



Transforming Sanoma

In 2011, in a challenging business environment, we maintained our performance with stable net sales and a 2.6% EBIT decline (excluding non-recurring items). We managed our portfolio actively through acquisitions and by launching new media. We acquired SBS TV with partners in Belgium and the Netherlands, extended our Dutch custom media business and entered the Swedish learning market. We divested several non-core assets.

Journey to high-performance

We designed a new strategy and initiated several change projects aimed at increasing our organic growth, accelerating the digital development of our businesses and realising a high-performance organisation. We introduced performance management, implemented a new organisational structure to increase our strategic focus and agility, and started executing a roadmap to achieve a new, value-driven, high-performance culture.

Ville and Janne
from Sanoma in Finland





SANOMA IS A EUROPEAN MEDIA GROUP with a broad portfolio of digital, learning, news, magazines, and TV activities in 22 operating countries. These enrich the lives of millions of people with inspiring content and valuable services and they enable advertisers and corporations to connect with consumers. Our ambition is to grow our company by innovating, launching digital media, developing learning services and offering cross-media solutions to advertisers. We are a proud company with a value-driven culture that encourages our nearly 15,000 people (FTEs) to innovate, collaborate, develop and excel.

YEAR IN REVIEW

Building a new Sanoma

CEO Harri-Pekka Kaukonen describes how 2011 was a transformational year in which Sanoma shook up its portfolio and developed its business. He also talks about how Sanoma intends to realise its ambitions.



CHANGE JOURNEY

Towards a high-performance organisation

In 2011, Sanoma began a journey to a high-performance organisation by initiating a culture transformation, introducing pay for performance, and revamping its approach to learning and development.

HIGHLIGHTS

From 2011

We highlight 12 successes from across the Sanoma Group that showcase our ability to meet the needs of our customers with a range of innovative media.



SANOMA IN NUMBERS

15 impressive statistics

Active in 22 operating countries, employing nearly 15,000 people (average number of FTEs in 2011: 14,471): Sanoma is a force to be reckoned with. These are 15 impressive numbers that highlight the impact we have in the communities we work in.

ONE SANOMA

Many opportunities

The media landscape is in flux. Read about the fundamental changes that are taking place and the change process that Sanoma has launched that will help us capitalise on them.



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Welcome from the Chairman



2011 was a transformational year for Sanoma. We reshaped our business portfolio, changed our organisation and management, and are on course to transform our culture. We are now more in charge of our own future and less dependent on external factors.



EVERY EUROPEAN MARKET was affected by the financial crisis in 2011. Our main countries – Finland, the Netherlands and Belgium – coped fairly well, but Hungary was hit hard. Our largest investment – the acquisition of SBS television in the Netherlands and Belgium – was made in some of Europe's healthier markets.

Nonetheless, because of the size of this investment, all prospective investments were scrutinised. The Sanoma Group also launched a divestment programme and

» *Our main countries, Finland, the Netherlands and Belgium, coped fairly well.* «

sold its Finnkino movie theatre chain, Suomalainen Kirjakauppa bookstores and book publisher WSOY, among others.

CURRENTLY, Sanoma is in the process of further business portfolio adjustments. The divestment of WSOY allowed us to strengthen our position in educa-

tional publishing in Finland and enter the Swedish learning market.

It is fair to ask whether we invested in television at the right time and for the right price. We believe that we did in the long run. Television has shown the strongest growth in recent years in Europe in general and Finland and the Netherlands in particular. We expect this growth to continue.

WE ENTER 2012 in great shape. We are less dependent on market developments and more in charge of our own future. We are the largest media company in Finland and the Netherlands, have a strong position in multimedia and offer our consumers and advertisers relevant new products through our multichannel approach.

In 2011, we also changed our organisational structure, started transforming our culture, and launched growth initiatives through the One Sanoma project. With the exception of our educational work, we replaced our sector-based organisation with a geographical one. Our Executive Management Group was complemented with a Chief Digital Officer.

THE CHANGES MADE to our organisation and management in 2011 will support our chosen course. There were losses as well: the retirement of Hannu Syrjänen, President and CEO of the Sanoma Group, and Eija Ailasmaa, President and CEO of Sanoma Media.

I would like to take this opportunity to thank Hannu for the work he did over the past decade. Under his leadership, Sanoma became a significant international publisher of magazines, online player and educational publisher. Last year's results build upon his invaluable work.

Eija Ailasmaa contributed significantly to this process. She has had a distinguished career of 38 years with the company and from 2002 until September 2011 she led Sanoma Magazines, by far our largest and most international division. Eija's profes-

» *The changes made to our organisation and management will support our chosen course.* «

sional excellence in her job has been essential to Sanoma and I am grateful for her remarkable contribution.

LOOKING AHEAD, some people have questioned our balance sheet, which contains a lot of goodwill and debt. We strongly feel that our investments create significant opportunities for growth and align us with partners that are capable of developing great content. This includes John de Mol and his company Talpa Media in the Netherlands, as well as De Vijver Media in Belgium.

The economic uncertainty is likely to increase interest margins, and stricter solvency requirements for banks will contribute to this trend. Borrowing may also become more difficult. Then again, basic interest rates will remain very low for a long time, and our divestment programme will grant us a good degree of financial freedom.

IN MEDIA, goodwill consists of brand knowledge, skills, market position and customer relationships, as well as ICT infrastructure, digital innovation and other immaterial elements. The US market shows media's enduring value: only one new TV network has been able to compete with the three major networks that were established in the 1940s. More than half of the country's ten most successful magazines were established before the Second World War, and one of them was even founded in 1888.

FURTHERMORE, the media industry is very much a home market industry and it is difficult, if not impossible, to outsource



functions to the Far East. Today, the media industry is also highly innovative, constantly creating new products and services for traditional and new media alike.

For this reason, one would think that the government would favour and foster the industry. Unfortunately, this is not the case in Finland – on the contrary, many of the government’s measures have hindered development in the field.

However, because of our strong market position and the international scope of our operations, we are less affected by such measures than most other media companies in Finland.

SANOMA’S MISSION IS to be the market leader in satisfying people’s need for information and education and for an easier and happier life. I believe that, with our new organisation and our new CEO, we will succeed in realising this mission even better than before.

On behalf of the Board of Directors, I would like to thank all our employees for their excellent and hard work in 2011. I am also very proud and grateful to see customers continue to place their trust in us. ■

Jaakko Rauramo
Chairman

Bold move
 Our largest investment, the acquisition of SBS television with prominent partners in the Netherlands and Belgium, was made in some of Europe’s healthier markets.



» For 2012, we aim to build on the strengths that we have developed in 2011, and our broader presence in consumer media – covering magazines, newspapers, TV and digital. We need to speed up the transition to digital and look for new markets in learning. «



Building a new Sanoma

In 2011, we reshaped Sanoma significantly. With a strong focus on media and learning, a matching business portfolio and operating structure, we are set to execute our new growth strategy.

This is in part due to the SBS acquisition, which overnight made us the largest media company in the Netherlands. Now, we can build a multimedia platform like we have in Finland with broad reach, a strong offering and brands that are even more relevant to both consumers and advertisers.

I AM PROUD that we managed to deal with tough external challenges while transforming the organisation from the inside out. What helped us succeed was the Sanoma spirit: our desire to win and perform, the pride we feel for our company and the shared belief in what we are trying to accomplish. I am grateful to all Sanoma employees for their contribution.

We will need these strengths in the years ahead. Europe is bound for a period of slow growth and we expect continued pressure on advertising revenues and consumer spending. At the same time, education will remain of strategic importance to the future of Europe and we believe countries will continue to invest in their youth.

LAST YEAR was tough, dynamic and transformational. Europe's ongoing economic woes affected advertisers and, consequently, our traditional media business. It is due to our fighting spirit that we managed to maintain, and even increase, our position in these areas, and achieve stable top- and bottom-line results. We also increased our market share in most learning markets and substantially improved the operating performance of our trade operations.

WE ALSO BEGAN the transformation of our own organisation and culture under the One Sanoma banner. We developed a new strategic focus, implemented a new organisational structure and initiated a process to define the desired changes in our mind-sets and behaviours. By encouraging collaboration across countries and businesses, we will create new opportunities for growth.

WE CAN EXPECT CHANGES to the way consumers, advertisers and content producers interact. Also, digital media consumption will increase, both in terms of time spent and the usage of various media. This will impact our mix of revenues and our customers' advertising spending and will force us to rethink who we are and what we do.

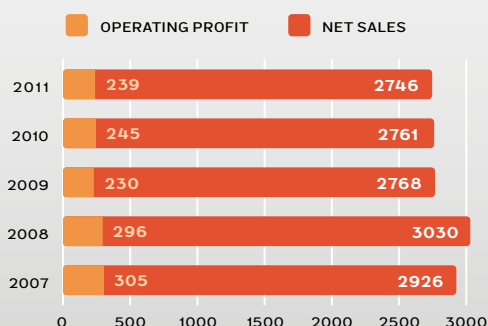
THERE IS MORE to be proud of. In 2011, we took great strides in executing our strategy and shaking up our portfolio. We divested several businesses, entered the Swedish learning market and substantially grew our digital offering. Today, our portfolio is very different from the one we had a year ago.

We also created a broader, more international management team with direct links to the businesses, which will result in quicker decisions. In addition, we initiated projects aimed at enhancing our performance, increasing organic growth, and strengthening our offering in consumer media and learning with new digital initiatives.

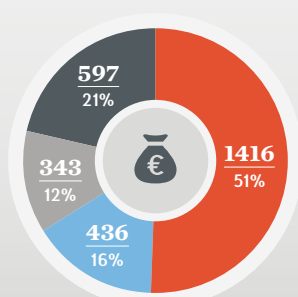
In fact, I see three important roles for us in 2012 and beyond. Our first role is to provide our consumers with the desired content on the platform and with the functionality they want. This requires us to rethink what content is and what business models fit with that.



Net sales and operating profit
excl. non-recurring items, EUR million

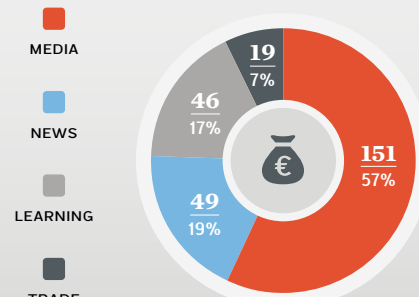


Net sales by segment,
EUR million *



* Incl. EUR 46 million intra-Group sales

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

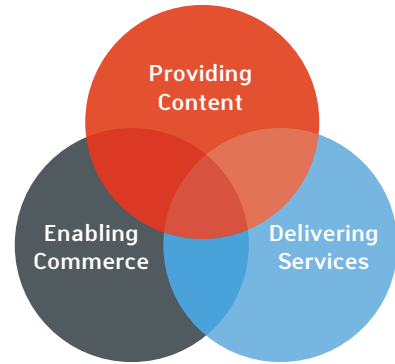


** Incl. other companies and eliminations

» Today, our portfolio is very different from the one we had a year ago. «



Roles of Sanoma



Our second role is to enable commerce. We already do this – for example by providing click-throughs and classifieds and by helping advertisers with their marketing – but we need to become better at it. We must help customers get the best return on their marketing investment with attractive packages and sound advice.

Our third and final role is to help people realise their potential, either through formal education or through the media we offer. We make a significant contribution to the education systems of the countries where we are active and believe we can further improve learning outcomes and efficiency by applying technology to our offering.

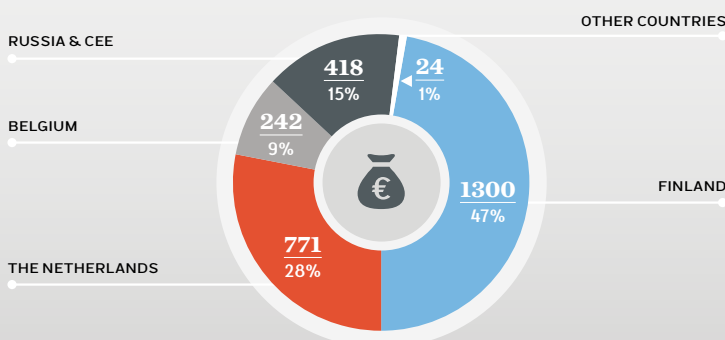
FOR 2012, our goals are to have a broader presence in consumer media – covering magazines, newspapers, television and digital – and to build on the strengths we have developed in 2011. We need to speed up the transition to digital and look for new markets in learning.

This requires us to become more consumer-oriented. We have this strength, but need to deepen it so we provide the products and services that consumers value and are willing to pay for in the digital future. We need to continuously develop our print business, grow our TV operations, invest in the growth of our learning business and speed up our development of digital media. At the same time, we will encourage a culture in which people share and collaborate across businesses.

I BELIEVE 2012 will be another exciting and transformational year, in which we build on our past success and use our Sanoma spirit to grow and win. I look forward to working with my colleagues, our partners and advertisers on the next step of our journey. ■

Harri-Pekka Kaukonen
President and CEO

Sanoma's net sales by geographic area, EUR million



Towards a high-performance organisation



Sanoma's exciting journey to become a high-performance organisation will touch upon every single aspect of our organisation. In 2011, we took important first steps in three crucial areas: culture transformation, pay for performance, and learning and development.

IN 2011, we began a transformational journey that will change what we do and how we do it.

Our work began with a survey that gauged the way our people feel and think about the company. Some 10% of our workforce responded and what emerged was a clear picture of our strengths. In particular, we are proud of our strong customer focus and the quality of our content.

We also expressed a clear need for transformation, concluding that our titles work in isolation from each other and that decision-making can be faster. We also felt that our strategy and vision had to be updated to reflect the changing environment, that our values could be expressed more clearly, and that we would benefit from more co-operation.





Mikko, Shelly and Iris
from Sanoma in Finland

» *We need to share knowledge and ideas, collaborate on innovation, and work together on delivering cross-media services and the business models that will underpin them.* «

THE MESSAGE WAS CRYSTAL CLEAR: the strength that took Sanoma where it is today will not bring us where we want to be tomorrow. This urgent need for transformation is underpinned by changes taking place in the world around us. Growth in our core magazine and newspaper business is slowing down, media are shifting to digital platforms and Europe's economies are having a tough time.

Traditionally, our industry has seen steady growth. Now, we have come to accept that this comfortable state is ending and that we are entering a period characterised by rapid change and uncertainty. We simply do not know what the future holds, except that it will be nothing like the past.

WE HAVE TO ADAPT OUR MINDSETS and behaviours to take on these challenges. We must become more agile and collaborative. We need to innovate and quickly bring cross-media solutions to our customers. We have to take risks

and allow people to make mistakes. And we should encourage people to excel and reward them when they do.

In other words, we need to create a high-performance organisation that complements our new strategy and vision. This exciting journey will touch upon every single aspect of our organisation. In 2011, we took important first steps in three crucial areas: culture transformation, pay for performance, and learning and development.

The ongoing success of Sanoma requires that we have a value-driven culture, in which our individual values match our corporate values and our individual sense of mission fits Sanoma's. It's a place where everyone "walks the talk".

WE TOOK OUR FIRST STEPS in 2011 by mapping Sanoma's current and desired values with 2,000 of our people. Next, we will involve all our employees through a company-wide engagement survey in 2012.

Sanoma's desired values will guide decision-making and affect all HR practices and processes, such as criteria for new hires, promotions, rewards allocation, development programmes and training programmes. These values will become part of our DNA.

The initial values mapping confirmed that our traditional values, like customer focus and quality focus, need to be retained. These have

» *The market is tough but full of promise, and we are working hard to improve our performance.* «

enabled us to become the leading media organisation that we are today and will form the core of our future success.

In addition, we will need to develop mindsets and behaviours that are present in the organisation, but which need to be adopted more widely. This refers to accountability, inspiration, empowerment, execution, a can-do attitude, risk taking, and long-term orientation.

ANOTHER ASPECT OF OUR CULTURE that is being given urgent attention is collaboration. Our brands and countries can no longer afford to work in isolation. Instead, we need to share knowledge and ideas, collaborate on innovation, and work together on delivering cross-media services and the business models that will underpin them.

This transformation will take a few years to complete, but in 2011 we laid the foundations for future success. We launched the culture roadmap to our top 250 people at our 2011 management conference and connected part of their bonuses to the realisation of the new culture.

In 2012, we will take our vision of a new Sanoma deeper into the organisation using Ambassador Clubs. Initially, these will feature some 50 people who exemplify the desired values of the organisation and have the ability to rally colleagues behind them. Together, they will help us determine what our high-performance culture should look like.

THE SECOND PILLAR of our high-performing organisation is pay for performance, which intends to clearly define, properly measure, and fairly reward (both financially and non-financially) performance.

It is meant to simply and effectively answer the two questions everyone asks: "What is expected from me?" and "How am I doing at meeting your expectations?" Rewards must be allocated so that there is a meaningful difference between high performers and the rest.

Over time, we will introduce pay for performance for every single employee, but we began where we feel such changes should start: at the very top of the organisation. As of 2011, performance management applies to our 250 most senior leaders and EMG members now see one-third of their bonus linked to our earnings per share and to long-term goals.

In addition, for the top 250, bonuses are no longer only anchored to local results, but to Group results as well. This is consistent with our belief that we should work as a united whole towards common goals. For 2012, we aim to apply these changes to the top 1,000, who will be primarily responsible for realising our ambitions and changing our culture.

THE THIRD AND FINAL PILLAR of the Sanoma of the future is learning and development. We have always invested in our people, particularly in our professional skills and ability to create content. In 2012, we will look at ways to broaden the offering of the Sanoma Academy in Finland with a virtual counterpart managed in the Netherlands.

In 2012, we will collaborate with leading business schools such as Rotterdam School of Management and International Institute for Management Development to roll out new management programmes. These will help our management to develop a leadership style based on authenticity, inspiration, the ability to articulate a vision, and the capacity to manage the organisation towards our goals.

In part, we will determine what technological skills our people need to develop, so we can begin to offer digital media programmes from 2013 onwards. These will complete the existing print media programmes that we have running. In addition, we will begin to offer functional training in areas like HR, finance and legal, so as to strengthen those parts of the business as well.

Furthermore, we will introduce what we call a development dialogue in the summer of 2012. This will see our people talk to their superiors about their development needs and create a personal plan for developing new behaviours and mindsets. We will start with our top 250 managers and introduce it to the rest of the organisation in 2013.

2011 HAS BEEN A YEAR of change for Sanoma, and there are many more changes to come in the years ahead. The market is tough but full of promise, and we are working hard to improve our performance. We have a proud tradition to look back on and a promising future to look forward to. What that will look like exactly is something we will determine together.

The need, however, for a high-performance organisation is undeniable and there is no doubt Sanoma will become a different organisation over time. In 2011, we laid the foundations for that transformation and in the years ahead we will enable everyone to contribute to its fulfilment. ■



John from Sanoma in the Netherlands

» *Sanoma's desired values will guide decision-making and affect all HR practices and processes.* «



Supporting the communities in which we work

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WHETHER IT'S PRINT, news, digital, TV or learning, our products and services enrich the lives of millions of people across Europe. Our work reflects people's values, passions and ambitions, and identifies what's important to communities as they grow.

We believe that our media and learning solutions should contribute to the personal and professional development of our consumers and the communities within which they live. This is the basis of our approach to corporate responsibility (CR), which is an increasingly important part of how we conduct our business.

CR is part of our heritage. Women's weeklies like Libelle in the Netherlands and Belgium played a key role in the emancipation of women. And in Russia, Cosmopolitan was the first glossy in the post-perestroika period, giving young women the opportunity to learn and discuss topics close to their hearts.

Corporate responsibility is part of our heritage. Today, we continue to support positive changes in the communities in which we work. We also believe it is our duty to minimise our impact on the environment, especially as a major procurer of paper.

TODAY, WE CONTINUE TO SUPPORT positive changes in the communities in which we work. For years, for example, we have been fundraising for and providing editorial coverage to the Pink Ribbon breast cancer awareness campaign in several countries.

In Bulgaria, we have worked with Nestlé to promote a healthier lifestyle and in Belgium nine of our women's magazines have joined forces under the COMEVA banner to poll women on social issues in order to empower them.

In Russia, meanwhile, almost all our magazines are involved in the Socially Active Media project. We work with advertising agencies and a charity to develop and place ads for NGOs that would otherwise be unable to do so.

Meanwhile, Helsingin Sanomat supported Global Dignity Day with a series of articles on dignity and, as part of a Sanoma Group effort, took part in the Clean Baltic Sea projects of the John Nurminen Foundation. We have been supporting this initiative since 2006 financially and by donating media space.

OUR PASSION FOR LEARNING also fits with our vision of media as an agency of social change. Our educational materials, which are used by millions of people across Europe, help individuals gain marketable skills, awareness and self-confidence. This, in turn, leads to more affluent societies and more competitive economies.

At Sanoma, we also feel it is our responsibility to promote freedom of speech and to fiercely protect our editorial integrity. Our media companies, for example, help readers distinguish between editorial content and advertorials.

In addition, some of our magazines try to educate children about potential dangers. In the Netherlands, for example, our Kids group has run projects related to online safety, a subject that was also advocated by our Finnish parenting magazines.

AS A MAJOR PROCURER OF PAPER, we also believe it is our duty to minimise our impact on the environment. This is why we have established a paper procurement policy that requires our suppliers to procure wood responsibly. We favour suppliers with certified environmental systems, and require them to comply with human rights, labour laws, social standards, and related international agreements.

In 2012 and beyond, we will endeavour to strengthen our CR efforts with a concerted Sanoma-wide approach. We will find new ways to use our media to enable social change and to exchange best practices across the Group. ■

Executive Management Group

*Must have gadget for 2012:
The new iPhone with Siri, to make life easier.*



Jacqueline Cuthbert

Chief Human Resources Officer

- Born in 1966, British
- Served at Royal DSM from 2002 to 2011 as Senior Vice President, Global Culture Change; Vice President, Organisation Effectiveness, and Chief Learning Officer.
- Prior to that, served in several executive HRM positions at Unisys Corporation 1997–2000, Credit Suisse First Boston 1995–1997 and Sainsbury's 1988–1995.

Harri-Pekka Kaukonen

President and CEO

- Born in 1963, Finnish
- Served at Fazer Group in 2010 as Executive Vice President, Managing Director of Fazer Bakeries & Confectionery Business Area and Managing Director of Fazer Russia. Prior to this served as Head of Division of Fazer Russia and Head of Group Strategy 2007–2009. In 2003–2007 he was the company's CFO.
- Between 1992 and 2003, Kaukonen worked for McKinsey & Company, ultimately becoming a partner.



*My favourite websites are:
HS.fi, a quick glimpse at
the news of the day, and
Taloussanomat.fi, all
the economic news at my
fingertips.*

Jacques Eijkens

CEO Sanoma Learning

- Born in 1956, Dutch
- CEO of Malmberg Investments 2001–2004. Prior to that led VNU's Educational Information Group 1998–2001.
- Started his career at Malmberg in 1981 (part of Sanoma Learning since 2004) as a marketer and served in various marketing and management functions.



*Will your
grandchildren still
read printed books?
Sure they will!
And then they will
store the lessons they
learned in the cloud...*

Executive Management Group



Kim Ignatius

Chief Financial Officer

- Born in 1956, Finnish
- Served at TeliaSonera 2000–2008 as Executive Vice President and CFO.
- Previously worked as CFO and a member of the Executive Board of Tamro Corporation.

Last magazine I read: Our own Dutch Motor Magazine, featuring the best motorcycles for 2012.

What is your homepage set to?

My computer at home has almost become obsolete ever since I got an iPad. It's always on and within reach. I am addicted to news! The first thing I do when I wake up and the last thing I do before going to sleep is check NU.nl and Facebook on the iPad.



John Martin

Chief Digital Officer

- Born in 1970, British
- Served as COO Learning and member of the Management Board of Sanoma Learning 2009–2011.
- Chief Commercial Officer in the Executive Board of Swets Information Services 2004–2006 and Managing Director of Swets & Zeitlinger Publishers 2001–2003.

Anu Nissinen

CEO Sanoma Media Finland

- Born in 1963, Finnish
- Works for Sanoma Media Finland since 2011, when Sanoma Entertainment was integrated into Sanoma Magazines. President of Sanoma Entertainment 2008–2011.
- President of SW Television 2004–2008.
- Marketing Director at Helsinki Television 2001–2004.
- Served in various marketing positions at Sinebrychoff 1990–2000.



Favourite childhood TV show: Columbo and McMillan & Wife, both American detective series.

Heike Rosener

CEO Sanoma Media Russia & CEE

- Born in 1969, German
- CEO of Bertelsmann Media Polska and CEO of Polish consumer book company Swiat Ksiazki 2002–2011.
- Independent strategy consultant 2001–2002.
- CEO of Tax and Law Publishing at WEKA 1999–2000.
- MD of Professional Information Poland and assistant to board member at Bertelsmann 1992–1998.



Shopping: online or in real life?

Both, but it depends on the experience. I want speed, quality and service. Whether online or live, the experience needs to fit my needs. If the shopping experience is satisfying I return, if it is fulfilling I rave about it to others.

Dick Molman

CEO Sanoma Media Netherlands

- Born in 1954, Dutch
- CEO of VNU Exhibitions Europe 2002–2006. Managing Director of VNU Business Publications 1998–2002. Managing Director of VNU subsidiary Admedia 1995–1998.
- Managing Director of a niche publishing company Veldhuis 1991–1995.
- Publishing Director of VNU's youth magazines 1982–1991. Several marketing functions at Dutch publishing group VNU between 1975–2001.



E-mail or instant messaging?

My main source of information and contact with the outside world is still e-mail, but I use Whatsapp more and more.



Pekka Soini

CEO Sanoma News

- Born in 1957, Finnish
- Served in various positions in Helsingin Sanomat since 1980, finally as President 2004–2010.

Media technology
I can't live without: Definitely the iPad. I use it 24/7 for different purposes and I absolutely love Sanoma's iPad apps.



Aimé Van Hecke

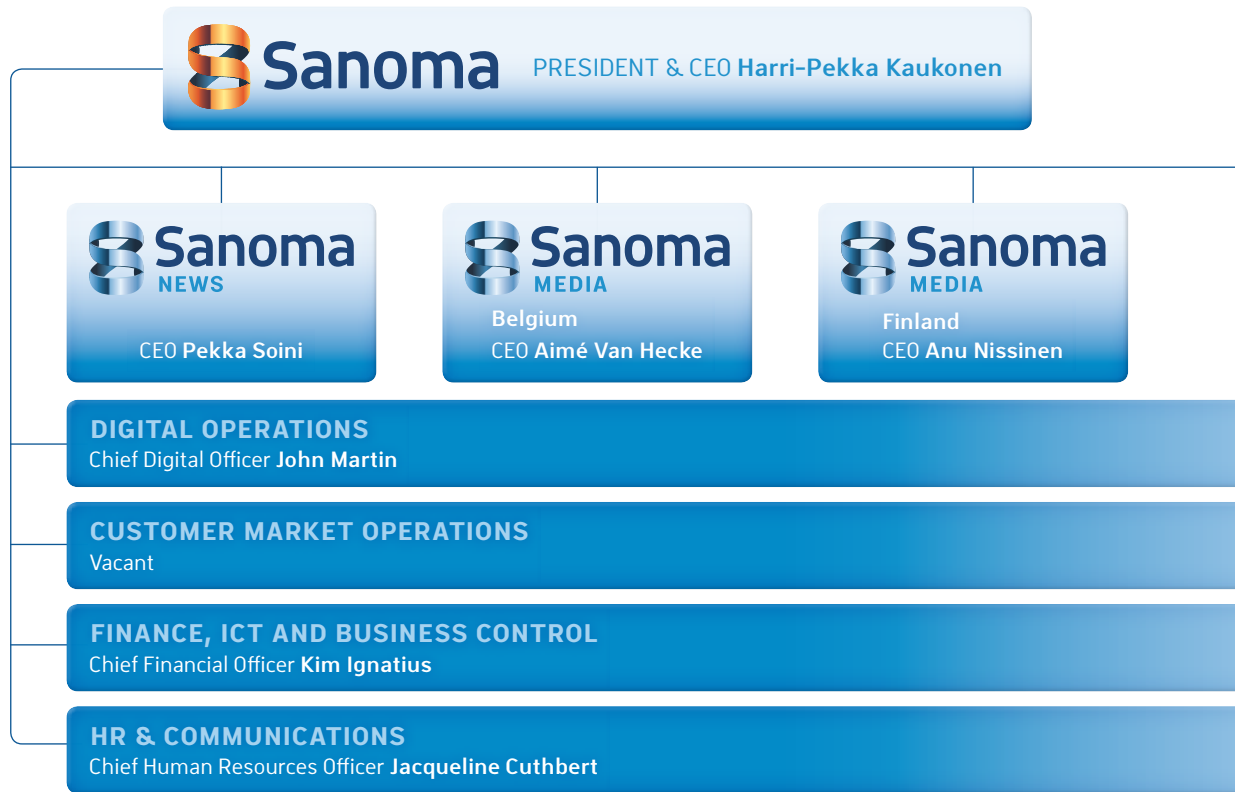
CEO Sanoma Media Belgium

- Born in 1959, Belgian
- General Director of VRT, the public radio and television broadcaster in the Flemish-speaking part of Belgium 2003–2006.
- Prior to that held various positions in marketing and media management.
- Between 1987 and 1990 acted as publisher at Het Nieuwsblad/De Gentenaar, the second-largest Belgian newspaper.








Favourite online community:

YouTube, the cleverest platform for sharing videos and thoughts in a creative way.

Operating structure



Overview main markets

-  Magazines and related activities
-  Television (commercial viewing)
-  News
-  Learning
-  Online and mobile media
-  Press distribution and retail
-  Market position



 **Sanoma**
MEDIA
Netherlands
CEO Dick Molman

 **Sanoma**
MEDIA
Russia & CEE
CEO Heike Rosener

 **Sanoma**
LEARNING
CEO Jacques Eijkens

 **Sanoma**
TRADE
President Hellevi Kekäläinen





1 Ilta-Sanomat's special editions

THE WEEKEND EDITIONS OF ILTA-SANOMAT, Finland's leading quality tabloid, have, on a number of occasions, positively impacted the overall circulation development in 2011. With tens of thousands of copies sold, the special issue celebrating the 60th anniversary of Donald Duck (Aku Ankka) in Finland was a great success, becoming one of the most successful editions of Ilta-Sanomat's special issue concept this year.

2 The VIVA iPad app

VIVA, one of the strongest women's titles in the Netherlands, was awarded Best Publisher's App for its iPad app. The VIVA app beat all other newspaper and magazine apps and offers access to the VIVA forum (which has grown into the biggest Dutch women's forum), blogs, iPad-only articles and a version of the weekly magazine that is designed especially for the iPad. Earlier, the VIVA app already made it to the prestigious global Top 3 iPad apps of McPheters & Company, and the VIVA app was also nominated for Innovation of the Year by the Dutch Publishers Association.



Highlight

The following examples are brief highlights of some of our successes in the past year. They bolster our resolve to continue with our change journey to build a Sanoma that will remain successful in the future.

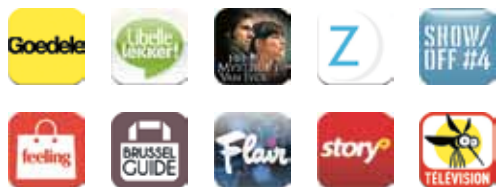
3 The seventh Sanoma Awards

IN MARCH, Sanoma's Board of Directors handed out the annual Sanoma Awards for the 7th year in a row. The Sanoma Awards reward, encourage and appreciate Sanoma employees or teams which have contributed substantially to the operational excellence of the Sanoma Group and distinguished themselves in terms of innovation, financial value-added, transferability across the Group, and cross-company co-operation. The 2011 winners were Belgian digital learning platform bingel.be, the Hungarian-Finnish online recruitment fair, and the Parade banner advertising concept for Sanoma's websites in Finland.



4 Acquiring Sanoma Utbildning and Tammi Learning

BY ACQUIRING Bonnier Utbildning – the rebranded Sanoma Utbildning – Sanoma entered the Swedish educational market and added a successful and professional learning company to its portfolio. At the same time, Sanoma also acquired Tammi Learning from Bonnier, allowing Sanoma's Finnish learning business, Sanoma Pro (the new name of WSOYpro), to add high-quality products to its portfolio. As part of these transactions Bonnier took over WSOY, Finland's leading publisher of general literature, which allows Sanoma to focus on key strategic areas of its business.



5 Ten new iPhone and iPad apps in Belgium

IN BELGIUM, Sanoma launched ten iPhone and iPad applications in 2011. Parenting community portal Zappybaby, magazine-related shopping guides for Antwerp and Brussels and the Libelle Lekker recipe app were all created for iPhone. The Belgian iPad launches include specials like Flair magazine's annual horoscope for 2012 as well as a photo novel created in collaboration with the weekly magazines Story and Flair. Weekly celebrity magazine Story also became available in a weekly iPad edition in tune with the printed magazine.

6 New equestrian media

IN APRIL, Sanoma Media Netherlands acquired the equestrian activities of BCM publishers. This includes weekly horse magazine Hoefslag and customer media titles related to the three Dutch equestrian associations. The acquisition has increased Sanoma's position in customer media and sports in the Netherlands: its sports magazine portfolio now comprises 15 titles.



Highlights 2011 >

7 Paying bills at R-kioski

IN CO-OPERATION with Tapiola Pankki, the leading kiosk chain R-kioski began offering consumers the ability to pay the most common bills inside R-kioski branches in Finland. Consumers can now take their bills and pay them with debit/credit cards or cash through a payment solution integrated into R-kioski's cash register systems. Kiosk staff has received special training and work under the same regulations as bank employees.



8 After Story4, Story5

AFTER THE SUCCESS of its first cable TV channel, Story4, Sanoma Media Budapest launched Story5 at the start of 2011. Using the familiar Story media brand, Story5 offers programming with women aged 20 to 44 in mind. With an initial audience penetration at the channel's launch of over 700,000 Hungarian households, Story5 broadcasts telenovellas, romantic series and movies. Lifestyle, home decoration and esoteric programming complete the channel's programme grid.

3T

TEKNOLOGIA TALOUS TYÖELÄMÄ

9

70,000 3T subscribers

IN AUGUST, Sanoma Magazines Finland announced the launch of 3T, a new weekly – with related online services and a mobile edition – with a focus on technology, economy, and business. The first issue (published in January 2012) already has a strong base of nearly 70,000 subscribers, as several professional associations and the Union of Professional Engineers in Finland have ordered 3T as the new magazine for their members.

10

The Helsingin Sanomat iPad app

IN DECEMBER 2010, Helsingin Sanomat, the leading quality newspaper, became the first Finnish newspaper to launch an iPad edition. At the end of 2011, this iPad app had already been downloaded to more than 48,000 devices. Concurrently, Sanoma News also developed tablet versions of tabloid Ilta-Sanomat, financial news portal Taloussanomat and news agency Startel, which all offer premium content.



> Highlights 2011



11

Media 2020

THE MEDIA 2020 training programme took 22 Sanoma journalists on a journey to 'the future of the media'. The programme aimed to create enthusiastic and inspiring change agents for the editorial offices of all Finnish media of the Sanoma Group. The training programme generated lots of energy and excitement. Media 2020 was such a success that a next round will commence in March 2012.

12

Six professional awards for Sanoma Learning

IN 2011, SANOMA LEARNING companies received six professional awards, signalling their expertise and innovativeness. In Hungary, NTK received awards for an educational Facebook game, for virtual reality-based educational software, for an alternative reality game, and for a mobile app. Young Digital Planet in Poland was awarded for eduSensus (a special needs education tool). Finally, the English instruction series Yippee! of Finland's Sanoma Pro was selected as Europe's second-best learning material for primary schools (Silver medal) at the Frankfurt Book Fair in October.



PHOTO: FOTORESEARCH



2,000,000+

sales leads referred to online shops every month by price comparison site **Kieskeurig.nl**



14,471

employees (average number of FTEs in 2011)

317,529

weekly circulation of **Aku Ankka** (Donald Duck) in Finland

296,699

copies sold every week of **Donald Duck** in the Netherlands in the third quarter of 2011

42



mobile apps launched by Sanoma Media Netherlands

2,800,000

total reach of Helsingin Sanomat, including the newspaper, HS.fi, its magazine supplements and Radio Helsinki

PAGE IMPRESSIONS EVERY MONTH GENERATED BY NETINFO WEBSITES IN BULGARIA

1,000,000,000+

230



million magazine copies distributed by Aldipress in the Netherlands every year (including 75 million returns)

TV viewers in Belgium for **Cross Gieten**, VT4's most watched programme in the fourth quarter of 2011

623,093

70%

of all primary education pupils in the Netherlands use a Malmberg arithmetic learning method

page views in week 52 on Sanoma's Finnish news sites



90,039,059

3 out of 5

magazines in Hungary with the highest circulation are published by Sanoma Media Budapest (Story, Nők Lapja, Színes RTV)

R-kioski branches in Finland

656



15

TV channels in Finland, the Netherlands, Belgium and Hungary

118,000+

Flair readers participated in the **Flair Shopping Days** in Belgium





One Sanoma... 

> ...many oppor

Our ambition is to grow our business in several ways. Our focus is on delivering cross-media solutions that combine the strengths of our various media. We also aim to improve the quality and financial health of our organisation.



YEAR 2011 was transformational for our business. In spite of the economic downturn, we preserved our news and magazine activities, achieved organic growth in learning and digital, restructured the organisation and laid the foundations for a new culture. At the same time we completed our largest acquisition in a decade and divested non-core assets in trade.

Our ambition is to grow our business in several ways. We will continue to invest in print titles that perform well, but we will close down those that don't. We will meet growing demand for online and mobile content and services, and support schools with innovative learning solutions. In addition, we will further integrate and grow our TV activities.

INCREASINGLY, OUR FOCUS will be on delivering cross-media solutions that combine the strengths of our various media. This will enable consumers to enjoy, create and share content across all our media. In turn, we will offer our advertisers and corporate clients the same flexibility and opportunities. These synergies will be beneficial to all.

Digital media are central to our ambitions. The growing penetration of mobile devices,

tablets and cloud technology is changing how media are consumed – from passive to interactive and always on, regardless of time or place. This is leading to shifts in consumer time spent on media – away from classical media to online and mobile.

Consumers also increasingly demand real-time, rich information, sometimes tailored to their personal needs. Social media supports the move to digital and the "F-factor" – the desire to involve Friends, Family, Fans and Followers in everyday events and decisions – is becoming increasingly influential.

Advertisers, too, are moving to digital, driven in part by shifting consumer patterns and the possibility to track performance online. We are responding to that by developing our online advertising positions. Our ability to target based on insights and data is becoming increasingly strong and will be a great asset to us in the future.

WE PLAN TO CAPITALISE on these developments in three ways. First, we are finding that consumers are increasingly prepared to pay for trusted digital content, often in combination with print, or devices or services. For example, one-third of subscribers to our Finnish newspaper Helsingin Sanomat have selected the print-digital bundle. Also, the majority of our learning courses already combine print and digital.

Second, we will continue to enable commerce in new ways. Offerings such as the price comparison service Kieskeurig.nl in the Netherlands, and our online classifieds business Oikotie.fi and auction site Huuto.net in Finland are strong and successful. Our real-time-bidding exchanges are helping to create additional value for advertisers.

Finally, we want to provide more services and solutions. For example, we consider the ongoing transformation of our learning business as a move to solutions where learning outcomes and teacher efficiency are steadily becoming more important than providing content.

» *In 2011 we laid the foundations for a new culture. We also completed our largest acquisition in a decade.* «

Opportunities



IN ADDITION, we see opportunities for providing services to the readers of our magazines, where we can take advantage of our media positions – for example our recently launched subscription-based dieting service, Stepaday, in the Netherlands. We will also continue to develop standalone service businesses such as Profession.hu, a Hungarian jobsite that is developing the service element of its proposition.

In 2011, we got a clearer sense of all these changes taking place around us and the opportunities they present. To turn our insights and ambitions into results, we rolled out a comprehensive programme aimed at improving our performance.

CALLED ONE SANOMA, this programme encompasses some 25 individual projects that are championed by members of the Executive Management Group. These projects are grouped in seven battles that we aim to win to realise our ambitions.

In addition to creating a high-performance organisation, which is described on pages 9–11, some of these projects aim to manage new businesses for growth. In particular, this involves capitalising on opportunities provided by digital media as described above. On the

One Sanoma WINNING Journey

» *In 2011, Sanoma has sharpened its focus on media and learning.* «

next few pages, we share several success stories from the past year.

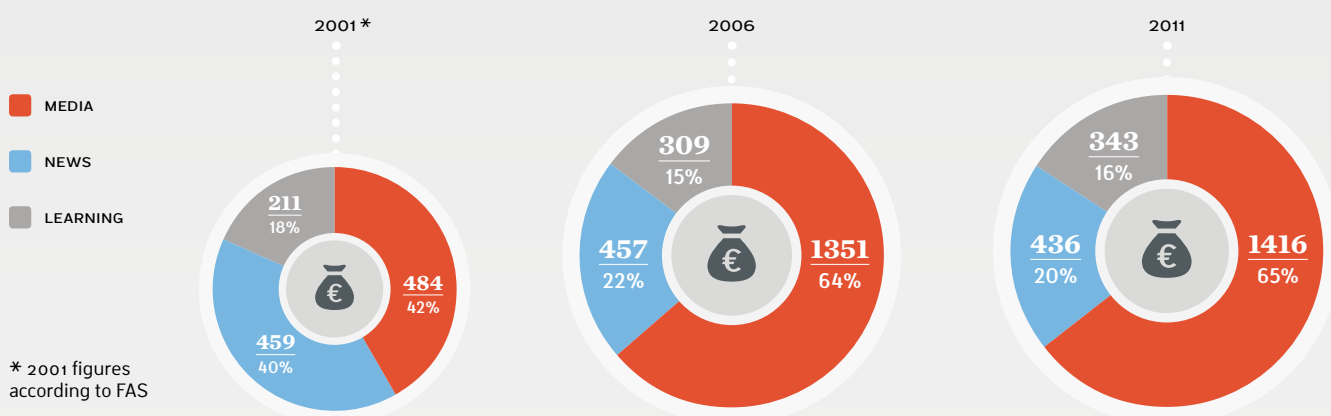
In addition, we are helping our magazine and newspaper businesses to sustain their performance. This means closing down titles that are underperforming or no longer purposeful, such as Prossessori and Sara in Finland, and Goedele in Belgium, and selectively launching others when there are good opportunities. We are also looking at our business models and how they can support our cross-media offering.

SOME PROJECTS aim to expand and grow the performance of our TV channels. We are stimulating cross-promotion between the SBS channels and our other media and increasing SBS' market share. We also want to share content between TV and our media, for example by combining the news desks of Nelonen and Helsingin Sanomat in Finland (page 29) and by offering NU.nl news on SBS teletext in the Netherlands.

Other projects aim to accelerate our growth in learning. This involves developing new business models and new products and services for both teachers and students. On pages 37–41 we share some examples from the past year.

FINALLY, two sets of projects aim to improve the quality and financial health of our organisation. First, this involves improving the cost-efficiency of our support infrastructure, for example by integrating systems and optimising procurement. Second, we are creating financial headroom for investment, in particular by divesting non-core assets. On page 43, we share how we focused our trade portfolio in 2011. ■

Net sales development in Sanoma's focus areas, EUR million




324,974,000
magazine copies sold in 2011




SBS, a force to be reckoned with

News 

Magazines and related activities 

Television 

Online and mobile media 

Together with prominent partners, Sanoma acquired SBS television in the Netherlands and Belgium in 2011. The EUR 1.2 billion acquisition has improved our market position in Belgium, and we became the clear market leader in media in the Netherlands.

T

broad portfolio. Now, Sanoma will invest in SBS, share content and knowledge across the Group, and create cross-media advertising opportunities.

Sanoma and SBS complement each other beautifully. Sanoma, for example, possesses tremendous digital knowledge, which SBS needs if it is to capitalise on the explosive usage of tablets for viewing TV content.

IN ADDITION, SANOMA has extensive marketing expertise in areas like women, travel, and automotive, which fits with SBS's audiences. SBS 6 focuses on families, Veronica caters to men and Net 5 is aimed at women. Sanoma was already able to reach 90% of Dutch women, but now it can reach almost 100% of them.

Sanoma has ruled out directly translating print brands like Libelle into TV formats, but the various media will exchange content. Already, the news of NU.nl can be read on SBS teletext, which draws an incredible 1.4 million people per day.

SBS COULD ALSO help Sanoma reach the holy grail of fabulous digital content that people are willing to pay for. Consumers increasingly want video to complement text and pictures, and SBS's TV production company could create short TV reels for the B2B and B2C markets.

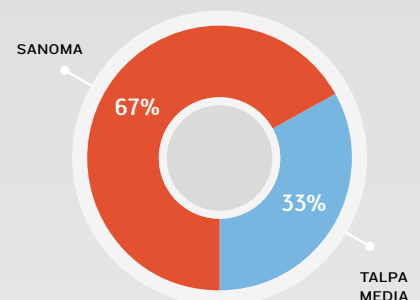
SBS will remain an independent brand with its own sales force. SBS and Sanoma, however, will exchange valuable knowledge and experience, and a number of 'inspiration sessions' have been planned for 2012. This will bring together TV experts from Belgium, the Netherlands and Finland in a bid to learn from each other. ■

THE ACQUISITION OF SBS has turned Sanoma into the largest media company in the Netherlands with a powerful presence in print, TV, digital and events. Now, the race is on to rebuild SBS's market position and create new products and solutions that will benefit consumers and advertisers.

As part of the EUR 1.2 billion deal, Sanoma and Talpa acquired 67% and 33% respectively of the SBS 6, Net 5 and Veronica TV stations, as well as two TV guides, a TV production company and teletext companies in the Netherlands. In Belgium, Sanoma acquired SBS Belgium with Corelio and Wouter Vandenhaute & Erik Watté.

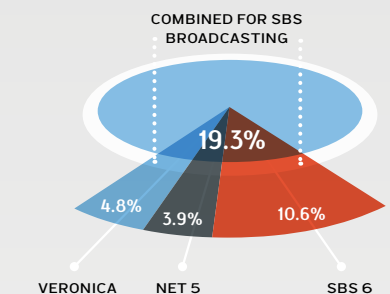
THE ACQUISITION FITS seamlessly into Sanoma's strategy and the growing need of advertisers for media companies with a

SBS Netherlands ownership structure



Market shares in the Netherlands 2011

18:00-24:00, age group 6+



Source: Annual Report 2011 Stichting Kijkonderzoek

Most watched TV programmes in the Netherlands 2011

SBS 6	European Football Championship qualifying match NL-HU (March 29, 2011) 2,787,000 viewers
Net 5	Rizzoli and Isles (January 1, 2011) 700,000 viewers
Veronica	Friendly football match DE-NL (November 15, 2011) 2,605,000 viewers

Source: Annual Report 2011 Stichting Kijkonderzoek

Explosive growth in mobile internet and apps

2011 was a turning point for mobile media in the Netherlands. We launched a record number of apps and increased our reach. For the first time, leading news portal NU.nl drew more traffic from mobile devices than from online users.



SANOMA MEDIA NETHERLANDS strengthened its position in the digital arena with the launch of a massive 42 new apps in 2011. A total of 4.3 million downloads – across a range of 73 different apps – were realised since development started. In 2011 alone, 2.7 million apps were downloaded.

MANY OF OUR APPS received awards in 2011. NU.nl won the ICE award for best news app on iPhone, iPad and Android. In addition, NU.nl scored highly in the category News on the App Store Rewind 2011, which lists the top apps of the year.

Zwanger.nl also obtained a high score on that same list in the category Health & Fitness. The app for AutoWeek, the leading car magazine in the Netherlands, was awarded the Mobile Media and Marketing Award. Viva was awarded third-best media app globally and was voted the best Dutch magazines app.

The launch of so many apps greatly increased Sanoma Media Netherlands' mobile experience and reach. In fact, in November, NU.nl drew more traffic from mobile devices than from online users. Significantly, increased mobile usage does not seem to cannibalise online usage.

THE SHIFT TO MOBILE INTERNET shows how important it is to make advertisers aware that mobile should become part of the media mix, for example by making use of its location-based techniques. In 2012, Sanoma Media Netherlands will continue to capitalise on this.

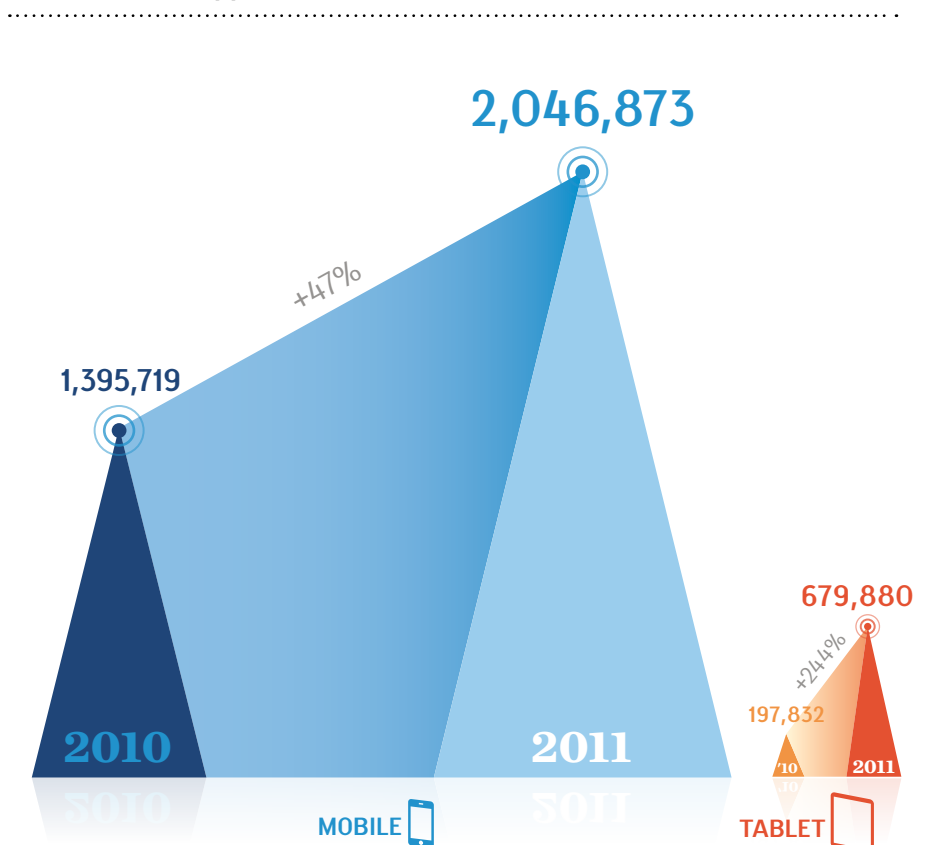
Specifically, Sanoma Media Netherlands wants to try out different business models and generate new B2B and B2C revenues from mobile advertising, branded content, paid content and in-app purchases. In addition to new launches, the company will also optimise existing apps. ■

Top 10 Downloads (overall) in the Netherlands 2011

1	NU	Android	
2	NU	iPhone	
3	NU	iPad	
4	LINDA.	iPhone	
5	AUTOWEEK	iPad	
6	TIJDSCHRIFT.NL	iPad	
7	WEEKMENU	iPhone	
8	NU	Nokia	
9	AUTO TRADER 2.0	iPhone	
10	NUSPORT	iPhone	

42
APPS
LAUNCHED IN THE NETHERLANDS

App downloads in the Netherlands 2011





The merger of the newsdesks of our newspaper and TV station in Finland will provide an even better news service.

Bolstering their co-operation, Helsingin Sanomat and Nelonen jointly arranged a panel discussion during the first round of the Finnish presidential elections in January 2012

TV-print merger creates new news service



THE NELONEN (Channel Four Finland) newsdesk will merge with the news editors of the Helsingin Sanomat newspaper in 2012. The joint operation will move to a shared facility in the autumn, but increased co-operation between the news desks is already taking place.

The merger between television news and the newspaper is part of the One Sanoma project to create a more flexible and unified organisation that provides customers with a new level of product and service innovation.

THE NEW NEWS SERVICE will combine the communication strengths of both parties. Websites, television, printed paper,

new terminal devices and radio will be integrated into a concept in which news topics evolve across different media throughout the day.

Nelonen will provide Helsingin Sanomat with video expertise, and Helsingin Sanomat can provide Nelonen News with more detailed and extensive ways to obtain news.

THROUGH THIS NEW ARRANGEMENT Nelonen news will have access to a foreign correspondent network and will be able to carry out investigative journalism in collaboration with Helsingin Sanomat.

The merger also creates new development opportunities for staff, by expanding the editors' area of responsibility. ■



OFFERIUM DAILY DEALS

An effective marketing channel for entrepreneurs in Finland

Sanoma News acquired the Offerium web service in January 2011. Since then, the site has significantly increased turnover and visitor count, and updated its business model.

Offerium acts as a broker between companies and consumers. Visitors can use the service to purchase a range of products and services at considerable discounts.

In turn, businesses get recognition and new custom-

ers. It's a risk-free approach to marketing for companies, as they only pay the service a commission on actual sales.

The site allows Sanoma News to reach small and medium-sized enterprises which aren't able to spend a lot of money on marketing.

Offerium can expect to grow further as part of Sanoma News, which boasts some of Finland's most popular sites. In addition, Offerium can of-

fer its customers visibility in Sanoma's print publications.

Offerium's year of growth:

- Turnover increased by 1,500%
- Newsletter subscribers grew by 4,300%
- More than 100,000 deals, including tens of thousands of beauty treatments and thousands of meals in restaurants



Investing in open innovation

PHOTO: FOTORESEARCH

In 2011, Sanoma News has adopted a daring approach to open innovation that will boost the company's growth.



SANOMA NEWS IS the undisputed leader in Finland's media landscape. In addition to Helsingin Sanomat, the largest daily in the Nordic region, it publishes national and regional newspapers. It is also a major digital media player, able to reach 85% of people online in Finland.

Its digital portfolio contains prime destinations like Iltasanomat.fi and HS.fi, and their mobile services which are the biggest in Finland, the biggest auction site, real estate and recruitment classifieds, price and product comparison sites, and a coupon site. Increasingly, it is expanding its online content, offering new services to consumers and advertisers and moving up the value chain.

TRADITIONALLY, content providers earn money from advertisers, so one challenge is to get consumers to pay for content. Helsingin Sanomat is a major success story

in this area, with 138,000 digital subscribers which can access the content of Helsingin Sanomat online, and via tablets and mobiles. Digital consumer revenues have also grown considerably, on the auction site and a real estate site, among others.

Sanoma News is ambitious. It wants to grow its media sales faster than the market, increase consumer reach and revenues, grow revenues faster than expenses and create new sources of revenue.

The key to this is creating an open innovation culture. Internally, it has been running an innovation excellence management programme, idea competition and other initiatives. Externally, it has been investing in co-operation with various R&D organisations in both the private sector and academia.

ONE OF THE STEPS was a co-operation agreement with Aalto Center of Entrepreneurship, run by Aalto University.

HEMELS CUSTOMER MEDIA

Sanoma Media Netherlands expands in customer media

 In May 2011, Sanoma Media Netherlands acquired Hemels Publishers, one of the leading customer media companies in the Netherlands. The acquisition solidifies Sanoma Media Netherlands' position in the fast-growing customer media market.

With a staff of 65 professionals, an impressive portfolio, and strong customer relations, Hemels Publishers is a respected customer media company. Hemels

Publishers excels at creating loyalty magazines, e-zines and e-mail newsletters for multinationals like Mercedes-Benz, NEC-Philips, KLM and Arcadis.

In turn, Sanoma Media Netherlands has extensive action-oriented customer media expertise and digital knowledge. By pooling their knowledge and resources, Sanoma and Hemels will be able to offer each other's customers high-quality cross-

Hemels CustomerMedia

media customer media activities.

The market for customer media is growing fast because brands increasingly rely on direct communication with relations. Digital media, which is the forte

of Sanoma Media Netherlands, will play an important role in this. By using this expertise, Hemels Publishers will be able to offer its customers value-added media and achieve strong growth.

Employees also stand to benefit from the acquisition, as it allows both companies to share knowledge and opportunities for development. By joining forces, the companies will stimulate their growth.

This incubator, which has close connection to Silicon Valley, filters and presents pitches from start-ups in areas of interest to Sanoma News. This includes backbone technology, new consumer services, publishing platforms, online advertising and analytics to name a few.

If there is sufficient interest from Sanoma News, it will work with start-ups towards a deal.

This can be a revenue sharing deal, equity investments against advertising space or traffic funnelling, a financial investment or technology licensing that would give Sanoma News exclusivity and the commitment to a joint development roadmap.

Such deals are perfect for both parties. Sanoma News gets exclusive access to innovative services and technology that it can use to generate more revenue from advertisers and consumers. It can also coach the start-ups or potentially even acquire them fully, thereby growing the company's own capability pool.

» *A welcome side effect: this has boosted our employer image.* «

THE START-UPS, in turn, benefit from the network and marketing power of Sanoma News. Most entrepreneurs have great ideas and international ambitions, but lack the ability to sell and scale up. This, however, is one of Sanoma News' strengths.

In 2011, Sanoma News met with about 120 start-ups and ended up closing deals with nine. Some of these are now closely connected to Sanoma News' products and services, and two were fully acquired.

One start-up, for example, is developing an online appointment service that is going to be integrated into Sanoma News' services. This will allow consumers to directly make appointments for, say, a hairdresser or house viewing. It's not a service

that Sanoma News would ever make itself, but it adds value to consumers.

Sanoma also acquired a stake in Etua Oy, an independent broker of banking and financial services. It has been integrated into Sanoma News' Oikotie real estate classifieds website, which makes it easy for potential buyers to receive mortgage or personal loan offers.

FOR SANOMA NEWS, it's radical to embrace the role of investor, but the shift is exciting as much as it is vital. Entrepreneurs bring fresh ideas and new ways of thinking to the company, and can innovate at a much faster speed. It also forces Sanoma News to move outside the traditional media business and comfort zone, without which it cannot win in the market.

A welcome side effect is that Sanoma News' image as an employer has been enhanced. Now that people are beginning to hear about the company's investments, young people think Sanoma News is cool. And even if a start-

up fails, Sanoma News can hire these talented professionals and offer them intrapreneurship within the company.

LOOKING AHEAD, Sanoma News will continue to search for and work closely with promising start-ups. Growth in the digital business requires Sanoma News to extend its position in the value chain. One of the ways to speed up the digital growth is to increase co-operation across the Sanoma Group. ■



SBS acquisition impacts Belgium

By adding the two TV stations from SBS Belgium to its portfolio, Sanoma Media Belgium strengthened its position and created tremendous room for growth.



Sanoma acquired SBS Belgium with Belgian media company Corelio, owner of newspapers De Standaard and Het Nieuwsblad, and Wouter Vandenhoute and Erik Watté, who are known in Flanders for the production company Woestijnvis.

The acquisition has strengthened Sanoma Media Belgium's ability to grow in Belgium's fast-changing and highly competitive TV ecosystem. The growth of digital television will continue to transform Belgium's media landscape, cable has to be opened to other providers and, judging by what happened in Finland, the end of analogue television will have a massive impact, too.

These changes will create opportunities for new content and business models. VT4 and Vijftv enjoy a strong position, as they are already profitable and are a good alternative to advertisers compared to our competitors.

Digital TV will also change the market for premium content. New over-the-top providers, who deliver online audio and video without an Internet Service Provider, will emerge and on-demand viewing is set to increase.

The latter will be boosted by innovations like BBC's iPlayer app. Time Warner, for example, launched Blockbuster TV and related apps, an increasing number of TV sets can now be connected to the internet and Apple is offering more TV and video content in its app store.

COSMO SHOPPING NIGHT Shop until you drop

The annual Cosmo Shopping Night was another resounding success, attracting 150,000 Cosmopolitan readers in Moscow and 350,000 people across the Ukraine.

In Moscow, visitors were treated to performers and prizes as they enjoyed hefty discounts at 300 stores. For the first time, people unable to attend could enjoy similar discounts while shopping online.

In the Ukraine, famous European shops in six cities opened their doors, while guests enjoyed DJs, free advice from professional stylists and even a live concert in Odessa.

COSMOPOLITAN



Publisher becomes distributor

Sanoma Media Netherlands is on track to become the largest digital magazine kiosk in the country. Tijdschrift.nl already provides access to 100 magazines.



TRADITIONALLY, content producers and content distributors have had very different and separate roles. Believing that content should be available anywhere anytime, in 2011 Sanoma Media Netherlands took bold steps to become the country's leading digital magazine kiosk.

Sanoma Media Netherlands, which has its own app development lab with more than 2.7 million app downloads a year, launched an innovative iPad app. It is the Tijdschrift.nl app, which allows consumers to subscribe to Sanoma's magazines.

IN A DARING, almost counter-intuitive move, Sanoma Media Netherlands decided to open the app's distribution power to magazines from other content producers. In 2011, some 10 publishers added their magazines, increasing the overall appeal of the app itself.

The app provides access to more than 100 magazines in PDF form, although some versions offer additional content or functionalities. The app is free to download and magazines can be bought from within the app for prices ranging from EUR 0.79 to EUR 5.99, on average 20% cheaper than the print version.

THE INITIAL CONSUMER RESPONSE has been encouraging: in the first four months, 35,000 magazines were sold on 70,000 downloads. The most downloaded magazines are Donald Duck, Nieuwe Revu, Panorama, Story and Libelle.

The app benefited from extensive marketing efforts, which included e-mail promotions, push notifications, online bannering, and ads and editorial coverage in magazines.

Sanoma's ambition is to become the largest digital magazine kiosk in the Netherlands and sell 1 million magazines per year. Over the next few months, Sanoma will focus on the country's leading 150–200 magazines and on increasing user friendliness.

ADDITIONAL ENHANCEMENTS will include availability on the Android platform and further integration with Tijdschrift.nl, so that the site will sell both digital magazines and subscriptions to the magazines of other publishers.

In due course, the app will also receive a social component, which would allow users to share content with other consumers, and offer digital-only subscriptions and subscriptions in combination with print editions. ■

ECUISINE.RO Recipe for success



Launched in December 2010, cooking platform eCuisine.ro has become a hit in Romania. The site adds local flavours to international recipes and helps users to experiment with and enjoy cooking.

The site is the fastest-growing online asset in Sanoma Hearst Romania's portfolio. After reaching 10,000 fans on Facebook in eight months,

eCuisine.ro passed 100,000 unique visitors in November.

Based on this success, the concept has also been rolled out to Ukraine, Serbia and Croatia. In addition, eCuisine has easily expanded into a multimedia brand with a special recipes book – Winter Fusion Recipes – and a cooking competition.

Sponsored by the well-known supermarket chain

Lidl, eCuisine's cooking event involved famous food bloggers and an audience selected from eCuisine.ro's online database.

In 2012, eCuisine.ro will continue to grow and expand its offer, from issuing more print special editions and organising cooking events, to building integrated online solutions that will offer both loyal and new visitors a unique user experience.

Donald Duck: 60 years in Finland!

Sanoma Magazines Finland's Aku Ankka (Donald Duck) celebrated its 60th year of publication in 2011. The long-lasting collaboration with Disney has created record-breaking results.



OVER THE COURSE of decades, Aku Ankka has become massively popular in Finland. Some 1.3 million people – almost a quarter of the population – read the magazine every week, making it more popular per capita than anywhere else.

A highly successful and constantly growing product family has emerged around Aku Ankka over its 60-year history. This not only includes Finland's largest subscription-based magazine but also two other magazines – Aku Ankka Ekstra and Roope-setä (Uncle Scrooge) – cartoon albums, books, and a popular web shop.

TO CELEBRATE the title's 60th birthday, Sanoma Magazines Finland published a special anniversary edition covering the magazine's history and cultural significance in collaboration with Sanoma tabloid, Ilta-Sanomat.

THE SECRET of Aku Ankka's success lies in the very high quality of its content and the language used is one of the title's cornerstones. The magazine is well-known for stories that amuse the entire family and the excellence of its translations, which strike a chord with children and adults alike.

THE DIGITAL REVOLUTION has also made itself felt in Duckberg. It was decided from the start that Aku Ankka content would not be distributed for free via the web. The brand-new Disney Digicomics app recently brought Aku Ankka to the iPhone and iPad, and additional apps are being developed. ■



Aku Ankka's secret lies in the very good quality of the content and the clever use of the Finnish language



SHEDEALS IN BELGIUM

A powerful print and digital connection

In 2011, Sanoma Media Belgium launched a brand-new website called Shedeals.be, which offers daily, exclusive deals to women. The site allows Sanoma to strengthen the bond between its brands, readers and retailers.

Shedeals works closely with the magazines and websites of Feeling, Flair and Libelle, who can now offer their 3 million

readers and surfers an innovative, online shopping experience. This multi-channel strategy will generate more traffic and strengthen the sites' competitiveness.

By bundling these strong women's brands, Sanoma offers a unique take on online group buying. The national and regional teams of Shedeals work hard to offer the loyal female fans

of Libelle, Flair and Feeling group discounts on specially selected partners.

The group buying principle underlying Shedeals also enables Sanoma's partners to tap into new sources of growth. In addition, these companies have a lucrative way of strengthening their online and print brand among Sanoma Media Belgium's large community of women.

Covering all the bases at Ruutu.fi



WHEN NELONEN MEDIA launched Ruutu.fi in 2009, the company was a pioneer of internet TV in Finland. Today, Ruutu.fi offers free access to around 130 hours of new content each week from four channels: Nelonen, Jim, Liv, and Nelonen Pro. Ruutu videos reach between 600,000 and 800,000 people weekly.

NELONEN MEDIA'S GOAL is to make Ruutu.fi available on all current devices. The service was extended to iPad and iPhone in 2011 and became available on Android in early



2012. This will increase viewing figures and offer advertisers new ways of reaching consumers.

The free nature of the Ruutu.fi service is made possible by using a very targeted and easily managed advertising system. In the

future, paid-for content will be added to the present range of free content.

Ruutu.fi acts as a bridge between media and brands across the Sanoma Group. Online services such as HS.fi and Iltasanomat.fi incorporate Ruutu.fi content into their own offerings, and IS-TV features Nelonen Media content, including entire episodes.

Clips of material from Nelonen Media programmes are also edited for inclusion in the news websites of Ilta-Sanomat and Helsingin Sanomat, generating enhanced visibility for the programme brands. ■

From magazines to multimedia in CEE

Sanoma aims to reshape its media offering in Central and Eastern European countries. With our magazines as a springboard, we are transitioning into a broad media company in the region.



SANOMA MEDIA RUSSIA & CEE, which covers several Central and Eastern European countries, is in the midst of a transformation from mainly print to an offering that includes online, mobile, events and thematic television. Called Print Plus, this strategy starts from a strong position in magazines and, in Russia, also newspapers.

In our experience, there is a close correlation between advertising expenditure and economic growth. Advertising expenditure per capita in this region is EUR 61 compared to more than EUR 220 in the Netherlands or Finland. As a result, advertising will grow, even if discounting for a decline in the share of advertising spend for magazines and newspapers.

WHILE THE REGION'S print market hasn't fully matured, Sanoma also sees growth based on our position in online, mobile, events and (thematic) television. This growth will be concentrated around brands or audiences that we have experience and a connection with, such as Fashion & Beauty, Young Mothers or Health & Wellness. In these markets our companies already enjoy strong relations with consumers and advertisers.

ONLINE AND MOBILE are valuable both as a distribution platform and as a way to add services to the inspirational and informative

content in our magazines and newspapers. Examples of these are the online wedding planners in Russia and Croatia and the pregnancy app for mobile devices already available in Hungary and Romania, among others.

Events, meanwhile, are a way to make that inspiration and information tangible and personal. We have launched parenting fairs in Romania, fashion courses in Russia and shopping nights in several countries like in Ukraine, Russia and Serbia. Thematic television like Story4 and Story5 in Hungary allows us to use moving images and sound to inform and inspire consumers.

TO EXECUTE THIS ambitious extension of our business foundation in the CEE region, Sanoma Media Russia & CEE initiated the Vision 2020 programme two years ago. Vision 2020 aims to provide consumers with richer content on a broader range of platforms, and, in turn, advertisers with more powerful opportunities for contacting specific audiences.

While the innovation projects are local, Sanoma created a central project management team to assist local colleagues. The programme also finances good ideas to stimulate and support innovation. In this way, successful online and mobile projects can easily be replicated across other Sanoma countries. For 2012, several launches in print, online, mobile, events and possibly TV are planned. ■



Publicity for our parenting fair in Romania

APOLLO Expanding in Latvia



Sanoma News expanded its online operations in the Baltics in September 2011 by acquiring Apollo, Latvia's second-largest online news service.

This will be integrated with the Auto24 concept, which has been successful in Estonia. Sanoma's strong online news competence will help both services to strengthen their positions significantly.

DESIGNER MONTH Summer hit in Croatia



For the fourth year in a row, Story's designer month became a summer hit in Croatia.

Four famous Croatian designers created summer items especially for Story readers. This year they came up with sandals, sun glasses, a top, and a T-shirt.

Over the course of a month, the items were made available one by one along with each new issue of Story magazine.

These were available at most kiosks in a limited edition for the price of 45 kunas (EUR 6). Each year, sales of the package are very high. Story magazine in Croatia is published by Adria Media Zagreb.



Design from cover to cover

As one of the main partners of Helsinki 2012 World Design Capital, Sanoma Magazines Finland will show that magazines represent everyday design.



HELSINKI IS WORLD DESIGN CAPITAL (WDC) in 2012. The event will focus on how design makes life easier and improves the quality of everyday life – through transparency, innovation, usability, sustainability, and collaboration.

As one of WDC's main partners, Sanoma will highlight the role of magazines as a dynamic and constantly developing area at the cutting edge of the media. Sanoma also wants to leverage the commercial opportunities offered by WDC and highlight the value of good design throughout the company's activities.

WDC's corporate partners will play a major role in planning and implementing the project's official programme. Sanoma Magazines Finland's most significant contribution will be Gloria Design, a prototype of the magazine of the future.

GLORIA DESIGN, which will be published in March 2012, will offer readers an all-embracing experience based on a unique mix of quality content and innovative use of different types of paper and specialist printing techniques.

For advertisers, the magazine will offer a new, premium-quality advertorial concept known as Gloria Design & Co.

A design-themed special edition of *Aku Ankka* (Donald Duck) will also appear in 2012. Sanoma Custom Publishing produced WDC's official magazine, 350,000 copies of which were printed in January. Design will also feature at the Gloria Fashion Show at the beginning of September.



Sanoma
MAGAZINES

MAGAZINES ARE EXCELLENT examples of user-driven design from start to finish, combining creativity and passion with efficient processes and constantly developing concepts in a unique way. Design – in everything from the latest creations on the catwalks to everyday tips – represents a central part of Sanoma Magazines Finland's brands.

BY TAKING A PROMINENT part in World Design Capital Helsinki 2012, Sanoma will strengthen its position as the innovative quality leader of the Finnish magazine world and use design to help create new solutions benefiting all its stakeholders. ■





7,000,000

*series of online exercises
made on bingel.be*

The journey to digital learning solutions has begun

T

Sanoma Learning has begun its transformation from traditional printed textbooks to integrated and digital learning solutions that promise more efficient and effective teaching and personalised learning.

children to a higher level. And thirdly, schools are increasingly embracing digital media.

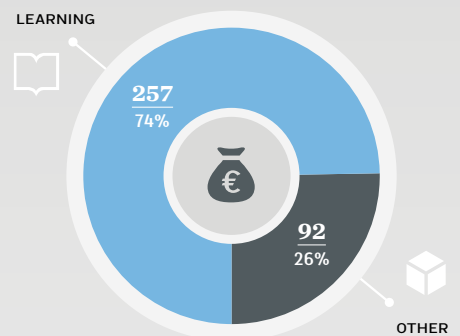
To achieve this, teachers need up-to-date content that can be tailored to the needs of individual children. They also need better tools for preparing lessons, delivering tests, communicating with parents, coaching children and tracking progress. All of this needs to be available in a digital environment.

THE MAJORITY OF TEACHERS in Sanoma Learning's six main countries continued to buy Sanoma's textbooks in 2011. While Sanoma will continue to cater to this need, it is transforming its business in response to three major trends.

The first is the growing shortage of teacher time, which forces teachers to work more efficiently. Secondly, teachers need to focus more on the output of learning in order to get

SANOMA LEARNING'S VISION of this next-generation approach to teaching began to crystallise in 2011. The company launched products and services that support teachers in their everyday work. These solutions enable personalised learning and increase teachers' efficiency by automating non-essential tasks, which frees up time for actual teaching.

Net sales by business, EUR million *

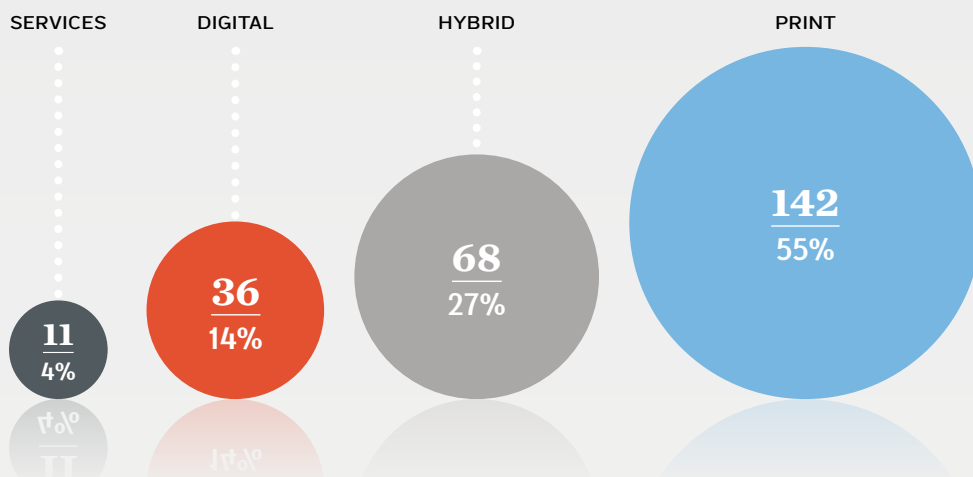


* Includes EUR 5.4 million intercompany sales

Throughout the year, Sanoma Learning's companies built strong positions for the future, launching many new products and services, increasing sales and profitability, and improving their market shares. Three great examples of digital solutions launched in Belgium, the Netherlands and Finland are described in more detail on pages 38–41.

IN 2011, SANOMA LEARNING ACQUIRED Bonnier Utbildning in Sweden from the Swedish media group Bonnier and renamed it Sanoma Utbildning. By adding this con-

Net sales in Learning by type of sales, EUR million



Teacher's Online Service: portal to perfection

stantly growing learning company to its portfolio, Sanoma has established itself in the Swedish educational market.

Sanoma Utbildning is a leading educational publisher in Sweden. It understands teachers' work and supports them with materials that allow them to work efficiently and motivate pupils. The company played an important role in the curriculum change realised in Sweden in 2011 by providing schools with outstanding teaching and learning materials.

Furthermore, Sanoma Learning acquired the assets of Tammi Learning from Bonnier, adding high-quality products to its existing learning company in Finland. In December, the combined company was rebranded Sanoma Pro.

SANOMA LEARNING HAS AMBITIOUS GOALS.

It wants to grow its European position and become a top three learning player. To secure its future and create real organic growth, Sanoma Learning wants to be a frontrunner in the transformation towards digital learning solutions.

In order to reach these targets, Sanoma is migrating its offering from printed text- and workbooks to comprehensive and more digital solutions. Traditionally, schools would buy textbooks for each pupil for every course, but in the future Sanoma will offer schools annual subscriptions to digital content, services and tools that will be continuously updated and upgraded.

These solutions are designed to really personalise the learning process. Pupils' performance and progress is being analysed and tracked, followed up by an individual learning path, either offering more practice and repetition, or moving on to a more advanced level. This insight is automatically generated, saving teachers valuable time.

THE NEW LAUNCHES IN 2011 are the result of close co-operation between the Sanoma Learning companies on the vision, the concepts and the platform technology. This collective approach to innovation and product development is faster, more cost-effective and marks clear progress on Sanoma Learning's transformation roadmap. ■

Teacher's Online Service offers customers of Sanoma Pro in Finland access to a rich world of materials at the click of a button.



JUST LIKE other great innovations, Sanoma Pro's idea was simple but powerful: to provide teachers with a rich gateway to digital pedagogic material. When it launched in October 2010, Teacher's Online Service was the first of its kind in Finland and in 2011 it solidified its position as market leader.

Teacher's Online Service is aimed at teachers, students and principals of primary, lower secondary and upper secondary schools. It offers them method-based digital content and tools that help them master demanding teaching/learning situations with mixed ability groups.

ONCE LOGGED IN, teachers have a wealth of tools at their disposal. This includes lesson plans and whiteboard material, interactive exercises and demonstrations, testing tools that are integrated with the methods, and multimedia content. In addition, teachers have the ability to complete digital assignments, upload their own

material and share it with students.

Teachers have been unanimously enthusiastic. In fact, by the end of 2011, the service was used by more than 20,000 teachers (roughly 60% of all teachers in Finland) across 3,000 schools. In December 2011, teachers and pupils used the service more than 500,000 times.

THE SUCCESS IS EASILY EXPLAINED.

All the materials are accessible online using a single username and password, and as only basic IT knowledge is needed, even digital newcomers can use the material. As a result, the service is effortlessly integrated into teachers' workflow, making their work more efficient and liberating time for more teaching and individual attention.

Asked about their experiences, teachers say they use the service almost daily and that the materials make a big difference in their work. In the past, teachers would have to worry about bringing a CD player, document camera, textbooks and copies of guides and solutions to problems. Now, they have all the right material in one place, which makes it easy to create diverse and interesting lessons.

This accessibility also means that an animation or video is quickly found and shown in order to explain a point

IMPROVING BUSINESS MODELS Optimised pricing



Sanoma Learning executed a pricing project in 2011. The results were twofold. First, existing pricing models were optimised by improving tools, processes and practices. Second, we ensured that our growth in digital solutions is supported by optimal revenue models. In addition to these achievements, a Sanoma Learning-wide knowledge sharing programme was launched to share local experiences and insights among business units.

MANAGING OUR CHANGE PROCESS Strategic Leadership Programme



The process of digitalisation affects all aspects of Sanoma Learning's business and requires transformation. The Strategic Leadership Programme is aimed at fostering new competencies for managing the change. Around sixty key managers across the learning companies joined the programme, which improved their leadership capabilities in change management and increased their capacity for developing their own employees. It also gave them insight into how Sanoma Learning's strategy impacts their own business unit.



that is made during class. In addition, the material is illustrative and suited for students who need some extra support.


THE SERVICE CREATES a range of additional revenue streams. For one, it is only available to existing customers of Sanoma Pro, which means the sale of printed products is supported. In addition, it serves as a sales channel for licenses of Sanoma Pro's other products and services.

Furthermore, some 6,500 licenses were sold in 2011 for presentation materials that can only be purchased from within the gateway.

Looking ahead, Sanoma Pro has plans to further develop the service, specifically by offering more personalised learning paths. So, rather than forcing an entire class to learn the same thing at the same time, teachers can tailor their work to the needs of an individual child. ■

» Teachers say they use the service almost daily and that the materials make a big difference in their work. «

SHARED LEARNING PLATFORMS Significant benefits

 Learning platforms are the digital backbones of our most exciting new learning products and services. They provide the essential context in which our content becomes genuinely personalised learning.

Our current focus is on sourcing and investing in core technology in a smart and collaborative way. This ensures our publishers can focus their time, money and expertise on what we do best – developing amazing teaching and learning materials.

In primary education in the Netherlands,
**350,000 pupils &
50,000 teachers**
work daily with Malmberg's whiteboard platform



Time to Bingel

Bingel.be took the Flemish education market by storm with an online exercise platform that is fun, flexible, effective and easy to manage.



AT FIRST SIGHT, bingel.be could be mistaken for one of these popular games in which players guide their avatar through magical empires in search of glory. Upon closer inspection, though, you would see one of the biggest innovations in Flemish education in decades and a sign of things to come.

LAUNCHED BY VAN IN in January 2011, bingel.be is an online exercise platform for Flemish primary schools. It supports teachers in their daily work and increases the outcome of the learning process by complementing Van In's existing classroom materials with more than 2,000 exercises in all subjects, including mathematics, language and world orientation.

Teachers can easily integrate these exercises into their habitual way of working. They can assign exercises to individual students or an entire class either as home work or extra practice. Exercises are corrected automatically and detailed results are sent to the teacher, who tracks progress in a pupil follow-up system.

BINGEL.BE IS FULLY AUTOMATED, easy to use and requires minimal IT knowledge. Once the school enters their pupils' data into the system at the beginning of the year, it takes teachers a few clicks of a mouse to assign and track work. The result is more time for actual teaching and brighter, more motivated students.



Value through automated differentiation

Rekenblokken empowers teachers in vocational education with a digital intake, learning and testing environment for mathematics.



Coming out of primary and secondary education, vocational students have different levels of proficiency in mathematics. In the tight schedule for arithmetic, their teachers cannot just repeat all basic material to the entire class. With Rekenblokken, Malmberg in the Netherlands offers teachers the ability to provide each student

with personalised learning that is easy to set up and manage.

Rekenblokken is an innovative, online learning system based on blocks for mathematics at the vocational level. It includes online intake tests, theory and practice lessons, and assessments. In addition to a printed book filled with theory and examples, students can download

a book of exercises per block.

Rekenblokken's added value lies in its ability to automatically differentiate per student and its multimedia and multi-channel approach. This frees up teacher capacity for targeted interventions and customised support.

For example, when scheduling the entry-level test on a block,



In line with the more personalised approach to education that Sanoma believes is the future, Bingel features an automatic level adjustment system that increases student's confidence and motivation. The system automatically switches to a higher level of difficulty if students give correct answers, but reverts to a lower level if an incorrect answer is given twice.

BINGEL.BE is very appealing to today's generation of media-savvy children. Children create an avatar who gives them tips and feedback and the bingel.be environment is designed like a floating island that changes as children mature. Making exercises also allows children to earn points – called 'pingping' – which they can redeem to play short games.

Bingel.be's numbers are impressive. By the end of 2011, more than 70% of Flemish schools were using bingel.be. The majority of teachers and pupils have an account, and more than 50% of them are also actively using their account. More than 4 million exercises were made in only a few months.

WHILE UPDATES of schoolbooks are costly and seldom done, bingel.be shows the strength and flexibility of online platforms. By August, bingel.be had introduced a series of major upgrades that include new ex-

>> *By the end of 2011, more than 70% of Flemish schools were using bingel.be.* <<

ercises and learning modules, easier administration and new mini-games.

In addition, Van In launched an offline addition in the form of a paper class agenda for pupils in which they can write down homework. The agenda went from idea to product in a mere eight weeks and has already proved to be a success.

BY THE SUMMER of 2012, Van In will also launch a special holiday addition, which is a fun online exercise module with a 'holiday' look and feel that children can use during the summer holidays. Parents pay separately for this module, which is additional to the existing bingel.be offering. ■



teachers can have Rekenblokken automatically set up the lessons and tests in an individual learning route, based on the individual results. This way, students learn exactly what they need to learn. Teachers also have a tool at their disposal that is used as an intake and as an instrument to measure progress. This RekenScan

has been weighed against the final level that needs to be achieved through vocational education. Rekenblokken was developed in close co-operation between Malmberg and Young Digital Planet (YDP). The strong customisation of the product was made possible by combining Malmberg's in-depth

research into customer needs with YDP's extensive experience in IT product development. Since the start in 2008, Rekenblokken has been growing fast. In 2010 it doubled the number of users, which in 2011 grew by another 30%. In 2011, usage doubled from 60,000 visits per week to over 120,000 visits per week.



Revamping the marketing services of Trade Services

A **LONG WITH PRESS DISTRIBUTION**, Sanoma Trade offers marketing services to publishers and retail suppliers, specifically merchandising (below-the-line marketing) and marketing logistics in Finland. In 2011, Trade Services revamped its marketing services strategy. Instead of selling separate products to customers, the business will now offer a broader, more integrated range of services. In this way, Trade Services can provide larger customers especially with more added value.

While Trade Services is in the early stages of its transformational journey, our prospects are bright. The market for similar products and services is fragmented, which means that Sanoma Trade's integrated offering is unique and attractive.

A SURVEY AMONG a broad range of customers found them open to a more integrated offering. Customers currently waste a lot of time sourcing and negotiating individual products and services, which Trade Services also used to offer separately. The new approach does not affect the Lehtipiste press distribution unit, which will continue to serve publishers as before.

To capitalise on these new opportunities, Trade Services also changed its internal organisation and began to transform its culture. Moving away from our old focus on production, distribution and logistics, we are now focusing on the needs of individual customers and the market as a whole.

IN 2012, we will focus on executing the strategy, increasing sales and attracting new customers. In addition, we will rebrand our trade services. In the past our Lehtipiste, Printcenter and Postituspojat brands worked separately, but in future we will use *Lehtipiste* for press distribution and *Lehtipiste marketing services* for Trade Services' other services. We opted for the *Lehtipiste* brand because it is well known and appreciated in Finland. ■

96,380,737

copies of magazines and newspapers sold through Lehtipiste

Creating the new R-kioski

New concepts, better service and great locations have allowed R-kioski, a chain of kiosks across Finland, to significantly boost its performance in 2011.



R-KIOSKI, part of Sanoma Trade, was hit hard by the economic crisis in 2010 and early 2011. Financial results were lagging and customer flows decreasing. This was also due to increased competition from cafés, mini-markets and other places than enable impulse buying. Changes to a law that dictates opening hours in Finland further exacerbated the effects of the crisis and increased competition.

In response, R-kioski embarked on a thorough review of its business that would eventually lead to improved performance. More specifically, management looked at a new pricing strategy, sales performance management at the kiosk level, cost control and new ways of marketing and creating customer flow.

THE R-KIOSKI PERFORMANCE UPLIFT project was highly successful and helped Sanoma Trade reach its objectives. The R-kioski brand has been particularly strengthened in Finland, where it is still the fastest and most reliable partner for suppliers and service providers compared to competitors.

R-kioski continues to expand its products and services, including municipal and

communal services. Now it also focuses strongly on retail basics, tight follow-ups on core metrics in the management team and regular communication about the performance to employees.

R-kioski also sharpened its underlying concept. A new concept had already been developed in 2009 and rolled out in 2010, but the financial troubles in early 2011 and the performance uplift project showed what could be improved. As a result, R-kioski now has three kiosk formats: *Fast*, *City* and *Service*.

Fast emphasises deli products, take-away food and beverages; *City* offers a wider assortment of impulse food and beverages and has more emphasis on gaming and other services; *Service* focuses on services (i.e. parcel pick-up, paying bills, info point, pick-up point for official documents), coffee, and the best gaming experience in retail.

CENTRAL TO ALL THREE CONCEPTS are clear business targets, meeting customer expectations and providing excellent service, for which employees are trained at the R Academy.

R-kioski also began discussing new locations with key partners in Finland, specifically the airport, the railway and the main malls. R-kioski won an important international tender for the location of a shop at the Helsinki-Vantaa airport and in 2012 we intend to launch around 10 new kiosks in major locations based on the three new formats.

THE STRATEGY CHANGE PROCESS was a learning journey for the entire organisation. In the process, management defined three objectives – Best Concept, Best Contact, Best Place – and the critical success factors for each of them. For the kiosk operations organisation, it was first difficult to give up things that were no longer useful, and the situation did not change overnight. Gradually, however, co-operation between various functions increased.

IN DEVELOPING the new strategy, R-kioski's management also visited all operating countries to discuss plans for the future. It introduced a weekly clarification meeting for the chain's management and all departments had to define the key activities and measures

to support the new strategy. In addition, it determined the most important suppliers and service providers, whose products would be more visible in the kiosks.

WE ALSO FOUND that our suppliers responded positively to our clarified strategy and long-range planning, even though we in fact decreased the number of products. At the same time, our customers felt our offering has expanded, which was the result of a more distinct layout and category management in our kiosks. All in all, our brand promise of quick and convenient shopping was further strengthened. ■



RENEWED FOCUS

Sanoma Trade divestments

In 2011, as part of Sanoma's wider transformation towards more integrated, cross-media and learning solutions for its customers, Sanoma divested several operations that are no longer core to the company.

- We sold the Finnkino movie operations in Finland, Estonia, Latvia and Lithuania to the Swedish private equity fund Ratos AB.
- We sold our remaining Russian kiosk operations, KP Roznitsa, to its management.
- We sold the press distribution and kiosk operations in Romania to the management.
- We sold the Suomalainen Kirjakauppa bookstores in Finland to Otava Ltd. The transaction included all shares in Suomalainen Kirjakauppa Oy, six properties used by Suomalainen Kirjakauppa and Rautakirja's and Suomalainen Kirjakauppa's shares in Kirjavälitys Oy, a company specialising in logistical services. Sanoma Trade's Estonian bookstore operations were not included in the transaction.
- We sold our 50% stake in the Latvian kiosk and press distribution company Narvesen Baltija SIA to the Norwegian Reitan Group.
- We sold the Forum Cinemas Home Entertainment companies in Latvia and Lithuania and its business in Estonia to the management.

Number of cups of coffee sold in R-kioski in Finland

4,013,034



Board of Directors

Complete profiles are available on Sanoma.com

* No board memberships in other companies.



Jaakko Rauramo

- Born in 1941, Finnish
- Chairman of the Board of Sanoma. Chairman and CEO 2001–2005 and member since 1999. Term ends in 2012.
- Joined the Sanoma Group in 1966. Served amongst others as President and CEO of SanomaWSOY 1999–2001, President of Sanoma Corporation 1984–1999 and was elected to its board in 1979, General Manager of the newspaper division, General Manager of Sanomaprint. *



Sakari Tamminen

- Born in 1953, Finnish
- Vice Chairman of the Board of Sanoma since 2009 and member since 2003. Term ends in 2012.
- President & CEO of Rautaruukki Corporation since 2004.
- Other board memberships, companies: Varma Mutual Pension Insurance Company (Finland) (Chairman)

Annet Aris

- Born in 1958, Dutch
- Member of the Board of Sanoma since 2009. Term ends in 2012.
- Adjunct Professor of Strategy and management at INSEAD since 2003.
- Other board memberships, companies: ASR Nederland (the Netherlands), Jungheinrich AG (Germany), Kabel Deutschland AG (Germany), Tomorrow Focus AG (Germany), V-Ventures BV (the Netherlands)



Jane Erkkö

- Born in 1936, Finnish
- Member of the Board of Sanoma since 1999. Term ends in 2014.
- Served as member of the Board of Sanoma Corporation 1990–1999.
- Other board memberships, companies: Oy Asipex Ab (Finland)





Antti Herlin

- Born in 1956, Finnish
 - **Member of the Board of Sanoma since 2010. Term ends in 2013.**
 - Chairman of KONE Corporation (Finland) since 2003 and member of the Board of KONE Corporation (Finland) since 1991.
- Other board memberships, companies:** Holding Manutas Oy (Finland) (Chairman), Ilmarinen Mutual Pension Insurance Company (Finland) (Vice Chairman Supervisory Board), Security Trading Oy (Finland) (Chairman), Solidium Oy (Finland), YIT Corporation (Finland)



Sirkka Hämäläinen-Lindfors

- Born in 1939, Finnish
 - **Member of the Board of Sanoma since 2004. Term ends in 2013.**
 - Served amongst others as member of the Executive Board of the European Central Bank 1998–2003 and as Governor and Chairman of the Board of the Bank of Finland 1992–1998.
- Other board memberships, companies:** KONE Corporation (Finland) (Vice Chairman)

Seppo Kievari

- Born in 1943, Finnish
 - **Member of the Board of Sanoma since 2003. Term ends in 2013.**
 - Served Sanoma Corporation 1966–2004 amongst others as President and Publisher of Sanoma's newspapers as well as Executive Vice President of Sanoma Corporation.
- Other board memberships, companies:** Hämeen Sanomat Oy (Finland)



Nancy McKinstry

- Born in 1959, American
 - **Member of the Board of Sanoma since 2011. Term ends in 2014.**
 - Chief Executive Officer & Chairman of the Executive Board of Wolters Kluwer (the Netherlands).
- Other board memberships, companies:** Ericsson (Sweden), Abbott (USA)



Rafaela Seppälä

- Born in 1954, Finnish
- **Member of the Board of Sanoma since 2008. Term ends in 2014.**
- Served amongst others as member of the Boards of SanomaWSOY 1999–2003 and Sanoma Corporation 1994–1999 *

Kai Öistämö

- Born in 1964, Finnish
- **Member of the Board of Sanoma since 2011. Term ends in 2014.**
- Executive Vice President, Chief Development Officer and member of the Leadership Team of Nokia Corporation (Finland) *



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SANOMA VIEW 2011

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Sanoma Group Communications

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Sanoma View 2011 is also available in
PDF and tablet-friendly HTML5 format
on Sanoma.com.

A printed version of Sanoma View
2011 can be ordered from Group
Communications either via email
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or by phone +358 105 19 5061.



441 017
Printed matter

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 **Sanoma**

Enrich your world

