

Re-inventing Television

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President and CEO, Sanoma Entertainment

Sanoma Capital Markets Day

12 October 2009



Agenda

Sanoma Entertainment today

Trends in the business environment

Sanoma Entertainment's response

Sanoma Entertainment's activities



Commercial Television and Radio
Pay TV
Online TV



Cable Television
Broadband Internet
Online TV



Online gaming

Sanoma Entertainment's present businesses

Commercial TV and Radio



- A strong combination of TV, Radio and Online
- Commercial viewing share in the 10–44 target group 33.6% (#2)
- Share of the Finnish TV advertising market 33.5% (#2)
- Share of radio listening in the 9–44 target group 15.4% (#4)
- Share of the Finnish radio advertising market 12.7% (#3)
- Ruutu.fi launched in 2009 and growing fast

Sanoma Entertainment's present businesses

Cable Communications



- A modern Content Delivery Network in the capital region (Helsinki, Espoo, Vantaa and Kauniainen)
- 324,000 connected households (400,000 passed by)
- 60% of households in the region
- 25% of cable homes in Finland
- 67,000 Pay TV customers
- 108,000 Broadband subscribers

Sanoma Entertainment's present businesses

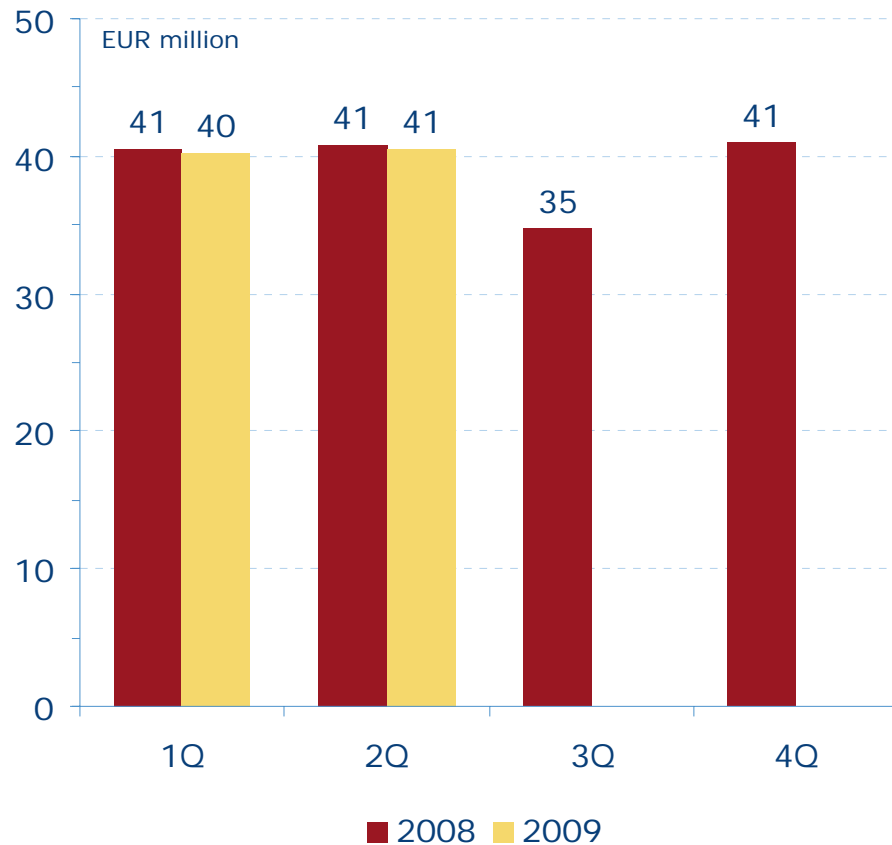
Online Gaming



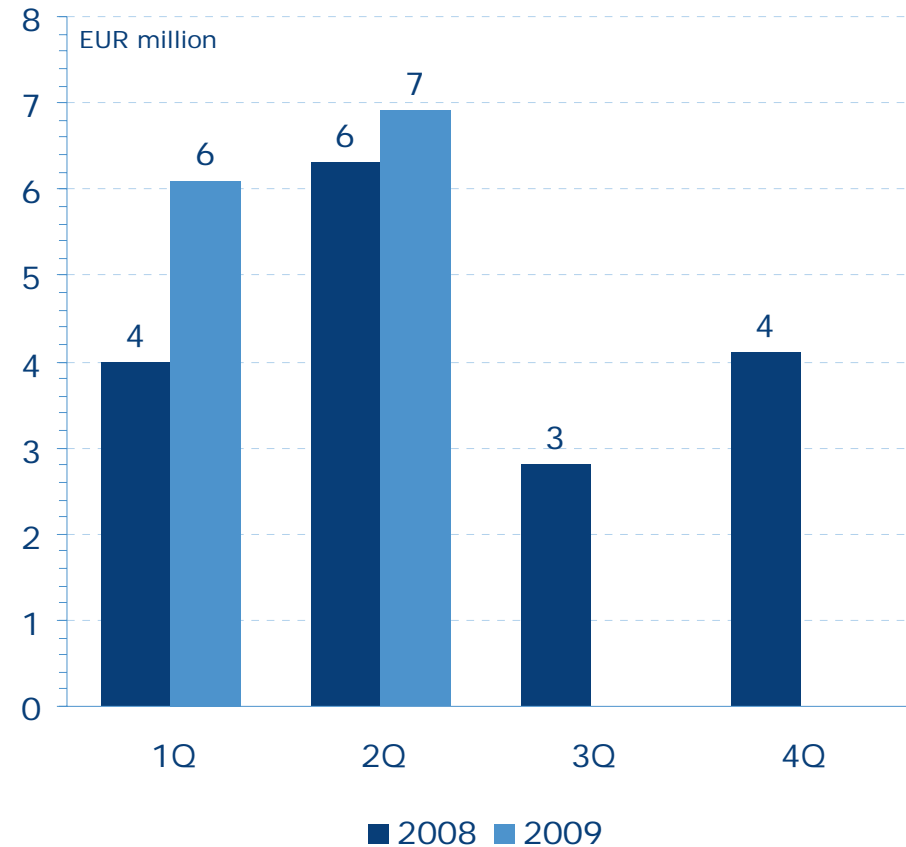
- Market leader in Finland
- Pelikone #1 gaming site in Finland
- Älypää #1 trivia site in Finland
- Liigapörssi #1 fantasy league in Finland
- Over 40% revenue growth 2009

Sanoma Entertainment financials 1H09

Net sales



EBIT excluding non-recurring items



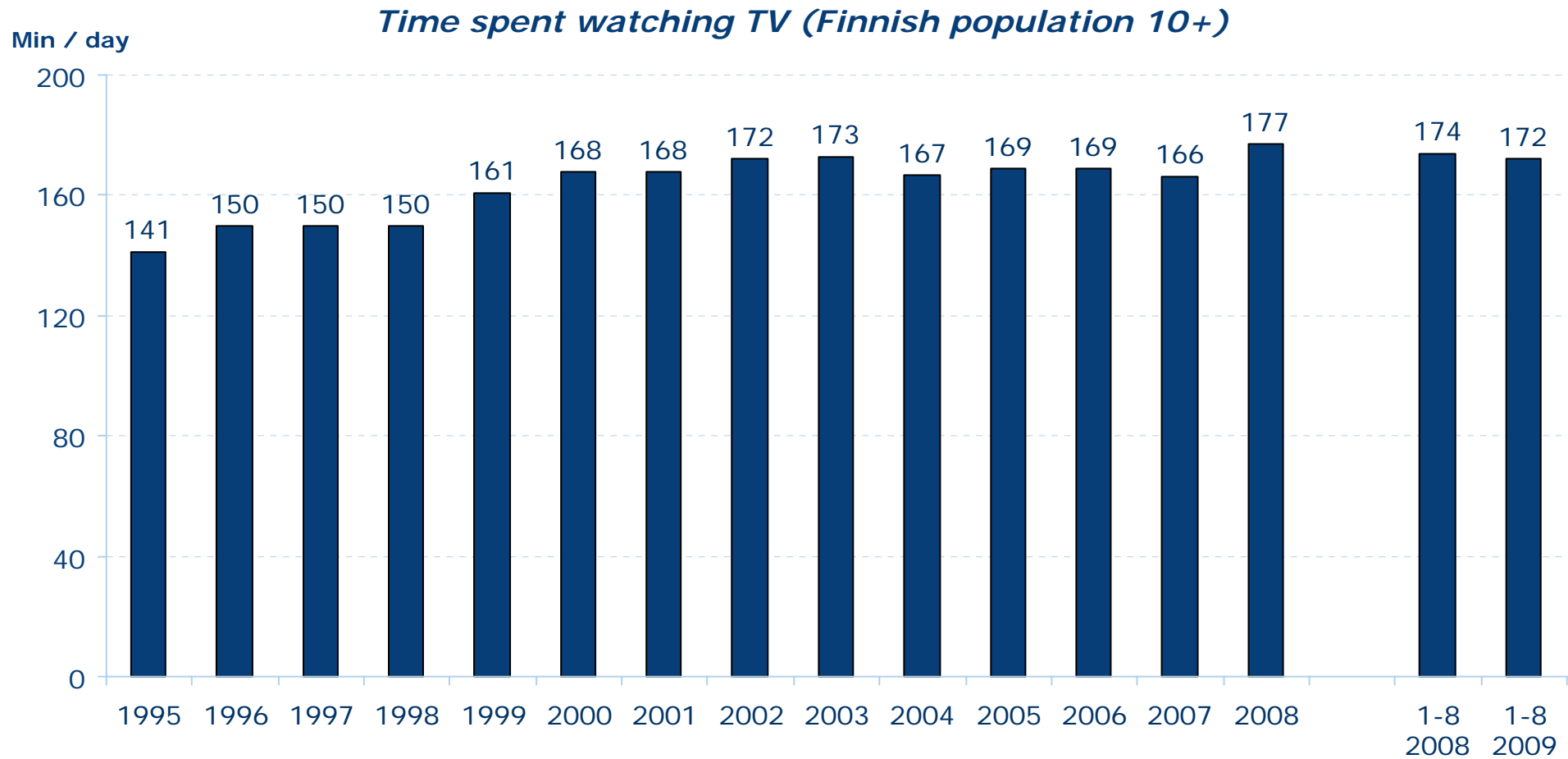
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Trends in the business environment

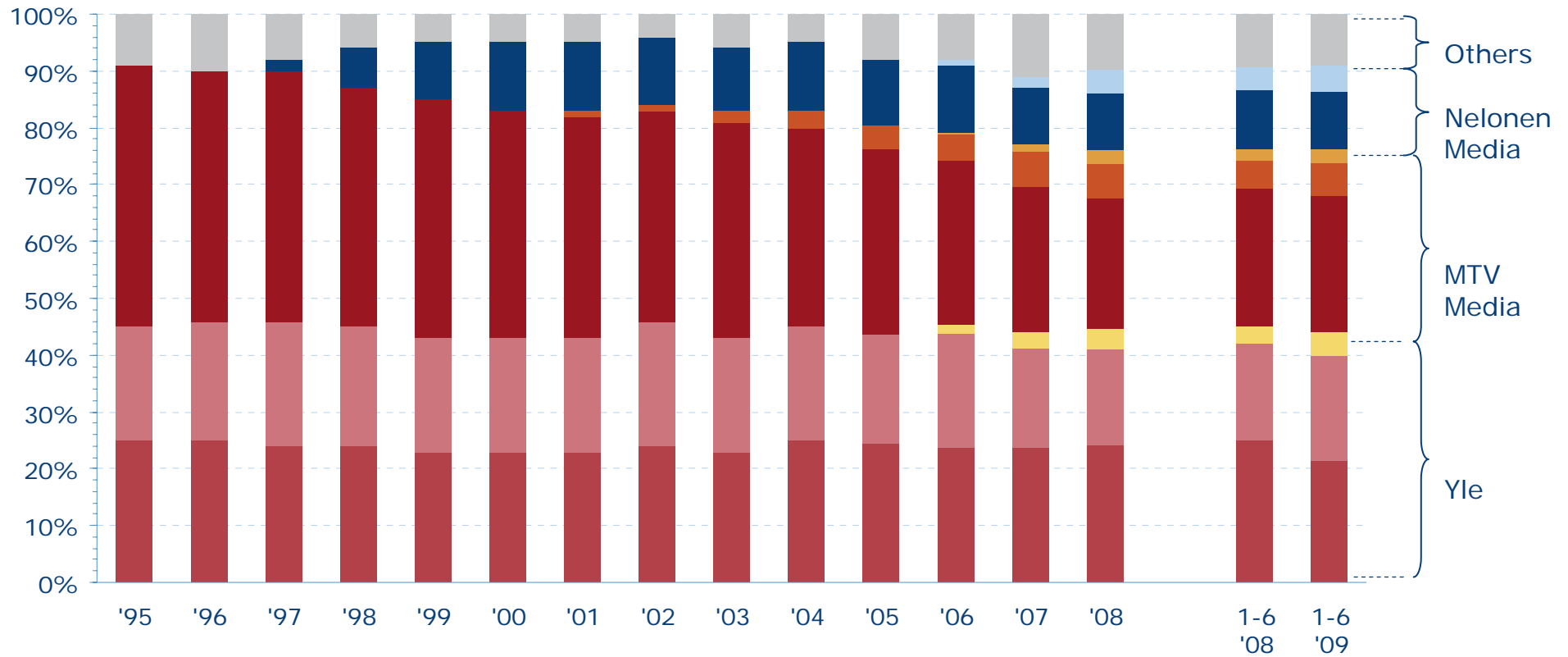
Sanoma Entertainment's response

TV viewing has been growing...



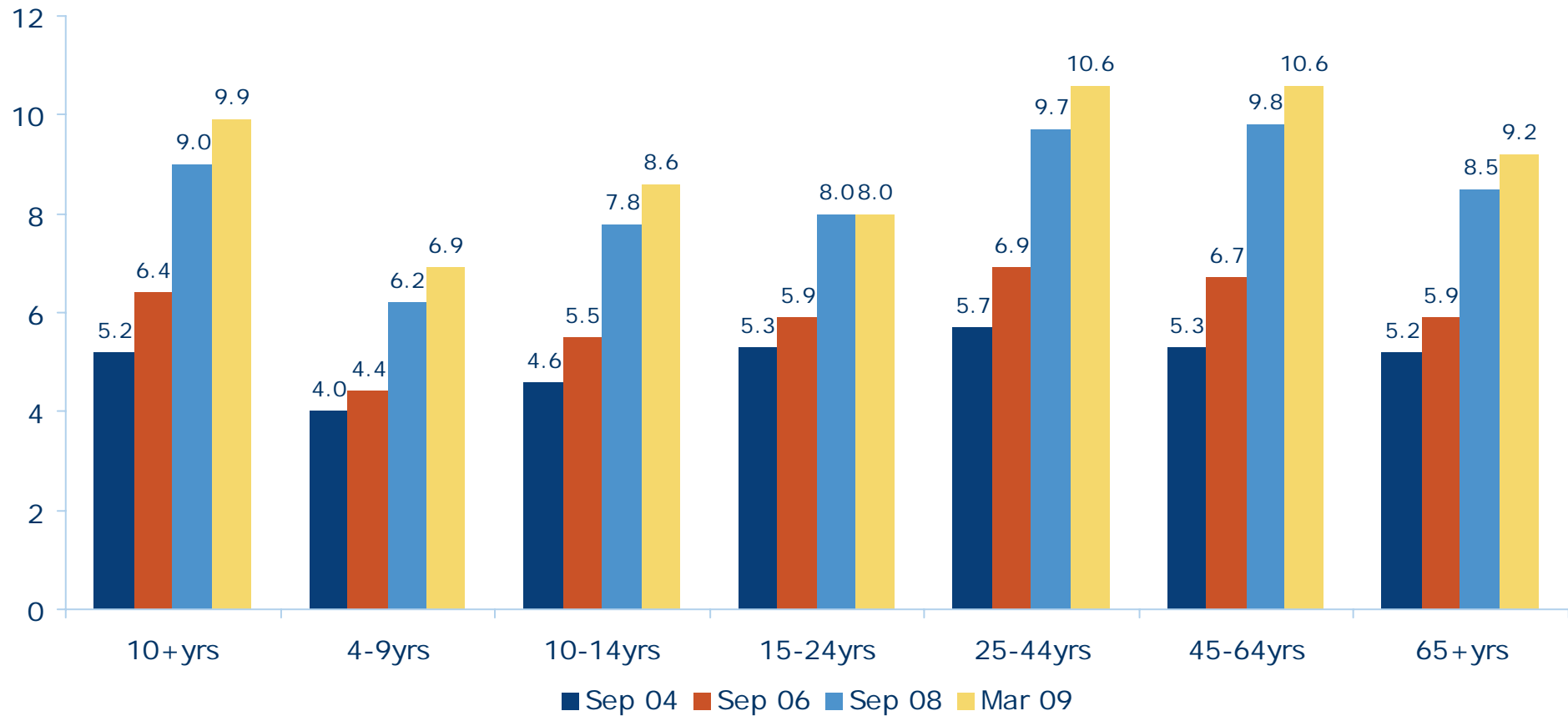
...and fragmenting...

Channel shares of viewing (Finnish population 10+)

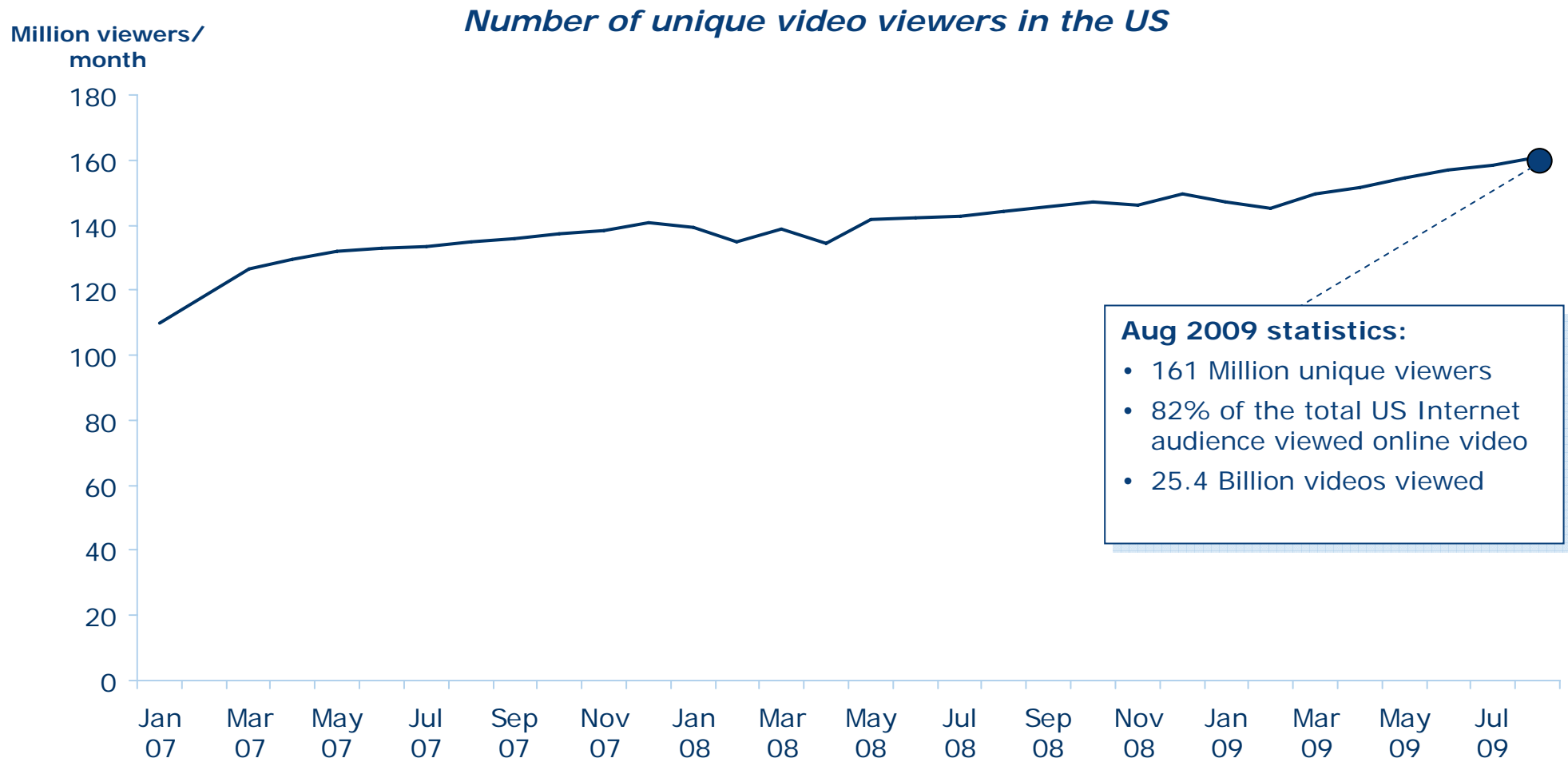


...leading to Finns watching an increasing number of TV channels per week

Number of TV channels watched per week

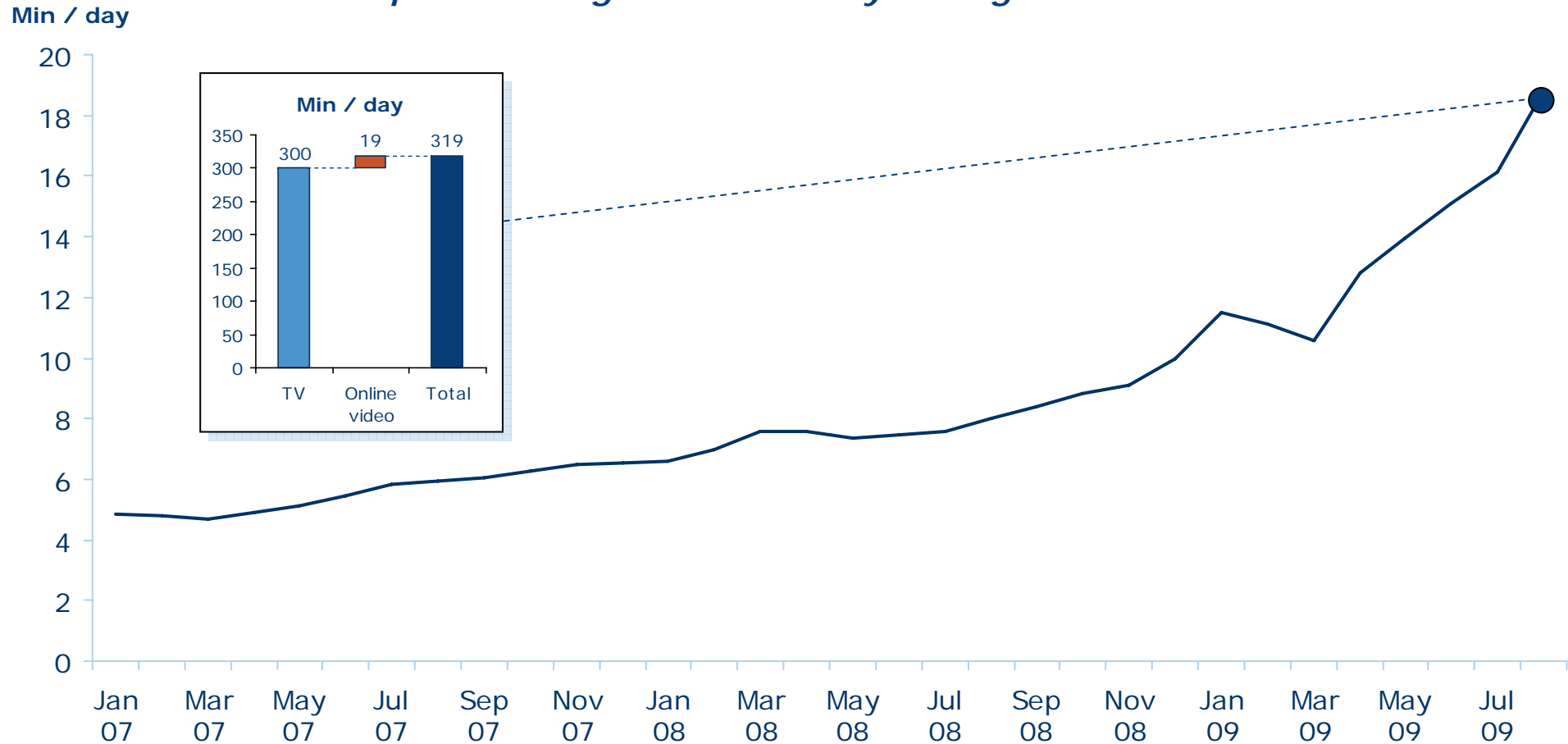


Online video has become a mass market...



...which increases viewing of living images even further

Time spent viewing online video by average viewer in the US



Online TV builds on, rather than replaces broadcast viewing

- Online TV is a different experience, used for different things
- Two main drivers for online TV use were
 - Catch up (78%, more females, mainly broadcaster destinations)
 - Discovery (22%, more males, YouTube leading)
- In study a study by Thinkbox, online TV added even up to 3 hours of viewing per week to linear television



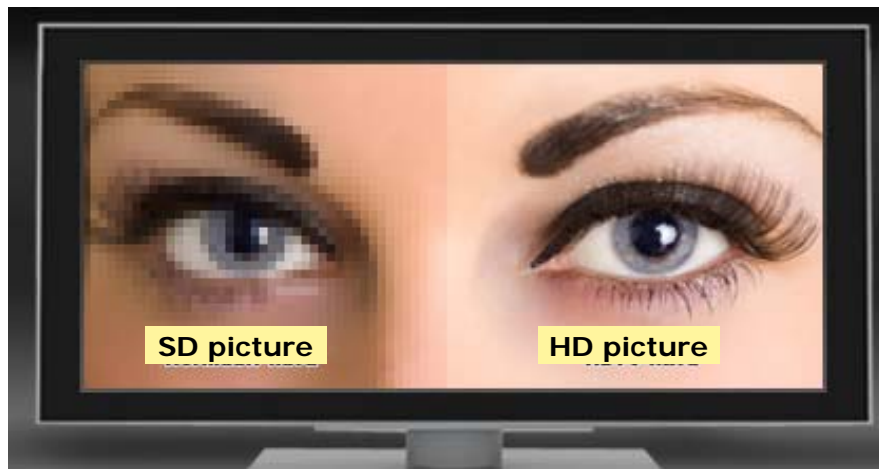
TV & online TV will increase its share of advertising

- New technology development that enhances the TV experience (HDTV, PVRs...)
- Access to mass audiences
- More targeted offers (thematic channels) in TV and online
- Emergence of a dual consumption mode TV/Internet



Developments in the picture technology increase the overall attractiveness of TV

*Already here:
High Definition TV*



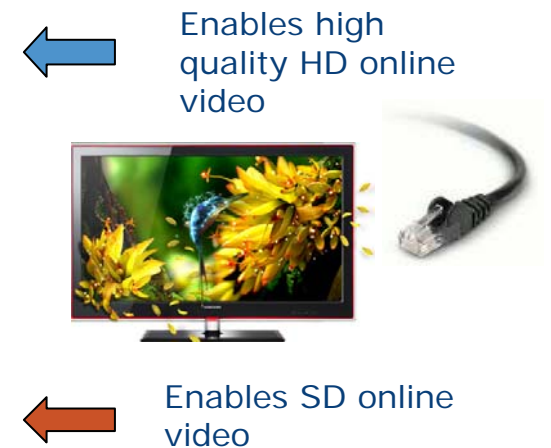
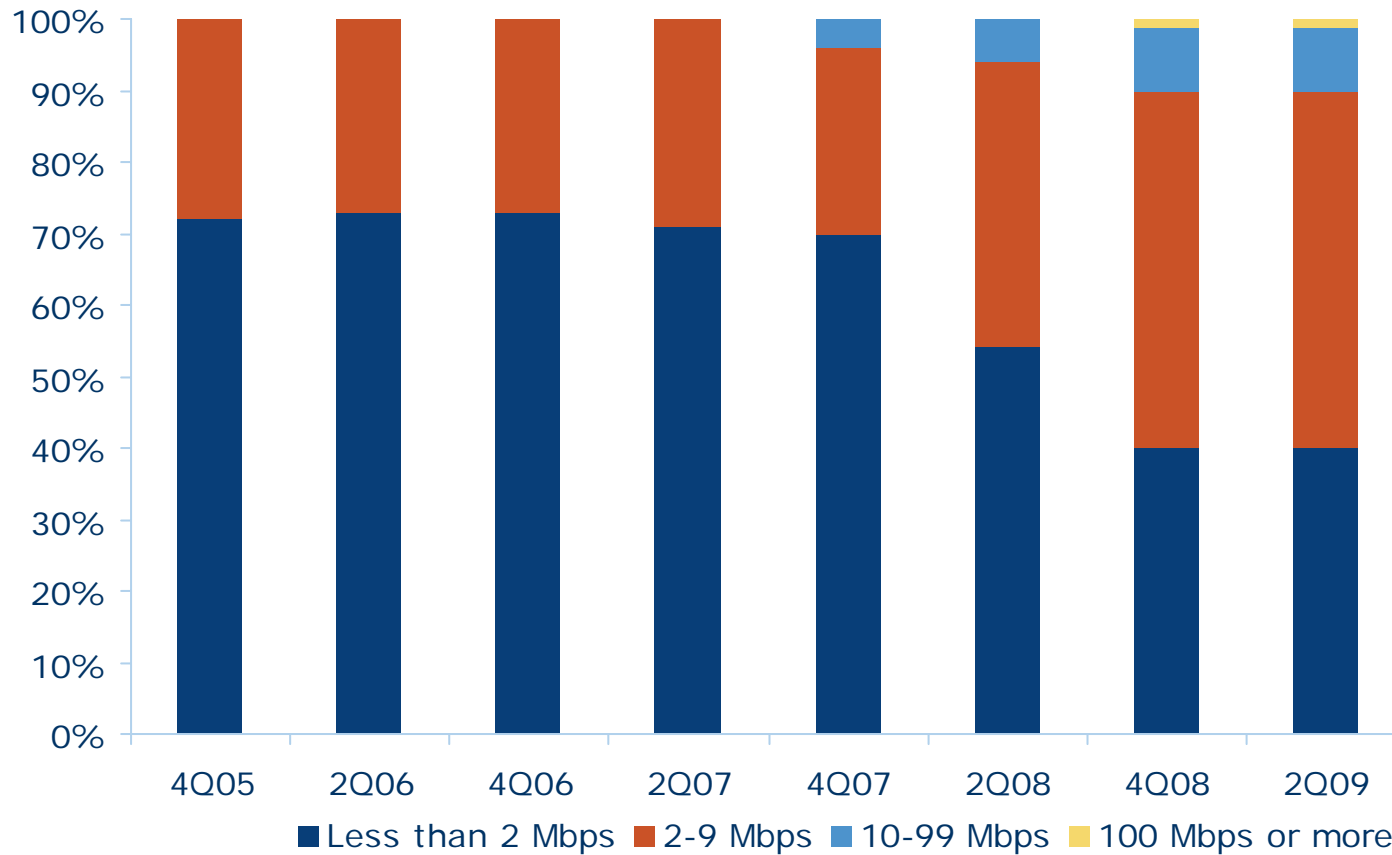
*Piloting in the near future:
3D TV*



Faster broadband speeds will enable convergence of broadcast TV and online

Speeds of fixed broadband connections in Finland

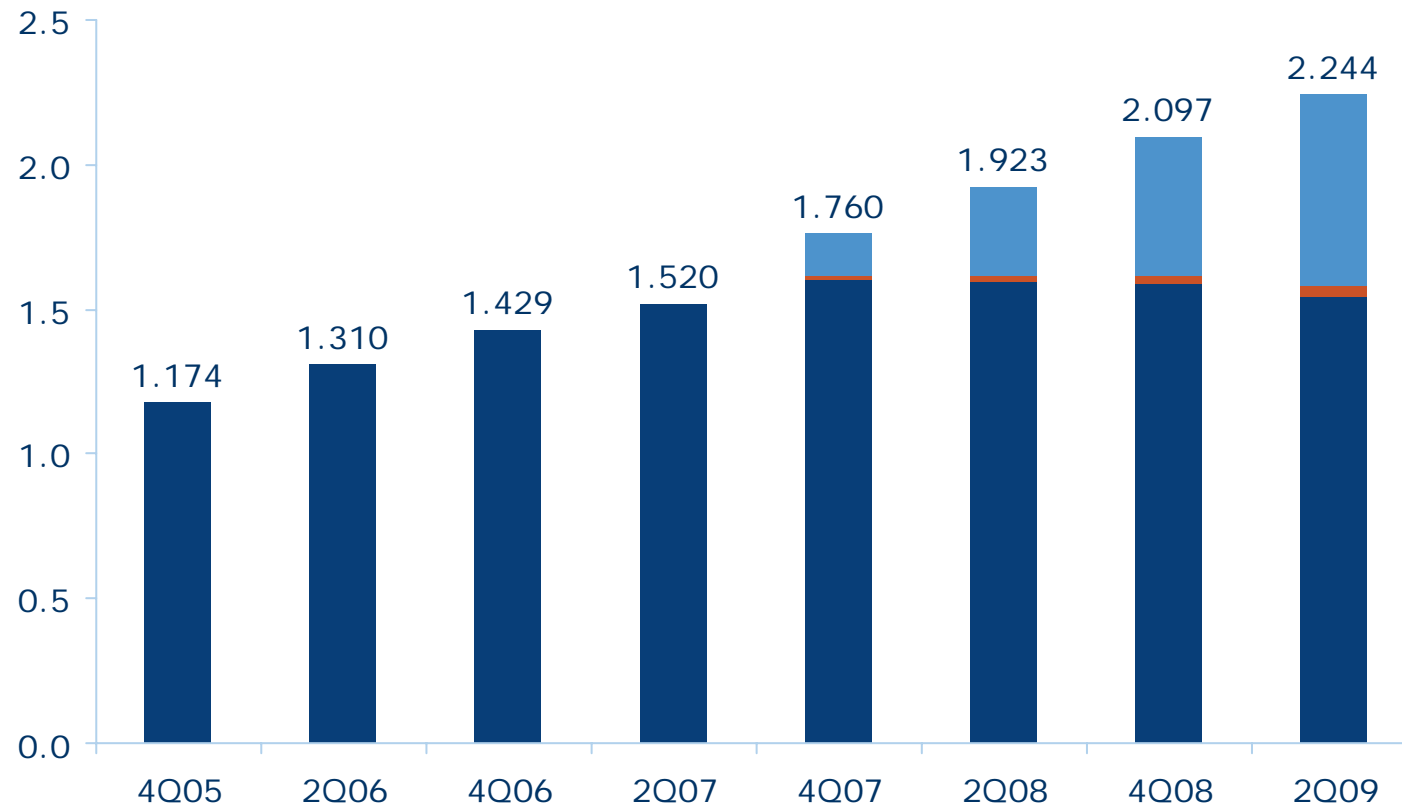
% of connections



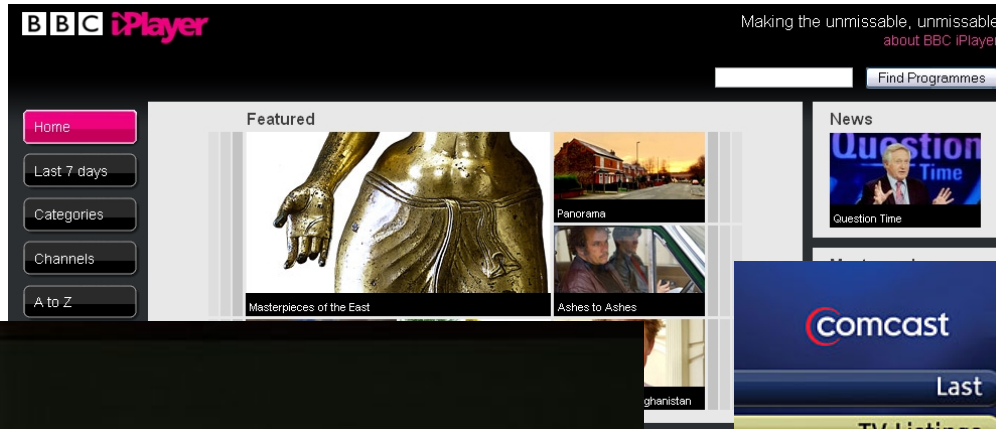
Mobile broadband will enable the 3rd screen

Broadband connections by type in Finland

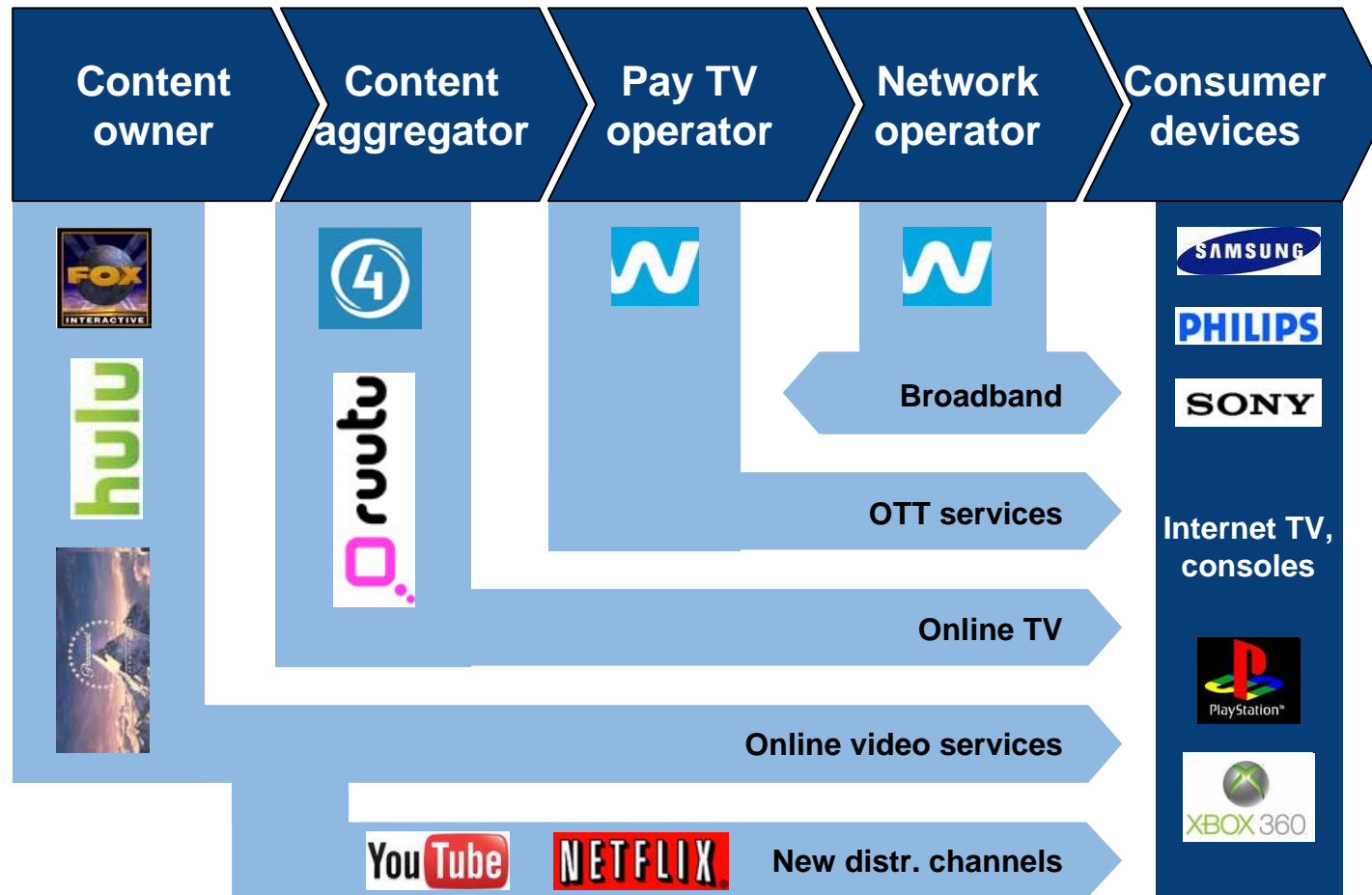
Million connections



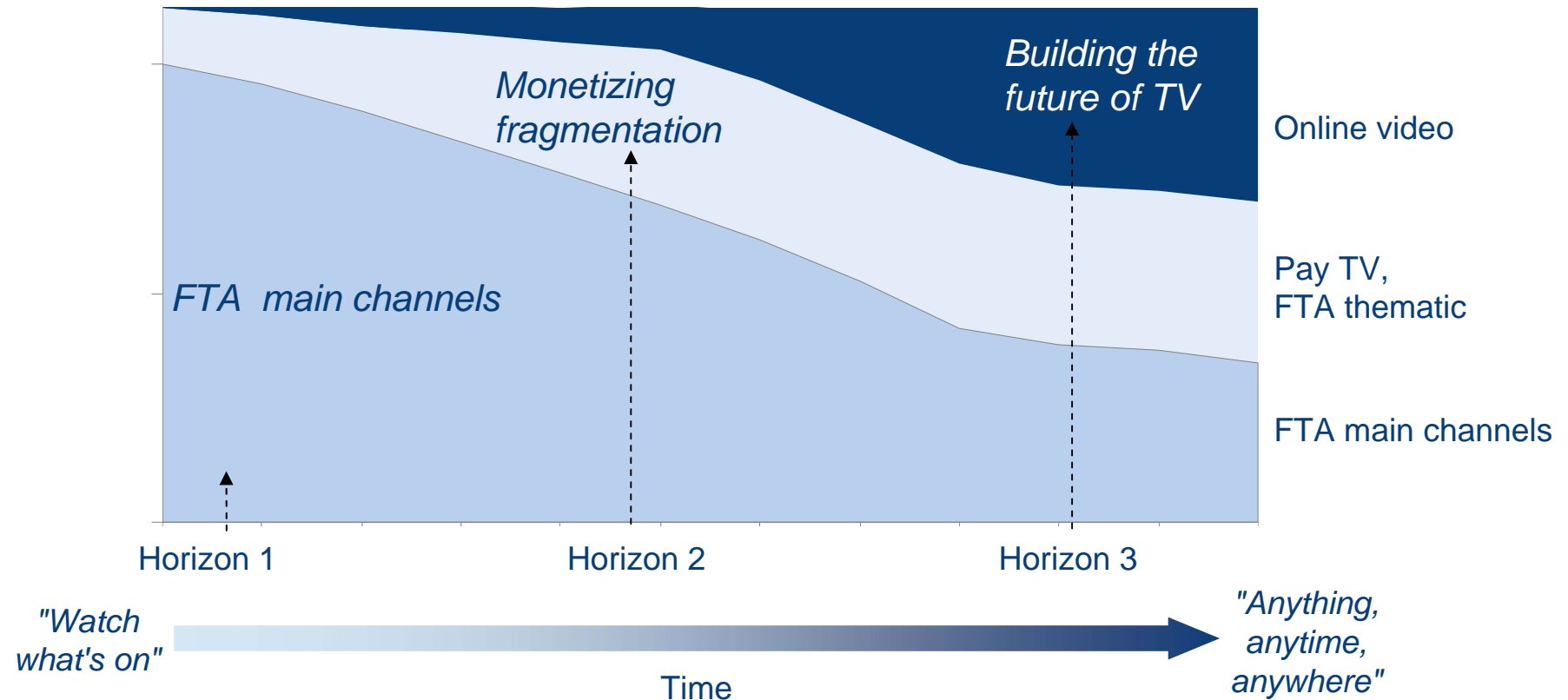
Over-The-Top distribution of video content and converged services are already here



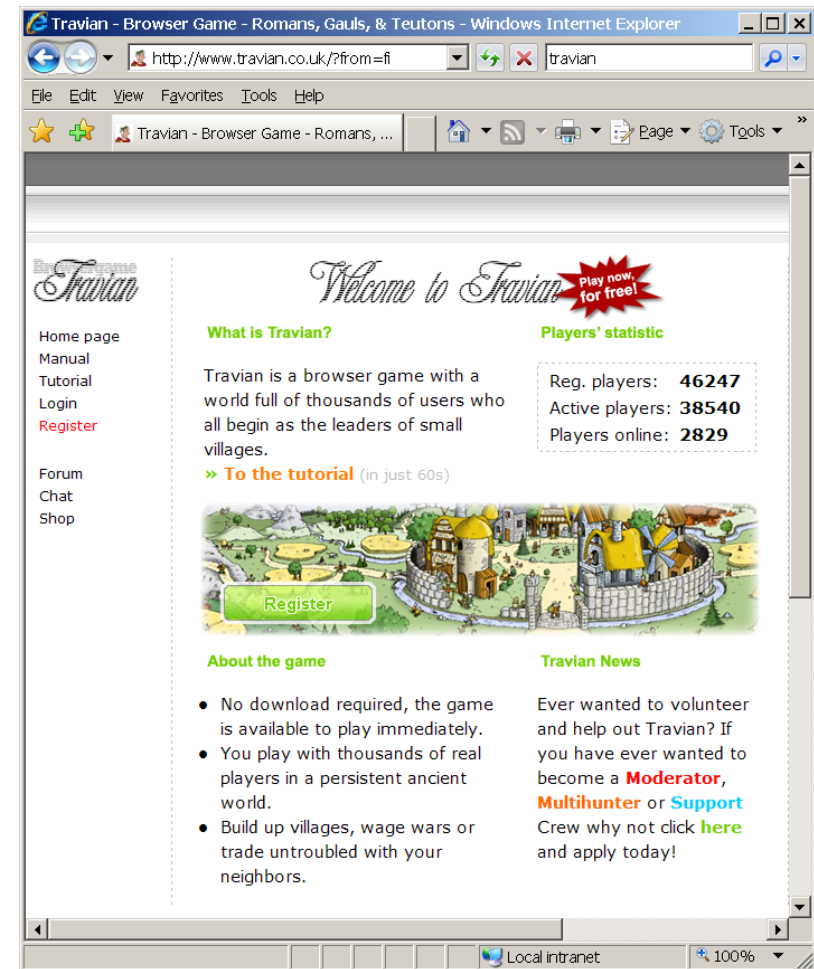
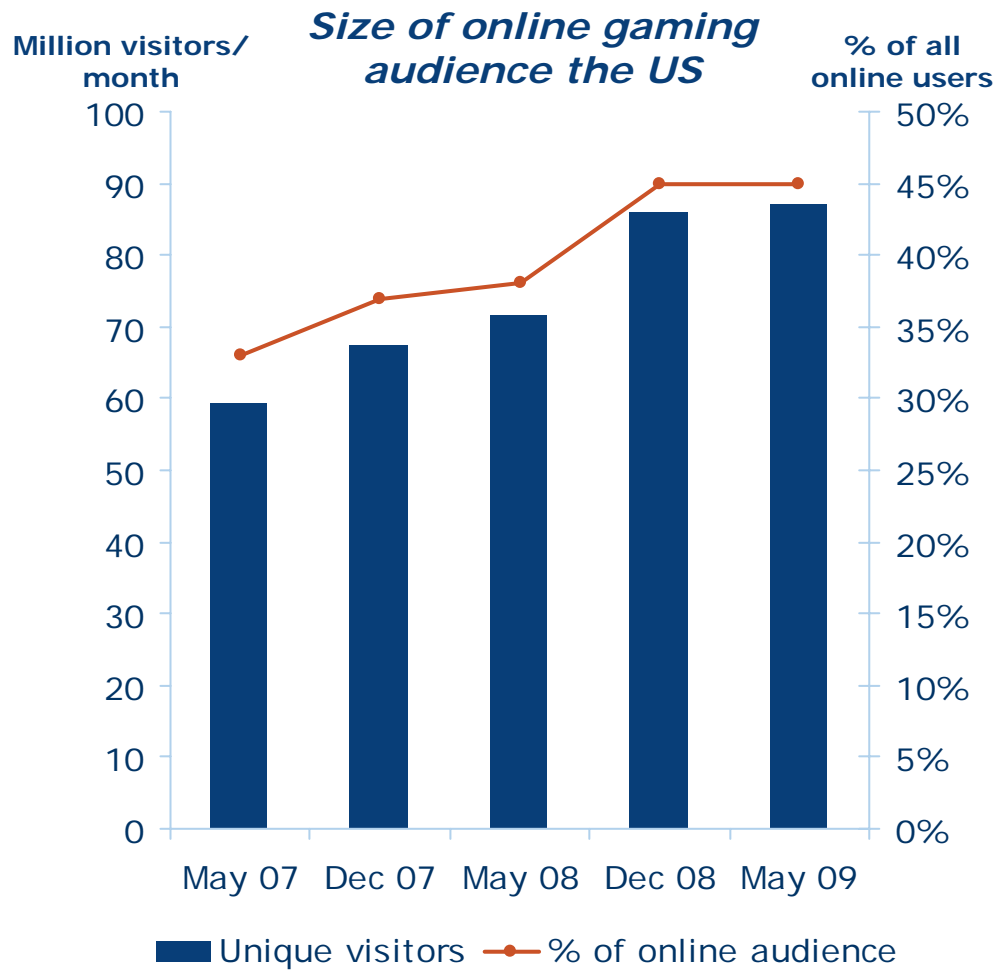
New ways to operate within the TV value chain are forming...



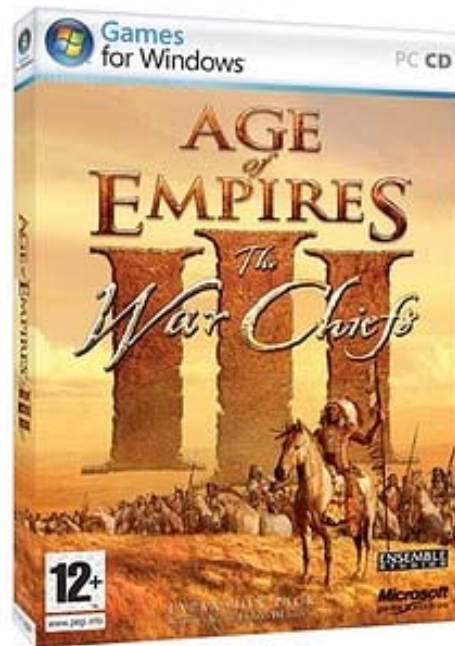
...as the market for living images evolves towards anything, anywhere, anytime



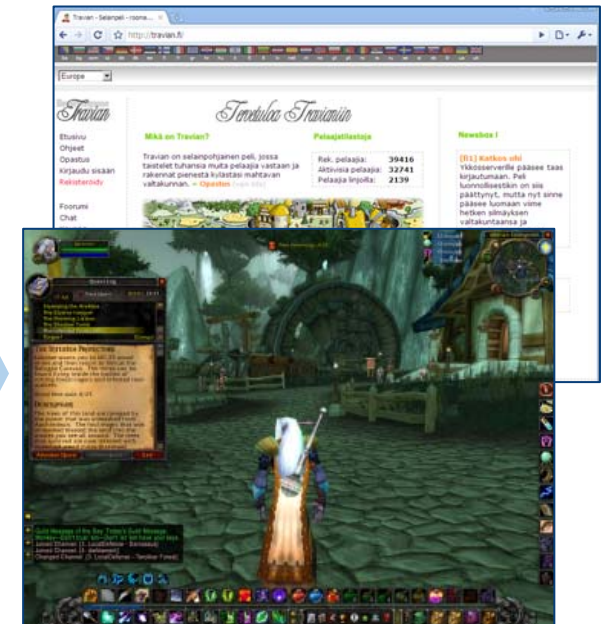
Online gaming is growing even faster than online video consumption...



...and the business model is moving from traditional retail to online



1. Online Digital Distribution
2. Free Games With Virtual Item Model
3. Game Cards at Retail



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Sanoma Entertainment's response

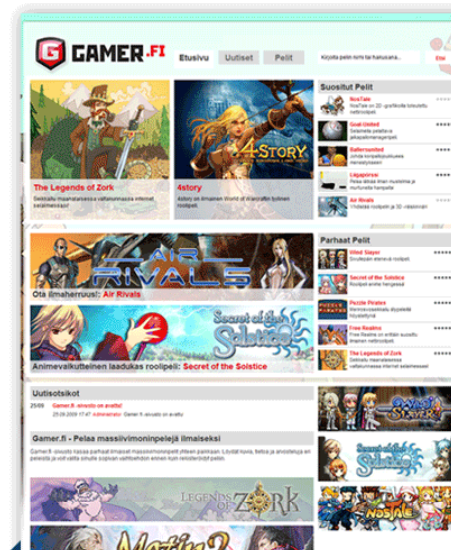
On the online gaming front, we are constantly developing our services to stay on the cutting edge



New Liigapörssi
01/09/2009



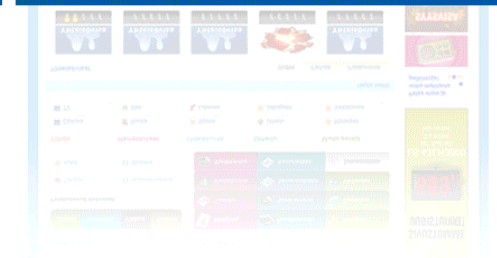
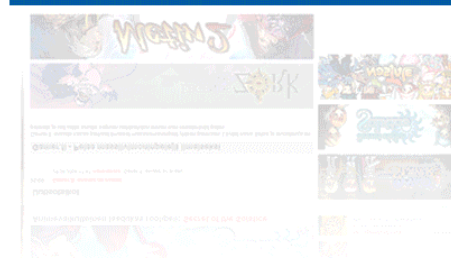
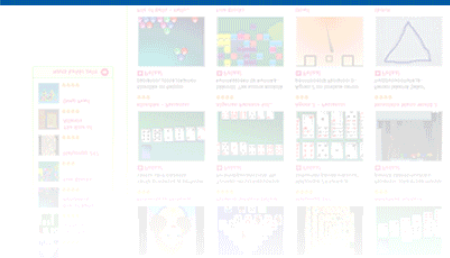
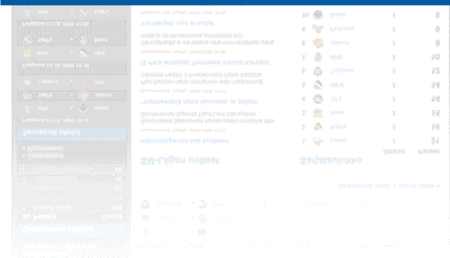
New Taukopelit
24/09/2009



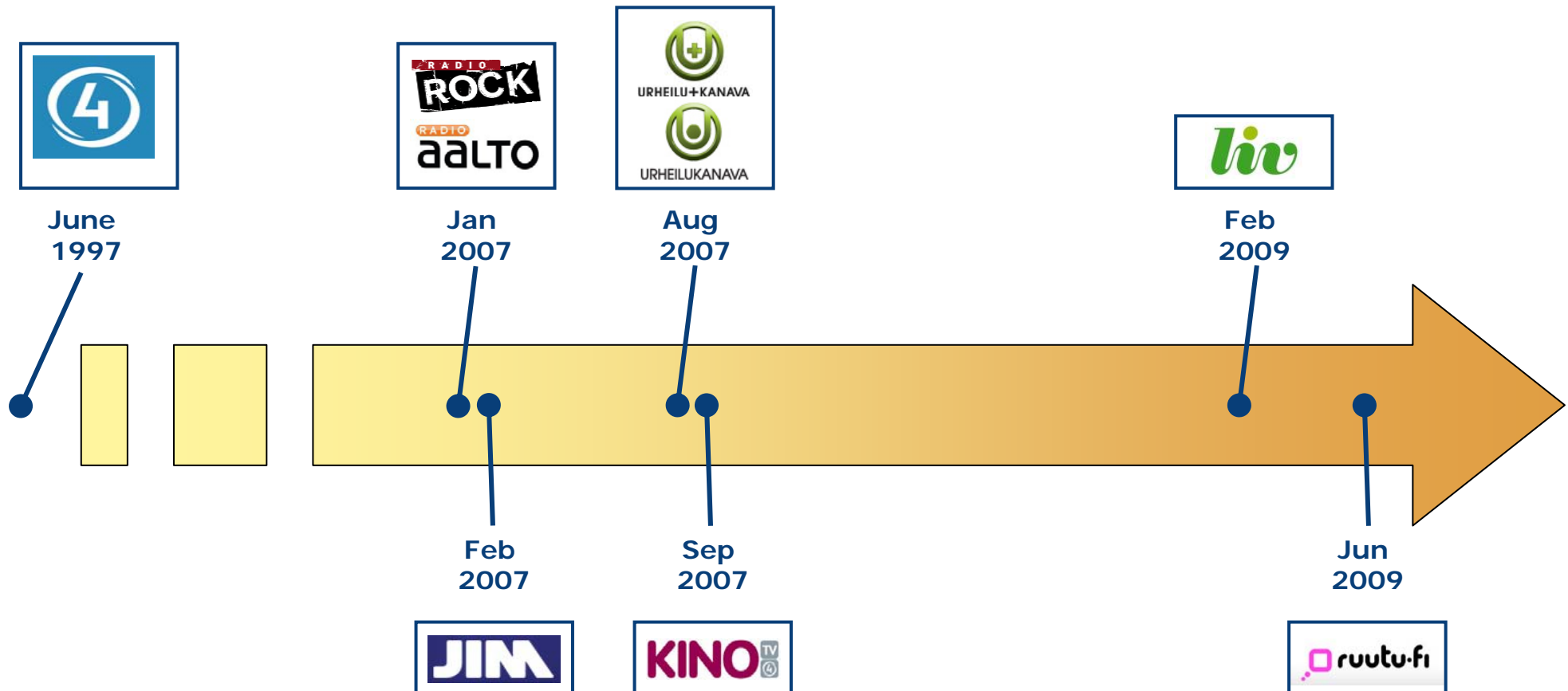
Gamer.fi
25/09/2009



New Älypää
30/09/2009

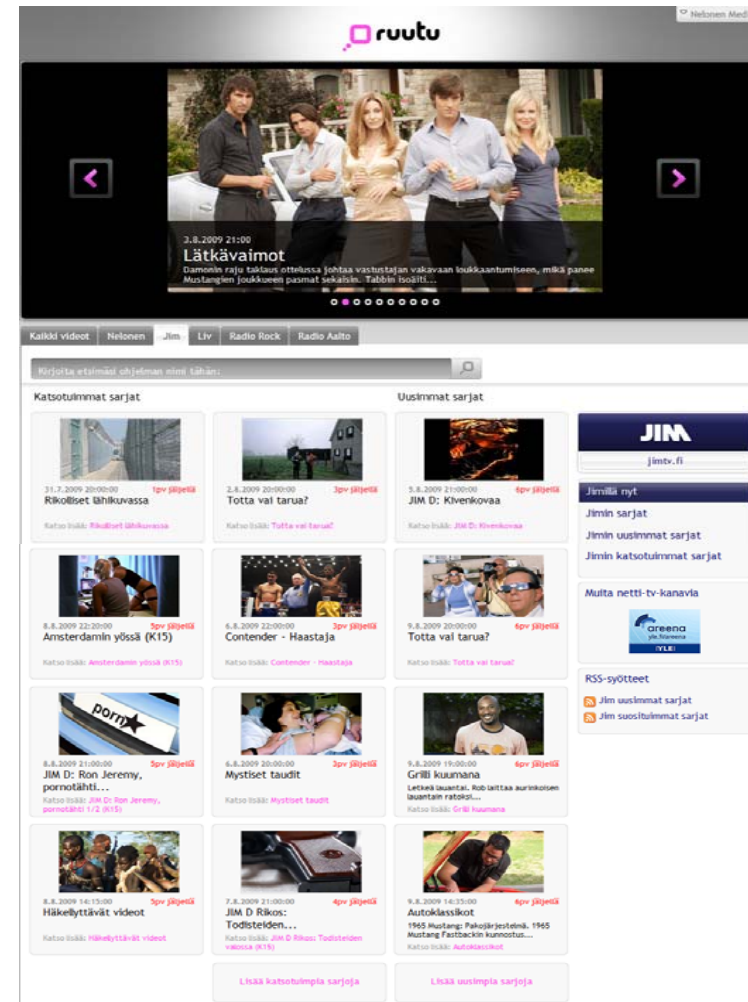


Nelonen Media has lived the fragmentation trend by turning from one channel into a multimedia house



Ruutu.fi has Nelonen Media's video and audio content in one online service

- Launched 6/2009
- All Nelonen Media's video and audio content in one service
- Concept:
 - Easy to use
 - Quality and breadth of content
 - Increasing viewing time
- Business:
 - Ad-funded
 - Easy to sell
 - Logical extension of Nelonen Media's business



At Nelonen Media, online TV already builds on broadcast TV



Welho has nearly 130 digital channels...



...and is in the front line in bringing HD content to its customers...

16 HD channels and growing + set-top-boxes

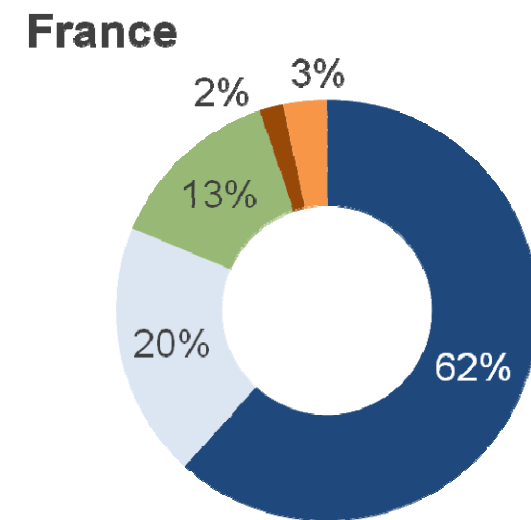
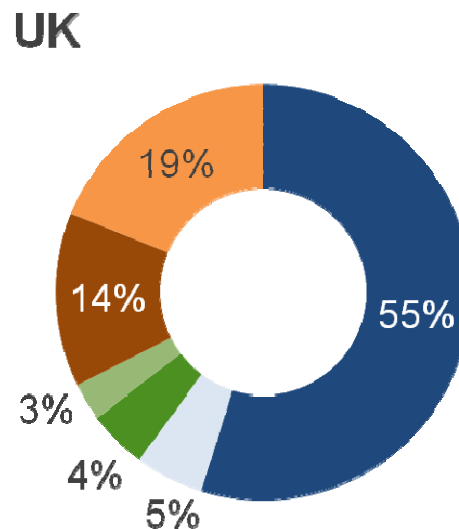
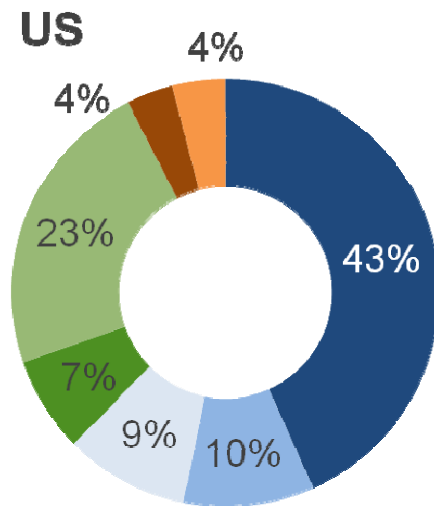
The image displays 16 HD channel logos arranged in a grid within a rounded rectangular frame. The logos include: ANIMAL PLANET HD, BBC HD, Discovery HD, CANAL+ FILM HD, HISTORY HD, EUROSPORT HD, SVT HD, CANAL+ SPORT HD, VOOOM HD, TV1000 HD, MTVN HD, myzen.tv HD, rushhd, silver HD, LUXE.TV HD, and VIASAT SPORT HD. To the right of this grid is a plus sign (+). Further right, within another rounded rectangular frame, are two set-top boxes: a black HD-DVR and a black ARION HD-DVR. Below the ARION box is the 'CABLE HD READY' logo.

...as well as in building an online platform for TV content and paid video



Broadcasters and Pay TV / Cable operators are capturing the largest share of ad-supported online TV revenues

2008 share of ad-supported online TV revenues

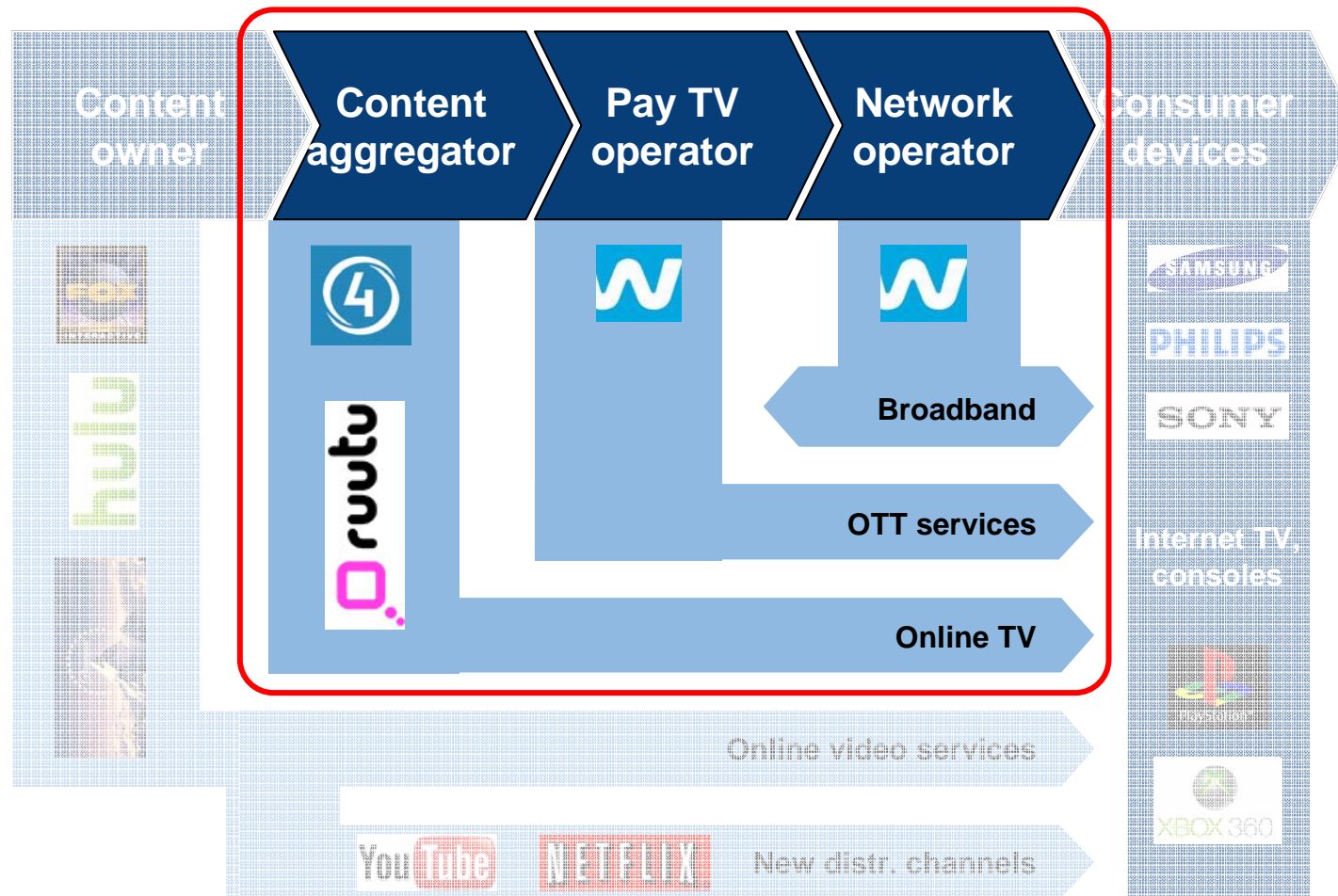


- Broadcasters
- Hulu
- Portals

- Pay TV operators
- Premium cable channels
- Sports Leagues

- Others

Sanoma Entertainment is well positioned to benefit from the new ways of operating in the TV business



Let us entertain!

Thank you.