

# Building the Best Brands and Expanding in the East and IP Media

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Sanoma Magazines

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# Sanoma Magazines Vision

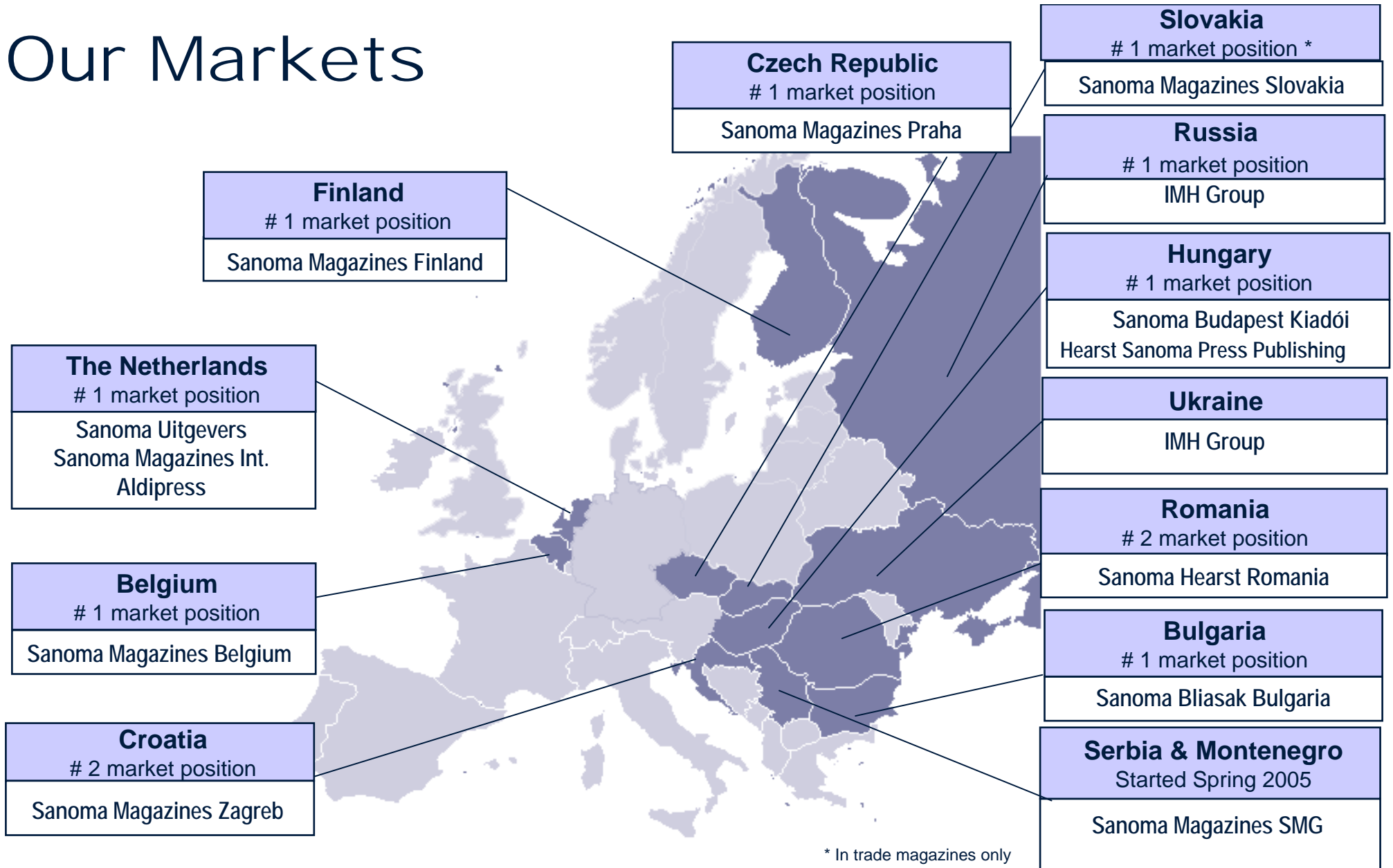
“Touching people”

We believe in the power of magazine brands and their potential to expand into multi-media concepts.

Our aim is to build and secure long lasting relationships with our readers, advertisers and other stakeholders, on the basis of our core values:

creativity, reliability and dynamism

# Our Markets



# Our Leading Titles

## Average Circulation 2005

NL

552,200



358,300

BEL

221,500



246,000

FIN

265,400



300,900

HUN

362,200



300,000

RUS

140,000



693,660

# International Magazine Brands

- Leveraging successful magazine concepts across borders



# A Value Adding Licensing Partner

## Localizing the Global Brands

- The best known global brands
  - Cosmopolitan – Playboy –
  - FHM – Maxim – Disney –
  - Elle – Auto Bild –
  - National Geographic



*Czech Rep. Hungary Romania Croatia*



*Elle Serbia & Montenegro  
and Elle Bulgaria,  
both launched in 2005*



*The Russian edition of Cosmopolitan is  
the biggest outside of the US; we also  
publish Cosmo in The Netherlands,  
Finland, Hungary and Romania*



*Finland*



*The Netherlands*

# Our Latest Success in Localizing a Global Title

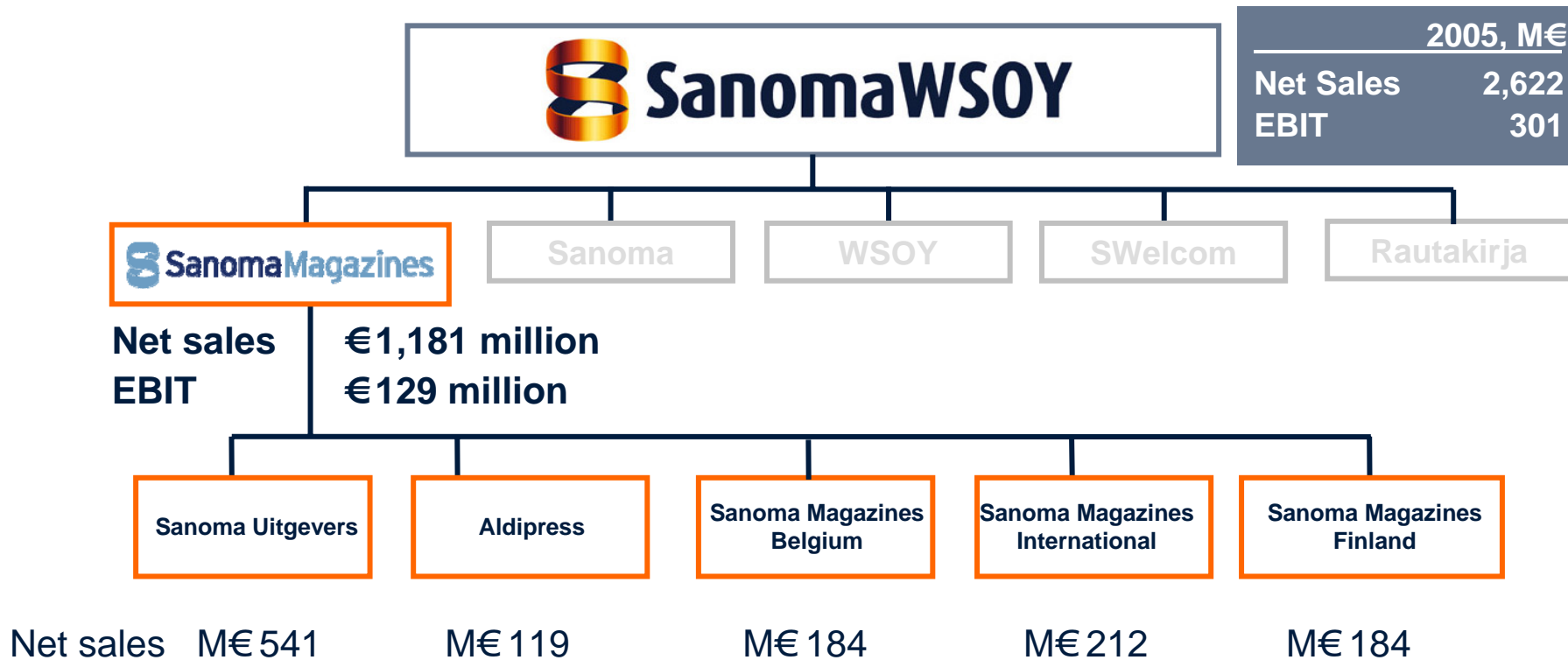
## National Geographic in Bulgaria

- Launched on November 2005
- Circulation 42,300 – an instant success!



# Sanoma Magazines

As part of the SanomaWSOY Group

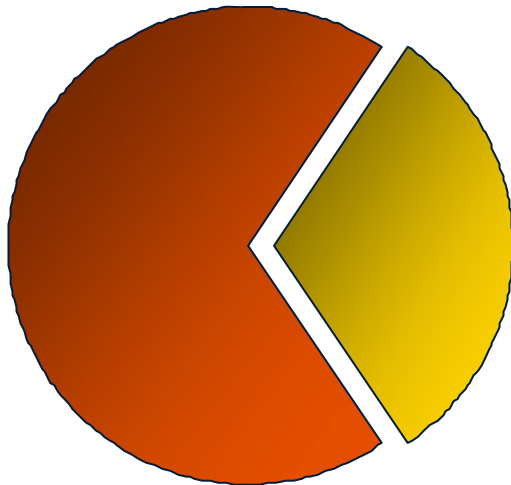


# Sanoma Magazines

## As a Part of the SanomaWSOY Group

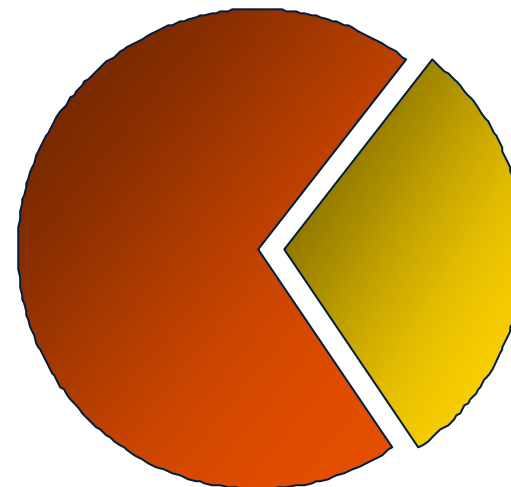
### Net Sales 2005

Sanoma Magazines:  
EUR 1,181.9 million  
(44% of the Group net sales)



### EBIT

Sanoma Magazines:  
EUR 129.1 million  
(42% of the Group EBIT)



Intracompany  
eliminations  
excluded.

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# Sanoma Magazines

## European Magazine Publisher with a Strong Focus on Interactivity

**Sanoma Uitgevers**  
 Net sales 541.2 M€  
 (Netherlands)

Magazine publishing  
 Online operations



**Sanoma Magazines International**  
 Net sales 212.4 M€

Magazine publishing  
 Online operations



**Sanoma Magazines Belgium**  
 Net sales 184.4 M€

Magazine publishing,  
 Online operations



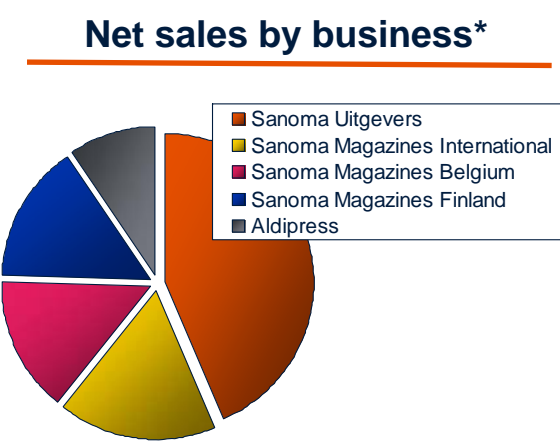
**Sanoma Magazines Finland**  
 Net sales 184.3 M€

Magazine publishing  
 Online operations



**Aldipress**  
 Net sales 118.6 M€  
 (Netherlands)

Press distribution

\* Intracompany eliminations excluded.

# Sanoma Magazines

## Key Figures 1-12/2005

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€ million	<b>1-12/2005</b>	1-12/2004	Change, %
<b>NET SALES</b>	<b>1,181.9</b>	1,097.8	7.7
Sanoma Uitgevers	<b>541.2</b>	542.9	-0.3
Sanoma Magazines International	<b>212.4</b>	138.3	53.6
Sanoma Magazines Belgium	<b>184.4</b>	186.0	-0.9
Sanoma Magazines Finland	<b>184.3</b>	174.8	5.5
Aldipress	<b>118.6</b>	115.7	2.6
Eliminations	<b>-59.0</b>	-59.8	
<b>NET SALES BREAKDOWN BY SOURCE</b>			
Advertising revenues	262.9	217.5	20,9
Single copy revenues	351.2	341.4	2,9
Subscription revenues	308.1	295.9	4,1
Other	259.7	243.0	6.9

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# Sanoma Magazines

## Key Figures 1-12/2005

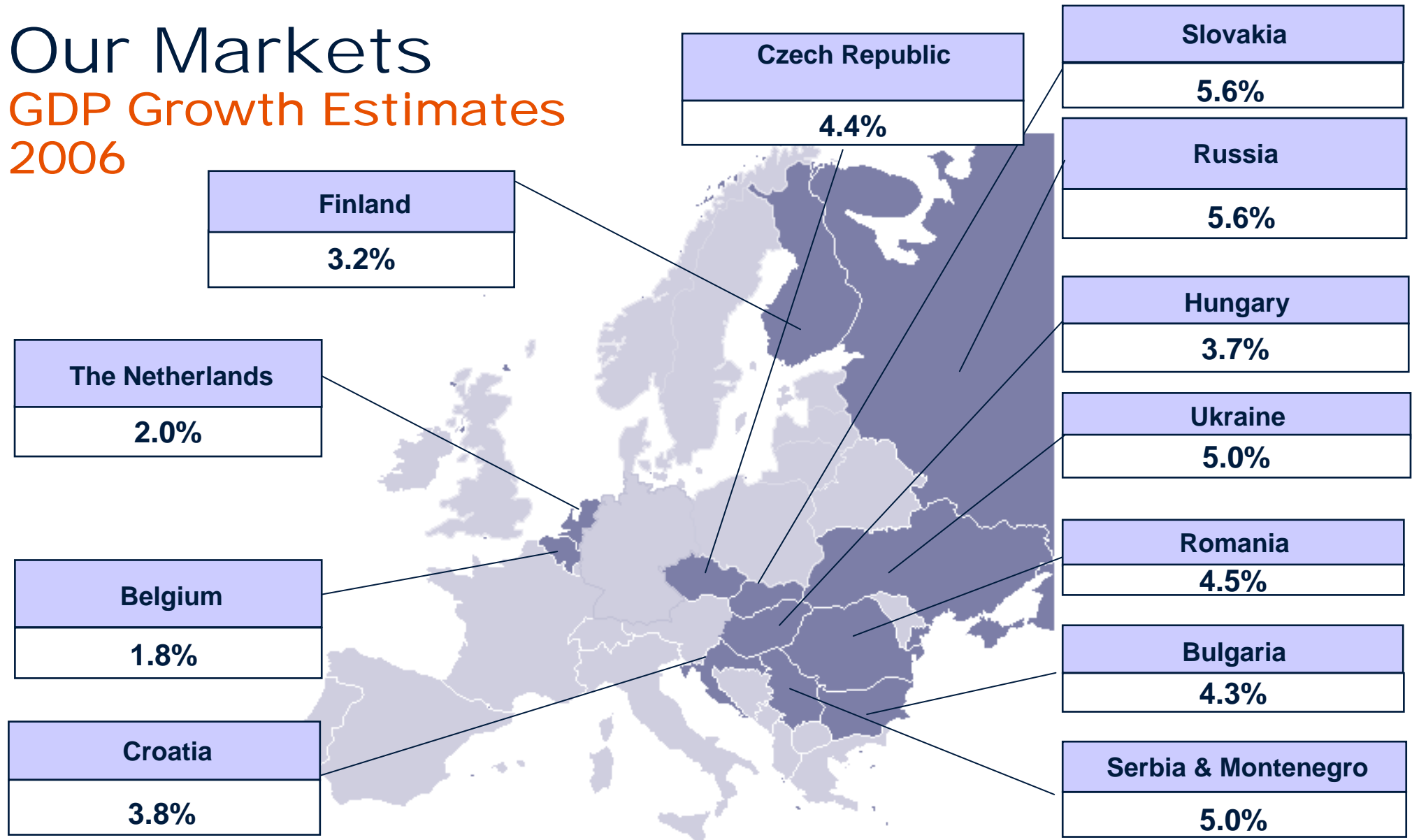
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€ million	1-12/2005	1-12/2004	Change, %
NET SALES	1,181.9	1,097.8	7.7
EBIT	129.1	139.7	-7.6
% net sales	10.9	12.7	
EBIT excluding major non-recurring capital gains	129.1	137.3	-6.0
% of net sales	10.9	12.5	
Gross investments	206.9	20.0	932.9
Personnel on average	5,275	4,524	16.6

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# Our Markets

## GDP Growth Estimates 2006



# A Leading European Magazine Publisher

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## Magazines net sales / €mill. 2005

1.	Grüner + Jahr	2,439
2.	Hachette Filippachi Media	2,120 <i>(incl. newspapers)</i>
3.	Heinrich Bauer Verlag	1,704
4.	Sanoma Magazines	1,182
5.	Hubert Burda Media	956 <i>(magazines division)</i>

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# Strategic Objectives

1. Strengthen and build clear market leadership in our markets

2. Further expansion in Eastern European markets

3. Expand into promising IP Media opportunities

# Strategic Objectives

## 1. Strengthen and build clear market leadership in our markets

- Building, renewing and extending the best brands drive the value of our businesses, also online
- Professional title portfolio development offers possibilities for continuous healthy growth in the mature Western European markets, too
- Development of unique and more targeted reach is key to attract advertisers and improve profitability
- Opportunities for consolidation will be explored actively in all markets

# Strategic Objectives

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## 2. Further expansion in Eastern European markets

- The key growth areas continue to be the CEE countries and Russia
- Growth will be fuelled by new launches, localizing existing titles, licensing, brand extensions, and online initiatives
- Opportunities for further geographic expansion will be explored actively

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# Strategic Objectives

## 3. Expand into promising IP Media opportunities

- Possibilities to utilize business opportunities in IP Media are pursued intensively
- The SanomaWSOY's expertise in digital media will be leveraged to establish the best IP Media brands and business models
- The objective is to reach market leading positions in well defined and most attractive IP Media spaces in our operating countries

# Ilse Media (NL)

## Our Leading Online Brands Reaching Millions of Consumers

### Portals and search

Startpagina	no 1 portal	5.4 mill. unique visitors per month (01/06)
Ilse	no. 2 local search engine	1.4 mill. unique visitors per month (01/06)

### News

Nu.nl	no. 1 news service	2.3 mill unique visitors per month (01/06)
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### Community services

Web-log.nl		2.1 mill. unique visitors per month (01/06)
Cu2		409k unique visitors per month (01/06)



# Ilse Media (NL)

## Growing Strongly

- Revenue sources
  - paid search (links and listings)
  - traditional advertising (buttons, banners and sponsorships)
  - consumer revenues
- Net sales growth + 56% p.a. (CAGR '02-'05)

# Sanoma Magazines Budapest

## Hungary's Leading Online Brands

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### Portals and search

Startlap.hu



### Communities

Nök Lapja Cafe (www.nlcafe.hu)

### Verticals / market places

Profession.hu

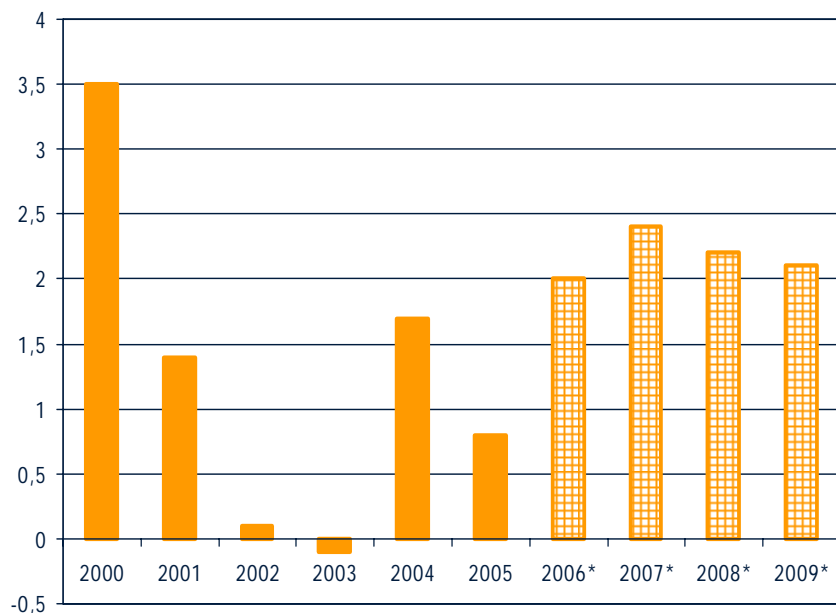
Vezess.hu (cars)

TeszVesz.hu (auction)



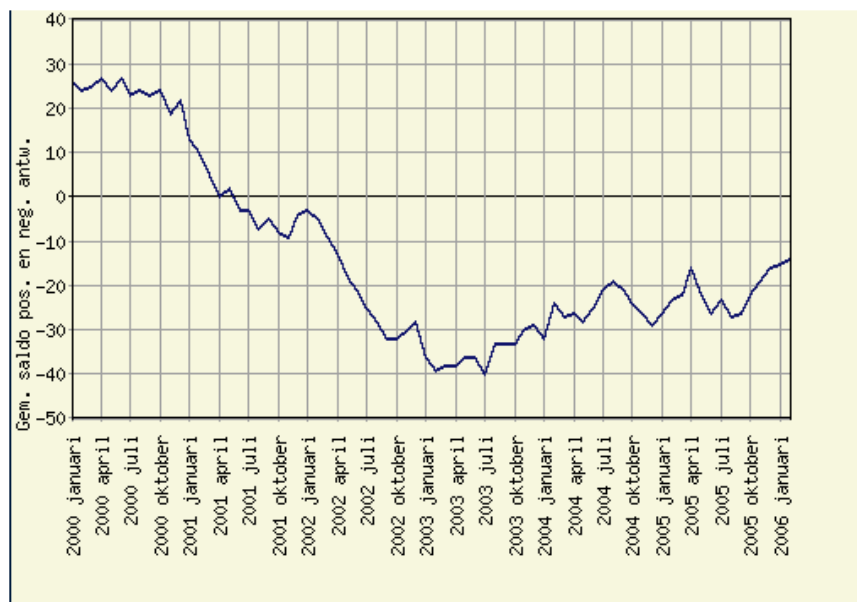
# Market Update - The Netherlands

# Weak Dutch GDP Development and Disappointing Consumer Confidence in Recent Years



GDP growth p.a. (%)

Source: EIU \* Estimations of EIU

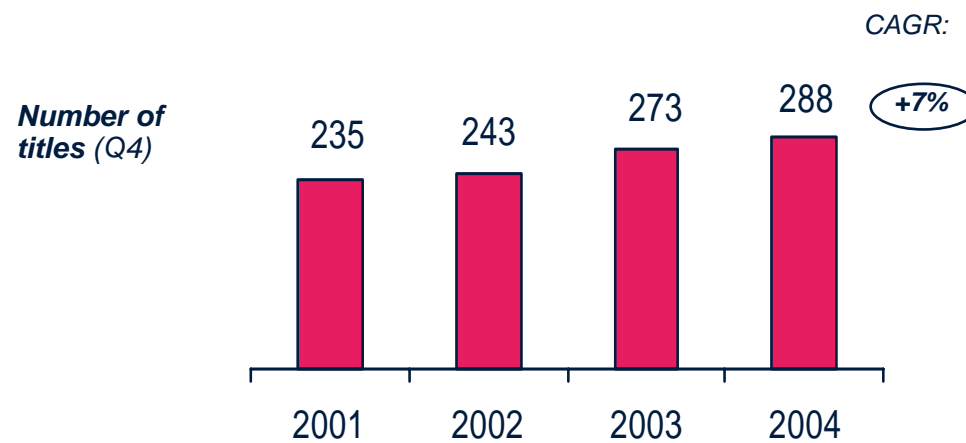


Consumer Confidence

Source: CBS

# The Dutch Market Environment Is Stagnant

- The magazine market is a very volatile market with many new launches
- Readership is increasingly fragmenting

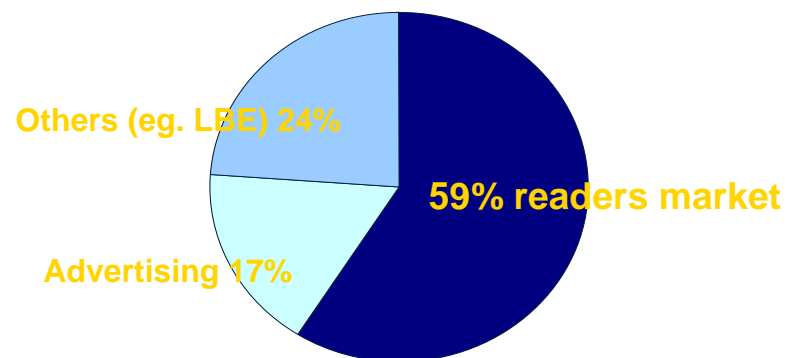


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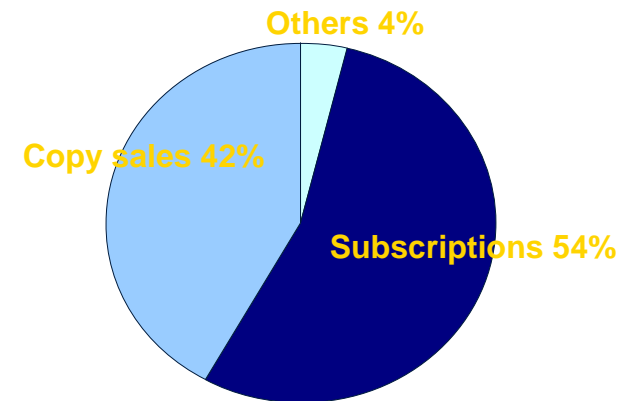
# Sanoma Uitgevers Is the Clear Magazine Market Leader in The Netherlands

- Publishing groups Women, Special interest, Young, and Home Interest
- Subsidiaries Sanoma Men's Magazines, Young Families and ilse media (online)
- Advertising market share (2005):
  - 37.3% (all magazines)
  - 50.7% (competitors)
- Paid circulation market share (2004): 27%

Revenue breakdown (incl. subsidiaries)



Readers market revenue breakdown



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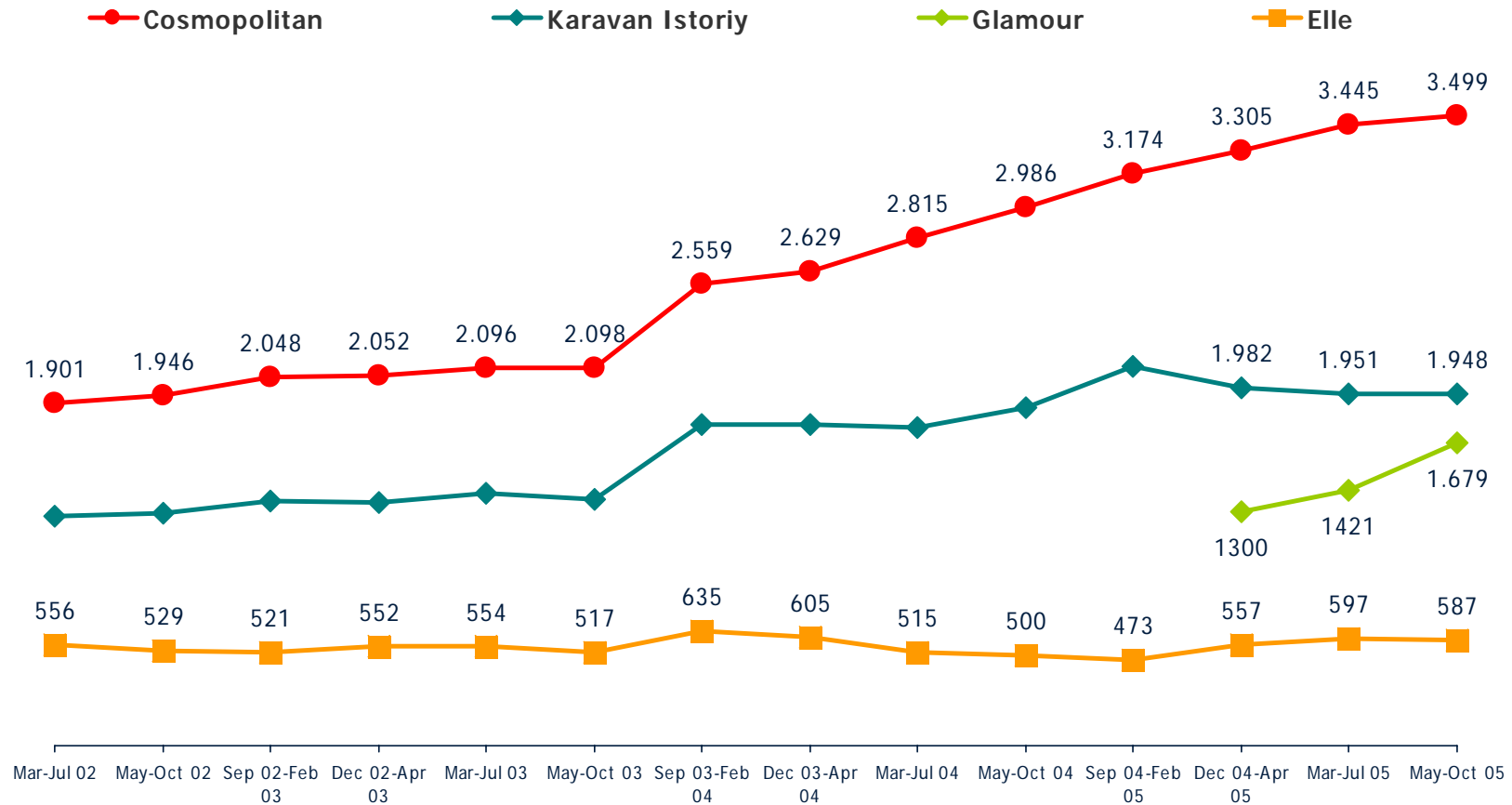
# Market Update - Russia

# Our Current Position in Russia Provides a Strong Foothold for Further Expansion

- We are building upon our clear market leadership in the glossy segment (Cosmopolitan, Harper's Bazaar, Men's Health, Esquire, Robb Report)
- Business daily Vedomosti is a cooperation of strong partners: The Wall Street Journal and Financial Times
- Independent newspapers (The Moscow Times, The St. Petersburg Times)
- Sizable miscellaneous activities: fairs & events (The Millionaire Fair), a strong custom publishing unit, the #1 business book publisher (Alpina Business Books)

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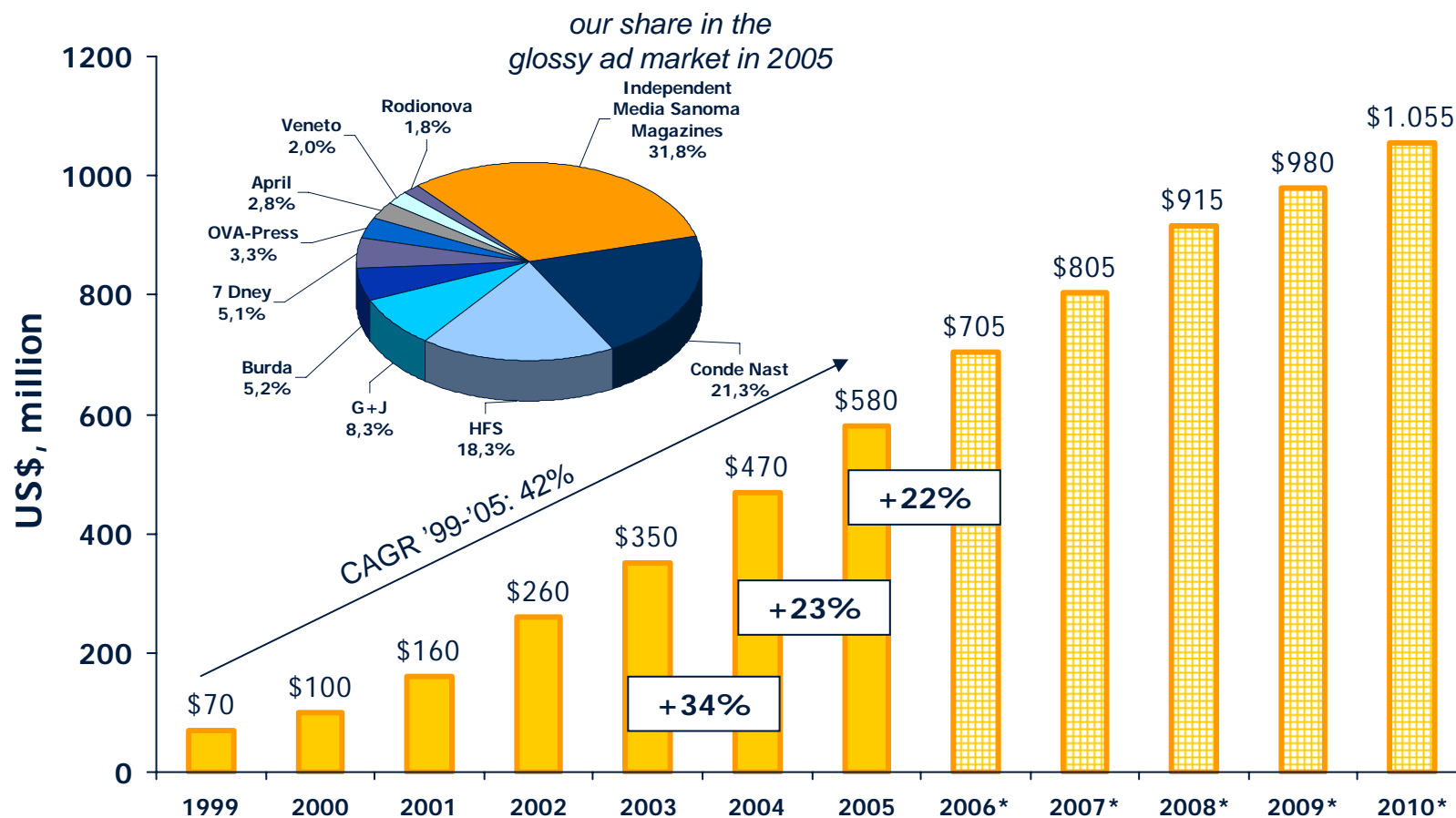
# Cosmopolitan Readership Continues to Develop Very Positively



Women's titles, readership, 2002 - 2005, in thousands

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# The Russian Magazine Ad Market Continues to Develop Favourably



Source: AKAR

\* estimations of AKAR

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# Ambitious Plans to Seize Future Opportunities

- ‘Glossy’ women’s weekly Gloria is currently being tested in Samara to serve the growing group of middle-class women interested in fashion, beauty, celebrities etc
- The Vedomosti business cluster is in the midst of preparing a business weekly
- SanomaWSOY’s Rautakirja division is involved to further develop the logistic chain to ensure our magazines have the best retail positions

# Sanoma Magazines



**THANK YOU!**