

An afternoon with Sanoma Magazines

Eija Ailasmaa
CEO, Sanoma Magazines

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Contents

- Getting acquainted:
'We Are Sanoma Magazines'
- Zooming in on two of our major markets:
the Netherlands and Russia



Our Mission and Vision

- Sanoma Magazines' **mission** is to serve the needs of our readers and advertisers by creating and continuously developing top quality magazine brands and multimedia extensions that offer sustainable profitability and growth. To secure our growth and profitability we want to be the clear number one in our chosen markets and segments.
- **Vision**
Sanoma Magazines believes in the power of magazine brands and their potential to expand into multimedia 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.

We Are the 4th Largest Magazine Publisher in Europe*

1. Grüner + Jahr EUR 2,439 million
2. Hachette Filippachi Médias EUR 2,120 million (includes newspapers)
3. Heinrich Bauer Verlag EUR 1,704 million
4. **Sanoma Magazines** EUR 1,182 million
5. Hubert Burda Media EUR 956 million (magazine division only)

A Leading 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



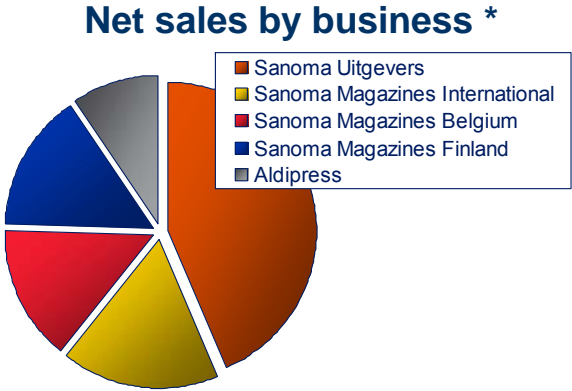
Sanoma Magazines Finland
 Net sales 178.8 M€

- Magazine publishing
- Online operations



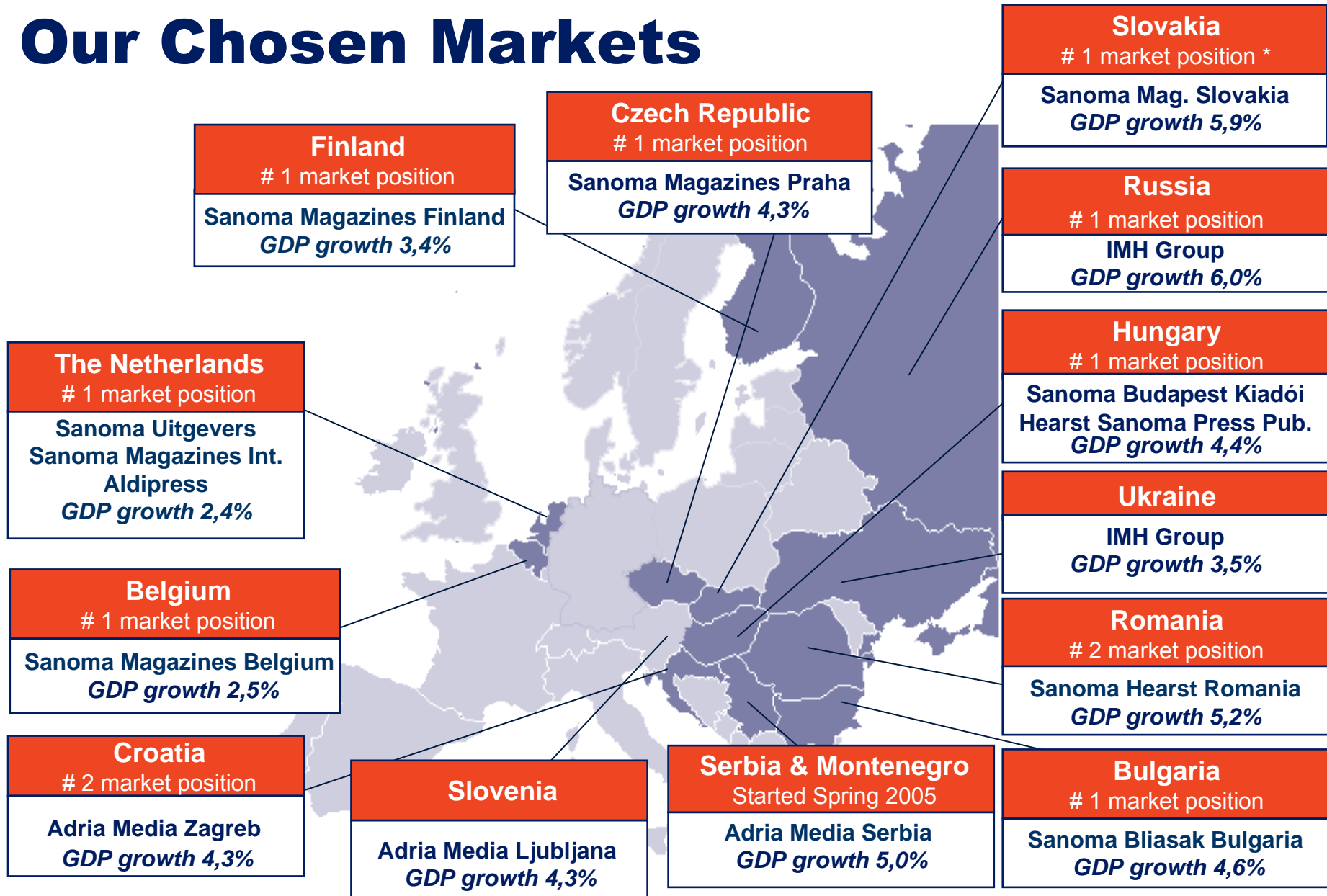
Aldipress
 Net sales 118.6 M€
 (Netherlands)

- Press distribution

* Intracompany eliminations excluded
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Our Chosen Markets



Sanoma Magazines Key Indicators 1–9/2006

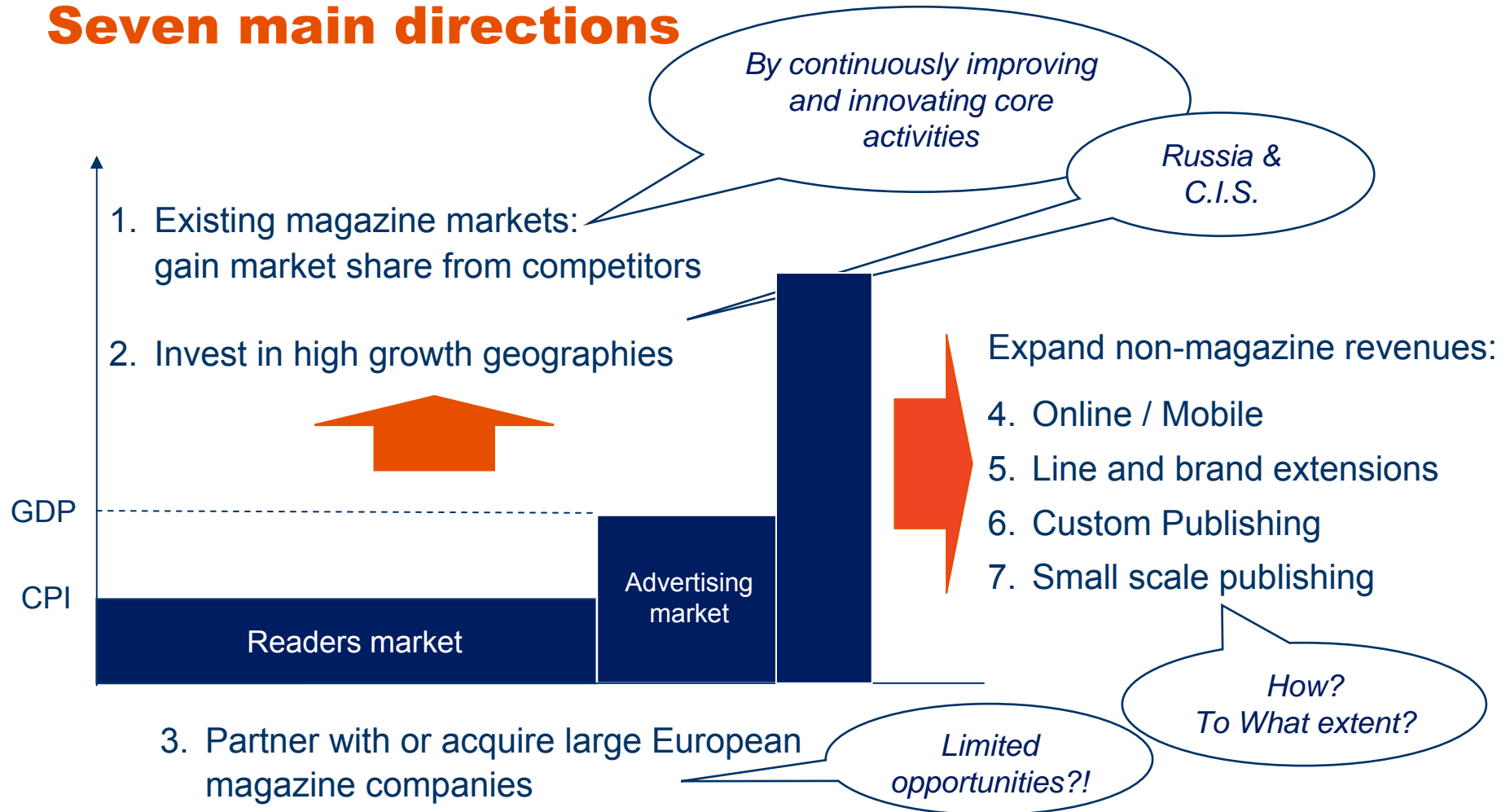
| EUR million | 1–9/2006 | 1–9/2005 | Ch % | 1–12/2005 |
|---|----------------|----------|------|-----------|
| Net sales | 878.9 | 830.3 | 5.8 | 1,181.9 |
| Operating profit | 89.9 | 89.7 | 0.2 | 129.1 |
| % of net sales | 10.2 | 10.8 | | 10.9 |
| Operating profit excluding major non-recurring capital gains | 87.3 | 89.7 | -2.7 | 129.1 |
| % of net sales | 9.9 | 10.8 | | 10.9 |
| Balance sheet total | 1,870.5 | 1,662.3 | 12.5 | 1,752.5 |
| Capital expenditure | 12.7 | 12.2 | 4.5 | 36.6 |
| Personnel under employment contract, average | 5,523 | 5,142 | 7.4 | 5,275 |
| Personnel, average (full-time equivalents) | 5,029 | 4,594 | 9,5 | 4,716 |

Our Focused Growth Strategy

- **We aim to...**
 - ... streamline, grow and consolidate the existing positions in our core consumer magazine businesses through launches, partnerships and acquisitions.
 - ... build on our interactive (IP) media business through own developments by leveraging existing concepts geographically and through selected acquisitions and alliances.
- **By way of...**
 - ... an active portfolio and launch strategy.
 - ... acquisitions and partnerships in areas where a significant market share can be achieved and where value can be added.
- **We will...**
 - ... further invest into promising consumer activities and explore online (IP) business opportunities.
 - ... focus on mid-sized European media markets.

The Way We Will Grow

Seven main directions



Our Strategic Objectives (1/3)

Strengthening and building clear market leadership in our markets

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

Our Strategic Objectives (2/3)

Continuing expansion in Eastern European markets

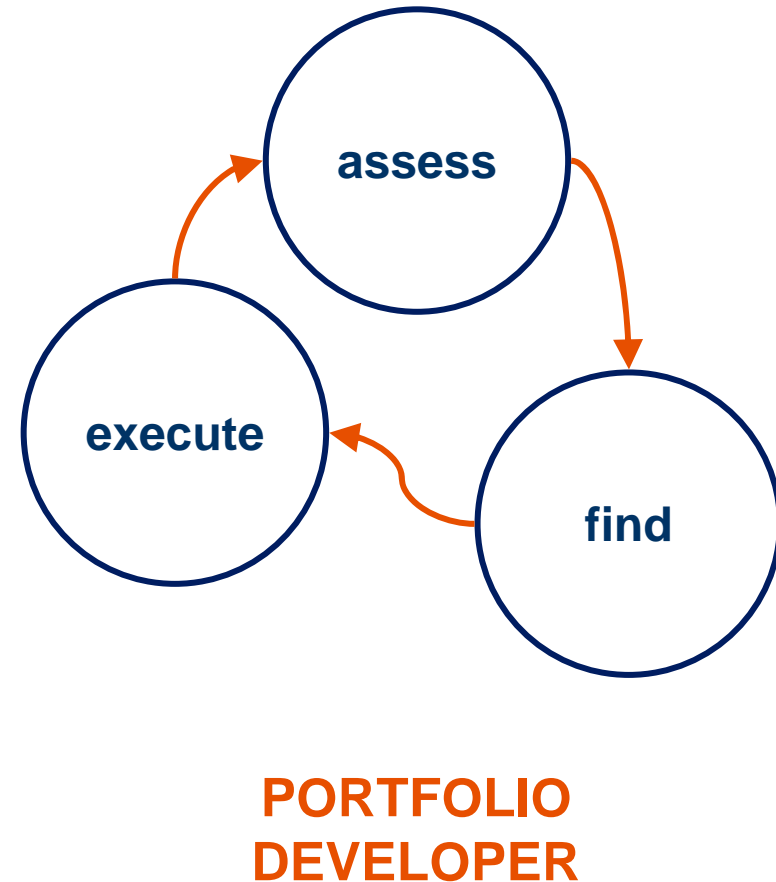
- Key growth areas: Russia/C.I.S. and CEE countries
- Growth will be fuelled by new launches, localizing existing titles, licensing, brand extensions, and online initiatives
- Opportunities for further geographic expansion will be explored
 - Georgia, Kazakhstan

Our Strategic Objectives(3/3)

Expanding into promising IP media opportunities

- Possibilities to utilize business opportunities in IP Media are pursued intensively
 - 360° Publishing, primarily in The Netherlands (and Hungary)
- SanomaWSOY's expertise in digital media will be leveraged to establish the best IP media brands and business models
 - Sanoma Digital in Finland (JV of Sanoma Magazines Finland, SWelcom and Sanoma Corporation)
- The objective is to reach market leading positions in well-defined IP media spaces in our operating countries

Our Two-Fold Strategic Identity



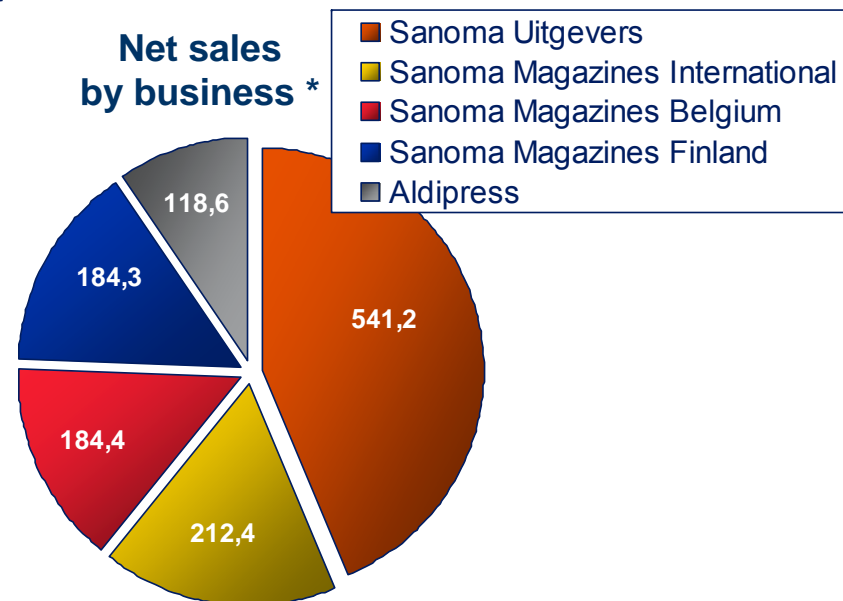
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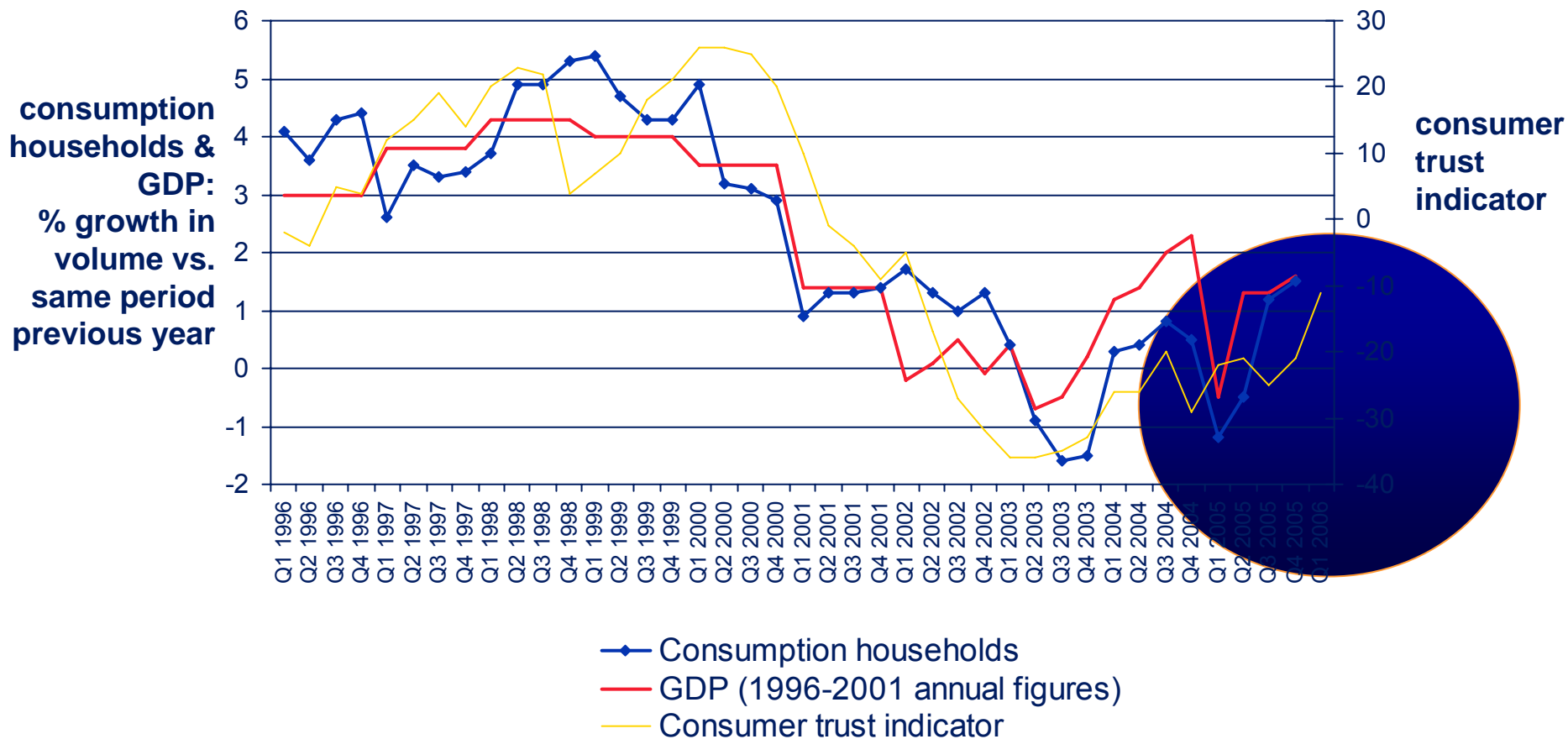


Major Markets Overview

- The Netherlands is our biggest market
 - 45.8% of divisional net sales
- Russia (part of Sanoma Magazines International) is one of our Division's growth engines
 - Advertising market (for magazines) grows by +21.6% in 2006 **

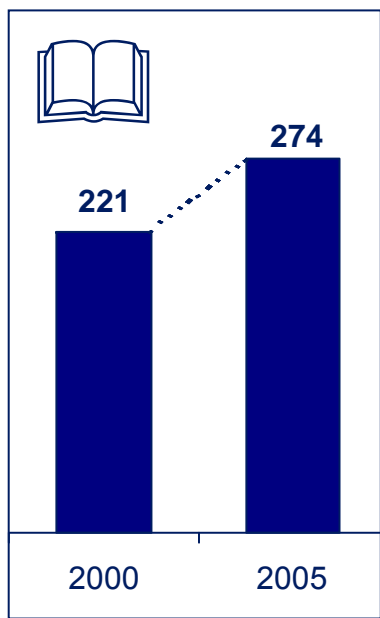


Signs of Recovery of Dutch Economy

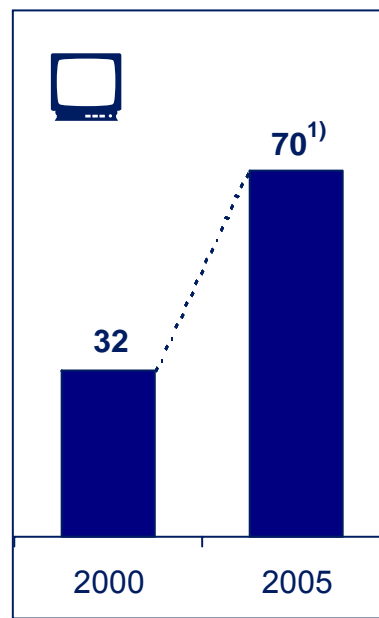


Fragmentation of Media Supply

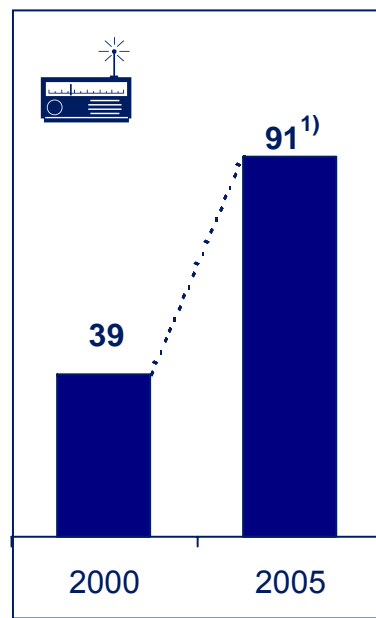
Number of consumer magazines (HOI)



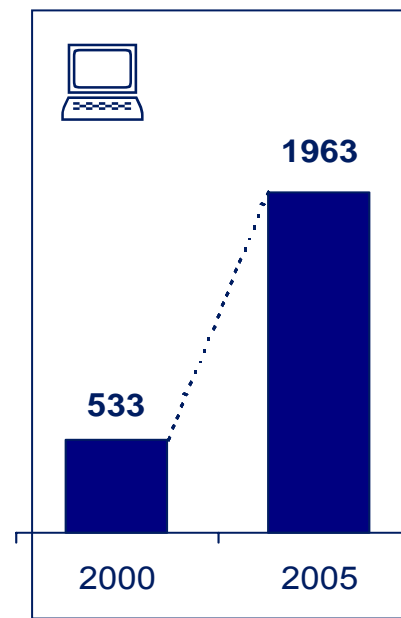
Number of broadcast TV channels



Number of broadcast radio channels

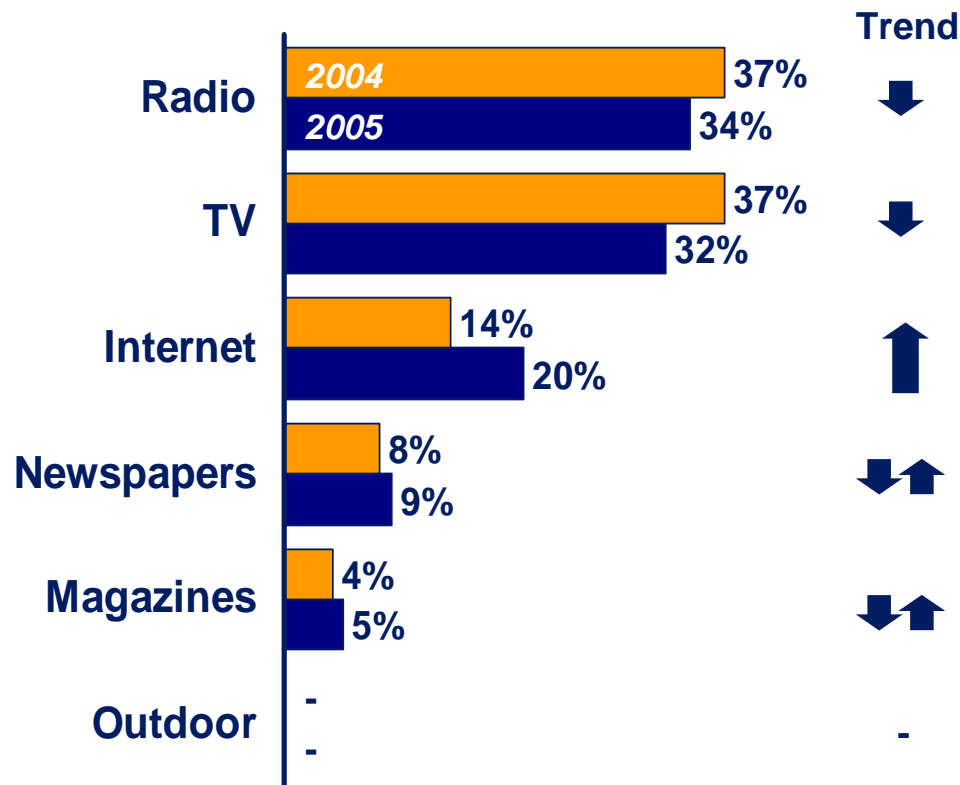


Number of .nl internet sites (x1000)

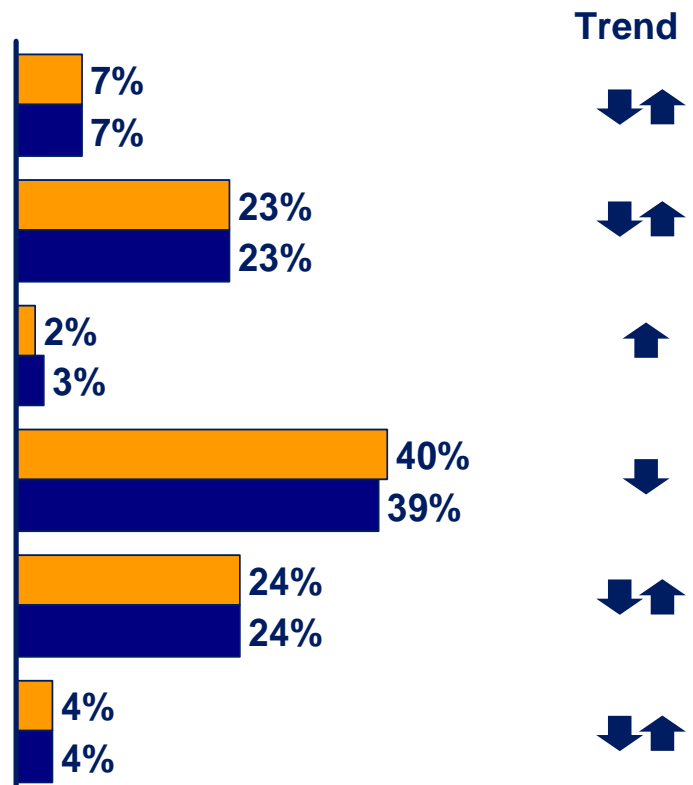


Time Spend on Internet Growing at the Expense of RTV – Advertising Spend Relatively Stable

Share of media time spend



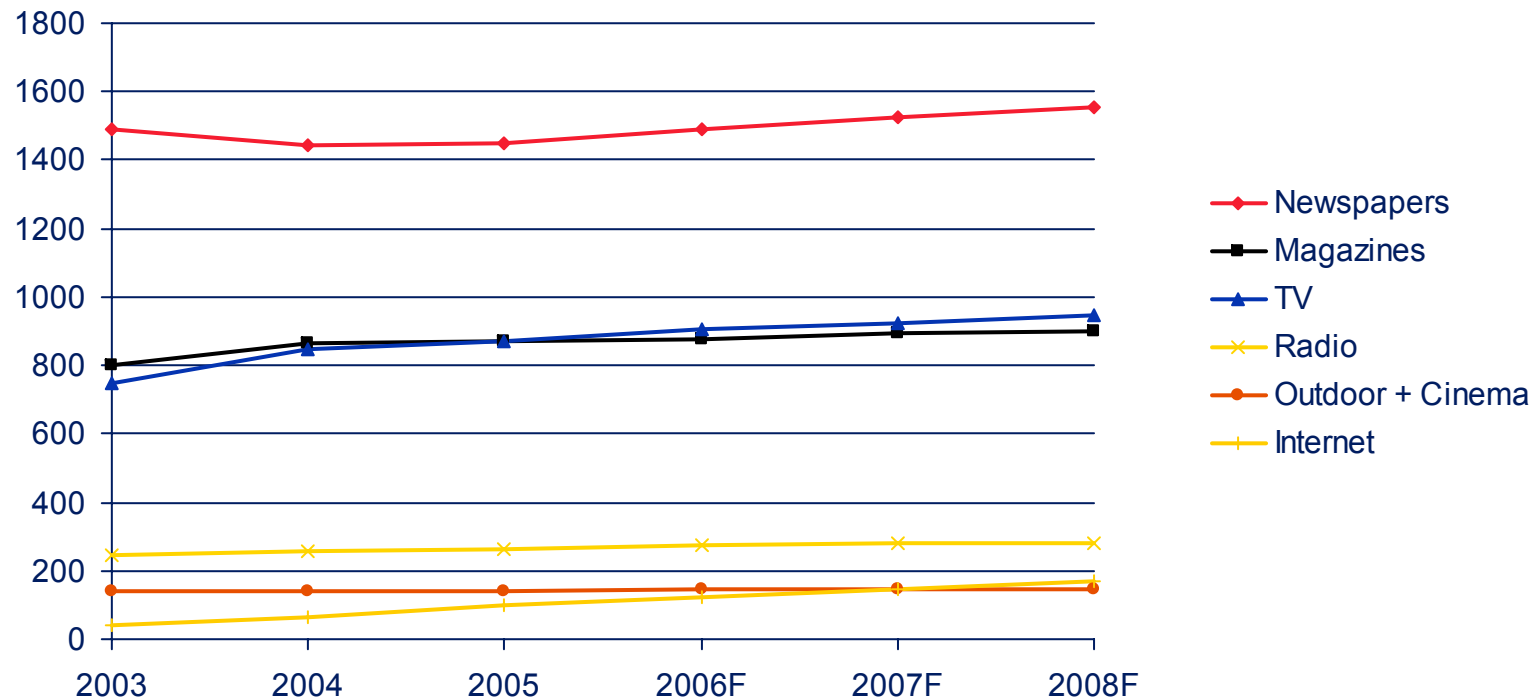
Share of net advertising spend*



Forecasted Net Advertising Revenues

Growth in TV, internet, and newspapers – magazines stable

Net advertising revenues - Netherlands (EUR million)

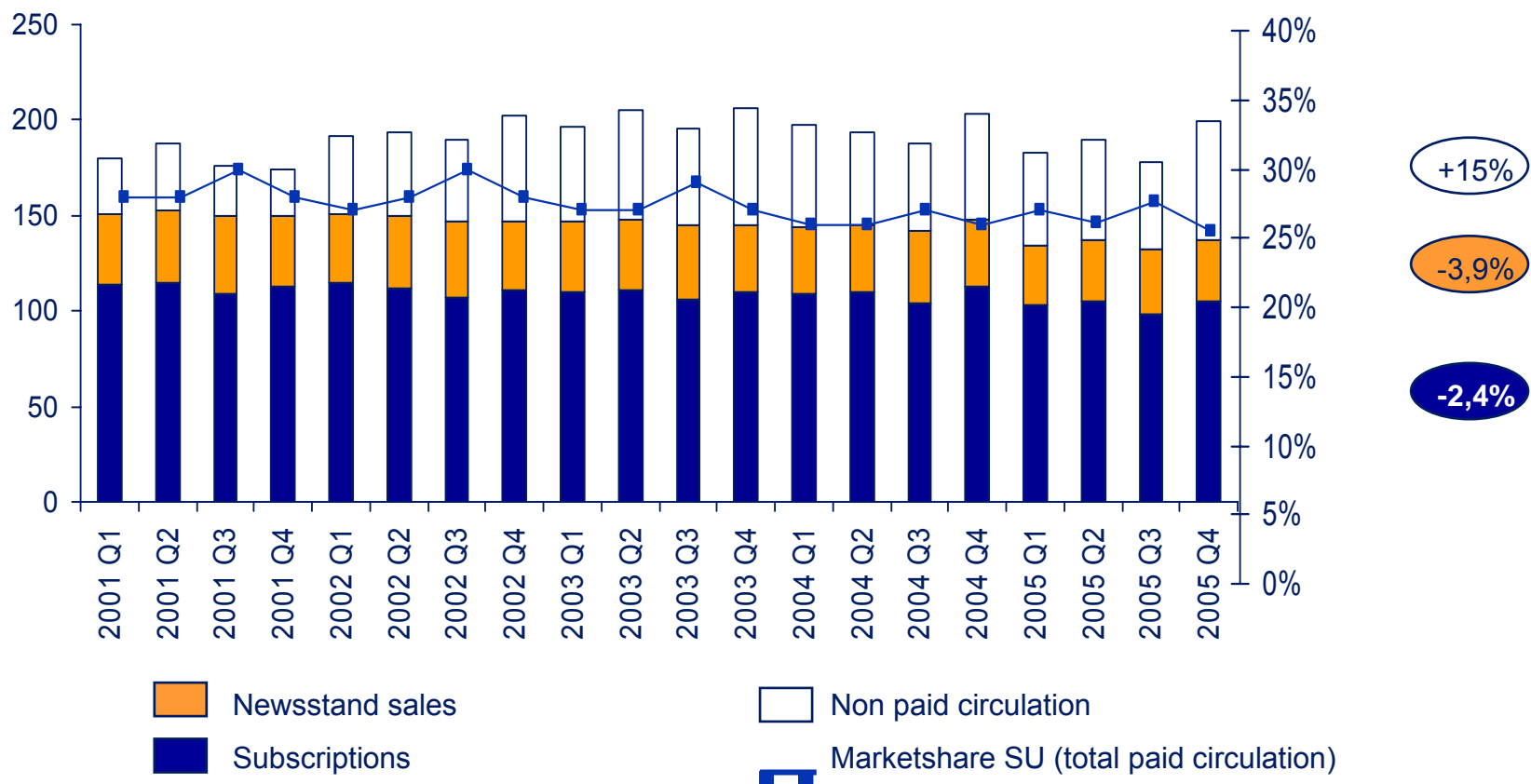


Magazines in the Netherlands

**Newsstand sales circulation decreasing quickest;
non-paid circulation growing substantially**

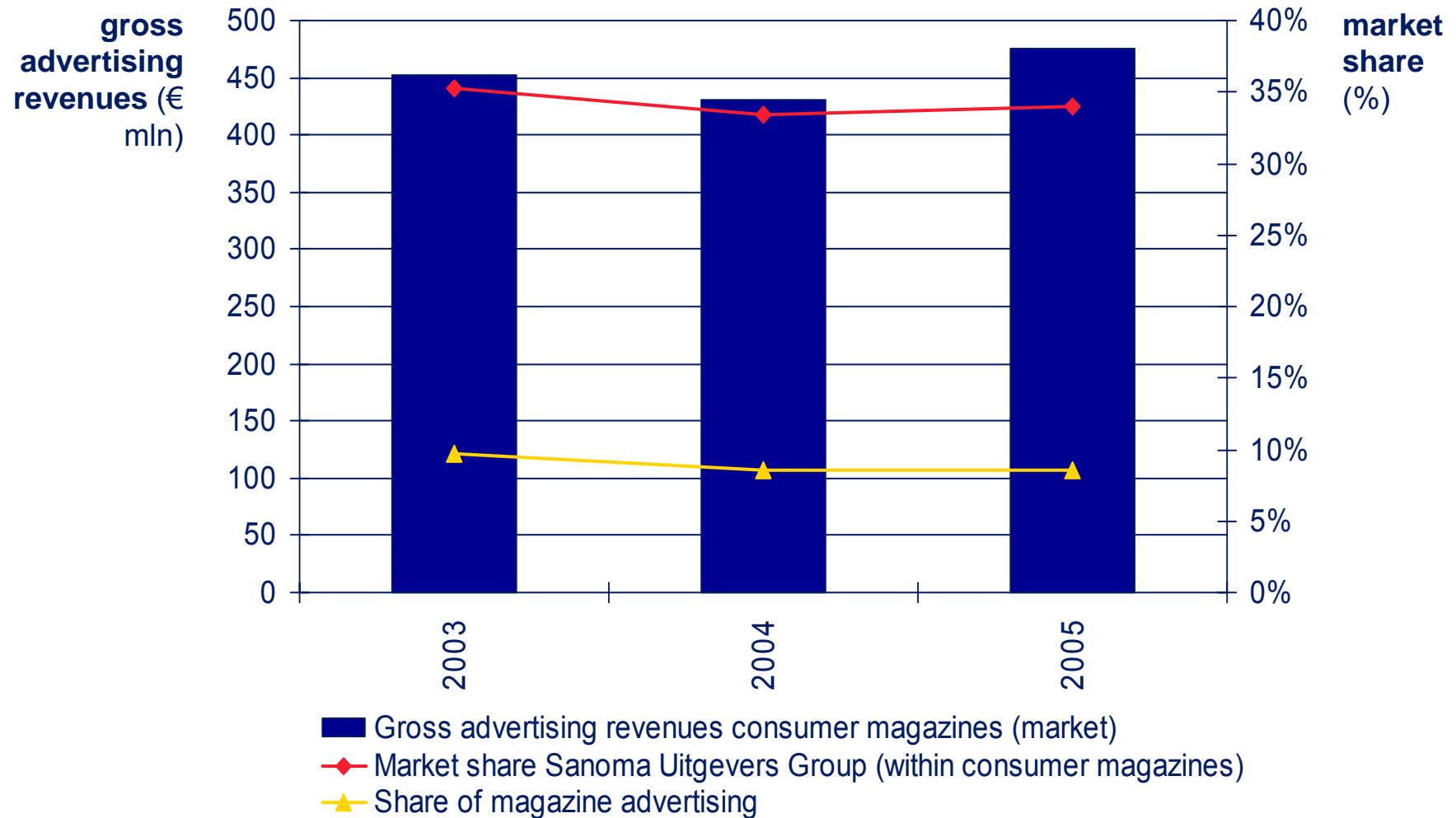
Total circulation
(mln copies)

Market share SU (%)
CAGR '01-'05



Magazines in the Netherlands

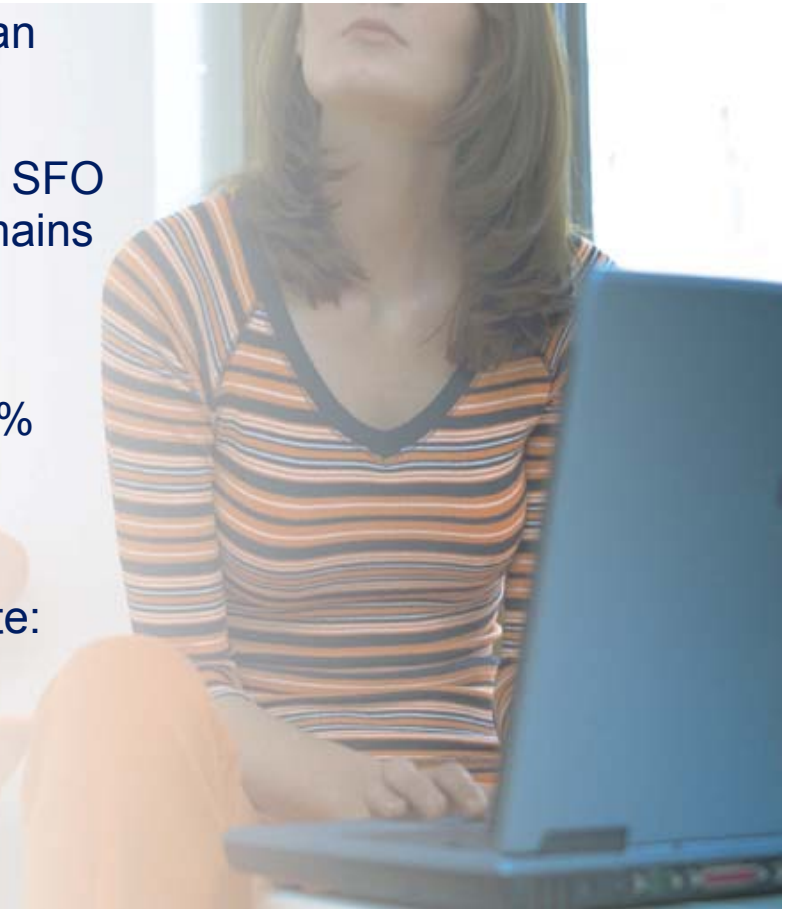
Gross consumer magazine advertising increasing again; SU share stable



Online:

As the number one online publisher in the Netherlands we are poised for further growth

- Leading Dutch online publisher (ilse media) with an overall reach of 69%*
 - Key competitors: Google, MSN, TMG
 - Revenues mainly based on lead generation / SFO
 - Key activities of in total 40 wholly owned domains and five partially:
 - Leading portal (link directory with > 5,000 'daughter pages'): startpagina.nl
 - Leading indigenous search site with a 10% market share: ilse.nl
 - Leading news site: nu.nl
 - Leading weblog site: web-log.nl
 - Leading product and price comparison site: kieskeurig.nl
 - FTEs: 85 (avg 2006est)
- Autumn 2006: all Dutch publishing operations restructured in I) Print; and II) Online to capture synergies and profit from growth opportunities



Sanoma Magazines' Overall Position in New Media Provides an Excellent Stepping-Stone for Further Growth

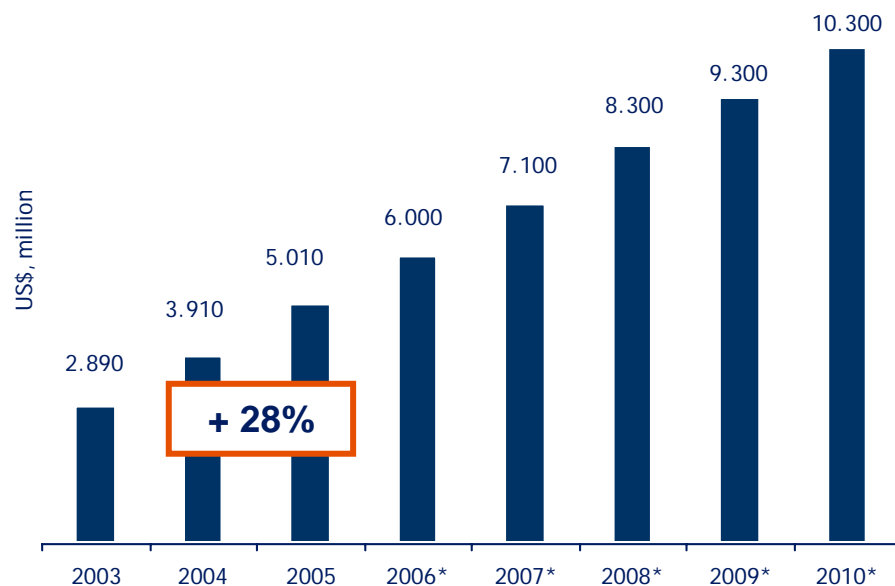
- Sanoma Magazines has gradually built strong positions in new media
- Number one internet publisher in the Netherlands through its subsidiaries ilse media, Sanoma Uitgevers and Sanoma Men's Magazines
- Number two internet publisher in Hungary through Sanoma Budapest
 - #1 listings directory, #1 recruitment site, primary automotive community, primary social networking (youth) site, ...
- Several profit-generating websites in other operating countries provide a solid base for further expansion
 - Creation of Sanoma Digital in Finland
 - Dedicated online managers recruited in other countries, aiming to accelerate growth either through own developments (kiloklubi.fi, fitfixers.be, mami.ro) or selected acquisitions

Our Strategic Direction in New Media

- Stay / become quantitative and qualitative market and category leader
 - Grow beyond expected market growth
 - In the Netherlands:
 - More focus on innovation and internal product development
 - Extend services in advertising field: reach, profiling, special concept and cross media solutions
 - Start following the consumer across media devices (e.g. # news website nu.nl will extend its reach through PDA and phone versions)
 - Look for further vertical diversification opportunities in existing properties and further acquisitions
 - Leverage proven concepts internationally (e.g. kieskeurig)
-

Russia:

Advertising market continues to grow rapidly

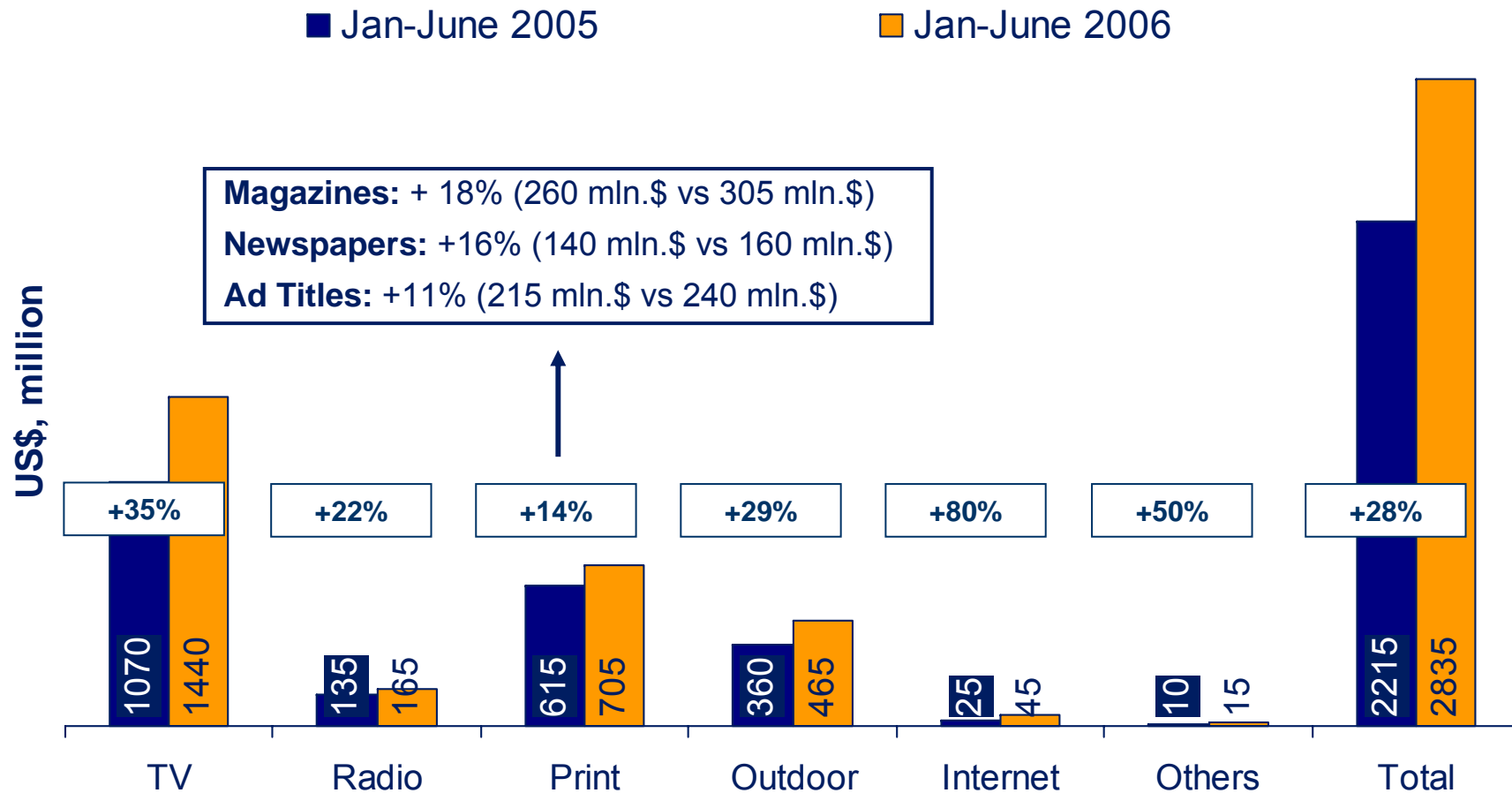


- ▶ Total advertising market in 2005 was around US\$ 5 bln.
- ▶ Russian AD market is number 6 in Europe and number 12 in the world.
- ▶ The industry has recovered from the '98 crisis and is growing very fast.
- ▶ Growth is expected to continue in the next years, but is already slowing down a bit.

| advertising spending (mln US\$) | 2003 | 2004 | 2005 | 2006* | 2007* | 2008* | 2009* |
|---------------------------------|------|-------|-------|-------|-------|-------|-------|
| Magazines | 350 | 470 | 580 | 705 | 805 | 915 | 980 |
| % of growth | | 34.3% | 23.4% | 21.6% | 14.2% | 13.7% | 7.1% |
| advertising spending (mln US\$) | 2003 | 2004 | 2005 | 2006* | 2007* | 2008* | 2009* |
| Newspapers | 195 | 250 | 290 | 345 | 370 | 395 | 420 |
| % of growth | | 28.2% | 16.0% | 19.0% | 7.2% | 6.8% | 6.3% |

* Forecast

In Russia, Print is Least Quick Growing Medium, But Still with Double Digit Growth Rates



IM Product Lines



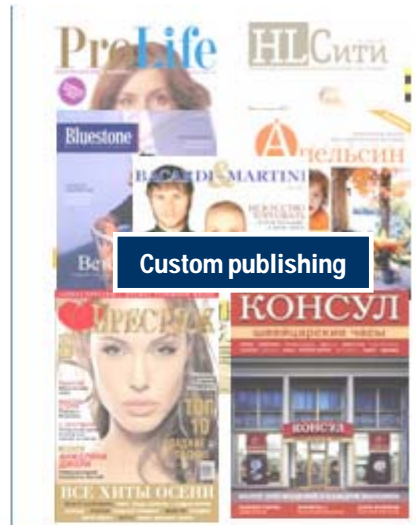
Women's titles



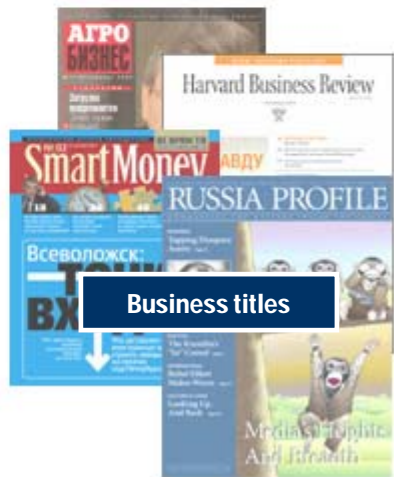
Men's titles



Newspapers



Custom publishing



Business titles



General interest titles



Youth titles



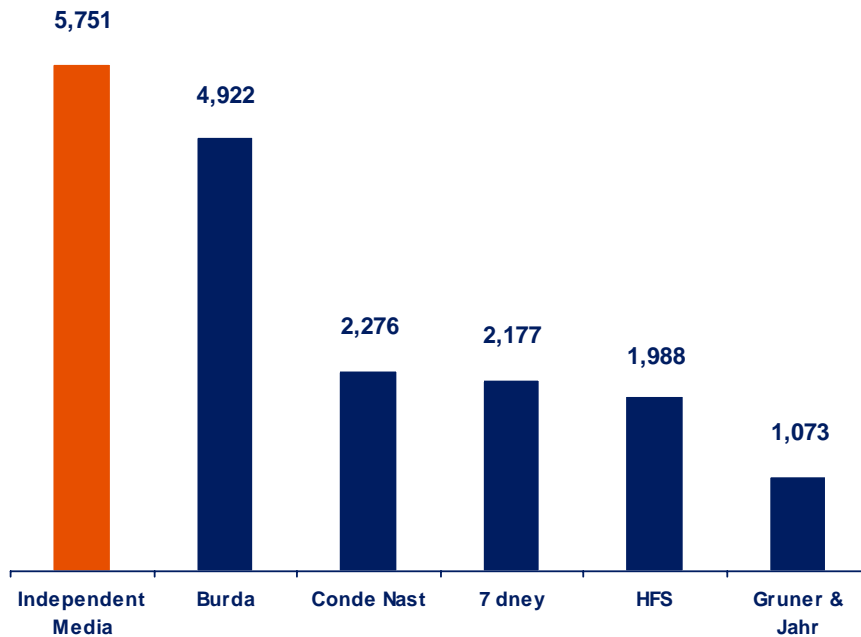
Special titles



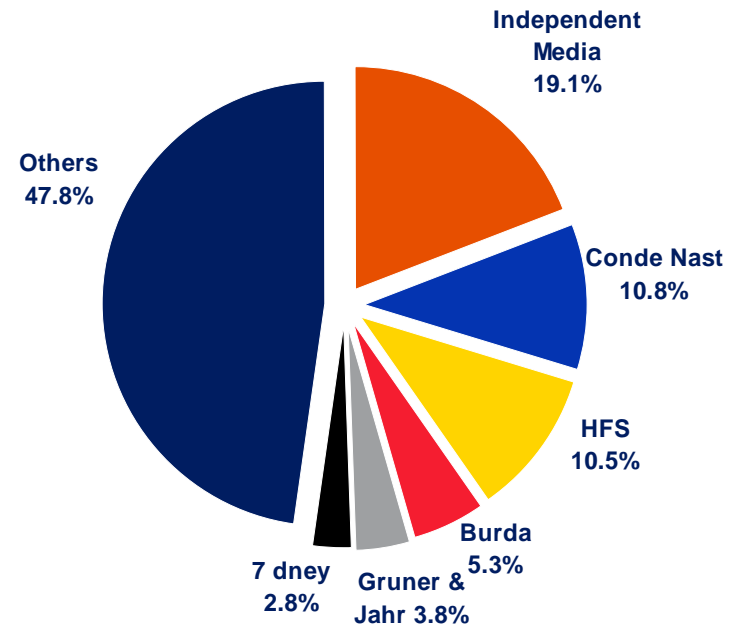
Special projects

Independent Media №1 on the Glossy Media Market

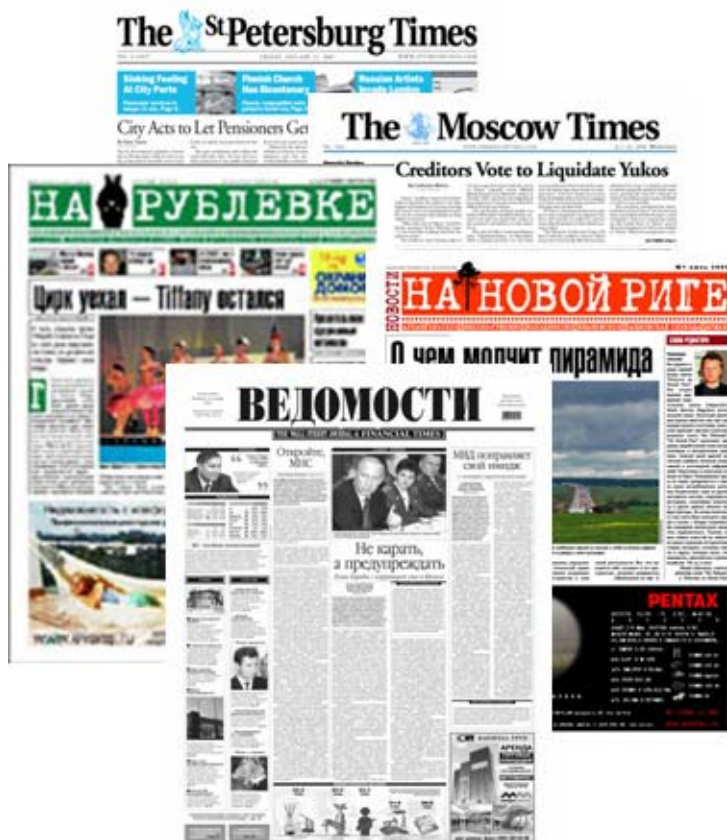
Readership, Russia



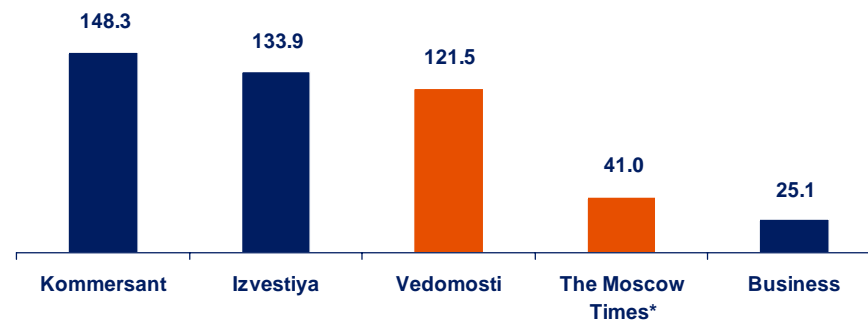
AD revenues, \$



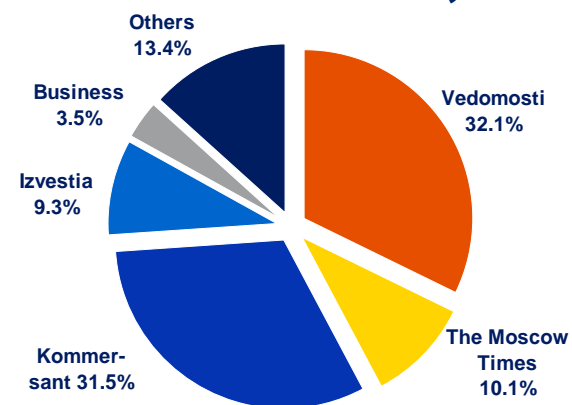
Newspapers in Russia



Readership, Moscow



AD revenues, \$



Russian Print Media

General environment

- Increased consumer spending power
- Growth of registered periodical editions
- Further growth in the regions
- Free newspapers' amount and circulation growth
 - Competition growth in all magazines segments, especially in weeklies
 - Presence of Russian versions of the majority of international magazine brands on national market
- Active development of customer publishing, women's weeklies, cheap monthlies and part works directions
- Growth of consumer demand for entertainment publications

Growth Challenges in Russia

General economic environment

- Russia's oil price dependency remains high, but this is mitigated by paying external debt in advance
- Lack of proper tax and legal regulation leads to uncertainty
- The financial sector is still a weak spot

Media market

- The HR market continues to tighten; the rising salary trend is not going away. It is extremely difficult to attract and retain key staff.
 - Pressure on wage level
- Magazine distribution remains a key issue (but with much upwards potential)
- Competitive situation: almost all international publishers are active in Russia and see this as a key market

Thank you for your attention

