

SANOMA MAGAZINES 1Q09 INTERIM REPORT January-March 2009



HIGHLIGHTS

- Sanoma Magazines' online advertising sales and subscription sales continued to develop positively. Total net sales decreased, especially in the CEE countries and Russia.
- Sanoma Magazines actively reacted to the changing advertising market: in total 20 magazines have been discontinued during the first quarter.
- Investments in segments that have performed well continued. Two new magazines and five online sites were launched.



ABOUT SANOMA MAGAZINES

Sanoma Magazines is a leading publisher of magazines and has a strong digital media presence in 13 European countries. The company actively reaches out to an audience of 290 million consumers at every life stage, and aims to strengthen its market leader positions in each of the markets it operates in.

* 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/ 2009	1-3/ 2008	change %	1-12/ 2008
• Net sales	262.1	285.5	-8.2	1,246.8
• Operating profit	15.5	48.2	-67.8	85.7
• Operating profit excl. major non-recurring capital gains	15.5	24.7	-37.1	138.9
• - % of net sales	5.9	8.6		11.1
• Capital expenditure	4.6	5.1	-10.8	26.8
• Average number of employees (full-time equivalents)	5,713	5,393	5.9	5,731

OPERATIONAL INDICATORS (including Joint Ventures)	1-3/ 2009	1-3/ 2008
• Number of magazines published	316	319
• Magazine copies sold, thousands	94,859	104,242
• Advertising pages sold	12,283	14,487



NET SALES

Sanoma Magazines' net sales in January–March decreased by 8.2% to EUR 262.1 (285.5) million. Net sales were in line with the comparable period in the Netherlands and Finland, but decreased significantly in Sanoma Magazines International. Net sales adjusted for changes in the Group structure decreased by 9.5%. Of the Division's net sales, 19% (18%) came from Finland.

The Division's advertising sales decreased by 17% in the first quarter and represented 29% (32%) of net sales. In particular Sanoma Magazines International's advertising revenues were affected by the general economic uncertainty. The Division's online advertising sales continued to grow and were up by 8%, due to good development in the Netherlands.

Sanoma Magazines Netherlands

Sanoma Magazines' circulation sales decreased by 3% and represented 62% (58%) of the Division's net sales. Subscription sales developed positively in Belgium and Finland. Single copy sales in the CEE countries declined clearly.

In January–March Sanoma Magazines Netherlands' net sales amounted to EUR 110.6 (111.7) million. Advertising sales grew slightly with online advertising performing strongly. Sanoma Magazines Netherlands' online revenues grew by 14% and outperformed the market growth. According to Nielsen Media Research, the consumer magazine advertising market in the Netherlands decreased by 14% in January–March 2009 with magazine advertising's share of the total advertising market remaining almost at the comparable period's level. In total, advertising sales represented 26% (25%) of Sanoma Magazines Netherlands' net sales. The readers market in the Netherlands has continued to decline. Subscription sales at Sanoma Magazines Netherlands were at the comparable period's level and single copy sales were only slightly below. Sanoma Magazines Netherlands launched five online sites and one magazine. Five magazines were closed in the first quarter.

Sanoma Magazines International

Sanoma Magazines International's net sales were EUR 50.9 (70.1) million. Advertising sales decreased in most countries, especially in Russia and Ukraine as well as in the Czech Republic where number of magazine titles were closed. The reported net sales were also clearly affected by the negative exchange rate developments, especially in Russia and Hungary. In total, advertising sales represented 49% (54%) of Sanoma Magazines International's net sales. Circulation sales were also below the comparable period, partly because the number of magazines and in some cases the number of issues was reduced. Net sales in Russia, Sanoma Magazines International's largest market, decreased by 42% and amounted to some EUR 16 million, including the effects of currency

translations. In local currency the decrease was 29%. In the first quarter, Sanoma Magazines International launched one title and discontinued 15 others across its markets.

Sanoma Magazines Belgium

Net sales at Sanoma Magazines Belgium totalled EUR 51.3 (54.2) million with decreasing advertising sales. Advertising sales represented 28% (29%) of Sanoma Magazines Belgium's net sales.

Circulation sales, especially subscription sales, increased in Belgium, due to successful price increases. In Belgium, both the advertising and readers market remained stable. Sanoma Magazines Belgium's market position has also remained strong.

Sanoma Magazines Finland

Sanoma Magazines Finland's net sales remained stable at EUR 50.3 (50.7) million. The decline in advertising sales was offset by the good development of circulation sales. Subscription sales grew in particular, followed by increase in the frequency of some magazine titles. Advertising sales represented 14% (17%) of Sanoma Magazines Finland's net sales. According to TNS Gallup Adex, advertising in consumer magazines in Finland decreased by 14% in January–February. The magazine single copy market decreased in volume by 14% in. Sanoma Magazines Finland outperformed the market development.



OPERATING PROFIT

OPERATING PROFIT (€ million)	1-3/ 2009	1-3/ 2008	4-6/ 2008	7-9/ 2008	10-12/ 2008	1-12/ 2008
• Sanoma Magazines	15.5	48.2	46.6	31.6	-40.6	85.7

In January–March, Sanoma Magazines' operating profit excluding non-recurring items decreased by 37.1% to EUR 15.5 (24.7) million. In the comparable period, operating profit included a EUR 23.5 million non-recurring gain on the divestment of movie distributor R.C.V. Entertainment. Operating profit in the first quarter decreased by 67.8% to EUR 15.5 (48.2) million.

Sanoma Magazines Netherlands' operational result weakened due to lower sales and increased personnel expenses. The operating profit was down significantly since the comparable period included the non-recurring sales gain from R.C.V. Entertainment. The decline in advertising sales decreased Sanoma Magazines International's operating result markedly. Sanoma Magazines Belgium's result decreased due to lower advertising sales and increased personnel expenses.

Sanoma Magazines Finland's operating profit improved with cost-saving offsetting the effects of lower advertising sales.



OUTLOOK

Sanoma Magazines is currently strongly focused on improving efficiency and saving costs. The division has initiated several cost-saving programmes to improve the profitability of its business units. At the same time, Sanoma Magazines continues to develop its magazine portfolio and online businesses as well as invest in strengthening its market positions in all countries it operates in, with a special focus on its key titles in each operating country.

In 2009, Sanoma Magazines' net sales are expected to decrease and it is estimated that operating profit excluding non-recurring items will be clearly below the previous year's level.



PUBLICATION NEXT INTERIM REPORT

Sanoma Corporation will publish its interim report April-June on 6 August 2009 at approximately 8:30 am Finnish time.