

SanomaWSOY

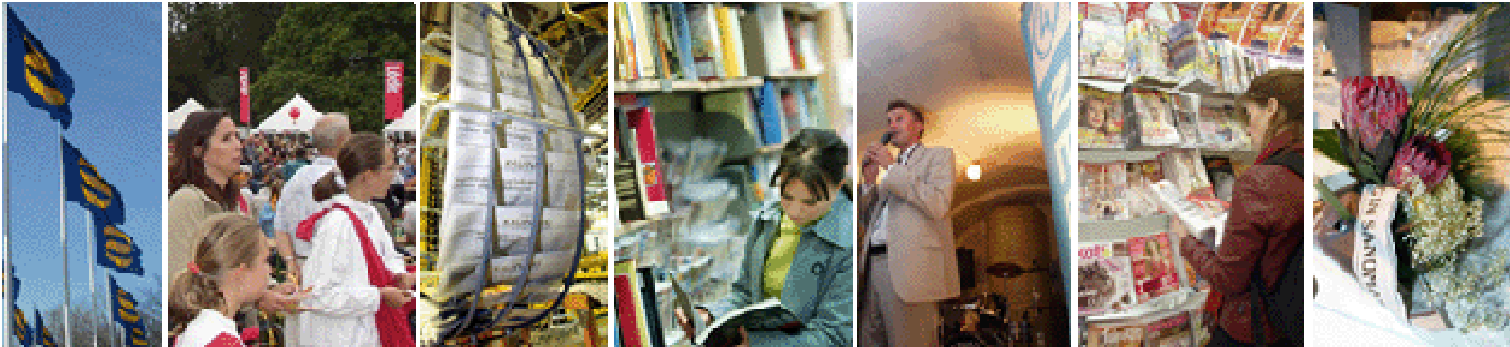
CFO Matti Salmi
18 March 2005

SanomaWSOY

Contents

- SanomaWSOY in brief
- Internationalisation
- Key figures and events 2004

SanomaWSOY



- Wide media portfolio in Finland, focused approach internationally
- Leading positions in the chosen markets
- Targeting smaller and mid-sized language areas and markets
- Growing media presence in 20 European countries
- The leading Nordic media group
- One of Europe's five largest magazine publishers
- Among Europe's six largest educational publishers

Serbia & Montenegro beginning in spring 2005

Y:Kalvot/IR/2005/DB

Delivering Growth Promises

- 1999:** Sanoma and WSOY merged and SanomaWSOY listed in Helsinki Exchanges
- 2001:** CIG Acquisition
- Sanoma Magazines' operations in 9 countries
- 2003:** Rautakirja merged into SanomaWSOY
- 2004:** Malmberg Acquisition
- Educational publisher, leading in the Netherlands and Belgium
- 2005:** Independent Media Acquisition
- Magazine and newspaper publisher in Russia and Ukraine



Y:Kalvot/IR/2005/DB

SanomaWSOY


European media group

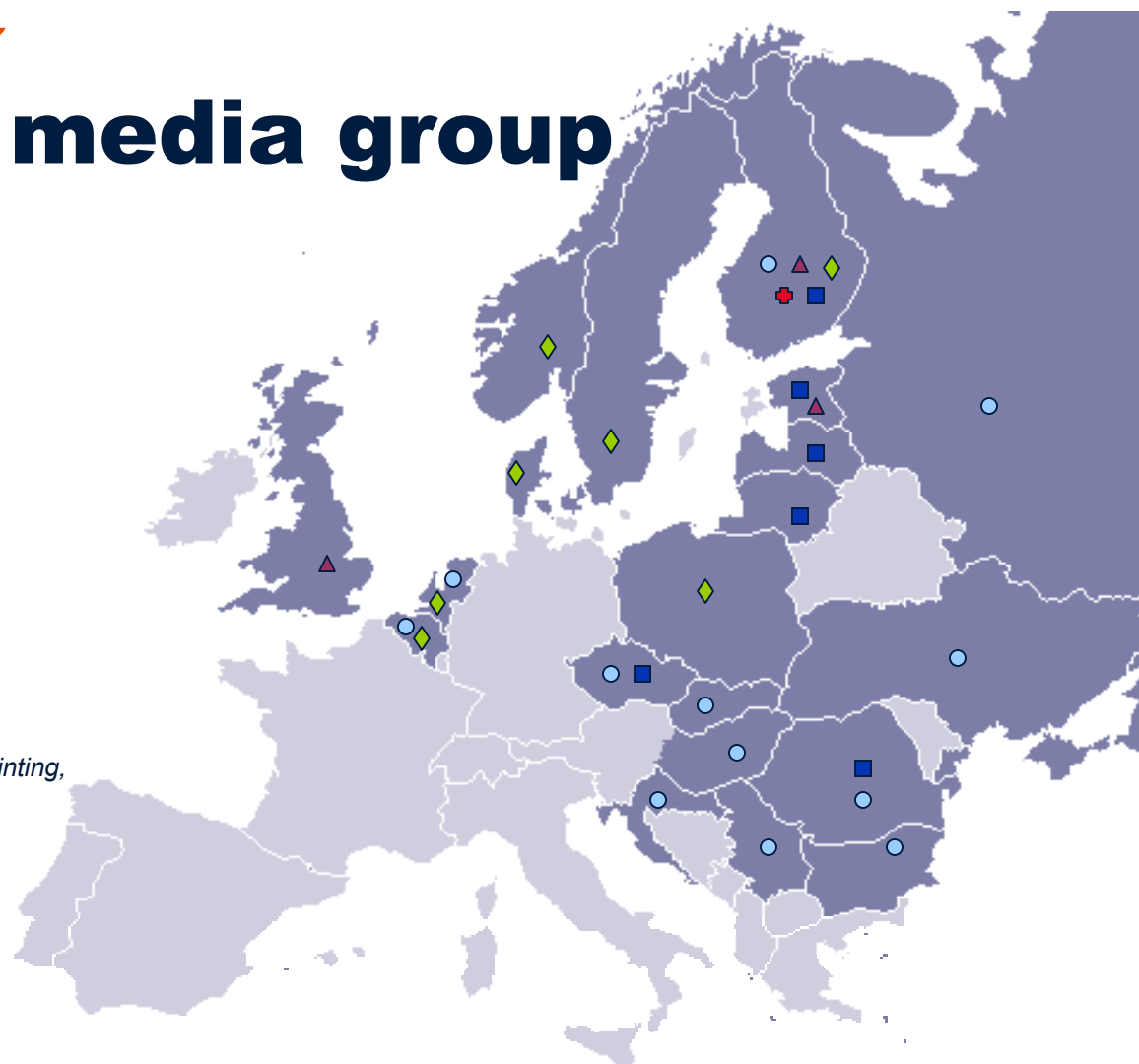
 **Sanoma Magazines**
Magazine publishing and distribution

 **Sanoma**
Newspaper publishing and printing

 **WSOY**
Educational publishing, publishing, printing,
and calendar operations

 **SWelcom**
Electronic media

 **Rautakirja**
Kiosk operations, press distribution,
bookstore, and movie theatres



Serbia & Montenegro beginning in spring 2005,

Esmerk, part of Sanoma, has operations in 10 countries including UK.

Y:Kalvot/IR/2005/DB

* Malmberg included
as of 15 July 2004.

SanomaWSOY Group

SanomaWSOY

Net sales* M€ 2,493.0
EBITA M€ 370.5

Sanoma
Magazines

Sanoma

WSOY

SWelcom

Rautakirja

Magazine publishing

- Some 270 titles in 12 countries
- Magazines for all important segments

Online operations Magazine distribution

Newspaper publishing and printing

- Helsingin Sanomat, the leading newspaper in Finland
- Ilta-Sanomat, the leading Finnish quality tabloid
- Local and regional newspapers
- Free sheets
- Printing plants

Educational publishing

- Educational materials in 4 countries

Publishing

- The leading Finnish general literature publisher

Printing Calendar operations

Electronic media

- No. 2 commercial TV channel in Finland
- Cable-TV and broadband operations

Kiosk operations

- Operations in 5 countries

Press distribution

- Operations in 5 countries

Bookstores

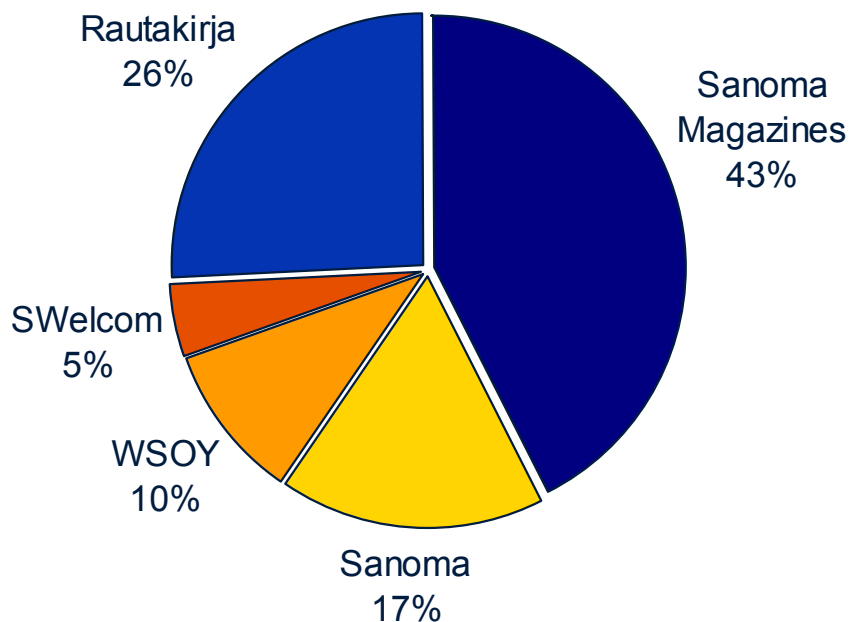
- The leading Finnish bookstore chain

Movie theatres

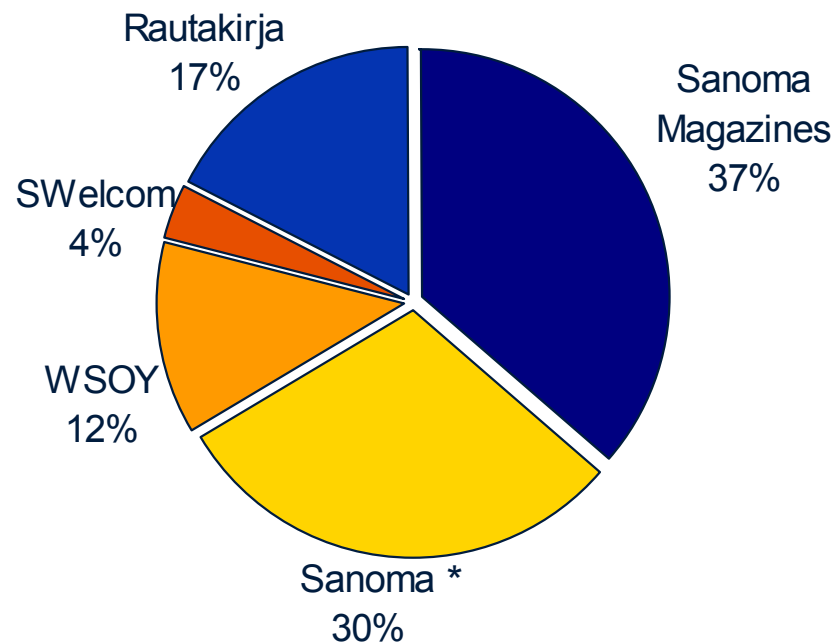
- The leading movie theatre operator in Baltic countries and Finland

Net sales and EBIT by division, 1-12/2004

Net sales € 2,493 million



EBIT € 239.5 million



* Sanoma's EBIT includes gains on the sales of assets

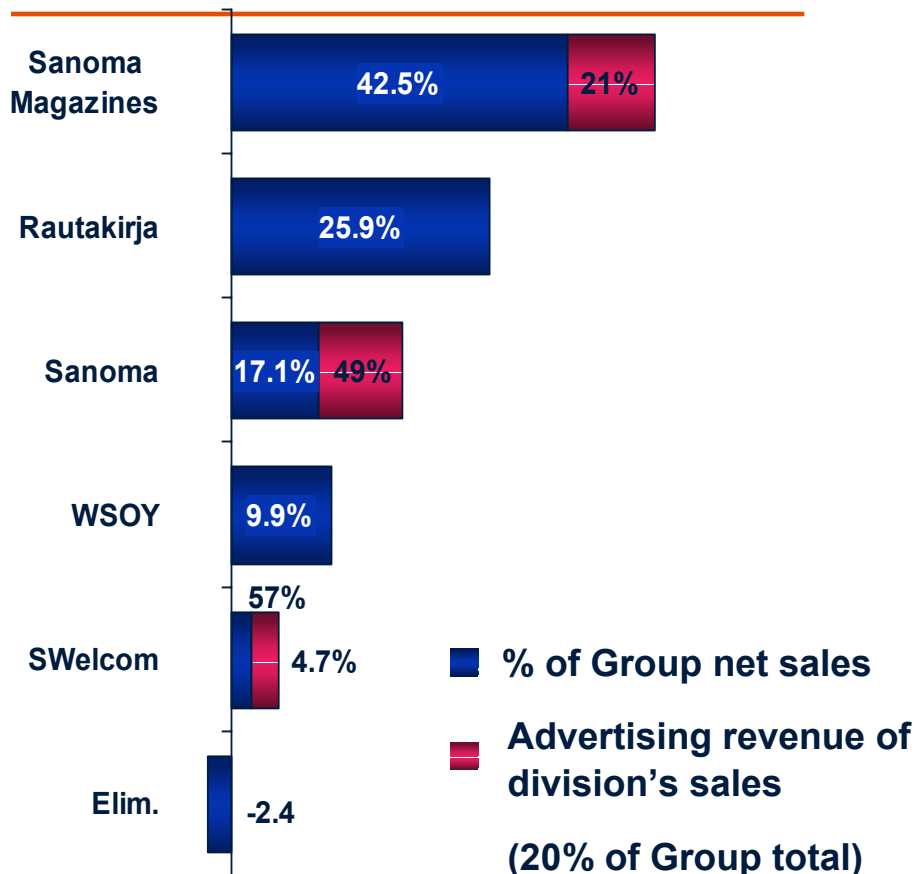
Intracompany eliminations excluded

Y:Kalvot/IR/2005/DB

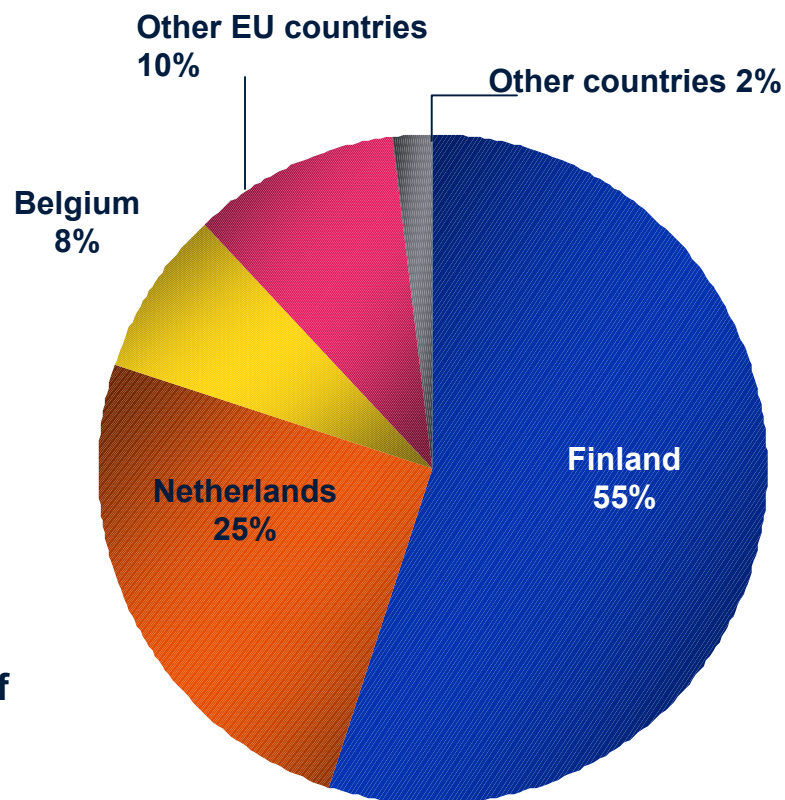
Balanced composition of net sales

Acquisitions Increasing Balance Even More

Divisional 2004A net sales breakdown



Geographic 2004A net sales breakdown



Y:Kalvot/IR/2005/DB

Strategic focus areas

Growth

- To develop profitable **new products and services**, that can be successfully expanded cross-media or internationally
- To enter **new growth markets**
- To **internationalize** press distribution step by step

Cash flow

- To ensure that we continue to have the most wanted and valued products and services
- To increase the **profitability** of our present businesses
- To divest non-core assets and businesses

Market leadership

- To be **a market leader** and successfully leverage that leadership in our chosen businesses and markets
- To be a leading European magazine and educational publisher

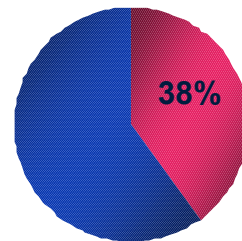
Business practises

- To ensure sustainable growth and profitability
- To continuously **promote best management practices**
- To assure fast, flexible, and cost efficient business processes

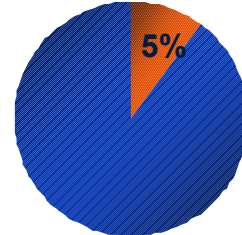
Internationalisation

Our international businesses

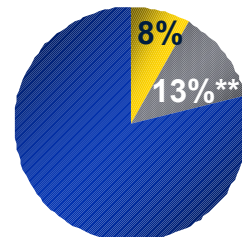
Share of revenues, 2004*



- Leading in consumer magazines in the Netherlands, Belgium, Finland, the Czech Republic, Hungary, Slovakia, Bulgaria and Russia
- Interesting new markets: CIS countries



- Strong position in Finland, the Netherlands and Belgium
- Interesting new markets: CEE countries



- Leading in Finland, Estonia, Latvia, and the Netherlands
- Expanding in Romania and Lithuania
- Interesting new markets: Russia and CEE countries

* Pro forma including Malmberg and YDP for FY04, Hiparion Distribution, Impress Teva and Independent Media

** Net sales from kiosk operations in Finland, the Baltic countries and the Czech Republic

Intra group eliminations excluded

Y:Kalvot/IR/2005/DB

Why magazines?

- Magazines are not influenced by national political or cultural issues
- Preferred international license partner:
 - Cosmopolitan, Elle, Disney, National Geographic...
- Own concepts, which can be internationalised:
 - Story, Beaumonde
- In Finland, a long tradition of custom publishing, which can be internationalised
- Magazines are perfect platforms for brand extensions
- Combination of magazines, internet sites, and virtual communities offers interesting new business opportunities



Y:Kalvot/IR/2005/DB

Acquisition: Independent Media

Transaction overview 1/2

- Glossy magazines with a focus on women, men and youth publishing
- Operates in Russia and Ukraine
- 31 magazines, of which 11 licenses of international renown brands, and 3 business newspapers.

- **Clear market leader** in Russian magazine market
 - dynamic market player
 - # 1 in glossy magazine readership
 - # 1 business daily in Moscow

- **Huge market:** 145 million inhabitants, 52 million households
- Growing economy: expected real GDP growth 5–7%
- Fast growing media market: expected growth of 10–15%

Source: TNS
Gallup ADFact,
EIU, Goldman
Sachs, PWC,
Zenith

Y:Kalvot/IR/2005/DB

Acquisition: Independent Media

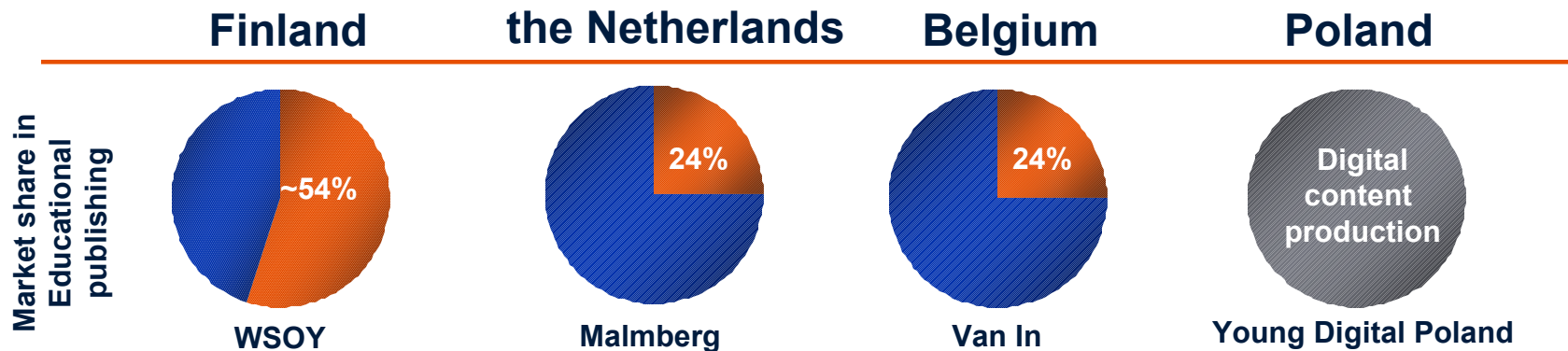
Transaction overview 2/2

- Net sales 2004 estimated to amount to EUR 70 million (incl. sales of 50/50 joint ventures)
- Pro forma consolidated share amounts to EUR 47 million
- Compounded average growth net sales in the period 2001–2004 around 25%
- Pro forma consolidated share in the estimated EBITA in 2004 amounts to EUR 10 million (incl. share of associated companies)
- Compounded average growth EBITA in the period 2001–2004 around 50%
- Enterprise value some EUR 142 million
- In 2003 on average 990 employees
- The acquisition was closed in the beginning of March 2005

Y:Kalvot/IR/2005/DB

Why educational publishing?

- European educational publishing market is unconsolidated (no big players)
- Has great growth potential
 - harmonisation of curriculum
 - centralized digital content production
 - modularisation of educational materials
 - internet based services, eLearning
 - international licensing of educational materials
 - CEE countries are investing heavily in education



Y:Kalvot/IR/2005/DB

Acquisition of Malmberg

Transaction overview

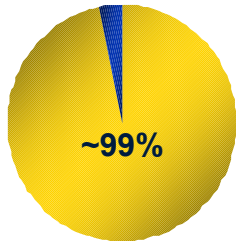
- Malmberg's and WSOY's educational assets complement each other excellently, creating the Europe's 6th largest educational publisher with combined net sales of EUR 129 million, pro forma 2003
- Valuation
 - Enterprise value EUR 221.9 million
 - EV / EBITA (2003) 9.4x
 - 2005 EPS effect clearly positive
- Acquisition was closed in November, consolidated as of 15 July 2004
- Integration proceeds as planned, synergy benefits arises eg. from
 - Printing and paper purchases
 - IT solutions of content production in short-term
 - Multi-use of content between units in medium-term

Y:Kalvot/IR/2005/DB

Why press distribution?

Market share in
Press distribution

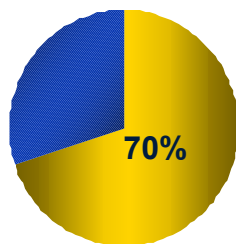
Finland



Lehtipiste

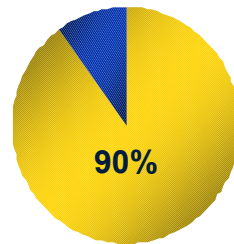
- Exportable press distribution and press retail knowhow
 - good, profitable business as such
 - leading position is the key
 - possibility to further develop with add-on business
- Supports magazine value chain
- Kiosk operations complement distribution in CEE countries

the Netherlands



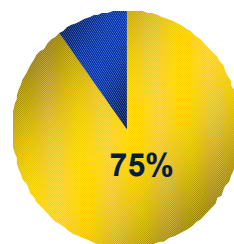
Aldipress

Estonia



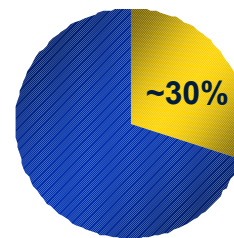
Lehepunkt

Latvia



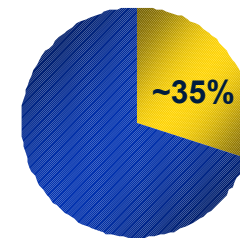
Preses Serviss

Romania



Hiparion

Lithuania



Impress Teva

Y:Kalvot/IR/2005/DB

Full-year 2004 result

Key figures

€ million	31.12.2004	31.12.2003	Change,%
Net sales	2,493.0	2,395.9	4.1
EBITA	370.5	338.4	9.5
% of net sales	14.9	14.1	
EBIT	239.5	205.2	16.7
% of net sales	9.6	8.6	
Balance sheet total	2,528.8	2,453.0	3.1
Gross investments	274.7	94.8	189.8
Equity ratio, %	39.0	40.3	
Net debt / EBITDA	1.82	1.57	15.9
EPS, €	0.87	0.69	26.0
EPS excl. goodwill amortisation, €	1.39	1.23	12.5
Cash flow/share, €	1.67	1.65	1.3
Dividend/share, € *	0.80	1.00	-20.0
Market capitalisation	2,632,2	2,554.9	3.0
Personnel under employment contract **	16,207	17,330	-6.5

* Proposal to AGM
** Average

Y:Kalvot/IR/2005/DB

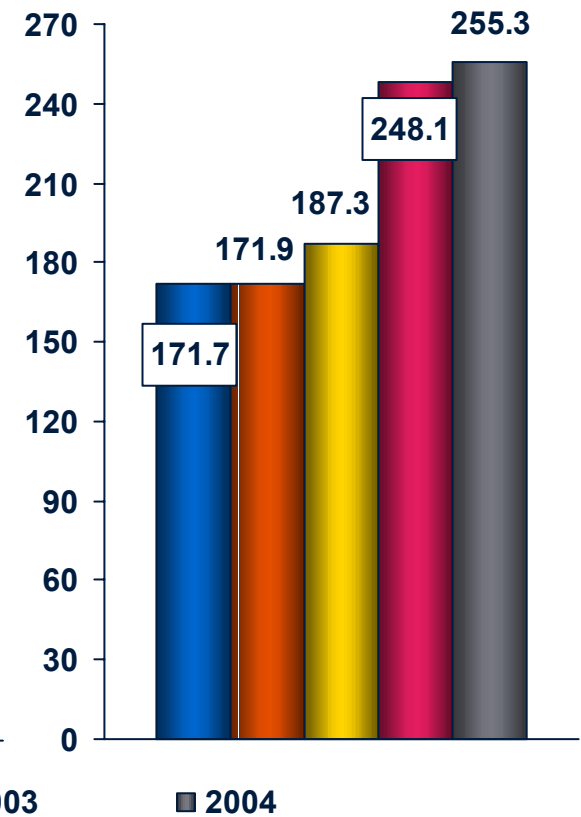
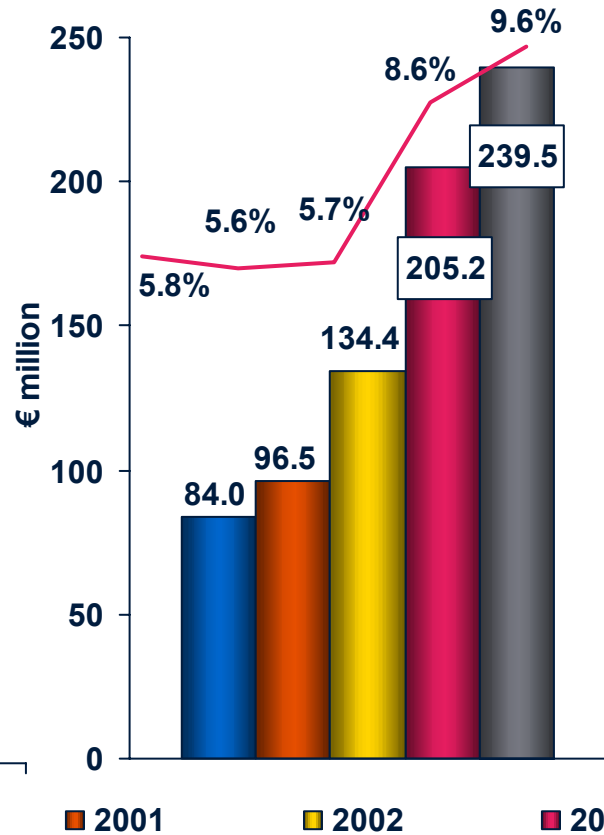
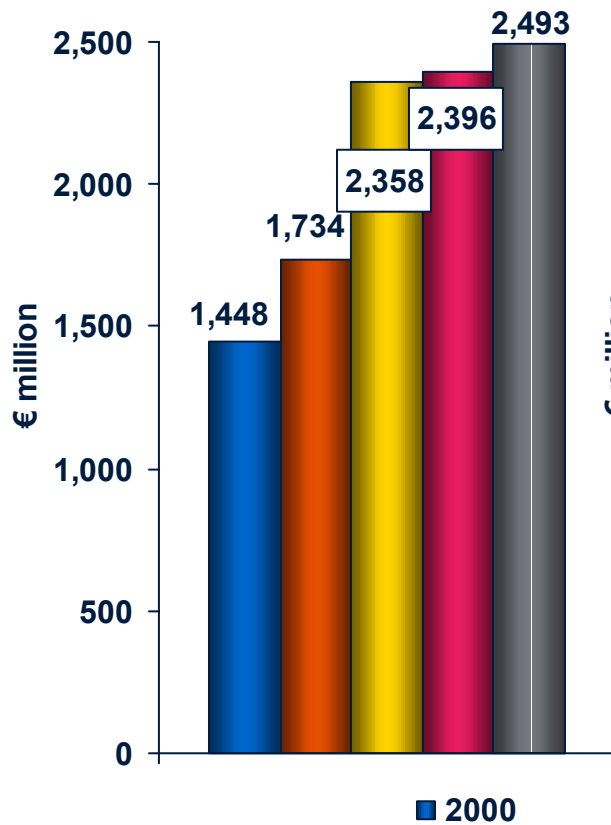
Operational excellence

Dynamic and profitable growth

Net sales*

EBIT and EBIT margin

Cash flow from operations*



* Net sales of 2003 & 2004 are not fully comparable with the earlier years due to changes in accounting practices

** Cash flow from operations does not include capital expenditure

Y:Kalvot/IR/2005/DB

Net sales

by division

21

€ million	2004	2003	Change, %
Sanoma Magazines	1,083.7	1,064.8	1.8
Sanoma	435.2	425.5	2.3
WSOY	253.9	212.2	19.7
SWelcom	119.4	104.9	13.9
Rautakirja	659.7	653.8	0.9
Intragroup eliminations	-59.0	-65.3	-9.7
Total	2,493.0	2,395.9	4.1

Y:Kalvot/IR/2005/DB

Operating profit

by division

22

€ million	2004	2003	Change, %
Sanoma Magazines	86.9	78.8	10.2
Sanoma	71.2	69.4	2.7
WSOY	29.2	22.6	29.4
SWelcom	9.0	1.2	650.8
Rautakirja	41.5	35.5	16.7
Other companies	0.9	-6.1	
Intragroup eliminations	0.8	3.9	
Total	239.5	205.2	16.7

Y:Kalvot/IR/2005/DB

EBIT-margins

by division

23

% of net sales	2004	2004 excl. substantial gains on the sales of assets	2003	2003 excl. substantial gains on the sales of assets	Target
Sanoma Magazines	8.0	7.8	7.4	7.4	9.0
Sanoma	16.4	13.8	16.3	10.3	12.5
WSOY	11.5	11.5	10.6	8.1	12.0
SWelcom	7.5	7.5	1.1	1.1	7.5
Rautakirja	6.3	6.1	5.4	5.4	6.0
Total	9.6	8.6	8.6	6.8	9.0

Y:Kalvot/IR/2005/DB

Group's outlook for 2005

Estimation:

- Net sales grow by some 4%
- The change to IFRS standards improves operating profit and EPS considerably
- Comparable operating profit excluding non-recurring gains on the sales of assets at the previous year's level
- In 2004, operating profit included some EUR 25 million of the non-recurring gains on the sales of assets
- Estimate does not include the impact of the acquisition of Independent Media



SanomaWSOY shares

- SanomaWSOY has over 11,000 shareholders
- Institutional shareholders hold 50% of shares, private investors 50%
- Some 10% owned by foreign shareholders
- Constantly improving liquidity
- Dividend policy:
SanomaWSOY pursues an active dividend policy based on the principle of normally distributing half of Group's result after taxes in the form of a dividend.



Committed to the Future

www.sanomawsoy.fi