



SanomaWSOY

CFO Matti Salmi

17 May 2005

SanomaWSOY



- 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
- Leading positions in the chosen markets
- Targeting smaller and mid-sized language areas and markets

Y:Kalvo/IR/2005/ING_2005

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.

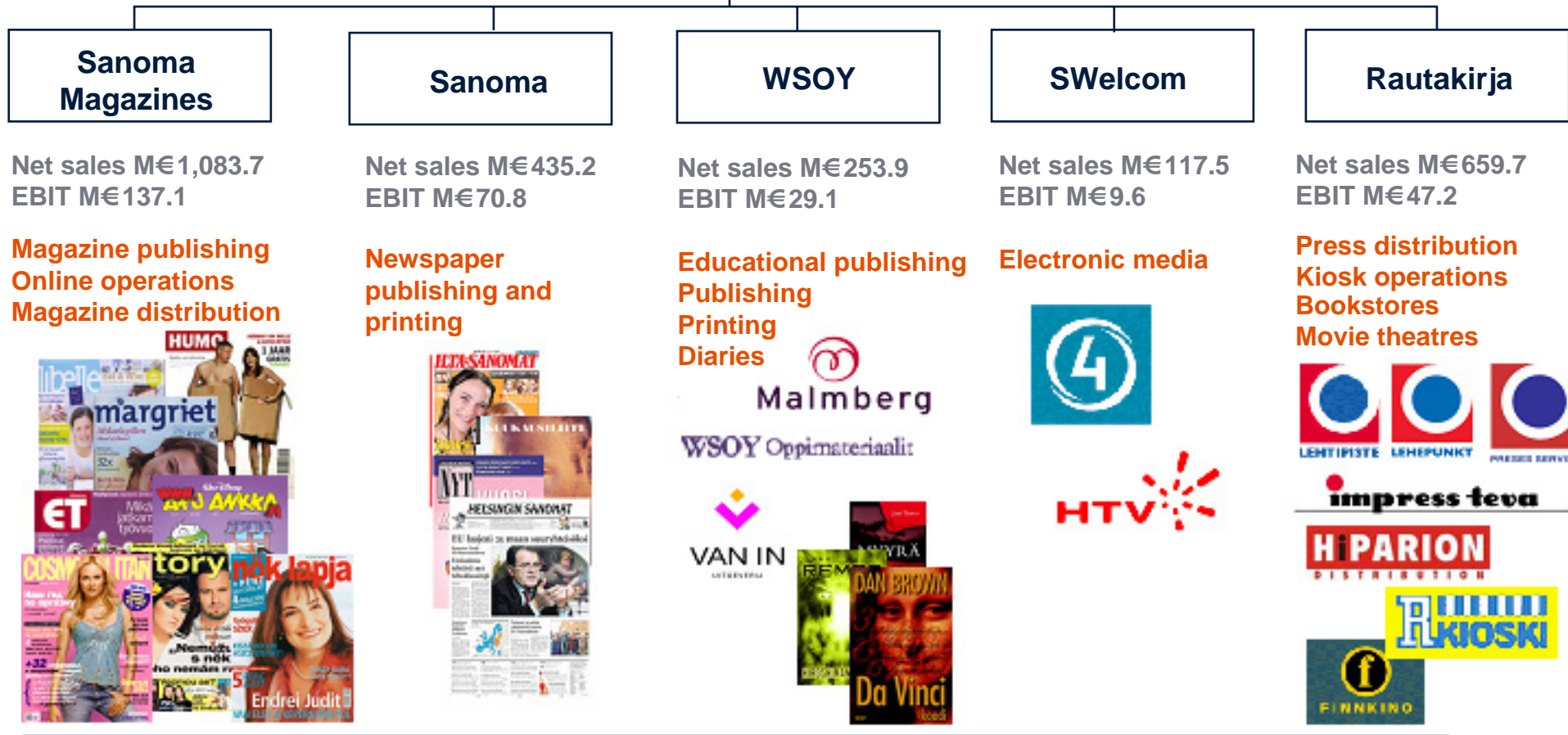
Y:Kalvol/IR/2005/ING_2005

SanomaWSOY Group

SanomaWSOY

Net sales M€2,491.1
EBIT M€294.0
Personnel 13,652

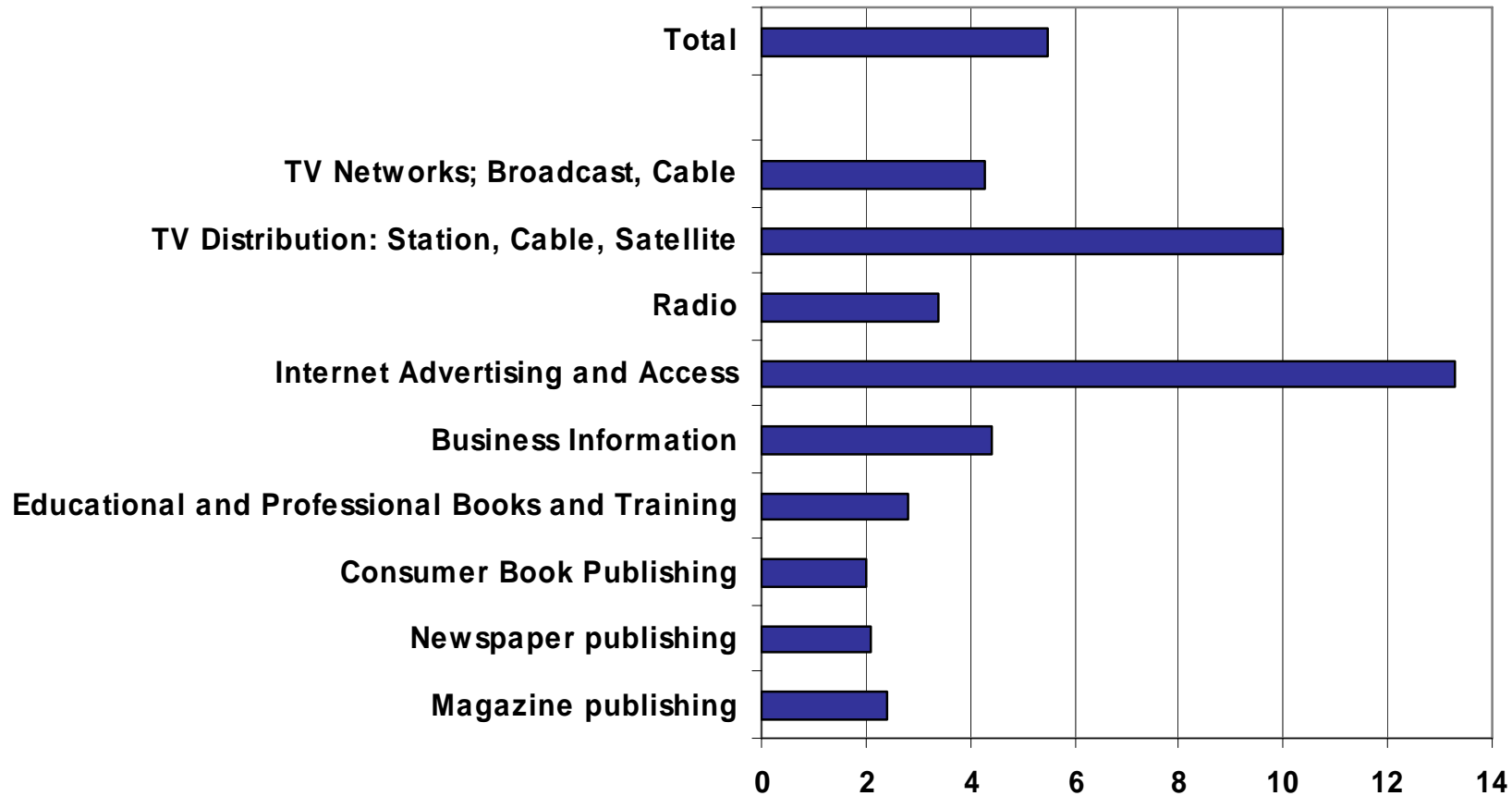
Personnel on average (full time equivalent)



Markets

Media Industry

By Growth 2004–2008 CAGR in EMEA, %

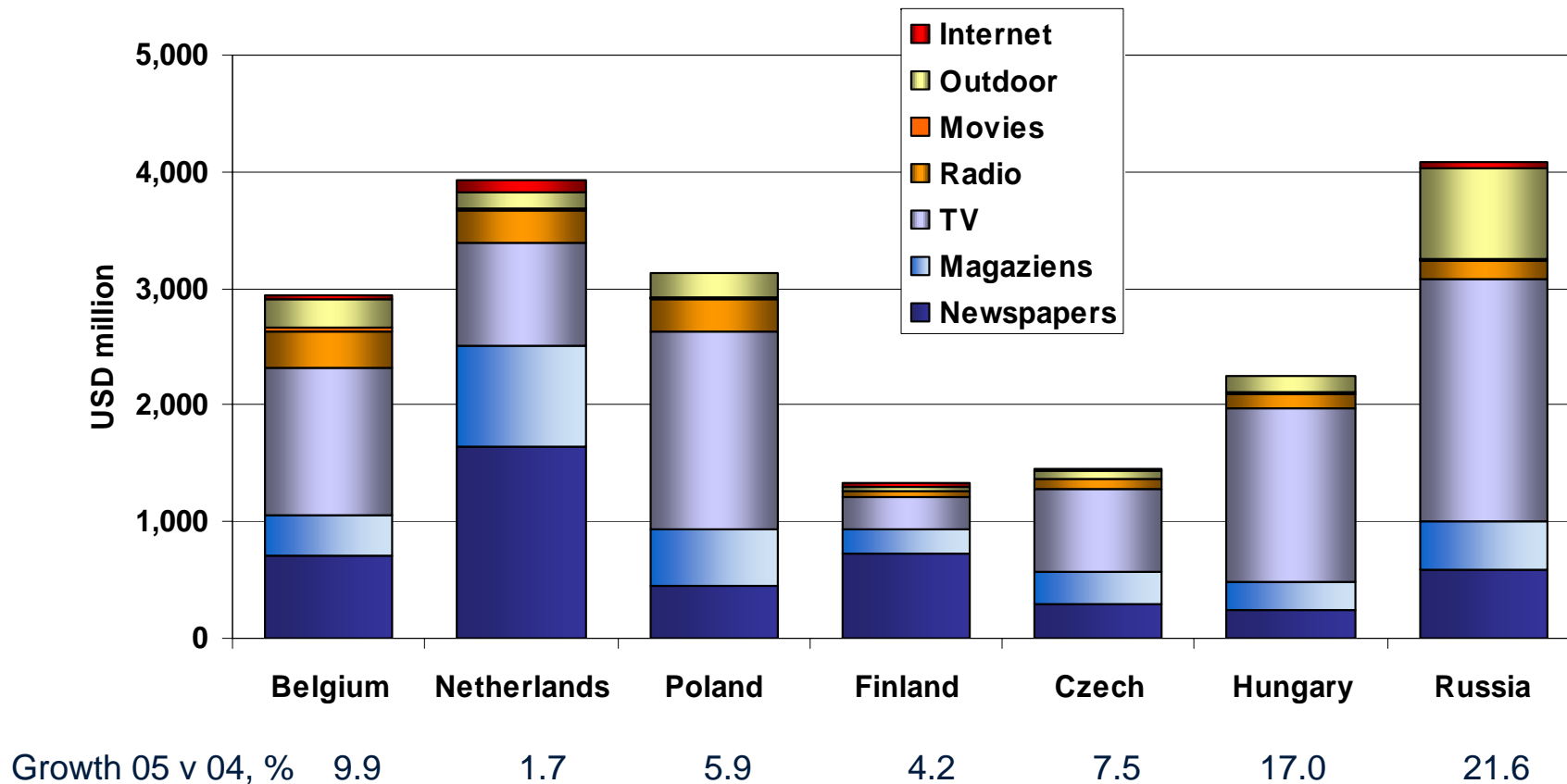


Source:
Pricewaterhouse-
Coopers: Global
Entertainment and
Media Outlook
2004–2008

Y:Kalvol/IR/2005/ING_2005

Advertising Market in Europe

Forecast 2005, USD million



Source: ZenithOptimedia, 2004

Y:Kalvo/IR/2005/ING_2005

Advertising sales

in Russia, Hungary, and the Czech Republic
estimates for 2005, current prices

8

	Russia		Hungary		the Czech Republic	
	€ Million	Change-%	€ Million	Change-%	€ Million	Change-%
NEWSPAPERS	426	12.6	226	15.8	265	7.0
MAGAZINES	316	19.4	223	15.5	265	6.5
TELEVISION	1,514	25.0	1,352	17.7	652	8.0
RADIO	115	16.3	117	17.4	81	6.0
OUTDOOR	573	20.0	128	14.4	54	-1.0
INTERNET	44	71.4			26	29.9
CINEMA	13	20.0	6	6.7	8	30.1
TOTAL	3,001	21.6	2,052	17.0	1,349	7.5

Change-% to
previous year.

Source:
ZenithOptimedia

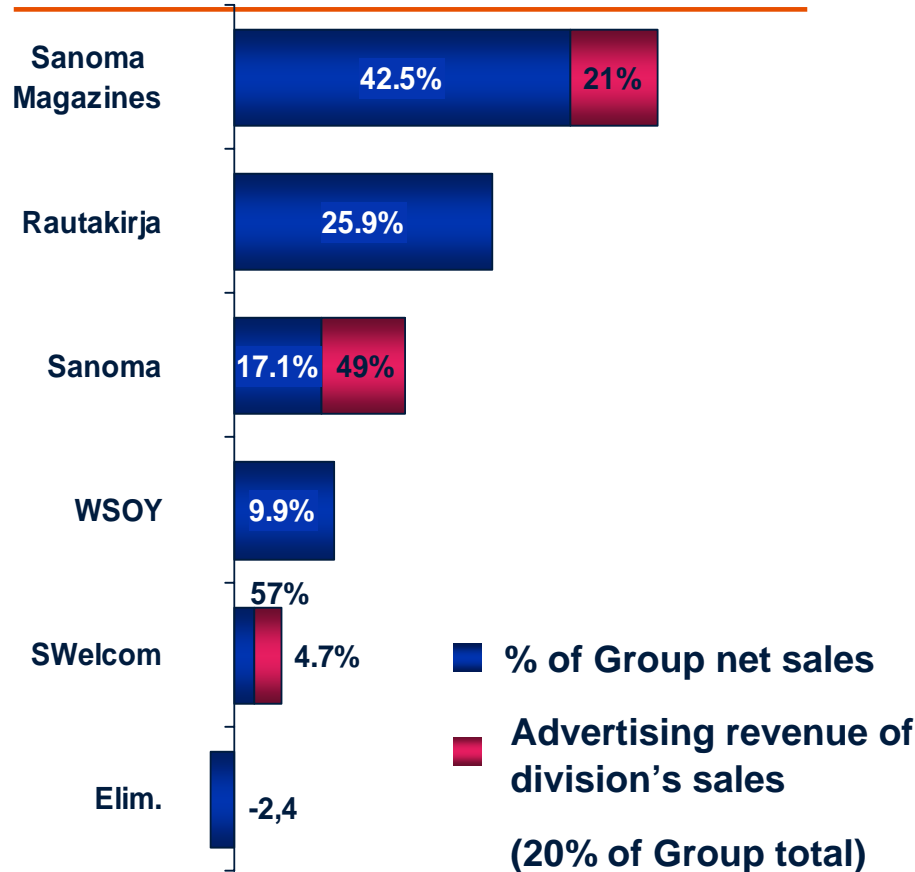
Y:Kalvol/IR/2005/ING_2005

Strategy

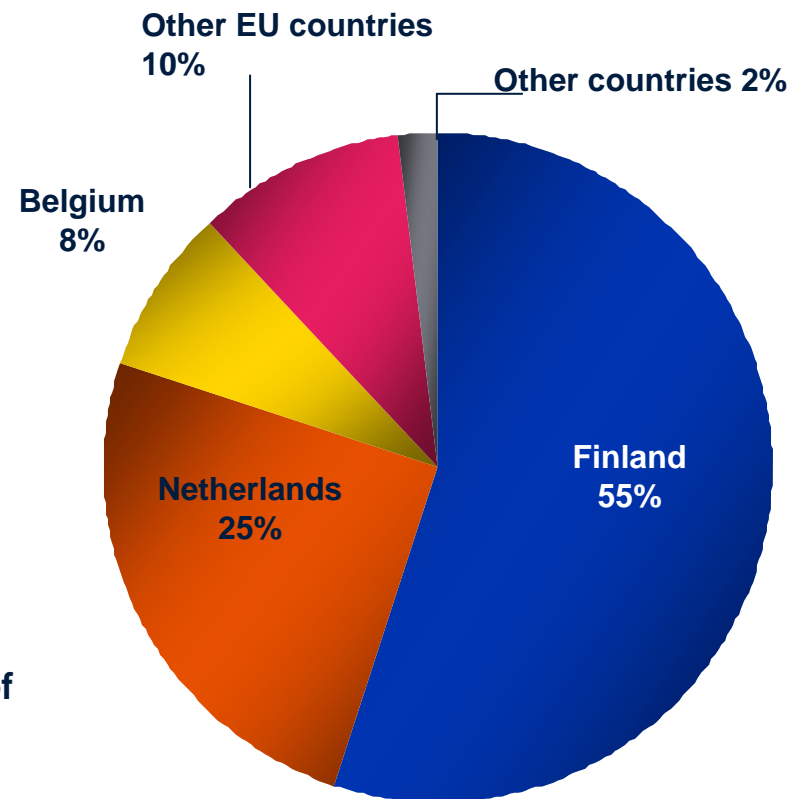
Balanced composition of net sales

Acquisitions Increasing Balance Even More

Divisional 2004A net sales breakdown



Geographic 2004A net sales breakdown



Y:Kalvol/IR/2005/ING_2005

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 **internationalise** 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

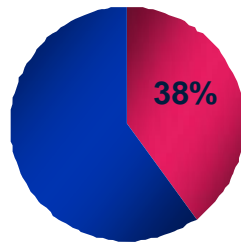
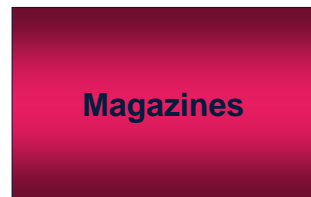
- To be **a market leader** and successfully leverage that leadership in our chosen businesses and markets
- To be a leading European magazine and educational publisher

Business practises

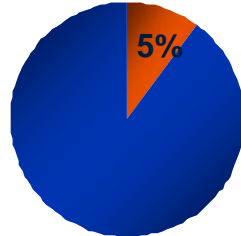
- To ensure sustainable growth and profitability
- To continuously **promote best management practices**
- To assure fast, flexible, and cost efficient business processes

Our international businesses

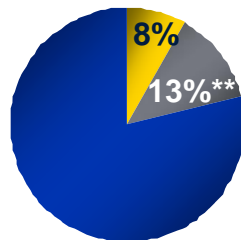
Share of revenues, 2004*



- 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:Kalvol/IR/2005/ING_2005

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:Kalvol/IR/2005/ING_2005

Why Russia?

- Greatest potential in Europe
 - Size
 - Growth
 - Resources
- Our neighbour
 - History
 - Understanding
 - Respect
 - Silent knowledge
- Perfect fit
 - Strategy
 - Geography
 - Opportunities
- Right company
 - Positions
 - Products
 - Personnel

Acquisition: Independent Media

Transaction overview

- Glossy magazines with a focus on women, men and youth publishing
- Operates in Russia and Ukraine
- 28 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:Kalvol/IR/2005/ING_2005

Acquisition: Independent Media

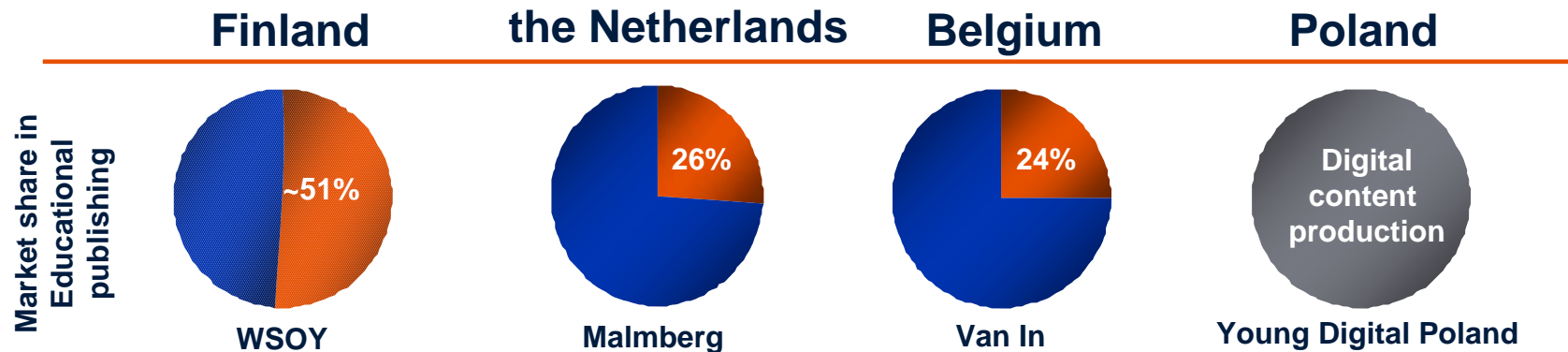
Transaction overview

- 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:Kalvo/IR/2005/ING_2005

Why educational publishing?

- European educational publishing market is unconsolidated (no big players)
- Has great growth potential
 - Education top priority in Europe, especially CEE countries investing heavily in education
 - Local content, but global platforms
 - centralized digital content production
 - modularisation of educational materials (sharing of assets like pictures)
 - internet based services, eLearning

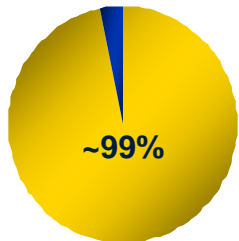


Y:Kalvol/IR/2005/ING_2005

Why press distribution?

Market share in
Press distribution

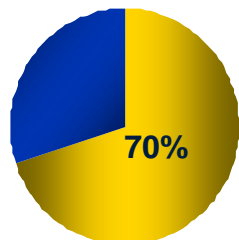
Finland



Lehtipiste

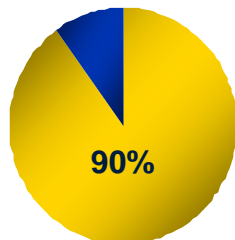
- Exportable press distribution and press retail knowhow
 - good, profitable business as such
 - leading position is the key
 - possibility to further develop with add-on business
- Supports magazine value chain
- Kiosk operations complement distribution in CEE countries

the Netherlands



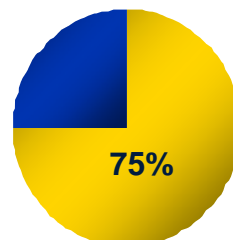
Aldipress

Estonia



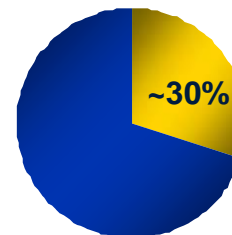
Lehepunkt

Latvia



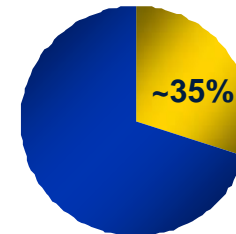
Preses Serviss

Romania



Hiparion

Lithuania



Impress Teva

Y:Kalvo/IR/2005/ING_2005

Market Leader

In Chosen Segments

The Netherlands

Leading

- magazine publisher
- press distributor
- educational publisher

Belgium

Leading

- magazine publisher
- educational publisher

Czech

Leading

- magazine publisher

Slovakia

Leading

- magazine publisher

Hungary

Leading

- magazine publisher

Poland

Leading

- eLearning business (YDP)

Finland

Leading

- newspaper publisher
- magazine publisher
- book publisher and educational publisher
- cable TV operator
- convenience store operator
- press distributor
- bookstore chain
- movie theatre operator

Russia

Leading

- magazine publisher

Estonia

Leading

- convenience store operator
- press distributor
- movie theatre operator

Latvia

Leading

- convenience store operator
- press distributor
- movie theatre operator

Bulgaria

Leading

- magazine publisher

Lithuania

Leading

- movie theatre operator

Financials

Key Indicators

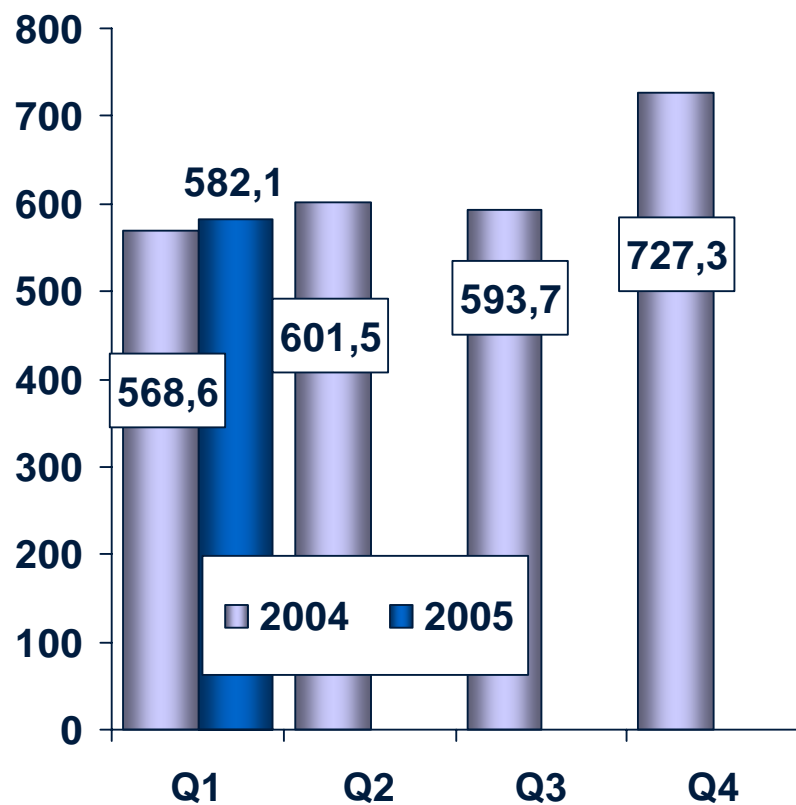
€ million	1-3/2005	1-3/2004	Change, %	1-12/2004
Net sales	582.1	568.6	2.4	2,491.1
Operating profit	48.9	45.1	8.4	294.0
% of net sales	8.4	7.9		11.8
Balance sheet total	2,930.8	2,448.0	19.7	2,689.2
Gross investments	254.0	21.3		281.6
Equity ratio, % ¹	36.8	35.0		38.7
Gearing, %	99.1	81.9		82.1
Interest-bearing liabilities	1,061.3	715.1	48.4	894.8
Net debt	1,001.7	659.9	51.8	809.1
Personnel ²	16,149	15,653	3.2	16,207
Earnings/share, €	0.22	0.17	30.3	1.31
Cash flow from operations/share, €	0.13	0.20	-38.7	1.54
Market capitalisation	2,959.7	2,218.8	33.4	2,632.2

¹If equity would include capital notes, equity ratio on 31 March.2005 is some 42%
² Under employment contract

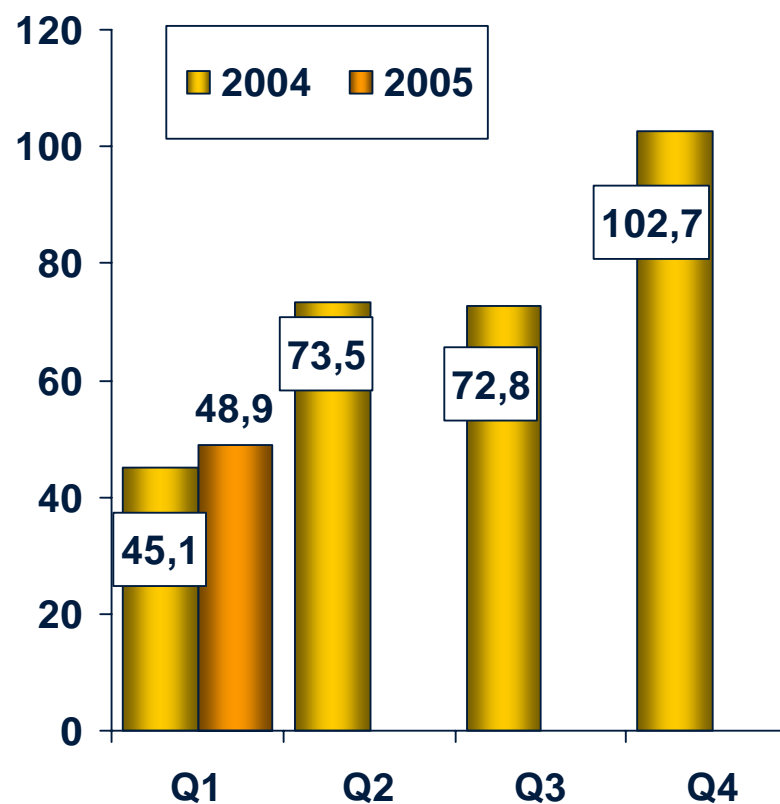
Y:Kalvol/IR/2005/ING_2005

SanomaWSOY Group

Net sales, €million



EBIT, €million



Y:Kalvo/IR/2005/ING_2005

SanomaWSOY

Q1/2005

23

€ million	NET SALES			EBIT		
	1-3/2005	1-3/2004	Change %	1-3/2005	1-3/2004	Change %
SanomaMagazines	295.5	253.7	2.3	25.5	23.9	6.5
Sanoma	108.6	104.1	4.3	13.9	11.3	23.3
WSOY	48.3	42.8	12.8	-7.1	1.1	
SWelcom	29.8	29.2	2.1	2.7	0.9	207.2
Rautakirja	148.6	152.4	-2.5	13.8*	8.5	61.7
Eliminations	-12.5	-13.6		0.0	-0.7	
Total	582.1	568.6	2.4	48.9	45.1	8.4

* Includes non-recurring gain on the sales of assets, EUR 4 million

Y:Kalvo/IR/2005/ING_2005

Group's Outlook for 2005

Estimate:

- Net sales to grow by some 6%
- Operating profit excluding non-recurring gains on the sales of assets to be at least at the previous year's level
- In 2004, operating profit included some EUR 26 million of non-recurring gains on the sales of assets





Committed to the Future

www.sanomawsoy.fi