

SanomaMagazines

Sanoma Magazines is a major European magazine publisher.

The division publishes some 230 magazines in Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Slovakia, and Sweden.



Sanoma Magazines
Magazine publishing and distribution

Sanoma Uitgevers, the Netherlands

- » Women's magazines
- » Men's magazines
- » Home interest magazines
- » Children's and youth publishing
- » Custom publishing
- » Other operations
 - ilse Media Groep
 - RCV Entertainment

Sanoma Magazines Belgium

- » Women's magazines
- » TV magazines
- » Home interest magazines
- » Custom publishing

Sanoma Magazines Finland

- » Women's magazines
- » Children's and youth publishing
- » Special interest magazines
- » Custom publishing

Sanoma Magazines International

- | | | |
|--|----------------------|------------|
| » Consumer magazines and Custom publishing | » Bulgaria | » Hungary |
| | » Croatia | » Romania |
| | » the Czech Republic | » Slovakia |

Aldipress, the Netherlands

- » Magazine distribution

Leadership in chosen markets

“Sanoma Magazines is among the five largest magazine publishers in Europe and the market leader in five countries. Our main goal is profitable growth, and expansion especially in small and medium-sized markets across Europe.

“Defending and underpinning our leading market position is also a key goal. Leadership calls for the ability to see where our markets are going, develop our strong existing magazine brands, and launch new ones.”

Eija Ailasmaa, President & CEO of Sanoma Magazines

large-circulation titles include the women’s weekly Margriet, Disney’s Donald Duck, the weekly Story, men’s weekly Panorama, and VT Wonen, a home interest magazine. In all, Sanoma Uitgevers in Hoofddorp publishes 104 magazines.

Many of Sanoma Uitgevers’ magazine brands have expanded into special editions, books and a variety of consumer goods. Popular public events have included Libelle magazine’s large outdoor event, Zomerweek, Margriet’s Winterfair and Young Family Fair. Sanoma Uitgevers’ subsidiary ilse Media Groep is the Netherlands’ leading consumer internet portal both in traffic and revenues. Sanoma Magazines has increased its stake in ilse Media Groep to 74%.



Successful integration, a strong year

Sanoma Magazines was created in 2001 when Sanoma-WSOY acquired the consumer magazines business of Dutch-based VNU, and merged the operations of Helsinki Media with it to form a new division. The integration process has been very successful. Several programmes for enhancing operational efficiency, leveraging synergies, sharing best practices, and investing in the dynamic development of both personnel and business operations have produced good results in a short time.

For Sanoma Magazines, the market in 2003 was mixed: the advertising market was down, but the division’s magazines performed well among readers. In a challenging market situation, Sanoma Magazines turned in a very strong result. Eight new titles were launched successfully during the year.

Sanoma Magazines’ business activities will be further developed in 2004: new magazines will be launched and existing brands will be further reinforced. Operations will be expanded into new areas, and presence in Sanoma Magazines’ main market regions strengthened.

Sanoma Uitgevers boosting efficiency

Sanoma Uitgevers is the leading publisher in the Netherlands in almost all magazine segments, and it is Sanoma Magazines’ largest unit. Libelle is SanomaWSOY largest magazine, with a circulation of almost 600,000. Other

1. Flair is one of the most growing women’s magazines in the Netherlands, with a circulation of about 110,500.
2. Sanoma Magazines has licensed seven internationally renowned brands, including Marie Claire, which it publishes in Belgium and the Netherlands.
3. A conference of FIPP, the international federation of the Periodical Press, was held at Sanoma Uitgevers’ head office in Hoofddorp in November. From the right: President Eija Ailasmaa, director Helga Bouwman, and publisher Henk Roelofs.
4. The launch of TV Story magazine in Croatia was backed by the Story Supernova Show song contest, which was arranged with a TV channel and enjoyed great success. The finalists’ Christmas CD was bundled with the magazine.
5. As Editor-in-Chief for more than three decades, Guy Mortier made Humo a Flemish institution. In March 2003, over 12,000 people came to the Antwerp Sportpaleis to say farewell. His message for the future: “The Humo Show goes on!”
6. Editors staged a surprise for participants at a Sanoma Magazines Finland’s marketing event by taking to the catwalk. Gloria magazines’ Editor-in-Chief, Riitta Lindegren.

In 2003, Sanoma Uitgevers launched two new magazines: Zapp & Zo, a TV-guide aimed at youngsters, and a magazine built around the TV celebrity Linda de Mol, with its associated company Mood for Magazines. A new unit, Custom Publishing, was established and several customer magazines launched. Sanoma Uitgevers expanded into homeshopping with the launch of Thuisboetiek catalogue.

Particular success in circulation was achieved by Donald Duck, which was named 'magazine of the year' in the Netherlands, and the weekly Flair, which was launched in 2002.

A reorganisation at Sanoma Uitgevers aimed at upgrading operational efficiency was successfully con-

7. The World Festival organised by Feeling in Belgium combines music and cuisine.
8. Tinadag, arranged by the Dutch-based weekly Tina, brought together 11,000 girls in an outdoor music event.
9. Sanoma Magazines Praha's Sestra (Nurse) magazine holds the Nurse of the Year competition.



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cluded in 2003. As result of it e.g. all the division's men's magazines, which were published by three companies, will now be brought together to form Sanoma Men's Magazines. A dedicated unit for developing products for the fast-growing 50+ market will be established in early 2004 as well.

In 2004, Sanoma Uitgevers plans to launch a number of new titles and initiate several new media activities to strengthen its position as market leader in the Netherlands.

Sanoma Magazines Belgium looking for growth

Sanoma Magazines Belgium is the largest publisher of consumer magazines in Belgium – and publishes 16 titles in the French- and Flemish-speaking regions of the country, and is the market leader in women's and TV magazines. Among the unit's biggest magazines are radio and TV magazine Humo, the women's magazine Libelle, and the TV magazine TeVe-Blad.

In 2003, Sanoma Magazines Belgium expanded its operations to include custom publishing. The new Sqills unit began operations in the spring, developing Gezonde Tips van Vips magazine for a Belgian cancer organisation. In June, the company acquired Loving You magazines, whose publications include a brides' magazine, a guide for party venues, and the Loving You Fashion magazine. The pocket-sized women's magazine, Glam*O powered by Flair, was launched in the autumn.

The local advertising market is growing slightly, and Sanoma Magazines Belgium will focus on strengthening its market leadership in 2004 by developing its magazine portfolio and actively looking for growth opportunities.

Sanoma Magazines Finland was successful

Sanoma Magazines Finland is Finland's largest magazine publisher and the market leader in women's magazines and juvenile publications. The unit also has a strong position in IT magazines and in custom publishing. Sanoma Magazines Finland publishes around 40 titles, of which Aku Ankka (Donald Duck), ET-lehti targeted for 50+ readers and women's bimonthly Kodin Kuvalehti have the largest circulations.

Sanoma Magazines Finland had a successful year in 2003, and its comparable operating profit almost doubled compared to 2002.

The unit will launch two new magazines in spring 2004. Auto Bild Suomi will be based on Axel Springer AG's successful international magazine concept, adapted for Finnish readers. Meidän Perhe will be a new type of magazine for parents bringing up children.

Sanoma Magazines International is expanding

Sanoma Magazines International is the magazine market leader in Hungary and the Czech Republic. The unit has a strong footing in Croatia and Romania, and also operates in Slovakia, as well as Bulgaria from the begin-

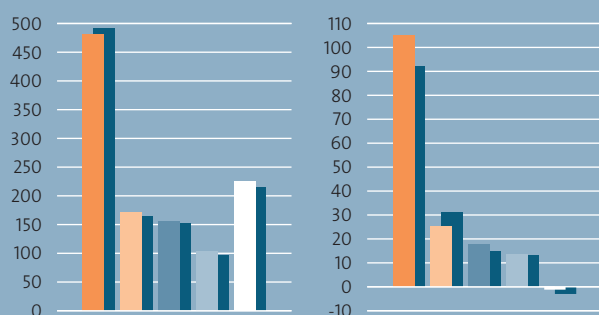
Subsidiaries

- Sanoma Magazines International B.V.
- » Sanoma Budapest Kiadó Rt.
 - » Sanoma Hearst Romania s.r.l. (65%)
 - » Sanoma Magazines Zagreb d.o.o.
 - » Sanoma Magazines Slovakia s.r.o.
 - » Sanoma Magazines Praha s.r.o.
 - » Sanoma Hearst Prague B.V. (60%)
- Sanoma Uitgevers B.V.
- » Jonge Gezinnen B.V.
 - » H.P.R. Holding B.V.
 - » ilse Media Groep B.V. (74%)
 - » Uitgeverij Veldhuis B.V. (as of January 15, 2004 Sanoma Men's Magazines B.V.)

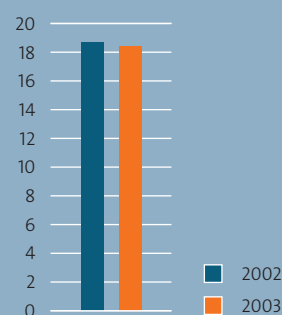
Management Board of Sanoma Magazines

- Eija Ailasmaa**, President & CEO,
Sanoma Magazines B.V. (chairman)
- Koos Guis**, CEO,
Sanoma Magazines International B.V.
- Edo Meerloo**, CEO, B.V. Aldipress
- Raili Mäkinen**, CEO, Sanoma Magazines Finland Oy
- Walter van der Schaaff**, CFO, Sanoma Magazines B.V.
- Dirk Van den Bossche**, CEO,
Sanoma Magazines Belgium N.V.
- Pim de Wit**, CEO, Sanoma Uitgevers B.V.
- Paul van Driessen**, Secretary to the Management Board,
Chief Legal Officer and Company Secretary,
Sanoma Magazines B.V.

Net sales and EBITA by business, € million



Gross investments, € million



Subsidiaries

- » Uitgeverij Woudestein B.V.
 - » Sportweek Media B.V.
 - » Top Santé V.O.F. (60%)
- R.C.V. Entertainment B.V.
B.V. Aldipress
- Sanoma Magazines Belgium N.V.
- » Uitgevers Maatschappij N.V.
- Sanoma Magazines Finland Oy (directly owned by SanomaWSOY Corporation)

Associated companies

- Sanoma Magazines International B.V.
- » Hearst-Sanoma Budapest Kft. (50%)
 - » Sanoma Bliask Bulgaria AD (50%) (as of 2004)
- Sanoma Uitgevers B.V.
- » Geillustreerde Pers/MC V.O.F. (50%)
 - » Mood for Magazines B.V. (35%)
 - » B.V. Programmabladen AKN (25%)
- Sanoma Magazines Finland Oy
- » Hansaprint Oy (40%)
 - » Egmont Kustannus Oy Ab (50%)
- Sanoma Magazines Belgium N.V.
- » S.B.P.P. N.V. (50%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	1 028.4	1 008.1
Operating profit before amortisation	159.1	147.7
% of net sales	15.5	14.6
Operating profit	78.8	58.2
% of net sales	7.7	5.8
Operating profit excl. associated companies	67.2	42.4
% of net sales	6.5	4.2
Balance sheet total	1 504.7	1 654.5
Gross investments	18.4	18.7
Return on investment, % (ROI)	6.9	5.1
Personnel under employment contract, average	4 421	4 835
Personnel, average (full-time equivalents)	3 879	4 228

Operational indicators, 1.1 – 31.12.

	2003	2002
Number of copies sold (press distribution / Aldipress), thousands	115 124	123 901
Number of magazines published	232	221
Magazine copies sold, thousands	411 421	420 762
Number of advertising pages sold	47 122	49 144

ning of 2004. The unit has operated in the Eastern Central European market since 1992, and aims to achieve a leading position in all the countries in which it operates. Sanoma Magazines International's largest units are Sanoma Magazines Budapest, with large-circulation titles such as the weekly Story, and the radio and TV magazine színes RTV; and Sanoma Magazines Praha, with the women's weekly Vlasta, and the family weekly Kvety.

Sanoma Magazines International developed dynamically in 2003. The company acquired the rest of the shares in its Croatian company, Sanoma Magazines Zagreb. The deal gave Sanoma Magazines International even better opportunities to expand. Sanoma Magazines Zagreb now publishes a total of six titles. Three of these

10. Aldipress also now distributes videos.
11. Sanoma Budapest is one of the sponsors of the Sziget 2003 Music Festival. Its magazines were present during the festival.
12. Signing for a new joint venture, Sanoma Bliask Bulgaria. From the right: Sanoma Magazines International's CEO Koos Guis, Sanoma Magazines' Chief Legal Officer Paul van Driessen, and Bliask Media AD's President Dimitar Drumev.



were launched in 2003: the twenty-fifth language version of the popular monthly, National Geographic, the new family-oriented weekly, TV Story, and Elle Dekor, the Croatian version of the international interior design magazine, Elle Decoration. TV Story and Elle Dekor were launched in cooperation with a TV channel.

Sanoma Hearst Romania and Sanoma Budapest also successfully launched new national versions of National Geographic. In December, Sanoma Magazines Praha launched a new kind of TV magazine, TV Duel, and started the Citigroup customer publishing unit.

Sanoma Magazines International and the Bulgarian magazine publisher, Bliask Media OOD, started a joint venture, Sanoma Bliask Bulgaria AD, at the beginning of 2004. The company publishes Bliask, Maximum, and Sudbi&Dom, some of the largest-circulation magazines in the country. The first issue of the Bulgarian edition of Cosmopolitan will appear in spring 2004.

In 2004, Sanoma Magazines International will focus on growth and development. A number of magazine launches are to be expected during the course of the year.

Aldipress received a number of awards

Aldipress is the largest newsstand distributor of magazines in the Netherlands, distributing more than 700 magazines to 9,000 outlets. The company's distribution

centre operates in Duiven.

In 2003, Aldipress made a significant effort to boost and expand its operations. It started distributing home entertainment products for a Dutch retailer and won important new customers. Aldipress and five of its partners received a national Packaging Award for their unique partnership in the distribution chain. The Aldipress Magazine Crate packaging system received an award as the best innovation in packaging, particularly because of its convenient movability.

In 2004, Aldipress aims to strengthen its market leadership in publication distribution and develop its chain optimization in the retail area in terms of logistical, financial, and information flows. Internally, Aldipress will continue to improve efficiency of its processes and will merge its Amsterdam return center with the Duiven plant.

Outlook for 2004

In 2004, the net sales of Sanoma Magazines are expected to grow, partly due to the new accounting principles. EBIT is expected to be on the same level as in 2003 despite heavy investments in growth in all major markets.

See also Financials, p. 6.