

Growing Sanoma Magazines

Eija Ailasmaa
CEO, Sanoma Magazines



Contents

- '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 2,861 million (includes newspapers and printing plants) |
| 2. Lagardère Press | EUR 1,848 million (includes newspapers) |
| 3. Heinrich Bauer Verlag | EUR 1,786 million |
| 4. Sanoma Magazines | EUR 1,160 million (excluding Aldipress) |
| 5. Hubert Burda Media | EUR 1,004 million (2005, magazine division only) |

A Leading European Magazine Publisher with a Strong Focus on Interactivity

Sanoma Uitgevers
 Net sales 531.2 M€
 (Netherlands)

- Magazine publishing
- Online operations



Sanoma Magazines International
 Net sales 247.6 M€

- Magazine publishing
- Online operations



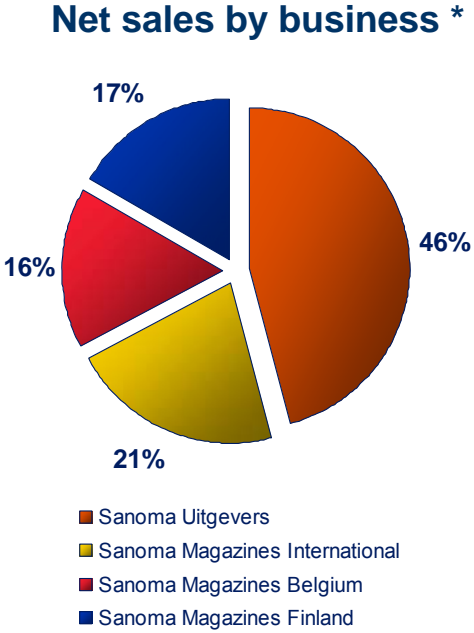
Sanoma Magazines Finland
 Net sales 193.2 M€

- Magazine publishing
- Online operations



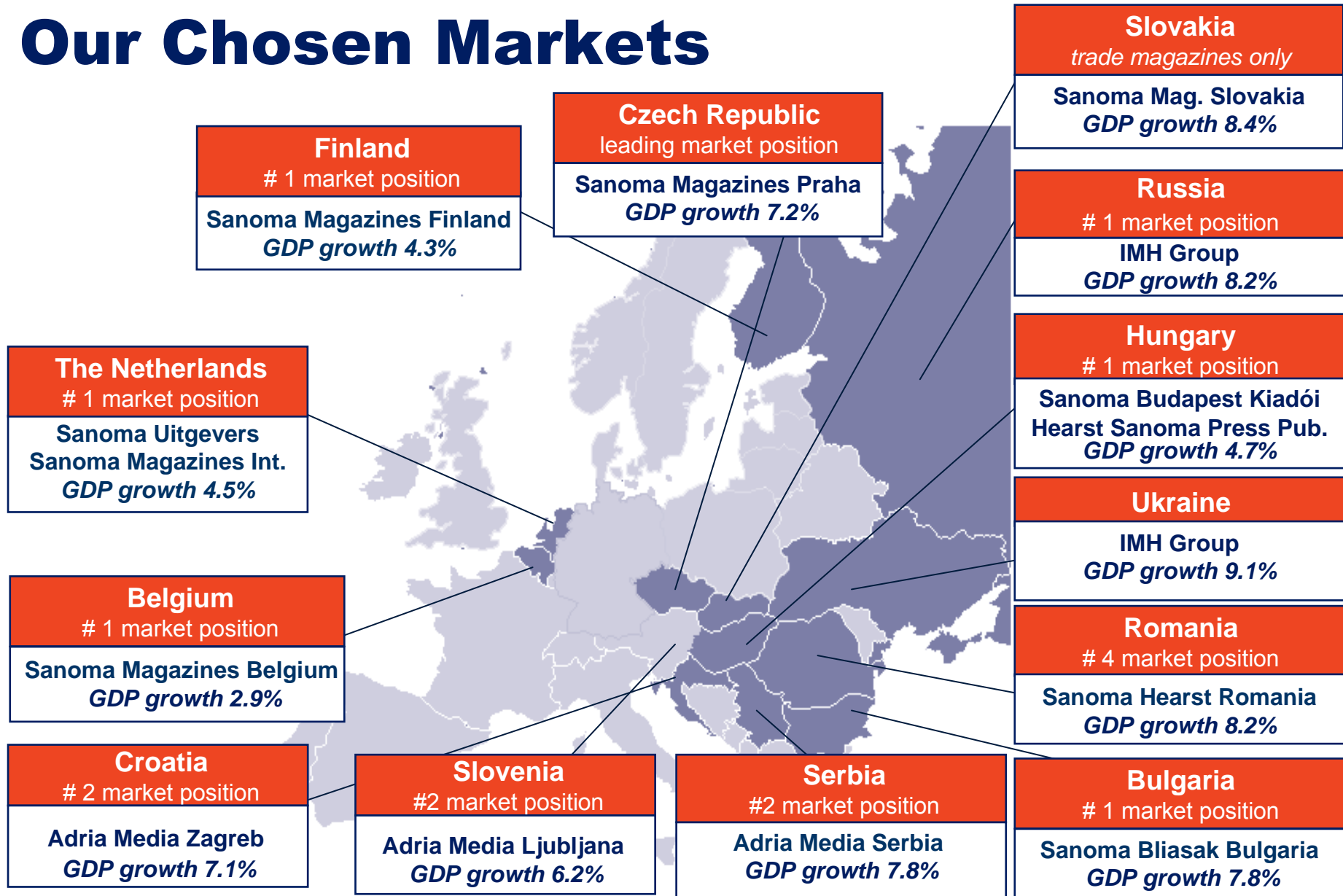
Sanoma Magazines Belgium
 Net sales 188.6 M€

- Magazine publishing
- Online operations

* Intracompany eliminations excluded
 Eija Ailasmaa | June 2007 | 5

Our Chosen Markets



Sources: EIU

GDP growth is Nominal GDP growth, purchasing power parity 2007 (FC) compared to 2006

Sanoma Magazines Key Indicators 1–3/2007

EUR million	1–3/2007	1–3/2006	Ch %	1–12/2006
Net sales	287.1	264.1	8.7	1,155.9
Operating profit	32.1	23.3	37.9	128.8
% of net sales	11.2	8.8		11.1
Operating profit excluding major non-recurring capital gains	30.9	23.3	32.8	126.2
% of net sales	10.8	8.8		10.9
Balance sheet total	1,894.8	1,692.6	11.9	1,910.0
Capital expenditure	3.4	4.1	-17.2	16.5
Personnel under employment contract, average	5,485	5,093	7.7	5,302
Personnel, average (full-time equivalents)	5,037	4,650	8.3	4,848

Our Focused Growth Strategy

- We aim to...

- ... streamline, grow and consolidate the existing positions in our core consumer magazine businesses

- ... build on our interactive (IP) media business through own developments by leveraging existing concepts geographically and through selected acquisitions and alliances.

Our Focused Growth Strategy

- We will achieve our objectives 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

Recent examples of our way of doing

Launches:

- Mind Magazine, a glossy 'mindstyle' magazine for women interested in psyche and wellness (Netherlands)
- Story (Ukraine)
- GRAZIA (Russia)
- National Geographic Traveller (Russia)
- Milo, 40+ magazine (Belgium)
- Tya!, a woman's weekly (Bulgaria)
- Celebrity portal StoryOnline (Hungary)
- Glossy Story Gala Style (Croatia)

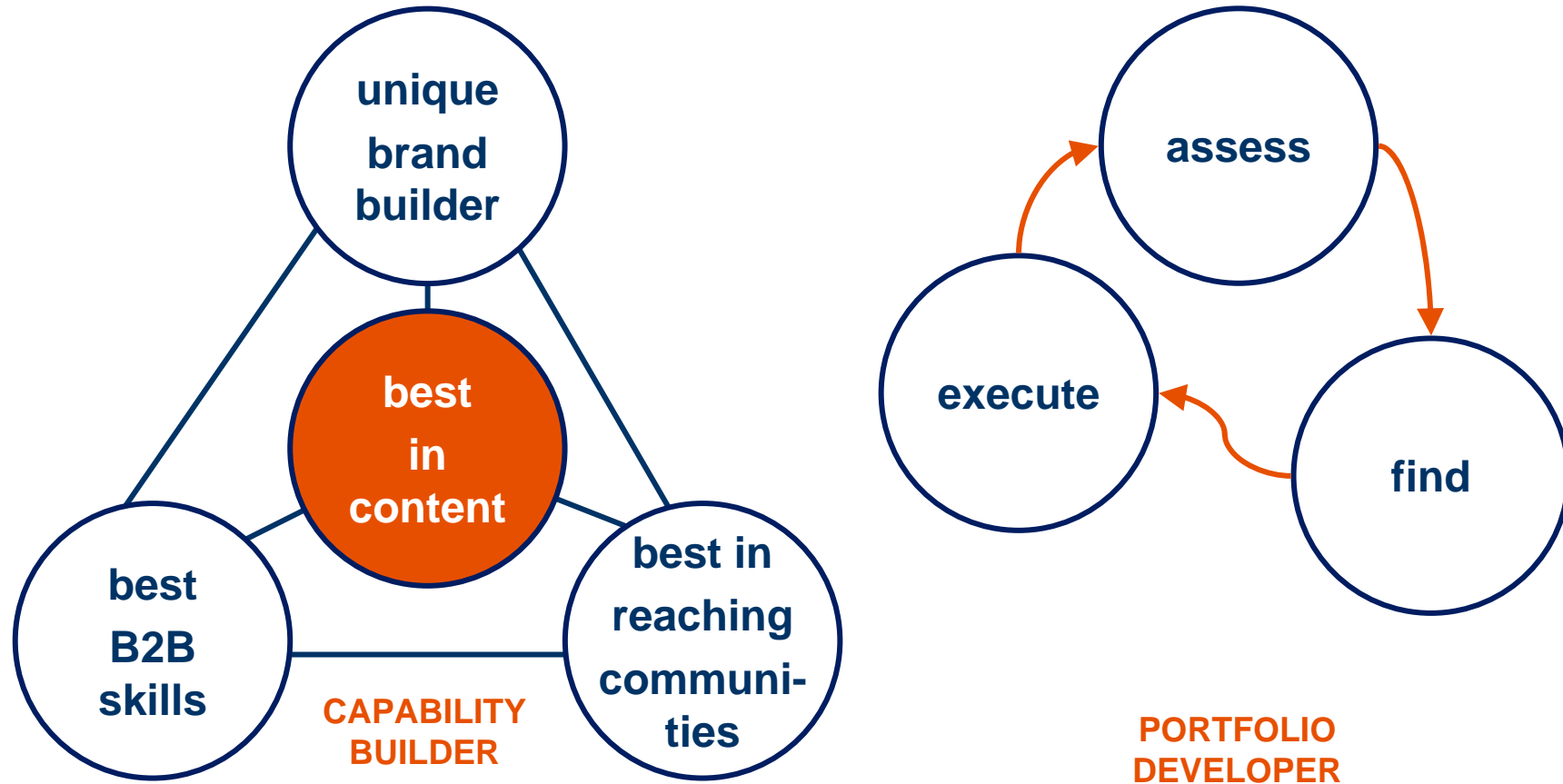


Acquisitions:

- Schoolbank.nl (Netherlands): social networking
- Rozali.com, women's portal (Bulgaria)
- TvujDum, home deco (Czech Republic)
- Vertical product comparison site PDA Mania (Hungary)
- Finance portal Belegger.nl (Netherlands)

BELEGGGER.NL
Steun en toeverlaat voor beleggers

Our Two-Fold Strategic Identity



Contents

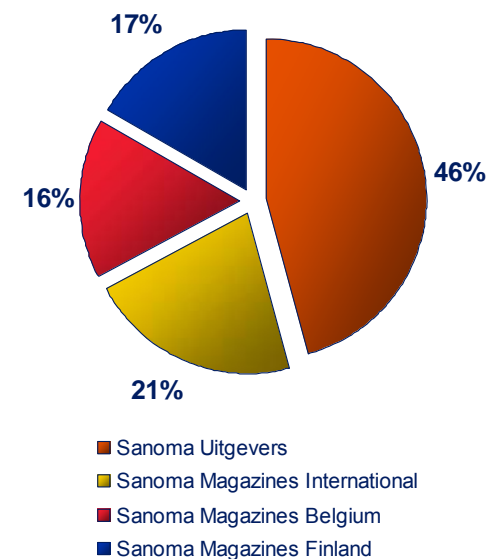
- 'We Are Sanoma Magazines'
- Zooming in on two of our major markets:
the Netherlands and Russia



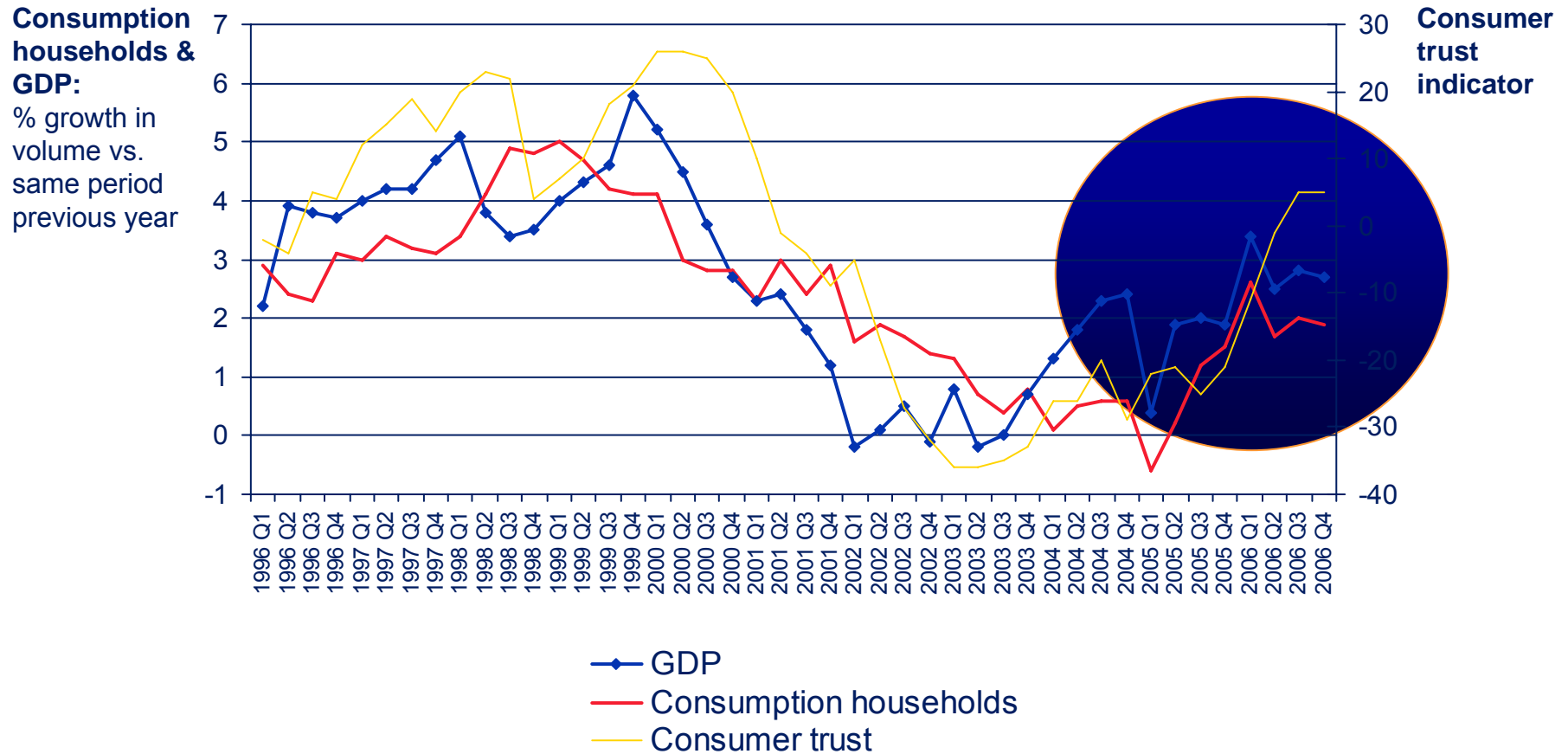
Major Markets Overview

- The Netherlands is our biggest market
 - 46% 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 **

Net sales by business *

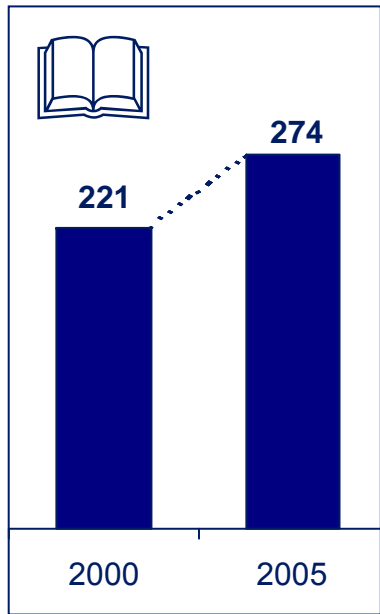


Recovery of Dutch Economy

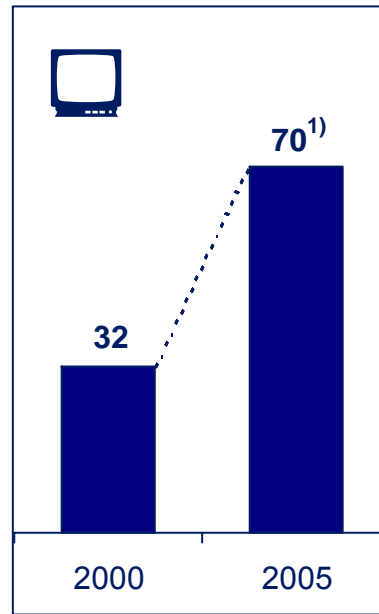


Fragmentation of Media Supply

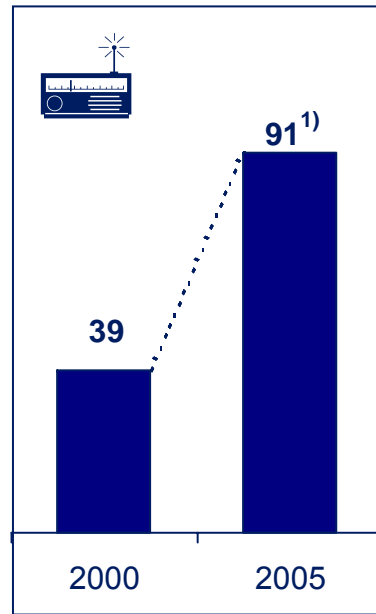
Number of consumer magazines (HOI)



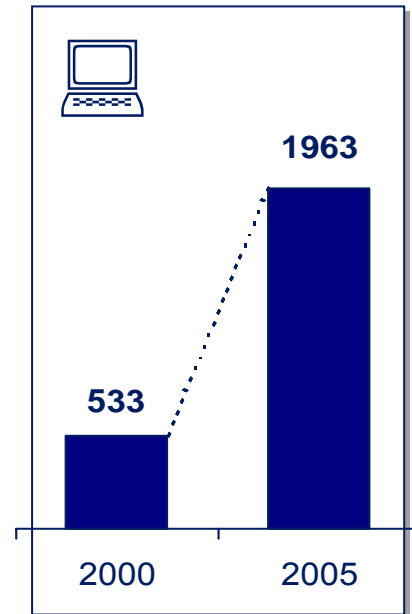
Number of broadcast TV channels



Number of broadcast radio channels

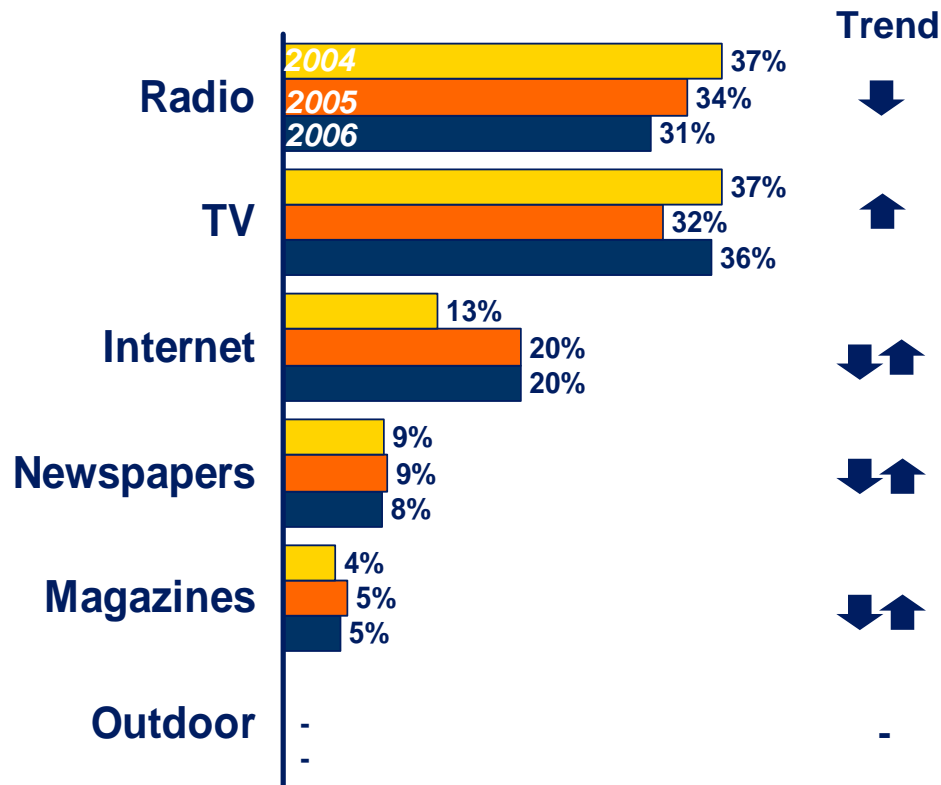


Number of .nl internet sites (x1000)

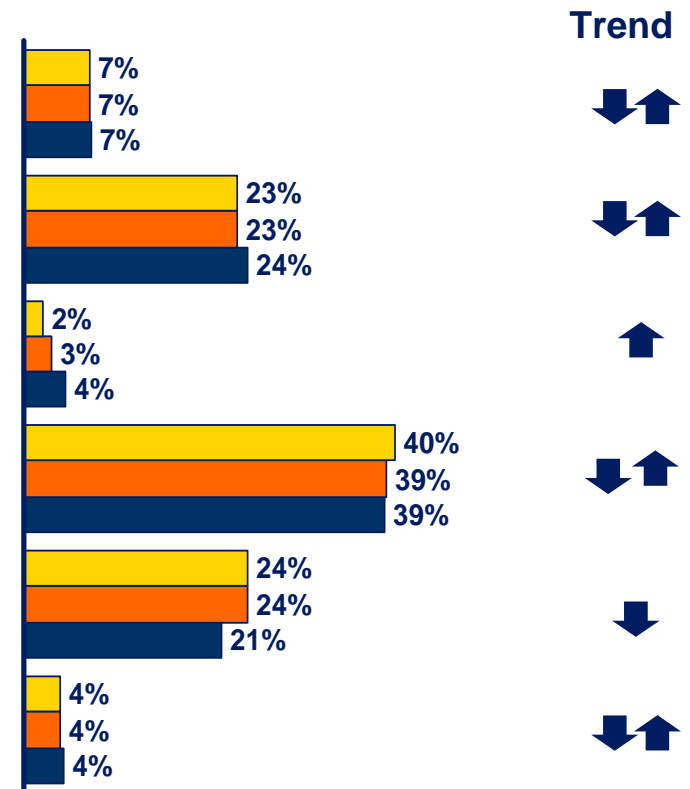


Dutch time share TV up in 2006; radio further down; internet ad share growing, ad share magazines down

Share of media time spend



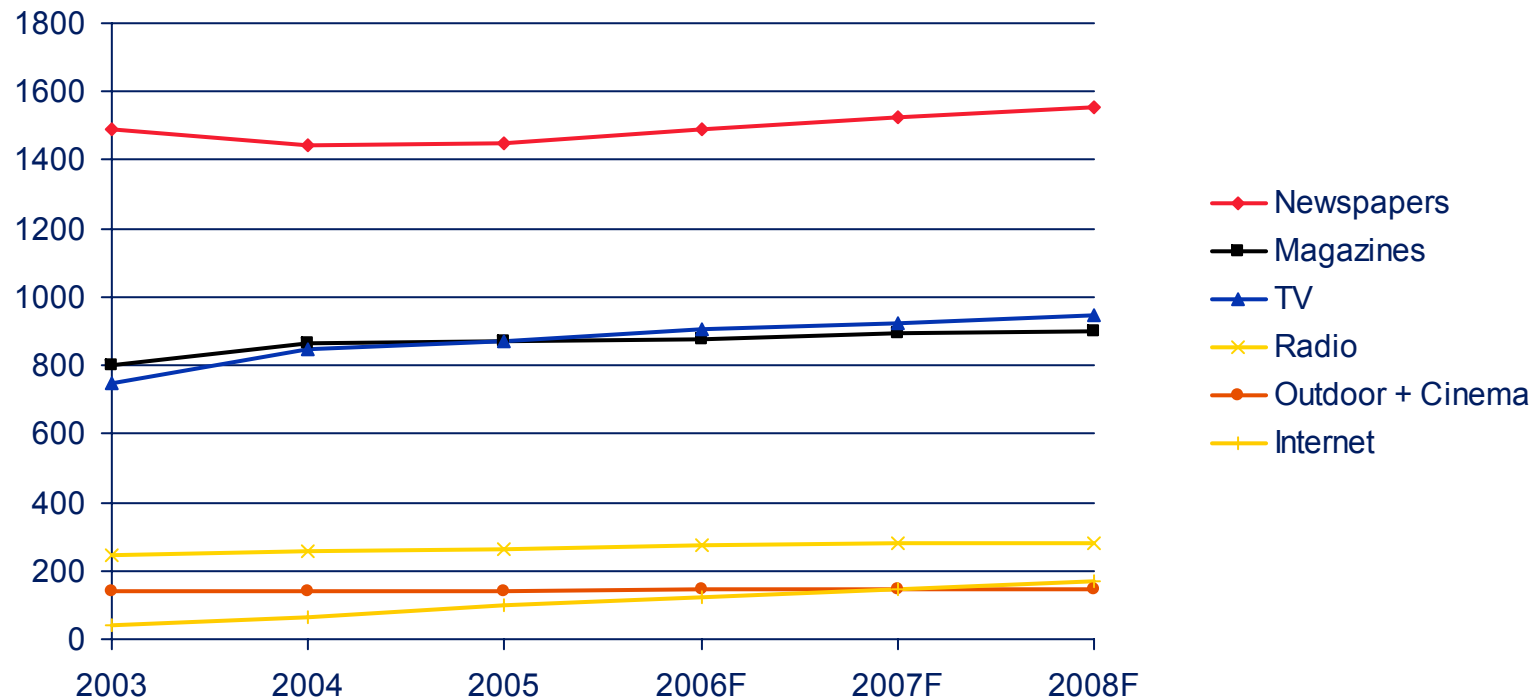
Share of net advertising spend



Forecasted Net Advertising Revenues

growth in TV, internet, and newspapers – magazines stable

Net advertising revenues - Netherlands (EUR million)



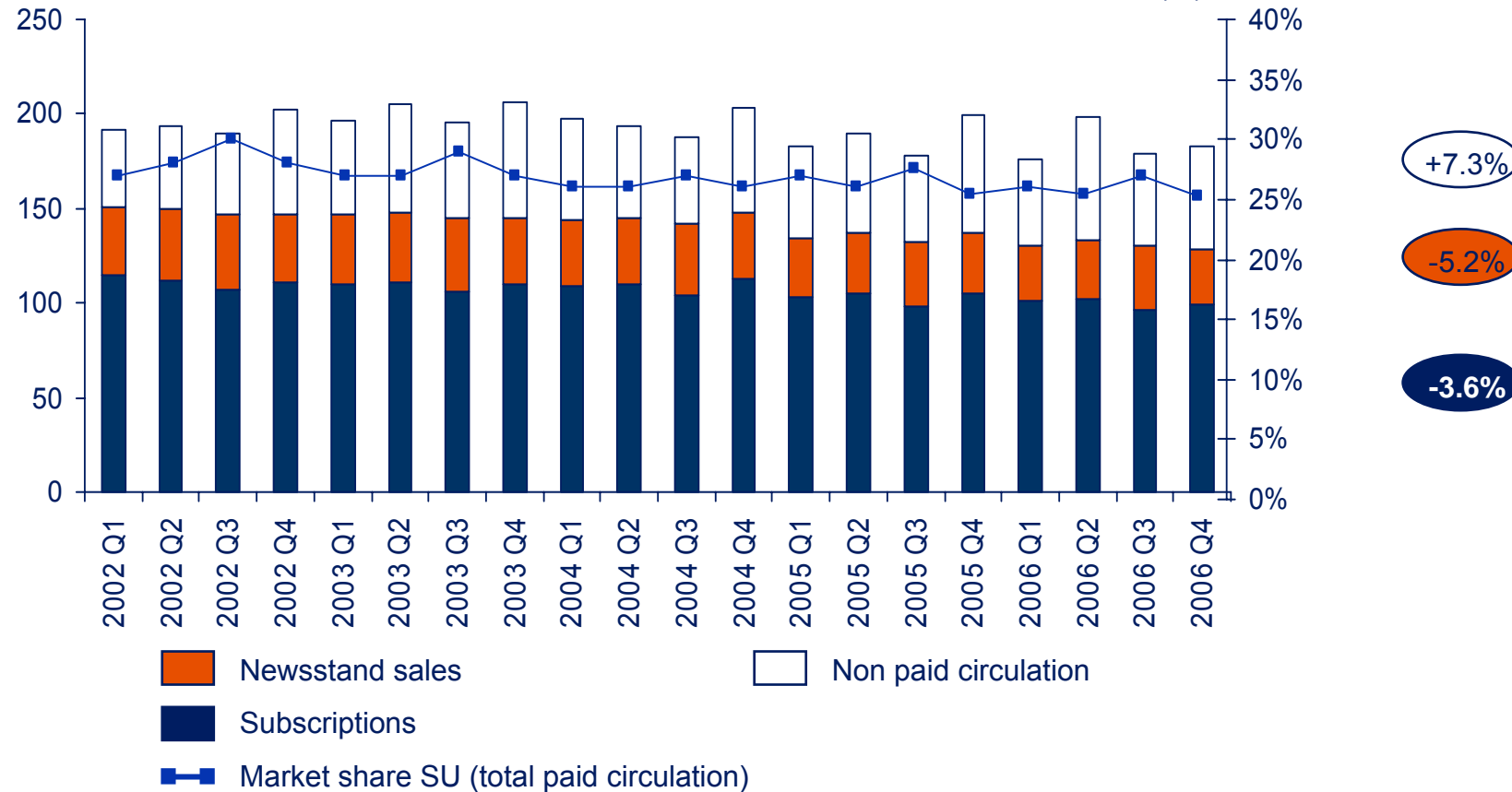
Magazines in the Netherlands

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

Total circulation
(mln copies)

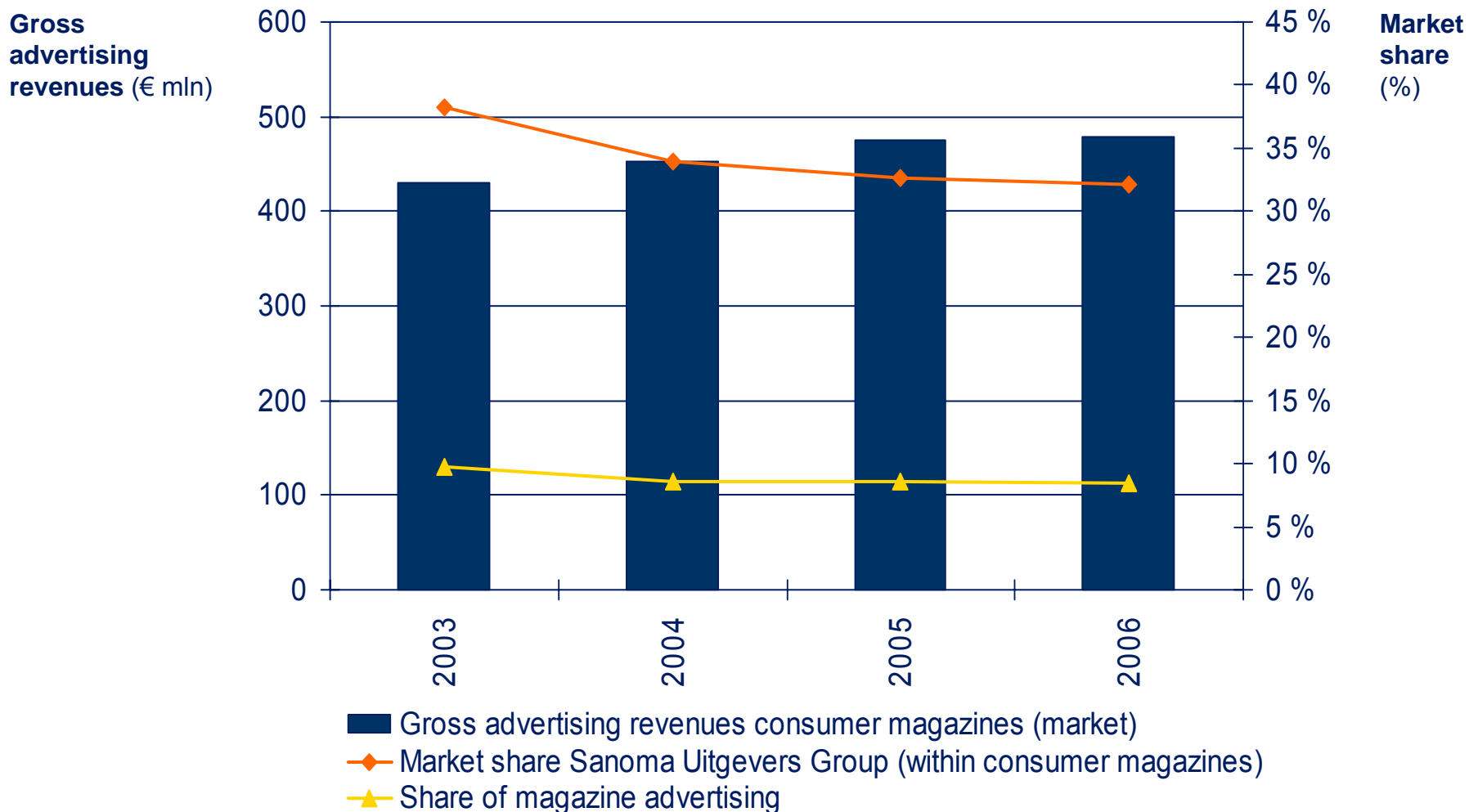
Market share SU
(%)

CAGR 2002-2006



Magazines in the Netherlands

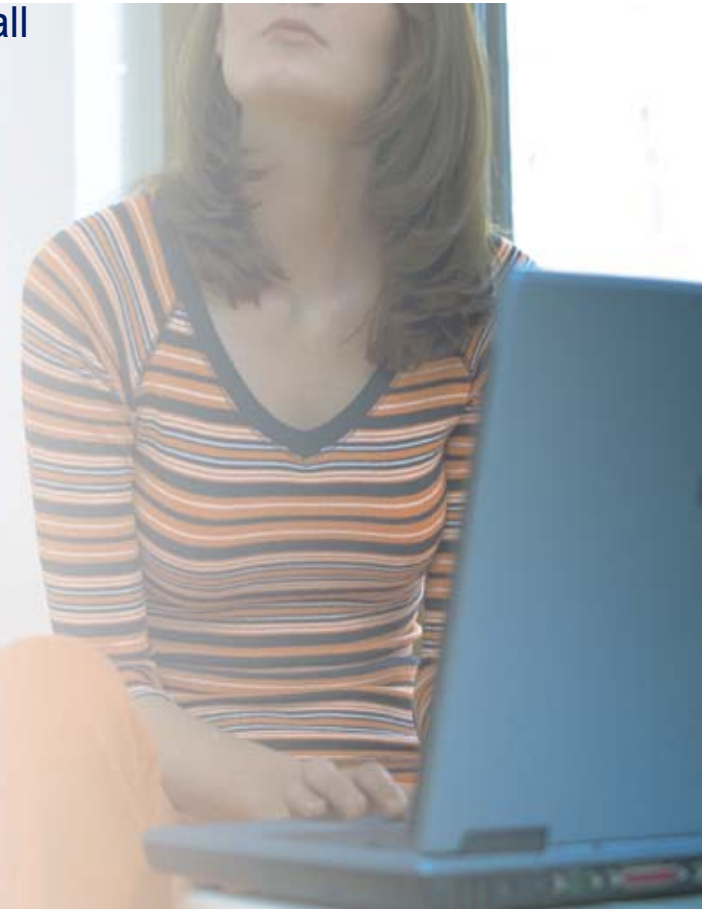
Gross consumer magazine advertising and SU share stable



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 71.6%*
 - Key competitors: Google, MSN, TMG
 - Revenues mainly based on lead generation / SFO
 - Key activities:
 - Leading portal: startpagina.nl
 - Leading indigenous search site: ilse.nl
 - Leading news site: nu.nl
 - Leading weblog site: web-log.nl
 - Leading product and price comparison site: kieskeurig.nl
 - Leading social network site: schoolbank.nl



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

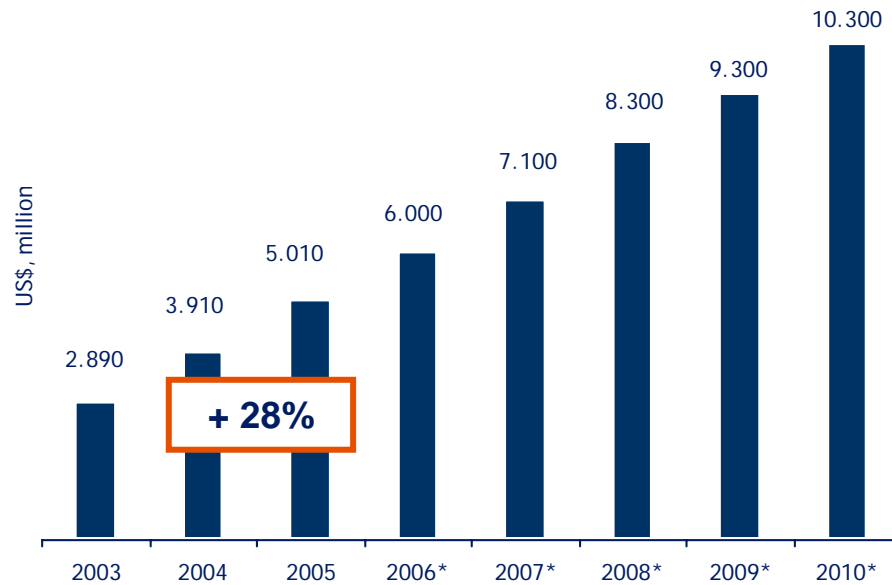
- Sanoma Magazines has gradually built strong positions in new media
- Number one internet publisher in the Netherlands
- Number two internet publisher in Hungary
- Several profit-generating websites in other operating countries provide a solid base for further expansion
 - Creation of Sanoma Digital in Finland
 - Dedicated online managers recruited in other countries, aiming to accelerate growth either through own developments 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
- 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

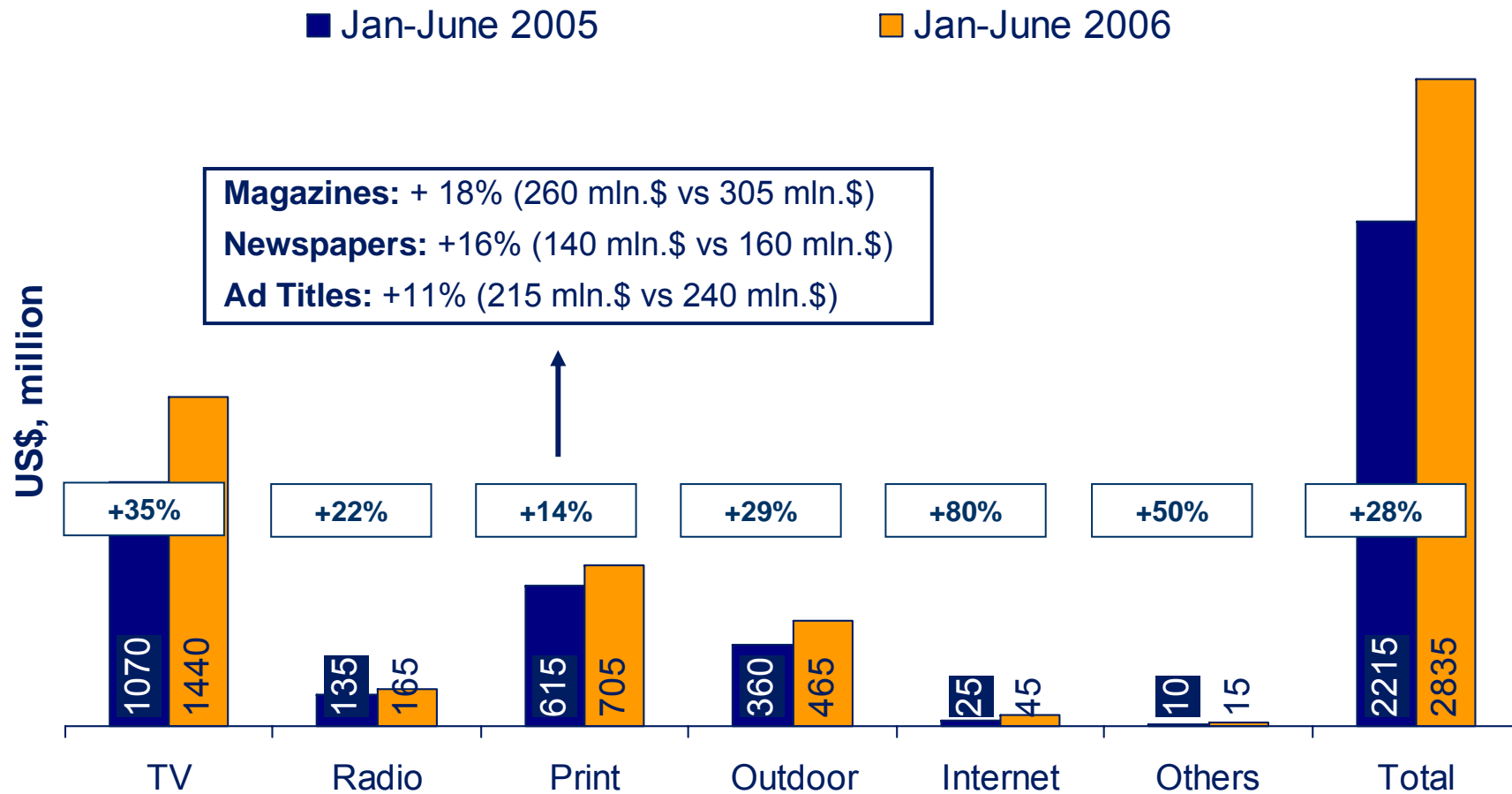


- ▶ Total advertising market in 2005 was around US\$ 5 bln.
- ▶ Russian AD market is number 6 in Europe and number 12 in the world.
- ▶ The industry has recovered from the '98 crisis and is growing very fast.
- ▶ Growth is expected to continue in the next years, but is already slowing down a bit.

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



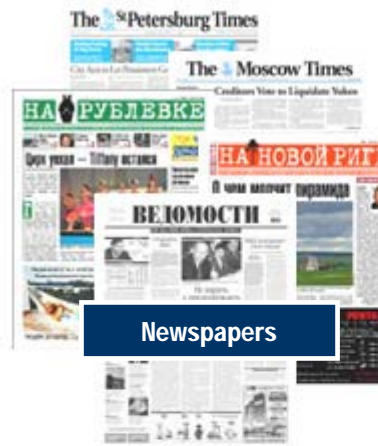
IM Product Lines



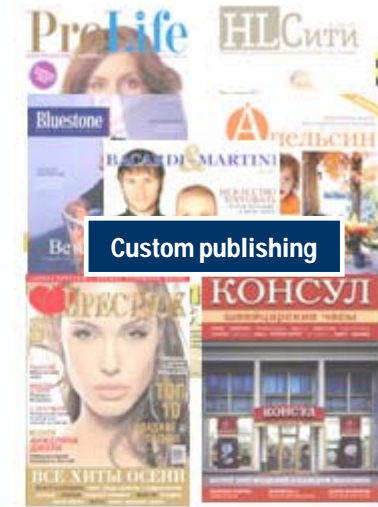
Women's titles



Men's titles



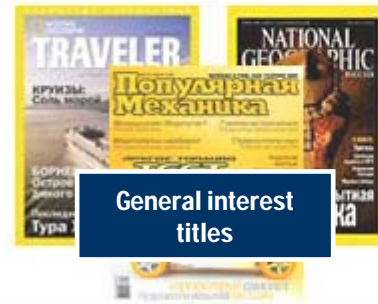
Newspapers



Custom publishing



Business titles



General interest titles



Youth titles



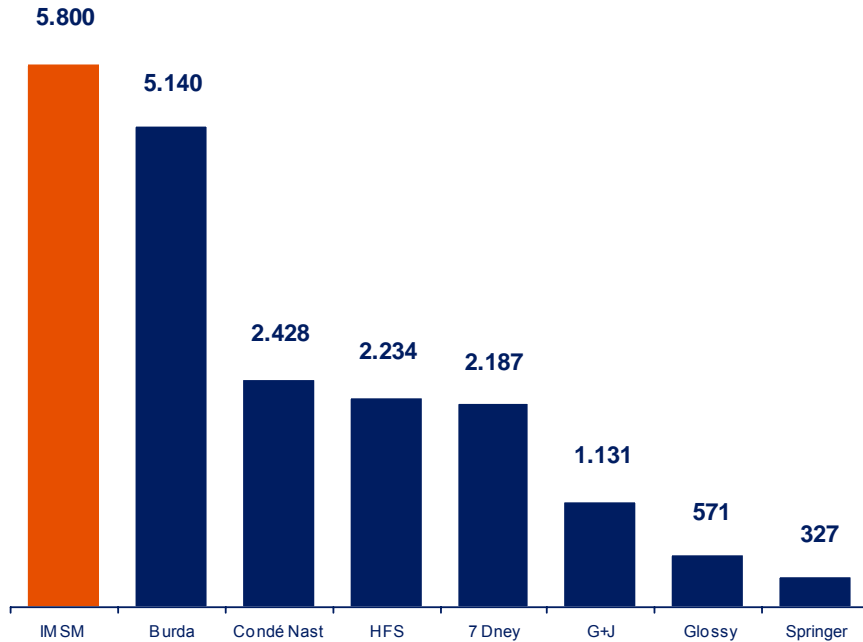
Special titles



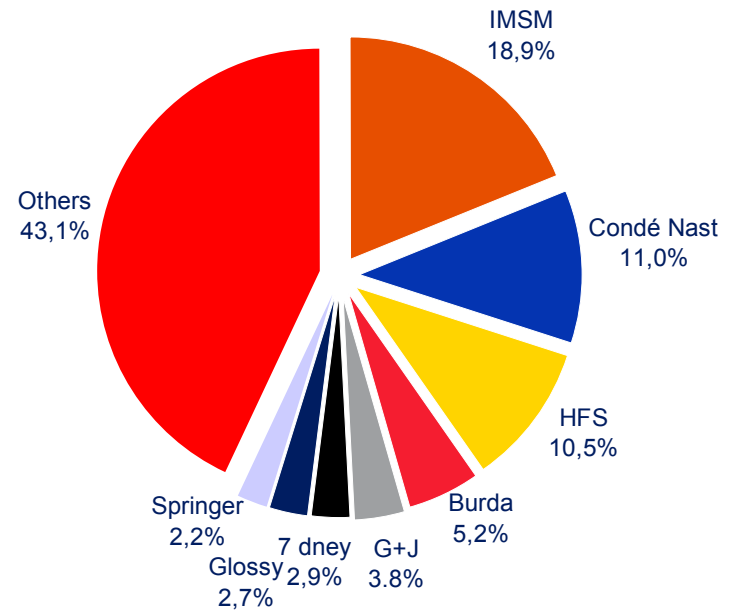
Special projects

Independent Media №1 on the Glossy Media Market

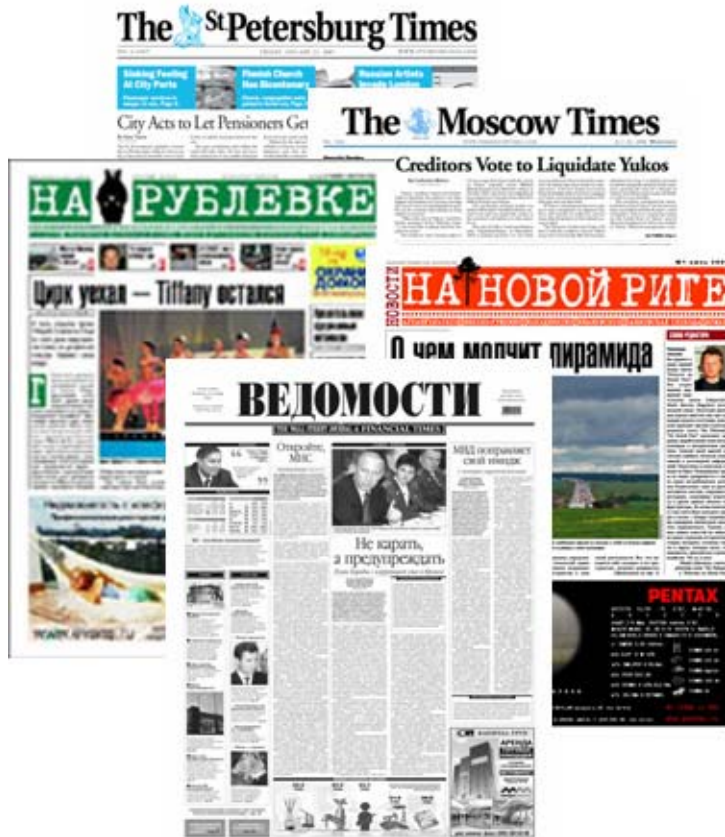
2006 Readership, Russia



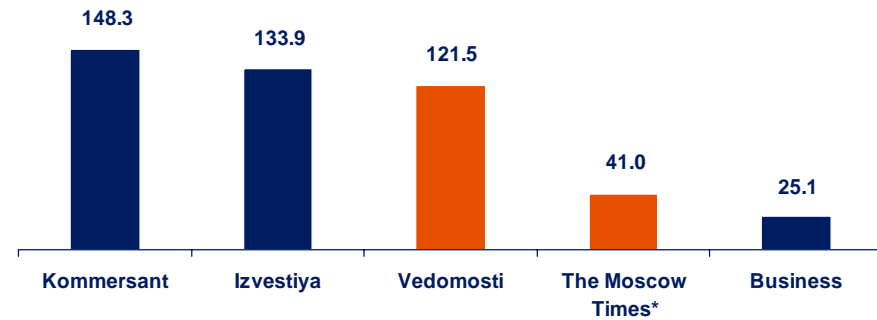
2006 Ad revenues, \$



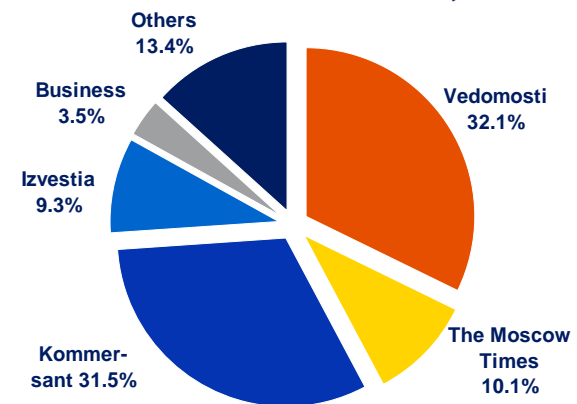
Newspapers in Russia



Readership, Moscow



AD revenues, \$



Latest developments

within IMSM and key market challenges

- Entrance into the women's weekly segment (Gloria) followed by the launch of fashion & beauty weekly Grazia
- Building the internet presence
- Continue to improve the distribution situation, in conjunction with Rautakirja

- Tight labour market
 - High pressure on salaries, especially in internet
- Acquisition prices are sky-rocketing
 - Many media companies turn to Russia
 - Russian players (oligarchs) are big spenders

Thank you for your attention

