

Sanoma Media Shedding Publications and People

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A learning event conducted by Sanoma in Stockholm. The company plans to expand its activities on the learning market.

Helsinki-based media group Sanoma, parent company of Russian media holding Sanoma Independent Media, which owns The Moscow Times and more than 50 other publications and media projects in Russia, announced Thursday increasing losses and a major restructuring.

Sanoma is placing its Russian, Belgian and Central and Eastern European assets "under strategic review," CEO Harri-Pekka Kaukonen said in a statement Thursday.

The company is already in discussions with buyers over the possible sale of its Russian assets, two individuals close to the negotiations told Vedomosti.

Sanoma has suffered in recent years from shrinking advertising revenues. After its 2011

purchase of television assets in Belgium and the Netherlands, the company's net debt almost doubled, reaching 1.6 billion euros (\$2.2 billion) in 2011.

The company has lowered its income and profit margin forecasts several times this year and now expects net sales for 2013 to fall more than 4 percent compared to 2012, a third-quarter report published Thursday said.

In "the largest transformation in the company's history," Sanoma plans to overhaul operations in Finland, merging four holdings into Finland's soon-to-be largest media organization, and in the Netherlands, where the company has selected 17 titles for development with 32 others to be subsumed, sold or shut down by the end of 2015.

Sanoma said it would shed about 500 of 2,200 staff in the Netherlands and 70 in Finland, primarily from magazines and newspapers. It's goal is to save 100 million euros (\$138 million) a year, up from a previous target of 60 million euros in savings.

The media group intends to develop these two markets with an emphasis on digital offerings and targeted advertising while simultaneously expanding its foothold in the learning market.

The Russian subsidiary, Sanoma Independent Media, or SIM, encompasses several publishing houses, with its largest source of revenue being Fashion Press, the local publisher of Cosmopolitan, Esquire, Harper's Bazaar and others, which is owned equally by SIM and American mass media group Hearst Corporation.

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