



# Sanoma's second quarter 2011

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# New structure for speeding up digital transition and growth

## Second quarter

- Net sales EUR 689.7 million (EUR 715.4 million in 2010)
  - net sales adjusted for structural changes +2%
- Advertising sales +7%
- Circulation sales -1%
- Operating profit excl. non-recurring items EUR 72.6 million (EUR 80.3 million)
- Group's outlook 2011 downgraded on 29 July
- New structure and organisation for speeding up digital transition and growth



# Sanoma has great brands, excellent content and loyal customers

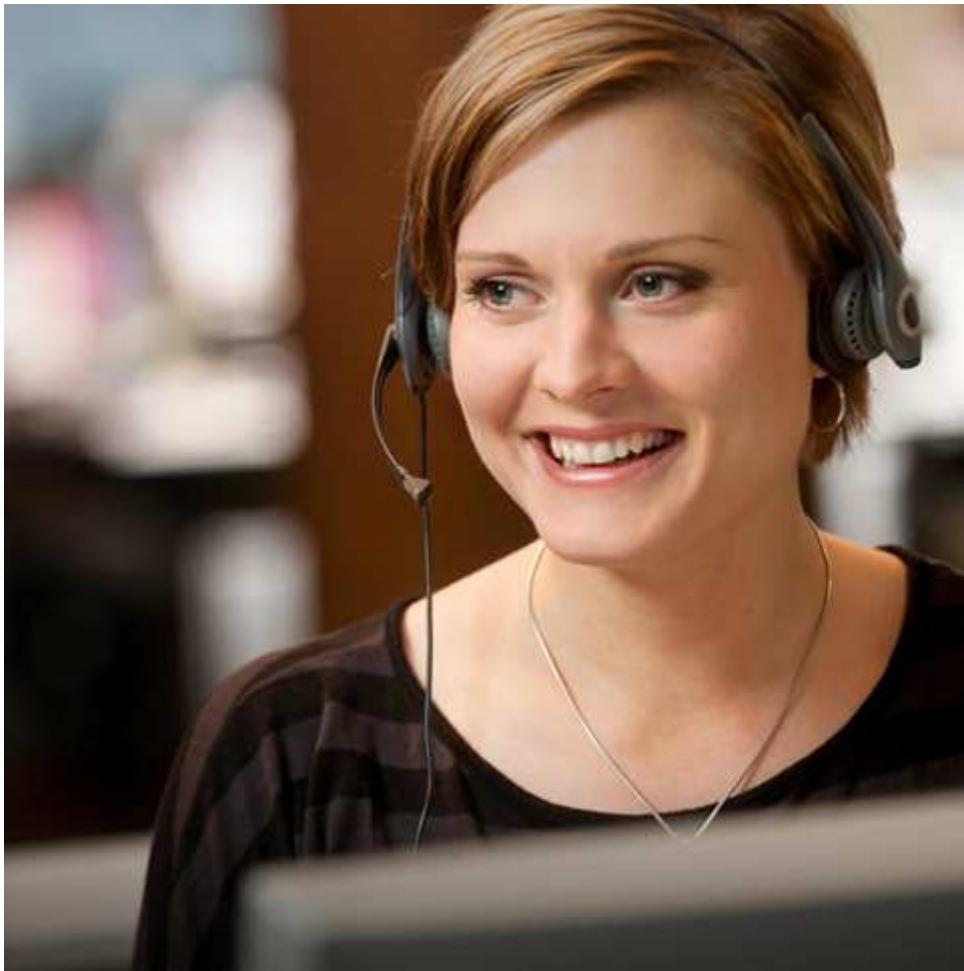
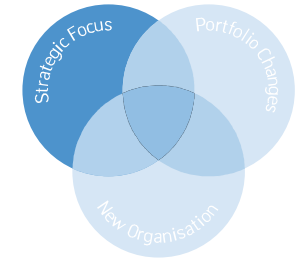
...but our environment is changing rapidly

- Technology ...
  - changes the way our customers consume media
  - enables advertisers to target their audiences in a new way
  - shifts the focus in learning from curricula to learning outcome
- New competitors...
  - have entered the scene and captured big growth opportunities
  - are agile and fast executors
- The recent recession...
  - has speeded up structural changes towards digital media
  - strengthened the mega-trend: From mass media to highly personalised offerings
- Regulatory pressure...
  - is increasing, e.g. planned VAT change in Finland



# Response 1: Strategic focus

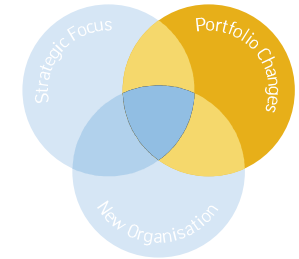
Responding to the changing media and learning landscape



- Further deepening our consumer and customer understanding
- Accelerating the speed of digital transition
- Fostering innovation
- Improving the efficiency of our operations

# Response 2: Portfolio changes

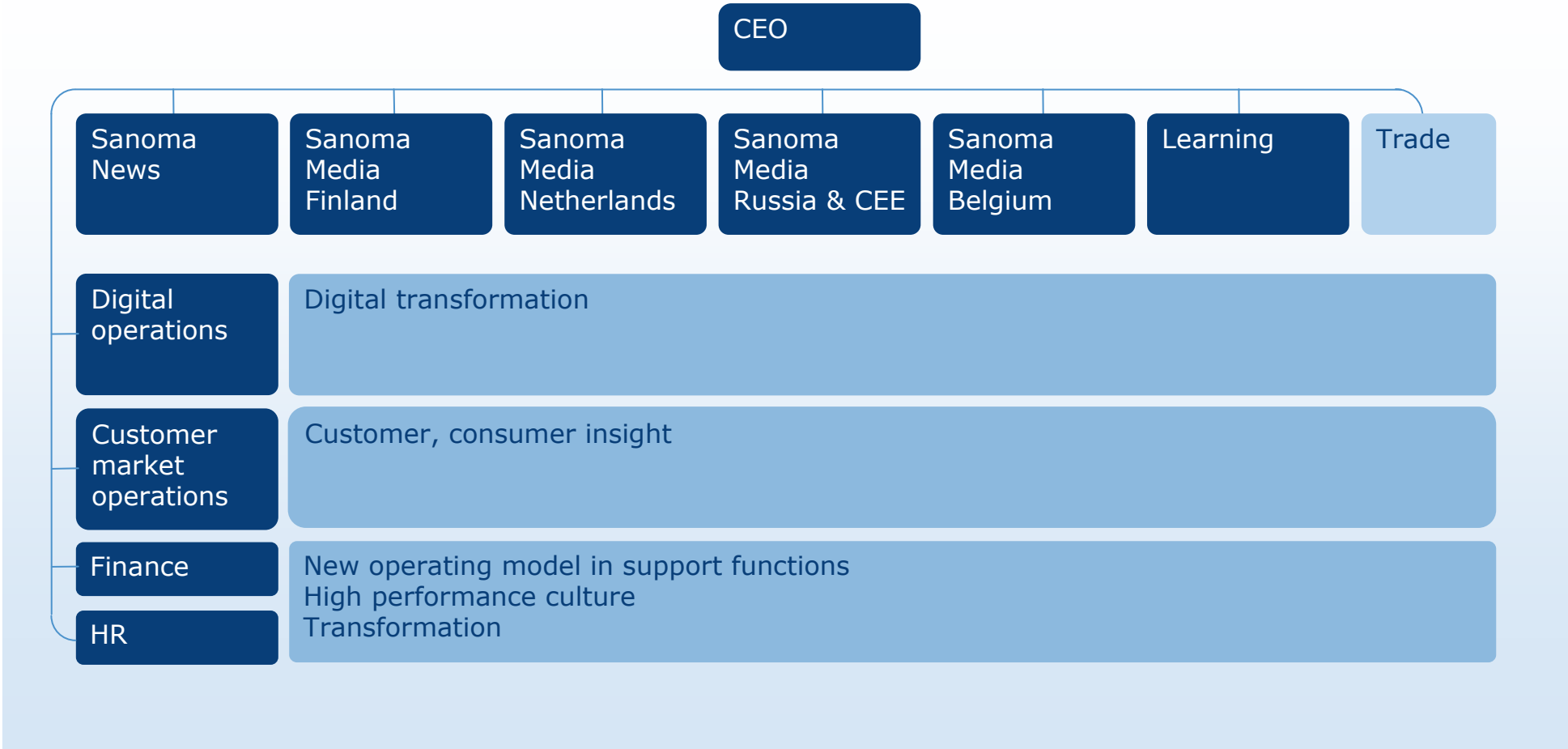
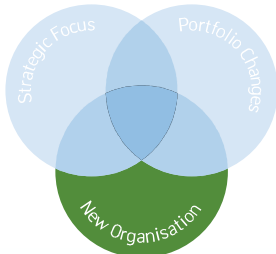
Focus on consumer media and learning



- Media
  - acquisition of SBS TV operations to strengthen our position in the core markets
- Learning
  - entry to Sweden and further strengthening of our position in Finland
  - divestment of general literature in Finland
- Trade
  - divestment of movie operations
  - divestment of kiosk and press distribution operations in Russia and Romania
  - looking into the possibility of divesting other Trade assets

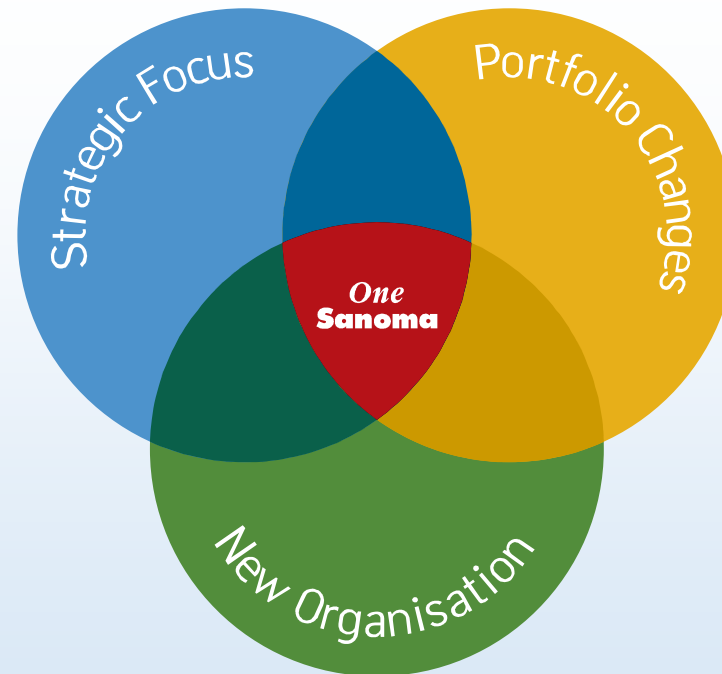
# Response 3: New organisation

Seven strategic business units, four corporate functions



# Year of restructuring and refocusing

Towards One Sanoma



→ Goal: **Improved performance & clearly faster growth than in the recent years**

# Q2 financials

Kim Ignatius, CFO





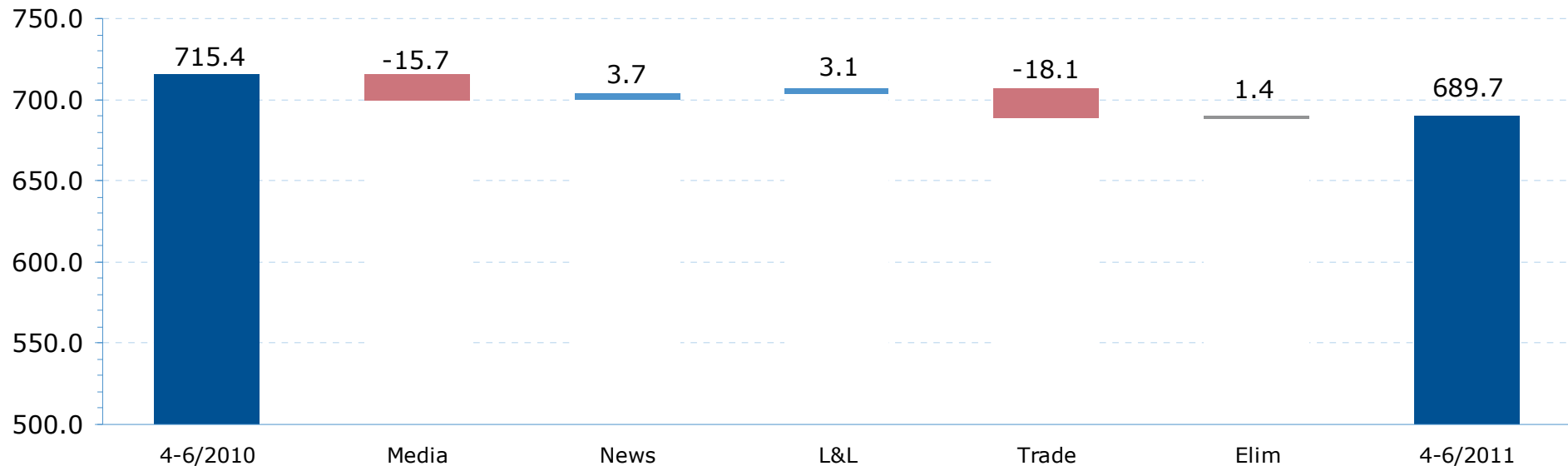
# Divestment of operations visible

EUR million	4-6/2011	4-6/2010	Ch %	1-12/2010
Net sales	<b>689.7</b>	715.4	-3.6	2,761.2
EBIT excluding non-recurring items	<b>72.6</b>	80.3	-9.6	245.4
% net sales	<b>10.5</b>	11.2		8.9
EBIT	<b>121.3</b>	261.0	-53.5	392.7
Earnings/share, EUR	<b>0.60</b>	1.45	-58.6	1.85
Cash flow from operations/share, EUR	<b>0.02</b>	0.14	-84.1	1.69
Number of employees (FTE)*	<b>14,233</b>	16,332	-12.9	15,405

# Net sales

## News and Learning improved in Q2

EUR million



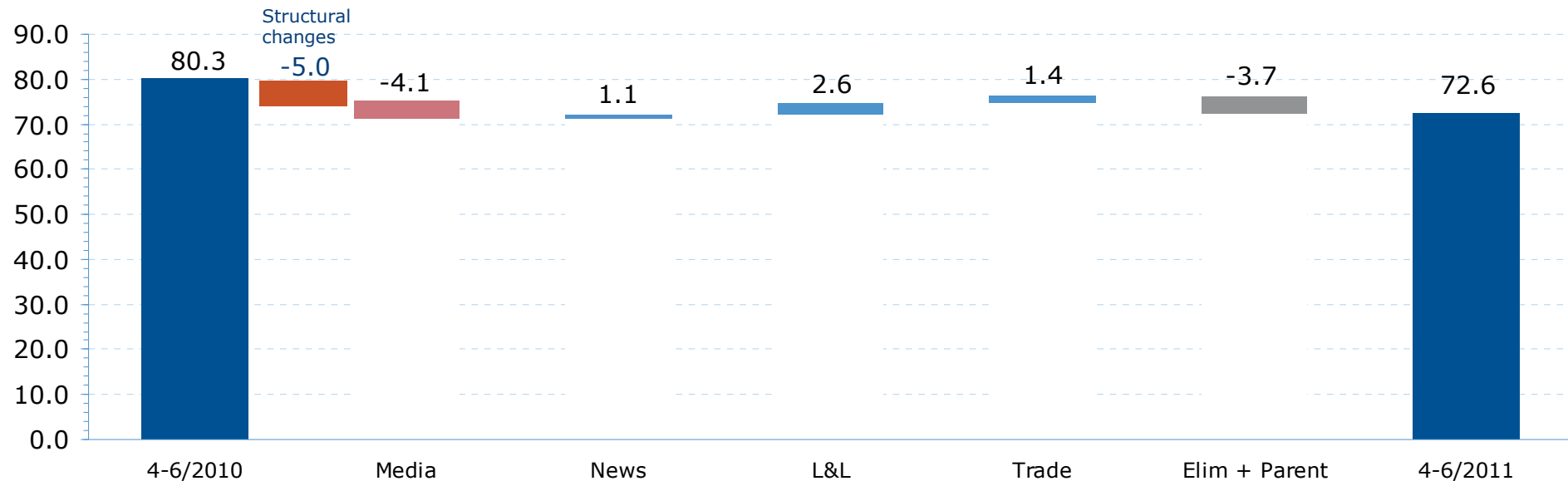
- Media: Adjusted for structural changes sales +1%, excellent performance of the Finnish broadcasting operations
- News: Increased advertising sales, both in print and online
- Learning & Literature: Higher sales in Learning, structural changes (Esmerk)
- Trade: Structural changes, decreased bookstore sales



EBIT excl. non-recurring items

# News, Learning and Trade improved in Q2

EUR million

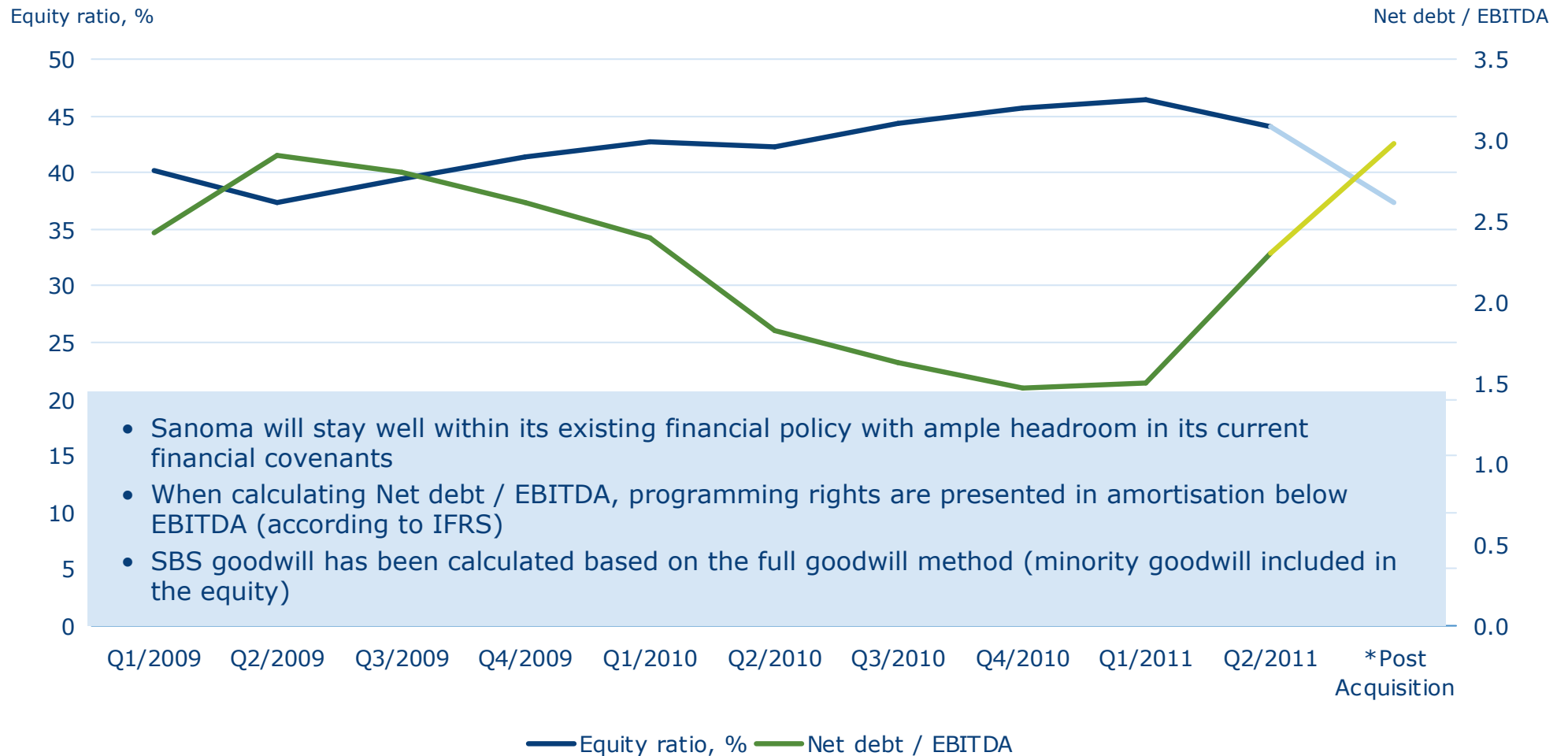


- Media: Decreased circulation sales, changing market environment and increasing costs, excellent performance of the Finnish broadcasting operations → leading to increased amortisation of programming costs
- News: Increased advertising sales, both in print and online
- Learning & Literature: Higher sales in Learning
- Trade: Efficiency improvements, stopping of customer volume decrease in kiosk operations
- Parent: Increased costs related to Group's development programmes



# SBS transaction – financing and capital structure

## Development of financial covenant ratios



\* Estimated figures

# The effect of SBS transaction to Sanoma's outlook for 2011

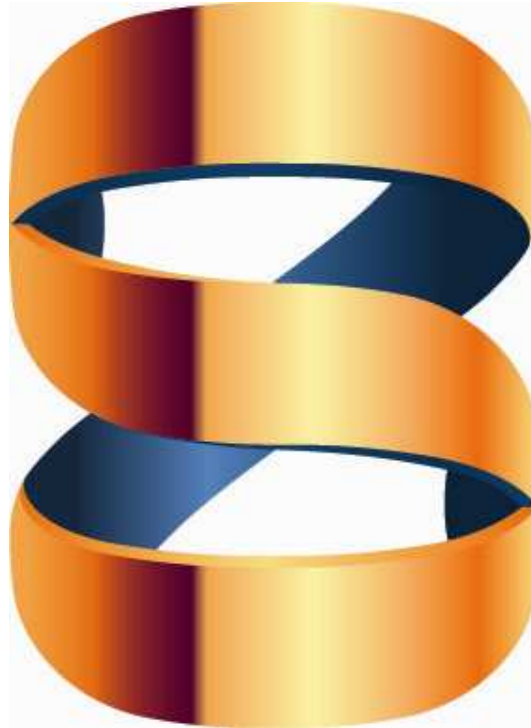
- In 2010, net sales of SBS were EUR 404 million\*, EBIT EUR 110 million\*
- Annual effects
  - preliminary amortisation on purchase price allocations
    - trade names EUR 7 million/year (amortised during 20 years)
    - customer and distribution relations EUR 4 million/year (amortised over 12 to 20 years)
  - yearly amortisation of capitalised finance costs EUR 2 million
- First year effects
  - transaction costs EUR 10 million
  - preliminary amortisation on purchase price allocations
    - order backlog EUR 32 million (amortised during the first six months)
- Closed on 29 July 2011



# Outlook for 2011

## The Sanoma Group's

- Net sales are expected to **be at the previous year's level** and
- Operating profit excluding non-recurring items is expected to **decrease somewhat** in 2011
- In 2010, operating profit excluding non-recurring items was EUR 245.4 million



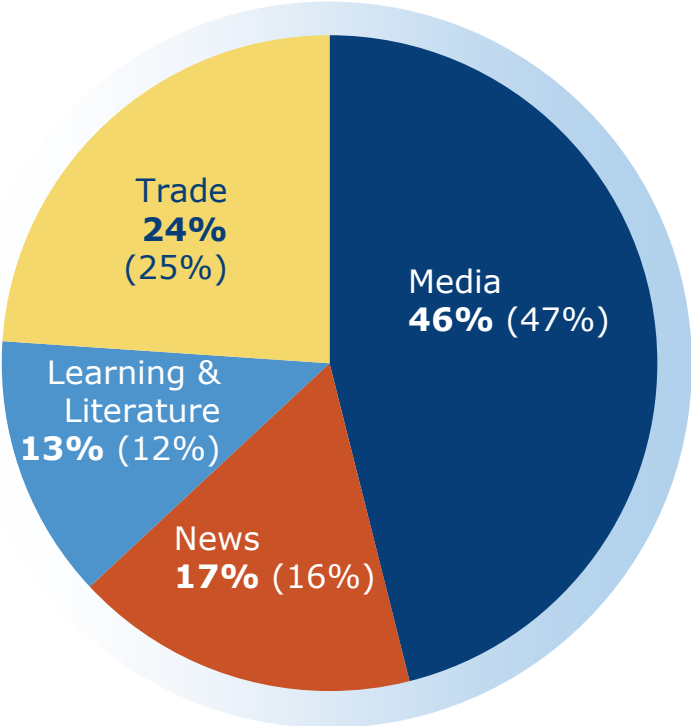
**Inspires, Informs and Connects**



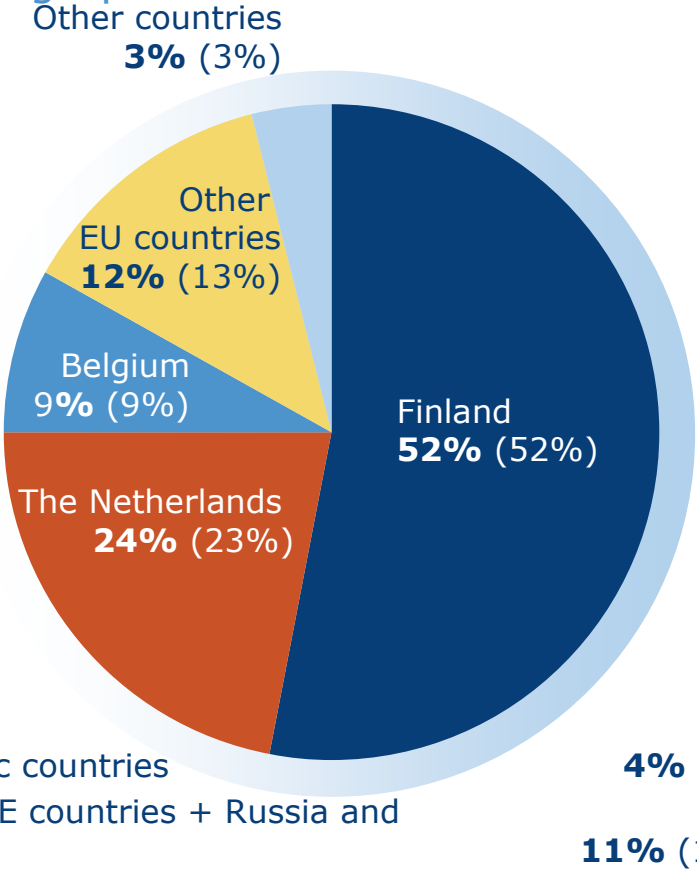
# Net sales split nearly unchanged

1-6/2011 (1-6/2010)

By division



By geographic area



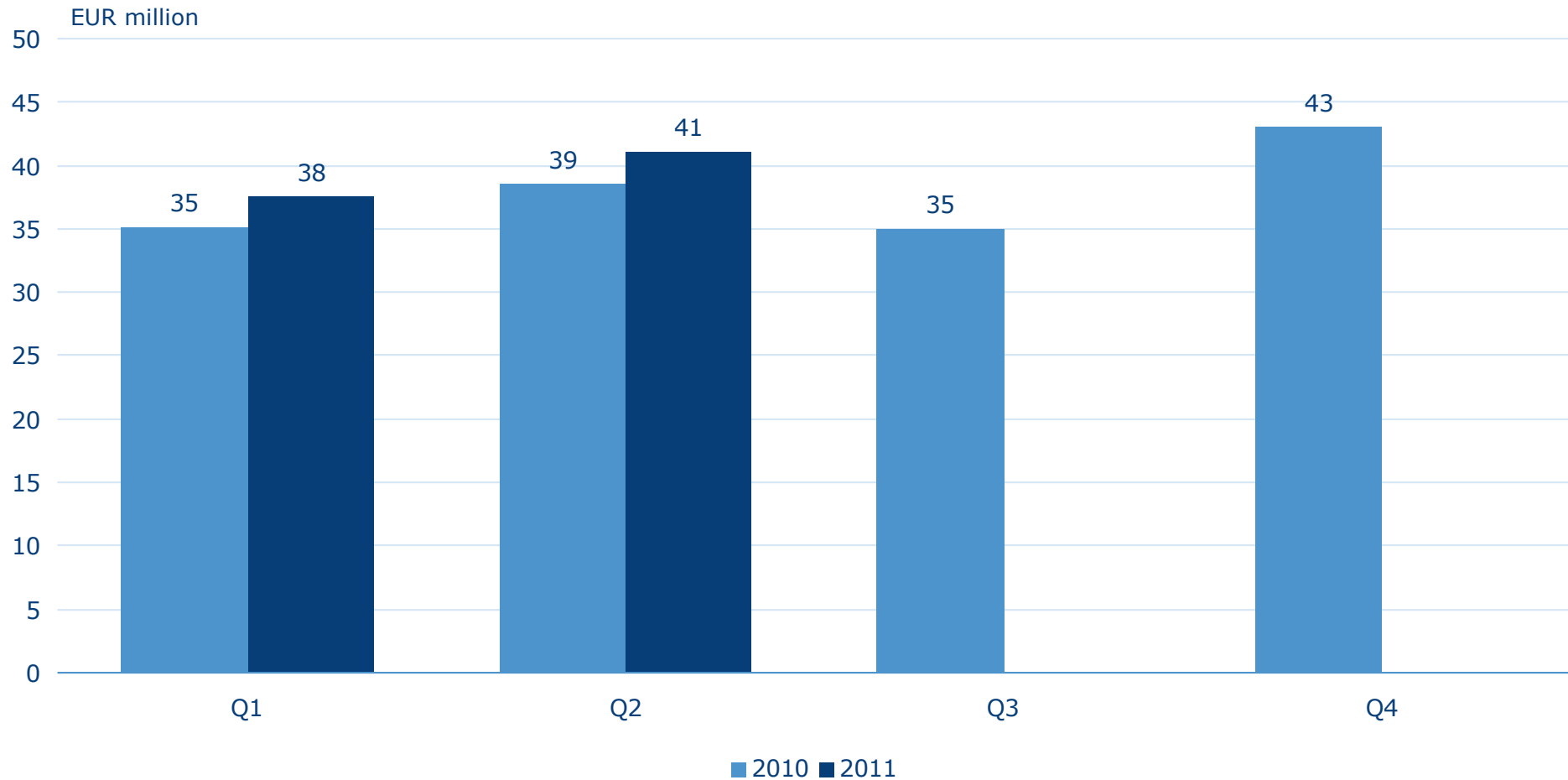
**Net sales EUR 1,299.9 million**





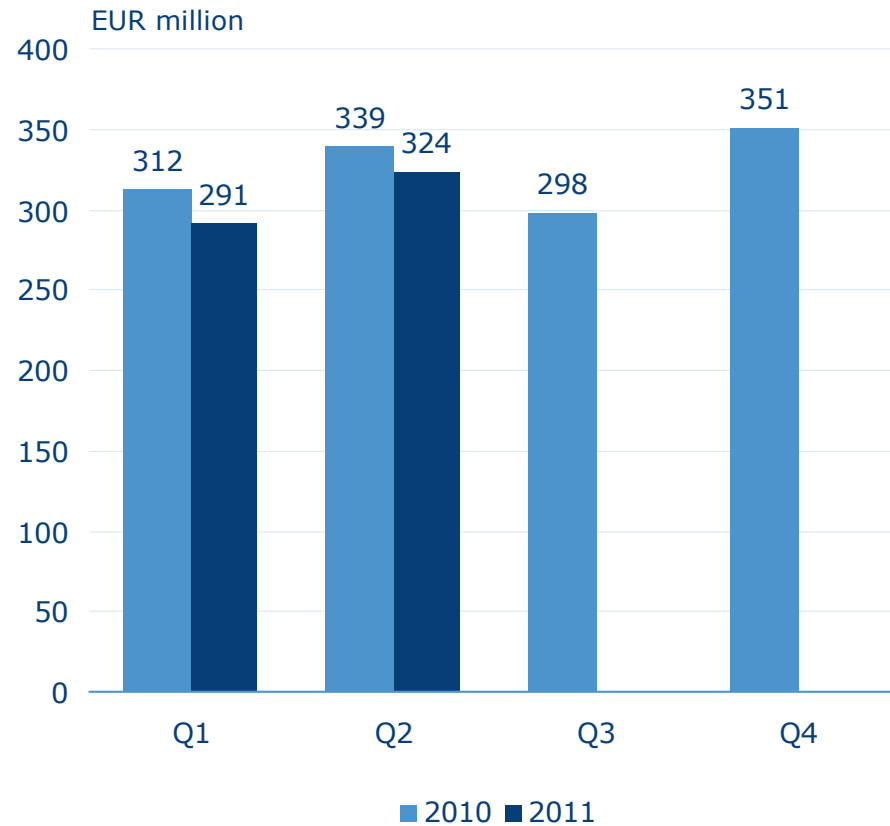
# Consumer online sales up by 5% in Q2

Target to reach annual revenues of EUR 240 million by 2012

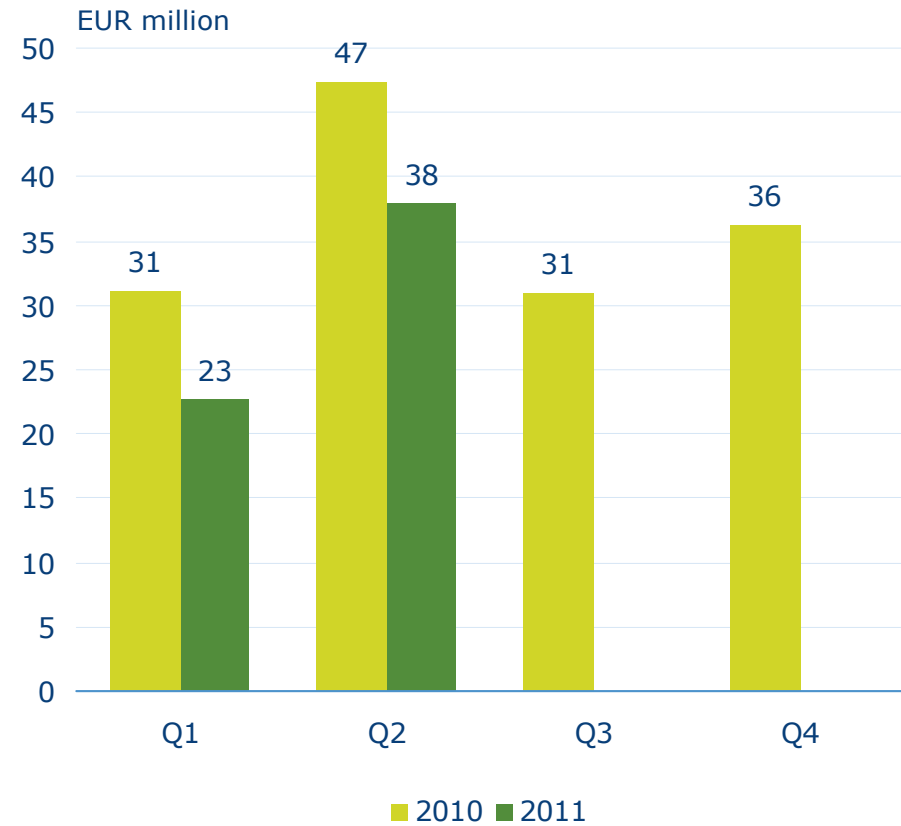


# Sanoma Media

## Net sales



## EBIT excluding non-recurring items



# Sanoma Media

## Key figures

EUR million	4-6/ 2011	4-6/ 2010	Ch %	1-12/ 2010
Net sales	<b>323.7</b>	339.4	-4.6	1,299.6
The Netherlands	<b>130.6</b>	128.0	2.0	490.4
Finland	<b>79.4</b>	91.7	-13.5	339.3
The CEE countries	<b>54.3</b>	54.3	-0.1	214.9
Belgium	<b>48.7</b>	52.3	-6.8	208.3
Other businesses and eliminations	<b>10.7</b>	13.0	-17.9	46.7
EBIT excluding non-recurring items	<b>37.9</b>	47.3	-19.9	145.8
% of net sales	<b>11.7</b>	13.9		11.2
Number of employees (FTE)*	<b>5,449</b>	5,711	-4.6	5,419

### Outlook for 2011

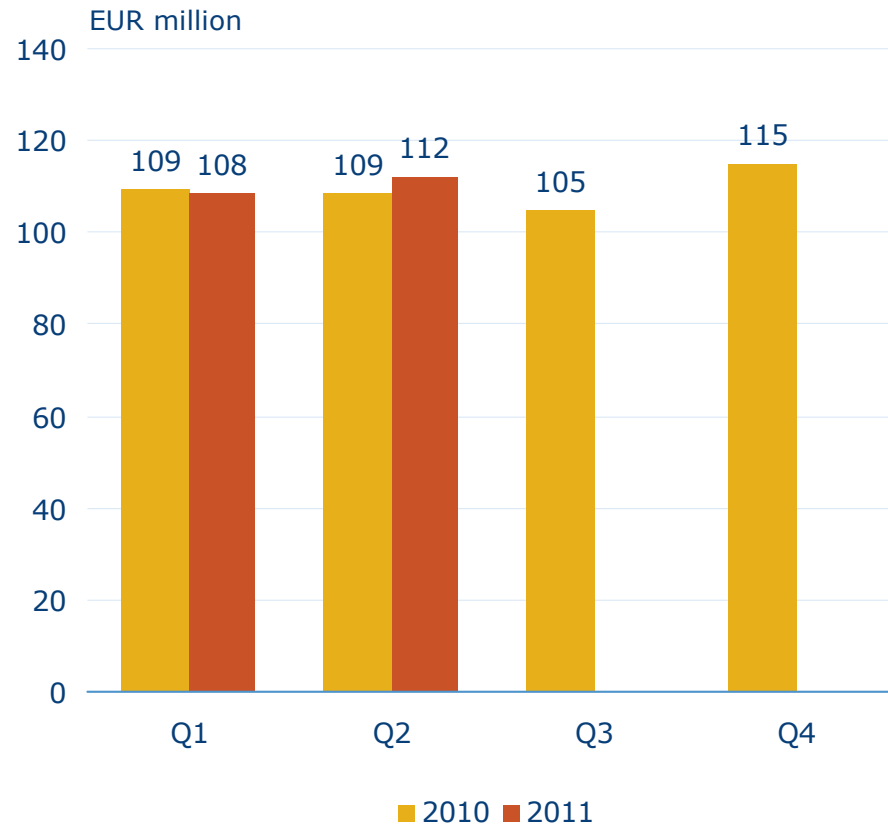
Following the later than estimated closing of the SBS acquisition and the weakening outlook of printed magazine operations, it is estimated that Sanoma Media's net sales will increase somewhat and operating profit excluding non-recurring items will decrease clearly.



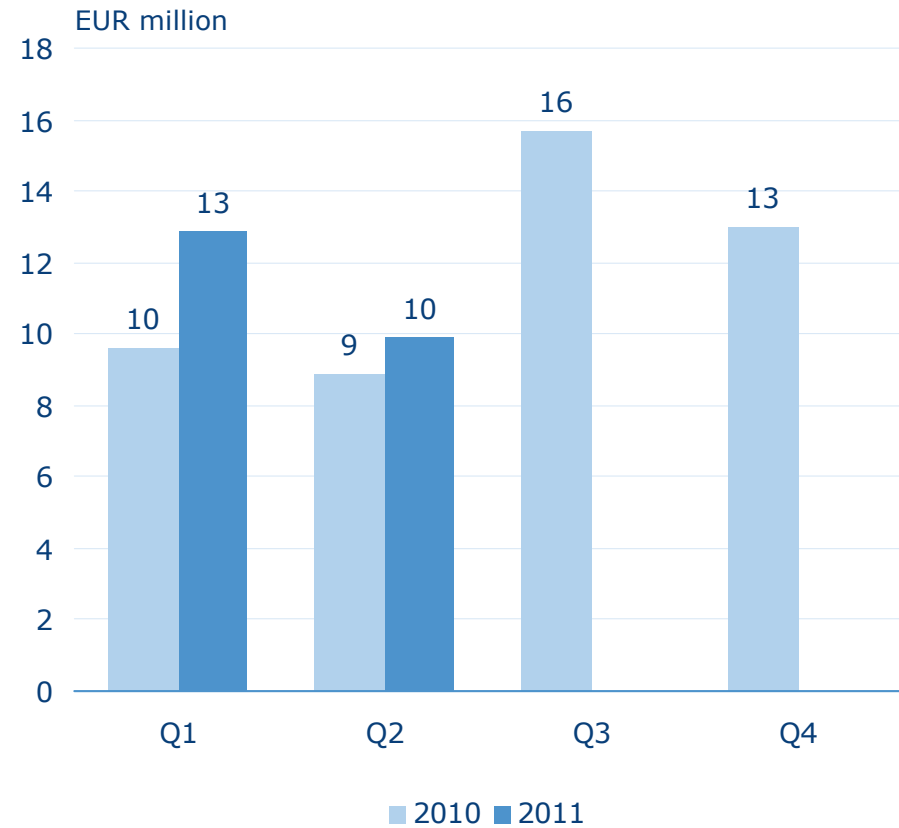
\* At the end of the period

# Sanoma News

## Net sales



## EBIT excluding non-recurring items



# Sanoma News

## Key figures

EUR million	4-6/ 2011	4-6/ 2010	Ch %	1-12/ 2010
Net sales	<b>112.2</b>	108.5	3.4	437.6
Helsingin Sanomat	<b>61.2</b>	56.7	7.8	235.4
Ilta-Sanomat	<b>22.2</b>	20.7	7.4	83.3
Other publishing	<b>25.0</b>	25.6	-2.7	99.5
Other businesses and eliminations	<b>3.9</b>	5.5	-28.8	19.4
EBIT excluding non-recurring items	<b>9.9</b>	8.9	12.0	47.2
% of net sales	<b>8.8</b>	8.2		10.8
Number of employees (FTE)*	<b>2,199</b>	2,360	-6,8	2,016

### Outlook for 2011

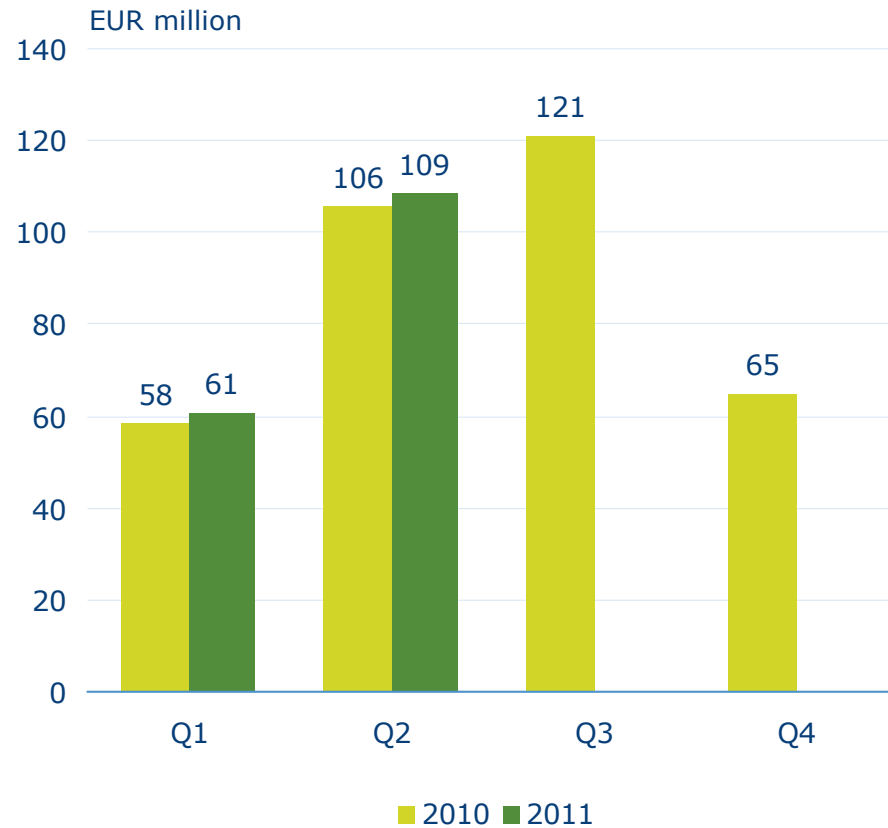
Net sales are estimated to be at the previous year's level due to the divestments made in 2010 and operating profit excluding non-recurring items is expected to improve slightly.



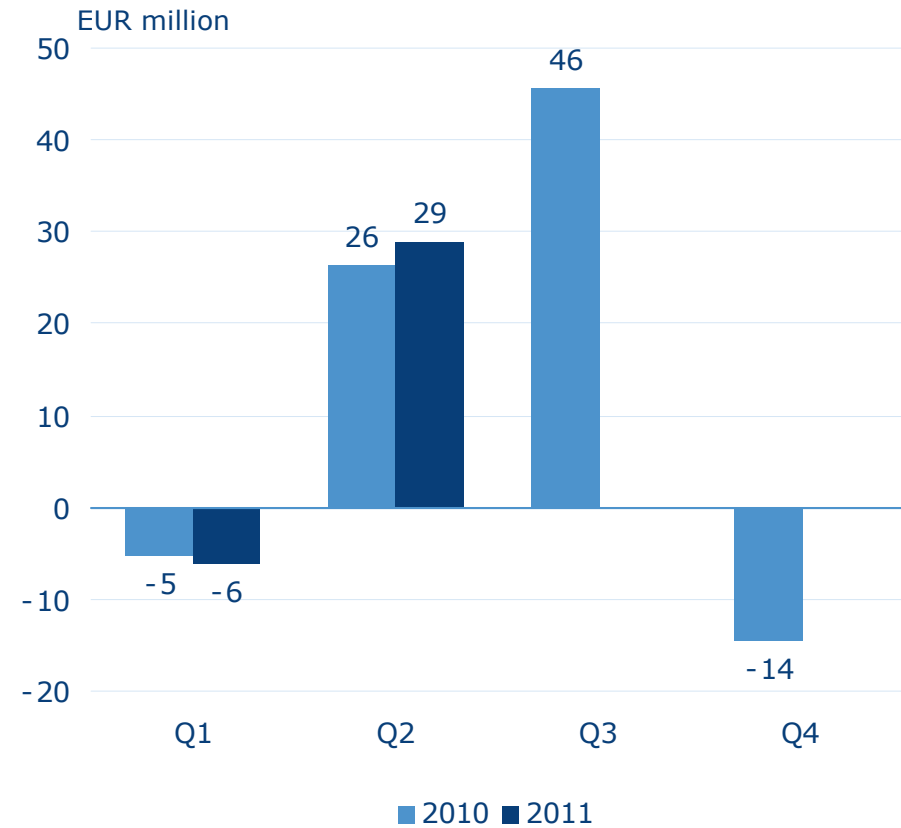
\* At the end of the period

# Sanoma Learning & Literature

## Net sales



## EBIT excluding non-recurring items



# Sanoma Learning & Literature

## Key figures

EUR million	4-6/ 2011	4-6/ 2010	Ch %	1-12/ 2010
Net sales	<b>108.6</b>	105.5	2.9	350.1
Learning	<b>87.4</b>	85.0	2.8	249.3
Language services	<b>8.1</b>	6.2	31.5	27.1
Literature and other businesses	<b>15.1</b>	17.2	-12.3	83.6
Eliminations	<b>-2.1</b>	-2.9	28.8	-9.9
EBIT excluding non-recurring items	<b>29.0</b>	26.4	9.7	52.6
% of net sales	<b>26.7</b>	25.0		15.0
Number of employees (FTE)*	<b>2,627</b>	2,583	1.7	2,656

### Outlook for 2011

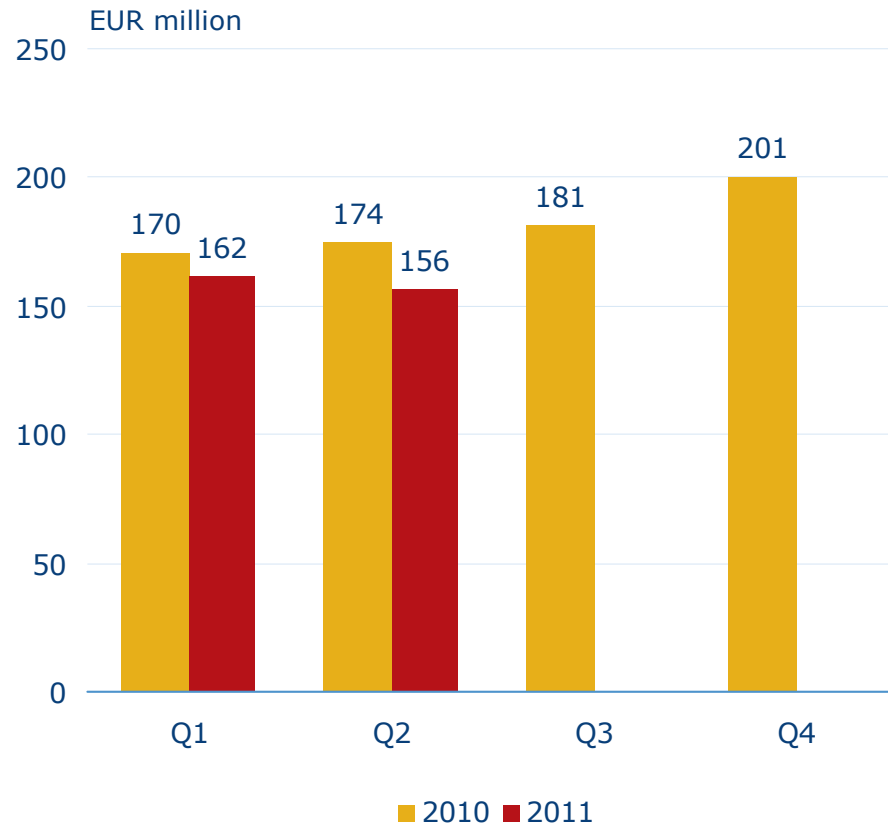
Following the transaction with Bonnier, it is estimated that the net sales of Sanoma Learning & Literature in 2011 will be at the previous year's level and operating profit excluding non-recurring items will decrease somewhat. Learning business has a strong seasonality within the year, the first and fourth quarter being typically loss-making. For general literature, on the other hand, the fourth quarter is typically the strongest one. Due to this seasonality, this transaction with Bonnier will lower Sanoma Learning & Literature's fourth quarter result in 2011.



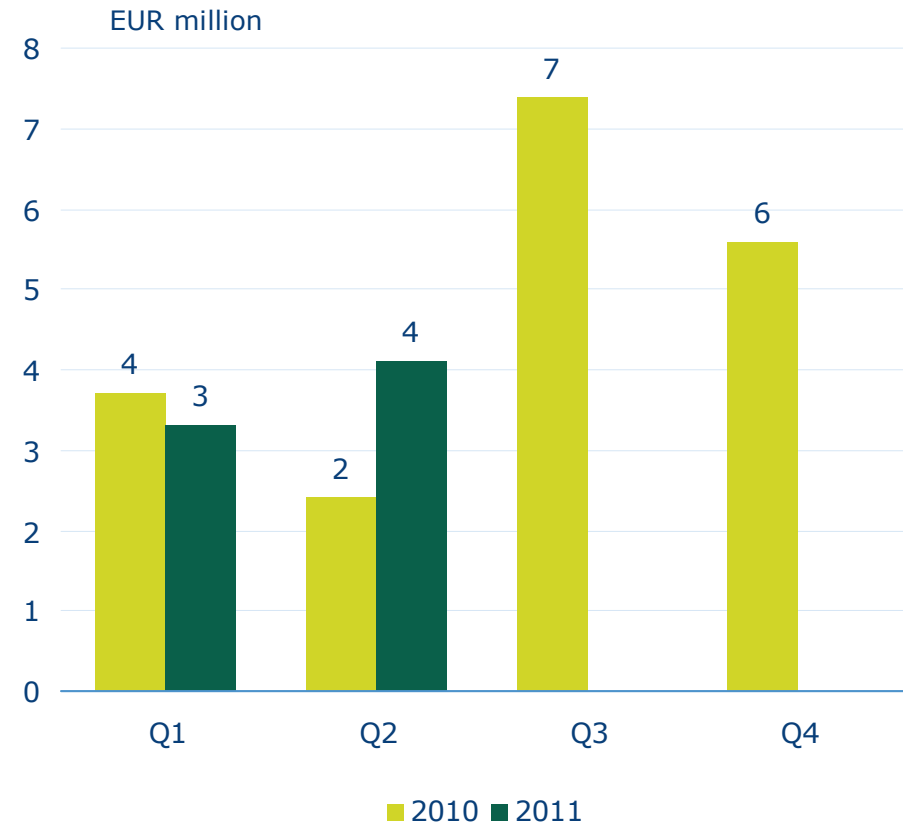
\* At the end of the period

# Sanoma Trade

## Net sales



## EBIT excluding non-recurring items





# Sanoma Trade

## Key figures

EUR million	4-6/ 2011	4-6/ 2010	Ch %	1-12/ 2010
Net sales	<b>156.3</b>	174.4	-10.4	726.3
Kiosk operations	<b>102.3</b>	104.9	-2.5	398.4
Trade services	<b>31.1</b>	33.8	-8.0	131.3
Bookstores	<b>18.8</b>	19.9	-5.1	120.6
Movie operations	<b>6.5</b>	19.9	-67.2	90.0
Eliminations	<b>-2.4</b>	-4.0	39.0	-14.0
EBIT excluding non-recurring items	<b>4.1</b>	2.4	70.7	19.1
% of net sales	<b>2.6</b>	1.4		2.6
Number of employees (FTE)*	<b>3,771</b>	5,527	-31.8	5,149

### Outlook for 2011

Following the divestment of the movie operations and the Romanian operations, it is estimated that Sanoma Trade's net sales in 2011 will decrease, but operating profit excluding non-recurring items will be at the previous year's level.



\* At the end of the period