



A Hungarian Rhapsody

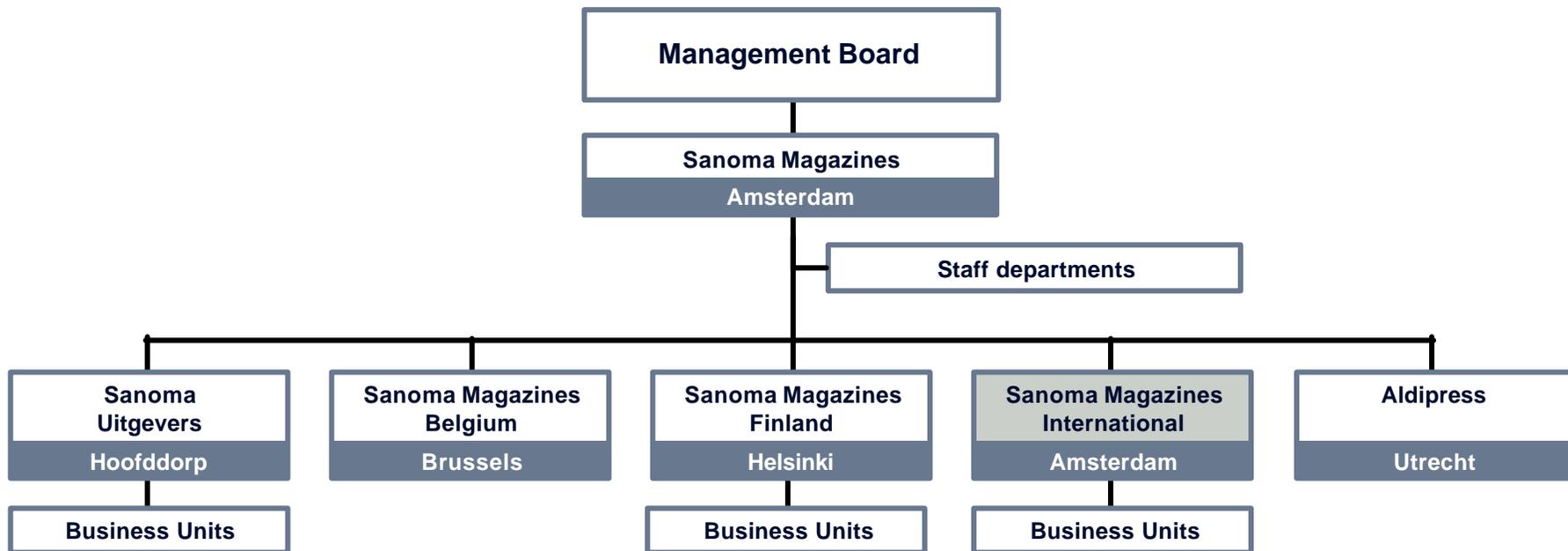
Helsinki, May 14, 2003

Koos Guis

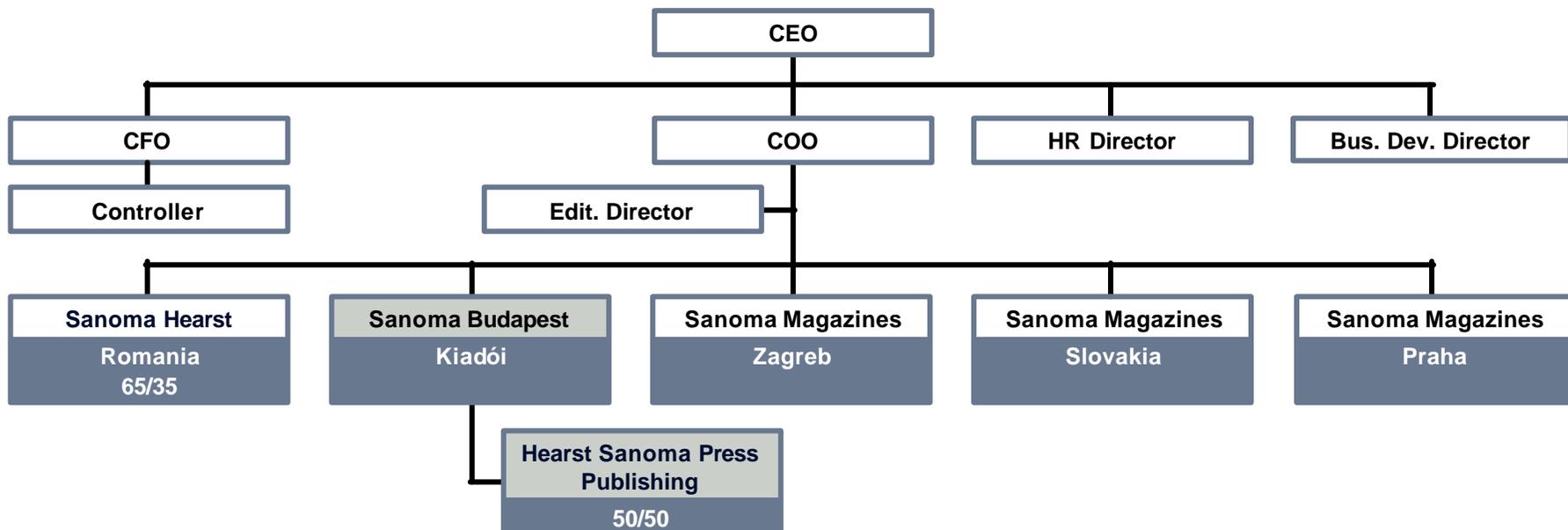
Sanoma Magazines International

Chief Executive Officer

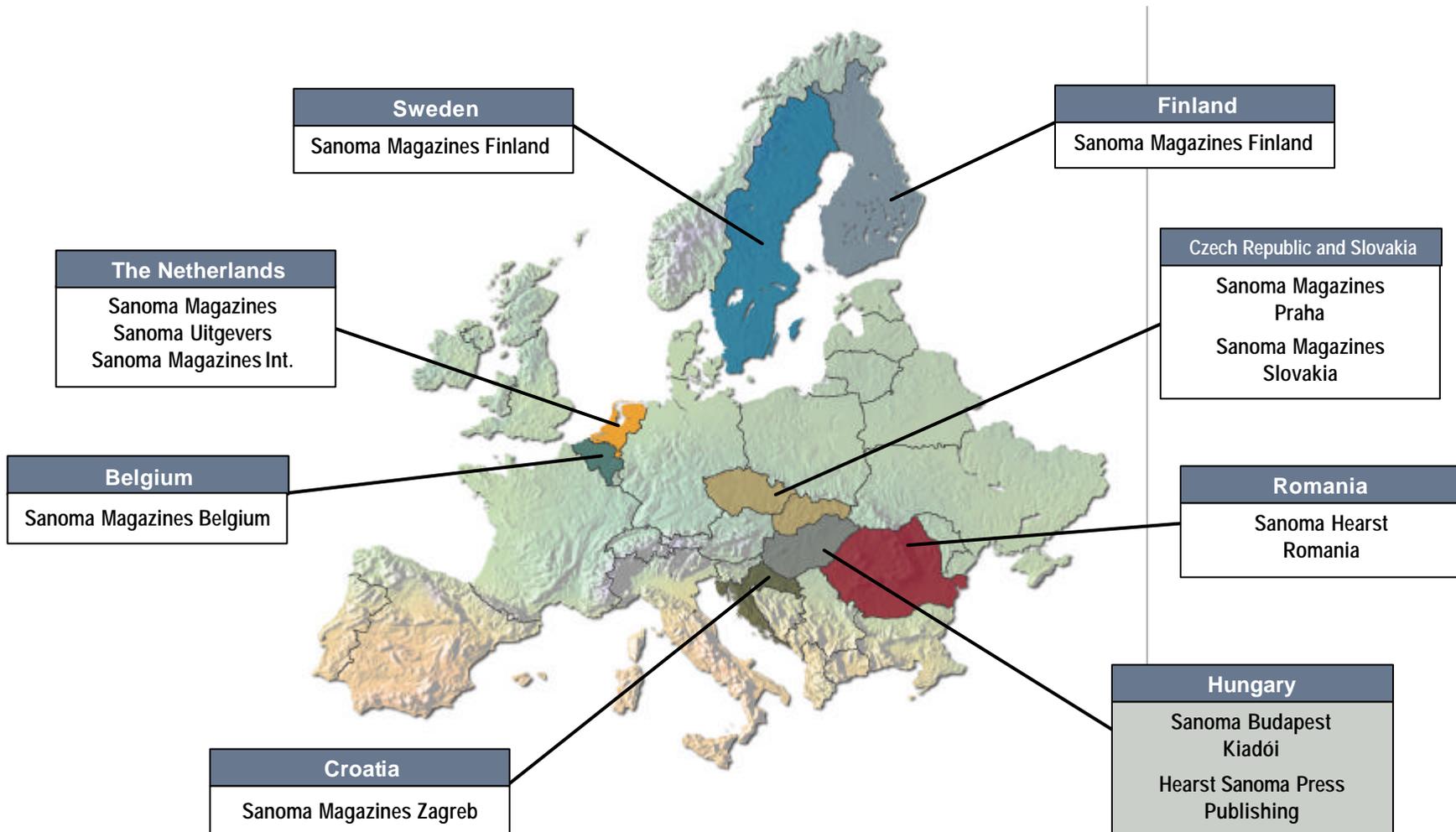
Positioning within Sanoma Magazines



Organization Structure Sanoma Magazines International



Sanoma Magazines International



Economic outlook for CEE (1/2)

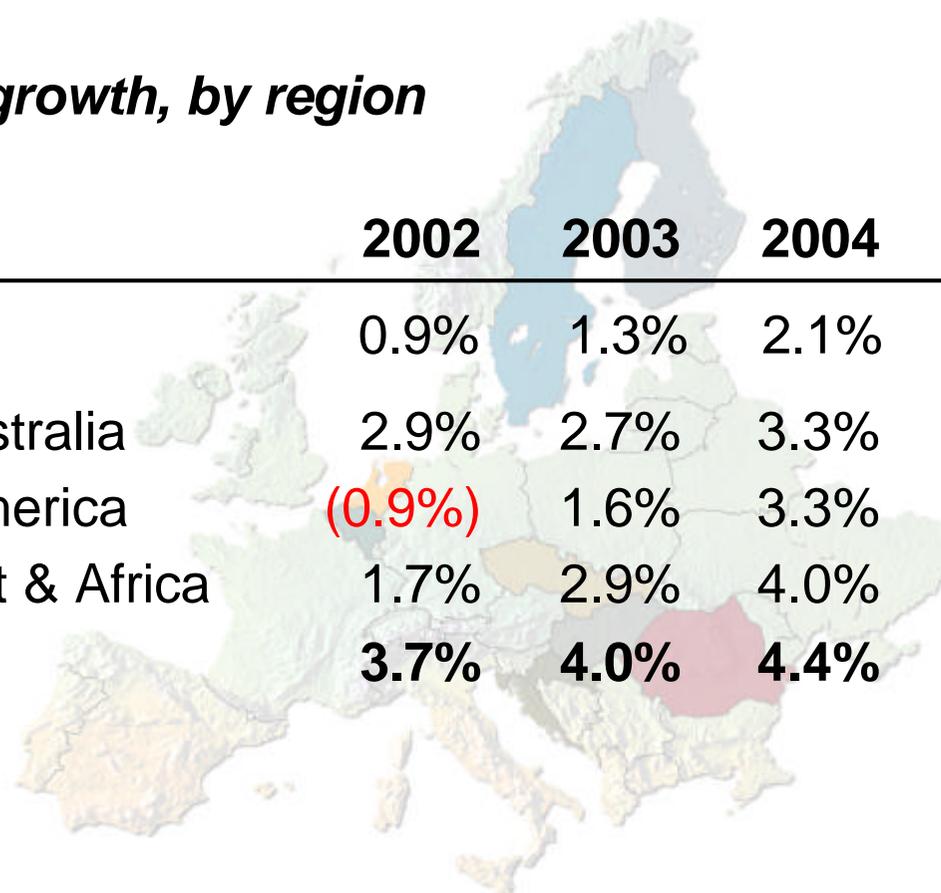
2003 - 2006

- Outperforming the rest of the world but growth is slowing down to around 4%
- In the global economic downturn it will come out relatively well
- Major currencies will remain strong
- Inflation will fall in most economies
- Growth will be good after EU accession
- Very stable politically and anchored by EU accession
- Hungary ranks # 1 in the CEE business environment

Source: EIU March 2003

Economic outlook for CEE (2/2)

Global growth, by region



	2002	2003	2004	2005	2006
EU	0.9%	1.3%	2.1%	2.3%	2.2%
Asia/Australia	2.9%	2.7%	3.3%	3.5%	3.6%
Latin America	(0.9%)	1.6%	3.3%	3.6%	3.8%
Mid East & Africa	1.7%	2.9%	4.0%	4.5%	4.6%
CEE	3.7%	4.0%	4.4%	4.6%	4.4%

Source: EIU April 2003

Mission / Vision

Sanoma Magazines International

“Passion for People”

- To do a better job than competition
- to remain / to become the # 1 publishing company in “our” countries
- To develop quality magazine brands and multi-media extensions
- To build and secure long lasting relationships with our business partners
- To offer our employees a creative, learning and inspiring working environment
- To act responsible and reliable towards our stakeholders and the environment

Management Philosophy

Permanent People Management

- Equality and mutual respect
- Open Management style
- Room for “learning by doing”
- Respect for different cultures and different values

Implementing SanomaWSOY standards

- Target setting and control
- Human resource management policy
- Management development
- Grading and assessment

Role of Sanoma Magazines International's HQ

- Direction on strategy, new launches, acquisitions, HR-policy
- Acts as knowledge center and sounding board
- Serves as engine for new launches
- Facilitates editorial guidance/support and training programs
- Helicopter view on potential cost saving synergies
- Guards and controls the implementation of agreed actions
- Acts at arms length if possible, tight if necessary
- “Tough” on the subject, “soft” on the person

A Hungarian Rhapsody



The Making of a Market Leader

Fact sheet about Hungary (2003)

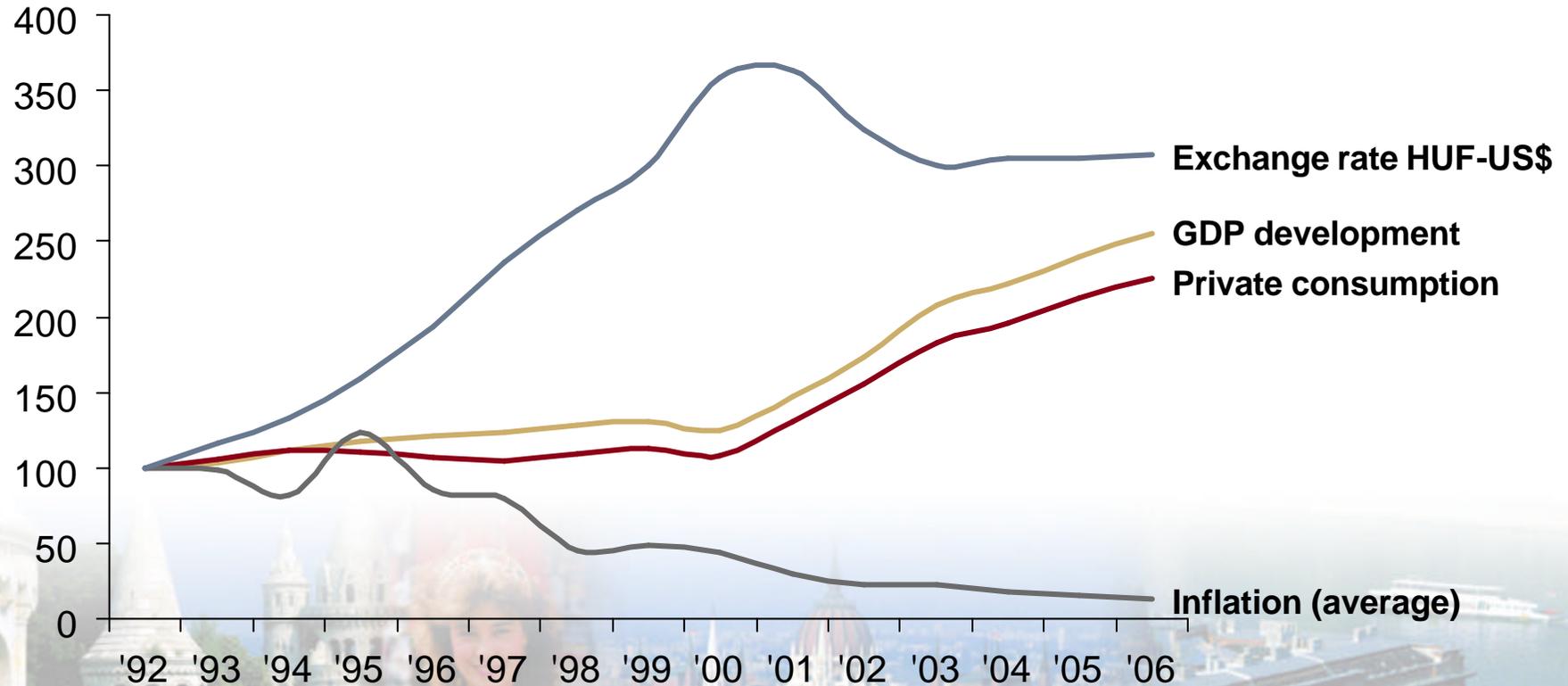
- Population : 10.05m
- Population growth : -/- 0.38%
- Land Area : 93,030 sq. km
- Currency : Forint (HUF) (1 € = HUF 243)
- GDP : € 79,4bn (at market exchange rates)
- GDP per head : € 7.906
- Global business ranking* : 27
- Regional business ranking** : 1

* Out of 60 countries

** Out of 10 CEE countries

Source: EIU March 2003

Economic performance of Hungary 1992-2002 and Outlook 2003-2006



How it all started (1/2)

1992: Acquisition of 65% of the shares of Ifjúsági Lap Kiadó (ILK)

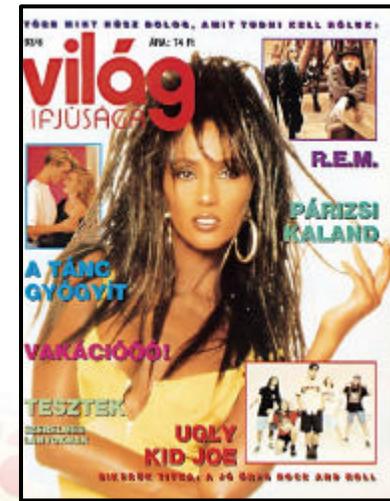
Main titles of its portfolio:



Füles



Ifjúsági Magazin



Világ Ifjúsága

Plus 14 other puzzle magazines

How it all started (2/2)

- # of Employees : 37
- Net Revenue : € 3.5m
- EBITA : € 0.4m
- ROS% : -/- 7.8%
- Name of Company : Erasmus Press Kft
- Market share Readers market : 8%
- Market share ad-market : 3%



In between development (1/2)

Own launches

	title	Segment	Sold circulation 2002
1994	Meglepetés	(Women's weekly)	150k
1995	Házi Praktika	(Home deco monthly)	95k
1996	Otlet Mozaik	(DIY-monthly)	- -
1997	Cosmopolitan	(Women's glossy)	50k
1998	Story	(Gossip weekly)	400k
1999	FHM	(Men's monthly)	52k
	Computer Akt!v	(Computer bi-weekly)	- -
2000	Beau Monde	(Celebrity monthly)	40k
2001	Stilus és Minőség	(Design quarterly)	15k
2002	Best	(Gossip weekly)	160k
	Wellness	(Health monthly)	30k
2003	Nat. Geographic	(Nature monthly)	110 k*

* First issue March 2003

In between development (2/2)

Acquisitions (all fully integrated into Sanoma Budapest)

- 1993 Remaining 35% of ILK
- 1998 Fygyelő (Financial weekly)
- 1999 Vico Press (7 titles a/o 4 weeklies)
- 2000 KisMama (Parenting monthly)

Partnerships

- 1997 Hearst-Sanoma Press Publishing (50%) (2 titles)
- 1999 Euromédia (49%) (4 titles)

Disposals

- 1998 12 puzzle Magazines and Ifjúsági Magazin
- 2002 Vasárnapi Hírek



acquisition: A big leap forward!

- # 1 magazines publishing house
- Target company since 1995
- Tender spring 1999
- Final agreement autumn 1999
- Approval Hungarian competition office March 2000
- Sale of non core assets summer 2000:
 - Real estate
 - Daily newspaper
 - Printing house
- Fully integrated autumn 2000



VICO portfolio (1/2)

ALAPÍTÓ: FENYŐ JÁNOS

- Nok Lapja (Women's weekly) 315k
- Családi Lap (Women's weekly) 50k
- Színes RTV (TV weekly) 325k
- RTV Magazin (TV weekly) 120k
- Vasárnapi Hírek (Sunday paper) 60k
- Otthon (Home deco monthly) 70k
- Atrium (Design monthly) 15k



VICO portfolio (2/2)

ALAPÍTÓ: FENYŐ JÁNOS

Plus Vico's 49% share in a JV with Bauer

- Tina (women's weekly) 100k
- Bravo (Teenage bi-weekly) 50k
- Bravo (Teenage bi-weekly) 50k
- Buci Maci (tiny tots monthly) 20k



Merger Process Essentials

- Legal
- Cultural
- Organizational



Where do we stand now?

	1992	2002
Net Revenue	€ 3.5m	€ 52.4m
Employees	37	365
Share Reader's Market	8%	36%
Share Ad-Market	3%	33%



To be achieved up to 2006

- Increase market share
- Accomplish profitable acquisitions
- Continue new launches
- Brand and line extensions
- Remain #1 player in B2C market



Core Competences of Sanoma Budapest

- Brand thinking and quality orientation
- Creativity and learning from others/each other
- Open, dynamic corporate culture
- Customer targeting capabilities
- Effective co-operation between editorial and supporting department



Where do we want to be?

	1992	2002	2006
Net Revenue	€ 3.5m	€ 52.4m	€ 67.6m
Employees	37	365	406
Share Reader's Market	8%	36%	43%
Share Ad-Market	3%	33%	40%



KÖSZÖNÖM !

(Thank you)

