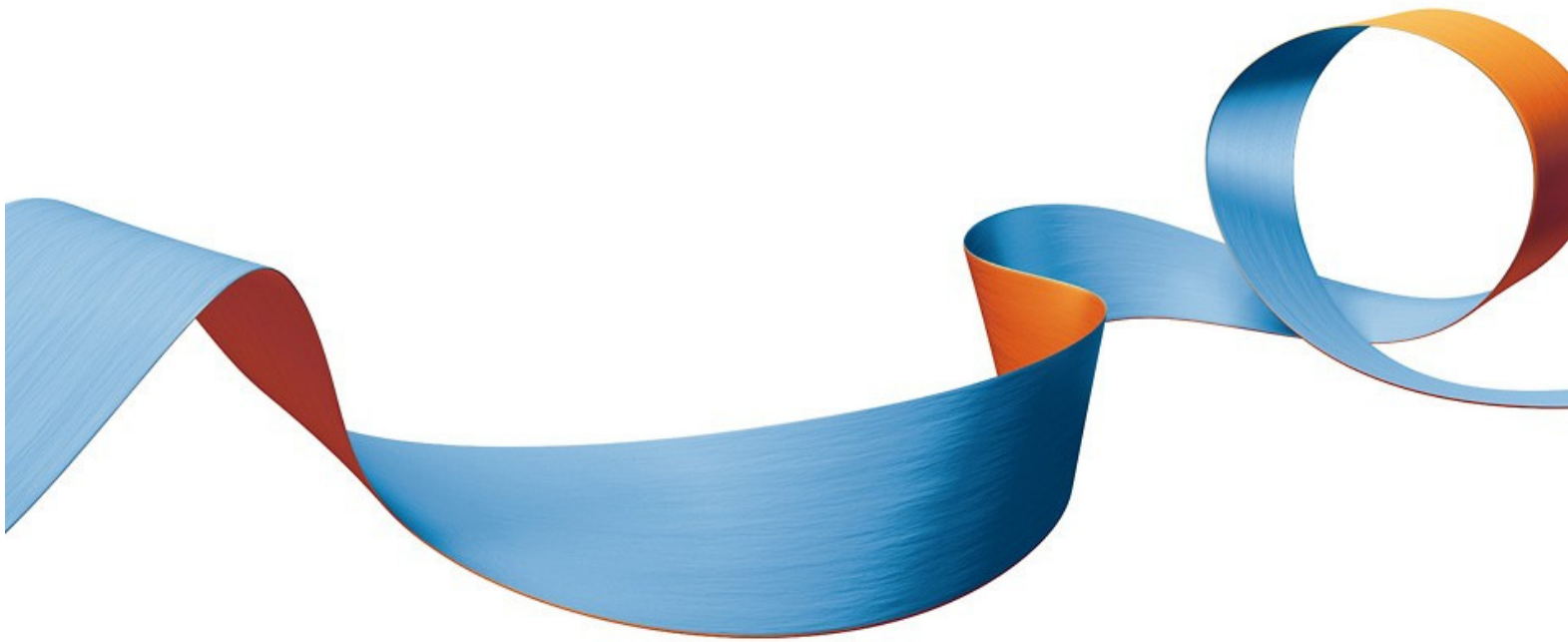


## SANOMA MAGAZINES 2Q07 INTERIM REPORT April-June 2007



### HIGHLIGHTS

- Significant growth of online advertising continues; in total, the Division's online advertising sales were up by 48%
- Investments in magazine launches and developing online operations continue, especially in Sanoma Magazines International
- Divestment of puzzle magazines in the Netherlands



## 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/ 2007	4-6/ 2006	change %	1-6/ 2007	1-6/ 2006	change %	1-12/ 2006
• Net sales	308.2	292.3	5.4	595.3	556.4	7.0	1,238.1
• Operating profit	61.3	35.3	73.4	93.4	58.6	59.3	160.9
- % of net sales	19.9	12.1		15.7	10.5		13.0
• Operating profit excl. major non-recurring capital gains	41.3	35.3	16.8	72.2	58.6	23.1	126.2
- % of net sales	13.4	12.1		12.1	10.5		10.9
• Balance sheet total				1,971.4	1,697.4	16.1	1,910.0
• Capital expenditure				10.1	7.8	30.3	16.5
• Average number of employees				5,532	5,140	9.2	5,302
• Average number of employees (full-time equivalents)				5,085	4,680	8.5	4,848

OPERATIONAL INDICATORS (including Joint Ventures)	1-6/ 2007	1-6/ 2006
• Number of magazines published	311	235
• Magazine copies sold, thousands	214,786	216,145
• Advertising pages sold	30,973	27,236



### NET SALES

Sanoma Magazines' net sales in January–June grew by 7.0%, amounting to EUR 595.3 (556.4) million. Growth came from Sanoma Magazines International, Sanoma Magazines Belgium and Sanoma Magazines Finland. Adjusted for changes in the Group structure, the Division's net sales grew by 4.8%. Of the Division's net sales, 17% (17%) 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% in the first half of the year and represented 30% (27%) of net sales. With all businesses developing favorably, most advertising growth came from Sanoma Magazines International and online advertising sales in the Netherlands. Circulation sales grew by 4% and represented 57% (59%) of Sanoma Magazines' net sales. The increase was partly 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 256.4 (255.4) million. Advertising sales increased, with both solid growth in print advertising and strong growth in online advertising sales. In January–June, Sanoma Magazines Netherlands' online advertising grew by 42%. Strong brands like Donald Duck, Libelle and Margriet performed well in the readers market, but single copy sales decreased slightly and total circulation sales were slightly below the comparable period.

Sanoma Magazines Netherlands strengthened its online operations by acquiring the finance portal Belegger.nl in March and Schoolbank.nl, a former schoolmates community website, in May. Mind Magazine, a glossy focusing on psychology, was launched in May. In June, the puzzle magazines portfolio was divested.

### Sanoma Magazines International

Sanoma Magazines International's net sales grew to EUR 134.3 (117.8) million. Growth came mainly from increased advertising sales. Advertising sales grew in nearly all operating countries, especially in Russia and Hungary where online advertising is developing positively. Circulation sales were slightly above the comparable period. In January–June, Sanoma Magazines International made several online launches and acquisitions. It also developed its magazine portfolio: eight titles were launched, among them Grazia, a new weekly glossy for the Russian market together with Mondadori, and seven divested or discontinued.

### Sanoma Magazines Belgium

Net sales in Sanoma Magazines Belgium grew to EUR 108.3 (92.9) million, partly due to new niche publishing operations acquired in September 2006. Both advertising and circulation sales increased. Especially single copy sales grew. In the comparable period, net sales were negatively influenced by single copy distribution problems. Sanoma Magazines Belgium launched Milo, a 40+ magazine in January, and in May it announced the acquisition of a 50% share in the TV production company Jok Foe NV and the launch of a new magazine related to TV celebrity Goedele Liekens.

### Sanoma Magazines Finland

Sanoma Magazines Finland's net sales increased to EUR 98.7 (92.8) million. Both advertising and circulation sales grew. Subscription sales performed especially well. Sanoma Magazines Finland's titles have succeeded in continuously increasing their circulation.



## OPERATING PROFIT

In January–June, Sanoma Magazines' operating profit improved significantly and amounted to EUR 93.4 (58.6) million. The result included EUR 21.2 (0.0) million of major non-recurring capital gains related to the selling of puzzle magazines and other titles. 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 improved the result.

Sanoma Magazines Netherlands' operating profit improved significantly, mainly due to sales gains. Moderate cost development also improved the result. Sanoma Magazines International's results increased, given strong sales development and the different timing of marketing activities to that in the comparable period. Sanoma Magazines Belgium's result improved markedly due to growth in single copy sales and the niche publishing activities acquired in September 2006. In the comparable period, single copy distribution problems decreased the result. Sanoma Magazines Finland's operating profit grew mainly due to good sales development, with timing differences in marketing campaigns also having a positive effect.



## OUTLOOK

Sanoma Magazines continues to develop its online businesses and invest in growth, which is expected to be most rapid in Russia and the CEE countries. Intense competition in both the advertising and readers markets in the Netherlands is expected to continue. Advertising growth is strongest in the online market, where Sanoma Magazines already has a strong position. In 2007, Sanoma Magazines' net sales are estimated to grow, and operating profit excluding major non-recurring capital gains is expected to improve.



## PUBLICATION NEXT INTERIM REPORT

Sanoma Corporation will publish its interim report July–September on 31 October 2007 at approximately 08:30 am Finnish time.