

SanomaWSOY Education

a European Group on its way

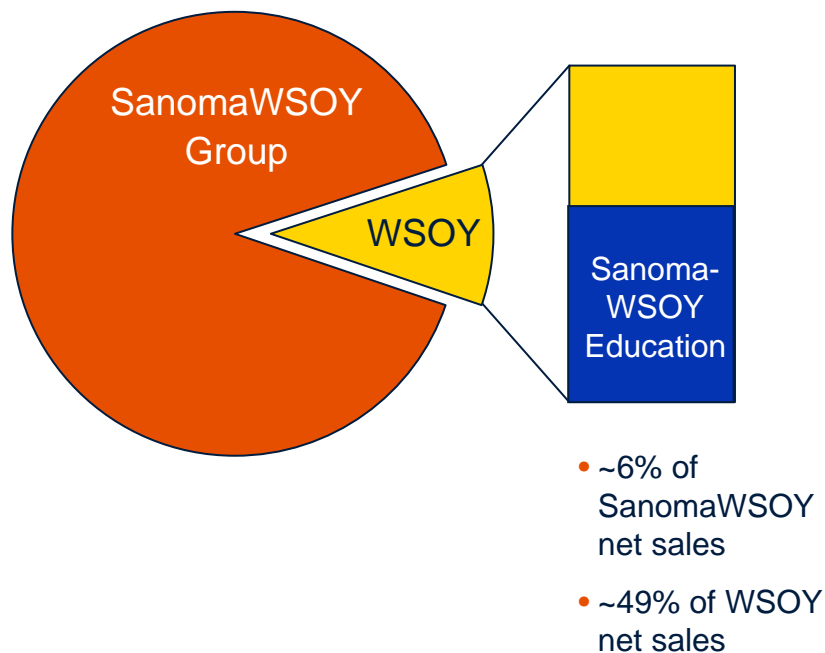
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SanomaWSOY Education
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SanomaWSOY Education

In the Big Picture

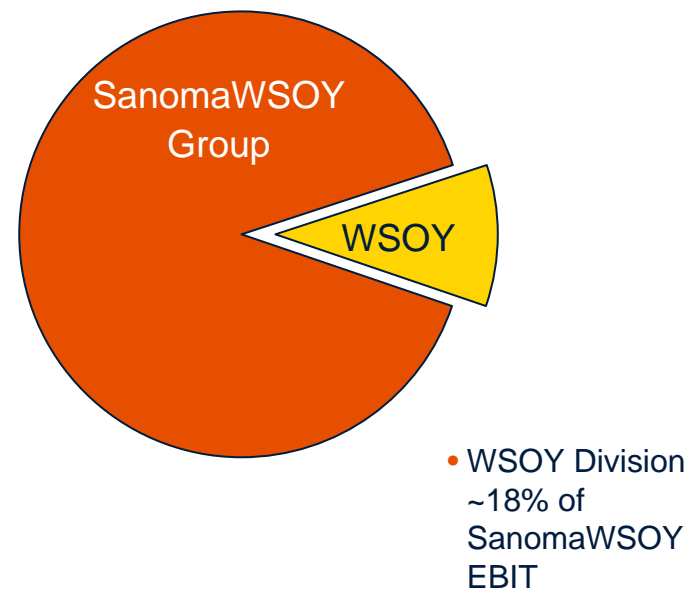
Net Sales

SanomaWSOY's net sales 2005: EUR 2,622.3 million
WSOY's net sales 2005: EUR 294.4 million



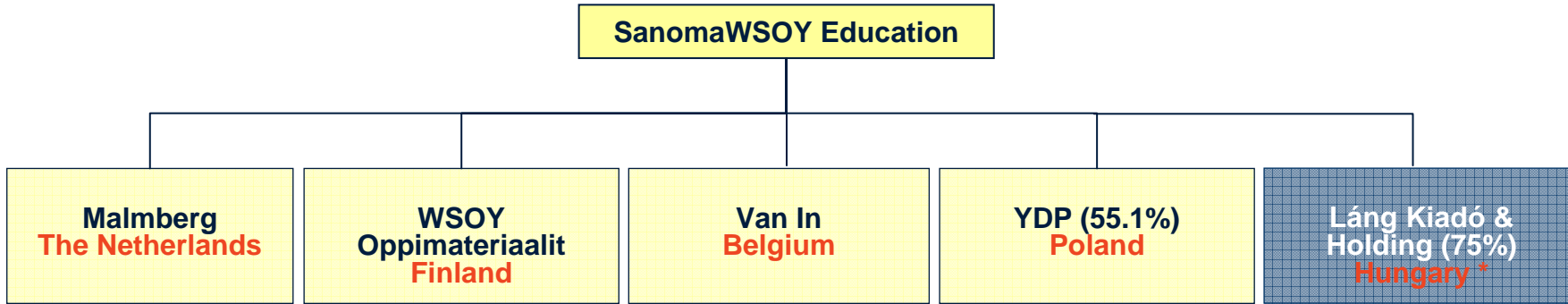
EBIT

SanomaWSOY's EBIT 2005: EUR 301.3 million
WSOY's EBIT 2005: EUR 55.8 million

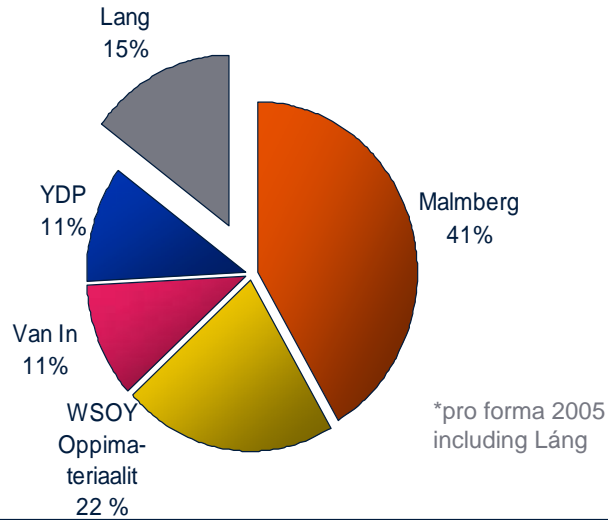


Intracompany eliminations not excluded

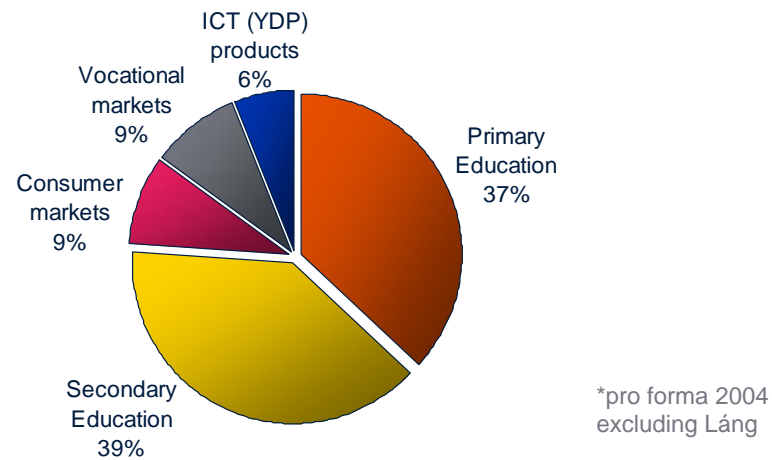
SanomaWSOY Education in Brief



Net sales by business units



Net sales by market



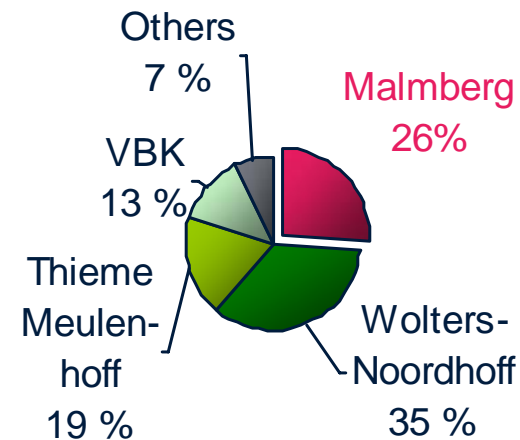
* Deal subject to Hungarian competition authorities approval

Malmberg



Market size, competition, and positions

- (net) €238 million
- Expected CAGR 0.7%
- Primary market no 1
- Secondary market no 2
- Vocational market no 4
- Consumer market no 1



Characteristics

- High market shares
- Strong brands
- Innovative quality

Strategic priorities

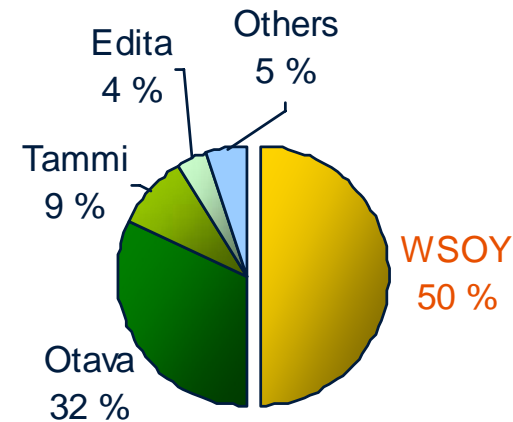
- Commercial anticipation to changed market structures
- Expand in new businesses and segments
- Redesign processes

WSOY



Market size, competition, and position

- (net) €83 million
- Expected CAGR 4%
- Primary market no 1
- Secondary market no 1
- Vocational market no 1



Characteristics

- Strong brands
- High quality
- OPIT learning services

Strategic priorities

- Capitalize on curriculum changes
- Integrate ICT in learning systems
- Expand in new businesses

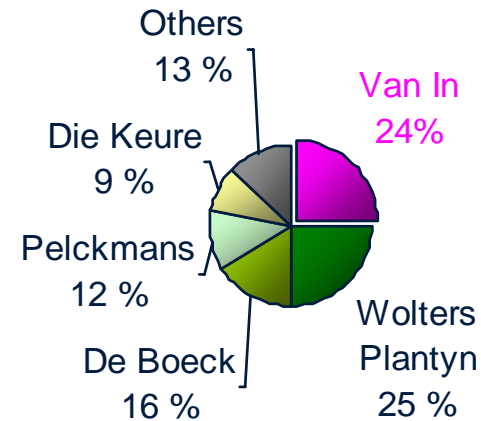
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Market size, competition, and positions

- (net) €74 million
- Expected CAGR 5.2%

- Flanders market no 2
- Walloon market no 1



Characteristics

- Strong brands
- Market challenger
- Dynamic player

Strategic priorities

- Capitalize on new generation learning systems
- Improve commercial power
- Expand in new businesses and segments

Young Digital Planet

Market size and competition

- Global market
- Expected CAGR >10%



Characteristics

- Innovative company
- Strong brands in international markets
- Market challenger

Strategic priorities

- Capitalize on Universal Curriculum
- Expand in new markets
- Switch profile from a software house to a publishing partner

Láng publishing

Market size, competition, and positions

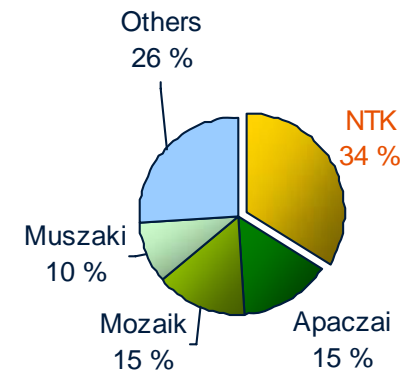
- (net) €60 million (education), €52 million (training)
- Expected CAGR 5% (education), 1% (training)

NTK

- Primary market no 2
- Secondary market no 1

Perfekt

- Vocational courses no 1 (market share 10,5%)



Characteristics

- Strong brands
- Strong position in educational networks

Strategic priorities

- Integrate ICT in the portfolio
- Redesign business operations

European Market Perspective

European education market

- European education textbook market is estimated to be around €2 billion.
- Overall average market growth of 2–3%, with local differences due to curriculum change effect.
 - Driven by local content needs
 - Evolving electronic solutions
 - Demographics : 0.23% CAGR 2004e-2008e for the total European population
 - Education policies have top priority of governments
 - Developing CEE markets
 - GDP and CPI developments in the EU*:

| Growth rate | 2005e | 2006e | 2007e | 2008e |
|-------------|-------|-------|-------|-------|
| GDP | 2.2% | 2.1% | 2.1% | 2.1% |
| CPI | 1.7% | 1.8% | 1.8% | 1.8% |

Main trends - Primary

- Uniform, local curricula.
- Largest cycle of all three segments.
- So far limited use of ICT.
- Stable markets.

Main trends - Secondary

- Increasing use of performance indicators.
- Teachers shortages.
- Increased used of ICT: driver of sales growth.
- ICT infrastructure improving.

Main Trends - Vocational

- Fragmented markets.
- ICT infrastructure up to standards.
- Integrated e-learning solutions in practice

* Source:
EUI, January 2004

SanomaWSOY Education

Mission

We aim to be:

an ambitious and professional publishing group which
empowers educational societies to achieve their educational targets,
enables educational professionals in organising their learning
processes and **supports individuals** in their development.

SanomaWSOY Education

Vision

We want to enable and support customers, enhancing education by making learning processes **attractive and effective**.

We want to be one of the **leading** educational publishers in Europe and the **best performer** in our chosen markets and business areas.

Five Strategic Objectives

Publish best-in-class learning solutions, optimising the use of ICT, to ensure growth.

Grow the core businesses by extending the current product portfolios.

Realise strategic and cost synergies, adding value for all stakeholders.

Leverage the SanomaWSOY Education way of growing internationally, by judicious M&A, securing systematic synergy realisation.

Create an inspiring working environment of continuous learning for our employees and authors to ensure continuity.

Publish Best-in-Class Learning Solutions

1/3

Increase competitive edge around three capabilities:

Capitalize on curriculum changes

- action faster than competitors
- focus on customer needs.

(ICT) Platform adaptability

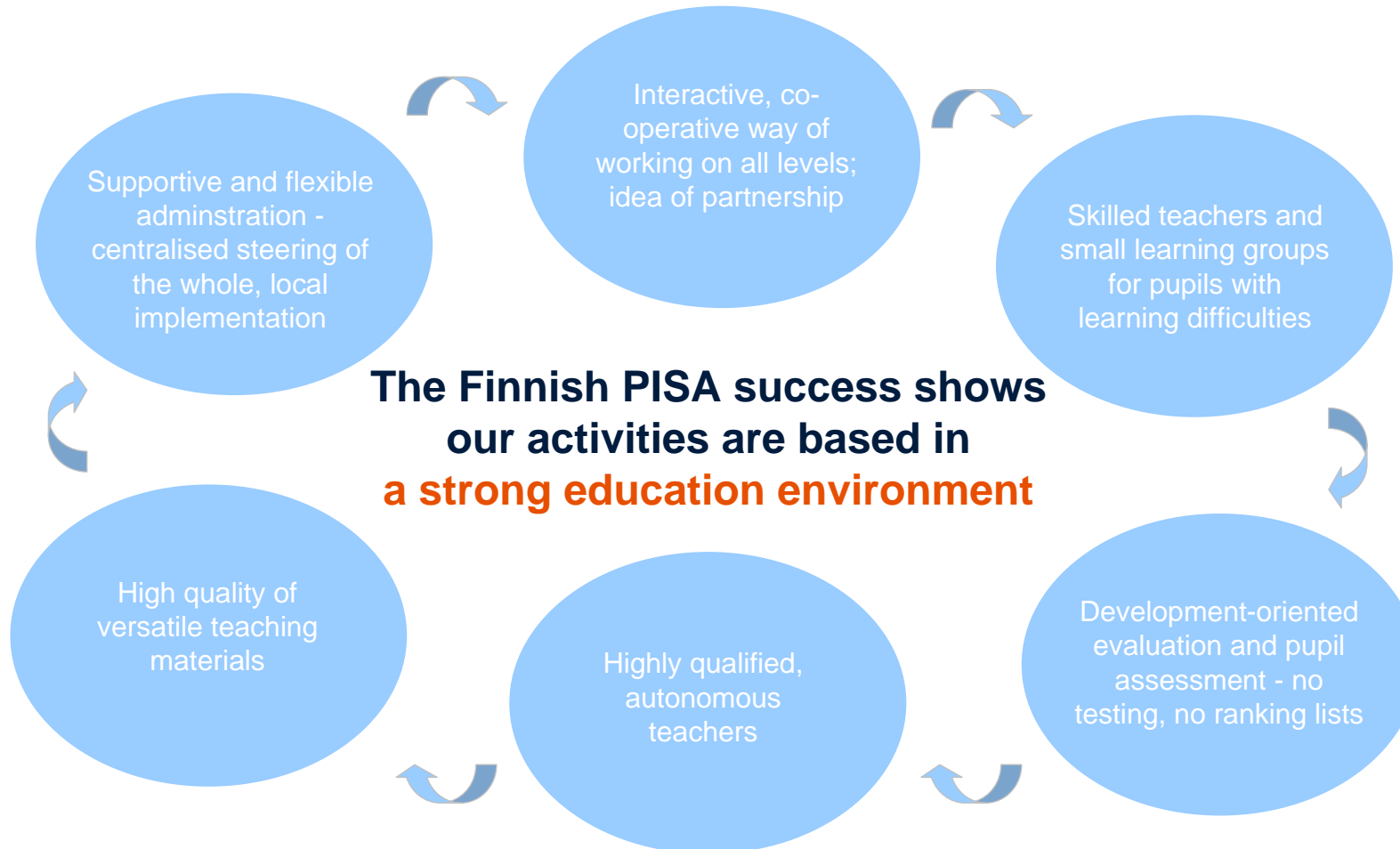
- significantly improve the portability of (parts of) the platform
- better time-to-market and higher quality.

ICT: accelerator focussing on effectivity and attractivity

- push-driven ICT innovation (YDP) and
- pull-driven ICT-usage demand (publishers)

Publish Best-in-Class Learning Solutions

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Publish Best-in-Class Learning Solutions

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Malmberg's 'Studiehulp' – example of a unique ICT product.



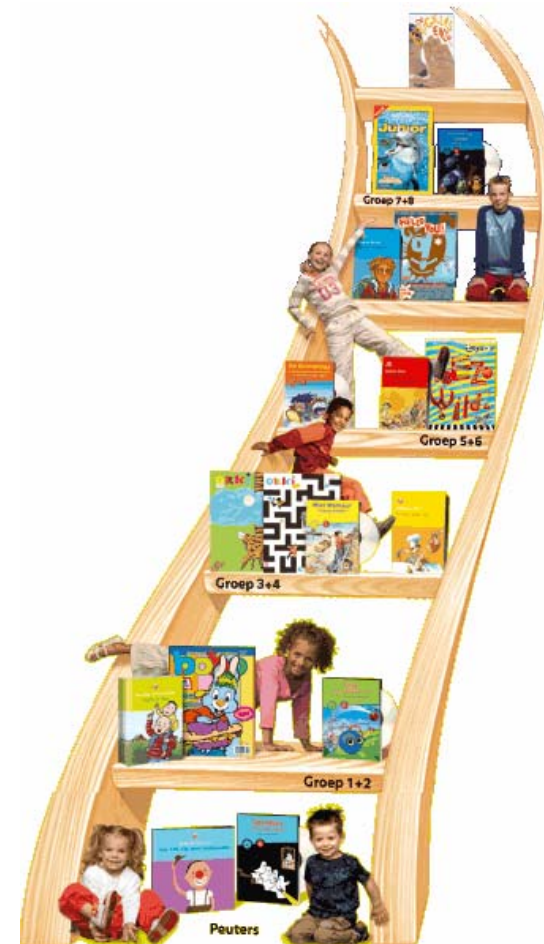
Extend current portfolios

Edutainment business:

- Companies have strong educational market positions
- And very good access to “via-school” channel
- So, ability to build the bridge between school and home

Approach:

- International team
- Market exploration
- Business case
- Outroll



Adding Value, Realising Synergies

Paper and printing purchasing

- Consolidate paper purchasing volumes; 10% saving potential
- Consolidate printing purchasing volumes; 15% saving potential

Content sharing

- Re-use assets within the group
- Set up international projects from scratch

IT systems

- Assess IT concept NL/BE (SAP) against potential group roll-out

M&A:

Leverage the SanomaWSOY Way Internationally

Criteria

- Markets with growth potential
- Leverageable acquisition targets
- Educational **publishers** and educational **solution providers**

Target countries

- Current markets (Netherlands, Finland, Belgium, Poland, Hungary)
- CEE countries

Summary

- The products remain local, but the platforms become global
- Our leading positions have scale to capitalize on synergies
- Macro-environment is moving to our advantage
- ICT is the main driver behind growth
- Bolt-on expansion and acquisitions for further growth

We will achieve creating value

- From the shareholders' point of view: good results and (international) growth
- From a market point of view: to meet further required standards
- From the society's point of view: to take responsibility for socially relevant products