

2007

SanomaWSOY



SanomaWSOY in brief

SanomaWSOY provides information, experiences, education and entertainment to millions of people – in their own language and with respect for local culture. Quality content, products and services that are creative and customer centric, and efficient distribution ensure satisfaction for our readers, viewers and listeners in the more than 20 European countries we operate in.

We aim to be a leading media company. Besides market leadership, we emphasise the continuous development of our operations and investment in fast growing markets. In addition to our customers, our personnel and other stakeholders also benefit from our strong positions and solid financial development.

SanomaWSOY's net sales in 2007 amounted to EUR 2,926.3 million and EBIT to EUR 343.8 million. The Group employs nearly 20,000 people.

Contact Information

SanomaWSOY Corporation

President and CEO Hannu Syrjänen
Ludviginkatu 6–8
P.O.Box 1229, FI-00101 Helsinki, Finland
tel. +358 105 1999, fax +358 105 19 5068
www.sanomawsoy.com

Group Treasury, Real Estate and Risk Management

Senior Vice President Nils Ittonen
Group Strategic Development and Legal Affairs
Senior Vice President Kerstin Rinne
Group Finance and Administration
Senior Vice President Matti Salmi

Investor Relations and Group Communications

tel. +358 105 19 5062, fax +358 105 19 5068
ir@sanomawsoy.fi

Office of the Chairman

Chairman Jaakko Rauramo
Erottajankatu 11 A
P.O.Box 1229, FI-00101 Helsinki, Finland
tel. +358 105 1999, fax +358 105 19 5508

Sanoma Magazines B.V.

President and CEO Eija Ailasmaa
Jachthavenweg 124
P.O.Box 90484, NL-1006 BL Amsterdam
The Netherlands
tel. +31 20 851 2100, fax +31 20 851 2149
www.sanoma-magazines.com

Sanoma Corporation

President Mikael Pentikäinen
Töölönlahdenkatu 2, Helsinki
P.O.Box 95, FI-00089 Sanoma, Finland
tel. +358 9 1221, fax +358 9 122 4809
www.sanoma.fi

SanomaWSOY Education B.V.

CEO Jacques Eijkens
Statenlaan 1
P.O.Box 99, NL-5201 AB 's-Hertogenbosch
The Netherlands
tel. +31 73 628 7528

SWelcom Oy

President Anu Nissinen
Ludviginkatu 6–8
P.O.Box 1019, FI-00101 Helsinki, Finland
tel. +358 10 707 1111, fax +358 10 707 7008
www.swelcom.com

Rautakirja Corporation

President and CEO Erkki Järvinen
Koivuvaarankuja 2
P.O.Box 1, FI-01641 Vantaa, Finland
tel. +358 9 852 81, fax +358 9 853 3281, +358 9 852 8511
www.rautakirja.fi

SanomaWSOY Corporation
Annual report 2007

Design and production:
Sanoma Magazines Finland, Custom Publishing

Pictures: LK/Antti Aimo-Koivisto, LK/Marja Airio, Dumitru Angelescu, Laetizia Bazzoni, Dóra Békefi, Dániel Cser, Petar Djordjević, LK/Sari Gustafsson, Tiina Hakala, Hannes Heikura, Veerle Hofkens, Ovidiu Huiban, LK/Matti Immonen, Robin Janszen, LK/Martti Kainulainen, Kalvar Kase, Natalia Kim, Eline Klein, Jaakko Lukumaa, Riku Luomaa, Enrico Meeuwsen, LK/Vesa Moilanen, István Péterffy, Iris Planting, Samuli Pulkkinen, Tiina Pyrylä, LK/Pekka Sakki, LK/Heikki Saukkomaa, Sulev Sepp, Martins Stakis, Chris Sterkens, Tomasz Szwed, Rosemarie Särkkä, Jari Tikka, Tapani Tuominen, Wojciech Urbanek, Ivan Vasilev, Roland Verebélyi, István Virág

Printed by: Lönberg Print & Promo

The Report of the Board of Directors, detailed financial statements, and associated material are published separately. Annual Report material can be ordered from IR and Group Communications via email (ir@sanomawsoy.fi) or phone (+358 105 19 5062), and all information can be consulted on the Group's website at www.sanomawsoy.com.



Contents

Mission, vision, values and objectives	4
Management review	6
Key events in 2007	8
Market development	10
Organisation and operating countries	12
Sanoma Magazines	14
Sanoma	20
SanomaWSOY Education and Books	24
SWelcom	28
Rautakirja	32
Corporate responsibility	36
Personnel	39
Environment	44
Board of Directors	46
Executive Management Group	48
Other Group management	50
Key figures 2007	51

Financials

Key indicators	3
Net sales by business	4
Operating profit by division	5
Income statement by quarter	5
Board of Directors' report	6
Board's proposal for application of profits and signatures	15
Consolidated financial statements	16
Notes to the consolidated financial statements	20
Definitions of key indicators	54
Shares and shareholders	55
Parent Company financial statements, FAS	62
Auditors' report	72
Corporate governance	73
Risks and risk management	77
Investing in SanomaWSOY	80
Releases 2007	81
Brokerage houses providing analyses of SanomaWSOY	82

Growth and operational excellence

Mission

SanomaWSOY's mission is to be the market leader in satisfying people's needs for information and education, and for an easier and happier life.

Easy access to information, learning new things or an exciting experience makes people's life better. We want to be part of our customers' daily lives by offering media products and services that make their lives easier and happier.

Our challenge is to anticipate and meet the needs of our customers better than our competitors, ensuring the quality and profitability.

Vision

SanomaWSOY's vision is to be the media company of opportunities and operational excellence.

As an international multimedia Group, we are extremely well-positioned to identify the best growth areas and capitalise on them. We want to offer all our stakeholders opportunities to be successful, develop and enjoy their lives.

We challenge and train our skilful personnel to act upon those national and international opportunities that our growing Group offers, and create new, successful business together with our customers.

Values

- Creativity
- Reliability
- Dynamism

Creative work is the essence of communications. Creativity and reliability form the basis of all our actions. We believe that dynamic and customer-centric business development is the key to success.

In addition to a solid base, success requires bold actions and people who are able to make things happen – creative, reliable and dynamic people. Group employees make us what we are. The continuous development and training of our personnel is one of our key competitive advantages.

Strategic objectives

Our goals are:

- To be one of the leading European media companies, with focus on sustainable growth and profitability.
- Value-adding market leadership in our chosen businesses and markets.

In Finland, we operate widely in different fields of media, while in Europe, we are one of the leading magazine and educational publishers. We are also one of Europe's most profitable and actively expanding distribution companies in growth markets. At the same time as we are investing to further develop our digital expertise, we are taking good care of our classic businesses.

Strategic focus areas

Our business is based on deep local customer knowledge and expertise, as well as the national and international competitive advantages which we have created. We are expanding our business via new launches, acquisitions and active partnerships with other leading companies in the industry.

We will leverage effectively the scale and scope of the Group in different markets in our more than 20 countries of operation. We will ensure our sustainable growth and profitability through the diverse and long-standing development of our business portfolio in anticipation of the future, and the continued development of our way of operating.

Our strategic focus areas are:

Sustainable growth – Creating opportunities for growth by

- Organising for growth and innovation
- Building competitive edge on local customer know-how
- Expanding core businesses and driving synergies
- Driving strong expansion in defined growth markets (digital business, RUS, CEE and other CIS countries)
- Acting on value-adding consolidation opportunities

Sustainable profitability – Ensuring operational excellence by

- Leveraging scale and scope
- New, often ICT enabled, ways of doing
- Value-adding process development initiatives
- Utilising profitable opportunities in digital business.

Financial targets

SanomaWSOY's target is to increase net sales at a rate faster than that of GDP in its main operating countries. In addition, the Group's goal is to significantly expand its digital business. The Group's strategic operating profit target is 12% (in 2007, the operating profit margin, excluding major non-recurring capital gains, was 10.4%).

These targets are based on the assumption that the business environment remains relatively stable.

Other financial targets

	Target level	2007
Net debt/EBITDA	< 3.5	1.6
Equity ratio, %	35–45	45.4
Gearing, %	< 100	58.2
Investments/year, EUR million	< 100	90.5

Dividend policy

SanomaWSOY conducts an active dividend policy and primarily pays out over half of the Group result after taxes in dividends.

SanomaWSOY in 2008

SanomaWSOY is a people's company – our success depends on the contribution of each and every Group employee. In 2007, our employees did great job, for which we would like to extend our warmest thanks. It is important that our personnel share the common values, one of the most important of which is to show consideration and respect for different national cultures and operating principles.

In addition to sharing the same values, it is important to be committed to common goals. And to achieve these goals, we need to continually and consistently develop our competence. SanomaWSOY has placed a lot of emphasis on its employees and their development, and this focus will continue with renewed determination in 2008. This is a demanding task, since there are already nearly 20,000 Group employees in over 20 countries.

The media landscape changes in different ways and at different stages in different markets. Internet is strongest in the Anglo-Saxon world, and the media development in Western Europe has been very similar. Meanwhile, television and classic print media hold their position in Eastern Europe, Russia and parts of the Far East. In considering the future of SanomaWSOY, it is important that we understand the stages and directions of development of different markets.

We have a very strong position in the stable Finnish media market, and we plan to continue to reinforce this position mainly through the development of our operations and organic growth.

Our main international development focus is on digital business, where we seek growth both organically and through acquisitions. We are expanding our magazine operations primarily in Eastern Europe and Russia, and educational publishing throughout Europe.

Our educational publishing has seen a large expansion over the past few years, and we have now established a significant European basis for the continued strong growth of the business. Now we have the opportunity to make real technological breakthroughs in educational publishing.

In the international market, we will grow organically, as well as through acquisitions and mergers. We see 2008 as an important year in the structural change of European media landscape, and we want to be a key player in this process.



Chairman of the Board Jaakko Rauramo and President and CEO Hannu Syrjänen.

We are participating in the rapidly-expanding Russian market, where we have been very successful so far. We believe that we can diversify and grow our Russian business significantly in 2008.

Media distribution channels are multiplying and going digital. Value-adding content will determine consumer media choices in the long run. Continuing focus on providing high quality content will be the sustaining measure of success, also in the future.

Corporate responsibility has always been one of SanomaWSOY's key principles. With respect to the environment this is easy, since our principal raw materials are both renewable and recyclable, and we use very little energy considering the extent of our operations. We have always tried to behave as a good corporate citizen. This commitment is reflected in all our activities.

SanomaWSOY has achieved success by serving its customers as well as possible and ensuring that they are equipped with the tools necessary for success. This is the business model that we are hoping to strengthen and develop in 2008. We are very thankful for having been able to develop our business, products and services together with our customers. ■

Caring for our core

Sanoma Magazines actively developed its product portfolio

Sanoma Magazines actively takes care of its magazine portfolio. In 2007, the Division launched more than 20 magazines, both in Central Eastern Europe and Russia as well as in Western Europe. One example is the launch of Sanoma Magazines' own celebrity magazine *Story* in the Ukraine, the magazine's ninth edition.

Sanoma strengthened its brands

The advertising market in Finland developed well. The daily *Helsingin Sanomat* and Sanoma's free sheets strengthened their positions and their advertising sales grew more than the market on average. Sanoma's online operations saw much bigger growth than traditional publishing.



SanomaWSOY continued the active development of its operations by renewing its existing product and service portfolio and launching new titles and online services as well as by acquisitions. Most of the launches were made in Russia and Central Eastern Europe in particular.

SanomaWSOY Education and Books continued its expansion

SanomaWSOY Education and Books acquired the Polish educational publisher Nowa Era and gained a strong position in one of Central Eastern Europe's biggest educational markets. The acquisitions of Translation Services Noodi in Finland and The Works, Sweden as well as opening of a sales office in St. Petersburg, Russia were important steps in the international expansion of our language services.

SWelcom multiplied its channel portfolio

SWelcom expanded its operations significantly. From broadcasting just one channel at the beginning of the year, the Division transformed to an operator with five TV channels and two radio networks. SWelcom's portfolio now includes commercial TV channels Nelonen, JIM and Urheilukanava, pay TV channels KinoTV and Urheilu+kanava as well as Radio Rock and Radio Aalto.

Rautakirja expanded its operations in Russia

Rautakirja began kiosk operations in Russia. The first kiosks were opened in June and 25 kiosks were acquired from HDS CIS in late summer. At the end of the year, 43 kiosks were in operation. Rautakirja also strengthened its press distribution in Russia with the acquisition of Press Point International and thus gained a position in exploiting of the foreign titles in Russia.



Internet-driven growth

Media market continues to grow. The growth continues to be fuelled especially by the internet, which both changes consumer behaviour and creates new services. For instance, community-based online services will see strong growth. This is made possible by the proliferation and increased speeds of broadband internet, as well as the increased consumer opportunities to create digital content, such as digital pictures.

For newspapers, the outlook is relatively stable. PricewaterhouseCoopers (PwC) expects the European newspaper market to grow by about 2% a year for the next four years. Newspaper circulations continue their slight decline, but due to online versions they now reach more readers than ever before.

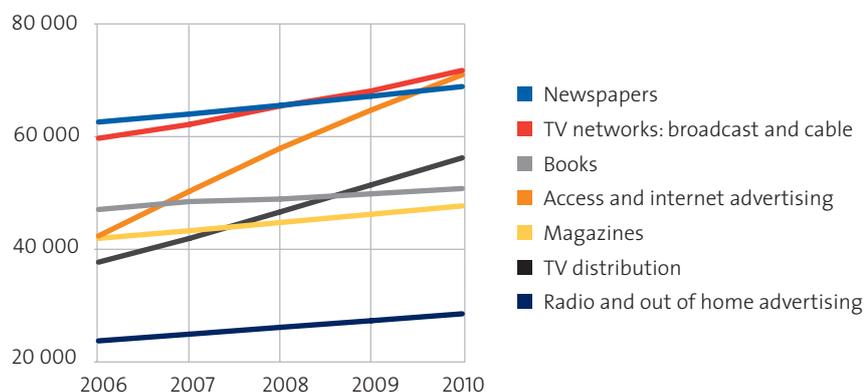
The popularity of magazines will remain high, because people will want to read about the latest trends, fashion and hobbies, and see high quality pictures in the future as well. However, the magazine readership will become increasingly focused. Readers want magazines that reflect their lifestyle passions, such as home decora-

tion. For advertisers, a magazine offers an ideal advertising medium and a targeted audience. In addition to a magazine and a website built around it, magazine brands typically offer their readers other experiences, such as large-scale reader events and related products.

Television continues to grow in popularity. PwC estimates that television advertising in Western Europe will increase by about 3% each year, and in Central European countries by almost 14% in the next four years. New technical solutions provide viewers with numerous new opportunities which leads to further fragmentation. In addition to improved quality, the viewers can choose what to watch and when. On the other hand, the boundary between internet and TV is becoming blurred, and even today, a large part of broadcast content is also available on the internet. In the future, broadcasts themselves will be more important than the distribution channel.

Book publishing will continue to do well in the future, although it faces challenges, too. Books compete for people's time with other media

Media market development in Europe, USD million



Source: PricewaterhouseCoopers, Global Entertainment and Media Outlook: 2007–2011

Development of GDP, private consumption and CPI, %

	GDP		Private consumption		CPI	
	2007	2008	2007	2008	2007	2008
Finland	4.0	2.6	3.7	3.3	2.5	2.7
The Netherlands	3.0	2.4	1.9	2.0	1.6	2.0
Belgium	2.6	1.9	2.3	2.1	1.7	2.3
Hungary	1.8	2.6	-0.5	1.4	7.8	4.7
Russia	7.3	6.5	12.2	11.2	11.0	9.5

Sources: OECD, Nordea, EIU

and entertainment. In addition, free internet content challenges book sales. Young people are becoming increasingly used to free content, so the threshold for paying for content is high. Still, books – as all print media – offer an excellent user interface and the belief in the future of books remains strong.

The European educational publishing market will grow at a healthy annual rate of 2–3% for the next four years, PwC estimates. Eastern European countries are investing heavily in education. Educational publishers strive to support the learning process in the best possible way, by offering online materials and tests to enhance traditional textbooks and exercise books. This development benefits both students and teachers.

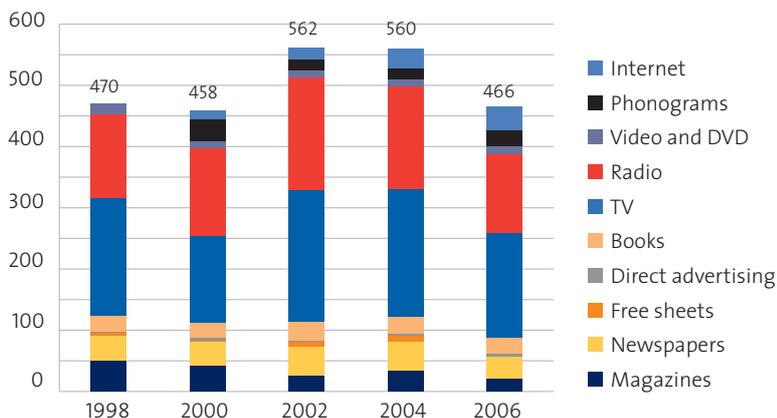
The internet has come to play an increasingly important role. People are turning to the internet for news, information and entertainment, social contacts and a chance for self-expression. The time spent on the internet has increased rapidly.

The amount of paid content is low, and most profit-making services are funded by advertising. PwC estimates that internet advertising in Western Europe will increase by over 20% each year over the next four years, and in Central Eastern Europe by over 36%.

Press distribution and kiosks are essential links in the delivery of newspapers and magazines to the readers, particularly in Eastern Europe and Russia. In Finland, most newspapers and magazines are delivered to home, while newsstand sales dominate elsewhere in Europe.

In 2007, the economies and media market of SanomaWSOY's operating countries performed well, notably in Central Eastern Europe. The operating environment appears stable, even though the growth of GDP and private consumption are forecast to slow in our main operating countries in future years. Changes in private consumption are reflected in media consumption, and advertising typically follows GDP trends.

Time spent with media in Finland, minutes/day



Source: TNS Gallup

Organisation and operating countries

SanomaWSOY Group

Chairman **Jaakko Rauramo**
 President and CEO **Hannu Syrjänen**
Net sales EUR 2,926.3 million
Operating profit EUR 343.8 million

Sanoma Magazines	Sanoma	SanomaWSOY Education and Books	SWelcom	Rautakirja
Magazines, online operations	Newspapers, online operations, printing	Educational publishing, publishing, business information and services	TV, broadband internet, radio	Kiosks, press distribution, bookstores, entertainment
President and CEO Eija Ailasmaa	President Mikael Pentikäinen	CEO Jacques Eijkens	President Tapio Kallioja *	President and CEO Erkki Järvinen
<i>Net sales EUR 1,238.1 million</i> <i>Operating profit EUR 160.9 million</i>	<i>Net sales EUR 480.8 million</i> <i>Operating profit EUR 67.6 million</i>	<i>Net sales EUR 322.5 million</i> <i>Operating profit EUR 44.5 million</i>	<i>Net sales EUR 146.0 million</i> <i>Operating profit EUR 15.8 million</i>	<i>Net sales EUR 849.3 million</i> <i>Operating profit EUR 55.6 million</i>

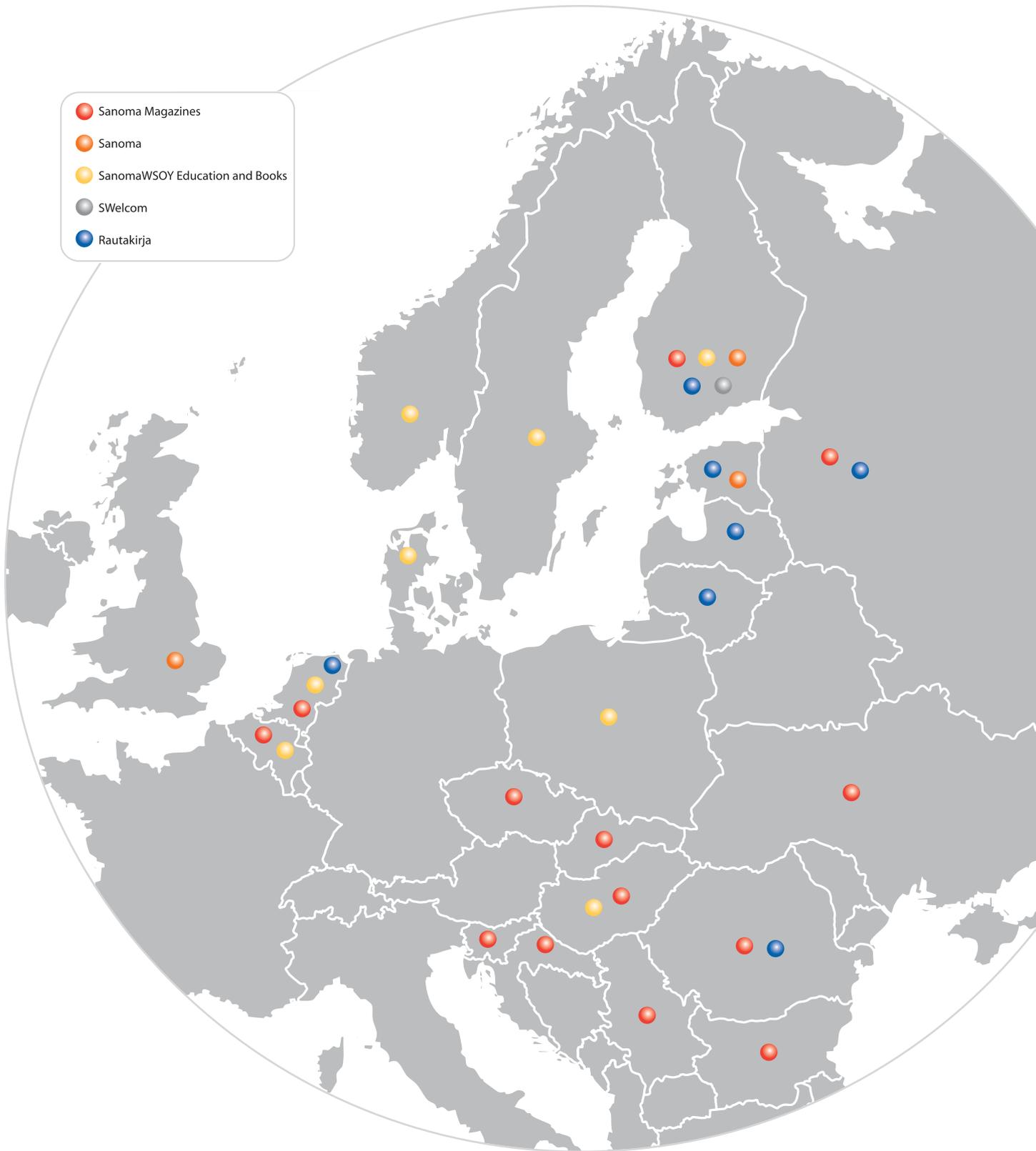
* Until 24 February 2008, Anu Nissinen as of 25 February 2008.



Operating countries

(Number of personnel in parenthesis)

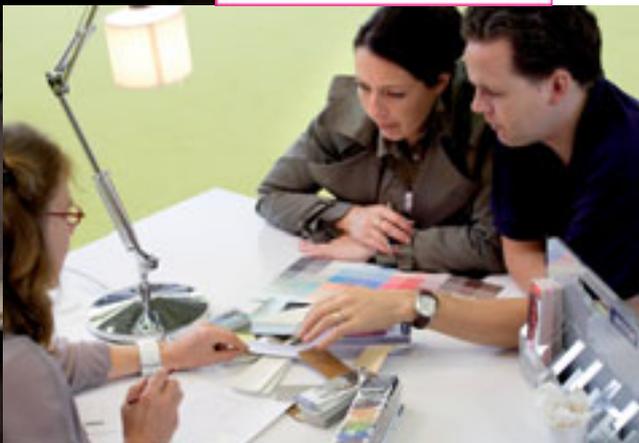
Belgium (656) • magazines • educational publishing • digital business	Finland (9,488) • magazines • newspapers • books and educational publishing • TV • radio • kiosks • press distribution • bookstores • movie theatres • online operations • broadband internet • language services • printing plants	Lithuania (1,232) • kiosks • press distribution • movie theatres	Russia (1,824) • magazines • kiosks • press distribution
Bulgaria (174) • magazines	Hungary (985) • magazines • educational publishing • online operations	The Netherlands (2,355) • magazines • educational publishing • press distribution • online operations	Serbia (87) • magazines
Croatia (138) • magazines	Latvia (703) • kiosks • press distribution • movie theatres	Norway (38) • multi-volume books	Slovakia (62) • magazines
The Czech Republic (174) • magazines		Poland (389) • educational publishing	Slovenia (40) • magazines
Denmark (3) • multi-volume books		Romania (381) • magazines • press distribution	Sweden (135) • language services • multi-volume books
Estonia (1,119) • kiosks • press distribution • bookstores • movie theatres • online operations			Ukraine (101) • magazines
			The United Kingdom (55) • business information services



The success of Sanoma Magazines Finland's baby and parenting magazines Vauva and Meidän perhe continued. Their online services create intensive communities and the market places for second-hand products are very popular. ▼

Marie Claire, the glossy international women's magazine was introduced by Sanoma Budapest. The magazine strengthens Sanoma Magazines position as the leading women's magazine publisher. ▶

Sanoma Magazines Belgium launched the first mobile service for readers of its women's magazines. The service consists of tailored phone subscriptions and services. ▼



▲ The 15th international edition of the women's magazine Good House-keeping was launched in Ukraine.

◀ Grazia, the glossy women's magazine, was introduced by Sanoma Uitgevers in the Netherlands. Grazia is a fresh weekly magazine combining fashion and celebrity news.

▲ Woonbeurs, the leading Dutch home deco fair, celebrated its 15th edition. Nearly 90,000 enthusiastic visitors were inspired by Sanoma Uitgevers' home deco magazines and other exhibitors.

Brand know-how

Sanoma Magazines' ability to take care of its key brands and to create new is a very successful mix.

2007 was an excellent year for Sanoma Magazines, reporting net sales of EUR 1,238.1 million and an operating profit of 13% of net sales. Earnings performance improved despite continuing investments in launches and acquisitions.

"We are particularly pleased that our growth engines developed very well," comments **Eija Ailasmaa**, President and CEO of Sanoma Magazines. "The Russian media market developed the strongest and we fully captured our share of this growth. Our net sales in Russia grew by 18%. Our other growth engine is the online part of our business. We have kept up impressive growth rates in the Netherlands and Hungary; our online business grew by as much as 36% in the Netherlands and by 43% in Hungary."

Sanoma Magazines Finland again saw record growth and realised an all-time high result. Focusing on key titles continued to pay off. *Me Naiset* has clearly become Finland's number one weekly magazine for women. The circulation of *Donald Duck* has reached an all-time high, and *Sara*, the women's magazine aimed at a growing 40+ audience, proved to be very successful. *Sara* reached a circulation of 50,000 in its first year and beat all advertising sales targets.

Sanoma Magazines International's position strengthened through several launches and acquisitions.

"Russia is and will remain an impressive growth market, which translates into excellent performance of our business. This growth will come not only in magazines but also increasingly online."

The number one glossy magazine *Cosmopolitan* has established a number one position online as well. Independent Media will leverage this excellent position by extending the website and acquiring core assets like the women's portal *Ameno.ru*. Sanoma Magazines International also launched several magazines, e.g. the fashion title *Grazia*, in Russia.

Sanoma Hearst Romania has performed outstandingly, moving



"Our strong media brands act as trusted beacons in a fragmenting media landscape."

Eija Ailasmaa



◀ Sanoma Hearst Romania launched two international titles in Bucharest in the same week: Esquire, the men's style guide, and Harper's Bazaar, the oldest fashion magazine in the world.

20-year-old Gloria remains Finland's leading style magazine, and 2007 was a time for celebration with the introduction of new magazines Gloria Matkalla (travel) and Gloria Bisnes (business). ▼



▲ In the summer, Belgrade's city cafes were lined with chic and stylish women enjoying Gala Style, a lifestyle magazine spin-off from the leading Serbian celebrity title Story.



▲ Sanoma Bliask Bulgaria organised the Cosmopolitan high-heels run. Many readers risked their ankles, underlining what Cosmo stands for: Fun, Fearless and Female.



▲ Business magazine Figyelő's TOP 200 Gala is Hungary's most important business event, honouring the Top 200 companies in economic performance, and corporate responsibility in 2007.



▲ The first Good Housekeeping festival in Moscow attracted more than 13,000 visitors to participate in all kinds of master classes and workshops.

from the number five market position to become the market's number two, zeroing in on the number one spot. The business developed nicely in Hungary, even though the country's economic growth slowed down. In the Czech Republic investments focused on the home deco segment. The co-operation of Sanoma Magazines International and Gruner + Jahr in the Adriatic region is developing positively. In Serbia the joint venture Adria Media's market position has improved significantly. In Slovenia and Croatia the company is now in a clear number two position.

The Dutch Sanoma Uitgevers' year was favourable. The main titles, *Libelle*, *Margriet* and *Donald Duck*, remained strong and a mindstyle magazine, *Mind*, was successfully launched. In addition a fashion magazine *Grazia* and a health magazine *Get in Shape* were launched during 2007.

A clear sign of Sanoma Uitgevers' strong position in the Dutch media landscape was the successful organisation of events like *Libelle's* Zomerweek (Summer Week), *Margriet's* Winter Fair, Woonbeurs (the Living Fair) and Jonge Gezin- nen Beurs (the Young Families Fair), which together drew hundreds of thousands of attendees.

In online, ilse media kept up and expanded its prime position. The existing portfolio grew strongly. *SchoolBANK.nl*, a social network where classmates reunite, was acquired and several new websites were launched.

Sanoma Magazines Belgium retained its leading position and continued to grow. The magazine portfolio expanded its strong position through the launch of the 40+ magazine *Milo* and the relaunch of a TV magazine *Humo*. The company continues to be the market leader through planned relaun- ches and new businesses, among them the TV per- sonality Goedele Liekens' TV production operations and tailored mobile services for women in co-operation with the Belgian telephone operator.

Sanoma Magazines' core brands received more emphasis in 2007 than ever before. "We recognise that in a fragmen- ting media landscape where oversupply is the norm, brands will stand out as beacons that strongly draw customers," says Ailasmaa.

"Our country portfolio is usually based on strong local brands: the leading magazines in that particular market. On top of this we have a portfolio of international magazines with brand names that are recognized all over the world. Our local and international brand portfolios fit together perfectly."

Online business is and will be important for Sanoma Magazines. Magazines create effective virtual communities around the brands. Still, the special emphasis in online is on the sites that are not related to the magazines.

"We aim to develop all kinds of media services around certain topics – cars, home decoration and travel – using



Story – a tale in nine parts

From its launch in the Netherlands in 1974 to its position today as a leading entertainment magazine in nine European countries, *Story* has been one of the success concepts developed by Sanoma Magazines. **Koos Guis**, CEO of Sanoma Magazines International, puts *Story's* success down to its warm, cosy and friendly approach.

"*Story* is about people – for people," Guis observes. "Gossiping is the penetrating oil in human relations. People everywhere, at all times, have loved to gossip." A simple format and this universal appeal have been the key to *Story's* success.

This success is not just confined to its first markets, the Netherlands and Belgium. In its most competitive market, the Czech Republic, *Story* is the market leader despite six directly competing weeklies. Although the advent of competing titles has put pressure on circulation in almost all countries, *Story* is still the best selling weekly in Hungary for example. It has continued to build on its success with launches in Romania and Croatia in 2002, Serbia in 2005, Bulgaria in 2006 and Ukraine in February 2007.

The *Story* brand has also been used to launch a new glossy *Gala Style* in Croatia and Serbia in 2007. In Hungary the brand lives online in the celebrity portal *Storyonline.hu* and a cable television network called TVStory. Although the *Story* brand is common to all the magazines, its success is the result of a flexible approach to content.

"*Story* and television are inseparable," comments Guis and points out that 40–60% of the *Story's* content in each country is about local television and local celebrities.

This level of local content gives limited opportunities for synergy between countries, but each one has achieved advertising revenue in excess of predictions. For Sanoma Magazines the decision to use a high proportion of local articles in *Story* was foresighted and, in the words of Guis makes *Story* 'a reflection of social development in a society'. ■

Sanoma Magazines is one of Europe's largest consumer magazine publishers, catering to consumers' needs for aspiration, inspiration and information in 13 countries.

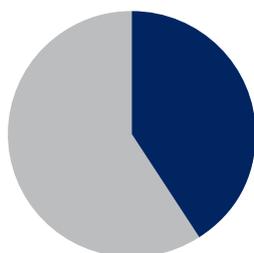
The majority of the Division's over 300 magazines are local brands, but the portfolio also includes licensed, well-known international titles. Sanoma Magazines' key to success is its ability to touch people in every country and to build a long-lasting relationship with them: listening to readers, advertisers and other stakeholders and turning these insights into engaging products.

Interacting with the customers is important to Sanoma Magazines. The magazine portfolio is constantly developed to better answer the needs of the readers. Interactivity is also strongly visible in its diverse online operations. Digital know-how is particularly strong in the Netherlands and Hungary, and rapidly developing in other countries.

Sanoma Magazines' organisation

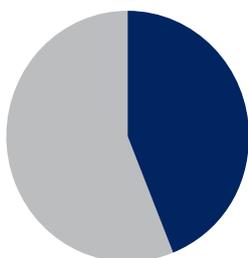
Sanoma Uitgevers the Netherlands	Sanoma Magazines Belgium	Sanoma Magazines Finland	Sanoma Magazines International
<ul style="list-style-type: none"> Consumer magazines Custom publishing Online operations – ilse media 	<ul style="list-style-type: none"> Consumer magazines Niche publishing Custom publishing Digital business 	<ul style="list-style-type: none"> Consumer magazines Custom publishing Online operations 	<ul style="list-style-type: none"> Consumer magazines Custom publishing Online operations – Central Europe Hungary, the Czech Republic, Slovakia – South East Europe Romania, Bulgaria, Ukraine – Russia and C.I.S.

Sanoma Magazines' net sales



■ 41% of the Group

Sanoma Magazines' operating profit *



■ 44% of the Group

* Excluding major non-recurring capital gains.

Net sales by business



■ Sanoma Magazines Netherlands, EUR 539.8 million (43%)
 ■ Sanoma Magazines International, EUR 283.4 million (23%)
 ■ Sanoma Magazines Belgium, EUR 216.6 million (17%)
 ■ Sanoma Magazines Finland, EUR 202.8 million (16%)

Key indicators

	2007	2006
Net sales, EUR million	1 238.1	1 155.9
Operating profit, EUR million	160.9	128.8
% of net sales	13.0	11.1
Operating profit excluding major non-recurring capital gains, EUR million	139.7	126.2
% of net sales	11.3	10.9
Return on investment (ROI), %	12.4	10.8
Average number of employees	5 623	5 302

Operational indicators *

	2007	2006
Number of magazines published	309	307
Magazine copies sold, thousands	429 378	433 526
Number of advertising pages sold	64 601	57 700

* Including joint ventures

consumer wants and needs as a starting point,” explains Ailasmaa.

In cars, Sanoma Magazines already has an excellent position with *Autoweek* in the Netherlands. In the Czech Republic and Slovakia the Division has strongly reinforced its position in home decoration by acquiring the leading portals *Tvujdum.cz* and *Tvojdrom.sk*. And for travel, peer review and holiday search sites have been launched in the Netherlands.

“**We have to ensure** that we are a preferred employer because there is a lot of competition for talent, especially in several of our rapidly developing markets,” says Ailasmaa.

“In Russia and Hungary this is already the case, since we were voted a favourite media company to work for. And this is where we want to be.”

According to Ailasmaa, developing employee’s capabilities is the key issue for Sanoma Magazines: “We have defined and chosen our competences. One is further developing the brands and another is serving readers and advertisers in circumstances where the importance of digitalisation is increasing and the role of the print media is being reconsidered. We certainly leverage the best practices in all our operating countries.”

Sanoma Magazines will continue on its successful track in 2008. “Strengthening our market positions in print and online remains the key. We will continue to emphasise our key brands to safeguard their leading positions. Russia will remain an important growth engine, not only in magazines but also online.”

“We will also develop the market together with other players in the field, as we have done in the Adriatic Region. And regarding the market consolidation, we will keep a keen eye on opportunities to reinforce our current position,” concludes Ailasmaa.

Examples of online services

Cosmopolitan.ru

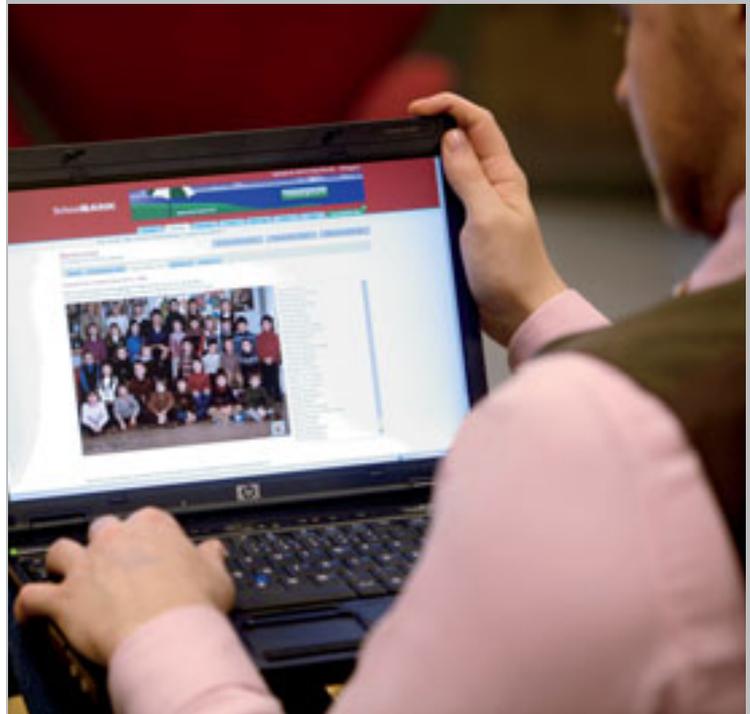
Nu.nl

Schoolbank.nl

Startlap.hu

Vauva-lehti.fi

www.sanoma-magazines.com



The best days of your life

Maybe not for everyone, but the popularity of school reunion websites shows that many of us never lose interest in the people we used to be close to, and this is as true in the Netherlands as anywhere else.

Ilse media acquired one of the Netherlands’ most popular web-based social networks, *SchoolBANK.nl*, in May 2007. With ilse media’s marketing expertise focused on the 3.7 million people who have registered for *SchoolBANK.nl*, the site has been achieving record number of visitors, with an all-time high of 2.2 million unique visitors in December 2007.

Extensive reach makes *SchoolBANK.nl* an even more popular web site in the Netherlands, and the increase in reach, from around 9% to over 17% in just eight months, underlines Sanoma Magazines’ strong market position also online.

SchoolBANK.nl provides a range of free basic services, with premium services available for subscribers. Class photographs and pictures of people who later became famous all add to the interest for visitors to the site.

Regarding the future, **Patrick Bernhart**, publisher of *SchoolBANK.nl*, observes that “an important goal is that people not only get in touch, but keep in touch.” New features, such as the possibility to create personal contacts, are constantly being added, and the brand will be further extended through nostalgia-themed events.

For ilse media, *SchoolBANK.nl* provides an excellent advertising medium, with the affluent over-30 age group comprising the main customer segment. The premium services, driven by publishing initiatives such as the newsletter sent to around 1.3 million people every week, bring additional income and meet the needs of Dutch people for keeping in touch with friends they made during the best days of their lives. ■

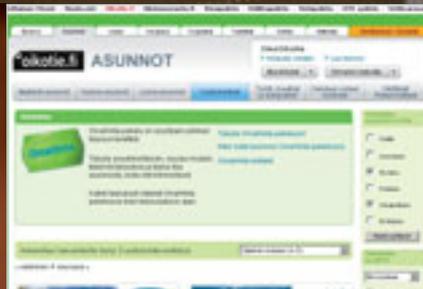


◀ Helsingin Sanomat approached its readers through the Oma kaupunki (Your City) events, which focused on local issues. The public could also meet the newspaper's journalists.

Home delivered free sheets were rebranded as local issues of Vartti. Editorial offices are able to concentrate on local issues when the jointly produced content is been used more efficiently. ▼



▲ Sanoma Digital launched several community services, where users are essential content producers. Tyylitai-vas.fi (Style heaven) is a virtual community for fashion and design enthusiasts.



▲ Ilta-Sanomat celebrated its 75 anniversary. The quality tabloid's weekend edition and online services were renewed. IltaSanomat.fi increased its number of weekly users to over a million.

◀ Taloussanomat revamped its financial online service and increased users five-fold. By year end all resources were focused online, and the printed version of Taloussanomat was discontinued.

▲ Oikotie.fi, online market place for housing, cars, travel, education and jobs, developed new services. OmaHinta was the first open auction service for housing in Finland.

Be bold in transformation

Newspaper publishing is going through the greatest change in its history since the invention of the printing press. The key driver of this change is the internet.

Sanoma recorded its best result ever: In 2007, its net sales totalled EUR 480.8 million, with an operating profit margin of 14.1%. According to **Mikael Pentikäinen**, President of Sanoma, the credit for the record result belongs to all employees, particularly the great media sales teams as well as the healthy cost culture.

“By healthy I mean the guts to invest in the right things. When the business is going through a transformation, you must be able to distinguish good costs from bad costs,” says Pentikäinen.

Helsingin Sanomat had an excellent year.

The good result was driven by successful media sales. During the year, a daily newspaper *Helsingin Sanomat* reached out to its readers in a whole new way with *Oma kaupunki* (Your City) events in the Helsinki metropolitan area. Also considerable investments in its online service were made.

“The innovative *Oma kaupunki* (*Omakaupunki.hs.fi*) portal combines user-generated and editorial content with next-generation innovations, such as map services.”

Ilta-Sanomat celebrated its 75th anniversary in 2007. Development work got off to a good start under the leadership of the new editors-in-chief. The tabloid’s website was redesigned and significant investments were made in online services: *IltaSanomat.fi*’s number of visitors has clearly surpassed the one-million-per-week mark.

In Estonia, *Ilta-Sanomat* strengthened its market share in classified advertisements, when Sanoma Baltics bought Auto 24, the leading marketplace for new and used cars.

Other publishing also enjoyed success during the year, with regional newspapers achieving very good results. Sanoma Kaupunkilehdet focused on building a strong family of free sheets: Sanoma’s home-delivered free sheets were combined into sub-editions published under the name *Vartti*, containing both shared and local content.

For *Taloussanomat*, a business daily and *ITviikko*, the IT publication, the year meant great changes, as their printed versions were

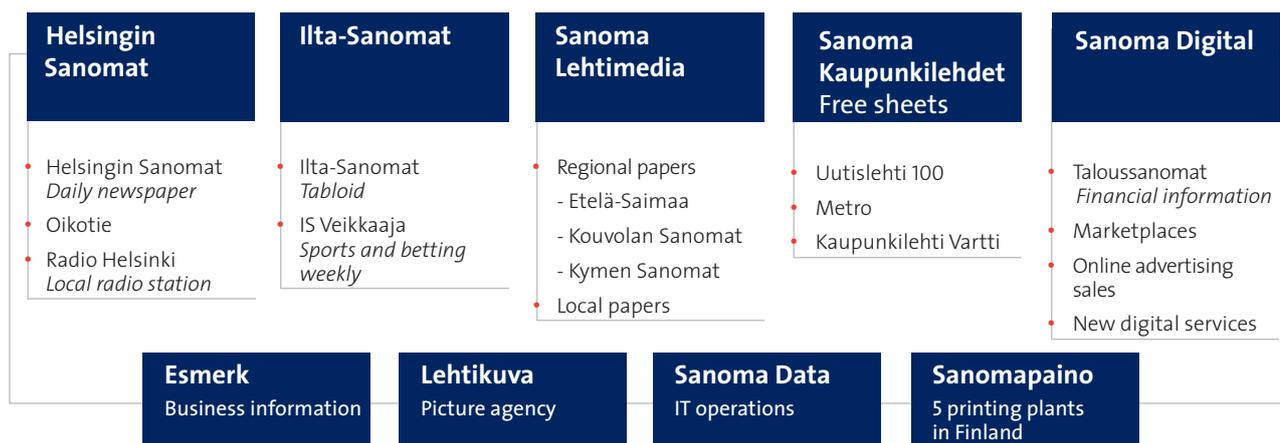


“We do our best for the enjoyment and benefit of our customers.” Mikael Pentikäinen

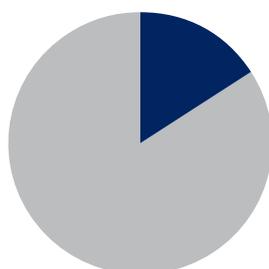
Sanoma is the leading newspaper publisher in Finland. In addition to Helsingin Sanomat, the largest daily in the Nordic region, the Division publishes Finland's largest quality tabloid, regional newspapers and free sheets. Sanoma's newspapers have a strong presence in the lives of their readers. The print products are complemented by a range of online services, which allow Sanoma's well-known newspaper brands to reach more people than ever.

In addition to its print products, Sanoma is also investing heavily in digital business. The Division's online services include the leading service entity for classified advertisements in Finland, and a variety of targeted consumer services. For its corporate customers, Sanoma offers business information, a picture agency, news monitoring and printing services.

Sanoma's organisation

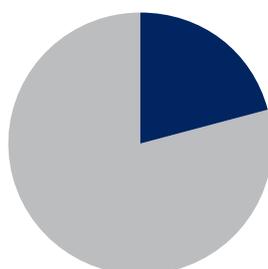


Sanoma's net sales



■ 16% of the Group

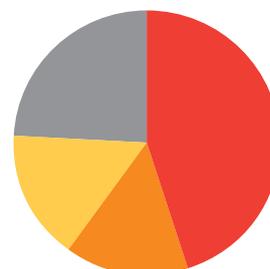
Sanoma's operating profit *



■ 21% of the Group

* Excluding major non-recurring capital gains.

Net sales by business



■ Helsingin Sanomat, EUR 278.9 million (45%)
■ Ilta-Sanomat, EUR 94.8 million (15%)
■ Other publishing, EUR 97.5 million (16%)
■ Others, EUR 152.6 million (24%) *

* Includes also intra Group sales.

Key indicators

	2007	2006
Net sales, EUR million	480.8	457.1
Operating profit, EUR million	67.6	62.7
% of net sales	14.1	13.7
Operating profit excluding major non-recurring capital gains, EUR million	67.6	61.0
% of net sales	14.1	13.3
Return on investment (ROI), %	19.7	17.9
Average number of employees	2 716	2 672

Operational indicators

	2007	2006
Audited circulation		
Helsingin Sanomat	419 791	426 117
Ilta-Sanomat	176 531	186 462
Online services, weekly unique visitors (Oct-Dec)		
IltaSanomat.fi	1 200 705	770 209
HS.fi	882 531	565 157
Huuto.net	411 842	359 859
Oikotie.fi	290 887	242 383
Taloussanomat.fi	258 584	144 515

discontinued as of 1 January 2008. The publications will continue online.

“The internet is a highly competitive environment for the delivery of financial information. We have created a strong position in online with *Taloussanomat.fi*.”

Business information service provider Esmerk receives high praise from Pentikäinen: the company is growing fast and has clearly improved its result. Picture agency Lehtikuva continued to post a good result in today’s highly competitive picture market.

Sanoma Digital, established at the beginning of 2007, achieved its operational objectives and launched a number of new services. Consumer-oriented virtual community services, such as *Tyyliiva.fi* and *Glossy.fi*, are largely based on user-generated content.

Sanomapaino obtained several significant printing contracts in 2007. The year was highlighted by a triple victory in the Finnish Newspapers Association’s four-colour quality competition in November.

The internet has challenged the newspaper industry. Today, everything essential must be immediately available.

The search for the best way to operate between online and print continues. Newspapers have plenty of readers, but, on the other hand, there is a large number of heavy users, who spend much of their time online.

“The editorial process is changing with an increasing emphasis on speed. There is little time for fact-checking, so editor’s ability to identify the weak points of a news story in advance is emphasised,” states Pentikäinen.

Pentikäinen is proud of Sanoma’s personnel: “Sanoma has a tradition of taking good care of its employees. A healthy sense of security and being cared for increases joy at work and commitment. A good atmosphere and the right leadership will produce results.”

In 2008, Sanoma continues to grow. It is crucial to focus on the core products. “They are our chance to influence the future of Finnish print media.” At the same time, the Division is developing strongly a wide range of digital products.

“Although the digital transformation is huge, print media still has a very bright future,” Pentikäinen believes.

Examples of online services

Foody.fi
Iltasanomat.fi
Omakaupunki.hs.fi
Taloussanomat.fi
Vartti.fi

www.sanoma.fi



Best customer service

Consumers voted *Helsingin Sanomat* customer service the best Finnish phone service of 2007 in a survey conducted by Taloustutkimus

market research. Customer Service Director **Taina Nevalainen** attributes its success to its long-standing commitment to quality assurance.

“We’ve analysed different encounters and discussed how we can best develop customer relationship management. We have two full-time trainers who train our employees and support the achievement of our goals.”

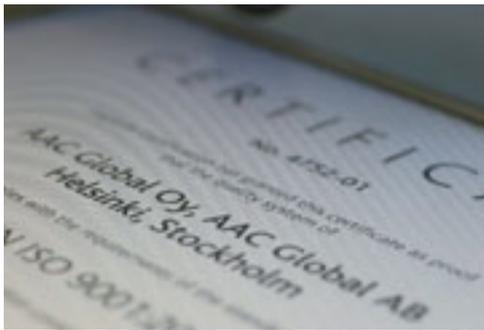
The customer service is responsible for all inquiries related to the subscriptions, circulation and classified ads of *Helsingin Sanomat*. From the summer of 2007, they have also been assigned responsibility for business-to-business media sales. The service now handles over a million calls and some 200,000 email inquiries a year.

“These contacts provide a great opportunity to strengthen existing customer relationships and build new ones. We can offer a combination of printed and digital newspaper formats to our customers, standing orders to fixed-term subscribers or seven-day subscriptions to weekend subscribers. We do not believe in hard sell, but rather try to provide information about the benefits of the option. For instance, extending the billing period provides savings to the customer. In all situations, you must respect the customer’s opinion. Even if the customer comes to us with a problem, the session should end on a positive note,” Nevalainen stresses.

The demand for value-added services, such as temporary address changes, is growing rapidly. Holiday seasons, even changing weather conditions in the summer, are reflected in the number of address changes. “Today, a newspaper goes where ever its readers go thanks to the variety of subscription options we have developed.”

HS 24, a combination of the printed and an online digital newspaper, as well as the free online service increased their popularity markedly in 2007. The printed newspaper and the online *Helsingin Sanomat* are read on a daily basis by a total of 1.7 million people. ■

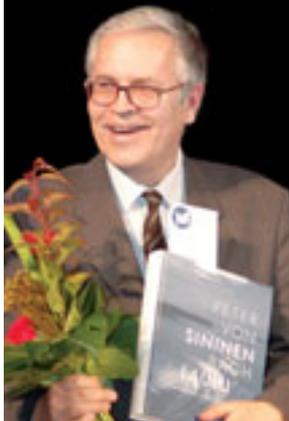
The leading multilingual communications company in the Nordic countries, AAC Global continued its growth through the acquisition of Translation Services Noodi and the training company The Works, Sweden. ▼



◀ At the Hungarian publisher NTK, 350 educators attended the opening of the school year. New curriculums were presented and presentations on modern training and educational reforms were given.



▲ WSOY renewed its method of launching general literature books. The new sales and marketing organisation's success factors are customer-orientation and integrated marketing communications.



▲ WSOY's author Peter von Bagh won the Finlandia Prize in the non-fiction category for his book about the history of art of independent Finland.



▲ SanomaWSOY Education acquired the Polish educational publisher Nowa Era. Now the company is one step closer to reaching its goal of becoming a leading European educational publisher.

▲ SanomaWSOY Education set up a shared Picture Bank, which enables everyone to share and re-use images. This database offers many benefits, including a wider choice of images and reduced costs.

Solid expansion

SanomaWSOY Education and Books continued to expand into new areas where it can bring added value to teachers, students, readers and companies.

SanomaWSOY Education and Books

recorded another year of solid performance in 2007. Net sales rose to EUR 322.5 million, driven by educational publishing, together with business information and services. Operating profit accounted for 13.8% of net sales.

“This was our first full year of operation following the restructuring in September 2006. Our performance shows that we succeeded in building on the strengths we already had and growing the business overall, both organically and through acquisitions,” says **Jacques Eijkens**, who heads the SanomaWSOY Education and Books division.

SanomaWSOY Education operates in a mix of mature and developing markets, with growth primarily coming from Central Eastern Europe.

“Mature markets like Belgium and the Netherlands are always a challenge. Van In, however, succeeded in increasing its market share in Belgium in 2007, which was very positive. Malmberg strengthened its position in the Netherlands with the acquisition of TSM Consultants, making it a leading consultancy services provider for the secondary and vocational areas.”

Poland saw an important acquisition in the shape of Nowa Era. It will give SanomaWSOY more leverage in the Central Eastern Europe region generally, where education is being prioritised at all levels.

Eijkens believes that a lot of opportunities are still waiting to be exploited in eLearning, although the field is still in its infancy.

“All children do not learn in the same way, and being able to offer interactive material that addresses people’s different learning patterns and speeds is something that’s certainly going to grow.”

WSOY’s position as the leading general literature publisher in Finland remains solid in a steady market.

“We are committed to a long-term publishing. WSOY is known for its high quality and diversified offering. Outlook is particularly good for fiction. Non-fiction remains more challenging, with the wealth of



“Focusing on a quality offering, both in print and online.”

Jacques Eijkens

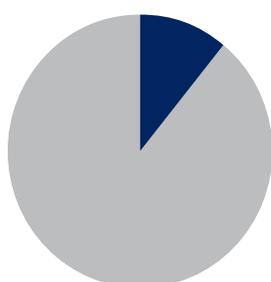
SanomaWSOY Education and Books is a diversified publisher operating in eight European countries. The Division is a significant European educational publisher offering a broad range of both printed and digital educational materials and services for children and young people to support their learning process – making it more attractive and effective for both students and teachers. The Division aims to expand particularly in Central Eastern Europe.

The Division is also Finland's leading book publisher. Business information and services, such as language services, offers an interesting new growth area.

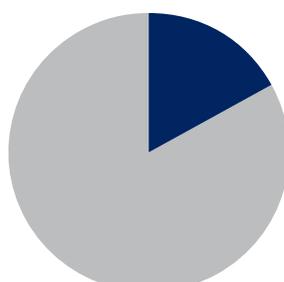
SanomaWSOY Education and Books' organisation



SanomaWSOY Education and Books' net sales

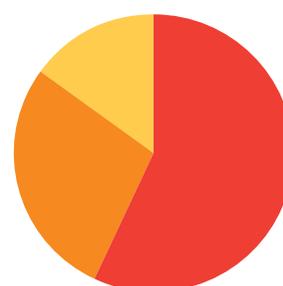


SanomaWSOY Education and Books' operating profit *



* Excluding major non-recurring capital gains.

Net sales by business



■ Educational publishing, EUR 197.7 million (57%)
 ■ Publishing, EUR 97.3 million (28%)
 ■ Others, EUR 51.1 million (15%) *

* Includes intra Group sales.

Key indicators

	2007	2006
Net sales, EUR million	322.5	309.2
Operating profit, EUR million	44.5	48.0
% of net sales	13.8	15.5
Operating profit excluding major non-recurring capital gains, EUR million	44.5	48.0
% of net sales	13.8	15.5
Return on investment (ROI), %	10.4	12.7
Average number of employees	2 769	2 455

Operational indicators

	2007	2006
Educational		
Number of new titles published, books	1 379	1 162
Number of new titles published, electronic products	309	202
Publishing		
Number of new titles published, books	520	565
Number of new titles published, electronic products	67	93
Number of copies sold, published books, millions	23.3	24.2

material available via the other channels today. Still WSOY continues to publish excellent non-fiction authors – as highlighted by the granting of the 2007 Finlandia Award for Non-Fiction to Peter von Bagh for *Sininen Laulu. Itsenäisen Suomen taiteiden tarina*, the story of art of independent Finland.”

Growth continued at WSOYpro, a business information and services provider, which expanded into language services with the acquisition of AAC Global in 2006. The expansion continued in 2007 with the acquisitions of Finnish Translation Services Noodi and a training company The Works, Sweden. AAC Global also opened a sales office in St. Petersburg, Russia.

“We saw that language services for the same customer base were a clear opportunity for us. The demand for these is growing all the time, as companies expand internationally and as growing co-operation between different countries and regions generates new communications needs.”

“Our good performance in 2007 shows that we have succeeded in retaining and further developing the good momentum in this area, and we now have a good starting point for growth outside Finland.”

Eijkens stresses the importance of people, innovation and quality as a driving force in expansion, as in all of the Division’s operations.

“Innovation and quality are very much people-driven in our businesses. This is why we’ve been active in recruiting new experts in online activities, for example, and encouraging entrepreneurship, and wanting people to really achieve ‘ownership’ in the business and innovation projects. The enthusiasm of our people in this respect has really impressed me.”

Looking ahead to 2008, Jacques Eijkens expects further growth in both educational publishing and business information and services.

“Our growth has given us a presence in the markets we want to develop. We believe that we have the expertise – in terms of people, concepts and innovations – to offer new added value in all our markets. Our solid performance in 2007 has further reinforced our potential to succeed here.”

Examples of online services

Branche-online.be
Opit.fi
Schoolweb.nl

www.wsoy.fi



Branché keeps Van In at the top of the tree

Van In has an excellent track record with its *Arcades* brand of French foreign language educational materials, which have been used with three

generations of children in Flemish schools in Belgium.

Translating the development in educational theories into new learning materials, while ensuring a continuing strong position of another series targeted to the same target group, is not easy. The new *Branché* series has done just that and within two years time it has become the second of Van In’s leading brands in this specialist market.

Branché includes a combination of educational materials to bring French alive for Flemish speaking children. The text and exercise books are complemented by CDs, DVDs and a dedicated website. Together *Branché* and *Arcades* cater to a variety of teaching approaches and, more importantly, a variety of learning styles among children. The result is that Van In now has not one but two leading brands on the Flemish market.

Branché has been introduced step by step since 2005 and is now used across all age groups. The structure of the material enables teachers to tailor their teaching to students’ specific needs, using a variety of print and digital media. *Branché* also provides technical support and training for those teachers who need to brush up their ICT skills.

“The launch of *Branché* was not without its challenges,” comments **Annick De Smet**, Publisher of the series. “Maintaining a strong market position with *Arcades* brand while introducing a direct competitor is never easy. Keeping both teams motivated as well as planning the content and timing of marketing communications requires a lot of work.”

The results however speak for themselves: since its launch, *Branché* has added 10 percentage points to Van In’s market share and expanded their offer in secondary education across the age spectrum for students from 13 to 18 years old. For teachers, students and Van In, *Branché* spells success. ■

Nelonen Web TV enables, for the first time, downloading and watching of Disney's top TV series just a week after their premier in the US. ▼



◀ SWelcom expanded into new business by acquiring Finland's largest quiz site Älypää, and by launching a casual online gaming forum Pelikone.fi, where users can play and upload their own games for free.

Welho renewed its pay TV offering and gained a lot of new subscriptions. The popularity of pay TV increased when Finland moved to digital TV in the autumn. This also increased Welho's sales of digital set-top boxes. ▼



▲ Broadband speeds in Finland grew significantly, which partly enabled new service offerings. Welho Play is a video-on-demand service that enables viewing films and TV series through a PC.



◀ Listeners have taken to Radio Rock, the new channel that started at the beginning of the year, very well and by the end of the year the channel was the market leader in its target group.

▲ Nelonen Media's offering increased when SWelcom acquired the commercial TV channel Urheilukanava and the pay TV channel Urheilu+kanava. The channels bring sports events to everyone.

Electronic experiences

SWelcom increased its channel offering from one to seven. An extensive product range enables it to better entertain Finns.

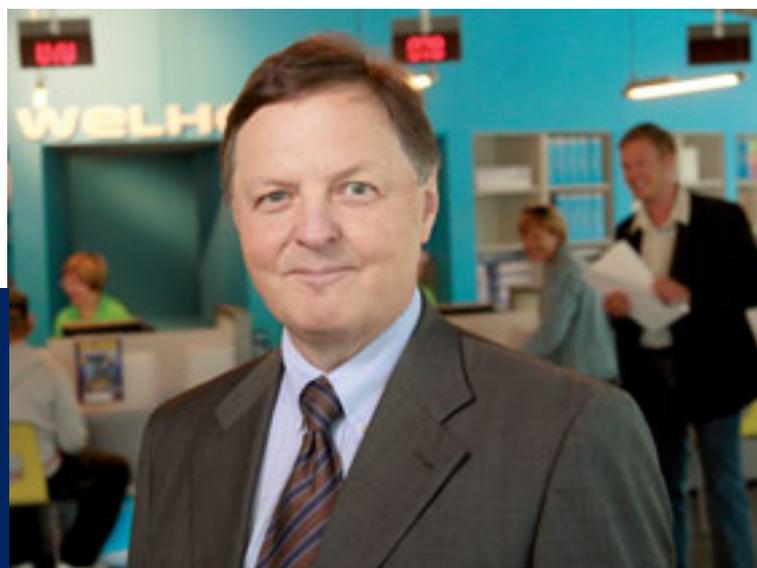
SWelcom's financial result for the year 2007 was good: the Division's net sales totalled EUR 146.0 million, and its operating profit was 10.8% of net sales. "We were expecting only moderate growth, as we knew we would be making significant new investments. Despite this, the result was good, even better than we expected," reports **Tapio Kallioja**, President of SWelcom. "SWelcom managed to both improve its result and launch new operations in a rapidly changing business environment."

The TV channel Nelonen's operating environment changed fundamentally in 2007, when television broadcasts in Finland went all-digital. For Nelonen, the digital switchover brought nationwide coverage; however, at the same time, the number of free-to-air TV channels available to households increased and the competition for viewers tightened.

According to Kallioja, the switchover went smoothly for SWelcom. In the beginning of 2007, the Division only had one TV channel, Nelonen. By the end of the year, SWelcom had added commercial channels JIM and Urheilukanava, as well as the pay TV channels KinoTV and Urheilu+kanava to its line-up. JIM was launched in the spring, with KinoTV following in the autumn, while the Urheilukanava channels were acquired in the summer. The business also includes two radio stations launched at the beginning of the year, Radio Rock and Radio Aalto, with coverage area of about 4.2 million people. Among the new channels, JIM and Radio Rock in particular have quickly found their audiences.

During 2007, other services were also extensively developed. A new service launched by Nelonen is Hot from the US – a Video On Demand (VOD) service on the channel's WebTV site. This service allows viewers of Disney-ABC television series to watch full episodes of the latest season just a week after they premiere in the United States.

The new channels enable SWelcom to compete more effectively for viewers and advertising revenue. "They allow us to deliver more precisely-targeted audiences to our advertisers," says Kallioja.



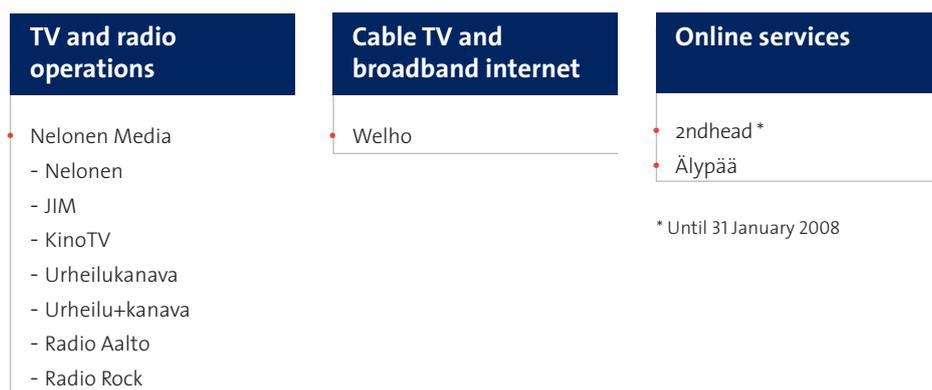
"Entertaining electronic experiences for people's enjoyment."

Tapio Kallioja

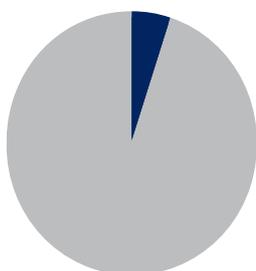
SWelcom offers consumers entertaining experiences on television, radio, online and mobile devices. SWelcom comprises five TV channels and two radio stations. The television channel Nelonen is Finland's third largest medium in terms of advertising sales. Commercial TV channels JIM and Urheilukanava, as well as Radio Rock and Radio Aalto, are all carefully targeted. KinoTV and Urheilu+kanava are pay TV channels.

Welho, part of SWelcom, is Finland's largest cable TV operator and a major provider of broadband services. SWelcom's latest business is online casual gaming.

SWelcom's organisation

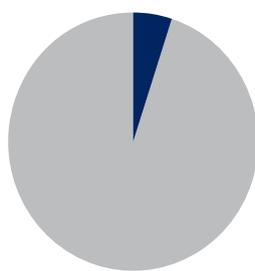


SWelcom's net sales



■ 5% of the Group

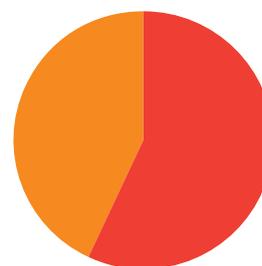
SWelcom's operating profit *



■ 5% of the Group

* Excluding major non-recurring capital gains.

Net sales by business



■ Tv and radio, EUR 83.2 million (57%)
 ■ Others, EUR 63.6 million (43%)

Key indicators

	2007	2006
Net sales, EUR million	146.0	131.8
Operating profit, EUR million	15.8	12.5
% of net sales	10.8	9.5
Operating profit excluding major non-recurring capital gains, EUR million	15.8	12.5
% of net sales	10.8	9.5
Return on investment (ROI), %	14.2	12.3
Average number of employees	501	437

Operational indicators

	2007	2006
TV channels' share of Finnish TV advertising	29.3	31.4
TV channels' daily coverage	44	42
TV channels' commercial viewing share	26.8	25.0
TV channels' national viewing share	12.6	12.1
Number of connected households, thousands (31 Dec)	319	305
Number of pay TV subscriptions, thousands (31 Dec)	86	58
Number of broadband internet connections, thousands (31 Dec)	99	86

Welho was rated the best broadband provider in Finland. Cable TV, broadband and VOIP service provider Welho has beaten the competition on all criteria, e.g. in the EPSI Rating Survey for the second time. "We have invested heavily in both customer service and technology," says Kallioja, commenting on the success.

During 2007, Welho's services were upgraded to better reflect the current situation: broadband customers got a faster connection at the same monthly price, and the pay TV channel packages were renewed.

In online services, SWelcom made several important strides in 2007. "All of these advances were made possible by our high level of expertise," says Kallioja.

This expertise allows the viewers to watch selected Nelonen programmes afterwards on the internet, and it has also enabled the building of the *Welho Play* movie download service and *Pelikone.fi*, where users can play games for free and also publish their own games.

Online casual gaming is becoming a new business for SWelcom. SWelcom acquired Älypää, the biggest online quiz portal in Finland. "Gaming is very much like watching TV, and this is why it fits so well into our offering," Kallioja notes.

In personnel training, the focus was mainly on supervisory duties. "We invested in training that provided our supervisors with a 360° Performance Analysis tool and a personal training programme. It is important for all to know the model that is applied in supervisory duties. We want to be the most preferred employer," Kallioja explains.

In 2008, new innovations will be built upon the solid foundation that has now been laid. "The world is constantly changing, and competition is increasing in TV operations due to new technology. Professional television channels are, however, uniquely equipped to provide many such things that most new players are unable to offer."

"Television operations involve much more than just individual shows. Running a television company is about creating a fantastic all-round experience, not just pretty pictures on the screen. This offering is complemented by a variety of online services. In the future, we need to be able to offer the viewers a wide range of different experiences, regardless of time or place."

Examples of online services

Alypaa.com
Nelonen.fi/nettityv
Pelikone.fi
Play.welho.fi

www.swelcom.fi



Something completely different

Nelonen Media's new commercial television channel JIM offers just what its name implies: JIM stands for 'Jotain

Ihan Muuta' meaning 'something completely different.' JIM's programming is theme-based and every evening is made up of quality documentaries as well as do-it-yourself, lifestyle and entertainment programmes, all broadcast at a specific time. The core target audience of JIM is urban males between 24–44 years of age.

"JIM's launch at the end of February came at exactly the right time. It gained a strong foothold early on in the year, and the channel has continued to increase its viewing share after Finland switched over to digital television in the autumn," says **Pirjo Airaksinen**, Senior Vice President, Programming at Nelonen Media.

For example, in November, 20% of JIM's target group spent their time watching the channel. According to Airaksinen, no other target group channel in Finland has got off to such a flying start as JIM. Such an explosive start is rare worldwide.

The new channel was launched by a small core group of six people. According to Airaksinen, the project was driven by a passionate desire to create something new and exceptional.

"Programme production companies have also taken JIM as a common challenge. They are interested in learning how the channel does and how their programmes perform. This has been visible in, for example, the content and pricing of programme contracts."

Clearly-structured programming that deviates from the mainstream has also gotten advertisers excited about JIM. The channel provides them with a cost-effective means of reaching a specific target group.

"The fragmentation of the media landscape calls for a new level of profiling. Each channel needs to find its target audience. Target audience thinking has, as such, always been an integral part of Nelonen's business, and now it is starting to attract more and more advertisers. JIM is the first male-oriented, commercial TV channel in Finland. It gives advertisers a great opportunity to reach a predominantly male audience." ■

In-store marketing is an area for strong growth. Printcenter, a specialist in point-of-sales marketing acquired in Feb 2007, shifts press distribution focus from logistics to marketing. ▼

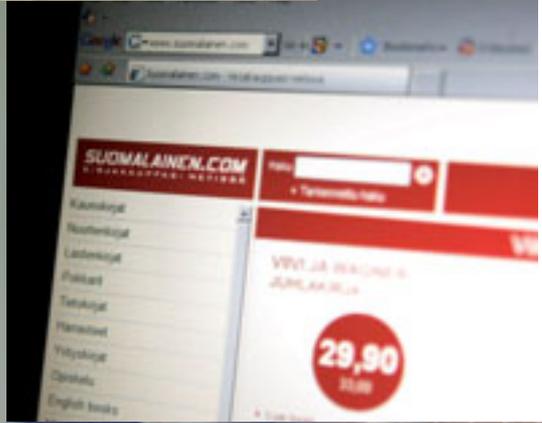


◀ Rautakirja opened its first R-kiosks in Russia. It acquired 25 stores in shopping centres and know-how and position in press imports. The acquired stores will be converted into R-kiosks.

Rautakirja and WSOY joined forces in developing the online bookstore Suomalainen.com. The revamped service will be launched during 2008. ▼

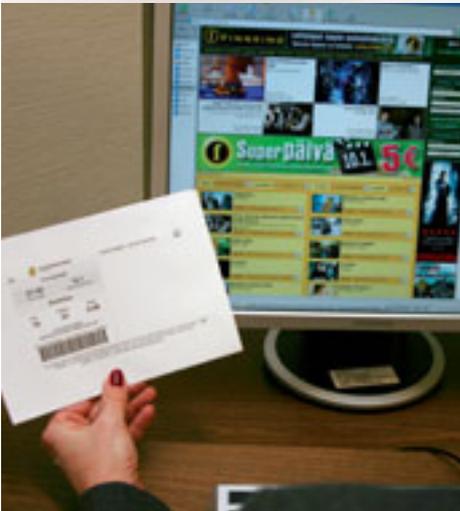


Internal co-operation that began from understanding customer's needs, further strengthened in Rautakirja. It expanded to internal communications, and the personnel magazine changed to the loyal customer magazine Insider. ▶



◀ The possibility to print tickets in advance on the Web has increased the number of movie visits. Finnkino was the first in the industry to introduce the Home Printing concept in Europe.

▲ R-kiosk is Finland's largest café chain with more than 3 million cups sold. In Latvia, fast food is an important addition to the kiosks' product range. Snacks attract people to R-kiosks.



Familiar favourites

Rautakirja achieved success by focusing on understanding the consumer's needs and adjusting its business accordingly. It is always on the lookout for new businesses to complement its existing business lines.

Rautakirja's year 2007 was a good one. The Division's net sales amounted to EUR 849.3 million and its operating profit was 6.5% of net sales. "All business units grew their sales and we made a record profit," says **Erkki Järvinen**, President and CEO of Rautakirja.

Rautakirja focused on growth in several business areas. One of the key things is understanding the consumer's needs: how customers find their way to stores, where new opportunities can be found, and how business can be developed.

Kiosk operations are constantly developing their product range. Traditional products sold well and new ones were introduced. The ÄrräPaketti service allows consumers to send parcels from one R-kiosk to another. It is augmented by the ÄrräExpress pick-up service for parcels that allows customers to pick up products ordered online or by mail from any desired R-kiosk.

"We are giving people more reasons to come to the R-kiosk. For instance, snacks entice people to drop in. R-kiosk is the largest café chain in Finland, and, for example in Latvia, fast food is an important part of our selection. Even though almost everything else can be digitalised, eating cannot be," Järvinen reminds.

The first R-kiosks in Russia opened their doors in June. The acquisition of HDS CIS in the autumn added a further 25 locations that will be converted into R-kiosks.

Press distribution expanded into new markets. In January 2007, the Dutch press distributor Aldipress was consolidated with Rautakirja. In February, Rautakirja acquired Printcenter, a Finnish point-of-sale marketing company. "Point-of-sale marketing is an area of strong growth, and now we have the right tools for the job," Järvinen says.

"We are more than just a logistics operator. Sales promotion and taking care of the entire product group are also extremely important. As we expand our services, we become an even more attractive partner."

In Russia, Rautakirja's kiosk and press distribution operations go hand-in-hand. "I believe our expertise will be a great asset in this demanding market, which offers abundant opportunities."



"Customer contact expertise and little extras for everyday life." Erkki Järvinen

Rautakirja is a retail specialist whose business is based on a thorough understanding of the customers' needs and strong concepts. Rautakirja's success is built on over 200 million annual sales contacts, in which the consumer is present at a kiosk, bookstore or movie theatre.

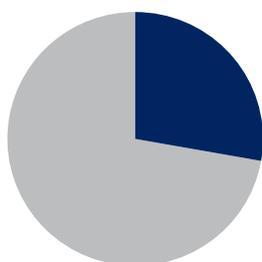
Rautakirja's press distribution operations serve publishers and retailers in seven countries. In Central Eastern Europe, kiosks are an important part of the newspaper and magazine sales value chain. At the moment, the Division is investing in kiosks and press distribution in Russia. Rautakirja's goal is to achieve a strong position in Russia and participate actively in the development of the local newspaper and magazine market.

Rautakirja's organisation



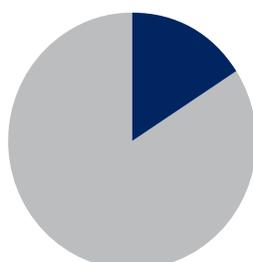
Operates in Finland, unless otherwise mentioned.

Rautakirja's net sales



■ 28% of the Group

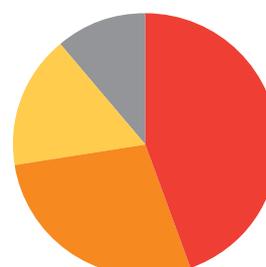
Rautakirja's operating profit *



■ 16% of the Group

* Excluding major non-recurring capital gains.

Net sales by business



■ Kiosk operations, EUR 385.5 million (44%)
 ■ Press distribution, EUR 245.5 million (28%)
 ■ Bookstores, EUR 140.3 million (16%)
 ■ Entertainment, EUR 95.9 million (11%)

Key indicators

	2007	2006
Net sales, EUR million	849.3	799.9
Operating profit, EUR million	55.6	54.7
% of net sales	6.5	6.8
Operating profit excluding major non-recurring capital gains, EUR million	50.7	54.7
% of net sales	6.0	6.8
Return on investment (ROI), %	20.9	20.1
Average number of employees	7 886	7 496

Operational indicators

	2007	2006
Number of customers in kiosks, thousands	213 081	207 745
Number of customers in bookstores, thousands	7 459	7 247
Number of customers in movie theatres, thousands	9 784	8 163
Number of copies sold (press distribution), thousands	376 108	374 838

Suomalainen Kirjakauppa's 62 locations make it the largest bookstore chain in Finland. The Suomalainen.com online store was redesigned in co-operation with WSOY. Although the company fared well in the competition for market shares, Järvinen describes the year in the Finnish bookstores as steady. "There were no exceptional bestsellers, but 2008 is expected to be a better year for bookstores. In Estonia, the development in 2007 was clearly more rapid and we strengthened our market leadership."

The entertainment business developed extremely well. "Our movie theatre business grew clearly faster than international benchmarks. We succeeded in developing our concession sales and offering more reasons to go to the movies. The possibility to buy tickets online and print them at home has further lowered the threshold," says Järvinen.

The proliferation of home theatres has raised doubts about the future of movie theatres. "Yes, there is a competitive situation, but movie going is a social experience, sharing a moment with other people."

In 2007, the business structure was streamlined by divesting the multipurpose arena in Hamburg, Germany.

The availability of personnel is a challenge to the entire retail industry. "We try to attract new employees with challenging and varied jobs, as well as Group-wide benefits. We will invest heavily in our staff, work environment and employer image," says Järvinen.

The outlook for 2008 is challenging according to Järvinen, but there are no major concerns. "We have identified new growth areas and our profitability is good, which gives us many opportunities. Also internal co-operation within Rautakirja will be increased substantially."

Growth will be sought from new services and target groups. For instance, aging baby boomers and senior consumers with substantial purchasing power are viewed as an increasingly important target group. Rautakirja will also continue to develop customer contacts and the use of information derived from them.

"We must always be able to further improve our operations," reminds Järvinen.

Examples of online services

Finnkino.fi
Forumcinemas.lv
Lehtipiste.fi
R-kioski.fi
Suomalainen.com

www.rautakirja.fi



Long hot movie summer

The autumn and winter have traditionally been the peak season for movie goers, but today the fast pace does not slow much for the summer. In July

2007, Finnkino set a new monthly movie attendance record with 486,000 customers across Finland.

"The myth about Finns not going to the movies during the summer has been disproven over the past few years. A good selection of films draws crowds to the movies regardless of the season or weather. Many big-budget Hollywood movies have their world premieres in the summer, and this is reflected in the Finnish audience numbers," says **Reijo Jämes**, Marketing Director of Finnkino.

After the advent of multiplexes, movie-going has also seen many other changes. In the past, you would go to see a specific film, but today, many people do not make a choice between different options until they are on the spot at the box office.

"Movie theatres have been transformed into entertainment complexes, where people meet their friends, eat some snacks and enjoy a movie in a comfortable and modern environment. Changes in the movie culture and the increased number of film premieres have boosted movie audiences significantly in all the cities where we have multiplexes."

Finnkino operates in ten Finnish and six Baltic cities. It currently runs 24 multiplexes with a total of 148 screens and about 27,000 seats. In 2007, the company opened new theatres in Lahti, Finland, and Kaunas, Lithuania.

"In addition to the surroundings, we have also developed our ancillary sales. For example, the shop at the Tennispalatsi multiplex in Helsinki was renovated in 2007. Popcorn, candy and soft drinks are becoming a more frequent part of the overall movie experience."

Customers have been able to book movie tickets comfortably on the internet for a while; now they can also pay for their Finnkino tickets and print them out at home. "With this ticket, you can walk right in to the movie theatre and your seat. Going to the movies should be as convenient and easy as possible," Jämes concludes. ■

A good corporate citizen

SanomaWSOY strives to be a good corporate citizen. We are responsible to our employees, customers, investors and other stakeholders for the quality of our operations. SanomaWSOY's corporate responsibilities include financial responsibility, ethical way of operating (e.g. regarding people, the content we produce and distribute and relationships with the communities surrounding our various businesses) and consideration for the environment. We believe that long-term success can only be secured when operations are profitable and ethically and morally sustainable.

The activities of the Group are based on the ethical principles adopted by its Board of Directors. In addition to individual guidelines, these ethical principles set forth the practices that all Group employees are expected to follow in their jobs – also in situations not specifically covered in these guidelines.

Together with our customers

In all its actions, SanomaWSOY aims at taking its customers into consideration. This is equally

true for pricing, quality as well as image of the company. We must always be able to provide especially competitive products and services – customer-centricity is a cornerstone of our actions.

Financial responsibility

The guiding principle of SanomaWSOY's business, which has roots going back more than one hundred years, is long-term commitment. The Group wants to grow profitably. We focus on both the development of existing products and services, and the creation of new businesses. SanomaWSOY offers its owners a stable dividend yield – each year the Group primarily pays out over half of its result after taxes in dividends.

The key principles employed in financial reporting are reliability, correctness and continuity. The implementation of good practices is ensured by Group-wide guidelines for reporting, appropriate approval procedures and internal audit. SanomaWSOY wants to promote good business procedures. We work with reputable



and experienced partners, and all business transactions undertaken on our behalf are reported accurately in our accounts. For more information on SanomaWSOY's corporate governance principles and risk management, see pages 73–79 of the Financial Statements.

Content responsibility

Freedom of expression, editorial independence and respect for local languages and cultures form SanomaWSOY's publishing principles. Our products and services reach tens of millions of consumers of all ages, in over 20 countries. It is

our responsibility to ensure that the products and services we provide are safe, and of the highest quality. It is important for us that the news, educational materials and entertainment we provide are unbiased and respect the cultures and customs of our operating countries.

According to SanomaWSOY's ethical principles, all the Group units operating in the publishing sector have prepared written publishing principles, which comply with current laws and regulations. Through self-regulation in content distribution, we strive to ensure, that children, for instance, will not be exposed to harmful content. For example, together with other players on the Finnish television market, TV channel Nelonen has established an age-based classification system, which prescribes the times at which material unsuitable for children can be screened.

Helsingin Sanomat shoulders its responsibility

For the daily newspaper *Helsingin Sanomat*, a natural way to carry out its social responsibility is to bring to the public's attention issues that are important to its readers. Such issues have been raised through both journalism and marketing communications.

Collaboration with international development agency Plan started in 2001. After several stages of development, this partnership has become an important element of corporate responsibility for *Helsingin Sanomat*. In 2007, *Helsingin Sanomat* and Plan developed and launched a new online-based fundraising concept (*Planvastuunkantaja.fi*). The concept is targeted at both corporations and private citizens. The purpose is to raise funds for Plan's project activities and support children in developing countries and their communities.

The Vastuunkantaja (Bearer of Responsibility) fundraising programme included a strong launch campaign in *Helsingin Sanomat*, in which prominent public figures endorsed the project and called on others to shoulder their responsibilities. In October, the partners organised a seminar on corporate responsibility with a keynote speech by Sir Bob Geldof. The event was attended by about 500 advertising customers and corporate decision-makers.

A new HS product, *HS Raportti Lapsena maailmassa* (As a Child in the World) was launched to coincide with the seminar in the beginning of October. The report generated a lot of positive interest among *Helsingin Sanomat's* subscribers and advertising customers.

Previous results of the collaboration have included Special Sessions on Children's Rights, other events focusing on children and young people, as well as an annual Good News Week, during which *Helsingin Sanomat* publishes positive stories about the life of children in developing countries.



Consideration for communities

Freedom of expression is every citizen's constitutional right. Freedom of expression entails the right to express, disseminate and receive information, opinions and other communications without prior prevention by anyone. SanomaWSOY is a member company of the European Publishers Council. EPC's objective is to promote journalistic and commercial freedom of expression, and to monitor media legislation in Europe.

As a responsible publisher, we also want to promote media literacy and encourage interest in reading amongst children and young people. One of the largest co-operative projects in the newspaper division Sanoma's collaboration with educational institutes is editorial simulator Piste, which is visited by about 10,000 school children and students each year.

In Finland, for example, each year newspaper publishers organise a joint project, Newspaper Week, and magazine publishers have their Magazine Day in schools. During these theme events, publishers provide schools with materials for classroom sessions about media. In addition, journalists visit schools to tell children about the making of magazines and newspapers.

During the Newspaper Week, *Helsingin Sanomat* publishes daily articles specifically targeted at school children. Rautakirja's Lehtipiste is in charge of collecting and distributing thousands of magazines to schools on Magazine Day. General literature publisher WSOY donates books to schools and writers also visit schools.

Media literacy has been centre of attention, for example on the TV channel Nelonen, which actively co-operates with UNICEF Finland in the international MAGIC project (Media Activities and Good Ideas by, with and for Children). The project aims at offering children and young people the possibility of participating in TV productions and helps them to better understand TV as a medium. In 2007, youths between 13–15-years made short documentaries on climate change as part of the project.

SanomaWSOY has also donated some of its earnings to common good in accordance with the decision of the Annual General Meeting. Beneficiaries have mainly comprised foundations supporting the freedom of expression, journalism research and culture. In 2007, the donation amount was EUR 450,000.

In addition to these donations, individual businesses also support projects they deem important. Our media businesses often donate media time or space, and the collaboration usually lasts several years. Sanoma Kaupunkilehdet, for example, supports child welfare by providing visibility to the Children's Day Foundation (Lasten Päivän Säätiö), while our newspapers donate advertising space to the Baltic Sea campaigns.

Movie theatre company Finnkino, together with the movie distributors, has provided its facilities for charity fundraisers and tailored shows, e.g. for children suffering from cancer, and disabled people. In Croatia, women's magazine *Elle* raised funds for the prevention of violence against children. In Hungary, the weekly *Nők Lapja* joined forces with UNICEF to promote children's rights.

As significant players in their respective areas, many Group companies are in a position to sponsor local projects: regional newspapers *Etelä-Saimaa*, *Kouvolan Sanomat* and *Kymen Sanomat*, as well as the printing house WS Bookwell, actively support fitness and recreational sports. In many companies, the funds reserved for Christmas cards have instead been donated to a charity: in Russia, Independent Media helps sick children, and in Finland, WSOY Oppimateriaalit supports hospital schools. In Poland, YDP donates money to hospitals and children's foundations.

Women are the main target group of our magazines. For several years now, Sanoma Magazines has contributed to promoting the well-being of women in many of its countries of operation. In Belgium, for example, Sanoma

Magazines launched in 2005 the Comeva project, which promotes a feminine mindset. In 2007, the project continued with themes related to family and happiness. In the Netherlands, *Margriet*, one of the largest magazines in the country, dedicated one of its issues to highlighting charitable projects started by women.

The Pink Ribbon campaign against breast cancer has been prominent in our activities in different parts of Europe for several years. In the Netherlands and Belgium, Sanoma Magazines publishes the *Pink Ribbon* magazine, which is designed to promote breast cancer awareness. All proceeds from the magazine are donated to the Pink Ribbon foundation. In Finland, the Pink Ribbon campaign was supported by the women's weekly magazine *Me Naiset* and Suomalainen Kirjakauppa bookstore chain.

People and know-how are our cornerstones

The diversity of our personnel is a key competitive advantage to our business success. We offer equal advancement opportunities to all our employees regardless of age, gender or other personal attributes. We do not condone any illegal activity or any inhumane treatment of labour.

Life cycle thinking

Consideration of environmental issues is an integral part of our business principals. We strive to take care of our printed publications at all stages of their life cycle, from raw materials to recycling. We devote significant effort to the development of our production processes to find sustainable solutions and to use materials that have as little impact on the environment as possible. Most of the materials are renewable and recyclable. Waste that cannot be recycled will be disposed of safely and properly. For more information on environmental issues, see pages 44–45.



Top expertise guarantees quality

SanomaWSOY Group's success is based on our highly professional and committed personnel. High-quality content is the lifeline of our Group, and wide-ranging business expertise is required in order to utilise it. The changing media landscape calls for continuous development of skills and competencies, and the competition for experts will further intensify in the future.

SanomaWSOY makes considerable investments in the recruitment, retention and development of personnel. We will particularly focus on good management skills, digital skills, journalistic skills, as well as sales and marketing skills.

As an employer, SanomaWSOY is committed to equal treatment and providing a fair reward structure to its personnel. We want to encourage new thinking and innovation in all of our activities.

A dynamic, equal opportunity workplace

We want to offer an inspiring work environment and promote the well-being of our personnel by paying special attention to the work atmosphere, the equal treatment of employees and flexible working time arrangements. We monitor the work environment through regular personnel surveys. At the end of 2007, the Group had almost 20,000 employees. Almost all of our companies have incentive schemes.

The Group Equal Opportunities Policy is designed to ensure equitable treatment and promote equality in working life. Divisions have developed their own Equal Opportunities Policies based on the Group policy. In accordance with the Equal Opportunities Policy, we monitor the relative shares of the genders and employees of different ages.



A survey carried out in 2007 indicated that women are under-represented in the Group's top management. In order to address this imbalance, SanomaWSOY will be paying particular attention to, for instance, the participant structure of management training programmes.

Special attention is paid to age structure in the countries of operation where the population is aging the fastest. The Group is preparing for changes in the operating environment with successor plans and career development. The transfer of implicit knowledge from experienced employees to less seasoned staff is increasingly important.

SanomaWSOY International Co-operation Council continues its work. The Co-operation Council was established in 2006 to improve communication and co-operation between management and employees.

The amount of training increased

SanomaWSOY is continuously training and recruiting new personnel – both fresh graduates at the beginning their careers and highly experienced professionals. We believe that networking and meeting new people foster learning.

Our Media Trainee Programme has been up and running since 1999. The programme is designed to develop for our Group business professionals with a broad understanding of the media business.

In the spring of 2007, the School of Journalism, part of the SanomaWSOY Academy, launched a comprehensive programme for new journalists.

The School of Journalism was founded in 1967, and to date it has trained 287 journalists. The School of Journalism also provides continuing education for journalists.

In the autumn of 2007, we launched a Media Sales Trainee Programme for our future sales stars. The objective is to train sales people who are familiar with the Group's product portfolio and values, understand its customers and are capable of developing new products for ever-changing customer needs.

Over 200 Group employees have already participated in the SanomaWSOY Executive Programme (SWEPE), a top-management training programme aimed at developing strategic thinking and management skills. Almost 300 Group employees in managerial positions have completed the SanomaWSOY JET Training Programme.

In 2007, we launched STEP – a training programme designed for specialist to equip them with the skills and competencies required in order for them to develop in their non-managerial roles. SanomaWSOY also has an international programme JUMP targeted at our future potential. It is designed to give its participants new managerial and leadership skills. A second group started their course in the autumn of 2007.

In addition, the divisions offer training to develop key skills and core competencies. The major training programme launched by Rautakirja kiosk operations in 2007 is a good example of internal training. Rautakirja's OK training is designed to turn good customer service into a true competitive advantage for the kiosks.



Personnel training has a key role in growing markets

"The Russian economy is growing quickly in many segments, and publishing is not an exception. The business environment is becoming even more competitive as new players are entering the market, and new titles are launched. Newcomers are recruiting staff from established media companies. As a result, salaries are growing while the level of professionalism is not necessarily increasing.

Independent Media has always been one of the few companies in Russia that relies on growing, educating and further promoting its own employees. We often hire very young people and give them a chance to grow and develop with the company. The average age of our employees is 33. In addition, the media business in general, and our company in particular, is very female-friendly. Women make up 72.5% of our staff, with the majority of our managerial positions occupied by women.

We put talent and professional devotion above all. Our liberal values and the career opportunities we offer to young people explain the fact that we are regarded as one of the best employers on the Russian market.

One of our main focuses is the training and development of our employees. To strengthen this HR area, we aim to establish an Independent Media Corporate University to create a good learning atmosphere for sharing knowledge and experiences. Different programmes for editorial, sales and marketing people are under development to systemise professional knowledge and to increase efficiency in their work."

*Elena Myasnikova
CEO, Independent Media*

Personnel by country *

		%
Finland	9 488	47.0
The Netherlands	2 355	11.7
Russia	1 824	9.0
Lithuania	1 232	6.1
Estonia	1 119	5.5
Hungary	985	4.9
Latvia	703	3.5
Belgium	656	3.2
Poland	389	1.9
Romania	381	1.9
The Czech Republic	174	0.9
Bulgaria	174	0.9
Croatia	138	0.7
Sweden	135	0.7
Ukraine	101	0.5
Serbia	87	0.4
Slovakia	62	0.3
The United Kingdom	55	0.3
Slovenia	40	0.2
Norway	38	0.2
Malaysia	27	0.1
France	14	0.1
Germany	12	0.1
Denmark	3	0.01

* At 31 Dec 2007



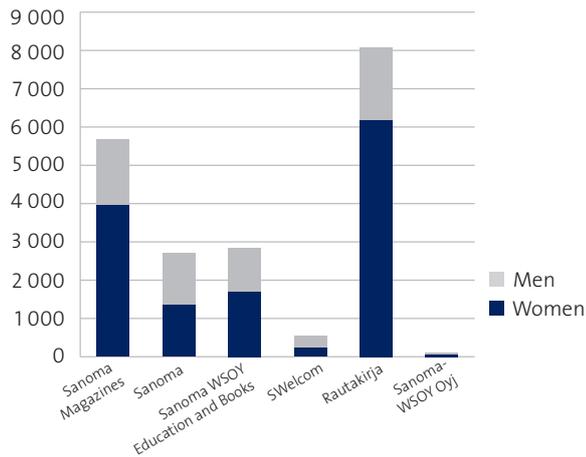
Personnel

	2007	2006	2005	2004	2003
Average number of employees	19 587	18 434	16 885	16 209	17 330
Average number of employees (full-time equivalents)	16 701	15 732	14 256*	13 651	14 207
Net sales per employee, EUR 1 000 **	175.2	174.3	183.9	183.5	168.6

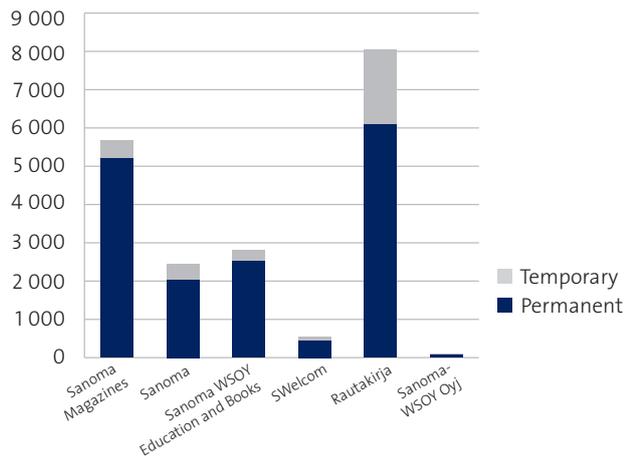
* Does not include Lietuvos Spauda personnel.

** Calculated from the figure for average number of employees, full-time equivalents.

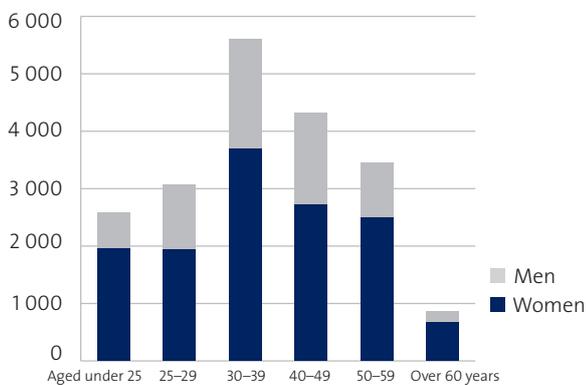
Personnel by division



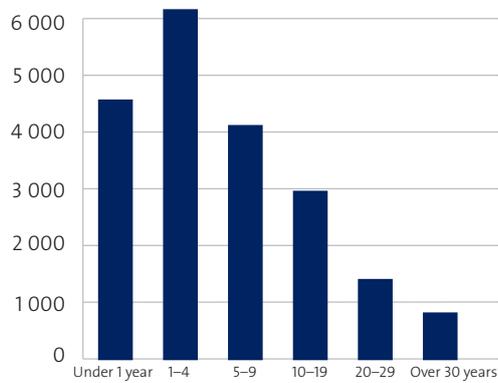
Type of employment



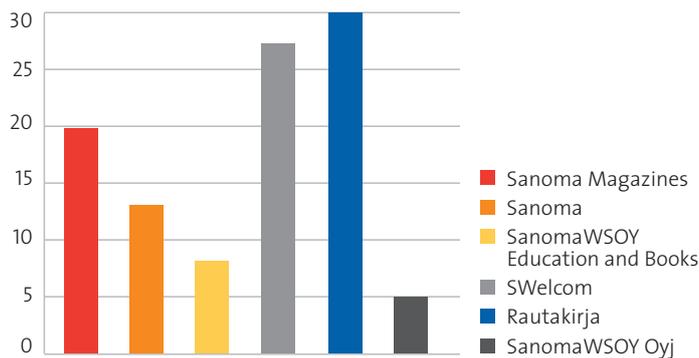
Personnel by age



Work experience at SanomaWSOY



Total personnel turnover, %



Turning customer service into a competitive advantage

"The nature of kiosk work has changed a lot over the 22 years that I've worked for R-Kioski. Today, we've got a point-of-sale system to help us, and the kiosks are like convenience stores. Of course, customer service is always a challenge, but in many ways the work is more enjoyable than before. The kiosks offer a wide variety of products and the product range is constantly changing, so there is always something new to learn.

The new OK training provided tools that enable us to perform kiosk-supervisory duties in a better and more customer-oriented way. Training has given me more confidence in everyday work. Every once in a while it's important to open your mind to new ideas. The OK training exercises were concrete and involved those little things that a kiosk supervisor encounters when managing kiosk employees. Good customer service starts with the little things. A great team atmosphere is also reflected in how we treat our customers."

*Raija Rintala, Kiosk Supervisor,
Seinäjoki Railway Station R-kioski*

The SanomaWSOY Academy expands its operations

"The SanomaWSOY Academy, established in the spring of 2006, offers management training, training for journalists and sales and marketing people, as well as general training courses mainly for the Group's Finnish units.

In addition to the training intended for the Group's employees, SanomaWSOY currently operates three training programmes designed for recruiting future experts for SanomaWSOY's key business areas and to support SanomaWSOY's strategy.

Starting another School of Journalism course signals the determination of SanomaWSOY to invest in quality journalism. The Media Sales Trainee Programme launched in the autumn also has a significant role. A highly capable media sales organisation is a key resource for SanomaWSOY. Besides journalistic competence, we also need creative and highly professional media sales people familiar with our products and values."

*Tuula Jokipaltio
Principal of the SanomaWSOY Academy*



Sustainable development leads to sustainable profits

SanomaWSOY is committed to making its business as effective as possible – also in material use. We develop our businesses as a single entity, in which environmental issues are integrated into strategies and business concepts, as well as innovative technology and solutions.

The Group uses raw materials in an optimal way and protects the environment. We strive to establish sustainable principles for the management of environmental issues, such as health and safety at work and the conservation of energy and natural resources.

In the case of SanomaWSOY, the most important environmental concerns include the materials used by the Group's printing plants, as well as transport. SanomaWSOY seeks to decrease the environmental impact of its operations by reducing emissions and the amount of waste generated, as well as optimising the use of raw materials, energy and other resources. The recycling, processing and final disposal of

by-products and waste is conducted in a safe and responsible manner. Together with our partners, we are working to make our processes and practices more efficient and environmentally positive. In environmental protection, the role of our personnel is critical.

Focus on processes

The consideration of environmental impacts and the rationalisation of production processes have also significantly improved the quality of products and production operations. SanomaWSOY's printing plants are continuously developing their procedures.

The Group's eight printing plants are all located in Finland: five newspaper rotary units (Vantaa, Forssa, Varkaus, Kouvola, Lappeenranta), two book printing units (Porvoo, Juva) and a printing unit specialising in point-of-sales marketing materials (Vaajakoski).



Printing technology has a significant impact on product life-cycle impact. New technology reduces the amount of waste materials and electricity consumption. We are committed to minimising the amount of waste and diverting the majority of all waste to recycling or reuse. With our trusted partners, we can ensure that the recycling, processing and final disposal of by-products and waste is conducted in a safe and responsible manner.

Effective use of materials

Environmental load can be reduced by choosing the right materials, and the Group's production facilities have focused on the efficient use of raw materials, auxiliary materials and energy. Our principal raw material, paper, is renewable and recyclable. Most of the raw materials used by the printing plants are domestically produced and sourced from local suppliers.

In years to come, print media will be increasingly supplemented with digital distribution channels. However, paper will remain the Group's single most important raw material also in the future.

Paper purchases in 2007 were some 5% of the SanomaWSOY's total expenses. Optimising paper usage is one of our key production development goals. In 2007, the paper usage of the SanomaWSOY Group was 258,500 tonnes.

Paper usage increased by 9,000 tonnes (some 4%), mainly due to new magazine launches.

About 30% of the electricity is consumed by printing plants and 70% in office buildings and warehouses.

Joint deliveries

In distribution, we deploy solutions that save money and minimise the burden on the environment. Environmental impacts are reduced by development, e.g., for minimising the pollution of transport.

In Finland, deliveries by SanomaWSOY Education and Books to dealers and bookstores are handled jointly with other book publishers. All magazines and tabloids sold in newsstands are delivered to the outlets as collective deliveries by Rautakirja's press distribution organisation Lehtipiste.

In Sanoma Magazines' other countries of operation, the deliveries of magazines and tabloids sold in newsstands are similarly handled, jointly with other publishers.

The collection and recycling of unsold newspapers and magazines is widespread and well-established in Finland. Press distribution trucks collect the unsold copies from the dealers and take them to collection points, where they are shipped back to a paper mill for recycling.

SanomaWSOY's paper usage, tonnes *

	2007	2006	2005	2004	2003
Newsprint	103 000	99 000	99 000	99 000	99 500
Magazine paper	135 000	132 000	122 000	103 000	102 000
Fine and book paper and board	19 500	17 500	18 500	19 700	17 000
Bookbinding board	1 000	1 000	1 000	1 100	1 000
Total	258 500	249 500	240 500	222 800	219 500

* Includes both the paper used in the Group's own printing plants and the paper acquired for products printed elsewhere.

SanomaWSOY's consumption of electrical energy in Finland, MWh

	2007	2006*	2005*	2004	2003
Consumption of electrical energy	104 757	99 752	113 232	127 879	131 054

* The decrease in the use of electricity is partly affected by the divestments in 2005.



Jaakko Rauramo

born 1941, M.Sc. (Tech.), D.Sc. (Tech.) h.c. (Helsinki University of Technology)

Chairman of the Board of SanomaWSOY, Chairman and CEO 2001–2005 and member since 1999. Term ends in 2009.

Joined Sanoma Group in 1966. Served as President and CEO of SanomaWSOY 1999–2001, President of Sanoma Corporation 1984–1999 and was elected to its Board in 1979, Sanoma Corporation's Executive Vice President, General Manager of the Newspaper division and General Manager at Sanomaprint, among others.

Board memberships, companies: Metso Corporation, (Finland) (Vice Chairman)

Sari Baldauf

born 1955, M.Sc. (Business Administration), D.Sc. (Tech.) h.c. (Helsinki University of Technology), Doctor h.c. (Econ. & Bus. Adm.) (Turku School of Economics and Business Administration)

Vice Chairman of the Board of SanomaWSOY since 2005 and member since 2003. Term ends in 2009.

Served as Executive Vice President and General Manager of Networks, Nokia Corporation 1998–2005 and member of the Nokia Group Executive Board 1994–2005. Previously served as Executive Vice President of Nokia APAC and prior to that, as President of Nokia Telecommunications, Cellular Systems.

Board memberships, companies: CapMan Plc (Finland), Daimler AG (Germany) (Supervisory Board), F-Secure Corporation (Finland), Hewlett-Packard Company (USA), Savonlinna Opera Festival Ltd (Finland) (Chairman)

Robert Castrén

born 1957, B.Sc. (Econ.)

SanomaWSOY Board member since 2001. Term ends in 2008.

Serves as Sales Director at UPM-Kymmene Corporation. Held various marketing positions with UPM-Kymmene Corporation and its predecessor, Kymmene Oy, since 1991. Prior to that, worked for Finnppap and Lamco Paper Sales, among others. Served at Sanoma Corporation's Board as member 1994–1999 and Vice Chairman 1999–2002.

Jane Erkkö

born 1936

SanomaWSOY Board member since 1999. Term ends in 2008.

Served as member of Sanoma Corporation's Board 1990–1999 and as Vice Chairman of the Board of Helsinki Media Company Oy 1995–1999.

Board memberships, companies: Oy Asipex Ab (Finland)

Paavo Hohti

born 1944, Ph.D., Professor

SanomaWSOY Board member since 1999. Term ends in 2008.

Managing Director of the Council of Finnish Foundations since 2004. Served in the Finnish Cultural Foundation 1980–2004. Previously served as member of WSOY's Supervisory Board 1991–1994 and as Vice Chairman 1994–1999.

Board memberships, companies: Huhtamäki Corporation (Finland) (Vice Chairman)

Sirkka Hämäläinen-Lindfors

born 1939, D.Sc. (Econ.), Doctor h.c. (Econ. & Bus. Adm.) (Turku School of Economics and Business Administration)

SanomaWSOY Board member since 2004. Term ends in 2010.

Served as member of the Executive Board of the European Central Bank and as Governor and Chairman of the Board of the Bank of Finland, among others.

Board memberships, companies: Helsinki School of Economics and Business Administration Holding Ltd (Finland), Investor AB (Sweden), Kone Corporation (Finland) (Vice Chairman)

Seppo Kievari

born 1943

SanomaWSOY Board member since 2003. Term ends in 2010.

Served Sanoma Corporation 1966–2004 as President and Publisher of Sanoma's newspapers as well as Executive Vice President of Sanoma Corporation and Senior Editor-in-Chief of Helsingin Sanomat, among others.

Board memberships, companies: Hämeen Sanomat Oy (Finland)

Robin Langenskiöld

born 1946, B.Sc. (Econ.)

SanomaWSOY Board member since 1999. Term ends in 2008.

Served as member of Sanoma Corporation's Board 1990–1999 and that of Helsinki Media Company Oy 1995–1999.

Board memberships, companies: Pencentra Oy (Finland)

Hannu Syrjänen

born 1951, B.Sc. (Econ.), Master of Laws

President and CEO of SanomaWSOY, President and COO 2001–2005. SanomaWSOY Board member since 2001. Term ends in 2010.

Served Rautakirja Corporation 1989–2001 as President and CEO, Vice President, and Executive Vice President and Deputy CEO. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships, companies: Ilmarinen Mutual Pension Insurance Company (Finland) (Chairman), Orion Corporation

Sakari Tamminen

born 1953, M.Sc. (Econ.)

SanomaWSOY Board member since 2003. Term ends in 2009.

President of Rautaruukki Corporation since 2004. Served Metso Corporation 1999–2003 as Senior Vice President and CFO, Executive Vice President and CFO, and Deputy to the President and CEO. Previously served as Executive Vice President and CFO, as well as Senior Vice President and Chief Financial and Accounting Officer of Rauma Oy, as Vice President, Finance of Rauma-Repola Oy's Engineering Industry, and as Financial Manager of Metal Industry division of Oy W. Rosenlew Ab.

Board memberships, companies:

The Finnish Fair Corporation (Finland) (Supervisory Board), Lemminkäinen Corporation (Finland), Varma Mutual Pension Insurance Company (Finland)

The complete list of all board memberships of SanomaWSOY's Board members can be found on the Group's website at www.sanomawsoy.com.

The share ownership information as well as stock options can be found on Note 31 of the Financial Statements and changes in ownership on the Group's website at www.sanomawsoy.com.



From left: Seppo Kievari, Sakari Tamminen, Sirkka Hämäläinen-Lindfors, Robert Castrén, Jaakko Rauramo, Jane Erkko, Hannu Syrjänen, Robin Langenskiöld, Sari Baldauf and Paavo Hohti.

Hannu Syrjänen

born 1951, B.Sc. (Econ.), Master of Laws

President and CEO, SanomaWSOY. President and COO 2001–2005. Member of the Executive Management Group of SanomaWSOY since 1999, Chairman since 2001. Chairman of the Corporate Centre Management Group since 5 April 2007. SanomaWSOY Board member since 2001.

Served Rautakirja Corporation 1989–2001 as President and CEO, Vice President, and Executive Vice President and Deputy CEO. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships, companies: Ilmarinen Mutual Pension Insurance Company (Finland) (Chairman), Orion Corporation

Eija Ailasmaa

born 1950, M.Pol.Sc.

President and CEO, Sanoma Magazines B.V. Member of the Executive Management Group of SanomaWSOY since 2000. Director of the Sanoma Magazines division.

Joined Sanoma Group in 1973. Served as President of Sanoma Magazines Finland Oy 2001–2003 and Helsinki Media Oy 2000–2001, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy 1998–2000. Previously served as Vice President, Publishing at Sanoma Corporation's Sanomaprint and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine Kodin Kuvalehti and in various editorial positions at Ilta-Sanomat.

Board memberships, companies: Huhtamäki Corporation (Finland)

Jacques Eijkens

born 1956, B.Sc. (Econ.)

CEO, SanomaWSOY Education B.V. Member of the Executive Management Group of SanomaWSOY since 2006. Director of the SanomaWSOY Education and Books division.

Served as CEO of SanomaWSOY Education B.V. since 2004, Malmberg Investments 2001–2004 and Educational Information Group (part of VNU) 1998–2001. Joined Malmberg B.V. in 1981 (part of SanomaWSOY Education since 2004) and served in various management and marketing functions.

Nils Ittonen

born 1954, B.Sc. (Econ.)

Group Treasurer, Senior Vice President, Group Treasury, Real Estate and Risk Management, SanomaWSOY. Member of the Executive Management Group of SanomaWSOY 1 May 1999–4 April 2007 and member of the Corporate Centre Management Group since 5 April 2007.

Joined Sanoma Group in 1977. Served in various positions, including as Vice President, Asset Management at Sanoma Corporation and as CFO of Sanoma Inc. (USA) and Crafton Graphic Co (USA).

Board memberships, companies: Oy Asipex Ab (Finland)

Erkki Järvinen

born 1960, M.Sc. (Econ.)

President and CEO, Rautakirja Corporation. Member of the Executive Management Group of SanomaWSOY since 2001. Director of the Rautakirja division.

Served Rautakirja Corporation as President and Senior Vice President, Kiosk Operations since 1997.

Previously served Cultor Group as Marketing Manager and Head of Marketing at Vaasamills Ltd and as Managing Director of Siljans Knäcke AB in Sweden and as Product and Marketing Manager for Oy Karl Fazer Ab's Fazer Bakeries.

Tapio Kallioja

born 1948, M.Sc. (Tech.)

President, SWelcom Oy. Member of the Executive Management Group of SanomaWSOY since 1999. Director of the SWelcom division until 24 February 2008. *

Joined Sanoma Group in 1984. Served as President of Helsinki Media Company Oy, Helsinki Television Ltd. and Helsinki Telset Oy. Also served as Vice President of Eurocable Group and New Media Group.

Board memberships, companies: Savonlinna Opera Festival Ltd (Finland), SSH Communications Security Corp. (Finland)

* Anu Nissinen

born 1963, M.Sc. (Econ.)

President, SWelcom Oy. Member of the Executive Management Group of SanomaWSOY. Director of the SWelcom division since 25 February 2008.

Mikael Pentikäinen

born 1964, M.Sc. (Agriculture and Forestry)

President, Sanoma Corporation. Member of the Executive Management Group of SanomaWSOY since 2004. Director of the Sanoma division.

Served the Finnish News Agency as Editor-in-Chief and President 1999–2004. Previously served as Editor-in-Chief of Etelä-Saimaa 1996–1999 and as Editor in political news of Helsingin Sanomat 1992–1996.

Board memberships, companies: The Finnish News Agency (Finland) (Chairman)



Front: Jacques Eijkens, Tapio Kallioja, Eija Ailasmaa and Hannu Syrjänen. Back: Erkki Järvinen and Mikael Pentikäinen.

Kerstin Rinne

*born 1950, LL.B., Master of Laws
(trained on the bench)*

Senior Vice President, Group Strategic Development and Legal Affairs, SanomaWSOY. Secretary to the Board of SanomaWSOY. Member of the Executive Management Group of SanomaWSOY 1 May 1999–4 April 2007 and member of the Corporate Centre Management Group since 5 April 2007.

Joined Sanoma Group in 1980. Served as Vice President, Legal Affairs 1984–1999 and been responsible for e.g. corporate strategic planning, information services and administration at various points. Previously

worked e.g. as Attorney for the law offices Silkkö & Ståhlberg, H. Hedman and Rinne & Talikka.

Board memberships, companies: HYY Group Ltd (Finland), Kaivopiha Ltd (Finland)

Matti Salmi

born 1950, M.Sc. (Econ.)

Senior Vice President, Group Finance and Administration, SanomaWSOY. Member of the Executive Management Group of SanomaWSOY 1 April 2004–4 April 2007 and member of the Corporate Centre Management Group since 5 April 2007.

Served Rautakirja Corporation 1988–2004 as Senior Vice President, Corporate Finance and Administration. Previously served as Vice President, Finance at Suomen Tupakka Oy and as Controller at British American Tobacco Ltd.

The complete list of all board memberships of SanomaWSOY's management can be found on the Group's website at www.sanomawsoy.com.

The share ownership information as well as stock options can be found on Note 31 of the Financial Statements and changes in ownership on the Group's website at www.sanomawsoy.com.

Corporate Centre Management Group *

Hannu Syrjänen (Chairman), born 1951

President and CEO, SanomaWSOY

Nils Ittonen, born 1954

Group Treasurer, Senior Vice

President, Group Treasury, Real

Estate and Risk Management,

SanomaWSOY

Kerstin Rinne, born 1950

Senior Vice President,

Group Strategic Development

and Legal Affairs, SanomaWSOY

Matti Salmi, born 1950

Senior Vice President, Group Finance

and Administration, SanomaWSOY

* SanomaWSOY renewed its management model on 4 April 2007 and established the Corporate Centre to support Group's divisions.

Management Groups of divisions

Sanoma Magazines

Management Board

Eija Ailasmaa (Chairman), born 1950

President and CEO,

Sanoma Magazines

Koos Guis, born 1947

CEO, Sanoma Magazines

International

Dick Molman, born 1954

CEO, Sanoma Uitgevers

Raili Mäkinen, born 1944

CEO, Sanoma Magazines Finland

Walter van der Schaaff, born 1958

CFO, Sanoma Magazines

Aimé Van Hecke, born 1960

CEO, Sanoma Magazines Belgium

Sanoma Corporation

Mikael Pentikäinen (Chairman), born 1964

President, Sanoma Corporation

Pekka Harju, born 1962

President, Ilta-Sanomat

Liisa Kotilainen, born 1961

President, Sanoma Digital

Pekka Laakeristo, born 1955

President, Sanoma Data

Antti Mäkelä, born 1952

President, Sanoma Lehtimedia and

Sanomapaino

Juhani Pekkala, born 1955

(until 9 November 2007)

President, Taloussanomat

Eija Rinta, born 1955

Vice President, Finance (CFO),

Sanoma Corporation

Niko Ruokosuo, born 1961

President, Sanoma Kaupunkilehdet

Pekka Soini, born 1957

President, Helsingin Sanomat

SanomaWSOY Education and Books

Jacques Eijkens (Chairman),

born 1956

CEO, SanomaWSOY Education

Jyri Ahti, born 1962

(as of 31 October 2007)

Senior Vice President,

Division Strategy and Planning,

M&A, WSOY

Veli-Pekka Elonen, born 1965

President, WSOY

Barend de Graaff, born 1956

CFO, SanomaWSOY Education

Touko Siitola, born 1957

(until 30 October 2007)

Senior Vice President, Literary

Director, WSOY General Literature

SWelcom

Tapio Kallioja (Chairman), born 1948

(until 24 February 2008)

President, SWelcom

Anu Nissinen, born 1963

President, Welho

(until 24 February 2008)

President, SWelcom

(as of 25 February 2008)

Pekka Jaakola, born 1947

(until 31 August 2007)

Senior Vice President, Technology,

SWelcom

Pirkko Jokinen, born 1952

Director, SWelcom

Juha-Pekka Louhelainen, born 1955

President, Nelonen Media

Marja-Leena Tuomola, born 1962

Senior Vice President,

Business Development, SWelcom

Rautakirja

Erkki Järvinen (Chairman),

born 1960

President and CEO, Rautakirja

Hellevi Kekäläinen, born 1953

Senior Vice President, CFO, Rautakirja

Raimo Kurri, born 1953

Senior Vice President,

Press Distribution

Timo Mänty, born 1960

Senior Vice President, Entertainment

Jukka Nikkinen, born 1962

Senior Vice President,

Business Development, Rautakirja

Jarmo Oksaharju, born 1961

Senior Vice President, Bookstores

Markku Pelkonen, born 1962

Senior Vice President,

Kiosk Operations

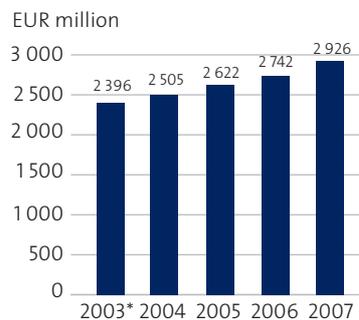
Key figures 2007

Key indicators

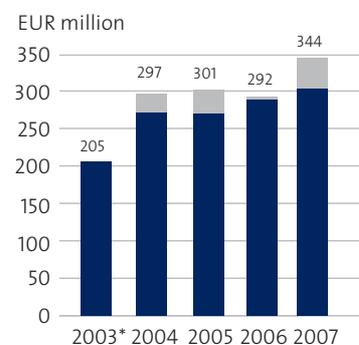
	2007	2006	Change, %
Net sales, EUR million	2 926.3	2 742.1	6.7
Operating profit, EUR million	343.8	292.5	17.5
% of net sales	11.7	10.7	
Operating profit excluding major non-recurring capital gains, EUR million	303.5	288.2	5.3
% of net sales	10.4	10.5	
Result before taxes, EUR million	320.4	276.3	16.0
Result for the period, EUR million	246.1	208.4	18.1
Balance sheet total, EUR million	3 192.3	3 132.2	1.9
Return on equity (ROE), %	18.6	17.7	
Return on investment (ROI), %	15.9	14.3	
Equity ratio, %	45.4	45.0	
Gearing, %	58.2	59.2	
Dividend/result, % *	67.9	72.2	
Effective dividend yield, % *	5.1	4.4	
P/E ratio	13.3	16.2	17.8
Market capitalisation, EUR million	3 196.2	3 521.8	-9.2
Average number of employees	19 587	18 434	6.3
Average number of employees (full-time equivalents)	16 701	15 732	6.2

* Year 2007 proposal of the Board of Directors.

Net sales

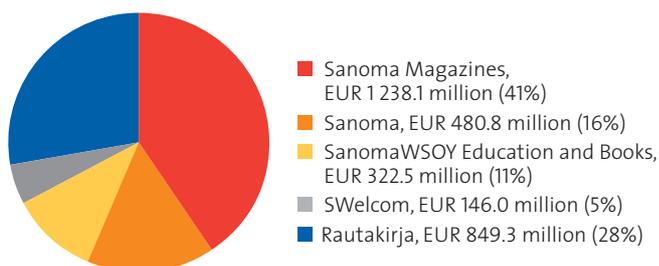


Operating profit

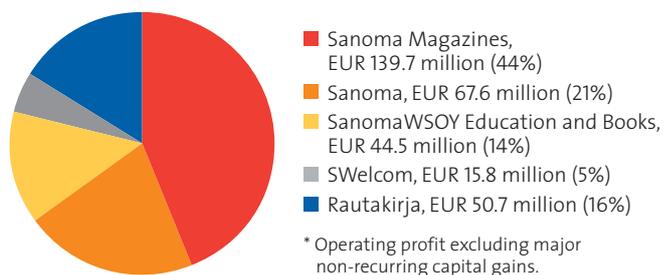


■ Non-recurring capital gains
■ Operating profit excluding major non-recurring capital gains

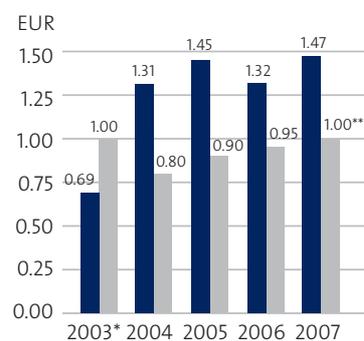
Net sales by division



Operating profit by division *



Earnings/share, Dividend/share



■ Earnings/share
■ Dividend/share

* According to the Finnish Accounting Standards (FAS).

** Proposal of the Board of Directors.