

# Sanoma 1-3/2010

Hannu Syrjänen, President and CEO

5 May 2010



# Efficiency Measures Improved the Result

Good Advertising Sales Development in March



- Operating profit excluding non-recurring items improved by 53%
- Successful execution of efficiency programmes
  - total expenses: -2%
  - personnel expenses: -4%
  - advertising and marketing: -7%
  - paper costs: -10%
- Strong cash flow development
- Sales growth still slow
- Good advertising market development in March, especially in Finland, but visibility still low
- Focus on maintaining a good cash flow and improving efficiency also in 2010
- Growing digital revenues create better balance with the print revenues
- New innovation management system supports future growth

# Key Events in Q1



## Focusing on core

- Sanoma News sold picture agency Lehtikuva to STT
- Sanoma Learning & Literature divested multivolume publisher Bertmark's Norwegian business and reorganised its Swedish operations

## Expanding product portfolio

- Sanoma Learning & Literature started co-operation with the leading Russian learning material provider
- AAC Global expanded operations to China
- Welho launched new broadband products with speeds up to 200 Mbps

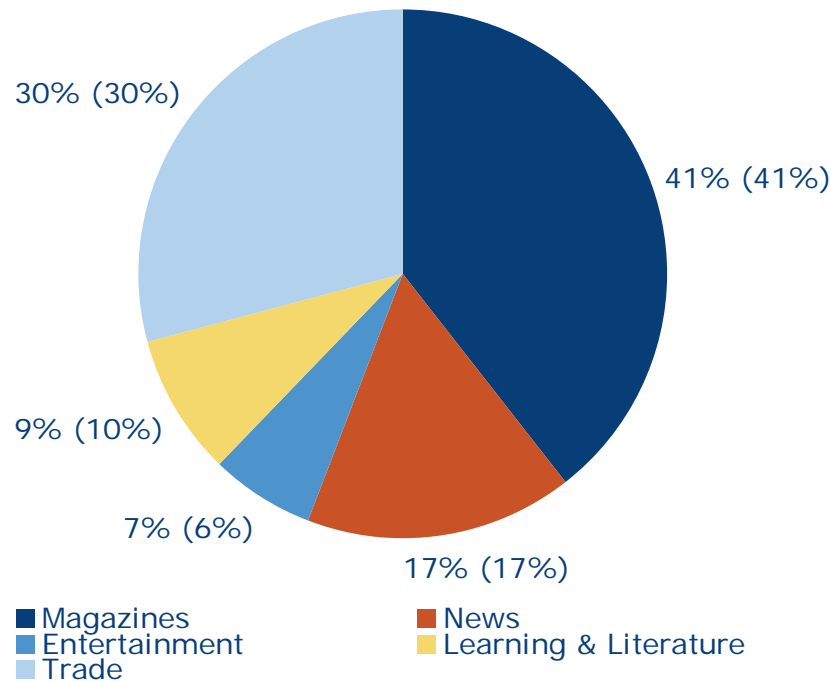
## Awarded performance

- Media sales of Sanoma Magazines Finland, Radio Rock/Aalto and Nelonen were ranked as the TOP 3 media sales organisations in Finland
- Malmberg won IPON Award for its e-learning solution
- Sofi Oksanen won Nordic Council's Literature Prize with her novel *Puhdistus* (Purge)

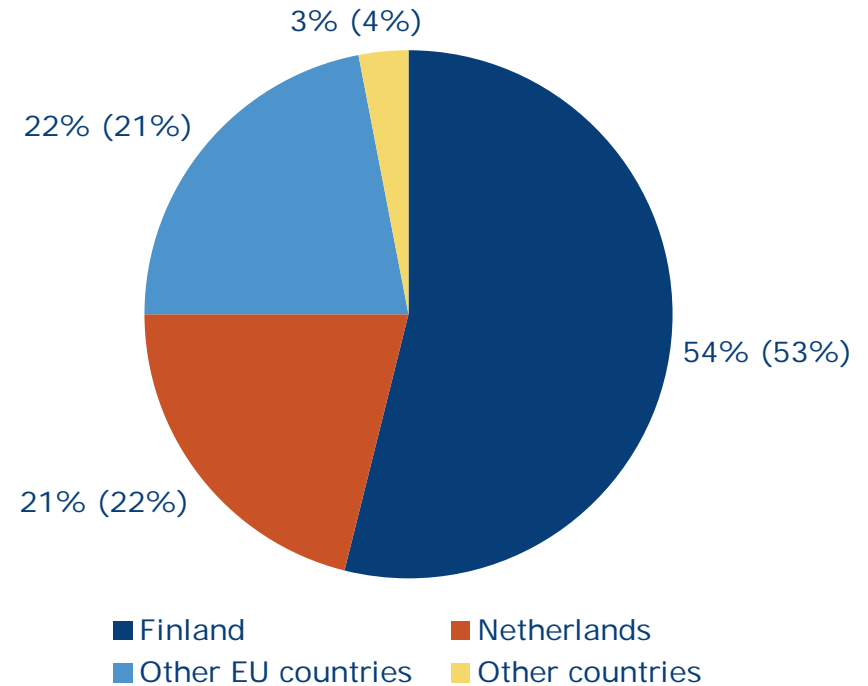
# Balanced Business Portfolio

Net sales 1-3/2010 (1-3/2009)

By division



By geographic area



- The Baltic countries 5% (6%)
- Other CEE countries + Russia and Ukraine 10% (10%)

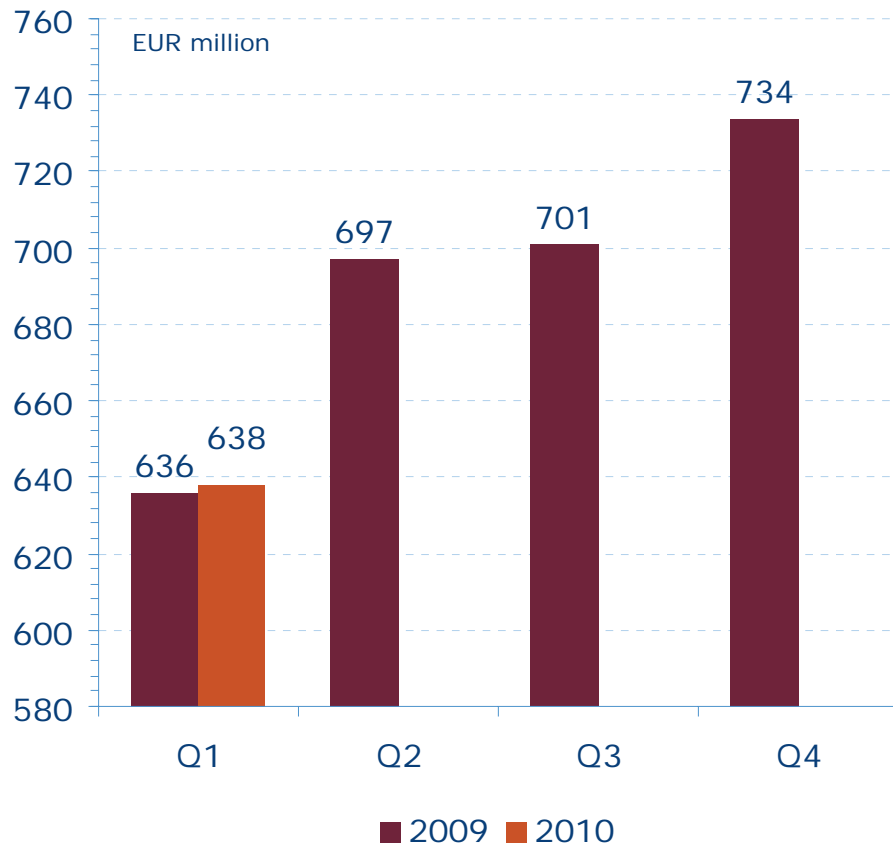
# Improved Result



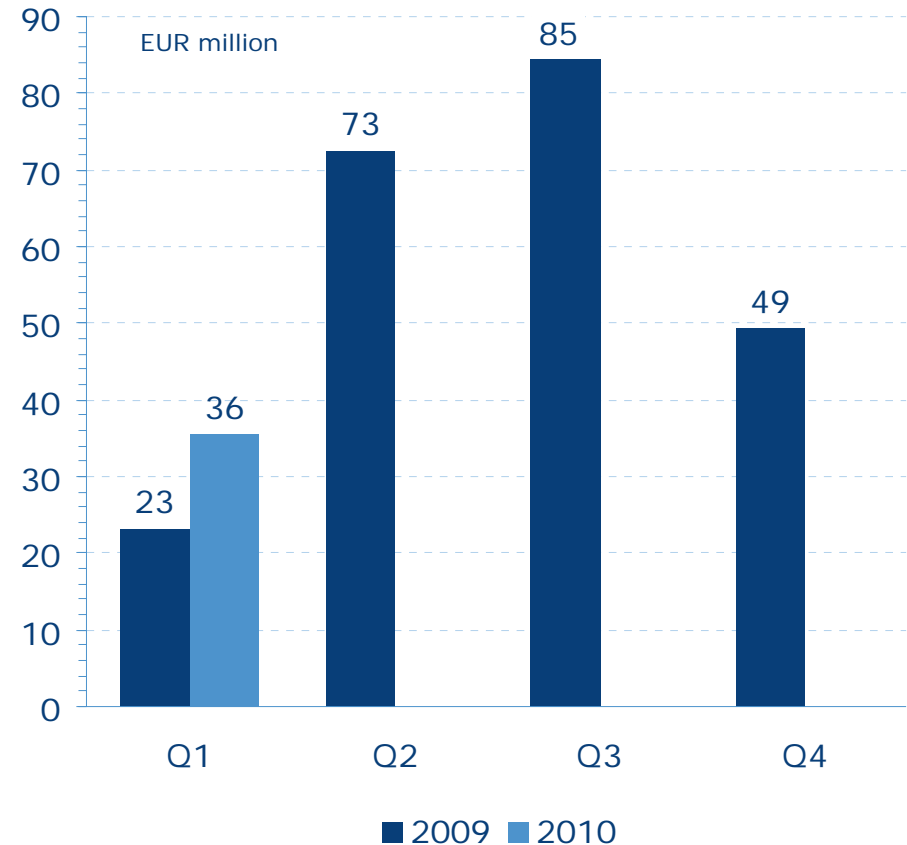
EUR million	1–3/2010	1–3/2009	Ch %	1–12/2009
Net sales	<b>637.9</b>	636.0	0.3	2,767.9
Operating profit excluding non-recurring items	<b>35.6</b>	23.2	53.4	229.5
% net sales	<b>5.6</b>	3.7		8.3
Operating profit	<b>40.4</b>	20.9	93.2	195.4
Earnings/share, EUR	<b>0.16</b>	0.05	209.8	0.66
Cash flow from operations/share, EUR	<b>0.23</b>	-0.05	542.7	1.50
Number of employees at the end of the period *	<b>16,293</b>	17,845	-8.7	16,723

# Strong EBIT Growth

## Net sales



## EBIT excluding non-recurring items



# EBIT Improving on a Wide Front

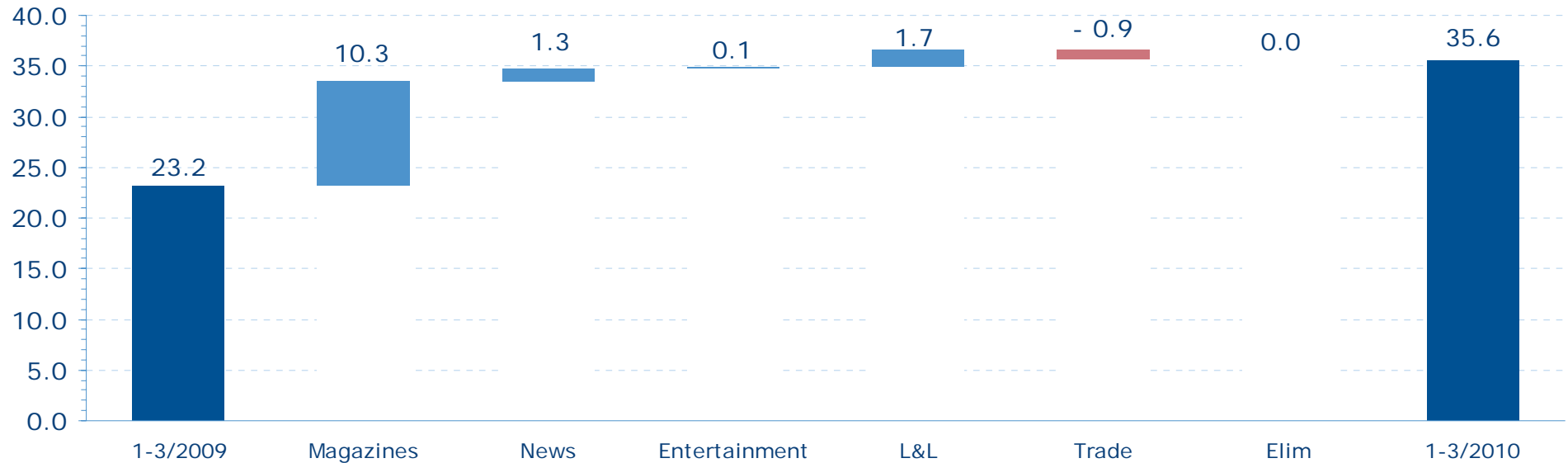
EUR million	Net sales 1–3/2010	Ch %*	EBIT** 1–3/2010	Ch %*
Magazines	259.9	-0.8	25.8	66.0
News	109.4	1.6	9.6	15.3
Entertainment	41.5	3.0	6.2	1.0
Learning & Literature	58.2	-4.3	-5.2	24.4
Trade	191.8	2.2	2.9	-24.6
Other companies + eliminations	-23.0	1.3	-3.7	0.0
<b>Sanoma Group Total</b>	<b>637.9</b>	<b>0.3</b>	<b>35.6</b>	<b>53.4</b>



EBIT Excl. Non-recurring Items

# Sanoma Magazines Improving the Most

EUR million



- Magazines: improved profitability in all businesses due to efficiency improvements.
- News: positive development of advertising sales and efficiency improvements.
- Entertainment: good sales development especially in broadband and pay TV operations.
- Learning & Literature: efficiency improvements especially in learning and language services and timing differences in learning.
- Trade: the effect of new opening hours of other retailers to kiosk operations in Finland and the restructuring of the Russian and the Estonian operations.



# Continuously Solid Financial Position

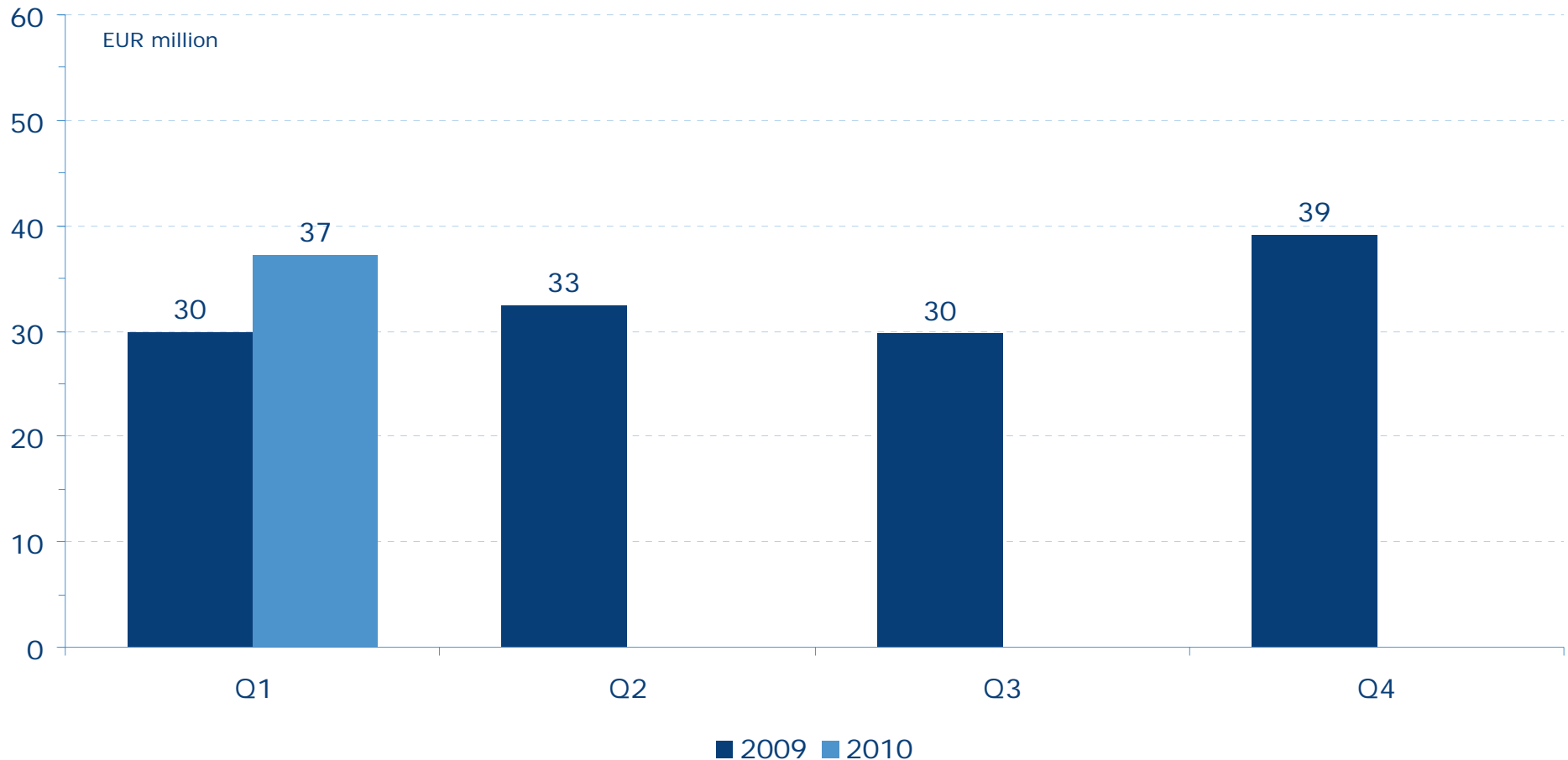
EUR million	31.3.2010	31.3.2009
Balance sheet total	<b>3,137.5</b>	3,215.1
Equity ratio, %	<b>42.7</b>	40.2
Net gearing, %	<b>74.4</b>	84.1
Interest-bearing liabilities	<b>991.4</b>	1,099.4
Interest-bearing net debt	<b>931.3</b>	1,016.5
Cash and cash equivalents	<b>60.1</b>	82.9



- Favourable long-term credit facility
- Net debt/EBITDA 2.4

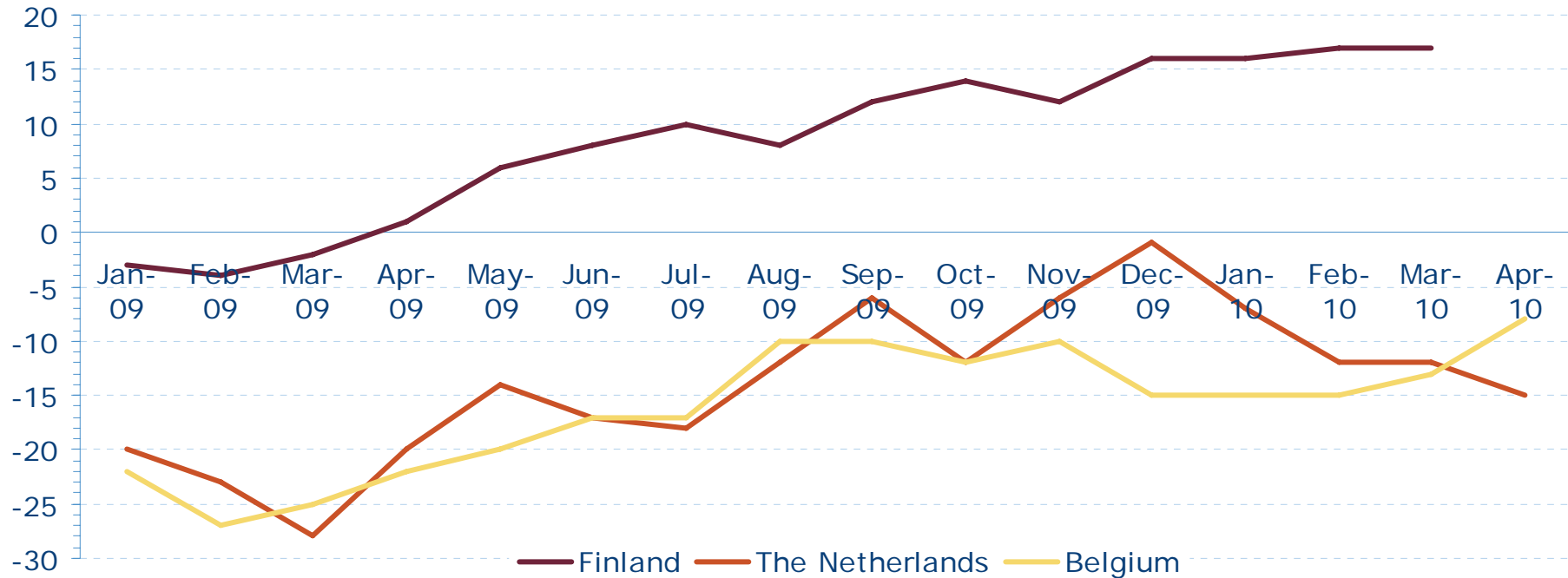
# Consumer Online Revenues Grew by 24%

Target to reach annual revenues of EUR 240 million by 2012



# Consumer Confidence Improving

But unemployment expected to grow



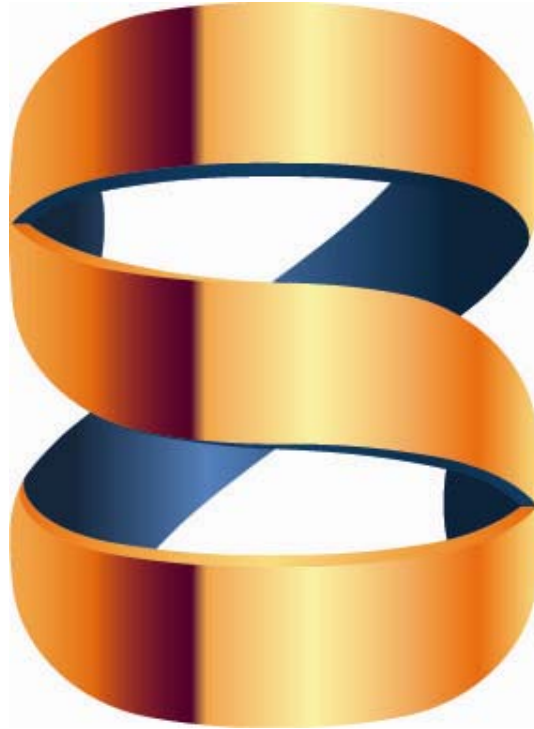
Unemployment estimates for 2010:

- Finland 10.2%
- The Netherlands 6.5%
- Belgium 9%

# Outlook for 2010 Unchanged



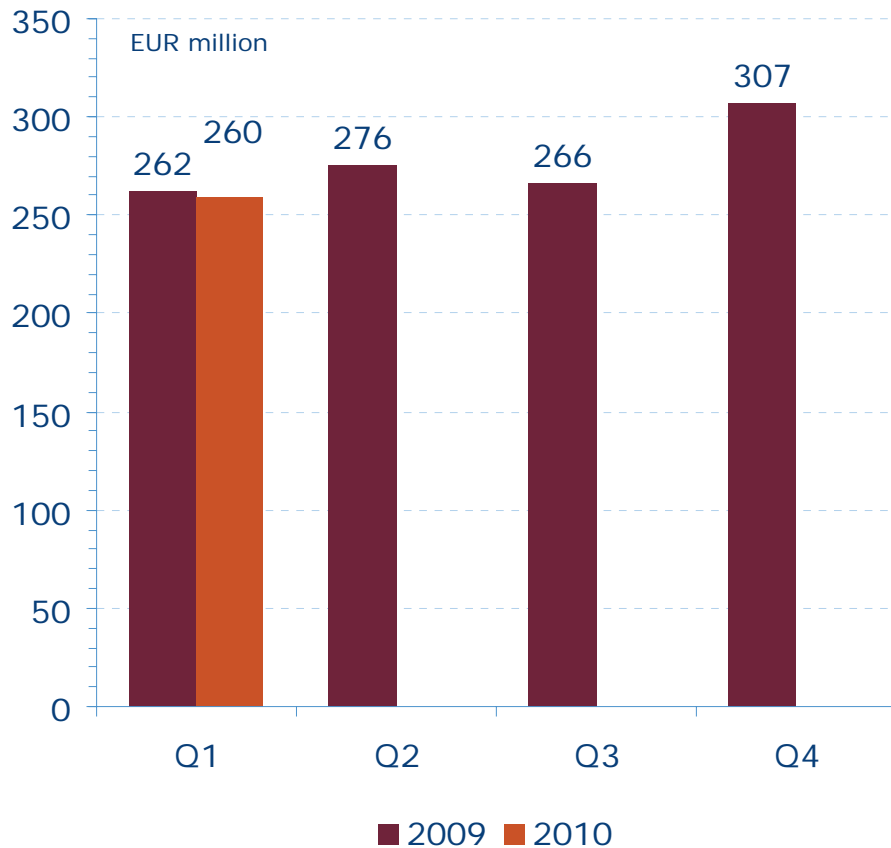
- Net sales are expected to grow
- The operating profit excluding non-recurring items is estimated to improve slightly
  - In 2009, operating profit excluding non-recurring items was EUR 229.5 million
- The outlook is based on the assumption that the advertising markets in the Group's operating countries remain stable or grow only slightly.



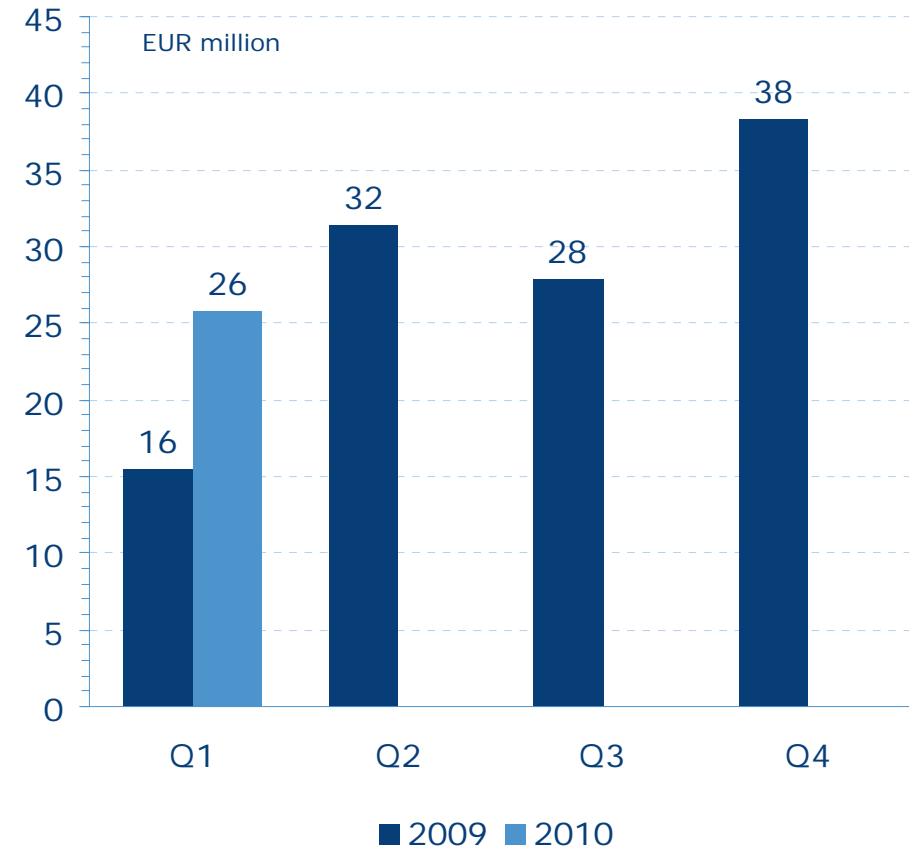
**Inspires, Informs and Connects**

# Sanoma Magazines

## Net sales



## EBIT excluding non-recurring items



# Sanoma Magazines

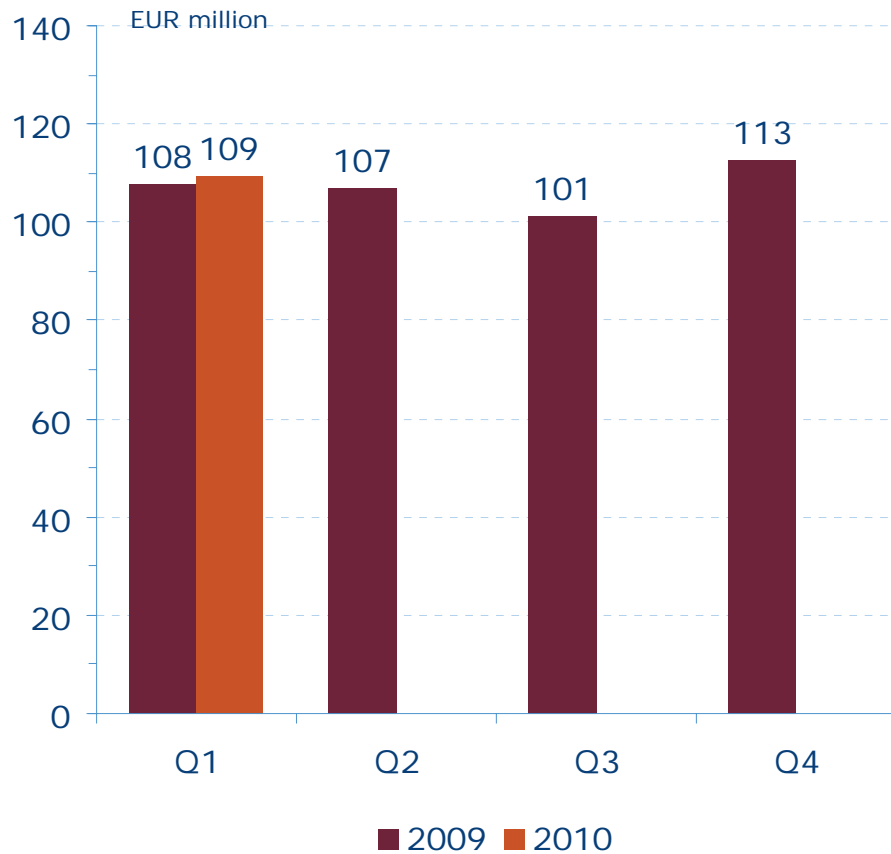
## Key figures

EUR million	1–3/2010	1–3/2009	Ch %	2009
Net sales	<b>259.9</b>	262.1	-0.8	1,111.2
Sanoma Magazines Netherlands	<b>107.4</b>	110.6	-2.9	493.2
Sanoma Magazines International	<b>48.7</b>	50.9	-4.3	211.3
Sanoma Magazines Belgium	<b>53.5</b>	51.3	4.3	212.3
Sanoma Magazines Finland	<b>51.2</b>	50.3	1.9	198.8
Eliminations	<b>-1.0</b>	-1.0	0.6	-4.3
Operating profit excluding non-recurring items	<b>25.8</b>	15.5	66.0	113.4
% of net sales	<b>9.9</b>	5.9		10.2
Operating profit	<b>25.8</b>	15.5	66.0	96.3
Capital expenditure	<b>4.5</b>	4.6	-1.3	24.4
Number of employees (FTE) *	<b>5,117</b>	5,666	-9.7	5,191

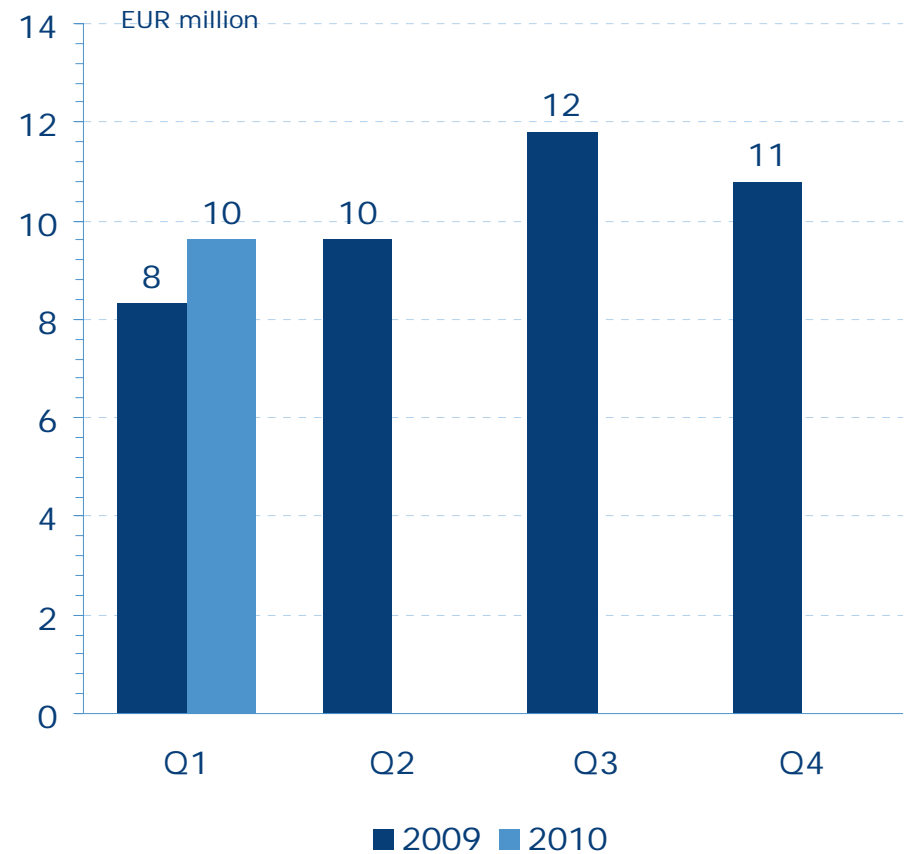
**Outlook for 2010:** Net sales are expected to grow slightly and it is estimated that operating profit excluding non-recurring items will be at the previous year's level.

# Sanoma News

## Net sales



## EBIT excluding non-recurring items





# Sanoma News

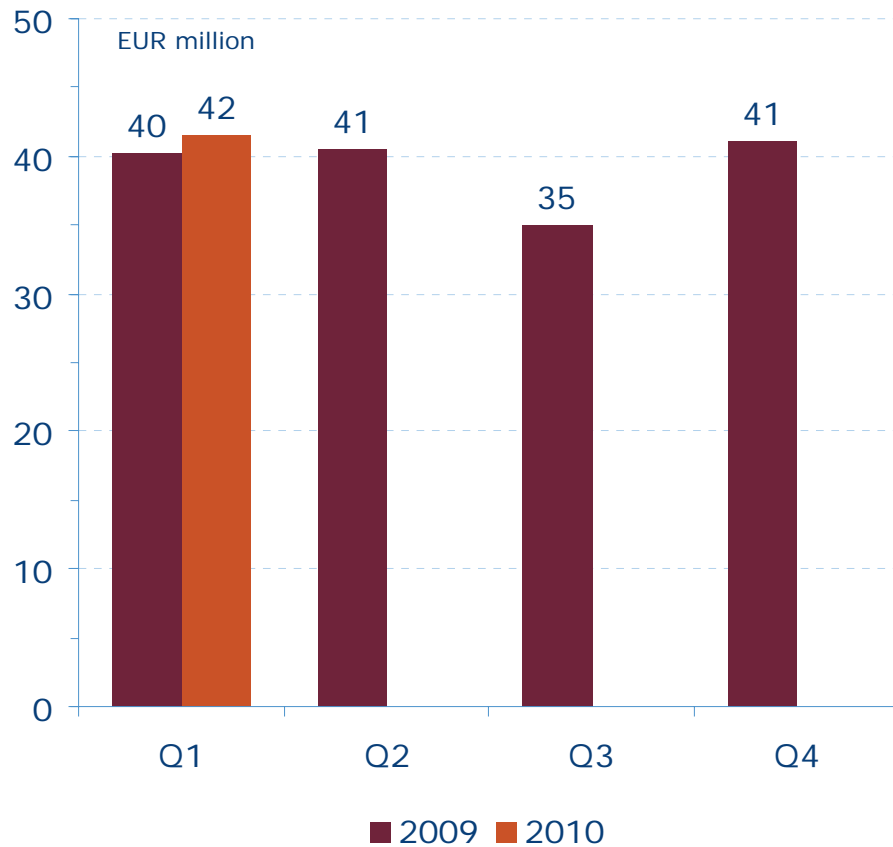
## Key figures

EUR million	1–3/2010	1–3/2009	Ch %	2009
Net sales	<b>109.4</b>	107.7	1.6	428.9
Helsingin Sanomat	<b>59.1</b>	58.7	0.8	228.4
Ilta-Sanomat	<b>19.9</b>	18.4	7.8	78.2
Other publishing	<b>25.3</b>	25.9	-2.1	103.8
Other businesses	<b>34.4</b>	36.2	-5.2	143.7
Eliminations	<b>-29.3</b>	-31.6	7.0	-125.2
Operating profit excluding non-recurring items	<b>9.6</b>	8.3	15.3	40.6
% of net sales	<b>8.8</b>	7.8		9.5
Operating profit	<b>15.6</b>	6.0	158.2	32.2
Capital expenditure	<b>2.8</b>	3.2	-12.0	10.6
Number of employees (FTE) *	<b>2,168</b>	2,393	-9.4	2,306

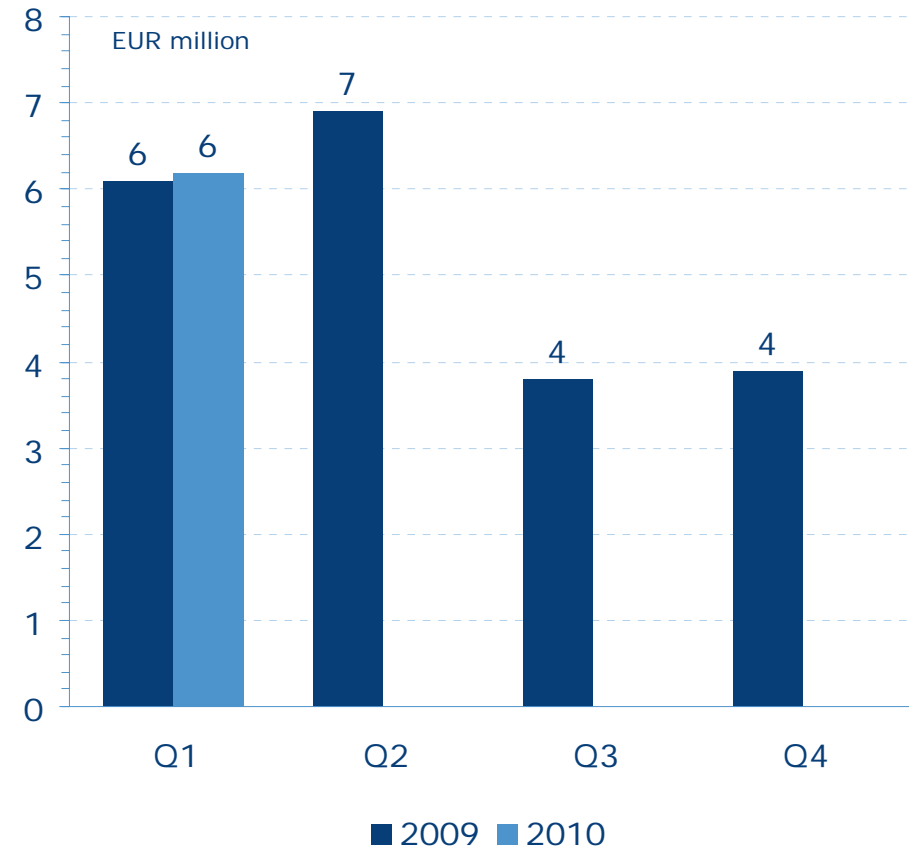
**Outlook for 2010:** Net sales are expected to be at the previous year's level and operating profit excluding non-recurring items is estimated to improve slightly.

# Sanoma Entertainment

## Net sales



## EBIT excluding non-recurring items



# Sanoma Entertainment

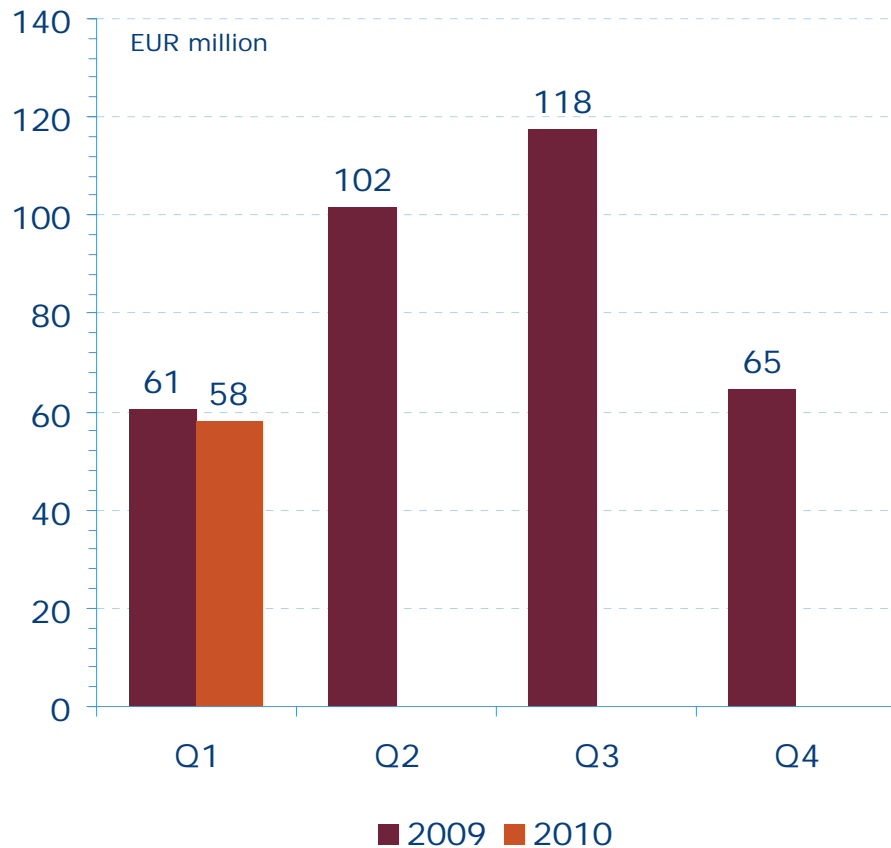
## Key figures

EUR million	1–3/2010	1–3/2009	Ch %	2009
Net sales	<b>41.5</b>	40.3	3.0	157.1
TV and radio	<b>23.5</b>	23.5	0.1	88.1
Other businesses	<b>18.2</b>	17.3	5.5	70.4
Eliminations	<b>-0.2</b>	-0.5	56.7	-1.4
Operating profit excluding non-recurring items	<b>6.2</b>	6.1	1.0	20.7
% of net sales	<b>14.9</b>	15.2		13.2
Operating profit	<b>6.2</b>	6.1	1.0	20.7
Capital expenditure	<b>1.5</b>	2.0	-24.4	9.3
Number of employees (FTE) *	<b>438</b>	489	-10.4	458

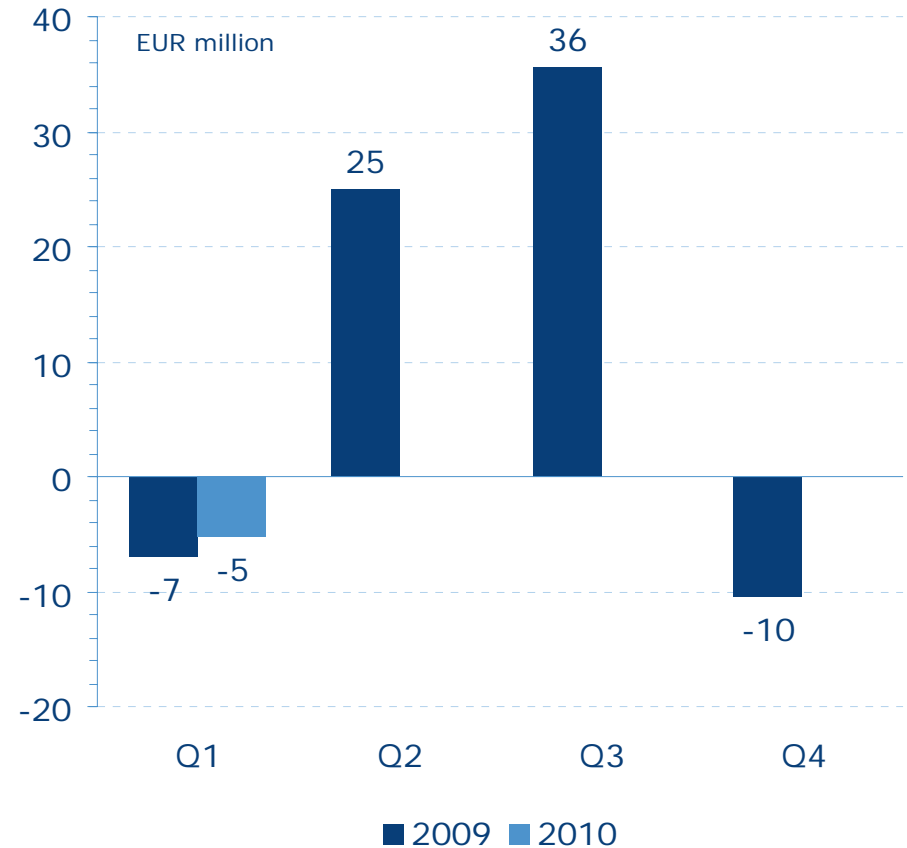
**Outlook for 2010:** Net sales and operating profit excluding non-recurring items are expected to be at the previous year's level.

# Sanoma Learning & Literature

## Net sales



## EBIT excluding non-recurring items



# Sanoma Learning & Literature

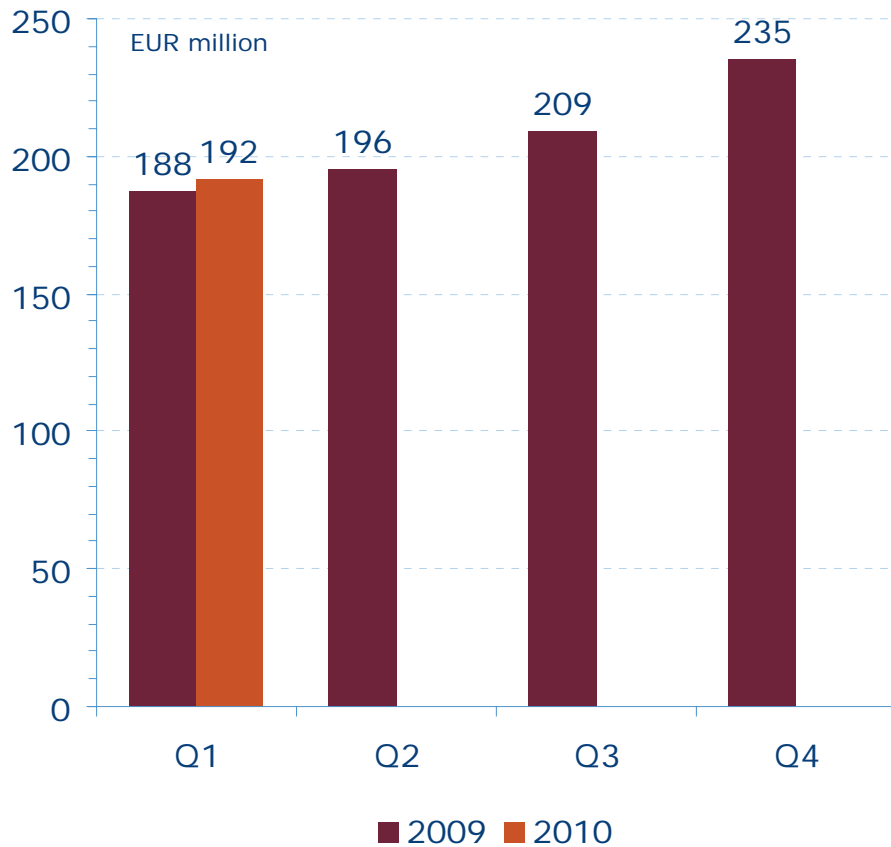
## Key figures

EUR million	1–3/2010	1–3/2009	Ch %	2009
Net sales	<b>58.2</b>	60.8	-4.3	345.1
Learning	<b>29.9</b>	30.6	-2.1	239.1
Language services	<b>6.9</b>	8.3	-16.4	27.5
Literature and other businesses	<b>23.6</b>	24.6	-4.0	88.9
Eliminations	<b>-2.3</b>	-2.6	12.6	-10.4
Operating profit excluding non-recurring items	<b>-5.2</b>	-6.9	24.4	43.5
% of net sales	<b>-9.0</b>	-11.3		12.6
Operating profit	<b>-6.4</b>	-6.9	7.0	38.5
Capital expenditure	<b>2.9</b>	2.3	25.7	13.1
Number of employees (FTE) *	<b>2,637</b>	2,873	-8.2	2,745

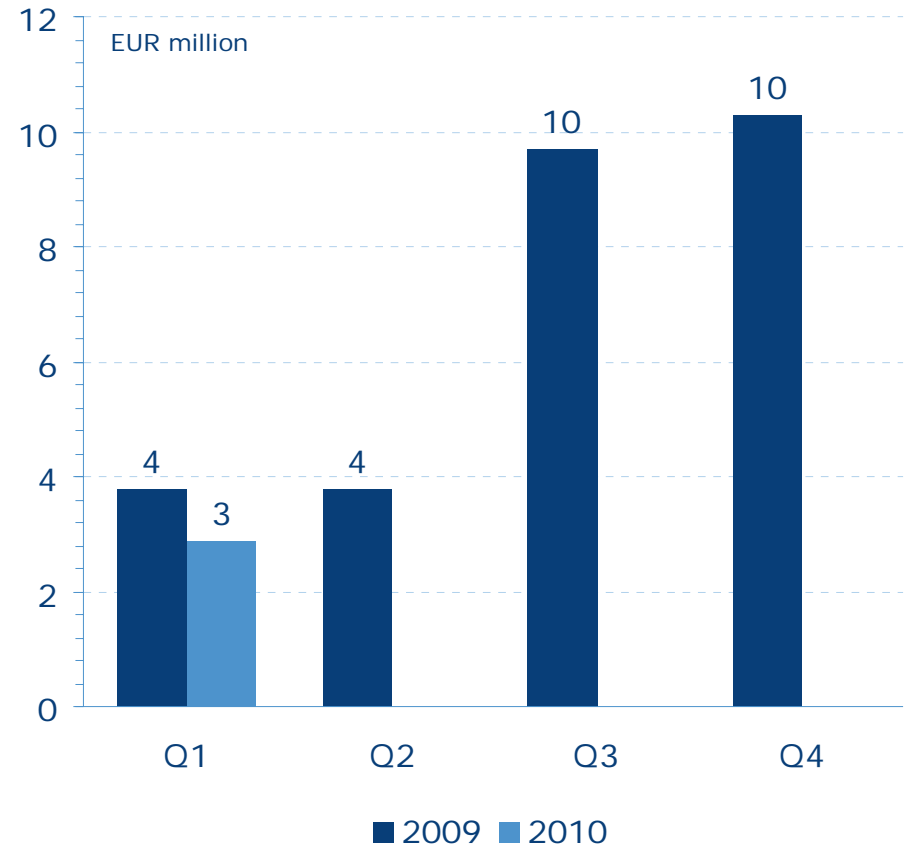
**Outlook for 2010:** Net sales and operating profit excluding non-recurring items are estimated to increase somewhat from the previous year's level.

# Sanoma Trade

## Net sales



## EBIT excluding non-recurring items



# Sanoma Trade

## Key figures

EUR million	1–3/2010	1–3/2009	Ch %	2009
Net sales	<b>191.8</b>	187.7	2.2	827.8
Kiosk operations	<b>91.9</b>	89.9	2.3	404.2
Trade services	<b>51.9</b>	50.5	2.8	227.9
Bookstores	<b>26.0</b>	27.3	-4.7	123.3
Movie operations	<b>25.4</b>	23.6	7.6	88.0
Eliminations	<b>-3.4</b>	-3.6	6.1	-15.6
Operating profit excluding non-recurring items	<b>2.9</b>	3.8	-24.6	27.6
% of net sales	<b>1.5</b>	2.0		3.3
Operating profit	<b>2.9</b>	3.8	-24.6	24.0
Capital expenditure	<b>4.7</b>	8.1	-41.8	25.5
Number of employees (FTE) *	<b>5,849</b>	6,342	-7.8	5,943

**Outlook for 2010:** Net sales are expected to increase slightly and operating profit excluding non-recurring items to be at the previous year's level.