

# Full Year Result 2008

President and CEO Hannu Syrjänen

10 February 2009



# Good Sales Development in 4Q08

- Net sales at previous year's record level
- Advertising market reacted in the end of the year strongly to general economic uncertainty
- Impairment in magazine operations in CEE countries and Russia
- Forecasting advertising in 2009 difficult
- Divisions' increased measures to improve cost-effectiveness

Our goal is to be one of the leading media companies in Europe,  
with a focus on sustainable growth and profitability

# Solid Performance

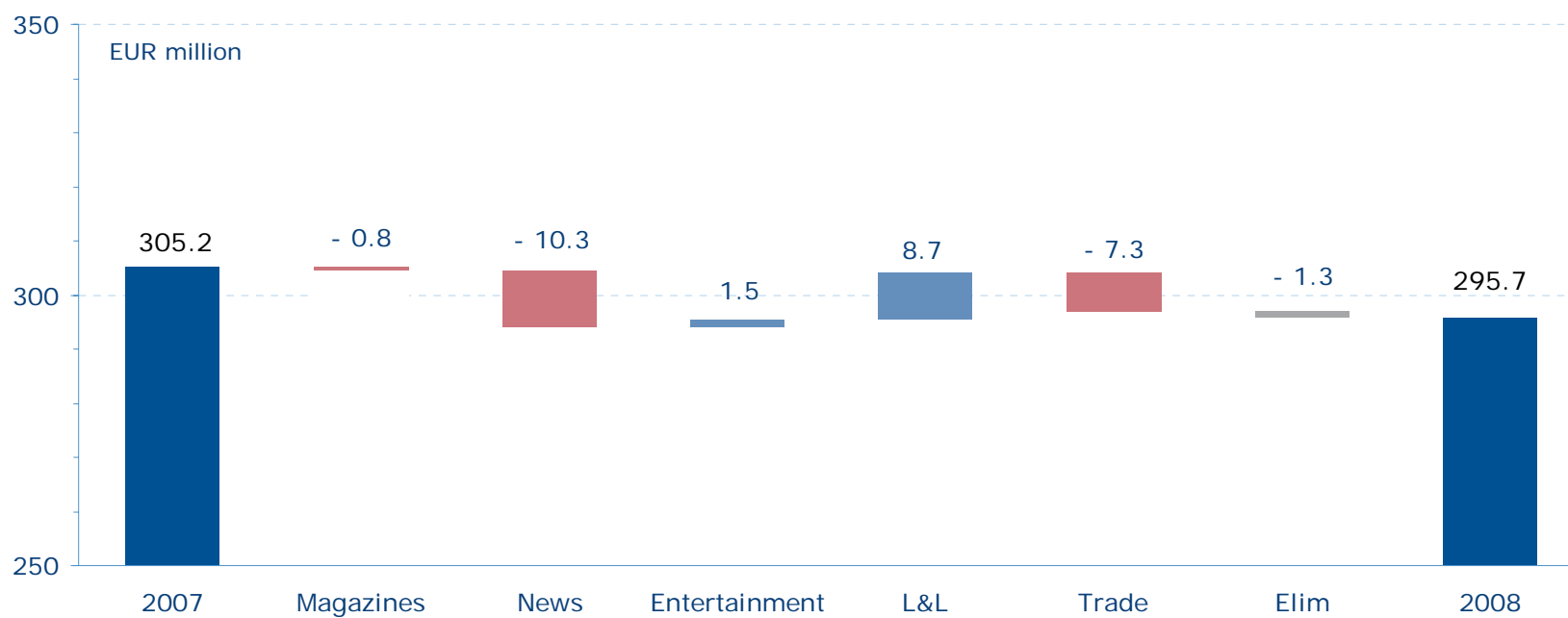
EUR million	10–12/2008	10–12/2007	1–12/2008	1–12/2007
Net sales	<b>798.7</b>	799.6	<b>3,030.1</b>	2,926.3
Operating profit excluding non-recurring items	<b>49.0</b>	63.4	<b>295.7</b>	305.2
% net sales	<b>6.1</b>	7.9	<b>9.8</b>	10.4
Operating profit	<b>-28.8</b>	68.3	<b>236.3</b>	343.8
Earnings/share, EUR	<b>-0.39</b>	0.32	<b>0.72</b>	1.47
Cash flow from operations/share, EUR	<b>0.59</b>	0.67	<b>1.56</b>	1.38
Dividend/share, EUR**			<b>0.90</b>	1.00
Average number of employees *			<b>18,168</b>	16,701

- Net sales increased in Magazines, Learning & Literature, Entertainment and Trade
- Operating profit grew in Learning & Literature and Entertainment

\* Full-time equivalents

\*\* Year 2008 proposal of the Board of Directors

# EBIT Excluding Non-recurring Items



- Magazines: Profitability at the previous year's level
- News: Decrease of classified advertising and tabloid market as well as investments in digital business
- Entertainment: Growth of broadcast operations and the positive development of Welho
- Learning & Literature: New educational publishing business in Poland
- Trade: Investments in kiosks and press distribution in Russia and Romania, decrease of distribution volumes in the Netherlands and launch costs of online bookstore

# Strong Balance Sheet

EUR million	31.12.2008	31.12.2007
Balance sheet total	<b>3,278.7</b>	3,192.3
Equity ratio, %	<b>40.0</b>	45.4
Net gearing, %	<b>78.5</b>	58.2
Interest-bearing liabilities	<b>1,082.6</b>	881.4
Interest-bearing net debt	<b>971.6</b>	793.3
Cash and cash equivalents	<b>110.9</b>	88.1

- Favourable long term credit facility
- Net debt/EBITDA = 2.1
- Strong cash flow
- Steady and high dividend yield

# Outlook for 2009

- Net sales expected to decrease somewhat
- Operating profit excluding non-recurring items estimated to decline from the previous year
  - In 2008, operating profit excluding non-recurring items was EUR 295.7 million. The Group's financial expenses are expected to decrease, and, as a result, Sanoma's net result for 2009 is expected to decrease less than its operating profit
- In the first quarter of 2009, development is expected to be significantly weaker than in the full-year due to especially decreasing newspaper advertising affecting the Sanoma News division and currency exchange rate fluctuations and the growth of seasonal educational publishing business impacting the Sanoma Learning & Literature division

# Sanoma's Strategy

## OUR GOAL IS

- To be one of the leading media companies in Europe, with a focus on sustainable growth and profitability

## Our Strategic Objectives are

- To be the market leader in chosen businesses and markets
- To maintain a balanced business portfolio of B2C and B2B products and services – Focus Areas being:
  - **Magazines**: We will continue to grow in print and digital media
  - **Newspapers**: We will actively develop our business to maintain our profitability and to ensure controlled migration to online
  - **Learning and Language services**: We will grow via further internationalisation and entering new segments
  - **Online**: We will strongly develop and expand our online assets
- To investigate opportunities to internationalise our TV operations
- To maximise our strategic position in retail



**Inspires, Informs and Connects**