

**OUR WORLD
IS CHANGING**

Tesco virtual store:
is mobile shopping
the future?



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view

2013 English

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sanoma get the world

Sanoma helps people access and understand the world.

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

Sanoma is a front running consumer media and learning company in Europe. In Finland and the Netherlands we are the leading media company with a broad presence across multiple platforms. Our main markets in learning are Belgium, Finland, The Netherlands, Poland and Sweden. Sanoma is listed on the NASDAQ OMX Helsinki stock exchange.

sanoma get the world

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Get the world.

You **turn** a page.

You **click** for more.

You **learn** something new.

You like what you **see**.

Sanoma is built on these moments.

We believe in a world full of **opportunities**, **feelings**, **reactions** and **inspiration**.

A world that you can reach, **influence**, **explore** and **share**.

We want to **make it yours**.

Get the world.

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Our world is changing

Do selfies enhance or diminish 'social entertainment'?

Selfies, or pictures of yourself with a camera (phone) at arm's length, are one of the most interesting social phenomena of today, in words and in meaning. Throughout View you'll find striking examples of selfies from some of our key leaders.



My first year as Chairman...

...of Sanoma was a stormy one, with the media industry and European economy continuing to struggle through difficult times. Operating under those conditions was not easy, which is why I am proud that we met these challenges head on, stayed on course and delivered a performance that was as solid as possible under the circumstances. I believe the actions we are now taking with the redesign of our company will return Sanoma to organic growth in 2016. Our people are committed and focused, and our business has the potential for amazing results.

In Finland and the Netherlands, we reach the vast majority of all consumers through our portfolio of print brands and their digital extensions. We offer them an unparalleled media experience across our many channels and platforms. New offerings we are building on top of that portfolio will further engage consumers and advertisers. At the same time, we are pushing ahead with many digital-only assets that will offer innovative ways of sharing, creating and selling.

In Learning, we are on track to extend our business in three exciting ways. We are turning traditional learning methods into digital workflow solutions. We are developing tutoring services that offer students a personalised learning path that helps them realise their full potential. And we are expanding our business outside Europe, taking our expertise into new territories. These actions put Sanoma at the cutting edge of the education industry.

Unfortunately, our decision to focus on our core markets also meant we had to announce a strategic review of our media businesses in Belgium, Russia, and Central and Eastern Europe. While these are successful companies, we cannot do everything at once. Now that we have begun the most far-reaching transformation in our history, we need to focus our time, energy and financial resources. We believe a future home outside of Sanoma is the best option for these companies, provided a new owner values them as much as we do.

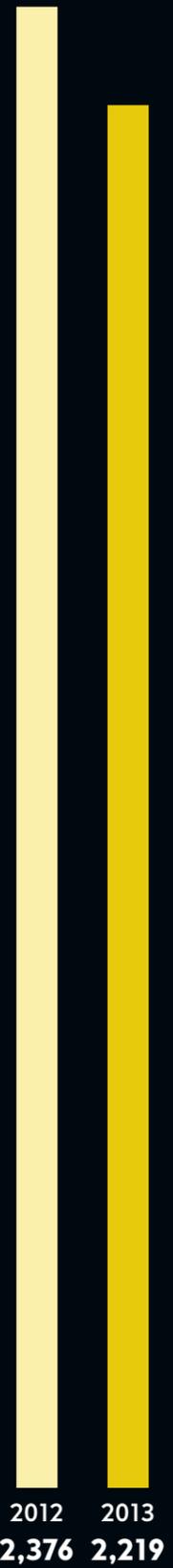
This year's Sanoma View will give you a fuller sense of our Redesign. My hope is that you will see the progress we have made and feel as confident and excited as we are about the journey we are on. There are many challenges on the road ahead, but we know where we are headed and how we plan to get there. I invite you to travel with us.

Antti Herlin

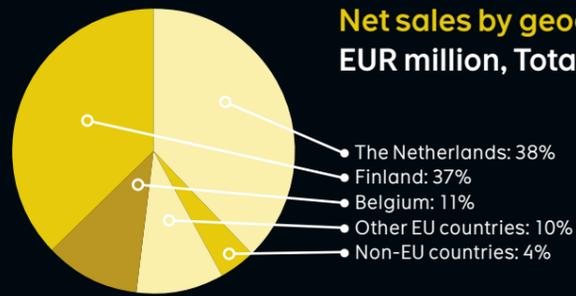
“Our people are committed and focused, and our business has the potential for amazing results”

Net sales and operating profit

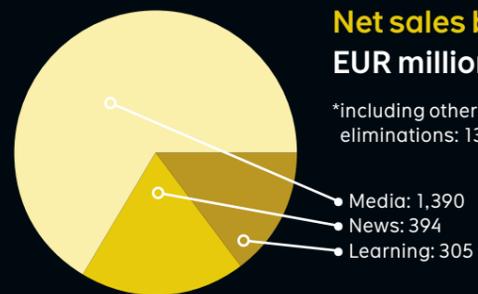
Net sales
EUR million



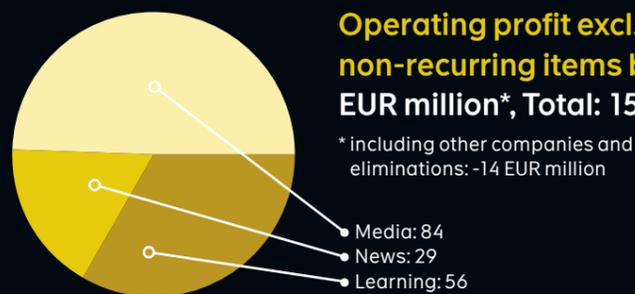
Net sales by geographic area
EUR million, Total: 2,219



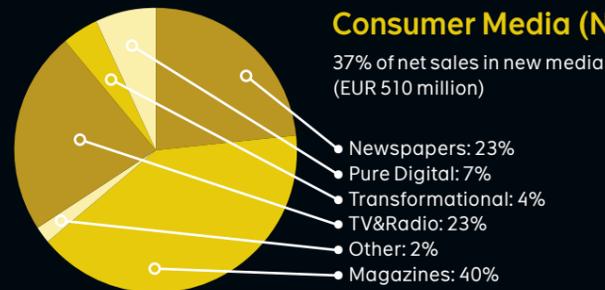
Net sales by segment
EUR million, Total: 2,219*



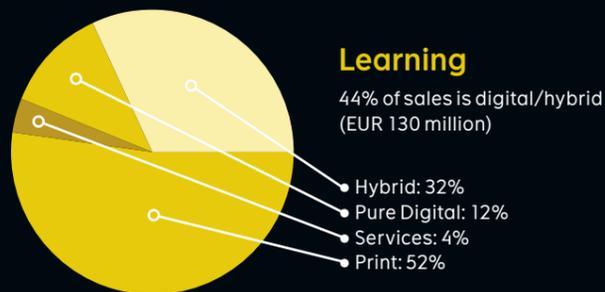
Operating profit excl. non-recurring items by segment
EUR million*, Total: 155*



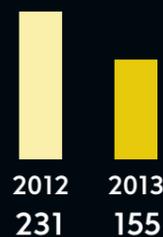
Consumer Media (NL/FIN)



Learning
44% of sales is digital/hybrid (EUR 130 million)



Operating profit excl. non-recurring items, EUR million



Return to passion, purpose and profit



Enthusiasm, focus and self-confidence are gradually returning to Sanoma after a tough year. By addressing structural issues and returning to the core strength of the company, Sanoma has plotted a clear course to growth. CEO Harri-Pekka Kaukonen believes that the organisation is ready, willing and able to make it happen.

Kaukonen agrees that 2013 was a challenging year for Sanoma. "The industry transformation picked up, advertising and print declined more than expected and the European economy remained weak. The combined effects were worse than our bleakest predictions and by March we had to issue a profit warning. It became obvious that existing streamlining and cost-cutting measures would not be enough and that we had to dig deeper," Kaukonen reflects.

Largest transformation

The breadth and depth of action caught many by surprise when in October 2013 Sanoma announced the largest transformation in its history. "Our main decision was to refocus on our two undeniable strengths, the leading multi-channel consumer media business in the Netherlands and Finland, and the cutting-edge European learning assets. Our Belgian, Central and Eastern European and Russian businesses have been put under strategic view, even though they are local leaders run by committed teams," Kaukonen said.

Sanoma had to change dramatically. In Finland, Sanoma merged the News and Media business units into Sanoma Media Finland to pave the way for a digital-first multi-channel approach. In the Netherlands, Sanoma decided to focus on 17 print brands with the biggest potential for digital success; 32 other titles will be either closed or sold and 10 >

"People have picked up their battle gear and are ready to go for it"

> other titles will move to a subsidiary specialised in customer magazines. Learning was given a mandate to expand beyond its core markets in Europe.

Bold and necessary choices

And there was more. Sanoma extended its original EUR 60 million cost-saving programme to EUR 100 million, changed the operating model, set up a dedicated Sanoma Digital unit and technology organisation, and made adjustments to the leadership team. "We made several tough choices, but they were bold and necessary to redesign the company. This sent shockwaves through the organisation and beyond and I think everyone woke up to the fact that Sanoma meant business."

In all of this, the organisation remained cohesive. The declining performance had dented people's self-confidence, but the announcement of the Redesign, as the changes were called, were met with understanding. "I am proud of the way all the people at Sanoma responded. We stayed committed to the brands, our readers and our customers under exceptionally tough conditions. On behalf of the entire leadership team I want to thank everyone for their hard work and for believing in Sanoma."

Enthusiasm returns

Emotionally, 2013 was a rollercoaster year for the people of Sanoma. At first, people felt uncertain and doubtful as the decline continued and a clear path out remained illusive. But the October announcement gave people the clarity, structure and direction they needed. "Afterwards, everyone could quickly see and feel our enthusiasm return. There is a growing sense that we can do this and the momentum is building up. Sanoma is on a mission this year to break through on a number of fronts," Kaukonen says.

Some pundits, however, say the plan is too little and too slow. Kaukonen has a different view. "Our first responsibility is to put solid ground under our feet and create a platform for growth. However, you cannot turn around a EUR 2.2 billion

"We love to create and build multi-channel media central to millions of people"

Group overnight. We have a great plan that addresses the most pressing structural problems and gives us a realistic shot at returning to growth by 2016. And our EUR 100 million in cost-saving are structural savings. If we succeed, our ship will be lighter and we will see sales growth, higher performance and a healthier balance sheet," Kaukonen argues.

Breakthrough year

2014 will be a breakthrough year for Sanoma. Kaukonen does not see the Finnish and Dutch economy making a strong recovery any time soon, so the onus is on Sanoma. "Our goals are simple: to hit our financial numbers and to show the success of our transformation. Last year, 37% of consumer media revenues in the Netherlands and Finland came from new media. And in learning, 44% of revenues were derived from digital or hybrid solutions. We need to increase these numbers. We also have to show the multi-channel transformation in numbers, by releasing new products, growing the number of visitors and growing the number of users."

Kaukonen is optimistic about the company's prospects. "There is a strong sense of urgency and willingness, people have picked up their battle gear and are ready to go for it." A lot now depends on the company's ability to execute the plans, and to this end a dedicated Group-wide project management organisation has been created. "This team will measure and report the



tangible progress we make with our change programme, but also communicate our success stories. They are both watchdog and cheerleader," Kaukonen explains.

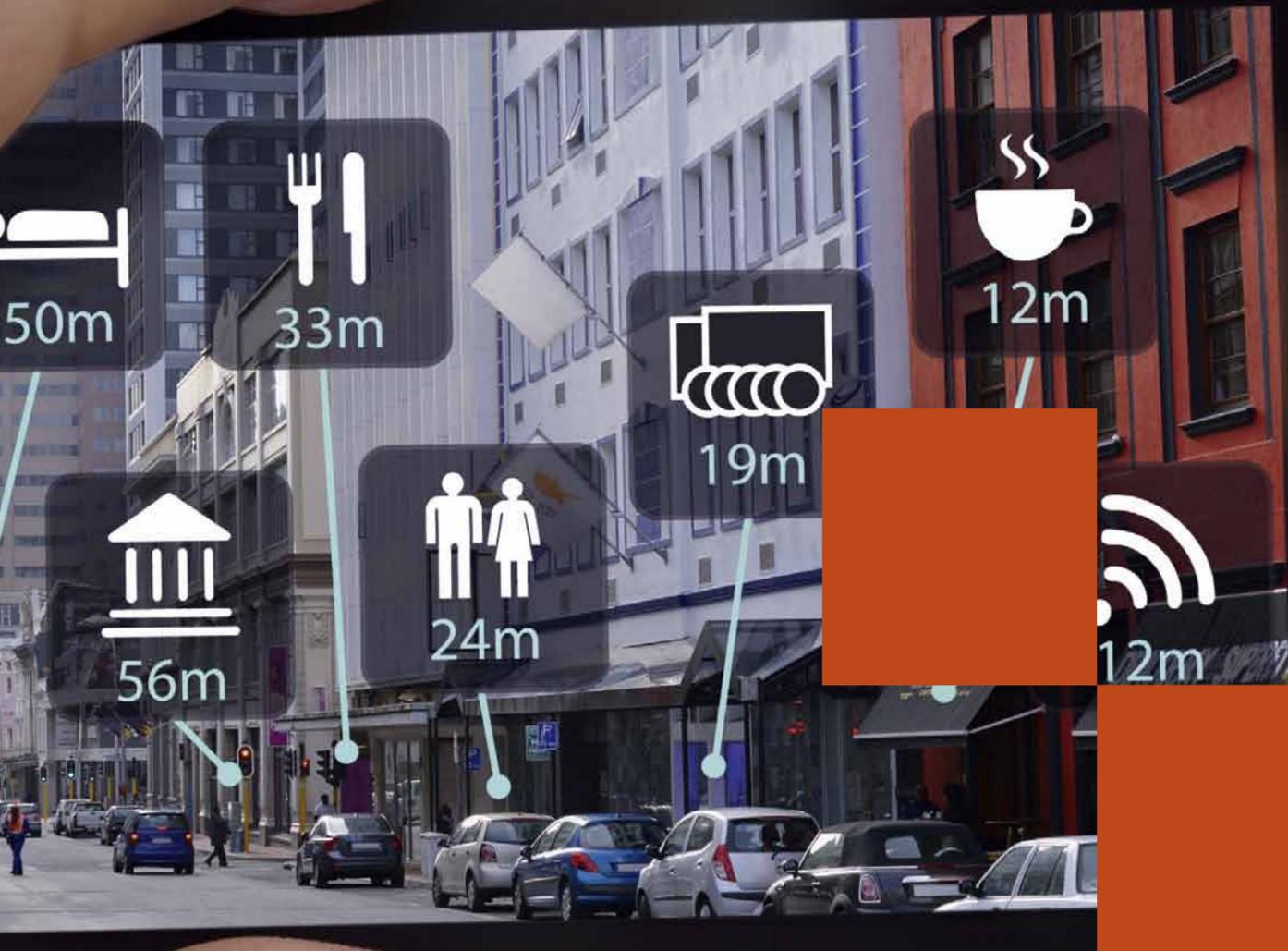
Get the world

In all of this, it is easy to forget that Sanoma still is what it has always been: a passionate organisation that loves to create and build multi-channel media central to the lives of millions of people. "We are the number one media company in the Netherlands and Finland, and we are a leading European learning company. We envisage, create and push the boundaries of what is possible. Our talent and our courage have made us who we are and these strengths remain ours in the future."

Which is why Kaukonen keeps one eye on the period beyond the next two years. What he sees is likely to resonate with the heart and mind of every Sanoma employee. "Once the transformation is complete, we can be a leader in multi-channel content with a world-class portfolio of brands and channels. We can also be a leader in local foresight and insight, having intimate knowledge of the needs, interests and aspirations of consumers, students, teachers and advertisers. And we can continue to provide a world of inspiration, information and knowledge and be admired for our ability to innovate. This is what we mean when we say 'get the world'," Kaukonen concludes.

Harri-Pekka Kaukonen

"I am proud of the way all the people at Sanoma responded"



OUR WORLD IS CHANGING
Location based technology:
can big data create better
experiences?

Building on our leading position in the Netherlands

Sanoma Media Netherlands has embarked on an ambitious journey of growth and innovation. Its aim is to more fully realise the cross-media potential of its 17 print brands, co-operate internationally on digital innovation, create new solutions for advertisers, and improve synergy between print, digital and TV, says CEO Peter de Mönnink.



Peter de Mönnink

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“We have around two million subscribers, an extensive network and talented employees”

De Mönnink, who joined Sanoma after spending some 25 years at Reed Elsevier, has a clear view of changes in the media industry. “Consumers are driving the speed and direction of the media industry’s transformation. What they want is excellent content, which they want to co-create, and multi-channel delivery. To meet these expectations, we have to focus our investments, work efficiently and embrace co-operation as a default way of running our business.”

With this in mind, Sanoma decided to streamline its magazine portfolio and focus on 17 brands. The other 32 brands are under strategic review and several brands have been moved to Head Office NL, a subsidiary specialised in content marketing through customer media. Most of the other brands will be sold, while a small number of titles is likely to merge with other Sanoma titles. This process of streamlining will be finalised >

> by the end of 2014. “Sanoma is switching from managing print for profit to managing brands for growth. These 17 brands have the best potential for multi-channel growth through extensions like digital propositions, e-commerce and events,” says De Mönnink.

Number one media company

Sanoma is and intends to remain the number one media company in the Netherlands, with more than 100 brands across magazines, events, websites, apps, e-commerce activities and TV channels. Last year, it invested heavily in its digital transformation, for example with a hugely popular Lindanieuws.nl website, and new business models for advertisers. It also began work on a video on demand service that sees a number of Dutch TV companies work closely with SBS, in which Sanoma has a 66% stake.

The relationship with SBS minority shareholder Talpa was strained last year, but De Mönnink believes that a page can be turned. “Talpa is a globally-renowned company and together we have a winning partnership. The successful launch of Utopia, a revolutionary reality show, proves what happens when we bundle Talpa’s creativity with our ability to generate awareness using our network and cross-media solutions,” De Mönnink says. He adds the two parties will continue to invest and

“The multi-channel success of Utopia shows what is possible for advertisers”

co-create content, leading to great programmes and marketing solutions for advertisers.

Creating solutions for advertisers

Indeed, the multi-channel success of Utopia shows what is possible for advertisers. “We are shifting from selling space to creating solutions that fit centrally in the business model of our clients. These solutions fuse branded content, our network, incisive analytics and cutting-edge technology.” Sanoma’s offering already includes solutions as diverse as ADAPT, an automated advertising tool, medical warehouse Leef.nl, and platforms like Kieskeurig.nl and Fashionchick.nl.

This digital transformation is key to capturing the hearts and minds of both consumers and advertisers. To speed up this transformation, Sanoma decided to centralise the Group’s pure-play digital assets in a separate unit called Sanoma Digital (see page 22). “Sanoma is leading in mobile traffic and mobile monetisation. We also excel at managing multiple business models in the mobile space. By bundling our resources, we can speed up development, work more cost efficiently and leverage local success stories internationally,” De Mönnink argues.

Our strength

De Mönnink believes that Sanoma has great untapped potential for growth. “We have around two million subscribers, a very extensive network and loads of talented employees. They are good at reaching people, touching their lives and building lasting relationships. And they know how to develop successful monetisation strategies and create dedicated audiences for advertisers. Now, we are investing heavily in new capabilities like big data and consumer analytics. We are driven to generate growth through differentiated value propositions for new and innovative cross-media solutions,” De Mönnink concludes.

Peter de Mönnink

“Sanoma is switching from managing print for profit to managing brands for growth”

STRONG MEDIA BRANDS FIT FOR THE FUTURE

In the Netherlands, Sanoma is revamping its magazine portfolio. Sanoma will focus on the 17 strongest brands that will inspire readers in an increasingly digital and multichannel world. Amongst these brands are titles like Flow, Libelle, Margriet, AutoWeek, Donald Duck and VT Wonen, which allow Sanoma to maintain strong relationships with groups of magazine lovers in new and existing ways. The brands are segmented into five clusters: Women, Kids & Teens, Parenting, Home Deco and Automotive.

Right now, Sanoma is in the midst of implementing a new strategy and operating model for these clusters. The company’s aim to make sure that the strong brands, which have been an integral part of Dutch society for years or even decades, will continue to be successful and relevant in a radically changing media environment. Libelle, for example, is celebrating its 80th anniversary in 2014 and Sanoma wants to ensure this proud women’s title continues to inspire and attract large numbers of readers and visitors through the magazine and its extensions, online and through events and other activities.



Go with the Flow

Being one of the few magazines with a growing circulation in a declining market, the six-person team of Dutch magazine Flow uses its creativity to expand in print, online and on the international market.

Flow already publishes four editions in twenty countries. Starting in 2014, the magazine will increase US circulation through book retailer Barnes & Nobles; the further growth in circulation in Canada and Australia is expected. Flow also closed a successful license deal with Gruner + Jahr for Germany, with a circulation of 110,000. “There are more countries on our wish list,” says Brand Director Joyce Nieuwenhuijs. “And a Japanese publisher wants to produce a booklet about the making of Flow, named Flow Makes Us Happy. That’s a nice way to get introduced in that country.”

Though essentially a print brand, Flow is a strong digital player with a popular app, a loyal digital fan base and a growing presence in social media. Nieuwenhuijs: “Today we are working hard to develop World of Flow, a worldwide platform for creativity. This is linked to e-commerce, because availability is an important principle if you want to sell internationally.” Creative Director Astrid van der Hulst adds: “In Flow, print and online complement each other, the latter being a great way to connect with creative people worldwide.”

75% of all women in the Netherlands reached by our magazines	650,000 unique visitors in the first week of SBS6.nl/utopia	1.5 million viewers watched the first episode of Utopia
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Utopia merges TV with digital

With the reality TV show Utopia, Dutch TV channel SBS6 not only explores the possibility of building a new, more flawless community, it also merges the digital world with traditional television.

Utopia follows a group of people as they start a mini civilisation with not much more than a plot of land, two cows, 15 chickens and some money. Frugal as it seems, a lot of preparation was needed before the programme kicked off in January 2014. To deliver at least one year of exciting online and traditional broadcasts, 102 cameras and two 360° cameras are used to create a daily 30 minute television show and a website with 24/7 live streaming video. Talpa created a completely new infrastructure with a unique content management system to produce the 24/7 live stream and the TV shows.

David Vink, Chief Digital Officer at SBS Broadcasting, says a revenue model also had to be developed. “To engage online viewers, they were given a Utopia passport that entitled them to watch the first month for free via the Utopia website and app. After that, they have to pay a monthly subscription fee. On top of that, we leverage the substantial level of traffic to generate revenues through online advertisements.”

The website has 100,000 unique visitors a day, the app reaches 30,000 unique visitors and the television broadcasts go through the roof with up to 1 million viewers per day. David Vink: “Online video used to scare traditional television, and television was dismissed as being old-fashioned by the digital world. Utopia shows that the two can empower each other to achieve great ratings and serious earnings through both consumer spending and online advertising.”





HENK SCHEENSTRA

Content is king

Sanoma Media Netherlands maximises the value of its immense database of content by introducing the Dynamic Content Platform. The platform, a technically advanced database that contains all of Sanoma's content, creates a world of creative and commercial opportunities.

Currently, the Dynamic Content Platform is primarily used at Sanoma's magazines and editorial departments, as well as at pure play brands like Vrouwonline.nl. It also helps commercial and sales departments to develop innovative products for advertisers.

Henk Scheenstra, Chief Operating Officer Content Media at Sanoma Media Netherlands, elaborates: "Traditionally, advertisers placed an advertisement in a magazine or on a website. Today, whether the media is paid, owned or

earned, brands have many more strategies for meeting their needs. Through the Dynamic Content Platform we can help create tailor-made digital platforms and campaigns."

With 90% of today's media interactions being screen based, publishers have to come up with new concepts to successfully entertain their audiences. In the multi-screen era, static and moving images are as crucial to a story as words are. "We used to create for magazines only. Now, we offer fresh content, instead

of straightforward copies, to entertain our target groups on all their devices."

Sanoma's challenge is to come up with interesting concepts that combine available content with interactive options and video. "The Dynamic Content Platform is a helpful tool for disclosing and distributing content in a way that meets changing consumer needs." In order to generate revenues, Sanoma is pursuing a strategy in which consumers pay for content. Scheenstra: "There is a growing willingness to reward digital content financially."

The Dynamic Content Platform can also serve consumers stories that are totally adapted to their individual taste. Scheenstra: "This makes our content more valuable to advertisers, because it gives them knowledge of who and where their customers are. Content truly is king, as they say."



Smart Publishing dynamic content platform

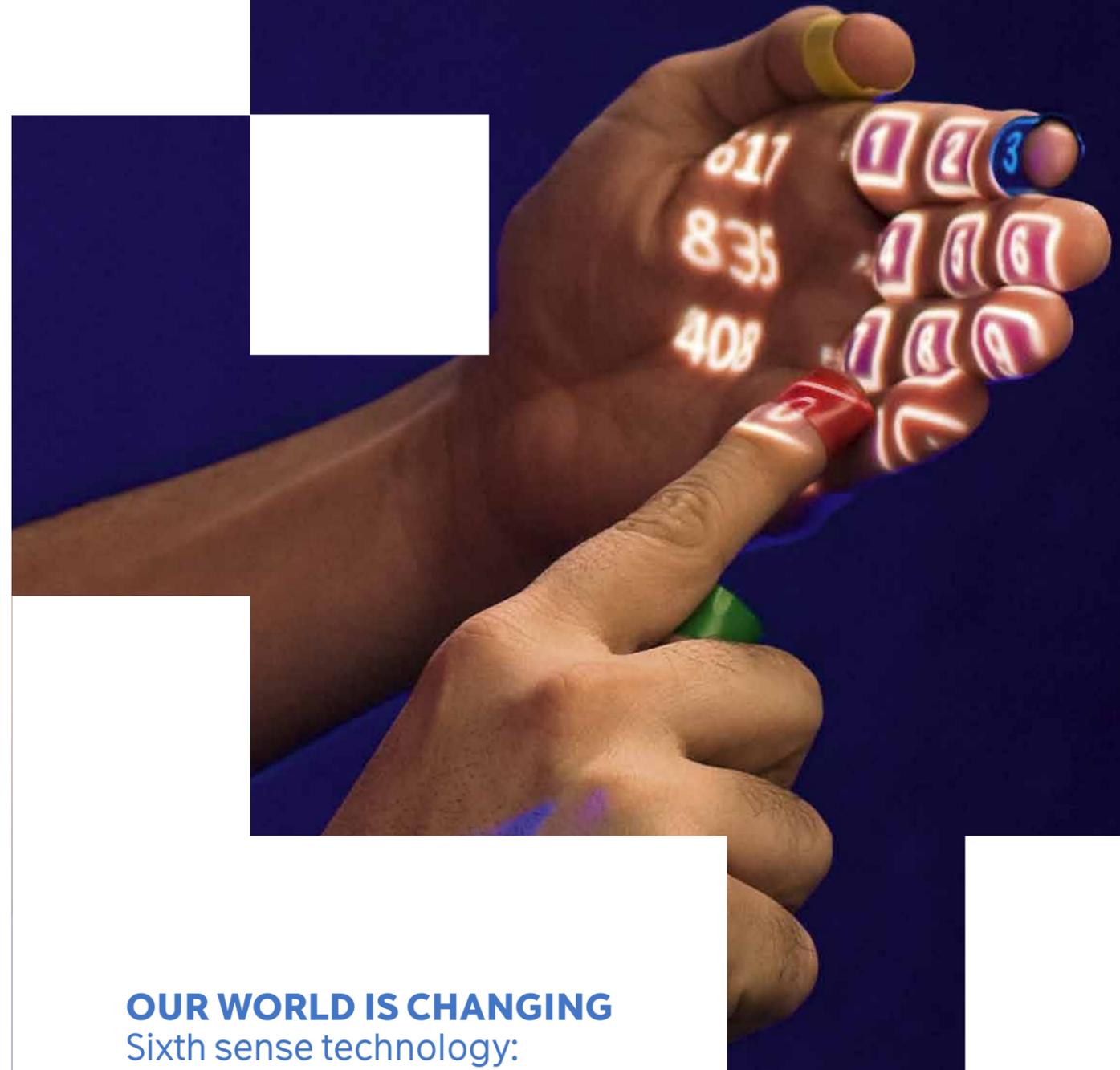
1,084,032 pictures in the databank

93% total reach of women in the Netherlands by print and online brands

6 events

3 TV channels: SBS6, Net5 & Veronica

Finland



OUR WORLD IS CHANGING
Sixth sense technology:
how will it affect our
interaction with the
physical world?

Accelerating Finland's path to growth

Last year Sanoma Media Finland streamlined its legacy business, created financial room for expansion and began nurturing new business opportunities. Pekka Soini, CEO of Sanoma Media Finland, says the solid foundations laid in 2013 will help the organisation find growth and strengthen its position as the country's leading multi-channel media company.

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“The hard work of the past year has given Sanoma a strong foundation”

In early 2014, Sanoma News, Sanoma Magazines Finland and Nelonen Media merged into Sanoma Media Finland. “This new operating model will help us achieve greater collaboration, customer focus and cost efficiency,” said Soini, who became the new CEO. Last year, the Finnish organisation went through several reorganisations in its units, sold or closed down many titles and streamlined internal processes. As a result, the number of FTEs decreased by about 10%, increasing focus and liberating resources for the core assets.

Digitalisation is key

As in other parts of Sanoma, digitalisation is key to the future. The core magazine verticals are being digitally transformed, linear television is developing a strong on demand presence and the newspapers are already working with a digital-first multi-channel approach. “At Helsingin Sanomat, we not only switched to a tabloid format and revamped the whole product family, but also introduced a paywall for our digital content. By the end of the year we had 160,000 subscribers, mostly bundled with print, which offset the decline in the paper's print subscriptions.”

900,000 viewers a week

In 2013, Sanoma also built on its existing strength in linear TV by offering an added service to the successful subscription

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“The key is to create solutions that really meet advertisers' needs”



Pekka Soini

Lead the industry

Soini believes that the hard work of the past year has given Sanoma a strong foundation. “In 2014, we will continue our transformation. We are already the number one media company, but we also want to lead the industry when it comes to digital development and new revenue streams. This requires us to secure renewal in the print portfolio, improve our portfolio planning and further develop the operational model.”

Sanoma will also speed up the launch of cross-media products and offer more tailor-made choices to consumers, for example by combining TV with VOD or by combining content from various sources. Underpinning this offering will be consumer analytics and data, which allows Sanoma to build clear user profiles and respond better to consumers' needs and behaviours.

Advertisers stand to benefit from this approach, too. “We reach almost all Finns every day. To maximise our impact on this huge audience, we are testing new models for advertisers. The key is to stop selling just space or advertisements and instead creating solutions that really meet advertisers' needs. Cross-media solutions that tie print, TV and online together are very efficient in creating visibility and gaining coverage,” Soini says.

Pekka Soini

MOBILE LEADS THE WAY

Mobile was the key word in several of Sanoma Media Finland's success stories in 2013. A significant milestone was reached during the last months of the year, when over 50 percent of total page views of Sanoma's online services came from mobile devices. From that moment on, mobile is leading the way, and the direction is clear.

Growth rates in mobile were impressive last year. Mobile advertising sales grew by around 180%, mobile visitors by over 100% and page views by close to 150%.

The biggest newsservice in Finland, tabloid newspaper Ilta-Sanomat, has been the trailblazer in this development, implementing a true mobile-first strategy and reaching 1.6 million Finns every week with its mobile service.

But not only news fanatics go mobile. Vauva.fi is the leading online magazine brand in Finland, targeted at parents of small children and babies. When launched its discussion platform in mobile, it reached already 130,000 visitors during its first week online.



TIMO RINNE



SANNA VALKEEJÄRVI

Ilta-Sanomat

Shake your mobile money maker

Last year was a very successful one for Ilta-Sanomat, both in terms of audience growth and advertising sales. Mobile in particular grew rapidly. "Our good results are the result of taking digital seriously early on. We saw it as a growth opportunity and invested in content and user experience on different mobile devices. This is paying off now," says Timo Rinne, Director for Online Services at Ilta-Sanomat.

"A couple of years ago, mobile advertising markets did not really exist, and not many people believed that money could be made with mobile. We decided to prove them wrong and invest in mobile user experiences, something we knew the users would want anyway," says Sanna Valkeejärvi, Team Manager, Digital Media at Ilta-Sanomat. "We have been developing our advertising products and working very closely with commercial, development and editorial teams to come up with new and better ways to meet the needs of our advertisers."

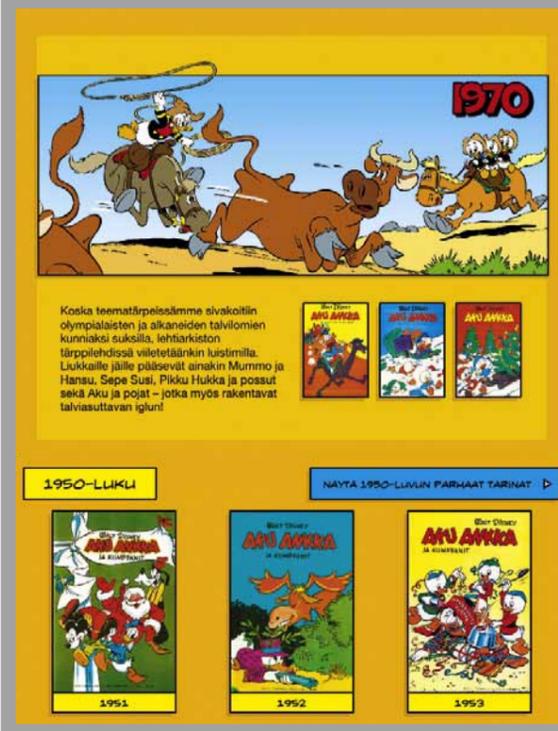
Another Ilta-Sanomat product that has proven to be a good investment is ISTV. This online TV platform started five years ago and now creates a large part of its own programming and attracts hundreds of thousands of viewers per episode. "ISTV is another area in which we want to become a market leader," concludes Rinne.



SINIKA ALANNE
(& AKU ANKKA)

Digital Donald Duck

Aku Ankka Lataamo, the world's biggest digital Donald Duck comic service, was launched in August 2013. It contains more than 100,000 pages of Donald Duck stories from its entire 60-year history in Finland. "We had two goals. First, to create the ultimate digital Donald Duck experience. Second, to grow digital revenues and expand Donald Duck weekly's portfolio into our main target group of seven to 12-year-old kids," explains Sinikka Alanne, Commercial Director Kids Media of Sanoma Media in Finland. Aku Ankka Lataamo's business model is based on subscriptions and the service has achieved good results without cannibalising the printed magazine. Alanne: "We've gained 13,500 subscribers within six months."



More than **100,000** pages of comics from the past 60 years at the digital Donald Duck archive Aku Ankka Lataamo

Digital sales of Ilta-Sanomat grew by **40%**

160,000 the number of digital subscriptions to Helsingin Sanomat

Radio Suomipop doubles share of listeners after revamp



KARI LAAKSO

After intensive research and planning, Nelonen Media relaunched Radio Suomipop in January 2013. The relaunch included fresh programmes, new visuals, an updated brand book and a more modern music selection. The marketing focused on a new morning show that combined the best talents from competitors' stations.

By providing more mainstream content and freshening up the image of the station, Radio Suomipop aimed to reach the commercially most desirable target group: females between the ages of 25 and 44 years. Kari Laakso, Director Radio at Nelonen Media, reveals: "Radio Suomipop was appreciated for playing mostly Finnish music, but it had an outdated feel and it was losing listeners. We felt that the station needed a complete make-over and aggressive marketing."

It worked. In December 2012, the station's weekly reach was 755,000 listeners and a year later it was more than a million. Radio Suomipop's commercial market share rose from 8,2% to 17,2%, more than doubling the station's share of listeners in one year. Radio Suomipop is now the biggest commercial station in market share and number two in reach. The station's sales grew by 40% during 2013.

Laakso: "We expect Radio Suomipop will continue to grow its sales and reach. Video on demand is one of our main growth areas in sales and we are producing more video material than ever



"Video on demand is one of our main growth areas in sales"

before. Radio Nova has been the biggest commercial station in Finland since 1997 and when Radio Suomipop reaches the number one position in reach, it will be a historic moment in Finnish radio."

Multi-channel magazine

In June 2013, Sanoma Media Finland launched Me Naiset Joka Päivä (Every Day). It is a multi-channel magazine subscription containing a weekly print magazine, publications for tablets, a magazine for mobile users and a website with subscriber-only content.

Editor in chief Johanna Lahti: "We wanted our print subscribers to consume quality content where ever, whenever and however they like, offline or online. We aim to turn print-only subscribers into multi-channel subscribers, with higher engagement and higher earnings. The response has been promising and we are expanding this concept to other titles as well. The Meidän Perhe magazine will be the next brand and many others will follow."

Radio Suomipop became the **No.1** commercial radio station in Finland

EUR 680 million Sanoma Media Finland net sales

Biggest magazine brand ET celebrated **40 year anniversary**



SM-Liiga and Ruutu+

In 2010, Nelonen Media, part of Sanoma Media Finland, began to grow its pay TV sales and channel line-up. Today, it is driving the growth of both linear pay TV and video on demand (VOD) revenues and developing the paid content product portfolio as a whole. In 2013, it successfully launched a paid VOD product that offers premium sports and entertainment.

Kai Taka-aho, Vice President Online at Nelonen Media: "All Finnish Hockey League games are shot and delivered to consumers in HD via our renewed Ruutu platform. Viewers are able to watch up to seven live hockey games simultaneously on PCs, mobile devices and connected TVs with an unlimited subscription called Ruutu+. This includes access to other premium sports from the NFL, NBA, WRC and MotoGP, along with a variety of entertainment titles such as US drama series and kids programming."

2013 was also the year Nelonen Media recruited key digital talent to head digital sales, customer engagement and commercial product development ahead of the September launch. Lassi Tasajärvi, Vice President Consumer Business at Nelonen Media, says the seven-person team aims to grow digital consumer revenues and lead the transformation of TV and innovation of digital video products. "We are also excited about the synergies that Sanoma Media Finland's consumer product portfolio and media assets offer, for example in building digital combo products and cross sales opportunities."



"We strengthened our technical and commercial team"

Tasajärvi is content with the results, saying Nelonen Media hit its revenue and subscription targets. "The biggest achievement was that we strengthened our technical and commercial teams with talented and driven digital experts. We gave them an exciting mission to build a paid VOD platform and business operation from scratch in a few months. They succeed and now we will grow our pay TV market share and become the VOD market leader in Finland."

638,000

starts in video on demand service Ruutu for award winning "Arman ja viimeinen ristiretki"

The Facebook page of The Voice of Finland has **57,000 fans**

Online video advertising sales grew **30%**

Digital



OUR WORLD IS CHANGING
Mobile payment:
will we need cash in the future?

Sanoma Digital: growth and innovation of pure-play digital

Sanoma Digital aims to grow and innovate the company's pure-play consumer media digital assets in areas like lead generation digital media, marketplaces and digital content. John Martin, interim CEO of the newly established business unit until 1 March 2014, highlights some of the progress made in 2013 and objectives for 2014.

In recent years, Sanoma has become a strong player in the world of digital media, both through digital extensions of existing brands and digital consumer media assets. Sanoma Digital was launched in the final quarter of 2013 with the mandate to boost the growth and innovation of pure-play digital consumer media assets in local and international markets and to support the digital transformation of the Finnish and Dutch businesses. Digital brand extensions will remain the responsibility of Sanoma Media Finland and Sanoma Media Netherlands, while Sanoma Learning will be responsible for e-learning.

According to Martin, who set up Sanoma Digital and then became CEO of Sanoma Learning in March, Sanoma Digital brings additional focus and investments to the growth and innovation of pure-play digital consumer media assets. "Part of that growth will come from working closely with Sanoma Media Finland and Sanoma Media Netherlands. We will add new verticals,



John Martin

Sanoma's lead generation business also had a solid year. Sales doubled at the recently acquired Fashionchick, in part as a result of international expansion. Furthermore, the introduction of curated search at directory Startpagina.nl has been one of the most successful and rapidly growing innovations at an established digital brand at Sanoma in recent years. Meanwhile, automated trading has continued to thrive on the Sanoma network with sales increasing by almost 25% in 2013.

"Launches of the new lead generation brands Leef.nl (health) and Yixx.nl (jewellery) in the Netherlands, as well as the international launch of price comparison site Kieskeurig in France and Poland, and further internationalisation of the Fashionchick platform, create a healthy pipeline of new business for 2014. We expect this will support the growth of our lead generation assets in the coming years."

new mobile media and video and new services to our lead generation based and digital content businesses. Another part of the growth will come from scaling successful concepts created in the Netherlands and Finland to new markets," Martin says.

Strong online positions

Last year, Sanoma's pure-play digital assets performed strongly. "In Finland, our market-leading position in recruitment got even stronger and we regained leadership in terms of visitors in real estate. We also made a great start with e-commerce service MSO.fi, with more than 150 retailers already on board." In the Netherlands, news platform NU.nl strengthened its leading position. "In 2013, NU.nl generated more than 10 billion page views, and NU apps have been downloaded more than 5 million times. Currently, mobile devices account for more than 75% of page views." Video platform Zie.nl grew by about 40%, totalling 152 million video views.

"Our insight capabilities will make a quantum leap"

Innovation and developing talent

Sanoma Digital also aims to boost innovation. Sanoma Ventures received more than 400 requests from external startups, which ultimately resulted in 9 investments, including Ippies.nl, an online reward programme, and Springest, a learning comparison site. "The business/financial performance of this portfolio has been promising and a total of 15 ventures currently employ some 161 people. We expect to make a similar number of new investments this year," says Martin. In 2013, Sanoma Digital ran four Innovation Accelerators (Content,

"Growth will come from scaling successful concepts to new markets"

Commerce, Talent and NUlab), two of which were open to external participation. Through these accelerators about 500 Sanoma employees were trained in the lean development methodology. Some 15 functional prototypes were created, 10 of which have been given seed funding for further customer validation.

Full pipeline

Building on the success of the series of in-house Innovation Accelerators, Sanoma Digital has launched an Innovation Lab to foster ventures borne out of the Innovation Accelerators and as a test ground for new ideas from the core business. "We currently have a full pipeline of concepts, prototypes and early stage ventures and have set ourselves the goal to establish five ventures in the next three to five years with an annual revenue potential of more than EUR 10 million at maturity."

Finally, Sanoma Digital has significantly increased investments and human resourcing on data science, for example by hiring a team of thirty data scientists to boost the organisation's analytics and insights capabilities. "We are developing the common 'big data' enablers, as well as specific cases on consumer sales, online advertising and new business models. We expect to make a quantum leap in our insights capabilities in the coming years."

Opportunities ahead

Looking ahead to 2014 and beyond, Martin believes that media consumption on mobile devices will continue to grow rapidly, as the number of devices and their connectivity increases, and the supply of online content and services expands. Another key trend is personalisation. "We anticipate that consumers and advertisers will look for increasing personalisation of the products and services they use. This will enable advertisers to achieve better and more relevant targeting, leading to better results and less waste."

John Martin



KRIS BOON

Leef.nl

With a soft launch in March 2013 and an official one in October, a unique partnership gave the online world of healthcare something to talk about. Sanoma teamed up with Mosadex, a Dutch wholesale giant that delivers pharmaceuticals to more than 700 pharmacies, to realise the online health department store Leef.nl.

Leef.nl offers information and advice to consumers and patients, and sells them the right products for their specific health issues. Kris Boon, Manager Performance Based at Sanoma Digital, gives an example. "It's hard for rheumatic patients to squeeze, so thicker cutlery allows them to eat with more comfort. We can't cure their condition, but we can improve the quality of their life."

As the Dutch population continues to age and the government requires patients to fend increasingly for themselves, Leef.nl enters a market in which substantial turnovers are attainable. Leef.nl feels that its goal of becoming the largest e-commerce player on the Dutch medical market is within reach because Mosadex is not an advertiser but a genuine partner. Each has its own expertise and their roles are complementary.

Boon: "Sanoma is responsible for marketing, branding and the optimisation of the site for consumers. Mosadex supplies its product database, category management, range management, pharmacies network and medical knowledge. Separately, we could never have done it, but together we make Leef.nl work. I believe that Sanoma can copy this approach and find other partners with which to create a world of opportunities," Boon concludes.

Kieskeurig.nl goes international

In 2013, the number one Dutch comparison website Kieskeurig.nl crossed the borders. With the launch of sister websites in France and Poland, Sanoma is striving for international growth, following the Group-wide strategy of replicating successful e-commerce concepts to other markets. Using a new platform and based on a responsive design, both sites went live in October. Remko Nugteren, Manager Comparison International: "Our Dutch platform is the perfect asset to build upon, with highly skilled people, a solid system and all the knowledge in house. By combining this with the high quality content strategy, I am sure that we will be very successful in rolling out this comparison platform to many more markets."



Startpagina.nl The value of the human touch

In a rapidly digitising world, Dutch search engine Startpagina.nl brought back the human touch. And, according to Merel Gianotten, Manager Directories at Sanoma Media Netherlands, made a EUR 1.5 million net sales in the first year. "In 2013 we became a search engine with handpicked links. When looking for new health insurance, we give users exactly what they need: a relevant and complete overview of all insurance companies and not ten pages of search results." Startpagina will further develop the search engine, increase content coverage, expand to other domains and develop a mobile version. Gianotten: "Ad spending in the Dutch search market is EUR 600 million a year. We aim for a piece of that pie."

SANDER STALLINGA



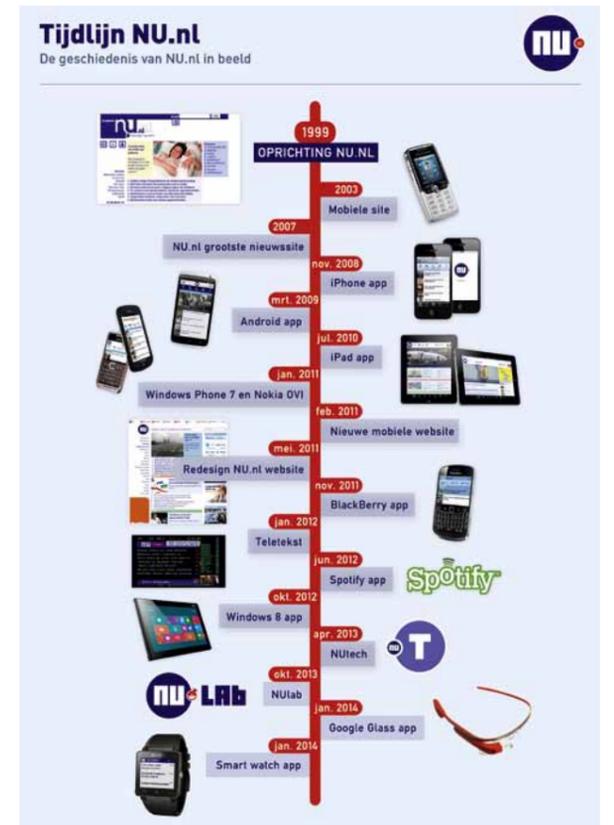
NU.nl

Fast, transparent and innovative: building on these core values, NU.nl not only became the biggest news website in the Netherlands but also the country's strongest and most reliable media brand. "We were the first with an iPad app and the first Dutch news medium to develop concepts for Google Glass. Recently, we also launched an app for smart watches," says Director Digital Content at Sanoma Sander Stallinga.

"Now we focus on open innovation, or using the community we have built over the years to redesign, gather news and develop applications. We also launched open innovation accelerator NULab in 2013 to contribute and develop new ideas for the production, distribution and aggregation of news."

NU.nl attracts 2.7 million people a day and its Breaking News service even has 4.2 million subscribers. People use various complimentary devices to access NU.nl, which is generally considered to be the most user friendly and most up-to-date online news source. In 2013 this was affirmed by awards for most popular iOS app (iCulture) and best Android app (Androidworld), both of them people's choice awards.

Stallinga: "In the near future we strive to grow even more in user reach and advertiser revenue by anchoring NU.nl in the everyday routines of as many people in the Netherlands as possible."



More than **10,000** medical products in the assortment of Leef.nl

Digital sales via automated trading increased by **25%**

E-commerce net sales: **+25%**
FashionChick net sales grew **100%**

900 million monthly page views of NU.nl

NU.nl chosen as **No.1** brand amongst all media brands

Zie.nl: **152 million** video views in 2013, growth of **40%**



MIKKO KETOLA

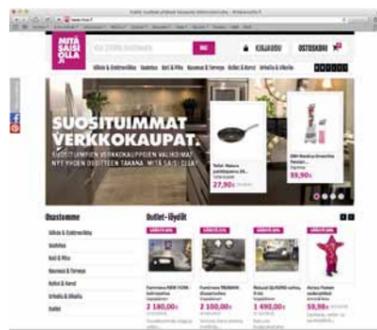
MSO.fi:

bring the product to the customer

Freely translated as 'What you would like to have?', MSO.fi is Sanoma Media Finland's newest e-commerce marketplace for consumers. The business supplies people with a wide range of products, from iPads to t-shirts and from slacks to silverware, all offered by different retailers under the same roof. This means there is one shop with a single registration, one shopping basket and one counter to pay for all purchases simultaneously. Free shipping and no unexpected service costs are part of the deal.

channels. Ketola: "We want to bring the product to where the consumer already is. Now you can read the news and shop on MSO.fi in the same space." This strategy means Sanoma can potentially reach 3 million consumers a week.

MSO hopes to fulfill its ambition of becoming Finland's biggest e-commerce shop and marketplace. For now the focus is on fine-tuning the user experience, for example making it as fast and effective as possible. Ketola: "Perfecting this platform is an on-going process."



"The results have been very positive"

This approach is successful. Some 150 distributors – for now offering mainly technical gear, home deco items and fashion products – are on board and others join every week. "MSO was even better received by retailers than we expected," says Mikko Ketola, Business Director of E-commerce for Sanoma Digital Finland. "We've had good feedback from our consumers, too. They are happy they can find everything in one place," he adds.

MSO has its own domain name, but it is also integrated into other Sanoma web properties, like websites of Sanoma newspapers, magazines and radio

**MITÄ
SAISI
OLLA
.FI**

Oikotie Työpaikat and Helsingin Sanomat

In May 2013, Sanoma Media Finland centralised all Sanoma News' recruitment sales and product development in Sanoma Digital in Finland, which already had a dedicated team of recruitment professionals. "This means our customers can buy a complete print and online solution from a single source," says Riikka Kouhi, Director Classifieds Business at Sanoma Digital in Finland. These changes should boost Sanoma's recruitment product sales and consolidate its strong market position. "The results have been very positive. Helsingin Sanomat started outperforming the overall market and Oikotie continues to do so," Kouhi adds.

More than **20,000** products in MSO.fi webshop

50% use the MSO.fi service with a mobile device

More than **130,000** visitors in the first week of a new forum of leading online magazine Vauva.fi.

Learning



OUR WORLD IS CHANGING
Augmented reality:
will it transform the way
we learn?

Passionate pioneers: Sanoma Learning and the future of education



Jacques Eijkens

Sanoma Learning has an ambitious strategy to transform its core business to digital learning solutions, to target consumers and to grow in emerging markets. A new organisation, a clear vision of the future of technology, and investments in innovation will enable Sanoma Learning to accelerate growth and shape the future of education, say CEO Jacques Eijkens and his successor, John Martin.

“We are using powerful new technologies to transform learning”

Eijkens, who led Sanoma Learning for more than eight years, is proud of last year's results. “Because of our entrepreneurial spirit and investments in technology, we achieved growth in four out of five countries in spite of difficult conditions. In Belgium, for example, online exercise platform Bingel showed strong growth and is now widely used by pupils and teachers. And in Dutch primary education, we integrated all separate IT applications into a single easy-to-use learning platform. Some 60% of schools are using it and revenues grew by 40%.”

In addition to growth in the existing countries, Sanoma has formulated an ambitious strategy to develop a tutoring business. “Parents are willing to invest in tutoring for their children, especially if it is personalised. So last year we built a platform that adjusts the exercises on the basis of a child's results, maximising the learning outcome.” In 2013, we tested this among many children in the Netherlands and Belgium and the results

“We achieved growth in four out of five countries in spite of difficult conditions”

have exceeded our expectations. In fact, we have already started to roll-out our tutoring solutions to other countries,” Eijkens adds.

Furthermore, the company sees opportunities for growth in emerging markets. “The Gulf region has good potential. It has fast-growing populations, is able and willing to invest significantly in cutting-edge digital education and the Finnish education model enjoys an excellent reputation. Our aim is to leverage our content and technology locally.” Eijkens adds that Sanoma is also exploring licensing opportunities in other emerging areas. In China, for example, Sanoma closed a small, one-time deal enabling the country's largest educational publisher to offer its solutions using Sanoma's mobile platform technology.

Digital workflow solutions

Sanoma has a clear vision of applying learning technology to new offerings. “We're moving from teaching methods to digital workflow solutions. This will

greatly increase the efficiency and effectiveness of teachers, but also enable personalised learning. This sees the learning process tailored to the needs and talents of an individual child. We have mapped the components needed for this revolutionary approach and our goal is to make it easy to use and more effective,” says Martin, who succeeded Eijkens in March 2014.

Innovation is a crucial part of Sanoma's transformation strategy. Sanoma changed its technology organisation, enabling the five learning countries – Finland, Sweden, Poland, the Netherlands, and Belgium — to co-develop and share resources. “Digital workflow solutions require new ways of developing and delivering content, as well as tools for giving insights into a child's learning. It is more efficient to pool our internal resources and work together on the development of these components. At the same time, we need to retain the flexibility to adapt our platforms to the local needs of specific countries,” says Martin.

Sanoma intends to develop some of these technologies in-house, but remains open to licensing existing technology if it is mature enough. In addition, Sanoma is keen to tap into innovations happening elsewhere. “Sanoma Ventures and Sanoma's Innovation Accelerators have already given us access to promising learning startups. For 2014, we have also organised the Sanoma Startup Challenge, which is a competition open to European education startups,” says Martin.

Looking ahead

With this new strategy, Sanoma will be better positioned to help pupils and teachers achieve excellent learning outcomes. “The industry is undergoing fundamental change and we are committed to playing a leading role including using powerful new technologies to transform learning,” concludes Martin.

Jacques Eijkens

“Innovation is a crucial part of Sanoma's transformation strategy”

DIGITAL SUCCESSES

- 14% growth in number of exercises made on Bingel.be compared to 2012; in November 1,000,000 exercise series made in a single week.
- Number of exercises made on StudySteps tutoring platform grew tenfold in the last quarter of 2013.
- More than 1,000,000 pupils in primary education work with Malmberg's learning platform, reaching 60% of the market.
- Sanoma Pro's Teacher Online Services platform reaches 90% of all Finnish teachers.
- 800 e-books published in our Learning countries on BookShelf, a global delivery platform provided by Young Digital Planet.



JYRI AHTI

Consortium to expand into emerging markets

Sanoma Learning has the ambition to expand internationally and has set its sights on the Gulf region. "These markets have a fast-growing population and governments that are willing and able to invest heavily in the education of its youth. And society is eager to embrace the kind of cutting-edge, digital education methods that we excel at," says Sanoma Learning's Vice President, M&A and Corporate Relations Jyri Ahti.

Sanoma intends to establish a presence in these markets with local partners. Every country and culture has its own characteristics and to make the company's solutions as relevant as possible, Sanoma tailors them to the needs of local stakeholders.

"To this end, we have created also the Finnish Learning Consortium, which brings together the best of the highly respected Finnish education system, with the intent to speed up the export of its learning know-how," Ahti adds. Sanoma's expansion into emerging markets is also driven by its international track record. Young Digital Planet, our e-Learning company, has years of experience selling educational content and technology to public and private sectors in more than 40 countries worldwide.



GEERT GEERTS

Malmberg's BAPS Evolving

Malmberg, a publisher of primary education methods, has integrated all digital content into a unified platform called BAPS. Business Consultant Geert Geerts explains: "BAPS combines digital whiteboard software for teachers with practice software for pupils. The platform has a backend, of which the content management system is the most important part. This allows us to maintain the content ourselves."

Malmberg began to construct the platform in 2010. In August of that year, customers were able to work with the first BAPS products. Currently, some 60% of Dutch primary education schools use one or more Malmberg software licenses. Around 70,000 teachers work with the digital whiteboard software and judge it as userfriendly and essential to their work.

In 2013, Malmberg began to expand the functionality of the platform. Geerts: "Our priority is to make the software available on tablets. This will happen next school year." The upcoming school year will also see the launch of Malmberg's digital arithmetic method Pluspunt Digitaal, which will replace all paper exercises.

Malmberg is also working on a new learning results system that uses learning analytics. Geerts: "Analysing education results to give good advice is not a new game. However, while feedback is usually given by teachers on paper, an all-digital system now automatically analyses the results and generates an advice."



MARIEKE VAN EYNDHOVEN

StudySteps

Conquering the consumer market step by step

StudySteps, the online math trainer for secondary school pupils, brings an innovative concept to the Benelux consumer market. "It's innovative because it combines a learning and practice platform with personal help when and if needed", Director Tutoring Marieke van Eyndhoven explains. "Most online practise platforms lack personal guidance, but traditional face to face tutoring is expensive and inflexible. We offer the best of both worlds."

Pupils gradually work towards an answer and are corrected along the way to understand where and how they went wrong. This is also different from the traditional right or wrong answer. Van Eyndhoven: "The software analyses the

pupil's level and adapts questions accordingly."

Sanoma's first consumer learning product has been met with an overwhelmingly positive response. Van Eyndhoven: "It is good to see that teachers, pupils and parents consider us as a solution for mastering math. But before focussing on massive revenues, we first need to make our product as strong as its promise." Improvements, earning a number one position as best affordable after school math solution, and expanding into Russia, are all on the 2014 roadmap. Van Eyndhoven: "Expanding to more countries is next. We are going to take over the consumer market step by step."

—
"Expanding to more countries is next"

<p>250,000 pupils and 30,000 teachers actively use Bingel.be</p>	<p>41,000 licenses of Malmberg's BAPS-software already sold</p>	<p>EUR 4.5 million net sales since the launch of BAPS in 2010</p>
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<p>20% weekly growth of the number of StudySteps users</p>	<p>1,814,038 the number of highly interactive resources in Young Digital Planet's database of reusable assets</p>	<p>More than 20 online math coaches are working with StudySteps</p>
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Strategic Review of media operations in Belgium, Russia, and Central and Eastern Europe

Sanoma Media Belgium and Sanoma Media Russia & CEE have attained good results thanks to change programmes and innovative digital initiatives. In October, Sanoma announced a strategic review of these operations.

In 2013, Sanoma Media Russia & CEE continued implementing the focus strategy they pursued in 2012. Magazine and digital media companies in Bulgaria, Romania, Serbia and the Czech Republic were divested, although not all transactions have been closed. Sanoma Media Russia & CEE is still active in Russia, Hungary, Ukraine and Croatia.

Sanoma Media Belgium focused primarily on the completion of its Expedition Sanoma change programme, which aims to turn the single media company (with magazines at its core) into a leading multimedia company. Expedition Sanoma was 95% complete by the end of the year and its initial benefits were evident.

In addition to implementing these important steps and ensuring the continuation and expansion of the existing business, Sanoma announced a strategic reorientation of the businesses in October 2013. As part of this, Sanoma is identifying the best possible future for them. What this will look like, will become clear in 2014.

Net sales for 2013 in Russia and Central and Eastern Europe were EUR 173.5 million. In Belgium net sales were EUR 220 million. For both companies net sales were lower compared to 2012, due to challenging economic conditions, the strategic reorientation and the sale of companies in Central and Eastern Europe.

SANOMA MEDIA BELGIUM

- 48 magazines
- 1 digital TV channel (Libelle TV)
- 2 free-to-air TV channels (SBS Belgium: Vier & Vijf), in collaboration with partners
- 1 radio station (StoryFM)
- 15 websites
- 17 apps

In 2013, Belgium focused on the Expedition Sanoma change programme. This included the implementation of a flexible and cost-effective work concept ('The New Way of Working') and the introduction of a new, future-proof operating model based on the development of content for different brands and platforms. To support this transformation, the sales department has been reorganised in order to sell solutions for advertisers that are suitable for multiple platforms.

SANOMA MEDIA RUSSIA & CEE

- 79 magazines
- 70 websites
- 2 cable TV channels
- 89 apps
- In 2013, Sanoma Media RCEE continued to implement its focus strategy. Highlights for its main businesses include:

Sanoma Independent Media in Russia

Digital sales of Sanoma Independent Media rose by 18% in 2013. Digital sales now account for 11% of total net sales. The development of digital projects is a priority, and Sanoma Independent Media is striving to increase this share to 13% in 2014.

Sanoma Media Budapest

While the pattern of media consumption is changing and printed magazines are generally in decline, Sanoma in Hungary succeeded in boosting the weekly circulation of the popular women's magazine Nők Lapja from 208,010 to 227,012.

Organisation



OUR WORLD IS CHANGING
Drones in the sky:
will drones enhance the
sharing economy?

New vigour: capacity, focus and enthusiasm

In 2013, Sanoma revamped its leadership teams, streamlined its operating model and provided focus and accountability for the transformation amongst its leaders. Chief HR Officer Jackie Cuthbert says ambitious goals, performance management and investments in new capabilities will channel the organisation's renewed sense of purpose.

“We all own it, contribute to it and are in it for the long run”

“

Last year, we worked hard to transform the organisation and return to growth. New business and support function operating models were launched to underpin our transformation and growth agenda. The composition of our leadership teams changed too. We secured our top talents and introduced fresh blood that can deliver results whilst embracing our new core values,” says Cuthbert.

In addition to this, Sanoma paved the way for the development of a high-performance culture. In March 2013, Sanoma launched the Sanoma Way, which puts four values at the heart of everything the organisation does. These values – look ahead, share views, engage people and make it happen – capture the organisation's creative strength and ambitions. “I am beginning to see how the Sanoma Way is inspiring our people.”

Ambition, enthusiasm and talent

Sanoma has anchored the values and the new strategic goals into its perfor-

“Our employees and new talent will find we offer a world of opportunities”



Jackie Cuthbert

Capacity renewal

In 2014, Sanoma's transformation process will result in a significant change to the composition of the workforce. A EUR 100 million savings programme combined with potential divestments of assets and countries, means Sanoma will see an outflow of capabilities that are no longer needed. Instead, the company will reinvigorate its ranks with a range of new capabilities, particularly around the creation of digital solutions, media and learning content and business development.

In addition, Sanoma will grow its capabilities in consumer data and analytics, strategic IT and multi-media sales and marketing. “Sanoma is committed to growth and in 2014 existing employees and external talent will find we offer a world of opportunities. Our aim is to be an attractive employer in new media,” Cuthbert enthuses.

Productivity and execution

Workforce productivity, leading change and retention will be other key themes for 2014. “This year, we will automate our performance management process. This will allow us to roll out targets, in line with our new pay for performance philosophy, to the entire organisation within the next two years.” Another priority will be to support middle management in leading the change, for example with a suite of online and offline training that will give managers the confidence to embrace change and mobilise employees. Finally, Sanoma will

focus on retention, in order to make sure the best people stay on board during this crucial time.

In addition, Sanoma will continue to streamline the organisation and reduce the company's cost base, by outsourcing activities and ensuring that FTEs and employee expenses are in sync with revenue forecasts. Other HR goals are to secure proper succession planning for the Executive Management Group and the top 80, as well as quarterly Pulse surveys to gauge how well the organisation is adapting to change. “Improvements in Pulse results are an integral part of the leadership's performance targets. Culture and engagement are owned by our leadership. I think this sends a clear and convincing message.”

Jackie Cuthbert

“I am beginning to see how the Sanoma Way inspires our people”



Kim Ignatius

Creating conditions for growth

Our 2013 financial results showed that Sanoma's digital core is beginning to shine through. Even though the decline of the print and advertising market weighed heavy on Sanoma's financial results, CFO Kim Ignatius is optimistic about the future, saying the new strategy and restructuring will pay off.

“We have the talent, motivation and building blocks to succeed”

According to Ignatius, last year's conditions were far from ideal. “Our industry is in the process of transforming from print to digital. Our traditional business is in decline, contributing to a decrease in net sales, profitability and cash. The balance sheet is under pressure, in part because of our past acquisitions, and we are still noticing the effects of the European economic crisis. These issues multiply one another.”

Optimistic

And yet, Ignatius is optimistic. “Sanoma began to transform itself three years ago and this process picked up the pace last year with an accelerated investment in our future. During 2013, the management team worked with key people in the organisation to create a clear strategic growth map. It is an ambitious and far-reaching plan that will take two to three years to execute. It is a long road, but we have the talent, motivation and building blocks to succeed.”

After a critical look at its business, Sanoma decided to focus on its core and increase its financial flexibility. It put the Belgian and Russian businesses under strategic review, continued selling operational non-core assets, developed alternative financing solutions and initiated sale and lease back processes on the company's real estate. “Combined, these steps create new sources of funding, reduce net debt, and strengthen our balance sheet. This helps us to invest in the future of our core assets.”

Increase competitiveness

In 2013, Sanoma also expanded its existing EUR 60 million restructuring programme to encompass EUR 100 million of savings by 2016. “These measures safeguard our profit and cash flow, but also improve our efficiency. We're removing overlapping processes and functions, and are simplifying our solution architecture. This improves communication, smoothens out decision making and makes us work more closely together. In turn, this increases the quality of our work and strengthens our competitiveness.”

Together with his colleagues Ignatius has also been overseeing the Excellence in Support Functions project. As far as finance is concerned, Sanoma is acting in three areas. First, it created a single Group-wide finance function, which gathers expertise in specialised areas like business control and external accounting. Second, it is working to harmonise its accounting and control framework by 2015. Finally, it is looking at outsourcing selected finance processes, which will begin to take shape in 2014.

Kim Ignatius

New technology unit supports fast roll out of cross-media

Sanoma boosted its transformation process by setting up a dedicated technology organisation led by a Group-wide Chief Technology Officer, a new key role. Mikael Nurmi, the CTO, says his team aims to increase Sanoma's technological capabilities, create common platforms that can be leveraged and support the roll out of new cross-media services.



Mikael Nurmi

“We are ensuring that Sanoma can quickly ramp up from business idea to commercial product”

In setting up a CTO function and a dedicated technology unit, Sanoma is recognising the central role of technology in the Redesign. “Technology is a key driver of the transformation of the media industry. It changes customer behaviour and enables different types of digital businesses and new ways of content sharing and creation, both online and on mobiles. This creates opportunities that our transformation aims to capitalise on. We will build upon our existing technological strengths in digital, TV and print to enable our cross-media strategy,” Nurmi says.

Nurmi's team is doing a number of things to ensure that Sanoma has the technology and organisational capacity to turn convergence into actual business. “We are implementing a new technology governance and operating model to create an agile organisation capable of anticipating or swiftly responding to business needs. We are also introducing a Sanoma-wide architecture that will boost implementation speed, as well as common sourcing to control our technology spend.”

Economies of scale

By combining what already exists, Sanoma can achieve cost-effective economies of scale and leverage unified platforms to the rest of the organisation. “Reusing our technological capabilities will be an important principle for Sanoma Technology. The Kieskeurig.nl comparison business has been cloned to Poland and France. And in Finland, we have combined the editorial systems of our newspapers to create a unified one,” says Nurmi.

In addition, Nurmi is working closely with Sanoma Digital and Sanoma's Innovation Lab to attract the right talent and create an innovative ecosystem. “We work with partners that provide state-of-the-art solutions for e.g. data centre capabilities and application management. This will power our work and inspire us to build great cross-media solutions.”

Speed and co-operation

Unified platforms and increased capabilities are not enough, though; speed and co-operation are crucial too. That is why Sanoma is creating APIs, or standardised interfaces, that reduce complexity and increase the speed of implementation. “We are building new ways of working and ensure that Sanoma can quickly ramp up from business idea to commercial product. We have implemented the Dynamic Content Platform to support the rapid implementation of digital formats for the print business. In this way we support Sanoma's strategic transformation,” says Nurmi.

Technology is evolving quickly and Nurmi is keeping an eye on the horizon to make sure Sanoma remains on the cutting edge. “A lot is changing. Video platforms are becoming mainstream and the use of mobile and smart devices is growing fast. Cloud services are becoming more important to our ability to quickly get the best results. There are new possibilities and we're making sure we can use them to our advantage.”

Mikael Nurmi

Catalysing positive change

As a media and learning company, Sanoma has the power to raise important issues for public discussion and promote good causes. Ensuring that its employees have the right capabilities for the future is at the heart of Sanoma's approach to social responsibility. The company's environmental responsibility focuses on sustainable business practices.

Raising awareness

Sanoma strongly believes in freedom of speech and editorial integrity. Editorial guidelines ensure that all content is objective and accurate and that readers and viewers can distinguish paid content from editorial content. Also, every editorial office has the power to bring topics to public discussion. "Helsingin Sanomat can create clarity in the complex world around us. We can help create a more diverse and vivid society. Quality journalism can empower readers to become active members of society." Senior Editor-in-Chief Kaius Niemi says.

Our customers can fully enjoy the new media and learning products that are supported by consumer analytics, because we ensure the safe use of digital services and the control of identity. "In 2013, we developed a privacy portal for our consumer media customers to increase awareness about our data uses and privacy policy. The Finnish version was launched at the end of March 2014 and the Dutch version will be launched later this year."

Getting the best learning tools

Good education offers children a better future. We believe that by combining high-quality content, technology and data in innovative ways, we are able to support teachers in their work and make learning more effective. Our learning companies actively support innovative projects, such as eduBudzik, a Polish programme to help pupils discover their strengths and talents and to support teachers and parents in motivating children.

LOCAL IMPACT IN 2013

- Our Dutch magazines donated media space and revenues from competitions and puzzles to different charities. In 2013, the biggest co-operation was with Natuurmonumenten, the largest Dutch nature conservation organisation.
- Sanoma Utbildning, our learning business in Sweden, supports UNICEF's School-in-a-box initiative, which brings school supplies to crisis areas.
- Sanoma Media Finland provided visibility for an initiative to build a new children's hospital.
- Sanoma Pro supports Finnish hospital schools, which teach some 4,000 children each year.
- SBS and Sanoma Media Netherlands helped to raise funds for Ronald McDonald Kinderfonds, a charity that supports sick or handicapped children and their parents.
- Sanoma Learning provided e-learning materials to the Dandelion School, a middle school offering education to children of migrant families in Beijing.

PROCUREMENT IN FOCUS

We are working hard to mitigate our environmental impact. In addition to improving our material and energy efficiency and optimising the transport of goods and people, procurement has an important role in reducing our environmental impact. Sanoma has had Group-wide paper procurement principles since 2009 and is currently developing other procurement processes.

Working for Sanoma

There may never be a more exciting time to join Sanoma than now. We are competing in two different areas simultaneously: innovating new services in rapidly converging digital channels and managing the ongoing transformation of traditional channels. To succeed, Sanoma is looking for new skills and competencies to complement existing strengths. Working with Sanoma today means having the opportunity to shape the future of learning and consumer media at the forefront of our industries in our chosen markets.



The following colleagues have all joined Sanoma for a reason: they embrace Sanoma's values and are all excited to make our transformation happen!

Mika Ruokonen Business Manager of Sanoma Recruitment Media in Finland

"I enjoy working at Sanoma because I am passionate about media and education, which is at the core of what we do. Just like our values, which are a strong part of our DNA. Taken together they allow us to be unique in our business. I feel responsible for making them come alive in our office every day. I want to share my views with my colleagues and I want to encourage people to quickly show tangible results."

Eleonore Olofsson Marketeer at Sanoma Utbildning in Sweden

"I work for Sanoma Learning because I have a passion for learning and education. It's also a creative job in which I meet interesting, smart people with the same passion. That gives me energy! I really like the Sanoma Value 'Look Ahead' because for me the future is exciting and challenging. We don't just have to look ahead - we need to be ahead."

Birgit A. Schwaiger Intrapreneur/Teamlead Internal Venture Hubly.nl in the Netherlands

"I apply the Sanoma value 'Make it Happen' to the lean principles 'build, measure and learn'. Everything we do within the Innovation Lab and Hubly is constantly under review. We try to understand our customers' needs and create the best possible product for them. Only if we try new things, do we have a shot at creating something amazing."

Karel Verlaet e-Learning specialist at Van In in Belgium

"I love to search for innovative ideas and concepts, which Van In is good at. I value that in our approach to learning we constantly go beyond our borders, embrace diversity and mobilise. I see it as one of my challenges to engage my colleagues in this spirit and live our values."

Danny Kriesels Product Manager Automated Trading / ADAPT at Sanoma Digital in the Netherlands

"I really like the Sanoma Value 'Make it Happen' because this is how I work on a daily basis. We take ownership of the automated trading market with our 'just do it' mentality. Everything we do, we do for the first time so failures are a source of learning. I have the ambition to make ADAPT even bigger than it already is."

Maija Savolainen Production Manager at Digital Publishing in Finland

"At Digital Publishing we get to do lots of new things, which allows me to use creativity in many ways. The most important value to me is 'Look Ahead'. We try new things in my work all the time and sometimes they fail and sometimes they succeed. We just need to learn from our mistakes."

Board of Directors



Antti Herlin

- Born 1956, Finnish.
- Chairman of the Board of Sanoma since 2013, member since 2010. Term ends in 2016.
- Chairman of the Board of KONE Corporation since 2003, Vice Chairman 1996–2003 and CEO 1996–2006.
- Other key board memberships: Holding Manutas Oy (Finland, Chairman), Ilmarinen Mutual Pension Insurance Company (Finland, Supervisory Board, Vice Chairman), Security Trading Oy (Finland, Chairman), Thorsvik Invest Oy (Finland, Chairman).



Sakari Tamminen

- Born 1953, Finnish.
- Vice Chairman of the Board of Sanoma since 2009, member since 2003. Term ends in 2015.
- President and CEO of Rautaruukki Corporation since 2004.
- Other key board memberships: Varma Mutual Pension Insurance Company (Finland, Chairman).



Annet Aris

- Born 1958, Dutch.
- Sanoma Board member since 2009. Term ends in 2015.
- Adjunct Professor of Strategy at INSEAD since 2003.
- Other key board memberships: ASR Nederland N.V. (the Netherlands, Supervisory Board), Jungheinrich AG (Germany), Tomorrow Focus AG (Germany), Kabel Deutschland AG (Germany, Supervisory Board).



Anne Brunila

- Born 1957, Finnish.
- Sanoma Board member since 2013. Term ends in 2016.
- Executive Vice President, Corporate Relations and Strategy and Member of the Management Team of Fortum 2009–2012.
- President and CEO of the Finnish Forest Industries Federation (2006–2009). Director General in the Finnish Ministry of Finance (2003–2006).
- Other key board memberships: Sampo Plc (Finland), KONE Corporation (Finland), Stora Enso Oyj.



Jane Erkko*

- Born 1936, Finnish.
- Sanoma Board member since 1999. Term ends in 2014.
- Member of the Board of Sanoma Corporation 1990–1999.
- Vice Chairman of the Board of Helsinki Media Company Oy 1995–1999.
- Other key board memberships: Oy Asipex Ab (Finland), Jane and Aatos Erkko Foundation (Finland, Vice Chairman).

* Regrettably, Jane Erkko passed away 16 March 2014



Mika Ihamuotila

- Born 1964, Finnish.
- Sanoma board member since 2013. Term ends in 2016.
- President and Chief Executive Officer of Marimekko Corporation since 2008, Vice Chairman of the Board of Marimekko Corporation since 2008.
- Other key board memberships: Rovio Entertainment Ltd. (Finland).



Robin Langenskiöld

- Born 1946, Finnish.
- Sanoma Board member since 2013. Term ends in 2015.
- Member of the Board of Sanoma Corporation 1990–1999 and SanomaWSOY Corporation 1999–2008.



Nancy McKinstry

- Born 1959, American.
- Sanoma Board member since 2011. Term ends in 2014.
- Chief Executive Officer and Chairman of the Executive Board of Wolters Kluwer.
- Other key board memberships: Abbott (USA).



Rafaela Seppälä

- Born 1954, Finnish.
- Sanoma Board member since 2008. Term ends in 2014.
- Member of the Board of SanomaWSOY Corporation 1999–2003. President of Lehtikuv Oy 2001–2004. Project Manager at Helsinki Media Company Oy 1994–2000. Member of the Board of Sanoma Corporation 1994–1999.
- Other key board memberships: Globart Projects Oy (Finland, Chairman), Ten Farms Inc. (USA).



Kai Öistämö

- Born 1964, Finnish.
- Sanoma Board member since 2011. Term ends in 2014.
- Executive Vice President, Corporate Development. Nokia Leadership Team member since 2005. Joined Nokia 1991.

Executive Management Group



Harri-Pekka Kaukonen

- President and CEO
- Chairman of the Executive Management Group of Sanoma since 2011.
- Born 1963, Finnish.
- Served Fazer Group as Executive Vice President, Managing Director of Fazer Bakeries & Confectionery Business Area and Managing Director of Fazer Russia in 2010. Head of Division of Fazer Russia and Head of Group Strategy 2007–2009. Fazer Group's CFO 2003–2007.
- Served McKinsey & Company 1992–2003, last years as a Partner.



Peter de Mönnink

- CEO Sanoma Media Netherlands
- Member of the Executive Management Group of Sanoma since 2014.
- Born 1963, Dutch.
- CEO of Reed Business Information International and the Netherlands 2009–2013, Global Chief Strategy & Internet Officer 2002–2008. Joined Reed Business in 1988 and has held several leadership positions within the company.



Pekka Soini

- CEO Sanoma Media Finland
- Member of the Executive Management Group of Sanoma since 2010.
- Born 1957, Finnish.
- Various positions in Helsingin Sanomat since 1980, e.g. Marketing Director 1998–2004 and President 2004–2010.



John Martin

- CEO Sanoma Learning
- Member of the Executive Management Group of Sanoma since 2011.
- Born 1970, British.
- CEO of Sanoma Digital (ad interim) 2014, Chief Strategy & Digital Officer of Sanoma 2011–2013, COO Learning of Sanoma 2009–2011.
- Director of Content-Connected 2006–2009. Chief Commercial Officer in the Executive Board of Swets Information Services 2004–2006. Managing Director of Swets & Zeitlinger Publishers 2001–2003.



Jacques Eijkens

- Advisor, Sanoma Learning
- Member of the Executive Management Group of Sanoma 2006–1 March 2014.
- Born 1956, Dutch.
- CEO Sanoma Learning 2004–2014, Malmberg Investments 2001–2004 and Educational Information Group (part of VNU) 1998–2001. Joined Malmberg B.V. in 1981 (part of Sanoma Learning since 2004).



Heike Rosener

- CEO Sanoma Media Russia & CEE
- Member of the Executive Management Group of Sanoma since 2012.
- Born 1969, German.
- CEO of Bertelsmann Media Polska and CEO of the Polish consumer book company Swiat Ksiazki 2002–2011. Independent strategy consultant 2001–2002. CEO of Tax and Law Publishing at WEKA GmbH 1999–2000.



Jackie Cuthbert

- Chief Human Resources Officer
- Member of the Executive Management Group of Sanoma since 2011.
- Born 1966, British.
- Served Royal DSM N.V. 2002–2011 as Senior Vice President, Global Culture Change; Vice President, Organisation Effectiveness, and Chief Learning Officer.
- Several executive HRM positions e.g. at Unisys Corporation 1997–2000, Credit Suisse First Boston 1995–1997 and Sainsbury's Plc 1988–1995.



Kim Ignatius

- Chief Financial Officer
- Member of the Executive Management Group of Sanoma since 2008.
- Born 1956, Finnish.
- Served TeliaSonera as Executive Vice President and CFO 2000–2008. Previously served Tamro Corporation as CFO and a member of the Executive Board, among others.

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