, formed a working group to explore the carbon impacts of digital media content, and we are following this work closely. In addition, we initiated dialog with a selection of our current data center providers to gain a better understanding of their approach to minimizing their energy consumption and emissions generated through our use of their services.

Schibsted conducts an annual survey on greenhouse gas emissions from our largest operations. In 2016 we increased the scope of reporting entities significantly to include a wider scope of countries and companies. The companies included in the survey represent more than 90 percent of our employees. The results of the survey form the basis of our report to the Carbon Disclosure Project (CDP). The key figures are presented in the tables below, and more details can be found in our annual CDP report at www.cdp.net.

Table: Environmental impact and metrics from our operations

	UNIT	2016	2015	2014
Scope 1 emissions: Transportation and stationary combustion	tCO2e	1,568	1,579	1,857
Scope 2 emission: Electricity, heating and cooling	tCO2e	3,744	2,946	3,849
Scope 3 emissions: Paper and heatset used for newspapers	tCO2e	37,150	43,031	45,698
Scope 3 emissions: Business travel	tCO2e	3,956	-	-

	2016
Energy consumption	48,953 MWh
Energy consumption/FTE	6.9 MWh
CO2 emissions (scope 1 and 2)	5,313 tCO2e
CO2 emissions (scope 1 and 2)/FTE	0.7 tCO2e

Environmentally friendly printing plants

In Schibsted we publish printed newspapers in Norway and Sweden. In Norway, we own printing plants, whereas in Sweden the printing is outsourced to an external printing company. As of 31 December 2016, Schibsted owned two printing plants: one in Oslo and one in Bergen. In addition, one printing plant was closed down during 2016. All the printing plants owned by Schibsted in Norway are licensed under the Nordic Swan Ecolabelling scheme. A Nordic Swan Ecolabelled printing company is a company that fulfills strict environmental requirements and has been granted a Nordic Swan Ecolabel license to produce printed items. This implies that the printing company's production process has a very low environmental impact compared with other printing companies. The requirements apply mainly to the printing process, paper consumption, and the paper and chemicals used by the printing company.

The printing process

Up to the printing stage, production of newspapers is a digital process and has a limited impact on the external environment. Our printing plants continuously work on improving their processes according to lean principles to increase efficiency and reduce waste.

Source separation processes have been introduced for almost every type of waste, and our printing plants separate as much as 99 percent of their waste. Waste paper, cardboard, waste products from paper reels, and undistributed newspapers account for as much as 96 percent of total waste volumes. Processes involving polluting chemicals take place in closed systems, and the chemicals are treated as special waste and recycled as far as possible. Special waste is collected by approved transport companies and processed in compliance with Swan Ecolabel requirements and environmental legislation. Our largest printing plant in Oslo publishes an annual health, environment and safety report.

Paper used in the production process
The paper used by the printing company must fulfill strict requirements regarding wood material from sustainable forests (such as FSC or PEFC) and production requirements regarding energy consumption, hazardous chemicals and emissions to air and water from the paper production process. The Forest Stewardship Council (FSC) certification scheme is an initiative to promote sustainable forestry by addressing ecological, social and economic aspects. FSC only considers the origin of the wood raw material by requiring forest management that is ecologically and ethically sound. FSC is therefore not comparable to the Nordic Swan Ecolabel because the requirements are not lifecycle-based and do not take into consideration other environmental impacts of the printed item. Our Swedish media houses buy printing services externally. They currently use V-TAB for most of their printing needs. V-TAB operates a system of environmental and quality control, and all their printing plants are certified under ISO 14001:2004 and ISO 9001:2008.

Schibsted's negotiations with paper suppliers are conducted at Group level, and all paper suppliers to our plants meet strict environmental criteria such as the Swan Ecolabel, the Forest Stewardship Council, and the Programme for the Endorsement of Forest Certification. The Group currently does not use recycled paper in its printing process, but newspaper companies in Norway and Sweden arrange for unsold newspapers to be returned and sold for recycling.

Table: Input factors, emissions and energy consumption from our owned printing plants in Norway

MATERIALS USED	UNIT	2016	2015	2014
Paper (100 % renewable material)	(1000 tons)	53	59	68
Share certified EU Ecolabel	%	63 %	-	-
Share certified FSC	%	100 %	-	-
Share certified PEFC	%	100 %	-	-
Printing ink (non-renewable material)	(1000 tons)	1.3	1.5	1.7
Share certified Swan Ecolabel	%	100 %	-	-

2016 Efficiency in paper consumption (share of material bought used in newspaper production)	90 %

ELECTRICITY	UNIT	2016	2015	2014
Printing plants	(gWh)	25.7	26.8	28.5

CO2 EMISSIONS	UNIT	2016	2015	2014*
Emissions from production of paper (input material) used by our printing plants	Tons CO2e	24,430	27,433	29,094
Emissions from our printing plants (energy and recycling)	Tons CO2e	1,658	1,960	2,453
Emissions from our distribution of newspaper (transportation)	Tons CO2e	568	574	624

*Waste data not available

2016 WASTE DISPOSAL	UNIT	RECYCLED	RECOVERED	OTHER DISPOSAL	TOTAL WEIGHT
Paper	Tons	6,733		137	6,870
Aluminum	Tons	250		19	269
Waste water	Tons		10		10
Ink waste	Tons		30		30

2016 WASTE (DEGREE OF SORTING)	
Hazardous waste	100 %
Non-hazardous waste	98 %

Distribution

Schibsted has a distribution network for our Norwegian printed newspapers that distributes most of our papers. Newspapers are distributed by road transports, where subcontractors transport newspapers from the printing plant to the distribution pick-up points using trucks or vans. Newspaper delivery to households Is performed using smaller vehicles. Our Swedish companies have fully outsourced their distribution.

Measures to reduce the environmental impact at our offices, and efforts to increase employee awareness

Our largest companies and our Oslo headquarters have implemented measures to reduce their environmental impact, notably through recycling and waste management initiatives, and through environmentally friendly printing solutions. Schibstedhuset in central Stockholm, which hosts most of our Swedish operations, is one of the world's most advanced office buildings in terms of energy-efficient solutions and materials. Due to our existing real estate contract, our ability to influence the energy efficiency of some of our offices is limited, but we have initiated dialog with landlords in several countries as part of the Schibsted Second Hand Effect project, and will continue to do so in 2017.

Business travel
In 2016 our business travel represented 8 % of our total emissions. We continuously work on improving our video conference facilities and on investing and improving collaboration tools across the Group in order to reduce the need for business travel. We also initiated dialog with some of our business travel service providers, and challenged them to make environmentally friendly options such as train journeys more easily available to our employees.

Electronic waste
Electronic waste represents an important share of the waste generated by our offices. Since the recycling of electronic devices has a large environmental impact, it is important to treat this waste in an environmentally friendly way. At Schibsted headquarters and at our Norwegian operations we send our used electronic devices to a supplier that sorts computers that may be reusable and send unusable devices for recycling. During 2016, 51 percent of the devices sent to the supplier were reused and 548 kg of e-waste was sent for further recycling. The reuse of outdated devices is the most environmentally friendly treatment method and, according to our supplier, the reuse of Schibsted's devices saved 252 tons of CO2e by consumers' choosing to buy them rather than buy a new device.

Water scarcity
In 2016 we performed a high-level risk assessment of water scarcity in our countries of operation. Based on our current presence and operations, water scarcity is not considered to be an issue that is likely to impact our ability to operate.


HACKAMANO

STATEMENT OF CORPORATE GOVERNANCE

1. Statement of Corporate Governance

Schibsted is subject to corporate governance reporting requirements as defined in the Norwegian Accounting Act, section 3-3b and the Norwegian Code of Practice for Corporate Governance. The current edition was published on 30 October 2014 and is available at www.nues.no. The Board's Statement of Corporate Governance follows the structure of the Code. Deviations from the Code are set out in item 16 below. This statement also includes information on corporate governance, pursuant to the Accounting Act, section 3-3b. Corporate governance in Schibsted is subject to review and consideration by the Group Board, which also reviews the content of this Statement of Corporate Governance. The Board has approved the Group's policy for corporate governance stating that the Group will comply with the Norwegian Code of Practice for Corporate Governance. Sound corporate governance is an important prerequisite for achieving Schibsted Media Group's vision and for implementing our strategy. It contributes to the Group's long-term value creation and ensures effective and sustainable use of the Group's resources. Schibsted's values represent an important foundation for corporate governance and for developing a sound and strong corporate culture. The Group's values are:

- **We have integrity**
- **We are a team**
- **We are innovative**
- **We are here to win**

Schibsted's primary social responsibility is to safeguard and promote editorial freedom and provide safe and transparent marketplaces. Free and independent media is an important prerequisite for strong and open democracies. Schibsted aims to contribute to democracy and diversity through our editorial integrity and independence. Schibsted's core values rest on this foundation and are firmly enshrined in the Group's Articles of Association. Our marketplaces strive to offer the best solutions and services for our users, enabling them to make economic and sustainable choices.

The Board oversees and governs Schibsted's corporate social responsibility efforts. Lena K. Samuelsson, a member of Schibsted Executive Team, has overall responsibility for guiding and communicating Schibsted's corporate social responsibility internally and externally. She updates the Schibsted Executive Team and the Board of Directors on a periodic basis.

Schibsted prepared a code of conduct that was approved by the Board in December 2011, and updated in October 2015. The Code applies to everyone in Schibsted Media Group. It includes our key principles and ethical guidelines in a number of areas, including human rights, labor rights, anti-corruption and the environment. The Code serves as a guide for our employees' daily internal and external business interactions, and reflects our standard for appropriate behavior.

The Statement of Corporate Social Responsibility describes the Group's principles and work in further detail.

2. Business activities

Schibsted's purpose as defined in its Articles of Association is: "The purpose of the company is to engage in the information business and related business activities. The shareholders shall enable the company to operate its information business in such a way that editorial freedom and integrity are fully ensured. The requirement for editorial freedom and integrity shall apply to all media and publications encompassed by the Norwegian and international activities of the Schibsted Group."

The Articles of Association are presented in full at www.schibsted.com.

Schibsted has consumer brands in 29 countries. Schibsted's strategy comprises two main objectives: further development of our media houses and of our online classifieds and growth services. Strong media houses and classifieds operations represent the core of our activities, and our corporate growth strategy is based on close collaboration between different media channels. Our objective is to develop our business activities so that we can offer our users a wide range of services, irrespective of which channels they choose to use. The diversity of Schibsted's product range is closely aligned with our strong tradition of editorial freedom and our ability to adapt in a media market that is constantly undergoing rapid change. The Group's objectives and principal strategies are further described on our website at www.schibsted.com.

3. Equity and Dividend

Financial strategy
In accordance with our shareholder policy, Schibsted's Board of Directors considers it crucial that shares in the company be perceived as an attractive investment option. Schibsted's financial strategy implies a strong focus on profitability, innovation and disciplined capital allocation to create long-term shareholder value. To reach these objectives, Schibsted has set financial targets on financial gearing, NIBD/EBITDA and equity ratio and has a dividend policy. Information about our financial strategy and performance are published on the Investor Relations page on our website and communicated at investor presentations. More information about the 2016 performance can be found in the Board of Directors' report in the annual report. The Board has reviewed the Group's financial strategy, targets and performance, and considers the level of performance adequate for the Group's objectives, strategy and risk profile.

Dividend policy
The Group aims to provide a competitive return based on a sound financial position. The Board considers it essential that the company's shares be perceived as an attractive investment. One of the financial targets is therefore to maximize the shareholders' return through long-term growth in the share price and dividend. The Annual General Meeting approves the annual dividend based on the Group Board's recommendation. The Group's dividend policy is described in more detail under Share Information.

Authorizations granted by the Annual General Meeting
To allow flexibility in its capital management strategy, authorizations empowering the Board to increase share capital by issuing B-shares and to buy back shares were granted by the 2016 Annual General Meeting. Such authorizations are granted by the Annual General Meeting for one year at the time. The conditions stated in the authorizations are included below:

Authorization to increase B-share capital
(i) The Board of Directors is authorized pursuant to the Public Limited Liability Companies Act § 10-14 (1) to increase the company's share capital by up to NOK 5,940,198.5. Subject to this aggregate amount limitation, the authority may be used on more than one occasion.
(ii) The authority may only be used to issue B-shares.
(iii) The authority shall remain in force until the Annual General Meeting in 2017, but in no event later than 30 June 2017.
(iv) The pre-emptive rights of the shareholders under § 10-4 of the Public Limited Liability Companies Act may be set aside.
(v) The authority covers capital increases against contributions in cash and contributions other than in cash. The authority covers the right to incur special obligations for the company, ref. § 10-2 of the Public Limited Liability Companies Act. The authority covers resolutions on mergers in accordance with § 13-5 of the Public Limited Liability Companies Act.

Authorization to buy back shares

(i) The authorization is valid until the next Annual General Meeting of Schibsted ASA in 2017, but in no event later than 30 June 2017.
(ii) The total nominal value of the shares acquired under this authorization may not exceed NOK 11 340 379.5.
(iii) The minimum amount which can be paid for the shares is NOK 30, and the maximum amount is NOK 1 000.
(iv) The Board is free to decide on the acquisition method and possible subsequent sale of the shares.
(v) The shares may serve as settlement in the company's incentive schemes: the Long-term Incentive Program (LTI), the Key Contributor Plan (KCP), and Senior Executive Plan (SEP), as well as the Employee Share Saving Plan (ESSP), and may also be used in connection with mergers, demergers, acquisitions and divestments. The authorization may also be exercised in a takeover situation.

Further details on how the authorizations have been used are provided under Share Information.

4. Equal treatment of shareholders and transactions with related parties

Class of shares

Schibsted has two share classes of shares. Each A-share gives the right to 10 votes at the Annual General Meeting, and each B-share gives the right to one vote at the Annual General Meeting. Otherwise, the A-shares and the B-shares carry equal rights.

Restrictions on ownership and voting rights

Based on Schibsted's publishing responsibilities and role in society as a media company, Schibsted's independence and integrity are safeguarded through restrictions on ownership and voting rights laid down in the Articles of Association. Article 6 states:

"No shareholder may own more than 30 percent of the shares or vote for more than 30 percent of the total number of votes which may be cast under the company's Articles of Association."

Article 7 states that important decisions relating to the Group's key companies must be submitted to Schibsted's shareholders for their approval. According to the wording of this provision, any amendments to the Articles of Association or any sales of shares or operations or corresponding transactions in any subsidiary must be submitted to Schibsted's Annual General Meeting for approval, with the exception of intercompany transactions, which are exempt in their entirety. Through annual resolutions, the Annual General Meeting may authorize the Board to manage specific areas of the protection offered under in this provision. Such authorization was granted at the 2016 Annual General Meeting and will apply until the next Annual General Meeting. The authorization granted in 2016 states:

"Pursuant to the third paragraph of Article 7 of the Articles of Association, the Board of Directors is authorized to make decisions on the following matters referred to in the second paragraph, subparagraph a) of Article 7 of the Articles of Association:

a) Voting relating to amendments to subsidiaries' Articles of Association.
b) Decisions to sell shares or operations, including private placements, mergers or demergers, in subsidiaries when the net payment (sales amount, merger or demerger payment, etc.) does not exceed NOK 4 billion after financial adjustments.

Within the framework of the Group CEO's general authorization, the Board of Directors may delegate its authority pursuant to this authorization to the management.

A director appointed pursuant to the second paragraph of Article 8 of the Articles of Association may demand that certain matters which are covered by this authorization must nonetheless be submitted to the General Meeting for its decision.
This authorization applies until the next Annual General Meeting."

Waiver of preemptive rights in the event of a capital increase
Schibsted did not complete any capital increases in 2016. In the event that the Board resolves to carry out an increase in the share capital and waive the pre-emptive rights of existing shareholders on the basis of a mandate granted to the Board, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the increase in the share capital.

Transactions involving own shares
The acquisition of own shares, in accordance with the Board's authorization referred to in item 3 of this statement, must take place in the market at the stock exchange price and in accordance with generally accepted Norwegian stock exchange practices. Acquired shares may be sold in the market or used as settlement for the acquisition of businesses, for general share schemes for the Group's employees, and for the Group's Long-Term Incentive Program (LTI Program) for selected Group managers. The LTI Program is described in more detail in the Statement of Executive Compensation in note 9 and in the notice of the Annual General Meeting.

Transactions with related parties
In the event of material transactions between the Group and its shareholders, Board members, executive personnel, or related parties, the Board will obtain valuations by an independent third party. In 2016 the Board determined that there were no such material transactions.

5. Freely negotiable Shares

Schibsted's shares are freely negotiable subject to the restrictions laid down in the Articles of Association, Article 6, which states:

"No shareholder may own more than 30 percent of the shares or vote for more than 30 percent of the total number of votes which may be cast under the company's Articles of Association."

The background for the limitation set out in Article 6 of the Article of Association is further set out in section 16 below.

6. Annual General meetings

The shareholders exercise the highest authority through the Annual General Meeting. The Annual General Meeting considers and decides on matters that are important to Schibsted in a way that reflects the shareholders' views. The Annual General Meeting is held within six months after the end of each financial year, typically in May.

Notice

The Annual General Meeting for this year is scheduled for 12 May 2017. The notice of the Annual General Meeting and documents to be considered are posted on the Schibsted website no later than 21 days prior to the meeting. Shareholders not registered electronically will receive the notice by regular post with information on how documents to be considered at the meeting may be downloaded from our website. The deadline for electronic registration is two working days prior to the meeting.

Attendance

Representatives of the Board, at least one representative of the Nomination Committee, and the external auditor are required to attend the Annual General Meeting. The Board Chair is present at the Annual General Meeting and is available to respond to any questions. Other Board members will attend as necessary. The chair of the Nomination Committee and the external auditor are also present. At a minimum, the CEO and CFO must attend the meeting as representatives of the Schibsted Executive Team.

Shareholders who cannot attend the Annual General Meeting but who wish to exercise their voting rights may authorize a proxy by the deadline for registration. An authorization form containing voting instructions may also be given to the Board Chair. The authorization form is enclosed with the notice of the Annual General Meeting. More information on how to appoint a proxy and how to propose resolutions for consideration by the meeting is stated in the notice of the Annual General Meeting and on our website.

In 2016 the Annual General Meeting was held on 11 May. Thirteen shareholders were present or represented by proxies, thus 71.05 percent or the A-share capital and 67.73 percent of the B-share capital were represented.

Agenda
The agenda is prepared by the Board, and the agenda items must comply with Article 10 of the Articles of Association.

Minutes of the Annual General Meeting are available on our website at www.schibsted.com.

Chairing of the Annual General Meeting
Prior to the Annual General Meeting the Board considers, taking into account the complexity of the proposed Agenda, whether an independent person shall be proposed to act as chair of the Annual General Meeting. In 2016, the Annual General Meeting was chaired by Ole Jacob Sunde, Board Chair.

Election of representatives
The shareholders are given the opportunity to vote separately on each candidate nominated for election to the company's bodies (i.e. the Board and the Nomination Committee).

7. Nomination Committee

The Nomination Committee is regulated by the provisions in Article 10 of Schibsted's Articles of Association, which also states the Nomination Committee's mandate. The Board has proposed additional guidelines for the Nomination Committee, to be approved by the Annual General Meeting in 2017.

The work of the Nomination Committee
The Nomination Committee prepares a recommendation to the Annual General Meeting regarding the election of shareholder representatives and their deputies to the Board. The Nomination Committee has contact with shareholders, Board members, and the company's executive personnel. The Nomination Committee's most important task is to continually review the Board's overall expertise and experience in relation to the challenges facing the Group at any given time. The Nomination Committee also proposes remuneration payable to the Board members at the Annual General Meeting.

The Annual General Meeting approves the remuneration to the Nomination Committee. The Nomination Committee's proposals are explained in the Nominations Committee's report.

Composition of the Nomination Committee
The Nomination Committee is elected by the Annual General Meeting for two-year terms and consists of three members. The composition of the Nomination Committee shall take into account the interests of shareholders. The Annual General Meeting elects the Chair of the Nomination Committee. Schibsted's VP Head of Investor Relations serves as secretary to the Nomination Committee.

The current members of the Nomination Committee are John A. Rein (Chair), Spencer Adair and Ann Kristin Brautaset. The current members were elected by the Annual General Meeting on 8 May 2015 for a period of two years.

The current Chair of the Nomination Committee is not considered to be independent due to his roles as board member in the Tinius Trust and Blommenholm Industrier. The other two members are considered to be independent.

See the Nomination Committee's report on our website www.schibsted.com for further details on the work of the Nomination Committee.

8. Board of Directors: Composition, independence and employee representation

Schibsted is exempt from the rules governing the establishment of a corporate assembly. An agreement has been entered into with the employees regarding representation on the Board.

Composition of the Board

Pursuant to Article 8 of Schibsted's Articles of Association, the Board must consist of six to eleven members in addition to deputy members. The Group's employees must be represented on the Board by employee representatives in accordance with prevailing agreements with the company (Representation Agreement).

The Board currently consists of ten members, of whom seven are shareholder representatives and three are employee representatives. Two employee representatives are elected from Norway and one from the country in which we have the most significant operations outside Norway, currently Sweden. The Board's composition is compliant with the requirement set forth in section 6-11a of the Norwegian Public Limited Liability Companies Act, which states that the minority gender shall represent at least 40 percent of the Board members. The Board has taken note of the proposed amendments to the Norwegian Accounting Act regarding equality and diversity of boards, directors and committees with regard to gender, age, education and professional background. The Board will ensure that it complies with the spirit and the letter of the law once these amendments are implemented.

The Annual General Meeting elects the shareholder representatives to the Board. The Nomination Committee prepares a recommendation of candidates for election to the Board. The recommendation is distributed to the shareholders along with the notice of the Annual General Meeting. The Annual General Meeting elects the Board Chair.

The Board's shareholder representatives are elected for one-year terms while the employee representatives are elected for two-year terms. Pursuant to Article 8 of the Articles of Association, any shareholder owning at least 25 percent of the A-shares in the company is entitled to appoint a Board member directly. Blommenholm Industrier AS, which owns 26.1 percent of the A-shares, is the only shareholder holding this right. At the Annual General Meeting in 2016, Blommenholm Industrier AS exercised its right to directly appoint one member, and nominated Ole Jacob Sunde.

The Board has appointed a representative from Schibsted Editors' Forum as an observer. More information on the individual Board members is available on our website at www.schibsted.com.

Independence of the Board of Directors
The composition of the Board ensures that it can operate independently of any special interest. The current Board meets the requirement set forth in the Code that the majority of shareholder-elected board-members should be independent of the Group's executive personnel and material business, and that at least two of the shareholder-elected Board members shall be independent of the main shareholders. Ole Jacob Sunde is not considered to be independent of the main shareholders due to his position as Board member of the Tinus Trust and Blommenholm Industrier. All other shareholder-elected Board members are considered to be independent.

Pursuant to section 6-27 of the Public Limited Liability Companies Act, individual Board members may not participate in the discussion or decision of matters in which they or a closely related party are deemed to have a major personal or financial interest. Each Board member is personally responsible for assessing whether any such circumstances exist that may, from an objective perspective, affect public confidence in the Board member's independence or that may lead to a conflict of interest in connection with a matter to be considered by the Board. Such circumstances must be brought to the attention of the Board Chair. The Rules of Procedure specifically mention Board members' involvement in competing businesses.

Board members' shareholdings
The Code states that members of the Board should be encouraged to own shares in the company. Encouraging share ownership is not part of the Board's current Rules of Procedures. However, the Board members' shareholdings are disclosed in note 11 of Schibsted ASA's financial statements.

Board meetings in 2016
In 2016 the Board held eight meetings, one of which was a two-day strategy meeting. In addition, two items were settled via written resolutions. The Board considers such a procedure justifiable in the case of matters that have previously been discussed at a board meeting. Meetings that are not listed on the meeting schedule may be conducted by telephone. The strategy meeting is normally held in June, and forms the basis for the Group's strategy and budget processes.

Attendance at board meetings and board committee meetings in 2016:

ATTENDANCE AT MEETINGS	BOARD MEETINGS	AUDIT COMMITTEE MEETINGS	COMPENSATION COMMITTEE MEETINGS
Ole Jacob Sunde	8/8		5/5
Eugénie van Wiechen	8/8		5/5
Finn Våga	8/8		5/5
Eva Berneke	3/3 (until May 2016)	4/4 (until May 2016)	
Tanya Cordrey	8/8	3/3 (new May 2016)	
Arnaud de Puyfontaine	4/8	4/7	
Christian Ringnes	8/8	7/7	
Birger Steen	6/8	1/2 (new Nov. 2016)	
Marianne Budnik	5/5 (new May 2016)		
Torbjörn Ek	4/5 (new May 2016)		
Ingunn Saltbones	8/8		
Louise Andrén Meiton	1/1 (deputy Torbjörn Ek)		
Jonas Fröberg	4/4 (until May 2016)		

9. The work of the Board of Directors

Role of the Board

The Board supervises the day-to-day management of the Group as it is exercised by the CEO, and monitors Schibsted's general activities. The Board actively participates in shaping Schibsted's strategy, ensuring that the businesses are properly organized and that adequate governance and control systems are implemented. The Board also supervises the Group's financial performance, establishes necessary guidelines, and adopts plans and budgets for the businesses. The Board appoints the CEO and prepares the job description and terms and conditions for the position. The Board also considers issues pertaining to appointments to key positions within the Group.

Rules of Procedure

The Board has established internal Rules of Procedure describing the Board's responsibilities, duties and administrative procedures. The Rules of Procedure also state the CEO's duties in relation to the Board. The Board conducts periodic reviews of procedures for the Board and the CEO.

Organization of board meetings

The Board works on the basis of an annual meeting schedule that is normally agreed at the first meeting after the Annual General Meeting. The meeting schedule includes strategic planning, business issues and supervisory activities. At the same meeting, the Board

appoints the members of the Board's Compensation Committee and Audit Committee. The Vice President Investor Relations serves as secretary to the Board.

The CEO, in consultation with the Board Chair, prepares matters for consideration by the Board. Emphasis is placed on timely preparation and distribution of documents to ensure that the Board has a satisfactory basis for its work. Board meetings are presided over by the Board Chair. Before every board meeting the Board convenes for a 30-minute closed session without the Schibsted Executive Team present. The Group uses a web-based board portal to distribute relevant documents to the Board.

Board committees

Schibsted has established an Audit Committee and a Compensation Committee which contribute to thorough preparation and consideration of matters covered by the committees' respective mandates. The committees do not make decisions, but monitor the work of the Group on behalf of the Board and prepare matters for board consideration within their respective areas.

Compensation Committee

The Committee was established in 2004, and its members are appointed by and from the Board for one-year terms. The members shall be independent. The current members of the committee are: Ole Jacob Sunde (Chair), Eugenie van Wiechen and Finn Våga. The CEO attends committee meetings apart from those at which remuneration of the CEO is considered. The Compensation and Benefit Manager serves as secretary to the Compensation Committee.

The Compensation Committee prepares matters relating to the remuneration of the Group CEO. The committee also assists the Board by dealing with issues of principle, guidelines, and strategies for the remuneration of other members of the Schibsted Executive Team and of senior managers in key subsidiaries.

The Committee monitors the use of long-term incentives in the Group and prepares the Board's annual consideration of the LTI Program for selected managers. For further details, see item 12 of this statement.

Audit Committee
The Audit Committee was established in 2007, and its members are appointed by and from the Board for one-year terms. The members shall be independent from the company. The current members of the committee are: Christian Ringnes (Chair), Tanya Cordrey, Arnaud de Puyfontaine and Birger Steen. The CFO is the management's main representative in the Audit Committee and attends all its meetings. The external auditor attends Audit Committee meetings when matters within the external auditors' area of responsibility are considered. The Compliance Officer serves as secretary to the Audit Committee.

The Audit Committee prepares the Board's processes for quality assurance of financial reports. The committee monitors the Group's internal control and risk management for financial reporting, and reviews and monitors the external auditor's work and independence. The Audit Committee conducts reviews of the Group's core activities, in which representatives of the Group Management Team and local management also participate.

The Board's self-evaluation
The Board annually evaluates its own work and submits a written report to the Nomination Committee. The report forms the basis for the Nomination Committee's annual evaluation of the Board's work. The Nomination Committee performs additional assessments of the Board members through interviews conducted either by the committee's members or by external consultants. The Board considers itself to work well, with members whose expertise and experience complement each other.

10. Risk Management and Internal control

The Group's risk management and internal control systems reflect Schibsted's governance model. The management team of each division, function and company is responsible for risk management and internal control to ensure:

- achievement of financial and non-financial targets
- high-quality and safe products and services
- cost-effective operations
- reliable financial and management reporting
- compliance with legislation and regulations
- adherence to Schibsted's values, Code of Conduct and policies.

The Compliance Officer is responsible for initiating and monitoring the annual risk management and internal controls process in the Group on behalf of the CFO and CEO.

The Compliance Officer reports in practice and administratively to the CFO. If necessary, the Compliance Officer will report directly to the Audit Committee.

In addition to risk analysis that is part of the day-to-day decision-making process, the management teams of divisions and functions are responsible for preparing risk assessments and defining mitigation activities at least once a year. The Schibsted Executive Team reviews the overall risk assessment of strategy, market, legal, compliance, and ethical issues as well as operational and organizational risk assessments. The annual risk assessments are also reported to and reviewed by the Audit Committee and the Board.

Financial reporting

Management submits periodic status reports to assist the Board in its work on monitoring and controlling the Group's operations. The reports cover financial reporting of the Group's key figures, the status of business-related matters, financial market information, non-financial indicators, and a status report on each business area. Quarterly and annual financial statements are reviewed by the Audit Committee and the Board. Schibsted's Group Accounting prepares the Group's financial reports and ensures compliance with current accounting standards and legislation. Standardized financial reporting systems are used for intragroup reporting where reporting from subsidiaries is transferred to the Group's consolidation system. Use of standardized reporting reduces the risk associated with the preparation of consolidated financial statements. When preparing the quarterly reports, reasonableness tests and more detailed reconciliation controls are performed in connection with the quality assurance of figures reported by subsidiaries and in the consolidated group figures. Group Accounting supports subsidiaries and provides technical accounting expertise as required. Quarterly financial review meetings are also held with the largest companies of each division.

In 2016 more than 100 finance, accounting and controlling staff from our companies joined the Finance Gathering for training in accounting and reporting principles and processes, financial risk management and fraud prevention. Schibsted's Group Accounting publishes financial and accounting manuals that are made available to all the subsidiaries on the Group's intranet. These manuals describe reporting requirements, content, guidelines and deadlines.

11. Remuneration of Board members

The Annual General Meeting determines the remuneration of the Board members. The remuneration reflects the Board's responsibilities, expertise, time commitment and the complexity of the company's activities. The directors' fees are determined one year in advance, are fixed amounts, and are not related to performance or incentive schemes. The Board has established rules of procedures to ensure that any material assignments for the company, including the remuneration for any such assignments, shall be approved by the Board. Any payments made to Board members beyond normal directors' fees are disclosed in note 8 of the financial statements. In 2016 no such fees were paid. See the Nomination Committee's Report and note 8 of the financial statements for further details on remuneration of the Group Board members.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MARKTPLATZ
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14:52

12. Remuneration of Executive personnel

The Compensation Committee prepares matters for the Board concerning remuneration of the CEO. The Committee also assists the Board in dealing with matters of principle, guidelines, and strategies linked to the overall remuneration of other members of the Schibsted Executive Team and other leading executives of the Group.

Schibsted's Statement of Executive Compensation gives an account of the main principles of the Group's executive remuneration policy, including the scope and organization of bonus schemes and of the Group's long-term incentive programs. The Compensation Committee has assessed the incentive program and has concluded that the program ensures alignment of the financial interests of the executive personnel and the shareholders.

The Statement of Executive Compensation is considered by the Annual General Meeting and made available to the shareholders on our website when the notice of the Annual General Meeting is issued. The Annual General Meeting votes individually on the binding and the non-binding aspects of the guidelines.

13. Information and Communication

Dialog with shareholders and the financial market

Schibsted has established a Shareholder policy and an Investor Relations policy that guide Schibsted's contact with shareholders outside the general meetings. These are available on the Investor Relations page on our website. In accordance with the Shareholder policy, Schibsted as a listed company shall give competitive returns based on a sound financial situation. Schibsted's Board considers it essential that the Schibsted shares be perceived as an attractive investment option. One of the objectives of Schibsted's Board is to promote shareholder returns by means of long-term growth in share prices and dividends. The Board will work to ensure that the company's shares achieve a price that best reflects the long-term earning capacity of the company.

In accordance with our Investor Relations policy, communication with the Norwegian and international stock markets has high priority for Schibsted. Members of the Schibsted Executive Team and our Investor Relations department maintain regular contact with the financial markets to ensure that relevant and sufficient information reach the market in a timely manner. The objectives are to increase awareness about, and create confidence in. Schibsted in the investment market, achieve improved liquidity for our shares, and provide a basis for correct pricing of the share. Openness, accessibility, transparency and equal treatment of participants in the securities market are fundamental to good relationships with investors, analysts and other players in the financial market. All information distributed to the company's shareholders is published on the company's website at the same time as it is sent to shareholders. Schibsted's contact with shareholders complies with all material aspects of the Oslo Børs Code of Practice for investor relations issued on 10 June 2014.

The CFO and VP Investor Relations regularly update the Board on Investor Relations activities.

Reporting of financial information

Schibsted wants investors to have confidence in the integrity of its financial reporting. In accordance with its mandate, the Board's Audit Committee monitors the work on preparing the Company's financial reports.

Schibsted publishes its financial figures quarterly. Open presentations to investors are held in connection with the Group's quarterly reports, at which the CEO and CFO present the results and comment on the market and outlook. The Board Chair also attends these presentations regularly. Members of the Schibsted Executive Team attend the presentations as required.

The presentations in connection with the quarterly results are published on our website. Complete versions of the Annual Report and Directors' Report are published on our website at least 21 days before the Annual General Meeting. Schibsted's financial calendar is announced one year at a time and published on our website.

Other market information

In accordance with the Norwegian Securities Trading Act and Stock Exchange Act, notifications are distributed to the Oslo Børs and national and international news agencies and are published on our website.

Schibsted regularly arranges Investor Days in order to present its strategy and other key development trends. Schibsted's Investor Days were last held on 27 September 2016 in London and 28 September 2016 in New York. A video webcast of the event and the presentation material are available on our website. See Share Information and our website for further details.

14. Takeovers

As stated in item 4 above, Schibsted's Articles of Association state that:

"No shareholder may own more than 30 percent of the shares or vote for more than 30 percent of the total number of votes which may be cast under the company's Articles of Association."

The purpose of these restrictions is to safeguard Schibsted's independence and integrity in order to ensure that the company has full editorial freedom, allowing the company to fulfil its publishing responsibilities and role in society as a media company. The acceptance of a takeover bid for the company would, as a consequence of the voting restrictions set out above, require a change to the Articles of Association.

The Board has prepared principles and guidelines for handling any takeover bids. In the event of a takeover bid the Board will, within the limitations set out in the Articles of Association, seek to comply with the recommendations in the Code,

15. Auditor

Appointment of auditor

The external auditor is elected by the Annual General Meeting. The Audit Committee presents a recommendation on the appointment of an external auditor to the Board. The Board's recommendation is then presented to the Annual General Meeting, which makes the final decision. As a general rule, all Group companies must use the same audit firm. Exceptions may be approved by the CFO.

The Board's relationship with the external auditor

According to its mandate, the Audit Committee is responsible for ensuring that Schibsted is subject to an independent and effective external audit. The Audit Committee evaluates the following factors relating to the external auditor each year:

- The audit firm's independence
- The quality of the auditing services
- The estimated fee

The Audit Committee evaluates the external auditor's fee and makes a recommendation to the Board. The Board submits a proposal to the Annual General Meeting regarding the approval of the external auditor's fee. See note 31 to the financial statements for information on remuneration of the external auditor for the financial year 2016.

The external auditor presents an annual plan for the audit work to the Audit Committee. The company's external auditor is present when the management presents the preliminary consolidated financial statements to the Board and when the final results are presented, if deemed necessary. The external auditor also reviews internal controls as part of the annual audit procedures, and reports identified weaknesses and proposed improvements to the Audit Committee. The external auditor regularly attends Audit Committee meetings and holds meetings with the Board without the management present.

The external auditor attends the company's Annual General Meeting and comments on the Auditor's Report.

Independence of the external auditor
The external auditor must under no circumstances perform advisory services or other services which could potentially affect or raise doubts about the auditor's independence. The Group has prepared guidelines on the relationship with the external auditor.
The amount of non-audit services provided by the external auditor in 2016 is compliant with the requirements in the Auditing and Auditors Act and guidelines from the Financial Supervisory Authority of Norway. The Board finds the advisory services provided by the external auditor in 2016 not to influence the auditor's independence but acknowledges the potential issues this entails. The Audit Committee is responsible for ensuring that the auditor does not provide any prohibited non-audit services for the Group. See note 31 to the financial statements for information on fees relating to auditing and consultancy services.

16. Deviations from the Code of Practice

Deviations from the Norwegian Code of Practice for Corporate Governance
According to the Group's own evaluation, we deviate from three of the recommendations of the Norwegian Code of Practice for Corporate Governance:

Section 3: *Equity and dividends*

The Code states that "mandates granted to the board of directors to increase the company's share capital should be restricted to defined purposes". The authorization to increase the share capital granted by the 2016 Annual General Meeting is not restricted to defined purposes as recommended by the Code. The Board elected not to propose such restrictions in order to give the Board of Directors the flexibility to raise capital as deemed appropriate.

Section 4: *Equal treatment of shareholders and transactions with close associates*

The Code states that companies "should only have one class of shares". In 2015 Schibsted introduced a class B share with lower voting rights to ensure that the Group has the necessary financial tools to participate in value-creative growth initiatives going forward. The B-share allows Schibsted to raise additional equity financing without conflicting with the interests of the Tinius Trust which is to uphold the freedom and independence of Schibsted's media houses.

The Tinius Trust has, through Blommenholm Industrier AS, certain negative controlling rights by virtue of its shareholding in Schibsted. These rights are essential in order for it to fulfill its purpose. Prior to the introduction of the B-share, Schibsted's ability to raise new equity was limited as the Tinius Trust could not support a share issue that would result in the Tinius Trust losing its negative controlling rights. The introduction of the B-share allows Schibsted to access the equity market without affecting the negative controlling rights of the Tinius Trust.

The B-shares are ordinary, fully paid-up shares carrying equal rights in all respects except that the B-shares are low-voting shares with 1/10 of the voting power of the A-shares.

Section 5: *Freely negotiable shares*

As stated above, the Tinius Trust has certain negative controlling rights by virtue of its shareholding in Schibsted. The Tinius Trust's purpose is to ensure that Schibsted remain a media group characterized by free, independent editorial staffs, credibility and quality and with long-term, healthy financial development. Due to the Group's ownership structure as well as Schibsted's publishing responsibilities and societal role as a media company, Schibsted's independence and integrity are ensured through restrictions on ownership and voting rights laid down in the Articles of Association. Article 6 states:

"No shareholder may own more than 30 percent of the shares or vote for more than 30 percent of the total number of votes which may be cast under the company's Articles of Association."

Section 6: *Annual General Meeting*

Schibsted does not systematically make arrangements to ensure that an independent person chair the Annual General Meeting. This is assessed on a year-by-year basis considering the complexity of the proposed agenda. Traditionally, the Board Chair chairs the Annual General Meeting when the agenda does not require an independent person. The rationale for this is that available voting technology has resulted in lower physical attendance of the Annual General meeting, and thus has decreased the need for an independent chair.

Section 14: *Takeovers*

According to Article 6 of the Articles of Association shareholders may not own or vote for more than 30 percent of the shares in the company. The purpose of these restrictions is to safeguard Schibsted's independence and integrity in order to ensure that the company has full editorial freedom, allowing the company to fulfil its publishing responsibilities and role in society as a media company.


SCHIBSTED
MARKETPLACES
MEDIA HOUSES
SCHIBSTED FUTURE REPORT 2016
6,800
employees
30
MacBook Air

MEMBERS OF THE BOARD (2016-17)

OLE JACOB SUNDE
(BORN 1954)

Board Chair
Board member since May 2000. Board chair since May 2002. Chair of the Compensation Committee since it was established in 2004.

Founder and board chair of Formuesforvaltning ASA (2000-). Established Industrifinans Forvaltning ASA in 1983, and was managing director until 2000. Former consultant in McKinsey & Co. (1980-83). Various other directorships, including board chair of The Tinius Trust and board member of Blommenholm Industrier AS. Member of the Board of The Scott Trust and Princess Märtha Louise's Fund.

MBA (Université de Fribourg, Switzerland) 1976 and Kellogg School of Management, Northwestern University (USA) (with distinction) 1980.

MARIANNE BUDNIK
(BORN 1968)

Board member of Schibsted Media Group since May 2016.

Chief Marketing Officer at SimpliVity, a global leader of hyperconverged infrastructure solutions for enterprise IT. Based in Boston, MA. Served previously as Chief Marketing Officer and Senior Vice President of product line management for Acme Packet (2011-2014), through the company's acquisition by Oracle in 2013. Chief Marketing Officer of CA Technologies (formerly Computer Associates) between 2009-2011, and held a series of leadership positions within EMC Corporation between 2000 - 2009, including Vice President, Global Marketing Programs, heading the EMC marketing operations and corporate strategic planning organization, and Director of Software Product Marketing.

MBA from Boston University and a BA from Babson College.

TANYA CORDREY
(BORN 1966)

Board member since 2014. London-based digital adviser and former Chief Digital Officer at Guardian News & Media, where she was a member of the senior executive team. In 2015 she was named UK Chief Digital Officer of the Year.

Previously General Manger UK and Chief Marketing Officer at Zopa, the world's first and Europe's largest peer-to-peer lending service. Prior to this, Product Director UK at eBay, General Manager at BabyCentre.co.uk which was sold to Johnson & Johnson, and Manager, Strategy and Marketing at BBC News and Current Affairs.

MBA (with distinction) from London Business School (1997), and MA from Westminster University (1994), and BA (Hons) European history, East Anglia University.

ARNAUD DE PUYFONTAINE
(BORN 1964)

Board member of Schibsted since May 2012. CEO and Chairman of the management board of Vivendi Group since 2014.

Consultant at Arthur Andersen, and in 1989 project manager at Rhône-Poulenc. Executive Director at Le Figaro from 1990. Member of the founding team of the Emap Group in France in 1995, Chief Executive Officer of Emap France in 1998. Chairman and Chief Executive Officer of Emap France in 1999. He served from 2000 to 2005 as Chairman of EMW, the Emap/Wanadoo digital subsidiary. In 2006, he was appointed Chairman and Chief Executive Officer of Editions Mondadori France and headed all digital business for the Mondadori Group in 2007.

In April 2009, Mr. Puyfontaine joined the US HEARST media group as CEO of its UK subsidiary, Hearst UK. In 2011, on behalf of the Hearst Group, he led the acquisition of 102 magazines from the Lagardère Group published abroad, and was in June 2011 appointed Executive Vice President of Hearst Magazines International before being appointed Managing Director of Western Europe in August 2013.

Chairman of ESCP Europe Alumni from 2011 to 2014. Educated at the Paris European School of Management, France MBA, ESCP (1988), Harvard Business School (2000).

Vice Chairman of the Board of Telecom Italia, Chairman of the Supervisory Board of Universal Music France, Member of the Supervisory Board of Canal+ Group and Studiocanal, member of the Advisory Committee of Innit, member of the Advisory Committee of Innit, Non-Executive Chairman of Gloo Networks plc, Chairman of the French-American Foundation.

CHRISTIAN RINGNES
(BORN 1954)

Deputy board member of Schibsted from May 2002 to 2005. Ordinary board member from May 2005. Managing director and major owner in Eiendomsspar AS and Victoria Eiendom AS (1984-). Consultant in McKinsey & Company (1981–82) and project manager (1983–84), Manufactures Hanover Trust Company, Assistant to Area Manager, Nordic Countries (1978–79).

Chairman of the board in Pandox AB, NSV-Invest AS, Sundt AS, Dermanor AS, Oslo Flaggfabrikk AS and Mini Bottle Gallery AS. Board member in Norges Bank's Real Estate Investment Board. Various directorships in companies in the Eiendomsspar group.

Harvard Business School, Boston, USA (1979-81), Master of Business Administration. Ecole des Hautes Etudes Commerciales, Universite de Lausanne (1975-78), Siviløkonom.

BIRGER STEEN
(BORN 1966)

Board member since 2014. CEO of Parallels since 2010, based in Seattle. Non-executive Director of Nordea since 2015.

Served previously as Vice President of Worldwide SMB and Distribution at Microsoft and as General Manager of Microsoft Russia and Microsoft Norway. Prior to joining Microsoft in 2002, CEO of Scandinavia Online and Vice President of Business Development in Schibsted ASA. First engagement with Schibsted was working for McKinsey & Company as a consultant and engagement manager from 1993 to 1996. Before joining McKinsey, oil trader with Norwegian Oil Trading in Lithuania.

MSc in computer science and industrial engineering from the Norwegian Institute of Technology in Trondheim. Holds a degree in Russian language from the Defense School of Intelligence and Security and MBA from INSEAD in France.

EUGÉNIE VAN WIECHEN
(BORN 1969)

Board member of Schibsted since May 2012. CEO of FD Mediagroep, Netherlands.

Previously Managing Director of LinkedIn.com, Netherlands (2009-2011); Managing Director of eBay.nl, Marktplaats.nl, Netherlands (2008-2009); publisher in Young Women's Magazines (2006-2008) and Director of Consumer and Trade Marketing (2003-2006) at Sanoma Uitgevers, Netherlands; Management Consultant and Engagement Manager in McKinsey & Company, Netherlands (1995-2003). Winner of the Dutch Media Leadership award in 2016.

Board member at the Dutch Cancer Society (since 2015), Member of the Dutch INSEAD Council (since 2014), Member if the Dutch McKinsey Alumni Board (since 2013).

Holds and MSc in chemical engineering from the University of Amsterdam in (1994) and an MBA from INSEAD, Fontainebleau, France (1997).

TORBJÖRN EK
(BORN 1977)

Elected by employees.

Board member of Schibsted Media Group since May 2016. Deputy Board member of Schibsted Media Group from 2012 to 2015. Elected by the employees in Sweden.

Joined Aftonbladet as a reporter and videographer in 2005. Foreign correspondent for Aftonbladet 2009-2012, covering current affairs, politics, crime, sports and showbiz. Currently based at Aftonbladet's headquarters in Stockholm, covering showbiz, and also hosting and producing TV shows for Aftonbladet's online television. Elected member of the Board of the local journalist union at Aftonbladet (2006-).

Bachelor's degree in journalism from Stockholm University (1999-2001).

INGUNN SALTBONES
(BORN 1971)

Elected by employees.

Board member of Schibsted Media Group from May 2001 to May 2003 and since May 2015. Journalist in VG since 1997, covering current affair news, sexual health, sex and relationships. Paris correspondent for VG from 2002-2003. Senior health and safety representative in VG from 2011. Leader of the Editorial Union from 1999 to 2001. TV and radio reporter for NRK Buskerud from 1996 to 1997, freelancer for NRK TV Dagsrevyen from 1995 to 1996. Has also worked for TV 2 News, NRK radio Dagsnytt and the newspaper Vårt Land.

Holds a degree in journalism from Oslo University College of Applied Sciences (1994-96) and in French from the University of Oslo (1992-94).

FINN E. VÅGA
(BORN 1960)

Elected by employees.

Deputy Board member of Schibsted Media Group since May 2013, and Board member of Schibsted Media Group since May 2015.

Joined Stavanger Aftenblad in 1982. Illustrations editor at Stavanger Aftenblad, and previously travel and feature journalist.

Elected union representative for the local journalist union in Stavanger Aftenblad (1996-2002, 2006-2012), leader of the Works Council in Schibsted Norge (2008-2012), Board member of NJ Schibsted (2008-2012), deputy member, National Executive Council, Norwegian Union of Journalists, (2003-2017) and member of Works Council, Norwegian Union of Journalists (2007-2017).

Våga's educational background is in photography.

SHARE INFORMATION

Schibsted Media Group is a listed company, and our aim is that our shares should be perceived as an attractive investment. A competitive return should be based on a sound financial position and be ensured through long-term growth in the share price and a dividend. The company's share price should reflect the company's long-term value creation.

The strategy and vision adopted by Schibsted's Board implies that the Group's operations must adapt quickly and develop rapidly. Schibsted's capital structure must be sufficiently robust to enable us to maintain the desired room for maneuver and take advantage of value-enhancing opportunities in the context of the competitive dynamic and the fluctuations in general and economic conditions. In 2015, Schibsted's Annual General Meeting decided to split the share into an A-share with 10 voting rights and a B-share with 1 voting right. This two share classes enhances Schibsted's long-term financial flexibility by enabling the company more freely to access the equity market.

Established online classifieds operations contribute to strong, profitable growth. At the same time, Schibsted has an ambitious strategy to grow online classifieds businesses in early stage markets, and significant amounts are invested through it's profits in order to build new market positions that will generate revenues and profits over time. In addition, the Group invests in product development and technology across geographies. The media houses' strong brands and market-leading positions contribute well to the Group's cash flow.

The Schibsted share – key figures

	2016 A-shares / B-shares	2015 A-shares / B-shares*****	2014	2013***	2012****	2011	2010
Highest share price (NOK)*	282.20 / 275.70	324.00 / 309.00	243.70	201.95	120.00	91.35	86.40
Lowest share price (NOK)*	174.60 / 163.70	218.40 / 230.50	145.20	109.85	75.10	60.00	59.55
Share price at year end (NOK)*	198.10 / 183.00	292.20 / 282.10	236.85	200.60	117.75	74.45	86.00
Earnings per share*	2.05	5.79	-0.84	4.72	0.66	3.50	13.52
Earnings per share - adjusted*	2.70	3.17	-0.73	1.95	4.09	4.38	4.86
Dividend per share*	1.75**	1.75	1.75	1.75	1.75	1.75	1.50
Average number of outstanding shares	226,064,437	218,135,315	214,777 470	214,547,174	214,053,846	212,041,428	206,675,014
Outstanding shares at year end	226 050 774	225,928,308	214,842,794	214,697,080	214,208,920	213,883,314	207,546,350

*) Historical figures adjusted for the split in A- and B-shares effective as of 1 June 2015.
**) As proposed by the Board of Directors.
***) 2013 figures restated in 2014 to refelct the implementation of IFRS 11 Joint Arrangements.
****) 2012 figures restated in 2013 to reflect the implementation of IAS 19 Employee benefits.
*****) Listed on Oslo Stock Exchange as of 1 June 2015

Shareholders

The number of registered Schibsted shareholders increased in 2016 from 4,884 to 5,274. At year-end 2016, 58 percent of the Schibsted shares were owned by non-Norwegian shareholders (NWT Media AS counts as a Swedish shareholder). This figure remained unchanged from the previous year.

On average, 225,000 Schibsted A-shares and 142,000 Schibsted B-shares were traded daily on Oslo Børs in 2016. The value of trading in Schibsted shares on Oslo Børs decreased 36 percent to NOK 79.5 million daily in 2016. The turnover velocity of the Schibsted A-share on Oslo Børs was 50.1 percent in 2016.

The Schibsted B-share had a turnover velocity of 30.2 percent in 2016. The turnover velocity of the shares on Oslo Børs in total was 57 percent I 2015, unchanged from 2015. Around 38 percent of the trading in the Schibsted A-share took place on alternative trading platforms in 2016. In 2015 this was around 35 percent. For the B-share, around 13 percent of the trading took place on alternative platforms in 2016. This compares with 20 percent in 2015 (source: Fidessa Fragulator).

Schibsted conducts a quarterly analysis of shareholders registered at nominee accounts. This list is the outcome of this analysis and gives a richer picture of Schibsted's underlying shareholders than does the VPS register.

The shareholder identification data are provided by Nasdaq OMX. The data are obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Schibsted share register. Whilst every reasonable effort is made to verify all data, neither Nasdaq OMX or Schibsted can guarantee the accuracy of the analysis. The list is updated as of 6 January 2017.

For an overview of the 20 largest shareholders as of 31 December 2016 from the public VPS register, refer to the annual accounts for Schibsted ASA, note 11.

RANK	NAME	A-SHARES	B-SHARES	TOTAL	% OF CAPITAL
1	Blommenholm Industrier AS	28,188,589	28,598,589	56,787,178	25.0%
2	Baillie Gifford & Co.	10,998,608	9,439,189	20,437,797	9.0%
3	Folketrygdfondet	5,908,805	10,029,428	15,938,233	7.0%
4	Adelphi Capital LLP	5,276,867	4,460,526	9,737,393	4.3%
5	NWT Media As	4,133,300	4,306,000	8,439,300	3.7%
6	Alecta pensionsförsäkring, ömsesidigt	3,300,000	2,982,000	6,282,000	2.8%
7	Luxor Capital Group, L.P.	454,922	5,664,564	6,119,486	2.7%
8	DNB Asset Management AS	1,851,111	3,115,404	4,966,515	2.2%
9	Platinum Investment Management Ltd.	2,157,438	2,122,875	4,280,313	1.9%
10	Marathon Asset Management LLP	2,015,902	2,044,956	4,060,858	1.8%
11	Pelham Capital Ltd	-	3,809,851	3,809,851	1.7%
12	BlackRock Institutional Trust Company, N.A.	1,694,322	1,979,443	3,673,765	1.6%
13	The Vanguard Group, Inc.	1,683,716	1,901,693	3,585,409	1.6%
14	Ancient Art, L.P.	-	3,021,196	3,021,196	1.3%
15	Mitsubishi UFJ Trust and Banking Corporation	1,553,594	1,250,065	2,803,659	1.2%
16	Nordea Funds Oy	1,345,502	1,064,974	2,410,476	1.1%
17	KLP Forsikring	821,449	1,553,109	2,374,558	1.0%
18	Storebrand Kapitalforvaltning AS	1,263,105	1,019,195	2,282,300	1.0%
19	Handelsbanken Asset Management	7,158	2,066,686	2,073,844	0.9%
20	Eton Park Capital Management, L.P.	1,424,192	586,470	2,010,662	0.9%

Dividend and repurchase of shares

The distribution of dividend and the opportunity to repurchase shares are regarded as suitable ways to adapt the capital structure. The Group's dividend policy is to place emphasis on paying a stable to increasing dividend amount over time. In years when there is an economic slowdown, or for other reasons weaker cash flows of the company, the company may reduce or decide not to pay dividend.

The Board has decided to propose to the Annual General Meeting on 12 May 2017 to pay a dividend for 2016 of NOK 1.75 per share. Subject to the decision of the Annual General Meeting, the dividend will be paid on 24 May 2017 to those registered as shareholders on the date of the Annual General Meeting.

The Annual General Meeting has authorized Schibsted's Board to repurchase up to 10 percent of the company's shares. The repurchases will take place in the market over time and should be viewed in connection with Schibsted's dividend policy, investment opportunities, and long-term perspectives for its capital structure. The Board will ask the Annual General Meeting to also grant authorization for the coming period.

Shareholder structure

Blommenholm Industrier, which is controlled by the Tinius Trust, is Schibsted's largest shareholder, giving the Group long-term ownership stability. A consequence of this is that the number of A-shares issued will normally remain stable over time. B-shares may together with debt be used as a source of financing for growth in the form of acquisitions or organic investments.

Schibsted's shares are freely marketable. The wording of the company's Articles of Association reflects the Group's publishing responsibilities and role in society as a media company. Schibsted's independence and integrity are ensured through restrictions on ownership and voting rights in article 6 of the Articles of Association. No shareholder may own or exercise voting rights for more than 30 percent of the shares represented at the Annual General Meeting.

Any shareholder owning 25 percent or more of Schibsted's A-shares is entitled to appoint one director directly. Blommenholm Industrier, which owns 26.1 percent of the A-shares, is currently the only shareholder to hold this right. The Tinius Trust has a controlling interest in Blommenholm Industrier.

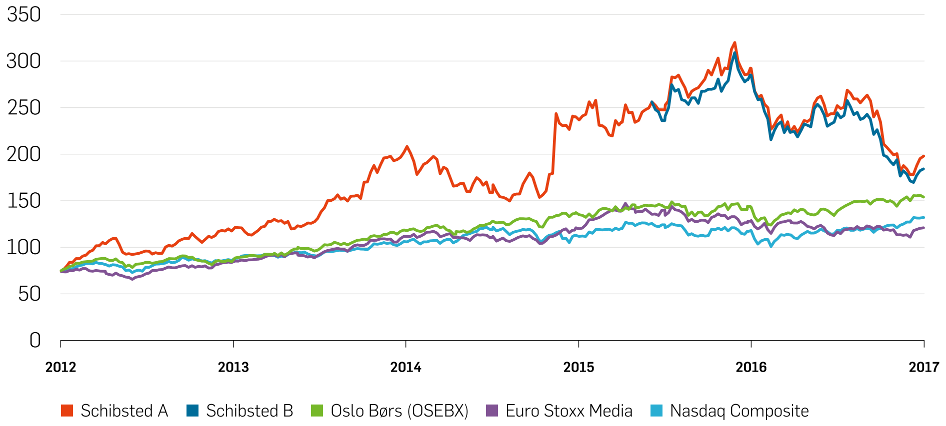
Return

The Schibsted shares are listed on Oslo Børs with the ticker codes SCHA and SCHB. Both share classes are among the most traded in Norway. Both classes were included in OBX until December 2016, when the index composition was revised. The B-share was then excluded from the index, which comprises the 25 most liquid stocks on Oslo Børs. Schibsted's B-share was the 26th most traded stock.

The Schibsted share is covered by sell-side analysts in Scandinavia and London. At year-end 2016, 16 sell-side institutions, six of them based outside Scandinavia, officially covered the Schibsted share.

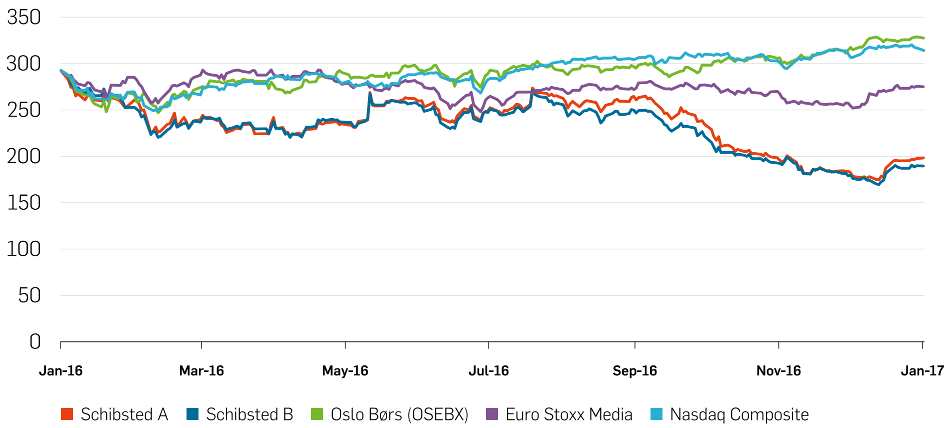
In 2016, the Schibsted A-share produced a total return for shareholders of -31.8 percent, including dividend of NOK 1.75 per share (reinvested). The Schibsted B-share produced a total return for shareholders of -34.7 percent, including dividend of NOK 1.75 per share (reinvested). By comparison, the Oslo Børs Benchmark Index (OSEBX) produced a return of 13.0 percent.

5 years

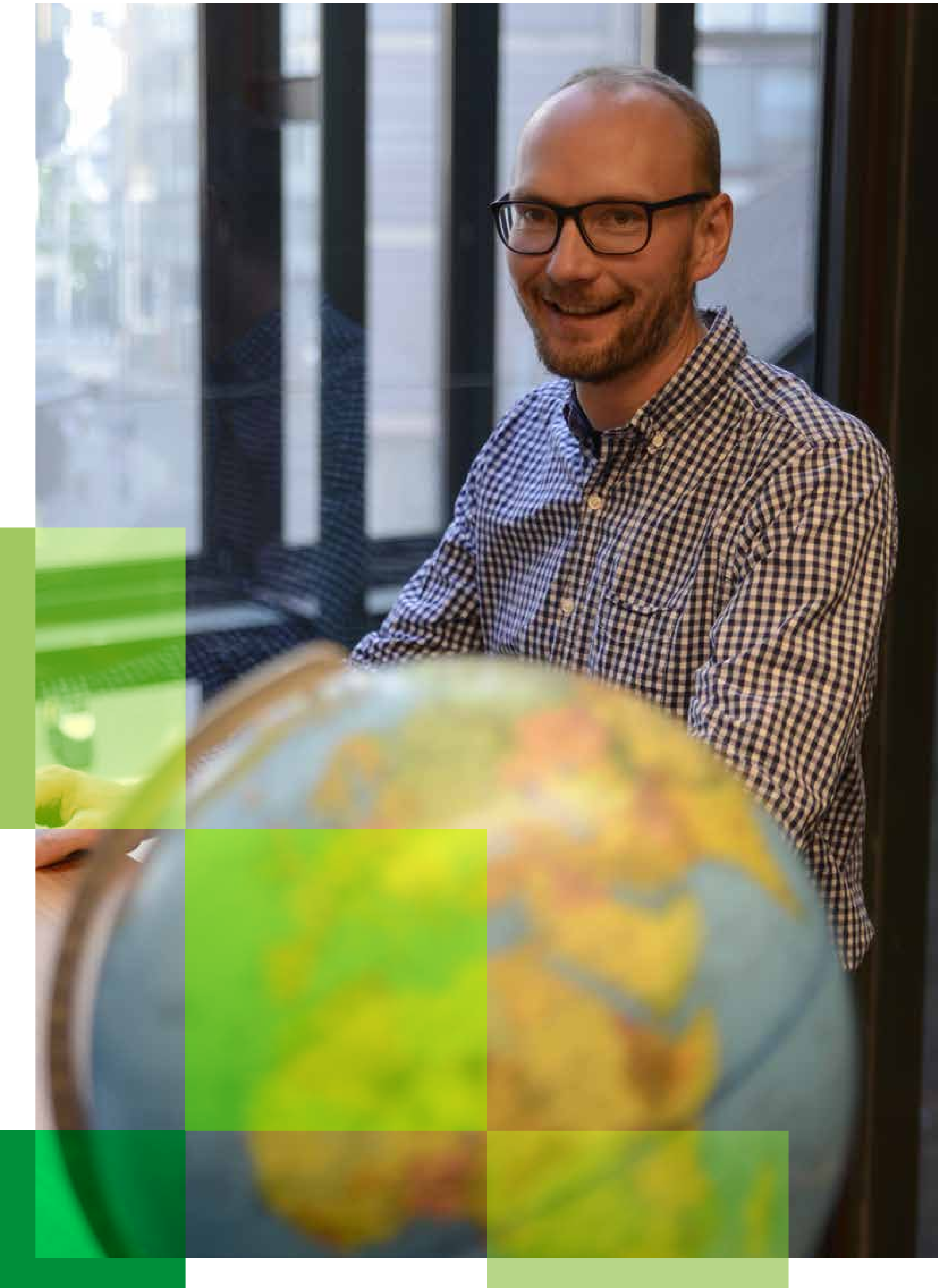


Indexes and SCHB are rebased to SCHA

1 year



Indexes and SCHB are rebased to SCHA



FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2016	2015
Operating revenues	6	**15,854**	**15,117**
Raw materials and finished goods		(500)	(575)
Personnel expenses	8	(6,141)	(5,884)
Other operating expenses	7	(7,082)	(6,642)
Gross operating profit (loss)	6	**2,131**	**2,016**
Depreciation and amortisation	14, 15	(529)	(498)
Share of profit (loss) of joint ventures and associates	16	(171)	52
Impairment loss	14, 15, 16	(80)	(488)
Other income and expenses	13	(114)	1,079
Operating profit (loss)	6	**1,237**	**2,161**
Financial income	10	125	57
Financial expenses	10	(104)	(252)
Profit (loss) before taxes		**1,258**	**1,966**
Taxes	11	(699)	(575)
Profit (loss)		**559**	**1,391**
Profit (loss) attributable to non-controlling interests	28	94	128
Profit (loss) attributable to owners of the parent		465	1,263
Earnings per share (NOK)	12	2.05	5.79
Diluted earnings per share (NOK)	12	2.05	5.78
Earnings per share - adjusted (NOK)	12	2.70	3.17
Diluted earnings per share - adjusted (NOK)	12	2.69	3.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2016	2015
Profit (loss)		**559**	**1,391**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension liabilities	*20*	(15)	563
Income tax relating to remeasurements of defined benefit pension liabilities	*11*	4	(151)
Share of other comprehensive income from joint ventures and associates	*16*	5	5
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(583)	446
Hedges of net investments in foreign operations		68	(79)
Income tax relating to hedges of net investments in foreign operations	*11*	(17)	21
Share of other comprehensive income from joint ventures and associates		1	-
Other comprehensive income		**(537)**	**805**
Comprehensive income		**22**	**2,196**
Comprehensive income attributable to non-controlling interests		76	129
Comprehensive income attributable to owners of the parent		(54)	2,067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	31 December 2016	31 December 2015
ASSETS			
Intangible assets	14	14,100	14,292
Investment property	15	67	67
Property, plant and equipment	15	952	1,070
Investments in joint ventures and associates	16	954	929
Deferred tax assets	11	160	244
Other non-current assets	17	193	181
Non-current assets		**16,426**	**16,783**
Inventories		10	14
Trade and other receivables	17, 18	2,704	2,928
Cash and cash equivalents	19	1,268	1,891
Current assets		**3,982**	**4,833**
Total assets		**20,408**	**21,616**
EQUITY AND LIABILITIES			
Share capital	26	113	113
Treasury shares	26	-	-
Other paid-in equity		4,259	4,217
Other equity		5,863	6,446
Equity attributable to owners of the parent		**10,235**	**10,776**
Non-controlling interests	28	305	314
Equity		**10,540**	**11,090**
Deferred tax liabilities	11	750	842
Pension liabilities	20	1,273	1,386
Non-current interest-bearing borrowings	24	1,814	2,365
Other non-current liabilities	22	424	515
Non-current liabilities		**4,261**	**5,108**
Current interest-bearing borrowings	24	528	318
Income tax payable		294	161
Other current liabilities	22	4,785	4,939
Current liabilities		**5,607**	**5,418**
Total equity and liabilities		**20,408**	**21,616**

Oslo, 30 March 2017 - Schibsted ASA's Board of Directors

Ole Jacob Sunde
Chairman of the Board

Birger Steen

Arnaud de Puyfontaine

Tanya Cordrey

Christian Ringnes

Torbjörn Ek

Ingunn Saltbones

Finn E. Våga

Marianne Budnik

Eugénie Van Wiechen

Rolv Erik Ryssdal
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		1,258	1,966
Gain from remeasurement on equity interests in business combinations and remeasurement of contingent consideration		-	(778)
Share of profit of joint ventures and associates	*16*	171	(52)
Dividends received from joint ventures and associates	*16*	28	27
Taxes paid		(577)	(738)
Sales losses / (gains) on non-current assets		(80)	(437)
Depreciation and amortisation	*14, 15*	529	498
Impairment loss intangible assets, property, plant and equipment, and associates	*14, 15, 16*	80	488
Impairment losses financial instruments	*10*	0	14
Change in working capital *		97	5
Net cash flow from operating activities	*29*	**1,506**	**993**
CASH FLOW FROM INVESTING ACTIVITIES			
Development and purchase of intangible assets and property, plant and equipment	*14, 15*	(698)	(460)
Acquisition of subsidiaries, net of cash acquired	*29*	(507)	(753)
Proceeds from sale of intangible assets, and property, plant and equipment		11	34
Proceeds from sale of subsidiaries, net of cash sold	*29*	1	470
Investments in / sale of other shares		(69)	(722)
Other investments / sales		14	(82)
Net cash flow from investing activities		**(1,248)**	**(1,513)**
Net cash flow before financing activities		**258**	**(520)**
CASH FLOW FROM FINANCING ACTIVITIES			
New interest-bearing loans and borrowings		-	1,123
Repayment of interest-bearing loans and borrowings		(313)	(1,335)
Payment due to increase in ownership interests in subsidiaries		(70)	(188)
Capital increase	*26*	-	2,634
Purchase / sale of treasury shares		(5)	16
Dividends paid to owners of the parent	*27*	(396)	(376)
Dividends paid to non-controlling interests	*28*	(93)	(191)
Net cash flow from financing activities		**(877)**	**1,683**
Effects of exchange rate changes on cash and cash equivalents		(4)	(17)
Net increase (decrease) in cash and cash equivalents		**(623)**	**1,146**
Cash and cash equivalents as at 1 January		1,891	745
Cash and cash equivalents as at 31 December	*19*	**1,268**	**1,891**

** Changes in working capital consist of changes in trade receivables, other current receivables and liabilities, and other accruals.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	Note	Share capital	Treasury shares	Other paid-in equity	Retained earnings	Foreign currency transl. reserve	Hedging reserves	Share-holders' equity	Non-controlling interests	Total
As at 31 December 2014		**108**	**(1)**	**1,527**	**4,492**	**695**	**(261)**	**6,560**	**230**	**6,790**
Profit (loss) for the period		-	-	-	1,263	-	-	1,263	128	1,391
Other comprehensive income		-	-	-	416	463	(58)	821	1	822
Accumulated translation differences reclassified to profit and loss		-	-	-	-	(17)	-	(17)	-	(17)
Total comprehensive income		**-**	**-**	**-**	**1,679**	**446**	**(58)**	**2,067**	**129**	**2,196**
Capital increase	*26*	5	-	2,635	-	-	-	2,640	-	2,640
Share-based payment		-	-	55	-	-	-	55	-	55
Dividends paid to owners of the parent	*27*	-	-	-	(376)	-	-	(376)	-	(376)
Dividends to paid non-controlling interests		-	-	-	15	-	-	15	(191)	(176)
Change in treasury shares	*26*	-	1	-	15	-	-	16	-	16
Business combinations	*5*	-	-	-	-	-	-	-	111	111
Loss of control of subsidiaries		-	-	-	-	-	-	-	(3)	(3)
Changes in ownership of subsidiaries that do not result in a loss of control	*4*	-	-	-	(208)	-	-	(208)	38	(170)
Share of transactions with the owners of joint ventures and associates	*16*	-	-	-	7	-	-	7	-	7
Total transactions with the owners		**5**	**1**	**2,690**	**(547)**	**-**	**-**	**2,149**	**(45)**	**2,104**
As at 31 December 2015		**113**	**-**	**4,217**	**5,624**	**1,141**	**(319)**	**10,776**	**314**	**11,090**
Profit (loss) for the period		-	-	-	465	-	-	465	94	559
Other comprehensive income		-	-	-	(5)	(557)	51	(511)	(18)	(529)
Accumulated translation differences reclassified to profit and loss		-	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive income		**-**	**-**	**-**	**460**	**(565)**	**51**	**(54)**	**76**	**22**
Share-based payment		-	-	42	-	-	-	42	-	42
Dividends paid to owners of the parent	*27*	-	-	-	(396)	-	-	(396)	-	(396)
Dividends to paid non-controlling interests		-	-	-	11	-	-	11	(93)	(82)
Change in treasury shares	*26*	-	-	-	(5)	-	-	(5)	-	(5)
Business combinations	*5*	-	-	-	-	-	-	-	9	9
Loss of control of subsidiaries		-	-	-	-	-	-	-	(1)	(1)
Changes in ownership of subsidiaries that do not result in a loss of control	*4*	-	-	-	(139)	-	-	(139)	-	(139)
Total transactions with the owners		**-**	**-**	**42**	**(529)**	**-**	**-**	**(487)**	**(85)**	**(572)**
As at 31 December 2016		**113**	**-**	**4,259**	**5,555**	**576**	**(268)**	**10,235**	**305**	**10,540**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2016

NOTE 1: ORGANIZATION

Schibsted ASA is a public limited company incorporated and domiciled in Norway. The address of its registered office is Apotekergata 10, N-0107 Oslo, Norway. The A-shares and B-shares of Schibsted ASA are listed on the Oslo Stock Exchange under tickers SCHA and SCHB, respectively. Schibsted Media Group (Schibsted or the Group) consists of Schibsted ASA and its subsidiaries.

Schibsted Media Group is an international media group with leading positions within online classifieds and strong positions within media houses. The major businesses are in Norway, Sweden, France and Spain, but the Group also has operations in other countries in Europe, Latin America, Asia and Africa. Schibsted's operations are divided in five operating segments: Online classifieds (Norway, Sweden and International) and Media Houses (Norway and Sweden). The Group's main operations are within classifieds, print and online newspapers and online growth businesses adjacent to media and classifieds.

In November 2015, Schibsted Media Group presented a new organization model with new geographies and stronger global functions. As a consequence of the new organizational model, operating segments are changed from 1 January 2016, and restated retrospectively to give comparable information.

The financial statements were approved by the Board of Directors on 30 March 2017 and will be proposed to the General Meeting 12 May 2017.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis for the preparation of the Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared based on a historical cost basis, with the exception of financial instruments in the categories Financial assets and liabilities at fair value through profit or loss and Financial assets available for sale which are measured at fair value and Loans and receivables and Other financial liabilities which are measured at amortised cost.

In the consolidated income statement, expenses are presented using a classification based on the nature of the expenses.

Determining the carrying amounts of some assets and liabilities requires management to estimate the effects of uncertain future effects on those assets and liabilities at the balance sheet date. Key sources of estimation uncertainty at the balance sheet date having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 3 Significant accounting judgements and major sources of estimation uncertainty.

All amounts are in NOK million unless otherwise stated.

Change in accounting policies

The accounting principles adopted are consistent with those of the financial year 2015.

Consolidation principles

The consolidated financial statements include the parent Schibsted ASA and all subsidiaries, presented as the financial statements of a single economic entity.

Intragroup balances, transactions, income and expenses are eliminated.

Subsidiaries are all entities controlled, directly or indirectly, by Schibsted ASA. The group controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity. Power over an entity exists when the group has existing rights that give it the current ability to direct the activities that significantly affect the entity's returns.

Generally, there is a presumption that a majority of voting rights result in control. The group considers all relevant facts and circumstances in assessing whether control exist, including contractual arrangements and potential voting rights to the extent that those are substantive.

Subsidiaries are included in the consolidated financial statements from the date Schibsted ASA effectively obtains control of the subsidiary (acquisition date) and until the date Schibsted ASA ceases to control the subsidiary.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to the parent Schibsted ASA. Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the parent. Profit (loss) and comprehensive income attributable to non-controlling interests are disclosed as allocations for the period of profit (loss) and comprehensive income attributable to non-controlling interests and owners of the parent, respectively.

Business combinations and changes in ownership

All business combinations in which Schibsted ASA or a subsidiary is the acquirer, i.e. the entity that obtains control of another entity or business, are accounted for by applying the acquisition method.

The identifiable assets acquired and the liabilities including contingent liabilities assumed are measured at their acquisition-date fair values. Any non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. The consideration transferred is measured at fair value. Any excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and the fair value of any previously held equity interest in the acquiree over the net of identifiable assets acquired and liabilities assumed, is recognised as goodwill. Acquisition-related costs incurred, except those related to debt or equity, are expensed.

The acquisition-date fair value of contingent consideration is recognised as part of the consideration transferred in exchange for the acquiree. Subsequent changes in the fair value of contingent consideration deemed to be a liability is recognised in profit or loss.

In business combinations achieved in stages, the previously held equity interest is remeasured at its acquisition-date fair value with the resulting gain or loss recognised in profit or loss.

Changes in ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in their relative share in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.
When put options are granted by Schibsted to holders of non-controlling interests, Schibsted determines and allocates profit (loss), other comprehensive income and dividends paid to such non-controlling interests. Accumulated non-controlling interests are derecognised as if the non-controlling interest was acquired at the balance sheet date and a financial liability reflecting the obligation to acquire the non-controlling interest is recognised. The net amount recognised or derecognised is accounted for as an equity transaction. In the Consolidated statement of changes in equity, such amounts are included in the line item Changes in ownership of subsidiaries that do not result in a loss of control.

When control of a subsidiary is lost, the assets and liabilities of the subsidiary and the carrying amount of any non-controlling interests are derecognised. Any consideration received and any investment retained in the former subsidiary is recognised at their fair values. The difference between amounts recognised and derecognised is recognised as gain or loss in profit or loss. Amounts recognised in other comprehensive income related to the subsidiary are reclassified to profit or loss or transferred to equity similarly as if the parent had disposed of the assets and liabilities directly. Amounts reclassified to profit or loss (including accumulated translation differences and accumulated fair value adjustments to Financial assets available for sale) are included in gain or loss on loss of control of subsidiary in profit or loss.

Investments in joint arrangements and associates

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement and exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as joint ventures if they are structured through separate vehicles and the parties have rights to the net assets of the arrangements.

An associate is an entity over which Schibsted ASA, directly or indirectly through subsidiaries, has significant influence. Significant influence is normally presumed to exist when Schibsted controls 20% or more of the voting power of the investee.

Investments in joint ventures and associates are accounted for using the equity method. On initial recognition, the investment is recognised at cost. The Group's share of the investee's profit or loss is recognised in profit or loss and the share of changes in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Distributions received reduce the carrying amount of the investment.

Net investment in joint ventures and associates includes unsecured receivables. Losses recognised in excess of the investment in shares are applied to the receivables forming part of the net investment. When the net investment is reduced to zero, additional losses are provided for to the extent that legal or constructive obligations are incurred on behalf of the associate or joint venture.

The use of the equity method is discontinued from the date an investment ceases to be a joint venture or an associate. The difference between the total of the fair value of any retained interest and any proceeds from disposing of a part interest in a joint venture or an associate, and the carrying amount of the investment, is recognised as gain or loss in profit or loss.

If the Group's ownership interest in a joint venture or an associate is reduced, but the equity method is still applied, a gain or loss from the partial disposal is recognised in profit or loss. The retained interest is not remeasured.

Gains or losses resulting from upstream or downstream transactions between the Group and a joint venture or an associate, including any sale or contribution of subsidiaries to a joint venture or an associate, are recognised only to the extent of unrelated investors' ownership interests in the joint venture or associate.

Whenever there is objective evidence that an investment may be impaired, that investment is tested for impairment and an impairment loss is recognised if its recoverable amount (higher of value in use and fair value less costs to sell) is less than its carrying amount. Impairment losses are reversed if the loss no longer exists.

Accrual, Classification and Valuation principles

Operating segments

The division into operating segments corresponds to the management structure and the internal reporting to the Group's chief operating decision maker, defined as the CEO. The division reflects an allocation based partly on the type of operation and partly on geographical location.

Revenue recognition

Revenue from sale of goods is recognised when delivery has occurred and the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction (the percentage of completion method) provided that the outcome of the transaction can be estimated reliably. Discounts are recognised as a revenue reduction.

Advertising revenue in printed media is recognised when inserted. Subscription revenues for printed media are invoiced in advance and recognised upon delivery over the subscription period. Revenue from other sales of goods, including casual sales, are recognised upon delivery, taking into account estimated future returns.

Online advertising revenue is recognised when displayed. Other revenues from the internet, including subscription based revenues, are recognised in the periods in which the service is rendered.

Commissions related to sales of ads and casual sales are recognised as operating expenses.

When goods are sold or services rendered in exchange for dissimilar goods or services, revenue is recognised in accordance with the recognition policy related to relevant goods or services. Revenue is measured at the fair value of the goods or services delivered or received, depending on which item that can be measured reliably.

Interest income is recognised using the effective interest method and dividends are recognised when the right to receive payment is established.

Government grants

Government grants are recognised when there is reasonable assurance that the conditions attaching to them will be complied with, and that the grants will be received.

Government grants, including press subsidies, are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Other income and expenses

Income and expenses of a special nature are presented in the separate line item Other income and expenses within operating profit (loss). Such items will be characterised by being of a non-recurring nature and not being reliable indicators of underlying operations. Other income and expenses will include items such as restructuring costs, acquisition-related costs, gains or losses on sale or remeasurement of assets, investments or operations and gains or losses from amendment or curtailment of pension plans. Acquisition-related costs may include both costs related to acquisitions closed and transactions that were not completed.

Classification – current and non-current distinction

Cash and cash equivalents, assets included in the normal operating cycle and other financial assets expected to be realised within twelve months after the reporting period are classified as current assets. Liabilities included in the normal operating cycle and liabilities due to be settled within twelve months after the reporting period are classified as current liabilities. Other assets and liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturity of three months or less. Carrying amount of cash and cash equivalents are considered to represent a reasonable approximation of fair value.

Financial instruments

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets and financial liabilities (including financial assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies at initial recognition its financial instruments in one of the following categories: Financial assets or financial liabilities at fair value through profit or loss, Loans and receivables, Financial assets available for sale and Other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired.

Financial assets or financial liabilities at fair value through profit or loss are financial assets held for trading and acquired primarily with a view of selling in the near term. The category consists of financial derivatives unless they are designated and effective hedging instruments. Financial derivatives are included in the balance sheet items Trade and other receivables, Other current liabilities and Other non-current liabilities.

These financial assets and liabilities are measured at fair value when recognised initially, and transaction costs are charged to expense as incurred. Subsequently, the instruments are measured at fair value, with changes in fair value, including interest income, recognised in profit or loss as financial income or financial expenses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The category is included in the balance sheet items Other non-current assets, Trade and other receivables and Cash and cash equivalents. Loans and receivables are recognised initially at fair value plus directly attributable transaction costs. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, reduced by any impairment loss. The carrying amounts of trade and other current payables are assumed to be the same as their fair values, due to their short-term nature. Short-term loans and receivables are for practical reasons not amortised. Effective interest related to loans and receivables is recognised in profit or loss as Financial income.

Financial assets available for sale are non-derivative financial assets that are designated as available for sale or which are not classified in any other category. Carrying amount of financial assets available for sale is included in the balance sheet item Other non-current assets. These financial assets are measured initially at fair value plus directly attributable transaction costs. Changes in fair value are recognised in other comprehensive income, except for impairment losses that are recognised in profit or loss. When an investment is derecognised, the cumulative gain or loss is transferred to profit or loss under financial income or expenses. Dividends are recognised when the right to receive payment is established.

Financial liabilities not included in any of the above categories are classified as other financial liabilities. The category other financial liabilities is included in the balance sheet items Non-current interest-bearing borrowings, Other non-current liabilities, Current interest-bearing borrowings and Other current liabilities. Other financial liabilities are recognised initially at fair value. Subsequently, other financial liabilities are measured at amortised cost using the effective interest method. Effective interest is recognised in income as financial expenses. Short-term financial liabilities are for practical reasons not amortised.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. Any rights and obligations created or retained in such a transfer are recognised separately as assets or liabilities.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Indications of impairment is evaluated separately for each investment, but normally a decline in value of more than 20% compared to cost will be considered to be significant, and normally a decline in value below cost lasting for more than 12 months will be considered to be prolonged

For trade and other receivables, default in payments, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or debt settlement negotiations are considered to be indicators that the Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the trade receivables is reduced through the use of an allowance account, and the loss is recognised as other operating expenses in the income statement, while impairment of other financial assets are recognised as financial expenses.

Fair value of financial instruments is based on quoted prices at the balance sheet date in an active market if such markets exist. If an active market does not exist, fair value is established by using valuation techniques that are expected to provide a reliable estimate of the fair value. The fair value of listed securities is based on current bid prices. The fair value of unlisted securities is based on cash flows discounted using an applicable risk-free market interest rate and a risk premium specific to the unlisted securities. Fair value of forward contracts is estimated based on the difference between the spot forward price of the contracts and the closing rate at the date of the balance sheet. The forward rate addition and deduction is recognised as interest income or interest expense. Fair value of interest and currency swaps is estimated based on discounted cash flows, where future interest rates are derived from market-based future rates.

Financial assets and liabilities measured at fair value are classified according to valuation method:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Valuation based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Valuation based on inputs for the asset or liability that are unobservable market data.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Changes in fair value recognised in other comprehensive income is recognised in the line item Exchange differences on translating foreign operations. Changes in fair value recognised in profit or loss are presented in the line item Financial expenses and Other income and expenses.

Treasury shares and transaction costs of equity transactions
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.
Consideration paid or received is recognised directly in equity.

The transaction costs of issuing or acquiring own equity instruments are accounted for as a deduction from equity, net of any related income tax benefit.

Foreign currency translation
Each individual entity included in the consolidated financial statements measures its results and financial position using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are presented in NOK which is Schibsted ASA's functional and presentation currency.

Foreign currency transactions are translated into the entity's functional currency on initial recognition by using the spot exchange rate at the date of the transaction. At the balance sheet date, assets and liabilities are translated from foreign currency to the entity's functional currency by:

- translating monetary items using the exchange rate at the balance sheet date.
- translating non-monetary items that are measured in terms of historical cost in a foreign currency using the exchange rate at the transaction date.
- translating non-monetary items that are measured at fair value in a foreign currency using the exchange rate at the date when the fair value was determined.

Exchange differences arising on the settlement of, or on translating monetary items not designated as hedging instruments, are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss.

Upon incorporation of a foreign operation into the consolidated financial statements by consolidation or the equity method, the results and financial position is translated from the functional currency of the foreign operation into NOK (the presentation currency) by using the step-by-step method of consolidation. Assets and liabilities are translated at the closing rate at the balance sheet date and income and expenses are translated monthly at the average exchange rates for the month and accumulated. Resulting exchange differences are recognised in other comprehensive income until the disposal of the foreign operation.

Exchange rates are quoted from the Norwegian state bank (norges-bank.no). For those rates not quoted by the Norwegian State Bank, rates from Oanda.com are used.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation, is treated as assets and liabilities of that foreign operation. They are therefore expressed in the functional currency of the foreign operation and translated at the closing rate at the balance sheet date.

Hedging

On initial designation of a hedge, the Group formally documents the relationship between the hedging instrument(s) and the hedged item(s), including risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows for the respective hedged items during the period for which the hedge is designated.

In a fair value hedge, the gain or loss from remeasuring a derivative hedging instrument at fair value is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk is also recognised in profit or loss. Gains or losses related to loans or currency derivatives in foreign currencies, designated as hedging instruments in a hedge of a net investment in a foreign operation, are recognised in other comprehensive income until disposal of the operation.

Property, plant and equipment and investment property

Property, plant and equipment are measured at its cost less accumulated depreciation and accumulated impairment losses.

Property that is not owner-occupied, but held to earn rentals or for capital appreciation, is classified as investment property. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount (cost less residual value) of property, plant and equipment is allocated on a systematic basis over its useful life. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

Costs of repairs and maintenance are recognised in profit or loss as incurred. Cost of replacements and improvements are recognised in the carrying amount of the asset.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no economic benefits are expected from its use or disposal. Gain or loss arising from derecognition is included in profit or loss when the item is derecognised.

Property, plant and equipment and investment properties, excluding land, are depreciated on a straight line basis over their estimated useful life. Depreciation schedules reflect the assets' residual value. Items of property, plant and equipment where material components can be identified with different useful life are depreciated over the individual component's expected useful life. Buildings (25-50 years), Plant and machinery (5-20 years), Equipment, furniture and similar assets (3-10 years). The depreciation method, expected useful life and any residual value are reviewed annually.

Intangible assets

Intangible assets are measured at its cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with a definite useful life is allocated on a systematic basis over its useful life. Intangible assets with an indefinite useful life are not amortised.

Costs of developing software and other intangible assets are recognised as an expense until all requirements for recognition as an asset is met. The requirements for recognition as an asset include, among other requirements, the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Costs incurred after the time that all the requirements for recognition as an asset are met are recognised as an asset. The cost of an internally generated intangible asset is the sum of expenditure incurred from the time all requirements for recognition as an asset are met and until the time the asset is capable of operating in the manner intended by management.

Subsequent expenditure incurred in the operating stage to enhance or maintain an intangible asset are normally recognised as an expense as the requirement to demonstrate probable increased economic benefits will normally not be met.

Intangible assets with a finite expected useful life are as a general rule amortised on a straight line basis over the expected useful life. The amortisation period of intangible assets is 1.5-10 years. The amortisation method, expected useful life and any residual value are assessed annually.

Impairment of non-financial assets

Property, plant, equipment, intangible assets and goodwill are reviewed for impairment whenever an indication that the carrying amount may not be recoverable is identified. Goodwill and other intangible assets that have an indefinite useful life are tested annually for impairment. Impairment indicators will typically be changes in market developments, the competitive situation or technological developments.

An impairment loss is recognised in the Income statement if the carrying amount of an asset (cash generating unit) exceeds its recoverable amount.

The recoverable amount is the higher of value in use and fair value less cost to sell. Value in use is assessed by discounting estimated future cash flows. Estimated cash flows are based on management's experience and market knowledge for the given period, normally five years. For subsequent periods growth factors are used that do not exceed the long-term average rate of growth for the relevant market. Expected cash flows are discounted using an after tax discount rate that takes into account the expected long-term interest rate with the addition of a risk margin appropriate for the assets being tested. For the purpose of impairment testing, assets, except goodwill, are grouped together into the smallest group of assets that generates independent cash flows (cash-generating units). Goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Testing for impairment of goodwill is done by comparing recoverable amount and carrying amount of the same groups of cash-generating units as to which goodwill is allocated. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill. Any remaining amount is then allocated to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are reversed if the loss no longer exists for all property, plant and equipment and intangible assets with the exception of goodwill where impairment losses are not reversed.

Leases

Leases are classified as either finance leases or as operating leases. Leases that transfer substantially all the risks and rewards incidental to the asset are classified as finance leases. Other leases are classified as operating leases. All of the Group's material leases are considered to be operational. Lease payments related to operating leases are recognised as an expense over the lease term.

Borrowing costs

Borrowing costs are generally recognised as an expense in the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale ("qualifying asset"), are capitalised as part of the cost of that asset.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are assigned by using the first-in, first-out (FIFO) cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Post-employment benefits

Pension plans, including multi-employer plans, are classified as defined contribution plans or defined benefit plans depending on the economic substance of the plan. Pension plans in which Schibsted's obligation is limited to the payment of agreed contributions and in which the actuarial risk and the investment risk fall on the employee, are classified as defined contribution plans. Other plans are classified as defined benefit plans.

The net defined benefit liability recognised is the present value of the benefit obligation at the balance sheet date, less fair value of plan assets.

Net pension expense related to defined benefit plans include service cost and net interest on the net defined benefit liability recognised in profit or loss and remeasurements of the net defined benefit liability recognised in other comprehensive income.

The present value of defined benefit obligations, current service cost and past service cost is determined using the projected unit credit method and actuarial assumptions regarding demographic variables and financial variables.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Past service cost is recognised at the earlier date of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

The contribution payable to a defined contribution plan attributable to the reporting period is recognised in profit or loss.

Multi-employer plans classified as defined benefit plans, but for which sufficient information is not available to enable recognition as a defined benefit plan, are accounted for as if they were defined contribution plans.

Social security taxes are included in the determination of defined benefit obligations and net pension expense.

Share-based payment

In equity-settled share-based payment transactions with employees, the employee services and the corresponding equity increase is measured by reference to the fair value of the equity instruments granted. The fair value of the equity instruments are measured at grant date, and is recognised as personnel expenses and equity increase immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period.

At each reporting date the companies remeasure the estimated number of equity instruments that is expected to vest. The amount recognised as an expense is adjusted to reflect the number of equity instruments which is expected to be, or actually become vested.

In cash-settled share-based payment transactions with employees, the employee services and the incurred liability is measured at the fair value of the liability. The employee services and the liability are recognised immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period. Until the liability is settled, the fair value of the liability is revised at each balance sheet date and at settlement date, with changes in fair value recognised in profit or loss.

Income taxes

Current tax, which is the amount of income taxes payable in respect of taxable profit for a period, is, to the extent unpaid, recognised as a liability. If the amount paid exceeds the amount due, the excess is recognised as an asset.

A deferred tax liability is recognised for all taxable temporary differences, except for liabilities arising from the initial recognition of goodwill.

A deferred tax asset is recognised for deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits to the extent that it is probable that future taxable profit will be available against which these benefits can be utilised.

No deferred tax liability is recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures when Schibsted is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group records provisions relating to uncertain or disputed tax provisions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favour of the Group, and can no longer be appealed.

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Any amount recognised as current tax assets or liabilities and deferred tax assets or liabilities are recognised in profit or loss, except to the extent that the tax arises from a transaction or event recognised in other comprehensive income or directly in equity or arises from a business combination.

Provisions, contingent liabilities and contingent assets

A provision is recognised when an obligation exists (legal or constructive) as a result of a past event, it is probable that an economic settlement will be required as a consequence of the obligation, and a reliable estimate can be made of the amount of the obligation.

The best estimate of the expenditure required to settle the obligation is recognised as a provision. When the effect is material, the provision is discounted using a market-based pre-tax discount rate.

A provision for restructuring costs is recognised when a constructive obligation arises. Such an obligation is assumed to have arisen when the restructuring plan is approved, and the implementation of the plan has begun or its main features are announced to those affected by it.

Contingent liabilities and contingent assets are not recognised. Contingent liabilities are disclosed unless the possibility of an economic settlement as a consequence of the obligation is remote. Contingent assets are disclosed where an economic settlement as a consequence of the asset is probable.

Statement of cash flows
The statement of cash flows is prepared under the indirect method. Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Earnings per share
Earnings per share and diluted earnings per share are presented for ordinary shares. Earnings per share are calculated by dividing profit (loss) attributable to owners of the parent by the weighted average number of shares outstanding. Diluted earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding, adjusted for all dilutive potential shares.

The dilutive effect is calculated as the difference between the number of shares which can be acquired upon exercise of outstanding options and the number of shares which could be acquired at fair value (calculated as the average price of the Schibsted share in the period) for the consideration which is to be paid for the shares that can be acquired based on outstanding options.

Adjusted earnings per share is calculated as profit (loss) attributable to owners of the parent adjusted for items reported in the income statement as Other income and expenses and Impairment loss, adjusted for taxes and non-controlling interests. The number of shares included in the calculation is the same as the number for earnings per share and diluted earnings per share, as described above.

Dividends
Dividends are recognised as a liability at the date such dividends are appropriately approved by the company's shareholders' meeting.

IFRS and IFRIC Interpretations not yet effective

IASB has published certain new standards, interpretations and amendments to existing standards and interpretations that are not effective for the annual period ending 31 December 2016 and that are not applied when preparing these financial statements. New and amended standards and interpretations expected to be relevant for the Group's financial position, performance or disclosures are disclosed below. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are EU-approved while the other changes disclosed below are not yet EU-approved.

IFRS 9 Financial Instruments was finalised in 2014 and involves changes related to classification and measurement, hedge accounting and impairment of financial instruments. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard shall be implemented retrospectively, with the exception for hedge accounting that shall mainly be implemented prospectively. Schibsted has so far not identified any issues that is expected to have a material impact on the consolidated financial statements. The standard is effective from 1 January 2018.

IFRS 15 Revenues from Contracts with Customers will replace all existing standards and interpretations related to revenue recognition. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of agreed goods or services to customers by an amount that reflects the consideration to which the entity expects to be entitled. The standard applies to all remunerative contracts and also provides a model for the recognition and measurement of sales of certain non-financial assets. IFRS 15 shall be implemented using the fully retrospective or modified method. Schibsted will evaluate the potential impact of the standard in the period until implementation. So far, Schibsted has not identified any changes from the implementation of the standard that is expected to have a material effect on the consolidated financial statements. However, for certain revenue sources, the timing of recognition of revenue under a contract may change. For contracts under which revenue is to be recognised over time, revenue recognition may be deferred as revenue may have to be recognised over a longer period than under current accounting policies. As the period over which those revenues may have to be recognised still is assumed to be relatively short, the effect on revenues reported annually should not be significant but an adjustment to equity may occur at the time of implementation. The standard is effective from 1 January 2018.

IFRS 2 is amended to change the classification of a share-based payment transaction with net settlement features for withholding tax obligations. Currently, the majority of Schibsted's share-based payment programmes are classified partly as share-based payment transactions settled in cash (tax withholdings) and partly as share-based payment transaction settled in equity (net payment in shares). Under the amended standard, such programmes are assumed to be classified as share-based payment transactions settled in equity only. As the expense in share-based payment transactions is measured at grant date as opposed to expense in share-based payment transactions being measured at the fair value of the liability, the amendment will result in reduced volatility in the share-based payment expense. The amendment is effective from 1 January 2018.

IFRS 16 Leases was issued in January 2016 and implies that an asset and a related liability will be recognised for most leases. The standard will affect both phasing and classification of lease expenses. Lease expenses will change from being linear over the lease term to being declining and the lease expense will change classification from other operating expenses to a combination of depreciation and financial expenses. Schibsted has obligations related to off-balance sheet operating leases of NOK 2,448 million at year-end 2016. Upon implementation of the standard, total assets and total liabilities will increase by the net present value of corresponding obligations at the implementation date. The Group's equity ratio will be negatively affected. The standard is effective from 1 January 2019.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures are amended to eliminate an inconsistency between those standards regarding the sale or contribution of assets between an investor and its associate or joint venture. The main change is that a full gain or loss is to be recognised when a transaction involves a business. Under current accounting policies, gain or loss is recognised only to the extent of unrelated investors' ownership interests in the joint venture or associate. The mandatory date of implementation is deferred indefinitely as certain issues with respect to the sale or contribution of assets between an investor and its associate is being addressed by IFRS' research project on equity accounting. The amendments will be implemented prospectively to transactions occurring in annual periods beginning on or after the date of implementation.

NOTE 3: SIGNIFICANT ACCOUNTING JUDGEMENTS AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Judgements in applying accounting principles

The preparation of consolidated financial statements in accordance with IFRS require management to make judgements in the process of applying the accounting policies. The judgements that have the most significant effect on the amounts recognised are disclosed below.

In July 2015, Schibsted and Distilled Media joined forces in the Irish market and established a holding company (Digital Media Ventures Ltd) owning subsidiaries operating the online classifieds sites DoneDeal.ie, Daft.ie and Adverts.ie. Schibsted and Distilled Media each hold a 50% interest in Digital Media Ventures Ltd. Schibsted consolidates Digital Media Ventures Ltd and its subsidiaries, see note 28 Non controlling interests. Schibsted's assessment is that Schibsted has the ability to exercise control over Digital Media Ventures Ltd through a shareholders' agreement giving Schibsted the current ability to direct the most significant activities affecting the return of the investment.

In January 2015, Schibsted increased its ownership interest in Finderly GmbH, a company operating the native mobile marketplace Shpock, from 49.99% to 81.9%. Finderly GmbH was previously classified as an associate and was from January 2015 classified as a joint venture. Schibsted's assessment was that Schibsted did not have the current ability to exercise control over Finderly GmbH due to a shareholders agreement giving other owners joint control over the most significant activities affecting the return of the investment. In September 2015, Schibsted further increased its ownership interest to 90.95%. As a result of simultaneous changes to the shareholders agreement, Schibsted has the current ability to direct the most significant activities affecting the return of the investment, and the company is consequently classified as a subsidiary with effect from September 2015.

Estimation uncertainty

In many areas, the consolidated financial statements are affected by estimates. Important areas in which the use of estimates has significant effect on carrying amounts, and thus involves a risk of changes that could affect results in future periods, are disclosed below.

Tangible and intangible assets (Note 14 and 15)

Impairment

The valuation of intangible assets in connection with business combinations and the testing of property, plant and equipment and intangible assets for impairment will to a large extent be based on estimated future cash flows. Correspondingly, the expected useful lives and residual values included in the calculation of depreciation and amortisation will be based on estimates. The Group has activities within established media, but is also active in establishing positions at an early point in time in new media channels through both business combinations and its own start-ups. Estimates related to future cash flows and the determination of discount rates to calculate present values are based on management's expectations on market developments, the competitive situation, technological development, the ability to realise synergies, interest rate levels and other relevant factors. Such estimates involve uncertainty, and management's view on, and the actual development in the matters referred to, may change over time. Changes in management's opinion and actual development may lead to impairment losses in future periods.

The risk of changes in expected cash flows that affect the financial statements will naturally be higher in markets in an early phase and be more limited in established markets. Further, the risk of changes will be significantly higher in periods with uncertain macroeconomic prognosis.

The structural changes in media consumption, with accelerated migration from print to digital results in pressure on profits and cash flows for the media houses in Norway and Sweden. Rapid adaption of the business model and cost base is required to be relevant and profitable in the digital future. Inability to convert print cash flows to digital cash flows can consequently lead to a negative adjustment to the Group's cash flows.

Tangible and intangible assets are tested for impairment if there are indications that an asset may be impaired. Intangible assets that are not amortised are, as a minimum, tested annually for impairment. Indications of impairment will typically be changes in market development, the competitive situation and technological development. In the same way, depreciation and amortisation schedules and any residual values are reviewed periodically.

The assets most exposed to impairment, given managements assumptions, are related to the Norwegian subscription-based newspapers.

Research and development

Schibsted has significant activities related to developing new technology to facilitate digital transformation and the strategy of forming identity-based ecosystems and products that improve the ability to offer targeted advertising and personalised products for customers within both online and news. Costs of developing such technology is expensed until all requirements for recognition as an asset is met. When requirements for recognition as an asset are met, the costs are capitalised. The requirements for recognition as an asset include the requirement to demonstrate probable future economic benefits and the requirement that the cost of the asset can be measured reliably. Determining whether cost shall be charged to expense or be recognised as an asset based on the existing requirements involves the use of judgement by management.

Pension obligations (Note 20)

Accounting for pension obligations requires that financial assumptions relating among others to the discount rate, expected salary increases and expected increases in pensions and National Insurance basic amount are determined.

Deferred tax assets (Note 11)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with tax planning strategies.

Contingent consideration and liabilities related to non-controlling interests' put options (Note 21)

Contingent consideration in business combinations and the present value of future consideration to be paid related to non-controlling interests' put options over shares in subsidiaries are recognised as financial liabilities. The liabilities are measured at fair value which is based on the best estimate of future considerations. The estimates take into account the principles for determination of the consideration in the existing agreements. The estimates take further into account, when relevant, management's expectations regarding future economic development used in determining recoverable amount in impairment tests. The estimate can be changed in future periods as the consideration to be paid is dependent upon future fair value and / or future results.

Other

Certain financial instruments are measured at fair value. When no quoted market price is available, fair value is estimated using different valuation techniques. The Group's financial instruments and valuation techniques are presented in note 25 Financial instruments by category.

Schibsted could potentially at any time be involved in litigations as a result of the Group's ordinary operations. The financial implications of litigations are constantly monitored and a liability is recognised when it is probable that the litigation will result in a future payment and a reliable estimate of the liability can be made.

NOTE 4: CHANGES IN THE COMPOSITION OF THE GROUP

Changes in 2016:

Schibsted has in 2016 invested NOK 560 million (net NOK 507 million adjusted for cash in acquired companies) related to acquisition of subsidiaries and businesses (business combinations). See note 5 Business combinations.

Schibsted has in 2016 invested NOK 73 million related to increased ownership interests in subsidiaries. The majority of the amount invested is related to increase in ownership interest in ServiceFinder Sverige AB from 69.95% to 100%. Schibsted has received NOK 3 million related to decreased ownership interests in subsidiaries.

Changes in ownership interests in subsidiaries are accounted for as equity transactions. The effect on the equity attributable to owners of the parent is presented in the table below:

Net consideration received (paid)	(70)
Financial liabilities previously recognised related to non-controlling interests' put options	67
Adjustment to equity	**(3)**
Of which adjustment to non-controlling interests	1
Of which adjustment to equity attributable to owners of the parent	(4)

The adjustments to equity presented above is included in the line item Changes in ownership of subsidiaries that do not result in a loss of control in the Consolidated statement of changes in equity. Included in that line item is also changes in financial liabilities related to non-controlling interests' put options recognised in equity as disclosed in note 21 Financial liabilities related to business combinations and increases in ownership interests.

In January 2016, Schibsted closed the sale of its 50% interest in the joint venture 20 Minutes France S.A.S. A gain of NOK 24 million is recognised in the line item Other income and expenses, see note 13 Other income and expenses.

ServiceFinder Sverige AB is included in operating segment Online Classifieds Sweden. 20 Minutes France S.A.S was included in Other / Headquarters.

Changes in 2015:

Schibsted has in 2015 invested NOK 918 million (net NOK 753 million adjusted for cash in acquired companies) related to acquisition of subsidiaries and businesses (business combinations). See note 5 Business combinations.

Schibsted has in 2015 invested NOK 187 million related to increased ownership interests in subsidiaries. The majority of the amount invested is related to increase in ownership interest in Lets deal AB (51% to 100%) and DoneDeal Ltd (90.1% to 100% before the Irish business combination in July 2015). Schibsted has received NOK 199 million related to decreased ownership interests in subsidiaries, primarily related to DoneDeal Ltd (100% to 50%) as part of the Irish business combination in July 2015.

Changes in ownership interests in subsidiaries are accounted for as equity transactions. The effect on the equity attributable to owners of the parent is presented in the table below:

Net consideration received (paid)	12
Financial liabilities previously recognised related to non-controlling interests' put options	172
Adjustment to equity attributable to owners of the parent	**184**
Adjustment to non-controlling interests	50
Adjustment to equity attributable to owners of the parent	134

The adjustments to equity presented above is included in the line item Changes in ownership of subsidiaries that do not result in a loss of control in the Consolidated statement of changes in equity. Included in that line item is also changes in financial liabilities related to non-controlling interests' put options recognised in equity as disclosed in note 21 Financial liabilities related to business combinations and increases in ownership interests.

In February 2015, Schibsted sold its online classifieds operation in Romania to Naspers. In March 2015, Schibsted disposed of its 75.94% interest in Aspiro AB after accepting a public offer. Schibsted's interest was held by Streaming Media AS, a subsidiary in which Schibsted held a 74.62% interest. In June 2015, Schibsted sold its book publishing company Schibsted Forlag AS and its digital book store Ebok.no AS. The aggregated sales price from sale of subsidiaries and businesses amount to NOK 470 million and a net gain of NOK 273 million is recognised in profit or loss in the line item Other income and expenses.

In June 2015, Schibsted disposed of its share in a joint venture operating online classifieds operations in Switzerland (Tutti.ch and Car4You.ch). Schibsted has also disposed of its interest in the associated company Metro Nordic Sweden AB. A net gain of NOK 149 million from the sale of shares in joint ventures and associates is recognised in profit or loss in the line item Other income and expenses, see note 13 Other income and expenses.

In November 2014, Schibsted, Naspers, Telenor and Singapore Press Holdings (SPH) agreed to establish partnerships for the development of their online classifieds platforms in four key markets - Brazil, Indonesia, Thailand and Bangladesh. The transactions were closed in January 2015 and the companies were then established. The ownership structure in the companies is as follows:

- Brazil: 50% Naspers and 50% SnT Classifieds
- Indonesia: 64% Naspers and 36% 703 Search
- Thailand: 55.9% 702 Search and 44.1% Naspers
- Bangladesh: 50.3% SnT Classifieds and 49.7% Naspers

As part of the transaction, 701 Search transferred its online classifieds operations in the Philippines to Naspers. Online classified operations in certain other markets in Asia and Latin America were also transferred between the parties. SnT Classifieds is an equal shareholding joint venture between Schibsted and Telenor and is accounted for as a joint venture (equity accounting). 701 Search, 702 Search and 703 Search are partnerships between Schibsted, Telenor and SPH accounted for as associates (equity accounting). A net gain of approximately NOK 450 million, primarily related to Brazil, is recognised in profit or loss in the line item Share of profit (loss) of joint ventures and associates reflecting Schibsted's share of gains recognised by SnT Classifieds, 701 Search, 702 Search and 703 Search. The transaction was cash neutral and did not have any significant tax effects.

DoneDeal Ltd, SnT Classifieds, 701 Search, 702 Search and 703 Search are included in operating segment Online classifieds International. Schibsted Forlag AS and Ebok.no AS are included in operating segment Media Houses Norway. Lets deal AB and Metro Nordic Sweden AB are included in operating segment Media Houses Sweden. Streaming Media AS and Aspiro AB are included in Other / Headquarters.

NOTE 5: BUSINESS COMBINATIONS

Business combinations in 2016:

Schibsted has in 2016 invested NOK 387 million related to acquisition of new subsidiaries and businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. Schibsted has in addition paid NOK 120 million of contingent consideration related to prior year's business combinations (primarily Compricer AB in operating segment Media Houses Sweden).

In October 2016, Schibsted acquired MB Diffusion, the leading online marketplace for agricultural and construction equipment in France, through acquisition of 100% of the shares of MB Diffusion SAS and MB Line SAS. The entity has strong synergies with Leboncoin in France and has an international presence with prospects for further growth.

Schibsted has also been involved in some other minor business combinations, including step acquisitions.

Acquisition-related costs of NOK 4 million related to business combinations closed are recognised in profit (loss) in the line item Other income and expenses.

The tables below summarise the consideration transferred and the amounts recognised for assets acquired and liabilities assumed after the business combinations:

Consideration:	
Cash	440
Contingent consideration	1
Consideration transferred	**441**
Fair value of previously held equity interest	9
Total	**450**

Amounts for assets and liabilities recognised:	
Intangible assets	122
Property, plant and equipment	2
Other non-current assets	(3)
Trade and other receivables	18
Cash and cash equivalents	53
Deferred tax liabilities	(36)
Other non-current liabilities	(2)
Current liabilities	(19)
Total identifiable net assets	**135**
Non-controlling interests	(9)
Goodwill	324
Total	**450**

The goodwill of NOK 324 million recognised is attributable to inseparable non-contractual customer relationships, the assembled workforce of the companies and synergies. None of the goodwill recognised is expected to be deductible for income tax purposes. The business combinations are carried out as part of Schibsted's growth strategy, and the businesses acquired are good strategic fits with existing operations within the Schibsted Media Group.

The fair value of acquired receivables is NOK 18 million, of which NOK 16 million are trade receivables. There is no material difference between the gross contractual amounts receivable and the fair value of the receivables.

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets. When Schibsted is obligated to acquire ownership interests from non-controlling interests, a financial liability is recognised with a corresponding adjustment to equity, see note 21 Financial liabilities related to business combinations and increases in ownership interests.

The companies acquired in business combinations completed through purchase of shares have since the acquisition dates contributed NOK 21 million to operating revenues and contributed negatively by NOK 9 million to consolidated profit (loss). If the acquisition date of all business combinations completed through purchase of shares was as at 1 January 2016, the operating revenues of the Group would have increased by NOK 80 million and profit (loss) would have increased by NOK 2 million. The above figures do not include business combinations completed through purchase of assets for which no separate financial statements exists.

Schibsted announced in May 2015 an offer to acquire the largest online site for real estate in Sweden, Hemnet. In July 2016, the Swedish Competition Authority informed Schibsted that it would not clear the transaction in its current form and Schibsted terminated on this background the acquisition process.

Business combinations in 2015:

Schibsted has in 2015 invested NOK 726 million related to acquisition of new subsidiaries and businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. Schibsted has in addition paid NOK 27 million of contingent consideration related to prior year's business combinations (mainly Compricer AB).

In February 2015, Schibsted acquired Naspers' OLX online classifieds operation in Hungary through purchase of assets. Schibsted will as a result become the leading online classified player in Hungary.

In June 2015, Schibsted acquired 100% of the shares of Anuncios Clasificados de Mexico, S.A. de C.V., a company operating the online classifieds site Anumex.com. Schibsted thereby strengthens its leading position in Mexico.

In July 2015, Schibsted increased, through purchase of shares, its ownership interest from 52% to 100% in Le Rouge AB, a company operating, through a subsidiary, a Moroccan online classifieds site (Avito.ma). The previously held ownership interest was accounted for as a joint venture and the business combination is accounted for as a step acquisition.

In July 2015, Schibsted joined forces with the Irish online media company Distilled Media by combining the sites DoneDeal.ie, Daft.ie and Adverts.ie. The new company will have leading positions in the generalist, cars and real estate segments in Ireland. Schibsted and Distilled Media each hold 50% of the new company. The combined entity is accounted for as a subsidiary. The transaction is accounted for as a business combination in which Daft.ie and Adverts.ie are acquired combined with a reduction in ownership interest in DoneDeal.ie.

Through a series of transactions in 2015 Schibsted increased its ownership interest from 49.99% to 91.95% in Finderly GmbH, a company operating the native mobile marketplace Shpock. The investment changed classification from associate (49.99%) to joint venture (81.9%) to subsidiary (91.95%), through purchase of shares. The business combination in September 2015, where Finderly was classified as subsidiary, was accounted for as a step acquisition.

Schibsted has also been involved in some other minor business combinations.

In step acquisitions, the previously held equity interest is measured at fair value at the acquisition date, and a total gain from remeasurement of NOK 858 million is recognised in profit or loss in the line item Other income and expenses.

Acquisition-related costs of NOK 6 million related to business combinations closed are recognised in profit or loss in the line item Other income and expenses.

The tables below summarise the consideration transferred and the amounts recognised for assets acquired and liabilities assumed after the business combinations:

	Finderly	Other	Total
Consideration:			
Cash	153	738	891
Contingent consideration	-	15	15
Non-controlling ownership interest in subsidiary	-	199	199
Consideration transferred	**153**	**952**	**1,105**
Fair value of previously held equity interest	995	119	1,114
Total	**1,148**	**1,071**	**2,219**
Amounts for assets and liabilities recognised:			
Intangible assets	243	219	462
Property, plant and equipment	-	3	3
Other non-current assets	-	2	2
Trade and other receivables	25	29	54
Cash and cash equivalents	104	61	165
Deferred tax liabilities	(61)	(32)	(93)
Other non-current liabilities	-	(2)	(2)
Other current liabilities	(12)	(57)	(69)
Total identifiable net assets	**299**	**223**	**522**
Non-controlling interests	(27)	(84)	(111)
Goodwill	876	**932**	**1,808**
Total	**1,148**	**1,071**	**2,219**

The goodwill of NOK 1,808 million recognised is attributable to inseparable non-contractual customer relationships, the assembled workforce of the companies and synergies. NOK 86 million of the goodwill recognised is expected to be deductible for income tax purposes. The business combinations are carried out as part of Schibsted's growth strategy, and the businesses acquired are good strategic fits with existing operations within the Schibsted Media Group.

The fair value of acquired receivables is NOK 54 million, of which NOK 15 million are trade receivables. There is no material difference between the gross contractual amounts receivable and the fair value of the receivables.

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets. When Schibsted is obligated to acquire ownership interests from non-controlling interests, a financial liability is recognised with a corresponding adjustment to equity, see note 21 Financial liabilities related to business combinations and increases in ownership interests.

The companies acquired in business combinations completed through purchase of shares have since the acquisition dates contributed NOK 59 million to operating revenues and contributed negatively by NOK 109 million to consolidated profit (loss). If the acquisition date of all business combinations completed through purchase of shares was as at 1 January 2015, the operating revenues of the Group would have increased by NOK 90 million and profit (loss) would have decreased by NOK 7 million. The above figures do not include business combinations completed through purchase of assets for which no separate financial statements exists.

The purchase price allocation presented in the annual financial statements for 2014 related to the acquisition of Milanuncios was preliminary pending final assessment of identifiable assets. In the final allocation performed in 2015, the amount allocated to trademarks (indefinite useful life) was reduced by NOK 358 million from NOK 475 million with a corresponding increase in goodwill. The changes to the purchase price allocation has no effect on the balance sheet or the income statement for the financial year 2014.

NOTE 6: OPERATING SEGMENTS

Schibsted reports five operating segments; Online Classifieds (Norway, Sweden and International) and Media Houses (Norway and Sweden). As a consequence of the new organizational model, operating segments are changed from 1 January 2016, and restated retrospectively to give comparable information.

- Online Classifieds Norway comprises Finn.no and Mittanbud.
- Online Classifieds Sweden comprises Blocket, BytBil and Servicefinder.
- Online Classifieds International comprises the Group's online classifieds operations worldwide. The segment includes operations in Europe, Asia, Latin America and Africa. The main operations in Europe are in France, Spain and Italy.
- Media House Norway comprises the media houses VG, Aftenposten, Bergens Tidende, Stavanger Aftenblad and Fædrelandsvennen, printing and distribution operations, and the publishing house Schibsted Forlag (sold in June 2015).
- Media House Sweden comprises Publishing, where Aftonbladet and Svenska Dagbladet are the main units, and Schibsted Growth, a portfolio of internet-based growth companies (including the online directory service Hitta).

Other / Headquarters comprises operations not included in the five reported operating segments, including Mötesplatsen, Aspiro (sold in March 2015), 20 Minutes in Spain (sold in July 2015) and 20 Minutes in France (sold in January 2016), as well as the Group's headquarter Schibsted ASA and centralised functions including Product and Technology.

Eliminations comprise intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

In the operating segment information presented, Gross operating profit (loss) is used as measure of operating segment profit (loss). For internal control and monitoring, Operating profit (loss) is also used as measure of operating segment profit (loss).

Operating revenues and profit (loss) by operating segments

2016	ONLINE CLASSIFIEDS Norway	Sweden	International	MEDIA HOUSES Norway	Sweden	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	**1,587**	**1,021**	**3,972**	**5,222**	**3,968**	**84**	**-**	**15,854**
Operating revenues from other segments	63	31	113	171	177	301	(856)	-
Operating revenues	**1,650**	**1,052**	**4,085**	**5,393**	**4,145**	**385**	**(856)**	**15,854**
Gross operating profit (loss) - excl. investment phase	**670**	**577**	**1,403**	**439**	**507**	**(692)**		**2,904**
Gross operating profit (loss)	**658**	**547**	**692**	**439**	**507**	**(712)**	**-**	**2,131**
Depreciation and amortisation	(32)	(5)	(112)	(154)	(108)	(118)	-	(529)
Share of profit (loss) of joint ventures and associates	-	-	(166)	13	5	(23)	-	(171)
Impairment loss	-	-	(5)	(38)	(29)	(8)	-	(80)
Other income and expenses	45	(16)	(30)	(95)	(27)	9	-	(114)
Operating profit (loss)	**671**	**526**	**379**	**165**	**348**	**(852)**	**-**	**1,237**

Gross operating profit (loss) excl. investment phase excludes operations in growth phase with large investments in market positions, immature monetization rate and where sustainable profitability has not been reached. For 2016, investments phase operations provided Operating revenues of NOK 329 million and reduced Gross operating profit by NOK 773 million.

2015 (restated)	ONLINE CLASSIFIEDS Norway	Sweden	International	MEDIA HOUSES Norway	Sweden	Other / Headquarters	Eliminations	Total
Operating revenues from external customers	**1,472**	**913**	**3,149**	**5,628**	**3,753**	**202**	**-**	**15,117**
Operating revenues from other segments	31	74	53	95	118	358	(729)	-
Operating revenues	**1,503**	**987**	**3,202**	**5,723**	**3,871**	**560**	**(729)**	**15,117**
Gross operating profit (loss) - excl. investment phase	**652**	**507**	**1,024**	**398**	**422**	**(443)**	**-**	**2,560**
Gross operating profit (loss)	**652**	**507**	**510**	**398**	**422**	**(473)**	**-**	**2,016**
Depreciation and amortisation	(38)	(3)	(125)	(170)	(94)	(68)	-	(498)
Share of profit (loss) of joint ventures and associates	-	-	67	(22)	(2)	9	-	52
Impairment loss	-	-	(33)	(441)	2	(16)	-	(488)
Other income and expenses	-	(14)	955	(63)	(32)	233	-	1,079
Operating profit (loss)	**614**	**490**	**1 374**	**(298)**	**296**	**(315)**	**-**	**2,161**

For 2015, investments phase operations provided Operating revenues of NOK 196 million and reduced Gross operating profit by NOK 544 million.

Operating revenues by products and services

	2016	2015
Classified	6,421	5,639
Printed newspapers	5,549	6,292
Online newspapers	3,846	3,635
Others	401	555
Eliminations	(363)	(1,004)
Total	**15,854**	**15,117**

Operating revenues include government grants of NOK 54 million in 2016 (NOK 54 million in 2015) and barter agreements of NOK 51 million in 2016 (NOK 53 million in 2015).

Operating revenues and non-current assets by geographical areas

In presenting geographical information, attribution of operating revenues is based on the location of group companies. There are no significant differences between the attribution of operating revenues based on the location of group companies and an attribution based on the customers' location. Non-current assets are attributed based on the geographical location of the assets.

Operating revenues	2016	2015
Norway	6,826	7,113
Sweden	5,036	4,778
France	1,987	1,603
Spain	1,035	970
Other Europe	816	540
Other countries	154	113
Total	**15,854**	**15,117**

Non-current assets	2016	2015
Norway	2,273	2,437
Sweden	1,902	2,042
France	4,290	4,102
Spain	3,854	4,054
Other Europe	2,741	2,597
Other countries	1,031	1,131
Total	**16,091**	**16,363**

The non-current assets comprise assets, excluding deferred tax assets and financial instruments, expected to be recovered more than twelve months after the reporting period.

NOTE 7: OTHER OPERATING EXPENSES

	2016	2015
Distribution	906	964
Commissions	802	806
Rent, maintenance, office expenses and energy	680	632
PR, advertising and campaigns	2,021	1,490
Printing contracts	292	322
Editorial material	401	429
Professional fees	809	815
Travelling expenses	303	278
IT expenses	605	506
Other operating expenses	263	400
Total	**7,082**	**6,642**

NOTE 8: PERSONNEL EXPENSES AND REMUNERATION

	2016	2015
Salaries and wages	4,502	4,207
Social security costs	1,043	979
Net pension expense (note 20)	416	419
Share-based payment	79	95
Other personnel expenses	101	184
Total	**6,141**	**5,884**
Number of man-years	7,183	6,929

The Board of Directors' Statement of Executive Compensation

This statement of executive compensation has been prepared in line with section 6-16 a) of the Public Limited Liability Companies Act and is applicable for Schibsted's CEO and Schibsted Executive Team. The statement will cover the coming financial year, 2018; see section 6-16 a) (2) of the Public Limited Liability Companies Act. The Board will base its work on this statement, following discussions at the Annual General Meeting in May 2017.

The Board has since 2004 appointed a dedicated Compensation Committee in order to ensure thorough preparation of matters relating to the remuneration of the Group CEO. The committee also assists the Board by dealing with issues of principle, guidelines, and strategies for the remuneration of other members of the Schibsted Executive Team and of senior managers in key subsidiaries.

1. Advisory guidelines for determination of salary and other remuneration for the coming financial year, starting 1 January 2018

The Board considers the employees as the Group's most important resource, and aims to have reasonable, well balanced, and competitive remuneration packages that attract and retain talented employees that are crucial to our business. The fixed salary shall form the basis of the total compensation in addition to both short- and long-term incentive schemes to align and motivate the executive's efforts in continuous business development and value creation.

The compensation to the CEO and Schibsted Executive Team is regularly assessed relative to both the market and the positions' responsibilities and complexity.

The Group has established policies that cover several human resource aspects, including terms related to pay and pension, working environment, development programs and more traditional employee benefits, and guidelines for the use of variable pay and other incentive schemes in the Group.

1.1 Fixed salary
The fixed salary (the gross annual salary before tax and before variable pay and other additional benefits) shall be reasonable, balanced and competitive and shall represent a significant component of executive compensation.

1.2 Directors' fees
Employees do not receive directors' fees for board appointments when they serve as board members as part of their position. Employee representatives are exempted from this rule.

1.3 Benefits in kind and other special schemes
Senior executives will normally be given benefits in kind in line with common market practice, such as mobile phone, laptop, broadband, newspapers, company car or car allowance, and parking. There are no specific restrictions on what other benefits may be agreed. Selected executives have some outstanding subsidized loans from a previous scheme, which was terminated in 2006.

1.4 Variable pay – short term incentive scheme
Senior executives participate in an annual bonus scheme linked to the achievement of both financial criteria and strategic and operational objectives. Annual bonus is limited to a maximum of six months' salary for the CEO and varies from three to six months' salary for other members of the Schibsted Executive Team.

1.5 Pension schemes
The CEO and most other senior executives in Schibsted have individual pension plans which mainly entitle them to disability pension, early retirement pension from the age of 62 and thereafter a lifelong retirement pension. As from 2012, the pension scheme for new executives in Norway is a defined contribution scheme in line with current market trends.

Most of the senior executives based in Sweden belong to pension schemes entitling them to benefits in line with those offered to Norwegian senior executives from the age of 62. The Board is of the opinion that the current schemes for senior executives based in Sweden are adapted to the market, and these schemes will continue without any major changes.

Pension schemes for senior executives outside Norway and Sweden must be viewed in connection with the individual manager's overall salary and employment conditions, and should be comparable to the overall compensation package offered to executives in Norway and Sweden. Local rules governing pension entitlement, social security entitlement and taxation are taken into account when designing individual pension plans.

1.6 Severance pay
The CEO is entitled to severance payment equivalent to 18 months' salary in addition to pay during the six-month notice period. Members of the Schibsted Executive Team and senior executives are normally entitled to severance pay equivalent to 6-18 months' salary, depending on their position. Competition restrictions and curtailments normally apply during the severance pay period.

2. Binding guidelines for share-based programs for the coming financial year, starting 1 January 2018

2.1. Long-term incentive schemes for executives
The objective of having long-term incentive schemes is to promote long-term value creation. By receiving a minor portion of the long-term value creation, the interests of the executives and the shareholders are aligned. Schibsted operates two share-based long-term incentive programs for executives since 2015: the Key Contributor Plan (KCP) and the Senior Executive Plan (SEP) both settled in Schibsted shares, as ownership of Schibsted shares encourages common goals and stimulates cooperation between the companies. SEP and KCP are oriented towards retention and designed to support a dynamic organization, with the share price development as an additional value driver for all participants.

The SEP is a five-year program applicable for the Group CEO and Schibsted Executive Team, while KCP is a three-year program applicable for selected key executives, managers in key subsidiaries, high potentials and key contributors across the Group. Executives need to show strong performance to stay eligible for the long-term incentive programs.

The Senior Executive Plan:
At the start of the SEP, each participant is granted a number of shares based on a certain percentage of their fixed salary and the share price at the start of the program. Group CEO can be granted maximum 100 percent of fixed salary, while the maximum grants for members of the Senior Executive Team vary between 50 to 84 percent of fixed salary. The Group Board determines the allocation to the CEO. The CEO determines other allocations within the program frameworks and in compliance with the Board's allocation guidelines.

The number of shares calculated at the start of the program vest in three equal tranches over a five-year period, subject to the participant's continuous employment in Schibsted. The first one-third of the shares vests at the start of the program, the second one-third vests after three years, and the final one-third after five years. As a main rule, all unvested shares will lapse upon the participant leaving a qualifying position. If the employment in Schibsted is terminated 3 years after grant date, Schibsted's CEO may in special occasions, such as early retirement, make discretionary exceptions and entitle a SEP participant to receive the last 1/3 of granted but unvested shares.

New members of the Schibsted Executive Team who already participate in a KCP program due to a previous role will continue their participation in that KCP program until completion of the three-year program period.

In 2015, the Board introduced share ownership guidelines for the CEO and Schibsted Executive Team. The CEO is expected to build up and maintain an interest in Schibsted shares with a value equal to at least four times the CEO's fixed salary. Other members of the Schibsted Executive Team are expected to build up and maintain an interest in Schibsted shares with a value equal to at least two times their fixed salary.

2.2 Share-saving program for all Group employees
To motivate and retain employees, all Group employees are invited to save up to 5 percent, but a maximum of NOK 50,000, annually of their base gross salary through payroll deductions in order to purchase shares in Schibsted. This program is also applicable for the CEO and Schibsted Executive Team. The shares are purchased on market terms four times a year, after the release of Schibsted's quarterly results. If still employed by the Group, participants receive one free bonus share from Schibsted per two shares purchased and held for two years.

3. Remuneration principles and implementation in the previous fiscal year ending 31 December 2016

The implementation of executive remuneration principles during 2016 have generally been in line with the described principles for the coming financial year under sections 1 and 2 above.

The Board resolved to increase the base salary of the CEO from 1 January 2016 to reflect that the CEO role has grown in character and responsibility during the extensive reorganization of and increased global focus in Schibsted. The adjustment was made after thorough external benchmarking and assessment of internal references and effects, conducted by the Compensation Committee.

Regarding share-based payment in 2016, the former three-year performance-based share programs were finally completed on 31 December 2016 and will be settled in shares according to the performance achieved.

4. Agreements entered into or amended in 2016 and their impact on the company and the shareholders

In 2016 Schibsted entered into agreements with selected executives regarding participation in the long-term share-based incentive programs SEP and KCP. The Board believes that share-based remuneration promotes value creation in the Group and that the impact these agreements have on the company and shareholders is positive.

Details of salary, variable pay and other benefits provided to Group management in 2016 (in NOK 1,000):

Members of Group management	Salary incl. holiday pay	Variable pay	LTI programme (earned 2016)	Other benefits	Accrued pension expenses	Loan outstanding
Rolv Erik Ryssdal	4,357	1,706	2,786	139	2,535	-
Trond Berger	2,879	1,029	1,627	238	1,494	800
Raoul Grünthal	3,338	1,075	1,320	57	1,002	-
Didrik Munch	3,006	942	1,734	209	1,676	-
Lena K. Samuelsson	2,302	578	957	23	646	-
Terje Seljeseth	3,163	1,244	1,727	195	1,428	-
Rian Liebenberg	4,108	1,823	1,271	62	308	-
Gianpaolo Santorsola	2,893	588	943	172	188	-
Sondre Gravir	2,508	1,227	1,432	376	799	-
Tina Stiegler	2,210	737	762	145	274	-

Loans to Group management have no instalments, and the interest rate is 1% lower than the government-set benchmark interest rate.
Cost details and valuation of share-based payment is disclosed in note 9.

The development in number of shares not-vested in share-based payment programs for the Group management in 2016 is as follows:

	Shares not-vested 1 January 2016	Shares granted	Adjustment shares granted	Shares vested	Shares not-vested 31 December 2016
Rolv Erik Ryssdal	16,687	8,184	1,549	(9,175)	17,245
Trond Berger	11,268	4,335	948	(5,683)	10,868
Raoul Grünthal	9,628	3,687	18	(4,277)	9,056
Didrik Munch	11,230	4,527	1,048	(5,308)	11,497
Lena K. Samuelsson	4,111	1,854	1,180	(2,494)	4,651
Terje Seljeseth	11,047	4,851	930	(5,772)	11,056
Rian Liebenberg	3,266	4,746	-	(1,582)	6,430
Gianpaolo Santorsola	12,679	4,788	463	(9,136)	8,794
Sondre Gravir	4,014	3,234	385	(2,485)	5,148
Tina Stiegler	2,022	2,964	8	(1,665)	3,329

Average share price for vested shares are in a range of NOK 223-231. Shares granted reflects shares granted for the 2016 programs. Adjustments shares granted mainly reflects changes to number of shares granted previous years as an effect of performance conditions in programs where such conditions apply.

Details of salary, variable pay and other benefits provided to Group management in 2015 (in NOK 1,000):

Members of Group management	Salary incl. holiday pay	Variable pay	LTI programme (earned 2015)	Other benefits	Accrued pension expenses	Loan outstanding
Rolv Erik Ryssdal	3,428	1,285	4,285	133	2,351	
Trond Berger	2,796	938	2,865	214	1,650	800
Raoul Grünthal	3,426	778	3,013	-	993	-
Didrik Munch	2,916	980	2,880	186	1,735	-
Lena K. Samuelsson	2,396	420	1,897	-	640	-
Terje Seljeseth	2,750	1,198	2,816	177	3,011	-
Rian Liebenberg	2,288	865	1,211	2	172	-
Gianpaolo Santorsola	2,286	489	2,494	422	147	-
Sondre Gravir	2,168	385	1,157	155	870	-
Tina Stiegler	1,944	213	328	127	216	-
Frode Eilertsen	2,478	830	2,562	14	286	-
Christian Printzell Halvorsen	2,797	545	1,075	344	1,613	-
Camilla Jarlsby	1,649	444	971	183	1,113	-

Loans to Group management have no instalments, and the interest rate is 1% lower than the government-set benchmark interest rate.
Camilla Jarlsby resigned from the Group management 31 October 2015. Frode Eilertsen and Christian Printzell Halvorsen resigned from the Group management 24 November 2016. Gianpaolo Santorsola, Sondre Gravir and Tina Stiegler joined the Group management 24 November 2015. Rian Liebenberg joined the Group management 16 June 2015. For members of Group management who either resigned or joined in the year, total remuneration includes all salary and other benefits received from the Group. Cost details and valuation of share-based payment is disclosed in note 9.

The development in number of shares not-vested in share-based payment programs for the Group management in 2015 is as follows:

	Shares not-vested 1 January 2015	Shares granted	Adjustment shares granted	Shares vested	Shares not-vested 31 December 2015
Rolv Erik Ryssdal	21,378	7,242	(2,365)	(9,568)	16,687
Trond Berger	14,412	4,896	(1,592)	(6,448)	11,268
Raoul Grünthal	11,802	4,239	(1,354)	(5,059)	9,628
Didrik Munch	13,428	5,112	(1,434)	(5,876)	11,230
Lena K. Samuelsson	5,308	2,169	(395)	(2,971)	4,111
Terje Seljeseth	14,130	4,800	(1,561)	(6,322)	11,047
Rian Liebenberg	-	4,899	-	(1,633)	3,266
Gianpaolo Santorsola *	14,145	8,244	-	(9,710)	12,679
Sondre Gravir *	2,805	4,377	(278)	(2,890)	4,014
Tina Stiegler *	1,868	831	(677)	-	2,022
Frode Eilertsen	8,392	4,434	(1,364)	(1,478)	9,984
Christian Printzell Halvorsen	6,330	6,020	(550)	(4,067)	7,733
Camilla Jarlsby	10,164	1,167	(1,139)	(4,467)	5,725

* Part of the Executive Team from November 2015. Shares granted in 2015 refers to the KCP. These shares are also covered by the share ownership guidelines for the Senior Executive Team.

Remuneration to the Board of Directors in 2016 (in NOK 1,000):

Members of the Board and Committees:	Board remuneration*	Commitee remuneration	Board remuneration from other Group companies	Total remuneration
Ole Jacob Sunde, chairman of the Board and the Compensation Committee	800	93	-	893
Eva Berneke, member of the Board and the Audit Committee until 11 May 2016*	425	88	-	513
Tanya Cordrey, member of the Board and member of the Audit Committee from 11 May 2016*	475	-	-	475
Arnaud de Puyfontaine, member of the Board and the Audit Committee*	475	88	-	563
Christian Ringnes, member of the Board and chairman of the Audit Committee	375	137	-	512
Birger Steen, member of the Board and member of the Audit Committee from 3 November 2016*	475	-	-	475
Eugénie van Wiechen, member of the Board and member of the Compensation Committee*	475	62	-	537
Marianne Budnik, member of the Board from 11 May 2016	-	-	-	-
Torbjörn Harald Ek, employee representative of the Board from 11 May 2016*	-	-	-	-
Finn Våga, employee representative of the Board and member of the Compensation Committee*	425	62	-	487
Ingunn Saltbones, employee representative of the Board	375	-	-	375
Jonas Fröberg, employee representative of the Board until 11 May 2016*	425	-	-	425
Frank Lynum, deputy employee representative of the Board	-	-	75	75
Louise Andrea Meiton, deputy employee representative of the Board from 11 May 2016	-	-	-	-
Total	**4,725**	**530**	**75**	**5,330**

** Board remunerations include compensation for travelling hours for directors who do not live in Oslo.*

Remuneration of the Nomination Committee
Remuneration to the Chairman of the Nomination Committee was NOK 16,000 per meeting and NOK 11,000 to the other members of the committee.

NOTE 9: SHARE-BASED PAYMENT

Long–term incentive programmes (LTI programmes)

In 2010, Schibsted introduced an annual rolling three-year performance-based share programme (LTI programme) for key managers in the Group. The programme was expanded in 2012 to include Online classified companies and management groups. The schemes still active included a total of 100 participants in the 2013 programme and 119 participants in the 2014 programme. In 2015, the LTI programme was replaced by the Key Contributor Plan (KCP) and the Senior Executive Plan (SEP). The LTI programmes started before 2015 will run until the end of the original LTI programme period. The 2015 programmes includes 128 participants. The 2016 programmes includes 117 participants.

	2016	2015
Share-based payment (included in personnel expenses)	**79**	**95**
Of which is equity-settled	42	55
Of which is cash-settled	37	40
Liabilities arising from share-based payment transactions	70	69

LTI 2013-2014
The LTI programmes provide settlement in Schibsted shares, mainly based on the performance and target achievement of the participant's employer company. The LTI Programmes are divided into four participant levels. Level 1 is for the Group CEO, Level 2 is for members of the Senior Executive Team. Level 3 and Level 4 are for selected key managers in the Group and managers/management groups in key subsidiaries. Level 3 relates to the media house business while Level 4 relates to Online classifieds (Level 1, 2 and 3 participants are included in the LTI-1 programme, whereas Level 4 participants are included in the LTI-2 programme).

The participants at each level are given a defined basic amount, calculated as a percentage of their fixed salary. At the start of the programme, between 11 and 33 percent of the base amount ("share purchase amount") is awarded in the form of Schibsted shares and is subject to a lock-in period until the programme expires (three years). If a Level 1 or Level 2 participant leaves the Group during the lock-in period, shares that were bought for the share purchase amount must be handed back. No corresponding restriction applies to Level 3 and Level 4 participants.

The remaining 67-89 percent of the base amount ("performance amount") is linked to three-year performance achievements and settled in Schibsted shares. The number of shares is calculated based on the average price during the programmes' three-year period. Level 1, 2 and 3 participants receive the full performance amount after each programmes' three-year period. Level 4 participants receive one third of the performance amount after each program's three-year period, and the remaining two thirds one year thereafter. The maximum settlement amount in each programme will depend on target achievement during the period. If the minimum target is not reached during the three-year period, no performance amount will be paid at the end of the three-year program.

Key Contributor Plan and Senior Executive Plan
The SEP is a five-year program applicable for the Group CEO and Schibsted Executive Team, while KCP is a three-year program applicable for managers in key subsidiaries, high potentials and key contributors across the Group. All participants need to show strong performance to stay eligible for the long-term incentive programs.

At the start of the program, each participant is granted a number of shares based on a certain percentage of their fixed salary and the share price at the start of the program. Group CEO can be granted maximum 100 percent of fixed salary, while the maximum grants for members of the Senior Executive Team vary between 50 to 84 percent of fixed salary. Grant to participants in the KCP range from 10 percent to 50 percent of fixed salary depending on role and position.

In the SEP, the number of shares calculated at the start of the program vest in three equal tranches over a five-year period, subject to the participant's continuous employment in Schibsted. The first one-third of the shares vests at the start of the program, the second one-third vests after three years, and the final one-third after five years. In the KCP the number of shares calculated at the start of the program vest in three equal tranches over a three year period, subject to the participant's continuous employment in Schibsted. The first one third of the shares vests after one year, the second one third vests after two years, and the final one third after three years.

If the employment in Schibsted is terminated three years after grant date, Schibsted's CEO may in special occasions, such as early retirement, make discretionary exceptions and entitle a SEP participant to receive the last 1/3 of granted, but unvested shares.

The CEO is expected to build up and maintain an interest in Schibsted shares with a value equal to at least four times the CEO's fixed salary. Other members of the Schibsted Executive Team are expected to build up and maintain an interest in Schibsted shares with a value equal to at least two times their fixed salary. No corresponding restrictions apply for KCP participants.

Long-term incentive programme expenses

Upon payment of the share amount and performance amount, Schibsted is responsible for tax deduction on behalf of the participant so that only the net amount after tax is paid in Schibsted shares. The programme is therefore treated partly as a share-based payment transactions settled in cash (tax) and partly as share-based payment transactions settled in equity (net payment in form of shares). The expense related to the portion that is recognised as a share-based payment transaction settled in equity is recognised in equity, while the expense related to the portion that is treated as a share-based payment transaction settled in cash is recognised as a liability.

The expense and the increase in equity or liability are recognised over the vesting period of 3, 4 or 5 years for the parts of the total compensation that contains a service condition throughout the three, four or five-year period. This applies to the performance amount (relating to LTI 2012-2014) and the part of share amount for level 1 and 2 that is recognised as a share-based payment transactions settled in equity. The remaining expense and increase in equity or liability are recognised immediately upon the start of the programme.

Performance amounts will vary based on the degree of achievement of the performance criteria. Expenses to be recognised over the vesting period are estimated at the end of each reporting period based on the estimated fair value of the liability for transactions that are settled in cash and based on the number of equity instruments that are expected to vest for transactions settled in equity.

Number of shares in the LTI, SEP and KCP programmes:	2016	2015
Number of shares granted, not-vested at 1 January	329,921	386,340
Number of shares granted	160,948	176,286
Number of shares forfeited	(25,560)	(9,014)
Number of shares vested during the period	(153,986)	(223,691)
Number of shares not-vested at 31 December	**311,323**	**329,921**
Average share price at vesting date (NOK per share)	229	259
Average share price at grant date (NOK per share)	274	258

Number of granted shares include granted shares and adjustment of performance.

The fair value of shares granted in 2015 and 2016 is measured at grant date by adjusting the quoted price by expected dividend yield.

Share-saving program for all Group employees

To motivate and retain employees, all Group employees are invited to save up to 5 percent, but a maximum of NOK 50,000, annually of their base gross salary through payroll deductions in order to purchase shares in Schibsted. The shares are purchased on market terms four times a year, after the release of Schibsted's quarterly results. If still employed by the Group, participants receive one free bonus share from Schibsted per two shares purchased and held for two years.

NOTE 10: FINANCIAL ITEMS

Financial income and expenses consists of:	2016	2015
Interest income	15	41
Net foreign exchange gain	64	-
Gain on sale of financial assets available for sale	41	12
Other financial income	5	4
Total financial income	**125**	**57**
Interest expenses	(88)	(138)
Net foreign exchange loss	-	(80)
Impairment loss financial assets	-	(12)
Impairment loss financial assets available for sale	-	(2)
Loss on sale of financial assets available for sale	-	(1)
Other financial expenses	(16)	(19)
Total financial expenses	**(104)**	**(252)**
Net financial items	**21**	**(195)**

Net foreign exchange gain (loss) consists of:	2016	2015
Net foreign exchange gain (loss) currency derivatives	124	(111)
Net foreign exchange gain (loss) other financial instruments	(60)	31
Net foreign exchange gain (loss)	**64**	**(80)**

Schibsted hedges the majority of its currency exposure by using loans and derivatives, see note 23 Financial risk management. Net foreign exchange gain (loss) in both 2016 and 2015 are largely related to currency effects in the Group's businesses in Latin America.

Interest expenses includes NOK 34 million (NOK 36 million in 2015) related to pension liabilities, see note 20 Pension plans.

Financial income and financial expenses include the following amounts of interest income and interest expenses related to financial assets and liabilities that are not included in the category Financial assets or financial liabilities at fair value through profit or loss:

	2016	2015
Interest income	15	19
Interest expenses	(93)	(149)

NOTE 11: INCOME TAXES

The Group's income tax expense comprises the following:	2016	2015
Current income taxes	714	561
Deferred income taxes	(2)	138
Taxes	**712**	**699**
Of which recognised in profit or loss	699	575
Of which recognised in other comprehensive income	13	130
Of which recognised in equity	-	(6)

The Group's effective tax rate differs from the nominal tax rates in countries where the Group has operations. The relationship between tax expense and accounting profit (loss) before taxes is as follows:

	2016	2015
Profit (loss) before taxes	**1,258**	**1,966**
Estimated tax expense based on nominal tax rate in Norway	315	531
Tax effect share of profit (loss) of joint ventures and associates	43	(14)
Tax effect impairment loss goodwill	5	116
Tax effect gain from remeasurement on equity interests in business combinations	-	(232)
Tax effect other permanent differences	25	(65)
Change in unrecognised deferred tax assets	192	166
Effect of tax rate differentials abroad	111	45
Effect of changes in tax rates	8	28
Taxes recognised in profit or loss	**699**	**575**

Permanent differences include, in addition to non-deductible operating expenses, tax-free dividends and gains (losses) on sale of shares as well as non-deductible impairment losses related to shares. Gain (loss) on sale of subsidiaries, joint ventures and associated companies are recognised in Other income and expenses, while gain (loss) on sale and impairment losses of financial assets available for sale are recognised in Financial income and Financial expenses.

The Group's net deferred tax liabilities (assets) are made up as follows:	2016	2015
Current items	(22)	(57)
Pension liabilities	(306)	(333)
Other non-current items	1,092	1,177
Unused tax losses	(1,091)	(824)
Calculated net deferred tax liabilities (assets)	**(327)**	**(37)**
Unrecognised deferred tax assets	917	635
Net deferred tax liabilities (assets) recognised	**590**	**598**
Of which deferred tax liabilities	750	842
Of which deferred tax assets	(160)	(244)

The Group's unused tax losses are mainly related to operations in Mexico, Austria and Italy as well as other countries in which Schibsted Classified Media has established online classified operations. The majority of the tax losses can be carried forward for an unlimited period. Approximately 30% of the unused tax losses expire in the period until 2025.

The development in the recognised net deferred tax liabilities (assets)	2016	2015
As at 1 January	598	347
Change included in tax expenses	(2)	138
Change from purchase and sale of subsidiaries	36	99
Reclassified to / from current income taxes	-	(24)
Translation differences	(42)	38
As at 31 December	**590**	**598**

Deferred tax assets are recognised when it is likely that the benefit can be realised through expected future taxable profits. The Group's deferred tax assets recognised are mainly related to operations in Norway and Spain. The Group's unrecognised deferred tax assets are mainly related to foreign operations with recent tax losses where future taxable profits may not be available before unused tax losses expire.

Deferred tax liabilities and assets are offset for liabilities and assets in companies which are included in local tax groups.

NOTE 12: EARNINGS PER SHARE

	2016	2015
Weighted average number of shares outstanding *	226,064,437	218,135,315
Effects of dilution	250,189	340,779
Weighted average number of shares outstanding - diluted	**226,314,626**	**218,476,094**
Profit (loss) attributable to owners of the parent	465	1,263
Earnings per share (NOK)	2.05	5.79
Diluted earnings per share (NOK)	2.05	5.78

Calculation of adjusted earnings per share	2016	2015
Profit (loss) attributable to owners of the parent	465	1,263
Other income and expenses	114	(1,079)
Impairment loss	80	488
Tax and non-controlling effect of Other income and expenses and Impairment loss	(49)	19
Profit (loss) attributable to owners of the parent - adjusted	**610**	**691**
Earnings per share - adjusted (NOK)	2.70	3.17
Diluted earnings per share - adjusted (NOK)	2.69	3.16

** Weighted average number of shares outstanding in 2015 is calculated as if shares issued in the share split on 1 June 2015 (see note 26 Number of shares) were outstanding from 1 January 2015, to give comparable information on Earnings per share.*

NOTE 13: OTHER INCOME AND EXPENSES

	2016	2015
Restructuring costs	(189)	(141)
Gain on sale of subsidiaries, joint ventures and associates	40	443
Loss on sale of subsidiaries, joint ventures and associates	(1)	(21)
Gain on sale of intangible assets, property, plant and equipment and investment property	-	3
Gain on amendment of pension plans (note 20)	57	-
Gain from remeasurement on equity interests in business combinations	-	858
Acquisition-related costs	(19)	(34)
Other	(2)	(29)
Total	**(114)**	**1,079**

2016

Restructuring costs are mainly related to structural measures in Media House Norway and Media House Sweden, in total amounting to NOK 135 million.

Gain on sale of subsidiaries, joint ventures and associates includes a gain of NOK 24 million from the sale of the joint venture 20 Minutes France S.A.S. See note 4 Changes in the composition of the Group.

Gain on amendment of pension plans is partly related to new legislation in Norway regarding disability pension covered by the employer. Further the gain relates to amendments to pension plans implying that benefits previously accounted for as defined benefit plans are being accounted for as defined contribution plans.

Acquisition-related costs are mainly related to the attempt to acquire Hemnet Sverige AB and the acquisition of MB Diffusion.

2015

Restructuring costs are mainly related to staff reductions and exit from rental agreements in SCM Spain, Media House Norway and Media House Sweden.

Gain and loss on sale of subsidiaries, joint ventures and associates include gains and losses on sale of online classified operations in Romania and Switzerland, sale of Aspiro AB, and sale of other businesses. For further explanation, see note 4 Changes in the composition of the Group.

Business combinations accounted for as step acquisitions are related to increased ownership interests in Le Rouge AB and Finderly GmbH. The total gain from remeasurement of previously held equity interests is NOK 858 million.

Acquisition-related costs are mainly related to the establishment of partnerships in Brazil, Indonesia, Thailand and Bangladesh, as well as the acquisition of Hemnet Sverige AB.

Other consists of remeasurement of contingent considerations related to previous acquisitions of ownership interests in subsidiaries and joint ventures, and a change in provision related to refocusing of the online classifieds operations in France.

NOTE 14: INTANGIBLE ASSETS

Development in net carrying amount in 2016	**Goodwill**	**Trademarks, indefinite**	**Trademarks, definite**	**Software and licenses**	**Customer relations**	**Total**
As at 1 January 2016	10,322	3,282	18	593	77	14,292
Additions	-	-	-	520	-	520
Acquired through business combinations	324	33	-	35	54	446
Disposals	-	-	-	(16)	-	(16)
Reclassification	-	(2)	-	19	(1)	16
Amortisation	-	-	(8)	(264)	(20)	(292)
Impairment loss	(17)	-	-	(21)	-	(38)
Translation differences	(607)	(157)	-	(61)	(3)	(828)
As at 31 December 2016	**10,022**	**3,156**	**10**	**805**	**107**	**14,100**
Of which accumulated cost	12,173	3,165	236	2,284	240	18,098
Of which accumulated depreciation and impairment loss	(2,151)	(9)	(226)	(1,479)	(133)	(3,998)

Development in net carrying amount in 2015	**Goodwill**	**Trademarks, indefinite**	**Trademarks, definite**	**Software and licenses**	**Customer relations**	**Total**
As at 1 January 2015	8,234	3,163	40	412	57	11,906
Additions	, -	-	1	299	-	300
Acquired through business combinations	1,808	328	2	88	44	2,270
Disposals	-	-	-	(8)	-	(8)
Disposals on sale of businesses	(225)	(6)	-	(15)	-	(246)
Reclassification	396	(389)	-	(9)	-	(2)
Amortisation	-	-	(26)	(194)	(31)	(251)
Impairment loss	(430)	-	-	(17)	-	(447)
Translation differences	539	186	1	37	7	770
As at 31 December 2015	**10,322**	**3,282**	**18**	**593**	**77**	**14,292**
Of which accumulated cost	12,639	3,292	245	1,856	201	18,233
Of which accumulated depreciation and impairment loss	(2,317)	(10)	(227)	(1,263)	(124)	(3,941)

Additions in Software and licenses mainly consists of internally developed intangible assets.

Trademarks with an indefinite expected useful life have been acquired through acquisitions and are expected to generate cash flows over an indefinite period of time.

Schibsted has a clear goal of building a foundation for future growth by establishing in new markets. This is done to a large extent within Online classifieds through establishing operations that are primarily based on the successful Swedish Blocket.se concept.

For operations successfully established; technology, trademarks and goodwill that may have a significant value, will have been developed through the expenditure incurred. Such expenditure do not meet the requirements for recognition as intangible assets during the establishment phase, and all the expenditure related to such roll-outs, mainly marketing expenditure, are thus recognised as an expense when it is incurred. Such investments reduced Gross operating profit by NOK 773 million in 2016 and NOK 544 million in 2015.

Goodwill and trademarks with indefinite expected useful life specified on cash-generating units	Operating segment	GOODWILL		TRADEMARKS, INDEFINITE	
		2016	**2015**	**2016**	**2015**
Online classifieds operations France	Online classifieds International	3,242	3,100	855	873
Online classifieds operations Spain	Online classifieds International	2,757	2,917	123	130
Online classifieds operations Spain, Italy and Mexico	Online classifieds International	-	-	1,171	1,240
Blocket.se	Online classifieds Sweden	629	674	-	-
Finn.no Group	Online classifieds Norway	487	487	-	-
Online classifieds operations Ireland	Online classifieds International	340	359	146	155
Online classifieds operations France, Italy, Austria, Germany and UK	Online classifieds International	495	524	208	215
Subscription-based newspapers Norway	Media House Norway	221	213	438	438
Other CGUs		1,851	2,048	215	231
Total		**10,022**	**10,322**	**3,156**	**3,282**

There are no changes in allocation of assets to cash generating units from previous years. Presentation in table above has been changed from 2015 to reflect internal reporting.

Goodwill and other intangible assets recognised as a result of the acquisition of Finderly GmbH is allocated to the groups of cash generating units expected to benefit from the synergies of the business combination. The allocation to individual groups of cash generating units has been finalised in 2016.

Impairment testing / Impairment assessments
Schibsted recognised impairment losses related to goodwill of NOK 17 million in 2016. The impairment losses were related to operations being closed down. In 2015, Schibsted recognised impairment losses related to goodwill of NOK 430 million, of which NOK 428 million was related to Norwegian subscription-based newspapers.

The carrying amounts of goodwill and other intangible assets with indefinite useful lives are disclosed above. Recoverable amounts of cash generating units are estimated based on value in use. Discount rates applied takes into consideration the risk-free interest rate and risk premium for the relevant country as well as any business specific risks not reflected in estimated cash flows. Expected sustained growth reflects expected growth for the relevant market.

In estimating cash flows used in calculating value in use, consideration is given to the competitive situation, current developments in revenues and margins, trends and macroeconomic expectations for the relevant area of operations. The media houses in Norway and Sweden are experiencing pressure on profits and cash flows from the structural changes in media consumption while online classifieds operations experience good growth.

For the online classifieds operations in France and Spain, recoverable amount is significantly higher than the carrying amount. The cash-generating unit being most exposed to impairment is the Norwegian subscription-based newspapers. The structural digital shift is continuing and Schibsted remains focused on digital product development combined with cost adaptions aiming at producing healthy cash flows and operating margins.

Value in use of the Norwegian subscription-based newspapers is calculated using a pre-tax discount rate of 9.9% and a sustained growth of 0% in 2016. In 2015 pre-tax discount rate of 10,3% and sustained growth of 0% was used . Changes in significant assumptions would have increased (decreased) recoverable amount (NOK million) of those operations as at 31 December 2016 as follows:

Pre-tax discount rate	+1%	(86)
	(1%)	106
Sustained growth year 6 and forward	+1%	76
	(1%)	(62)

An increase in pre-tax discount rate of one percentage point would have resulted in an impairment loss of NOK 21 million having to be recognised. A decrease in sustained growth of one percentage point would not have resulted in any impairment loss having to be recognised. The recoverable amount is also significantly affected by assumptions used for future cash flows which are uncertain. The estimated future cash flows may decrease by approximately 8% compared to the estimates actually used before any impairment loss would have to be recognised.

For other cash generating units, pre-tax discount rates are determined by country and are in the range between 8.5% and 15.0%. Sustained growth is determined by cash generating unit and does not exceed 3%.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Development in net carrying amount in 2016	Buildings and land	Investment properties	Plant and machinery	Equipment, furniture and similar assets	Total
As at 1 January 2016	227	67	282	561	1,137
Additions	4	-	13	161	178
Acquisition of businesses	-	-	-	2	2
Disposals	-	-	-	(4)	(4)
Reclassification	-	-	-	(16)	(16)
Depreciation	(14)	-	(66)	(157)	(237)
Impairment loss	-	-	(28)	(1)	(29)
Translation differences	-	-	-	(12)	(12)
As at 31 December 2016	**217**	**67**	**201**	**534**	**1,019**
Of which accumulated cost	434	68	1,972	1,176	3,650
Of which accumulated depreciation and impairment loss	(217)	(1)	(1,771)	(642)	(2,631)

Development in net carrying amount in 2015	Buildings and land	Investment properties	Plant and machinery	Equipment, furniture and similar assets	Total
As at 1 January 2015	247	67	351	622	1,287
Additions	5	-	20	135	160
Acquisition of businesses	1	-	-	2	3
Disposals	(13)	-	(10)	(29)	(52)
Disposals on sale of businesses	-	-	-	(2)	(2)
Reclassification	-	-	-	2	2
Depreciation	(13)	-	(71)	(163)	(247)
Impairment loss	-	-	(8)	(19)	(27)
Translation differences	-	-	-	13	13
As at 31 December 2015	**227**	**67**	**282**	**561**	**1,137**
Of which accumulated cost	429	68	1,959	1,344	3,800
Of which accumulated depreciation and impairment loss	(202)	(1)	(1,677)	(783)	(2,663)

Investment properties

Schibsted has two properties classified as investment properties at year-end 2016. The properties are one separable unused property reserve in Stavanger (Norway) with a carrying amount of NOK 63 million and one commercial building in Farsund (Norway) with a book value of NOK 4 million. Fair values as at 31 December 2016 are not expected to deviate significantly from the carrying amount.

NOTE 16: INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	2016			2015		
Development in net carrying amount in 2016	**Joint ventures**	**Associates**	**Total**	**Joint ventures**	**Associates**	**Total**
As at 1 January 2016	431	498	929	(17)	455	438
Additions	118	58	176	675	177	852
Disposals	(46)	(12)	(58)	(100)	(22)	(122)
Transition from (to) subsidiaries	-	(4)	(4)	(340)	-	(340)
Transition from (to) joint ventures and associates	-	-	-	35	(35)	-
Share of profit (loss)	(62)	(109)	(171)	158	(106)	52
Share of other comprehensive income	-	6	6	-	5	5
Increase from dividend received from subsidiary (reciprocal interests)	-	11	11	-	15	15
Gain (note 4)	24	14	38	124	25	149
Impairment loss	-	(13)	(13)	-	7	7
Dividends received	-	(28)	(28)	-	(27)	(27)
Share of transactions with the owners of joint ventures and associates	-	-	-	7	-	7
Translation differences	72	(11)	61	(115)	5	(110)
Other changes	-	-	-	4	(1)	3
As at 31 December 2016	**537**	**410**	**947**	**431**	**498**	**929**
Of which presented in Investments in joint ventures and associates	537	417	954	431	498	929
Of which presented in Other current liabilities	-	(7)	(7)	-	-	-

Additions mainly comprise capital contributions to loss-making joint ventures and associates.

		2016			2015		
The carrying amount of investments in joint ventures and associates comprises the following investments:	**Country of incorporation**	**Interest held**	**Joint ventures**	**Associates**	**Interest held**	**Joint ventures**	**Associates**
SnT Classifieds ANS	Norway	50.00 %	508	-	50.00 %	390	-
20 Minutes France S.A.S	France	-	-	-	50.00 %	30	-
Willhaben Internet Service GmbH	Austria	50.00 %	23	-	50.00 %	5	-
Polaris Media ASA	Norway	28.97 %	-	198	28.97 %	-	224
Younited SA (previously Prêt d'Union SA)	France	13.72 %	-	59	13.77 %	-	66
TT Nyhetsbyrån AB	Sweden	33.67 %	-	47	33.37 %	-	46
Norsk Telegrambyrå AS	Norway	29.45 %	-	41	29.45 %	-	20
701 Search Pte Ltd	Singapore	33.33 %	-	19	33.33 %	-	56
702 Search BV	Netherlands	33.33 %	-	9	33.33 %	-	25
Other			6	37		6	61
Carrying amount as at 31 December 2016			**537**	**410**		**431**	**498**

If the company mentioned is the parent company of a group, the figures presented are for the consolidated group.
For more details on acquisitions and divestments of joint ventures and associates, see note 4 Changes in the composition of the group and note 5 Business combinations.

Description of the business of the joint ventures and associates:

SnT Classifieds ANS	Operates online classified sites in Brazil (olx.com.br), Chile (Yapo.cl) and Bangladesh (ekhanei.com)
20 Minutes France S.A.S	Published a free newspaper in France
Willhaben Internet Service GmbH	Operates online classified sites in Austria (willhaben.at, car4you.at, and autopro24.at)
Polaris Media ASA	A Norwegian media group that operates local and regional media houses
Younited SA (previously Prêt d'Union SA)	Operates peer-to-peer lending marketplaces in France and Italy (younited-credit.com and younited-credit.it)
TT Nyhetsbyrån AB	A Swedish news agency
Norsk Telegrambyrå AS	A Norwegian news agency
701 Search Pte Ltd	Operates online classfied sites in Malaysia (mudah.my) and Vietnam (chotot.vn)
702 Search BV	Operates an online classified site in Thailand (kaidee.com)

The following table sets forth summarised financial information for material joint ventures as at 31 December:	2016 SnT	2016 Other	2016 Total	2015 SnT	2015 Finderly	2015 Other	2015 Total
Interest held as at 31 December 2016	50.00%			50.00%			
Income statement and statement of comprehensive income:							
Operating revenues	36			17	4		
Depreciation and amortisation	(1)			(1)	-		
Interest income	-			-	-		
Interest expense	-			-	-		
Taxes	(1)			1	-		
Profit (loss)	(178)			572	(131)		
Profit (loss) attributable to non-controlling interests	(18)			(30)	-		
Profit (loss) attributable to owners of the parent	(160)			602	(131)		
Other comprehensive income attributable to owners of the parent	-			-	-		
Total comprehensive income attributable to owners of the parent	(160)			602	(131)		
Share of Profit (loss)	**(80)**	**18**	**(62)**	**301**	**(107)**	**(36)**	**158**
Share of other comprehensive income	-	-	-	-	-	-	-
Share of total comprehensive income	**(80)**	**18**	**(62)**	**301**	**(107)**	**(36)**	**158**
Dividends received	-	-	-	-	-	-	-
Balance sheet:							
Non-current assets	890			676			
Other current assets	9			35			
Cash and cash equivalents	72			88			
Non-controlling interests	(23)			(43)			
Non-current financial liabilities (excluding trade and other payables)	-			(5)			
Other non-current liabilities	(3)			-			
Current financial liabilities (excluding trade and other payables)	-			(37)			
Other current liabilities	(17)			(23)			
Net assets	**928**			**691**			
Share of net assets	464			345			
Goodwill	44			45			
Carrying amount as at 31 December 2016	**508**	**29**	**537**	**390**	**-**	**41**	**431**
Fair value (if there is a quoted market)	n/a			n/a	n/a		

The SnT figures presented are for the consolidated SnT group. Other includes all individually immaterial joint ventures.

The following table sets forth summarised financial information for material associates as at 31 December:	2016 Polaris Media	2016 Other	2016 Total	2015 Polaris Media	2015 Other	2015 Total
Interest held as at 31 December 2016	28.97%			28.97%		
Income statement and statement of comprehensive income:						
Operating revenues	1,521			1,624		
Profit (loss)	(74)			19		
Profit (loss) attributable to non-controlling interests	1			3		
Profit (loss) attributable to owners of the parent	(75)			16		
Other comprehensive income attributable to owners of the parent	12			19		
Total comprehensive income attributable to owners of the parent	(63)			35		
Share of Profit or loss	**(22)**	**(87)**	**(109)**	**5**	**(111)**	**(106)**
Share of other comprehensive income	3	3	6	6	(1)	5
Share of total comprehensive income	**(19)**	**(84)**	**(103)**	**11**	**(112)**	**(101)**
Dividends received	(18)	(10)	(28)	(14)	(13)	(27)
Balance sheet:						
Non-current assets	1,068			1,137		
Current assets	352			366		
Non-controlling interests	(34)			(33)		
Non-current liabilities	(477)			(495)		
Current liabilities	(441)			(415)		
Net assets	**468**			**560**		
Share of net assets	136			162		
Goodwill	62			62		
Carrying amount as at 31 December 2016	**198**	**211**	**410**	**224**	**274**	**498**
Fair value (if there is a quoted market)	194			271		

The Polaris Media figures presented are for the consolidated Polaris Media group. Other includes all individually immaterial associates.

NOTE 17: OTHER NON-CURRENT AND CURRENT ASSETS

	NON-CURRENT 2016	NON-CURRENT 2015	CURRENT 2016	CURRENT 2015
Trade receivables, net (note 18)	-	-	1,771	1,801
Prepaid expenses and accrued revenue	19	5	481	459
Income tax receivables	-	-	89	95
Loans to joint ventures and associates	10	26	19	16
Other shares	11	17	-	-
Financial derivatives (note 25)	33	-	42	-
Other receivables (note 22)	119	133	302	557
Total	**193**	**181**	**2,704**	**2,928**

Other receivables includes SEK 38 million (reduced from SEK 291 million in 2015) of current receivables related to received claims from the Swedish tax authorities for repayment of value added tax for previous years, where Schibsted expects to be able to have similar amounts refunded from the supplier of printing services. A similar amount is recognised as current liabilities, see note 22 Other non-current and current liabilities.

NOTE 18: TRADE RECEIVABLES

	2016	2015
Trade receivables	1,828	1,873
Less provision for impairment of trade receivables	(57)	(72)
Trade receivables (net)	**1,771**	**1,801**

The maximum exposure to credit risk at the reporting date for trade receivables is the carrying value of the receivables. In some group entities credit insurance and other agreements are obtained. Carrying value of trade receivables with security is NOK 87 million as at year-end 2016.

There is no significant changes to provision for impairment of trade receivables.

The aging of the past due, not impaired trade receivables:	2016	2015
Up to 45 days	329	375
More than 45 days	215	160
Total	**544**	**535**

These receivables relate to a number of independent customers in different locations.

NOTE 19: CASH AND CASH EQUIVALENTS

The carrying amounts of the Group's cash and cash equivalents by currency:	2016	2015
NOK	327	1,425
SEK	170	79
EUR	727	307
Other	44	80
Total	1,268	1,891

The line item cash and cash equivalents comprise solely of cash at banks and on hand.

NOTE 20: PENSION PLANS

Schibsted has occupational pension plans in several countries established partly as defined benefit plans (in Norway), partly as multi-employer defined benefit plans accounted for as defined contribution plans (in Norway and Sweden) and partly as defined contribution plans (in Norway, Sweden and other countries).

Schibsted has its occupational pension plans for its employees in Norwegian companies with Storebrand Livsforsikring AS. These pension plans meet the requirements of the Act on Mandatory occupational pensions applicable to Norwegian companies. A significant part of the existing funded defined benefit plans are closed.

The terms of the funded defined benefit plans are mainly uniform. The benefits are mainly dependent upon number of years of employment, salary level at retirement age and the amount of benefits from the National Insurance pension. The majority of the funded defined benefit plans comprise retirement pension for life from 67 years and full retirement pension amounts to approximately 66% of the basis (limited to 12G (the social security base amount)) including assumed pension from the National Insurance pension (based on calculated National Insurance pension). Some of the plans include spouse pension, child pension and disability pension.

As at 31 December 2016 the funded defined benefit plans in Norway covered approximately 1,450 working members and approximately 1,760 retirees. Estimated contributions in 2017 to the above mentioned funded defined benefit plans amount to approximately NOK 90 million. Future contributions will be dependent on the accumulation period for each member's pension rights according to the principle of linear accumulation.

The terms related to contributions to defined contribution plans in Norway are mainly uniform, and for most companies the contribution in 2016 amounts to 5% of salaries within the interval from 1G to 6G and 8% in the interval from 6G to 12G. The plans include disability pension.

In addition to the pension obligations that arises from the funded defined benefit plans, the Group's Norwegian companies have unfunded defined benefit obligations related to disability pensions (if not covered by other pension plans or insurances), supplementary pensions for salaries above 12G, Agreement-based pension (AFP) and early retirement pensions.

The Swedish pension plans are partly defined contribution plans and partly defined benefit plans. In defined contribution plans, the employer's contribution is 4.5% to 30% of salaries depending on salary level. For defined benefit plans, full retirement pension amounts to 10% to 65% of salary depending on salary level.

The Group has certain pension schemes in Norway and Sweden established in multi-employer plans. These multi-employer plans are defined benefit plans, but the Group does not have access to the necessary information for the accounting years 2016 and 2015 required to account for these plans as defined benefit plans, and the plans are therefore accounted for as defined contribution plans.

The Group's companies outside Norway and Sweden have pension plans, mainly defined contribution plans, in accordance with local practice and local legislation.

The amounts recognised in profit or loss and in comprehensive income:	2016	2015
Current service cost	125	155
Past service cost and gains and losses arising from settlements (note 13)	(106)	(16)
Net interest on the net defined benefit liability (asset)	34	36
Remeasurements of the net defined benefit liability	15	(563)
Net pension expense defined benefit plans	**68**	**(388)**
Pension expense defined contribution plans	211	185
Pension expense multi-employer defined benefit plans accounted for as defined contribution plans	80	80
Net pension expense	**359**	**(123)**
Of which included in Profit or loss - Personnel expenses (note 8)	416	419
Of which included in Profit or loss - Other income and expenses	(106)	(15)
Of which included in Profit or loss - Financial expenses (note 10)	34	36
Of which included in Other comprehensive income - Remeasurements of defined pension liabilities	15	(563)

Past service cost in 2016 comprise restructuring costs in the form of new pension agreements, gain from curtailment and effect of plan amendments. Past service costs is recognised in the line item Other income and expenses as Gain on amendment of pension plans and reduction of Restructuring costs, see note 13 Other income and expenses.

The amounts recognised in the balance sheet:	2016	2015
Present value of funded defined benefit obligations	3,374	3,509
Fair value of plan assets	(2,963)	(2,997)
Present value of unfunded defined benefit obligations	862	874
Net pension liability	**1,273**	**1,386**

The average duration of the defined benefit plan obligation at the end of the reporting period is 25 years.

	2016			2015		
Changes in net pension liability, present value of defined benefit obligations and plan assets:	**Net pension liability**	**Defined benefit obligations**	**Plan assets**	**Net pension liability**	**Defined benefit obligations**	**Plan assets**
As at 1 January	1,386	4,383	2,997	1,911	5,087	3,176
Current service cost	125	125	-	155	155	-
Past service cost and gains and losses arising from settlements	(106)	(164)	(58)	(16)	(61)	(45)
Interest income and expense	34	115	81	36	106	70
Remeasurements (see below)	15	8	(7)	(563)	(631)	(68)
Contributions to the plan	(80)	2	82	(36)	3	39
Payments from the plan	(81)	(213)	(132)	(75)	(204)	(129)
Business combinations and disposals	-	-	-	(12)	(58)	(46)
Social security costs	(20)	(20)	-	(14)	(14)	-
As at 31 December	**1,273**	**4,236**	**2,963**	**1,386**	**4,383**	**2,997**

Contributions to the plan includes NOK 2 million (NOK 3 million in 2015) of contributions from plan participants.
Changes in financial assumptions in 2016 resulted in an increase in defined benefit pension liabilities of NOK 65 million which is recognised in Other comprehensive income as a component of the net amount of NOK 15 million in the line item Remeasurements of defined benefit pension liabilities.

Remeasurements of defined benefit pension obligations include:	2016	2015
Actuarial gains and losses arising from changes in financial assumptions	65	(407)
Other remeasurements (experience adjustments)	(57)	(224)
Remeasurements of defined benefit pension obligations	**8**	**(631)**

Remeasurements of fair value of plan assets include:	2016	2015
Return on plan assets, excluding amounts included in interest	(51)	(40)
Cost of managing plan assets	(16)	(15)
Other remeasurements (experience adjustments)	60	(13)
Remeasurements of fair value of plan assets	**(7)**	**(68)**

The fair value of plan assets disaggregated by class:	2016	Quoted in active markets	Unquoted	2015	Quoted in active markets	Unquoted
Global equities	7.4%	100%	-	4.7%	100%	-
Norwegian equities	1.1%	100%	-	1.0%	100%	-
Private equity	1.8%	-	100%	2.9%	-	100%
Alternative investments	2.2%	-	100%	2.3%	-	100%
Real estate	14.3%	-	100%	12.1%	-	100%
Bonds	1.9%	95%	5%	7.5%	95%	5%
Corporate bonds	19.6%	80%	20%	22.1%	80%	20%
Bonds - loans & receivables	42.0%	80%	20%	45.3%	80%	20%
Money market / other	9.7%	90%	10%	2.1%	100%	-
Total	**100.0%**			**100.0%**		

The actual return on plan assets (value-adjusted return on relevant portfolio of assets) was approximately 5.0% in 2016 and approximately 3.9% in 2015.

Significant actuarial assumptions used to determine the present value of the defined benefit obligation:	2016	2015
Discount rate	2.60%	2.70%
Future salary increases	2.50%	2.50%
Future increase in the social security base amount	2.25%	2.25%
Future pension increases	0.00%	0.00%

Schibsted determines the discount rate by reference to high quality corporate bonds. Schibsted has concluded that a deep market exists for covered bonds ("OMF-obligasjoner") in Norway and that this interest rate therefore shall be used as reference under IAS 19 Employee benefits. The assumption regarding expected pension increases is used for pensions being increased in accordance with the Act on Company pensions. For pension agreements containing specific clauses on increases in pension, those clauses are applied.

Sensitivity analysis, indicating increase (decrease) in present value of defined benefit pension liabilities, for significant actuarial assumptions:	2016	2015
Discount rate - increase 0.5 percentage points	(307)	(318)
Discount rate - decrease 0.5 percentage points	349	361
Future salary increases - increase 0.5 percentage points	165	171
Future salary increases - decrease 0.5 percentage points	(158)	(163)
Future increase in social security base amount - increase 0.5 percentage points	(75)	(78)
Future increase in social security base amount - decrease 0.5 percentage points	69	71
Future pension increases - increase 0.5 percentage points	250	259
Future pension increases - decrease 0.5 percentage points	(34)	(35)

Any increases or decreases in present value of defined benefit pension liabilities from changes in actuarial assumptions are recognised in Other comprehensive income.

NOTE 21: FINANCIAL LIABILITIES RELATED TO BUSINESS COMBINATIONS AND INCREASES IN OWNERSHIP INTERESTS

	NON-CONTROLLING INTERESTS' PUT OPTIONS		CONTINGENT CONSIDERATIONS	
Development in net carrying amount in 2016	**2016**	**2015**	**2016**	**2015**
As at 1 January 2016	944	707	126	119
Additions	80	164	1	15
Settlement	(67)	(172)	(120)	(27)
Derecognition	(7)	(1)	-	-
Change in fair value recognised in equity	62	201	-	-
Change in fair value recognised in profit or loss	-	-	-	6
Interest expenses	10	9	1	3
Translation differences	(53)	36	(3)	10
As at 31 December 2016	**969**	**944**	**5**	**126**
Of which non-current (note 22)	285	187	1	4
Of which current (note 22)	684	757	4	122
The maturity profile of the financial liabilities				
Maturity within 1 year	684	757	4	122
Maturity between 1 and 2 years	195	29	1	-
Maturity between 2 and 5 years	90	158	-	4

The most significant liabilities related to non-controlling interests' put options as at 31 December 2016 are related to shareholdings in Schibsted Classified Media Spain S.L (Online classifieds International) and Finderly GmbH (Online classifieds International). See note 3 Significant accounting judgements and major sources of estimation uncertainty for more information.

If the agreement with non-controlling interests implies that Schibsted may be required to acquire the shares and settle the liability within a period of twelve months from the balance sheet date, the liability is classified as current. Other liabilities related to put options are classified as non-current. The requirement to settle the liability is contingent on the non-controlling interests actually exercising their put options. For agreements where the option can be exercised over a defined period, the actual settlement may therefore occur in later periods than presented in the maturity profile above.

NOTE 22: OTHER NON-CURRENT AND CURRENT LIABILITIES

	NON-CURRENT		CURRENT	
	2016	**2015**	**2016**	**2015**
Financial liabilities related to non-controlling interests' put options (note 21)	285	187	684	757
Contingent considerations business combinations (note 21)	1	4	4	122
Trade payables	-	-	899	809
Prepaid revenues	-	-	877	832
Public duties payable	-	-	640	585
Accrued salaries and other employment benefits	65	64	700	699
Accrued expenses	-	-	384	388
Provision for restructuring costs (note 13)	43	46	137	107
Financial derivatives (note 25)	-	168	92	7
Other liabilities (note 17)	30	46	368	633
Total	**424**	**515**	**4,785**	**4,939**

NOTE 23: FINANCIAL RISK MANAGEMENT

Funding and capital management

Schibsted aims to provide a competitive rate of return based on healthy finances. Schibsted targets to maximise the shareholders' return through long-term growth in the share price and dividend.

The Group's strategy and vision imply a high rate of change and development of the Group's operations. Schibsted's capital structure must be sufficiently robust in order to maintain the desired freedom of action and utilise growth opportunities based on strict assessments relating to allocation of capital.

The Group's capital consists of net interest-bearing debt and equity:	2016	2015
Non-current interest-bearing borrowings	1,814	2,365
Current interest-bearing borrowings	528	318
Cash and cash equivalents	1,268	1,891
Net interest-bearing debt	**1,074**	**792**
Group equity	10,540	11,090
Net gearing (net interest-bearing debt/equity)	0.10	0.07
Undrawn long-term bank facilities	3,862	4,088

The Group's dividend policy is to place emphasis on paying a stable to increasing dividend amount over time. In years when there is an economic slowdown, or for other reasons weaker cash flows of the company, the company may reduce or decide not to pay dividend.

Funding and control of refinancing risk is handled by Group treasury on the parent company level. Schibsted has a diversified loan portfolio both in terms of loan sources and maturity profile, see note 24 Interest-bearing borrowings. The most important funding sources are banks and the Norwegian bond market. Schibsted's objective is to be considered as an investment grade rated company over time (BBB- or better). Schibsted does not have an official credit rating, but has been rated by lenders and was classified BBB. Due to new regulations most of the banks have now discontinued such ratings. Schibsted will follow up on the requirement for rating going forward. The financial flexibility is considered as good and the Group's ratio of net interest-bearing debt to gross operating profit according to the definition of the loan agreements was 0.5 as at 31 December 2016 and 0.4 as at 31 December 2015. The target level is 1-2. Refinancing risk is considered as low.

Available liquidity should at all times be equal to at least 10% of expected annual revenues. Available liquidity refers to the Group's cash and cash equivalents and available long-term bank facilities.

Financial risks

Schibsted is exposed to financial risks, such as currency risk, interest rate risk, credit risk and liquidity risk. Group treasury is responsible for keeping the Group's exposure in financial risks in accordance with the financial strategy over time.

Currency risk

Schibsted has Norwegian kroner (NOK) as its base currency, but is through its operations outside Norway also exposed to fluctuations in the exchange rates of other currencies, mainly Euro (EUR) and Swedish kronor (SEK). Schibsted has currency risks linked to both balance sheet monetary items and net investments in foreign operations. The Group makes use of loans in foreign currencies and financial derivatives (forward contracts and cross currency swaps) to reduce this currency exposure. The loans in foreign currencies and the financial derivatives are managed actively in accordance with the Group's financial strategy. Due to increasing programmatic advertising revenues, the Group has increasing cash flow exposure in US Dollars (USD). This USD cash flow is sold consecutively. The Group's monetary items exposure appears in note 24 Interest-bearing borrowings and in note 19 Cash and cash equivalents. As at 31 December 2016 the Group had entered into several forward contracts involving sale of currencies and several interest rate and currency swap agreements for this purpose.

Currency gains and losses relating to borrowings and forward contracts which hedge net investments in foreign operations are recognised in Other comprehensive income until the foreign operation is disposed of. Other currency gains and losses are recognised in the income statement on an ongoing basis as financial income or expenses.

		2016		2015	
As at 31 December 2016 Schibsted has the following forward contracts, which all mature in 2017:	**Currency**	**Amount**	**NOK**	**Amount**	**NOK**
Forward contracts, sale	SEK	273	260	308	323
Forward contracts, sale	EUR	60	545	-	-
Forward contracts, sale	MXN	30	13	30	15
Forward contracts, sale	USD	-	-	28	247

As at 31 December 2016 forward contracts for the sale of SEK 73 million are related to hedging of net investments in foreign operations. As at 31 December 2015 the corresponding figure was SEK 108 million. Fair value of the contracts accounted for as hedges was NOK (1) million as at 31 December 2016 and NOK (4) million as at 31 December 2015. Fair value of other forward contracts was NOK (6) million as at 31 December 2016 and NOK (13) million as at 31 December 2015.

Cash flows in foreign currencies relating to considerable investments or significant individual transactions are hedged by using financial instruments. At year-end the Group had no such contracts. The Group's foreign exchange exposure relating to operations is low, since most of the cash flows take place in the individual businesses' local currency.

As at 31 December 2016 Schibsted has the following cross currency swaps, which mature in 2017-2019:	Currency	Currency payment		NOK to receive	
Cross currency swap	EUR	21	Euribor 3 months + margin	195	Nibor 3 months + margin
Cross currency swap	EUR	38	Euribor 3 months + margin	315	Nibor 3 months + margin
Cross currency swap	EUR	50	Euribor 3 months + margin	405	Nibor 3 months + margin
Cross currency swap	SEK	392	Stibor 6 months + margin	400	Nibor 6 months + margin
Cross currency swap	SEK	200	Stibor 3 months + margin	185	Nibor 3 months + margin

The cross currency swap agreements are linked to bonds and floating rate notes and matches the payments completely during the contract period. The agreements are accounted for as hedges. The fair value of the agreements was NOK (51) million as at 31 December 2016 and NOK (171) million as at 31 December 2015.

Schibsted follows a currency hedging strategy where parts of net investments in foreign operations are hedged. As at 31 December 2016 85% of the Group's interest-bearing debt and derivatives was in EUR. Similarly, 35% of the Group's interest-bearing debt and derivatives was in SEK. As at 31 December 2015 66% of the Group's interest-bearing debt and derivatives was in EUR and 35% was in SEK.

The sensitivity of exchange rate fluctuations is as follows: if NOK changes by 10% compared to the actual rate as at 31 December 2016 for SEK and EUR, the carrying amount of the Group's net interest-bearing debt and currency derivatives in total will change by approximately NOK 192 million. Currency effects will have a limited effect on Group profits since changes in value will be tied to instruments hedging the net foreign investments or matching interest-bearing loans to non-Norwegian subsidiaries.

A change in exchange rates also affects the translation of net foreign assets to NOK. The equity effect of these changes is to some extent reduced by the Group's currency hedging, where changes in the value of net foreign assets are mitigated by changes in the value of the Group's foreign-denominated interest-bearing borrowings and currency derivatives.

Interest rate risk

Schibsted has floating interest rates on all of its interest-bearing borrowings according to the financial strategy, see note 24 Interest-bearing borrowings, and is thereby influenced by changes in the interest market. A change of 1 percentage point in the floating interest rate means a change in Schibsted's interest expenses of approximately NOK 23 million. This will partly be compensated by a change in interest income. As long as market rates for SEK and EUR are negative, the effect on deposits of an increase in the market rate is limited.

Interest rate swap agreements have been entered into to swap the bonds issued in 2012 from fixed interest rates to floating interest rates based on Nibor 6 months with addition of a margin. An interest rate swap has also been entered into converting the floating rate note issued in December 2012 from Nibor 3 months with addition of a margin to Nibor 6 months with addition of a margin.

As at 31 December 2016 Schibsted has the following interest rate swap agreements in NOK million:	Amount	Pay	Receive
Interest rate swap	150	Nibor 6 months + margin	5.9%
Interest rate swap	150	Nibor 6 months + margin	5.9%
Interest rate swap	250	Nibor 6 months + margin	5.4%
Interest rate swap	150	Nibor 6 months + margin	Nibor 3 months + margin

The fair value of the interest rate swap agreements was NOK 41 million as at 31 December 2016 and NOK 55 million as at 31 December 2015. The interest rate swaps involving fixed rates are accounted for as hedges with a corresponding loss related to the hedged item.

Credit and counterparty risk

Trade receivables are diversified through a high number of customers, customer categories and markets. Trade receivables consist of a combination of prepaid subscription or advertisements and sales invoiced after delivery of the product. For some receivables there is no or very little credit risk (prepaid subscription and payments made by credit card at purchase date) and for other receivables the credit risk is higher. Credit risk will also vary among countries in which Schibsted operates. To some extent credit insurance is also used. In total the credit risk is considered as low. Net carrying amount of the Group's financial assets, except for equity instruments, represents maximum credit exposure, and the exposure as at 31 December 2016 is disclosed in note 25 Financial instruments by category. Exposure related to the Group's trade receivables is disclosed in note 18 Trade receivables.

Schibsted has a conservative placement policy. Excess liquidity is temporarily placed in the Group's cash pool, and at times in the short-term money market with the relationship banks. Schibsted requires all relationship banks to have a certain rating.

Liquidity risk

At year-end the Group's portfolio of loans and loan facilities is well diversified both regarding maturity profile and lenders.

As at 31 December 2016 Schibsted has a long-term liquidity reserve of NOK 5,130 million and net interest-bearing debt is NOK 1,074 million. The liquidity reserve corresponds to 32% of the Group's turnover. At the end of 2015 Schibsted's long-term liquidity reserve was NOK 5,979 million, and net interest-bearing debt was NOK 792 million, where the liquidity reserve corresponded to 40% of the Group's turnover. The Group has as target that the aggregate liquidity reserve should be at least 10% of the next 12 months' expected turnover.

Schibsted's loan agreements contain financial covenants regarding the ratio of net interest-bearing debt (NIBD) to gross operating profit (EBITDA). The ratio shall normally not exceed 3, but can be reported at higher levels up to three quarters during the loan period, as long as the ratio stays below 4. According to the definition of the loan agreements, the ratios were 0.5 as at 31 December 2016 and 0.4 as at 31 December 2015.

NOTE 24: INTEREST-BEARING BORROWINGS

	NON-CURRENT		CURRENT	
The Group has the following composition and maturity structure on its interest-bearing borrowings:	**2016**	**2015**	**2016**	**2015**
Bond issues	1,300	1,800	500	-
Bank loans	490	541	23	263
Loans from associates	-	-	5	55
Other loans	24	24	-	-
Total carrying amount	**1,814**	**2,365**	**528**	**318**
Maturity within 3 months	-	-	500	260
Maturity between 3 months and 1 year	-	-	33	63
Maturity between 1 and 2 years	46	545	-	-
Maturity between 2 and 5 years	1,043	478	-	-
Maturity beyond 5 years	731	1,350	-	-
Total contractual amount (undiscounted cash flows)	**1,820**	**2,373**	**533**	**323**

Contractual amount in NOK million of interest-bearing borrowings break-down by currency:	**2016**	**2015**
NOK	1,875	1,902
EUR	473	739
Other	5	55
Total contractual amount	**2,353**	**2,696**

The difference between carrying amount and contractual amount is up front fees paid and amortized in carrying amount.

Schibsted has issued two bonds with fixed interest rates, but due to interest rate swap agreements all of the Group's non-current interest-bearing borrowings are at floating interest rates in practice. For information on interest rate risk, see note 23 Financial risk management. The interest rate periods relating to the Group's borrowings are between one and six months.

Schibsted has a loan portfolio with a diversified maturity profile. For the portfolio of bonds and floating rate notes, there is a difference of NOK (74) million between the book value and the market value (based on tax value as at year-end 2016). This is partly compensated by existing interest rate swap agreements, see note 23 Financial risk management. The current terms of the Group's other interest-bearing borrowings as at 31 December 2016 have been reviewed and compared to the market pricing at year-end, and the carrying amount is considered to represent a reasonable approximation to fair value.

Schibsted's loan agreements contain financial covenants regarding the ratio of net interest-bearing debt to gross operating profit. The reported ratio was well within the financial covenants as at year-end 2016. See note 23 Financial risk management – Liquidity risk.

Bond issues
Schibsted ASA did not issue or repay any bonds during 2016. The total volume of bonds and floating rate notes issued are NOK 1,800 million as at 31 December 2016:

Loan	**Amount**	**Interest rate**
ISIN NO0010637176 (2012-2017)	500	FRN: Nibor 3 months + 215 bps
ISIN NO0010637275 (2012-2019)	300	5.9%
ISIN NO0010667843 (2012-2022)	250	5.4%
ISIN NO0010667850 (2012-2022)	150	FRN: Nibor 3 months + 250 bps
ISIN NO0010710569 (2014-2021)	600	FRN: Nibor 3 months + 110 bps
Total bond issues	**1,800**	

The bonds with fixed interest rate, and the floating rate note maturing in 2022 have been swapped to floating interest rate.

In addition, cross currency swap agreements have been entered into to match the payments of some of the bonds and floating rate notes, see note 23 Financial risk management.

Bank loans
A bank loan that was entered into in January 2011, was repaid at maturity in January 2016.

The Group has a bank loan of NOK 67 million. The loan has a term of 12 years from 2007 and the interest terms are 6 month Nibor with the addition of a margin. The loan has a repayment schedule with instalments twice a year.

The Group has a bank loan of EUR 50 million. The loan has a term of 10 years from 2015 and the interest terms are 6 month Euribor with the addition of a margin. The loan has a repayment schedule with instalments twice a year from 2019.

Loans from associates

The Group has a short-term loan from the associate 702 Search BV of USD 1 million as at 31 December 2016. Interests are 1% per year. As at 31 December 2015 the Group had two short-term loans from the associates 701 Search Pte Ltd and 702 Search BV. The loans amounted to SGD 6 million and USD 2 million, respectively. No interest was calculated on the loan from 701 Search Pte Ltd.

Credit facilities

Schibsted has two long-term revolving credit facilities of totally EUR 425 million. The facility of EUR 300 million entered into in 2014 had a term of five years plus two extension options each of one year. Both extension options have been exercised and final maturity is 2021. The other facility of EUR 125 million was entered into in 2013 and expires in 2018. For both facilities the lenders consist of seven Nordic and international banks. The facilities have interest terms based on Euribor with the addition of a margin. Schibsted pays a commitment fee to maintain the facilities' availability. The commitment fee is calculated as a percentage of the loan margin, on the undrawn part of the facilities. None of the facilities were drawn as at 31 December 2016, and the total amount available from the unutilised drawing rights is NOK 3,862 million.

Pledges and guarantees

The Group has mortgage debt of NOK 3 million and has provided guarantees of NOK 5 million.

NOTE 25: FINANCIAL INSTRUMENTS BY CATEGORY

Carrying amount of assets and liabilities divided into categories:

31 December 2016:	Note	Financial assets and liabilities at fair value through profit (loss)	Loans and receivables	Financial assets available for sale	Other financial liabilities	Total
Other non-current assets	*17*	33	147	12	-	192
Trade and other receivables	*17, 18*	42	2,662	-	-	2,704
Cash and cash equivalents	*19*	-	1,268	-	-	1,268
Total assets		**75**	**4,110**	**12**	**-**	**4,198**
Non-current interest-bearing borrowings	*24*	-	-	-	1,814	1,814
Other non-current liabilities	*22*	-	-	-	424	424
Current interest-bearing borrowings	*24*	-	-	-	528	528
Other current liabilities	*22*	92	-	-	4,693	4,785
Total liabilities		**92**	**-**	**-**	**7,459**	**7,551**

31 December 2015:	Note	Financial assets and liabilities at fair value through profit (loss)	Loans and receivables	Financial assets available for sale	Other financial liabilities	Total
Other non-current assets	*17*	-	163	17	-	180
Trade and other receivables	*17, 18*	20	2,570	-	-	2,590
Cash and cash equivalents	*19*	-	1,891	-	-	1,891
Total assets		**20**	**4,624**	**17**	**-**	**4,661**
Non-current interest-bearing borrowings	*24*	-	-	-	2,365	2,365
Other non-current liabilities	*22*	168	-	-	219	387
Current interest-bearing borrowings	*24*	-	-	-	318	318
Other current liabilities	*22*	36	-	-	3,937	3,973
Total liabilities		**204**	**-**	**-**	**6,839**	**7,043**

The fair value of the Group's financial derivatives	ASSETS 2016	ASSETS 2015	LIABILITIES 2016	LIABILITIES 2015
Forward contracts	-	-	7	17
Interest rate and currency swap	75	20	85	180
Warrants	-	-	-	7
Total	**75**	**20**	**92**	**204**

The Group's financial assets and liabilities measured at fair value, analysed by valuation method

31 December 2016:	Level 1	Level 2	Level 3	Total
Financial assets available for sale	-	-	12	**12**
Financial assets at fair value through profit or loss	-	75	-	**75**
Financial liabilities at fair value through profit or loss	-	92	-	**92**
Financial liabilities business combinations and increases in ownership interests (note 21)	-	-	974	**974**

31 December 2015:	Level 1	Level 2	Level 3	Total
Financial assets available for sale	-	-	17	**17**
Financial assets at fair value through profit or loss	-	20	-	**20**
Financial liabilities at fair value through profit or loss	-	204	-	**204**
Financial liabilities business combinations and increases in ownership interests (note 21)	-	-	1,070	**1,070**

Changes in level 3 instruments:	2016	2015
Net carrying amount 1 January	(1,053)	(809)
Additions	(79)	(179)
Disposals	-	1
Settlements	187	199
Changes in fair value recognised in equity	(62)	(201)
Changes in fair value recognised in other comprehensive income	56	(46)
Changes in fair value recognised in profit or loss	(11)	(18)
Net carrying amount 31 December	**(962)**	**(1,053)**

NOTE 26: NUMBER OF SHARES

The development in share capital and other paid-in equity is set out in the Consolidated statement of changes in equity. The development in the number of issued and outstanding shares:

	NUMBER OF A-SHARES			NUMBER OF B-SHARES			TOTAL NUMBER OF SHARES		
2016	**Shares outstanding**	**Treasury shares**	**Issued**	**Shares outstanding**	**Treasury shares**	**Issued**	**Shares outstanding**	**Treasury shares**	**Issued**
As at 1 January	107,689,536	314,079	108,003,615	118,238,772	565,204	118,803,976	225,928,308	879,283	226,807,591
Increase in treasury shares	-	-	-	(130,000)	130,000	-	(130,000)	130,000	-
Decrease in treasury shares	38,059	(38,059)	-	214,407	(214,407)	-	252,466	(252,466)	-
As at 31 December	**107,727,595**	**276,020**	**108,003,615**	**118,323,179**	**480,797**	**118,803,976**	**226,050,774**	**756,817**	**226,807,591**

	NUMBER OF A-SHARES			NUMBER OF B-SHARES			TOTAL NUMBER OF SHARES		
2015	**Shares outstanding**	**Treasury shares**	**Issued**	**Shares outstanding**	**Treasury shares**	**Issued**	**Shares outstanding**	**Treasury shares**	**Issued**
As at 1 January	107,421 397	582,218	108,003,615	-	-	-	107,421,397	582,218	108,003,615
Decrease in treasury shares before share split	17,014	(17,014)	-	-	-	-	17,014	(17,014)	-
Share split	-	-	-	107,438 411	565,204	108,003,615	107,438,411	565,204	108,003,615
Decrease in treasury shares after share split	251,125	(251,125)	-	-	-	-	251,125	(251,125)	-
Capital increase	-	-	-	10,800,361	-	10,800 361	10,800,361	-	10,800,361
As at 31 December	**107,689,536**	**314,079**	**108,003,615**	**118,238,772**	**565,204**	**118,803,976**	**225,928,308**	**879,283**	**226,807,591**

General information

The share capital of Schibsted ASA is NOK 113,403,795.50 divided on 108,003,615 A-shares with a nominal value of NOK 0.50 and 118,803,976 B-shares with a nominal value of NOK 0.50. The B-shares are carrying equal rights as A-shares in all respects except that the A-shares have 10 votes per share while the B-shares are low-voting shares with one vote per share. Shares outstanding as at 31 December 2016 comprise 107,727,595 A-shares and 118,323,179 B-shares. Treasury shares as at 31 December 2016 comprise 276,020 A-shares and 480,797 B-shares.

No shareholder may own more than 30% of the shares or vote for more than 30% of the total number of votes which may be cast under the Company's Articles of Association.

The Annual Shareholders' Meeting has given the Board authorisation to acquire up to 10% of the company's shares as treasury shares. The authorisation was renewed at the Annual Shareholders' Meeting on 11 May 2016 for a period until the Annual Shareholders' Meeting in 2017. At the Annual Shareholders' Meeting on 12 May 2017 the Board will propose a resolution to extend the authorisation for the Board to acquire and dispose of up to 10% of the share capital in Schibsted ASA according to the Norwegian public limited liability companies act under the conditions evident from the notice of the Annual Shareholders' Meeting.

Events after the reporting period

From 1 January 2017 to 30 March 2017, the company has reduced its number of treasury A-shares by 7,536 and its number of treasury B-shares by 129,167 in connection with share-based payment plans.

2016

Schibsted has in 2016 transferred a total of 158,013 treasury B-shares to key managers in connection with share-based payment plans. Most of the shares were transferred for no consideration. Total consideration was NOK 3 million. Fair value of treasury shares transferred was NOK 39 million.

In 2016, 38,059 treasury A-shares and 56,394 treasury B-shares were sold in connection with an employee share saving plan. Total consideration was NOK 17 million.

Schibsted acquired 130,000 treasury B-shares in 2016 at a total purchase price of NOK 25 million.

2015

On 8 May 2015, the Annual General Meeting of Schibsted ASA approved a split of the Company's shares and establishing of a new class of B-shares. The split was completed 1 June 2015 and the shareholders received one B-share for each A-share.

In September 2015 Schibsted completed a capital increase of 10,800,361 B-shares, equal to 5% of the existing total share capital of the company. The capital increase was completed at an offer price of NOK 246 per share, which gives a gross capital increase of NOK 2,657 million. Expenses related to the capital increase amount to NOK 23 million. Net expenses after taxes was NOK 17 million.

In 2015, Schibsted transferred a total of 223,691 treasury A-shares to key managers in connection with share-based payment plans. Fair value of treasury shares transferred was NOK 58 million.

In 2015, 17,014 treasury shares, before share split, and 27,434 treasury A-shares, after share split, were sold in connection with an employee share saving plan. Total consideration was NOK 16 million.

NOTE 27: DIVIDENDS

At Schibsted's Annual Shareholders' Meeting on 12 May 2017 a dividend of NOK 1.75 per share, in total NOK 396 million, will be proposed. No provision for this dividend has been recognised in the Group's balance sheet as at 31 December 2016.

In 2016 Schibsted paid dividends of NOK 1.75 per share, in total NOK 396 million.

The payment of dividend has no income tax effect for Schibsted.

NOTE 28: NON-CONTROLLING INTERESTS

The table below presents the non-controlling interests (NCI) split on each relevant subgroup of subsidiaries:

		2016				2015			
	Location	**Non-controlling interest (%)**	**Profit (loss) attributable to NCI**	**Accu-mulated NCI**	**Dividends paid to NCI**	**Non-controlling interest (%)**	**Profit (loss) attributable to NCI**	**Accu-mulated NCI**	**Dividends paid to NCI**
Finn.no Group	Oslo, Norway	9.99%	63	71	52	9.99%	57	62	64
Aftonbladet Hierta Group	Stockholm, Sweden	9.00%	12	49	17	9.00%	12	58	17
Streaming Media Group	Oslo, Norway	-	-	-	-	-	54	-	82
Distilled SCH Group*	Dublin, Ireland	50.00%	8	149	-	50.00%	1	149	-
Finderly GmbH	Vienna, Austria	9.05%	-30	-	-	9.05%	(9)	-	-
Other			41	36	24		13	45	28
Total			**94**	**305**	**93**		**128**	**314**	**191**

** previously Digital Media Ventures Group*

For more information about these investments and related liabilities, see note 21 Financial liabilities business related to combinations and increases in ownership interests.

	FINN.NO GROUP	
Summarised financial information for subsidiaries with material non-controlling interests:	**2016**	**2015**
Cash and cash equivalents	625	568
Other current assets	215	182
Non-current assets excluding goodwill	86	114
Goodwill	306	306
Total assets	**1,232**	**1,170**
Current liabilities	722	678
Non-current liabilities	37	90
Total liabilities	**759**	**768**
Operating revenues	1,559	1,447
Gross operating profit (loss)	635	637
Profit (loss)	542	428
Comprehensive income	541	443
Net cash flow from operating activities	569	488
Net cash flow from investing activities	23	(22)
Net cash flow from financing activities	(535)	(634)
Net increase (decrease) in cash and cash equivalents	**57**	**(168)**

NOTE 29: SUPPLEMENTAL INFORMATION TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following amounts of interest paid, and interest and dividend received are classified as cash flow from operating activities:	2016	2015
Interest paid	(36)	(85)
Interest received	15	41
Dividends received (note 16)	28	27

Aggregate cash flows arising from obtaining control of subsidiaries:	2016	2015
Cash in acquired companies	53	165
Acquisition cost other current assets	18	54
Acquisition cost non-current assets	445	2,275
Aggregate acquisition cost assets	**516**	**2,494**
Equity and liabilities assumed	(66)	(275)
Contingent consideration paid	120	27
Contingent consideration deferred	(1)	(15)
Gross purchase price	**569**	**2,231**
Fair value of previously held equity interest (note 5)	(9)	(1,114)
Cash in acquired companies	(53)	(165)
Purchase price settled in other than cash and cash equivalents	-	(199)
Acquisition of subsidiaries, net of cash acquired	**507**	**753**

Aggregate cash flows arising from losing control of subsidiaries:	2016	2015
Cash in sold companies	1	38
Carrying amount other current assets	2	136
Carrying amount non-current assets	3	286
Aggregate carrying amount assets	**6**	**460**
Equity and liabilities transferred	(4)	(225)
Gain (loss)	-	273
Gross sales price	**2**	**508**
Cash in sold companies	(1)	(38)
Proceeds from sale of subsidiaries, net of cash sold	**1**	**470**

NOTE 30: TRANSACTIONS WITH RELATED PARTIES

For remuneration to management, see note 8 Personnel expenses.

Schibsted has relationships with joint ventures and associates, see note 16 Investments in joint ventures and associates. For loans to joint ventures and associates see note 17 Other non-current and current assets. For loans from joint ventures and associates, see note 24 Interest-bearing borrowings.

NOTE 31: AUDITORS' REMUNERATION

Details on fees to the Group's auditors for the fiscal year 2016 (excl. VAT):

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Schibsted Group					
EY	12	1	4	3	20
Other auditors	1	-	-	-	1
Total	**13**	**1**	**4**	**3**	**21**
Schibsted ASA					
EY	1	-	1	1	3

Details on fees to the Group's auditors for the fiscal year 2015 (excl. VAT):

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Schibsted Group					
EY	13	1	2	1	17
Other auditors	1	-	-	-	1
Total	**14**	**1**	**2**	**1**	**18**
Schibsted ASA					
EY	1	-	1	1	3

NOTE 32: LEASE AGREEMENTS

Schibsted has lease obligations related to off-balance sheet operating assets, mainly office buildings. Rental expenses were NOK 507 million in 2016 and NOK 493 million in 2015. The most significant leases relate to the leases of Schibsted Sverige's premises in Västra Järnvägsgatan 21 in Stockholm (the agreement expires 2020), VG and Aftenposten's premises at Akersgata 55 (the agreement expires in 2023) and Schibsted Norge's premises in Sandakerveien 121 (the agreement expires in 2025). The most significant of the Group's leases contains rights to an extension.

Future minimum payments under non-cancellable operational leases where Schibsted is the lessee:	2016	2015
Within one year	493	502
Between one and five years	1,355	1,593
More than five years	600	792

NOTE 33: GROUP COMPOSITION

The Group consists of the different subgroups described below. For more information about these operations, see note 6 Operating segments.

Subsidiaries of Schibsted ASA:	Ownership and voting share	Location
Schibsted Multimedia AS	100.00 %	Oslo, Norway
Schibsted Norge AS	100.00 %	Bergen, Norway
Schibsted Eiendom AS	100.00 %	Oslo, Norway
Schibsted Print Media AS	100.00 %	Oslo, Norway
Schibsted Sverige AB	100.00 %	Stockholm, Sweden
Schibsted Products & Technology UK Ltd	100.00 %	London, United Kingdom
Schibsted ePayment AS	100.00 %	Oslo, Norway
Finn.no AS	90.01 %	Oslo, Norway
Schibsted Vekst AS	96.00 %	Oslo, Norway
Schibsted Tech Polska sp. z.o.o	100.00 %	Krakow, Poland

The table also includes shares in subsidiaries, where Schibsted ASA has indirect control via other subsidiaries. Direct ownership and voting shares in Finn.no AS, Schibsted Vekst AS and Schibsted Tech Polska sp. Z.o.o are 40.00%, 10,00% and 1,00%, respectively.

For overview of non-controlling interests, see note 21 Non-controlling interests.

Schibsted Multimedia AS owns Schibsted's classifieds operations outside Norway and Sweden, where the major businesses are in France and Spain, but the subgroup also has operations in other countries in Europe, Latin America, Asia and Africa. Some of these investments are operated through joint ventures and associates, see note 16 Investments in joint ventures and associates.

Schibsted Norge AS owns the media house VG and the subscription-based newspapers in Norway, and a controlling interest in the Norwegian classifieds operations.

Schibsted Sverige AB owns the Swedish media houses Aftonbladet and Svenska Dagbladet, Schibsted Growth and the classifieds operations in Sweden.

NOTE 34: EVENTS AFTER THE REPORTING PERIOD

In January 2017, Schibsted Spain acquired the real estate portal Habitaclia.com. The purchase price is assumed to be allocated mainly to intangible assets and goodwill.

In February 2017, Schibsted issued a senior unsecured NOK 500 million bond on Oslo Stock Exchange.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2016	2015
Operating revenues	3, 16	**48**	**33**
Personnel expenses	4	(140)	(121)
Depreciation and amortisation		(4)	(4)
Other operating expenses	3, 16, 17	(165)	(137)
Operating profit (loss)		**(261)**	**(229)**
Financial income	5	712	1,560
Financial expenses	5	(180)	(505)
Net financial items		**532**	**1,055**
Profit (loss) before taxes		**271**	**826**
Taxes	6	(65)	(123)
Profit (loss)		**206**	**703**

STATEMENT OF FINANCIAL POSISTION

(NOK million)	Note	31 December 2016	31 December 2015
ASSETS			
Deferred tax assets	6	79	105
Intangible assets		6	6
Property, plant and equipment		7	11
Investments in subsidiaries	7	19,970	17,561
Investments in associates	7	128	128
Other non-current assets	8	6,545	7,775
Non-current assets		**26,735**	**25,586**
Current assets	8	448	700
Cash and cash equivalents	9	357	1,353
Current assets		**805**	**2,053**
Total assets		**27,540**	**27,639**
EQUITY AND LIABILITIES			
Share capital		113	113
Other paid-in capital		4,174	4,135
Retained earnings		10,321	10,541
Equity	10	**14,608**	**14,789**
Pension liabilities	12	275	214
Other non-current liabilities	13, 14	2,984	3,683
Non-current liabilities		**3,259**	**3,897**
Current liabilities	13, 14	**9,673**	**8,953**
Total equity and liabilities		**27,540**	**27,639**

Oslo, 30 March 2017
Schibsted ASA's Board of Directors

Ole Jacob Sunde
Chairman of the Board

Birger Steen

Arnaud de Puyfontaine

Tanya Cordrey

Christian Ringnes

Torbjörn Ek

Ingunn Saltbones

Finn E. Våga

Marianne Budnik

Eugénie Van Wiechen

Rolv Erik Ryssdal
CEO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		271	826
Sales losses / (gains) on non-current assets	5	-	42
Depreciation and amortisation		4	4
Impairment loss on shares / net reversal of impairment loss	5	-	(113)
Share-based payment		-	1
Group contributions included in financial income	5	(374)	(652)
Change in non-current assets and liabilities	8	(88)	(248)
Difference between pension cost and cash flow related to pension plans		30	267
Change in working capital	8	(79)	163
Net cash flow from operating activities		**(236)**	**290**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible assets and property, plant and equipment		-	(2)
Change in cash pool (net)	8, 13	2,380	(1,185)
Group contributions (net)		207	159
Acquisitions of and capital increase in subsidiaries		(2,333)	(293)
Repayment of non-current loans to subsidiaries	8	(415)	(17)
Sale of shares		29	122
Net cash flow from investing activities		**(132)**	**(1,216)**
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase	10	-	2,634
Repayment of interest-bearing loans and borrowings		(264)	(217)
Dividends paid	10	(396)	(376)
Purchase / sale of treasury shares	10	32	74
Net cash flow from financing activities		**(628)**	**2,115**
Net increase (decrease) in cash and cash equivalents		**(996)**	**1,189**
Cash and cash equivalents as at 1 January		1,353	164
Cash and cash equivalents as at 31 December	9	**357**	**1,353**

NOTES TO THE FINANCIAL STATEMENTS 2016

NOTE 1: COMPANY INFORMATION

Schibsted ASA is a public limited company incorporated and domiciled in Norway. The address of its registered office is Apotekergata 10, N-0107 Oslo, Norway. The A-shares and B-shares of Schibsted ASA are listed on the Oslo Stock Exchange under tickers SCHA and SCHB, respectively. The company's postal address is P.O. Box 490 Sentrum, 0105 Oslo.

Schibsted ASA is the parent company of the Schibsted Media Group. The major businesses are in Norway, Sweden, France and Spain, but the Group also has operations in other countries in Europe, Latin America, Asia and Africa. For more information, see the consolidated financial statements.

The financial statements were approved by the Board of Directors on 30 March 2017 and will be proposed to the General Meeting 12 May 2017.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Schibsted ASA have been prepared in accordance with the provisions of the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway.

All amounts are in NOK million unless otherwise stated

Cash and cash equivalents
Schibsted ASA is the ultimate parent of Schibsted multi-currency corporate cash-pool system. Schibsted ASA's funds in the cash pool are classfied as Cash and cash equivalents. The subsidiaries positions in the cash pool are recognised as receivables and liabilities in Schibsted ASA's balance sheet. Liabilities are classified in their entirety as current. The classification of receivables as current or non-current depends on agreement with each subsidiary.

Cash and cash equivalents include cash and short-term investments with maturity of three months or less. Carrying amount of cash and cash equivalents are considered to represent a reasonable approximation of fair value.

Revenue recognition
Operating revenues are recognised when the service is rendered.

Classification
Assets and liabilities related to the normal operating cycle are classified as current assets and current liabilities. Receivables and liabilities not related to the normal operating cycle are classified as current if they are of a short-term nature, normally due within one year. Shares and other investments not intended for continued use or ownership are classified as current assets. Other assets and liabilities are classified as non-current.

Shares
Subsidiaries are all entities controlled, either directly or indirectly, by Schibsted ASA. Schibsted ASA controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity. Power over an entity exists when Schibsted have power to direct the activities in which significantly affect the entity's returns. Generally, there is a presumption that a majority of voting rights result in control. Schibsted considers all relevant facts and circumstances in assessing whether control exist, including contractual arrangements and other potential voting rights to the extent that these are substantive.

Shares are classified as investment in subsidiaries from the date Schibsted ASA effectively obtains control of the subsidiary (acquisition date) and until the date Schibsted ASA ceases to control the subsidiary.

An associate is an entity over which Schibsted ASA directly, or indirectly through subsidiaries, has significant influence. Significant influence is normally presumed to exist when Schibsted controls 20% or more of the voting power of the investee.

Shares are measured at cost, and impairment loss is recognised if the carrying amount exceeds the recoverable amount. The impairment is reversed if the basis for the write-down is no longer present.

Group contributions received are included in financial income provided that it does not represent a repayment of capital invested. Group contributions that represent a repayment of capital are accounted for as a reduction in the cost of investments. Net group contributions payable (gross group contributions less tax effect) are accounted for as cost of investments in subsidiaries. Dividends from subsidiaries and associates are included in financial income.

Gain on intra-group sales of subsidiaries, in excess of retained earnings of the subsidiaries sold, is recognised in the Balance sheet as deferred income and classified as non-current liabilities. The gain will be recognised in the income statement (P&L) when the subsidiary is sold out of the Group.

Property, plant and equipment and intangible assets
Property, plant and equipment and intangible assets are measured at cost less accumulated depreciation, amortisation and impairment. Property, plant and equipment and intangible assets with limited economic lives are depreciated over the expected economic life. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of net sales value and the present value of future cash flows expected to be generated. Impairment losses are reversed if the basis for the impairment is no longer present.

Leases
Leases are classified as either finance leases or as operating leases. Leases that transfers substantially all the risks and rewards incidental to the asset are classified as finance leases. Other leases are classified as operating leases. Lease payments related to operating leases are recognised as expenses over the lease term. All leases in the company are considered to be operational.

Foreign currency
Foreign currency transactions are translated into the functional currency on initial recognition by using the spot exchange rate at the date of the transaction. Foreign currency monetary items are translated with the closing rate at the balance sheet date. Foreign currency gains and losses are reported in the income statement in the lines Financial income and Financial expenses, respectively.

Trade receivables
Trade receivables are measured at fair value including allowance for bad debt.

Treasury shares
Acquisition and proceeds from sale of treasury shares are accounted for as equity transactions.

Pension expense - Defined benefit plans
Schibsted ASA has chosen, in accordance with NRS 6, to use measurement and P&L classification rules according to IAS 19R – Employee Benefits.
Pension liabilities related to defined benefit plans are measured as the net present value of future pension liabilities and plan assets at the balance sheet date. Plan assets are measured at fair value.

As a result of the application of IAS 19R, the periods net interest expense is calculated by applying the discount rate for the liability at beginning of period to the net liability. Net interest expense consists therefore of interest on the liability and return on assets, both calculated using the discount rate.

Changes in net pension liabilities as a result of premium payments and pension payments are taken into account. The difference between the actual and the recorded return on plan assets is recognised in other equity.

Current service cost and net interest income (expense) are recognised immediately. Current service cost is classified as payroll expenses in the income statement, while net interest income (expenses) is classified as financial items. The net effect of changes in value is accounted for directly in other equity.

Past service cost, which is the change in present value of the defined benefit liability, resulting from a plan amendment or curtailment is recognised when the plan amendment or curtailment occurs. A plan amendment occurs when a defined benefit plan is introduced or withdrawn, or the benefits under and existing defined benefit plan changes. A curtailment occurs when the number of employees covered by a plan is significantly reduced.

Pension expense - Defined contribution plans
For pension plans defined as contribution plans the contribution payable is recognised as pension cost.

Share-based payment
In equity-settled share-based payment transactions with employees, the fair value of the employee services and the corresponding equity increase are measured by reference to the fair value of the equity instruments granted. The fair value of equity instruments granted is measured at grant date, and recognised as personnel expenses and equity increase immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period.

The estimated number of equity instruments expected to vest are remeasured at each reporting date. The amount recognised as an expense is adjusted to reflect the number of equity instruments which are expected to be, or actually become vested.

In cash-settled share-based payment transactions with employees, the employee services and the incurred liability are measured at the fair value of the liability. The employee services and the liability are recognised immediately or over the vesting period when performance vesting conditions require an employee to serve over a specified time period. Until the liability is settled, the fair value of the liability is revised at each balance sheet date and at settlement date, with changes in fair value recognised in profit or loss.

Restructuring costs
Restructuring costs are recognised in accordance with the matching principle. Expenses not related to revenues in future periods are accounted for in the period when incurred. Restructuring costs are incurred when a restructuring plan is approved and announced.

Taxes
Income taxes are calculated from the profit (loss) before tax and comprise taxes payable and the change in deferred taxes. The deferred tax position is presented undiscounted in the statement of financial position and is calculated from all differences between the carrying amount in the balance sheet and the tax base of assets and liabilities, and unused tax losses. Deferred tax assets are recognised only when it is probable that the asset will be utilised against future taxable profit.

Contingent liabilities
Contingent liabilities are recognised when it is more probable than not that future uncertain events will result in outflow of economic resources. The best estimate of the amount to be paid is included in other provisions in the balance sheet. Other obligations, for which no liability is recognised, are disclosed in notes to the financial statements.

Dividend
The dividend for the financial year, as proposed by the Board of Directors, is recognised as a liability as at 31 December.

Statement of cash flows
The statement of cash flows is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and cash on hand.

NOTE 3: OPERATING REVENUES AND OTHER OPERATING EXPENSES

Operating revenues
The operating revenues consist of consultant fees and income from lease of office premises, as well as fees for subsidiaries' participation in programmes for management and organizational development.

Other operating expenses	2016	2015
Rent and maintenance (note 17)	32	31
Office and administrative expenses	17	14
Professional fees	69	52
Travel, meetings and marketing	47	40
Total Operating expenses	**165**	**137**

NOTE 4: PERSONNEL EXPENSES

	2016	2015
Salaries and wages	96	74
Social security costs	15	13
Net pension expense (note 12)	13	14
Other personnel expenses	6	5
Share-based payment	10	15
Total personnel expenses	**140**	**121**
Number of man-years, including trainees	89	74

For further information concerning remuneration to management and share-based payment, see note 8 Personnel expenses and note 9 Share-based payment in the consolidated financial statement.

For information related to auditor's fee, see note 31 Auditors' remuneration in the consolidated financial statements.

NOTE 5: FINANCIAL ITEMS

Financial income consists of:	2016	2015
Interest income	3	22
Interest income cash-pool (note 9)	173	171
Group contributions received	374	652
Dividends from subsidiaries	6	123
Dividends from associates	19	214
Net reversal of impairment loss on shares	-	113
Gain on sale of shares	-	27
Foreign exchange gain (agio)	137	238
Total	**712**	**1,560**

The net reversal of impairment losses on shares in 2015 relates to Group companies, where NOK 233 million is reversal of impairment losses from previous years and NOK 119 million relates to impairment losses in 2016.

From the intra-group sale of Schibsted Forlag in 2012, a gain in excess of retained earnings in the subsidiaries sold was recognised as deferred income and classified as non-current liabilities, see note 13 Non-current and current liabilities. In 2015 Schibsted Forlag was sold out of the Group and gain of NOK 27 million was classified as financial income.

All material foreign exchange gains relates to financial derivatives, loans and bank deposits. See note 13 Non-current and current liabilities for further details. Foreign exchange gains must be seen in connection with foreign exchange losses. The current year's net foreign exchange gain is a result of the net investments in subsidiaries outside Norway. Schibsted ASA undertake treasury operations to offset currency exposure for the Group as a result of foreign investments.

Financial expenses consist of:	2016	2015
Interest expenses	36	83
Interest expenses cash-pool (note 9)	46	46
Interest expenses on pension plans (note 12)	6	5
Loss on sale of shares	-	70
Foreign exchange loss (disagio)	77	283
Other financial expenses	15	18
Total	**180**	**505**

Interest expenses relates to bonds issued and bank loans.

Loss on sale of shares in 2015 relates to the liquidation of Streaming Media AS.

All material foreign exchange loss relates to financial derivatives, loans and bank deposits. For further details see the comment above related to net foreign exchange gain.

Other financial expenses relate primarily to fees related to financial instruments and bank transactions.

NOTE 6: INCOME TAXES

Set out below is a specification of the difference between the profit before taxes and taxable income of the year:	2016	2015
Profit (loss) before taxes	272	826
Dividends and tax free group contributions received	(25)	(327)
Group contributions payable	(108)	(445)
Other permanent differences	2	(71)
Change in temporary differences	(89)	10
Effect of changes in accounting policy and unrecognised actuarial gain (loss) in the pension liability	(31)	30
Effect of Capital increase costs, recognised in equity (note 10)	-	(23)
Taxable income	**21**	**-**
Tax rate	25 %	27 %

Taxes payable and taxes charged to expenses are calculated as:	2016	2015
Calculated taxes payable	5	-
Change in net deferred tax asset	22	(3)
Tax related to change in tax rate on deferred tax	3	8
Tax related to Capital increase costs, recognised in equity (note 10)	-	6
Tax related to changes in accounting policy and unrecognised actuarial gain (loss) in the pension liability	8	(8)
Tax related to Group contributions payable	27	120
Tax expense	**65**	**123**

The net deferred tax liability (asset) consists of the following:	2016	2015
Temporary differences related to:		
Property, plant and equipment	(1)	(1)
Pension liabilities	(252)	(214)
Other current liabilities	(75)	(203)
Total basis for deferred tax liability (asset)	**(328)**	**(418)**
Tax rate	25 %	27 %
Net deferred tax liability (asset) with applicable year's tax rate	(82)	(113)
The effect on Net deferred tax liability (asset) related to change in tax rate from 25% to 24% (27% to 25%)	3	8
Net deferred tax liability (asset)	**(79)**	**(105)**

Effective tax rate is a result of:	2016	2015
Profit (loss) before taxes	272	826
Tax charged based on nominal rate	68	223
Tax effect permanent differences	(6)	(107)
Tax related to change in tax rate from 25% to 24% (27% to 25%) on deferred tax	3	8
Previous years inadequate accrued tax	-	(1)
Taxes	**65**	**123**

NOTE 7: SUBSIDIARIES AND ASSOCIATES

Schibsted ASA is the ultimate parent company in the Schibsted Media Group with operations world-wide. For more information about these operations, see note 6 Operating segments and note 33 Group composition to the consolidated financial statements. The directly-owned investments in subsidiaries and associates are as follow:

Subsidiaries of Schibsted ASA:	Ownership and voting share	Location	Carrying amount 2016	Carrying amount 2015
Schibsted Multimedia AS	100.00 %	Oslo, Norway	10,691	11,792
Schibsted Norge AS	100.00 %	Bergen, Norway	3,659	3,649
Schibsted Eiendom AS	100.00 %	Oslo, Norway	81	81
Schibsted Print Media AS	100.00 %	Oslo, Norway	246	246
Schibsted Sverige AB	100.00 %	Stockholm, Sweden	2,733	63
Schibsted Products & Technology UK Ltd	100.00 %	London, United Kingdom	1,091	263
Schibsted Products & Technology AS	0.00 %	Oslo, Norway	-	-
Schibsted IT AS	0.00 %	Oslo, Norway	-	-
Schibsted ePayment AS	100.00 %	Oslo, Norway	14	14
Finn.no AS *	90.01 %	Oslo, Norway	1,427	1,427
Schibsted Vekst AS *	96.00 %	Oslo, Norway	28	26
Schibsted Tech Polska sp. z.o.o *	100.00 %	Krakow, Poland	-	-
Total			**19,970**	**17,561**

** The table also includes shares in subsidiaries where Schibsted ASA has indirect control. Direct ownership and voting shares in Finn.no, Schibsted Vekst and Schibsted Tech Polska are 40.00%, 10.00% and 1.00%, respectively.*

Schibsted Products & Technology AS was sold to Schibsted Products & Technology UK Ltd in 2016, resulting in a gain of NOK 25 million. The book value was zero prior the transaction. As per principle followed, the gain in excess of retained earnings of the subsidiary sold is recognised as deferred income and classified as non-current liabilities, see note 13 Non-current and current liabilities.

In 2016 Schibsted IT AS was merged into Schibsted Eiendom AS.

Group contributions payable (net) is capitalised as part of investments, a total of NOK 81 million.

Shares in associates:	Ownership and voting share	Location	Carrying amount 2016	Equity	Profit (loss)
Polaris Media ASA	28,99 %	Trondheim, Norway	127	1 420	(111)
Svanedamsveien 10 AS	25,00 %	Kristiansand, Norway	1	61	3
Total			**128**		

Fair value of the shares in Polaris Media ASA is NOK 194 million as at 31 December 2016.

NOTE 8: NON-CURRENT AND CURRENT RECEIVABLES

	NON-CURRENT		CURRENT	
	2016	**2015**	**2016**	**2015**
Group companies' liabilities in cash-pool (note 9)	6,075	7,750	-	-
Other receivables from Group companies (note 16)	431	16	393	667
Other receivables	6	9	55	33
Financial derivatives	33	-	-	-
Total	**6,545**	**7,775**	**448**	**700**

Non-current receivables from Group companies in 2016 consist of a loan to ASM Classificado de México SA de CV of NOK 16 million, a loan to Sentinel Software AS of NOK 1 million, and a loan to Schibsted France SAS of NOK 414 million.

NOTE 9: CASH AND CASH EQUIVALENTS

	2016	**2015**
Net assets in the cash-pool	356	1,352
Net assets outside the cash-pool	1	1
Total Cash and cash equivalents	**357**	**1,353**

Schibsted ASA has a multi-currency cash pool with Danske Bank in which almost all the Nordic and some of the European subsidiaries are included. The cash pool has been established to optimise liquidity management for Schibsted.

The Group has an overdraft facility of NOK 400 million linked to the cash pool. At year-end 2016 this facility was not drawn.

Excess liquidity is mainly placed in the cash pool or in the short-term money market.

Payroll withholding tax is not restricted cash as Schibsted holds a tax guarantee for the purpose.

NOTE 10: EQUITY

	Share capital	**Treasury shares**	**Other paid-in capital**	**Retained earnings**	**Total**
Equity as at 31 December 2015	**113**	**-**	**4,135**	**10,541**	**14,789**
Change in treasury shares	-	-	39	(7)	32
Unrecognised actuarial gain (loss) in pension plans	-	-	-	(23)	(23)
Profit (loss)	-	-	-	206	206
Dividend	-	-	-	(396)	(396)
Equity as at 31 December 2016	**113**	**-**	**4,174**	**10,321**	**14,608**

The share capital of Schibsted ASA is NOK 113,403,795.50 divided on 108,003,615 A-shares of NOK 0.50 par value and 118,803,976 B-shares of NOK 0.50 par value. Treasury shares as at 31 December 2016 comprise 276,020 A-shares and 480,797 B-shares. The par value of treasury shares is presented on a separate line within other paid-in capital with a negative amount.

For more information on number of shares, see note 26 Number of shares to the consolidated financial statements.

No shareholder may own or vote at the Annual Shareholders' Meeting for more than 30% of the shares.

NOTE 11: SHAREHOLDER STRUCTURE

The 20 largest shareholders as at 31 December 2016	Number of A-shares	Number of B-shares	Toal number of shares	Ownership	Voting share
Blommenholm Industrier AS	28,188,589	28,598,589	56,787,178	25.0 %	26.0 %
Folketrygdfondet	5,908,805	9,954,428	15,863,233	7.0 %	5.8 %
NWT Media AS	4,133,300	4,306,000	8,439,300	3.7 %	3.8 %
Goldman Sachs & Co*	389,416	6,510,395	6,899,811	3.0 %	0.9 %
The Northern Trust Company Ltd*	3,300,000	2,982,000	6,282,000	2.8 %	3.0 %
State Street Bank And Trust Comp*	2,956,128	2,307,207	5,263,335	2.3 %	2.7 %
J.P.Morgan Chase Bank N.A. London*	2,449,459	1,760,994	4,210,453	1.9 %	2.2 %
Deutsche Bank AG*	252,450	3,811,393	4,063,843	1.8 %	0.5 %
BNP Paribas Securities Services*	2,020,522	1,688,616	3,709,138	1.6 %	1.8 %
State Street Bank & Trust Company*	1,968,051	1,671,297	3,639,348	1.6 %	1.8 %
State Street Bank & Trust Company*	1,318,937	1,731,581	3,050,518	1.3 %	1.2 %
The Northern Trust company, London Br*	1,543,915	1,474,351	3,018,266	1.3 %	1.4 %
Clearstream Banking S.A*	1,215,939	976,920	2,192,859	1.0 %	1.1 %
J.P.Morgan Chase Bank N.A. London*	956,099	1,035,319	1,991,418	0.9 %	0.9 %
J.P.Morgan Chase Bank N.A. London*	1,034,373	860,944	1,895,317	0.8 %	0.9 %
Skandinaviska Enskilda Banken AB*	1,453,250	376,380	1,829,630	0.8 %	1.2 %
Tweedy Browne Global Value Fund	900,000	900,000	1,800,000	0.8 %	0.8 %
BNP Paribas Securities Services*	947,044	801,800	1,748,844	0.8 %	0.9 %
Pershing LLC*	918,892	825,144	1,744,036	0.8 %	0.8 %
Morgan Stanley & Co. LLC*	397,871	1,333,087	1,730,958	0.8 %	0.4 %
Total 20 largest shareholders	**62,253,040**	**73,906,445**	**136,159 485**	**60.0 %**	**58.3 %**

**) Nominee accounts.*

The list of shareholders is based on the public VPS list. For further information regarding the underlying ownership, see the chapter Shareholder information in Schibsted's annual report.

For number of shares owned by the Board of Directors and the Group Management, see note 8 Personnel expenses in the Group financial statement.

The total number of issued shares in Schibsted ASA is 108,003,615 A-shares and 118,803,976 B-shares as at 31 December 2016. The B-shares have one vote per share while the A-shares have 10 votes per share. The number of shareholders as at 31 December 2016 is 5,274. Foreign ownership is 57.6% (57.01% in 2015).

The Annual Shareholders' Meeting has given the Board authorisation to acquire up to 10% of the Company's shares as treasury shares. The authorisation was renewed at the Annual Shareholders' Meeting on 11 May 2016 for a period until the Annual Shareholders' Meeting in 2017. At the Annual Shareholders' Meeting on 12 May 2017 the Board will propose a resolution to extend the authorisation for the Board to acquire and dispose of up to 10% of the share capital in Schibsted ASA according to the Norwegian public limited liability companies act under the conditions evident from the notice of the Annual Shareholders' Meeting.

The Chairman of the Board, Ole Jacob Sunde is also member of the Board in Blommenholm Industrier.

NOTE 12: PENSION PLANS

The company is obliged to have an occupational pension scheme in accordance with the Act on Mandatory Company Pensions ("Lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of the Act.

As at 31 December 2016 the company's pension plans had 93 members (78 as at 31 December 2015). Note 21 Pension Plans to the consolidated financial statements contains further description of the pension plans and the principal assumptions applied.

Amounts recognised in profit or loss:	**2016**	**2015**
Current service cost	9	10
Net interest cost on pension liabilities	6	4
Net pension expense – defined benefit plans	**15**	**14**
Pension expense – defined contribution plans	4	5
Net pension expense	**19**	**19**
Pension expense recognised as Personnel expenses	13	14
Pension expense recognised as Financial expenses	6	5

Amounts recognised in the balance sheet:	**2016**	**2015**
Present value of funded defined benefit liabilities	46	54
Fair value of plan assets	(46)	(48)
Present value (net of plan assets) of funded defined benefit liabilities	**-**	**6**
Present value of unfunded defined benefit liabilities	275	208
Pension liabilities	**275**	**214**
Social security tax included in present value of defined benefit liabilities	34	26

Changes in pension liabilities:	**2016**	**2015**
As at 1 January	214	249
Net pension expense	15	14
Contributions / benefits paid	15	(19)
Unrecognised actuarial gain (loss) recognised in equity (incl. tax)	31	(30)
As at 31 December	**275**	**214**

New measurement of defined benefit obligation includes:	**2016**	**2015**
Actuarial gains and losses arising from changes in financial assumptions	6	(26)
Other effects of remeasurement (experience deviation)	25	(4)
Remeasurement of defined benefit liabilities	**31**	**(30)**

NOTE 13: NON-CURRENT AND CURRENT LIABILITIES

	NON-CURRENT		CURRENT	
	2016	**2015**	**2016**	**2015**
Liabilities to credit institutions (note 14)	495	548	27	267
Bond issues (note 14)	1,300	1,800	500	-
Financial derivatives	2	168	92	17
Deferred income from sale of subsidiaries (note 7)	1,182	1,157	-	-
Dividends accrued	-	-	396	395
Group companies receivables in cash-pool (note 9)	-	-	8,459	7,754
Other liabilities to Group companies (note 16)	-	-	116	452
Other liabilities	5	10	83	68
Total	**2,984**	**3,683**	**9,673**	**8,953**

NOTE 14: FINANCIAL RISK MANAGEMENT AND INTEREST-BEARING BORROWINGS

Financial risk management

Funding and control of refinancing risk is handled by Group treasury in Schibsted ASA. Schibsted has a diversified loan portfolio both in terms of loan sources and maturity profile. The most important funding sources are the Norwegian bond market and banks.

For management of interest rate risk and currency risk, see note 23 Financial Risk Management to the consolidated financial statements.

Interest-bearing borrowings, composition and maturity profile:

	NON-CURRENT		CURRENT	
	2016	**2015**	**2016**	**2015**
Bonds issued	1,300	1,800	500	-
Bank loans	495	548	27	267
Total carrying amounts	**1,795**	**2,348**	**527**	**267**
of which maturity beyond 5 years	645	1,412		

For more details on bond issues, bank loans and credit facilities, see note 24 Interest-bearing borrowings to the consolidated financial statements.

NOTE 15: GUARANTEES

	2016	2015
Guarantees on behalf of Group companies	345	571
Other guarantees	5	5
Total	**350**	**576**

A guarantee of up to NOK 293 million to Danske Bank is included in Guarantees on behalf of Group companies. This amount primarily relates to guarantees for tax withholdings. Also included in Guarantees on behalf of Group companies are unsecured pension liabilities of NOK 48 million related to key management personnel.

Schibsted ASA has issued parent company guarantee as security for payment of office rent in some subsidiaries.

NOTE 16: TRANSACTIONS WITH RELATED PARTIES

Schibsted ASA has business agreements with companies in the Group. The pricing of all transactions with Group companies are based on arm's length principle.

	2016	2015
Sale of services to Group companies	47	32
Purchase of goods and services from Group companies	63	44

For more information on intra-group sales of shares, see note 5 Financial items, note 7 Subsidiaries, note 8 Non-current and current liabilities and note 13 Non-current and current liablities.

Remuneration to management

See note 8 Personnel expenses and note 9 Share-based payment to the consolidated financial statements for further information concerning remuneration to management and share-based payment.

NOTE 17: LEASE AGREEMENTS

Schibsted ASA has lease obligations related to off-balance sheet operating assets, mainly office buildings and computer technology.

Operating lease payments of NOK 32 million are expensed in 2016 and consist mainly of leased computer technology amounted to 8,5 million and leased office premises amounted to 22,5 million with a remaining lease term of 2.5 years with an option to extend for another 3 years and 9 months.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

In February 2017, Schibsted issued a senior unsecured NOK 500 million bond on Oslo Stock Exchange.

DECLARATION BY THE BOARD

We confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2016 have been prepared in accordance with applicable accounting standards and give a true and fair view of assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole and that the Board of Directors' report includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Oslo, 30 March 2017
Schibsted ASA's Board of Directors

Ole Jacob Sunde
Chairman of the Board

Birger Steen

Arnaud de Puyfontaine

Torbjörn Ek

Ingunn Saltbones

Finn E. Våga

Tanya Cordrey

Marianne Budnik

Eugénie Van Wiechen

Christian Ringnes

Rolv Erik Ryssdal
CEO

DEFINITIONS AND RECONCILIATIONS

This section includes definitions and reconciliations of financial measures presented in this report. These financial measures are included as they provide information of our financial performance in addition to the financial statements presented in accordance with IFRS.

EBITDA
Gross operating profit (loss)

EBITDA margin
Gross operating profit (loss) / Operating revenues

Revenues and operating expenses adjusted for currency fluctuations
Growth rates adjusted for currency effects are calculated using the same foreign exchange rates for the period last year and this year.

Currency rates used when converting profit or loss

	2016	2015
Swedish krona (SEK)	0.9823	0.9525
Euro (EUR)	9.2927	8.9149

Online classifieds operations - Developed phase and Investment phase

Online classifieds - Developed phase

Subsidiaries	
Norway:	Finn and MittAnbud
Sweden:	Blocket, Servicefinder and Bytbil
France:	Leboncoin and MB Diffusion
Spain:	mainly Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs
Italy:	Subito
Ireland:	Daft, Done Deal and Adverts
Hungary:	Hasznaltauto
Colombia:	Fincaraiz

Joint ventures and associates	
Malaysia:	Mudah
Austria:	Willhaben

Online classifieds - Investment phase

Subsidiaries	
Finland:	Tori
Hungary:	Jofogas
Italy:	Infojobs
Brazil:	Infojobs
Mexico:	Segundamano
Belgum:	Kapaza
Belarus:	Kufar
Tunisia:	Tayara
Morocco:	Avito
Dominican Republic:	Corotos
Portugal:	Custo Justo
Shpock in all markets:	Austria, Germany, United Kingdom, Norway, Sweden and Italy

Price comparison and personal finance marketplaces in early stage in certain markets are included here.

Joint ventures and associates	
Chile:	Yapo
Brazil:	OLX
Vietnam:	Cho Tot
Indonesia:	OLX
Thailand:	Kaidee
Bangladesh:	Ekhanei

Online classifieds operations in investment phase are defined as operations in growth phase with large investments in market positions, immature monetization rate and sustainable profitability has not been reached.

Reconciliation of EBITDA excl. Investment phase and gross operating profit in accordance with financial statements

(NOK million)	2016	2015
EBITDA excl. Investment phase	2,904	2,560
EBITDA Investment phase Online Classifieds	(753)	(514)
EBITDA Investment phase Other	(20)	(30)
Gross operating profit	**2,131**	**2,016**

Reconciliation of Online classifieds pro forma information and Operating segments in accordance with financial statements

(EUR million)	2016	2015
Online Classifieds operating revenues in Operating segments (in NOK)	**6,787**	**5,692**
Online Classifieds operating revenues in Operating segment disclosure	730.8	638.4
Operating revenues from joint ventures and associates	25.9	18.1
Operating revenues from other Online Classifieds companies	(1.4)	(2.7)
Eliminations	(22.1)	(15.7)
Pro forma operating revenues	**733.2**	**638.1**
Online Classifieds gross operating profit in Operating segments (in NOK)	**1,897**	**1,669**
Online Classifieds EBITDA in Operating segment disclosure	204.2	187.8
EBITDA from joint ventures and associates	(9.5)	(36.3)
EBITDA from other Online Classifieds companies	4.5	7.8
Pro forma EBITDA	**199.2**	**159.3**

Other Online Classifieds companies are companies not included in pro forma Online Classified, that mainly consist of holding companies and overhead within Online Classifieds International.

Online classifieds pro forma information - details

(EUR million)	2016	2015
Norway	170.9	165.6
Sweden	110.0	102.4
France	214.0	179.7
Spain	110.7	99.0
Other	82.9	64.1
Developed phase	**688.5**	**610.8**
Investment phase	44.7	27.3
Pro forma operating revenues	**733.2**	**638.1**
Norway	72.1	73.5
Sweden	62.1	56.7
France	129.2	107.3
Spain	23.7	22.6
Other	5.7	(5.1)
Developed phase	**292.8**	**254.9**
Investment phase	(93.6)	(95.6)
Pro forma EBITDA	**199.2**	**159.3**

Developed phase (EUR million)	2016	2015
EBITDA subsidiaries	289.7	252.8
EBITDA joint ventures and associates	3.1	2.0
EBITDA	**292.8**	**254.9**

Investment phase (EUR million)	2016	2015
EBITDA subsidiaries	(81.0)	(57.3)
EBITDA joint ventures and associates	(12.6)	(38.3)
EBITDA	**(93.6)**	**(95.6)**

Liquidity reserve

(NOK million)	2016	2015
Cash and cash equivalents	1,268	1,891
Unutilised drawing rights on credit facilities	3,862	4,088
Liquidity reserve	**5,130**	**5,979**

Net interest-bearing debt

(NOK million)	2016	2015
Non-current interest-bearing borrowings	1,814	2,365
Current interest-bearing borrowings	528	318
Cash and cash equivalents	(1,268)	(1,891)
Net interest-bearing debt	**1,074**	**792**

Equity ratio
Equity / Total assets

Earnings per share
Profit (loss) attributable to owners of the parent / Average number of shares outstanding

Diluted earnings per share
Profit (loss) attributable to owners of the parent / Average number of shares outstanding (diluted)

Cash flow from operating activities per share
Cash flow from operating activities/Average number of shares outstanding

Earnings per share - adjusted

(NOK million)	2016	2015
Profit (loss) attributable to owners of the parent	465	1,263
Other income and expenses	114	(1,079)
Impairment loss	80	488
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	(49)	19
Profit (loss) attributable to owners of the parent - adjusted	**610**	**691**
Earnings per share – adjusted (NOK)	2.70	3.17
Diluted earnings per share – adjusted (NOK)	2.69	3.16

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Schibsted ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Schibsted ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2016, the income statement and statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the statement of financial position as at 31 December 2016, the income statement, statements of comprehensive income, cash flow and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting for development expenses

The group has recognized internally generated intangible assets, primarily software in 2016. Initial recognition is based on assessing each project in relation to specific recognition criteria. Assessing the criteria may be judgmental and requires close monitoring of each project by management. Due to the materiality and the level of management judgement involved in the process, we have assessed initial recognition and measurement of internally generated intangible assets to be a key audit matter.

We assessed the design and tested the operating effectiveness of internal controls related to initial recognition process. Our procedures included assessing the initial recognition criteria used by management, including the accuracy of the cost base and the estimated useful expected economic life for each internally generated intangible asset. We also tested the mathematical accuracy of the internal models.

The estimation uncertainty related to capitalization of development expenses is disclosed in note 3 and note 14 to the annual report.

Impairment testing of goodwill Subscription based newspapers in Norway

Goodwill of 221 MNOK is allocated to Subscription based newspapers in Norway. The identification of cash generating units and calculation of value in use for impairment testing purposes is an inherently uncertain process involving judgement about various assumptions and factors including expected future cash flows and Weighted Average Cost of Capital (WACC). The use of different assumptions could produce significantly different value in use estimates. Subscription based newspapers are experiencing reduced growth due to changes in user behavior and structural changes in advertising, including digital transformation. In particular, subscription based newspapers in Norway have been subject to negative growth due to shift in advertising spend to other markets and reduced subscription revenue. Since the goodwill related to subscription based newspapers in Norway is material and subject to estimation uncertainty, we have assessed impairment testing to be a key audit matter.

We assessed the design and tested the operating effectiveness of internal controls related to the impairment assessment process. Our procedures included assessing the identification of the cash generating unit and testing of assumptions used in the value in use model, including the forecasted future cash flows and the estimated WACC and where relevant, compared data and assumptions to external benchmarks and budgets. We also tested the accuracy of the impairment model. We involved internal valuation specialists in our team to assess the WACC model.

The estimation uncertainty related to impairment testing is disclosed in note 3 and note 14 to the annual report.

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Revenue recognition

Revenue is recognized when risks and rewards of products and services have been transferred to the customer. Some revenue is recognized over a time period and others at a certain point in time. Schibsted has product and services with various contractual terms and different pricing elements in contracts with customers, users and readers throughout the group. Several systems provide input to the revenue recognition processes and there have been significant changes over the recent years. Due to the complexity of the revenue models and the supporting systems, there is a risk of recognizing revenue in the incorrect period. Hence, we consider cut-off of revenue to be a key audit matter.

We assessed the design and tested the operating effectiveness of internal controls related to revenue recognition, including the appropriateness of the Groups accounting policies. We have performed substantive audit procedures related to measurement and accuracy of sales transactions on a sample basis by comparing sales transactions recognized to customer contracts and performance obligations and assessed whether the implied revenue recognition criteria is in compliance with the group accounting policies as disclosed in note 2 to the annual report.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Director (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and in the statements on corporate governance and corporate social responsibility, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

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Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 3 April 2017
ERNST & YOUNG AS

Kjetil Rimstad
State Authorised Public Accountant (Norway)

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