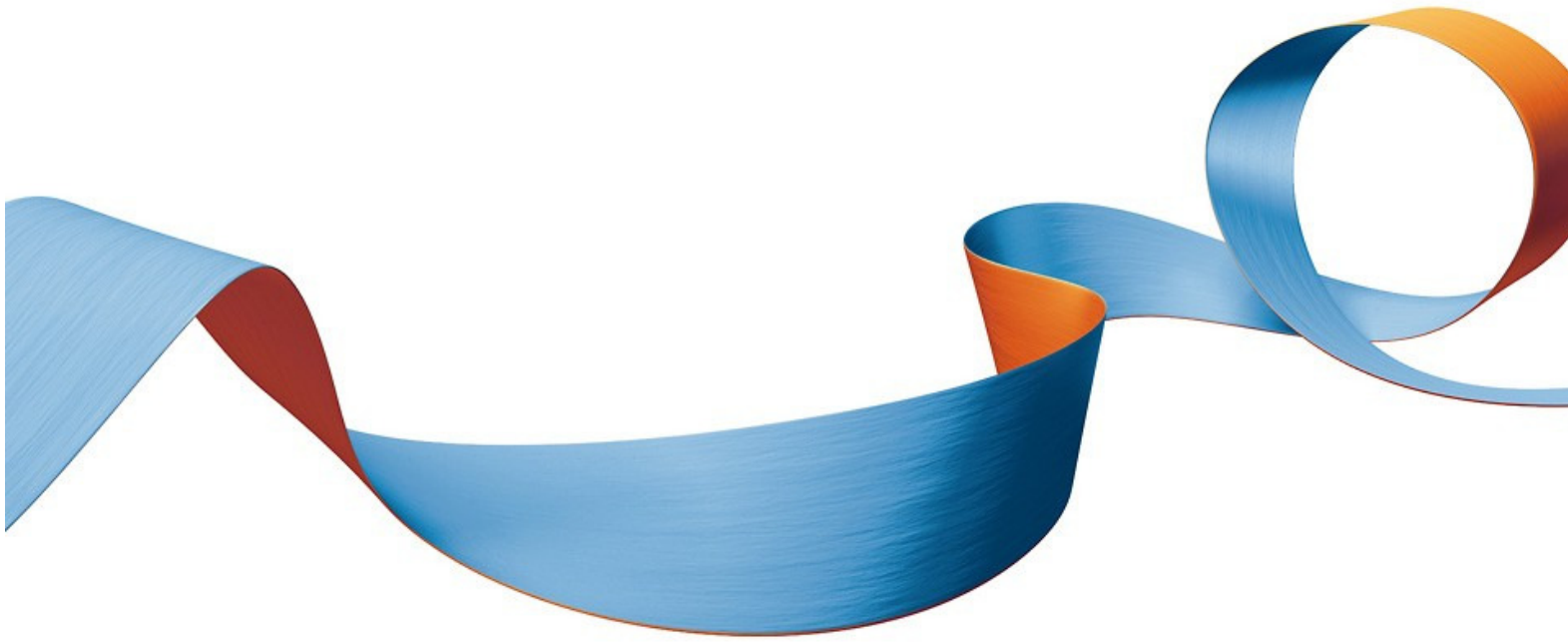


## SANOMA MAGAZINES 2007 ANNUAL REPORT



### HIGHLIGHTS

- All businesses performing well; operating profit excluding the sales gains was up by 10.7%
- Online advertising sales outperforming market growth; in total, the Division's online advertising sales grew by 42%
- Continuous investments in magazine launches and developing online operations: 22 new magazine titles and several online services added to the portfolio during the year
- Movie distributor RCV divested after the review period



## 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)	10-12/ 2007	10-12/ 2006	change %	1-12/ 2007	1-12/ 2006	change %
Net sales	352.4	324.3	8.7	1,238.1	1,155.9	7.1
Operating profit	37.2	41.9	-11.4	160.9	128.8	1.4
% of net sales	10.5	12.9		13.0	11.1	25.0
Operating profit excluding major non-recurring capital gains	37.2	41.9	-11.4	139.7	126.2	
% of net sales	10.5	12.9			11.3	10.7
Balance sheet total				1,937.5	1,910.0	10.9
Capital expenditure				20.6	16.5	1.4
Return on investment (ROI)				12.4	10.8	24.9
Average number of employees				5,623	5,302	6.1
Average number of employees (full-time equivalents)				5,169	4,848	6.6

OPERATIONAL INDICATORS (including Joint Ventures)	1-12/ 2007	1-12/ 2006
• Number of magazines published	309	307
• Magazine copies sold, thousands	429,378	214,786
• Advertising pages sold	64,601	30,973

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



### NET SALES

NET SALES (€ million)	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2006	1-3/ 2006	4-6/ 2006	7-9/ 2006	10-12/ 2006
SANOMA MAGAZINES								
Sanoma Magazines								
Netherlands	119.8	136.6	129.2	154.2	116.7	138.7	127.4	148.3
Sanoma Magazines								
International	65.8	68.5	66.0	83.2	58.1	59.7	57.9	71.9
Sanoma Magazines								
Belgium	52.5	55.8	48.1	60.1	44.7	48.2	43.8	51.9
Sanoma Magazines								
Finland	50.1	48.6	48.1	56.0	45.8	47.1	47.3	53.1
Eliminations	-1.2	-1.2	-1.0	-1.2	-1.2	-1.3	-1.2	-0.9
TOTAL	287.1	308.2	290.4	352.4	264.1	292.3	275.2	324.3

NET SALES (€ million)	1-12/ 2007	10-12/ 2006
SANOMA MAGAZINES		
Sanoma Magazines		
Netherlands	539.8	531.2
Sanoma Magazines		
International	283.4	247.6
Sanoma Magazines		
Belgium	216.6	188.6
Sanoma Magazines		
Finland	202.8	193.2
Eliminations	-4.6	-4.7
TOTAL	1,238.1	1,155.9

In 2007, Sanoma Magazines' net sales grew by 7.1%, amounting to EUR 1,238.1 (1,155.9) million. All businesses increased their net sales, with most growth coming from the Russian, Belgian and Hungarian operations, as well as online sales in the Netherlands. Adjusted for changes in the Group structure, the Division's net sales grew by 6.1%. Of the Division's net sales, 16% (16%) came from Finland. The Dutch press distribution company Aldipress has been transferred to Rautakirja as of 1 January 2007, and figures for the comparable year have been adjusted accordingly.

The Division's advertising sales increased by 16% and represented 30% (28%) of net sales. With all businesses developing favourably, most advertising growth came from Sanoma Magazines International and online advertising sales in the Netherlands. Circulation sales grew by 2% and represented 55% (57%) of Sanoma Magazines' net sales. The increase was mainly the result of improved single copy sales in Belgium and the growth of subscription sales in Finland and Belgium.

### Sanoma Magazines Netherlands

Net sales in Sanoma Magazines Netherlands amounted to EUR 539.8 (531.2) million. Both print and online advertising sales increased. In 2007, Sanoma Magazines Netherlands' online advertising grew by 36%. Strong brands like Donald Duck, Libelle and Margriet performed well on the readers' market. Subscription sales developed favourably, but total circulation sales decreased due to decreased single copy sales and partly due to the divestment of puzzle magazines. Sanoma Magazines Netherlands continued to invest in both print and online activities. During the fourth quarter, Sanoma Uitgevers launched a new wellness title Get in Shape. The most significant launch of the year was that of the glossy fashion weekly Grazia in September. In total, Sanoma Magazines Netherlands made three launches during the year. Online operations were mainly developed through acquisitions.

After the review period, Sanoma Magazines Netherlands divested its movie distribution company R.C.V. Entertainment, the largest independent distributor of films in the Benelux countries. The deal was finalised on 10 January 2008. Sanoma Magazines Netherlands also strengthened its core business by acquiring on 1 January 2008 the shares of Mood for Magazines publishing company.

### Sanoma Magazines International

Sanoma Magazines International's net sales grew to EUR 283.4 (247.6) million. Growth mainly came from increased advertising sales. Advertising sales grew in all countries, except in the Czech Republic where they remained at the previous year's level. Most growth came from Russia and from Hungary, where online advertising continues to develop positively. Net sales in Russia grew by 18% and were slightly above EUR 100 million. Sanoma Magazines International's circulation sales increased slightly, but competition in the single copy market is intense in markets such as the Czech Republic and Hungary. Sanoma Magazines International continues to actively develop its print and online portfolio: in the fourth quarter, three new magazines were launched and several online sites were launched or acquired. A total of 17 titles were launched in 2007, among them Grazia, a new weekly glossy for the Russian market together with Mondadori. Seven titles were divested or discontinued.

### Sanoma Magazines Belgium

Net sales in Sanoma Magazines Belgium grew to EUR 216.6 (188.6) million, partly due to new niche publishing operations acquired in September 2006, as well as increased circulation sales. Single copy sales in particular grew. In the comparable year, net sales were negatively influenced by single copy distribution problems at the beginning of the year. Sanoma Magazines Belgium's major magazine launch was Milo, a 40+ women's magazine, in January. Sanoma Magazines also renewed its flagship title Humo and introduced its first mobile content offering, focused on the readers of its women's titles.

### Sanoma Magazines Finland

Sanoma Magazines Finland's net sales increased to EUR 202.8 (193.2) million, with both advertising and circulation sales contributing to the growth. Subscription sales performed particularly well, thanks to both established titles and the success of recent launches like women's monthly Sara. Sanoma Magazines Finland's titles have succeeded in continuously increasing their circulation, with family and parenting magazines showing the biggest growth percentages. Disney products are also performing well.

The Division's investments in tangible and intangible assets totalled EUR 20.6 (16.5) million and consisted mainly of ICT systems and replacement investments. The most significant acquisition in 2007 was SchoolBANK.nl and its related online sites. In 2006, the Division's most significant acquisitions were those of Kieskeurig.nl, EPN International and Wegener Golf.



### OPERATING PROFIT

OPERATING PROFIT (€ million)	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007	1-3/ 2006	4-6/ 2006	7-9/ 2006	10-12/ 2006
Sanoma Magazines	32.1	61.3	30.4	37.2	23.3	30.4	35.3	28.2
OPERATING PROFIT (€ million)					1-12/ 2007	1-12/ 2006		
Sanoma Magazines					160.9	128.8		

Sanoma Magazines' operating profit in 2007 improved significantly, increasing by 25.0% and amounting to EUR 160.9 (128.8) million. The result included EUR 21.2 (2.6) million in major non-recurring capital gains related to the sale of puzzle magazines and other titles. Excluding these sales gains, the Division's operating profit was up by 10.7%, to EUR 139.7 (126.2) million. In the comparable period, an adjustment of EUR 2.0 million related to the acquisition in 2001 and the terms and conditions of the agreement also improved the result.

Sanoma Magazines Netherlands' operating profit improved significantly, mainly due to sales gains. Moderate cost development and the growing share of online operations also improved the result. Sanoma Magazines International's operating profit increased, given the strong sales development.

Most growth came from Russia with nearly all other countries improving their results as well. Sanoma Magazines Belgium's result improved markedly due to the growth in single copy sales and the niche publishing activities acquired in September 2006. In the comparable period, single copy distribution problems reduced the result. Sanoma Magazines Finland's result grew mainly due to sales growth and moderate cost development.



## OUTLOOK

Sanoma Magazines is continuing 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 the operating profit excluding major non-recurring capital gains is expected to improve.



## PUBLICATION NEXT INTERIM REPORT

Sanoma Corporation will publish its interim report January-March on 9 May 2008 approximately at 12:10 am Finnish time.