Sanoma's Financial Statement Release 2011:

Year of solid performance and structural changes in volatile markets

Fourth quarter

- Net sales in the fourth quarter amounted to EUR 725.4 million (2010: EUR 717.3 million). Adjusted for changes in the Group structure, Sanoma's net sales decreased by 1.8%.
- Operating profit excluding non-recurring items was EUR 60.6 million (2010: EUR 34.5 million).
- Non-recurring items in the fourth quarter amounted to EUR -8.7 million (2010: EUR -7.2 million) and consisted mainly of sales gains, restructuring expenses, including pension and exit packages, and write-downs of ICT assets.
- Earnings per share were EUR 0.11 (2010: EUR -0.01). EPS excluding non-recurring items was EUR 0.18 (2010: EUR 0.04).

2011

- Annual net sales amounted to EUR 2,746.2 million (2010: EUR 2,761.2 million). Adjusted for changes in the Group structure, Sanoma's net sales increased by 0.3%.
- Operating profit excluding non-recurring items totalled EUR 239.1 million (2010: EUR 245.4 million).
- Cash flow from operations was EUR 273.8 million (2010: EUR 273.8 million).
- Earnings per share were EUR 0.52 (2010: EUR 1.85). EPS excluding non-recurring items was EUR 0.87 (2010: EUR 0.94).
- The Board of Directors proposes a dividend of EUR 0.60 per share.
- In 2012, Sanoma expects its net sales to grow slightly, mostly due to the acquired SBS operations in the Netherlands and Belgium. Operating profit margin, excluding non-recurring items, is estimated to be around 10% of net sales. Earnings per share excluding non-recurring items are estimated to grow.

KEY INDICATORS EUR million	**10–12/ 2011**	**10–12/ 2010**	**Change %**	**1–12/ 2011**	**1–12/ 2010**	**Change %**
Net sales	**725.4**	717.3	1.1	**2,746.2**	2,761.2	-0.5
Operating profit excluding non-recurring items	**60.6**	34.5	75.6	**239.1**	245.4	-2.6
% of net sales	**8.4**	4.8		**8.7**	8.9	
Operating profit	**51.9**	27.4	89.9	**182.9**	392.7	-53.4
Result for the period	**24.4**	-1.0		**86.0**	297.3	-71.1
Capital expenditure *				**85.5**	85.7	-0.2
% of net sales				**3.1**	3.1	
Return on investment (ROI), %				**6.8**	16.2	
Equity ratio, %				**37.0**	45.7	
Net gearing, %				**105.7**	63.8	
Number of employees at the end of the period (FTE)				**13,646**	15,405	-11.4
Average number of employees (FTE)				**14,471**	16,016	-9.6
Earnings/share, EUR	**0.11**	-0.01		**0.52**	1.85	-72.0
Cash flow from operations/share, EUR	**0.86**	0.62	40.4	**1.68**	1.69	-0.6
Equity/share, EUR				**7.70**	8.42	-8.6
Dividend/share, EUR **				**0.60**	1.10	-45.5
Dividend/result, % **				**115.6**	59.4	
Market capitalisation				**1,443.3**	2,628.0	-45.1

* Including finance leases
** Year 2011 proposal of the Board of Directors

Harri-Pekka Kaukonen, President and CEO

”The year 2011 was one of solid performance and strong portfolio management. Our strategy to focus on consumer media and learning was demonstrated by these changes in the portfolio. I am especially pleased with being able to enhance our positions in consumer media in the Netherlands and Belgium through the acquisition of SBS.

In the fourth quarter, despite increased economic uncertainty, we were able to report a solid set of numbers. This clearly demonstrates our ability to adapt quickly to changes in the environment. The significant increase in our operating profit and cash flows was achieved as a combination of continued streamlining of our operations and structural changes, in accordance with our set priorities.

Sanoma is transforming and we will further deepen our understanding of customer behaviour, accelerate the speed of digital development through strengthening our multi-channel approach, foster innovation and improve the efficiency of our operations.

For the next three years, we have set the following priorities: ensure financial flexibility by streamlining operating expenses and continuing to dispose of non-core assets; develop our print businesses to ensure competitiveness and successful digitisation; ensure profitable organic growth of our TV and learning businesses; and to create growth from new digital services.”

Outlook for 2012

In 2012, Sanoma expects its net sales to grow slightly, mostly due to the acquired SBS operations in the Netherlands and Belgium. Operating profit margin, excluding non-recurring items, is estimated to be around 10% of net sales. Earnings per share excluding non-recurring items are estimated to grow.

Sanoma’s net sales and result are affected by the underlying environment, particularly by the development of advertising markets in the Group’s countries of operation. The 2012 outlook is based on the assumption that the advertising markets in the Group’s main operating countries will vary from stable to slightly decreasing, as the economic uncertainty continues.

Net sales

Fourth quarter

In the fourth quarter of 2011, Sanoma’s net sales increased by 1.1% and amounted to EUR 725.4 million (2010: EUR 717.3 million). The growth came mainly from the acquired TV and print operations in the Netherlands and Belgium. Currency translations did not have a material effect on fourth quarter sales. When adjusted for changes in the Group structure, net sales decreased by 1.8%.

Print circulation sales grew by 0.8%. Subscription sales increased by 6.7%, but single copy sales decreased by 6.7%.

Advertising sales increased by 43.6%, mostly due to acquired TV operations in the Netherlands and Belgium as well as the good performance of Nelonen Media broadcasting operations in Finland. Online advertising sales increased by 8.7%. In total, advertising sales accounted for 36.6% (2010: 25.8%) of the Group’s net sales.

The TV acquisitions also impacted on Sanoma’s digital sales, which grew by 105.4% in the fourth quarter and accounted for 24.5% (2010: 12.1%) of the Group’s net sales. Broadband access and cable TV services in Finland, which were divested in June 2010, are not included in the digital sales of the comparable period.

2011

In January–December, Sanoma's net sales were stable and amounted to EUR 2,746.2 million (2010: 2,761.2) as the acquired operations compensated for the effects of the divestments made in 2011 and 2010. The growth in Media came mainly from the acquired TV operations in the Netherlands and increased sales of Nelonen Media in Finland, more than offsetting in June 2010 divested Finnish broadband access and cable TV services. The decrease in Trade's net sales was related to the divestment of operations. Net sales were at the comparable year's level in News, whereas in Learning they decreased slightly as a result of divestment and lower sales from non-core operations. Currency translations did not have a material effect on the 2011 net sales. Adjusted for structural changes, net sales increased by 0.3%.

Advertising sales grew strongly during the first half of 2011, whereas the development during second part of year was adversely affected by the increasing economic uncertainty. Annual advertising sales grew by 23.3%.

In 2011, online sales grew by 13.8% to EUR 156.1 million. Total digital sales, including also TV and e-learning, grew by 52.6%, and amounted to 15.9% (2010: 10.5%) of the Group's net sales.

The Group's circulation sales were at the comparable year's level, as the slight increase in subscription sales offset the decrease in single copy sales.

By country, Finland accounted for 47% (2010: 51%) of the cumulative net sales and the Netherlands 28% (2010: 23%). Net sales from other EU countries totalled 21% (2010: 23%) and non-EU countries accounted for 3% (2010: 3%).

Result

Fourth quarter

Sanoma's operating profit excluding non-recurring items in October–December increased by 75.6% and totalled EUR 60.6 million (2010: EUR 34.5 million). Structural changes explain the main part of the increase. Operating profit also includes EUR 11.1 million of transaction costs and order backlog amortisations related to the SBS acquisition, which are not categorised as non-recurring. Operating profit excluding non-recurring items amounted to 8.4% (2010: 4.8%) of net sales. Currency translations did not have a material effect on the fourth quarter result.

In the fourth quarter, the Group's total expenses, excluding non-recurring items, decreased by 8.5% due to structural changes and efficiency measures. Paper costs increased by 3.7% and employee benefit expenses decreased by 2.8%. The Group had 1,760 fewer employees than at the end of 2010, corresponding to a decrease of 11.4%. The decrease in the number of personnel is mostly attributable to the divestment of operations and the closing down of kiosks, partly offset by the acquisition of the SBS operations in the Netherlands and Belgium.

In October–December, the operating profit included EUR -8.7 million (2010: EUR -7.2 million) of non-recurring items consisting mainly of sales gains, restructuring expenses, including voluntary pension and exit packages, and write-downs related to ICT. In the comparable period, non-recurring items consisted of capital gains and non-recurring costs.

As a part of streamlining operations and ensuring competitive cost levels, pension and severance packages have been offered to employees mainly in News, Media Finland, Media Belgium, and Learning during the autumn, and as a result 33 employees have left the company during 2011 and further 225 employees will leave the company during 2012. Related to this, EUR 21.4 million of non-recurring restructuring expenses have been recorded, of which EUR 19.0 million during the fourth quarter.

NON-RECURRING ITEMS EUR million	**10-12/ 2011**	**10-12/ 2010**	**1-12/ 2011**	**1-12/ 2010**
Media				
Gain on sale (Humo and Desert Fishes)			**9.1**	2.6
Impairment of goodwill and intangible assets (Russia & CEE)		-1.0	**-53.4**	-1.0
Write down of Jok Foe Group (Belgium)	**-1.6**		**-1.6**	
Restructuring expenses	**-9.8**	-3.3	**-9.8**	-3.3
Impairment of intangible assets (The Netherlands)			**-3.4**	-6.3
Gain on sale (Welho)		-0.4		179.0
Impairment of goodwill (Dutch press distribution)				-28.9
News				
Gain on sale (Lehtikuva)				6.0
Gain on sale (Sanoma Lehtimedia's local papers)		2.9		2.9
Restructuring expenses	**-9.2**		**-9.2**	
Learning				
Impairment of goodwill (Language services)			**-24.1**	
Sale of LDC			**0.9**	
Write-down of intangible assets	**-2.9**		**-2.9**	
Loss on sale (Bertmark Norge)		0.1		-1.1
Restructuring expenses	**-0.1**	-0.8	**-2.8**	-2.3
Impairment (Dutch non-core entity)		-2.1		-2.1
Trade				
Loss on sale (Suomalainen Kirjakauppa)			**-10.8**	
Write-down of real estates			**-3.1**	
Impairment (Bookstores)			**-0.8**	
Gain on sale (movie operations)			**51.4**	
Loss on sale (Romanian operations)			**-8.0**	
Loss on sale of Russian operations		-2.6	**-0.8**	-2.6
Gain on sale (Narvesen)	**5.3**		**5.3**	
Restructuring expenses			**-2.8**	-1.0
Other companies				
Gains on sales (real estates)	**11.1**		**12.1**	5.4
Restructuring expenses	**-1.5**		**-1.5**	
NON-RECURRING ITEMS IN OPERATING PROFIT	**-8.7**	-7.2	**-56.2**	147.3
Impairment of share in associated company Hansaprint		-22.1	**-4.0**	-22.1
NON-RECURRING ITEMS IN RESULTS IN ASSOCIATED COMPANIES		-22.1	**-4.0**	-22.1

Sanoma's fourth quarter result included EUR -2.2 million (2010: EUR -24.0 million) of loss from associated companies. The most important associated companies included in this line are DNA, Hansaprint, Stratosfèra and Helsinki Halli (former Jokerit HC). The comparable quarter was affected by the EUR -22.1 million non-recurring impairment of Hansaprint.

2011

In 2011, Sanoma's operating profit excluding non-recurring items decreased by -2.6% and totalled EUR 239.1 million (2010: EUR 245.4 million). The operating profit improved in Media and News. The weak development of general literature, divested in October 2011, and Hungarian learning operations lowered the result in Learning. Despite the divestments, Trade's result was almost at the comparable year's level. Costs increased significantly in the Group functions due to development projects. In addition, the result includes EUR 34.4 million of transaction costs and order backlog amortisations, which are not categorised as non-recurring, related to the acquisition of the SBS TV and print operations. Currency translations did not have a material effect on the 2011 results.

The non-recurring items included in the operating profit amounted to EUR -56.2 million (2010: EUR 147.3 million) and included impairments of goodwill and intangible assets, restructuring expenses and gain on the sale of assets. A net total amount of some EUR -21 million of non-recurring items were non-taxable. In 2010, non-recurring items related to capital gains from divestments, impairment write-downs as well as restructuring costs, and some EUR 135 million of the net amount of total capital gains and write-downs was non-taxable.

Sanoma's net financial items totalled EUR -35.2 million (2010: EUR -12.8 million). Financial income amounted to EUR 13.9 million (2010: EUR 11.1 million), of which EUR 9.4 million were exchange rate gains (2010: EUR 7.0 million). Financial expenses amounted to EUR 49.1 million (2010: EUR 23.8 million), of which EUR 16.3 million were exchange rate losses (2010: EUR 8.0 million). Following the increased debt, interest expenses amounted to EUR 28.8 million (2010: EUR 13.3 million).

Profit before taxes amounted to EUR 144.1 million (2010: EUR 356.0 million). The effective tax rate was 40.3% (2010: 16.5%). Earnings per share were EUR 0.52 (2010: EUR 1.85). The effective tax rate and earnings per share were affected mainly by the impairments of goodwill and non-taxable sales gains and losses. The comparable figures were affected by the tax-free non-recurring gain on the sale of the broadband access and cable TV services in Finland.

Sanoma's 2011 result included EUR -3.7 million (2010: EUR -23.9 million) of profits from associated companies. The most important associated companies included in this line are DNA, Hansaprint, Stratosfèra and Helsinki Halli.

Balance sheet and financial position

At the end of 2011, Sanoma's consolidated balance sheet totalled EUR 4,328.3 million (2010: EUR 3,203.0 million). In 2011, the Group's cash flow from operations was EUR 273.8 million (2010: EUR 273.8 million). Cash flow from operations per share was EUR 1.68 (2010: EUR 1.69).

Sanoma's equity ratio was 37.0% (2010: 45.7%) at the end of 2011. The return on equity (ROE) was 5.9% (2010: 23.0%) and the return of investment (ROI) was 6.8% (2010: 16.2%). In 2010, the divestment of the broadband access and cable TV services in Finland positively affected these ratios. Equity totalled EUR 1,524.2 million (2010: EUR 1,376.0 million). Following the closing of the acquisition of SBS operations in the Netherlands and Belgium, interest-bearing liabilities increased and totalled EUR 1,727.2 million (2010: EUR 941.9 million). Interest-bearing net debt was EUR 1,611.2 million (2010: EUR 877.9 million).

In order to finance the SBS acquisition, Sanoma entered into the following financing facilities: EUR 522 million syndicated term loan for five years, EUR 250 million short term bridge-to-bond facility and EUR 132 million syndicated term loan and revolving credit facility for five years. The latter facility is for the SBS Broadcasting B.V., owned by Sanoma and Dutch Talpa Media as a minority shareholder. The transaction did not affect the financing terms of Sanoma's previous credit facilities.

Investments, acquisitions and divestments in 2011

In 2011, investments in tangible and intangible assets, including finance leases, amounted to EUR 85.5 million (2010: EUR 85.7 million). Investments were mainly related to ICT systems as well as replacements and renovations. Sanoma's business acquisitions totalled EUR 1,415.2 million (2010: EUR 37.1 million).

In March, Sanoma sold its movie operations in Finland and the Baltic countries. In 2010, net sales of movie operations were EUR 88.6 million and operating profit stood at EUR 8.4 million. The enterprise value of the transaction was EUR 116.0 million, and the transaction was finalised at the end of April.

In April, Sanoma sold its press distribution and kiosk operations in Romania. In 2010, net sales of these operations amounted to some EUR 23 million. The remaining kiosk operations in Russia were also divested at the beginning of April.

In April, Sanoma agreed to acquire the SBS free-to-air TV assets in the Netherlands and Belgium together with Talpa Media in the Netherlands and Corelio and Wouter Vandenhaute & Eric Watté in Belgium. The enterprise value of the transaction was EUR 1,225 million. The net sales of the acquired companies totalled EUR 404 million in 2010 and their operating profit was some EUR 110 million (pro forma, unaudited). The acquisition in Belgium was finalised on 8 June and the Dutch acquisition on 29 July after the necessary approvals were received from the competition authorities.

In April, Sanoma announced that it will acquire the Finnish educational publisher Tammi Learning and the Swedish educational publisher Bonnier Utbildning, both from the Swedish media company Bonnier. At the same time, Sanoma will divest its Finnish general literature publisher WSOY to Bonnier. The transaction was completed on 3 October.

In August, Sanoma announced the divestment of its bookstore operations in Finland. In 2010, net sales of Sanoma's Finnish bookstores were EUR 109 million and operating profit EUR 2 million. The divestment was completed on 30 September.

In October, Sanoma announced the divestment of its ownership, 50% of the shares, in the Latvian kiosk and press distribution company Narvesen Baltija. In 2010, the net sales of the company were some EUR 59 million.

In November, Sanoma announced the sale of some 40,000 m2 of residential building rights in Finland. The total value of the transaction is EUR 12.9 million, which will be paid in three installments during 2011–2013.

MEDIA

The Media segment includes magazine, TV and digital businesses in 12 European countries and comprises four strategic business units: Sanoma Media Netherlands, Sanoma Media Finland, Sanoma Media Belgium and Sanoma Media Russia & CEE.

- The SBS acquisition is now completed and the figures are consolidated with the Dutch and Belgian operations.
- Extra effort is put to restore viewing and advertising shares in the Dutch TV market.

Key indicators EUR million	**10–12/ 2011**	**10–12/ 2010**	**Change %**	**1–12/ 2011**	**1–12/ 2010**	**Change %**
Net sales	**445.6**	350.6	27.1	**1,415.8**	1,299.6	8.9
The Netherlands	**232.2**	136.1	70.5	**642.0**	490.4	30.9
Finland	**86.2**	87.4	-1.4	**309.7**	339.3	-8.7
Russia & CEE	**56.7**	60.9	-6.9	**213.1**	214.9	-0.8
Belgium	**61.9**	53.8	15.1	**209.1**	208.3	0.4
Other businesses and eliminations	**8.6**	12.4	-30.2	**41.8**	46.7	-10.5
Operating profit excluding non-recurring items *	**64.6**	36.3	77.9	**151.1**	145.8	3.6
% of net sales	**14.5**	10.4		**10.7**	11.2	
Operating profit	**53.2**	31.6	68.2	**92.0**	287.9	-68.1
Capital expenditure				**22.7**	25.2	-9.8
Return on investment (ROI), %				**4.6**	16.6	
Number of employees at the end of the period (FTE)				**5,844**	5,419	7.8
Average number of employees (FTE)				**5,624**	5,602	0.4

* In 2011, the non-recurring items included in the second quarter a EUR 9.1 million gain on sale of Humo and Desert Fishes, in the third quarter a EUR 3.4 million impairment of intangible assets in the Netherlands and a EUR 53.4 million impairment of goodwill and intangible assets in Russia & CEE, and in the fourth quarter EUR 9.8 million restructuring expenses and a EUR 1.6 million write-down of Jok Foe Group. In 2010, the non-recurring items included in the second quarter a EUR 2.6 million gain from selling 49% of the Humo magazine and a EUR 179.0 million gain on the sale of the cable TV operator Welho, in the third quarter a EUR 28.9 million impairment of goodwill in the Dutch press distribution and a EUR 6.3 million impairment of intangible assets in the Dutch media business and in the fourth quarter EUR 3.3 million restructuring expenses in the Netherlands and a EUR 1.0 million impairment of intangible assets in the CEE countries.

Operational indicators * Magazines	**1–12/ 2011**	**1–12/ 2010**
Number of magazines published	**280**	279
Magazine copies sold, thousands	**324,974**	342,316
Advertising pages sold	**48,559**	50,549
Finnish TV operations		
TV channels' share of TV advertising	**32.8%**	32.8%
TV channels' national commercial viewing share (10-44 years)	**34.5%**	35.5%
TV channels' national viewing share	**15.0%**	15.1%
Dutch TV operations		
TV channels' share of TV advertising	**30.1%**	31.3%
TV channels' national viewing share (20-49 years)	**22.9%**	24.0%

* Including joint ventures

Fourth quarter

Net sales in Media grew by 27.1% in October–December following the consolidation of acquired SBS TV and print operations. Adjusted for structural changes, net sales declined by 4.4%.

Advertising sales grew by 66.4% and represented 47.0% (2010: 35.9%) of the fourth quarter net sales. Online advertising sales increased by 8.4%.

Print circulation sales increased by 1.2% and represented 37.5% (2010: 47.1%) of the fourth quarter net sales. An increase in subscription sales, mainly as a result of the consolidated Dutch print operations, more than offset the decrease in single copy sales.

The consolidation of TV operations and growing online advertising sales increased the segment's digital sales. In total, these sales grew by 154.1% in the fourth quarter and represented 33.5% (2010: 17.0%) of the segment's total net sales.

In the Netherlands, net sales grew by 70.5%. Most of this growth came from new TV and print operations, part of Sanoma Media Netherlands since 1 August 2011. Magazine operations' sales were at the comparable quarter's level. In total, circulation sales grew clearly due to acquired operations. Single copy sales were slightly below the comparable period's level, but subscription sales increased significantly. Circulation sales represented 36.4% (2010: 56.0%) of the Dutch net sales. The declining trends in the readers market continued but Sanoma Media Netherlands' market share remained stable. The Dutch market for consumer magazine advertising, excluding TV guides, decreased by 2.0% in October–December, while Sanoma Media Netherlands' print advertising sales declined slightly in the fourth quarter. Online advertising sales continued to grow clearly, but at a slower pace than in the previous quarters. In total, advertising sales grew significantly following the consolidation of the TV operations, and represented 52.1% (2010: 31.9%) of the Dutch net sales. The TV advertising market in the Netherlands decreased by around 3% in October–December. Sanoma's TV operations continued to developed in line with the previous quarter.

In Finland, net sales declined by 1.4%, as the clear increase in Nelonen Media, which includes free-to-air TV, pay TV, radio and online, did not fully offset the somewhat declining sales in magazine publishing. During the fourth quarter, the TV advertising market in Finland decreased by 1.7%. Nelonen Media advertising sales outperformed the market. The magazine advertising market decreased by 0.9% in the fourth quarter. Sanoma Media Finland's advertising sales grew somewhat, driven by increased sales in Nelonen Media. In total, advertising sales of the Finnish operations represented 42.0% (2010: 39.3%) of net sales. Circulation sales were slightly below the comparable quarter's level, due to declining volumes, and represented 41.9% (2010: 43.6%) of the Finnish net sales.

Net sales in Belgium increased by 15.1%, due to acquired operations. Magazine operations' sales decreased somewhat, when both advertising and circulation sales declined, partly due to structural changes but also related to a decline in consumer confidence and advertising spending. Sanoma Media Belgium retained its market position in a slightly decreasing readers market. The TV advertising market in Belgium declined by 1.7% in the fourth quarter. Sanoma's TV operations continued to grow and its advertising market share improved to 24.3%. In total, advertising sales represented 34.6% (2010: 27.3%) and circulation sales 45.6% (2010: 56.1%) of the net sales in Belgium, respectively.

There have been a number of structural changes in Sanoma Media Belgium. The reported figures include 51% of the weekly magazine Humo from May 2010 to May 2011. In connection with SBS acquisition, the remaining holding in Humo was transferred to De Vijver, after which 33% of the net result of De Vijver was included in the Belgium figures. Since the Belgium competition authorities approved a joint control structure of De Vijver on 1 September, Sanoma's 33% share in De Vijver Media (which includes 100% of Humo, the acquired TV operations as well as the TV productions operations of Woestijnvis) is proportionally consolidated line-by-line as of this approval.

In Russia and the CEE countries, net sales decreased by 6.9%, of which more than half explained by negative currency translation effects. The advertising market has been adversely affected by the Euroland economic uncertainty in all markets, especially in Russia and Hungary. Advertising sales in the Russia and CEE business unit decreased somewhat. In total, advertising sales represented 54.5% (2010: 54.9%) of net sales in the Russia and CEE strategic business unit. Following the declining market trends and the regional pressure on consumer purchasing power, single copy sales came down in most countries. Circulation sales decreased therefore clearly, and represented 32.0% (2010: 33.6%) of the strategic business unit's net sales. The magazine portfolio, internet services and local organisations are continuously optimised according to the market situation.

Operating profit excluding non-recurring items in the Media segment in October–December increased by 77.9%, due to acquired operations. The result includes EUR 11.1 million of transaction costs and order backlog amortisations, which are not categorised as non-recurring, related to the SBS TV and print operations. In the Netherlands, the results improved due to the acquired operations. Adjusted for structural changes, profit in the Netherlands increased somewhat. In Finland, the result decreased, mainly due to a significant drop in the result of magazine operations. In Belgium, the result improved significantly, also when adjusted for structural changes. In Russia and CEE countries, the operational result was at the comparable quarter's level, as a result of strict cost control. The non-recurring items in the fourth quarter result totalled EUR -11.4 million (2010: EUR -4.8 million) and were mainly related to restructuring expenses.

2011

In January–December, Media’s net sales grew by 8.9%. Growth came from the consolidation of the acquired SBS TV and print operations in the Netherlands and Belgium as well as increased sales of Nelonen Media in Finland, more than offsetting the divestments made in 2010. Adjusted for structural changes, net sales decreased by 0.4%.

Operating profit excluding non-recurring items increased by 3.6%, as increased results in online operations and Finnish TV as well as the consolidation of the acquired operations offset lower results in magazine operations in all business units and effects of divestments in 2010. In addition, the result includes EUR 34.4 million of SBS transaction costs and order backlog amortisations, which are not categorised as non-recurring. Non-recurring items included in the operating profit totalled EUR -59.1 (2010: EUR 142.1 million) and included impairments of goodwill and intangible assets, restructuring expenses and gains on the sale of assets. In the comparable year, non-recurring items were related to gains on the sales of assets, impairments of intangible assets and goodwill as well as restructuring of operations.

Media’s investments in tangible and intangible assets totalled EUR 22.7 million (2010: EUR 25.2 million) and consisted mainly of ICT investments. The most material acquisition in 2011 was the acquisition of the SBS TV and print operations in the Netherlands and Belgium. In 2010, the most significant acquisition was a 21% share in the Finnish telecommunication group DNA in connection with the Welho transaction.

NEWS

The News segment includes the Sanoma News strategic business unit, Finland’s leading player in newspaper publishing and digital media.

- Advertising sales improved clearly in the tabloid Ilta-Sanomat and in free sheets in particular. The Sanoma Kaupunkilehdet business unit improved its market share of the free sheet media market.
- All main brands now also have online and mobile applications and the use of the products in tablet and smart phone devices as well as e-commerce shows significant growth.

Key indicators EUR million	10–12/ 2011	10–12/ 2010	Change %	1–12/ 2011	1–12/ 2010	Change %
Net sales	**112.0**	114.9	-2.5	**435.8**	437.6	-0.4
Helsingin Sanomat	**60.8**	64.1	-5.1	**238.5**	235.4	1.3
Ilta-Sanomat	**21.6**	21.6	-0.1	**84.4**	83.3	1.4
Other publishing	**25.4**	25.0	1.7	**97.0**	99.5	-2.5
Other businesses and eliminations	**4.2**	4.2	-0.1	**15.9**	19.4	-18.0
Operating profit excluding non-recurring items *	**14.1**	13.0	8.6	**49.4**	47.2	4.6
% of net sales	**12.6**	11.3		**11.3**	10.8	
Operating profit	**4.9**	15.9	-69.0	**40.2**	56.1	-28.4
Capital expenditure				**16.9**	14.0	20.4
Return on investment (ROI), %				**16.7**	22.0	
Number of employees at the end of the period (FTE)				**2,025**	2,016	0.4
Average number of employees (FTE)				**2,061**	2,176	-5.3

* In 2011, the non-recurring items included in the fourth quarter EUR 9.2 million restructuring expenses. In 2010, the non-recurring items included in the first quarter a EUR 6.0 million gain on the sale of Lehtikuva and in the fourth quarter a EUR 2.9 million gain on the sale of Sanoma Lehtimedia's local papers.

Operational indicators Online services, unique visitors, weekly	10–12/ 2011	10–12/ 2010
Iltasanomat.fi	**2,219,968**	1,691,631
HS.fi	**1,413,050**	1,183,489
Huuto.net	**458,174**	452,538
Oikotie.fi	**461,842**	361,566
Taloussanomat.fi	**664,339**	604,821

Circulation	1–12/ 2011	1–12/ 2010
Helsingin Sanomat	**366,973**	383,361
Ilta-Sanomat	**143,117**	150,351

Fourth quarter

In October–December, net sales in News decreased by 2.5%. Adjusted for structural changes, sales decreased by 2.0%.

Print circulation sales decreased by 0.9% in the fourth quarter. Subscription sales decreased by 1.2% but single copy sales were at the comparable quarter’s level. Circulation sales accounted for 41.5% (2010: 40.8%) of the segment’s net sales.

Advertising sales decreased by 4.9%. The 10.3% growth in online advertising sales did not offset somewhat decreasing sales of print advertising. This was in line with the Finnish advertising market development. The market growth, which began in the second half of 2010, is clearly slowing down and according to TNS Gallup Adex, newspaper advertising in the Finnish market decreased by 3.9% in the fourth quarter. Online advertising included in the statistics continued to grow and was up by 18.6%. Advertising sales represented 50.7% (2010: 52.1%) of the net sales in News in the fourth quarter.

Total digital sales increased by 15.4%, boosted by the growth of online advertising and good pick-up in e-commerce. Digital sales consisting mostly of online advertising, but also to larger extent content, represented 13.1% (2010: 11.1%) of the segment’s net sales.

The net sales of the Helsingin Sanomat business unit decreased by 5.1%. The underlying macro-economic uncertainty clearly affected advertising sales. Accordingly, advertising sales decreased and represented 54.6% (2010: 57.2%) of the business unit's net sales. Subscription sales were stable despite the decreasing trend in the circulation volume. The multichannel use of Helsingin Sanomat continued to grow in the fourth quarter.

The Ilta-Sanomat business unit’s net sales were at the comparable quarter’s level, supported by favourable development in online advertising sales. Advertising sales represented 30.2% (2010: 30.3%) of the business unit's net sales. Circulation sales were stable. The total volume of the Finnish tabloid market has decreased by 5% in the last 12 months. Ilta-Sanomat’s market share increased to 58.3% (2010: 58.1%) of the tabloid newsstand market.

Net sales from other publishing operations increased by 1.7%, as the good development in Sanoma Digital Finland and free sheets offset the slight decrease in regional papers. Free sheets continued to improve their market positions.

In October–December, News' operating profit excluding non-recurring items increased by 8.6% as a result of strict cost control in all business units. News’ operating result in the fourth quarter included EUR -9.2 million (2010: EUR 0.0 million) of non-recurring items, related to voluntary pension and exit packages.

2011

In January–December, News’ sales decreased by 0.4%. Adverting sales grew slightly. Digital revenues, consisting mostly of online advertising, but also to larger extent content, continued to develop positively and amounted to 12.1% (2010: 11.6%) of News’ total sales. The underlying macro-economic uncertainty during the latter half of the year clearly affected advertising sales adversely and visibility worsened. Circulation sales were at comparable year’s level. Adjusted for structural changes, net sales increased by 1.9%.

Operating profit excluding non-recurring items increased by 4.6% in 2011, mainly as a result of strict cost control in all business units. Non-recurring items included in the operating profit totalled EUR -9.2 million (2010: EUR 8.9 million) and were related to voluntary pension and exit packages.

News’ investments in tangible and intangible assets totalled EUR 16.9 million (2010: EUR 14.0 million), and consisted mainly of investments in digital business, ICT and replacement investment in printing. There were no material acquisitions in 2011 or the comparable year. In September 2010, business information and media monitoring service provider Esmerk was transferred from News to language services business unit in Learning.

LEARNING

The Learning segment includes Sanoma's learning as well as language service and business information operations. Sanoma Learning is a leading European provider of learning materials and solutions in print and digital format.

- The transaction with Bonnier was completed in October and the acquired operations are consolidated in the fourth quarter figures for learning business unit. At the same time, Sanoma divested its Finnish general literature publisher.

Key indicators EUR million	**10–12/ 2011**	**10–12/ 2010**	**Change %**	**1–12/ 2011**	**1–12/ 2010**	**Change %**
Net sales	**52.7**	65.1	-19.1	**343.1**	350.1	-2.0
Learning	**34.7**	33.7	2.8	**256.6**	249.3	3.0
Language services	**8.4**	8.9	-5.6	**32.4**	27.1	19.4
Literature and other businesses	**10.4**	24.8	-58.0	**59.5**	83.6	-28.9
Eliminations	**-0.8**	-2.2	64.8	**-5.4**	-9.9	45.7
Operating profit excluding non-recurring items *	**-19.7**	-14.4	-37.4	**45.5**	52.6	-13.4
% of net sales	**-37.5**	-22.0		**13.3**	15.0	
Operating profit	**-22.7**	-17.2	-32.5	**16.6**	47.1	-64.7
Capital expenditure				**11.5**	14.9	-22.4
Return on investment (ROI), %				**3.6**	8.9	
Number of employees at the end of the period (FTE)				**2,489**	2,656	-6.3
Average number of employees (FTE)				**2,583**	2,629	-1.7

* In 2011, the non-recurring items included in the first quarter a EUR 0.9 million non-recurring income related to sale of LDC, in the second quarter EUR 1.7 million restructuring expenses and in the third quarter EUR 1.0 million restructuring expenses and a EUR 24.1 million impairment of goodwill. In the fourth quarter, the non-recurring items included EUR 2.9 million write-down of intangible assets. In 2010, the non-recurring items included in the first quarter a EUR 1.1 million loss on the sale of Bertmark Norge and in the second quarter EUR 1.3 million, in the third quarter EUR 0.2 million and in the fourth quarter EUR 0.8 million restructuring expenses and in the fourth quarter a EUR 2.1 million impairment of a Dutch non-core entity.

Fourth quarter

Net sales in the Learning segment decreased by 19.1% in October–December, mainly related to the divested operations. Adjusted for structural changes, net sales decreased by 4.6%.

The learning business has, by nature, an annual cycle and strong seasonality. It accrues most of its net sales and results during the second and third quarters. Changes between quarters can be significant and often explain most of the changes from the comparable period.

Net sales in learning business increased by 2.8%, mainly related to structural changes. In Hungary, the net sales continued to decrease significantly for the second consecutive quarter as a result of the cuts in the governmental budget and the difficult political situation. In other countries, market conditions remain stable.

Net sales in language services business decreased by 5.6%, due to the disappointing development of translation and localisation services.

Net sales in literature and other businesses decreased by 58.0%, mainly related to the divestment of the Finnish general literature operations as of October 2011.

Operating result excluding non-recurring items in the Learning segment decreased by 37.4%, due to the structural changes. The learning business has strong seasonality within the year, the first and fourth quarter being typically loss-making. For general literature, on the other hand, the fourth quarter is typically the strongest one. Due to this seasonality, the transaction lowered the Learning segment's fourth quarter result. In Learning, most of the results were accrued already during the second and third quarters. In the comparable quarter, the result was positively affected by a EUR 3 million release in pension provisions. In the fourth quarter 2011, the result included EUR -3.0 million (2010: EUR 2.8 million) of non-recurring items.

2011

In January–December, Learning's net sales decreased by 2.0%. Adjusted for structural changes, net sales decreased by 1.0%.

Operating profit excluding non-recurring items decreased by 13.4%, mainly related to structural changes. Non-recurring items included in the operating profit totalled EUR -28.9 million (2010: EUR -5.5 million) and consisted mainly of impairment of goodwill in language services, restructuring expenses and write-downs related to ICT. In 2010, the result was positively affected by a EUR 3 million release in pension provisions.

Learning's investments in tangible and intangible assets totalled EUR 11.5 million (2010: EUR 14.9 million). They comprised mainly investment in ICT. In October, Sanoma completed the acquisition of the Finnish educational publisher Tammi Learning, which is now fully integrated into the Finnish operations and the Swedish educational publisher Bonnier Utbildning (now Sanoma Utbildning) from the Swedish media company Bonnier as well as the divestment of its Finnish general literature publisher WSOY to Bonnier. The most significant transaction in the comparable year was the acquisition of the remaining shares of the e-learning provider YDP in Poland.

TRADE

The Trade segment includes Sanoma's kiosk operations and trade services in Finland, Estonia and Lithuania.

- Customer volumes and sales of Finnish kiosks showed positive development for the second consecutive quarter and the operational result improved significantly.
- The Finnish press distribution unit Lehtipiste has managed to keep the sales of single copies of magazines at the comparable year's level contrary to the trend in many other countries.
- Despite the continued challenging economic conditions in the Baltic countries, Trade's Estonian and Lithuanian businesses improved their performance significantly.
- Bookstore operations in Finland were divested at the end of September and the kiosk and press distribution operations in Latvia in October. The sold operations were deconsolidated as of 1 October.

Key indicators EUR million	**10–12/ 2011**	**10–12/ 2010**	**Change %**	**1–12/ 2011**	**1–12/ 2010**	**Change %**
Net sales	**124.5**	200.5	-37.9	**597.0**	726.3	-17.8
Kiosk operations	**94.0**	102.4	-8.2	**379.2**	398.4	-4.8
Trade services	**28.6**	34.5	-16.9	**121.7**	131.3	-7.3
Bookstores	**3.7**	43.2	-91.5	**77.0**	120.6	-36.2
Movie operations	**0.0**	23.9	-100.0	**28.4**	90.0	-68.4
Eliminations	**-1.8**	-3.5	47.2	**-9.2**	-14.0	33.8
Operating profit excluding non-recurring items *	**4.6**	5.6	-18.7	**18.8**	19.1	-1.4
% of net sales	**3.7**	2.8		**3.1**	2.6	
Operating profit	**9.9**	3.0	228.1	**49.2**	15.5	218.2
Capital expenditure				**32.4**	29.7	9.0
Return on investment (ROI), %				**22.4**	5.7	
Number of employees at the end of the period (FTE)				**3,110**	5,149	-39.6
Average number of employees (FTE)				**4,023**	5,486	-26.7

* In 2011, the non-recurring items included in the second quarter a EUR 0.8 million loss on sale of Russian operations, a EUR 8.0 million loss on sale of Romanian operations, a 51.4 million gain on sale of movie operations and EUR 2.4 restructuring expenses. In the third quarter the non-recurring items included a EUR 10.8 million loss on sale of Suomalainen Kirjakauppa, a EUR 3.1 million write-down of real estates, a EUR 0.8 million impairment in bookstores and EUR 0.4 million restructuring expenses. In the fourth quarter, the non-recurring items included a EUR 5.3 million gain on sale of Narvesen. In 2010, the non-recurring items included in the third quarter EUR 1.0 million restructuring expenses and in the fourth quarter a EUR 2.6 million loss on sale of Russian operations.

Operational indicators	**1–12/ 2011**	**1–12/ 2010**
Number of kiosk outlets	**1 051**	1 350
Customer volume in kiosk operations, thousands	**166 214**	181 328
Customer volume in bookstores, thousands	**4 992**	7 214
Number of copies sold (press distribution), thousands	**186 848**	258 793

Fourth quarter

In October–December, Trade's net sales decreased by 37.9%, due to the divestment of operations. Net sales adjusted for structural changes increased by 3.2%.

Net sales from kiosk operations were down by 8.2% in the fourth quarter due to the divestment of the Latvian, Russian and Romanian operations. The growth both in net sales and in the number of customers in the comparable part of the kiosk chain in Finland continued, mainly as the result of a major optimisation of the kiosk network and continued performance uplift measures during the past three quarters. Net sales grew in Lithuania and were at the comparable quarter's level in Estonia.

Trade services' net sales decreased by 16.9% due to the divestment of the Latvian, Russian and Romanian operations. Net sales increased in Finland and Estonia.

Bookstore operations in Finland, divested at the end of September, were no longer included in Trade's figures in the fourth quarter.

Movie operations, divested at the end of April, were no longer included in Trade's figures in the second half of 2011.

Trade's operating profit excluding non-recurring items decreased by 18.7% in October–December due to the divestment of bookstores, where Christmas sales are important. The operational result in kiosk operations improved significantly as a result of increased customer volumes, several efficiency measures and divestments of loss-making operations. The average margin per customer increased, improving the result in Finnish kiosk operations. The result improved also in trade services. Trade's operating profit in the fourth quarter included EUR 5.3 million (2010: EUR -2.6 million) of non-recurring items, related to the sales gain of the divested operations in Latvia.

2011

In January–December, Trade's net sales decreased by 17.8% due to the divestments of the Finnish and Baltic movie operations in April, the Romanian kiosk and press distribution operations in April, the remaining Russian kiosk operations in April, the Finnish bookstore operations in September and the Latvian kiosk and press distribution operations in October. Net sales adjusted for structural changes increased by 0.1%.

In 2011, Trade's operating profit excluding non-recurring items decreased by 1.4%. The positive effects of divesting loss-making operations as well as the improved performance of kiosk operations and trade services compensated almost fully for the loss of result from the divested movie and bookstore operations. The non-recurring items included in Trade's operating profit totalled EUR 30.4 million (2010: EUR -3.6 million) and consisted mainly of sales gains and losses related to divestments.

Trade's investments in tangible and intangible assets totalled EUR 32.4 million (2010: EUR 29.7 million), and focused mainly on concept development in kiosks, ICT projects and the renewal of Finnkino's long-term rental agreements, which alone accounted for close to one half of the investments. There were no material acquisitions in 2011.

THE GROUP

Personnel

In 2011, the average number of persons employed by the Sanoma Group was 17,618 (2010: 19,462). In full-time equivalents, the number of Group employees at the end of the year was 13,646 (2010: 15,405). Divestments and restructuring decreased the number of personnel in 2011. In addition, some of the restructuring measures initiated in 2011 will affect the number of employees also in 2012. In full-time equivalents, Media had 5,844 (2010: 5,419) employees at the end of 2011, News 2,025 (2010: 2,016), Learning 2,489 (2010: 2,656), Trade 3,110 (2010: 5,149) and Group functions 178 (2010: 165).

The total employee benefits to Sanoma employees in 2011, including the expense recognition of options granted, amounted to EUR 549.7 million (2010: 545.9 million).

Dividend

On 31 December 2011, Sanoma Corporation's distributable funds were EUR 539.8 million, of which profit for the year made up EUR 77.6 million.

The Board of Directors proposes to the Annual General Meeting that:
– A dividend of EUR 0.60 per share, or in total an estimated EUR 97.7 million, shall be paid.
– A sum of EUR 0.55 million shall be transferred to the donation reserve and used at the Board's discretion.
– The amount left in equity shall be EUR 441.6 million.

In accordance with the Annual General Meeting's decision, Sanoma paid out a per-share dividend of EUR 1.10 for 2010. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result for the period in dividends.

AGM, Financial Statements and Annual Report

Sanoma Corporation's AGM will be held on 3 April 2012 at 2 pm at the Congress Wing of the Helsinki Exhibition & Convention Centre, Finland. The agenda for the meeting will be later available on the Group's website at Sanoma.com.

Sanoma's annual review, Financial Statements, Board of Directors' Report and Corporate Governance Statement for 2011 will be published in digital format in the Materials section of the Group website during week 10 (the week beginning 5 March). A printed copy of the Annual Report will be available during week 11 (the week beginning 12 March) and can be ordered from the Group website.

Shares and holdings

In 2011, 89,486,428 (2010: 63,477,720) Sanoma shares were traded on the NASDAQ OMX Helsinki. Traded shares accounted for 55% (2010: 39%) of the average number of shares. Sanoma's total stock exchange turnover was EUR 1,096.9 million (2010: EUR 987.9 million).

The volume-weighted average price of a Sanoma share was EUR 12.30, with a low of EUR 7.83 and a high of EUR 17.79. At the end of the year, Sanoma's market capitalisation was EUR 1.4 billion (2010: EUR 2.6 billion), with Sanoma's share closing at EUR 8.87 (2010: EUR 16.22).

The Company had 28,302 shareholders at the end of the year, with foreign holdings accounting for 9.8% (2010: 9.8%) of all shares and votes. There were no major changes in share ownership during the fourth quarter and Sanoma did not issue any flagging announcements.

At the end of 2011, Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 162,812,093 including the 1,500 interim shares registered on 3 January 2012.

Board of Directors, auditors and management

The AGM held on 5 April 2011 confirmed the number of Sanoma's Board members as 10. Board members Jane Erkko and Rafaela Seppälä were re-elected, and Nancy McKinstry and Kai Öistämö were elected as new members to the Board. The Board of Directors of Sanoma consists of Jaakko Rauramo (Chairman), Sakari Tamminen (Vice Chairman), and Annet Aris, Jane Erkko, Antti Herlin, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Nancy McKinstry, Rafaela Seppälä and Kai Öistämö as members.

The AGM appointed chartered accountants KPMG Oy Ab as the auditor of the Company, with Pekka Pajamo, Authorised Public Accountant, as Auditor in Charge.

Sanoma's new organisational model was announced on 5 August 2011. As of 1 September, the Executive Management Group (EMG) comprises: Harri-Pekka Kaukonen (President and CEO of the Sanoma Group, chairman of the EMG), Jacqueline Cuthbert (CHRO), Jacques Eijkens (CEO, Sanoma Learning), Koos Guis (CEO, Sanoma Media Russia & CEE; acting member), Kim Ignatius (CFO), John Martin (Chief Digital Officer, CDO), Dick Molman (CEO, Sanoma Media Netherlands), Anu Nissinen (CEO, Sanoma Media Finland), Pekka Soini (CEO, Sanoma News), Aimé Van Hecke (CEO, Sanoma Media Belgium), and Customer Market Officer, CMO, which will be appointed later. On 9 December, it was announced that Heike Rosener will succeed retiring Koos Guis as of 1 February 2012.

Board authorisations

The AGM held on 5 April 2011 authorised the Board to decide on the repurchase of a maximum of 16,000,000 of the Company's own shares, accounting for 9.8% of total voting rights that the maximum number of own shares covered by the authorisation would provide entitlement to. This authorisation is effective until 30 June 2012 and terminates the corresponding authorisation granted by the AGM on 8 April 2010. The Board of Directors did not exercise its right under this authorisation during the fourth quarter.

The Board also has a valid authorisation from the AGM held on 8 April 2010 to decide on an issuance of a maximum of 82,000,000 new shares and a transfer of a maximum of 5,000,000 treasury shares, together accounting for 35.5% of total voting rights that the maximum number of own shares covered by the authorisation would provide entitlement to. The authorisation will be valid until 30 June 2013. Under this authorisation, the Board decided on 20 December 2011 on the issuance of Stock Option Scheme 2011 and on 22 December 2010 on the issuance of Stock Option Scheme 2010.

Seasonal fluctuation

The net sales and results of media businesses are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published each quarter, which varies annually. Television advertising in the Netherlands, Finland and Belgium is usually strongest in the second and fourth quarters.

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

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

Significant risks and uncertainty factors

The most significant risks and uncertainty factors Sanoma currently faces are described in the Financial Statements and on the Group's website at Sanoma.com, together with the Group's main principles of risk management. Many of the identified risks relate to changes in customer preferences. The driving force behind these changes is the ongoing digitisation. Sanoma has identified action plans in all its strategic business units on how to respond to this challenge.

With regard to changing customer preferences and digitisation, new entrants might be able to better utilise these changes and therefore gain market share from Sanoma's established businesses.

Normal business risks associated with the industry relate to developments in media advertising and consumer spending. Media advertising is sensitive to economic fluctuations. Therefore, the general economic conditions of the countries in which the Group operates and the economic trends of the industry influence Sanoma's business activities and operational performance.

Sanoma's financial risks include interest rate and currency risks, liquidity risk and credit risk. Other risks include risks related to equity, impairment and availability of capital. At a Group level, the most significant risks relate to liquidity risk and changes in exchange rates and interest rates.

As a result of the SBS acquisition, Sanoma's consolidated balance sheet includes about EUR 3.0 billion in goodwill, publishing rights and other intangible assets. Most of this is related to magazine and TV operations. In accordance with IFRS, instead of goodwill being amortised regularly, it is tested for impairment on an annual basis, or whenever there is any indication of impairment. Major changes in business fundamentals could lead to impairment.

GROUP FINANCIAL STATEMENTS (FULL-YEAR FIGURES AUDITED)

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 31 December 2011. 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.

CONSOLIDATED INCOME STATEMENT

EUR million	10–12/ 2011	10–12/ 2010	1–12/ 2011	1–12/ 2010
NET SALES	**725.4**	717.3	**2,746.2**	2,761.2
Other operating income	**37.4**	20.3	**144.3**	258.8
Materials and services	**277.9**	320.4	**1,123.9**	1,207.4
Employee benefit expenses	**185.6**	175.3	**676.5**	668.6
Other operating expenses	**157.3**	168.7	**586.2**	554.2
Share of results in associated companies			**-1.2**	
Depreciation, amortisation and impairment losses	**90.1**	45.9	**319.7**	197.1
OPERATING PROFIT	**51.9**	27.4	**182.9**	392.7
Share of results in associated companies	**-2.2**	-24.0	**-3.7**	-23.9
Financial income	**9.3**	2.4	**13.9**	11.1
Financial expenses	**24.6**	6.6	**49.1**	23.8
RESULT BEFORE TAXES	**34.4**	-0.8	**144.1**	356.0
Income taxes	**-10.0**	-0.2	**-58.1**	-58.6
RESULT FOR THE PERIOD	**24.4**	-1.0	**86.0**	297.3
Result attributable to:				
Equity holders of the Parent Company	**18.1**	-0.9	**84.5**	299.6
Non-controlling interests	**6.2**	-0.1	**1.5**	-2.3
Earnings per share for result attributable to the equity holders of the Parent company:				
Earnings per share, EUR	**0.11**	-0.01	**0.52**	1.85
Diluted earnings per share, EUR	**0.11**	-0.01	**0.52**	1.85

STATEMENT OF COMPREHENSIVE INCOME

EUR million	10–12/ 2011	10–12/ 2010	1–12/ 2011	1–12/ 2010
Result for the period	**24.4**	-1.0	**86.0**	297.3
Other comprehensive income:				
Change in translation differences	**-2.2**	1.2	**-25.6**	9.8
Cash flow hedges	**-4.8**	0.2	**-11.7**	0.2
Income tax related to cash flow hedges	**1.1**	-0.1	**2.9**	-0.1
Other comprehensive income for the period, net of tax	**-5.9**	1.3	**-34.4**	10.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**18.5**	0.3	**51.6**	307.3
Total comprehensive income attributable to:				
Equity holders of the Parent Company	**12.3**	0.4	**50.1**	309.6
Non-controlling interests	**6.2**	-0.1	**1.5**	-2.3

CONSOLIDATED BALANCE SHEET

EUR million	**31.12.2011**	**31.12.2010**
ASSETS		
NON-CURRENT ASSETS		
Tangible assets	**343.6**	429.3
Investment property	**5.8**	8.7
Goodwill	**2,316.2**	1,447.5
Other intangible assets	**709.8**	403.2
Interests in associated companies	**219.3**	248.7
Available-for-sale financial assets	**15.4**	15.8
Deferred tax receivables	**29.9**	34.8
Trade and other receivables	**44.3**	28.3
NON-CURRENT ASSETS, TOTAL	**3,684.3**	2,616.3
CURRENT ASSETS		
Inventories	**96.8**	122.8
Income tax receivables	**12.5**	8.6
Trade and other receivables	**418.4**	391.0
Available-for-sale financial assets	**0.3**	0.3
Cash and cash equivalents	**116.0**	64.0
CURRENT ASSETS, TOTAL	**644.0**	586.8
ASSETS, TOTAL	**4,328.3**	3,203.0
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to the equity holders of the Parent Company		
Share capital	**71.3**	71.3
Fund for invested unrestricted equity	**203.3**	203.3
Other reserves	**-8.7**	0.2
Other equity	**988.0**	1,096.5
	1,253.9	1,371.2
Non-controlling interests	**270.3**	4.8
EQUITY, TOTAL	**1,524.2**	1,376.0
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**146.1**	94.2
Pension obligations	**17.2**	26.7
Provisions	**6.3**	7.3
Interest-bearing liabilities	**1,101.2**	472.5
Trade and other payables	**38.9**	19.9
NON-CURRENT LIABILITIES, TOTAL	**1,309.7**	620.5
CURRENT LIABILITIES		
Provisions	**15.3**	15.6
Interest-bearing liabilities	**626.0**	469.4
Income tax liabilities	**27.4**	22.1
Trade and other payables	**825.8**	699.4
CURRENT LIABILITIES, TOTAL	**1,494.5**	1,206.5
LIABILITIES, TOTAL	**2,804.1**	1,827.0
EQUITY AND LIABILITIES, TOTAL	**4,328.3**	3,203.0

CHANGES IN CONSOLIDATED EQUITY
EUR million

	Equity attributable to the equity holders of the Parent Company						
	Share capital	**Fund for invested unrestricted equity**	**Other Reserves**	**Other equity**	**Total**	**Non-controlling interests**	**Equity, total**
Equity at 1 Jan 2010	**71.3**	**188.8**		**931.1**	**1,191.2**	**15.4**	**1,206.6**
Share subscription with options		14.5			14.5		14.5
Expense recognition of options granted				3.6	3.6		3.6
Dividends paid				-129.5	-129.5	-1.9	-131.3
Change in non-controlling interests				-17.8	-17.8	-6.5	-24.3
Donations				-0.5	-0.5		-0.5
Comprehensive income for the period			0.2	309.4	309.6	-2.3	307.3
Equity at 31 Dec 2010	**71.3**	**203.3**	**0.2**	**1096.5**	**1371.2**	**4.8**	**1,376.0**
Equity at 1 Jan 2011	**71.3**	**203.3**	**0.2**	**1,096.5**	**1,371.2**	**4.8**	**1,376.0**
Share subscription with options		0.0			0.0		0.0
Expense recognition of options granted				3.5	3.5		3.5
Dividends paid				-179.1	-179.1	-0.6	-179.7
Change in non-controlling interests				8.2	8.2	264.6	272.8
Comprehensive income for the period			-8.8	58.9	50.1	1.5	51.6
Equity at 31 Dec 2011	**71.3**	**203.3**	**-8.7**	**988.0**	**1,253.9**	**270.3**	**1,524.2**

INCOME STATEMENT BY QUARTER

EUR million	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–3/ 2010	4–6/ 2010	7–9/ 2010	10–12/ 2010
NET SALES	610.2	689.7	720.9	**725.4**	637.9	715.4	690.6	717.3
Other operating income	12.8	77.0	17.0	**37.4**	20.4	197.3	20.9	20.3
Materials and services	263.5	287.7	294.8	**277.9**	279.0	307.3	300.7	320.4
Employee benefit expenses	164.0	168.5	158.3	**185.6**	169.1	172.3	151.9	175.3
Other operating expenses	128.4	147.2	153.4	**157.3**	128.9	132.4	124.2	168.7
Share of results in associated companies		-0.1	-1.1					
Depreciation, amortisation and impairment losses	39.8	41.9	147.9	**90.1**	40.8	39.6	70.7	45.9
OPERATING PROFIT	27.3	121.3	-17.6	**51.9**	40.4	261.0	63.9	27.4
Share of results in associated companies	1.9	-0.1	-3.2	**-2.2**	-2.4	1.7	0.8	-24.0
Financial income	2.2	1.3	1.0	**9.3**	2.2	2.5	4.0	2.4
Financial expenses	4.7	6.6	13.1	**24.6**	6.0	6.2	5.0	6.6
RESULT BEFORE TAXES	26.7	115.8	-32.9	**34.4**	34.1	259.0	63.7	-0.8
Income taxes	-8.2	-18.3	-21.5	**-10.0**	-10.0	-23.8	-24.6	-0.2
RESULT FOR THE PERIOD	18.5	97.5	-54.4	**24.4**	24.1	235.1	39.1	-1.0
Result attributable to:								
Equity holders of the Parent Company	18.5	97.5	-49.7	**18.1**	25.9	235.4	39.2	-0.9
Non-controlling interests	0.0	-0.1	-4.6	**6.2**	-1.8	-0.2	-0.1	-0.1
Earnings per share for result attributable to the equity holders of the Parent company:								
Earnings per share, EUR	0.11	0.60	-0.31	**0.11**	0.16	1.45	0.24	-0.01
Diluted earnings per share, EUR	0.11	0.60	-0.31	**0.11**	0.16	1.45	0.24	-0.01

INCOME STATEMENT BY QUARTER

EUR million	1–12/ 2011	1–12/ 2010
NET SALES	**2,746.2**	2,761.2
Other operating income	**144.3**	258.8
Materials and services	**1,123.9**	1,207.4
Employee benefit expenses	**676.5**	668.6
Other operating expenses	**586.2**	554.2
Share of results in associated companies	**-1.2**	
Depreciation, amortisation and impairment losses	**319.7**	197.1
OPERATING PROFIT	**182.9**	392.7
Share of results in associated companies	**-3.7**	-23.9
Financial income	**13.9**	11.1
Financial expenses	**49.1**	23.8
RESULT BEFORE TAXES	**144.1**	356.0
Income taxes	**-58.1**	-58.6
RESULT FOR THE PERIOD	**86.0**	297.3
Result attributable to:		
Equity holders of the Parent Company	**84.5**	299.6
Non-controlling interests	**1.5**	-2.3
Earnings per share for result attributable to the equity holders of the Parent company:		
Earnings per share, EUR	**0.52**	1.85
Diluted earnings per share, EUR	**0.52**	1.85

CONSOLIDATED CASH FLOW STATEMENT **EUR million**	**1–12/** **2011**	**1–12/** **2010**
OPERATIONS		
Result for the period	**86.0**	297.3
Adjustments		
Income taxes	**58.1**	58.6
Financial expenses	**49.1**	23.8
Financial income	**-13.9**	-11.1
Share of results in associated companies	**4.9**	23.9
Depreciation, amortisation and impairment losses	**319.7**	197.1
Gains/losses on sales of non-current assets	**-56.8**	-195.2
Other adjustments	**-116.9**	-55.1
Change in working capital		
Change in trade and other receivables	**0.8**	-41.1
Change in inventories	**0.4**	9.5
Change in trade and other payables, and provisions	**49.0**	36.8
Interest paid	**-23.6**	-13.7
Other financial items	**-17.4**	-3.2
Taxes paid	**-65.5**	-53.9
CASH FLOW FROM OPERATIONS	**273.8**	273.8
INVESTMENTS		
Acquisition of tangible and intangible assets	**-70.8**	-81.8
Operations acquired	**-1,350.2**	-49.5
Sales of tangible and intangible assets	**14.0**	17.8
Operations sold	**74.0**	30.8
Loans granted	**-8.7**	-0.8
Repayments of loan receivables	**246.3**	3.5
Sales of short-term investments	**0.0**	0.2
Interest received	**3.2**	2.7
Dividends received	**14.9**	3.9
CASH FLOW FROM INVESTMENTS	**-1,077.4**	-73.1
CASH FLOW BEFORE FINANCING	**-803.6**	200.8
FINANCING		
Proceeds from share subscriptions	**0.0**	14.5
Minority capital investment/repayment of equity	**264.0**	1.6
Change in loans with short maturity	**-183.5**	4.2
Drawings of other loans	**1,042.7**	287.7
Repayments of other loans	**-84.5**	-355.8
Payment of finance lease liabilities	**-2.0**	-3.7
Dividends paid	**-179.7**	-131.3
Donations/other profit sharing	**0.0**	-0.5
CASH FLOW FROM FINANCING	**857.1**	-183.3
CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	**53.6**	17.5
Effect of exchange rate differences on cash and cash equivalents	**-1.1**	2.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**52.4**	19.5
Cash and cash equivalents at the beginning of the period	**41.1**	21.6
Cash and cash equivalents at the end of the period	**93.5**	41.1

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

NET SALES BY BUSINESS UNIT

EUR million	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–3/ 2010	4–6/ 2010	7–9/ 2010	10–12/ 2010
MEDIA								
The Netherlands	105.3	130.6	174.0	**232.2**	107.4	128.0	118.8	136.1
Finland	74.2	79.4	70.0	**86.2**	92.6	91.7	67.5	87.4
Russia & CEE	51.4	54.3	50.8	**56.7**	48.7	54.3	51.0	60.9
Belgium	50.1	48.7	48.4	**61.9**	53.5	52.3	48.7	53.8
Other businesses and eliminations	10.2	10.7	12.3	**8.6**	9.9	13.0	11.5	12.4
TOTAL	291.1	323.7	355.5	**445.6**	312.1	339.4	297.5	350.6
NEWS								
Helsingin Sanomat	61.2	61.2	55.3	**60.8**	59.1	56.7	55.5	64.1
Ilta-Sanomat	19.1	22.2	21.6	**21.6**	19.9	20.7	21.1	21.6
Other publishing	23.7	25.0	22.9	**25.4**	25.3	25.6	23.5	25.0
Other businesses and eliminations	4.4	3.9	3.4	**4.2**	5.0	5.5	4.6	4.2
TOTAL	108.4	112.2	103.2	**112.0**	109.4	108.5	104.8	114.9
LEARNING								
Learning	34.3	87.4	100.2	**34.7**	29.9	85.0	100.6	33.7
Language services	8.7	8.1	7.2	**8.4**	6.9	6.2	5.2	8.9
Literature and other businesses	20.1	15.1	13.9	**10.4**	23.6	17.2	18.0	24.8
Eliminations	-2.4	-2.1	-0.1	**-0.8**	-2.3	-2.9	-2.5	-2.2
TOTAL	60.7	108.6	121.2	**52.7**	58.2	105.5	121.2	65.1
TRADE								
Kiosk operations	85.3	102.3	97.6	**94.0**	91.9	104.9	99.2	102.4
Trade services	32.4	31.1	29.6	**28.6**	30.3	33.8	32.7	34.5
Bookstores	24.8	18.8	29.7	**3.7**	26.0	19.9	31.6	43.2
Movie operations	21.9	6.5	0.0	**0.0**	25.4	19.9	20.7	23.9
Eliminations	-2.6	-2.4	-2.3	**-1.8**	-3.4	-4.0	-3.1	-3.5
TOTAL	161.8	156.3	154.5	**124.5**	170.2	174.4	181.1	200.5
Other companies and eliminations	-11.7	-11.0	-13.5	**-9.3**	-12.0	-12.5	-14.1	-13.8
TOTAL	610.2	689.7	720.9	**725.4**	637.9	715.4	690.6	717.3

NET SALES BY BUSINESS UNIT

EUR million	**1–12/ 2011**	**1–12/ 2010**
MEDIA		
The Netherlands	**642.0**	490.4
Finland	**309.7**	339.3
Russia & CEE	**213.1**	214.9
Belgium	**209.1**	208.3
Other businesses and eliminations	**41.8**	46.7
TOTAL	**1,415.8**	1,299.6
NEWS		
Helsingin Sanomat	**238.5**	235.4
Ilta-Sanomat	**84.4**	83.3
Other publishing	**97.0**	99.5
Other businesses and eliminations	**15.9**	19.4
TOTAL	**435.8**	437.6
LEARNING		
Learning	**256.6**	249.3
Language services	**32.4**	27.1
Literature and other businesses	**59.5**	83.6
Eliminations	**-5.4**	-9.9
TOTAL	**343.1**	350.1
TRADE		
Kiosk operations	**379.2**	398.4
Trade services	**121.7**	131.3
Bookstores	**77.0**	120.6
Movie operations	**28.4**	90.0
Eliminations	**-9.2**	-14.0
TOTAL	**597.0**	726.3
Other companies and eliminations	**-45.6**	-52.4
TOTAL	**2,746.2**	2,761.2

OPERATING PROFIT BY SEGMENT

EUR million	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–3/ 2010	4–6/ 2010	7–9/ 2010	10–12/ 2010
Media	22.7	47.0	-31.0	**53.2**	31.2	229.3	-4.2	31.6
News	12.9	9.9	12.5	**4.9**	15.6	8.9	15.7	15.9
Learning	-5.2	27.3	17.3	**-22.7**	-6.4	25.1	45.5	-17.2
Trade	3.3	44.4	-8.4	**9.9**	3.7	2.4	6.4	3.0
Other companies and eliminations	-6.5	-7.4	-7.9	**6.7**	-3.7	-4.7	0.5	-6.1
TOTAL	27.3	121.3	-17.6	**51.9**	40.4	261.0	63.9	27.4

OPERATING PROFIT BY SEGMENT

EUR million	1–12/ 2011	1–12/ 2010
Media	**92.0**	287.9
News	**40.2**	56.1
Learning	**16.6**	47.1
Trade	**49.2**	15.5
Other companies and eliminations	**-15.1**	-13.9
TOTAL	**182.9**	392.7

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS BY SEGMENT

EUR million	1–3/ 2011	4–6/ 2011	7–9/ 2011	10–12/ 2011	1–3/ 2010	4–6/ 2010	7–9/ 2010	10–12/ 2010
Media	22.7	37.9	25.8	**64.6**	31.2	47.3	31.0	36.3
News	12.9	9.9	12.5	**14.1**	9.6	8.9	15.7	13.0
Learning	-6.1	29.0	42.4	**-19.7**	-5.2	26.4	45.7	-14.4
Trade	3.3	4.1	6.8	**4.6**	3.7	2.4	7.4	5.6
Other companies and eliminations	-6.5	-8.4	-7.9	**-2.9**	-3.7	-4.7	-4.9	-6.1
TOTAL	26.4	72.6	79.5	**60.6**	35.6	80.3	94.9	34.5

OPERATING PROFIT EXCLUDING NON-RECURRING ITEMS BY SEGMENT

EUR million	1–12/ 2011	1–12/ 2010
Media	**151.1**	145.8
News	**49.4**	47.2
Learning	**45.5**	52.6
Trade	**18.8**	19.1
Other companies and eliminations	**-25.7**	-19.3
TOTAL	**239.1**	245.4

SEGMENT INFORMATION

Sanoma Group has four reportable segments: Media, News, Learning and Trade. The segmentation is based on business model and product differences. Media, operating in 12 countries, is responsible for magazines and TV operations. Sanoma News is responsible for newspapers in Finland. Both segments also have a great variety of online and mobile services. Learning's business is mainly B2B business. Trade, on the other hand, operates on a retail business model. In addition to the Group eliminations column unallocated/eliminations includes Group functions and real estate companies as well as items not allocated to segments.

Segment assets do not include cash and cash equivalents, interest-bearing receivables and tax receivables. Transactions between segments are based on market prices.

Sanoma segments 1.1–31.12.2011

EUR million	Media	News	Lear-ning	Trade	Unallo-cated/ elimi-nations	Con-soli-dated
External net sales	1,412.1	434.1	331.9	567.8	0.3	2,746.2
Internal net sales	3.7	1.7	11.2	29.3	-45.8	
NET SALES, TOTAL	1,415.8	435.8	343.1	597.0	-45.6	2,746.2
OPERATING PROFIT	92.0	40.2	16.6	49.2	-15.1	182.9
Share of results in associated companies	-2.5	0.6	0.1	-1.9		-3.7
Financial income					13.9	13.9
Financial expenses					49.1	49.1
RESULT BEFORE TAXES						144.1
SEGMENT ASSETS	3,048.7	320.7	549.0	186.9	47.2	4,152.5

Sanoma segments 1.1–31.12.2010

EUR million	Media	News	Lear-ning	Trade	Unallo-cated/ elimi-nations	Con-soli-dated
External net sales	1,294.6	431.7	334.8	700.5	-0.5	2,761.2
Internal net sales	5.0	5.9	15.2	25.7	-51.9	
NET SALES, TOTAL	1,299.6	437.6	350.1	726.3	-52.4	2,761.2
OPERATING PROFIT	287.9	56.1	47.1	15.5	-13.9	392.7
Share of results in associated companies	-24.5	0.3	0.0	0.3		-23.9
Financial income					11.1	11.1
Financial expenses					23.8	23.8
RESULT BEFORE TAXES						356.0
SEGMENT ASSETS	1,826.8	324.9	551.8	344.8	34.6	3,082.8

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**429.3**	484.2
Increases	**52.9**	50.7
Acquisition of operations	**7.0**	0.4
Decreases	**-2.2**	-5.4
Disposal of operations	**-86.9**	-31.8
Depreciation for the period	**-50.5**	-61.8
Impairment losses for the period	**-3.9**	-1.0
Exchange rate differences and other changes	**-2.1**	-6.1
Carrying amount at the end of the period	**343.6**	429.3

The Group had no commitments for acquisition of tangible assets at the end of the reporting period (2010: EUR 4.0 million).

EFFECT OF ACQUISITIONS ON THE CONSOLIDATED BALANCE SHEET

EUR million	1–12/ 2011	1–12/ 2010
Acquisition costs	**1,415.2**	**37.1**
Fair value of acquired net assets	**433.2**	**14.5**
Recognised in equity		**-18.7**
Recognised in income statement		**-0.5**
Goodwill	**982.0**	**3.5**

CONTINGENT LIABILITIES

EUR million	31.12.2011	31.12.2010
Contingencies for own commitments		
Mortgages	**9.7**	20.6
Pledges	**2.5**	6.7
Other items	**0.3**	0.6
TOTAL	**12.5**	27.8
Contingencies incurred on behalf of associated companies		
Guarantees		10.5
TOTAL		10.5
Contingencies incurred on behalf of other companies		
Guarantees		0.0
TOTAL		0.0
Other contingencies		
Operating lease liabilities	**196.1**	249.1
Royalties	**19.8**	23.5
Other items	**51.3**	26.9
TOTAL	**267.2**	299.5
TOTAL	**279.7**	337.8

DERIVATIVE INSTRUMENTS

EUR million

Fair values	31.12.2011	31.12.2010
Interest rate derivatives		
Interest rate swaps	**-11.5**	0.1
Currency derivatives		
Forward contracts	**0.6**	

KEY EXCHANGE RATES

Average rate	1–12/ 2011	1–12/ 2010
EUR/CZK (Czech Koruna)	24.64	25.36
EUR/HUF (Hungarian Forint)	280.46	276.04
EUR/PLN (Polish Zloty)	4.13	4.01
EUR/RUB (Russian Rouble)	41.02	40.45
EUR/SEK (Swedish Crown)	9.00	9.55

Closing rate	31.12.2011	31.12.2010
EUR/CZK (Czech Koruna)	25.79	25.06
EUR/HUF (Hungarian Forint)	314.58	277.95
EUR/PLN (Polish Zloty)	4.46	3.98
EUR/RUB (Russian Rouble)	41.77	40.82
EUR/SEK (Swedish Crown)	8.91	8.97

Press Conference

Press and analyst meeting will be held in English by President and CEO Harri-Pekka Kaukonen and CFO Kim Ignatius at 11 am Finnish time at Nelonen studio, Pursimiehenkatu 26 C (third floor), Helsinki. Webcast of the event can be viewed at Sanoma.com either live or later on as on demand. If you want to ask questions during the webcast, please join the conference call by dialling +44 (0)20 7162 0025 (Europe) or +1 334 323 6201 (US) and quote the conference code 911215.

Sanoma’s 1Q12 Interim Report will be published on Thursday, 3 May, at approximately 11 am Finnish time (CET -1)

Sanoma Corporation

Kim Ignatius
Chief Financial Officer

Additional information: Sanoma's Investor Relations, Martti Yrjö-Koskinen, tel. +358 105 19 5064 or ir@sanoma.com

Sanoma.com

Sanoma inspires, informs and connects. As a diversified media group, 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 a challenging and interesting working environment for nearly 15,000 people in over 20 countries throughout Europe. In 2011, the Group’s net sales totalled EUR 2.7 billion.