



SanomaWSOY Electronic Media

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14 September 2005

Agenda

- SanomaWSOY and SWelcom in brief
- Terrestrial television in Finland
 - Nelonen (Channel Four Finland)
 - Digital television in Finland
- Cable communications in Finland
 - Helsinki Television (HTV)

SanomaWSOY and SWelcom in Brief

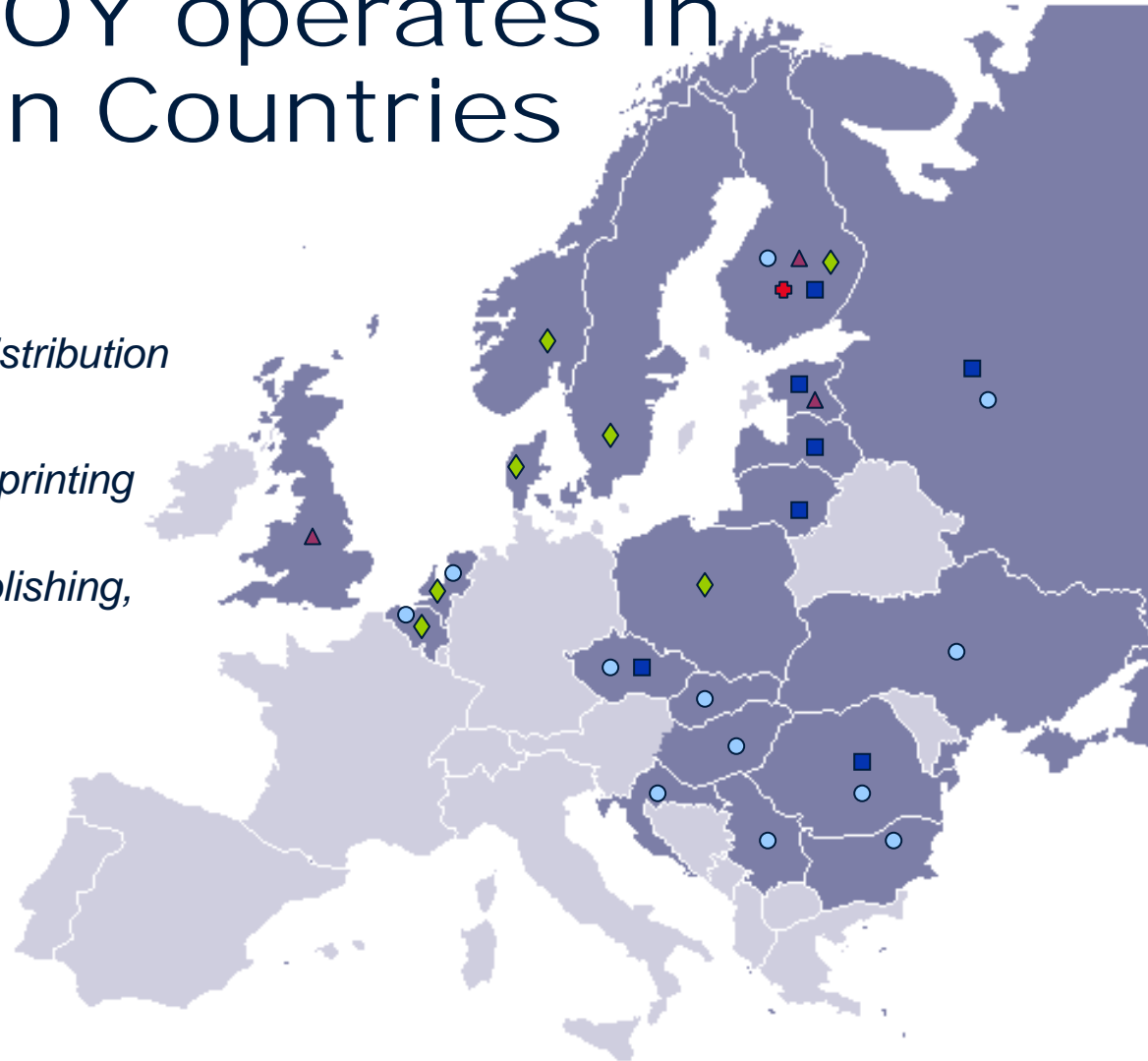
SanomaWSOY in Brief



- Finnish Sanoma and WSOY merged in 1999 and listed in the Helsinki Stock Exchange
- The leading Nordic media group
 - net sales EUR 2,491 million in 2004
 - personnel 16,207
- One of Europe's five largest magazine publishers
- Among Europe's six largest educational publishers
- Wide media portfolio in Finland, focused approach internationally
- Targeting smaller and mid-sized language areas and markets
- Leading positions in the chosen markets

SanomaWSOY operates in 20 European Countries

- **Sanoma Magazines**
Magazine publishing and distribution
- ▲ **Sanoma**
Newspaper publishing and printing
- ◆ **WSOY**
Educational publishing, publishing, printing, and diaries
- + **SWelcom**
Electronic media
- **Rautakirja**
Kiosk operations, press distribution, bookstores, and movie theatres

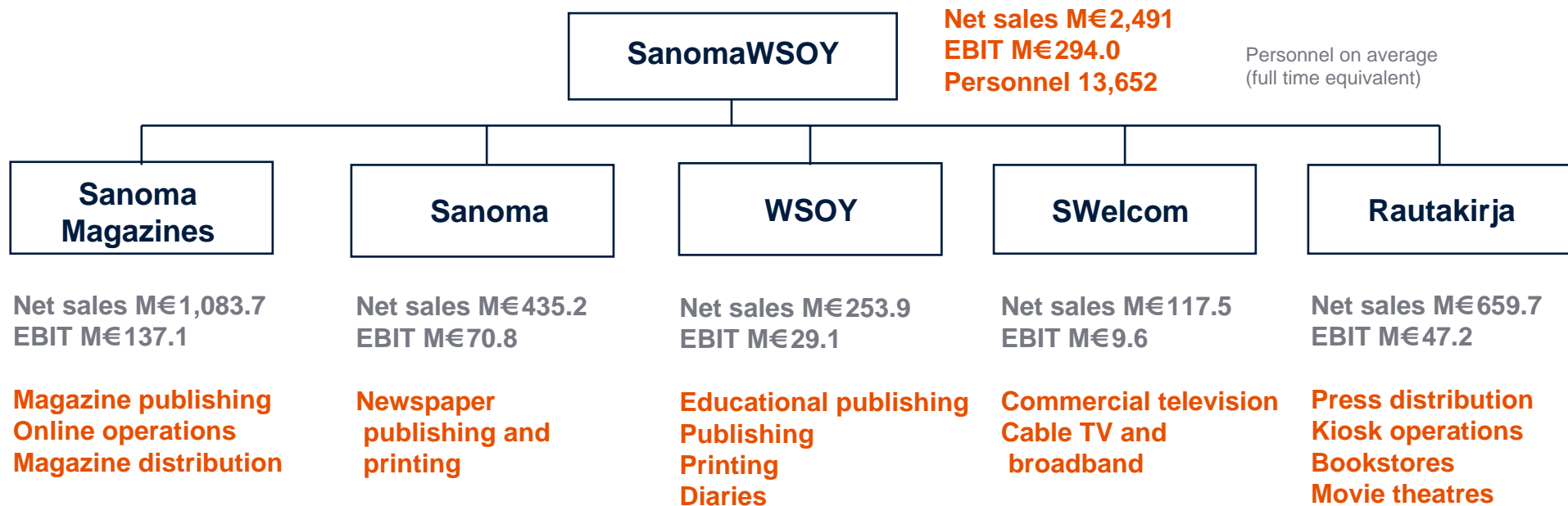


Rautakirja's acquisition in Lithuania (kiosk operation) is pending with the competition authorities.

Esmerk, part of Sanoma, has operations in 7 countries including UK.

SanomaWSOY Group

Five Divisions



SWelcom's Present Activities

Four Business Units



Nelonen
(Channel Four Finland):
Commercial Television



Helsinki Television (HTV):
Cable Communications



2ndhead:
Digital Media Solutions



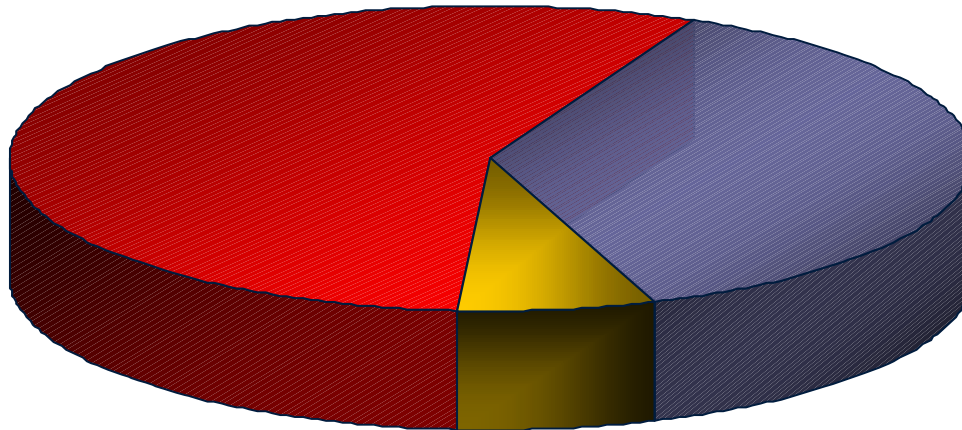
Werne:
Television Production Services

SWelcom's Revenue Structure

2004: 119.4 M€ (2003: 104.9 M€)



55.7%



HTV

37.5%

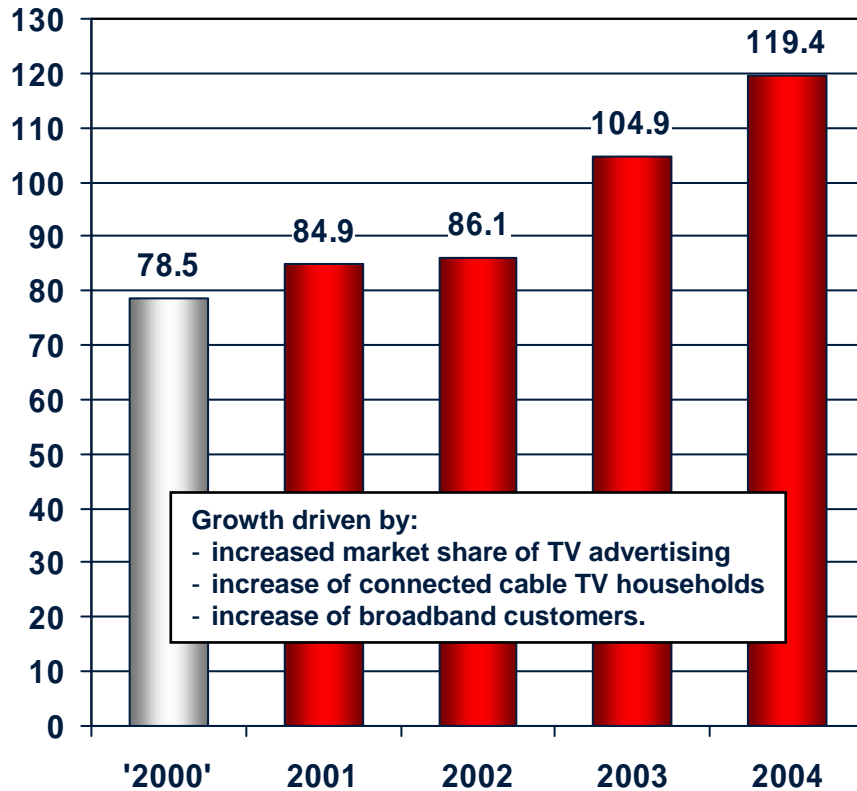
2ndhead

6.8%

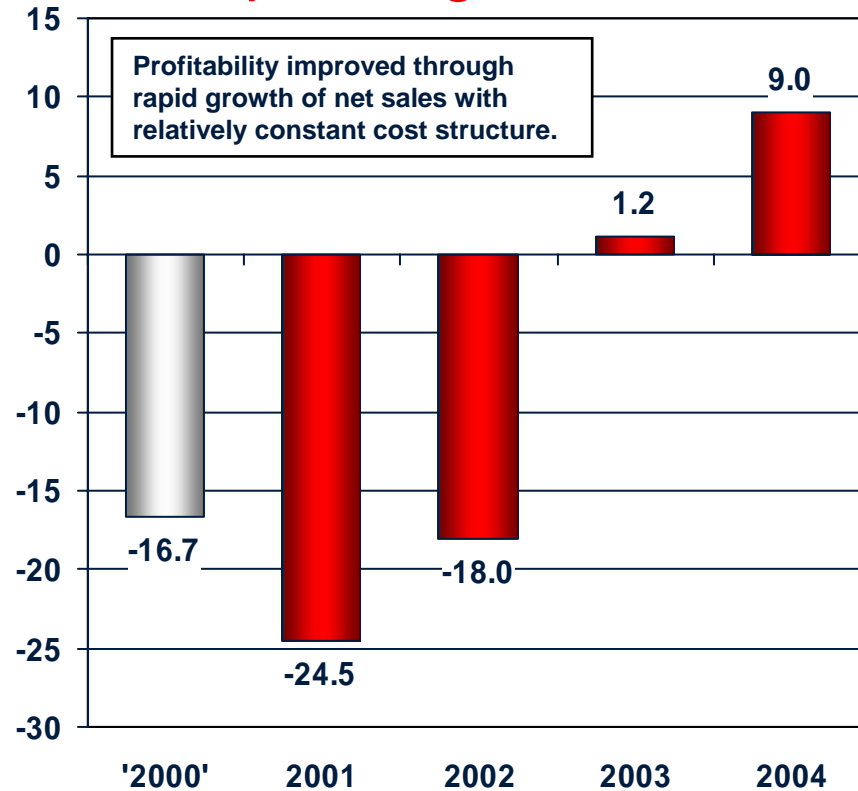


SWelcom's Financial Development Since Foundation in June 2000

Net Sales



Operating Profit (FAS)



Terrestrial Television in Finland

Analogue Terrestrial TV Channels



Public “full service” channels

- operated by Oy Yleisradio Ab (YLE)
- funded with television fees (paid by TV-set owners) and license fees (paid by commercial channels)



Commercial channel

- operated by Oy MTV Ab
- funded with advertising sales

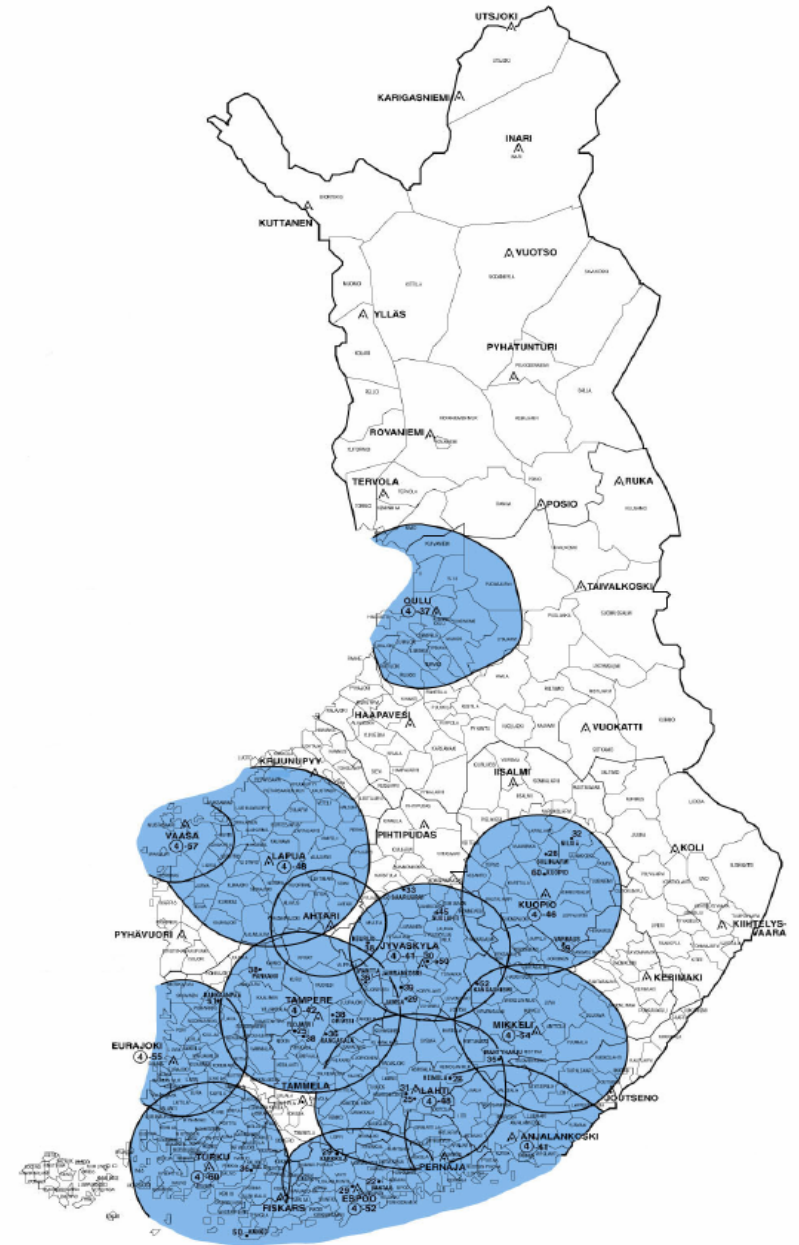


Commercial channel

- operated by Oy Ruutunelonen Ab (SanomaWSOY / SWelcom)
- funded with advertising sales

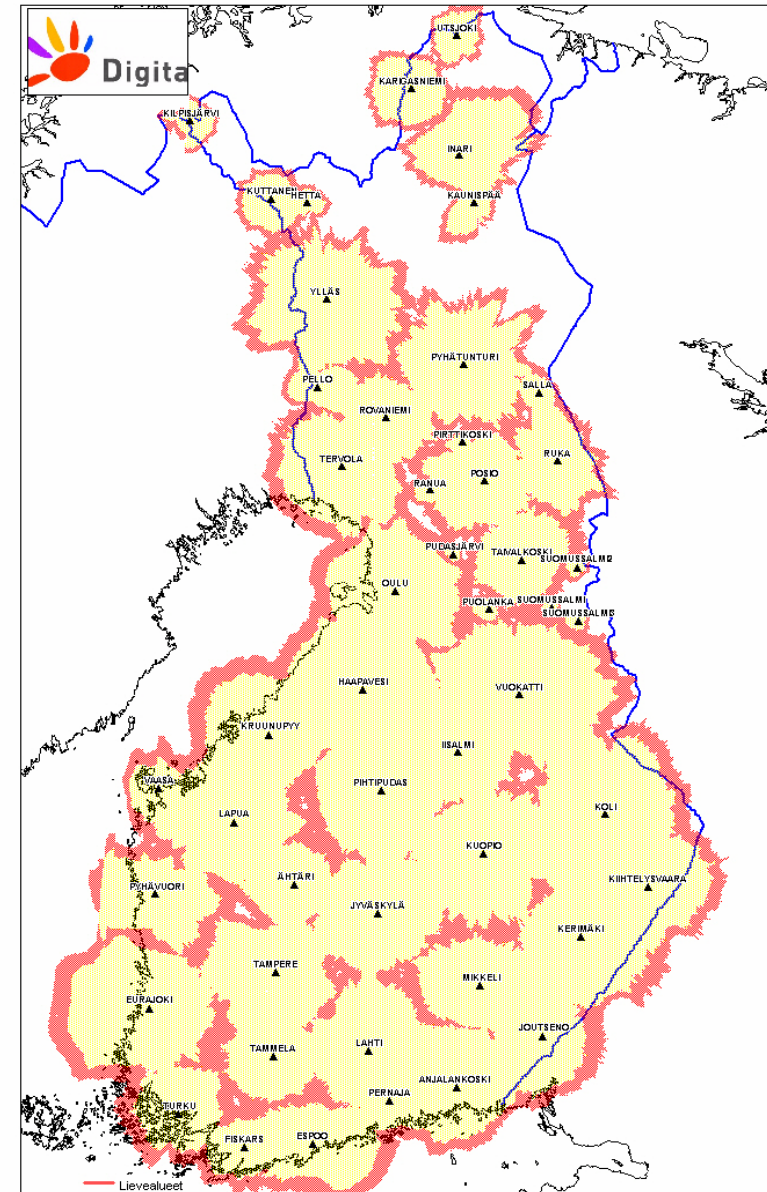
Analogue Nelonen

- Analogue terrestrial transmissions started in June 1997
- Covers 85% of the population
 - 11 high power transmitters
 - cable & satellite distribution
- Highly targeted audience
 - urban population
 - 25–44 age group
 - prime time (6–11 p.m.)
- Digital terrestrial simulcast since August 2001



Digital Terrestrial TV Transmission Network

- **Phase 1**
 - since autumn 2001
 - covers 74 percent of population
 - all 3 multiplexes
- **Phase 2**
 - since autumn 2004
 - covers 94 percent of population
 - 2 (of 3) multiplexes
- **Phase 3**
 - since autumn 2005
 - covers 99.9 percent of population
 - 2 (of 3) multiplexes



Digital Terrestrial Channels

Terrestrial
analogue
simulcasts



Analogue
simulcasts
in cable



Exclusively
digital



CANAL+

CANAL+ FILM 1

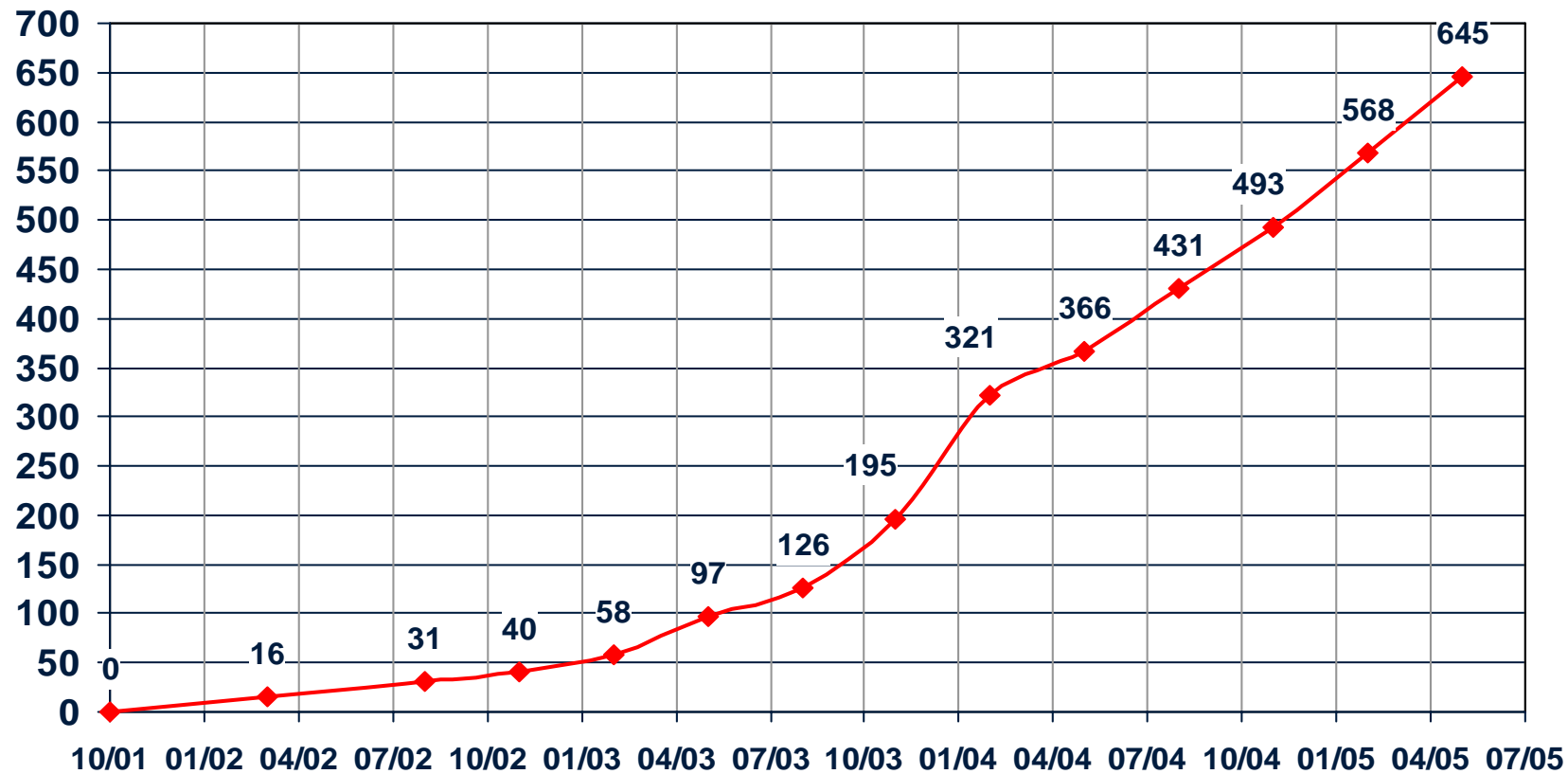
CANAL+ SPORT

CANAL+ FILM 2

Require card & subscription, others are free

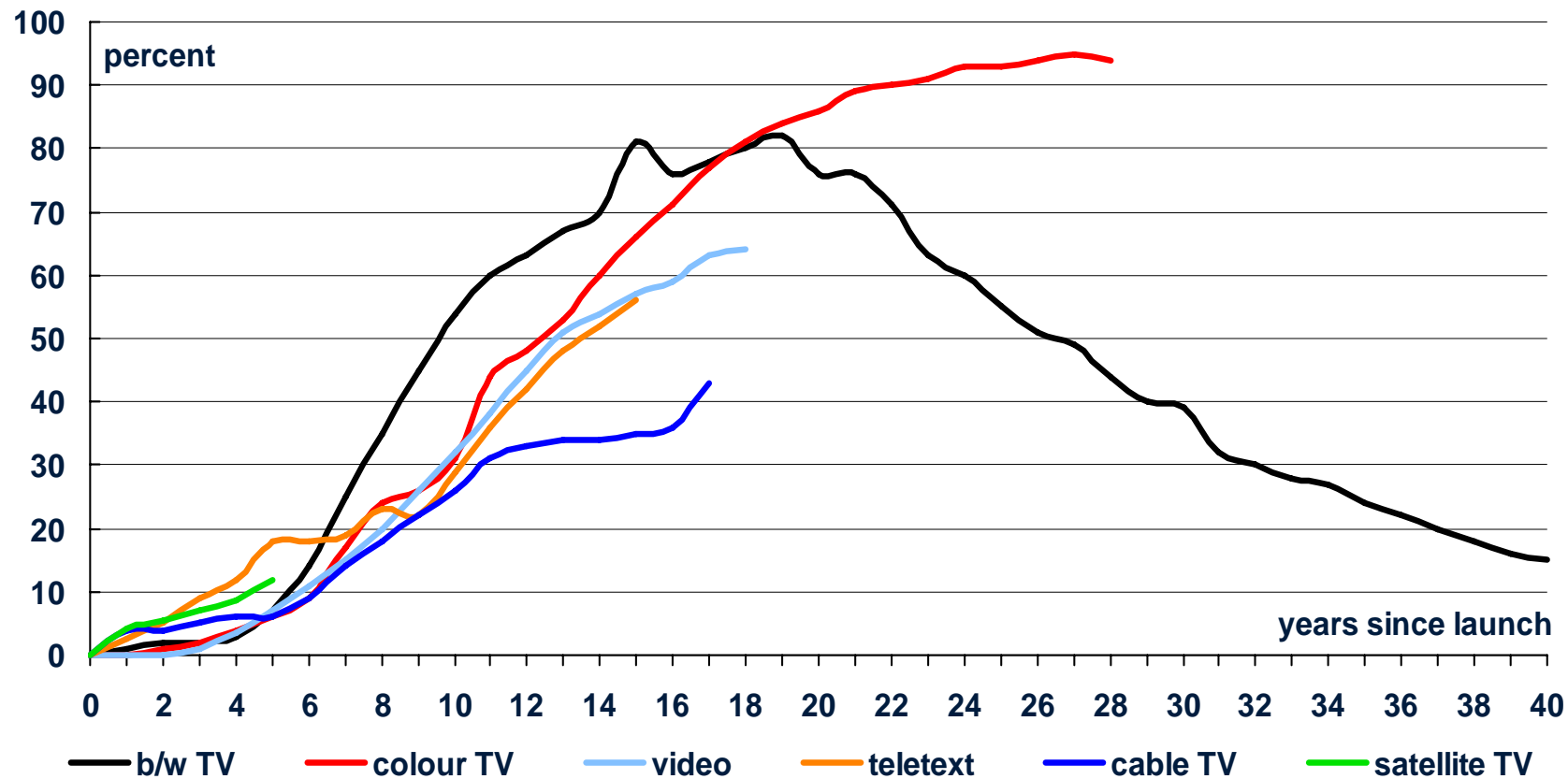
Homes with Digital Set-top-Boxes

Terrestrial and Cable Distribution, 1000 Homes



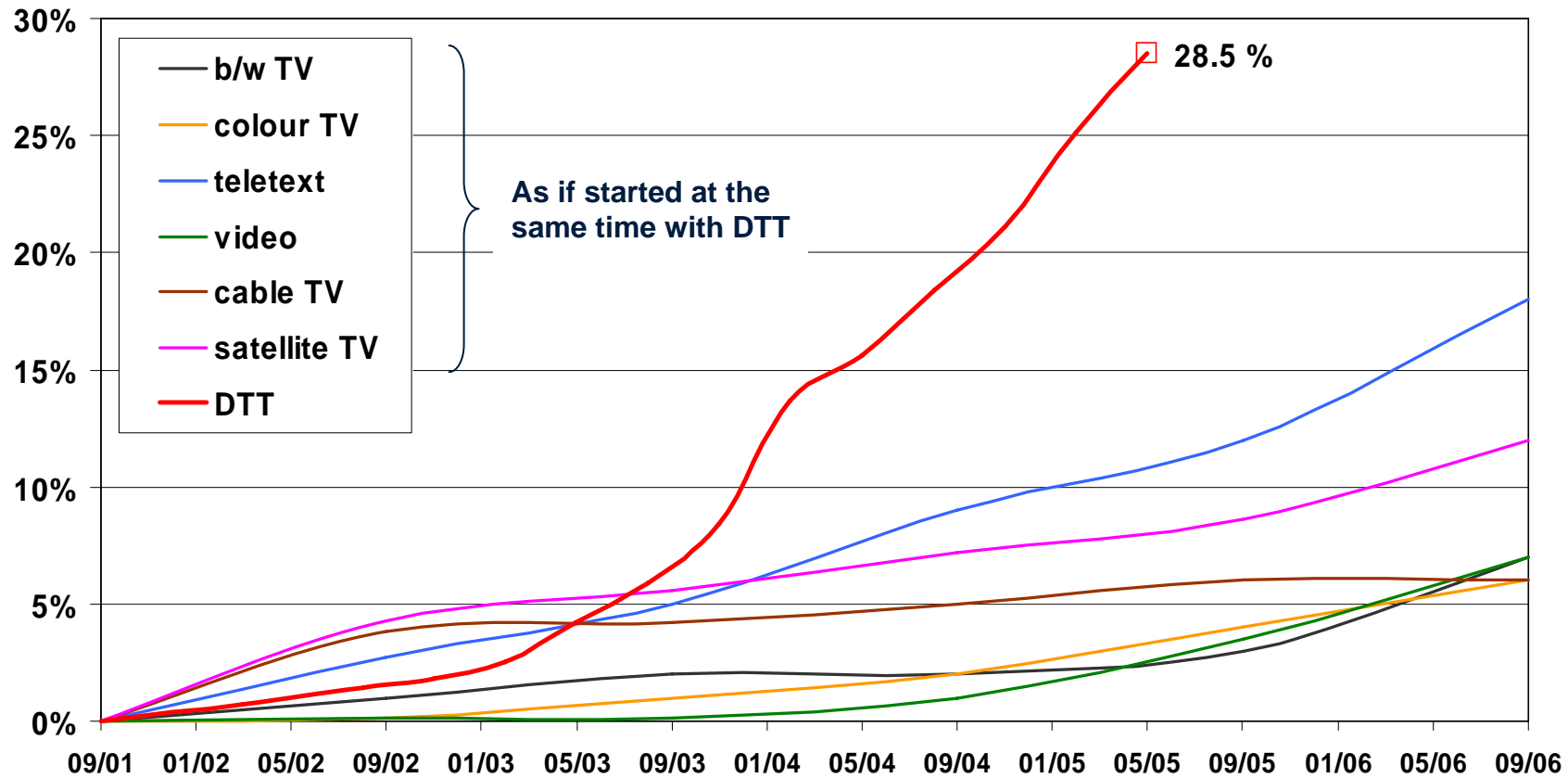
Source:
Finnpanel

Penetration Developments of Features Related to TV in Finland



Source:
Yleisradio

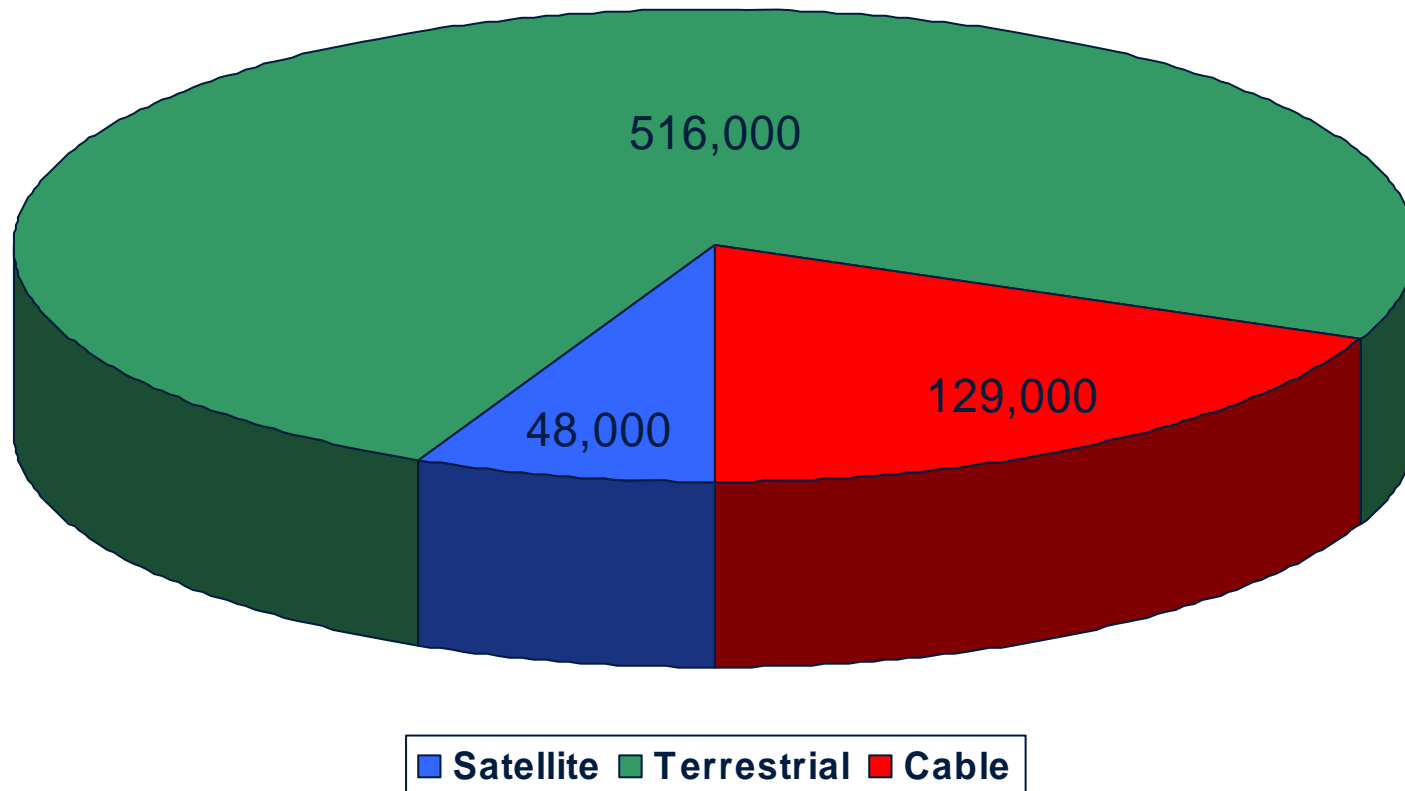
Digital Terrestrial Television Penetration Development



Sources:
Yleisradio,
Finnpanel

Homes with Digital Set-top-Boxes

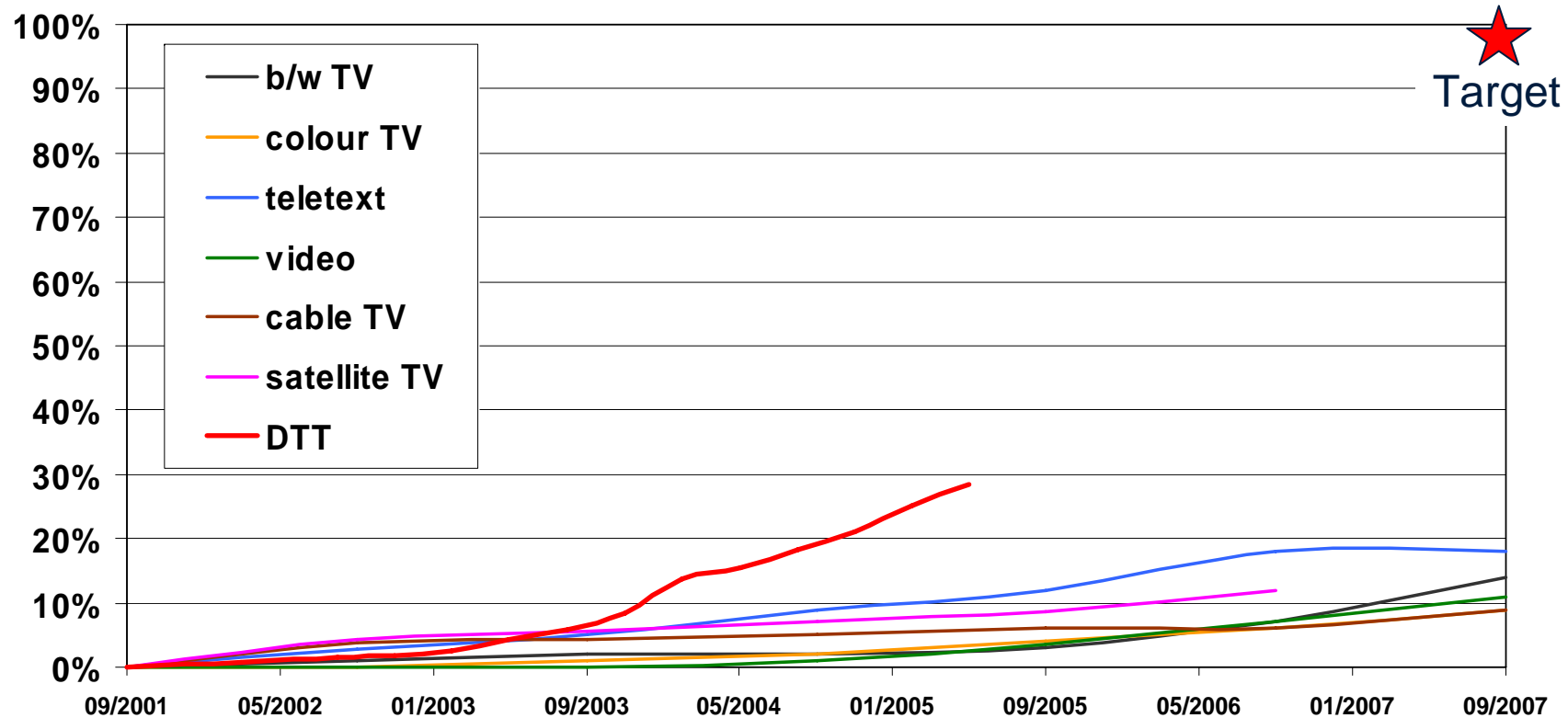
Different Platforms, End of May 2005



Source: Finnpanel

Digital Terrestrial Television

Target: Analogue Shut-down in August 2007

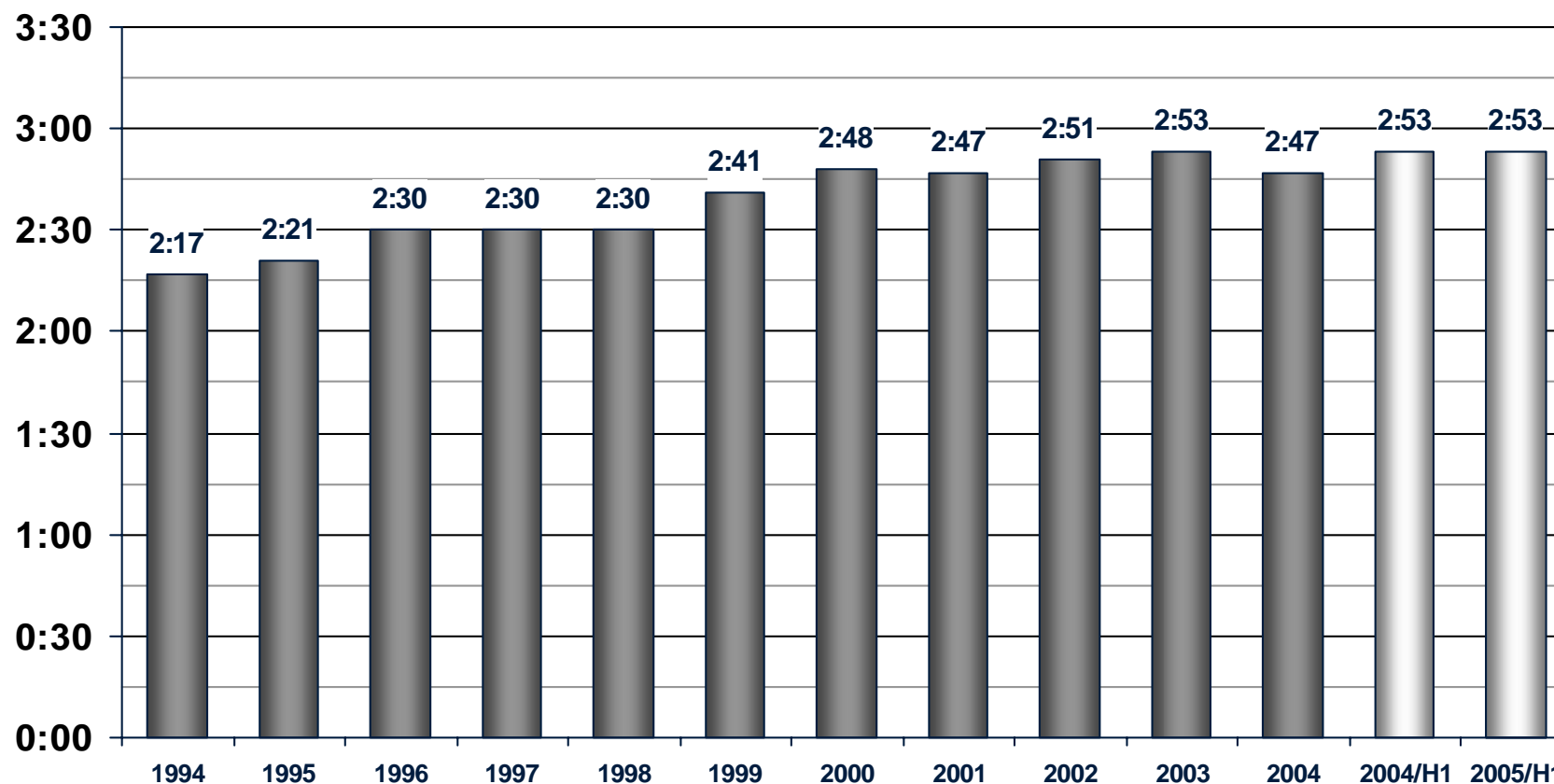


Benefits of Digital Television

- For the television operators:
 - digital television will release valuable terrestrial transmission frequencies for e.g. mobile TV and high definition TV
 - digital transmission lowers transmission costs of present analogue channels
 - more channel capacity enables new channels with revenue streams from e.g. subscription fees
- **For Finnish commercial television operators:**
 - **license fees currently paid for analogue transmissions do not apply anymore to digital channels**
- For TV viewers:
 - more and better television without (too much) extra cost

Television Viewing in Finland

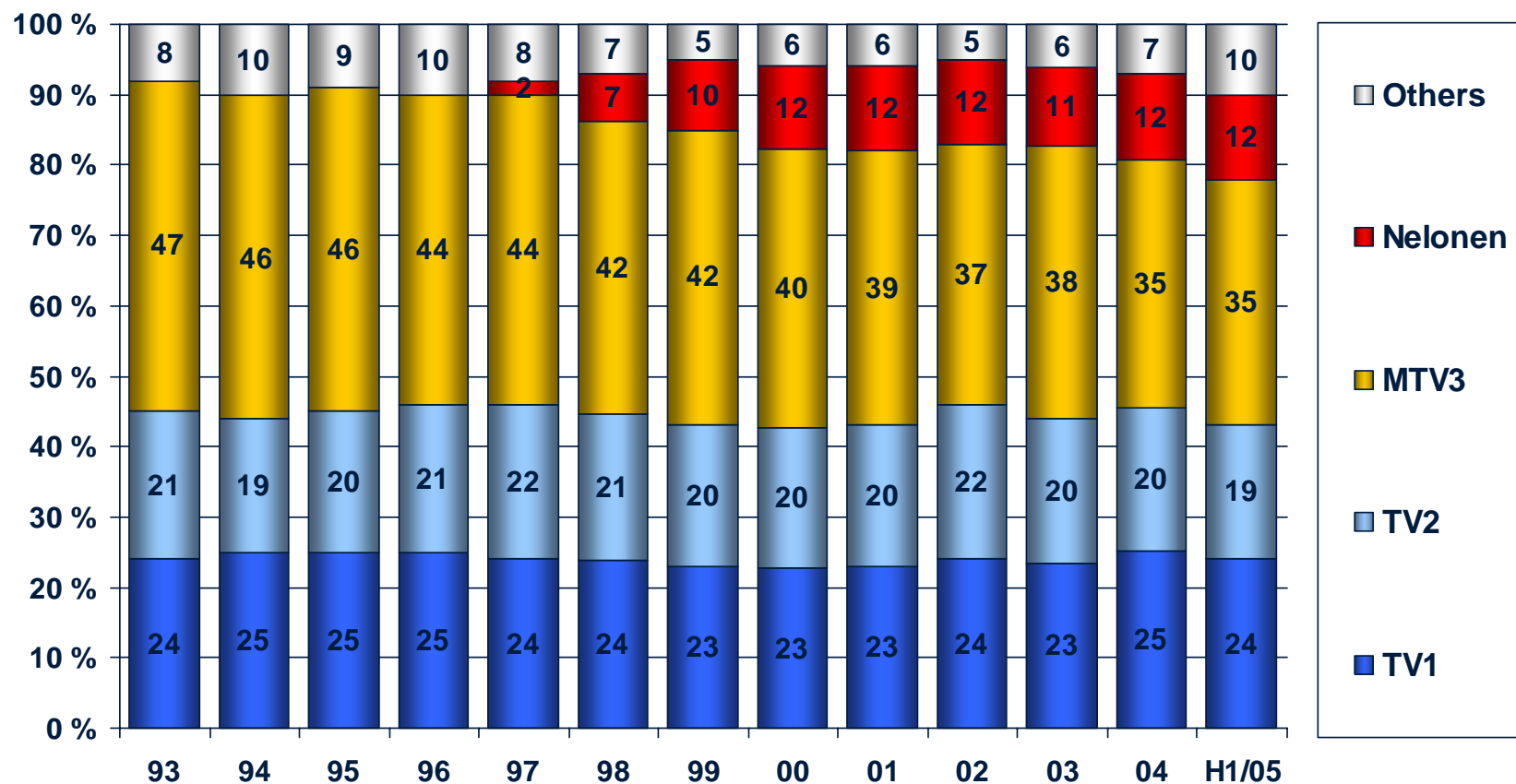
in Average per Day (h:min), 10+ Population



Source:
Finnpanel

National Shares of Viewing

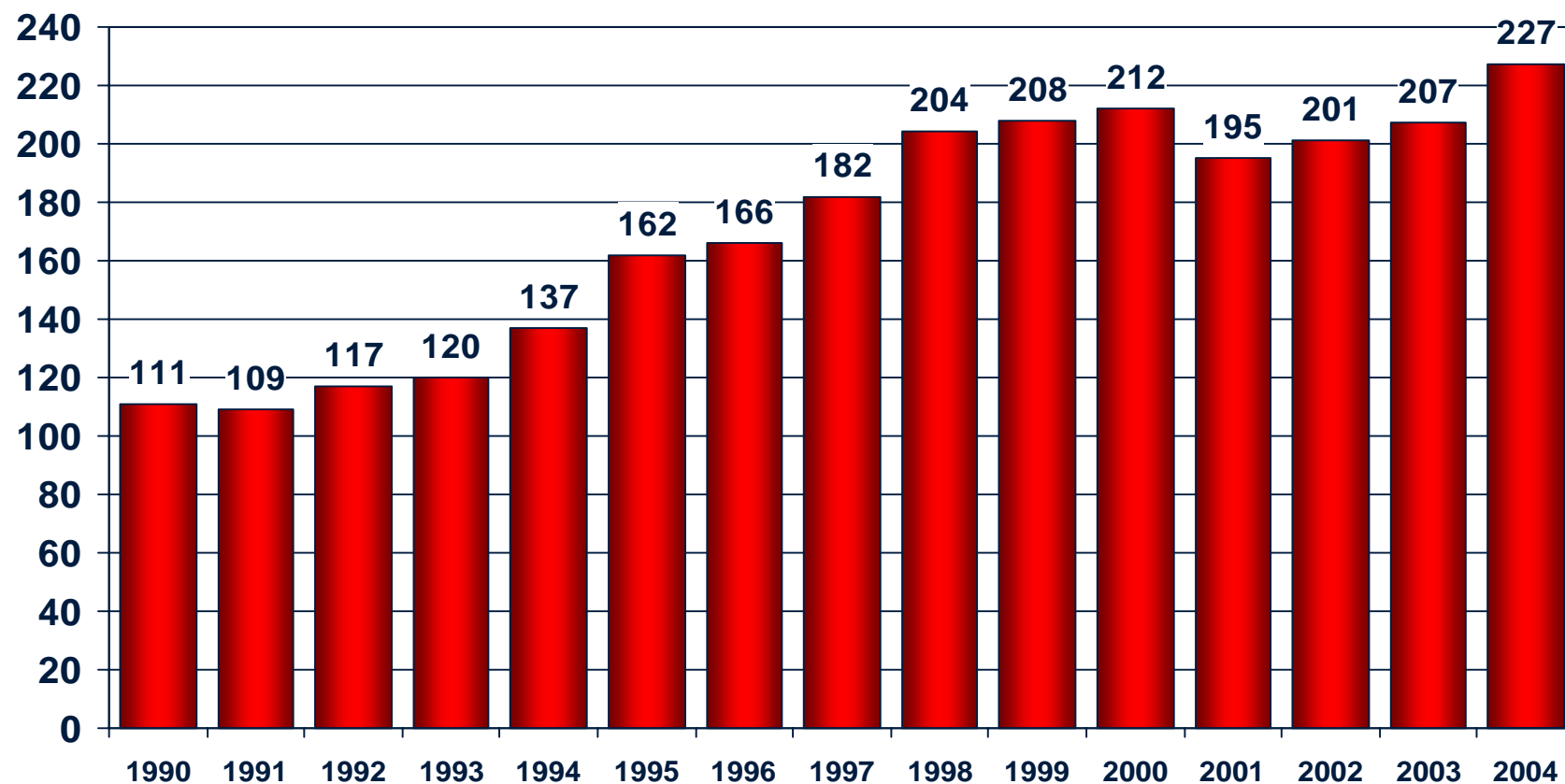
10+ Population in Finland



Source:
Finnpanel

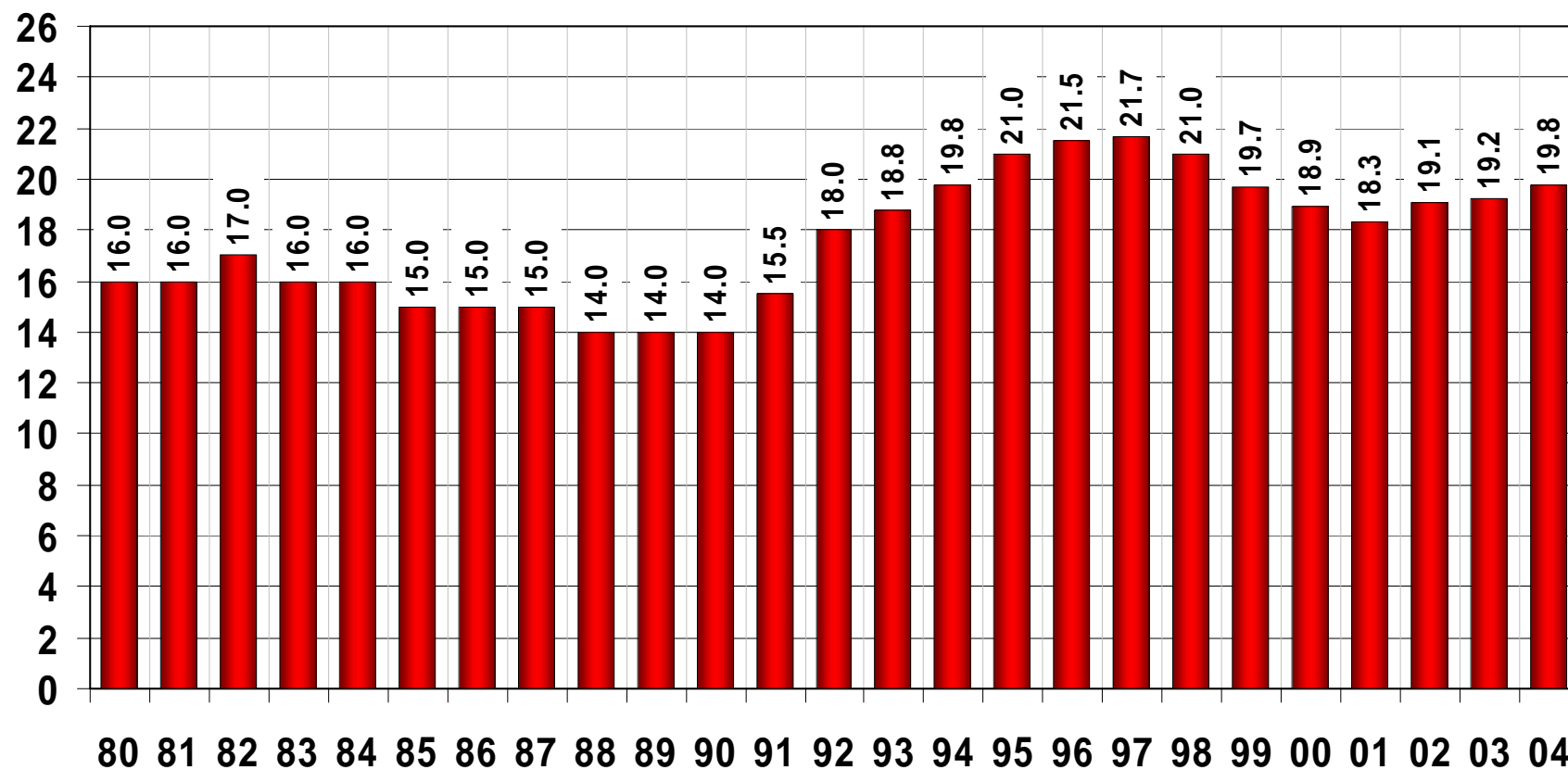
Finnish TV Advertising Market

Million €



Source:
TNS Gallup

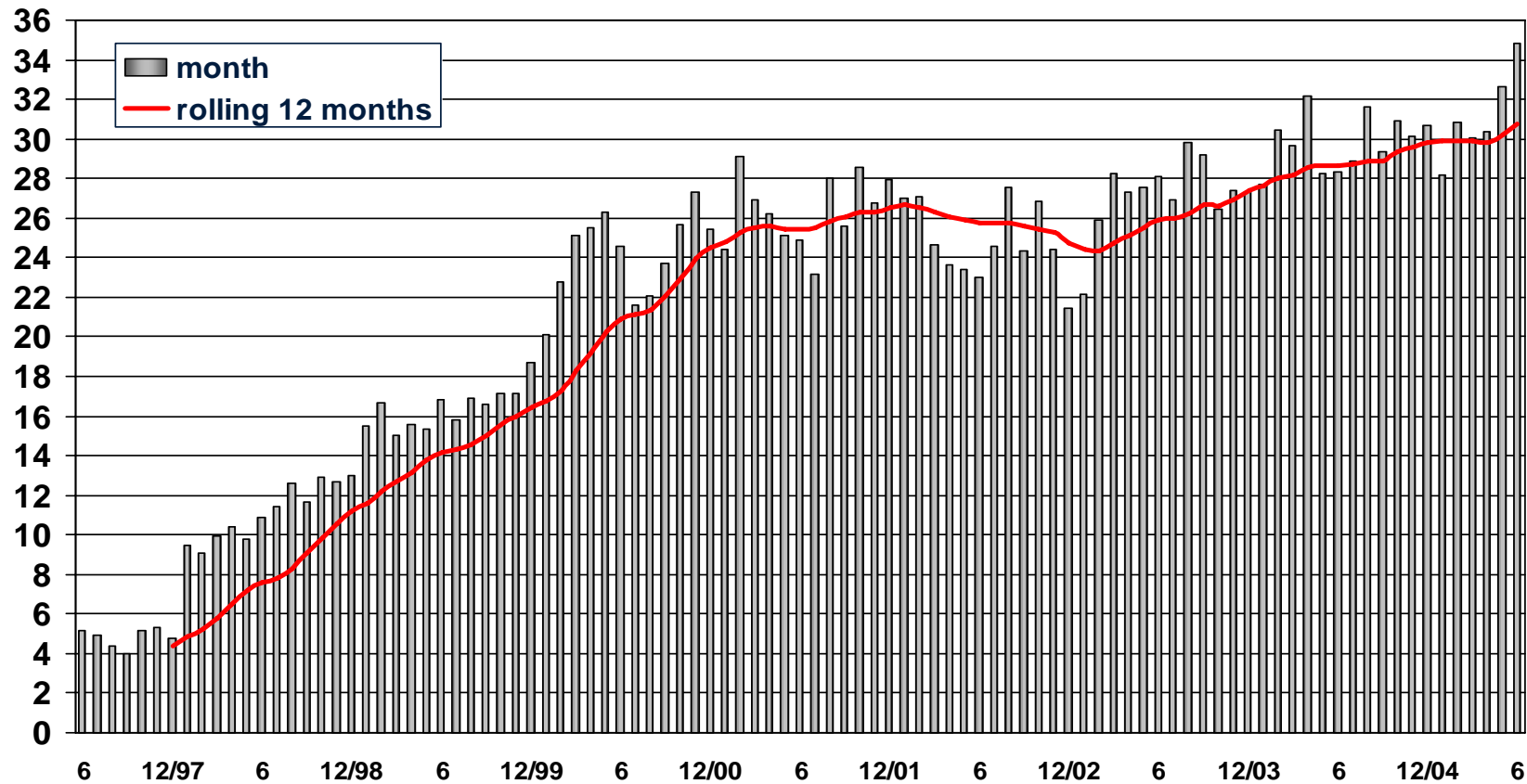
Television's Share of Advertising In Finland, Percent



Source:
TNS Gallup

Nelonen's Share of TV Advertising

Percent



Sources:
TNS Gallup,
Nelonen

Keys to Nelonen's Success

- The **channel profile and the target group strategies** have worked well and give a price premium in advertising sales
- Nelonen has succeeded in **high class foreign program acquisitions** as well as in creating numerous award winning domestic TV series
- With a **systematic, efficient approach to advertising sales** Nelonen has created a strong position in the TV advertising market

Nelonen's New Horizons

- **Growing market share**
 - The initial market share target has been reached; new targets are set
- **Digitalization**
 - New digital services create opportunities for new types of revenue streams
- **Multimedia**
 - Combinations of television, internet, and mobile add value for viewers and advertisers

Nelonen's On-Demand Service

Launched in September 2005

4 netti TV VALITSE OHJELMA:
-- Valitse sarja --

OHJE TESTAA LAITTEESI REKISTERÖIDY OSTA ASIAKASPALVELU

Sillä silmällä™

▶ Sillä silmällä, jakso 10	8.6.2005
▶ Sillä silmällä, jakso 9	1.6.2005
▶ Sillä silmällä, jakso 8	18.5.2005
▶ Sillä silmällä, jakso 7	11.5.2005
▶ Sillä silmällä, jakso 6	4.5.2005
▶ Sillä silmällä, jakso 5	27.4.2005
▶ Sillä silmällä, jakso 4	20.4.2005
▶ Sillä silmällä, jakso 3	13.4.2005
▶ Sillä silmällä, jakso 2	6.4.2005
▶ Sillä silmällä, jakso 1	30.3.2005

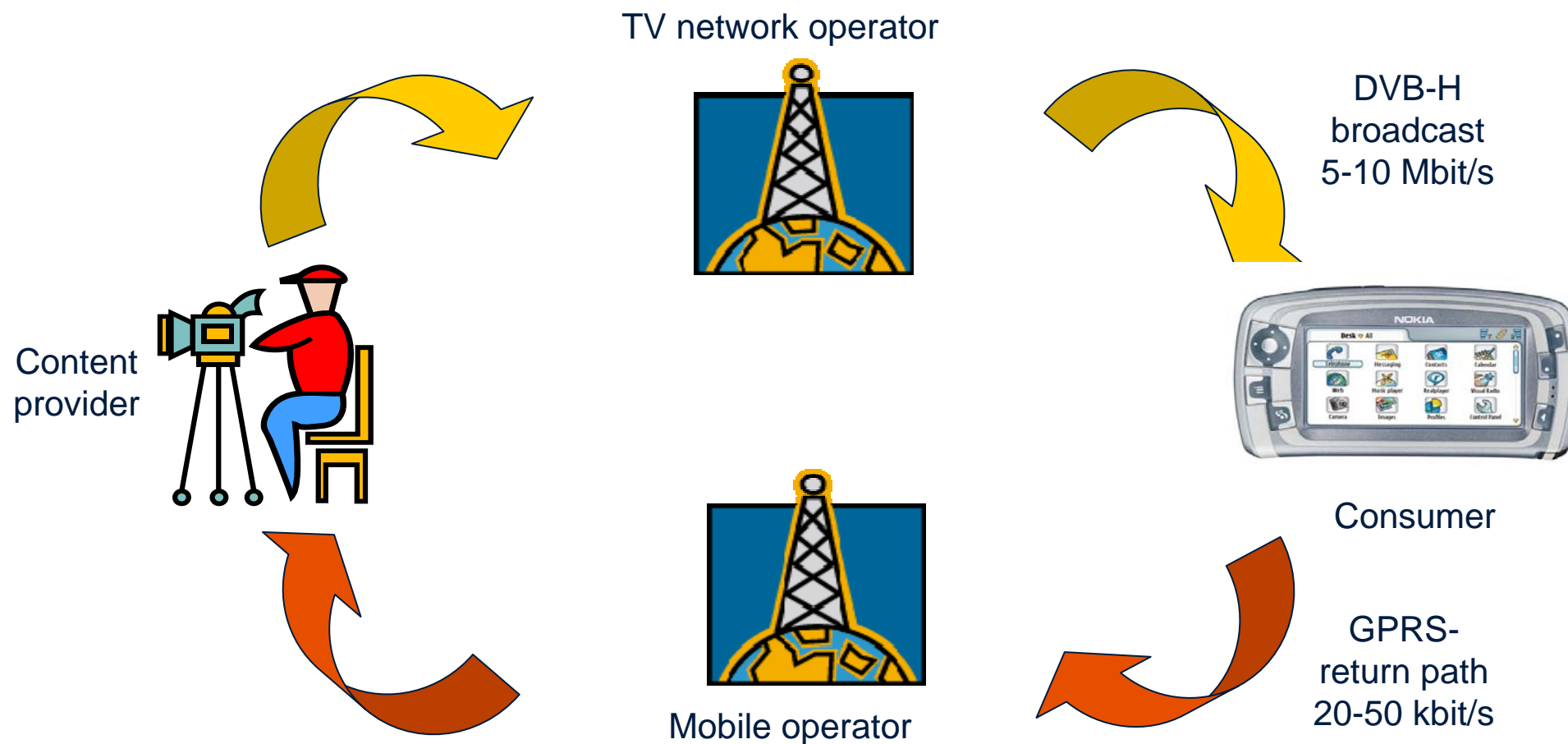
KATSELU TIEDOT
Sinulla on katseluaikaa:
- Suomen Robinson 31.8.2005 asti
- Muu ohjelmisto 14.9.2005 asti

KIRJAUDU ULOS
OMAT TIEDOT

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Mobile Television

Digital Television to Mobile Devices



Nelonen's Mobile TV Test

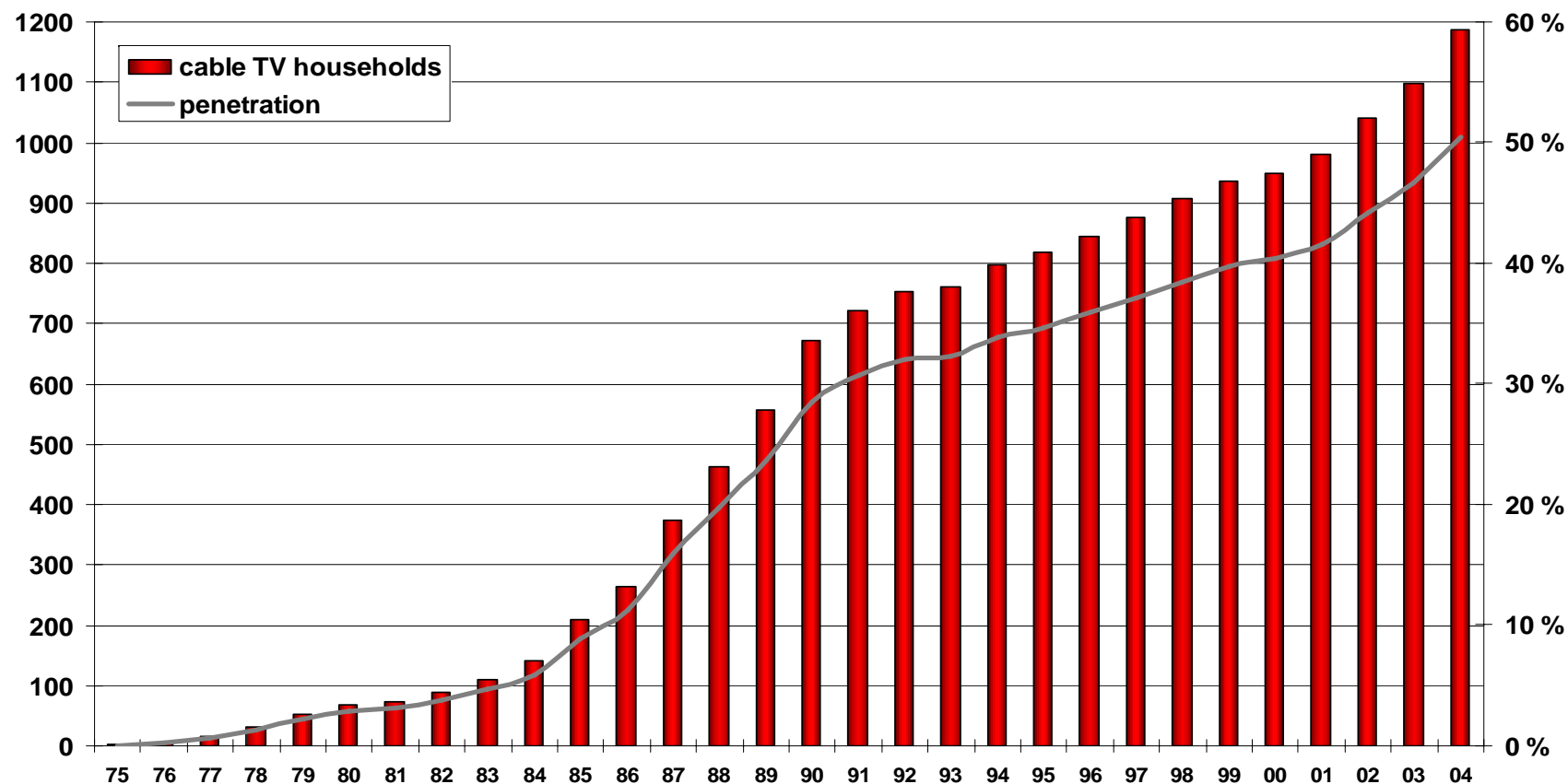
Programming & Multimedia to Mobile Devices



Cable Communications in Finland

Finnish Cable TV Development

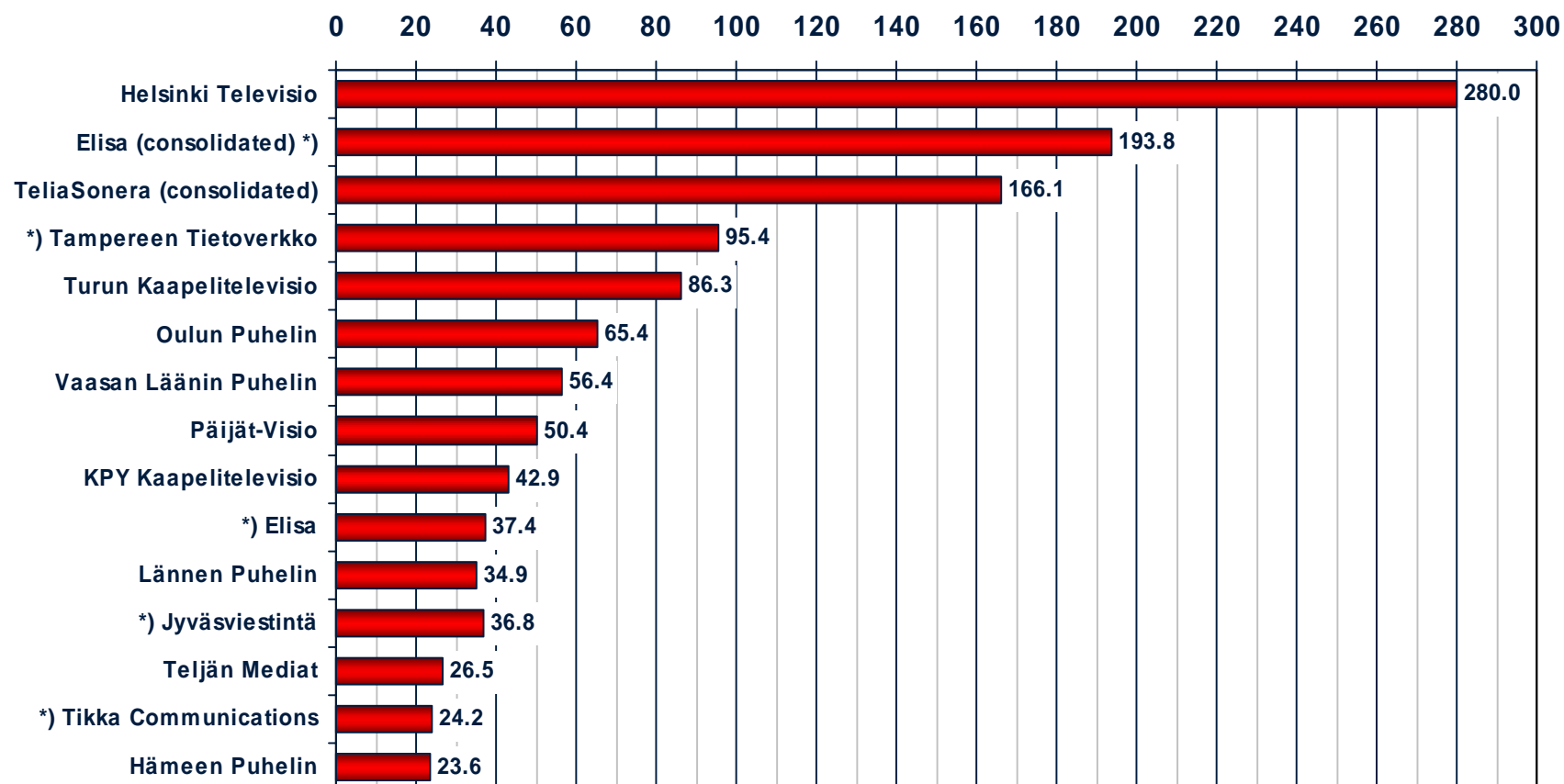
1000 Connected Households



Source:
Finnish
Cable
Television
Association

Largest Cable TV Operators

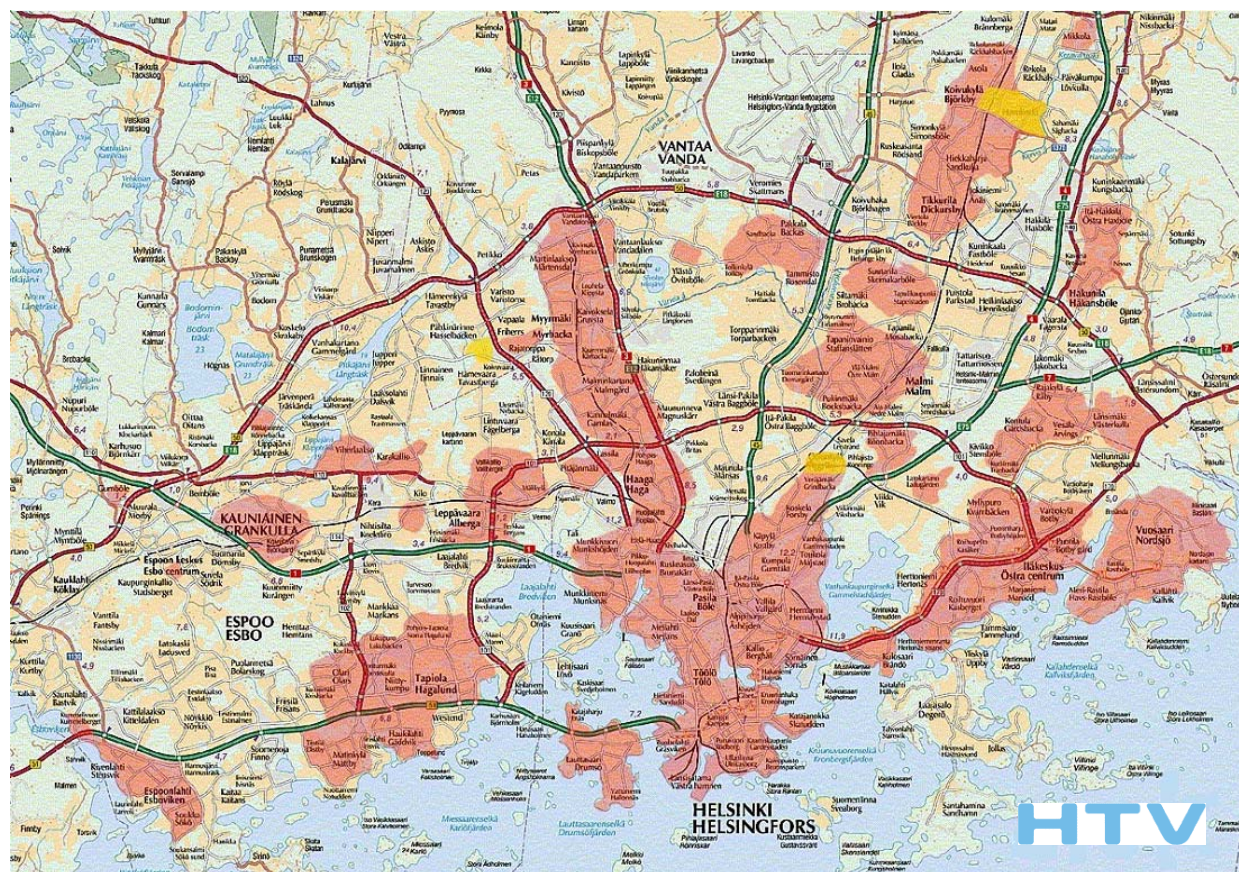
End of 2004, 1000 connected households



Source:
Finnish
Cable
Television
Association

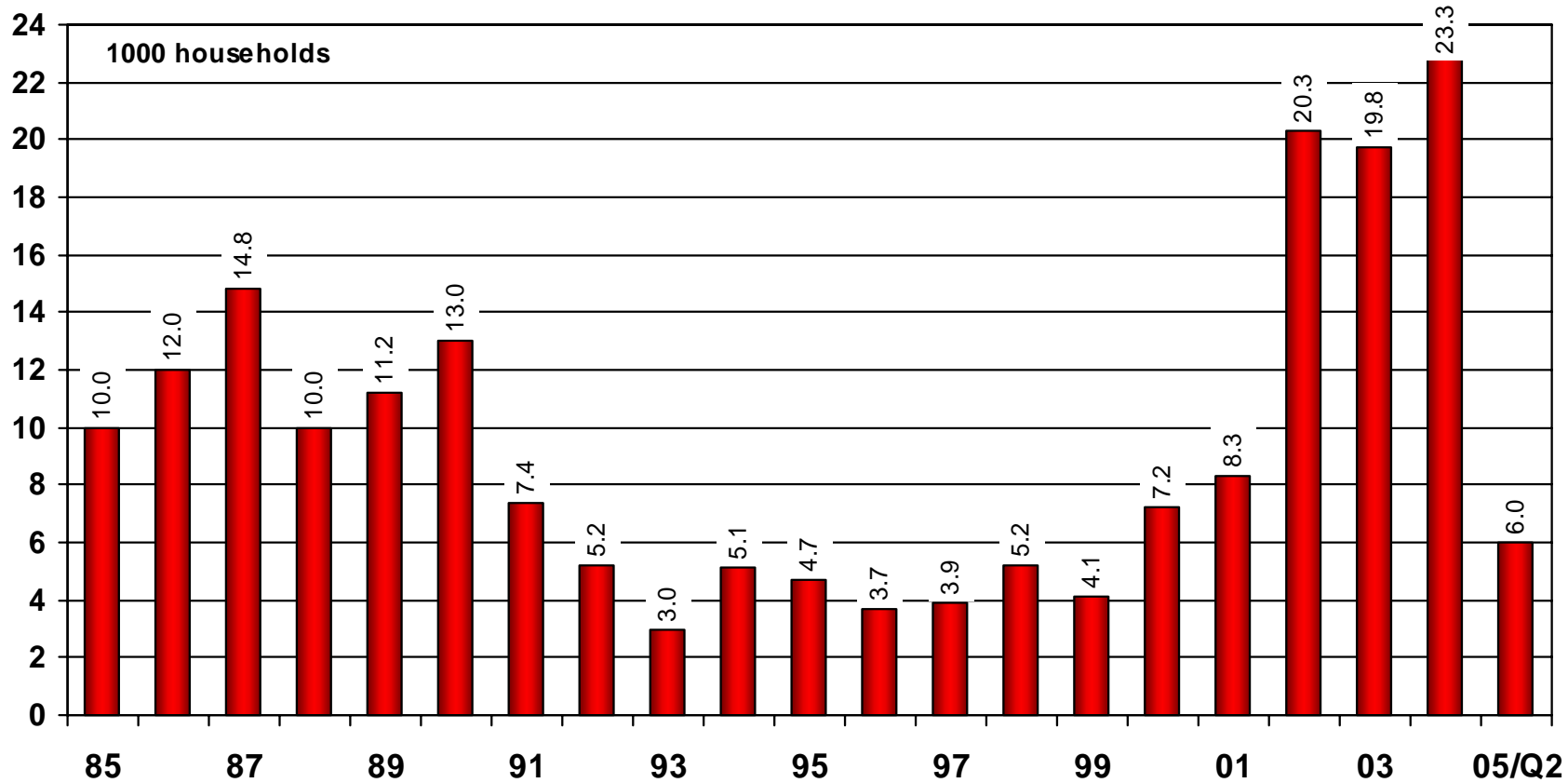
HTV's Operating Area

- 500.000 homes in total in the area
- 420.000 homes in blocks of flats and detached houses
- 380.000 homes passed by cable
- 286.000 homes connected in June 2005
- Over 300.000 homes contracted

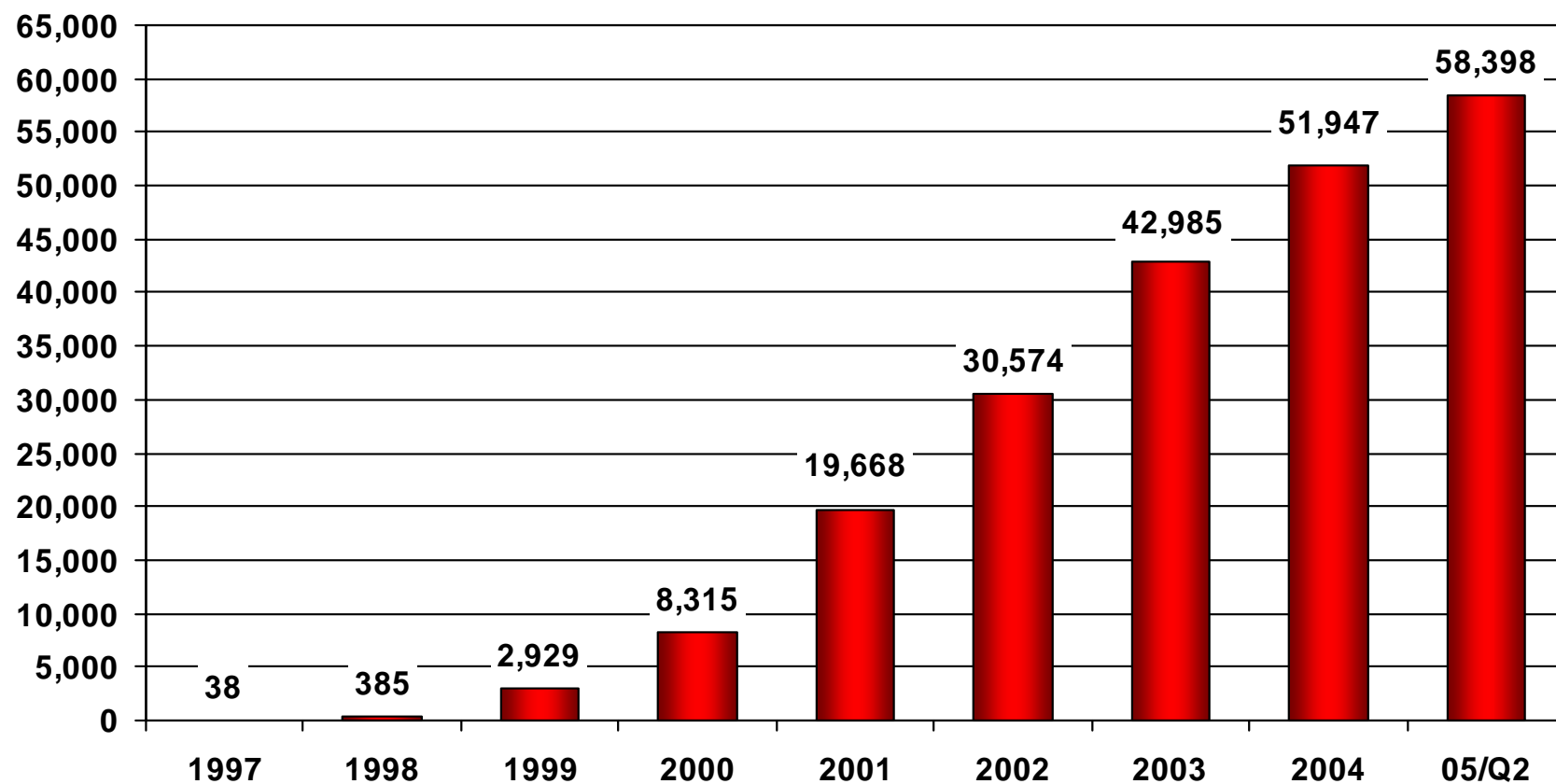


HTV's Connected Households

Annual Increase



HTV's Broadband Customers



New Cable TV Businesses

Businesses Based on Developing Technology 1/2

- **VoIP – Voice over IP**
 - Fixed price telephone service utilising the (existing) broadband internet connection and substituting the fixed telephone line
- **ADSL (as a Service Operator in a Telecom's Network)**
 - Extending cable TV company's broadband service to cover all homes in the geographical area
- **WNE - Wireless Network Extension**
 - Wireless extension of the cable network to expand the geographical area in which the broadband internet service can be offered

New Cable TV Businesses

Businesses Based on Developing Technology 2/2

- VoD – Video on Demand
 - Selling of individual premium programmes (movies, sports, ...) either over cable TV network or broadband connection
- “Hot Spots”
 - Wireless connection to broadband internet in selected public places such as hotels, airports, cafes, ...
- HomeWLAN
 - Wireless connection from different devices in the home to broadband internet
 - Wireless VoIP using mobile phones with WLAN capabilities?

Home Communications

Convergence of the Communication Systems





Committed to the Future

www.sanomawsoy.fi