

Media & Portable Devices

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The convergence of media looks more evident than ever before

"Content will certainly get richer as radio, books, Internet, TV, newspapers all go online. I challenge you: I do not believe 10 years from now people will know the difference between a magazine, a newspaper, and a TV show. I just don't think most people will really know the difference."

Microsoft CEO Steve Ballmer 2008



All content types coming to a single device, and even to single integrated apps

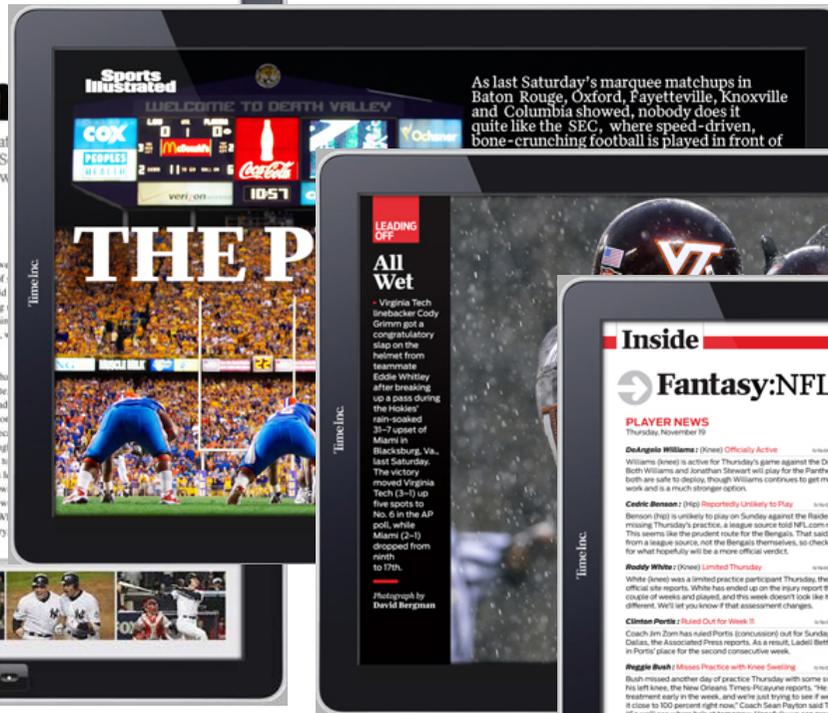
What's this?



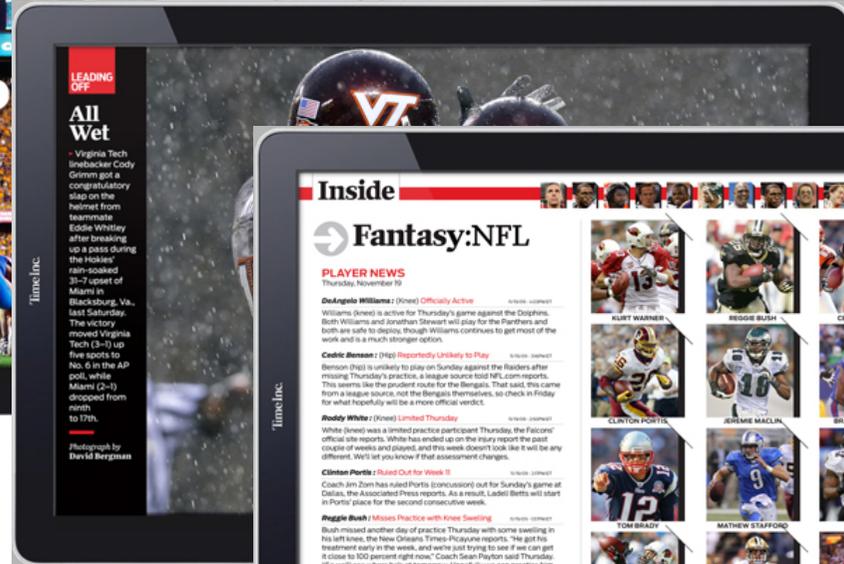
News



Magazine articles



Videos



Games



Beyond the iPad, we see a whole avalanche of new devices entering the market



While there certainly are opportunities, not much has been proven yet

- New tablets are creating new opportunities
 - New user moments, new experiences
 - New opportunities for advertising – promising for both engagement and mobile ecommerce
 - Increasing consumer willingness to pay
- However much is yet to be proven
 - Market is evolving quickly, with few set standards
 - The iPad is yet to be launched in many of our countries
 - Device prices need to come down in order to create a penetration that offers significant financial impact



Apps are a mass market, and there is a significant willingness to pay

Apps consumption is becoming a mass market



200 MILLION APPS
ARE BEING DOWNLOADED
MONTHLY, 
GENERATING MORE THAN
\$500 MILLION

Consumers seem to be willing to pay for content



EACH  **iPhone** USER
SPENDS AN **AVERAGE OF \$10**
ON APPS EVERY MONTH.

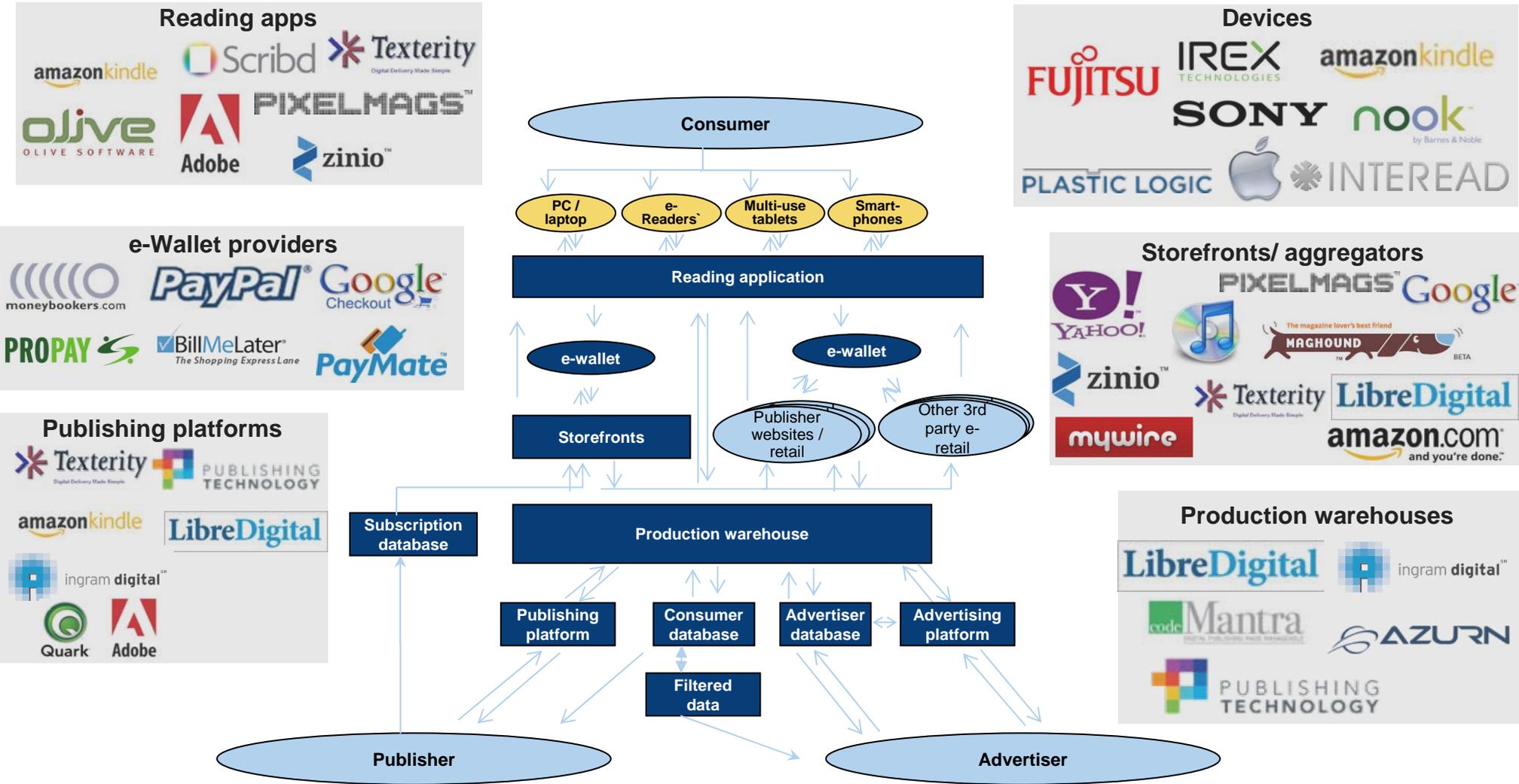
iPad experience:
people seem even more willing
to pay for iPad apps

And advertisers are interested as well



Revenues are growing steadily

Players from different industries rush into this attractive mobile media space



Tech players are often in the lead, but media strikes back



next issue media

next issue media will create an open digital platform for publishers of magazines, newspapers and eventually books, comic books and other media.

CONDÉ NAST HEARST corporation meredith News Corporation TimeInc.
digital publishing consortium

pubbles



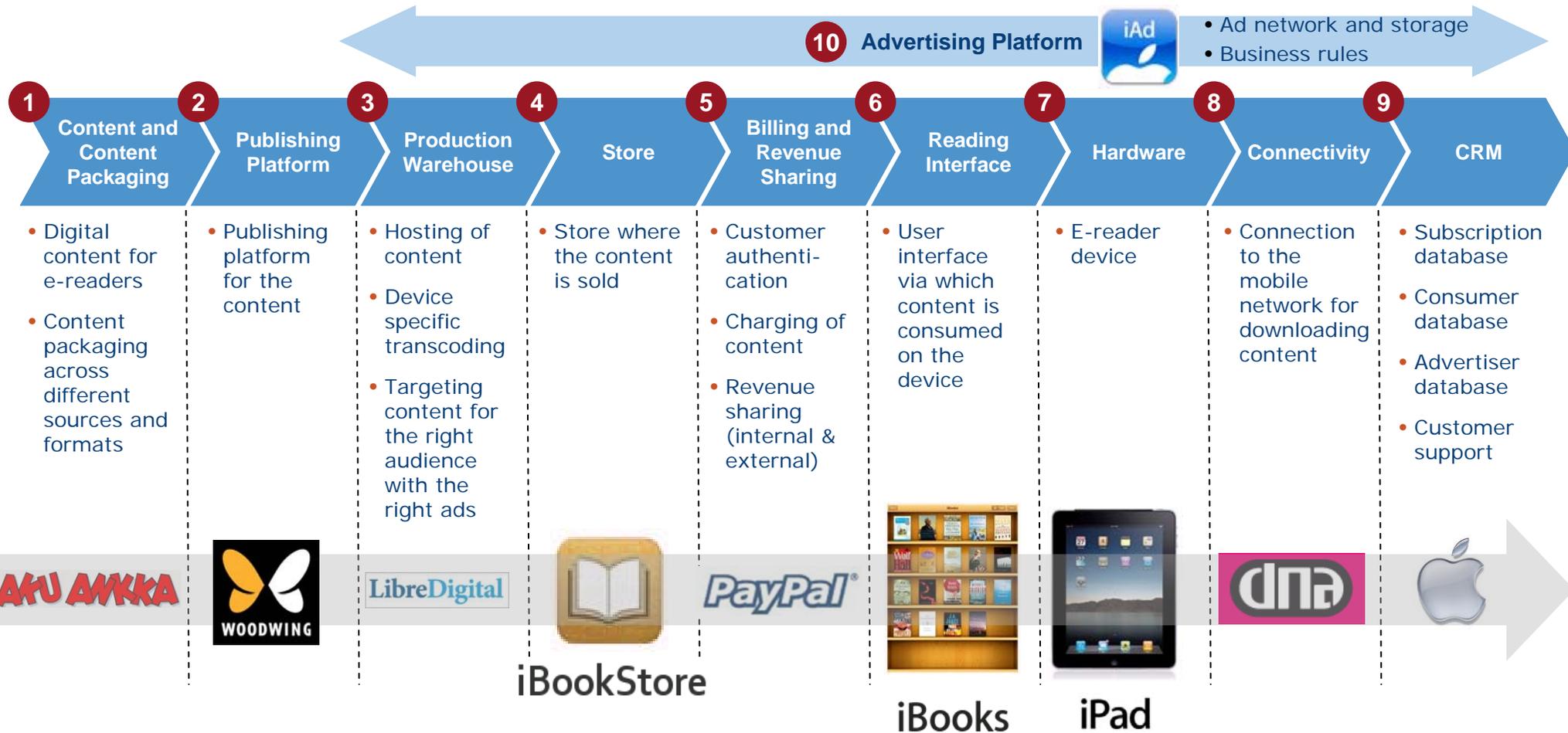
➔ Keep "cashier" role

➔ Keep direct consumer relationship



The emerging value chain offers lots of opportunities for us

Digital Media Ecosystem Value Chain



- Digital content for e-readers
- Content packaging across different sources and formats

- Publishing platform for the content

- Hosting of content
- Device specific transcoding
- Targeting content for the right audience with the right ads

- Store where the content is sold

- Customer authentication
- Charging of content
- Revenue sharing (internal & external)

- User interface via which content is consumed on the device

- E-reader device

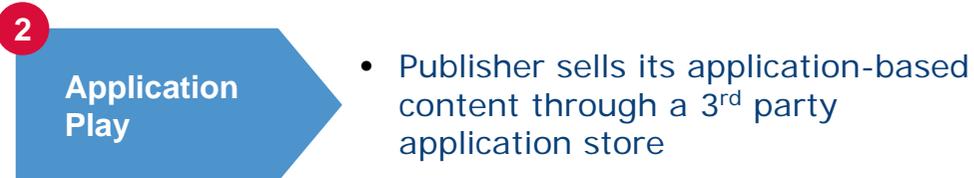
- Connection to the mobile network for downloading content

- Subscription database
- Consumer database
- Advertiser database
- Customer support

...and we are carefully evaluating the options



- WSOY sells its e-books through Apple's iBookstore in ePub-format, consumer uses iBooks application to read



- HS sells HS app through Apple App Store
- Content is repurchased 1) Via Apple App Store, or 2) Via HS app



- Sanoma builds its own digital content store selling content across Sanoma's business units
- Objective is to maximize presence on as many devices as possible



- Sanoma offers a hardware player's e-reader as its flagship device pre-installed with the Sanoma store
- Sanoma potentially bundles the device commercially with the content



- Sanoma sets up a closed ecosystem allowing only own content to be downloaded on Sanoma's own device



Source: Booz & Company analysis

At the same time, we are exploiting existing capabilities, and building new ones



- Brands
- Market position
- Rights
- Financial means
- Capabilities
- etc

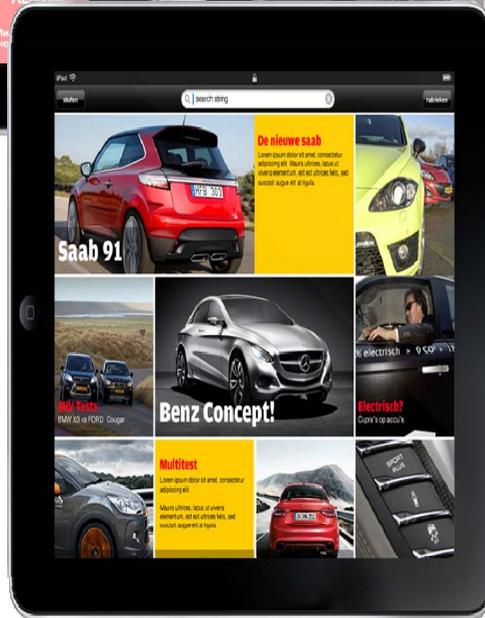


- Text
- Photography
- Illustrations
- Context
- +
- Audio
- Video
- Interaction
- Real-time
- Databases
- ...



- Sales:
 - Affiliate deals
 - Performance-based
 - Multi media knowledge
- Marketing:
 - Pricing models
 - Consumer insights

Many of our media already have apps waiting for the devices to arrive...



...and many have been launched already with great success

- 40+ Sanoma apps launched as of today...
 - ... on all key platforms: iOS (iPhone + dedicated iPad apps), Android, Symbian, ...
 - ... available in app stores worldwide...
 - ... catering to consumers in local languages...
 - ... and carefully selected to match with consumer habits and preferences
- Extremely successful launches:
 - >500,000 downloads of Nu app alone
 - Many apps immediately at no. 1 position in App Store
- 60+ further apps already in our pipeline today...



Most importantly, we are creating solid mobile media business models

- Sanoma has developed an efficient way to produce apps ('app factory' in Hungary)
- We only launch apps if there is money to be earned from consumers or advertisers or both
- We are testing various revenue models
 - Free apps with display ads, sponsored content or transaction-based revenues
 - Paid apps with different consumer price points according to the target groups' willingness-to-pay
- We constantly monitor and analyse the performance of our apps (operational and financial)
- Sanoma's approach: **Pragmatic, careful, business-oriented and bold**

Innovation is high on the management agenda, with many exciting things underway



Hungary: Sanoma is the most innovative publisher

FigyeloNet, 22 Sep 2010, online:-
According to a survey by @M magazine -
Sanoma received 56% of the votes for
publisher companies. This was because Sanoma
is the only publisher that carries out
significant developments related to its
online portfolio, its mobile services and
its activity in the printing segment.

next
MEDIA



Sanoma will win the new media game





Inspires, Informs and Connects