

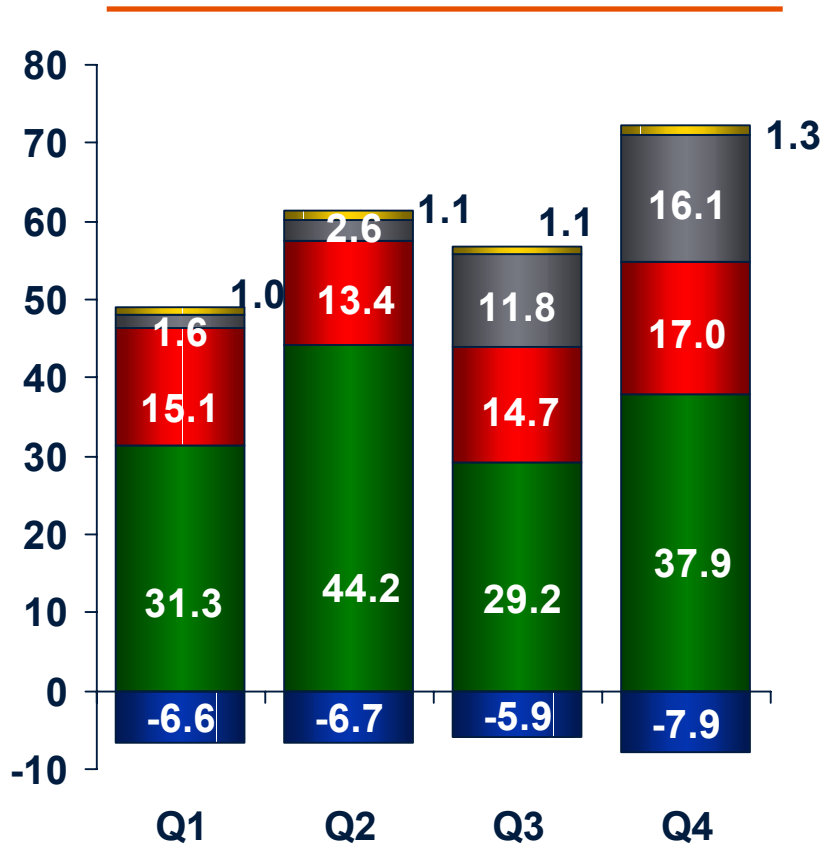


**Jorma Kaimio**  
President  
WSOY

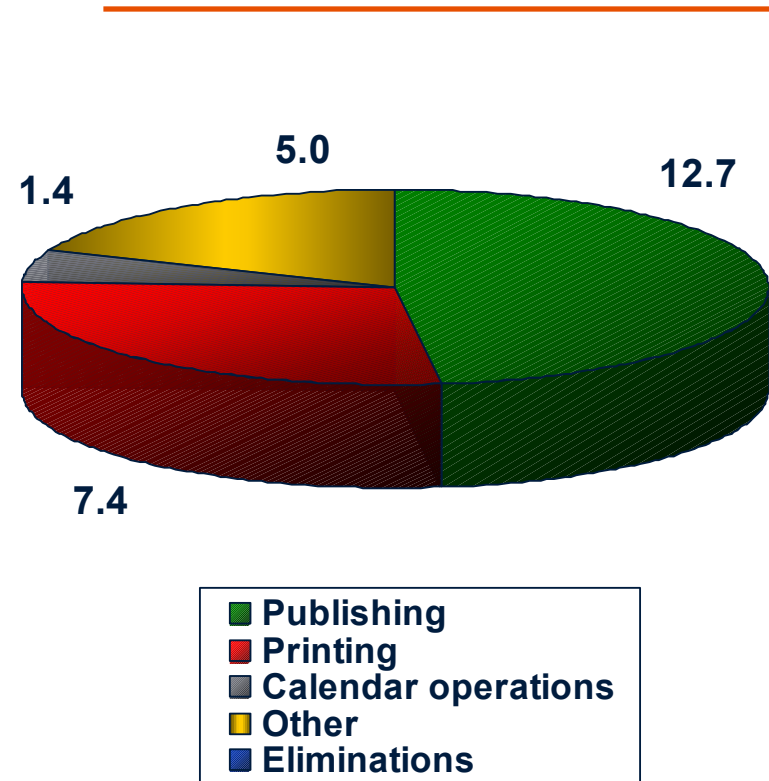
CMD, 7 June 2004

# WSOY 2003

Net sales, € million



EBITA, € million



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# eLearning in schools

- Market is there and grows fast
- Practically all new "learning systems" by modern publishers include, in addition to text and workbooks, CD-ROMs and Internet site
  - Price of digital elements is usually added to the price of the text book
- Growing part of schools' ICT spending is directed to the creation of Internet-based virtual learning environments
  - VLE's are an essential part of the modern educational ICT strategy, which e.g. in Finland every municipality and education provider must build according to curriculum and other directives.
- WSOY has top assets for this twofold eLearning market: content and eLearning infrastructure

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# Opit

## Finnish virtual learning environment

- Signed agreements for over 100.000 user accounts; year end forecast close to 200.000 (30% of all K-12 pupils)
- Licence/subscription-based, agreements with the municipalities, normally including all pupils and teachers
- Every pupil and teacher has own user account for communication and collaboration
- Basic licence covers all main customer requirements
  - a basic content package for main subjects, hosting and user support and services, but also all communicative and collaborative ICT tools needed for learning at school – and home
- Opit is also a distribution channel for other digital materials, either free or subject to charge, produced either by us, by other publishers or by authorities or organizations
- Unique solution, clear international interest emerging

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# Young Digital Poland

## Leading eLearning content and technology producer

- Est. 1990 at Gdansk, WSOY minority owner from 1999, majority (55%) 2004
  - Estimated net revenues 2004 € 10 million, 280 employees, very profitable
- Premium content partner for publishers seeking for efficient eLearning content production with state-of-the-art technology
  - has produced over 50.000 "learning objects" with full rights to most of them
  - publishing partners in over 25 countries, localizations made by YDP for over 15 languages
  - major customers include Malmberg (NL), Harcourt (UK), Malaysian Government and many other major publishers
- Starting the next round of "universal curriculum" production:
  - universally applicable material for all grades and major subjects,
  - produced with easy-to-localize, database based production technologies,
  - for all languages, countries and cultures

# eLearning

## as a basis for international consolidation of educational publishing

- Printed text books have been traditionally produced nationally, but to remain competitive in digital educational material production publishers need to utilise international markets
- Distribution channels of digital content are different from the print distribution
  - Emerging VLEs will be important distribution channels, a new phenomenon to be taken into account by publishers
- Modularized production of digital materials which enables the multinational use, will work also in the production of printed text books
- This gives a clear competitive edge to the publishers
  - holding international copyrights quality assets
  - mastering the international co-operation in content production
  - mastering the new emerging business models in Virtual Learning Environments
- and we have it all...

# Educational publishing in Europe

## Market estimates

- Estimated market size in 2003 € 3,8 billion
- Spending per pupil on educational materials varies greatly between countries
 

Netherlands	124 €	Belgium	40 €
Finland	84 €	Poland	19 €
Denmark	48 €		

(WSOY estimates)
- High margins for market leaders (EBITDA 15-30 %)
- Lagardere is the biggest player in terms of sales (449 mEUR), and Wolters Kluwer has the widest geographical presence (7 countries, sales 308 mEUR)
- eLearning market is estimated to be € 200 million in 2003;
  - On top of this comes mixed media (learning systems), educational TV and non-commercial eLearning market
- The licensing market of text books and educational assets is growing
  - up to 20 % of text book titles, but usually not in major subjects

Y:Kalvot/kokoukset04/CMD070604