

Sanoma's Year-End Statement 2008

- Sanoma Group's net sales increased by 3.5% in 2008, totalling EUR 3,030.1 (2,926.3) million.
- Operating profit excluding non-recurring items was EUR 295.7 (305.2) million in 2008. Non-recurring items totalled EUR -59.3 (38.6) million.
- In the fourth quarter, Group net sales were EUR 798.7 (799.6) million and operating profit excluding non-recurring items was EUR 49.0 (63.4) million.
- Fourth quarter earnings per share, including non-recurring items, were EUR -0.39 (0.32). Earnings per share for 2008 were EUR 0.72 (1.47).
- The proposed dividend is EUR 0.90 per share.

KEY INDICATORS	10-12/ 2008	10-12/ 2007	Change %	1-12/ 2008	1-12/ 2007	Change %
EUR million						
Net sales	798.7	799.6	-0.1	3,030.1	2,926.3	3.5
Operating profit before depreciation and impairment losses	93.1	108.9	-14.6	468.3	493.4	-5.1
% of net sales	11.7	13.6		15.5	16.9	
Operating profit excluding non-recurring items	49.0	63.4	-22.6	295.7	305.2	-3.1
% of net sales	6.1	7.9		9.8	10.4	
Non-recurring items *	-77.8	4.9		-59.3	38.6	
Operating profit	-28.8	68.3		236.3	343.8	-31.2
% of net sales	-3.6	8.5		7.8	11.7	
Result before taxes	-50.1	63.8		190.3	320.4	-40.6
% of net sales	-6.3	8.0		6.3	11.0	
Result for the period	-59.9	54.1		120.8	246.1	-50.9
% of net sales	-7.5	6.8		4.0	8.4	
Balance sheet total				3,278.7	3,192.3	2.7
Capital expenditure				109.9	90.5	21.4
% of net sales				3.6	3.1	
Return on equity (ROE), %				9.1	18.6	
Return on investment (ROI), %				10.7	15.9	
Equity ratio, %				40.0	45.4	
Net gearing, %				78.5	58.2	
Interest-bearing liabilities				1,082.6	881.4	22.8
Interest-free liabilities				959.0	946.7	1.3
Interest-bearing net debt				971.6	793.3	22.5
Average number of employees				21,329	19,587	8.9
Average number of employees (full-time equivalents)				18,168	16,701	8.8
Earnings/share, EUR	-0.39	0.32		0.72	1.47	-51.2
Earnings/share, diluted, EUR	-0.39	0.31		0.72	1.46	-50.9
Cash flow from operations/share, EUR	0.59	0.67	-12.3	1.56	1.38	12.5
Equity/share, EUR				7.59	8.27	-8.1
Dividend/share, EUR **				0.90	1.00	-10.0
Dividend/result, % **				125.1	67.9	
Market capitalisation, EUR million				1,479.7	3,196.2	-53.7

* In 2008, the non-recurring items included EUR 23.5 million capital gain from the divestment of movie distributor R.C.V. Entertainment in the first quarter, EUR 1.5 million capital gain from the divestment of real estates in the second quarter, EUR 6.5 million of write-offs and restructuring costs in the multivolume and year book publishing in the third quarter as well as EUR 7.0 million capital gain from sales of online assets, EUR 83.7 million impairment loss on goodwill and immaterial rights in magazine operations and EUR 1.1 million restructuring costs in the multivolume and year book publishing in the fourth quarter. In 2007, the non-recurring items included EUR 1.2 million capital gain from divestment of magazines in the first quarter, EUR 34.2 million capital gains from the divestments of puzzle magazines and real estates in the second quarter, EUR 1.7 million costs from the restructuring of the Dutch press distribution operations in the third quarter and EUR 4.9 million capital gain from the divestments of multi-purpose arena in Hamburg and real estate.

** Year 2008 proposal of the Board of Directors

Hannu Syrjänen, President and CEO

"Sanoma's result for 2008 was a good one. Our operating profit excluding non-recurring items remained nearly at the previous year's level, even though the advertising market in many countries reacted strongly to the general economic uncertainty towards the end of the year.

During the year, Sanoma Learning & Literature successfully expanded its educational publishing business in Poland and language services in the Nordic countries. Sanoma Magazines expanded its magazine and digital service portfolio in all countries of operation. Sanoma News also invested in digital services. Digital operations accounted for over 11% (8% excluding TV operations) of the Group's net sales.

In the third quarter, restructuring measures were initiated in the multi-volume book and yearbook businesses. Meanwhile, the outlook of the economy and the depreciation of currency exchange rates caused the Group to record an impairment loss for the Central Eastern Europe and Russia magazine operations in the fourth quarter. Estimating the development of advertising in 2009 is difficult. We are preparing for the future by stepping up the cost-saving programmes and structural reforms implemented in 2008 across all businesses.

The current market situation brings, in addition to challenges, many interesting new opportunities. Our goal is to be one of the leading European media companies. We focus on consistent, sustainable growth and improved profitability. We want our consumer and business-to-business products and services to constitute a balanced business portfolio.

Magazines and newspapers, educational publishing and language services as well as online operations are the core of our business. Our goal is to be the leading player in both print magazines and online. We will be actively developing our newspaper business to maintain our profitability and to ensure controlled migration to online. We will continue with the international expansion of our educational publishing and language services, and we are investigating opportunities to internationalise our television operations. We want to take full advantage of our strategic position in the retail business. Our position as a market leader will bring us added value, especially in the current market situation."

Outlook for 2009

In 2009, Sanoma's net sales are expected to decrease somewhat. The Group's operating profit excluding non-recurring items is estimated to decline from the previous year. In the comparable year of 2008, operating profit excluding non-recurring items was EUR 295.7 million. The Group's financial expenses are expected to decrease, and as a result, Sanoma's net result for 2009 is expected to decrease less than its operating profit.

In the first quarter of 2009, development is expected to be significantly weaker than in the full-year due to especially decreasing newspaper advertising affecting the Sanoma News division and currency exchange rate fluctuations and the growth of seasonal educational publishing business impacting the Sanoma Learning & Literature division.

The outlook of Sanoma's net sales and operating profit in 2009 is affected by the overall economic development in the Group's countries of operation, and the development of advertising and private consumption in particular. Advertising is expected to decrease in the primary markets in 2009. Sanoma will continue its focus on investing in digital media and strengthening its market positions. At the same time, the Group will increase the efficiency of its operations in all markets.

Net sales

In 2008, Sanoma's net sales grew by 3.5%, totalling EUR 3,030.1 (2007: 2,926.3; 2006: 2,742.1) million. Out of the divisions, Sanoma Magazines, Sanoma Learning & Literature, Sanoma Entertainment and Sanoma Trade increased their net sales. Growth was strongest in Sanoma Learning & Literature. Net sales in Sanoma News were slightly down because of the decline of the advertising market towards the end of the year. Net sales adjusted for changes in the Group structure increased by 2.4%.

Advertising sales accounted for 25% (24%) of the Group's total net sales. Particularly the online advertising grew. In geographical terms, Finland accounted for 49% (49%) of net sales, with other EU countries accounting for 46% (46%) and non-EU countries for 5% (5%).

Result

Sanoma's operating profit excluding non-recurring items was EUR 295.7 (305.2) million. The operating profit included a total of EUR -59.3 (38.6) million in non-recurring items. During the financial period, non-recurring capital gains were realised from the sale of the movie distribution company R.C.V. Entertainment, as well as real estate. Non-recurring expenses were the result of write-downs of goodwill, immaterial rights and inventories, as well as costs associated with the restructuring of the multi-volume book and yearbook businesses.

The Group's operating profit was EUR 236.3 (2007: 343.8; 2006: 292.5) million or 7.8% (2007: 11.7%; 2006: 10.7%) of net sales. Operating profit increased in Sanoma Learning & Literature, where educational publishing was particularly successful, and Sanoma Entertainment. The recording of a non-recurring impairment loss impacted the operating profit of Sanoma Magazines. The operating profits of Sanoma News and Sanoma Trade decreased.

Sanoma's net financial items totalled EUR -51.0 (-35.7) million. Financial income amounted to EUR 18.9 (9.2) million. Financial expenses amounted to EUR 69.9 (44.9) million and were comprised primarily of interest costs of EUR 56.3 (41.4) million on interest-bearing liabilities. Financial expenses increased due to the rise in reference rates.

The result before taxes was EUR 190.3 (320.4) million and earnings per share were EUR 0.72 (1.47). The Group's effective tax rate rose exceptionally to 36.5% (23.2%) as a result of the impairment recognitions on the fourth quarter. Excluding these impairments, the tax rate would have been 27.5%. The profit for the year totalled EUR 120.8 (246.1) million.

Balance sheet and financial position

At the end of the year, the consolidated balance sheet totalled EUR 3,278.7 (3,192.3) million. Cash flow from operations was EUR 250.3 (227.9) million and cash flow per share was EUR 1.56 (1.38). Cash flow from operations increased as a result of more effective working capital management by the Group – despite acquisitions, Sanoma's working capital only increased slightly.

At the end of December, Sanoma's equity ratio was 40.0% (45.4%). The equity ratio and other balance sheet items were impacted by the impairment losses recorded in the magazine business, corporate acquisitions and the repurchases of own shares. Net gearing increased to 78.5% (58.2%). Equity totalled EUR 1,237.1 (1,364.2) million. A total of EUR 47.6 million was spent on repurchasing of treasury shares. Return on equity (ROE) was 9.1% (2007: 18.6%; 2006: 17.7%), and the return on investment (ROI) was 10.7% (15.9%). Interest-bearing liabilities increased to EUR 1,082.6 (881.4) million and interest-bearing net debt to EUR 971.6 (793.3) million. The debt was mainly driven by the acquisition of the Polish educational publisher Nowa Era and other acquisitions. At the end of December, the Group's cash and cash equivalents totalled EUR 110.9 (88.1) million. At the end of December, the Group had a net debt/EBITDA ratio of 2.1.

Sanoma's financial position is stable as a result of the Group's strong balance sheet, steady cash flow and a syndicated, long-term credit line. Sanoma has no need of instalments of long-term loans. This credit line agreement worth a total of EUR 802 million is in effect until autumn 2012. Sanoma Corporation does not have any other significant agreements covered by the statutory obligation to disclose. In addition, the Group has, within the scope of normal business operations, agreements or agreements as a whole containing a standard change-of-control clause.

Investments, acquisitions and divestments

In 2008, investments in tangible and intangible assets totalled EUR 109.9 (90.5) million, and were focused, for example, on ICT systems, replacement investments and improvement of real estate. R&D expenditure was recorded at EUR 4.1 (2.0) million or 0.1% (0.1%) of net sales. Acquisition costs of Sanoma's acquisitions during the year totalled EUR 190.7 (67.5) million.

On 10 January 2008, Sanoma Magazines divested the Dutch movie distribution company R.C.V. Entertainment. In 2007, the company's net sales amounted to EUR 34.2 million and operating profit to about EUR 5 million. Capital gains amounting to EUR 23.5 million were recorded in the first quarter of 2008 for the transaction.

On 11 March 2008, Sanoma Learning & Literature finalised its acquisition of the Polish educational publisher Nowa Era. In 2007, Nowa Era's net sales amounted to about EUR 43 million, and the company's profitability was in line with the general level of good profitability in educational publishing. The acquisition resulted in a significant improvement

in Sanoma Learning & Literature's March–September result. Due to the seasonal nature of Nowa Era's business, the first and fourth quarters typically post losses. Goodwill amounting to EUR 54.6 million was recorded for the transaction.

SANOMA MAGAZINES

Sanoma Magazines is one of the largest consumer magazine publishers in Europe. The Division publishes more than 300 magazines in 13 different countries. Apart from developing its strong portfolio of magazine brands, Sanoma Magazines is rapidly expanding its business to digital media platforms.

- Sanoma Magazines' net sales increased, with most businesses contributing to growth.
- Advertising sales in 2008 increased by 11% and online advertising sales by 32%.
- Sanoma Magazines' portfolio was developed actively: a total of over 35 new magazines and 17 online sites were launched or acquired during the year.
- Weakened short-term outlook in CEE countries and Russia caused a significant impairment affecting Sanoma Magazines' operating profit markedly. Operational result was at the previous year's level.

Key indicators	10-12/ 2008	10-12/ 2007	Change %	1-12/ 2008	1-12/ 2007	Change %
Net sales	338.9	352.4	-3.8	1,246.8	1,238.1	0.7
Operating profit excluding non-recurring items	36.1	37.2	-2.9	138.9	139.7	-0.6
% of net sales	10.6	10.5		11.1	11.3	
Non-recurring items *	-76.7			-53.2	21.2	
Operating profit	-40.6	37.2		85.7	160.9	-46.8
% of net sales	-12.0	10.5		6.9	13.0	
Balance sheet total				1,903.0	1,937.5	-1.8
Capital expenditure				26.8	20.6	30.3
Return on investment (ROI), %				7.2	12.4	
Average number of employees				6,280	5,623	11.7
Average number of employees (full-time equivalents)				5,731	5,169	10.9

* In 2008, the non-recurring items included EUR 23.5 million capital gain from the divestment of movie distributor R.C.V. Entertainment in the first quarter as well as EUR 7.0 million capital gain from sales of online assets and EUR 83.7 million impairment loss on goodwill and immaterial rights in the fourth quarter. In 2007, the non-recurring items included EUR 1.2 million capital gain from divestment of magazines in the first quarter and EUR 20.0 million capital gains from the divestments of puzzle magazines in the second quarter.

Operational indicators *	1-12/ 2008	1-12/ 2007
Number of magazines published	344	309
Magazine copies sold, thousands	404,750	429,378
Advertising pages sold	70,367	64,601

* Including joint ventures

Sanoma Magazines' net sales in 2008 totalled EUR 1,246.8 (1,238.1) million. Net sales grew in all businesses, except in Sanoma Magazines Netherlands where operations were divested both in June 2007 and January 2008. Net sales growth was strongest in Sanoma Magazines International. Adjusted for changes in the Group structure, the Division's net sales grew by 1.8%. Of the Division's net sales, 16% (16%) came from Finland. In October–December, Sanoma Magazines' net sales decreased by 3.8% and amounted to EUR 338.9 (352.4) million. Net sales decreased in all businesses due to structural changes as well as lower sales from line and brand extensions.

The Division's advertising sales in 2008 increased by 11% and represented 33% (30%) of net sales. Most growth during the year came from Sanoma Magazines International and online advertising in the Netherlands. In total, the Division's online advertising sales grew by 32%. Advertising sales growth slowed down at the end of the year.

Circulation sales grew by 1% and represented 55% (55%) of Sanoma Magazines' net sales. Circulation sales in Belgium and Finland developed positively. Single copy sales in the Netherlands and some CEE countries declined. Sanoma Magazines Netherlands' net sales in 2008 totalled EUR 515.7 (539.8) million. This was mainly due to structural changes. Sanoma Magazines Netherlands has strongly focused its operations, divesting its puzzle portfolio

in June 2007. In January 2008, Sanoma Magazines Netherlands consolidated magazine publisher Mood for Magazines and divested movie distributor R.C.V. Entertainment. In 2007, R.C.V. Entertainment's annual net sales totalled EUR 34.2 million.

According to Nielsen Media Research, the consumer magazine advertising market in the Netherlands decreased by 4% in 2008 with magazine advertising's share of the total advertising market decreasing. Sanoma Magazines Netherlands' advertising sales grew due to new operations and online advertising sales. Online advertising grew by 26% and outperformed market growth. In total, advertising sales represented 29% (24%) of Sanoma Magazines Netherlands' net sales. The readers' market in the Netherlands declined in the third quarter of 2008. Subscription sales at Sanoma Magazines Netherlands were on the comparable year's level, but with decreased single copy sales, the total circulation sales decreased slightly. Sanoma Magazines Netherlands developed its product portfolio through acquisitions and launches with over 10 magazines and five online services. Two magazines were sold.

Sanoma Magazines International's net sales grew to EUR 306.7 (283.4) million. Growth came from increased advertising sales. Advertising sales increased in most countries, but especially in Hungary, Russia and Bulgaria, where Sanoma Magazines International's online advertising revenues grew as a result of the acquisition of Netinfo, the leading Bulgarian internet company, in July. In total, online advertising sales of the business increased by 52%. Advertising sales represented 56% (52%) of Sanoma Magazines International's net sales. Circulation sales in Sanoma Magazines International were slightly below the comparable year, with most markets showing some decline in single copy sales. Net sales in Russia, the biggest market of Sanoma Magazines International, grew by 7% despite the negative impact of exchange rate and amounted to some EUR 109 million. In 2008, Sanoma Magazines International launched or acquired 24 magazines and 12 online sites. Five magazines were discontinued or divested.

Net sales at Sanoma Magazines Belgium increased to EUR 223.2 (216.6) million. The increase in sales came mainly from growing circulation and other sales. In Belgium, the readers' market declined slightly. Sanoma Magazines Belgium increased its circulation sales, through both cover price increases and successful launches. Especially subscription sales developed positively. In Belgium, the total advertising market grew only slightly with magazine advertising's share of the total remaining stable. Sanoma Magazines Belgium's advertising sales were at the previous year's level. Advertising sales represented 27% (28%) of Sanoma Magazines Belgium's net sales. The portfolio in Belgium grew by one title in 2008.

Sanoma Magazines Finland's net sales amounted to EUR 205.6 (202.8) million. Growth came from increased circulation sales. Especially subscription sales grew. Single copy sales and advertising sales were at the comparable year's level. Advertising sales represented 15% (15%) of Sanoma Magazines Finland's net sales. According to TNS Gallup Adex, advertising in consumer magazines in Finland decreased by 7% in 2008. The magazine single copy market increased in volume by 5% in 2008. Sanoma Magazines Finland improved its market share both in advertising and the readers' market, and developed its portfolio by launching two magazines.

Sanoma Magazines' investments in tangible and intangible assets totalled EUR 26.8 (20.6) million and consisted mainly of ICT investments and improvement of real estate. The most significant acquisitions in 2008 were the majority shareholding in magazine publisher Mood for Magazines and the acquisitions of Netinfo and European Autotrader. In the comparable year, the most significant transaction was the acquisition of SchoolBANK.nl and its related online sites.

Sanoma Magazines' operating profit excluding non-recurring items was at the previous year's level at EUR 138.9 (139.7) million. The non-recurring items included in operating profit totalled EUR -53.2 (21.2) million and consisted of a recognition of impairment and write-offs in the fourth quarter totalling EUR 83.7 million and capital gains of EUR 30.5 million related to the divestments of R.C.V. Entertainment and some online assets. Operating profit in 2008 decreased by 46.8% due to non-recurring costs and amounted to EUR 85.7 (160.9) million. Operating profit excluding non-recurring items in October–December totalled EUR 36.1 (37.2) million.

Sanoma Magazines Netherlands' operating profit improved. There were significant sales gains in both the reporting and comparable period. The operational result grew due to improved cost efficiency and changes in the product mix. Sanoma Magazines International's operating profit decreased markedly due to the recognition of impairment, but operational result improved due to good development in Russia and Hungary. Sanoma Magazines Belgium's result decreased due to investments in new businesses. Sanoma Magazines Finland's operating profit was below the comparable year due to increased personnel and ICT costs.

Sanoma Magazines continues to develop its magazine portfolio and online businesses and invest in strengthening market positions in all operating countries.

In 2009, Sanoma Magazines' net sales and operating profit excluding non-recurring items are expected to remain somewhat below the previous year's level.

SANOMA NEWS

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

- Net sales in Sanoma News were slightly down because of the discontinuation of the printed version of Taloussanomat and the severe downturn of the media market towards the end of the year.
- Ilta-Sanomat, Ilta-Sanomat Plus, Nyt (Helsingin Sanomat's weekly supplement) and Metro were redesigned.
- Sanoma News online advertising performed extremely well during the year, recording a robust growth of 50%.
- Sanoma News also invested heavily in digital services.

Key indicators	10-12/ 2008	10-12/ 2007	Change %	1-12/ 2008	1-12/ 2007	Change %
EUR million						
Net sales	119.2	124.6	-4.3	474.7	480.8	-1.3
Operating profit excluding non-recurring items	9.4	13.6	-30.5	57.3	67.6	-15.3
% of net sales	7.9	10.9		12.1	14.1	
Non-recurring items						
Operating profit	9.4	13.6	-30.5	57.3	67.6	-15.3
% of net sales	7.9	10.9		12.1	14.1	
Balance sheet total				456.3	445.0	2.5
Capital expenditure				19.6	17.7	11.1
Return on investment (ROI), %				19.2	19.7	
Average number of employees				2,808	2,716	3.4
Average number of employees (full-time equivalents)				2,491	2,411	3.3
Operational indicators				1-12/ 2008	1-12/ 2007	
Advertising, column km						
Helsingin Sanomat				38.3	41.4	
Ilta-Sanomat				7.3	7.4	
Free sheets				33.7	36.7	
Distribution of free sheets, millions				92.4	102.2	
Audited circulation				1-12/ 2008	1-12/ 2007	
Helsingin Sanomat				412,264	419,791	
Ilta-Sanomat				161,440	176,531	
Online services, unique visitors, weekly				10-12/ 2008	10-12/ 2007	
Iltasanomat.fi				1,548,421	1,200,705	
HS.fi				1,096,222	882,531	
Huuto.net				452,712	411,842	
Oikotie.fi				288,133	290,887	
Taloussanomat.fi				418,740	258,584	
Keltainenpörssi.fi				175,199	145,883	

In 2008, Sanoma News' net sales decreased by 1.3%, totalling EUR 474.7 (480.8) million. Net sales remained at the previous year's level in Helsingin Sanomat, but decreased in the Ilta-Sanomat and other publishing business units. Net sales adjusted for changes in the Group structure decreased by 1.2%. In the fourth quarter, Sanoma News's net sales decreased by 4.3%, totalling EUR 119.2 (124.6) million. Advertising sales were down significantly in the fourth quarter due to the rapid and severe downturn in the Finnish newspaper advertising in November–December.

According to TNS Gallup Adex, newspaper advertising in Finland decreased by 3% in 2008. Job and real estate advertising were the first to react to the general economic uncertainty, showing a sharp drop towards the end of the year. Job advertising in Finland decreased by 4% and real estate advertising by 1% in 2008. Advertising in free sheets was down by 3%. Online advertising included in statistics developed strongly during the year, growing by 22%. Sanoma News' advertising sales decreased by 2% from the comparable period due to the decline of newspaper advertising. Online advertising was up by 50% during the year. Sanoma News' advertising sales represented 53% (53%) of its net sales.

The shift of tabloid readers to the internet reduced the Finnish printed tabloid market by 8%. Decreased revenues from newsstand sales affected Sanoma News' circulation sales, which were down 4% in 2008. Subscription sales for daily newspapers were at the previous year's level. Circulation sales accounted for 38% (39%) of the Division's net sales.

The Helsingin Sanomat business unit posted net sales of EUR 279.5 (278.9) million. Increased circulation sales and new acquisitions boosted net sales. Advertising sales were down, although online advertising in Helsingin Sanomat developed well. Advertising sales represented 62% (63%) of net sales. Helsingin Sanomat's job and real estate advertising, in particular, has been affected by the overall economic situation. Job advertising in the Helsingin Sanomat business unit decreased by 8% and real estate advertising by 11%. Online products were clearly up. The Helsingin Sanomat product family, especially the Oikotie.fi service entity for classified advertisements, was developed in many different ways during the year.

The net sales of the Ilta-Sanomat business unit were EUR 91.0 (94.8) million. The circulation sales of the business unit decreased due to the shrinkage of the tabloid market. Ilta-Sanomat commanded a 57.1% (57.6%) share of the tabloid market. The advertising sales of the business unit grew and the overall readership reached a record level due to the strong growth of online business. Online sales were up by a total of 58%. Advertising sales represented 31% (27%) of net sales. Editorial processes were renewed and cost effectiveness increased.

Net sales from other publishing amounted to EUR 92.4 (97.5) million. The decrease from the comparable year was affected by the discontinuation of the printed version of Taloussanomat and the decline of free sheet advertising. The advertising sales of Sanoma Lehtimediati's regional newspapers remained at the previous year's level and circulation sales increased. Sanoma Kaupunkilehdet merged its public transport free sheets Metro and Uutislehti 100. The renewed Metro became Finland's fourth largest newspaper in terms of readership. Sanoma Digital, a company focusing on online business, expanded its product portfolio and increased clearly its advertising sales.

Net sales from other operations, mainly comprising internal services, were EUR 152.5 (152.6) million. At printing house Sanomapaino, outside sales of printed products were up by over 10%.

In 2008, Sanoma News' investments in tangible and intangible assets totalled EUR 19.6 (17.7) million, and consisted mainly of investments in digital business and replacement capital expenditures. The most significant acquisition of 2008 was the acquisition of a majority holding in Suorakanava, whose services include, e.g., the Rakentaja.fi website. The most significant acquisition of the comparable year was that of the Auto24.ee marketplace.

In 2008, Sanoma News' operating profit decreased by 15.3%, totalling EUR 57.3 (67.6) million. The operating profit did not include non-recurring items. The operating profit of the Helsingin Sanomat business unit decreased from the comparable period due to the decline in job and real estate advertising and increased marketing investments. The operating profit of the Ilta-Sanomat business unit was reduced by the decline of the tabloid market, price competition and investments in digital business. Other publishing improved its result thanks to the discontinuation of the printed version of Taloussanomat and other cost-saving measures. Earnings from other operations were down. In October–December, Sanoma News' operating profit totalled EUR 9.4 (13.6) million. The result of the fourth quarter was affected by the rapid decline of newspaper advertising, especially classified advertisements, towards the end of 2008.

In 2009, the media advertising market is challenging and of low predictability. Sanoma News has launched a rationalisation programme to secure its competitive advantage. At the same time, Sanoma News will continue the determined development of its printed products and digital services.

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

SANOMA ENTERTAINMENT

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

- Sanoma Entertainment's operating profit increased clearly.
- Nelonen Media increased its viewing shares; especially Jim has strengthened its position significantly.
- A new TV channel called Liv will be launched in February.

Key indicators	10-12/ 2008	10-12/ 2007	Change %	1-12/ 2008	1-12/ 2007	Change %
EUR million						
Net sales	41.0	42.5	-3.6	157.1	146.0	7.6
Operating profit excluding non-recurring items	4.1	5.4	-23.9	17.3	15.8	9.6
% of net sales	10.0	12.6		11.0	10.8	
Non-recurring items						
Operating profit	4.1	5.4	-23.9	17.3	15.8	9.6
% of net sales	10.0	12.6		11.0	10.8	
Balance sheet total				161.9	168.2	-3.7
Capital expenditure				13.5	14.8	-8.8
Return on investment (ROI), %				15.8	14.2	
Average number of employees				526	501	5.0
Average number of employees (full-time equivalents)				482	457	5.3
Operational indicators				1-12/ 2008		1-12/ 2007
TV channels' share of Finnish TV advertising				29.5%		29.3%
TV channels' daily reach				45%		44%
TV channels' national commercial viewing share				29.6%		26.8%
TV channels' national viewing share				14.1%		12.6%
Number of connected households, thousands (31 Dec)				323		319
Number of pay TV subscriptions, thousands (31 Dec)				106		86
Number of broadband internet connections, thousands (31 Dec)				105		99

In 2008, Sanoma Entertainment's net sales increased by 7.6%, totalling EUR 157.1 (146.0) million. This clear increase in net sales was brought about in particular by the new TV and radio channels and the growth of Welho. Adjusted for changes in the Group structure, the Division's net sales grew by 4.2%. Advertising sales accounted for 52% (54%) of Sanoma Entertainment's net sales. Television advertising declined in October–December thus decreasing the net sales of Sanoma Entertainment by 3.6% in the fourth quarter of the year. In October–December, Division's net sales were EUR 41.0 (42.5) million.

Net sales from broadcasting operations in 2008 were EUR 88.9 (83.2) million. The increase was largely due to new channels. According to TNS Gallup Adex, Finnish television advertising grew by 2%. Nelonen Media's combined share of all television advertising was 29.5% (29.3%). The television channels of Nelonen Media increased their viewing shares, with their combined commercial viewing share reaching 29.6% (26.8%) in 2008. The viewing of Jim, launched in February 2007, increased the most. Another free, new television channel called Liv is due to launch in February 2009.

Radio Rock and Radio Aalto have continued to strengthen their market shares. Radio Rock had an average of 750,000 listeners each week. Radio Rock is the market leader among males aged 20–44. According to the Association of

Finnish Broadcasters, national radio advertising in 2008 grew by 9.4%, and Nelonen Media's radio stations have increased their market share to 11.8%.

Net sales from other operations increased clearly in 2008 due to Welho's strong pay TV and broadband sales. Pay TV business was boosted by investments focused on offering more High Definition (HD) channels. The range of broadband options also increased. The usage of Sanoma Entertainment's online casual gaming sites increased clearly during the year.

In 2008, Sanoma Entertainment's investments in tangible and intangible assets totalled EUR 13.5 (14.8) million, most of which was allocated to the development of Welho's cable network and services. There were no major acquisitions in 2008. The most significant acquisition of the comparable year was the purchase of the Urheilukanava channels.

In 2008, Sanoma Entertainment's operating profit increased clearly, by 9.6%, totalling EUR 17.3 (15.8) million. This increase was driven by improved profitability due to the growth of broadcast operations and the positive development of Welho. The operating profit did not include non-recurring items. The operating profit for October–December was EUR 4.1 (5.4) million. Towards the end of the year, the operating profit was impacted by the decline of television advertising sales. Radio advertising continued to increase clearly also during the last months of 2008.

In line with its strategy, Sanoma Entertainment focuses on its core businesses: television, broadband services and consumer entertainment services. Sanoma Entertainment continues to develop its digital content and media solutions business, invest resources in the development of its online services and in its viewing and listening shares.

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

SANOMA LEARNING & LITERATURE

Sanoma Learning & Literature is a significant European educational publisher offering a broad range of printed and digital educational materials and services to support the learning processes of children and young people. The Division, operating in nine countries, is also Finland's leading book publisher and has growing international language service operations.

- Educational publishing sales increased clearly, with especially the new Nowa Era and e-learning company YDP in Poland performing well.
- Language services expanded through the acquisition of translation company Intervetrum.
- General literature performed well, partly as a result of the literature awards won by WSOY's authors.

Key indicators	10-12/ 2008	10-12/ 2007	Change %	1-12/ 2008	1-12/ 2007	Change %
EUR million						
Net sales	88.0	68.5	28.6	390.0	322.5	20.9
Operating profit excluding non-recurring items	-11.6	-6.6	-74.6	53.2	44.5	19.5
% of net sales	-13.2	-9.7		13.6	13.8	
Non-recurring items *	-1.1			-7.6		
Operating profit	-12.7	-6.6	-91.1	45.6	44.5	2.4
% of net sales	-14.4	-9.7		11.7	13.8	
Balance sheet total				661.1	585.0	13.0
Capital expenditure				15.6	7.7	103.1
Return on investment (ROI), %				9.6	10.4	
Average number of employees				3,221	2,769	16.3
Average number of employees (full-time equivalents)				2,737	2,345	16.7

* In 2008, the non-recurring items included EUR 6.5 million of write-offs and restructuring costs in the third quarter and EUR 1.1 million restructuring costs in the fourth quarter in the multivolume and year book publishing.

Operational indicators	1-12/ 2008	1-12/ 2007
Educational publishing		
Number of new titles published, books	1,470	1,379
Number of new titles published, digital products	349	309
Publishing		
Number of new titles published, books	512	520
Number of new titles published, digital products	162	67
Books sold, millions	33.5	23.3

Sanoma Learning & Literature's net sales in 2008 increased by 20.9% and totalled EUR 390.0 (322.5) million. Both the educational publishing and publishing grew. Net sales adjusted for changes in the Group structure grew by 5.1%. A total of 62% (62%) of the Division's net sales came from outside of Finland. In October–December, the Division's net sales grew by 28.6% to EUR 88.0 (68.5) million. Most growth in the fourth quarter came from Polish e-learning operations of YDP.

Educational publishing's net sales increased to EUR 259.4 (197.7) million. Most growth came from Poland, both from new educational publishing operations of Nowa Era, consolidated at the end of the first quarter as well as from the existing e-learning business of Young Digital Planet, which was able to deliver government tenders in the fourth quarter. In the Netherlands, the net sales were almost at the comparable year's level. Educational materials to primary and secondary schools performed well, but sales of ancillary businesses like the edutainment products decreased slightly. In Finland, sales of educational materials were almost at the previous year's level and the new edutainment product series Oppi & Ilo was received positively in the market. Net sales increased clearly in Belgium, with especially Flemish market growing. Net sales grew also in Hungary, where both NTK and Perfekt won government contracts.

Net sales in publishing grew to EUR 104.2 (97.3) million mainly due to increased sales of language services. General literature sales were at the previous year's level. Sales of domestic fiction and non-fiction developed well, boosted by two literature awards, Finlandia Prizes, won by WSOY's authors on the fourth quarter. However, sales through direct channels in all Nordic countries were under pressure and expectations for the future were revised in the third quarter. A restructuring project in Bertmark's and Weilin+Göös' multi-volume book and annual year book businesses was started to safeguard the future profitability of the publishing. Business information, especially the language services, performed well. Partly the increase of sales is due to new operations acquired by translation and localisation company AAC Global both in 2007 and 2008. Language services is one of the growth platforms in the Sanoma Group.

Net sales from other operations, mainly printing, totalled EUR 49.8 (51.1) million.

Sanoma Learning & Literature's investments in tangible and intangible assets totalled EUR 15.6 (7.7) million in 2008. They mainly comprised ICT investments and improvement of real estate. The most significant acquisitions were those of the Polish educational publisher Nowa Era and the Swedish language service provider Interverbium. In the comparable year, the most significant transaction was the acquisition of Translation Services Noodi.

The Division's operating profit excluding non-recurring items grew by 19.5%, to EUR 53.2 (44.5) million. Operating profit included EUR 7.6 (0.0) million of non-recurring expenses related to write-offs and other restructuring costs of multi-volume and year book operations. Operating profit in 2008 grew by 2.4% and amounted to EUR 45.6 (44.5) million. Sanoma Learning & Literature's operating loss excluding non-recurring items in October–December totalled EUR 11.6 (6.6) million due to new educational publishing operations, which strengthened the seasonality of the Division.

In 2008, the educational publishing business improved its operating result significantly with the new Polish operations contributing the most to the growth. In publishing, business information and general literature performed well, but write-offs and restructuring costs in Bertmark's and Weilin+Göös' direct sales decreased operating result in publishing. Results in other operations were below the comparable year.

The Division's business is very seasonal. Profit in educational publishing is mainly accrued in the second and third quarters. The acquisition of Nowa Era adds to growth in the educational publishing business and therefore strengthens seasonality in the Division.

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

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

SANOMA TRADE

Sanoma Trade is a retail specialist with operations in seven countries and whose business is based on a thorough understanding of customers' needs and on strong concepts. Sanoma Trade's success is built on over 200 million annual sales contacts, in which the consumer is present at a kiosk, bookstore or movie theatre. Sanoma Trade's press distribution operations serve publishers and retailers.

- Net sales from kiosk operations were all-time high; the net sales of the whole Sanoma Trade division also grew.
- Movie theatres again attracted a record number of customers.

Key indicators	10-12/ 2008	10-12/ 2007	Change %	1-12/ 2008	1-12/ 2007	Change %
EUR million						
Net sales	239.3	241.1	-0.7	866.6	849.3	2.0
Operating profit excluding non-recurring items	14.7	18.2	-18.9	45.1	52.4	-13.9
% of net sales	6.2	7.5		5.2	6.2	
Non-recurring items *		4.9	-100.0		3.2	-100.0
Operating profit	14.7	23.1	-36.1	45.1	55.6	-18.8
% of net sales	6.2	9.6		5.2	6.5	
Balance sheet total				559.2	565.0	-1.0
Capital expenditure				33.8	28.4	18.9
Return on investment (ROI), %				16.5	20.9	
Average number of employees				8,396	7,886	6.5
Average number of employees (full-time equivalents)				6,633	6,234	6.4

* In 2007, the non-recurring items included EUR 1.7 million costs from the restructuring of the Dutch press distribution operations in the third quarter and EUR 4.9 million capital gain from the divestments of multipurpose arena in Hamburg and real estates in the fourth quarter.

Operational indicators, thousands	1-12/ 2008	1-12/ 2007
Customer volume in kiosk operations	212,171	213,081
Customer volume in bookstores	7,484	7,459
Customer volume in movie theatres	10,192	9,784
Number of copies sold (press distribution)	383,289	376,108

In 2008, Sanoma Trade's net sales increased by 2.0%, totalling EUR 866.6 (849.3) million. Net sales increased clearly in kiosk operations and movie operations. Net sales adjusted for changes in the Group structure increased by 2.9%. Of Sanoma Trade's net sales, 33% (34%) came from outside Finland. In October–December, Division's net sales of EUR 239.3 (241.1) million were in line with the comparable period. Kiosk and movie operations also enjoyed success in the fourth quarter. However, the decline in press distribution and bookstore sales slowed down the increase in net sales.

Net sales from kiosk operations increased to EUR 409.4 (385.5) million. Finnish R-kiosks had their best year in history. Kiosks increased their net sales and customer numbers as a result of marketing investments. Net sales from kiosks continued to rise in the Baltic countries. The R-kiosk product range was actively developed during the year. In addition, during the year the R-kiosk chain expanded in Russia and also to Romania, where the first R-kiosks opened their doors in July 2008.

Net sales from press distribution were EUR 241.5 (245.5) million. Net sales in Finland increased slightly despite the fall in tabloid sales. Point-of-sale (POS) marketing company Printcenter did extremely well. Press distribution also increased its net sales in Estonia, Lithuania and Russia. In Romania, net sales remained at the previous year's level. The Dutch press distribution market has shrunk, which decreased the net sales of Aldipress. The efficiency improvement programme initiated at Aldipress in the autumn of 2007 is progressing.

The net sales of bookstores were EUR 139.2 (140.3) million. The net sales of the comparable period included the annual volume business divested in May 2008. Bookstore net sales increased in both Finland and Estonia.

The net sales from movie theatres increased to EUR 94.3 (85.5) million. Sales increased in Finland, Latvia and Lithuania, and movie admissions continued to grow. Movie theatres in Finland broke the all-time box office record in November. New multiplex theatres were opened in Finland and Lithuania. The viewing experience was diversified by the latest 3D technology and new alternative content, such as sports and cultural events.

In the comparable period, net sales from other operations totalled EUR 10.4 million, consisting of the multi-purpose arena in Hamburg divested in October 2007.

In 2008, Sanoma Trade's investments in tangible and intangible assets totalled EUR 33.8 (28.4) million, and focused mainly on new multiplexes, ICT projects, as well as the expansion of the dispatch department. The most important acquisitions of the year included minority shares in the Latvian movie theatre operator Forum Cinemas and Lithuanian press distributor Impress Teva, and the acquisition of the Russian kiosk chain KP Rosnitsa. In the comparable period, the most important acquisitions were Printcenter in Finland, and the kiosk and press distribution companies Press Point International and HDS CIS in Russia.

In 2008, Sanoma Trade's operating profit excluding non-recurring items decreased by 13.9%, totalling EUR 45.1 (52.4) million. In the comparable period, the operating profit included a total of EUR 3.2 million in non-recurring items from the sale of the multi-purpose arena, other real estate and the restructuring of Dutch press distribution operations. In 2008, operating profit decreased by 18.8%, totalling EUR 45.1 (55.6) million. Operating profit for October-December excluding non-recurring items was EUR 14.7 (18.2) million. Operating profit for the fourth quarter was particularly affected by cost increases in several businesses.

Operating profits from kiosk operations and press distribution were down. The results were above all affected by investments in Russia and Romania. In addition to investments, the operating profit of press distribution was also impacted by smaller distribution volumes in the Netherlands. The result of the bookstores was burdened by the relaunch costs of the online store. Operating profit from movie operations remained at the comparable period's level.

In addition to the home markets of Finland and the Baltic countries, Sanoma Trade's expansion and development efforts will also focus on the emerging economies of Russia and Central Eastern Europe. Sanoma Trade's goal is to achieve a strong position in these countries and participate actively in the development of the local newspaper and magazine markets.

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

Dividend

On 31 December 2008, Sanoma Corporation's distributable funds were EUR 656.9 million, of which profit for the year made up EUR 187.2 million.

The Board of Directors proposes to the Annual General Meeting that:

- A dividend of EUR 0.90 per share, or in total an estimated EUR 146.8 million, shall be paid
- A sum of EUR 0.5 million shall be transferred to the donation reserve and used at the Board's discretion
- The amount left in equity shall be EUR 509.6 million

In accordance with the Annual General Meeting's decision, Sanoma paid out a per-share dividend of EUR 1.00 for 2007. Sanoma conducts an active dividend policy and primarily distributes over half of the Group result after taxes in dividends.

AGM, Financial Statements and Annual Report

Sanoma Corporation AGM will be held on 1 April 2009 in Helsinki, Finland. Sanoma's Annual Report, Financial Statements and Board of Directors' Report for 2008 will be published in digital format during week 11 (the week beginning 9 March) and as a hard copy during week 12 (the week beginning 16 March).

Shares and holdings

Trading in Sanoma shares was active in 2008. The number of Sanoma shares traded totalled 100,271,123 (92,576,174). Traded shares accounted for 62% (56%) of the average number of shares for the year. Sanoma's total stock exchange turnover was EUR 1,500.2 (2,014.5) million.

In 2008, the volume-weighted average price of a Sanoma share was EUR 14.84, with a low of EUR 8.31 and a high of EUR 19.87. At the end of the year, Sanoma's market capitalisation excluding treasury shares held by the Company was EUR 1,479.7 (3,196.2) million and the closing price of the share was EUR 9.21 (19.63). On 31 December 2008, the Company had 18,753 shareholders, with foreign holdings accounting for 10.9% (11.4%) of all shares and votes. There were no major changes in share ownership during the review period and Sanoma did not issue any flagging announcements.

Sanoma began repurchasing its shares on 10 August 2007 under the 2007 AGM authorisation. On 1 April 2008, the AGM issued a new authorisation to repurchase the Company's own shares and the share buybacks under this authorisation started on 12 June 2008. In 2008, Sanoma repurchased, under these authorisations, a total of 2,984,097 of the Company's own shares.

At the end of 2008, the Company held a total of 2,425,000 Sanoma shares, representing 1.49% of the Company's shares and votes. The shares held by Sanoma have no accountable par; however, the calculated par value of the treasury shares held by the Company was EUR 1,059,552.10. After the review period, on 10 February 2009, Sanoma's Board of Directors decided to cancel all treasury shares held by the Company. The cancellation will not affect the Company's share capital. It will be entered into the Trade Register on or about 19 February 2009. After the cancellation and under the current AGM authorisation, Sanoma retains the authority to acquire a further 7,620,000 of its own shares.

Under the review period, Sanoma's share capital was increased by EUR 137,146.26. The share capital increases were related to the exercise of stock options into shares. A total of 292,462 shares were subscribed with 2001A stock options and 26,320 with 2001B stock options. In February, Sanoma cancelled all treasury shares held by the Company at that time. In addition, stock options have been exercised to subscribe for 508,077 new shares without increasing the share capital. At the end of the year Sanoma's registered share capital was EUR 71,258,986.82 and the number of shares was 163,090,651.

Personnel

In 2008, the average number of persons employed by the Sanoma Group was 21,329 (2007: 19,587; 2006: 18,434). In full-time equivalents, the number of Group employees averaged 18,168 (2007: 16,701; 2006: 15,732). Sanoma Magazines had an average of 6,280 (5,623) employees, Sanoma News 2,808 (2,716), Sanoma Entertainment 526 (501), Sanoma Learning & Literature 3,221 (2,769) and Sanoma Trade 8,396 (7,886). The average number of

employees in the Parent Company was 99 (92). The number of employees increased, for example, as a result of acquisitions and investments in new businesses.

The total payroll and benefits paid to Sanoma employees in 2008, including the expense recognition of options granted, amounted to EUR 575.5 million (2007: 533.0; 2006: 482.9).

Due to the rapidly declining general economic situation, Sanoma News initiated a rationalisation programme in January 2009. In addition to a variety of cost-saving measures, the Division expects to reduce its workforce by 100–200 employees through voluntary severance packages. Negotiations involving smaller staff reductions have also been initiated in other parts of the Group.

Board of Directors, auditors and management

The AGM of 1 April 2008 confirmed the number of Sanoma's Board members at ten. Board members Robert Castrén, Jane Erkkö and Paavo Hohti were re-elected, and Rafaela Seppälä was elected as a new member to the Board. The Board of Directors of Sanoma consists of: Jaakko Rauramo, Chairman; Sari Baldauf, Vice Chairman; and Robert Castrén, Jane Erkkö, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Rafaela Seppälä, Hannu Syrjänen and Sakari Tamminen as members.

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

During the year Sanoma experienced many changes in senior management. On 1 January 2009, the Executive Management Group (EMG) comprised Hannu Syrjänen (Chairman), Eija Ailasmaa, Jacques Eijkens, Kim Ignatius, Timo Mänty, Anu Nissinen and Mikael Pentikäinen. Anu Nissinen was appointed President of Sanoma Entertainment and member of the EMG on 25 February 2008, following the retirement of Tapio Kallioja. Kim Ignatius started as the Sanoma Group CFO and member of the EMG on 1 August 2008 following the retirement of Matti Salmi, Senior Vice President, Finance and Administration. Erkki Järvinen, President and CEO of Sanoma Trade, announced on 24 October 2008 he would be pursuing other interests. Timo Mänty was appointed to his position as of 1 January 2009.

In addition to the new CFO, the following people joined Sanoma's Corporate Centre Management Group (CCMG) during the year: Chief Human Resources Officer Ben Tiesnitsch as of 1 June 2008, Chief Legal Officer, Group Legal Affairs, Merja Karhapää as of 1 August 2008, and Chief Strategy Officer (CSO) Sven Heistermann as of 4 August 2008, following the retirement of Senior Vice President, Group Legal Affairs and M&A Kerstin Rinne.

Board authorisations

The AGM held on 1 April 2008 authorised the Board of Sanoma to decide on the repurchase of the Company's own shares, valid until the AGM of 2009.

A maximum of 8,285,000 shares may be repurchased, corresponding to 5.1% of the Company's shares and voting rights at the end of March. These treasury shares will not be repurchased in proportion to the shareholdings of the existing shareholders. They will be repurchased with the Company's unrestricted equity at the market price at the time of acquisition on NASDAQ OMX Helsinki. However, the minimum purchase price of a share is the lowest market price in public trading and the maximum purchase price is the highest price quoted in public trading during the authorisation period. The Board decided on 1 April 2008 to deploy the authorisation and the repurchases of own shares commenced on 12 June 2008.

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

During the review period, the authorisation by the AGM of 4 April 2007 for repurchasing own shares was in force. The authorisation allowed repurchasing a maximum of 8,200,000 Company shares. These shares were not to be repurchased in relation to the holdings of existing shareholders. They were repurchased with the Company's unrestricted equity at the market price at the moment of repurchasing – however, in such a way that the minimum purchase price of a share was the lowest market price in public trading and the maximum purchase price was the highest price noted in public trading during the authorisation period. The share repurchases commenced on 10 August 2007, and the authorisation remained valid until 1 April 2008.

Other resolutions by the AGM

The AGM decided to amend Article 1 (the Company's business name and domicile) of Sanoma's Articles of Association as proposed by the Board. The Company's new business name is Sanoma Oyj in Finnish, Sanoma Abp in Swedish, and Sanoma Corporation in English. The Company's registered office continues to be in Helsinki. The new name was adopted on 1 October 2008.

At the same time, the names of divisions were harmonised. The Group now consists of the following divisions and reporting segments: Sanoma Magazines, Sanoma News (formerly Sanoma), Sanoma Entertainment (formerly SWelcom), Sanoma Learning & Literature (formerly SanomaWSOY Education and Books) and Sanoma Trade (formerly Rautakirja).

Seasonal fluctuation

The net sales and result of Sanoma Magazines, Sanoma News and Sanoma Entertainment are particularly affected by the development of advertising. Advertising sales are influenced, for example, by the number of newspaper and magazine issues published during each quarter, which varies annually. Television advertising in Finland is usually strongest in the second and fourth quarters. The exact date of Easter has an impact on the net sales accumulated from newspapers and distribution when comparing quarters in these businesses on a year-to-year basis.

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

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

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

Significant risks and uncertainty factors

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

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

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

Helsinki

Board of Directors
Sanoma Corporation

Accounting policies

The Sanoma Group has prepared its Interim Report in accordance with IAS 34 'Interim Financial Reporting' while adhering to related standards and interpretations applicable within the EU on 1 January 2008. The accounting policies of the Interim Report and the definitions of key indicators are presented on the Sanoma website at www.sanoma.com. The full-year figures included in this Year-End Statement have been audited.

GROUP FINANCIAL STATEMENTS (AUDITED)

CONSOLIDATED INCOME STATEMENT EUR million	1-12/ 2008	1-12/ 2007	Change %
NET SALES	3,030.1	2,926.3	3.5
Other operating income	97.1	95.2	1.9
Materials and services	1,367.4	1,308.9	4.5
Personnel expenses	702.8	646.5	8.7
Other operating expenses	588.8	572.7	2.8
Depreciation and impairment losses	231.9	149.7	54.9
OPERATING PROFIT	236.3	343.8	-31.2
Share in result of associated companies	4.9	12.4	-60.1
Financial income	18.9	9.2	105.1
Financial expenses	69.9	44.9	55.7
RESULT BEFORE TAXES	190.3	320.4	-40.6
Income taxes	-69.4	-74.4	-6.6
RESULT FOR THE PERIOD	120.8	246.1	-50.9
Attributable to:			
Equity holders of the Parent Company	115.7	242.8	-52.3
Minority interest	5.1	3.2	57.2
Earnings per share for result attributable to the equity holders of the Parent Company			
Earnings per share, EUR	0.72	1.47	-51.2
Diluted earnings per share, EUR	0.72	1.46	-50.9

CONSOLIDATED BALANCE SHEET			
EUR million	31.12.2008	31.12.2007	Change %
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	510.4	498.7	2.3
Investment property	10.2	9.5	7.1
Goodwill	1,491.6	1,432.8	4.1
Other intangible assets	379.7	379.6	0.0
Interest in associated companies	69.9	75.2	-7.0
Available-for-sale financial assets	20.6	15.9	29.4
Deferred tax receivables	36.6	42.4	-13.6
Trade and other receivables	41.0	37.9	8.0
NON-CURRENT ASSETS, TOTAL	2,560.0	2,492.1	2.7
CURRENT ASSETS			
Inventories	173.2	170.7	1.5
Income tax receivables	24.9	25.9	-3.9
Trade and other receivables	409.1	415.4	-1.5
Available-for-sale financial assets	0.5	0.1	
Cash and cash equivalents	110.9	88.1	25.9
CURRENT ASSETS, TOTAL	718.7	700.2	2.6
ASSETS, TOTAL	3,278.7	3,192.3	2.7
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to the equity holders of the Parent Company			
Share capital	71.3	71.3	0.0
Premium fund		187.6	-100.0
Treasury shares	-37.5	-51.6	-27.2
Fund for invested unrestricted equity	192.7		
Other reserves		0.1	-100.0
Translation differences	-25.2	11.4	
Retained earnings	1,018.9	1,127.1	-9.6
Minority interest	17.0	18.3	-7.4
EQUITY, TOTAL	1,237.1	1,364.2	-9.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	106.2	103.9	2.2
Pension obligations	37.9	45.2	-16.1
Provisions	6.0	8.8	-32.0
Interest-bearing liabilities	449.0	328.1	36.9
Trade and other payables	34.6	28.3	22.5
CURRENT LIABILITIES			
Provisions	10.9	7.8	38.8
Interest-bearing liabilities	633.6	553.4	14.5
Income tax liabilities	11.7	8.4	39.2
Trade and other payables	751.7	744.3	1.0
LIABILITIES, TOTAL	2,041.6	1,828.1	11.7
EQUITY AND LIABILITIES, TOTAL	3,278.7	3,192.3	2.7

CHANGES IN CONSOLIDATED EQUITY
EUR million

	Equity attributable to the equity holders of the Parent Company								
	Share capital	Pre- mium fund	Treas- ury Sha- res	Fund for invest- ed unres- trict equi- ty	Ot- her serv- ices	Trans- la- tion dif- fer- ences	Retain- ed earn- ings	Mi- nor- ity inter- est	Equity, total
Equity at 1 Jan 2007	70.9	181.0			6.9	17.6	1,029.3	17.0	1,322.7
Change in translation differences						-6.2		0.3	-5.9
Other items							-0.7		-0.7
Items recognised directly in equity, total						-6.2	-0.7	0.3	-6.6
Result for the period							242.8	3.2	246.1
Total recognised income and expenses						-6.2	242.1	3.5	239.4
Unregistered usage of share options	0.1	2.4							2.6
Conversion of capital notes	0.0	1.7							1.7
Acquisition of treasury shares			-51.6						-51.6
Use of share options	0.1	2.5							2.6
Expense recognition of options granted							5.5		5.5
Dividends paid							-156.7	-2.1	-158.8
Change in minority interests								0.0	0.0
Other changes					-6.9		6.9		
Equity at 31 Dec 2007	71.3	187.6	-51.6		0.1	11.4	1,127.1	18.3	1,364.2

Equity at 1 Jan 2008	71.3	187.6	-51.6	0.1	11.4	1,127.1	18.3	1,364.2
Change in translation differences					-36.6		-0.9	-37.5
Other items						-1.7		-1.7
Items recognised directly in equity, total					-36.6	-1.7	-0.9	-39.1
Result for the period						115.7	5.1	120.8
Total recognised income and expenses					-36.6	114.1	4.2	81.7
Unregistered usage of share options		-2.4						-2.4
Acquisition of treasury shares			-47.6					-47.6
Acquisition of treasury shares			61.6			-61.6		
Use of share options	0.0	2.4		5.1				7.5
Expense recognition of options granted						5.0		5.0
Dividends paid						-160.8	-3.5	-164.3
Change in minority interests						-3.1	-2.1	-5.2
Donations						-1.7		-1.7
Transfer of premium fund		-187.6		187.6				
Other changes				-0.1		0.1		
Equity at 31 Dec 2008	71.3		-37.5	192.7	-25.2	1,018.9	17.0	1,237.1

CONSOLIDATED CASH FLOW STATEMENT	1-12/ 2008	1-12/ 2007	Change %
EUR million			
OPERATIONS			
Result for the period	120.8	246.1	-50.9
Adjustments			
Income taxes	69.4	74.4	-6.6
Financial expenses	69.9	44.9	55.7
Financial income	-18.9	-9.2	105.1
Share in result of associated companies	-4.9	-12.4	-60.1
Depreciation and impairment losses	231.9	149.7	54.9
Profit on sales of non-current assets	-34.2	-41.3	-17.0
Other adjustments	-40.1	-44.6	-10.1
Change in working capital			
Change in trade and other receivables	-18.5	-38.6	-52.1
Change in inventories	-0.5	-19.0	-97.5
Change in trade and other payables, and provisions	3.6	11.9	-69.9
Interest paid	-53.4	-38.2	39.8
Other financial items	-4.5	-1.8	144.3
Taxes paid	-70.2	-93.8	-25.1
CASH FLOW FROM OPERATIONS	250.3	227.9	9.8
INVESTMENTS			
Acquisition of tangible and intangible assets	-113.3	-88.6	27.8
Operations acquired	-157.0	-49.1	
Associated companies acquired	-0.2	-0.6	-65.6
Acquisition of other holdings	-5.1	-0.1	
Sales of tangible and intangible assets	12.7	23.8	-46.5
Operations sold	46.0	83.7	-45.1
Associated companies sold	0.7	0.3	120.0
Sales of other companies	2.5	0.9	
Loans granted	-19.8	-4.4	
Repayments of loan receivables	8.8	3.9	129.4
Sales of short-term investments	0.5	0.0	
Interest received	7.4	5.5	33.9
Dividends received	7.5	7.6	-0.1
CASH FLOW FROM INVESTMENTS	-209.3	-17.2	
CASH FLOW BEFORE FINANCING	41.1	210.7	-80.5
FINANCING			
Proceeds from share subscriptions	5.1	5.2	-2.3
Minority capital investment/repayment of equity	1.0	-0.1	
Purchase of treasury shares	-48.2	-51.0	-5.6
Change in loans with short maturity	-53.8	101.5	
Drawings of other loans	525.1	295.5	77.7
Repayments of other loans	-264.6	-403.1	-34.4
Payment of finance lease liabilities	-2.8	-2.5	15.9
Dividends paid	-164.3	-158.8	3.5
Donations/other profit sharing	-0.5	-0.4	10.4
CASH FLOW FROM FINANCING	-3.1	-213.7	-98.6

CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	38.0	-3.0	
Effect of exchange rate differences on cash and cash equivalents	0.1	-1.7	
NET CHANGE IN CASH AND CASH EQUIVALENTS ACCORDING TO CASH FLOW STATEMENT	38.1	-4.7	
Cash and cash equivalents at 1 Jan	72.4	77.1	-6.1
Cash and cash equivalents at 31 Dec	110.5	72.4	52.6

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

NET SALES BY BUSINESS	1-3/	4-6/	7-9/	10-12/	1-3/	4-6/	7-9/	10-12/
EUR million	2008	2008	2008	2008	2007	2007	2007	2007
SANOMA MAGAZINES								
Sanoma Magazines Netherlands	111.7	135.2	124.8	143.9	119.8	136.6	129.2	154.2
Sanoma Magazines International	70.1	76.8	77.4	82.4	65.8	68.5	66.0	83.2
Sanoma Magazines Belgium	54.2	55.5	53.7	59.8	52.5	55.8	48.1	60.1
Sanoma Magazines Finland	50.7	51.9	49.1	53.9	50.1	48.6	48.1	56.0
Eliminations	-1.3	-0.9	-1.0	-1.1	-1.2	-1.2	-1.0	-1.2
TOTAL	285.5	318.5	304.0	338.9	287.1	308.2	290.4	352.4
SANOMA NEWS								
Helsingin Sanomat	74.1	71.2	65.6	68.6	72.3	68.0	66.2	72.4
Ilta-Sanomat	22.5	24.1	22.5	21.9	23.6	24.6	22.9	23.6
Other publishing	22.4	23.3	22.1	24.6	24.3	24.7	22.6	25.9
Other businesses	38.5	38.1	37.1	38.9	38.5	38.0	37.0	39.1
Eliminations	-36.6	-35.6	-33.7	-34.8	-36.4	-35.5	-34.8	-36.4
TOTAL	120.8	121.1	113.5	119.2	122.4	119.8	114.0	124.6
SANOMA ENTERTAINMENT								
TV and radio	22.6	24.5	18.0	23.8	20.1	20.3	16.3	26.5
Other businesses	18.0	16.7	16.8	17.9	15.4	15.3	16.7	16.2
Eliminations	-0.1	-0.3	-0.1	-0.6	-0.3	-0.2	-0.2	-0.2
TOTAL	40.5	40.9	34.7	41.0	35.2	35.4	32.8	42.5
SANOMA LEARNING & LITERATURE								
Educational publishing	24.6	83.9	102.9	48.1	20.0	78.5	68.7	30.6
Publishing	27.5	20.8	22.6	33.3	26.3	20.8	20.7	29.6
Other businesses	12.0	11.3	14.1	12.3	12.0	11.0	14.2	14.0
Eliminations	-5.7	-5.5	-6.4	-5.7	-6.0	-5.4	-6.5	-5.7
TOTAL	58.3	110.5	133.2	88.0	52.2	104.8	97.0	68.5
SANOMA TRADE								
Kiosk operations	94.6	102.5	103.8	108.6	86.9	99.3	95.5	103.8
Press distribution	58.2	60.2	61.8	61.3	56.2	61.0	61.8	66.5
Bookstores	31.0	24.0	36.9	47.3	29.6	23.1	37.7	50.0
Movie operations	24.4	19.4	23.8	26.7	19.5	18.8	21.8	25.5
Other businesses	0.0	0.0	0.0	0.0	4.0	3.2	2.1	1.1
Eliminations	-5.5	-3.0	-4.8	-4.5	-3.9	-4.0	-4.3	-5.8
TOTAL	202.7	203.2	221.4	239.3	192.4	201.3	214.5	241.1
Other companies and eliminations	-24.8	-24.4	-28.2	-27.9	-25.6	-25.1	-30.1	-29.4
TOTAL	683.1	769.8	778.6	798.7	663.7	744.4	718.6	799.6

NET SALES BY BUSINESS	1-12/	1-12/
EUR million	2008	2007
SANOMA MAGAZINES		
Sanoma Magazines Netherlands	515.7	539.8
Sanoma Magazines International	306.7	283.4
Sanoma Magazines Belgium	223.2	216.6
Sanoma Magazines Finland	205.6	202.8
Eliminations	-4.3	-4.6
TOTAL	1,246.8	1,238.1
SANOMA NEWS		
Helsingin Sanomat	279.5	278.9
Ilta-Sanomat	91.0	94.8
Other publishing	92.4	97.5
Other businesses	152.5	152.6
Eliminations	-140.7	-143.0
TOTAL	474.7	480.8
SANOMA ENTERTAINMENT		
TV and radio	88.9	83.2
Other businesses	69.4	63.6
Eliminations	-1.1	-0.8
TOTAL	157.1	146.0
SANOMA LEARNING & LITERATURE		
Educational publishing	259.4	197.7
Publishing	104.2	97.3
Other businesses	49.8	51.1
Eliminations	-23.3	-23.7
TOTAL	390.0	322.5
SANOMA TRADE		
Kiosk operations	409.4	385.5
Press distribution	241.5	245.5
Bookstores	139.2	140.3
Movie operations	94.3	85.5
Other businesses	0.0	10.4
Eliminations	-17.8	-18.0
TOTAL	866.6	849.3
Other companies and eliminations	-105.2	-110.3
TOTAL	3,030.1	2,926.3

OPERATING PROFIT BY DIVISION

EUR million	1-3/ 2008	4-6/ 2008	7-9/ 2008	10-12/ 2008	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007
Magazines	48.2	46.6	31.6	-40.6	32.1	61.3	30.4	37.2
News	17.9	14.7	15.2	9.4	19.6	17.3	17.2	13.6
Entertainment	4.0	6.3	2.8	4.1	2.9	4.0	3.5	5.4
Learning & Literature	-4.3	26.4	36.3	-12.7	-6.5	29.8	27.9	-6.6
Trade	9.9	7.4	13.0	14.7	9.0	10.6	13.0	23.1
Other companies and eliminations	-3.0	-2.9	-5.0	-3.7	-3.1	10.1	-3.4	-4.3
TOTAL	72.7	98.5	94.0	-28.8	54.0	133.0	88.5	68.3

OPERATING PROFIT BY DIVISION

EUR million	1-12/ 2008	1-12/ 2007
Sanoma Magazines	85.7	160.9
Sanoma News	57.3	67.6
Sanoma Entertainment	17.3	15.8
Sanoma Learning & Literature	45.6	44.5
Sanoma Trade	45.1	55.6
Other companies and eliminations	-14.6	-0.7
TOTAL	236.3	343.8

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	31.12.2008	31.12.2007	Change %
Carrying amount at 1 Jan	498.7	572.3	-12.9
Increases	81.2	63.4	28.1
Acquisition of operations	7.3	1.2	
Decreases	-7.0	-4.3	63.0
Disposals of operations	-0.2	-66.9	-99.7
Depreciation for the period	-66.4	-65.7	1.0
Impairment losses for the period	-0.7	-0.3	
Exchange rate differences and other changes	-2.6	-1.1	
Carrying amount at 31 Dec	510.4	498.7	2.3

In the end of financial period commitments for acquisitions of tangible assets were EUR 0.0 million (2007: EUR 3.1 million).

EFFECT OF ACQUISITIONS TO THE CONSOLIDATED BALANCE SHEET

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

CONTINGENT LIABILITIES

EUR million	31.12.2008	31.12.2007	Change %
Contingencies for own commitments			
Mortgages	23.7	20.2	17.3
Pledges	6.0	5.8	3.4
Other items	0.4	0.4	-3.8
TOTAL	30.1	26.4	13.9
Contingencies incurred on behalf of associated companies			
Guarantees	10.5	7.9	32.4
TOTAL	10.5	7.9	32.4
Contingencies incurred on behalf of other companies			
Guarantees	0.2	0.1	29.0
TOTAL	0.2	0.1	29.0
Contingencies incurred on behalf of other companies			
Operating lease liabilities	263.8	275.8	-4.4
Royalties	23.6	27.2	-13.4
Other items	38.1	42.9	-11.2
TOTAL	325.5	345.9	-5.9
TOTAL	366.2	380.4	-3.7

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

CONSOLIDATED INCOME STATEMENT BY QUARTER

EUR million	1-3/ 2008	4-6/ 2008	7-9/ 2008	10-12/ 2008	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007
NET SALES	683.1	769.8	778.6	798.7	663.7	744.4	718.6	799.6
Other operating income	38.1	17.7	14.8	26.5	13.3	49.0	12.4	20.6
Materials and services	309.4	333.4	352.0	372.6	294.9	327.1	323.3	363.5
Personnel expenses	172.2	177.5	167.8	185.2	158.4	162.2	151.8	174.2
Other operating expenses	131.1	141.5	141.9	174.3	135.0	133.9	130.3	173.5
Depreciation and impairment losses	35.8	36.6	37.7	121.9	34.6	37.3	37.1	40.7
OPERATING PROFIT	72.7	98.5	94.0	-28.8	54.0	133.0	88.5	68.3
Share in result of associated companies	3.0	1.6	0.4	-0.1	1.8	2.7	2.0	5.9
Financial income	3.5	3.1	6.1	6.2	4.8	-0.2	2.5	2.1
Financial expenses	12.7	14.5	15.3	27.4	11.9	9.4	11.2	12.4
RESULT BEFORE TAXES	66.5	88.7	85.2	-50.1	48.6	126.1	81.9	63.8
Income taxes	-12.2	-23.4	-24.1	-9.8	-13.7	-30.6	-20.3	-9.7
RESULT FOR THE PERIOD	54.4	65.3	61.1	-59.9	34.9	95.5	61.5	54.1
Attributable to:								
Equity holders of the Parent Company	54.5	64.4	59.0	-62.2	35.5	95.8	59.7	51.8
Minority interest	-0.2	0.9	2.1	2.3	-0.6	-0.3	1.8	2.3

CONSOLIDATED INCOME STATEMENT BY QUARTER

EUR million	1-12/ 2008	1-12/ 2007
NET SALES	3,030.1	2,926.3
Other operating income	97.1	95.2
Materials and services	1,367.4	1,308.9
Personnel expenses	702.8	646.5
Other operating expenses	588.8	572.7
Depreciation and impairment losses	231.9	149.7
OPERATING PROFIT	236.3	343.8
Share in result of associated companies	4.9	12.4
Financial income	18.9	9.2
Financial expenses	69.9	44.9
RESULT BEFORE TAXES	190.3	320.4
Income taxes	-69.4	-74.4
RESULT FOR THE PERIOD	120.8	246.1
Attributable to:		
Equity holders of the Parent Company	115.7	242.8
Minority interest	5.1	3.2

Press Conference at Sanomatalo

Press and analyst meeting in Finnish will be held today at 1:30 pm (Finnish time) at Sanomatalo, Töölönlahdenkatu 2, Helsinki. Mr Hannu Syrjänen, President and CEO of Sanoma, will present the Group result for FY08. The event can also be viewed through live webcast at www.sanoma.com or later as on demand.

A conference call in English with Mr Hannu Syrjänen, President and CEO of Sanoma, for analysts and investors will be arranged at 4:30 pm (Finnish time). To join the conference, please dial +44 (0)20 3003 2666 (Europe) or +1 866 966 5335 (United States). You can also listen to the audio webcast of the event at www.sanoma.com either live or later as on demand.

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

Next financial report

Sanoma will publish its Interim Report for January–March 2009 on Thursday, 7 May 2009 at approximately 11 am (Finnish time).

Sanoma Corporation

Kim Ignatius
Chief Financial Officer

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www.sanoma.com

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