

## Sanoma's Interim Report 1 Jan–31 March 2009: Focus Now on Improving Efficiency

- Sanoma Group's net sales decreased by 6.9% in the first quarter, totalling EUR 636.0 (683.1) million.
- Operating profit excluding non-recurring items was EUR 23.2 (49.2) million. Non-recurring items totalled EUR -2.3 (23.5) million.
- Earnings per share, including non-recurring items, were EUR 0.05 (0.34) in the first quarter.
- It is estimated that the Group's full-year EBIT excluding non-recurring items will be clearly below the 2008 level.

KEY INDICATORS EUR million	1–3/ 2009	1–3/ 2008	Change %	1–12/ 2008
Net sales	<b>636.0</b>	683.1	-6.9	3,030.1
Operating profit excluding non-recurring items	<b>23.2</b>	49.2	-52.8	295.7
% of net sales	<b>3.7</b>	7.2		9.8
Operating profit	<b>20.9</b>	72.7	-71.2	236.3
Result for the period	<b>7.7</b>	54.4	-85.9	120.8
Capital expenditure	<b>20.2</b>	20.6	-2.1	109.9
% of net sales	<b>3.2</b>	3.0		3.6
Equity ratio, %	<b>40.2</b>	44.4		40.0
Net gearing, %	<b>84.1</b>	62.6		78.5
Average number of employees (full-time equivalents)	<b>17,981</b>	17,187	4.6	18,168
Earnings/share, EUR	<b>0.05</b>	0.34	-84.7	0.72
Cash flow from operations/share, EUR	<b>-0.05</b>	0.29	-118.5	1.56

### Hannu Syrjänen, President and CEO

"Sanoma's balanced portfolio and strong market positions helped us in the challenging economic environment. In the first quarter, Sanoma Entertainment performed strongly both in television advertising and broadband operations. Our online advertising sales continued to increase, in particular in the Netherlands. Sanoma's total digital revenues grew by 7% and represented over 12% of the Group's net sales in the first quarter. Net sales grew also in the learning business, boosted by the Nowa Era acquisition made in 2008.

However, the sales of advertising in the newspapers and magazines have decreased rapidly in the first quarter so we must adjust our operations further. The decline in consumer confidence and private consumption is being reflected in retail operations – in the Baltic countries in particular. The Group continues to strongly focus on improving efficiency and saving costs.

In 2009, Sanoma will make structural changes, discontinue loss-making operations and examine all processes in order to improve its efficiency. In the first quarter, for example, we closed down loss-making kiosks in Russia and discontinued some 20 magazine titles. The cost-saving measures taken so far have been strongest in the CEE countries, where the developing economies have been hit harder than in more mature markets.

Our target is to reduce our operating expenses to be clearly below the 2008 level. This will partly be achieved through personnel reductions.

Sanoma's position as a market leader will bring us added value. We have been able to strengthen our market shares in a number of areas. For example, our position in the Finnish online classified market has improved and our key weekly titles for women are performing better than the market in the Netherlands, Belgium and Finland. Focusing strongly on our profitability, we continue, at the same time, to be on the look out for possibilities that can further enhance our operations and strengthen our market positions."

### Outlook for 2009

In 2009, Sanoma's net sales are expected to decrease. It is estimated that the Group's operating profit excluding non-recurring items will clearly decline from the previous year. In the comparable year of 2008, operating profit excluding non-recurring items was EUR 295.7 million. The Group's financial expenses are expected to decrease, and as a result, Sanoma's net result for 2009 is expected to decrease less than its operating profit. The Group plans to strongly increase the efficiency of its operations in all markets.

The outlook of Sanoma's net sales and operating profit in 2009 is affected by the development of advertising and private consumption in the Group's countries of operation. Advertising is expected to decrease in all and private consumption in most of the markets in 2009.

### Net sales

In January–March Sanoma's net sales were down by 6.9%, totalling EUR 636.0 (683.1) million. Net sales grew in Sanoma Learning & Literature and were at the comparable year's level in Sanoma Entertainment. Net sales decreased in other divisions, with advertising sales in particular being affected by the general economic situation. Net sales adjusted for changes in the Group structure decreased by 8.0%. Excluding the effect of changes in exchange rates, net sales for the first quarter 2009 would have been 5.3% lower than in 2008.

Advertising sales accounted for 23% (26%) of the Group's total net sales. Online advertising sales continued to increase with the Sanoma Magazines Netherlands contributing the most. The growth from the comparable period was 6%. In geographical terms, Finland accounted for 53% (53%) of net sales, with other EU countries accounting for 43% (42%) and non-EU countries for 4% (5%).

### Result

Sanoma's operating profit excluding non-recurring items was EUR 23.2 (49.2) million in the first quarter. The operating profit included a total of EUR -2.3 (23.5) million in non-recurring items. These non-recurring costs were related to restructuring of operations and voluntary severance packages offered to employees. In the comparable period, a non-recurring capital gain was recorded from the divestment of the movie distribution company R.C.V. Entertainment.

<b>NON-RECURRING ITEMS</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>	<b>1-12/ 2008</b>
<b>EUR million</b>			
Costs related to the efficiency programme, News	<b>-2.3</b>		
A gain on sale of R.C.V. Entertainment, Magazines		23.5	23.5
A gain on sale of a land area, Sanoma Corporation			1.5
A gain on sale of Payback Kft, Magazines			7.0
Expenses on closing down a youth site and related impairment loss, Magazines			-5.1
Inventory write-offs and restructuring expenses, Learning & Literature			-7.6
Impairment loss of immaterial rights and goodwill, Magazines			-78.6
<b>NON-RECURRING ITEMS TOTAL</b>	<b>-2.3</b>	23.5	-59.3

The Group's operating profit was EUR 20.9 (72.7) million or 3.3% (10.6%) of net sales. Operating profit grew in Sanoma Entertainment, where all business units developed favourably. The new learning operations strengthened the seasonality in Sanoma Learning & Literature's profits. In other divisions, operating profit decreased as a result of lower sales.

Sanoma has initiated a large number of efficiency improvement programmes. In order to obtain its targets, Sanoma will continue to reduce the number of personnel. For example, the Sanoma News rationalisation programme, in addition to a variety of other cost-saving measures, aims to reduce the Division's workforce by 100–200 employees through voluntary severance packages. Other staff reductions have been agreed on in several business units either as a result of the weakened economic outlook or related to organisational changes initiated by changing business needs for example in Russia, the Czech Republic and Finland.

Sanoma's net financial items totalled EUR -10.3 (-9.2) million. Financial income amounted to EUR 6.7 (3.5) million. Financial expenses amounted to EUR 17.0 (12.7) million with interest expenses of EUR 11.1 (10.6) million being the largest item. Exchange rate changes affected both financial income and expenses.

The result before taxes was EUR 10.9 (66.5) million. Sanoma's tax rate was clearly higher than in the comparable period, mainly because of a non-taxable capital gain in the first quarter of 2008. Earnings per share, including the non-recurring items, were EUR 0.05 (0.34). The profit for the period totalled EUR 7.7 (54.4) million.

### **Balance sheet and financial position**

At the end of March, the consolidated balance sheet totalled EUR 3,215.1 (3,306.0) million. Cash flow from operations was EUR -8.5 (46.2) million and cash flow per share was EUR -0.05 (0.29). Cash flow from operations decreased as a result of weaker profit for the period and due to changes in the working capital. Due to the nature of the Group's businesses fluctuations in working capital are typical.

There were no significant changes in the Group's financial position during the first quarter. Sanoma's equity ratio at the end of March was 40.2% (44.4%) and in line with the year-end 2008. The changes from the comparable period were mainly caused by the impairment write-downs made in the fourth quarter of 2008. Net gearing increased to 84.1% (62.6%). Equity totalled EUR 1,209.1 (1,375.3) million. Interest-bearing liabilities were EUR 1,099.4 (964.7) million and interest-bearing net debt EUR 1,016.5 (860.4) million. At the end of March, the Group's cash and cash equivalents totalled EUR 82.9 (104.2) million.

Sanoma's financial position is stable. The existing credit facilities, such as the syndicated, long-term credit line worth a total of EUR 802 million, cover all Sanoma's financing needs and Sanoma has no need for material refinance in the near future. Net debt/EBITDA ratio at the end of March was 2.4.

### **Investments, acquisitions and divestments**

Investments in tangible and intangible assets totalled EUR 20.2 (20.6) million in the first quarter, and were focused, for example, on ICT systems and replacement investments.

There were no significant transactions during the review period. In the comparable period, Sanoma Magazines divested the Dutch movie distribution company R.C.V. Entertainment and a capital gain of EUR 23.5 million was recorded for the transaction. On 11 March 2008, Sanoma Learning & Literature finalised its acquisition of the Polish educational publisher Nowa Era.

## SANOMA MAGAZINES

*Sanoma Magazines is a leading publisher of magazines and has a strong digital media presence in 13 European countries. The company actively reaches out to an audience of 290 million consumers at every life stage, and aims to strengthen its market leader positions in each of the markets it operates in.*

- Sanoma Magazines' online advertising sales and subscription sales continued to develop positively. Total net sales decreased, especially in the CEE countries and Russia.
- Sanoma Magazines actively reacted to the changing advertising market: in total 20 magazines have been discontinued during the first quarter.
- Investments in segments that have performed well continued. Two new magazines and five online sites were launched.

KEY INDICATORS EUR million	1-3/ 2009	1-3/ 2008	Change %	1-12/ 2008
Net sales	262.1	285.5	-8.2	1,246.8
Operating profit excluding non-recurring items *	15.5	24.7	-37.1	138.9
% of net sales	5.9	8.6		11.1
Operating profit	15.5	48.2	-67.8	85.7
Capital expenditure	4.6	5.1	-10.8	26.8
Average number of employees (full-time equivalents)	5,713	5,393	5.9	5,731

\* In 2008, the non-recurring items included EUR 23.5 million capital gain from the divestment of movie distributor R.C.V. Entertainment in the first quarter.

Operational indicators **	1-3/ 2009	1-3/ 2008
Number of magazines published	316	319
Magazine copies sold, thousands	94,859	104,242
Advertising pages sold	12,283	14,487

\*\* Including joint ventures.

Sanoma Magazines' net sales in January–March decreased by 8.2% to EUR 262.1 (285.5) million. Net sales were in line with the comparable period in the Netherlands and Finland, but decreased significantly in Sanoma Magazines International. Net sales adjusted for changes in the Group structure decreased by 9.5%. Of the Division's net sales, 19% (18%) came from Finland.

The Division's advertising sales decreased by 17% in the first quarter and represented 29% (32%) of net sales. In particular Sanoma Magazines International's advertising revenues were affected by the general economic uncertainty. The Division's online advertising sales continued to grow and were up by 8%, due to good development in the Netherlands.

Sanoma Magazines' circulation sales decreased by 3% and represented 62% (58%) of the Division's net sales. Subscription sales developed positively in Belgium and Finland. Single copy sales in the CEE countries declined clearly.

In January–March Sanoma Magazines Netherlands' net sales amounted to EUR 110.6 (111.7) million. Advertising sales grew slightly with online advertising performing strongly. Sanoma Magazines Netherlands' online revenues grew by 14% and outperformed the market growth. According to Nielsen Media Research, the consumer magazine advertising market in the Netherlands decreased by 14% in January–March 2009 with magazine advertising's share of the total advertising market remaining almost at the comparable period's level. In total, advertising sales represented 26% (25%) of Sanoma Magazines Netherlands' net sales. The readers market in the Netherlands has continued to decline. Subscription sales at Sanoma Magazines Netherlands were at the comparable period's level and single copy sales were only slightly below. Sanoma Magazines Netherlands launched five online sites and one magazine. Five magazines were closed in the first quarter.

Sanoma Magazines International's net sales were EUR 50.9 (70.1) million. Advertising sales decreased in most countries, especially in Russia and Ukraine as well as in the Czech Republic where number of magazine titles were closed. The reported net sales were also clearly affected by the negative exchange rate developments, especially in Russia and Hungary. In total, advertising sales represented 49% (54%) of Sanoma Magazines International's net

sales. Circulation sales were also below the comparable period, partly because the number of magazines and in some cases the number of issues was reduced. Net sales in Russia, Sanoma Magazines International's largest market, decreased by 42% and amounted to some EUR 16 million, including the effects of currency translations. In local currency the decrease was 29%. In the first quarter, Sanoma Magazines International launched one title and discontinued 15 others across its markets.

Net sales at Sanoma Magazines Belgium totalled EUR 51.3 (54.2) million with decreasing advertising sales. Advertising sales represented 28% (29%) of Sanoma Magazines Belgium's net sales. Circulation sales, especially subscription sales, increased in Belgium, due to successful price increases. In Belgium, both the advertising and readers market remained stable. Sanoma Magazines Belgium's market position has also remained strong.

Sanoma Magazines Finland's net sales remained stable at EUR 50.3 (50.7) million. The decline in advertising sales was offset by the good development of circulation sales. Subscription sales grew in particular, followed by increase in the frequency of some magazine titles. Advertising sales represented 14% (17%) of Sanoma Magazines Finland's net sales. According to TNS Gallup Adex, advertising in consumer magazines in Finland decreased by 14% in January–February. The magazine single copy market decreased in volume by 14% in. Sanoma Magazines Finland outperformed the market development.

In January–March, Sanoma Magazines' operating profit excluding non-recurring items decreased by 37.1% to EUR 15.5 (24.7) million. In the comparable period, operating profit included a EUR 23.5 million non-recurring gain on the divestment of movie distributor R.C.V. Entertainment. Operating profit in the first quarter decreased by 67.8% to EUR 15.5 (48.2) million.

Sanoma Magazines Netherlands' operational result weakened due to lower sales and increased personnel expenses. The operating profit was down significantly since the comparable period included the non-recurring sales gain from R.C.V. Entertainment. The decline in advertising sales decreased Sanoma Magazines International's operating result markedly. Sanoma Magazines Belgium's result decreased due to lower advertising sales and increased personnel expenses. Sanoma Magazines Finland's operating profit improved with cost-saving offsetting the effects of lower advertising sales.

Sanoma Magazines is currently strongly focused on improving efficiency and saving costs. The division has initiated several cost-saving programmes to improve the profitability of its business units. At the same time Sanoma Magazines continues to develop its magazine portfolio and online businesses as well as invest in strengthening its market positions in all countries it operates in, with a special focus on its key titles in each operating country.

In 2009, Sanoma Magazines' net sales are expected to decrease and it is estimated that operating profit excluding non-recurring items will be clearly below the previous year's level.

## SANOMA NEWS

*Sanoma News is the leading newspaper publisher in Finland, and its products, both in print and digital format, have a strong presence in the lives of their readers. In addition to Helsingin Sanomat, the largest daily in the Nordic region, Sanoma News publishes other national and regional newspapers and is also a significant digital player in Finland.*

- Net sales and operating profit in Sanoma News were affected by the continued decline of the advertising market.
- Sanoma News will adjust its operations further and strongly focus on improving efficiency and saving costs to be able to respond better to the changing media environment.
- Investments in printed and digital products continued in the first quarter with the re-launch of Veikkaaja and the ongoing development of existing online sites.

KEY INDICATORS	1-3/ 2009	1-3/ 2008	Change %	1-12/ 2008
EUR million				
Net sales	107.7	120.8	-10.9	474.7
Operating profit excluding non-recurring items *	8.3	17.9	-53.4	57.3
% of net sales	7.8	14.8		12.1
Operating profit	6.0	17.9	-66.2	57.3
Capital expenditure	3.2	3.7	-14.6	19.6
Average number of employees (full-time equivalents)	2,404	2,407	-0.1	2,491

\* In 2009, the non-recurring items included EUR -2.3 million costs related to the efficiency programme.

Operational indicators	1-3/ 2009	1-3/ 2008
Distribution of free sheets, millions	19.2	24.0
	1-12/ 2008	1-12/ 2007
<b>Audited circulation</b>		
Helsingin Sanomat	412,421	419,791
Ilta-Sanomat	161,615	176,531
	1-3/ 2009	1-3/ 2008
<b>Online services, unique visitors, weekly</b>		
Iltaasanomat.fi	1,641,494	1,316,851
HS.fi	1,097,170	913,506
Huuto.net	473,677	462,371
Oikotie.fi	351,653	325,253
Taloussanomat.fi	465,231	298,424
Keltainenpörssi.fi	192,815	160,099

Sanoma News' net sales in January–March decreased by 10.9%, totalling EUR 107.7 (120.8) million. Net sales decreased in particular in the Helsingin Sanomat business unit, where advertising sales declined significantly. Net sales in other business units were also somewhat below the comparable period. Adjusted for changes in the Group structure, net sales decreased by 10.9%.

According to TNS Gallup Adex, newspaper advertising in Finland decreased by 24% in January–February. Job advertising in Finland decreased by 50% and real estate advertising by 36%. Advertising in free sheets was down by 19%. Following the general advertising environment, also online advertising included in statistics decreased by 9%. Sanoma News' advertising sales decreased by 25% from the comparable period, due to the decline in newspaper advertising, with the classified advertising development affecting the sales the most. Online advertising sales performed slightly better, but were down by 4% during the first quarter of the year. Sanoma News' advertising sales represented 46% (55%) of the Division's net sales.

In the Finnish tabloid market, the structural migration to online continued. The printed tabloid market declined by 12%, but the numbers of online visitors continued to increase. Sanoma News' circulation sales grew. Subscription sales performed well, but newsstand sales decreased. Circulation sales accounted for 43% (37%) of the Division's net sales.

The Helsingin Sanomat business unit's net sales totalled EUR 61.7 (74.1) million. Circulation sales increased slightly due to price increases. Advertising sales were clearly down, and Helsingin Sanomat's job and real estate print advertising, in particular, were affected by the overall economic situation. Job advertising in the Helsingin Sanomat daily paper decreased by 52% and real estate advertising by 54%. Online advertising of the business unit decreased by 17%, but Oikotie.fi, the classified online site, strengthened its market position. In total, advertising sales represented 55% (64%) of net sales. Helsingin Sanomat reorganised its newsroom and established a centralised desk to support its news management to different channels. The acquisition of the remaining minority shareholding, 49%, in the recruitment system provider Skillnet enables a more efficient organisation to be created in the recruitment vertical in the future.

Net sales of the Ilta-Sanomat business unit amounted to EUR 18.4 (20.5) million. Ilta-Sanomat commanded a 57.4% (57.5%) share of the tabloid market. The overall readership continued to increase due to the strong growth of online readers. Both circulation and advertising sales of the Ilta-Sanomat business unit declined. In total, advertising sales represented 21% (29%) of net sales. The business unit successfully renewed its sports and betting weekly Veikkaaja. The new editorial process launched at the end of 2008 has improved the efficiency of the editorial office and the quality of the content both in the tabloid Ilta-Sanomat and its online version, Iltasanomat.fi.

Net sales from other publishing were at EUR 22.9 (23.9) million. The decrease was mainly affected by the decline of advertising sales, especially in Sanoma Lehtimedia's regional newspapers. The circulation sales in the regional papers were at the comparable period's level. Sanoma Lehtimedia is redesigning its organisation to improve efficiency and to secure resources for developing the local service level in news production and sales. Net sales in Sanoma Kaupunkilehdet business unit for free sheets decreased slightly mainly due to structural changes. However, Sanoma Kaupunkilehdet has gained market share in the advertising market, in consequence of free sheets in general performing better than dailies in the current media development. Sanoma Kaupunkilehdet made several efficiency improvements in its portfolio during 2008. Visitor figures for Vartti.fi, the local news site, have shown constant improvement and reached a new record in week 13 with 242,541 unique visitors. The acquisition of the remaining minority shareholding of Taloussanomat, the online financial daily, will improve the possibilities to further develop the organisation.

Net sales from other operations, mainly comprising internal services, were EUR 36.2 (37.9) million. Net sales decreased due to fewer internal printing jobs. External print sales grew by over 40%.

In January–March, Sanoma News' operating profit excluding non-recurring items decreased by 53.4%, totalling EUR 8.3 (17.9) million. The non-recurring items included in the operating profit totalled EUR -2.3 (0.0) million and consisted of expenses related to the efficiency programme, including such items as voluntary severance packages to employees. Operating profits in all the reporting units decreased from the comparable period mainly due to decline in advertising sales.

In 2009, the media advertising market continues to be challenging. Sanoma News has launched a cost-savings programme in order to adapt to the lower revenue level. At the same time, Sanoma News will continue the planned development of its printed products and digital services – the company has, for example, decided to invest in a new reader-customer management system to support, among other actions, the product development opportunities for newspapers in the multimedia environment.

In 2009, net sales of Sanoma News are estimated to decrease clearly and operating profit excluding non-recurring items will lessen markedly from the previous year due to the decline in the advertising market.

## SANOMA ENTERTAINMENT

*Sanoma Entertainment offers entertaining experiences on television, radio, online and mobile. Sanoma Entertainment's business units include Nelonen Media, which focuses on broadcast operations, and Welho, Finland's largest cable television operator. The Division's latest business area is online casual gaming.*

- Sanoma Entertainment's operating profit increased in the first quarter.
- Nelonen Media launched a new TV channel Liv in February.
- Welho launched a mobile broadband service in January.

<b>KEY INDICATORS</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>	<b>Change %</b>	<b>1-12/ 2008</b>
<b>EUR million</b>				
Net sales	<b>40.3</b>	40.5	-0.5	157.1
Operating profit excluding non-recurring items	<b>6.1</b>	4.0	52.2	17.3
% of net sales	<b>15.2</b>	10.0		11.0
Operating profit	<b>6.1</b>	4.0	52.2	17.3
Capital expenditure	<b>2.0</b>	3.0	-33.7	13.5
Average number of employees (full-time equivalents)	<b>486</b>	472	3.0	482
<b>Operational indicators</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>		
<b>Thousands</b>				
TV channels' share of Finnish TV advertising	<b>33.2%</b>	29.1%		
TV channels' national commercial viewing share	<b>28.1%</b>	29.2%		
TV channels' national viewing share	<b>13.5%</b>	13.9%		
Number of connected households (31 March)	<b>324</b>	320		
Number of pay TV customers (31 March)	<b>68</b>	68		
Number of broadband internet connections (31 March)	<b>107</b>	101		

Sanoma Entertainment's net sales for January–March were at the comparable period's level, totalling EUR 40.3 (40.5) million. When Division's net sales are adjusted for changes in the Group structure, they were also at the level of the first quarter in 2008. Advertising sales accounted for 53% (50%) of Sanoma Entertainment's net sales.

Broadcast operations increased its net sales to EUR 23.5 (22.6) million in January–March, while the Finnish TV advertising market shrank by 14% according to TNS Gallup Adex. Nelonen Media's multichannel strategy in TV operations has resulted in increasing its market share to 33.2% (29.1%). New targeted TV channels, national radio stations and WebTV all increased their advertising sales. Integrated and measurable advertising solutions based on TV, radio and online have proved to be effective.

In addition to its five operating channels, in February Nelonen Media successfully launched Liv, a new free TV channel available on the cable network. Sanoma Entertainment has applied for a licence to begin broadcasting lifestyle channel Liv on the terrestrial network as well.

Online services at Sanoma Entertainment have continued to grow. A significant number of TV programmes can be watched for free online as a catch up service. Also, the number of visitors on Sanoma Entertainment's online casual gaming sites has increased steadily.

According to the Association of Finnish Broadcasters, national radio advertising grew by 6% in January–March and Nelonen Media's share of the national radio advertising increased to 13.6%. The number of weekly listeners of Radio Rock has remained at a high level. Radio Aalto has increased its number of listeners.

Net sales from other operations were behind the comparable period because Welho's sales of set-top-boxes peaked in the first quarter of 2008 due to the digital switch-over. Welho's broadband subscriptions continued to increase. In pay TV operations, Welho has moved to reporting the number of customers instead of the number of subscriptions. In line with the market development, Welho's pay TV customer base remained at the comparable period's level.

Sanoma Entertainment's operating profit increased by 52.2% in January–March, totalling EUR 6.1 (4.0) million. Operating profit improved both in broadcasting and other operations. The increase was driven by lower expenses in general and cost-saving measures.



In line with its strategy, Sanoma Entertainment focuses on its core businesses: television, broadband services and consumer entertainment services. Sanoma Entertainment continues to develop its digital content and media solutions business, invest resources in the development of its online services and in its viewing and listening shares. In addition, Sanoma Entertainment is refining its processes and service offering to better meet the needs of its customers and to improve its efficiency.

In 2009, Sanoma Entertainment's net sales and operating profit excluding non-recurring items are expected to be at the previous year's level.

## SANOMA LEARNING & LITERATURE

*Sanoma Learning & Literature is a leading European educational publisher offering learning materials in print and digital format. With operations in nine countries, the Division has growing international language service operations and is also the leading general literature publisher in Finland.*

- Net sales increased in learning and language services, partly through new businesses.
- Cost-savings and shifts in time offset the seasonal operating loss of newly acquired learning operations.

<b>KEY INDICATORS</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>	<b>Change %</b>	<b>1-12/ 2008</b>
<b>EUR million</b>				
Net sales	<b>60.8</b>	58.3	4.3	390.0
Operating profit excluding non-recurring items	<b>-6.9</b>	-4.3	-58.9	53.2
% of net sales	<b>-11.3</b>	-7.4		13.6
Operating profit	<b>-6.9</b>	-4.3	-58.9	45.6
Capital expenditure	<b>2.3</b>	2.8	-17.6	15.6
Average number of employees (full-time equivalents)	<b>2,863</b>	2,389	19.9	2,737
<b>Operational indicators</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>		
<b>Learning</b>				
Number of new titles published, books	<b>319</b>	338		
Number of new titles published, digital products	<b>60</b>	88		
<b>Literature and other businesses</b>				
Number of new titles published, books	<b>111</b>	131		
Number of new titles published, digital products	<b>23</b>	35		
Books sold, millions	<b>2.5</b>	2.2		

In January–March Sanoma Learning & Literature's net sales increased by 4.3% and totalled EUR 60.8 (58.3) million. Net sales grew in the learning and language services business units. Net sales adjusted for changes in the Group structure decreased by 3.1%. A total of 54% (48%) of the Division's net sales came from outside Finland.

Sanoma Learning & Literature's reporting structure has been modified to better reflect the focus of operations. The comparable figures for 2008 have been adjusted accordingly. Sanoma Learning & Literatures three reporting levels are now learning, language services, and literature and other business, which includes general literature, printing and logistics.

Net sales in learning increased to EUR 30.6 (27.8) million. Most growth came from Poland, where the acquired operations of Nowa Era were consolidated only at the end of the first quarter 2008. Net sales also grew in Belgium and the Netherlands, where most of the increase came as a shift in sales from the second quarter to the first quarter. Excluding the effects of the currency translations, sales also grew in Hungary. In Finland, net sales were slightly below the comparable period.

Net sales in language services grew to EUR 8.3 (6.2) million. The increase is attributable to the new operations acquired in 2008. Sales of language services are decreasing due to the general economic situation. Sanoma Learning & Literature is focusing on building a strong language service business and integrating the acquired units. Language service operations are one of the focus areas of the Sanoma Group.

Net sales in literature and other businesses were EUR 24.6 (27.8) million. In general literature, domestic fiction sales in particular are still benefitting from the awards won at the end of 2008. However, the sales of non-fiction are not developing positively. In printing net sales have decreased but remained at the comparable year's level in logistics.

The Division's operating loss in January–March grew to EUR 6.9 (4.3) million. The operating loss did not include any non-recurring items in the first quarter. The operating loss in learning increased slightly due to the negative impact of the consolidation of Nowa Era's seasonal losses, which was largely offset by cost-savings. Operating profit in language services decreased due to integration costs and lower sales. Literature and other businesses had an operating profit slightly below the comparable period.

The Division's business is very seasonal. Profit in learning is mainly accrued in the second and third quarters. The acquisition of Nowa Era added to the size of the learning business and therefore increased seasonality in the Division.

Sanoma Learning & Literature continues to focus on further internationalising its learning business, expanding language services and maintaining market leadership in Finnish general literature publishing.

In 2009, it is estimated that the net sales and operating profit excluding non-recurring items of Sanoma Learning & Literature will decrease from the previous year's level. The development of net sales and operating profit is strongly affected by the exchange rates of Sanoma Learning & Literature's operating countries.

## SANOMA TRADE

*Retail specialist Sanoma Trade's strengths are a thorough understanding of customers' needs and solid concepts. Sanoma Trade serves its customers in over 200 million annual sales contacts at kiosks, bookstores and movie theatres. Operating in seven countries, press distribution is a strong link between publishers and retailers.*

- Movie admissions continued to grow in Finland.
- Sanoma Trade's business in Finland has remained steady, but the economic situation is clearly affecting the Baltic businesses.

KEY INDICATORS EUR million	1-3/ 2009	1-3/ 2008	Change %	1-12/ 2008
	Net sales	187.7	202.7	-7.4
Operating profit excluding non-recurring items	3.8	9.9	-61.6	45.1
% of net sales	2.0	4.9		5.2
Operating profit	3.8	9.9	-61.6	45.1
Capital expenditure	8.1	6.1	31.8	33.8
Average number of employees (full-time equivalents)	6,433	6,425	0.1	6,633
<b>Operational indicators</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>		
Customer volume in kiosk operations, thousands	48,624	50,753		
Customer volume in bookstores, thousands	1,747	1,802		
Customer volume in movie theatres, thousands	2,622	2,813		
Number of copies sold (press distribution), thousands	85,123	97,488		

Sanoma Trade's net sales in January–March decreased by 7.4%, totalling EUR 187.7 (202.7) million. Net sales of kiosk operations and movie operations were almost at the comparable period's level. Net sales decreased in press distribution and bookstores. Net sales adjusted for changes in the Group structure decreased by 6.9%. Of Sanoma Trade's net sales, 32% (33%) came from outside Finland.

Net sales from kiosk operations amounted to EUR 91.1 (94.6) million. Sales in the Finnish R-kiosks decreased somewhat. This was mainly due to the timing of Easter. The challenging economic situation in the Baltic countries affected both the number of customers in kiosks as well as sales volumes. However, net sales in Lithuania and Russia grew slightly. In Russia, closures of unprofitable R-kiosks continued. New kiosks were acquired in the Samara region.

Net sales from press distribution were EUR 49.4 (58.2) million. Net sales decreased overall in comparison with the comparable period - with the exception of Russia, where there was some growth. Press distribution volumes decreased in all countries, but were partly offset by the increased cover prices in most markets. The efficiency improvement programme the Dutch press distribution company Aldipress is conducting has decreased the number of FTEs by 45.

The net sales of bookstores were EUR 27.3 (31.0) million. The net sales of the comparable period included the subscription business divested in May 2008. In Finland, sales remained at the previous year's level, and the bookstore chain Suomalainen Kirjakauppa was further developed. In Estonia, sales were behind the comparable period.

Net sales from movie operations totalled EUR 23.6 (24.4) million. During the first quarter, movie admissions in Finland continued to grow from the record year 2008. Net sales increased in Finland. The movie theatre chain was expanded and modernized further with the latest 3D technology. New alternative content, such as sports and cultural events, has proved to be successful also in the Baltic countries, where sales, however, developed less favourably due to the lower private consumption.

In January–March, Sanoma Trade's operating profit decreased by 61.6%, totalling EUR 3.8 (9.9) million. The operating profit did not include any non-recurring items. Operating profit of kiosk operations was influenced by the economic slowdown and declining sales in the Baltic countries and the earlier investments in Russia and Romania. In press distribution, the operating profit declined due to falling point-of-sale marketing sales. The operating profit of bookstores was in line with the comparable period. In movie operations, the result decreased due to falling sales in the Baltic countries. Sanoma Trade has initiated cost-saving programmes in all of its businesses.

The exact dates of Easter cause some seasonality in Sanoma Trade's business when comparing the yearly quarters. The volume of kiosk trade usually increases during Easter when other retailers are closed. Fewer selling days reduce bookstore sales. In the comparable year, Easter was in the first quarter, whereas in 2009 it fell in the second quarter.

Sanoma Trade focuses on further developing its concepts in all its businesses. Efficient chain management as well as the product and service offerings catering to the needs of customers are key success factors in all markets and will ensure the competitiveness of Sanoma Trade.

In 2009, Sanoma Trade's net sales are expected to decrease somewhat and operating profit excluding non-recurring items to decrease clearly.

## **THE SANOMA GROUP**

### **Dividend**

In line with the Board's proposal, the Annual General Meeting decided to pay out a dividend of EUR 0.90 (1.00) per share for the year 2008. The record date for distribution of dividends was 6 April 2009 and in Finland, the dividends were paid on 15 April 2009. EUR 0.5 million was transferred to the donation reserve and EUR 511.5 million was left in equity. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result after taxes in dividends.

### **Shares and holdings**

Trading in Sanoma shares was less active than in the comparable period. The number of Sanoma shares traded totalled 22,324,951 (34,712,673). Traded shares accounted for 14% (21%) of the average number of shares for the period. Sanoma's total stock exchange turnover was EUR 207.1 (589.7) million.

In January–March, the volume-weighted average price of a Sanoma share was EUR 9.27, with a low of EUR 8.02 and a high of EUR 10.50. At the end of the review period, Sanoma's market capitalisation was EUR 1,548.3 (2,824.0) million and the closing price of the share was EUR 9.62 (17.56). On 31 March 2009, Sanoma had 20,310 shareholders, with foreign holdings accounting for 9.7% (9.8%) of all shares and votes. There were no major changes in share ownership during the review period and Sanoma did not issue any flagging announcements.

During the period under review, Sanoma had an authorisation to repurchase Company's shares. No shares were repurchased in the first quarter of 2009. A total of 2,425,000 Sanoma shares repurchased under two earlier authorisations were cancelled on 10 February 2009. The cancellation was entered into the Trade Register on 19 February 2009.

A total of 278,007 shares were registered with 2001B stock options under the review period. Following the registration, the number of Sanoma's shares increased from 163,090,651 shares to 163,368,658 shares. The number of shares decreased after the cancellation and was 160,943,658 at the end of the period. There were no changes in the Company's registered share capital which totalled EUR 71,258,986.82 at the end of March.

### **Board of Directors, auditors and management**

The AGM of 1 April 2009 confirmed the number of Sanoma's Board members at ten. Board members Jaakko Rauramo and Sakari Tamminen were re-elected, and Annet Aris was elected to the Board as a new member. The Board of Directors of Sanoma consists of: Jaakko Rauramo, Chairman; Sakari Tamminen, Vice Chairman; and Annet Aris, Robert Castrén, Jane Erkko, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Rafaela Seppälä and Hannu Syrjänen as members.

The AGM re-appointed Pekka Pajamo, APA, and Sixten Nyman, APA, as his deputy, and chartered accountants KPMG Oy Ab, with Kai Salli, APA, acting as the Auditor in Charge, as the auditors of the Company.

Timo Mänty was appointed President and CEO of Sanoma Trade and member of the Group's Executive Management Group as of 1 January 2009.

### **Board authorisations**

The AGM held on 1 April 2009 authorised the Board of Sanoma to decide on the repurchase of the Company's own shares. The authorisation is effective until 30 June 2010.

A maximum of 16,000,000 of the Company's own shares can be repurchased with the Company's unrestricted shareholders' equity, and the repurchases will reduce the funds available for distribution of profits. The shares will be repurchased to develop the Company's capital structure, carry out potential corporate acquisitions or other business arrangements, or to be transferred for other purposes, retained as treasury shares, or cancelled. The shares can be repurchased either through a tender offer made to all shareholders on equal terms or in other proportion than that of the current shareholders at the market price on the NASDAQ OMX Helsinki Ltd at the moment of repurchase.

In addition, the Board has a valid authorisation to increase the share capital. According to the authorisation issued by the AGM on 4 April 2007, the Board may decide, until the AGM of 2010, on the issue of new shares, the transfer of treasury shares and the granting of special rights entitling to shares. The authorisation does not exclude the right of the Board of Directors to decide on a directed share issue. With this authorisation, and as a result of the use of special rights, the Board is authorised to decide on the issuance of a maximum of 82,000,000 new shares and the transfer of a maximum of 5,000,000 treasury shares. In a directed share issue, a maximum of 41,000,000 shares may be issued or transferred. With this authorisation, the Board is authorised to issue a maximum of 5,000,000 stock options as part of an incentive programme within the Company. Under the authorisation, the Board decided on 19 December 2008 on the issuance of Stock Option Scheme 2008.

During the review period, the authorisation by the AGM of 1 April 2008 for repurchasing the Company's own shares was in force. The authorisation allowed the repurchase of a maximum of 8,285,000 Company shares. These shares were not to be repurchased in proportion to the holdings of existing shareholders. They were repurchased with the Company's unrestricted equity at the market price at the moment of repurchase – however, in such a way that the minimum purchase price of a share was the lowest market price in public trading and the maximum purchase price was the highest price noted in public trading during the authorisation period. The share repurchases commenced on 12 June 2008, and the authorisation remained valid until 1 April 2009.

### **Seasonal fluctuation**

The net sales and result of Sanoma Magazines, Sanoma News and Sanoma Entertainment are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published during each quarter, which varies annually. Television advertising in Finland is usually strongest in the second and fourth quarters.

Learning accrues most of its net sales and results during the second and third quarters.

A major portion of the net sales and results in retail are, on the other hand, generated in the last quarter, particularly from Christmas sales. Of course, the number of shopping days and, for example, the distribution of holidays over different quarters also impacts the net retail sales between quarters.

Seasonal business fluctuations influence the Group's net sales and operating profit, with the first quarter traditionally being clearly the smallest.

### **Significant risks and uncertainty factors**

Management of business risks and the opportunities associated with them is included in the daily responsibilities of Sanoma's management. The management takes calculated risks in order to ensure that the Company develops its business as successfully as possible.

The most significant risks and uncertainty factors Sanoma is facing are described in the Financial Statements, together with the main principles of risk management. The most significant uncertainty factors of the current year are related to the development of media advertising and consumer spending, as well as the development of currency exchange rates. Due to the general economic situation, reliable estimates on, for example, the development of media advertising in the Group's various markets are not available. Sanoma expects media advertising to continue to decrease in 2009. A rapid change in media advertising and consumer confidence would affect the Group result.

If the uncertainty in the financial markets continues, Sanoma's stable business, strong balance sheet and current loan agreements ensure the Group's financial position.

Helsinki

Board of Directors  
Sanoma Corporation

## INTERIM REPORT (UNAUDITED)

### Accounting policies

The Sanoma Group has prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related IFRS standards and interpretations applicable within the EU on 1 January 2009. Sanoma Learning & Literature has started to capitalize prepublication costs of learning material to intangible assets as of 1 January 2009. Previously, the principle was to include prepublication expenses in acquisition cost of inventory. The change in accounting policy does not have any material impact on Sanoma's income statement or balance sheet. The accounting policies of the Interim Report and the definitions of key indicators are presented on the Sanoma website at Sanoma.com. All figures have been rounded and consequently the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

<b>CONSOLIDATED INCOME STATEMENT</b>	<b>1-3/</b>	<b>1-3/</b>	<b>1-12/</b>
<b>EUR million</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>NET SALES</b>	<b>636.0</b>	683.1	3,030.1
Other operating income	<b>14.1</b>	38.1	97.1
Materials and services	<b>286.4</b>	309.4	1,367.4
Employee benefit expenses	<b>176.2</b>	172.2	702.8
Other operating expenses	<b>128.2</b>	131.1	588.8
Depreciation and impairment losses	<b>38.4</b>	35.8	231.9
<b>OPERATING PROFIT</b>	<b>20.9</b>	72.7	236.3
Share of results in associated companies	<b>0.3</b>	3.0	4.9
Financial income	<b>6.7</b>	3.5	18.9
Financial expenses	<b>17.0</b>	12.7	69.9
<b>RESULT BEFORE TAXES</b>	<b>10.9</b>	66.5	190.3
Income taxes	<b>-3.2</b>	-12.2	-69.4
<b>RESULT FOR THE PERIOD</b>	<b>7.7</b>	54.4	120.8
Result attributable to:			
Equity holders of the Parent Company	<b>8.3</b>	54.5	115.7
Minority interest	<b>-0.6</b>	-0.2	5.1
Earnings per share for result attributable to the equity holders of the Parent company			
Earnings per share, EUR	<b>0.05</b>	0.34	0.72
Diluted earnings per share, EUR	<b>0.05</b>	0.34	0.72
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>EUR million</b>	<b>1-3/</b>	<b>1-3/</b>	<b>1-12/</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>
Result for the period	<b>7.7</b>	54.4	120.8
Other comprehensive income:			
Change in translation differences	<b>-34.7</b>	-5.0	-39.1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-27.0</b>	49.4	81.7
Total comprehensive income attributable to:			
Equity holders of the Parent Company	<b>-25.8</b>	49.5	77.5
Minority interest	<b>-1.2</b>	-0.2	4.2

**CONSOLIDATED BALANCE SHEET**

EUR million

	31.3.2009	31.3.2008	31.12.2008
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible assets	503.7	501.8	510.4
Investment property	9.6	9.4	10.2
Goodwill	1,480.9	1,487.1	1,491.6
Other intangible assets	386.2	389.9	379.7
Interests in associated companies	70.2	73.4	69.9
Available-for-sale financial assets	20.5	16.1	20.6
Deferred tax receivables	37.1	43.4	36.6
Trade and other receivables	40.1	39.4	41.0
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>2,548.2</b>	<b>2,560.4</b>	<b>2,560.0</b>
<b>CURRENT ASSETS</b>			
Inventories	150.3	175.1	173.2
Income tax receivables	37.4	31.6	24.9
Trade and other receivables	395.8	433.5	409.1
Available-for-sale financial assets	0.5	1.1	0.5
Cash and cash equivalents	82.9	104.2	110.9
<b>CURRENT ASSETS, TOTAL</b>	<b>667.0</b>	<b>745.5</b>	<b>718.7</b>
<b>ASSETS, TOTAL</b>	<b>3,215.1</b>	<b>3,306.0</b>	<b>3,278.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Parent Company</b>			
Share capital	71.3	71.3	71.3
Share premium fund		187.6	
Treasury shares		-28.5	-37.5
Fund for invested unrestricted equity	192.7		192.7
Other equity	931.4	1,124.7	993.7
	<b>1,195.3</b>	<b>1,355.0</b>	<b>1,220.1</b>
Minority interest	13.8	20.3	17.0
<b>EQUITY, TOTAL</b>	<b>1,209.1</b>	<b>1,375.3</b>	<b>1,237.1</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	104.0	106.7	106.2
Pension obligations	37.3	44.4	37.9
Provisions	6.3	8.7	6.0
Interest-bearing liabilities	677.2	338.0	449.0
Trade and other payables	36.1	29.6	34.6
<b>CURRENT LIABILITIES</b>			
Provisions	9.3	7.8	10.9
Interest-bearing liabilities	422.2	626.7	633.6
Income tax liabilities	13.7	23.5	11.7
Trade and other payables	699.9	745.2	751.7
<b>LIABILITIES, TOTAL</b>	<b>2,006.1</b>	<b>1,930.6</b>	<b>2,041.6</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>3,215.1</b>	<b>3,306.0</b>	<b>3,278.7</b>



**CHANGES IN CONSOLIDATED EQUITY**  
**EUR million**

	Equity attributable to the equity holders of the Parent Company							Equity, total
	Share capital	Share premium fund	Trea- sury shares	Fund for inves- ted unres- tricted equity	Other equity	Total	Mino- rity inte- rest	
<b>Equity at 1 Jan 2008</b>	<b>71.3</b>	<b>187.6</b>	<b>-51.6</b>		<b>1,138.6</b>	<b>1,345.9</b>	<b>18.3</b>	<b>1,364.2</b>
Unregistered usage of share options	-0.1	-2.4				-2.6		-2.6
Acquisition of treasury shares			-38.6			-38.6		-38.6
Cancellation of treasury shares			61.6		-61.6			
Registration of new shares	0.1	2.4				2.6		2.6
Expense recognition of options granted					1.3	1.3		1.3
Dividends paid							-1.4	-1.4
Change in minority interests					-3.1	-3.1	3.6	0.5
Comprehensive income for the year					49.5	49.5	-0.2	49.4
<b>Equity at 31 March 2008</b>	<b>71.3</b>	<b>187.6</b>	<b>-28.5</b>		<b>1,124.7</b>	<b>1,355.0</b>	<b>20.3</b>	<b>1,375.3</b>
<b>Equity at 1 Jan 2009</b>	<b>71.3</b>		<b>-37.5</b>	<b>192.7</b>	<b>993.7</b>	<b>1,220.1</b>	<b>17.0</b>	<b>1,237.1</b>
Unregistered usage of share options				-1.8		-1.8		-1.8
Cancellation of treasury shares			37.5		-37.5			
Registration of new shares				1.8		1.8		1.8
Expense recognition of options granted					1.0	1.0		1.0
Dividends paid							-0.7	-0.7
Change in minority interests							-1.3	-1.3
Comprehensive income for the year					-25.8	-25.8	-1.2	-27.0
<b>Equity at 31 March 2009</b>	<b>71.3</b>			<b>192.7</b>	<b>931.4</b>	<b>1,195.3</b>	<b>13.8</b>	<b>1,209.1</b>

**CONSOLIDATED INCOME STATEMENT BY QUARTER**

EUR million	1-3/ 2009	1-3/ 2008	4-6/ 2008	7-9/ 2008	10-12/ 2008	1-12/ 2008
<b>NET SALES</b>	<b>636.0</b>	683.1	769.8	778.6	798.7	3,030.1
Other operating income	14.1	38.1	17.7	14.8	26.5	97.1
Materials and services	286.4	309.4	333.4	352.0	372.6	1,367.4
Employee benefit expenses	176.2	172.2	177.5	167.8	185.2	702.8
Other operating expenses	128.2	131.1	141.5	141.9	174.3	588.8
Depreciation and impairment losses	38.4	35.8	36.6	37.7	121.9	231.9
<b>OPERATING PROFIT</b>	<b>20.9</b>	72.7	98.5	94.0	-28.8	236.3
Share of results in associated companies	0.3	3.0	1.6	0.4	-0.1	4.9
Financial income	6.7	3.5	3.1	6.1	6.2	18.9
Financial expenses	17.0	12.7	14.5	15.3	27.4	69.9
<b>RESULT BEFORE TAXES</b>	<b>10.9</b>	66.5	88.7	85.2	-50.1	190.3
Income taxes	-3.2	-12.2	-23.4	-24.1	-9.8	-69.4
<b>RESULT FOR THE PERIOD</b>	<b>7.7</b>	54.4	65.3	61.1	-59.9	120.8
Result attributable to:						
Equity holders of the Parent Company	8.3	54.5	64.4	59.0	-62.2	115.7
Minority interest	-0.6	-0.2	0.9	2.1	2.3	5.1
Earnings per share for result attributable to the equity holders of the Parent company						
Earnings per share, EUR	0.05	0.34	0.4	0.37	-0.39	0.72
Diluted earnings per share, EUR	0.05	0.34	0.4	0.37	-0.39	0.72

<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>	<b>1-12/ 2008</b>
<b>EUR million</b>			
<b>OPERATIONS</b>			
Result for the period	7.7	54.4	120.8
Adjustments			
Income taxes	3.2	12.2	69.4
Financial expenses	17.0	12.7	69.9
Financial income	-6.7	-3.5	-18.9
Share of results in associated companies	-0.3	-3.0	-4.9
Depreciation and impairment losses	38.4	35.8	231.9
Gains/losses on sales of non-current assets	-1.1	-25.2	-34.2
Other adjustments	-11.6	-9.7	-40.1
Change in working capital			
Change in trade and other receivables	6.9	-11.0	-18.5
Change in inventories	-0.2	1.9	-0.5
Change in trade and other payables, and provisions	-26.4	3.0	3.6
Interest paid	-18.6	-11.5	-53.4
Other financial items	-1.4	0.1	-4.5
Taxes paid	-15.4	-10.0	-70.2
<b>CASH FLOW FROM OPERATIONS</b>	<b>-8.5</b>	<b>46.2</b>	<b>250.3</b>
<b>INVESTMENTS</b>			
Acquisition of tangible and intangible assets	-23.9	-22.4	-113.3
Operations acquired	-15.2	-64.3	-162.3
Sales of tangible and intangible assets	1.2	4.8	12.7
Operations sold	0.0	38.4	49.2
Loans granted	-1.1	-18.2	-19.8
Repayments of loan receivables	2.4	0.3	8.8
Sales of short-term investments			0.5
Interest received	1.6	-0.3	7.4
Dividends received	0.2	0.7	7.5
<b>CASH FLOW FROM INVESTMENTS</b>	<b>-34.8</b>	<b>-60.9</b>	<b>-209.3</b>
<b>CASH FLOW BEFORE FINANCING</b>	<b>-43.3</b>	<b>-14.7</b>	<b>41.1</b>
<b>FINANCING</b>			
Proceeds from share subscriptions		0.0	5.1
Minority capital investment/repayment of equity			1.0
Purchase of treasury shares		-39.2	-48.2
Change in loans with short maturity	-68.9	79.6	-53.8
Drawings of other loans	233.7	4.6	525.1
Repayments of other loans	-150.9	-3.7	-264.6
Payment of finance lease liabilities	-1.1	-0.7	-2.8
Dividends paid	-0.7	-1.4	-164.3
Donations/other profit sharing	0.0	0.0	-0.5
<b>CASH FLOW FROM FINANCING</b>	<b>12.3</b>	<b>39.3</b>	<b>-3.1</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>			
<b>ACCORDING TO CASH FLOW STATEMENT</b>	<b>-31.1</b>	<b>24.6</b>	<b>38.0</b>
Effect of exchange rate differences on cash and cash equivalents	-4.0	-0.1	0.1
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-35.1</b>	<b>24.5</b>	<b>38.1</b>
Cash and cash equivalents at the beginning of the period	110.5	72.4	72.4
Cash and cash equivalents at the end of the period	75.4	96.8	110.5

Cash and cash equivalents in cash flow statement include cash and cash equivalents less bank overdrafts.

<b>NET SALES BY BUSINESS</b>	<b>1-3/</b>	<b>1-3/</b>	<b>4-6/</b>	<b>7-9/</b>	<b>10-12/</b>	<b>1-12/</b>
<b>EUR million</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
<b>SANOMA MAGAZINES</b>						
Sanoma Magazines Netherlands	<b>110.6</b>	111.7	135.2	124.8	143.9	515.7
Sanoma Magazines International	<b>50.9</b>	70.1	76.8	77.4	82.4	306.7
Sanoma Magazines Belgium	<b>51.3</b>	54.2	55.5	53.7	59.8	223.2
Sanoma Magazines Finland	<b>50.3</b>	50.7	51.9	49.1	53.9	205.6
Eliminations	<b>-1.0</b>	-1.3	-0.9	-1.0	-1.1	-4.3
<b>TOTAL</b>	<b>262.1</b>	285.5	318.5	304.0	338.9	1,246.8
<b>SANOMA NEWS</b>						
Helsingin Sanomat	<b>61.7</b>	74.1	71.2	65.6	68.6	279.5
Ilta-Sanomat	<b>18.4</b>	20.5	21.9	20.6	20.2	83.2
Other publishing	<b>22.9</b>	23.9	24.9	23.5	25.8	98.2
Other businesses	<b>36.2</b>	37.9	37.5	36.5	38.2	150.1
Eliminations	<b>-31.7</b>	-35.5	-34.5	-32.7	-33.5	-136.2
<b>TOTAL</b>	<b>107.7</b>	120.8	121.1	113.5	119.2	474.7
<b>SANOMA ENTERTAINMENT</b>						
TV and radio	<b>23.5</b>	22.6	24.5	18.0	23.8	88.9
Other businesses	<b>17.3</b>	18.0	16.7	16.8	17.9	69.4
Eliminations	<b>-0.5</b>	-0.1	-0.3	-0.1	-0.6	-1.1
<b>TOTAL</b>	<b>40.3</b>	40.5	40.9	34.7	41.0	157.1
<b>SANOMA LEARNING &amp; LITERATURE</b>						
Learning	<b>30.6</b>	27.8	87.5	105.9	52.2	273.3
Language services	<b>8.3</b>	6.2	5.8	7.5	9.3	28.8
Literature and other businesses	<b>24.6</b>	27.8	20.4	23.3	29.7	101.2
Eliminations	<b>-2.6</b>	-3.4	-3.2	-3.5	-3.2	-13.3
<b>TOTAL</b>	<b>60.8</b>	58.3	110.5	133.2	88.0	390.0
<b>SANOMA TRADE</b>						
Kiosk operations	<b>91.1</b>	94.6	102.5	103.8	108.6	409.4
Press distribution	<b>49.4</b>	58.2	60.2	61.8	61.3	241.5
Bookstores	<b>27.3</b>	31.0	24.0	36.9	47.3	139.2
Movie operations	<b>23.6</b>	24.4	19.4	23.8	26.7	94.3
Eliminations	<b>-3.7</b>	-5.5	-3.0	-4.8	-4.5	-17.8
<b>TOTAL</b>	<b>187.7</b>	202.7	203.2	221.4	239.3	866.6
Other companies and eliminations	<b>-22.7</b>	-24.8	-24.4	-28.2	-27.9	-105.2
<b>TOTAL</b>	<b>636.0</b>	683.1	769.8	778.6	798.7	3,030.1
<b>OPERATING PROFIT BY DIVISION</b>						
<b>EUR million</b>	<b>1-3/</b>	<b>1-3/</b>	<b>4-6/</b>	<b>7-9/</b>	<b>10-12/</b>	<b>1-12/</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
Sanoma Magazines	<b>15.5</b>	48.2	46.6	31.6	-40.6	85.7
Sanoma News	<b>6.0</b>	17.9	14.7	15.2	9.4	57.3
Sanoma Entertainment	<b>6.1</b>	4.0	6.3	2.8	4.1	17.3
Sanoma Learning & Literature	<b>-6.9</b>	-4.3	26.4	36.3	-12.7	45.6
Sanoma Trade	<b>3.8</b>	9.9	7.4	13.0	14.7	45.1
Other companies and eliminations	<b>-3.7</b>	-3.0	-2.9	-5.0	-3.7	-14.6
<b>TOTAL</b>	<b>20.9</b>	72.7	98.5	94.0	-28.8	236.3

## SEGMENT INFORMATION

The operating segments of the Sanoma Group comprise the Group's five divisions: Sanoma Magazines, Sanoma News, Sanoma Entertainment, Sanoma Learning & Literature and Sanoma Trade. The segmentation is based on business model and product differences. The media business, based on advertising and circulation sales, is divided into three segments: Sanoma Magazines is responsible for magazines, Sanoma News for newspapers and Sanoma Entertainment for TV and broadband business. Sanoma Learning & Literature business is mainly b-2-b business. Sanoma Trade, on the other hand, operates on a retail business model. In addition to the Group eliminations column, unallocated/eliminations includes Sanoma Corporation and real estate companies. More detailed description of operating segments can be found in note 2 in Financial Statements for 2008.

The adoption of IFRS 8 has not changed reportable segments because also the segment information the Group has presented earlier has been based on internal management reporting.

The accounting policies for segment reporting do not differ from Group's accounting policies and have not changed due to the adoption of IFRS 8. The decisions concerning assessing the performance of operating segments and allocating resources to the segments are based on segments' operating profit. The chief operating decision maker is the President and CEO. The Group has not aggregated operating segments to form the above mentioned reportable segments. Segment's total assets do not include interest-bearing receivables and tax receivables. Transactions between segments are based on market prices.

### Sanoma Divisions

1.1–31.3.2009

EUR million	Magazines	News	Entertainment	Learning & Literature	Trade	Unallocated/eliminations	Consolidated
External net sales	261.4	105.8	40.1	57.2	171.8	-0.4	636.0
Internal net sales	0.7	1.9	0.2	3.6	15.9	-22.3	
NET SALES, TOTAL	262.1	107.7	40.3	60.8	187.7	-22.7	636.0
OPERATING PROFIT	15.5	6.0	6.1	-6.9	3.8	-3.7	20.9
Share of results in associated companies	0.1	0.0			0.2		0.3
Financial income							6.7
Financial expense							17.0
PROFIT BEFORE TAXES							10.9
TOTAL ASSETS	1,576.5	371.0	132.0	574.3	442.3	29.4	3,125.5

### Sanoma Divisions

1.1–31.3.2008

EUR million	Magazines	News	Entertainment	Learning & Literature	Trade	Unallocated/eliminations	Consolidated
External net sales	284.5	118.6	39.9	54.6	185.3	0.1	683.1
Internal net sales	1.0	2.3	0.6	3.7	17.4	-24.9	
NET SALES, TOTAL	285.5	120.8	40.5	58.3	202.7	-24.8	683.1
OPERATING PROFIT	48.2	17.9	4.0	-4.3	9.9	-3.0	72.7
Share of results in associated companies	2.8	0.0	-0.2	-0.1	0.1	0.3	3.0
Financial income							3.5
Financial expense							12.7
PROFIT BEFORE TAXES							66.5
TOTAL ASSETS	1,631.1	381.0	123.3	599.2	450.3	25.3	3,210.1

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	31.3.2009	31.3.2008	31.12.2008
Carrying amount at the beginning of the period	510.4	498.7	498.7
Increases	13.3	15.9	81.2
Acquisition of operations	0.0	6.0	7.3
Decreases	-1.0	-2.2	-7.0
Disposals of operations		-0.1	-0.2
Depreciation for the period	-17.0	-15.6	-66.4
Impairment losses for the period	-0.1	-0.6	-0.7
Exchange rate differences and other changes	-1.9	-0.2	-2.6
<b>Carrying amount at the end of the period</b>	<b>503.7</b>	<b>501.8</b>	<b>510.4</b>

The commitments for acquisitions of tangible assets were EUR 0.0 (3.1) million.

**EFFECT OF ACQUISITIONS ON THE CONSOLIDATED BALANCE SHEET**

EUR million	1-3/2009	1-12/2008	1-12/2008
		Nowa Era	Other
Acquisition costs	4.2		
Fair value of acquired net assets	0.9		
Goodwill	3.3		
Acquisition costs		62.5	128.2
Fair value of acquired net assets		7.8	39.4
Goodwill		54.6	88.8

**CONTINGENT LIABILITIES**

EUR million	31.3.2009	31.3.2008	31.12.2008
<b>Contingencies for own commitments</b>			
Mortgages	23.9	21.7	23.7
Pledges	6.0	5.8	6.0
Other items	0.4	0.4	0.4
<b>TOTAL</b>	<b>30.4</b>	<b>28.0</b>	<b>30.1</b>
<b>Contingencies incurred on behalf of associated companies</b>			
Guarantees	10.5	7.9	10.5
<b>TOTAL</b>	<b>10.5</b>	<b>7.9</b>	<b>10.5</b>
<b>Contingencies incurred on behalf of other companies</b>			
Guarantees	0.1	0.2	0.2
<b>TOTAL</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
<b>Other contingencies</b>			
Operating lease liabilities	270.8	260.2	263.8
Royalties	21.0	25.3	23.6
Other items	37.3	40.5	38.1
<b>TOTAL</b>	<b>329.1</b>	<b>326.0</b>	<b>325.5</b>
<b>TOTAL</b>	<b>370.1</b>	<b>362.0</b>	<b>366.2</b>

Derivative contracts are recorded to balance sheet. The Sanoma Group had no derivative contracts during the reporting period or during the previous the year.

## KEY EXCHANGE RATES

	<b>1-3/ 2009</b>	<b>1-3/ 2008</b>	<b>1-12/ 2008</b>
<b>Average rate</b>			
EUR/CZK (Czech Koruna)	27.56	25.82	25.16
EUR/HUF (Hungarian Forint)	293.61	259.19	251.25
EUR/PLN (Polish Zloty)	4.50	3.57	3.53
EUR/RUB (Russian Rouble)	44.39	36.47	36.69
EUR/SEK (Swedish Crown)	10.97	9.43	9.66
<b>Closing rate</b>	<b>31.3.2009</b>	<b>31.3.2008</b>	<b>31.12.2008</b>
EUR/CZK (Czech Koruna)	27.39	25.34	26.88
EUR/HUF (Hungarian Forint)	308.18	259.43	266.70
EUR/PLN (Polish Zloty)	4.69	3.52	4.15
EUR/RUB (Russian Rouble)	45.03	37.11	41.28
EUR/SEK (Swedish Crown)	10.94	9.40	10.87

## Press Conference

Press and analyst meeting in Finnish will be held by Mr Hannu Syrjänen, President and CEO of Sanoma at 1:30 pm (Finnish time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki.

The conference call in English for analysts and investors will be arranged at 4.30 pm (Finnish time). Mr Hannu Syrjänen will present the result. To join the conference, please dial +44 20 3003 2666 (Europe) or +1 866 966 5335 (US). The event can also be listened to at Sanoma.com, either live or on demand at a later date.

The presentation material of the press and analyst meeting as well as the slides used in the conference call will be available on Sanoma's website after the press and analyst meeting has started.

Sanoma's second quarter 2009 results will be published on 6 August 2009 at approximately 8:30 am (Finnish time).

## Sanoma Corporation

Kim Ignatius  
Chief Financial Officer

Additional information: Sanoma's Group Communications, tel +358 105 19 5062 or [communications@sanoma.com](mailto:communications@sanoma.com)

[Sanoma.com](http://Sanoma.com)

Sanoma inspires, informs and connects. We bring information, experiences, education and entertainment to millions of people every day. We make sure that quality content and interesting products and services are easily available and meet the demands of our readers, viewers and listeners. We offer challenging and interesting employment for over 21,000 people in 20 countries throughout Europe. In 2008, the Group's net sales totalled EUR 3.0 billion.