

# Finland's Sanoma Agrees to Sell Russian Cosmopolitan, Esquire

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Finland's Sanoma has agreed to sell its stake in Fashion Press to Hearst Shkulev Media.

Top Finnish media holding Sanoma has agreed to sell its stake in Fashion Press, publisher of the Russian editions of magazines Cosmopolitan and Esquire, to partner Hearst Shkulev Media, more than a year after announcing it was looking into selling its Russian assets.

Sanoma said in a press release Thursday that it expects the deal's net impact on equity to be minus 10 million euros (\$12 million). This in effect means Sanoma has agreed to sell Fashion Press for 10 million euros less than it believes it to be worth, a source close to the deal told business daily Vedomosti.

“This decision comes as part of our strategic review of our media assets in Belgium, Russia and [Central and Eastern Europe],” Sanoma CEO Heike Tyler said in an e-mail to the employees of Sanoma's Russian subsidiary Sanoma Independent Media, which owns The Moscow Times and more than 50 other publications and media projects in Russia.

Sanoma and Hearst Shkulev will now need to win approval on the deal from Russia's Federal Anti-Monopoly Service and a government commission on foreign investment, Sanoma Independent Media CEO Jean-Emmanuel de Witt said in a separate e-mail.

“It may take several months to get all these agreements,” De Witt said.

Less than two weeks ago, that wouldn't have been the case. On Dec. 6, legal amendments went into force requiring foreign companies to get government permission before buying a stake higher than 25 percent in Russian newspapers or magazines, unless the company already owns more than 50 percent of the asset. Hearst Shkulev owns exactly 50 percent of Fashion Press.

Even after the deal is approved, there may still be questions down the road. President Vladimir Putin in October signed a widely criticized bill limiting foreign ownership in Russian media assets to 20 percent, and Russian media holding Hearst Shkulev is 50 percent owned by the U.S.-based Hearst Corporation.

Hearst and other major foreign media companies such as Conde Nast and Axel Springer now have until Feb. 1, 2017, to reduce their stakes in Russian assets or shut them down altogether.

In addition to Esquire and four editions of Cosmopolitan — Cosmopolitan Russia, Shopping, Beauty and Psychology — Fashion Press also publishes women-oriented lifestyle magazine Domashny Ochag and the Russian editions of Harper's Bazaar, Robb Report and Popular Mechanics.

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