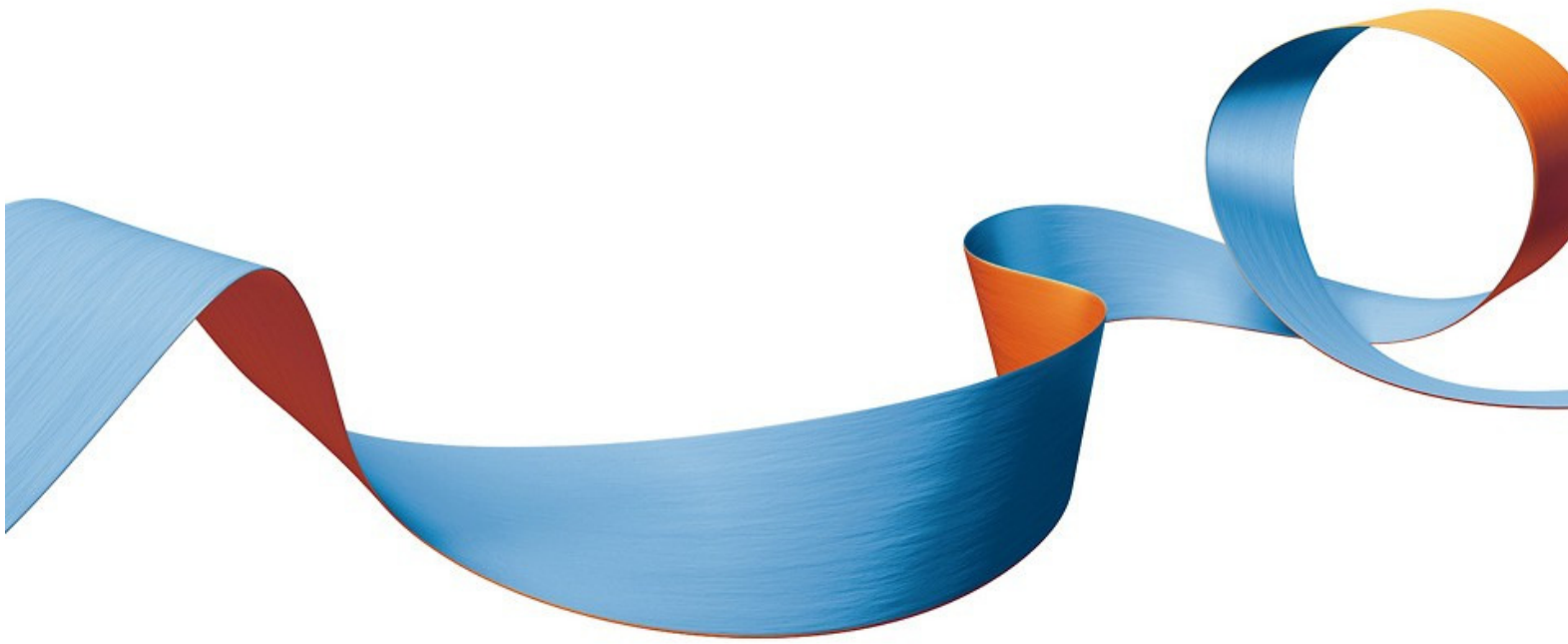


SANOMA MAGAZINES 2006 ANNUAL REPORT



HIGHLIGHTS

- Net sales grew by 3.1% mainly due to the success of Russian and Finnish operations as well as the fast growing online operations in the Netherlands
- Sanoma Magazines' online advertising grew in the Netherlands by 55% in 2006
- Significant investments were made in magazine launches, restyling of existing magazines, and developing online operations



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/ 2006	10-12/ 2005	change %	1-12/ 2006	1-12/ 2005	change %
• Net sales	340.1	351.6	-3.3	1,218.9	1,181.9	3.1
• Operating profit	42.3	39.4	7.2	132.3	129.1	2.4
- % of net sales	12.4	11.2		10.8	10.9	
• Operating profit excl. major non-recurring capital gains	42.3	39.4	7.2	129.6	129.1	0.4
- % of net sales	12.4	11.2		10.6	10.9	
• Balance sheet total				1,984.8	1,752.9	13.2
• Capital expenditure				17.5	36.6	-52.1
• Return on Investment (ROI)				10.9	11.8	
• Average number of employees				5,584	5,275	5.9
• Average number of employees (full-time equivalents)				5,095	4,716	8.0

OPERATIONAL INDICATORS (including Joint Ventures)	1-12/ 2006	1-12/ 2005
• Number of magazines published (press distribution / Aldipress)	101,683	116,106
• Number of magazines published **	307	236
• Magazine copies sold, thousands	433,526	442,632
• Advertising pages sold	57,700	53,474

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



NET SALES

In 2006, Sanoma Magazines' net sales increased to €1,218.9 (1,181.9) million mainly due to growth in Russia, Finland, and online operations. The Division's net sales grew by 0.8%, when adjusted for changes in the Group structure. Of the Division's net sales, 16% (15%) came from Finland.

Advertising sales, representing 26% (24%) of Sanoma Magazines' net sales, increased by 11% compared to the previous year, mainly due to new operations in Russia as well as the increased online sales in the Netherlands.

Circulation sales increased by 1%, despite the challenging single copy market in the Netherlands, and accounted for 55% (56%) of the Division's total net sales.

Sanoma Magazines Netherlands

Net sales in Sanoma Magazines Netherlands decreased to €531.2 (541.2) million mainly due to a trend in declining single copy sales and discontinuation of some titles. Subscription sales decreased slightly, and thus the total circulation sales in Sanoma Magazines Netherlands decreased, even though the restyling of e.g. women's weekly magazines Libelle and Margriet were well received on the readers market. Advertising sales, representing 22% (20%) of the Business' net sales, increased due to the strong growth of online advertising. In 2006, online advertising grew by 55%, and represents almost one third of Sanoma Magazines Netherlands' advertising sales.

Sanoma Magazines International

Net sales at Sanoma Magazines International grew in all operating countries and increased to €247.6 (212.4) million, mainly as a result of new operations in Russia and the Ukraine: the net sales of Independent Media grew by some 20% in 2006 and totalled €90.2 million. Advertising sales increased significantly and totalled 48% (45%) of Sanoma Magazines International's net sales. Most growth came from the Russian operations, which were consolidated with the Group as of March 2005. Advertising sales also developed well in Bulgaria, Hungary, the Ukraine, and the Adriatic region (Croatia, Serbia, and Slovenia), where the joint venture between Sanoma Magazines International, Gruner + Jahr, and Styria began in August. Circulation sales also increased, mainly due to the positive development in Russia, Bulgaria, Romania, and the Adriatic region. Sanoma Magazines International launched a total of five major magazines during the year, the most important being the launch of the Russian women's weekly Gloria in May.

Sanoma Magazines Belgium

Sanoma Magazines Belgium's net sales increased to €188.6 (184.4) million due to growth in niche publishing, partly attributable to the acquisition of EPN International, focusing on home and decoration titles, in September. In Belgium, the advertising market continues to experience pressure, but the advertising sales of Sanoma Magazines Belgium, representing 30% (29%) of net sales, increased due to growth in the niche publishing segment. Circulation sales increased due to the acquisition of EPN. Single copy sales remained stable and subscription sales increased. The distribution problems at the beginning of 2006 are now solved.

Sanoma Magazines Finland

Sanoma Magazines Finland's net sales grew to €193.2 (184.3) million, due to increased circulation and advertising sales. Especially women's and juvenile magazines developed strongly and the weekly Aku Ankka (Donald Duck) reached a record circulation. Single copy sales decreased slightly, but subscription sales continued their strong performance. Advertising sales totalled 15% (16%) of the

Business' net sales. Sanoma Magazines Finland launched one major magazine in 2006; Sara, a new 40+ magazine was introduced to the market in October.

Aldipress

Net sales at Aldipress amounted to €115.6 (118.6) million following the continuous challenging situation in the Dutch single copy market. As part of centralising the press distribution operations in SanomaWSOY, Aldipress was transferred to Rautakirja as of January 1, 2007.



OPERATING PROFIT

Sanoma Magazines' operating profit was €132.2 (129.1) million. An adjustment of €2.4 million related to the acquisition in 2001 and the terms and conditions of the agreement improved the result. Operating profit also includes major non-recurring capital gains of €2.6 million from Sanoma Magazines Finland's divestment of the shares in Suomen Asiakastieto.

Sanoma Magazines Netherlands' operating profit decreased mainly due to pressure in single copy sales. Sanoma Magazines International's results decreased due to heavy investments in new magazine launches. In 2006, the effect of new launches on Sanoma Magazines International's result was over €6 million. Sanoma Magazines Finland's operating profit increased as a result of good sales development and the capital gain. Distribution problems at the beginning of the year and the pressure on the advertising market decreased Sanoma Magazines Belgium's results. Sanoma Magazines Belgium has changed distribution partner, and both Sanoma Magazines Belgium and the ex-distributor have filed a claim related to the partner change to the court of arbitration. The potential indemnifications are not estimated to have a material effect on SanomaWSOY's result. Aldipress' results improved.



INVESTMENTS

Sanoma Magazines' investments in tangible and intangible assets totalled €17.5 (36.6) million in 2006, and were mainly related to ICT systems and replacement investments. The most significant acquisitions in 2006 were the acquisitions of Kieskeurig.nl, EPN International, and Wegener Golf. The most significant acquisition in 2005 was the acquisition of Russian Independent Media.

In 2006, Sanoma Magazines continued to invest in online businesses: ilse media acquired a leading Dutch product and price comparison website Kieskeurig.nl and other acquisitions were made e.g. in the Czech Republic. Other activities of the Division included e.g. the launch of websites dedicated to health and well-being in Finland, Belgium, and Hungary.

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OUTLOOK

Sanoma Magazines continues to develop its online businesses and invest in growth, which is expected to be fastest in Russia and CEE countries. Intense competition both in advertising and readers markets in the Netherlands is expected to continue, with growth being 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.

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PUBLICATION NEXT INTERIM REPORT

Sanoma Corporation will publish its interim report January-March on 3 May 2007 at approximately 11:00 am Finnish time.