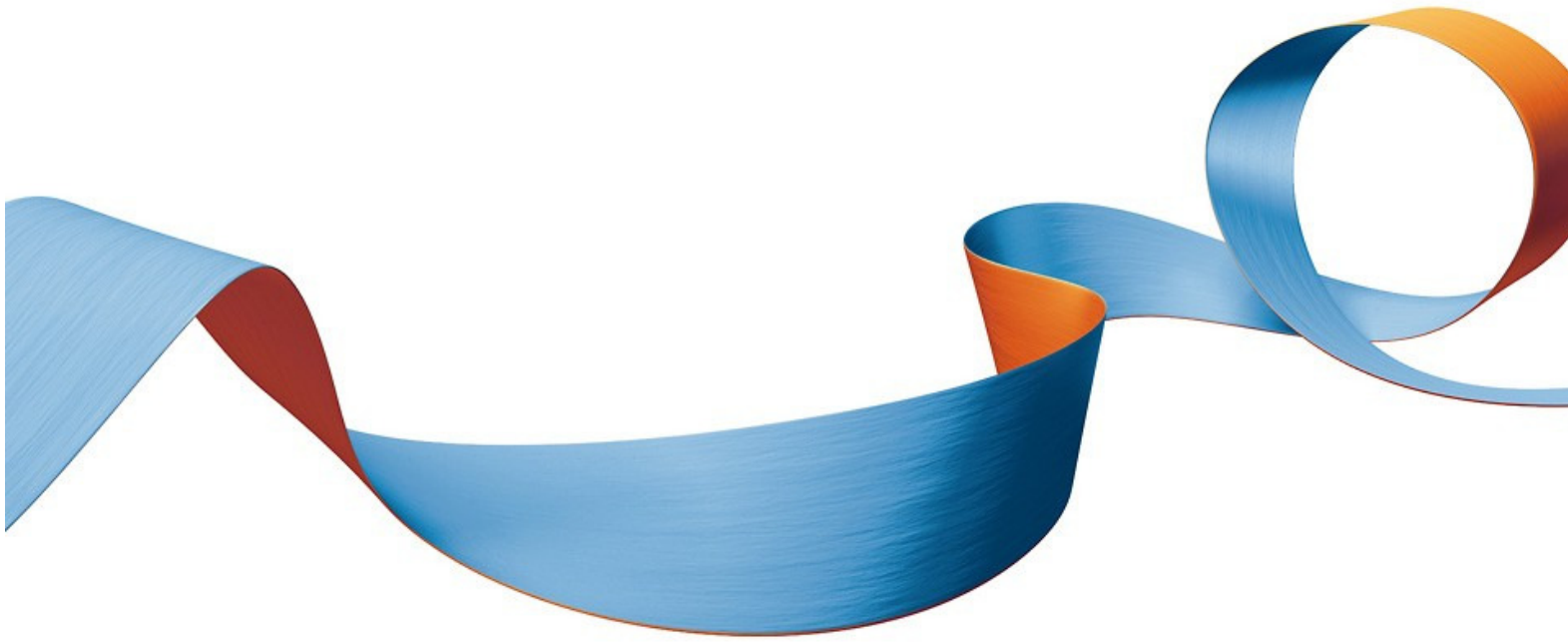


## SANOMA MAGAZINES 2Q08 INTERIM REPORT April-June 2008



### HIGHLIGHTS

- Net sales adjusted for changes in Group structure increased with all businesses contributing to good development
- Operational result improved in the second quarter, particularly in the Netherlands
- Investments in portfolio continued. In total, seven magazine titles and five online services were launched or acquired during the second quarter
- Acquisitions of Bulgarian online company Net Info and Russian magazines publisher Lux Media were closed



## ABOUT SANOMA MAGAZINES

Sanoma Magazines is a leading publisher of magazines and digital media that actively reaches out to an audience of 290 million European and Russian consumers at every life stage.

We publish more than 300 consumer magazines in thirteen European countries, spanning the continent from the North to the Bering Sea.\* In our operating countries, we aim to grow market leading positions. Our magazine portfolio consists of the strongest local brands, supplemented with world-renowned international brands. For many global publishing companies, we have become a preferred licensing partner.

Next to developing our strong portfolio of magazine brands, we are expanding our business to digital media. In Bulgaria, Finland, Hungary and the Netherlands we have already established leading market positions in digital media next to our strong position in magazines.

Sanoma Magazines is a Division of Sanoma Corporation, a strong European media group operating in diverse fields of media in more than twenty European countries.

\* Sanoma Magazines is active in Belgium, Bulgaria, Croatia, Czech Republic, Hungary, Finland, the Netherlands, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.



## KEY FIGURES

KEY INDICATORS (€ million)	4-6/ 2008	4-6/ 2007	change %	1-6/ 2008	1-6/ 2007	change %	1-12/ 2007
• Net sales	318.5	308.2	3.3	603.9	595.3	1.5	1,238.1
• Operating profit	46.6	61.3	-24.0	94.7	93.4	1.4	160.9
- % of net sales	14.6	19.9		15.7	15.7		13.0
• Operating profit excl. major non-recurring capital gains	46.6	41.3	12.8	71.2	72.2	-1.3	139.7
- % of net sales	14.6	13.4		11.8	12.1		11.3
• Balance sheet total				1,992.2	1,971.4	1.1	1,937.5
• Capital expenditure				12.2	10.1	20.0	20.6
• Average number of employees				6,041	5,532	9.2	5,623
• Average number of employees (full-time equivalents)				5,520	5,085	8.5	5,169

OPERATIONAL INDICATORS (including Joint Ventures)	1-6/ 2008	1-6/ 2007
• Number of magazines published	323	311
• Magazine copies sold, thousands	205,160	214,786
• Advertising pages sold	33,153	30,973



## NET SALES

NET SALES (€ million)	1-3/ 2008	4-6/ 2008	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007	1-12/ 2007
• Sanoma Magazines Netherlands	111.7	135.2	119.8	136.6	129.2	154.2	539.8
• Sanoma Magazines International	70.1	76.8	65.8	68.5	66.0	83.2	283.4
• Sanoma Magazines Belgium	54.2	55.5	52.5	55.8	48.1	60.1	216.6
• Sanoma Magazines Finland	50.7	51.9	50.1	48.6	48.1	56.0	202.8
• Eliminations	-1.3	-0.9	-1.2	-1.2	-1.0	-1.2	-4.6
• Sanoma Magazines TOTAL	285.5	318.5	287.1	308.2	290.4	352.4	1,238.1

Sanoma Magazines' net sales in January-June increased by 1.5% and totalled €603.9 (595.3) million. Net sales increased in all businesses, except in Sanoma Magazines Netherlands where operations were divested both in June 2007 and January 2008. Adjusted for changes in the Group structure, the Division's net sales grew by 3.2%. Of the Division's net sales, 17% (17%) came from Finland. In April-June, Sanoma Magazines' net sales grew by 3.3% and amounted to €318.5 (308.2) million. The growth came mainly from Sanoma Magazines International.

The Division's advertising sales increased by 12% and represented 33% (30%) of net sales. Most growth came from Sanoma Magazines International and online advertising sales in the Netherlands. In total, the Division's online advertising sales grew by 31%. Circulation sales were at the previous year's level and represented 56% (57%) of Sanoma Magazines' net sales. The single copy sales in the Netherlands declined, but the subscription sales in the Netherlands and Finland developed positively.

### Sanoma Magazines Netherlands

Sanoma Magazines Netherlands' net sales decreased to €246.9 (256.4) 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, it acquired the remaining shares of magazine publisher Mood for Magazines and divested movie distributor R.C.V. Entertainment. In 2007, R.C.V. Entertainment's annual net sales totalled €34.2 million.

According to Nielsen Media Research, the magazine advertising market in the Netherlands decreased by 1% in January–May 2008 and magazines advertising's share of the total advertising decreased. Sanoma Magazines Netherlands' advertising sales grew due to new operations and online advertising sales. Online advertising sales grew by 23% and outperformed market growth of 7%. The readers' market in the Netherlands has declined slightly during the first months of 2008. However, subscription sales at Sanoma Magazines Netherlands have increased. With single copy sales below the comparable period, the total circulation sales decreased.

Sanoma Magazines Netherlands continues its active portfolio management. In the second quarter, it launched two specials: *Marijke*, a lifestyle glossy, and a parenting magazine *Kek Mama*, as well as *Spot-a-Shop.nl*, a shopping guide site. In addition, Sanoma Magazines Netherlands acquired *Babygids*, pocket guide targeted at parents and *Zie.nl*, an online TV guide. Three magazines were discontinued.

### Sanoma Magazines International

Net sales in Sanoma Magazines International grew to €146.9 (134.3) million. Growth came from increased advertising sales. Advertising sales increased in all countries, with Russia showing the biggest growth. Circulation sales in Sanoma Magazines International were slightly behind the comparable period, with lagging single copy sales in the Czech Republic and Hungary.

Sanoma Magazines International continued its active launch programme. In the second quarter, four magazines and a brand extension were launched. One magazine was discontinued. In Serbia, *Adria Media* acquired *Mama Media*, a publisher of print and online parenting titles. In Hungary, Sanoma Magazines acquired a product comparison site *Mobilport.hu* that focuses on mobile communication apparel. Significant steps in the growth strategy were the acquisition of 55% of shares in the Russian magazine publisher *Lux Media*, concluded in June, and 82% in the Bulgarian internet company *Net Info*, closed in July.

### Sanoma Magazines Belgium

Sanoma Magazines Belgium's net sales grew to €109.7 (108.3) million. Advertising sales were slightly behind the previous year's level due to timing differences of magazine issues. Several titles have had fewer issues than in the comparable period. Circulation sales equalled last year. In Belgium, the total advertising market is estimated to have grown slightly and the long-term decline of the readers' market has slowed down. Sanoma Magazines Belgium's market position has remained solid.

### Sanoma Magazines Finland

Net sales in Sanoma Magazines Finland increased to €102.6 (98.7) million. Both subscription and advertising sales grew. The growth was due to new titles. There were also timing differences, i.e. more issues in some magazines than in the comparable period. Single copy sales were at the previous year's level. According to TNS Gallup Adex, advertising in consumer magazines in Finland decreased by 2% in January-June. The magazine single copy market declined by 2% during the first six months. Sanoma Magazines Finland improved its market share both in advertising and the readers' market.



### OPERATING PROFIT

OPERATING PROFIT (€ million)	1-3/ 2008	4-6/ 2008	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007	1-12/ 2007
• Sanoma Magazines	48.2	46.6	32.1	61.3	30.4	37.2	160.9

Sanoma Magazines' operating profit in January-June improved by 1.4% and amounted to €94.7 (93.4) million. The result included €23.5 (21.2) million in major non-recurring capital gains related to the sale of R.C.V. Entertainment. Excluding these sales gains, the Division's operating profit was €71.2 (72.2) million. Operating profit in April-June totalled €46.6 (61.3) million. If non-recurring capital gains are excluded from the comparable period's EBIT, the operating profit of the Division in the second quarter improved by 12.8%.

Sanoma Magazines Netherlands' operating profit improved. There were significant sales gains in both the reporting and comparable period. The operational result improved due to changes in the product mix and tight cost control. Increased advertising sales clearly improved Sanoma Magazines International's operational result, particularly in Russia. Sanoma Magazines Belgium's result decreased due to investments in new businesses. Sanoma Magazines Finland's result was behind the comparable period due to different timing of the marketing costs than on the comparable period.

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## OUTLOOK

Sanoma Magazines continues to develop its magazine portfolio and online businesses and invest in growth, which is expected to be most rapid in Russia and the CEE countries. In 2008, Sanoma Magazines' net sales are estimated to grow and operating profit excluding major non-recurring capital gains is expected to improve.

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## PUBLICATION NEXT INTERIM REPORT

Sanoma Corporation will publish its interim report July-September on 31 October 2008 at approximately 8:30 am Finnish time.