

2006

SanomaWSOY





SanomaWSOY

– a strong European media company

SanomaWSOY is the leading media group in the Nordic region operating mainly in small and medium-sized markets in over 20 European countries. Its five divisions operate in various fields of media: Sanoma Magazines is one of the largest consumer magazine publishers in Europe, Sanoma is the leading newspaper publisher in Finland, SanomaWSOY Education and Books is a significant European educational publisher and Finland's largest book publisher, SWelcom is a major player in the field of digital media in Finland, and Rautakirja is the market leader in kiosk operations and press distribution in Finland and the Baltic countries.

In 2006, SanomaWSOY's net sales totalled EUR 2,742 million, and the company employed over 18,000 people.



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Creativity, reliability, and dynamism

Mission

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

Information and education are important both for our customers and ourselves. We believe that well-informed and educated people have the tools they need to manage their own lives. Reliable and structured information makes life easier in today's increasingly fragmented media landscape. This is why our goal is to meet people's need for information and education, and offer products and services that make our customers' daily life easier and happier.

Achieving such ambitious goals is not easy. We strive to do everything better than our competitors. We believe we can best reach our goals by offering high quality products and services; without compromising our profitability.

Vision

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

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

We also aim to systematically strengthen the ability of our skilful personnel to act upon these opportunities and to create new, successful businesses.

Values

- Creativity
- Reliability
- Dynamism

Creative work is the essence of communications. Creativity and reliability form the basis of all our actions. In addition to a solid base, our success so far has required dynamic actions and people who are able to make things happen – creative, reliable, and dynamic people. The continuous development of our personnel is one of our key competitive advantages.

Strategic objectives

Our business is based on anticipating the needs of our customers and meeting them in a timely manner. We are strongly developing our digital business, without forgetting more traditional media. We are expanding our business with launches, acquisitions, and active partnerships with other leading companies in the industry. Our more than 20 countries of operation enable us to effectively draw on the combined resources and expertise of the Group in different markets. We will ensure our long-term growth through a balanced business portfolio and the continued development of our business practices. We have set ourselves targets related to growth and profitability, market leadership, and way of doing, supplemented by the internal targets of each business.

Growth and profitability

- Expansion especially in growth markets
- Value-adding consolidation
- Controlled increase of investments in digital media at an optimum pace and to the optimum extent
- Efficiency improvements in all businesses

Market leadership

- Value-adding market leadership in chosen businesses and markets
- One of the leading European magazine and educational publishers

Way of doing

- Respect for local cultures
- Clear principles of business conduct
- Customer centric product and service development
- Result-oriented, talented, and cooperative people
- Value-adding cross-divisional and international cooperation
- Fast and flexible processes

Financial targets

SanomaWSOY's target is to increase net sales at a rate faster than that of GDP in the main operating countries. In addition, the Group's goal is to significantly expand its digital business. The Group's strategic operating profit target is 12% (in 2006, the operating profit margin, excluding major non-recurring capital gains, was 10.5%).

These targets are based on the assumption that the development of the operating environment remains relatively stable.

Dividend policy

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

Other financial targets

	Target level	2006
Net debt/EBITDA	< 3.5	1.8
Equity ratio	35–45%	45%
Gearing	< 100%	59%
Investments/year	< EUR 100 million	EUR 82 million

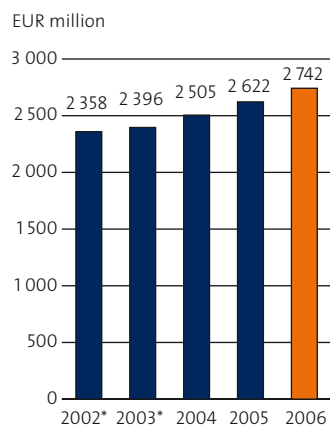
Key figures 2006

Key indicators	2006	2005	Change, %
Net sales, EUR million	2 742.1	2 622.3	4.6
Operating profit, EUR million	292.5	301.3	-2.9
% of net sales	10.7	11.5	
Operating profit excluding major non-recurring capital gains, EUR million	288.2	269.1	7.1
% of net sales	10.5	10.3	
Result before taxes, EUR million	276.3	286.0	-3.4
Result for the period, EUR million	208.4	228.4	-8.8
Balance sheet total, EUR million	3 132.2	2 972.5	5.4
Return on equity (ROE), %	17.7	22.3	
Return on investment (ROI), %	14.3	15.4	
Equity ratio, %	45.0	41.3	
Gearing, %	59.2	72.9	
Net debt, EUR million	782.4	843.8	-7.3
Earnings/share, EUR	1.32	1.45	-9.3
Cash flow from operations/share, EUR	1.63	1.69	-3.5
Equity/share, EUR	7.92	7.27	8.8
Dividend/share, EUR *	0.95	0.90	5.6
Dividend/result, % *	72.2	62.0	
Market capitalisation, EUR million	3 521.8	3 121.5	12.8
Effective dividend yield, % *, **	4.4	4.6	
P/E ratio **	16.2	13.5	19.7
Personnel under employment contract, average	18 434	16 885	9.2
Personnel, average (full-time equivalents)	15 732	14 256	10.4

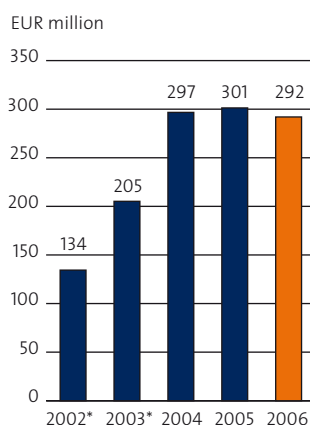
* Year 2006 proposal of the Board of Directors

** SanomaWSOY's share series were combined on April 7, 2006. Share-related indicators of 2002–2005 are based on the old Series B shares. The number of shares in 2002–2005 includes all share classes. More information can be found in Shares and shareholders section of the financial statements.

Net sales

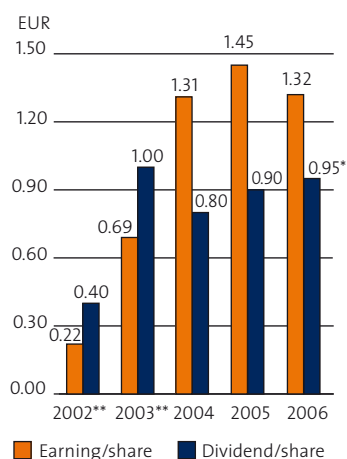


Operating profit

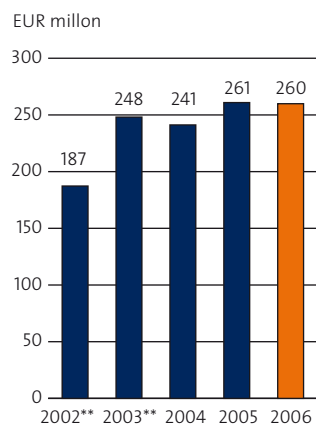


* 2002–2003 figures are according to the Finnish Accounting Standards (FAS).

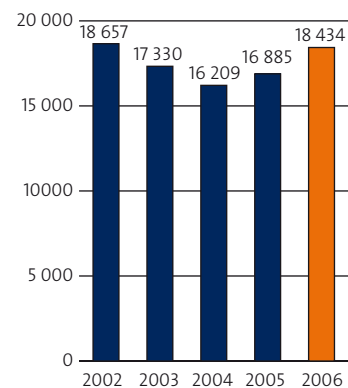
Earnings/share
Dividend/share



Cash flow
from operations



Personnel under employment
contract, average

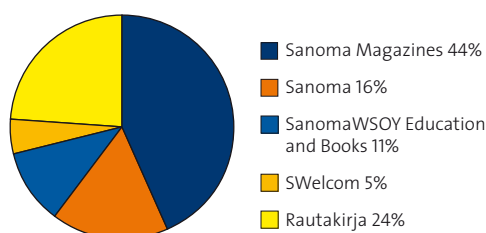


* Proposal of the Board of Directors

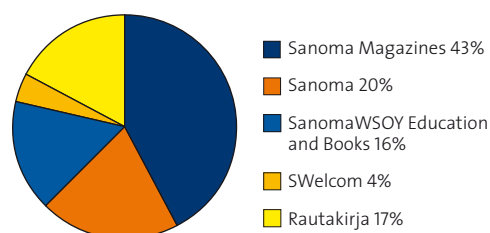
** 2002–2003 figures are according to the Finnish Accounting Standards (FAS).

Division	Net sales		Operating profit (EBIT)				Operating profit excluding major non-recurring capital gains			
	2006	2005	2006	%	2005	%	2006	%	2005	%
Sanoma Magazines	1 218.9	1 181.9	132.2	10.8	129.1	10.9	129.6	10.6	129.1	10.9
Sanoma	457.1	446.4	62.7	13.7	59.1	13.2	61.0	13.3	58.1	13.0
SanomaWSOY Education and Books	309.2	294.4	48.0	15.5	55.8	19.0	48.0	15.5	39.3	13.4
SWelcom	131.8	122.5	12.5	9.5	9.6	7.8	12.5	9.5	9.6	7.8
Rautakirja	684.3	635.9	51.3	7.5	51.2	8.0	51.3	7.5	42.3	6.6
Other companies and eliminations	-59.3	-58.8	-14.1		-3.5		-14.1		-9.3	
SanomaWSOY	2 742.1	2 622.3	292.5	10.7	301.3	11.5	288.2	10.5	269.1	10.3

Net sales by division,
% of the Group



Operating profit by division,
% of the Group



SanomaWSOY



At its birth in 1999, the SanomaWSOY Group was a largely domestic media company: less than 10% of our net sales came from outside Finland. In 2006, for the first time in the Group's history, over 50% of our net sales were derived from outside of Finland. Significant changes and developments have taken place both within the Group and in the media world around us.

Today's dominant trends in media are related to broadband internet, digital content, and the rapid growth of free content. The triumphant march of the internet does seem strong right now, but it is still difficult to determine the ultimate winner. However, it does seem certain that all digital information can and mainly will be distributed over the internet.

Just like all other media companies, SanomaWSOY needs to rethink its strategy in a changing environment. In our case, the review has resulted in a migration from traditional media in the direction of digital media. This does not, however, signal any fundamental change in our strategy, but rather a change in emphasis.

In Finland, this change has meant the strengthening of our multimedia platforms with new radio stations, free sheets, and investments in digital media. The high readership of our newspapers provides an excellent basis for our ambition to become also a leading online player. SWelcom's digital media portfolio offers a unique package in Finland. The wide range of our business operations and our solid market position in a variety of sectors will continue to give us a valuable competitive edge in the future.

Magazines are a key component of our business. We believe that they will play an important role in people's lives now and in the future. Magazine publishing has long been relatively stable in the old EU countries, and its growth in the new EU countries and Russia in particular has been very strong.

In the future, magazines can improve their performance by utilising the internet to extend their brands, as an interactive link between the reader and the magazine, and as an enabler of new services for readers and advertisers. Migration to digital media will be easy for magazine publishers, since they have a lot of experience of communities within their readership – and communities play a key role in digital communications and the internet.

We firmly believe that learning and teaching are important in Europe, and that the demand for learning services is on the increase. The profitable use of digital technology in educational publishing requires a large number of users. Hence, our growing international educational publishing business provides an excellent platform for new digital solutions and innovations.

in the digital world

Well-managed distribution is a competitive advantage for the publisher. By consolidating and developing our distribution operations and concepts, we can create added-value in both magazine publishing and retail trade, as well as improve press distribution and its profitability.

We will have a strong focus on growth, but at the same time we want to maintain our good profitability. Our key strategic goal is to be the market leader in the markets and sectors in which we operate. We have already achieved this in most of our markets. We believe that market leadership gives us a competitive edge and ensures the best profitability.

The Group has a long and distinguished history, and we want to incorporate the best and most valuable elements of these traditions into our business practices. In 2006, we published SanomaWSOY's general operating principles that guide our activities. We want to turn our way of doing business into an increasingly visible and powerful competitive advantage. The deployment of best practices across the Group requires enhanced cooperation between different businesses – across organisational boundaries. That is why we reorganised the Group structure in autumn 2006.

A key element in our way of doing business is our relationship with our customers and employees. We want our customers to get good value for their money and the best possible service, which requires professional customer and process management. Positive customer feedback is the best proof of our success.

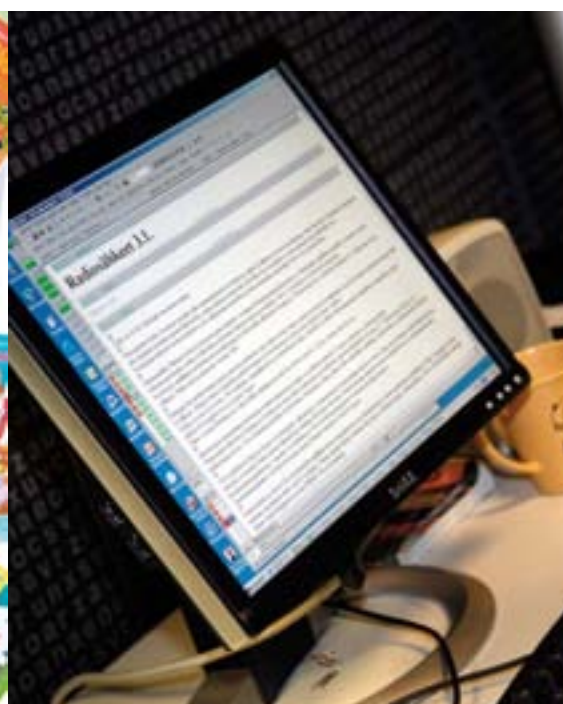
We are proud of being able to offer jobs that require professional skills, experience, commitment, and a passion for excellence. The recruitment, promotion, rewarding, and development of outstanding talent poses major challenges to HR management, which is why we continually develop our business practices. We are grateful for the work our committed staff has done to ensure the success of the Group.

Corporate, environmental, and employee responsibility issues have risen to prominence in today's business. Responsibility forms the basis of our activities, and this basis is defined in our Articles of Association. We have been a good corporate citizen throughout our long history – and these same values will continue to guide us in the future. ■



Hannu Syrjänen, President and CEO

Growth from digital media



Magazine publisher leveraged its expertise on the internet

Sanoma Magazines continued to develop its product and service portfolio to reinforce the multimedia approach. Special focus was placed on digital media. Sanoma Magazines is already the leading internet player in Hungary and the Netherlands, where the success of internet publisher ilse media continued, and the company's service portfolio was expanded through the acquisition of the product and price comparison website Kieskeurig.nl.

Educational publishing continued its internationalisation

The rapid growth of educational publishing continued in 2006. The business expanded to Hungary, where it acquired Láng, the leading educational publishing and training company. In the Netherlands, the range of services broadened to include career orientation and consulting services.

Online services increased news audiences

With the increased number of online visitors, the combined reach of Sanoma's newspapers in 2006 was greater than ever. Close collaboration between online and printed newspapers enables a fast and well-researched news offering.

In 2006, SanomaWSOY continued on its path of growth and internationalisation. The digital business, in particular, recorded strong growth. One of SanomaWSOY's key focus areas is to ensure an optimal migration from print to digital media.



SWelcom expanded to radio

SWelcom's electronic media portfolio diversified in 2006, when the company was granted two semi-national radio licences. SWelcom focuses on high-quality content and makes extensive use of digital channels. Radio, online services, and new distribution channels, such as mobile and Web TV, provide new platforms for content delivery.

Rautakirja strengthened its position in the Baltic countries

Rautakirja further strengthened its leading position in the Baltic markets in both kiosk operations and press distribution, which are closely related especially in Central Eastern Europe. In the Baltic countries, Rautakirja's next focus will be on developing operations and effective use of best practices and concepts.

Internet increasing the use of media

People are spending more time with media than before, often using several media simultaneously. Fragmentation of the media market has also led to an increase in the overall supply. The changes taking place in user habits combined with the digitalisation of communications and entertainment present challenges and opportunities for both content providers and advertisers. The changes in media consumption give rise to content packages that transcend traditional media boundaries, such as new magazine concepts, cross-media educational materials and TV programmes extending to internet and mobile devices. The most successful online services, however, are new in nature – for instance data-combining search engines or communities that provide information and entertainment for themselves and others.

SanomaWSOY's primary markets developed well in 2006. GDP growth boosted media advertising and media use increased given improved consumer confidence. Advertising and media consumption increased significantly, especially in

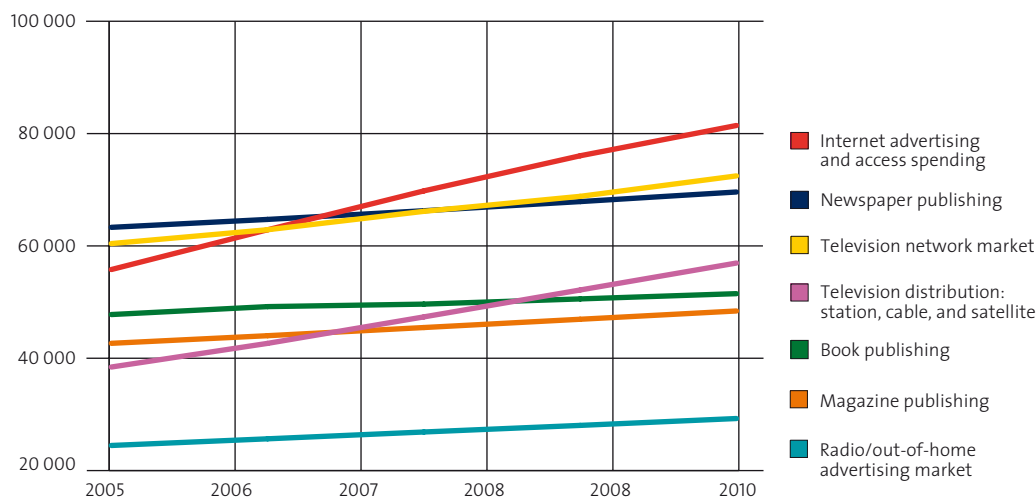
Russia, whereas in the Netherlands, for example, weak consumer confidence in the first half of the year eroded single copy sales.

PricewaterhouseCoopers estimates that advertising in traditional media, e.g., newspapers and magazines, will continue to grow in Europe. Digital media, such as television and internet, will show the greatest growth.

Digital media consumption is on the increase. The growth of broadband internet penetration in particular will enable, e.g., music and movies to find their way more easily into the homes of consumers. This growth will also be accelerated by the development and spread of mobile devices.

Online advertising is expected to continue growing: e.g., in the United States in 2005, over 20% of media time spent was online, but internet ads accounted for less than 7% of all advertising expenditure. The share of online advertising has so far remained small in SanomaWSOY's markets, most of which have yet to see the growth of broadband internet penetration.

Media market development in Europe per sector, USD million



Source: PricewaterhouseCoopers, Global Entertainment and Media Outlook: 2006–2010

Magazines continue to perform well in Europe in both mature and developing markets. According to ZenithOptimedia's estimate, magazine advertising increased by 2% in Finland, 3% in the Netherlands, and 2% in Belgium. In Hungary, growth was estimated to be 9% and in the Czech Republic 10%. Print media advertising in Russia is estimated to have increased by 18%. The share of magazine advertising out of all media advertising declined slightly in the Netherlands and Belgium.

The digitalisation of media creates new opportunities for e.g., magazines whose readers constitute a community committed to the brand. New technologies also allow for the easy distribution of self-made content. Indeed, peer-to-peer networks and chat rooms have today become important sources of information.

The circulation of subscription-based newspapers is expected to continue its decline in Europe. However, newspaper publishers' online investments have brought new readers. In 2006, newspapers and their online services together reached more people than ever before. Free sheets also contribute to the growth of newspaper advertising, which is forecast to remain moderate in Europe, however.

The European educational publishing market is undergoing a transformation. Central Eastern European countries are investing heavily in education, while Central European players are consol-

idating. The focus has shifted from textbooks to integrated learning systems that include online materials and learning environments as important parts of the system to complement printed books.

Technology development facilitates the use of common development tools and content, e.g. images, in educational and other publishing in different media and countries.

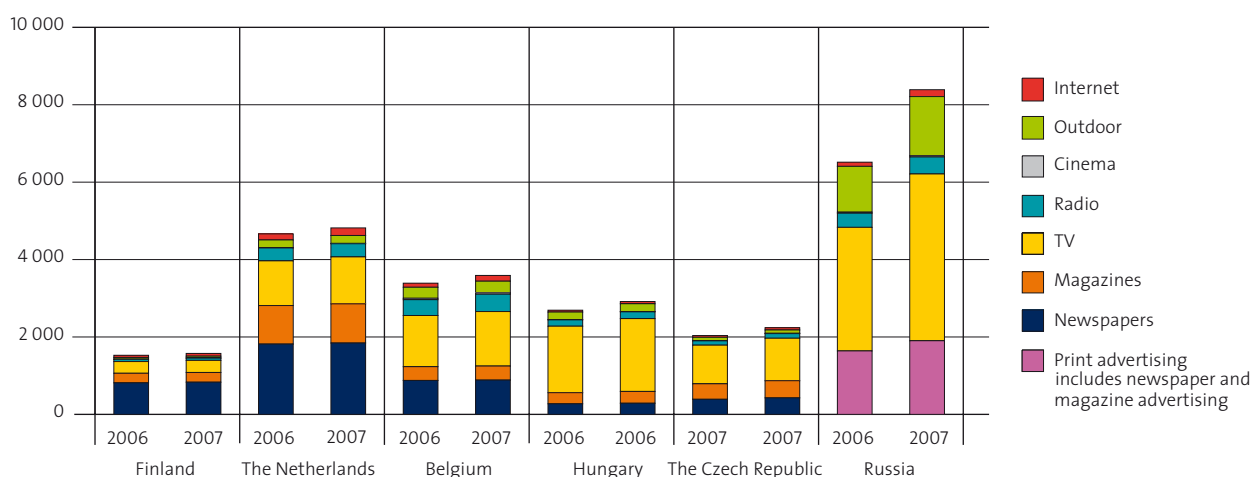
The digital age also poses challenges for distributors, who have to come up with attractive online alternatives. In many of SanomaWSOY's markets, particularly Russia, traditional press distribution and retail trade are in the same value chain and remain underdeveloped. A content provider's success will continue to require the development of distribution of both printed and digital products. ■

Development of GDP, private consumption, and CPI in SanomaWSOY's main operating countries in 2006–2007, %

	GDP		Private consumption		CPI	
	2006	2007	2006	2007	2006	2007
Finland	4.5	2.7	4.0	3.3	1.7	1.9
The Netherlands	2.9	2.6	1.9	2.3	1.4	1.6
Belgium	2.6	2.2	2.4	2.2	2.0	1.7
Hungary	3.9	2.6	1.9	-0.5	3.8	5.9
Russia	6.6	5.9	14.0	13.6	9.7	9.2
The Czech Republic	6.2	5.0	3.7	3.9	2.6	3.3

Source: EIU, January 2007

Advertising market development in 2006–2007, USD million



Source: ZenithOptimedia estimates, December 2006

Organisation and operating countries

SanomaWSOY Group

Chairman **Jaakko Rauramo**

President and CEO **Hannu Syrjänen**

Net sales EUR 2,742.1 million

Operating profit EUR 292.5 million

Sanoma Magazines	Sanoma	SanomaWSOY Education and Books	SWelcom	Rautakirja
Magazine publishing and online operations	Newspaper publishing, online operations, and printing	Educational publishing, publishing as well as business information and services	TV, broadband internet, and radio	Kiosk operations, press distribution, bookstores, and entertainment
President and CEO Eija Ailasmaa	President Mikael Pentikäinen	CEO Jacques Eijkens	President Tapio Kallioja	President and CEO Erkki Järvinen
Net sales EUR 1,218.9 million	Net sales EUR 457.1 million	Net sales EUR 309.2 million	Net sales EUR 131.8 million	Net sales EUR 684.3 million
Operating profit EUR 132.2 million	Operating profit EUR 62.7 million	Operating profit EUR 48.0 million	Operating profit EUR 12.5 million	Operating profit EUR 51.3 million



Operating countries

Belgium (personnel 624)

- magazines
- educational publishing
- online operations

Bulgaria (133)

- magazines

Croatia

- magazines

The Czech Republic (172)

- magazines

Denmark (6)

- multi-volume books

Estonia (983)

- kiosk operations
- press distribution
- bookstores
- movie theatres
- online operations

Finland (9,409)

- magazines
- newspapers
- books and educational publishing
- commercial TV
- cable TV
- radio
- kiosk operations

- press distribution
- bookstores
- movie theatres
- online operations
- broadband internet
- language services
- business information and services
- printing plants

Germany (29)

- multi-purpose arena

Hungary (929)

- magazines
- educational publishing
- online operations

Latvia (652)

- kiosk operations
- press distribution
- movie theatres

Lithuania (1,305)

- kiosk operations
- press distribution
- movie theatres

The Netherlands (2,296)

- magazines
- educational publishing
- press distribution
- online operations

Norway (62)

- multi-volume books

Poland (385)

- eLearning business

Romania (310)

- magazines
- press distribution

Russia (1,310)

- magazines
- press distribution

Serbia

- magazines

Slovakia (54)

- magazines

Slovenia

- magazines

Sweden (137)

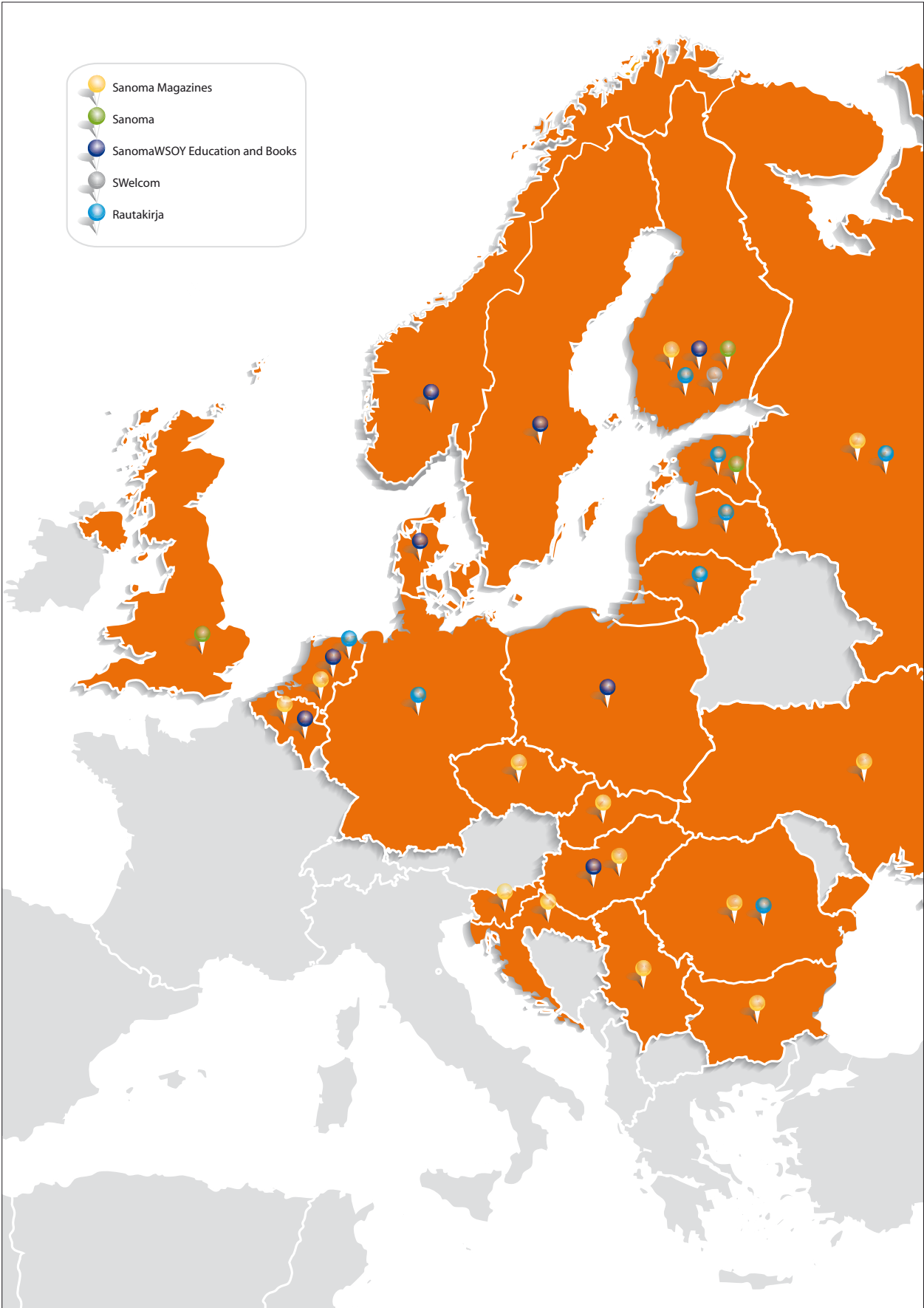
- language services
- multi-volume books

Ukraine (38)

- magazines

The United Kingdom (54)

- business information services



Independent Media launched Gloria, the first glossy women's weekly on the Russian market. ▶



Sanoma Uitgevers successfully revamped two leading Dutch women's magazines, Libelle and Margriet. ▼



◀ Sanoma Hearst Romania relaunched Femeia, the oldest women's title in Romania. Femeia addresses mature women and deals with everyday life in an empathetic and warm tone of voice.

Sanoma Magazines Finland launched a 40+ magazine, Sara, a visually exciting and entertaining title encouraging women to get the most out of their lives. ▼



▲ Adria Media Serbia launched the Serbian edition of National Geographic. Apart from international coverage, National Geographic Serbia will give local photographers and journalists the opportunity to elaborate on interesting Serbian topics.



◀ In Finland, Disney's Aku Ankka (Donald Duck), a perennial favorite, climbed to an all-time high circulation of over 320,000.

Investing for growth

Continuing investments in publishing and online endeavours are strengthening the platforms for the Division's future growth.

Sanoma Magazines continued to grow in 2006, reporting net sales of EUR 1,218.9 million and an operating profit of 10.8% of net sales. Earnings performance improved despite heavy investments in acquisitions and launches.

“Our focus was on growth, particularly in publishing activities in Russia and Finland as well as through our online initiatives in the Netherlands and Hungary,” emphasizes **Eija Ailasmaa**, President and CEO of Sanoma Magazines.

Sanoma Magazines managed to grow both print and online businesses in 2006 through a two pronged growth strategy. The Division is seeking growth of the core consumer magazine business through launches, partnerships, and acquisitions. Additionally, Sanoma Magazines is developing online businesses by leveraging successful concepts geographically as well as through selected acquisitions and alliances.

Sanoma Magazines Finland outperformed overall market growth in the magazine publishing sector.

Despite the challenging and highly competitive market, Sanoma Magazines managed to strengthen its position by growing the print business substantially in Finland. The growth came especially from the women's and juvenile magazine portfolio.

“We were pleased to see a perennial favorite in Finland, Disney's *Aku Ankka* (*Donald Duck*), climb to an all-time high circulation of over 320,000,” Ailasmaa points out. “And to reach out to the growing 40+ audience, we launched a fresh women's title, *Sara*, for the Finnish market.”

Further strengthening of Sanoma Magazines International's presence in Russia and a number of Central Eastern European markets that are poised for steep growth was a key strategic theme throughout 2006.

“The Russian market was our fastest growing market,” Ailasmaa cites. “*Cosmopolitan*, the nation's largest women's monthly, maintained its number one position. The strength of its brand also allowed us to generate spin-off activities in Russia such as online concepts and line and brand extensions with which we are able to reach new audiences.”



“Close to the customer – in print and digitally.” Eija Ailasmaa



◀ Sanoma Magazines acquired EPN International, Belgium's leading niche publisher in the home and decoration magazines and in the green and hobby segment.

In the Netherlands, Sanoma Uitgevers contributed to the fight against breast cancer by continuing to publish Pink Ribbon magazine. Proceeds from the magazine will be donated to the Pink Ribbon foundation. ▼



▲ Sanoma Magazines International, Gruner + Jahr, and Styria established a partnership for magazine publishing in the Adriatic region. Adria Media Holding now has operations in Croatia, Slovenia, and Serbia.



The Woonbeurs Amsterdam (Home and Decoration Fair) attracted more than 90,000 visitors in six days. The theme of 2006 fair was Enjoy living! ▶



◀ Sanoma Magazines Belgium launched Fitfixers.be, a website that helps people to reach and maintain a healthy lifestyle.



◀ Kiloklubi.fi is Sanoma Magazines Finland's weight management website. The service is designed to provide comprehensive advice on a balanced diet and a healthy lifestyle.

Dutch press distributor Aldipress and magazine wholesaler Bruna presented De Publieksprijs (prize awarded by the public) for best magazine of the year. ▶



“We made further inroads by launching *Gloria*, a weekly women’s glossy targeted at growing middle class and by taking over *National Geographic* magazine, a worldwide favorite, in Russia. In addition we improved our position by launching *SmartMoney*, a new analytical business weekly.”

In Bulgaria, a trendy celebrity magazine, *Story*, was launched alongside a new title that reaches out to the interests of young mothers, *Moeto Dete*. Similarly, Romania, Serbia, and Ukraine all launched new titles in their respective markets, firmly strengthening Sanoma Magazines’ presence in a region that is expected to see brisk growth for the future.

In Central Eastern Europe, Sanoma Magazines International was able to build on its position by extending its knowledge further to the online world. One example was in Hungary, where the company extended its glossy magazine title *Story* into the local portal, *Story.hu*.

Sanoma Uitgevers’ activities were highlighted by revitalizing well-entrenched publications as well as the acquisition of online services in its home market of the Netherlands.

“We undertook to revamp two leading Dutch women’s weeklies, *Libelle* and *Margriet*, and that effort is already showing promising results,” Ailasmaa shares. Despite a challenging market situation, Sanoma Uitgevers maintained its leading position in the readers’ and advertisers’ markets.

A continued drive into the online world in 2006 was another major theme for the company. Sanoma Magazines’ online advertising sales in the Netherlands grew by 55% and its online service portfolio expanded significantly.

“We acquired the online price and product comparison site *Kieskeurig.nl*, which was an important event,” Ailasmaa explains. “*Kieskeurig.nl* perfectly highlights a shift that is happening in the digital media landscape – consumers are contributing to the content of the sites they visit. They create reviews for the products they have experienced and post it for others to read and consider.”

Else media also continued development of online news site *Nu.nl* and the leading internet portal, *Startpagina.nl*.

“Overall, our digital media activities give us a powerful new dimension to develop exciting new cross-media offerings that complement our print assets,” Ailasmaa says. “In a converging media landscape, we’ll have more and more opportunities to extend our well known brands to new channels.”

Organisationally Sanoma Uitgevers underwent significant change in 2006. Dick Molman was appointed CEO of Sanoma Uitgevers and the business was reorganised into separate print and online operations.



Cosmic acceptance

From its introduction into the Russian market in 1994, *Cosmopolitan* has maintained its position

as the leading women’s glossy in the country. The success of the magazine has continued. In March 1995, its circulation reached the one-million mark.

Today, the Russian *Cosmopolitan* is the most widely circulated women’s monthly magazine outside the USA.

“We have had several things working for us,” points out **Elena Myasnikova**, Publisher and Director of Independent Media. “Our timing was right when we entered this market twelve years ago. Then, independent women’s magazines did not exist. Another reason for our acceptance is that *Cosmopolitan* is a fantastic global brand.”

But staying on top is another matter – it requires constant innovation, remaining at the forefront of women’s interests and moving the *Cosmopolitan* brand into new domains that create value for readers.

“In 2002, we started to produce local supplements of *Cosmopolitan* for several regions throughout Russia. They now serve the Urals, St. Petersburg, and Siberia,” Myasnikova adds.

“Our readers like to see content that addresses their celebrities and happenings. Each region has its own editorial team, and the local supplements include to the price. The costs are covered by the local advertising revenue, and the supplements work as a free marketing tool, reinforcing the *Cosmopolitan* brand in other areas,” Myasnikova testifies.

“We’ve extended the *Cosmopolitan* brand to focus on other readership interests. In 2003, *Cosmopolitan Beauty* was launched, followed by *Cosmopolitan Shopping* in 2004.” These two stand-alone magazines are very successful and have been profitable as of the first issue.

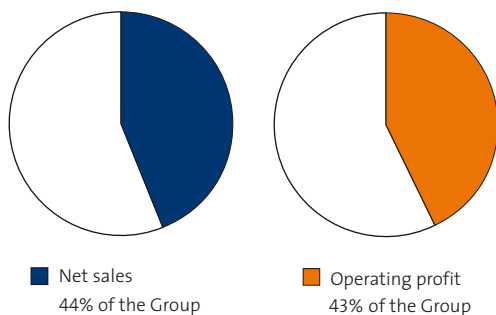
Sanoma Magazines also publishes *Cosmopolitan* for Bulgarian, Dutch, Finnish, Georgian, Hungarian, Kazakhstan, Romanian, Serbian, Slovenian, and Ukrainian markets. ■

Sanoma Magazines is one of Europe's largest consumer magazine publishers, operating in 13 countries. In addition to publishing its strong portfolio of magazine brands for various reader communities, Sanoma Magazines is expanding its business to other media platforms, with a strong focus on interactivity.

Sanoma Magazines

Sanoma Uitgevers the Netherlands	Sanoma Magazines Belgium	Sanoma Magazines Finland	Sanoma Magazines International
<ul style="list-style-type: none"> • Women's magazines • Men's magazines • Children's and youth publishing • 50+ • Special interest magazines • Home & decoration magazines • Custom publishing • Puzzles • Online operations 	<ul style="list-style-type: none"> • Women's magazines • TV magazines • Home & decoration magazines • Custom publishing • Online operations 	<ul style="list-style-type: none"> • Magazines • Children's and youth publishing • Custom publishing 	<ul style="list-style-type: none"> • Consumer magazines, custom publishing, and online operations - Central Europe <i>Hungary, the Czech Republic, Slovakia</i> - South East Europe <i>Romania, Bulgaria, Ukraine</i> - Russia and C.I.S. - Adria Media <i>Croatia, Serbia, Slovenia</i>

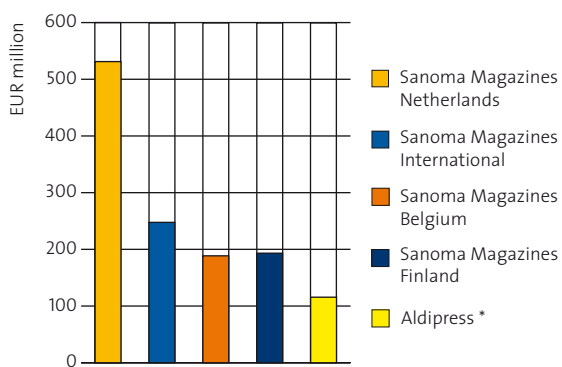
Sanoma Magazines' net sales and operating profit



Key indicators

EUR million	1-12/2006	1-12/2005
Net sales	1 218.9	1 181.9
Operating profit	132.2	129.1
% of net sales	10.8	10.9
Operating profit excluding major non-recurring capital gains	129.6	129.1
% of net sales	10.6	10.9
Return on investment (ROI), %	10.9	11.8
Personnel under employment contract, average	5 584	5 275

Net sales by business



* Will be transferred to Rautakirja as of January 1, 2007

Operational indicators *

	1-12/2006	1-12/2005
Number of copies sold (press distribution / Aldipress)	101 683	116 106
Number of magazines published **	307	236
Magazine copies sold, thousands	433 526	442 632
Number of advertising pages sold	57 700	53 474

* Including joint ventures

** Method of calculating number of magazines published has changed after beginning of 2006. Comparative data has been adjusted accordingly.

Sanoma Magazines Belgium saw an expansion of its operations, despite the problems related to a change of a distribution partner in early 2006.

In September, EPN International, Belgium's leading niche publisher in the home and decoration segment, was acquired by Sanoma Magazines Belgium's affiliate Uitgevers Maatschappij.

"With this acquisition, we extended our magazine portfolio in Belgium considerably," Ailasmaa observes. "We now serve also the home and decoration, building and renovation, gardening and hobby sectors."

As in the Netherlands, a new CEO, Aimé Van Hecke, was appointed to Sanoma Magazine Belgium in 2006.

Aldipress, the Dutch press distributor, started to utilise replenishment technology developed for home entertainment products also in the magazine category. Furthermore, it was announced that Aldipress will be transferred to Rautakirja as of January 1, 2007. This transfer is in line with SanomaWSOY's strategy and confirms the strategic importance of distribution and retail.

The outlook for Sanoma Magazines in 2007 is encouraging, Ailasmaa believes.

Robust GDP growth is seen continuing in Russia and emerging Central Eastern European markets where Sanoma Magazines expects to launch new magazine and online initiatives.

An important focus area for 2007 will be Sanoma Magazines' internal development. A leadership training programme initiated in 2006 for management is set to continue. Acquiring deeper know-how in brand building, services for advertisers, and in servicing online communities will receive priority. The programme is initiated to facilitate the continuous process of change in order to meet the ever changing and challenging environment.

"In 2007, we will accelerate our activities in digital media while continuing to develop our key magazine brands," Ailasmaa reports. "A key challenge we face as a media company is anticipating the future behavior of our readers and advertisers. It is essential that in such a dynamic media market we maintain a spirit of proactive engagement, with fresh business approaches for our clients and products that will delight our readers." ■



News – on a ‘first-to-know’ basis

A key element in Sanoma Magazines' growth strategy is to continuously develop its online market position. At the fore-

front of that effort is ilse media, the leading Dutch online publisher with online assets that span search engines and portals, news sites, and youth communities.

A crown jewel among ilse's services is the news site *Nu.nl*. Established in 1999 to serve the Dutch market, *Nu.nl* derives its value to consumers by delivering up-to-the-minute news ahead of competitors, be they print, broadcast or online players.

"Every major news event helps us to seal our reputation as the 'go-to' source for latest, breaking news," assures **Paul Molenaar**, CEO of ilse media.

"Our popularity is proved by a string of successive records in page views of our sites over the past several months as major news stories have hit the wires."

Beyond *Nu.nl*'s focus on speed, the portal wins customer acceptance by delivering its news in a concise, un-opinionated manner and ensuring that the service itself is stress-tolerant to momentary traffic peaks.

"While we believe in the 'content-is-king' assertion, it's also essential to have a robust technical platform in place that can successfully field a sudden escalation in visitor traffic without bringing down the site," Molenaar emphasizes. "When competing sites are forced offline from overwhelming traffic spikes, ours remains up."

The growth in visitor traffic to *Nu.nl* has been translating into financial success, too. Over the past four years, net sales have ballooned almost 10-fold and profitability for the site is healthy.

"Our traffic numbers are drawing premium brand display advertisers. It is important for portals built upon an advertising revenue model to draw strong clients, and we are doing just that," Molenaar adds. ■



◀ The acquisition of the Finnish business of the Metro paper strengthened the position of Sanoma as the leading free sheet publisher in Finland. Both Uutislehti 100 and Metro will continue to be published with slightly different profiles.

Kuldne Börs is the leading service for classified ads in Estonia. Online classified services grew strongly both in Estonia and Finland. ▶



The newest entrant in the product selection of picture agency Lehtikuva is video image. Its popularity is expected to increase through the fast growth of digital communications. ▶



◀ The fire at VR Group's warehouse next to Sanomatalo, the HQ of Sanoma in May 2006 was reported in great detail in Helsingin Sanomat. HS.fi offered recent pictures, videos, and news about the progress of the fire.



◀ With the renewal of Taloussanomat.fi service, business paper Taloussanomat transferred "from online to print" operations model. The volume of visitors at the online service tripled in a few weeks and by the end of the year, it reached more than 130,000 unique visitors weekly.



▲ Quality tabloid Ilta-Sanomat is the flagship of topical journalism, and the engine of social and political conversation. Ilta-Sanomat offers interesting content via all its channels: print, online, mobile, and in sport news in TV channel Nelonen.



◀ Oikotie.fi is the leading search and content online service regarding housing, cars, travel, jobs, and education. The service will be transferred to Sanoma Digital's responsibility as of January 2007, together with other Sanoma's online classified services.

Readership on the upswing

Sanoma's brands attracting readers more than ever before.

In 2006, Sanoma improved its earnings largely due to the strong growth of Helsingin Sanomat and of the entire Division's digital operations as well as controlled costs. Net sales totalled EUR 457.1 million, and the operating profit accounted for 13.7% of net sales in 2006.

"Helsingin Sanomat achieved one of the best results in its history, and the development of Ilta-Sanomat took an upturn towards the end of the year. The pace of media advertising growth increased strongly during the last quarter, which in the end was clearly better than in 2005," reports Mikael Pentikäinen, President of Sanoma.

Sanoma's newspapers performed well both in quality and result at an international level. "Strong content which evoke thoughts and feelings is our key competitive advantages. This kind of content cannot be created without competent and well-managed editorial staff."

Pentikäinen is particularly satisfied with the growth in overall reach of *Helsingin Sanomat*, *Ilta-Sanomat*, and *Taloussanomat*. "The readership of our big brands is larger than ever before. We have managed to keep the readers of our printed papers and strongly increased the proportion of our online audiences."

The online business will also be the focus of Sanoma Digital, a new company to be launched early in 2007. "Understanding the customers' needs, flexible and quick product development, and close co-operation between SanomaWSOY's units will produce new and interesting media concepts," Pentikäinen says.

Sanoma Digital will be responsible for Sanoma's classified online services such as *Keltainen Pörssi*, *Huuto.Net*, and *Oikotie*, as well as Sanoman Verkkomediamyynti (Sanoma Online Advertising Sales). Sanoma owns the new company together with Sanoma Magazines Finland and SWelcom.

Helsingin Sanomat can be proud of its result in 2006, according to Pentikäinen. More efficient control of costs during the first half of the year brought good results, and the end of the year was characterized by strong media sales. *Helsingin Sanomat* continues to be the biggest advertising media in Finland.

Pentikäinen confirms that investment in the website development during spring 2006 was a significant step resulting in an increased number of visitors. At year-end an average of 1.4 million visitors visited *Helsingin Sanomat*, *Ilta-Sanomat*, and



"It's essential that both the online service and printed paper work effectively together." Mikael Pentikäinen

Sanoma is the leading newspaper publisher in Finland. In addition to Helsingin Sanomat, the largest subscription-based daily in the Nordic region, the Division publishes national and regional daily newspapers, local papers, free sheets, and provides digital services.

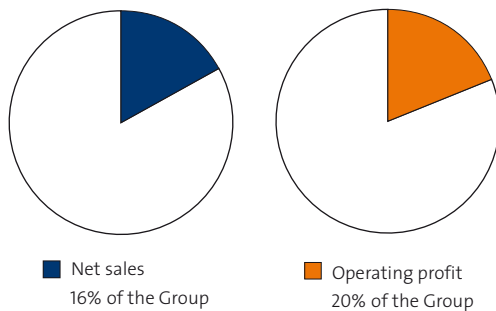
Sanoma

Helsingin Sanomat	Ilta-Sanomat	Sanoma Lehtimedia	Sanoma Business Services	Sanoma Kaupunkilehdet Free sheets	Sanoma Digital * Online operations
<ul style="list-style-type: none"> Helsingin Sanomat <i>Daily newspaper</i> Oikotie <i>Classified ads</i> Radio Helsinki <i>Local radio station</i> 	<ul style="list-style-type: none"> Ilta-Sanomat <i>Tabloid</i> IS Veikkaaja <i>Sports and betting weekly</i> Classified ad publications and services <ul style="list-style-type: none"> Keltainen Pörssi Kuldne Börs <i>Estonia</i> Huuto.Net 	<ul style="list-style-type: none"> Regional papers <ul style="list-style-type: none"> Etelä-Saimaa Kouvolan Sanomat Kymen Sanomat Local papers 6 titles 	<ul style="list-style-type: none"> Taloussanomat <i>Business daily and online service</i> Esmerk <i>Business information</i> Lehtikuva <i>Picture agency</i> 	<ul style="list-style-type: none"> Uutislehti 100 Metro Kaupunkilehti Vartti V Local free sheets 5 titles 	<p>Sanomapaino 5 printing plants in Finland</p> <p>Sanoma Data IT operations</p>

Unless otherwise mentioned, the company is based in Finland.

* As of January 1, 2007

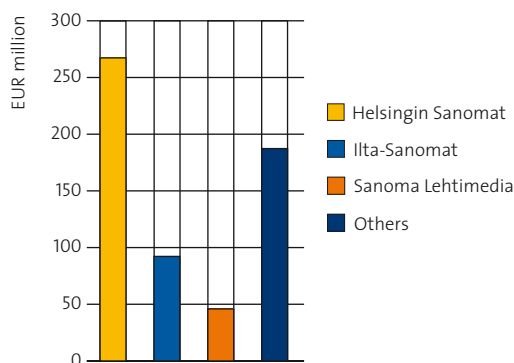
Sanoma's net sales and operating profit



Key indicators

EUR million	1-12/2006	1-12/2005
Net sales	457.1	446.4
Operating profit	62.7	59.1
% of net sales	13.7	13.2
Operating profit excluding major non-recurring capital gains	61.0	58.1
% of net sales	13.3	13.0
Return on investment (ROI), %	17.9	17.8
Personnel under employment contract, average	2 672	2 782

Net sales by business



Operational indicators

	1-12/2006	1-12/2005
Circulation of papers, copies		
Helsingin Sanomat	426 117	430 785
Ilta-Sanomat	186 462	195 673
Distribution total, million copies		
Free sheets	101.8	52.7
Advertising volume, column km		
Helsingin Sanomat	42.5	41.5
Ilta-Sanomat	6.8	7.1
Free sheets	35.6	16.6

Taloussanomats websites each week, offering us significant opportunities.”

Pentikäinen asserts that Sanoma’s knowledge of operating in a multi-channel environment affords the Division a competitive advantage.

The development of Ilta-Sanomats’ result took an upturn towards the year-end, but the lower single copy sales influenced the sales and earnings of the entire year. Pentikäinen believes that the strong development of the printed media and online version as well as organisational changes will produce good results in the future.

“The price increase implemented in autumn 2006 did not have a particular effect on circulation, but the effect of the increase on earnings is significant. The good result allows us to focus on the content and the brand.”

The Sanoma Kaupunkilehdet range was complemented by Finnish *Metro*, a free sheet distributed in public transports, and the *V* free sheet, targeted to urban readers. The visual appearance of the *Vartti* free sheet was well-received and was applied to other papers as well.

“Our process of making free sheets is efficient although their results are not yet satisfactory. The international *Metro* network also provides us with valuable information. We anticipate the 2007 result will improve through various rationalisation measures such as lower distribution costs and reduction in personnel costs.”

The renewal of the Taloussanomats website tripled the number of its visitors in autumn. “Speed is of the essence in the financial information markets. We have determinedly diversified the content of the website. The printed paper, nonetheless, also has its own role. It’s essential that both the online service and printed paper work effectively together,” Pentikäinen says.

Proficiency in content creation continues to be one of Sanoma’s strong strategic resources. The legendary Sanoma School of Journalism was consolidated under the SanomaWSOY Academy, and the next training course will start in the spring 2007. Sanoma continues to focus also on developing the middle management and distributing more responsibility to young editors.

Pentikäinen is particularly pleased about the development in Sanoma’s corporate culture. The company systematically aims to promote an open, positive atmosphere where people can freely present their ideas.

The directions for 2007 are straightforward: “We will focus on quality both in sales and content production, and launch new digital services. In addition, we will improve the effectiveness of our operations,” says Pentikäinen.

Sanoma’s success will be based on both printed and digital media also in the future. “Both provide interesting opportunities for growth.” ■



Information in a nutshell

In a world where the tempo, tone, and volume of in-

formation is increasing, Esmerk captures the essence of what decision makers need to know, and delivers it in a timely fashion. With offices in Finland, Sweden, the UK, France, Germany, Malaysia, and Russia, the company has been methodically strengthening its global operations.

Esmerk’s net sales have been growing briskly and over half of its net sales are generated outside Finland. Clients, many of which are internationally-known companies, are found in some 30 countries covering most major business sectors.

Esmerk’s business information services canvasses more than 1,500 sources of information, including trade journals, websites, and press releases, from some 130 geographical markets. The information is condensed, abstracted, translated, and delivered to clients based upon exact profiling of their needs.

Among Esmerk’s most dynamic markets, Russia has emerged as a clear success story. As its economy speeds up, a new wave of global players are entering the market, while at the same time local businesses are seeking to hone their competitive position.

“Our business here in Russia has undergone a fundamental change,” says **Yekaterina Levochskaya**, Managing Director of Esmerk in Russia. “For most of our 12-year existence, we only delivered our information services to international clients and exclusively in English.”

Not any more. Now local companies are realizing the competitive advantage they can gain through obtaining timely, relevant information.

“Russian businesses want local news to be abstracted and delivered to them in similar fashion as international companies, but in their own language.”

Esmerk’s global expansion of its service is not static, however. Its business model of delivering current awareness to corporations is transferable globally. Southeast Asia, for example, represents an exciting market with a lot of growth potential. ■

Educational publishing expanded to CEE countries with the acquisition of Hungarian Láng Group, comprising the leading educational publisher NTK and vocational training company Perfekt. ▶



WSOY is the leading general literature publisher in Finland. In 2006, several significant books were published, for example, Professor Yrjö Varpio's biography of Väinö Linna. ▼

Malmberg widened its educational activities. With the acquisitions of Aromedia Educatief and LDC, it became also a leading provider of career orientation and consultancy services in the Netherlands. ▶



A visually superb book describing the career of the first Finnish Eurovision winner, Lordi, was one of the most anticipated book events. ▼



AAC Global, the language service provider, acquired by WSOYpro in 2006, received the largest translation agreement in Finland. A French-German company Areva NP commissioned from AAC Finnish versions of the instructions and manuals for its new nuclear plant. ▶



▲ Polish Young Digital Planet (YDP) is at the forefront in developing eLearning solutions. One example is Scholaris, the Online Educational Resources Center for teachers and students.

Growth through innovation

SanomaWSOY Education and Books was in the middle of transition, highlighted by a number of acquisitions aimed at expanding into new geographies as well as ventures adjacent to its core businesses.

SanomaWSOY Education and Books turned in a strong financial performance in 2006. Net sales rose to EUR 309.2 million, while operating profit accounted for 15.5% of net sales.

“Educational publishing grew faster than the market in 2006, while growth in general literature remained relatively flat, though it maintained its number one position in the Finnish market” explains **Jacques Eijkens**, who heads the SanomaWSOY Education and Books Division which was restructured in September 2006.

“Our business information and services unit, WSOYpro, also performed well. This was particularly satisfying considering our entry into the language services field and accompanying acquisition to support that.”

Eijkens notes that compared to 2005, we see a distinctly different Division today.

“While refining our business structure, we’ve been executing on our plan to stimulate growth both organically and through targeted acquisitions.”

In June 2006, the educational publishing business grew through the acquisition of the leading Hungarian educational publishing and training group Láng Kiadó és Holding and the two companies it consists of, Nemzeti Tankönyvkiadó (NTK) and Perfekt.

“This was a very interesting acquisition for us in two ways,” Eijkens says. “First, it allowed us to move into an exciting new educational publishing market. Hungary is undergoing reforms that open the way for new players. And secondly, educators are increasingly turning to digital formats, which fit well with the solutions we are currently providing and within the scope of our existing competencies. Operationally and strategically, they are a good fit.”

In its core market of the Netherlands, educational publisher Malmberg made two important acquisitions allowing it to move into a promising adjacent market, which complements its



“Challenged by change.” Jacques Eijkens

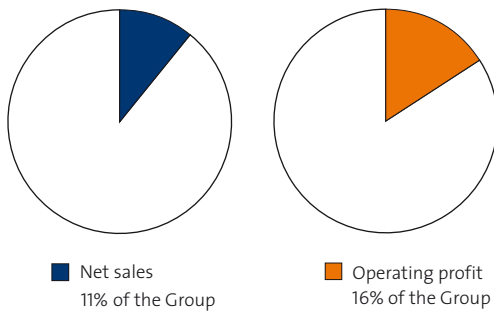
SanomaWSOY Education and Books is a significant European educational publisher with operations in the Netherlands, Finland, Hungary, Belgium, and Poland. The Division is also Finland's leading book publisher and offers business information and services.

SanomaWSOY Education and Books



Unless otherwise mentioned, the company is based in Finland.

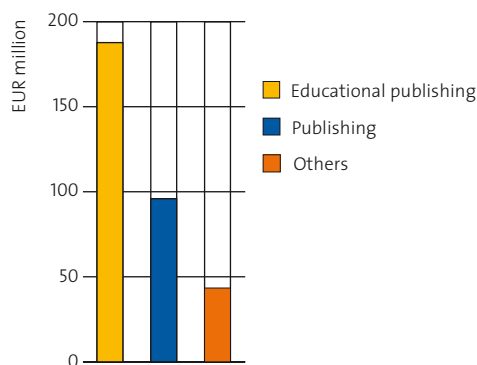
SanomaWSOY Education and Books' net sales and operating profit



Key indicators

EUR million	1-12/2006	1-12/2005
Net sales	309.2	294.4
Operating profit	48.0	55.8
% of net sales	15.5	19.0
Operating profit excluding major non-recurring capital gains	48.0	39.3
% of net sales	15.5	13.4
Return on investment (ROI), %	12.7	15.1
Personnel under employment contract, average	2 455	2 311

Net sales by business



Operational indicators

	1-12/2006	1-12/2005
Educational		
Number of new titles published, books	1 162	1 214
Number of new titles published, electronic products	202	357
Publishing		
Number of new titles published, books	565	577
Number of new titles published, electronic products	93	77

current focus as a provider of learning systems to public schools.

“Our acquisitions of LDC Publicaties and the portfolio of Aromedia Educatief help fulfill our expansion ambitions into pupil training, testing, and consultancy in the Netherlands,” Eijkens notes.

Malmberg also undertook a successful initiative to offer primary schools replacement textbooks and teaching materials years ahead of schedule following changes in word-spelling conventions ordered by the Ministry of Education.

In Belgium, educational publisher Van In renewed its existing offering by introducing, among others, a new, innovative learning system for the French subjects. The system was well received by the markets.

In October 2006, Veli-Pekka Elonen started as President of WSOY, which comprises three business areas: General Literature, Business Information and Services as well as of WSOY’s other activities such as printing house WS Bookwell.

WSOY General Literature held its strong market position amidst a slow growth environment in the Finnish markets.

A notable event drawing widespread acclaim was winning the Finlandia Junior Prize competition for *Keinulauta*, one of its children’s books – a first for WSOY. Another important event, and a landmark of Finnish scholarship and literary history, was the publishing of Professor Yrjö Varpio’s biography of Väinö Linna.

For WSOYpro, 2006 marked the year it expanded its business information and services portfolio by entering into the language services business with the acquisition of Finland-based AAC Global.

“This is another example of our moving into an adjacent market for synergistic reasons,” Eijkens points out. “The AAC business complements our existing professional books and titles business and is an area where we see strong growth opportunities.”

Looking to 2007, Jacques Eijkens says that new acquisitions as well as advances into new markets that complement the Division’s existing businesses are highly likely.

“We will continue to pursue our growth strategy through geographic expansion in Europe as well as within our existing markets. Our main driver for growth will be innovation. In order to remain a respected publisher, we must continuously create new value for our customers as well as anticipate their future needs. This will be our focus in 2007.” ■



Spellbound in Holland

Historic differences within Dutch society regarding the spelling of certain words led

the nation’s Ministry of Education to adopt changes in spelling conventions in early 2005. A side effect of the action was to instantly render inaccurate the spelling of hundreds of words in primary school textbooks and other teaching materials.

“The problem was that textbooks were not scheduled for replacement until 2010,” says **Joep den Otter**, Publishing Director for Primary Education at Malmberg. “We discussed this situation here and felt that one simply cannot give an 8- or 10-year old child a textbook with a hundred errors in it.”

Den Otter and his team devised an innovative textbook replacement programme to offer to primary schools. “We launched a campaign – called ‘Paardenbloem’ – to raise public awareness via television, newspapers, and magazines, and to stimulate the nation’s primary schools to go ahead and upgrade their textbooks immediately.”

The ‘Paardenbloem’ campaign, however, faced two significant challenges. First, the books had to be delivered in just a few months – in time for the 2006 school year starting in September. Secondly, the Dutch primary schools’ textbook replacement programme had only reached the midway point in its 10-year cycle.

“We assembled a 30-person task force to review and correct all textbook and teaching materials in a record three months,” den Otter recalls, “and together with the schools we devised an innovative way to fund the textbooks that was acceptable to all sides.”

For Malmberg, the ‘Paardenbloem’ initiative was a notable success. The company’s net sales increased by several million, over 1,300 primary schools became new customers of Malmberg’s learning system, and most importantly it enabled Dutch primary school teachers and children to benefit from top quality, accurate textbooks. ■

Welho opened its first ten wireless local area networks (WLANs), aka Welho hotspots, in the centre of Helsinki. Hotspots enable wireless broadband access in their area of operation. In 2007, altogether hundred new hotspots will be opened in the Helsinki metropolitan area. ►

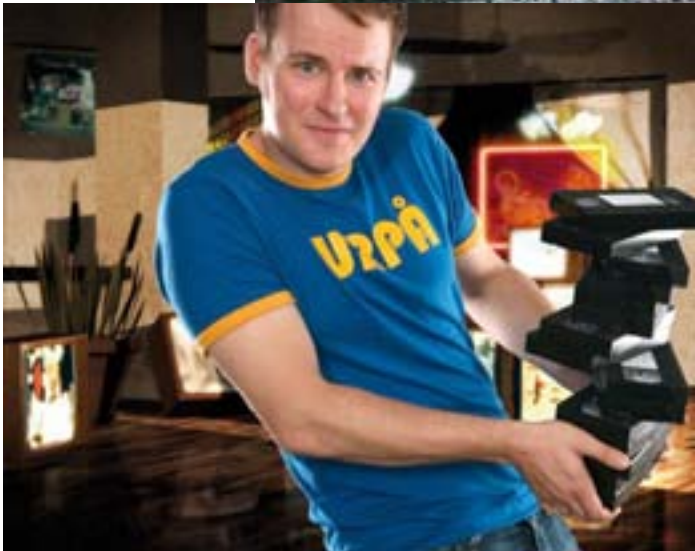


Funny Home Videos entertain on the internet, as well as on television. The programme is a good example of the growth of multimedia, and has become one of the most popular shows on the TV channel Nelonen. ▼



◀ The TV channel Nelonen's commercial viewing share grew in all age groups. Nelonen focused in particular on foreign quality series, such as Rome that came out during the autumn season.

SWelcom's new radio channels, Radio Rock and Radio Aalto, will begin their broadcasts at the beginning of 2007. Nelonen Media's new TV channel, JIM, will kick off during spring 2007. ▼



Part of the TV channels offered by Welho can be watched on the computer without a digital set-top box. Welho PCTV makes it easier for companies and communities to adapt to the digital era. ►



◀ 2ndhead implemented new review services e.g. for Helsingin Sanomat, Ilta-Sanomat, and the TV channel Nelonen. Pets as well as cars, gardens, and home videos were reviewed.

As digital as one can get

Strong earnings development allows SWelcom to focus on new business development.

The 2006 earnings of SWelcom, the digital media expert, exceeded expectations. Net sales increased to EUR 131.8 million, and operating profit was 9.5% of net sales.

“A substantial portion of the growth in television advertising came to us, and our viewing share increased in all age groups. The broadband business also showed strong growth,” reports a satisfied **Tapio Kallioja**, President of SWelcom.

“Due to several years of favourable earnings development, we’ve now set our sights on new targets. In 2006, we made a lot of detailed ground work for the launch of two radio stations and the setting up of a new commercial TV channel.”

Radio business is part of SWelcom’s multimedia strategy, which is based on Nelonen’s TV business and Welho’s television and broadband services. Online services and new distribution channels, such as mobile and Web TV, support the existing businesses.

“Living images are the core of our business. Rather than focusing on individual programmes, we want to create electronic entertaining experiences that will work across the Web and mobile devices in addition to TV. Internet has become a return channel for television allowing you to delve into the world of the series between episodes. This evolution creates all kinds of new opportunities for living images,” notes Kallioja.

The advertising sales of TV channel Nelonen developed favourably. During 2007, the activities of Nelonen will expand to encompass the entire range of electronic media. The coverage areas of Radio Rock and Radio Aalto – the new radio stations that take to the airwaves in January – include 4.2 million listeners. JIM a new commercial television channel that promises viewers ‘Jotain Ihan Muuta’ (‘Something Completely Different’) will be launched in spring 2007. The unified sales department will serve the advertisers’ needs better than ever before.

“We have also had many Web TV projects, such as the ‘*Hauskat kotivideot*’ (‘*Funny Home Videos*’) series,” Kallioja says.



“The Web is TV’s best friend.” Tapio Kallioja

SWelcom's television channel Nelonen is Finland's third largest medium in terms of advertising sales, while Welho is the country's largest cable TV company and a major provider of broadband services. In addition, SWelcom has entered the radio business with two commercial channels.

SWelcom

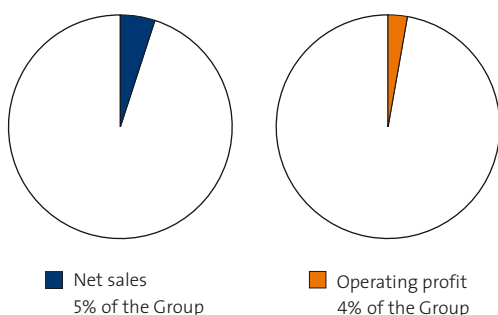
TV and radio operations	Cable TV and broadband internet	Digital solutions
<ul style="list-style-type: none"> • Nelonen Media <ul style="list-style-type: none"> - Nelonen TV Channel - JIM * TV Channel - Radio Aalto ** - Radio Rock *** 	<ul style="list-style-type: none"> • Welho 	<ul style="list-style-type: none"> • 2ndhead

* To be launched in spring 2007

** As of January 11, 2007

*** As of January 1, 2007

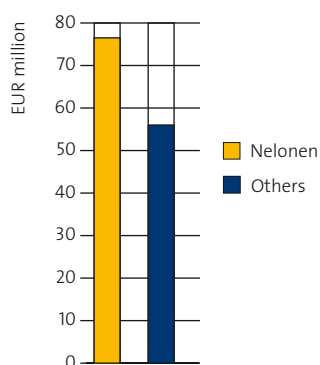
SWelcom's net sales and operating profit



Key indicators

EUR million	1-12/2006	1-12/2005
Net sales	131.8	122.5
Operating profit	12.5	9.6
% of net sales	9.5	7.8
Operating profit excluding major non-recurring capital gains	12.5	9.6
% of net sales	9.5	7.8
Return on investment (ROI), %	12.3	9.7
Personnel under employment contract, average	437	425

Net sales by business



Operational indicators

	1-12/2006	1-12/2005
Nelonen's share of Finnish TV advertising	31.4%	31.0%
Nelonen's daily coverage	42%	41%
Nelonen's commercial viewing share	25.0%	23.8%
Nelonen's national viewing share	12.1%	11.5%
Number of connected households, thousands (31.12.)	305	293
Number of pay TV subscriptions, thousands (31.12.)	58	44
Number of broadband internet connections, thousands (31.12.)	86	67

The broadband business performed outstandingly despite intense competition. Price competition in the industry has eased, and the interest in broadband has grown. Average access speeds have increased, and the focus has increasingly shifted towards content provision. "In addition to good volume growth, we have received extremely good feedback from our customers on the quality of our service," Kallioja reports.

An important milestone was reached when the 300,000th household was connected to the Welho cable network. In addition to broadband internet and offerings over 100 pay TV channels, the company also invested in the development of new services in 2006. Wireless hotspots, IPTV and PCTV, HDTV (High-Definition TV), and mobile VoIP are acronyms and services that combine Welho's expertise in networks and broadband: "This process of technological convergence will benefit our customers, since they will have better access to our range of services in the future."

The online service producer 2ndhead had a key role in the development of SWelcom's new services. "2ndhead has acquired a unique knowledge of living images and their use, such knowledge would be hard to find elsewhere."

Together with Sanoma and Sanoma Magazines Finland, SWelcom is also involved in the development of digital consumer services through the new Sanoma Digital unit.

Technology is a great facilitator, but it is content that makes the difference: "The challenge is to implement these new technologies in such a way that satisfies consumers' wants and needs. I don't mean to belittle new technical solutions, but not everything that is feasible will be of interest to the consumer," Kallioja reckons.

Employee satisfaction and managing work stress have been a focus of attention also at SWelcom, and the results show: "We regularly monitor our internal corporate image, and received excellent ratings in a survey conducted in autumn 2006."

Analogue TV broadcasts are to cease in August 2007 in Finland. After that, all of Nelonen's net sales will be derived from digital products and services: "That is about as digital as one can get," Kallioja laughs. "We're confident that the positive earnings development will continue in 2007. We also plan to make substantial investments in the development of new business now that we have the ability in terms of both resources and new technology." ■



Welho spells magic

Over 300,000 households cannot be wrong. Welho, a broadband and pay TV service provider, passed this magic milestone in autumn 2006. Today over 60% of households in the Helsinki metropolitan area are connected to Welho's cable network, and the company is also the leading broadband internet provider in its market.

Besides growing faster than its rivals, Welho has managed to improve its customer satisfaction. It might sound like hocus-pocus, if the company did not provide evidence to support the claim. A customer service survey concerning the broadband internet providers in autumn 2006 revealed that Welho ranked an undisputed number one for all indicators.

"While the powerful cable network remains the cornerstone of our business, it's not just about technology," says **Anu Nissinen**, President of Welho. "In addition to technical quality, our success is based on the variety of content offering – over 100 digital TV channels – as well as customer service. You don't have to queue for tens of minutes on end, and we'll always try to resolve the problem during the call."

Speed, ease, and reliability characterise the Welho brand. Customers can request same-day service for broadband internet connection or a set-top box: "Ready-to-use services are one of our strengths. Installing an internet connection no longer requires technical savvy, but our installation service is certainly available if needed," Nissinen emphasises.

The Welho brand covers a wide range of products and services, but as technology develops they are beginning to have more and more in common: TV content – and other media content – is also distributed to computers and other terminals.

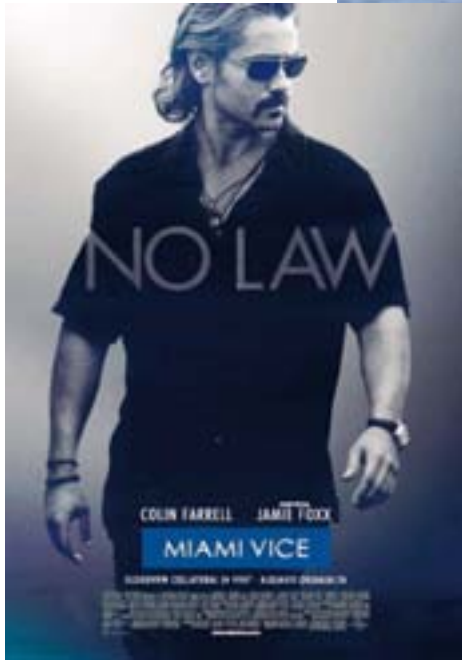
"Internet-based distribution provides many benefits to our customers, in particular a wider choice of services in the future," she promises.

Nissinen says that operating under one brand also simplifies practical matters. "Invoicing is simple for Welho customers. They can now consolidate all product and service charges onto one monthly bill." ■

Good movie supply increased the number of movie theatre visits to a new growth path in all operating countries. In Finland, the success of domestic films also gave a boost to the good year. ▼



◀ In kiosk operations, Rautakirja is now a significant player in all the Baltic countries in addition to Finland. Lietuvos Spauda, the Lithuanian chain of 500 kiosks became part of Rautakirja in the beginning of 2006.



▲ Both Finnish Suomalainen Kirjakauppa and the Estonian Apollo Raamatud chain of bookstores grew in 2006.

◀ The focal point in the expansion of the movie theatre chain in 2006 was in Finland. Finninkino acquired Sandrew Metronome's movie theatres in the summer and opened new multiplexes in Espoo and Oulu.

▲ Rautakirja restructured its operations in the Baltic countries by centralising its newspaper and magazine deliveries in Lithuania to Impress Teva and by transferring the bookstore wholesale operations and logistics in Estonia to Lehepunkt.



◀ Rautakirja's strength in all of its operating countries is its chain operations model. With the aid of the Rautakirja Concept Academy, knowledge and best practices are transferred between countries and people.

New distribution channels

Rautakirja's international distribution concept will next be tested in Russia and Central Eastern Europe.

For Rautakirja, 2006 was its best year ever. Net sales increased to EUR 684.3 million, and operating profit was 7.5% of net sales.

"Sales were up in all our businesses. The movie theatre operator Finnkino experienced the greatest relative improvement in earnings, with movie audiences in the Baltic countries, for example, increasing by over 50%," reports **Erkki Järvinen**, President and CEO of Rautakirja.

Rautakirja's efforts to predict the future behaviour of consumers in the cross-divisional Consumer Insight project have yielded results: "I'm not saying that we're there yet, but internal training, such as the Rautakirja Concept Academy, has greatly improved our understanding of customers' needs and significantly improved collaboration between Rautakirja's business units," Järvinen estimates.

In kiosk operations, the Oiva point-of-sale system that became fully operational in Finland in 2006 has met all expectations. Currently point-of-sale systems in all Baltic countries are developed with the know-how we have gained from Oiva.

"Oiva and the new products it allows us to offer are one way of securing customer flows, which increased across all our markets also in 2006, with the exception of Lithuania. In addition to tickets and airtime recharge services, we will focus heavily on quick snack products," explains Järvinen.

Kiosks and press distribution are closely related to each other, e.g., in Central Eastern Europe. The international distribution concept developed by the Finnish distributor Lehtipiste has proven very functional: "Among the new markets, Russia remains our top priority, but we are also determined to strengthen our market position in Romania, and investigate other similar developing economies in Central Eastern Europe."

The Dutch press distribution company Aldipress is transferred from Sanoma Magazines to Rautakirja in the beginning of



"Enjoyable moments and a little luxury for everyday life." Erkki Järvinen

Rautakirja is the market leader in kiosk operations, press distribution, and movie theatres in Finland and in the Baltic countries. Moreover, it leads the Finnish and Estonian markets for bookstores, and from the beginning of 2007 also the Dutch market for press distribution. The press distribution business has further expanded into the Russian and Romanian markets.

Rautakirja

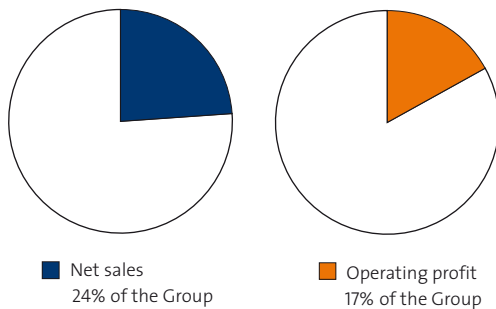
Kiosk operations	Press distribution	Bookstores	Entertainment
<ul style="list-style-type: none"> • R-kioski • R Kiosk Eesti <i>Estonia</i> • Narvesen Baltija <i>Latvia</i> • Lietuvos Spauda <i>Lithuania</i> 	<ul style="list-style-type: none"> • Lehtipiste • Lehepunkt <i>Estonia</i> • Preses Serviss <i>Latvia</i> • Impress Teva <i>Lithuania</i> • Aldipress* <i>the Netherlands</i> • Hiparion Distribution <i>Romania</i> • TK Presseexpo <i>Russia</i> • Printcenter** 	<ul style="list-style-type: none"> • Suomalainen Kirjakauppa - Apollo Raamatud <i>Estonia</i> - Lukiolaisten Kirjakauppa - Reader's - Yliopistokirjakauppa 	<ul style="list-style-type: none"> • Finnkino - Forum Cinemas <i>Estonia</i> - Forum Cinemas <i>Latvia</i> - Forum Cinemas <i>Lithuania</i> • Forum Cinemas Home Entertainment <i>Estonia, Latvia, Lithuania</i> • JHC Arena Holding - D+J Arena Hamburg (multipurpose arena) <i>Germany</i>

Unless otherwise mentioned, the company is based in Finland.

* Will be transferred from Sanoma Magazines to Rautakirja as of January 1, 2007

** As of February 15, 2007

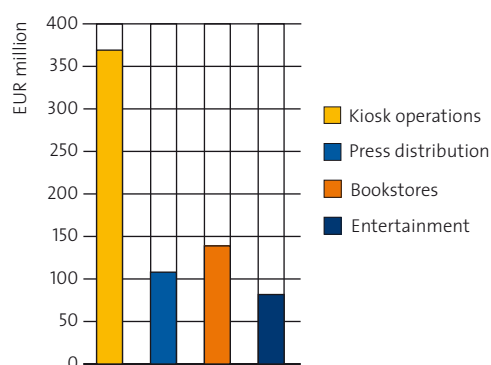
Rautakirja's net sales and operating profit



Key indicators

EUR million	1-12/2006	1-12/2005
Net sales	684.3	635.9
Operating profit	51.3	51.2
% of net sales	7.5	8.0
Operating profit excluding major non-recurring capital gains	51.3	42.3
% of net sales	7.5	6.6
Return on investment (ROI), %	20.7	20.9
Personnel under employment contract, average	7 214	6 023

Net sales by business



Operational indicators

	1-12/2006	1-12/2005
Number of customers in kiosks, thousands *	111 492	110 492
Number of customers in bookstores, thousands *	6 678	6 400
Number of customers in movie theatres, thousands	8 163	6 195
Number of copies sold (press distribution), thousands	273 155	244 377

* Units in Finland

2007. With the arrival of Aldipress, the share of international business rises to 35% of Rautakirja's net sales. "Integration and sharing best practices will take place in 2007," Järvinen adds.

The 2006 movie year was outstanding in all markets both in terms of movie supply and audience growth. Järvinen notes that the new multiplexes have completely changed the nature of the movie business: "Although the proliferation of home theatres is changing the competitive landscape, we still firmly believe in movie theatres. These are two entirely different products: instead of a rational viewing experience, we are offering increasingly diverse collective experiences."

Finnkino continued to make substantial investments. In Finland the company purchased existing movie complexes in Turku and Espoo, and in the autumn a new multiplex in Oulu was opened to an enthusiastic welcome. In early 2007, the opening of a new movie complex will be celebrated in Kaunas, Lithuania. The company's multiplex in Riga, Latvia attracted the largest movie audiences in Northern Europe.

The establishment of bookstores in busy shopping malls has proven to be a winning strategy. The increased number of customers is reflected in, e.g. the popularity of the bookstore operator Suomalainen Kirjakauppa's customer loyalty programme.

"Our customer loyalty programme already has over 300,000 active members, to whom we offer special events and exclusive deals," Järvinen says.

Alongside traditional bookstores, Rautakirja and WSOY will launch a redesigned Suomalainen.com online bookshop in spring 2007. Looking forward, Järvinen states, "In accordance with our multichannel strategy, we plan to make good use of all the distribution channels available. In the future, Suomalainen.com will be a more active and visible leader in eCommerce, and we'll also be embarking on entirely new online store projects."

In 2007, Rautakirja will continue its ongoing expansion and internationalisation programme. "Competition is increasing and distribution channels are constantly changing. We're going to ensure the functioning of our concepts by making strategically correct decisions. Our market positions have a lot to defend, but I believe offence is, in many ways, the best defence." ■



Oiva empowers R-kiosks

Public transport and concert tickets, airtime for mobile phones, pickup service for online orders... Today R-kiosks in Finland offer much more than

just confectionery and magazines.

The greatly expanded service offering was made possible by Oiva. Oiva is a point-of-sale (POS) system customised to meet the needs of R-kiosks and capable of converging the kiosk chain's internal data flows and partner applications onto one network and terminal.

"Oiva allows us to deliver on our promise of speedy and convenient kiosk experience. Customers can pick up pre-ordered train tickets, for example, from the nearest kiosk. Our staff now has more time for hands-on customer service thanks to this outstanding system," says **Teemu Rissanen**, Marketing Manager for Rautakirja's kiosk operations.

Oiva's roll-out has been rapid: a pilot was launched in a few kiosks at the end of 2004, and by April 2006, all 720 Finnish kiosks in the chain were connected. The experiences from Oiva project are now utilised in the Baltic countries where POS systems are being developed.

"Oiva's introduction was driven by economic considerations: consumer behaviour is changing, opening hours are becoming more flexible, and people want services closer to home," Rissanen lists.

"While upgrading the old POS system, we decided to introduce new services and products to the kiosks to increase customer flow and sales."

The first experiences have met expectations, with the R-kiosk customer numbers showing a marked increase since spring 2006. "I don't think all of it can be attributed to good weather," Rissanen adds with a smile.

The new POS system has also brought winds of change to the company. According to Rissanen, work atmosphere has improved with the project: "All of the R-kiosk staff participated in Oiva training, and project preparations also served to bring different departments closer together." ■

Responsible profit-making

A responsible attitude towards the surrounding society, in terms of economic, environmental, and HR issues, forms an integral part of the SanomaWSOY Group's operating principles. The ethical principles published by the Group act as guidelines for its operation as a responsible media company. SanomaWSOY aims to be a responsible corporate citizen and promote best practices. The Group's long-term success can only be secured by responsible operation both socially and ecologically.

Independent content

Unrestricted and high-level communications, quality education, and a rich culture are characteristic of a democratic and functional society. As a media Group, SanomaWSOY's core competence is based on high-quality content: our principles require that we provide independent news, educational and entertainment content, and that we respect the cultures and cultural habits of our operating countries.

According to SanomaWSOY's ethical principles, all the Group units operating in the publishing sector have prepared written publication principles, which comply with current laws, regulations, and the basic principles of journalism.

Freedom of speech is every citizen's constitutional right. This includes the right to freely express, publish, and receive information, opinions, and other messages without any prior restraint by anyone. Of SanomaWSOY's operating countries, Finland and the Netherlands are ranked among the leading countries in terms of freedom of expression and speech, according to the Reporters Without Borders (RBW) organisation. Regarding freedom of the press Finland and the Netherlands also rank among the top countries. *The Moscow Times* newspaper, published by the Group, is considered one of the pioneers in promoting freedom of speech in Russia.

SanomaWSOY is a member company of the European Publishers Council. The Council's objective is to promote journalistic and commercial freedom of speech and to monitor the legislation related to the media field in Europe.





Long-term commitment to society

The SanomaWSOY Group actively works to promote people's well-being, encourage versatile culture, and improve media reading skills over the long-term.

Responsible not only in its daily operations, SanomaWSOY has donated annually according to decision of Annual General Meeting some EUR 400,000 of its earnings to charity, as decided by the Board of Directors. Beneficiaries have mainly comprised foundations supporting the freedom of speech, journalism research, and culture.

For several years now, Sanoma Magazines has contributed to promoting the well-being of women in its operating countries. In Belgium, for example, Sanoma Magazines participates in the Comeva project, launched in 2005, which promotes feminine mindset. In 2006, the project was continued with themes related to combining work and family life, and women as entrepreneurs.

In the Netherlands, Sanoma Magazines published for the third time the *Pink Ribbon* magazine, which is designed to promote breast cancer awareness and support people diagnosed with breast cancer. *Me Naiset*, a women's weekly magazine published by Sanoma Magazines Finland, also continued its public campaign in support of people diagnosed with breast cancer.

In Finland, the TV channel Nelonen has collaborated with Unicef since 2004. The objective of the collaboration is to offer children and young people opportunities to participate in producing TV programmes, thus helping them to understand TV as a media. In December 2006, Nelonen and Unicef Finland organised a TV week targeted to children and young people.

In spring 2006, *Cosmopolitan* magazine organised a charity fund-raiser in Russia called Ty i Cosmo – Pomozhem Detyam Vmeste! (You and Cosmo – Let's help children together!). The objective was to collect money through advertising sales for the benefit of children suffering from critical contagious diseases.

Responsibly involved

Helsingin Sanomat's sponsorship activities are part of the newspaper's social responsibility efforts and reflect the brand values such as responsibility and commitment to the reader.

Helsingin Sanomat's sponsorship is directed to two main areas: the newspaper focuses particularly on the surrounding Helsinki area and the young adults and families therein. The newspaper also collaborates with carefully selected partners.

For *Helsingin Sanomat* being responsible means being present in people's everyday lives. Commitment to the reader means respecting the newspaper's deep roots in the local community as well as contents relevant to the everyday life of the readers. This commitment has been *Helsingin Sanomat's* philosophy throughout its entire existence, for over one hundred years.

To *Helsingin Sanomat*, one way of demonstrating presence and commitment in sponsorships is actual physical presence in local neighbourhoods where people live and the action is. As an example, *Helsingin Sanomat* participated in the Helsinki Festival by organising and supporting events for families during the Night of Arts.





Talented people ensure success

The SanomaWSOY Group employs over 18,000 people. Talented, result-oriented and co-operative people ensure the Group's success. As an employer SanomaWSOY is committed to providing its personnel with good opportunities for development, equal treatment, and fair compensation.

The SanomaWSOY Group appreciates the professional skills of its personnel and supports them by means of various training and competence development projects.

Equal and developing work environment

It is important for SanomaWSOY to be able to provide its personnel with a good and motivating work environment. The SanomaWSOY Group contributes to the well-being of its personnel by encouraging a positive atmosphere at work, focusing on equal treatment of the employees, and allowing opportunity for flexible working hours to ensure that the reconciliation of work and family life becomes easier. The working atmosphere is monitored by means of personnel surveys conducted in the divisions on a regular basis.

The objective of the Group's equal opportunity policy, defined in 2005, is to ensure fair treatment of its personnel and to promote equality in the workplace. The divisions have created their own equal opportunity policies on the basis of the Group-wide policy.

As defined in the policy, the development of the number of employees and the relative distribution of employees by gender and age is monitored. In 2006, a Group-wide equal opportunity survey was conducted. According to the analysis, most of the SanomaWSOY Group's employees, nearly 72%, are female. The majority are employed as office workers and salespersons in kiosks. The distribution of females and males by age shows no significant difference. Particular attention is paid to the age structure of the Group's employees in the operating countries where the population is ageing most rapidly.

Successor plans and career rotation prepare the Group for changes in operating environment. Ensuring that experienced personnel pass their tacit knowledge on to junior professionals is considered increasingly important.

Competition for the most talented people will be even more intense in the future. SanomaWSOY conducted an image survey among young people in Finland and the Netherlands to evaluate the Group's image as an employer and ensure that appropriate actions are taken to secure continued recruitment

Personnel by country at Dec. 31, 2006

	Number of employees	%
Finland	9 409	49.7
The Netherlands	2 296	12.1
Russia	1 310	6.9
Lithuania	1 305	6.9
Estonia	983	5.2
Hungary	929	4.9
Latvia	652	3.4
Belgium	624	3.3
Poland	385	2.0
Romania	310	1.6
The Czech Republic	172	0.9
Sweden	137	0.7
Bulgaria	133	0.7
Norway	62	0.3
Slovakia	54	0.3
The United Kingdom	54	0.3
Ukraine	38	0.2
Germany	29	0.2
Malaysia	27	0.1
France	14	0.1
Denmark	6	0.0
Total	18 929	100.0

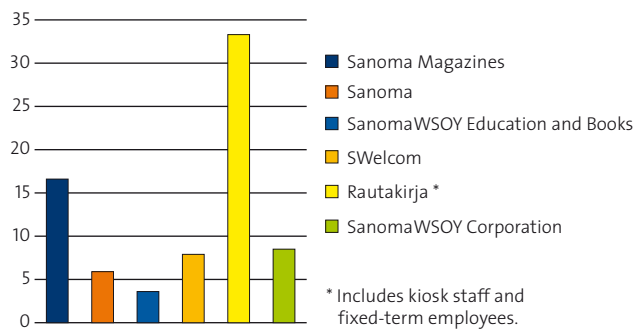
Personnel

	2006	2005	2004	2003	2002
Personnel under employment contract, average	18 434	16 885	16 209	17 330	18 657
Personnel average (full-time equivalents)	15 732	14 256*	13 651	14 207	15 210
Net sales per employee, EUR 1,000 **	174.3	183.9	183.5	168.6	155.0

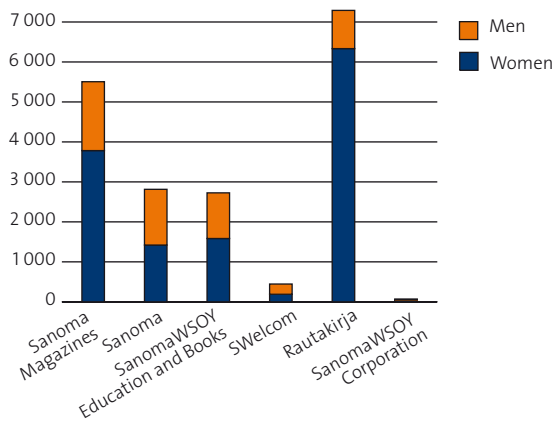
* Does not include Lietuvos Spauda personnel.

** Calculated from the figure for personnel in average, full-time equivalents.

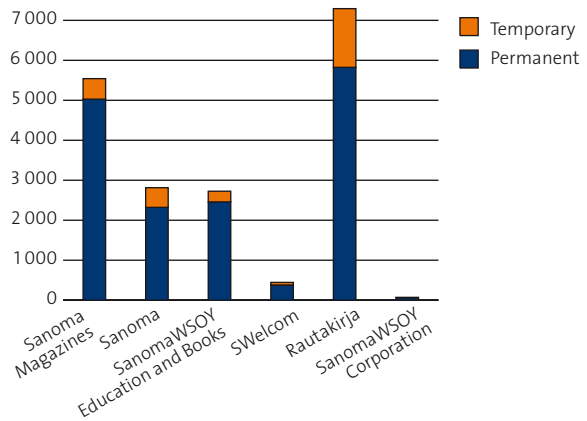
Personnel turnover, %



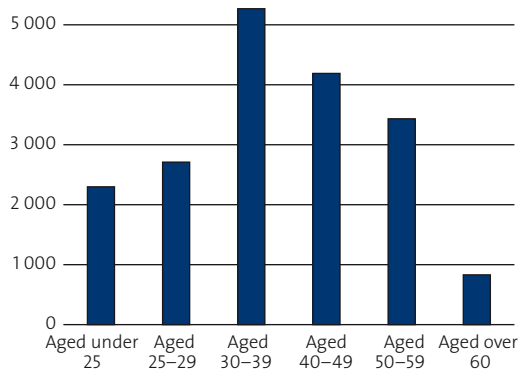
Personnel by division



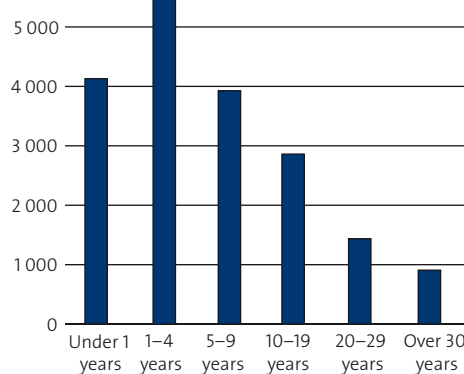
Type of employment



Personnel by age



Work experience at SanomaWSOY





of top talent. The Group's Media Trainee Programme, initiated in 1999, aims at recruiting newly-graduated young professionals and providing them with a broad knowledge and understanding of the media business.

The significance of motivating incentive schemes has grown along with Group's expansion and internationalisation. As a principal rule, all the Group employees are involved in incentive schemes.

The first meeting of SanomaWSOY International Cooperation Council was held in autumn 2006. The cooperation council, which is premised on the EU and Finnish legislation, was established with the aim of improving the flow of information and cooperation between the management and employees. The cooperation council consists of 18 personnel representatives from 16 countries in the European Economic Area (EEA) where SanomaWSOY has operations.

Group-wide training programmes merged

In the spring of 2006, SanomaWSOY combined its internal training programmes under the SanomaWSOY Academy umbrella. The Academy combines SanomaWSOY's leadership, editorial, and Group-wide sales and marketing training as well as other joint training modules.

The fourth SWEP (SanomaWSOY Executive Programme) course, a top-management training programme designed to develop strategic thinking and management, was started in spring 2006. A total of 200 manager-level employees have already completed the SWEP programme, and nearly 270 individuals have completed the JET training, designed for people in supervisory positions.

The JUMP programme, SanomaWSOY's new international training for future managers and specialists, started in autumn 2006. Twenty-five Group employees from nine countries are participating in the first JUMP training.

The SanomaWSOY Academy will organise a new Sanoma School of Journalism training course in spring 2007. The Sanoma School of Journalism was founded in 1967, and to this day it has provided training for 250 editors, 19 financial editors and 18 new media editors in its comprehensive courses. The School also organises further education for journalists.

Training modules for sales and marketing will start in 2007. The training will focus on e.g. sales management and the challenges of the digital operating environment.

In addition, the divisions organise various training programmes focused on professional competence development. The SanomaWSOY Academy also supports the divisions in organising internal training. For example, the Rautakirja Concept Academy aims to promote growth and profitability. The training programme focuses on developing the international thinking and concept competence of the participants.

Environmentally responsible operation

The SanomaWSOY Group pays constant attention to environmental issues and aims to promote its personnel's understanding of the environmental impacts of the Group's operation. Addressing environmental issues form part of the ethical principles confirmed by SanomaWSOY's Board of Directors.

SanomaWSOY's operation is primarily based on editorial work performed in an office setting, which does not incur any significant environmental hazards. The waste generated at offices is mainly recyclable office material.

The Group has seven printing plants operating in Finland. The emissions generated by printing are manageable, and the demand for total energy is reasonable. SanomaWSOY's key environmental issues concern the materials and raw materials used in printing as well as deliveries.

In 2006, common waste management principles were prepared for the Group's printing plants. The key objective is to reduce waste generation which, in turn, reduces environmental load and waste management costs. Waste generated in the Group's printing plants is recycled and reused as effectively as possible. Standardised production processes and their continuous development have reduced the amount of waste generated in newspaper printing plants.



SanomaWSOY's consumption of electricity in Finland

	2006*	2005*	2004	2002	2002
Consumption of electricity, MWh	99 752	113 232	127 879	131 054	132 335

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



SanomaWSOY's operation is increasingly shifting towards digital media. Certain products will also be printed in the future, which means that e.g. paper will remain a significant raw material. In 2006, the SanomaWSOY Group's paper consumption totalled 249,500 tonnes, when paper consumption increased e.g. due to magazine launches. Paper purchases accounted for approximately 6% of SanomaWSOY's total costs in 2006.

SanomaWSOY's paper usage *

Paper usage, tonnes	2006	2005	2004	2003	2002
Newsprint	99 000	99 000	99 000	99 500	97 000
Magazine paper	132 000	122 000	103 000	102 000	94 000
Fine and book paper and board	17 500	18 500	19 700	17 000	17 500
Bookbinding board	1 000	1 000	1 100	1 000	1 000
Total	249 500	240 500	222 800	219 500	209 500

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

SanomaWSOY aims to ensure logistically, economically, and ecologically effective deliveries. In accordance with its ethical business principles, the Group's products are to be delivered only by recognized professional partners.

In Finland, magazines and tabloids sold in newsstands are delivered to the outlets as collective deliveries by Rautakirja's Lehtipiste. In Sanoma Magazines's operating countries, single copy magazines and newspapers are delivered collectively with other publishers' deliveries. For Sanoma, the principal delivery partner is Finland Post. ■



Jaakko Rauramo

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

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

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

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



Sari Baldauf

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

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

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

Board memberships, companies: F-Secure Corporation (Finland), Hewlett-Packard Company (USA), Savonlinna Opera Festival Ltd (Finland) (Chairman), YIT Corporation (Finland)



Robert Castrén

born 1957, B.Sc. (Econ.)

SanomaWSOY Board member since 2001. Term ends in 2008.

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



Jane Erkko

born 1936

SanomaWSOY Board member since 1999. Term ends in 2008.

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

Board memberships, companies Oy Asipex Ab (Finland)



Paavo Hohti

born 1944, Ph.D., Professor

SanomaWSOY Board member since 1999. Term ends in 2008.

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

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



Sirkka Hämäläinen-Lindfors
born 1939, D.Sc. (Econ.)

*SanomaWSOY Board member since 2004. Term ends in 2007.**

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

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



Seppo Kievari
born 1943

*SanomaWSOY Board member since 2003. Term ends in 2007.**

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

Board memberships, companies:
Hämeen Sanomat Oy (Finland)



Robin Langenskiöld
born 1946, B.Sc. (Econ.)

SanomaWSOY Board member since 1999. Term ends in 2008.

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

Board memberships, companies:
Pencentra Oy (Finland)



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

*President and CEO of SanomaWSOY, President and COO 2001–2005. SanomaWSOY Board member since 2001. Term ends in 2007.**

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

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



Sakari Tamminen
born 1953, M.Sc. (Econ.)

SanomaWSOY Board member since 2003. Term ends in 2009.

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

Board memberships, companies:
The Finnish Fair Corporation (Finland) (Supervisory Board), Lemminkäinen Corporation (Finland), Varma Mutual Pension Insurance Company (Finland) (Vice Chairman of the Supervisory Board)

* It will be proposed to the AGM on April 4, 2007 that Sirkka Hämäläinen-Lindfors, Seppo Kievari, and Hannu Syrjänen will be re-elected to the Board for the term ending in the AGM 2010.

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

The share ownership information as well as stock options can be found on the Notes to the financial statements 31 and changes in ownership on the Group's website at www.sanomawsoy.fi.

Hannu Syrjänen

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

President and CEO, SanomaWSOY Corporation. Member of the Executive Management Group of SanomaWSOY since 1999, Chairman since 2001.

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

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

Eija Ailasmaa

born 1950, M.Pol.Sc.

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

Served as President of Sanoma Magazines Finland Oy and Helsinki Media Oy 2000–2002, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy 1998–2000. Previously served as Vice President, Publishing at Sanoma Corporation's Sanoma-print and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine Kodin Kuvalehti, and in various editorial positions at Ilta-Sanomat.

Board memberships, companies: Huhtamäki Corporation (Finland)

Jacques Eijkens

born 1956, B.Sc. (Econ.)

CEO, SanomaWSOY Education B.V. Member of the Executive Management Group of SanomaWSOY since October 1, 2006. Director of SanomaWSOY Education and Books Division.

CEO of SanomaWSOY Education B.V. since 2004. Joined Malmberg B.V. in 1981 (part of SanomaWSOY Education since 2004) and served as Managing Director 1998–2005.

Nils Ittonen

born 1954, B.Sc. (Econ.)

Senior Vice President, Group Treasury and Real Estate, SanomaWSOY Corporation. Member of the Executive Management Group of SanomaWSOY since 1999.

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

Board memberships, companies: Oy Asipex Ab (Finland)

Erkki Järvinen

born 1960, M.Sc. (Econ.)

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

Served Rautakirja Corporation as Senior Vice President, Kiosk Operations since 1997 and as President since 2001. Previously served Cultor Group as Marketing Manager and Head of Marketing at Vaasamills Ltd and as Managing Director of Siljans Knäcke AB in Sweden, and as Product and Marketing Manager for Oy Karl Fazer Ab's Fazer Bakeries.

Jorma Kaimio

born 1946, Ph.D., Docent in Classical Philology at the Universities of Helsinki and Turku

President, WSOY until September 30, 2006. Member of the Management Group of SanomaWSOY 2000–2006.

Served as WSOY's Literary Director and Deputy President from 1991 and as President 2000–2006. Served as Managing Director of the Academic Bookstore, and as Research Fellow and Lecturer at the University of Helsinki, and as Secretary of the Finnish Matriculation Examination Board.

Board memberships, companies: Helsingin yliopiston Holding Oy (Finland), Licentia Ltd (Finland) (Chairman).

Tapio Kallioja

born 1948, M.Sc. (Tech.)

President, SWelcom Oy. Member of the Executive Management Group of SanomaWSOY since 1999. Director of SWelcom Division.

Joined the Sanoma Group in 1984. Served as Vice President of Euro-cable Group and New Media Group and President of Helsinki Telset Oy, Helsinki Television Ltd., and Helsinki Media Company Oy.

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



Front row: Kerstin Rinne, Hannu Syrjänen, Eija Ailasmaa, and Tapio Kallioja.
Back row: Jacques Eijkens, Nils Ittonen, Erkki Järvinen, Mikael Pentikäinen, and Matti Salmi.

Mikael Pentikäinen

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

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

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

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

Kerstin Rinne

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

Senior Vice President, Group Strategic Development and Legal Affairs, SanomaWSOY Corporation. Member of the Executive Management Group of SanomaWSOY since 1999.

Joined Sanoma Corporation in 1980. Served as Vice President, Legal Affairs 1984–1999. In addition to Legal Affairs, Rinne has been responsible for e.g. corporate planning, information services, and administration at various points. Previously worked e.g. as Attorney for the law offices Silkkö & Ståhlberg, H. Hedman, and Rinne & Talikka.

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

Matti Salmi

born 1950, M.Sc. (Econ.)

Senior Vice President, Group Finance and Administration, SanomaWSOY Corporation. Member of the Executive Management Group of SanomaWSOY since 2004.

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

A complete list of all board memberships, including Group companies, foundations, and associations of SanomaWSOY's Executive Management Group members can be found on the Group's website at www.sanomawsoy.fi.

The share ownership information as well as stock options can be found on the Notes to the financial statements 31 and changes in ownership on the Group's website at www.sanomawsoy.fi.

Management groups of Divisions

Sanoma Magazines

Management Board

- Eija Ailasmaa** (Chairman), born 1950
President and CEO, Sanoma Magazines
- Koos Guis**, born 1947
CEO, Sanoma Magazines International
- Edo Meerloo**, born 1948 (until December 31, 2006)
CEO, Aldipress (transferred to Rautakirja as of January 1, 2007)
- Dick Molman**, born 1954
CEO, Sanoma Uitgevers
- Raili Mäkinen**, born 1944
CEO, Sanoma Magazines Finland
- Sandra de Preter**, born 1962
CEO (acting), Sanoma Magazines Belgium (until December 31, 2006)
- Walter van der Schaaff**, born 1958
CFO, Sanoma Magazines
- Aimé Van Hecke**, born 1960
CEO, Sanoma Magazines Belgium (as of January 1, 2007)

Sanoma Corporation

- Mikael Pentikäinen** (Chairman), born 1964
President, Sanoma Corporation
- Pekka Harju**, born 1962
President, Ilta-Sanomat
- Liisa Kotilainen**, born 1961
President, Sanoma Digital (as of January 1, 2007)
- Pekka Laakeristo**, born 1955
President, Sanoma Data
- Antti Mäkelä**, born 1952
President, Sanoma Lehtimedia and Sanomapaino
- Juhani Pekkala**, born 1955
President, Taloussanomat
- Eija Rinta**, born 1955
Vice President, Finance (CFO), Sanoma Corporation
- Niko Ruokosuo**, born 1961
President, Sanoma Kaupunkilehdet
- Pekka Soini**, born 1957
President, Helsingin Sanomat

SanomaWSOY Education and Books

Divisional Coordination Group*

- Jacques Eijkens** (Chairman), born 1956
CEO, SanomaWSOY Education
- Veli-Pekka Elonen**, born 1965
President, WSOY
- Barend de Graaff**, born 1956
CFO, SanomaWSOY Education
- Touko Siltala**, born 1957
Literary Director, WSOY General Literature
Deputy President, WSOY

SWelcom

- Tapio Kallioja** (Chairman), born 1948
President, SWelcom
- Pekka Jaakola**, born 1947
Senior Vice President, Technology, SWelcom
- Pirkko Jokinen**, born 1952
President, 2nd head (as of January 1, 2007)
- Juha-Pekka Louhelainen**, born 1955
President, Nelonen Media (as of January 1, 2007)
- Anu Nissinen**, born 1963
President, Welho
- Marja-Leena Tuomola**, born 1962
Senior Vice President, Business Development, SWelcom (as of January 1, 2007)

Rautakirja

- Erkki Järvinen** (Chairman), born 1960
President and CEO, Rautakirja
- Hellevi Kekäläinen**, born 1953
Senior Vice President, CFO, Rautakirja
- Raimo Kurri**, born 1953
Senior Vice President, Press Distribution
- Timo Mänty**, born 1960
Senior Vice President, Entertainment
- Jukka Nikkinen**, born 1962
Senior Vice President, Business Development, Rautakirja
- Jarmo Oksaharju**, born 1961
Senior Vice President, Bookstores
- Markku Pelkonen**, born 1962
Senior Vice President, Kiosk Operations

* SanomaWSOY Education and Books has two business driven management groups concentrating on their specific businesses. Their composition can be found on the Group's website at www.sanomawsoy.fi.

SanomaWSOY Corporation
Annual Report 2006

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