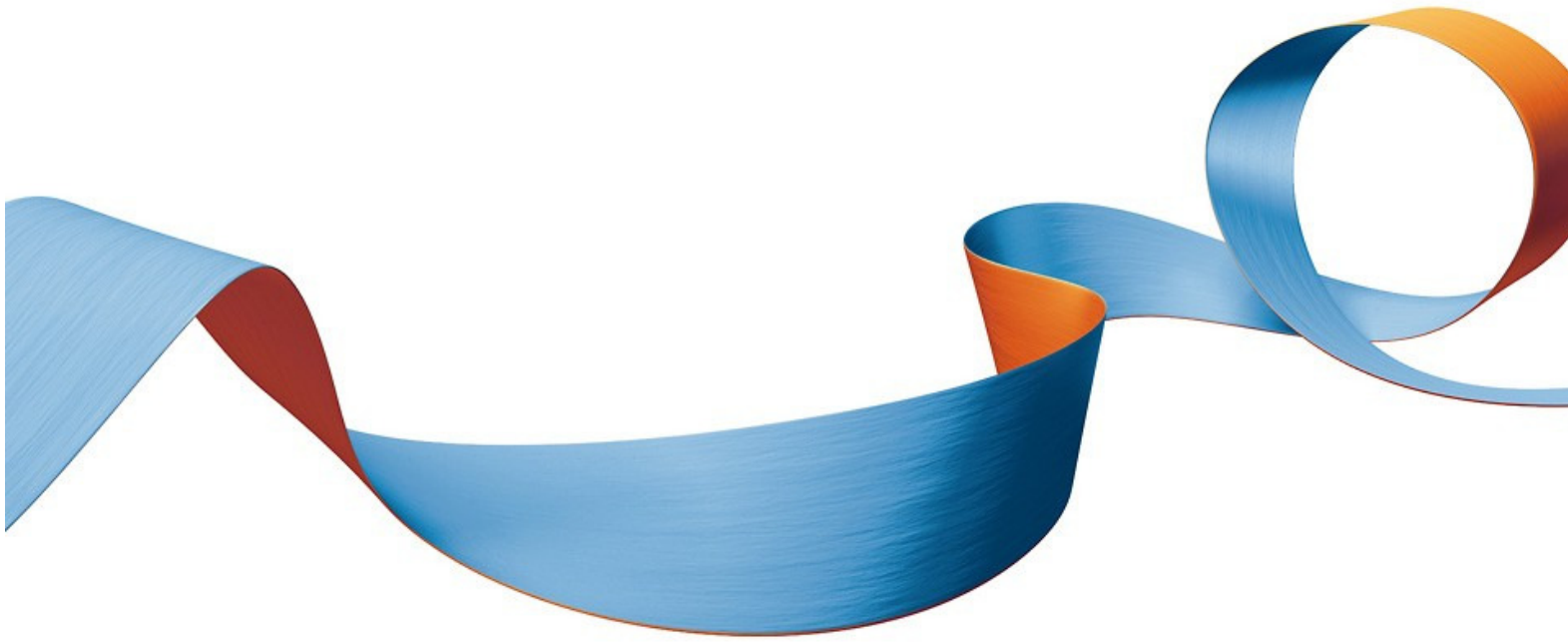


## SANOMA MAGAZINES 1Q08 INTERIM REPORT January-March 2008



### HIGHLIGHTS

- Net sales increased in all businesses, except in Sanoma Magazines Netherlands where divestments of operations and lower single copy sales reduced sales
- Investments in portfolio continued: in total, five magazine titles and more than ten online services were launched or acquired
- Movie distributor R.C.V. Entertainment was divested in January



## 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)	1-3/ 2008	1-3/ 2007	change %	1-12/ 2007
• Net sales	285.5	308.2	3.3	1,238.1
• Operating profit	46.6	61.3	-24.0	160.9
- % of net sales	14.6	19.9		13.0
• Operating profit excl. major non-recurring capital gains	46.6	41.3	12.8	139.7
- % of net sales	14.6	13.4		11.3
• Balance sheet total				1,937.5
• Capital expenditure				20.6
• Average number of employees				5,623
• Average number of employees (full-time equivalents)				5,169

OPERATIONAL INDICATORS (including Joint Ventures)	1-3/ 2008	1-3/ 2007
• Number of magazines published	319	305
• Magazine copies sold, thousands	104,242	108,128
• Advertising pages sold	14,487	13,549



### NET SALES

In January–March Sanoma Magazines' net sales decreased by 0.6% and totalled EUR 285.5 (287.1) 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 1.9%. Of the Division's net sales, 18% (17%) came from Finland.

The Division's advertising sales increased by 10% and represented 32% (29%) 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 33%. Circulation sales decreased by 1% and represented 58% (59%) of Sanoma Magazines' net sales. The fall was mainly the result of declining single copy sales in the Netherlands. Subscription sales developed well, particularly in the Netherlands and Finland.

### Sanoma Magazines Netherlands

Sanoma Magazines Netherlands' net sales fell to EUR 111.7 (119.8) million. This was due to structural changes and the decline in single copy sales. Sanoma Magazines Netherlands has strongly focused its operations: In June 2007, it divested its puzzle portfolio, which affected single copy sales. In January 2008, it acquired the remaining shares of magazine publisher Mood for Magazines, and more importantly, 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 magazine advertising market in the Netherlands decreased by 1% in January–February 2008. Sanoma Magazines Netherlands' advertising sales grew, due to new operations and online advertising sales. Online advertising sales grew by 24% and outperformed market growth. The readers' market in the Netherlands shows signs of growth compared to the end of 2007.

Sanoma Magazines Netherlands increased its subscription revenues, but single copy sales are lagging behind the comparable period and therefore the total circulation sales fell. Sanoma Magazines Netherlands continues its investments in portfolio. During the first quarter, several major online sites and a cycling magazine Proccycling were launched.

### Sanoma Magazines International

Net sales in Sanoma Magazines International grew to EUR 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 first quarter, two magazines and five brand extensions were launched. Two magazines were discontinued. In Croatia, Adria Media acquired the leading position in the wedding segment both in print and online. In other countries, online operations grew with four new sites related to cooking, parenting and blogging. After the review period, Sanoma Magazines International announced its intention to acquire 55% of shares in the Russian magazines publisher Lux Media and some 68% in the Bulgarian internet company Net Info. Both acquisitions are subject to approvals from the antitrust officials.

### Sanoma Magazines Belgium

Sanoma Magazines Belgium's net sales grew to EUR 54.2 (52.5) million. Advertising sales in Sanoma Magazines Belgium increased slightly, but circulation sales were behind the comparable period due to lower single copy sales. Several magazines had fewer issues than in the comparable period due to timing differences. In general, the share of the magazine advertising from total advertising has increased and the long-term decline in the circulation market seems to have stabilized in Belgium.

### Sanoma Magazines Finland

Net sales in Sanoma Magazines Finland totalled EUR 50.7 (50.1) million. Subscription sales grew, but due to timing differences, also in Finland major titles had fewer issues than in the comparable period, which slowed down sales growth. Single copy and advertising sales remained at the previous year's level. According to TNS Gallup Adex advertising in consumer magazines in Finland fell by 1% in January–March. Sanoma Magazines Finland improved its market share both in advertising and the readers market: Sanoma Magazines Finland's total circulation increased in 2007 and several titles again reached record high circulation and readership figures. Sanoma Magazines Finland made two launches in the first quarter.



### OPERATING PROFIT

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

Sanoma Magazines' operating profit in January–March improved and amounted to EUR 48.2 (32.1) million. The result included EUR 23.5 (1.2) 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 fell by 20.2% to EUR 24.7 (30.9) million.

Sanoma Magazines Netherlands' operating profit improved significantly due to sales gains. The operational result fell due to the divestment of operations, declining single copy sales and investments in the print and online portfolio. Sanoma Magazines International's operational result improved, 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 timing differences in the number of published issues and increased marketing costs.

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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 nonrecurring capital gains is expected to improve.

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## PUBLICATION NEXT INTERIM REPORT

Sanoma Corporation will publish its interim report April-June on 31 July 2008 at approximately 10:45 am Finnish time.