



SCHIBSTED
MEDIA GROUP

SCHIBSTED MEDIA GROUP

ANNUAL REPORT 2017



INDEX

This is Schibsted Media Group	3
Message from the CEO	5
Board of Directors' Report	6
Sustainability Report	12
Statement of Corporate Governance	32
Financial Statements for Group	43
Financial Statements for parent company	80
Share information	96
The Board of Directors of Schibsted ASA	100

THIS IS SCHIBSTED MEDIA GROUP

SCHIBSTED AT A GLANCE

- NOK 16.9 billion revenues
- NOK 2.6 billion EBITDA
- 8,000+ employees
- 22 countries
- 38 Online Classifieds products
- 7 leading newspapers in Norway and Sweden
- 1.2 billion people market footprint
- Engaging 200 million+ people worldwide

Schibsted Media Group is a listed company headquartered in Oslo, Norway. Innovation is a core value for Schibsted, and during the past two decades we have demonstrated high ambitions when it comes to digital growth and transition. In 2017, 71 percent of our revenue was from digital products, and the digital revenue has continued to grow rapidly.

Schibsted's two divisions, Marketplaces (online classifieds) and Media are both leading players in their fields. To continue to be at the forefront when it comes to products and technology, we will increasingly leverage our global scale in order to improve quality of service and reduce time to market. At the same time, our strong local market positions and brand are among our most valuable assets. A key to Schibsted's success is to be more global than local competitors and at the same time more local than the global platforms.

Marketplaces

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

Media

We are building world-class digital media houses that will shape the media landscape of the future.

Through the Schibsted Growth entity, we invest in great entrepreneurs and help scale their businesses locally and internationally by leveraging the Schibsted ecosystem.

Engaging millions of people worldwide

Millions of people interact with Schibsted companies every day.

We are meeting our customers' needs with our expanding range of smart products and services. We are becoming increasingly international and 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 fast online services. Carpenters are found with a couple of clicks. TV viewing is planned. Maps and routes are checked. Jobseekers 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.

An overview of our operations:

Marketplaces

Established phase

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

Investment phase

- Schibsted-controlled classifieds marketplaces in Austria (Shpock) Belarus (Kufar.by), Chile (Yapo.cl), Dominican Republic (Corotos.com.do), Finland (Tori.fi), Germany (Shpock), Hungary (Jofogas.hu), Italy (InfoJobs.it and Shpock), Mexico (Segundamano.mx), Morocco (Avito.ma), Norway (Shpock) Portugal (Custojusto.pt), Sweden (Shpock), Tunisia (Tayara.tn) and UK (Shpock)
- Online classifieds marketplaces owned through joint ventures in Brazil (OLX.com.br), Indonesia (OLX.com.id) and Thailand (Kaidee.com)

Media

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, price comparisons, online coupons and online directories)



POSITIONED FOR FURTHER GROWTH

2017 was a year of continuous change and progress for Schibsted. While the pace of development in the digital world continues to accelerate, we improved our ability to innovate and compete. We sharpened our focus and expertise on Product and Technology development, while strengthening our market positions and improving our financial results in both our marketplaces and media businesses.

Ensuring a long-term perspective when building value for society, customers, and shareholders is deeply rooted in Schibsted's values. At the heart of everything we do lies the ambition to remain at the cutting-edge of new technology, constantly enhancing customer experiences and exceeding customer expectations. How will you purchase a new home in five years? What support will car dealers and other entrepreneurs need to expand their businesses? How will today's teenagers consume news tomorrow? To excel, we need to understand where we can truly make a difference, now - and in the future.

In September 2017 we announced a new organizational setup with two separate divisions: Marketplaces and Media. The goal was to speed up execution and improve agility, and we are on track. We now have a leaner organization with two dedicated management groups, closer to their markets, well-equipped to make the right decisions when it comes to strategy, Product & Technology development, and go-to-market tactics.

Steady uplift for our marketplaces

Our Marketplaces operations developed very well during 2017. Our largest sites continued to grow traffic, content, revenues and profitability. Our strategic goals of capturing the value in verticals like cars, real estate and jobs is paying off. A good example is France, where we are taking market shares in all these areas. The same applies for Brazil. We also see an inspiring continued success for Finn.no. By relentlessly focusing on innovation and growth, our Norwegian marketplace remains a star performer with double-digit growth in revenues and profitability 17 years after launch.

We continued our work to optimize the structure of our Marketplaces portfolio. We increased our stake in the Brazilian market leader OLX from 25 to 50 percent, and we are excited about the performance of the company since that transaction. We also exited several markets where we saw less potential for value creation. Our current portfolio is well balanced between strong, profitable

assets and early-stage operations with great potential. At the same time, our ambition is to continue to be active in terms of in-market consolidations and bolt-on acquisitions. With a solid financial foundation, we can act swiftly on the right opportunities when they arise.

Media sees solid growth in digital subscribers

Our Media houses have unique and credible brands in Norway and Sweden, supported by solid advertising and publishing technology. Our publishing operations continue to be an important part of democracy and vital contributors to society. Social media is changing the way people consume and digest news, and we are increasingly challenged with echo chambers and fake news. However, this also means that independent news outlets and editorially curated content, are more important than ever. Against this backdrop, it is extremely encouraging to see solid growth in the number of digital subscribers, and improved profitability in 2017.

The development of Schibsted Growth is also good. The tremendous development of Lendo, which is helping consumers find more affordable financing solutions in several countries, is the most important driver.

The role of Schibsted in society

For a competence-driven company like Schibsted, it is essential to have a higher purpose. I know that, like me, many of my colleagues find Schibsted's positive role in society a key source of motivation. It is not only about our news sites; it's about building better marketplaces and facilitating how we exchange goods, helping people fulfill their dreams supporting entrepreneurs and innovation through Schibsted Growth. Being a trusted digital partner and industry expert contributing to best practices within data privacy and security, creating intuitive and seamless solutions that empower our customers. And, it is about contributing to the circular economy, offering digital platforms as a means to reuse clothing, furniture, electrical equipment and lots more.

It is safe to say, we feel energized by our vision: Shaping the media of tomorrow. Today.



Rolv Erik Ryssdal

ROLV ERIK RYSSDAL
CEO, Schibsted Media Group

BOARD OF DIRECTORS' REPORT



Arnaud de Puyfontaine was not present at the photo session.

For more than 20 years, Schibsted has followed an ambitious strategy of developing digital services and business models and playing a leading role in the digital transformation of the media industry. During the past year, the developments have been faster and the opportunities greater than ever before. The Group has been following the same guiding light as for many years: striving to be a global leader within online classifieds and developing world-class digital media houses.

Schibsted is well equipped to continue to deliver on these strategic visions. In recent years our efforts within product and technology development have increased considerably. In the short term, this has affected the cost level negatively, but the Board is more convinced than ever that this is a necessary investment to maintain Schibsted's competitive advantage and growth profile. With Schibsted's broad footprint, products and technology can be scaled globally, and this will remain a fundamental part of the strategy going forward. During the past year, the benefits from this strategy have become visible, with many new products launched in the market. To speed up development and heighten focus, the Group adjusted its organizational model in late 2017 by gathering all online classifieds operations in one division, called Marketplaces, and all media house operations in another division, called Media, effective from 2018. At the same time, the two divisions are given sole responsibility for their respective product and tech development.

The Board puts considerable effort into the act of balancing between investments for long-term growth and consistent growth in profitability and cash flow. Schibsted strives to deliver on both. The profit trends of recent years have demonstrated the great earning power that lies in the business. Both the online classifieds operations and the media houses possess a high degree of operational leverage, and when scaling back organic investments, margin enhancement becomes evident. Within the media houses, the successful ramp-up of digital subscribers together with continued good growth in digital advertising have led to profit improvement. In addition, the Schibsted Growth portfolio of online consumer services has delivered substantial growth. In online classifieds, the rapid increase of revenues in early-stage operations, together with strong growth in cars, real estate and jobs verticals in more developed operations, have resulted in margin increases.

Schibsted will continue to pursue the same path to create value for its users, customers and shareholders. Online classifieds operations should be able to strengthen their commercial impact in existing markets, driven by growth in verticals. The target of 15–20 percent revenue growth stands firm. Digital newspapers will remain at the forefront when it comes to digitalization, while at the same time manage the decline in print.

Ever since its foundation in 1821, Schibsted has played an important role in society. Credibility and accountability have always been the backbone of our news operations. In the age of fragmentation of news sources and fake news, these values have become increasingly important. Society needs credible and independent news providers, and Schibsted will continue to guarantee this. The marketplaces also play vital roles for consumers and society in many markets. Fair and transparent marketplaces are important for society. Schibsted is particularly proud of the substantial positive effect our marketplaces have on the environment through second-hand trading of goods.

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. Schibsted's dual-class share structure is an essential tool in this respect. In 2017 the B-share made it possible for Schibsted to efficiently access the equity market. The primary aims in terms of M&A are to consolidate online classifieds markets and strengthen Schibsted's positions in markets where we already have a presence. The Board emphasizes the advantage of maintaining significant financial strength and flexibility to be able to act when the right opportunities arise.

Description of structural changes

In January 2017 Schibsted acquired the Spanish real estate portal Habitacalia.com and thereby further strengthened its leadership in the real estate classified ads sector in Spain.

In May 2017 Schibsted strengthened its presence in Latin America by entering into an agreement to acquire Telenor's 25-percent interest in the Brazilian online classifieds operation OLX.com.br and its 50-percent interest in the Chilean online classifieds operation Yapo.cl. This led to an increase in effective ownership of OLX.com.br from 25 percent to 50 percent and from 50 percent to 100 percent of Yapo.cl in Chile. At the same time, Schibsted exited Malaysia, Vietnam and Myanmar by selling its interests to Telenor.

In August 2017 Schibsted closed the sale of its interest in the Swedish online directory service Hitta.se.

Schibsted has also been involved in other minor acquisitions and disposals during 2017.

Comments on the Group's results

Schibsted's operating revenues in 2017 totaled NOK 16,943 million

(NOK 15,854 million)ⁱ. The 7-percent increase was mainly driven by growth in online classifieds and online revenues from media houses, while offline revenues in media houses continued to decline. The Group's gross operating profit (EBITDA) amounted to NOK 2,606 million (NOK 2,131 million)ⁱ, equivalent to growth of 22 percent. Growth was driven primarily by revenue increases, adaption of cost bases in media houses and reduced losses in Investment phase operations. See comments on the business areas for more details.

Schibsted's share of profit (loss) from joint ventures and associates totaled NOK -113 million (NOK -171 million)ⁱ. This development is a combination of reduced losses, one-offs and changes in composition of entities presented as joint ventures and associates.

Group's other income and expenses amounted to NOK 1,505 million (NOK -114 million)ⁱ. This is mainly related to the transactions with Telenor. As part of these transactions, Schibsted recorded NOK 821 million on gains on sales and NOK 490 million related to gains from re-measurement of previously held equity interests in business combinations achieved in stages. In 2017 Schibsted also recorded NOK 201 million related to the sale of Hitta.se as other income.

Operating profit in 2017 amounted to NOK 3,315 million (NOK 1,237 million)ⁱ.

Financial position and cash flow

In 2017 the consolidated statement of financial position increased by NOK 7,209 million to NOK 27,617 million at year-end. This was largely a result of the increased ownership share in OLX.com.br and Yapo.cl. The increased ownership shares in OLX.com.br and Yapo.cl were largely financed by an increase in net interest-bearing liabilities. During the second half of 2017 Schibsted completed an offering of 11,880,397 new B-shares, strengthening equity by NOK 2,494 million. At year-end, the level of net interest-bearing liabilities was NOK 2,614 million (NOK 1,074 million)ⁱ, and total equity was NOK 15,054 million (NOK 10,540 million)ⁱ, representing an equity ratio of 55 percent (52%)ⁱ.

Cash flow from operating activities in 2017 amounted to NOK 1,290 million (NOK 1,506 million)ⁱ. This consists mainly of gross operating profit, taxes paid, and change in working capital. The transactions with Telenor and the sale of Hitta.se represents most of the cash flow related to investment activities. Schibsted continued to invest in product and technology in 2017, which also impacted cash flow in investment activities. Investments in 2017 were financed by increased interest-bearing debt, the issuance of new B-shares and cash flow from operations.

Comments on the business areas

See note 6 in the financial statements for IFRS figures on operating segments. The figures commented on in this section are using

proportional consolidation of joint ventures and associates. An overview of definitions and reconciliations is provided at the end of the financial statements.

Online classifieds

In 2017 Online classifieds experienced revenue growth of 19 percent and EBITDA growth of 30 percent, driven mainly by strong development in the online classifieds sites in Norway, France and Spain and by reduced losses in operations within Investment phase.

Norway

Finn.no is the number-one website for online classifieds in Norwayⁱⁱ and one of the strongest brands in the country regardless of industry. Finn.no is the market leader within real estate, cars, jobs and generalist ads. Online Classifieds Norway also comprises MittAnbud (a marketplace for services), Lendo.no and Penger.no (both marketplaces within personal finance). Online Classifieds Norway had a strong year in 2017 with revenue growth of 18 percent, driven by revenue increases in all classified verticals, especially real estate and jobs. Personal finance continued to show strong growth, while display advertising sales were still soft. EBITDA grew by 15 percent.

Sweden

Blocket.se holds a leading position for online classifieds in Swedenⁱⁱ and is among the strongest brands in the country across all industries. Bytbil.se is the leading classifieds site for cars in Swedenⁱⁱ. Online Classifieds Sweden also comprises Servicefinder, a marketplace for services. Online Classifieds Sweden's operating revenues were flat from 2016. Cars and jobs contributed positively, while display advertising was more challenging. Servicefinder faced a decline in revenue in 2017. EBITDA in Online Classifieds Sweden decreased by 4 percent compared to last year. Excluding Servicefinder, revenue increased by 3 percent and EBITDA decreased by 2 percent compared to 2016.

International

Online Classifieds International comprises all online classifieds operations outside Scandinavia. Revenue growth in 2017 was 22 percent. The increase in revenue was broad-based, and all sites were growing. The EBITDA growth was 66 percent.

Developed operations

In France, Leboncoin.fr is the leading online classifieds site and holds a number-one position within real estate, cars and generalist ads.ⁱⁱ In 2017 France had revenue growth of 20 percent. The growth was driven by positive results from monetization efforts in jobs, continued growth in real estate and cars, as well as M&A effects. There was still soft growth in display advertising revenues. EBITDA grew by 18 percent.

Schibsted's operations in Spain are market leaders within online classifieds and hold number-one positions in real estate, cars, jobs and generalist ads.ⁱⁱ In 2017 revenue growth was 24 percent,

driven largely by jobs, cars and acquisition of Habitaclia. There is still strong competition in the real estate market and slowdown in display advertising. EBITDA growth was 45 percent.

Subito.it is the leading generalist and car classifieds site in Italy. It also holds a strong position in the jobs market.ⁱⁱ Subito.it showed solid revenue growth due to monetization efforts in professional verticals. In Ireland, Distilled Media holds leading positions in the generalist, cars and real estate verticals.ⁱⁱ Revenue growth in 2017 was positive. Willhaben.at is the leader in the real estate, cars and generalist markets in Austria. It also holds a strong position in the jobs market.ⁱⁱ The site continued to grow fast in terms of traffic, with corresponding revenue growth. In Hungary, Schibsted owns the leading car classifieds siteⁱⁱ, Hasznaltauto.hu and the leading generalist siteⁱⁱ, Jofogas.hu. Revenues continued to grow at a steady pace in 2017.

Investment phase

In 2017 the Investment phase portfolio continued to develop strongly in terms of revenue and traffic growth. Revenue growth was 71 percent and the negative EBITDA was improved by 15 percent.

In Brazil, OLX.com.br has a strong brand and leadership positions in traffic and volumes of verticals.ⁱⁱ Revenues grew rapidly in 2017 due to the launch of listing fees for professional customers in cars and real estate in the preceding year. The investment level in OLX.com.br is significantly reduced during 2017.

Shpock, a native app for generalist ads, expands the market and attracts new user groups and items. Shpock is among the most downloaded apps in the shopping category in large markets like Germany and the UK, and is experiencing strong growth in ad listings and number of active sellers in these markets. In 2017 Shpock continued with marketing campaigns in several markets.

Schibsted also holds market positions with good potential in several other markets, 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 and Tori.fi in Finland. They are number oneⁱⁱ in their respective markets, and all sites experienced revenue increases in 2017.

Media houses

Norway

Media House Norway comprises newspapers, printing plant operations, distribution operations and Growth companies in the Norwegian market. The newspapers include the nationwide newspapers VG and Aftenposten and the regional newspapers Bergens Tidende, Stavanger Aftenblad and Fædrelandsvennen. All newspapers are strong brands and hold leading positions within their region.

In 2017 revenues in Media House Norway were flat. Media House Norway experienced an improved trend for online advertising,



especially VG. Circulation revenues were stable due to solid growth in digital subscription revenues. Sales of print newspapers continued to decline. The impact of the latter was to some extent mitigated by cover price increases. The margins increased due to continuous work on adapting cost bases to the market.

Sweden

Media House Sweden comprises the nationwide newspapers Aftonbladet and Svenska Dagbladet, and Schibsted Growth, a portfolio of web-based growth companies including Lendo, Prisjakt and Let's Deal. Lendo has become one of Sweden's leading market-places for consumer lending since it was founded in 2007.

In 2017 revenues in Media House Sweden were flat. Online revenues grew, while print revenues decreased. The margins improved due to adaption of cost bases to the market.

The companies within Schibsted Growth continued to benefit from the strong brands of Schibsted's established operations in Sweden and showed an increase in revenue of 28 percent (excluding Hitta.se, divested end of July 2017). Personal finance services represented an important driver of the revenue increase, where Lendo alone contributed with 43 percent revenue increase.

Research and development

Schibsted has been at the heart of digital transformation for more than 20 years, and continues to invest substantial resources in improving and developing products offered to its users. All Group entities are making continuous effort to further develop both existing products and products that will provide new revenue flows. In 2017 innovation efforts were primarily focused on online classified platforms, media platforms, privacy, online payment solutions, advertising technology, data analytics and identity.

Operational and financial risks

Schibsted is operating in an industry that is subject to constant change, and is exposed to increased competition from disruptive players, technology and new business models. Furthermore, Schibsted's online classifieds revenues from the recruitment market, and to some extent real estate markets and display advertising, are affected by macroeconomic cycles, i.e. unemployment rates, real estate prices and GDP growth rates. Schibsted's commitment to technology and innovation, and to diversification of revenue streams from media houses, online classifieds, and growth companies, are vital contributors to bringing the level of these risks to an appropriate level.

External cyber-attacks and threats against Schibsted's IT security may cause incidents of lost personal data, fraud, loss of sensitive business data and inaccessible or unreliable services. Prevention of such attacks has high priority and is a vital part of Schibsted's business.

Through its operations outside Norway, Schibsted is exposed to fluctuations in the exchange rates of other currencies, mainly Euro and Swedish kronor. The Group makes use of loans in foreign currencies and financial derivatives to mitigate its currency exposure. Schibsted's credit risk is considered low as trade receivables are diversified through a high number of customers, customer categories and markets. Moreover, a major part of sales is done through prepaid subscriptions or advertisements and credit card payments on the purchase date. Liquidity risk associated with cash flow fluctuations is also considered low as Schibsted has adequate equity and solid credit facilities. See note 23 in the financial statements for more details on currency risk, credit risk and liquidity risk.

Statement of corporate governance

Schibsted's governance systems are based on principles set out in the Norwegian Code of Conduct for Corporate Governance. In accordance with section 3-3b of the Norwegian Accounting Act, an overall report of corporate governance at Schibsted has been prepared and enclosed as a separate document in the annual report. This statement is an integral part of the Board of Directors' report.

Sustainability Report

In accordance with section 3-3c of the Norwegian Accounting Act, a report of sustainability has been prepared. The report is included as a separate document in the annual report and includes details on working environment, injuries, accidents, sickness absence, equality and non-discrimination, as well as social responsibility and external environment. This report is an integral part of the Board of Directors' report.

Schibsted ASA

Schibsted ASA is the parent company of the Group and is located in Oslo, Norway. The company supplies and performs services for the Group's other companies. Schibsted ASA delivered a profit after tax of NOK -515 million (NOK 206 million)ⁱ. As at 31 December 2017 Schibsted ASA had total assets of NOK 30,297 million (NOK 27,540 million)ⁱ. The equity ratio was 54 percent (53%)ⁱ.

The Board of Directors proposes the following allocation:

Proposed dividend: NOK 417 million

Transferred from other equity: NOK 417 million

As of 31 December 2017 Schibsted ASA had total equity of NOK 16,223 million. The Board of Directors has determined that Schibsted ASA had adequate equity and liquidity at year-end 2017.

Outlook

Schibsted sees continued revenue growth potential and inherent operational leverage for its portfolio of developed online classifieds sites, due to strong brand positions and traffic leadership in a range of markets and verticals. Annual revenue growth target remains at 15–20 percent for the next three to five years, driven by increased monetization and structural growth in online markets.

Schibsted's strategy of building online classifieds traffic, brand leadership positions and new product rollouts continues in 2018. Schibsted focuses on developing new mobile services, including native apps that are expected to expand the online classifieds markets.

In 2018 Schibsted plans further reductions of online classifieds investment phase losses. The reduction in investment phase losses are driven by increased monetization combined with less need for

extraordinary marketing spending. Several sites are approaching break-even in 2018 and some assets have been disposed in 2017. The exact level of investment phase losses will depend on, among other things, the pace of monetization growth and the competitive situation in each market.

The media houses in Schibsted will continue their transformation into world-class digital media houses based on strong editorial products. 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. With a continued weak trend for print advertising, some margin contraction is likely during the coming 12 months.

Schibsted intends to leverage the strong local operations by utilizing the size of our international footprint by developing scalable components and converge towards common platforms. The adjusted organizational setup that was announced in Q3 2017 implies that the coordination and responsibility for the common components and platforms primarily will be allocated to each of the two divisions; Marketplaces and Media.

Going concern

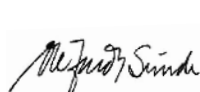
Based on Schibsted's long-term strategy and forecasts, and in accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared under the going concern assumption.

ⁱ Figures in parentheses are for the corresponding period for the previous year.

ⁱⁱ Source: Mediametrie; Comscore; Gemius; Similarweb – competitive positions based on traffic. Spain: SCM Spain aggregated position.

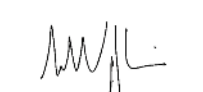
Oslo, 21 March 2018

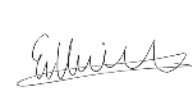
Schibsted ASA's Board of Directors


 Ole Jacob Sunde
 Chairman of the Board



 Christian Ringnes



 Birger Steen



 Arnaud de Puyfontaine


 Eugénie Van Wiechen


 Torbjörn Ek

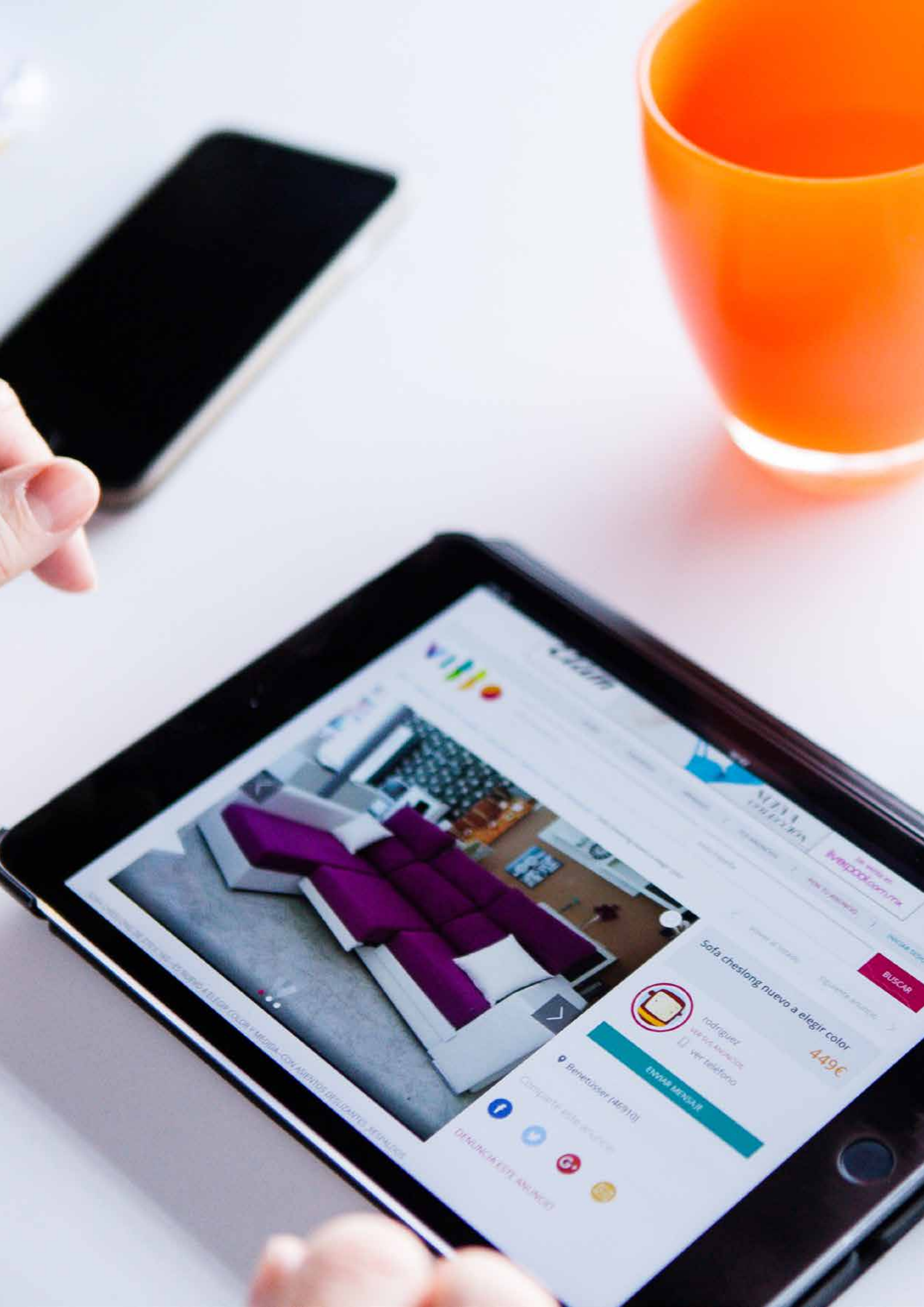

 Ingunn Saltbones


 Finn E. Våga


 Marianne Budnik


 Orla Noonan


 Rolv Erik Ryssdal
 CEO



SUSTAINABILITY REPORT

Index

About the Sustainability Report	12
A word from our CEO	13
Defining sustainability for Schibsted	13
How we act	16
Transparency, safety and integrity	17
Our employees	19
Our environmental performance	22
Prevention of corruption	25
Our societal impact through services and initiatives	25
Sustainable supply chain	28
GRI Index	28

About the Sustainability Report

This is Schibsted's first sustainability report in accordance with Global Reporting Initiatives (GRI) Standards for sustainability reporting, level Core. It also constitutes Schibsted's Communication on Progress (COP) submission to the UN Global Compact. Our ambition with this report is to be transparent and share our approach, performance, progress and plan for the field of sustainability during the year 2017 and forward. The sustainability report refers to the period from 1 January to 31 December 2017. Schibsted publishes a Sustainability report on an annual basis; the previous report (not according to GRI Standards) was published on 19 April 2017.

Data & Information

The sustainability information is provided mainly in our Sustainability report, but also in other chapters of the Annual Report. Please see chapter GRI Index for further guidance. The structure of the Sustainability report and its content is defined according to our material aspects.

Scope & boundaries

Information presented in this report represent all operations in the Schibsted Media Group. The report includes data for our companies that we have full ownership or operational control of; exceptions are stated for each chapter. Companies that have been sold during 2017 are not included in the report. Those that have been merged or acquired are included for the period the company was owned by Schibsted.

Since we have adopted a new process and scope for our reporting on sustainability we are lacking supporting systems and standards for reporting in some areas. For coming years we aim to implement supporting functions and processes to support further possibilities to monitor data and our performance.

Scope and exceptions from above mentioned criteria, boundaries and omissions are stated below:

Employee data: All data is stated in Full-Time Equivalent (FTE) and data is compiled 31 December 2017 using internal reporting systems. A restatement is made regarding FTEs for 2016 (7,560 FTE).

For data regarding collective bargaining agreement, performance reviews and employee satisfaction, data are collected through an internal survey were companies with less than 25 FTEs and Schibsted Product & Tech UK are excluded.

Environmental data: Operational control is chosen as consolidation approach. All greenhouse gases are included in the emission calculations and all scopes are included in intensity data. We have implemented a new methodology of calculating data enabling traceability and comparability for future reporting. Companies with less than 25 FTEs and Schibsted Product & Tech UK are excluded from scope due to limitations in data collection process. Data used in the report derives from third party sources (suppliers), available internal reporting data or is calculated according to the Greenhouse Gas Protocol. Estimations based on previous consumption and accounting standards are made for approximately 5 percent of the reported data.

Omissions

Employees

- GRI Standards 102-8 - Data for employees not possible to split on part-time workers, full-time workers and temporary workers due to limitations in reporting system.
- GRI Standards 403-2 - Data do not include information on occupational disease rate, lost day rate since existing human resource system do not cover such reporting. Current system is also unable to provide data divided per region, gender and external workers.
- GRI Standards 404-3 - Data is not reported separated by employee category and by gender due to limitations in internal reporting system.

Environment

- GRI Standards 302-1 - Share of renewable energy is not disclosed due to limitations in information from energy providers.

Anti-corruption

- GRI Standards 205-2 - Data not disclosed for 2017 due to limitations in internal reporting system.

Sustainable supply chain:

- GRI Standards 301-8 - Data not disclosed for 2017 due to limitations in internal reporting system.
- GRI Standards 414-1 - Data not disclosed for 2017 due to limitations in internal reporting system.

Contact point

If you have any questions about the Sustainability report, you are welcome to contact our Group Compliance Officer Britt Nilsen (britt.nilsen@schibsted.com).



Rolv Erik Ryssdal
CEO Schibsted Media Group

A word from our CEO

Having a greater purpose to our daily job is critical for a company to thrive and develop. To me, Schibsted is more than its content. It goes beyond our services and operations. Our journalism and marketplaces are important cornerstones for building a sustainable and democratic society.

Due to our size and market presence in 22 countries, our services and operations have an important societal impact. As a provider of journalism, marketplaces and as an employer we need to act in a responsible and sustainable manner. Our sustainability strategy is to ensure that we consider and manage the environmental and societal impacts in all our business decisions and through our services empower people to make economic and sustainable choices.

Our ambition is high and we are determined to be a responsible and sustainable multinational company. As a participant member of the UN Global Compact we are highly committed to the ten principles of the UN Global Compact and support the UN Global Goals, particularly goal 5: Gender Equality and goal 12: Ensure sustainable consumption and production patterns.

With this report and our sustainability strategy, we support goal 12 and its target "Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle". By increasing the awareness of environmental benefits of second hand trade and continuing our project Second Hand Effect we also show our support for the target "By 2030, substantially reduce waste generation

through prevention, reduction, recycling and reuse". As an effort to achieve goal 5 and its targets "End all forms of discrimination against all women and girls everywhere" and "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life" we have set long-term and short-term goals for both group functions and the divisions in order to improve gender equality.

In addition to our efforts on gender equality and sustainable consumption, I am proud of the launch of the annual forum The Power of Journalism, as well as our great efforts in the area of transparency, safety and integrity for our users.

In 2018 we will focus on initiatives that implement our sustainability strategy in our new organization model, our focus will be:

- Implement and define the sustainability strategy, common values and processes for our new organization.
- Mandatory e-learning for all our employees regarding our Code of Conduct.
- Map high risk areas and suppliers with regards to sustainability throughout our global supply chain.
- Establish a new digital platform for HR support and insights.
- Monitor our long-term and short-term goals to improve gender equality.
- Improve our reporting process according to GRI Standards.

With these words, I want to be clear about the direction we are heading when it comes to conducting sustainable business. Sustainable business is not an option, it is a must and a great opportunity. Due to rapid growth recent years and a new organization model we still have work to do in several areas to become a leading company when it comes to sustainability performance and reporting.

I am confident that Schibsted has the prerequisites and opportunity to make a difference thanks to our embedded values and our business models supporting sustainable and democratic societies.

Defining sustainability for Schibsted

Sustainability strategy

Schibsted's sustainability strategy was adopted after a thorough process to ensure alignment with the business strategy.

Users, corporate customers, our people, investors, owners and suppliers participated in multiple stakeholder dialog focusing on their expectations and demands for our sustainability efforts. The topics derive from the four pillar areas of the UN Global Compact: respect for human rights, labor rights, environmental protection and prevention of corruption.

Stakeholders

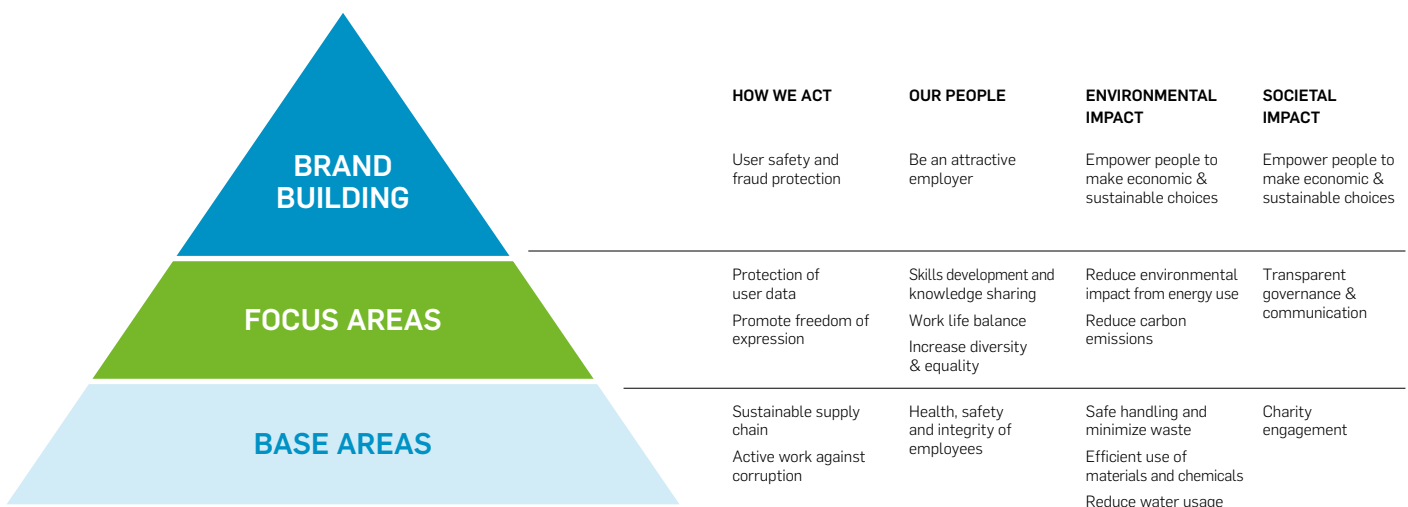
Schibsted engages with all significant stakeholder groups that are directly or indirectly affected by our business. The output from these dialogs went through internal feedback loops to fully understand the key aspects and how these impact our operations today, and how they will impact them tomorrow. As listed below, our stakeholders were given the opportunity to add aspects to our list which they consider important for Schibsted or which impact their decisions and opinions.

Who did we engage with?	How did we engage with them?	What is most important to them?
Customers (users of print and digital products and services, corporate customers)	<ul style="list-style-type: none"> - Focus groups - Brand-specific customer satisfaction feedback - Social media - Blogs - Web survey in selected countries 	<ul style="list-style-type: none"> - User safety and fraud protection - Skills development and knowledge sharing - Reduce environmental impact from energy use
Corporate customers (advertisers and business partners)	<ul style="list-style-type: none"> - Responding to formal and informal sustainability enquiries 	<ul style="list-style-type: none"> - Compliance with UN Global Compact
Our people	<ul style="list-style-type: none"> - Workshop with Schibsted executive team - Sustainability survey for employees - Employee satisfaction surveys 	<ul style="list-style-type: none"> - Empower 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 - Be an attractive employer - Promote freedom of expression
Owners and investors	<ul style="list-style-type: none"> - Interviews - Enquiries from analysts - Meeting with investors - Roadshows - Conferences and reporting 	<ul style="list-style-type: none"> - Sustainability in the business model - Promote freedom of expression and democracy - Transparency - Integrity - Employee satisfaction - Impact on users and society - Privacy - Media ethics - Employees (talents, diversity, skills) - Governance - Reporting
Industry peers	Quarterly industry peer forum with Responsible Media Forum	<ul style="list-style-type: none"> - Content impact - Diversity - Privacy - Sustainable development goals
Regulators (media and publishing industries in the EU, Norway, Sweden; data protection authorities; competition authorities; financial regulatory authorities in Sweden and Norway)	<ul style="list-style-type: none"> - Dialog through industry organizations (News Media Europe, European Publishers Council, MBL (Norway), TU (Sweden)) - Dialog with internal subject-matter experts - Dialog with national legislative bodies and regulators (managed by each company) 	<ul style="list-style-type: none"> - Media ownership - Privacy and data protection - Tax - Competition law - Country- and company- specific financial service legislation - Anti-corruption - Anti-money laundering
Suppliers	<ul style="list-style-type: none"> - Dialog with selected key global suppliers 	<ul style="list-style-type: none"> - Governance - Anti-corruption - Human rights - Labor rights - Environmental impact - Privacy - Cyber security

Material aspects

Our impact perspective was formed by an analysis performed by the Responsible Media Forum, of which Schibsted is an active member. Schibsted has also incorporated the recommendations on sustainability reporting developed by the Sustainability Accounting Standards

Board in the US. Based on the output from our stakeholder dialogs and analysis of our impact we have defined a materiality analysis matrix that forms the basis for our sustainability strategy and reporting, as pictured in the pyramid below.*



* During 2017 the pyramid was adjusted to fit our business strategy and organization. The aspects Job creation, High-quality products and services, Promote intrapreneurship and innovation and Unconditional source protection were taken out since they are included in other strategies and are not considered as specific sustainability aspects. Three aspects were renamed to broaden or specify their scope: Safe handling of electronic waste was renamed Safe handling and minimize waste; Active work against bribery was renamed Active work against corruption; Improve transparency towards our users was renamed Transparent governance and communication. The aspect More efficient energy use was merged with the aspect Increase renewable energy use and renamed Reduce environmental impact from energy use. The pyramid above shows the updated version.

Sustainability risks

Schibsted's primary sustainability risks throughout our value-chain are listed below. Constantly mitigating these risks and be aware of the risk in our daily business is a key to a holistic successful business. The risks are annually reviewed by the responsible management teams and constitute core elements in the requirements placed on all responsible personnel. All senior managers have a responsibility to understand how sustainability risks intertwine with Schibsted's financial, legal and reputational risks to ensure that we are compliant and proactive at all times.

Cyber threat

External cyber attacks and threats against our internal IT security may cause incidents of lost personal data, fraud, loss of sensitive business data and inaccessible or unreliable services. Occurrence of this type of threats may cause reputational losses, litigation and serious leakage of sensitive personal data threatening the privacy of our users.

Lower trust for institutions

The increased penetration of social media as a news platform, fake news-debate, press ethics failures and campaigns undermining mass media may result in lower trust for mass media channels. The lower trust may result in lower will to pay for content and use of products produced by mass media.

Failure of mitigation and adaptation to new consumption patterns

Higher awareness among consumers regarding sustainability issues are changing current consumption patterns. Increased demand for buying sustainable products and renting, reusing and repairing instead of throwing away products will change traditional linear consumption patterns. For Schibsted there is a challenge in mitigating and adopting new patterns to the business model to stay competitive.

How we act

Mission and vision

Schibsted's mission "Empowering people in their daily life" guides us in everything we do, from product development to new business ventures, recruitment policy and running our everyday business. We also rely on our core values as they are articulated in four statements that guide us on a daily basis:

We have integrity

Our company is based on a long tradition of independent news, information and transparent marketplaces. Trustworthiness and quality are absolutely essential; people must be able to trust all our products and services.

We are innovative

We embrace innovation, it's in our core. We go the extra mile to always put users' needs first. Innovation can be anything from a brilliant new concept to a minor – but no less important – improvement in how we do things.

We are a team

We believe in a friendly and open attitude. We also believe in the strength of people and competencies coming together to achieve something great. The companies in our Group can achieve far better results together than alone.

We are here to win

We must always strive to be better than our competitors at understanding our customers and markets – that is the key to our continued success. We want to win the hearts of our users.

Ownership

The Tinius Trust is the major shareholder in the Schibsted Media Group. The trust was established in 1996 by Tinius Nagell-Erichsen, the last active member of the founding Schibsted family. Through the trust, Tinius Nagell-Erichsen wanted to ensure that Schibsted remained a media group characterized by independent journalism, credible and high-quality services, combined with long-term, solid financial development. The Trust has close dialog with Schibsted Media Group when it comes to corporate social responsibility through its position as Board Chair.

Code of Conduct

All people at Schibsted have a responsibility to uphold Schibsted Media Group's reputation and principles. Through the way we interact with each other, meet our users and relate with our business partners, we build and strengthen Schibsted's reputation as a group with high integrity. Our Code of Conduct outlines our principles and standards for conducting business and serves as our key sustainability policy. The Code of Conduct applies to all 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.

The Code of Conduct is implemented through our on-boarding process for new employees, and training is performed when deemed necessary for targeted functions. The Code of Conduct is available to all our people on the intranet and has a linked Speak-up function that enables anonymous reporting on misconduct, breaches or potential violations. In December 2017 an email was sent to all employees reminding them that the Code of Conduct is our key sustainability policy. During 2018 all employees will undergo an E-learning of the Code of Conduct.

Our guiding principles for sustainability are stated in our group policies, these policies are further implemented in policies at company level. Our group policies are; Corporate governance principles; Policy for risk management; Privacy policies & guidelines; Requirements for finance, accounting and control; Tax policy; Legal Policy, Environmental Policy and the Discrimination, bullying and harassment policy.

Sustainability governance model: Group

The Board oversees and governs Schibsted's sustainability performance. For information regarding the governance structure for the Board and its committees, see Corporate Governance in the Annual Report.

Britt Nilsen, Group Compliance Officer, has overall responsibility for guiding and communicating Schibsted's strategy on sustainability internally and externally. She reports to the Schibsted Executive Team and the Board when needed, as minimum on a yearly basis.

In the light of integration of sustainability in our core business, the Compensation Committee decided in 2017 to link executive performance to sustainability criteria. Privacy has been added as a non-financial criteria for determining performance-related pay for the Schibsted Executive Team. For 2018, performance on gender equality will be added as a criteria for evaluating performance-related pay.

Sustainability governance model: Operations

In the new divisions for Media and Marketplaces, CEOs Sondre Gravir in Marketplaces and Raoul Grünthal in Media have responsibility for implementing and communicating decisions and information on sustainability.

The general managers in each company have responsibility for supporting and monitoring each entity with rollout and implementation of the code of conduct and other sustainability-related policies and for retrieving necessary data and information required by law. Several entities have appointed a dedicated sustainability manager due to the maturity of the area.

Media houses

One of our main responsibilities as a media house is to ensure editorial freedom and the right to freedom of speech. The free media plays a critical role in underpinning strong, viable democracies.

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. In 2011, Schibsted's Editors' Forum adopted a framework for editorial governance in the Group's publishing businesses. This framework safeguards the principle of editorial freedom and defines it explicitly for the benefit of Schibsted's publishing companies in countries where this principle is not enshrined in local law.

In Norway and Sweden editors are accountable for any infringements of the law and self-disciplinary bodies have been established in both countries to uphold their respective codes of ethics. These self-regulatory systems are founded on the principle of freedom of speech and independence from the state.

Growth

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.

Marketplaces

For our Marketplaces, there are no specific industry regulations except for national legislation. For 2018 the implementation of new EU GDPR regulations is high on the agenda, see separate chapter on Transparency, safety and integrity.

Transparency, safety and integrity

In a digital age, transparency, safety and integrity are prerequisites for ensuring trust and a sustainable business model. This applies not only to our journalistic process and our online services, but also to other domains such as privacy, user safety and data protection.

Privacy and integrity

Schibsted's strategic focus on technology and advanced data analytics aims to create insights that benefit our users. This also implies a stronger focus on privacy and data protection. Based on our value of integrity, we aim to be fully transparent and in compliance with applicable privacy regulations. Our work on privacy and integrity is led by our Group Privacy Officer.

To enable full integration of our commitment to transparency and compliance, our Group Privacy Officer maintains close and proactive dialog with the Norwegian Data Protection Authority and other



relevant regulators. Employees receive privacy training to ensure necessary awareness and competence in this area.

In 2017 we established a central, dedicated privacy engineering team with responsibility for implementing privacy by design in our tech stack. Further, we have a privacy product team in place focused on building end-user-facing features in order to give end users transparency and good control over use of their data.

Schibsted has an extensive privacy program in place with the following key objectives:

- Ensure compliance with our legal requirements and prepare for the General Data Protection Regulation (GDPR) entering into force across EU/EEA in May 2018.
- Guide Schibsted's data-driven innovations.
- Embed privacy into our corporate culture, tech stack and products.
- Maintain and increase end-user and public trust.

We have initiated reporting routines for complaints regarding breaches of customer privacy and loss of customer data. In 2017 we had three cases (2016: 1) of unauthorized access to personal data, two for Marketplaces and one for Media/Growth. Schibsted received one substantiated complaint of failure to remove recipients from a marketing e-mail list of users who had opted out of

marketing in one of our marketplaces. These matters were reported and resolved.

In Norway and Sweden our newspaper might get complaints reported to the Norwegian Press Complaints Commission and the Swedish Press Council. In 2017 2 (7) of these complaints were upheld for Norwegian newspapers, and 1 (1) in Sweden. In total Schibsted received 4 (4) reprimands, 4 (4) in Norway and 0 (0) in Sweden.

User safety

Our Global Fraud Protection program helps us exceed and develop a comprehensive fraud detection and review solution. The program aims 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.

To protect our brand reputations and meet the data security expectations Schibsted maintains an information security management across our group, supported within each division. Our work is co-ordinated through the Group CIO and our approach to data security is to proactively integrate security across all layers of our business operations to proactively protect against cyber risks, threats and vulnerabilities. Our security management system is built upon

industry proven security best practices, integrating security controls and principles from ISO 27001, ISO 22301 and OWASP security standards.

Schibsted has defined security policies and guidelines that are implemented across our companies. This comprehensive security system approach includes critical security controls within the following security management domains:

- Access Security Controls
- Application Security Management
- Product and Application Security Design
- Network Security Management
- Vulnerability Lifecycle Management
- 3rd Party Security Management
- Security Monitoring and Security Incident Management
- Security Awareness and Security Training
- Security Compliance

User safety: Media

Fraud detection and review of user content are important business issues across many product areas, including our advertising, identity and payment functions. 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.

All our operations follow national legislation for marketing. In Norway the Marketing Act forbids marketing directed at children, and in Sweden the Consumer Agency has compiled rules and practices governing marketing to children and minors. The responsibility for upholding laws related to responsible marketing lies firmly with our publishers and editors. Our Media houses in Norway also follow the Press Code of Ethics, which also contains rules on marketing.

User safety: Marketplaces

For our marketplace operations, responsible business implies creating marketplaces that are reliable, efficient, and safe for our users. Our classifieds sites work proactively to prevent various forms of undesirable activity such as advertising of illegal or unethical products, illegal marketing, and fraud.

Reference is also made to the Modern Slavery Act Transparency Statement, which is resolved by the Board. All our operations follow national marketing legislation.

All the online marketplaces operate under a set of rules to prevent fraud and advertising of illegal or unethical goods. Our policy for our sites is to inform users of the terms and conditions of use and provide good and efficient information as well as control options for end users with respect to privacy and use of their data. Principles and guidance on consumer safety are also included on our marketplace and service sites.

We practice a zero-tolerance policy with respect to fraud, and work strategically on user security. We monitor and prevent planned, unforeseen and actual cyber attacks 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.

Our employees

Schibsted relies on highly skilled people to succeed. Acting responsible and offering an attractive working environment is crucial for attracting and retaining the right people. We therefore strive to maintain the highest standards in what we and our stakeholders believe should be prioritized in this area: health, safety and integrity; diversity and equality; skills development and knowledge sharing and work-life balance.

Our people

At year-end, Schibsted had 8,070 (2016: 7,460) employees (Full-Time Equivalents) in 22 countries. Most of our employees are full-time white-collar workers. The exceptions are employees with short-term contracts in our media operations, our newspaper distributors in Norway and employees at our printing plants in Norway.

Total number of employees* - Per region, age and gender

Total number of employees - Per Region, age and gender												
2017 (Base year)	AGE							GENDER				
	< 30 year		30-50 year		> 50 year		Total	Male		Female		Total
Norway	479	16 %	1,749	59 %	716	24 %	2,944	1,960	67 %	983	33 %	2,944
Sweden	470	27 %	1,087	62 %	204	12 %	1,762	1,110	63 %	652	37 %	1,762
Other European countries	679	25 %	1,982	72 %	94	3 %	2,754	1,692	61 %	1,061	39 %	2,754
Countries outside Europe	303	50 %	293	48 %	15	2 %	611	337	55 %	274	45 %	611
Total	1,931	24 %	5,111	63 %	1,030	13 %	8,070	5,100	63 %	2,970	37 %	8,070

*For Schibsted group as a total, no significant part of our work are performed by seasonal workers or workers who is not employees (external consultants or freelance).

New employees* - Per region, age and gender

New employees – Per region, age and gender												
2017 (Base year)	AGE						GENDER					
	< 30 year		30-50 year		> 50 year		Total	Male		Female		Total
Norway	168	39 %	205	47 %	60	14 %	432	234	54 %	198	46 %	432
Sweden	220	52 %	176	42 %	25	6 %	421	245	58 %	176	42 %	421
Other European countries	284	42 %	384	57 %	12	2 %	680	409	60 %	271	40 %	680
Countries outside Europe	46	61 %	30	39 %	0	0 %	76	44	58 %	32	42 %	76
Total	717	45 %	795	49 %	97	6 %	1,609	932	58 %	677	42 %	1,609

* Data include transfers between companies within Schibsted Media Group

Employee turnover* - Per region, age and gender

Employee turnover - Per region, age and gender												
2017 (Base year)	AGE							GENDER				
	< 30 year		30-50 year		> 50 year		Total	Male		Female		Total
Norway	71	23 %	182	59 %	56	18 %	309	197	64 %	112	36 %	309
Sweden	159	49 %	150	46 %	16	5 %	325	202	62 %	123	38 %	325
Other European countries	121	31 %	254	65 %	14	4 %	389	244	63 %	146	37 %	389
Countries outside Europe	35	70 %	14	28 %	1	2 %	50	30	60 %	20	40 %	50
Total	386	36 %	600	56 %	87	8 %	1.074	673	63 %	401	37 %	1.074

* Data include transfers between companies within Schibsted Media Group

People strategy

In september 2017 Schibsted presented a new organizational setup with the two operational divisions Marketplaces and Media. The ambition is to enable Schibsted to further increase the speed of development and increasingly leverage our local competence and strong brands across our markets. At the same time, it will be possible to continue to capture the benefits of our global scale.

In order to achieve our ambition we have moved parts of the responsibility from the global people function to the divisions. This includes leadership development, learning and development and compensation and benefit.

The global people function will continue to be the partner for Group CEO in matters concerning employees, leadership and organization. We will have global leadership programs, succession management and trainee programs on Group level. Compensation and Benefit for top management and general policies will still be handled from the global people function.

Schibsted's new organization focuses on the people function both globally and in the divisions in order to enable the employees to tap into their potential. The goal is to build a world-class employee experience that is physical, emotional, intellectual, virtual and aspirational. As such, HR seeks to be a competitive advantage for Schibsted.

Collective bargaining agreement and employee representation

As stipulated in our Code of Conduct, Schibsted employees have full freedom of association, and may organize themselves as they choose. Schibsted's European Works Council which currently consists of 35 representatives (20 men and 15 women) from 10 countries meets twice a year, serves as our forum for information, dialog and consultation between employees and the Schibsted Executive Team.

At each workplace collective bargaining agreements or working environment committees are in place to ensure excellent working conditions and to minimize discrimination among employees. 71 percent of all employees were covered by a collective bargaining agreement at the end of 2017.

Employees have been represented in the Board since 2009, currently by three representatives. Their function is laid down in the central Norwegian collective bargaining agreements. The employee representatives uphold the interests of all employees, both unionized and non-unionized, in cases that are dealt with at Group level. Two of three group employee representatives must be elected in Norway, the other in the country outside Norway where Schibsted has its most extensive operations. This is currently Sweden.

Diversity and equality

By increasing diversity and equality among our employees, we will ensure our innovation skills and fulfill our duty to offer all people the same rights and opportunities at Schibsted.

Our Board is composed of 40 percent women, as required by the Norwegian Limited Liabilities Companies Act. For senior leadership levels there has been a consistent gender inequality for the past five to six years. Despite a stable ratio of female leaders, we have not been sufficiently successful at moving female employees further up the ranks. Gender equality is particularly challenged in operational leadership positions and in product and technology.

There are gender equality variations between functions: the editorial roles in Media houses are well balanced with 50 percent female editors, but top management roles in the Media division and most senior commercial roles are held by men. Likewise in the Marketplaces division, men hold the most senior operational leadership roles (Top management).

Composition of governance bodies and operations - Per employee category, age and gender (Base year 2017)

Composition of governance bodies and operations – Per employee category, age and gender (base year 2017)													
	AGE								GENDER				Total
	< 30 year		30-50 year		> 50 year		Total		Male		Female		
Board of directors	-	0 %	5	50 %	5	50 %	10	Board of directors	6	60 %	4	40 %	10
Operations								Operations					
Male employees	1,166	23 %	3,223	63 %	710	14 %	5,100	Top management (part of the management team)	237	66 %	122	34 %	359
Media	421	19 %	1,275	56 %	580	25 %	2,276	Media	110	65 %	61	35 %	171
Marketplaces	567	27 %	1,397	68 %	102	5 %	2,065	Marketplaces	104	68 %	48	32 %	152
HQ/Other*	178	23 %	552	73 %	28	4 %	758	HQ/Other*	23	64 %	13	36 %	36
								Other leaders (managers and persons with key responsibilities)	634	61 %	400	39 %	1,034
Female employees	764	26 %	1,887	64 %	319	11 %	2,970	Media	262	59 %	181	41 %	443
Media	303	23 %	763	58 %	245	19 %	1,311	Marketplaces	261	59 %	179	41 %	440
Marketplaces	419	29 %	978	67 %	63	4 %	1,461	HQ/Other*	111	74 %	40	26 %	151
HQ/Other*	43	22 %	146	73 %	11	6 %	200	Other employees	4,229	63 %	2,448	37 %	6,677
								Media	1,904	64 %	1,069	36 %	2,973
Total	1,931	24 %	5,111	63 %	1,030	13 %	8,070	Marketplaces	1,700	58 %	1,233	42 %	2,933
Media	724	20 %	2,038	57 %	825	23 %	3,587	HQ/Other*	624	81 %	147	19 %	771
Marketplaces	986	28 %	2,375	67 %	165	5 %	3,525	Total	5,100	63 %	2,970	37 %	8,070
HQ/Other*	221	23 %	698	73 %	39	4 %	958						

*HQ/Other includes Schibsted Product & Tech

Numerous initiatives and metrics to measure and improve the gender equality have not yielded the desired results. Open and transparent processes have been sacrificed for speed, which opens up for informal structures and unconscious bias in appointments of senior roles.

In 2017 we performed a mapping of the payment gap between the genders in parts of the group. In most places we have looked, there is a gender pay gap when comparing average pay levels, but this is largely attributed to more women working in low-pay positions (e.g. support) and more men in leadership and high-pay positions. We have not found evidence of significant pay gaps in places where more accurate data is available. This is an extensive project and it will continue in 2018 before we are able to conclude and implement necessary actions to cope with potential deviations.

Schibsted has set clear goals against which actual progress will be measured. There are long-term and short-term goals on improving gender equality for both divisions and group functions. Schibsted targets a 60:40 gender ratio in all leadership roles by 2020. We will have unconscious bias training, external and internal recruitment policies and succession planning benefitting gender equality. In addition female networks and programs will be reinforced. The CEO is responsible for driving the changes that will ensure an improved gender equality at Schibsted.

In the aftermath of the #metoo campaign Schibsted Sweden has managed and scrutinized the operations in which misconduct has been reported. Several employees have given voice to severe breaches of acceptable behavior. These cases have been carefully addressed. Schibsted has zero tolerance for harassment of any kind,

as clearly stated in our Code of Conduct and in our Discrimination, bullying and harassment policy. This includes all forms of verbal, digital or physical harassment. To ensure a trustful environment where both women and men feel safe at work, Schibsted has launched a number of countermeasures such as unconscious bias training, code of conduct training and setting clear goals on improving gender equality for both the divisions and the group functions.

Health and safety

Too ensure an attractive workplace and retain our employees we constantly improve the workplace to be able to offer an environment that encourages a balance between work and life, minimize stress and ensure a safe and healthy workplace.

The Group's sickness absence rate was 2.5 percent of total working hours. An important factor for keeping low absence rate is our initiatives on work-life balance. There are several work-life balance and flexible working arrangements in place. During coming years we will continue to develop these working arrangements in all our countries of operations.

Of all the Group's companies, operations at the printing plants and newspaper distribution involve the highest risk of injury. In 2017 there were 3 (3) injuries that resulted in sickness absence and 10 (2016: 5; 2015: 10) minor personal injuries such as bruise injuries and cuts at our printing plants. Schibsted distributes newspapers in Norway on behalf of both our own newspapers and other publications. In our distribution units there were during 2017 59 (42; 39) injuries to employees, of which 51 (36; 35) resulted in sickness absence. During 2017, there were no work related fatalities.

Schibsted's Group Security function is responsible for security and contingency planning in the Group's divisions and subsidiaries. As a consequence of increased terrorist threats, the main goal for Group Security has been to gain a better understanding of the threats we are facing. Another priority has been to implement specific security measures for individuals, media houses and events hosted by Schibsted. In 2017 there has also been a focus on security on business travel, which will continue in 2018.

Skills development and performance review

Innovation and business success for tech and media companies are dependent on highly skilled people. To ensure long-term sustainable growth and to offer an attractive workplace, we need to ensure that we offer opportunities for skills development and to continually share our knowledge internally.

To develop Schibsted in line with our ambitions, our global people function and local HR business partner offer several face-to-face training programs:

Participants 2017 - Skills development programs at group level:

- S-PACE (management and leadership) - 208 (2016: 68)
- Schibsted Sales Academy - 78 (81)
- Management Trainee Program - 27 (29)
- Schibsted Brand Academy - 18 (22)
- Project Management Program - 61 (49)
- Travel Grant Program (sharing skills between brands) - 44 (30)

To ensure personalized development programs and well-being among our employees, we strive to conduct individual performance reviews at least twice a year, and more frequently in some functions and countries. Our policy states that all employees should complete development dialog with their leaders at least once a year. During 2017, 74 percent of our employees performed performance reviews with their manager/managers. The outcome for 2017 did not meet our policy, the main reason for the deviation was cancelled reviews due to our reorganization and lack of internal supporting systems for follow-up of reviews. To evaluate our role as employer, we frequently conduct employee surveys, during 2017 the overall trend for employee satisfaction at our companies were unchanged, some companies had a negative trend compared to previous year, and some with a positive trend. A reason for the negative trend for some companies might be the uncertainty related to our reorganization.

Our environmental performance

From a life-cycle analysis perspective Schibsted has a great possibility and responsibility to minimize our negative environmental impact and maximize our positive impact. The fact that our services can empower readers and users to make more sustainable choices constitutes our great possibility to positively impact the environment. By informing our readers about environmental issues and enable second hand trade for our users we can contribute to consciousness and environmentally friendly consumption patterns.

Schibsted is a participant member of the UN Global Compact and supporter of the UN Global Goals (focus on goal 12). Our approach to our environmental impact is stated in our Group Environmental Policy. The policy is based on the principles of the UN Global Compact and states how we support the precautionary approach, promote greater environmental responsibility and encourage use of environmentally friendly technologies. Our strategy is to primarily implement the policy in our operations with largest environmental impact, and thereafter extend it to other parts of the operations. Britt Nilsen, Group Compliance Officer is responsible for our compliance with the policy and the implementation of good environmental practices for all of our operations.

Our environmental impact has changed, and will continue to change along with the digital transformation. The decrease in demand for printed newspapers has lowered our use of paper as well as energy use for printing plants and physical distribution. At the same time, the demand for digital services has increased, causing higher electricity consumption in order to run and consume our services.

Environmental impact of our office operations

In our office operations we focus on monitoring and minimizing our business travel, energy use and waste. During 2017 our business travel represented 12 percent of our total greenhouse gas emissions. Since our operations are located in 22 countries, one of our challenges is to decrease business travel. We continuously work on minimizing the need for transportation between offices, mainly by improving our video conference facilities and monitoring our business travel.

Our office operations and data centers consume energy and generate waste 24/7. Our offices' energy use and the energy use of external data centers accounted for 7 percent of our total greenhouse gas emissions in 2017. The amount of waste from our offices is limited, compared to our printing plants, and therefore is not a prioritized aspect. Going forward we primarily plan to implement a process for safe handling and recycling of electronic waste.

In coming years, we will let the digital transformation guide our priorities and focus. Ensure environmentally friendly energy, promote efficient energy use and reduce our emissions from our travel is our priorities. As a first step, we have extended our scope for monitoring electricity. For this report we included energy use for external data centers in our total energy data.

In addition to above stated aspects, we are also aware of the increased challenges related to water scarcity in several of our countries of operations. We have performed a high-level risk assessment of water scarcity. Based on our assessment, current presence and type of operations, water scarcity is not considered to be a prioritized aspect for Schibsted Media Group.

Environmental impact from our printed newspapers

Schibsted publish newspapers in Sweden and Norway. In terms of environmental impact our use of paper, printing and the distribution

of these newspapers stand for 81 percent of our total amount of greenhouse gas emissions. As mentioned above, the digital transformation has led to less demand for printed newspapers. For our Norwegian printing plants the transformation, and our focus on lowering our environmental impact, has resulted in a decrease of 41 percent in energy use and a 63 percent decrease in the use of paper since 2012.

All paper used for our newspapers are certified according to FSC and PEFC and 81 percent of the paper used are certified according to EU Eco Label. None of the paper qualities used for our papers are made out of recycled paper.

Energy consumption and greenhouse gas emissions (GHG) for our operations*
2017 (Base year)

Type of energy	Consumption	GHG emissions (tonnes CO2e)
Direct (Scope 1) - Consumption by own cars		179
of which diesel	52,846 litres	-
of which petrol	17,969 litres	-
Indirect (Scope 2) - Consumption of electricity, heating, cooling		
of which electricity	37.6 gWh	1,602
of which district heating	4.6 gWh	202
of which district cooling	0.5 gWh	73
Indirect (Scope 3) - Use of external cars, taxi, flights, external data centers and paper		
of which leased & privately owned cars and taxi	-	1,589
of which diesel for leased and privately owned cars	313,089 litres	-
of which petrol for leased and privately owned cars	336,540 litres	-
of which ethanol for leased and privately owned cars	80 litres	-
of which flights	-	3,239
of which buses and train	-	649
of which energy for data centers**	-	781
of which paper used for printed newspapers	63,000 tonnes	29,696
TOTALT	-	38,010

	2017
GHG intensity, Tonnes CO2e emissions/turnover NOK million	2.24
GHG intensity, Tonnes CO2e emissions/employees	4.71
Energy intensity, electricity consumption gWh/turnover NOK million	0.003
Energy intensity, electricity consumption gWh/employees	0.005

*Not possible to compare or calculate reduction of GHG emissions and energy use due to new base year

**Due to non reliable data from data center suppliers, data on electricity consumption for external data centers is not included for the following companies: Segundamano (Mexico), Funderly (Austria)

Materials Used - Printed newspapers Norway		Unit	2017	2016	2015 (base year)
Paper*		Thousand tonnes	44	53	59
		Greenhouse Gas Emission (tonnes CO ₂ e) generated by production of paper	20,747	24,430	27,433
of which	Share certified FSC	%	100 %	100 %	-
	Share certified PEFC	%	100 %	100 %	-
	Share certified EU Eco label	%	75 %	63 %	-
Printing Ink**		Thousand tonnes	1.1	1.3	1.5
of which	Certified Nordic Eco Label Swan	%	100 %	100 %	-

Materials Used - Printed Newspapers Sweden		Unit	2017 (base year)	2016	2015
Paper*		Thousand tonnes	19	-	-
		Greenhouse Gas Emission (tonnes CO ₂ e) generated by production of paper	8,949	-	-
of which	Share certified FSC	%	100 %	-	-
	Share certified PEFC	%	100 %	-	-
	Share certified EU Eco label	%	95 %	-	-
Printing Ink		Thousand tonnes	-	-	-
of which	Certified Nordic Eco Label Swan	%	100 %	-	-

*100% renewable material. ** not renewable material

Printing plants Norway*

Waste	Year	Recycled	Recovered	Other disposal	Total weight	Comment
Paper (non-hazardous waste)	2017	6,314		129	6,443	Disposal method is selected and reported by waste contractor
	2016	6,733		137	6,870	
Aluminum (non-hazardous waste)	2017	234		18	252	Disposal method is selected and reported by waste contractor
	2016	250		19	269	
Waste water (hazardous waste)	2017		5		5	Disposal method is selected and reported by waste contractor
	2016		10		10	
Ink waste (hazardous waste)	2017		45		45	Disposal method is selected and reported by waste contractor
	2016		30		30	

Efficiency for use of paper (share of material bought used in newspapers)		2017	2016	2015	
		91 %	-		
Waste (degree of sorting for waste contractor)		2017	2016	2015	
Hazardous waste		100 %	100 %	-	
Non-hazardous waste		99 %	98 %	-	
Electricity Use		2017	2016	2015	
Printing plants		gWh	22.9	25.7	26.8

*Waste data is limited to waste from our own printing plants in Norway. This waste stands for the majority of our waste and hazardous waste. Base year is 2016, except for efficiency for use of paper (2017) and electricity use (2015)

Printed newspapers in Norway

As of 31 December 2017, Schibsted owned two printing plants in Norway. Both are licensed under the Nordic Swan Ecolabelling scheme. For our printing operations we focus on monitoring and minimizing our use of energy, paper, ink and waste. Processes involving polluting chemicals take place in closed systems, and the chemicals are recovered as far as possible.

In Norway, Schibsted runs a distribution network for printed newspapers. The network distribute the majority of our papers by road transports, operated by subcontractors who 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. In terms of distribution, our focus is to minimize



our energy consumption related to transportation. To minimize waste related to unsold newspapers in stores, newspaper companies in Norway arrange a return and recycling program.

Printed newspapers in Sweden

Our Swedish media houses procure all paper used for our newspapers, but have outsourced printing and distribution services externally. We currently use the Swedish printing company V-TAB for the majority of the printing. V-TAB operates a system of environmental and quality control, and all their printing plants are ISO 14001:2004 and ISO 9001:2008 certified, as well as licensed under the Nordic Swan Ecolabelling scheme. To minimize waste related to unsold newspapers in stores, newspaper companies in Sweden arrange a return and recycling program.

Prevention of corruption

Long-term sustainable growth can never be built on unfair business practices. It is therefore our duty to ensure that our employees act responsibly in all kind of relationships. None of our people at operational, strategic or governance level may accept or participate in any forms of corruption; furthermore each and every individual is responsible for preventing any kind of corruption in their daily work.

Our Code of Conduct covers our principles related to bribery and facilitation payments, gifts, hospitality and conflicts of interests. The Code of Conduct informs our employees, leaders, and board members about the principles that are important to us. In addition, we have created a guideline giving practical examples. When entering into agreements with new business partners, the legal and compliance function assesses 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.

A strong set of steering documents and a well-functioning governance model to mitigate corruption does not mean that the risk is zero. Therefore, Schibsted continuously improves and evaluates the functionality of our policies, processes, controls and procedures to

mitigate the risk of corruption, and reviews applicable legislation in key markets. To ensure understanding and compliance, 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.

If or when misconduct is identified or suspected, the general principle is that all cases of alleged or perpetrated fraud and corruption shall be brought to the attention of the Group Compliance Officer.

Our societal impact through services and initiatives

Over 200 million users around the world have access to our market-places for environmentally friendly second-hand trade, high quality journalism, job and real estate markets and consumer-friendly price comparisons. Such a large impact imposes considerable social responsibility.

Voluntary initiatives

To demonstrate our commitment to increased transparency on sustainability issues, Schibsted Media Group is a member of several global initiatives, such as the United Nations Global Compact and the Carbon Disclosure Project. We are also a member of organizations such as Transparency International and Responsible Media Forum.

Community engagement

Our engagement and contribution to external organizations and initiatives give us the possibility to integrate with important stakeholders groups, follow legislation, build networks and enable non-profit projects that generate a positive societal impact. During 2017 Schibsted Media Group and its entities donated NOK 4.7 million in cash donations and NOK 0.6 million through internally organized campaigns, and worked 986 hours voluntary.

Media: impact on society

At its best, our journalism contributes to a functioning democracy by diminishing the gap between what citizens know and what they need to know about the world around them. The more efficient we are in exposing the squandering of resources and abuse of power, in giving a voice to the silent, in highlighting the circumstances for the weakest, the better democracy can become.

At Schibsted we are very proud of our seven media houses that reach millions of readers, digitally and in print. With this impact comes democratic responsibilities. The main responsibilities for our media houses are to ensure editorial freedom and the right to freedom of speech. Schibsted believes in the future of journalism and takes on the challenges that come with new habits and new technology.

Our online services have dramatically strengthened consumers' influence and power. Lendo, Compricer, Penger, Kundkraft and Prisjakt empower consumers to make informed decisions and

encourage companies to do their best. Whether you need to take out a loan or insure a car, the terms have changed thanks to digital services where people are able to find the best available offer.

The Power of Journalism

In 2017 we launched The Power of Journalism, a new annual open event and arena to share, discuss and learn about what we care about: the future of journalism. In 2017, 180 internal and 73 external stakeholders participated at the event. Through The Power of Journalism we engage with partners and colleagues in the media industry and beyond. Schibsted strongly believes in the power of journalism, and has a long history of building strong media houses, starting with Aftenposten in 1860. To achieve this it is crucial to develop new business models and embrace new technology. But the goal remains the same: a free and independent press that strengthens democracy and serves our users with trustworthy facts, news and stories.

Stories that made a difference

Every year our journalists publish remarkable stories that contributes to social changes and debate. Below is a short summary of some of the stories that made a difference during 2017.

The Allra investigation: A story of how one reporter improved the Swedish pension system - Svenska Dagbladet (SvD) (Sweden)

A year ago the Swedish pension company Allra was one of the largest pension funds in the country, handling SEK 19 billion for 130,000 customers. Allra was a true success story with the young Alexander Ernstberger as CEO and several well-known financial and political figures on the board.

But thanks to solid investigative reporting, SvD could tell a different story about a company that lied about its returns and the costs of the pension funds it managed, and about its involvement in financial crime. SvD's articles led to the arrest of the founder Alexander Ernstberger and marked the beginning of one of the most extensive financial crime investigations in Sweden of the past century. The Swedish government withdrew its appointment of the former minister of justice and Allra board member Thomas Bodström as the new Governor of Stockholm County. Allra was thrown out of the Swedish pension system, and SvD's scoop also led to moves to review the whole pension system

A story of how a widow changed the Norwegian health care system - Aftenposten (Norway)

The 31-year-old father of two had cancer that had spread to his pancreas, intestines and to all his bones. The doctors in Norway were clear that they could not cure him, but his strongest wish was to live. A cancer clinic in Germany seemed to be the answer, but after 20 days at the clinic he died, with no family members present, after spending 3.6 million kroner on treatment.

The man's young widow, Ninni, told her story to Aftenposten, which then launched an in-depth investigation to find out how Norwegian

patients were treated at this clinic. It turned out that 31 out of 38 patients had died. One in three Norwegians develop cancer during their lifetime. More and more seek treatment abroad when the treatment they receive in Norway fails to work. They feel abandoned by the Norwegian health service, and are willing to pay up to a million kroner from their own pocket.

On 5 August 2017, the Norway's health minister Bent Høie ordered Norwegian hospitals to implement a national system whereby severely ill patients can seek advice from an expert panel when traditional treatment no longer has any effect. This means that patients whose doctors have told them that they cannot be cured can be considered for alternative treatment elsewhere in Norway or abroad, paid for by public funds. It had been eight years since such an expert panel was first proposed. Each time, the Directorate of Health said no. It took a series of articles in Aftenposten to provide the most severely ill patients with such an offer. Ninni's story helped change the Norwegian health care system.

Exposed: The world's largest online child sexual abuse forum. It was run by the police. - Verdens Gang (Norway)

How far can the police go in fighting child abuse? For 11 months the Australian police unit Task Force Argos (TFA) ran the world's largest child sexual abuse website on the darknet, in collaboration with the US Department of Homeland Security as well as Canadian and European police.

Using unique methods of research, VG uncovered the active police operation four months in. Combining our own analysis of the data on the website with information from TFA, US court documents and open sources, we were able to follow the operation as it unfolded and therefore scrutinize it independently. We discovered that the police shared child abuse images and posted comments that could be regarded as encouraging child abuse. During the time the police ran the site, it became the largest child abuse forum on the darknet.

The story reveals how the police worked and how the founders of the website were arrested in a spectacular operation in the US. UNICEF and Amnesty criticized TFA for violating children's human rights by sharing images of abuse. The police said their goal was to identify abusers and victims. However, we found that two months after TFA had closed the website, Scandinavian police had received no information about targets or victims from TFA.

While we found 30 Norwegian members and several other Scandinavians, TFA told its Scandinavian colleagues that there were none. This underscores how important it was to have access to our own data instead of relying solely on police sources.

We identified a Norwegian who boasted of having abused a child. We chose to report him to the police. He has since been arrested and the child rescued. Even though he wrote in English and clearly described ongoing abuse, neither TFA nor its Nordic partners managed to find him.

#METOO - Aftenposten (Norway)

Thousands of women had shared their stories as part of the international social media campaign #metoo when Aftenposten's print edition devoted its entire front page and 12 pages to actresses who shared their stories of sexual harassment in the petition #stilleforoptak (quiet on the set).

This marked the tipping point for the #metoo campaign in Norway. Nearly 600 actresses signed the first call to stop sexual harassment within the industry. For Aftenposten this marked the start of a series of articles that placed the spotlight on sexual harassment in different industries and parts of society.

Aftenposten has also been at the forefront of exposing sexual harassment cases in Norwegian politics, including those within the Conservative youth party and the Christian Democratic Party. We have also been the leading arena for opinion pieces, analysis and debate related to sexual harassment.

MittID - Aftonbladet (Sweden)

"I wish people could understand that I am for real, that I exist". The quote comes from Pim, one of the transgender persons who was a part of Mitt ID (My identity), a project launched in March 2017. In three TV documentaries and a series of articles about gender identity, Aftonbladet focused on a question that has rarely or never been asked in the Swedish media: what is it like to be a young transgender person in Sweden? We described their hard struggle for their right to be themselves, and let this vulnerable and growing group in our society, which for a long time has been forced to fight in the dark, to have their say.

When we told these stories, we challenged established norms and gave people insight into and knowledge about the concept of gender identity. Pim, Cameron and Josefine invited the viewers and readers into their reality – and the reactions were powerful. Our audit showed that one in two transgender people has considered suicide, that the number of gender reassignment processes is increasing by 100 percent each year, and that people have to wait longer and longer to get help with their transition.

"We can see the patterns in the US and in eastern Europe. When powerful people try to withdraw the rights of other human beings, we have to support those human beings. Or we will never be able to change anything in the world," says Frida Söderlund, the Aftonbladet reporter who worked on the Mitt ID story.

Aftonbladet created a digital platform where all the content was published. We specifically wanted to target young people between 14 and 30, and the platform became an environment in which they felt comfortable. Our users wanted to interact and discuss the subject, and for one week we made it possible for them to engage with experts, transgender people and reporters about the Mitt ID project. We let the question of gender identity dominate our news coverage, and politicians were finally forced to react. They announced that they

would try to change the law so that the government can no longer decide the legal gender of individuals. "We noticed a big change after Mitt ID was published. It was like people couldn't hide from us anymore and we were suddenly being both heard and noticed at a political level," said Mia Mulder from the organization Transförsvaret.

Mitt ID won the award for Norm-breaking Project at the 2017 Meg Awards.

Marketplaces: impact on society

Our online marketplaces have created an arena for our users to buy and sell second-hand goods and to find jobs and homes. We are proud of how our services contribute to society and empower people to make economic and sustainable choices.

In 2015 we rolled out the Schibsted Second Hand Effect project in cooperation with the Swedish Environmental Research Institute (IVL). The purpose of the Schibsted Second Hand Effect project is to raise awareness among our users about the environmental benefits of reusing and repairing goods and minimizing waste. By calculating how much CO2 emissions is potentially saved by our users' second-hand trade at 7 of our marketplaces, we found out that the second-hand trade conducted through our sites saved 15 million tonnes CO2e in 2017. This is the equivalent of the amount that could be saved by putting a total standstill on traffic in Paris for 5 years.

Initiatives that made a difference

In addition to the Second Hand Effect initiative, our marketplaces contribute to the society in several ways. Below is some of our initiatives that made a difference during 2017.

Finn.no: Ønskes kjøpt: Havplast

To minimize the plastic in our oceans Finn.no launched the campaign Ønskes kjøpt: Havplast (Wanted: Ocean plastic), timely prior to the coastal cleanup day 2017. During the campaign people could order plastic bags from Finn.no, which were used when cleaning up coastal plastic. When the bag was filled you sent it to the waste recycling and took a picture of the bag, which you later posted on Finn.no and earned NOK 100 per bag. In total 133 980 liters of plastic waste was removed from the Norwegian beaches. Finn.no is now challenging other corporations to do the same.

Schibsted Media Group: Techfugees

In 2016 Schibsted announced a strategic partnership with the global organization Techfugees. Techfugees focuses on improving life for refugees by developing technologies in five areas: infrastructure, education, identity, health and inclusion. Schibsted supports the organization by promoting its activities through our sites and media, by supporting local chapters and by being active in the Global Techfugees Summit. Leboncoin's CEO Antoine Jouteau spoke at the 2017 summit in Paris, and Schibsted provided promotional support for the event and internal and external communications to the organization.

Sustainable supply chain

Schibsted supports 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. See also our Modern Slavery Act Statement published at our website.

Schibsted has initiated the process to reach our target of a fully responsible supply chain from a life-cycle perspective. We understand the scope and time this work will involve. Our first step has been to enter into dialog with key suppliers at the same time as we

implement our Supplier Code of Conduct, which was developed in 2016 and was based on the UN Global Compact's ten principles. Most of our supplies are sourced locally by each company, and the main type of supplies are IT services, media and advertising, paper for our newspapers and consultancy services. Our Marketplaces Leboncoin and Blocket have initiated supply chain analyses in their own operations, aimed at identifying risks and opportunities to ensure that the goods and services they receive are delivered on fair terms.

During 2018 Schibsted will introduce a project to identify the overall scope of our supply chain and identify high risk partners group wide.

GRI Index

For detailed information regarding scope, boundaries and omissions, see chapter About the Sustainability Report.

GRI Standard	Disclosure	Page	Notes
FOUNDATION			
GRI 102: General Disclosures (2016)	Organizational profile		
	102-1 Name of the organization	3	
	102-2 Activities, brands, products, and services	3	
	102-3 Location of headquarters	3	
	102-4 Location of operations	3	
	102-5 Ownership and legal form	3	
	102-6 Markets served	3	
	102-7 Scale of the organization	3, 7, 10, 80	
	102-8 Information on employees and other workers	19-21	Omission
	102-9 Supply chain	28	
	102-10 Significant changes to the organization and its supply chain	5, 7, 12	
	102-11 Precautionary Principle or approach	22	UNGC Principle 7
	102-12 External initiatives	13, 25	
	102-13 Membership of associations	25	
	Strategy		
	102-14 Statement from senior decision-maker	13	UNGC Commitment
	Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	16-19, 20-22, 24, 28	UNGC Principle 1, 2, 4, 5, 6, 10
	Governance		
	102-18 Governance structure	17	
	Stakeholder engagement		
	102-40 List of stakeholder groups	14	
	102-41 Collective bargaining agreements	20	
	102-42 Identifying and selecting stakeholders	13-15	UNGC Principle 3
	102-43 Approach to stakeholder engagement	13-15	
	102-44 Key topics and concerns raised	13-15	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	12, 77	
	102-46 Defining report content and topic Boundaries	12-15	
	102-47 List of material topics	15	
	102-48 Restatements of information	7, 12	
	102-49 Changes in reporting	-	No previous GRI report
	102-50 Reporting period	12	
	102-51 Date of most recent report	12	Previous report not according to GRI
	102-52 Reporting cycle	12	
	102-53 Contact point for questions regarding the report	12	
	102-54 Claims of reporting in accordance with the GRI Standards	12	
	102-55 GRI content index	28-31	
	102-56 External assurance	-	No external assurance of report

Material topics		Page	Notes
HOW WE ACT			
User safety and fraud protection			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	17-19	UNGC Principle 1
GRI 417: Marketing and Labeling (2016)	103-2 The management approach and its components	17-19	
	103-3 Evaluation of the management approach	17-19	
	417-2 Incidents of non-compliance concerning product and service information and labeling	18	
Protection of user data			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	17-19	UNGC Principle 1
GRI 418: Customer Privacy (2016)	103-2 The management approach and its components	17-19	
	103-3 Evaluation of the management approach	17-19	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	18	
Promote freedom of expression			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	25-27	GRI indicator not applicable UNGC Principle 1
	103-2 The management approach and its components	25-27	
	103-3 Evaluation of the management approach	25-27	
Sustainable supply chain			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	28	UNGC Principle 1, 2, 4, 5, 6, 10
GRI 308: Supplier Environmental Assessment (2016)	103-2 The management approach and its components	28	
GRI 414: Supplier Social Assessment	103-3 Evaluation of the management approach	28	
	308-1 New suppliers that were screened using environmental criteria	-	
	414-1 New suppliers that were screened using social criteria	-	Omission
Active work against corruption			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	25	UNGC Principle 10
	103-2 The management approach and its components	25	
	103-3 Evaluation of the management approach	25	
	205-2 Communication and training about anti-corruption policies and procedures	-	
OUR PEOPLE			
Be an attractive employer			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	19-22	UNGC Principle 3
GRI 401: Employment (2016)	103-2 The management approach and its components	19-22	
	103-3 Evaluation of the management approach	19-22	
	401-1 New employee hires and employee turnover	20	
Skills developments and knowledge sharing			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	22	Omission
GRI 404: Education and training (2016)	103-2 The management approach and its components	22	
	103-3 Evaluation of the management approach	22	
	404-3 Percentage of employees receiving regular performance and career development reviews	22	
Work life balance			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	21-22	UNGC Principle 3
GRI 403: Occupational Health and Safety (2016)	103-2 The management approach and its components	21-22	
	103-3 Evaluation of the management approach	21-22	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	21	

Material topics		Page	Notes
OUR PEOPLE			
Increase diversity and equality			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	20-21	UNGC Principle 1, 2, 6
GRI 405: Diversity and Equal Opportunity (2016)	103-2 The management approach and its components	20-21	
	103-3 Evaluation of the management approach	20-21	
	405-1 Diversity of governance bodies and employees	21	
Health, safety and integrity of employees			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	21-22	UNGC Principle 1, 3, 4
GRI 403: Occupational Health and Safety (2016)	103-2 The management approach and its components	21-22	
	103-3 Evaluation of the management approach	21-22	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	21	Omission
ENVIRONMENTAL IMPACT			
Reduce environmental impact from energy use			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	22	UNGC Principle 7, 8, 9
GRI 302: Energy (2016)	103-2 The management approach and its components	22	
	103-3 Evaluation of the management approach	22	
	302-1 Energy consumption within the organization	23	Omission
	302-2 Energy consumption outside of the organization	23	
	302-3 Energy intensity	23	
Reduce carbon emissions			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	22	UNGC Principle 7, 8, 9
GRI 305: Emissions (2016)	103-2 The management approach and its components	22	
	103-3 Evaluation of the management approach	22	
	305-1 Direct (Scope 1) GHG emissions	23	
	305-2 Energy indirect (Scope 2) GHG emissions	23	
	305-3 Other indirect (Scope 3) GHG emissions	23	
	305-4 GHG emissions intensity	23	
Safe handling and minimizing waste			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	24	UNGC Principle 7, 8, 9
GRI 306: Effluents and Waste (2016)	103-2 The management approach and its components	24	
	103-3 Evaluation of the management approach	24	
	306-2 Waste by type and disposal method	24	
Efficient use of materials and chemicals			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	24	UNGC Principle 7, 8, 9
GRI 301: Materials (2016)	103-2 The management approach and its components	24	
	103-3 Evaluation of the management approach	24	
	301-1 Materials used by weight or volume	24	
Reduce water usage			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	22	UNGC Principle 7, 8, 9
	103-2 The management approach and its components	22	
	103-3 Evaluation of the management approach	22	

Material topics		Page	Notes
SOCIETAL IMPACT			
Empower people to make economic and sustainable choices			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	25-27	UNGC Principle 8
	103-2 The management approach and its components	25-27	
	103-3 Evaluation of the management approach	25-27	
GRI G4 Media Sector Disclosures (2012)	M7 Actions taken to empower audiences through media literacy skills development and results obtained	25-27	
Transparent governance and communication			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	12, 17, 19-21	
	103-2 The management approach and its components	12, 17, 19-21	
	103-3 Evaluation of the management approach	12, 17, 19-21	
Charity engagement			
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	25	
	103-2 The management approach and its components	25	
	103-3 Evaluation of the management approach	25	
GRI 203: Indirect Economic Impact (2016)	203-1 Infrastructure investments and services supported	25	

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 Code). 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 INNOVATIVE
- WE ARE A TEAM
- 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.

Schibsted prepared a Code of Conduct that was approved by the Board in December 2011, and updated in October 2015. The Code of Conduct 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 of Conduct serves as a guide for our employees' daily internal and external business interactions, and reflects our standard for appropriate behavior. The Board oversees and governs Schibsted's corporate social responsibility efforts.

The Statement of sustainability 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.

The Group's objectives and principal strategies are described in the Board of Directors' report and on our website at www.schibsted.com.

3. Equity and dividend

Financial strategy

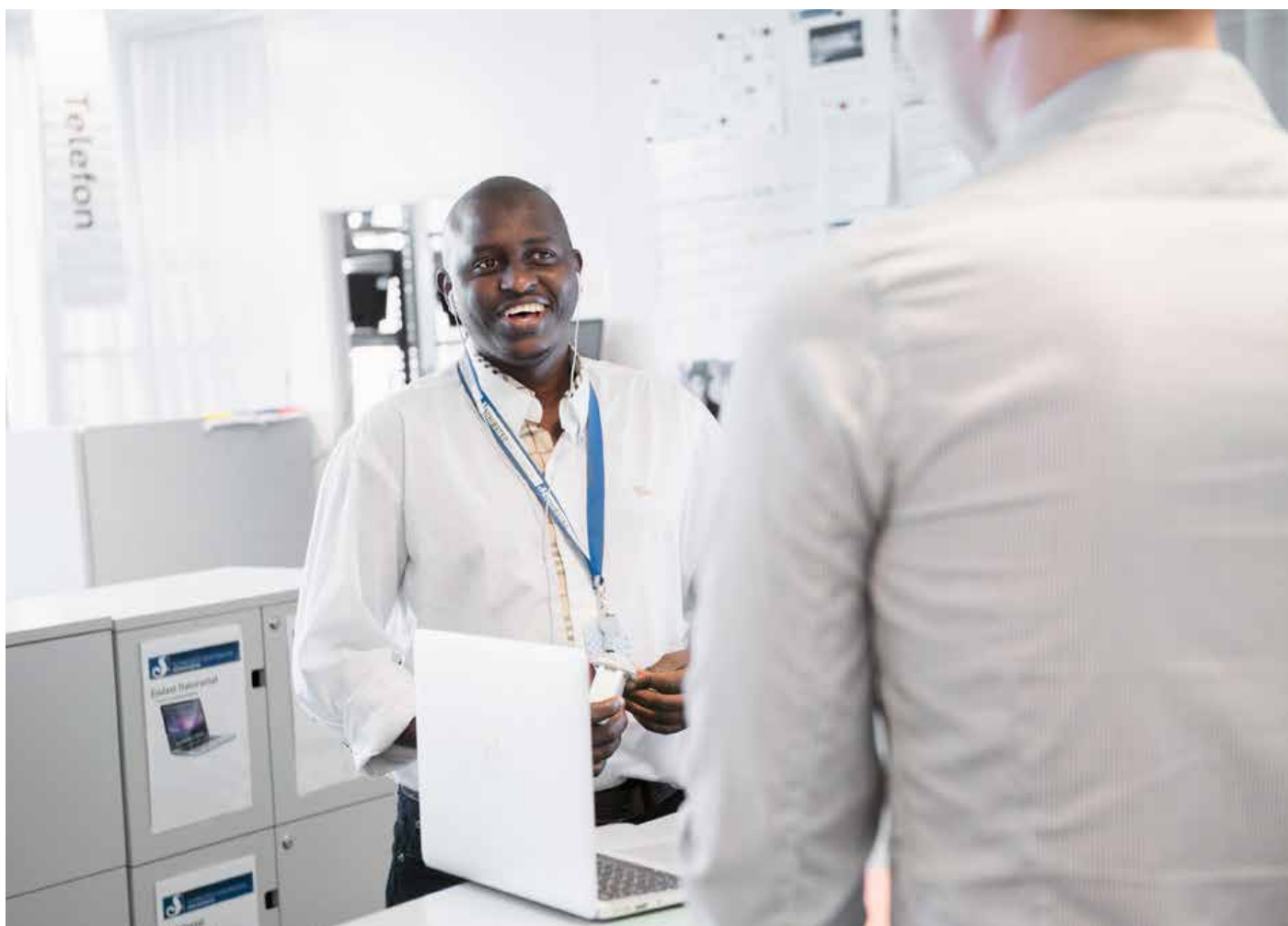
In accordance with our shareholder policy, Schibsted's Board of Directors considers it crucial that shares in the company be perceived as an attractive investment option. Schibsted's financial strategy implies a strong focus on profitability, innovation and disciplined capital allocation to create long-term 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 2017 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 are 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, an authorization empowering the Board to increase share capital by issuing B-shares was granted by the 2017 Annual General Meeting. Such authorization is granted by the Annual General Meeting for one year at the time. The conditions stated in the authorization is 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 2018, but in no event later than 30 June 2018.
- (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.

Further details on how the authorization has been used are provided under Share Information at www.schibsted.com.

4. Equal treatment of shareholders and transactions with related parties

Class of shares

Schibsted has two 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 2017 Annual General Meeting and will apply until the next Annual General Meeting. The authorization granted in 2017 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

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. The company issued new equity in the form of B – shares in November 2017. The Board resolved to set aside the pre-emptive rights of the existing shareholders. The Board considered this to be in the best interests of the Company and the shareholders since it allows the Company to raise capital more efficiently, at a lower discount and with lower transaction costs than in a rights offering.

Transactions involving own shares

In 2017, the Annual General Meeting did not grant the Board authorization to acquire own shares. To the extent the Board is authorized by the Annual General Meeting to acquire own shares, such acquisitions must take place in the market at the stock exchange price and in accordance with generally accepted Norwegian stock

exchange practices, and in accordance with the authorization granted by 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 2017 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 3 May 2018. 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 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 2017 the Annual General Meeting was held on 12 May. 15 shareholders were present. In total 68,25 percent of the A-share capital and 66,12 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 2017, 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 proposed additional guidelines for the Nomination Committee, which were 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 12 May 2017 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 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 outside Norway where Schibsted has its most extensive operations. This is 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. In addition to gender balance, the Board ensures that diversity with regard to age, education, professional background and international experience are applied as relevant criteria in the Nomination Committee's work on composition of the Board.

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 2017, Blommenholm Industrier AS exercised its right to directly appoint one member, and nominated Ole Jacob Sunde. The Board has appointed Head of Editorial in Schibsted Media as observer to the Group Board.

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 AS. 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 2017

In 2017 the Board held ten 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 2017:

ATTENDANCE AT MEETINGS	BOARD MEETINGS	AUDIT COMMITTEE MEETINGS	COMPENSATION COMMITTEE MEETINGS
Ole Jacob Sunde	10/10		4/4
Birger Steen	10/10	7/7	
Marianne Budnik	9/10		
Christian Ringnes	9/10	7/7	
Arnaud de Puyfontaine	4/10	1/7	
Eugénie van Wiechen	9/10		4/4
Orla Noonan (new from May 2017)	6/6		
Ingunn Saltbones	10/10		
Torbjörn Ek	9/10		
Finn E. Vågå	10/10		4/4
Tanya Cordrey (until May 2017)	4/4	4/4	
Maria Carling (deputy for Torbjörn Ek)	1/1		

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 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 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), 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 Internal Control Manager 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 Board's self-evaluation

The Board regularly evaluates its own work and submits a written report to the Nomination Committee. The report forms the basis for the Nomination Committee's 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 Group 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 Group Compliance Officer reports in practice and administratively to the CFO. If necessary, the Group 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. 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. Quarterly financial review meetings are also held with the largest companies of each division.

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 9 of the financial statements. In 2017 no such fees were paid. See the Nomination Committee's Report and note 9 of the financial statements for further details on remuneration of the Group Board members.

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 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 are 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 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 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 14 November 2017 in Barcelona 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 30 to the financial statements for information on remuneration of the external auditor for the financial year 2017.

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 2017 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 2017 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 30 to the financial statements for information on fees relating to auditing and consultancy services.

16. Deviations from the Code of Practice

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 by defined purposes". The authorization to increase the share capital granted by the 2017 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-accretive 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.



FINANCIAL STATEMENTS FOR GROUP

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

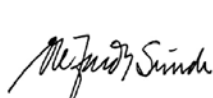
(NOK million)	Note	2017	2016
Operating revenues	7	16,943	15,854
Raw materials and finished goods		(432)	(500)
Personnel expenses	9	(6,317)	(6,141)
Other operating expenses	8	(7,588)	(7,082)
Gross operating profit (loss)	6	2,606	2,131
Depreciation and amortisation	17, 18	(634)	(529)
Share of profit (loss) of joint ventures and associates	5	(113)	(171)
Impairment loss	5, 17, 18	(49)	(80)
Other income and expenses	12	1,505	(114)
Operating profit (loss)	6	3,315	1,237
Financial income	13	16	125
Financial expenses	13	(187)	(104)
Profit (loss) before taxes		3,144	1,258
Taxes	14	(958)	(699)
Profit (loss)		2,186	559
Profit (loss) attributable to:			
Non-controlling interests	27	55	94
Owners of the parent		2,130	465
Earnings per share in NOK:			
Basic	15	9.36	2.05
Diluted	15	9.35	2.05
Basic - adjusted	15	3.43	2.70
Diluted - adjusted	15	3.43	2.69

(NOK million)	Note	2017	2016
Profit (loss)		2,186	559
Items not to be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension liabilities	11	(333)	(15)
Income tax relating to remeasurements of defined benefit pension liabilities	14	77	4
Share of other comprehensive income from joint ventures and associates	5	(3)	5
Items to be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		717	(583)
Hedges of net investments in foreign operations		(55)	68
Income tax relating to hedges of net investments in foreign operations	14	13	(17)
Share of other comprehensive income from joint ventures and associates		(8)	1
Other comprehensive income		408	(537)
Comprehensive income		2,593	22
Comprehensive income attributable to:			
Non-controlling interests		61	76
Owners of the parent		2,533	(54)

STATEMENT OF FINANCIAL POSITION


(NOK million)	Note	31 December 2017	31 December 2016
ASSETS			
Intangible assets	16, 17	16,983	14,100
Property, plant and equipment and investment property	18	988	1,019
Investments in joint ventures and associates	5	4,514	954
Deferred tax assets	14	251	160
Other non-current assets	19	114	193
Non-current assets		22,850	16,426
Trade receivables and other current assets	19, 20	3,141	2,714
Cash and cash equivalents		1,626	1,268
Current assets		4,767	3,982
Total assets		27,617	20,408
EQUITY AND LIABILITIES			
Paid-in equity	26	6,895	4,372
Other equity		7,898	5,863
Equity attributable to owners of the parent		14,793	10,235
Non-controlling interests	27	261	305
Equity		15,054	10,540
Deferred tax liabilities	14	897	750
Pension liabilities	11	1,364	1,273
Non-current interest-bearing borrowings	24	4,212	1,814
Other non-current liabilities	22	326	424
Non-current liabilities		6,798	4,261
Current interest-bearing borrowings	24	28	528
Income tax payable		391	294
Other current liabilities	22	5,345	4,785
Current liabilities		5,764	5,607
Total equity and liabilities		27,617	20,408

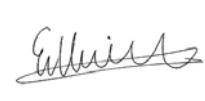
Oslo, 21 March 2018 - Schibsted ASA's Board of Directors


Ole Jacob Sunde
Chairman of the Board



Christian Ringnes



Birger Steen

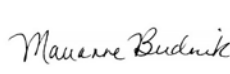

Arnaud de Puyfontaine


Eugénie Van Wiechen


Torbjörn Ek


Ingunn Saltbones


Finn E. Våga


Marianne Budnik


Orla Noonan


Rolv Erik Ryssdal
CEO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		3,144	1,258
Depreciation, amortisation and impairment losses	5, 13, 17, 18	685	609
Net effect pension liabilities		(91)	(65)
Share of loss (profit) of joint ventures and associates	5	113	171
Dividends received from joint ventures and associates	5	21	28
Taxes paid		(828)	(577)
Sales losses (gains) on non-current assets and other non-cash losses (gains)		(1,697)	(137)
Change in working capital and provisions *		(57)	219
Net cash flow from operating activities	28	1,290	1,506
CASH FLOW FROM INVESTING ACTIVITIES			
Development and purchase of intangible assets, and property, plant and equipment	17, 18	(865)	(698)
Acquisition of subsidiaries, net of cash acquired	28	(1,279)	(507)
Proceeds from sale of intangible assets, and property, plant and equipment		23	11
Proceeds from sale of subsidiaries, net of cash sold	28	380	1
Net sale of (investment in) other shares		(2,929)	(69)
Net change in other investments		124	14
Net cash flow from investing activities		(4,546)	(1,248)
Net cash flow before financing activities		(3,256)	258
CASH FLOW FROM FINANCING ACTIVITIES			
New interest-bearing loans and borrowings		4,293	-
Repayment of interest-bearing loans and borrowings		(2,521)	(313)
Change in ownership interests in subsidiaries		(228)	(70)
Capital increase	26	2,491	-
Net sale (purchase) of treasury shares		17	(5)
Dividends paid to owners of the parent		(396)	(396)
Dividends paid to non-controlling interests	27	(98)	(93)
Net cash flow from financing activities		3,558	(877)
Effects of exchange rate changes on cash and cash equivalents		55	(4)
Net increase (decrease) in cash and cash equivalents		357	(623)
Cash and cash equivalents as at 1 January		1,268	1,891
Cash and cash equivalents as at 31 December		1,626	1,268

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

STATEMENT OF CHANGES IN EQUITY

(NOK million)

	Note	Share capital	Other paid-in equity	Retained earnings	Foreign currency transl. reserve	Hedging reserves	Shareholders' equity	Non-controlling interests	Total
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		-	-	(396)	-	-	(396)	-	(396)
Dividends paid to non-controlling interests		-	-	11	-	-	11	(93)	(82)
Change in treasury shares	26	-	-	(5)	-	-	(5)	-	(5)
Business combinations	4	-	-	-	-	-	-	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
Profit (loss) for the period		-	-	2,130	-	-	2,130	55	2,186
Other comprehensive income		-	-	(267)	711	(42)	403	6	408
Total comprehensive income		-	-	1,863	711	(42)	2,533	61	2,593
Capital increase		6	2,488	-	-	-	2,494	7	2,501
Share-based payment		-	29	-	-	-	29	-	29
Dividends paid to owners of the parent		-	-	(396)	-	-	(396)	-	(396)
Dividends paid to non-controlling interests		-	-	12	-	-	12	(98)	(86)
Change in treasury shares	26	-	-	17	-	-	17	-	17
Business combinations	4	-	-	-	-	-	-	7	7
Loss of control of subsidiaries		-	-	-	-	-	-	(16)	(16)
Changes in ownership of subsidiaries that do not result in a loss of control	4	-	-	(127)	-	-	(127)	(5)	(132)
Share of transactions with the owners of joint ventures and associates		-	-	(5)	-	-	(5)	-	(5)
Total transactions with the owners		6	2,517	(498)	-	-	2,025	(105)	1,921
As at 31 December 2017		119	6,776	6,920	1,287	(310)	14,793	261	15,054

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Note 1	General information
Note 2	Basis for preparing the financial statements
Note 3	Significant accounting judgements and major sources of estimation uncertainty

GROUP STRUCTURE

Note 4	Changes in the composition of the Group
Note 5	Investments in joint ventures and associates

INFORMATION ON INCOME STATEMENT ITEMS

Note 6	Operating segments
Note 7	Revenue recognition
Note 8	Other operating expenses
Note 9	Personnel expenses and remuneration
Note 10	Share-based payment
Note 11	Pension plans
Note 12	Other income and expenses
Note 13	Financial items
Note 14	Income taxes
Note 15	Earnings per share

INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS

Note 16	Impairment assessments
Note 17	Intangible assets
Note 18	Property, plant and equipment and investment property
Note 19	Other non-current and current assets
Note 20	Trade receivables
Note 21	Financial liabilities related to business combinations and increases in ownership interests
Note 22	Other non-current and current liabilities

CAPITAL MANAGEMENT

Note 23	Financial risk management
Note 24	Interest-bearing borrowings
Note 25	Financial instruments by category

OTHER INFORMATION

Note 26	Number of shares
Note 27	Non-controlling interests
Note 28	Supplemental information to the consolidated statement of cash flows
Note 29	Transactions with related parties
Note 30	Auditors' remuneration
Note 31	Lease agreements
Note 32	Events after the balance sheet date

NOTE 1: GENERAL INFORMATION

General

Schibsted ASA is a public limited company and its offices are located in Akersgata 55, Oslo in Norway. The A-shares and B-shares of Schibsted ASA are listed on the Oslo Stock Exchange. Schibsted Media Group is an international media group with leading positions within online classifieds and strong positions within media houses. The business areas are described in segment information in note 6.

The consolidated financial statements including notes for Schibsted ASA for the year 2017 were approved by the Board of Directors on 21 March 2018 and will be proposed to the Annual General Meeting 3 May 2018.

NOTE 2: BASIS FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

Compliance with IFRS

The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The valuation and recognition of the items in the financial statements have been carried out in accordance with applicable IFRS standards.

New and amended standards adopted by the Group

No changes have been made in the IFRS framework conditions that have a material effect on this year's financial statements.

Financial statements

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. Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value less selling costs.

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it falls due within 12 months or when it consists of cash or cash equivalents on the statement of financial position date. Cash and cash equivalents consists of bank deposits and other monetary instruments with a maturity of three months or less. Other items are non-current. A dividend does not become a liability until it has been formally approved by the Annual General Meeting. Discontinued operations and assets held for sale are presented on separate lines as current items.

All amounts are in NOK million unless otherwise stated. Tables may not summarise due to roundings.

From 2017 Schibsted has changed its presentation of the notes. In previous years, all the accounting principles have been presented together in a separate note, but as from 2017 the accounting principles and significant estimation uncertainties have been disclosed in relevant notes.

Statement of cash flows

The statement of cash flows is prepared under the indirect method.

Consolidation principles

The consolidated financial statements include the parent Schibsted ASA and all subsidiaries, presented as a single economic entity. All the entities have applied consistent principles and all intercompany matters have been 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 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 exists, 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.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (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).

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.

New standards and interpretations not yet adopted

Certain new accounting standards, interpretations and amendments to standards have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations are set out below.

Title of standard	IFRS 2 Share-based payment (amendment)
Nature of change	IFRS 2 is amended to change the classification of a share-based payment transaction with net settlement features for withholding tax obligations.
Impact	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, transactions for which Schibsted is obliged to withhold tax on the employee's behalf will be classified entirely as share-based payment transactions settled in equity. As the expense in share-based payment transactions settled in equity is measured at grant date while the expense in share-based payment transactions settled in cash is measured at the fair value of the liability, the amendment will result in reduced volatility in the share-based payment expense. The amendment will be implemented prospectively and the liability recognised before the amendment related to unvested transactions being reclassified will be transferred to equity.
Date of adoption by Group	1 January 2018

Title of standard	IFRS 9 Financial Instruments
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	<p>Schibsted has reviewed its financial assets and liabilities and is only expecting an impact related to equity investments. Equity investments have under IAS 39 been accounted for as available-for-sale investments with changes in fair value recognised in other comprehensive income, except for impairment losses that have been recognised in profit or loss. Under IFRS 9 equity instruments shall be measured at fair value through profit or loss unless an irrevocable election is made at initial recognition to present subsequent changes in fair value in other comprehensive income. Schibsted will make this election on an instrument-by-instrument basis.</p> <p>At 31 December 2017 Schibsted had NOK 17 million in equity instruments, hence the impact of IFRS 9 is expected to be limited. For the equity instruments that will be measured at fair value through profit and loss, the related AFS reserve will be reclassified from accumulated OCI to retained earnings.</p> <p>Retrospective application is required but providing comparative information is not compulsory. Schibsted will not restate comparative information.</p>
Date of adoption by Group	1 January 2018

Title of standard	IFRS 15 Revenues from Contracts with Customers
Nature of change	IFRS 15 will replace all existing standards and interpretations related to revenue recognition. The core principle of the standard 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.
Impact	<p>IFRS 15 is expected to impact the timing of revenue recognition on some of the revenue flows from Online Classifieds, limited to contracts under which revenue is to be recognised over time. For those revenues, e.g. listing fees and certain upsell fees, revenue recognition will be deferred over a slightly longer period than under current accounting policies in Schibsted. This is not expected to have a significant impact on the annually reported revenue, as the roll-over effect from previous year to a large extent will equalise the deferred revenue for a specific year. However, the change will lead to increased deferred revenue in the statement of financial position with a similar adjustment to equity and deferred tax. As Schibsted has chosen to apply the modified retrospective method of IFRS 15 the impact of the standard will be recorded against the opening balance of equity 1 January 2018.</p> <p>In addition, Schibsted will, as part of footnote disclosures, disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Information about the relationship between the disclosure of disaggregated revenue and revenue information for each reportable segment will also be disclosed. Schibsted is in the process of finalising the analysis of IFRS 15. The first time adoption effect is not expected to exceed NOK 100 million on opening balance of equity.</p>
Date of adoption by Group	1 January 2018

Title of standard	IFRS 16 Leases
Nature of change	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and amortisation on the right-of-use asset.
Impact	<p>Upon implementation of the standard, a liability will have to be recognised for the net present value of remaining lease payments and an asset will be recognised for the right to use the underlying asset during the remaining lease term. The Group's equity ratio will consequently decrease. Lease expense will change from being linear over the lease term to being declining and the lease expense will change classification from operating expenses to a combination of amortisation and interest expenses. The effect on assets, liabilities and expenses will depend on the agreements actually in force on implementation. As disclosed in note 31 Lease agreements Schibsted reported operating lease expenses of NOK 507 million in 2017 and NOK 2,586 million of remaining minimum lease payments. There may be deviations in the contracts being included in operating leases in 2017 and those being included under the new standard, but the operating lease expense and the net present value of the remaining minimum lease payments as reported in 2017 should provide a reasonable indication of the positive effect on gross operating profit and the increase in assets and liabilities following the implementation of the new standard.</p>
Date of adoption by Group	1 January 2019

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

The management has made use of estimates and assumptions in preparing the consolidated financial statements. The most important areas where estimates are having an impact are listed below. Detailed information of these estimates and judgements is included in the relevant notes.

Significant estimates and judgements:

- Calculation of value in use in testing for impairment (note 16)
- Capitalisation of development costs (note 17)
- Calculation of present value of defined benefit pension obligations (note 11)
- Recognition of deferred tax asset for carried forward tax losses (note 14)
- Fair value of contingent consideration and liabilities related to non-controlling interests' put option (note 21)

NOTE 4: CHANGES IN THE COMPOSITION OF THE GROUP

Principle:

Business combinations

The acquisition method is used to account for all business combinations where Schibsted ASA or a subsidiary is the acquirer, i.e. the entity that obtains control over another entity or business. When a subsidiary or business is acquired, a purchase price allocation is carried out. Identifiable assets acquired and liabilities and contingent liabilities are measured at fair value at the acquisition date. 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 residual value in the acquisition is goodwill. Acquisition-related costs are expensed as incurred.

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 combination achieved in stages, the previously held equity interest is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Changes in ownership interests in subsidiaries that do not result in a loss of control

Transactions with non-controlling interests are recognised in equity. In entities where the Group already owned interests prior to the business combination, any change in the value of earlier interests are recognised in the income statement.

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.

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.

Business combinations

Schibsted has in 2017 invested NOK 1,278 million related to acquisition of businesses (business combinations). The amount comprises cash consideration transferred reduced by cash and cash equivalents of the acquiree. Schibsted has in addition paid NOK 1 million of contingent consideration related to prior year's business combinations.

In January 2017, Schibsted acquired the real estate portal Habitaclia.com through the acquisition of 100% of the shares of Habitaclia, S.L.U and Imofusion, S.L.U. Schibsted Spain, owner of the Spanish real estate site Fotocasa.es, thereby strengthened its leadership in the real estate classified ads segment.

In June 2017, Schibsted increased its ownership interest from 50% to 100% in Yapo.cl SpA, a company operating the Chilean online classifieds site Yapo.cl. The previously held ownership interest was accounted for as a joint venture and the business combination is accounted for as a step acquisition. The acquisition was part of a larger agreement with Telenor described further under the subheading Other changes in the composition of the Group below.

In November 2017, Schibsted acquired the French real estate online classifieds operation avendrealouer.fr through the acquisition of 100% of the shares of CityOne SAS. The acquisition strengthens Schibsted's product offering and market position among professional real estate agents in France.

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

In step acquisitions, the previously held equity interest is measured at fair value at the acquisition date, and a total gain of NOK 506 million is recognised in 2017 in profit or loss in the line item Other income and expenses.

Acquisition-related costs of NOK 8 million related to business combinations closed are recognised in profit or loss in the line item Other income and expenses in 2017.

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

	Yapo.cl	Other	Total 2017	Total 2016
Consideration:				
Cash	582	788	1,370	440
Contingent consideration	-	-	-	1
Consideration transferred	582	788	1,370	441
Fair value of previously held equity interest	442	75	517	9
Total	1,024	863	1,887	450

Amounts for assets and liabilities recognised:

Intangible assets	65	162	227	122
Property, plant and equipment	1	2	3	2
Other non-current assets	-	-	-	(3)
Trade and other receivables	8	32	40	18
Cash and cash equivalents	10	82	92	53
Deferred tax liabilities	(16)	(34)	(50)	(36)
Other non-current liabilities	(107)	94	(13)	(2)
Current liabilities	(11)	(92)	(103)	(19)
Total identifiable net assets	(50)	247	197	135
Non-controlling interests	-	(7)	(7)	(9)
Goodwill	1,074	623	1,697	324
Total	1,024	863	1,887	450

The purchase price allocations for the acquisitions made in 2017 are preliminary due to uncertainty in certain valuation factors. The purchase price allocations for acquisitions made in 2016 are finalised in 2017 with no material changes compared to preliminary amounts recognised in 2016.

The goodwill recognised is attributable to inseparable non-contractual customer relationships, the assembled workforce of the companies and synergies. NOK 9 million in 2017 (NOK 0 million in 2016) 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 40 million in 2017 (NOK 18 million in 2016), of which NOK 10 million (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.

The companies acquired in business combinations have since the acquisition dates contributed NOK 153 million to operating revenues in 2017 (NOK 21 million in 2016) and contributed positively to consolidated profit (loss) by NOK 15 million in 2017 (negatively NOK 9 million in 2016). If the acquisition date of all business combinations completed through purchase of shares was as at 1 January, the operating revenues of the Group would have increased by NOK 136 million in 2017 (NOK 80 million in 2016) and profit (loss) would have decreased by NOK 15 million (increased NOK 2 million in 2016). The above figures do not include business combinations completed through purchase of assets for which no separate financial statements exists.

Other changes in the composition of the Group

In May 2017, Schibsted discontinued the operation and sold certain assets of the online classifieds site Kapaza.be in Belgium.

In May 2017, Schibsted entered into an agreement to acquire Telenor's 25% interest in the Brazilian online classifieds operation olx.com.br and its 50% interest in the Chilean online classifieds operation Yapo.cl. Simultaneously, Schibsted entered into an agreement to sell to Telenor its 33.3% ownership interest in the associate 701 Search Pte Ltd operating online classifieds operations in Malaysia, Vietnam and Myanmar. The transactions were closed 30 June 2017. As a result of

differences in value of assets acquired and sold, Schibsted made a cash payment of USD 405 million. Before the transaction, the Brazilian and Chilean operations were both joint ventures of Schibsted, accounted for using the equity method of accounting. The transaction in respect of olx.com.br is accounted for as an increase in ownership interest of a joint venture from 25% to 50%. The transaction in respect of Yapo.cl in Chile is accounted for as a business combination as described above.

In August 2017, Schibsted closed the sale of its 90.2% interest in the Swedish online directory service Hitta.se.

Total net gains of NOK 1,066 million is recognised in 2017 (NOK 39 million in 2016) from the sale of subsidiaries, joint ventures and associates in the line item Other income and expenses. Net gains of NOK 195 million is from sale of subsidiaries (primarily Hittapunktse AB), NOK 15 million from sale of joint ventures and NOK 856 million from sale of associates (primarily 701 Search Pte Ltd).

Schibsted has in 2017 invested NOK 228 million related to increased ownership interests in subsidiaries. The amount invested is primarily related to increase in the effective ownership interest in Finn Eiendom AS from 79.8% to 90%.

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:

	2017	2016
Net consideration received (paid)	(260)	(70)
Financial liabilities previously recognised related to non-controlling interests' put options	53	67
Adjustment to equity	(207)	(3)
Of which adjustment to non-controlling interests	(35)	1
Of which adjustment to equity attributable to owners of the parent	(172)	(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.

NOTE 5: INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Principle:

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

Interests in joint ventures and associates are accounted for using the equity method.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses. 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. Dividends received reduce the carrying amount of the investment.

When the Group's share of losses equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Changes in ownership

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.

Development in net carrying amount	2017			2016		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
As at 1 January	537	410	947	431	498	929
Additions	3,659	104	3,763	118	58	176
Disposals	(14)	(832)	(846)	(46)	(12)	(58)
Transition from (to) subsidiaries	(9)	1	(8)	-	(4)	(4)
Transition from (to) joint ventures and associates	3	(3)	-	-	-	-
Share of profit (loss)	(69)	(44)	(113)	(62)	(109)	(171)
Share of other comprehensive income	(2)	(9)	(11)	-	6	6
Increase from dividend received from subsidiary (reciprocal interests)	-	12	12	-	11	11
Gain (note 4)	15	856	871	24	14	38
Impairment loss	-	-	-	-	(13)	(13)
Dividends received	-	(21)	(21)	-	(28)	(28)
Share of transactions with the owners of joint ventures and associates	(5)	1	(4)	-	-	-
Translation differences	(110)	11	(99)	72	(11)	61
As at 31 December	4,005	486	4,491	537	410	947
Of which presented in Investments in joint ventures and associates	4,005	509	4,514	537	417	954
Of which presented in Other current liabilities	-	(23)	(23)	-	(7)	(7)

For more details on acquisitions and divestments of joint ventures and associates, see note 4 Changes in the composition of the Group.

The carrying amount of investments in joint ventures and associates comprises the following investments:

	Country of incorporation	Interest held	2017		Interest held	2016	
			Joint ventures	Associates		Joint ventures	Associates
Silver Brazil JVCO BV	Netherlands	50.00 %	3,952	-	-	-	-
SnT Classified ANS	Norway	n/a	-	-	50.00 %	508	-
Willhaben Internet Service GmbH	Austria	50.00 %	33	-	50.00 %	23	-
Polaris Media ASA	Norway	28.97 %	-	205	28.97 %	-	198
Younited SA	France	11.55 %	-	81	13.72 %	-	59
Bynk AB	Sweden	29.90 %	-	60	20.00 %	-	11
TT Nyhetsbyrå AB	Sweden	33.67 %	-	56	33.67 %	-	47
Norsk Telegrambyrå AS	Norway	29.45 %	-	45	29.45 %	-	41
Fronteer Solutions AS	Norway	17.20 %	-	21	-	-	-
Other			19	18		6	54
Carrying amount as at 31 December			4,005	486		537	410

If the company mentioned is the parent company of a group, the figures presented are for the consolidated group.

Description of the business of the joint ventures and associates:

Silver Brazil JVCO BV	Operates an online classified site in Brazil (olx.com.br, from July 2017)
SnT Classified ANS	Operates online classified sites in Chile (Yapo.cl until June 2017), Brazil (olx.com.br until June 2017) and Bangladesh (ekhanei.com, closed down)
Willhaben Internet Service GmbH	Operates online classified sites in Austria (willhaben.at, car4you.at, and autopros24.at)
Polaris Media ASA	A Norwegian media group that operates local and regional media houses
Younited SA	Operates peer-to-peer lending marketplaces in France, Italy and Spain (younited-credit.com, it.younited-credit.com and es.younited-credit.com)
Bynk AB	Operates a lending marketplace in Sweden
TT Nyhetsbyrå AB	A Swedish news agency
Norsk Telegrambyrå AS	A Norwegian news agency
Fronteer Solutions AS	A tech company doing research on investment strategies

The following table sets forth summarised financial information for material joint ventures as at 31 December:

	2017				2016		
	Silver Brazil	SnT	Other	Total	SnT	Other	Total
Interest held as at 31 December	50.00%	n/a			50.00%		
Income statement and statement of comprehensive income:							
Operating revenues	239	29			36		
Depreciation and amortisation	(5)	(1)			(1)		
Interest income	2	-			-		
Taxes	-	-			(1)		
Profit (loss)	(56)	(122)			(178)		
Profit (loss) attributable to non-controlling interests	-	(21)			(18)		
Profit (loss) attributable to owners of the parent	(56)	(100)			(160)		
Other comprehensive income attributable to owners of the parent	-	(4)			-		
Total comprehensive income attributable to owners of the parent	(56)	(104)			(160)		
Share of profit (loss)	(28)	(50)	9	(69)	(80)	18	(62)
Share of other comprehensive income	-	(2)	-	(2)	-	-	-
Share of total comprehensive income	(28)	(52)	9	(72)	(80)	18	(62)
Balance sheet:							
Non-current assets	207	-			890		
Other current assets	102	-			9		
Cash and cash equivalents	22	-			72		
Non-controlling interests	-	-			(23)		
Non-current financial liabilities (excluding trade and other payables)	(53)	-			-		
Other non-current liabilities	(31)	-			(3)		
Current financial liabilities (excluding trade and other payables)	(1)	-			-		
Other current liabilities	(87)	-			(17)		
Net assets	159	-			928		
Share of net assets	80	-			464		
Goodwill	3,872	-			44		
Carrying amount as at 31 December	3,952	-	52	4,005	508	29	537
Fair value (if there is a quoted market)	n/a			n/a			

The Silver Brazil and SnT figures presented are for the consolidated Silver Brazil and SnT groups. Schibsted's share is presented on separate line items. Other includes Schibsted's share of all individually immaterial joint ventures.

The SnT figures relate to yapo.cl, olx.com.br and ekhanei.com, in the period from January to June 2017, while the Silver Brazil figures relate to olx.com.br in the period from July to December 2017. This must be seen in conjunction with the agreement with Telenor closed end of June 2017. The agreement is further described in note 4.

The following table sets forth summarised financial information for material associates as at 31 December:

	2017			2016		
	Polaris Media	Other	Total	Polaris Media	Other	Total
Interest held as at 31 December	28.97%			28.97%		
Income statement and statement of comprehensive income:						
Operating revenues	1,518			1,521		
Profit (loss)	66			(74)		
Profit (loss) attributable to non-controlling interests	1			1		
Profit (loss) attributable to owners of the parent	64			(75)		
Other comprehensive income attributable to owners of the parent	(40)			12		
Total comprehensive income attributable to owners of the parent	24			(63)		
Share of profit or loss	19	(62)	(44)	(22)	(87)	(109)
Share of other comprehensive income	(12)	2	(9)	3	3	6
Share of total comprehensive income	7	(60)	(53)	(19)	(84)	(103)
Dividends received	(14)	(7)	(21)	(18)	(10)	(28)
Balance sheet:						
Non-current assets	976			1,068		
Current assets	371			352		
Non-controlling interests	(33)			(34)		
Non-current liabilities	(453)			(477)		
Current liabilities	(379)			(441)		
Net assets	482			468		
Share of net assets	140			136		
Goodwill	65			62		
Carrying amount as at 31 December	205	281	486	198	211	410
Fair value (if there is a quoted market)	264			194		

The Polaris Media figures presented are for the consolidated Polaris Media group. Other includes all individually immaterial associates.

NOTE 6: OPERATING SEGMENTS

Principle:

The operating segments correspond to the management structure and the internal reporting for 2017 to the Group's chief operating decision maker, defined as the CEO. The operating segments reflect an allocation based partly on the type of operation and partly on geographical location.

In 2017 Schibsted reported five operating segments; Online Classifieds (Norway, Sweden and International) and Media Houses (Norway and Sweden).

- Online Classifieds Norway comprises Finn.no, Mittanbud, Lendo.no and Penger.no.
- 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 and printing and distribution operations.
- 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 (disposed of in 2017).

Other / Headquarters comprises operations not included in the five reported operating segments, including 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).

New operating segments, based on the organisational adjustment announced late 2017, will be presented in the quarterly report for first quarter 2018.

Operating revenues and profit (loss) by operating segments

2017	Online classifieds			Media Houses		Other / Headquarters	Eliminations	Total
	Norway	Sweden	International	Norway	Sweden			
Operating revenues from external customers	1,870	1,017	4,886	5,189	3,900	81	-	16,943
Operating revenues from other segments	60	34	80	193	177	537	(1,080)	-
Operating revenues	1,929	1,051	4,966	5,382	4,077	618	(1,080)	16,943
Gross operating profit (loss) - excl. investment phase	768	544	1,737	552	573	(878)	-	3,297
Gross operating profit (loss)	705	504	1,149	552	573	(878)	-	2,606
Depreciation and amortisation	(38)	(8)	(169)	(153)	(113)	(153)	-	(634)
Share of profit (loss) of joint ventures and associates	-	-	(126)	3	(12)	22	-	(113)
Impairment loss	-	-	(4)	(7)	(7)	(32)	-	(49)
Other income and expenses	(10)	(1)	1 324	(65)	166	90	-	1,505
Operating profit (loss)	657	495	2 175	331	608	(950)	-	3,315

Gross operating profit (loss) excl. investment phase excludes operations in growth phase with large investments in market positions, immature monetisation rate and where sustainable profitability has not been reached. For 2017, investments phase operations provided Operating revenues of NOK 524 million and reduced Gross operating profit by NOK 691 million.

2016	Online classifieds			Media Houses		Other / Headquarters	Eliminations	Total
	Norway	Sweden	International	Norway	Sweden			
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 monetisation 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.

Operating revenues by products and services

	2017	2016
Classified	7,508	6,421
Printed newspapers	5,223	5,549
Online newspapers	4,176	3,846
Others	579	401
Eliminations	(542)	(363)
Total	16,943	15,854

Operating revenues include government grants of NOK 50 million in 2017 (NOK 54 million in 2016) and barter agreements of NOK 33 million in 2017 (NOK 51 million in 2016).

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.

	2017	2016
Operating revenues		
Norway	7,065	6,826
Sweden	4,957	5,036
France	2,410	1,987
Spain	1,293	1,035
Other Europe	994	816
Other countries	223	154
Total	16,943	15,854
Non-current assets		
Norway	2,370	2,272
Sweden	2,121	1,902
France	4,895	4,290
Spain	4,795	3,846
Other Europe	2,588	2,731
Other countries	5,715	1,031
Total	22,486	16,072

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.

Other countries consists primarily of Schibsted's businesses in Latin America.

NOTE 7: REVENUE RECOGNITION

Principle:

Revenue is recognised when it is probable that transactions will generate future economic benefit that will flow to the entity and the amount of revenue can be measured with reliability. Discounts are recognised as a revenue reduction.

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

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.

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.

The Board of Directors' Statement of Executive Compensation

Pursuant to section 6-16a of the Public Limited Liability Companies Act, the Board of Directors must draw up a special statement of guidelines for the pay and other remuneration of senior executives. According to section 5-6 (3) of the same Act, the Annual General Meeting shall hold an advisory vote on the Board of Directors' guidelines for the remuneration of the executive management for the coming financial year (section 1 below), and a binding vote on guidelines concerning share-related incentive programs (section 2 below).

The Board of Directors has appointed a dedicated Compensation Committee in order to ensure thorough consideration of matters relating to the CEO's remuneration. In addition, the Committee advises the Board of Directors and CEO in the work on the philosophy, principles and strategy for the compensation of senior executives in the Schibsted Group.

1. Guidelines for determination of salary and other remuneration for the financial year 2018

The Board of Directors 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 for 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 of executives 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. Guidelines have been developed 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 are calculated) shall be reasonable, balanced and competitive and 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.

1.4 Variable pay – short term incentive scheme

Senior executives participate in an annual bonus scheme linked to achievements 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 Schibsted's Executive Team. Other Group employees may also participate in such schemes, then the maximum annual bonus is normally limited to three to four months' salary.

1.5 Pension schemes

The CEO and other senior executives in the Group 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 Group's pension scheme for new executives in Norway is a defined contribution scheme in line with established market practices.

Most of the Group 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 years. The Board of Directors is of the opinion that the current

NOTE 8: OTHER OPERATING EXPENSES

	2017	2016
Distribution	938	906
Commissions	814	802
Rent, maintenance, office expenses and energy	713	680
PR, advertising and campaigns	2,140	2,021
Printing contracts	273	292
Editorial material	374	401
Professional fees	936	809
Travelling expenses	310	303
IT expenses	774	605
Other operating expenses	316	263
Total	7,588	7,082

NOTE 9: PERSONNEL EXPENSES AND REMUNERATION

	2017	2016
Salaries and wages	4,904	4,502
Social security costs	1,106	1,043
Net pension expense (note 11)	432	416
Share-based payment	61	79
Other personnel expenses*	(186)	101
Total	6,317	6,141
Number of full time equivalents	8,070	7,460

* Other personnel expenses are deducted with amount of capitalised salaries, wages and social security

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 Schibsted's Executive Team and other senior executives are normally entitled to severance pay equivalent to 6–18 months' salary, depending on their position. A non-compete clause and provisions governing reduction in the severance pay normally apply during the severance pay period.

2. Guidelines for share based programs for the financial year 2018

2.1. Long-term incentive schemes for executives

The Board of Directors has proposed a new long-term incentive plan (the "LTI Plan") to operate from 2018, which is designed to align shareholder and management interests to ensure long term value creation in Schibsted Media Group.

The Board has considered different performance metrics for the LTI Plan, and has decided to propose the use of total shareholder return ("TSR") relative to a peer group. TSR is an objective long-term performance measure for value creation as it considers the share price change over time plus respective years' dividends, and as it is less exposed to changes in market conditions than certain other financial metrics. Further, TSR aligns shareholders' interests with participants' interests as it links the rewards to participants directly to the returns shareholders make on their investment in the company.

The proposed LTI Plan is an annual 3-year rolling plan, part delivered in restricted shares and part delivered in performance shares, with fulfilment in Schibsted B-shares. It is proposed to be offered to the CEO, the members of Schibsted's Executive Team, the members of management teams in the Media and Marketplaces Divisions, as well as other key employees. Under the LTI Plan the participants will be granted an award equivalent to a percentage of their base salary at the time of granting. The CEO shall receive a grant equal to 100% of his base salary, whereas other members of Schibsted's Executive Team will receive grants between 50% and 100%. Other participants will receive grants ranging from 10% to 50% of their base salary. The award will consist of two separate elements; a fixed base (the "Fixed Base") comprising Restricted Stock equal to 1/3 of the grant value and a performance-related grant (the "Performance Base") equal to 2/3 of the grant value.

The Fixed Base is converted into B-shares based on the share price at the program start and transferred to participants at the start of the performance period, albeit with a 3-year holding requirement.

The Performance Base shall vest at the end of the 3-year program period subject to performance and delivered to participants in B-shares. The value of any vesting is proposed to be a factor of Schibsted's Total Shareholder Return ("TSR") performance over a 3-year performance period relative to a predefined peer group. Vesting of the Performance Base is subject to a minimum performance threshold whereby Schibsted's TSR performance must be at or above the 25th percentile when compared to the peer group. Subject to the performance threshold being met, the Performance Base shall vest as follows:

- At the 25th percentile, the face value of the Performance base shall vest at 50%
- At the 50th percentile, the face value of the Performance Base shall vest in full
- At or above the 75th percentile, the face value of the Performance Base shall vest at 300%
- Vesting in-between the above performance milestones shall be on a straight-line basis

The predefined peer group is composed mainly of companies involved in online classifieds, but also includes other media companies. The composition of the peer group is intended to reflect the underlying values in Schibsted in a balanced matter, and to ensure that the different parts of the Schibsted organization are incentivized to create stable and value creating businesses in line with Schibsted's long term strategy.

Detailed general conditions have been developed to ensure the fair and consistent governance of the Plan; these include change of control provisions, and "good leaver"/"bad leaver" provisions related to employment. The LTI Plan also includes a claw-back mechanism which would permit Schibsted to cancel unvested shares and/or to require already transferred shares to be delivered back to the Company. Such a claw-back scenario would include any event whereby Schibsted was required to restate financial statements during a program period due, for example due to material non-compliance with applicable accounting rules. A claw-back might also be enforced in the event of fraud or criminal activity, a breach of a non-competition clause or a breach of Schibsted's Code of Conduct by the participant.

As both the Fixed Base and the Performance Base are subject to absolute caps, the maximum cost of the LTI Plan will be equal the base salary of all participants multiplied by the maximum pay-out of 2.33.

The proposed LTI Plan will replace the previous LTI plans: the Senior Executive Plan ("SEP") and the "Key Contributor Plan" from 2018. Agreements entered into with employees under these LTI plans up until 2017, will remain in force for the duration of these programs. Details of KCP and SEP are included in note 10 of the financial statements.

2.2 Mandatory shareholding requirements

To ensure additional alignment between the interests of senior executives and shareholders, the Board of Directors has broadened shareholding requirements for the senior executives, meaning the senior executives may not sell or otherwise transfer Schibsted shares below the defined requirements.

The requirements are set out as follows:

- CEO: 4 x base salary
- Members of Schibsted's Executive Team: 2-3x base salary
- Other LTI participants: between 10% and 100% of base salary

2.3 Share-saving program for all Group employees

In order to motivate and retain employees, all Group employees are invited annually to save up to 5 percent of their basic annual salary, subject to a maximum of NOK 50,000, through payroll deductions in order to purchase shares in Schibsted. The share purchase is made on market terms four times a year, after the release of Schibsted's quarterly results. Employees who choose to hold their shares for two years (the "Holding Period") and who are still employed by the Group at the end of the Holding Period, are entitled to receive one free bonus share from Schibsted per two shares purchased and held during the Holding Period.

3. Remuneration principles and implementation in the previous fiscal year ending 31 December 2017

The implementation of executive remuneration principles during 2017 have overall been in line with the described principles in the Statement of Executive Compensation for 2017 previously approved by Schibsted's Annual General Meeting.

4. Agreements entered into or amended in 2017 and their impact on the company and the shareholders

In 2017 Schibsted entered into agreements with selected executives regarding participation in the long-term share-based incentive programs SEP and KCP. The Board of Directors 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 2017 (in NOK 1,000):

Members of Group management	Salary incl. holiday pay	Variable pay	LTI programme (earned 2017)	Other benefits	Accrued pension expenses	Loan outstanding
Rolv Erik Ryssdal	4,433	1,652	3,789	257	2,666	-
Trond Berger	2,933	1,116	2,136	240	1,509	800
Raoul Grünthal	3,529	718	2,178	59	1,050	-
Didrik Munch	3,058	1,086	1,422	263	1,705	-
Lena K. Samuelsson	2,465	381	892	29	972	-
Terje Seljeseth	2,967	851	325	1,642	1,526	-
Rian Liebenberg	3,920	2,000	1,796	21	298	-
Gianpaolo Santorsola	3,267	726	1,409	264	194	-
Sondre Gravir	2,957	1,086	1,098	1,097	767	-
Tina Stiegler	2,303	873	1,105	153	283	-

Some of the members receive salary in other currencies than NOK. Average annual exchange rate are used to translate the numbers in table above to NOK.

Other benefits for Sondre Gravir include coverage of expenses related to expatriation. Terje Seljeseth left Schibsted in October 2017 and received 6 months severance pay, included in other benefits. Didrik Munch and Gianpaolo Santorsola resigned from Group management in December 2017.

Cost details and valuation of share-based payment is disclosed in note 10. Loans to Group management have no installments, and the interest rate is 1% lower than the government-set benchmark interest rate.

The development in number of shares not-vested in share-based payment programs for the Group management in 2017 is as follows:

	Shares not-vested 1 January 2017	Shares granted	Adjustment shares granted	Shares vested	Shares not-vested 31 December 2017
Rolv Erik Ryssdal	17,245	10,792	(652)	(9,842)	17,543
Trond Berger	10,868	6,096	(266)	(6,438)	10,260
Raoul Grünthal	9,056	5,142	(239)	(5,486)	8,473
Didrik Munch	11,497	6,783	(6,216)	(7,311)	4,753
Lena K. Samuelsson	4,651	2,629	(121)	(2,845)	4,314
Terje Seljeseth	11,056	7,101	(10,111)	(6,970)	1,076
Rian Liebenberg	6,430	5,635	-	(1,878)	10,187
Gianpaolo Santorsola	8,794	4,794	(1,455)	(6,700)	5,433
Sondre Gravir	5,148	4,735	15	(3,584)	6,314
Tina Stiegler	3,329	4,341	(70)	(2,438)	5,162

Share price for vested shares are in a range of NOK 186-196.

Shares granted reflects shares granted for the 2017 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 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	-

Some of the members receive salary in other currencies than NOK. Average annual exchange rate are used to translate the numbers in table above to NOK.

Cost details and valuation of share-based payment is disclosed in note 10. Loans to Group management have no installments, and the interest rate is 1% lower than the government-set benchmark interest rate.

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

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.

Remuneration to the Board of Directors in 2017 (in NOK 1,000):

Members of the Board and Committees:	Board remuneration*	Committee remuneration	Board remuneration from other Group companies	Total remuneration
Ole Jacob Sunde, Chairman of the Board and the Compensation Committee	980	115	-	1,095
Tanya Cordrey, Member of the Board and the Audit Committee until 12 May 2017*	560	105	-	665
Arnaud de Puylfontaine, Member of the Board and the Audit Committee*	560	105	-	665
Christian Ringnes, Member of the Board and Chairman of the Audit Committee	460	170	-	630
Birger Steen, Member of the Board and the Audit Committee*	560	105	-	665
Eugénie van Wiechen, Member of the Board and the Compensation Committee*	560	75	-	635
Marianne Budnik, Member of the Board*	560	-	-	560
Orla Noonan, Member of the Board from 12 May 2017	-	-	-	-
Torbjörn Harald Ek, Employee representative of the Board*	510	-	-	510
Finn Våga, Employee representative of the Board and Member of the Compensation Committee*	510	75	-	585
Ingunn Saltbones, Employee representative of the Board	460	-	-	460
Frank Lynum, Deputy employee representative of the Board	-	-	83	83
Louise Andrea Meiton, Deputy employee representative of the Board	20	-	-	20
Total	5,740	750	83	6,573

* 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 10: SHARE-BASED PAYMENT

Principle:

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 entities 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 are 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.

The programme is 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.

Long-term incentive programme

In 2015, Schibsted introduced the annual rolling programmes, Key Contributor Plan (KCP) and Senior Executive Plan (SEP). The 2015 programmes includes 128 participants. The 2016 programmes includes 117 participants. The 2017 programmes includes 103 participants.

	2017	2016
Share-based payment (included in personnel expenses)	61	79
Of which is equity-settled	30	42
Of which is cash-settled	31	37
Liabilities arising from share-based payment transactions	75	70

Key Contributor Plan and Senior Executive Plan

The SEP is a five-year program applicable for the 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. 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.

Number of shares in the LTI, SEP and KCP programmes:	2017	2016
Number of shares granted, not-vested at 1 January	311,323	329,921
Number of shares granted	153,632	160,948
Number of shares forfeited	(55,878)	(25,560)
Number of shares vested during the period	(171,687)	(153,986)
Number of shares not-vested at 31 December	237,390	311,323
Average share price at vesting date (NOK per share)	195	229
Average share price at grant date (NOK per share)	182	274

Number of granted shares include granted shares and adjustment of performance.

The fair value of shares granted in 2016 and 2017 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 11: PENSION PLANS

Principle:

Schibsted has both defined contribution plans and defined benefit plans. In the defined contribution plans, the company pays an agreed annual contribution to the employee's pension plan, but any risk related to the future pension is borne by the employee. In a defined benefit plan, the company is responsible for paying an agreed pension to the employee based on his or her final pay, and the risk related to the future pension is hence borne by Schibsted.

In a defined contribution plan, the pension cost will be equal to the contribution paid to the employees' pension plan. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, i.e. there is no liability to record in the statement of financial position.

In a defined benefit plan, the net liability recognised is the present value of the benefit obligation at the balance sheet date, less fair value of plan assets. 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. Net pension expense 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.

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.

In the cases where a multi-employer plan is classified as defined benefit plans, but sufficient information is not available to enable recognition as a defined benefit

plan, they 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.

Estimation uncertainty:

Defined benefit plans are calculated on the basis of a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, future wage adjustment, etc. could have substantial impacts on the estimated pension liability. Similarly, changes in the selected assumptions for the return on pension assets could affect the amount of the pension assets.

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 2017 the funded defined benefit plans in Norway covered approximately 1,050 working members and 0 retirees (1,450 and 1,760 in 2016). In 2017, retirees have been withdrawn from the funded defined benefit plans. Paid-up policies were issued, transferring the obligation for future payments to the insurance company (Storebrand). The present value of funded defined benefit obligations and the fair value of plan assets are consequently significantly reduced. Estimated contributions in 2018 to the above mentioned funded defined benefit plans amount to approximately NOK 70 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 2017 amounts to 5.55% of salaries within the interval from 1G to 7.1G and 8% in the interval from 7.1G 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 Group's companies outside Norway have pension plans, mainly defined contribution plans, in accordance with local practice and local legislation.

The Group has certain pension schemes in Norway and Sweden established as 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 2017 and 2016 required to account for these plans as defined benefit plans, and the plans are therefore accounted for as defined contribution plans.

The amounts recognised in profit or loss and in comprehensive income:

	2017	2016
Current service cost	101	125
Past service cost and gains and losses arising from settlements	(129)	(106)
Net interest on the net defined benefit liability (asset)	27	34
Remeasurements of the net defined benefit liability	333	15
Net pension expense defined benefit plans	332	68
Pension expense defined contribution plans	140	211
Pension expense multi-employer defined benefit plans accounted for as defined contribution plans	193	80
Net pension expense	665	359
Of which included in Profit or loss - Personnel expenses (note 9)	432	416
Of which included in Profit or loss - Other income and expenses	(129)	(106)
Of which included in Profit or loss - Financial expenses (note 13)	27	34
Of which included in Other comprehensive income - Remeasurements of defined pension liabilities	333	15

Past service cost comprise restructuring costs in the form of pensions as well as the effect of plan amendments.

Gain on amendment of pension plans is mainly related to retirees having been withdrawn from funded defined benefit plans.

The amounts recognised in the balance sheet:

	2017	2016
Present value of funded defined benefit obligations	1,538	3,374
Fair value of plan assets	(1,012)	(2,963)
Present value of unfunded defined benefit obligations	838	862
Net pension liability	1,364	1,273

The average duration of the defined benefit plan obligation at the end of the reporting period is 22 years (2016: 25 years)

Changes in net pension liability, present value of defined benefit obligations and plan assets:

	2017			2016		
	Net pension liability	Defined benefit obligations	Plan assets	Net pension liability	Defined benefit obligations	Plan assets
As at 1.1	1,273	4,236	2,963	1,386	4,383	2,997
Current service cost	101	99	(2)	125	125	-
Past service cost and gains and losses arising from settlements	(129)	(2,134)	(2,005)	(106)	(164)	(58)
Interest income and expense	27	103	76	34	115	81
Remeasurements (see below)	333	332	(1)	15	8	(7)
Contributions to the plan *	(117)	2	119	(80)	2	82
Payments from the plan	(73)	(211)	(138)	(81)	(213)	(132)
Business combinations and disposals	(25)	(25)	-	-	-	-
Social security costs	(26)	(26)	-	(20)	(20)	-
As at 31.12	1,364	2,376	1,012	1,273	4,236	2,963

Gain on amendment of pension plans is mainly related to retirees having been withdrawn from funded defined benefit plans. Paid-up policies were issued, transferring the obligation for future payments to the insurance company (Storebrand).

* Contributions to the plan includes NOK 1 million (NOK 2 million in 2016) of contributions from plan participants.

Changes in financial assumptions in 2017 resulted in an increase in defined benefit pension liabilities of NOK 403 million which is recognised in Other comprehensive income as a component of the net amount of NOK 333 million in the line item Remeasurements of defined benefit pension liabilities.

Remeasurements of defined benefit pension obligations include:

	2017	2016
Actuarial gains and losses arising from changes in financial assumptions	403	65
Other remeasurements (experience adjustments)	(71)	(57)
Remeasurements of defined benefit pension obligations	332	8

Remeasurements of fair value of plan assets include:

Return on plan assets, excluding amounts included in interest	70	(51)
Cost of managing plan assets	(17)	(16)
Other remeasurements (experience adjustments)	(54)	60
Remeasurements of fair value of plan assets	(1)	(7)

The fair value of plan assets is disaggregated by class:

	2017	Quoted in active markets	Unquoted	2016	Quoted in active markets	Unquoted
Equities	14.90 %	100 %	-	10.30 %	100%	-
Alternative investments	2.00 %	-	100 %	2.2%	-	100%
Real estate	12.10 %	-	100 %	14.3%	-	100%
Bonds	19.90 %	95 %	5 %	1.9%	95%	5%
Corporate bonds	14.10 %	80 %	20 %	19.6%	80%	20%
Bonds - loans & receivables	32.30 %	80 %	20 %	42.0%	80%	20%
Money market / other	5.00 %	100 %	-	9.7%	90%	10%
Total	100.0%			100.0%		

The actual return on plan assets (value-adjusted return on relevant portfolio of assets) was approximately 5.1% in 2017 and approximately 5 % in 2016.

Significant actuarial assumptions used to determine the present value of the defined benefit obligation:

	2017	2016
Discount rate	2.40 %	2.60%
Future salary increases	2.50 %	2.50%
Future increase in the social security base amount	2.25 %	2.25%
Future pension increases	0.50 %	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:

	2017	2016
Discount rate - increase 0.5 percentage points	(235)	(307)
Discount rate - decrease 0.5 percentage points	251	349
Future salary increases - increase 0.5 percentage points	150	165
Future salary increases - decrease 0.5 percentage points	(160)	(158)
Future increase in social security base amount - increase 0.5 percentage points	(77)	(75)
Future increase in social security base amount - decrease 0.5 percentage points	51	69
Future pension increases - increase 0.5 percentage points	152	250
Future pension increases - decrease 0.5 percentage points	(154)	(34)

Any increases or decreases in present value of defined benefit pension liabilities from changes in actuarial assumptions are recognised in Other comprehensive income.

NOTE 12: OTHER INCOME AND EXPENSES

Principle:

Income and expenses of a special nature are presented on a separate line 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.

	2017	2016
Restructuring costs	(170)	(189)
Gain on sale of subsidiaries, joint ventures and associates	1,072	40
Loss on sale of subsidiaries, joint ventures and associates	(6)	(1)
Gain on amendment of pension plans (note 11)	123	57
Gain from remeasurement on equity interests in business combinations	506	-
Acquisition-related costs	(8)	(19)
Other	(12)	(2)
Total	1,505	(114)

Restructuring costs are mainly related to structural measures in the Group, primarily in Media House Norway and in Headquarters, in total amounting to NOK 112 million.

Gain on sale of subsidiaries, joint ventures and associates mainly comprises of a gain from the sale of the associate 701 Search Pte Ltd and a gain from the sale of the subsidiary Hittapunktse AB. See note 4 Changes in the composition of the Group.

Gain on amendment of pension plans is mainly related to retirees having been withdrawn from funded defined benefit plans. Paid-up policies were issued, transferring the obligation for future payments to the insurance company (Storebrand).

Gain from remeasurement of equity interests is primarily related to the step acquisition of Yapo.cl SpA. See note 4 Changes in the composition of the Group.

NOTE 13: FINANCIAL ITEMS

Financial income and expenses consists of:

	2017	2016
Interest income	10	15
Net foreign exchange gain	-	64
Gain on sale of financial assets available for sale	-	41
Other financial income	6	5
Total financial income	16	125
Interest expenses	(104)	(88)
Net foreign exchange loss	(60)	-
Impairment loss financial assets available for sale	(2)	-
Other financial expenses	(20)	(16)
Total financial expenses	(187)	(104)
Net financial items	(171)	21
Net foreign exchange gain (loss) consists of:		
Net foreign exchange gain (loss) currency derivatives	(144)	124
Net foreign exchange gain (loss) other financial instruments	84	(60)
Net foreign exchange gain (loss)	(60)	64

Schibsted hedges the majority of its currency exposure by using loans and derivatives, see note 25 Financial risk management. Net foreign exchange gain (loss) in both 2017 and 2016 are largely related to currency effects in the Group's businesses in Latin America.

Interest expenses includes NOK 38 million (NOK 44 million in 2016) related to pension liabilities and put options, see note 11 Pension plans and note 21 Financial liabilities related to business combinations and increases in ownership interests.

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:

	2017	2016
Interest income	10	15
Interest expenses	(123)	(93)

NOTE 14: INCOME TAXES

Principle:

Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities.

Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the consolidated financial statements and the tax basis of tax losses carried forward. For deferred tax assets and liabilities, the nominal tax rates expected to apply when the asset is realised or the liability is paid will be used.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that they can be applied against future taxable income.

Deferred tax liabilities for temporary differences associated with investments in subsidiaries, associates and joint ventures are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities are not recognised for the initial recognition of goodwill.

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.

Estimation uncertainty:

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.

The Group's income tax expense comprises the following:

	2017	2016
Current income taxes	905	714
Deferred income taxes	(41)	(2)
Taxes	864	712
Of which recognised in profit or loss	958	699
Of which recognised in other comprehensive income	(90)	13
Of which recognised in equity	(4)	-

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:

	2017	2016
Profit (loss) before taxes	3,144	1,258
Estimated tax expense based on nominal tax rate in Norway	755	315
Tax effect share of profit (loss) of joint ventures and associates	27	43
Tax effect impairment loss goodwill	1	5
Tax effect gain from remeasurement on equity interests in business combinations	(121)	-
Tax effect other permanent differences	(105)	25
Change in unrecognised deferred tax assets	280	192
Effect of tax rate differentials abroad	112	111
Effect of changes in tax rates	10	8
Taxes recognised in profit or loss	958	699

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:

	2017	2016
Current items	(4)	(22)
Pension liabilities	(287)	(306)
Other non-current items	1,103	1,092
Unused tax losses	(1,377)	(1,091)
Calculated net deferred tax liabilities (assets)	(565)	(327)
Unrecognised deferred tax assets	1,210	917
Net deferred tax liabilities (assets) recognised	646	590
Of which deferred tax liabilities	897	750
Of which deferred tax assets	(251)	(160)

The Group's unused tax losses are mainly related to operations in United Kingdom, 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 26% of the unused tax losses expire in the period until 2027.

The development in the recognised net deferred tax liabilities (assets):

	2017	2016
As at 1 January	590	598
Change included in tax expenses	(41)	(2)
Change from purchase and sale of subsidiaries	31	36
Reclassified to / from current income taxes	-	-
Translation differences	66	(42)
As at 31 December	646	590

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 15: EARNINGS PER SHARE

Principle:

Earnings per share and diluted earnings per share are presented for ordinary shares. Earnings per share is 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 profit (loss) 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.

	2017	2016
Weighted average number of shares outstanding	227,529,314	226,064,437
Effects of dilution	274,468	250,189
Weighted average number of shares outstanding - diluted	227,803,782	226,314,626
Profit (loss) attributable to owners of the parent	2,130	465
Earnings per share (NOK)	9.36	2.05
Diluted earnings per share (NOK)	9.35	2.05
Calculation of adjusted earnings per share		
Profit (loss) attributable to owners of the parent	2 130	465
Other income and expenses	(1,505)	114
Impairment loss	49	80
Taxes and non-controlling effect of Other income and expenses and Impairment loss	106	(49)
Profit (loss) attributable to owners of the parent - adjusted	780	610
Earnings per share - adjusted (NOK)	3.43	2.70
Diluted earnings per share - adjusted (NOK)	3.43	2.69

NOTE 16: IMPAIRMENT ASSESSMENTS

Principle:

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, 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 an asset's fair value less costs of disposal and value in use.

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 is 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.

Estimation uncertainty:

The valuation of intangible assets in connection with business combinations and the testing of 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.

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. Furthermore, 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.

Goodwill and trademarks with indefinite expected useful life specified on cash-generating units

	Operating segment	GOODWILL		TRADEMARKS, INDEFINITE	
		2017	2016	2017	2016
Online classifieds operations France	Online classifieds International	3,716	3,242	926	855
Online classifieds operations Spain	Online classifieds International	3,400	2,757	178	123
Online classifieds operations Chile	Online classifieds International	1,138	-	67	-
Online classifieds operations France, Italy, Austria, Germany and UK	Online classifieds International	536	495	226	208
Online classifieds operations Ireland	Online classifieds International	369	340	159	146
Online classifieds operations Spain, Italy and Mexico	Online classifieds International	-	-	1,268	1,171
Blocket.se	Online classifieds Sweden	661	629	-	-
Finn.no group	Online classifieds Norway	487	487	-	-
Subscription-based newspapers Norway	Media House Norway	237	221	436	438
Other CGUs		1,706	1,851	148	215
Total		12,249	10,022	3,408	3,156

Impairment testing / Impairment assessments

Schibsted recognised impairment losses related to goodwill of NOK 3 million in 2017 and NOK 17 million in 2016. The impairment losses were related to operations being closed.

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. Schibsted has goodwill related to cash generating units in certain markets that presently recognise negative or low profitability due to large investments in market positions and immature monetization rates. Such units are dependent on future growth in profitability to recover goodwill.

For the online classifieds operations in France and Spain, recoverable amount is significantly higher than the carrying amount.

An impairment loss of NOK 428 million was recognised in 2015 related to the cash-generating unit Norwegian subscription-based newspapers. The structural digital shift is continuing but Schibsted remains focused on digital product development combined with cost adaptations 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 9.6 % and a sustained growth of 0 % in 2017. In 2016 pre-tax discount rate of 9.9 % 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 2017 as follows:

Pre-tax discount rate	+1%	(97)
	(1%)	119
Sustained growth year 6 and forward	+1%	86
	(1%)	(70)

An increase in pre-tax discount rate of one percentage point or 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 37% 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 8.3% and 16.7%. Sustained growth is determined by cash generating unit and does not exceed 3%.

NOTE 17: INTANGIBLE ASSETS

Principle:

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 are 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.

Estimation uncertainty:

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.

Development in net carrying amount in 2017

	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	10,022	3,156	10	805	107	14,100
Additions	-	0	0	661	-	661
Acquired through business combinations	1,697	99	-	35	94	1,924
Disposals	-	-	0	(1)	-	(1)
Disposals on sale of businesses	(236)	(80)	(0)	(4)	-	(320)
Reclassification	(0)	0	(0)	(15)	-	(15)
Amortisation	-	-	(1)	(347)	(47)	(395)
Impairment loss	(3)	(3)	-	(45)	-	(51)
Translation differences	770	235	1	61	13	1,080
As at 31 December	12,249	3,408	10	1,150	166	16,983
Of which accumulated cost	14,429	3,416	253	2,877	359	21,335
Of which accumulated amortisation and impairment loss	(2,180)	(8)	(243)	(1,728)	(192)	(4,352)

Development in net carrying amount in 2016

	Goodwill	Trademarks, indefinite	Trademarks, definite	Software and licenses	Customer relations	Total
As at 1 January	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	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 amortisation and impairment loss	(2,151)	(9)	(226)	(1,479)	(133)	(3,998)

Additions in Software and licenses mainly consists of internally developed intangible assets.

Research and development expenditure that do not meet the criteria for recognition as intangible assets are recognised as an expense when incurred. Such investments reduced Gross operating profit by NOK 691 million in 2017 and NOK 773 million in 2016.

NOTE 18:

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Principle:

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.

Development in net carrying amount in 2017

	Buildings and land	Investment properties	Plant and machinery	Equipment, furniture and similar assets	Total
As at 1 January	217	67	201	534	1,019
Additions	24	-	9	171	204
Acquisitions through business combinations	-	-	-	3	3
Disposals	(18)	-	(4)	(8)	(31)
Reclassification	-	-	-	15	14
Depreciation	(15)	-	(58)	(166)	(239)
Impairment loss (reversal of loss)	-	-	2	-	2
Translation differences	2	-	-	14	16
As at 31 December	209	67	149	564	988
Of which accumulated cost	435	68	1,686	1,354	3,542
Of which accumulated depreciation and impairment loss	(226)	(1)	(1,537)	(790)	(2,554)

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	227	67	282	561	1,137
Additions	4	-	13	161	178
Acquisitions through business combinations	-	-	-	2	2
Disposals	-	-	-	(4)	(4)
Reclassification	-	-	-	(16)	(16)
Depreciation	(14)	-	(66)	(157)	(237)
Impairment loss (reversal of loss)	-	-	(28)	(1)	(29)
Translation differences	-	-	-	(12)	(12)
As at 31 December	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)

Investment properties

Schibsted has two properties classified as investment properties at year-end 2017. One of them is a separable unused property in Stavanger (Norway) with a carrying amount of NOK 63 million. The other is a commercial building in

Farsund (Norway) with a carrying amount of NOK 4 million. Fair values as at 31 December 2017 are not expected to deviate significantly from the carrying amount.

NOTE 19: OTHER NON-CURRENT AND CURRENT ASSETS

	Non-current		Current	
	2017	2016	2017	2016
Trade receivables, net (note 20)	-	-	1,699	1,771
Prepaid expenses and accrued revenue	22	19	932	481
Income tax receivables	-	-	103	89
Loans to joint ventures and associates	-	10	16	19
Other shares	17	11	-	-
Financial derivatives (note 25)	5	33	52	42
Other receivables	70	119	328	302
Inventories	-	-	11	10
Total	114	193	3,141	2,714

NOTE 20: TRADE RECEIVABLES

	2017	2016
Trade receivables	1,799	1,828
Less provision for impairment of trade receivables	-100	-57
Trade receivables (net)	1,699	1,771
The aging of the past due, not impaired trade receivables:		
Up to 45 days	313	329
More than 45 days	224	215
Total	537	544

NOTE 21: FINANCIAL LIABILITIES RELATED TO BUSINESS COMBINATIONS AND INCREASES IN OWNERSHIP INTERESTS

Principle:

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. 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 below.

Estimation uncertainty:

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 as well as future results.

Development in net carrying amount

	Non-controlling interests' put options		Contingent considerations	
	2017	2016	2017	2016
As at 1 January	969	944	5	126
Additions	-	80	-	1
Settlement	(53)	(67)	(1)	(120)
Derecognition	-	(7)	-	-
Change in fair value recognised in equity	(75)	62	-	-
Change in fair value recognised in profit or loss	-	-	(3)	-
Interest expenses	10	10	-	1
Translation differences	73	(53)	-	(3)
As at 31 December	924	969	1	5
Of which non-current (note 22)	39	285	-	1
Of which current (note 22)	885	684	1	4

The maturity profile of the financial liabilities

Maturity within 1 year	885	684	1	4
Maturity between 1 and 2 years	-	195	-	1
Maturity between 2 and 5 years	39	90	-	-

The most significant liabilities related to non-controlling interests' put options are related to shareholdings in Schibsted Classified Media Spain S.L (Online classifieds International) and Findexy GmbH (Online classifieds International).

NOTE 22: OTHER NON-CURRENT AND CURRENT LIABILITIES

Principle:

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The provision is calculated on the basis of the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pre-tax interest rate that reflects the risks specific to the provision.

Contingent liabilities and contingent assets are a possible obligation or a possible asset that may be incurred depending on the outcome of a future event, and is not recognised in the financial statements. Contingent liabilities are disclosed unless the probability that an economic settlement will be required to settle the obligation is remote. Contingent assets are disclosed where an inflow of economic benefits are probable.

	Non-current		Current	
	2017	2016	2017	2016
Financial liabilities related to non-controlling interests' put options (note 21)	39	285	885	684
Contingent considerations business combinations (note 21)	-	1	1	4
Trade payables	-	-	1,040	899
Prepaid revenues	-	-	914	877
Public duties payable	-	-	710	640
Accrued salaries and other employment benefits	32	65	832	700
Accrued expenses	-	-	440	384
Provision for restructuring costs	114	43	109	137
Financial derivatives (note 25)	83	-	27	92
Other liabilities	58	30	387	368
Total	326	424	5,345	4,785

NOTE 23: FINANCIAL RISK MANAGEMENT

Capital management and funding

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 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 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.

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 good and the refinancing risk is considered as low.

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 1.0 as at 31 December 2017 and 0.5 as at 31 December 2016. The target level is 1-2.

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.

The Group's capital consists of net interest-bearing debt and equity:

	2017	2016
Non-current interest-bearing borrowings	4,212	1,814
Current interest-bearing borrowings	28	528
Cash and cash equivalents	1,626	1,268
Net interest-bearing debt	2,614	1,074
Group equity	15,054	10,540
Net gearing (net interest-bearing debt/equity)	0.17	0.10
Undrawn long-term bank facilities (note 24)	2,952	3,862

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. As at 31 December 2017 the Group had entered into several forward contracts and several interest rate and cross 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.

As at 31 December 2017 and 31 December 2016 Schibsted has the following forward contracts, which all mature within 12 months:

	Currency	2017		2016	
		Amount	NOK	Amount	NOK
Forward contracts, sale	SEK	250	250	273	260
Forward contracts, sale	EUR	114	1,122	60	545
Forward contracts, sale	MXN	66	27	30	13
Forward contracts, buy	SEK	260	260	-	-

As at 31 December 2017 forward contracts for the sale of SEK 250 million are related to hedging of net investments in foreign operations. As at 31 December 2016 the corresponding figure was SEK 273 million. Fair value of the contracts accounted for as hedges was NOK (4) million as at 31 December 2017 and NOK (1) million as at 31 December 2016. Fair value of other forward contracts was NOK (15) million as at 31 December 2017 and NOK (6) million as at 31 December 2016.

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. During 2017, net losses of NOK 55 million are recognised in other comprehensive income related to such cash flow hedges, and net losses of NOK 55 million are removed from equity and included in the initial cost of hedged transactions. 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 2017 Schibsted has the following cross currency swaps, which mature in 2018-2021:

	Currency	Currency payment		NOK to receive	
Cross currency swap	EUR	21	Euribor 3 months + margin	195	Nibor 3 months + margin
Cross currency swap	EUR	40	Euribor 3 months + margin	350	Nibor 3 months + margin
Cross currency swap	EUR	43	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	161	Stibor 3 months + margin	150	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 (74) million as at 31 December 2017 and NOK (51) million as at 31 December 2016.

Schibsted follows a currency hedging strategy where parts of net investments in foreign operations are hedged. As at 31 December 2017 62% of the Group's interest-bearing debt and derivatives was in EUR. Similarly, 13% of the Group's interest-bearing debt and derivatives was in SEK. As at 31 December 2016 85% 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 2017 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 246 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 most 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 net interest expenses of approximately NOK 26 million.

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 2017 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 35 million as at 31 December 2017 and NOK 41 million as at 31 December 2016. The interest rate swaps involving fixed rates are accounted for as hedges with a corresponding loss related to the hedged item.

Credit 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 2017 is disclosed in note 25 Financial instruments by category. Exposure related to the Group's trade receivables is disclosed in note 20 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 2017 Schibsted has a long-term liquidity reserve of NOK 4,578 million and net interest-bearing debt is NOK 2,614 million. The liquidity reserve corresponds to 27% of the Group's turnover. At the end of 2016 Schibsted's long-term liquidity reserve was NOK 5,130 million, and net interest-bearing debt was NOK 1,074 million, where the liquidity reserve corresponded to 32% of the Group's turnover.

NOTE 24: INTEREST-BEARING BORROWINGS

Non-current interest-bearing liabilities	Carrying amount		Fair value ⁽¹⁾		Currency	Coupon
	2017	2016	2017	2016		
Bonds						
ISIN NO0010637176 (2012-2017)	-	500	-	501	NOK	FRN: Nibor 3 months + 215 bps
ISIN NO0010637275 (2012-2019)	300	300	315	325	NOK	5.9%
ISIN NO0010667843 (2012-2022)	250	250	281	287	NOK	5.4%
ISIN NO0010667850 (2012-2022)	150	150	159	161	NOK	FRN: Nibor 3 months + 250 bps
ISIN NO0010710569 (2014-2021)	600	600	601	600	NOK	FRN: Nibor 3 months + 110 bps
ISIN NO0010786866 (2017-2024)	500	-	494	-	NOK	FRN: Nibor 3 months + 120 bps
ISIN NO0010797533 (2017- 2020)	1,000	-	1,002	-	NOK	FRN: Nibor 3 months + 100 bps
ISIN NO0010797541 (2017-2023)	600	-	603	-	NOK	FRN: Nibor 3 months + 145 bps
ISIN NO0010797558 (2017-2023)	300	-	300	-	NOK	2.825%
Total bonds	3,700	1,800	3,755	1,874		
- of this current interest bearing liabilities	-	(500)	-	(501)		
Bank loans	499	490	499	490		
Other loans	13	24	13	24		
Total non-current interest-bearing liabilities	4,212	1,814	4 267	1,887		
Current interest bearing liabilities						
Bonds, maturity <1 year	-	500	-	501		
Bank loans, overdrafts	22	23	22	23		
Other loans	6	5	6	5		
Total current interest-bearing liabilities	28	528	28	529		
Total interest-bearing liabilities	4,240	2,342	4 295	2,416		

(1) The fair value of exchange-traded bonds is quoted prices, whereas book values are assumed to represent fair value for other loans.

Schibsted has issued three bonds with fixed interest rates, where two of the bonds are hedged with interest rate swap agreements implying floating interest rates in practice for these bonds. The nominal interest rate is not an expression of the Group's actual interest cost, as various interest rate swaps have been entered into.

Contractual amount in NOK million of interest-bearing borrowings breaks down as follows by currency:

	Interest-bearing liabilities	
	2017	2016
NOK	3,741	1,875
EUR	506	473
Other	5	5
Total contractual amount	4,252	2,353

Credit facilities

Schibsted has a long-term revolving credit facility of EUR 300 million. The lenders consist of seven Nordic and international banks. The facility has interest terms based on Euribor with the addition of a margin, and Schibsted pays a commitment fee to maintain the facility's availability. The facility was not drawn as at 31 December 2017.

NOTE 25: FINANCIAL INSTRUMENTS BY CATEGORY

Principle:

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.

Maturity profile interest-bearing liabilities and unutilised credit facilities (contractual amounts):

	Interest-bearing liabilities		Unutilised credit facilities	
	2017	2016	2017	2016
Maturity <3 months	-	500	-	-
Maturity 3 months-1 year	33	33	-	-
Maturity 1-2 years	402	46	-	1,136
Maturity 2-5 years	2,227	1,043	2,952	2,726
Maturity >5 years	1,589	731	-	-
Total contractual amount	4,252	2,353	2,952	3,862

The Group also holds cash pools and bank accounts with short-term credit lines. Unutilised credit lines on these accounts are not included in the table.

Guarantees

The Group has provided guarantees of NOK 3 million. The Group has no mortgage debt.

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.

Hedges

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.

Estimation uncertainty:

Certain financial instruments are measured at fair value. When no quoted market

price is available, fair value is estimated using different valuation techniques.

Carrying amount of assets and liabilities divided into categories:

31 December 2017	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	19	5	91	17	-	114
Trade and other receivables	19, 20	52	3,078	-	-	3,130
Cash and cash equivalents		-	1,626	-	-	1,626
Total assets		57	4,795	17	-	4,869
Non-current interest-bearing borrowings	24	-			4,212	4,212
Other non-current liabilities	22	83			215	298
Current interest-bearing borrowings	24	-			28	28
Other current liabilities	22	27			3,552	3,579
Total liabilities		110	-	-	8,007	8,117

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	19	33	148	11	-	193
Trade and other receivables	19, 20	42	2,662	-	-	2,704
Cash and cash equivalents		-	1,268	-	-	1,268
Total assets		75	4,110	11	-	4,198
Non-current interest-bearing borrowings	24	-	-	-	1,814	1,814
Other non-current liabilities	22	-	-	-	362	362
Current interest-bearing borrowings	24	-	-	-	528	528
Other current liabilities	22	92	-	-	3,115	3,207
Total liabilities		92	-	-	5,820	5,912

The fair value of the Group's financial derivatives:

	Assets		Liabilities	
	2017	2016	2017	2016
Forward contracts	8	-	27	7
Interest rate and cross currency swaps	44	75	83	85
Warrants	5	-	-	-
Total	57	75	110	92

The Group's financial assets and liabilities measured at fair value, analysed by valuation method:

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets available for sale	-	-	17	17
Financial assets at fair value through profit or loss	-	57	-	57
Financial liabilities at fair value through profit or loss	-	110	-	110
Financial liabilities business combinations and increases in ownership interests (note 21)	-	-	925	925

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

Changes in level 3 instruments:

	2017	2016
Net carrying amount 1 January	(962)	(1,053)
Additions	9	(79)
Disposals	(2)	-
Settlements	54	187
Changes in fair value recognised in equity	75	(62)
Changes in fair value recognised in other comprehensive income	(57)	56
Changes in fair value recognised in profit or loss	(25)	(11)
Net carrying amount 31 December	(908)	(962)

NOTE 26:

NUMBER OF SHARES

Principle:

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.

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:

2017	NUMBER OF A-SHARES			NUMBER OF B-SHARES			TOTAL NUMBER OF SHARES		
	Shares outstanding	Treasury shares	Issued	Shares outstanding	Treasury shares	Issued	Shares outstanding	Treasury shares	Issued
As at 31 December 2015	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 2016	107,727,595	276,020	108,003,615	118,323,179	480,797	118,803,976	226,050,774	756,817	226,807,591
Capital increase	-	-	-	11,880,397	-	11,880,397	11,880,397	-	11,880,397
Decrease in treasury shares	15 551	(15,551)	-	259,603	(259,603)	-	275 154	(275,154)	-
As at 31 December 2017	107,743,146	260,469	108,003,615	130,463,179	221,194	130,684,373	238,206 325	481,663	238,687,988

In November 2017 Schibsted completed a capital increase of 11,880,397 B-shares, equal to 10% of the B-shares outstanding. The capital increase was completed at an offer price of NOK 211 per share, which gives a gross capital increase of NOK 2,507 million. Expenses related to the capital increase amounted to NOK 16 million. Net expenses after taxes was NOK 12 million.

After the capital increase, the share capital of Schibsted ASA is NOK 119,343,994 split on 108,003,615 A-shares with a nominal value of NOK 0.50 and 130,684,373 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 have one vote per share.

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. Schibsted has in 2017 transferred a total of 177,388 treasury B-shares to key managers in connection with share-based payment plans. Fair value of treasury shares transferred was NOK 38 million. In 2017 15,551 treasury A-shares and 82,215 treasury B-shares were sold in connection with an employee share saving plan. Total consideration was NOK 17 million.

NOTE 27: NON-CONTROLLING INTERESTS

	Location	2017				2016			
		Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI	Non-controlling interest (%)	Profit (loss) attributable to NCI	Accumulated NCI	Dividends paid to NCI
Finn.no group	Oslo, Norway	9.99%	51	41	45	9.99%	63	71	52
Aftonbladet Hierta group	Stockholm, Sweden	9.00%	13	52	13	9.00%	12	49	17
Distilled SCH group	Dublin, Ireland	50.00%	13	149	24	50.00%	8	149	-
Finderly GmbH	Vienna, Austria	9.05%	(31)	-	-	9.05%	(30)	-	-
Other			9	19	16		41	36	24
Total			55	261	98		94	305	93

When put options are granted by Schibsted to holders of non-controlling interests, the related accumulated non-controlling interest is derecognised.

Summarised financial information for subsidiaries with material non-controlling interests:

	Finn.no group	
	2017	2016
Cash and cash equivalents	592	625
Other current assets	222	215
Non-current assets excluding goodwill	80	86
Goodwill	487	306
Total assets	1,381	1,232
Current liabilities	881	722
Non-current liabilities	25	37
Total liabilities	906	759
Operating revenues	1,811	1,559
Gross operating profit (loss)	678	635
Profit (loss)	447	542
Comprehensive income	447	541
Net cash flow from operating activities	702	569
Net cash flow from investing activities	(37)	23
Net cash flow from financing activities	(698)	(535)
Net increase (decrease) in cash and cash equivalents	(33)	57

NOTE 28: 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:

	2017	2016
Interest paid	(64)	(36)
Interest received	10	15
Dividends received (note 5)	21	28

Aggregate cash flows arising from obtaining control of subsidiaries and businesses:

	2017	2016
Cash in acquired companies	92	53
Acquisition cost other current assets	40	18
Acquisition cost non-current assets	1,927	445
Aggregate acquisition cost assets	2,059	516
Equity and liabilities assumed	(172)	(66)
Contingent consideration paid	1	120
Contingent consideration deferred	-	(1)
Gross purchase price	1,888	569
Fair value of previously held equity interest (note 4)	(517)	(9)
Cash in acquired companies	(92)	(53)
Acquisition of subsidiaries, net of cash acquired	1,279	507

Aggregate cash flows arising from losing control of subsidiaries and businesses:

	2017	2016
Cash in sold companies	36	1
Carrying amount other current assets	314	2
Carrying amount non-current assets	81	3
Aggregate carrying amount assets	431	6
Equity and liabilities transferred	(94)	(4)
Gain (loss)	194	-
Gross sales price	531	2
Fair value of retained equity interest	(2)	-
Cash in sold companies	(36)	(1)
Sales price deferred	(113)	-
Proceeds from sale of subsidiaries, net of cash sold	380	1

Changes in liabilities arising from financing activities:

	Interest-bearing borrowings	Financial derivatives	Put obligations
Debt as at 1 January 2017	2,343	53	969
Cash flows from financing activities	1,860	(88)	(53)
Foreign exchange adjustments	39	110	72
Changes in fair value	-	-	(75)
Other	(1)	-	10
Debt as at 31 December 2017	4,240	75	924

NOTE 29: TRANSACTIONS WITH RELATED PARTIES

Schibsted ASA has direct and indirect control of around 170 entities in various parts of the world. Directly-owned subsidiaries are presented in Note 7 to Schibsted ASA's financial statements.

Schibsted has ownership interests in joint ventures and associates. For loans to joint ventures and associates see note 19 Other non-current and current assets. For loans from joint ventures and associates, see note 22 Other non-current and current liabilities.

For remuneration to management, see note 9 Personnel expenses and remuneration.

NOTE 30: AUDITORS' REMUNERATION

Details on fees to the Group's auditors for the fiscal year 2017 (excl. VAT):

	Audit services	Other attestation services	Tax advisory services	Other non-audit services	Total
Schibsted Group					
EY	13	1	4	7	25
Other auditors	1	-	-	-	1
Total	14	1	4	7	26

Schibsted ASA

EY	1	-	3	-	4
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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
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NOTE 31: LEASE AGREEMENTS

Principle:

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.

Future minimum payments under non-cancellable operational leases where Schibsted is the lessee:

	2017	2016
Within one year	506	493
Between one and five years	1,616	1,355
More than five years	464	600

Schibsted has lease obligations related to off-balance sheet operating assets, mainly office buildings. Rental expenses were NOK 506 million in 2017 and NOK 507 million in 2016. The most significant leases relate to the leases of Schibsted Sverige's premises in Västra Järnväggsgatan 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.

NOTE 32: EVENTS AFTER THE BALANCE SHEET DATE

No events have taken place after the balance sheet date that would have had a material impact on the financial statements or any assessments carried out.

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:

	2017	2016
Swedish krona (SEK)	0.9680	0.9823
Euro (EUR)	9.3301	9.2927

Online classifieds operations - Developed phase and Investment phase

Online classifieds - Developed phase

Subsidiaries

Norway:	Finn, MittAnbud and Lendo
Sweden:	Blocket, Servicefinder and Bytbil
France:	Leboncoin, MB Diffusion, Kudoz and Avendrealouer
Spain:	mainly Coches, FotoCasa, Vibbo, Milanuncios, InfoJobs, Habitacalia
Italy:	Subito
Ireland:	Daft, Done Deal and Adverts
Hungary:	Hasznaltauto
Colombia:	Fincaraiz

Joint ventures and associates

Malaysia:	Mudah (until Q2 2017)
Austria:	Willhaben

Online classifieds - Investment phase

Subsidiaries

Finland:	Tori
Hungary:	Jofogas
Italy:	Infojobs
Brazil:	Infojobs
Chile:	Yapo (as subsidiary from Q3 2017)
Mexico:	Segundamano
Belgium:	Kapaza (until Q2 2017)
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 (as 50% JV until Q2 2017)
Brazil:	OLX (increased ownership from 25% to 50% from Q3 2017)
Vietnam:	Cho Tot (until Q2 2017)
Indonesia:	OLX
Thailand:	Kaidee
Bangladesh:	Ekhanei (until Q2 2017)

Online classifieds operations in investment phase are defined as operations in growth phase with large investments in market positions, immature monetisation rate and sustainable profitability has not been reached.

Reconciliation of EBITDA excl. Investment phase and gross operating profit in accordance with financial statements

	2017	2016
EBITDA excl. Investment phase	3,297	2,904
EBITDA Investment phase Online Classifieds	(690)	(753)
EBITDA Investment phase Other	(1)	(20)
Gross operating profit (loss)	2,606	2,131

Reconciliation of Online classifieds pro forma information and Operating segments in accordance with financial statements (EUR million)

	2017	2016
Online Classifieds operating revenues in Operating segments (NOK million)	7,946	6 787
Online Classifieds operating revenues in Operating segment disclosure	851.1	730.8
Operating revenues from joint ventures and associates	38.3	25.9
Operating revenues from other Online Classifieds companies	(0.5)	(1.4)
Eliminations	(17.6)	(22.1)
Pro forma operating revenues	871.3	733.2
Online Classifieds gross operating profit in Operating segments (NOK million)	2,358	1,897
Online Classifieds EBITDA in Operating segment disclosure	252.1	204.2
EBITDA from joint ventures and associates	(2.3)	(9.5)
EBITDA from other Online Classifieds companies	9.9	4.5
Pro forma EBITDA	259.6	199.2

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)

	2017	2016
Norway	201.2	170.9
Sweden	109.0	110.0
France	257.4	214.0
Spain	137.7	110.7
Other	89.3	82.9
Developed phase	794.6	688.5
Investment phase	76.7	44.7
Pro forma operating revenues	871.3	733.2
Norway	82.3	72.1
Sweden	58.2	62.1
France	152.5	129.2
Spain	34.4	23.7
Other	11.7	5.7
Developed phase	339.3	292.8
Investment phase	(79.6)	(93.6)
Pro forma EBITDA	259.6	199.2

Developed phase (EUR million)

	2017	2016
EBITDA subsidiaries	336.3	289.7
EBITDA joint ventures and associates	3.0	3.1
EBITDA	339.3	292.8

Investment phase (EUR million)

	2017	2016
EBITDA subsidiaries	(74.3)	(81.0)
EBITDA joint ventures and associates	(5.3)	(12.6)
EBITDA	(79.6)	(93.6)

Underlying tax rate

	2017	2016
Profit (loss) before taxes	3,144	1,258
Share of profit (loss) of joint ventures and associates	113	171
Other losses for which no deferred tax benefit is recognised	1,000	715
Gain on sale and remeasurement of subsidiaries, joint ventures and associates	(1,023)	(39)
Impairment losses (goodwill and associates)	3	31
"Adjusted" tax base	3,237	2,136
Taxes	958	699
Adjusted effective tax rate	29.6 %	32.7 %

Liquidity reserve

	2017	2016
Cash and cash equivalents	1,626	1,268
Unutilised drawing rights on credit facilities	2,952	3,862
Liquidity reserve	4,578	5,130

Net interest-bearing debt

	2017	2016
Non-current interest-bearing borrowings	4,212	1,814
Current interest-bearing borrowings	28	528
Cash and cash equivalents	(1,626)	(1,268)
Net interest-bearing debt	2,614	1,074

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)

Earnings per share - adjusted

	2017	2016
Profit (loss) attributable to owners of the parent	2,130	465
Other income and expenses	(1,505)	114
Impairment loss	49	80
Taxes and Non-controlling interests related to Other income and expenses and Impairment loss	106	(49)
Profit (loss) attributable to owners of the parent - adjusted	780	610
Earnings per share – adjusted (NOK)	3.43	2.70
Diluted earnings per share – adjusted (NOK)	3.43	2.69



FINANCIAL STATEMENTS FOR PARENT COMPANY

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2017	2016
Operating revenues	16	156	48
Personnel expenses	4	(153)	(140)
Depreciation and amortisation		(5)	(4)
Other operating expenses	3, 16, 17	(235)	(165)
Operating profit (loss)		(237)	(261)
Financial income	5	1,297	712
Financial expenses	5	(1,428)	(180)
Net financial items		(131)	532
Profit (loss) before taxes		(368)	271
Taxes	6	(147)	(65)
Profit (loss)		(515)	206

STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	31 December 2017	31 December 2016
ASSETS			
Deferred tax assets	6	91	79
Intangible assets		22	6
Property, plant and equipment		6	7
Investments in subsidiaries	7	20,113	19,970
Investments in associates	7	128	128
Other non-current assets	8	7,827	6,545
Non-current assets		28,187	26,735
Current assets	8	979	448
Cash and cash equivalents	9	1,131	357
Current assets		2,110	805
Total assets		30,297	27,540
EQUITY AND LIABILITIES			
Share capital		119	113
Other paid-in capital		6,690	4,174
Retained earnings		9,414	10,321
Equity	10	16,223	14,608
Pension liabilities	12	279	275
Other non-current liabilities	13, 14	4,302	2,984
Non-current liabilities		4,581	3,259
Current liabilities	13, 14	9,493	9,673
Total equity and liabilities		30,297	27,540

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

(NOK million)	Note	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before taxes		(368)	271
Taxes paid	6	(5)	-
Depreciation and amortisation		5	4
Impairment loss on shares / net reversal of impairment loss	5	1,063	-
Share-based payment		(3)	-
Group contributions included in financial income	5	(823)	(374)
Dividend not included in financial income		246	-
Change in non-current assets and liabilities		151	(88)
Net effect pension liability		3	30
Change in working capital		(85)	(79)
Net cash flow from operating activities		184	(236)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible assets and property, plant and equipment		(20)	-
Change in subsidiaries receivables and liabilities in cash pool (net)	8, 13	(842)	2,380
Group contributions (net)		266	207
Acquisitions of and capital increase in subsidiaries		(2,630)	(2,333)
Repayment of non-current loans to subsidiaries	8	(206)	(415)
Sale of shares		-	29
Net cash flow from investing activities		(3,432)	(132)
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase	10	2,491	-
New interest-bearing loans and borrowings	13	3,800	-
Repayment of interest-bearing loans and borrowings	13	(1,927)	(264)
Dividends paid	10	(396)	(396)
Purchase / sale of treasury shares	10	54	32
Net cash flow from financing activities		4,022	(628)
Net increase (decrease) in cash and cash equivalents		774	(996)
Cash and cash equivalents as at 1 January		357	1,353
Cash and cash equivalents as at 31 December	9	1,131	357

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

NOTE 1: COMPANY INFORMATION

Schibsted ASA is the parent company of the Schibsted Media Group. The financial statements of the holding company cover the head office activities. Activities at head office include the Group's executive management and the corporate and common functions finance, HR, legal, M&A, communication, learning and development.

The financial statements for Schibsted ASA for the year 2017 were approved by the Board of Directors on 21 March 2018 and will be proposed to the General Meeting 3 May 2018.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The financial statements for Schibsted ASA have been prepared in accordance with 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 classified 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 consist of bank deposits and other monetary instruments with a maturity of three months or less.

Revenue recognition

Revenues are recognised in the period when the services are rendered.

Classification

An asset or liability is classified as current when it is part of a normal operating cycle, held primarily for trading purposes, falls due within 12 months or when it consist of cash or cash equivalents on the statement of financial position date. Other items are classified as non-current.

Shares

Subsidiaries are all entities controlled, either directly or indirectly, by Schibsted ASA. For further information concerning evaluation whether Schibsted ASA controls an entity, please see note 2 in the consolidated financial statement.

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

Subsidiaries and associates are recognised according to the cost method and yearly tested for impairment.

Group contributions and dividends received are recognised as financial income provided that it does not represent a repayment of capital invested. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

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. Impairment losses are reversed if the basis for the impairment is no longer present.

Leases

Leases are classified as either finance leases or 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 company's leases are considered to be operational. Lease payments related to operating leases are recognised as expense over the lease term.

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 recognised at nominal value less provision for expected loss.

Treasury shares

Acquisition and proceeds from sale of treasury shares are accounted for as equity transactions.

Pension plans

Schibsted ASA has chosen, in accordance with NRS 6, to use measurement and presentation principles according to IAS 19R – Employee Benefits.

The accounting principles for pension are consistent with the accounting principles for the Group, as described in note 11 Pension plans in the consolidated financial statement.

Share-based payment

Schibsted ASA accounts for share-based payment in accordance with NRS 15A Share-based Payment. NRS 15A requires share-based payments to be accounted for as required by IFRS 2 Share-based Payment. See note 10 Share-based Payment to the consolidated financial statements for additional information.

Taxes

Tax expense (tax income) comprises current tax payable and changes to deferred tax assets/liabilities. Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the financial statements and the tax basis of tax losses carried forward. Deferred tax assets are recognised only when it is probable that the asset will be utilised against future taxable profit. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

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

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 under the indirect method. Cash and cash equivalents include cash, bank deposits and cash on hand.

NOTE 3: OTHER OPERATING EXPENSES

	2017	2016
Rent and maintenance	34	32
Office and administrative expenses	21	17
Restructuring costs	40	-
Professional fees	99	69
Travel, meetings and marketing	41	47
Total Operating expenses	235	165

Restructuring costs are mainly related to structural measures.

NOTE 4: PERSONNEL EXPENSES

	2017	2016
Salaries and wages	108	96
Social security costs	15	15
Net pension expense (note 12)	15	13
Other personnel expenses	7	6
Share-based payment	8	10
Total personnel expenses	153	140
Number of man-years, including trainees	88	89

For further information concerning remuneration to management and share-based payment, see note 9 Personnel expenses and remuneration and note 10 Share-based payment in the consolidated financial statement.

For information related to auditor's fee, see note 30 Auditors' remuneration in the consolidated financial statements.

NOTE 5: FINANCIAL ITEMS

Financial income consists of:

	2017	2016
Interest income	10	3
Interest income cash pool	165	173
Group contributions received	823	374
Dividends from subsidiaries	86	6
Dividends from associates	17	19
Foreign exchange gain (agio)	196	137
Total	1,297	712

Financial expenses consist of:

	2017	2016
Interest expenses	64	36
Interest expenses cash pool	38	46
Interest expenses on pension plans (note 12)	6	6
Impairment on shares	1,063	-
Foreign exchange loss (disagio)	239	77
Other financial expenses	18	15
Total	1,428	180

Dividends received include additional dividend in kind from Schibsted Norge AS approved after the balance sheet date. The dividend is recognized as a current receivable at NOK 26 million reflecting the current carrying amount of the assets to be received (accounting continuity).

Interest expenses relates to bonds issued and bank loans.

All material foreign exchange gains and losses 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.

Schibsted ASA undertake treasury operations to offset currency exposure for the Group as a result of foreign investments.

Shares in Schibsted Products & Technology UK Ltd are written down by NOK 1,070 million.

NOTE 6: INCOME TAXES

Set out below is a specification of the difference between the profit before taxes and taxable income of the year:

	2017	2016
Profit (loss) before taxes	(368)	272
Dividends and tax free group contributions received	(104)	(25)
Group contributions payable	(5)	(108)
Other permanent differences	1,067	2
Change in temporary differences	69	(89)
Effect of unrecognised actuarial gain (loss) in the pension liability	(1)	(31)
Effect of Capital increase costs, recognised in equity (note 10)	(16)	-
Taxable income	642	21
Tax rate	24 %	25 %

Taxes payable and taxes charged to expenses are calculated as:

	2017	2016
Calculated taxes payable	154	5
Change in net deferred tax asset	(9)	22
Tax related to change in tax rate on deferred tax	(4)	3
Tax related to Capital increase costs, recognised in equity (note 10)	4	-
Tax related to unrecognised actuarial gain (loss) in the pension liability	-	8
Tax related to Group contributions payable	1	27
Tax expense	147	65

Effective tax rate is a result of:

	2017	2016
Profit (loss) before taxes	(368)	272
Tax charged based on nominal rate	(88)	68
Tax effect permanent differences	227	(6)
Tax of Capital increase, recognised in Equity (note 10)	4	-
Tax related to change in tax rate from 24% to 23% (25% to 24%) on deferred tax	4	3
Taxes	147	65

The net deferred tax liability (asset) consists of the following:

	2017	2016
Temporary differences related to:		
Property, plant and equipment	(1)	(1)
Pension liabilities	(261)	(252)
Other current liabilities	(135)	(75)
Total basis for deferred tax liability (asset)	(397)	(328)
Tax rate	23 %	24 %
Net deferred tax liability (asset) with applicable year's tax rate	(95)	(82)
The effect on Net deferred tax liability (asset) related to change in tax rate from 24% to 23% (25% to 24%)	4	3
Net deferred tax liability (asset)	(91)	(79)

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 to the consolidated financial statements.

Shares in subsidiaries directly owned by Schibsted ASA:

	Ownership and voting share	Location	Carrying amount 2017	Carrying amount 2016
Schibsted Multimedia AS	100.00 %	Oslo, Norway	12,241	10,691
Schibsted Norge AS	100.00 %	Bergen, Norway	2,502	3,659
Schibsted Eiendom AS	100.00 %	Oslo, Norway	87	81
Schibsted Print Media AS	100.00 %	Oslo, Norway	-	246
Schibsted Sverige AB	100.00 %	Stockholm, Sweden	2,733	2,733
Schibsted Products & Technology UK Ltd	100.00 %	London, United Kingdom	1,075	1,091
Schibsted Products & Technology Switzerland AG	100.00 %	Sachseln, Switzerland	2	-
Schibsted ePayment AS	100.00 %	Oslo, Norway	14	14
Finn.no AS *	90.01 %	Oslo, Norway	1,428	1,427
Schibsted Vekst AS *	96.00 %	Oslo, Norway	31	28
Schibsted Tech Polska sp. z o.o *	100.00 %	Krakow, Poland	-	-
Schibsted AG Verlagsgesellschaft	100.00 %	Berlin	-	-
Total			20,113	19,970

* The table 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.

2017

Dividend in excess of retained earnings in subsidiaries are recognised as a reduction in the carrying amount of the subsidiary.

Schibsted Multimedia AS and Schibsted Products & Technology UK received new equity in 2017 of NOK 1,550 million and NOK 1,079 million, respectively.

Schibsted Print Media AS was merged into Schibsted Eiendom AS.

Shares in Schibsted Products & Technology UK Ltd are written down by NOK 1,070 million.

Schibsted Products & Technology Switzerland AG was bought from Schibsted Products & Technology UK Ltd in 2017.

Group contributions payable (net) is capitalised as part of investments, with a total of NOK 4 million.

Deferred revenue from previous periods' intra-group sale of subsidiaries of NOK 1,182 is in 2017 reclassified from non-current liabilities to a reduction of the carrying amount of the investment in the acquiring subsidiary. This presentation of the

effect on the balance sheet of elimination of intra-group gains is consistent with current NGAAP presentation of such transactions.

2016

Schibsted Products & Technology AS was sold to Schibsted Products & Technology UK Ltd.

Schibsted IT AS was merged into Schibsted Eiendom AS.

Shares in associates:

	Ownership and voting share	Location	Carrying amount 2017	Equity	Profit (loss)
Polaris Media ASA	28,97 %	Trondheim, Norway	127	1,647	88
Svanedamsveien 10 AS*	31,40 %	Kristiansand, Norway	1	59	4
Total			128		

* Ownership and voting share for Svanedamsveien 10 AS include shares own indirect by Schibsted ASA. Direct ownership and voting shares in Svanedamsveien 10 AS is 25 %.

Fair value of the shares in Polaris Media ASA is NOK 323 million as at 31 December 2017.

NOTE 8: NON-CURRENT AND CURRENT RECEIVABLES

	NON-CURRENT		CURRENT	
	2017	2016	2017	2016
Group companies' liabilities in cash pool	7,174	6,075	-	-
Other receivables from Group companies	646	431	929	393
Other receivables	7	6	34	55
Financial derivatives	-	33	16	-
Total	7,827	6,545	979	448

Non-current receivables from Group companies in 2017 consist of loan to Schibsted France SAS of NOK 614 million, ASM Classificado de México SA de CV of NOK 30 million, and a loan to Sentinel Software AS of NOK 2 million.

NOTE 9: CASH AND CASH EQUIVALENTS

	2017	2016
Net assets in cash pool	1,131	357
Total Cash and cash equivalents	1,131	357

Schibsted ASA has a multi-currency cash pool with Danske Bank and a EUR cash pool with BNP Paribas, in which almost all the Nordic and some of the European subsidiaries are included. These cash pools has been established to optimise liquidity management for Schibsted.

The Group has an overdraft facility of NOK 400 million linked to the cash pool with Danske Bank and an uncommitted overdraft facility of EUR 10 million linked to the cash pool with BNP Paribas. At year-end 2017 these facilities were 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 2016	113	-	4,174	10,321	14,608
Capital increase - Placement of shares	6	-	2,488	-	2,494
Change in treasury shares	-	-	30	26	56
Share-based payment	-	-	(2)	-	(2)
Unrecognised actuarial gain (loss) in pension plans	-	-	-	(1)	(1)
Profit (loss)	-	-	-	(515)	(515)
Dividend	-	-	-	(417)	(417)
Equity as at 31 December 2017	119	-	6,690	9,414	16,223

The share capital of Schibsted ASA is NOK 119,343,994 divided on 108,003,615 A-shares of NOK 0.50 par value and 130,684,373 B-shares of NOK 0.50 par value. Treasury shares as at 31 December 2017 comprise 260,469 A-shares and 221,194 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.

For the year 2017, NOK 1.75 has been allocated for the distribution of dividends to the Shareholders for each owned A and B share.

In November 2017, the share capital was increased by NOK 6 million through the issuance of 11,880,397 new B Shares of NOK 0.5 par value.

NOTE 11: SHAREHOLDER STRUCTURE

The 20 largest shareholders as at 31 December 2017

	Number of A-shares	Number of B-shares	Total number of shares	Ownership	Voting share
Blommenholm Industrier AS	28,188,589	28,598,589	56,787,178	23.8 %	25.6 %
Folketrygdfondet	6,425,619	11,595,610	18,021,229	7.6 %	6.3 %
NWT Media AS	4,274,300	4,100,000	8,374,300	3.5 %	3.9 %
Alecta Pensionsforsikring, Omsesid	3,464,000	3,633,600	7,097,600	3.0 %	3.2 %
State Street Bank And Trust Comp *	3,536,634	3,264,231	6,800,865	2.8 %	3.2 %
Goldman Sachs & Co. LLC *	438,509	5,081,874	5,520,383	2.3 %	0.8 %
State Street Bank And Trust Comp *	2,255,560	2,673,637	4,929,197	2.1 %	2.1 %
Verdipapirfondet Dnb Norge (IV)	1,795,997	2,458,814	4,254,811	1.8 %	1.7 %
Deutsche Bank Aktiengesellschaft *	-	4,214,403	4,214,403	1.8 %	0.3 %
Bnp Paribas Securities Services *	2,080,714	1,688,010	3,768,724	1.6 %	1.9 %
Morgan Stanley & Co. LLC *	1,275,275	1,739,978	3,015,253	1.3 %	1.2 %
Ubs Securities LLC *	2,159,781	771,870	2,931,651	1.2 %	1.8 %
The Northern Trust Comp, London Br *	1,348,079	1,525,605	2,873,684	1.2 %	1.2 %
JPMorgan Chase Bank, N.A., London *	21,528	2,618,682	2,640,210	1.1 %	0.2 %
State Street Bank And Trust Comp *	566,121	1,705,032	2,271,153	1.0 %	0.6 %
JPMorgan Chase Bank, N.A., London *	1,025,208	1,175,123	2,200,331	0.9 %	0.9 %
JPMorgan Chase Bank, N.A., London *	1,172,679	1,009,349	2,182,028	0.9 %	1.1 %
State Street Bank And Trust Comp *	11,224	2,161,140	2,172,364	0.9 %	0.2 %
State Street Bank And Trust Comp *	991,290	889,443	1,880,733	0.8 %	0.9 %
Tweedy Browne Global Value Fund	900,000	900,000	1,800,000	0.8 %	0.8 %
Total 20 largest shareholders	61,931,107	81,804,990	143,736,097	60.2 %	57.9 %

*) 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.

Number of shares owned by the Board of Directors and the Group Management:

	Number of A-shares	Number of B-shares	Total number of shares
Ole Jacob Sunde (Chairman of the Board)	40,000	100,000	140,000
Orla Nooany (Member of the Board)	-	-	-
Birger Steen (Member of the Board)	520	-	520
Christian Ringnes (Member of the Board)	40,000	40,000	80,000
Marianne Budnik (Member of the Board)	-	-	-
Arnaud De Puyfontaine (Member of the Board)	-	-	-
Eugénie Van Wiechen (Member of the Board)	-	-	-
Ingunn Saltbones (Employee representative)	401	489	890
Finn Våga (Employee representative)	96	96	192
Torbjörn Ek (Employee representative)	133	339	472
Rolv Erik Ryssdal	20,331	45,644	65,975
Trond Berger	4,399	35,136	39,535
Sondre Gravir	4,551	7,758	12,309
Raoul Grünthal	17,456	21,924	39,380
Rian Liebenberg	1,633	3,460	5,093
Didrik Munch	13,749	10,573	24,322
Lena K. Samuelsson	9,227	11,134	20,361
Gianpaolo Santorsola	537	9,535	10,072
Tina Stiegler	559	4,721	5,280
Total Board of Directors and Group Management	153,592	290,809	444,401

The total number of issued shares in Schibsted ASA is 108,003,615 A-shares and 130,684,373 B-shares as at 31 December 2017. The number of shareholders as at 31 December 2017 is 5,056. Foreign ownership is 57.1% (57.6% in 2016). See note 26 to the consolidated financial statement for more information regarding number of shares.

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 2017 the pension plans covered 65 working members and 10 retirees (total 93 as at 31 December 2016). Note 11 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:

	2017	2016
Current service cost	10	9
Net interest on the net defined benefit liability	6	6
Net pension expense – defined benefit plans	16	15
Pension expense defined contribution plans	4	4
Pension expense multi-employer defined benefit plans accounted for as defined contribution plans	1	-
Net pension expense	21	19
Of which included in Profit or loss - Personnel expenses	15	13
Of which included in Profit or loss - Financial expenses	6	6

Amounts recognised in the balance sheet:

	2017	2016
Present value of funded defined benefit liabilities	26	46
Fair value of plan assets	(19)	(46)
Present value (net of plan assets) of funded defined benefit liabilities	7	-
Present value of unfunded defined benefit liabilities	272	275
Net pension liabilities	279	275
Social security tax included in present value of defined benefit liabilities	34	34

Changes in pension liabilities:

	2017	2016
As at 1 January	275	214
Net pension expense	16	15
Contributions and benefits paid	(13)	(14)
Impact of acquisition and disposals	-	29
Unrecognised actuarial gain (loss) recognised in equity (incl. tax)	1	31
As at 31 December	279	275

New measurement of defined benefit obligation includes:

	2017	2016
Actuarial gains and losses arising from changes in financial assumptions	14	6
Other effects of remeasurement (experience deviation)	(13)	25
Remeasurement of defined benefit liabilities	1	31

NOTE 13: NON-CURRENT AND CURRENT LIABILITIES

	NON-CURRENT		CURRENT	
	2017	2016	2017	2016
Liabilities to credit institutions (note 14)	505	495	27	27
Bond issues (note 14)	3,700	1,300	-	500
Financial derivatives	83	2	27	92
Deferred income from sale of subsidiaries	-	1,182	-	-
Dividends accrued	-	-	417	396
Group companies receivables in cash pool	-	-	8,717	8,459
Other liabilities to Group companies	-	-	15	116
Other liabilities	14	5	290	83
Total	4,302	2,984	9,493	9,673

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	
	2017	2016	2017	2016
Bonds issued	3,700	1,300	-	500
Bank loans	505	495	27	27
Total carrying amounts	4,205	1,795	27	527
of which maturity beyond 5 years	1,589	645	-	-

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

	2017	2016
Guarantees on behalf of Group companies	328	345
Other guarantees	3	5
Total	331	350

A guarantee of up to NOK 277 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 47 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.

Schibsted ASA charge their subsidiaries for their share of costs related to Group services (management fee). In addition, revenues consist of consultant fees, income from lease of office premises as well as fees for subsidiaries' participation in programmes for management and organisational development. All Schibsted ASA's operating revenues are from Group Companies.

	2017	2016
Sale of services to Group companies	156	47
Purchase of goods and services from Group companies	75	63

Remuneration to management

See note 9 Personnel expenses and note 10 Share-based payment to the consolidated financial statements for 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.


Rental expenses were NOK 32 million in 2017 and NOK 32 million in 2016. The most significant leases relate to lease of office premises (the agreement expires June 2019) and computer technology.

DECLARATION BY THE BOARD OF DIRECTORS AND CEO

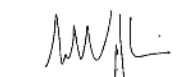
We confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2017 have been prepared in accordance with applicable accounting standards and give a true and fair view of assets, liabilities, financial position and profit or loss of the Company and 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, 21 March 2018


Schibsted ASA's Board of Directors


Ole Jacob Sunde
Chairman of the Board


Birger Steen

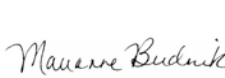

Arnaud de Puyfontaine

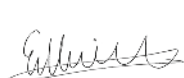

Torbjörn Ek


Ingunn Saltbones


Finn E. Våga


Orla Noonan


Marianne Budnik


Eugénie Van Wiechen


Christian Ringnes


Rolv Erik Ryssdal
CEO



Statsautoriserte revisorer
Ernst & Young AS

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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 balance sheet as at 31 December 2017, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2017, the income statement, statements of comprehensive income, cash flows 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 2017, and of its financial performance and its cash flows for the year then 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 2017 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 and the Group 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 for 2017. 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 recognized internally generated intangible assets, primarily software, in 2017. Initial recognition is based on assessing each project in relation to specific recognition criteria that needs to be met for capitalization. The assessment involves management judgment on matters such as technical feasibility, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future economic benefits and the ability to measure costs reliably. Due to the materiality of the assets recognized and the level of management judgement involved, initial recognition and measurement of internally generated intangible assets was a key audit matter.

We assessed the process and procedures related to initial recognition, including the process to assess the recognition criteria for intangible assets and establish the basis for capitalization. Our audit procedures included discussion with management regarding key assumptions used and estimates made in capitalizing development costs. We also tested the mathematical accuracy of capitalized costs and considered the useful economic life attributed to the assets.

The estimation uncertainty related to capitalization of development expenses is disclosed in note 3 and note 17 to the annual report.

Impairment testing of goodwill

The group is active in establishing positions at an early point in time in new media channels through both business combinations and its own start-ups. Investments that currently recognize low or negative profitability are dependent on future growth in profitability to recover goodwill. Estimates related to future profitability and 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 realize synergies, interest rate levels and other relevant factors. The use of different assumptions could produce significantly different value in use estimates. Since goodwill related to cash generating units with low or negative profitability are material and subject to estimation uncertainty, impairment testing was 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 cash generating units and testing of assumptions used in the value in use model, including estimates related to forecasted future cash flows and the estimated WACC. As part of our procedures we discussed the forecasted sales, the current market situation and expectations about future growth with management. We also tested supporting documentation related to budgets and sales forecasts, the mathematical accuracy of the value in use calculation and assessed sensitivity analysis of the critical assumptions prepared by management. We used a valuation specialist to assist us in evaluating the discount rate applied.

The estimation uncertainty related to impairment testing is disclosed in note 3 and note 16 to the annual report.



Revenue recognition

Revenue is recognized when risks and rewards of products and services have been transferred to the customer. Schibsted has product and services with various contractual terms and different pricing elements in contracts with customers throughout the group. Some revenue is recognized over a period whilst others at a certain point in time. Several systems provide input to the revenue recognition processes and there have been significant changes to the processes in 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, cut-off of revenue was 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 on a sample basis compared sales transactions, recognized before and after the balance sheet date 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 7 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 Officer (management) are 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.

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 and in the statements on corporate governance and corporate social responsibility concerning the financial statements, 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.

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, 23 March 2018
ERNST & YOUNG AS

A handwritten signature in blue ink, appearing to read 'Kjetil Rimstad', is shown below the printed name.

Kjetil Rimstad
State Authorised Public Accountant (Norway)



SHARE INFORMATION

Schibsted is listed on the Oslo Stock Exchange, 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 of Directors implies that the Group's operations must adapt and develop rapidly.

Schibsted's capital structure must be sufficiently robust to be able to take advantage of value-enhancing opportunities in the context of the competitive dynamic, as well as of fluctuations in general and economic conditions. The share is split into an A-share with 10 voting rights and a B-share with 1 voting right. These two share classes enhance Schibsted's long-term financial flexibility by enabling the company more freely to access the equity market.

Shareholders

	31 December 2017	31 December 2016
Number of registered shareholders	5056	5274
Share of non-Norwegian shareholders	57%	58%
Average daily trading volume (SCHA/SCHB)	331k / 164k	225k / 142k
Average daily trading value (SCHA/SCHB)	72mNOK / 33mNOK	49mNOK / 30mNOK
Turnover velocity (SCHA/SCHB)	77% / 34%	50% / 30%
Turnover velocity Oslo Børs	47%	57%

	31 December 2017	31 December 2016
Norway**	42.9%	42.40%
USA	22.6%	22.90%
UK	10.9%	13.90%
Sweden**	8.8%	6.20%
Luxembourg	2.6%	2.30%
Japan	2.4%	2.50%

** NWT Media AS is counted as a Swedish shareholder

The trading data in the table above are based on data from the Oslo Stock Exchange. In 2017 around 34 percent of trading of the A-shares took place in marketplaces other than the Oslo Stock Exchange. In 2016 this was around 38 percent. For the B-share, around 25 percent of the trading took place on alternative platforms in 2017, compared to 13 percent in 2016 (source: Fidessa Fragulator).

Schibsted conducts a quarterly analysis of shareholders registered at nominee accounts. A list of Schibsted's shareholders including those registered at nominee accounts is presented below. The list is updated as of 17 January 2018.

RANK	NAME	A-SHARES	B-SHARES	TOTAL	% OF CAPITAL
1	Blommenholm Industrier AS	28,188,589	28,598,589	56,787,178	23.8%
2	Folketrygdfondet	6,425,619	11,395,610	17,821,229	7.5%
3	Baillie Gifford & Co.	8,037,606	6,949,502	14,987,108	6.3%
4	Adelphi Capital LLP	4,782,533	3,838,008	8,620,541	3.6%
5	NWT Media AS	4,274,300	4,100,000	8,374,300	3.5%
6	DNB Asset Management AS	3,210,993	4,780,816	7,991,809	3.3%
7	Alecta pensionsförsäkring, ömsesidigt	3,464,000	3,633,600	7,097,600	3.0%
8	Fidelity Management & Research Company	3,808,033	2,417,943	6,225,976	2.6%
9	Platinum Investment Management Ltd.	2,797,795	3,402,301	6,200,096	2.6%
10	Luxor Capital Group, L.P.	1,010,695	3,924,965	4,935,660	2.1%
11	Pelham Capital Ltd	0	4,209,851	4,209,851	1.8%
12	The Vanguard Group, Inc.	1,903,506	2,192,916	4,096,422	1.7%
13	Marathon Asset Management LLP	1,999,910	1,956,775	3,956,685	1.7%
14	Ancient Art, L.P.	0	3,724,383	3,724,383	1.6%
15	KLP Forsikring	622,743	2,532,502	3,155,245	1.3%
16	Fidelity International	1,609,763	1,517,080	3,126,843	1.3%
17	Mitsubishi UFJ Trust and Banking Corporation	1,488,900	1,454,585	2,943,485	1.2%
18	Echinus Partners, LP	2,159,781	771,870	2,931,651	1.2%
19	Nordea Funds Oy	1,290,608	1,613,477	2,904,085	1.2%
20	Storebrand Kapitalforvaltning AS	1,139,034	1,605,118	2,744,152	1.1%

The shareholder identification data are provided by Nasdaq OMX. The data are obtained through an 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.

For an overview of the 20 largest shareholders as of 31 December 2017 from the public VPS register, refer to the annual accounts for Schibsted ASA, note 11.

Dividend and repurchase of shares

Distribution of dividend and 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 in the company, the company may reduce or decide not to pay dividend.

The Board of Directors has decided to propose to the Annual General Meeting on 3 May 2018 to pay a dividend for 2017 of NOK 1.75 per share. Subject to the decision of the Annual General Meeting, the dividend will be paid on 15 May 2018 to those registered as shareholders on the date of the Annual General Meeting.

The Board of Directors plans to propose to the Annual General Meeting to give Schibsted's Board of Directors authorization to repurchase up to 10 percent of the company's shares. The repurchase will take place over time and should be viewed in connection to Schibsted's dividend policy, investment opportunities, and long-term perspectives for its capital structure.

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 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 Stock Exchange with the ticker codes SCHA and SCHB. Both share classes are among the most traded in Norway. The A-shares were included in OBX index throughout 2017. The OBX index comprises the 25 most liquid stocks on Oslo Børs.

The Schibsted share is covered by sell-side analysts in Scandinavia and London. At year-end 2017, 15 sell-side institutions, six of them based outside Scandinavia, officially covered the Schibsted share.

In 2017, the Schibsted A-share produced a total return for shareholders of 19.4 percent, including dividend of NOK 1.75 per share (reinvested). The Schibsted B-share produced a total return for shareholders of 20.2 percent, including dividend of NOK 1.75 per share (reinvested). By comparison, the Oslo Stock Exchange Benchmark Index (OSEBX) produced a return of 19.0 percent.

Share price development for Schibsted compared to various indices and peers can be accessed at www.schibsted.com/ir.



MEMBERS OF THE BOARD (2017-18)



Ole Jacob Sunde
(Born 1954)

Chairman of the Board



Marianne Budnik
(Born 1968)



Arnaud de Puyfontaine
(Born 1964)



Orla Noonan
(Born 1970)



Christian Ringnes
(Born 1954)



Birger Steen
(Born 1966)



Eugénie van Wiechen
(Born 1969)



Torbjörn Ek
(Born 1977)

Employee representative



Ingunn Saltbones
(Born 1971)

Employee representative



Finn E. Våga
(Born 1960)

Employee representative

For biographies of the Board of Directors, visit schibsted.com/en/About-Schibsted/Board-of-directors/





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MEDIA GROUP

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