

# Sanoma full-year result 2010

Harri-Pekka Kaukonen, President and CEO

Kim Ignatius, CFO

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# Strong base, focus on new business opportunities (1/2)

## Fourth quarter

- Net sales adjusted for changes +1.0%
- Operating profit excl. non-recurring items decreased to EUR 34.5 million (EUR 49.3 million in 2009)
  - low performance of Trade, divestment of operations, increased marketing activities
- Stable growth in advertising markets continued
  - TV, online and job advertising leading the way (+24%, +33% and +42% in December in Finland)
- Expenses under control
  - total expenses: -1%
  - personnel expenses: -5%
  - advertising and marketing: +23%
  - paper costs: -16%



# Strong base, focus on new business opportunities (2/2)

2010

- Stable net sales, good EBIT improvement
- Media markets started to recover in Western Europe and Russia
- Decrease of circulation was successfully compensated with the introduction of new products and services
- Strong emphasis on the development of online products and services as well as tablet apps
- Excellent development of cash flow from operations; EUR 273.8 million (EUR 241.8 million)
- Earnings per share EUR 1.85 (EUR 0.66)
- Proposal for dividend EUR 1.10 per share



# How do we see the world right now? (1/2)

Western markets on a growth path, but with a slow start

## Finland

- Consumer confidence had revived from the slump in December and is on a high level
- Unemployment rate still estimated to decrease
- Strong advertising market growth (+13% in December)
  - newspapers +8%, TV +24%, online +33%, jobs +42%
- Most of Sanoma's businesses gaining market share
  - investments in Q4 to secure good performance also in the future
- Opening Hours Act still affects customer volumes and the sales mix of kiosk products

## The Netherlands

- Consumer confidence decreased in December
- Unemployment rate estimated to decrease
- Advertising markets growing (+8% Jan–Nov, gross figures)
  - slight growth in consumer magazines
  - Sanoma clearly outperforming the market development

# How do we see the world right now? (2/2)

Russian economy recovering, rest of the CEE struggling

## Russia

- Economy reviving, mainly thanks to increasing oil price
- Strong advertising market growth
  - still some way to go to the year 2008 level

## Central Eastern Europe

- Economic fundamentals weak
- Government measures to reduce budget deficits
  - tax increases, reduction of investments and salaries and
  - very low consumer confidence
- The beginning of recovery takes time

# Capitalising on the creation of Sanoma Media



Magazines  
Online business  
TV and radio  
Casual gaming



Newspapers  
Online business



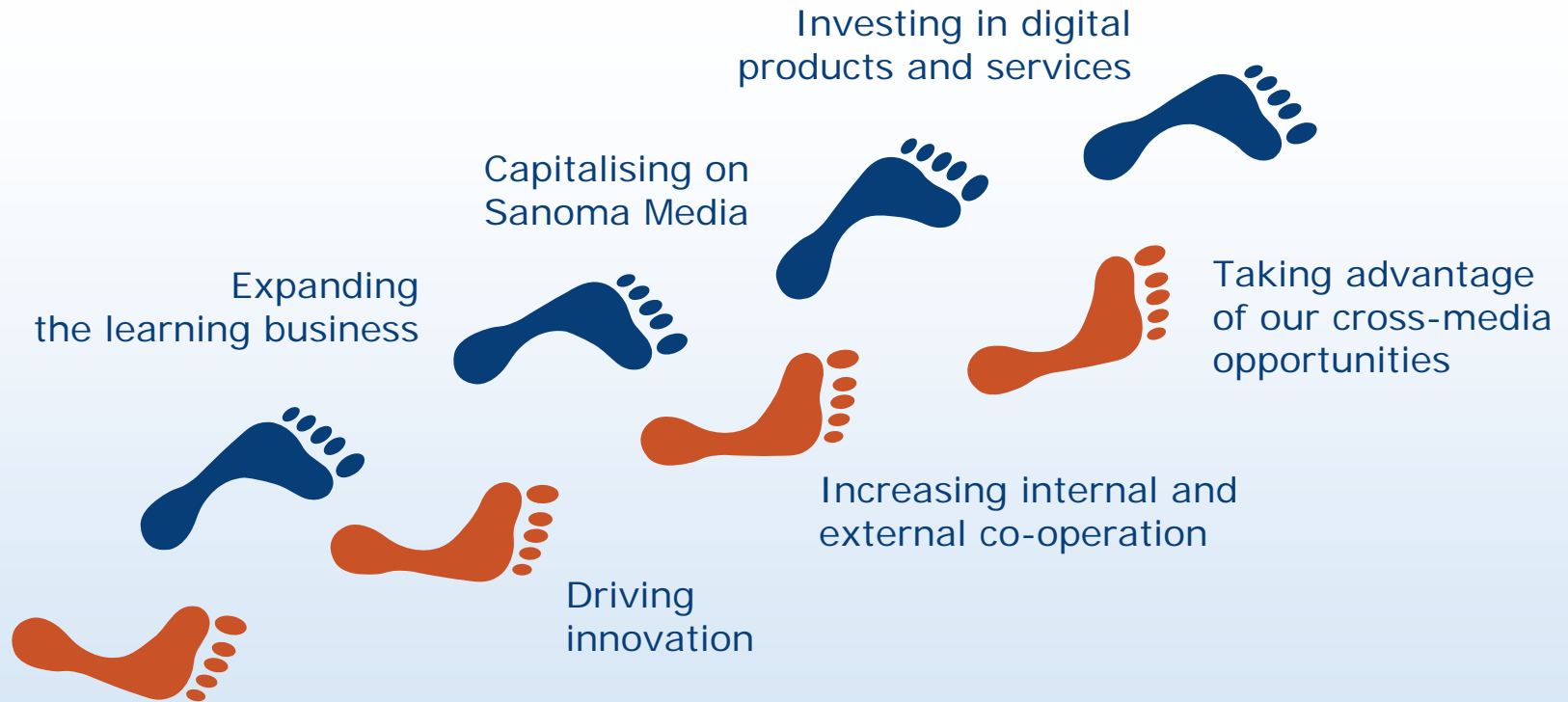
Learning  
Language services  
Literature & other



Kiosks  
Trade services  
Bookstores  
Movie operations

# Steps in executing our strategy in 2011

Focusing operations and accelerating organic growth



# Outlook for 2011

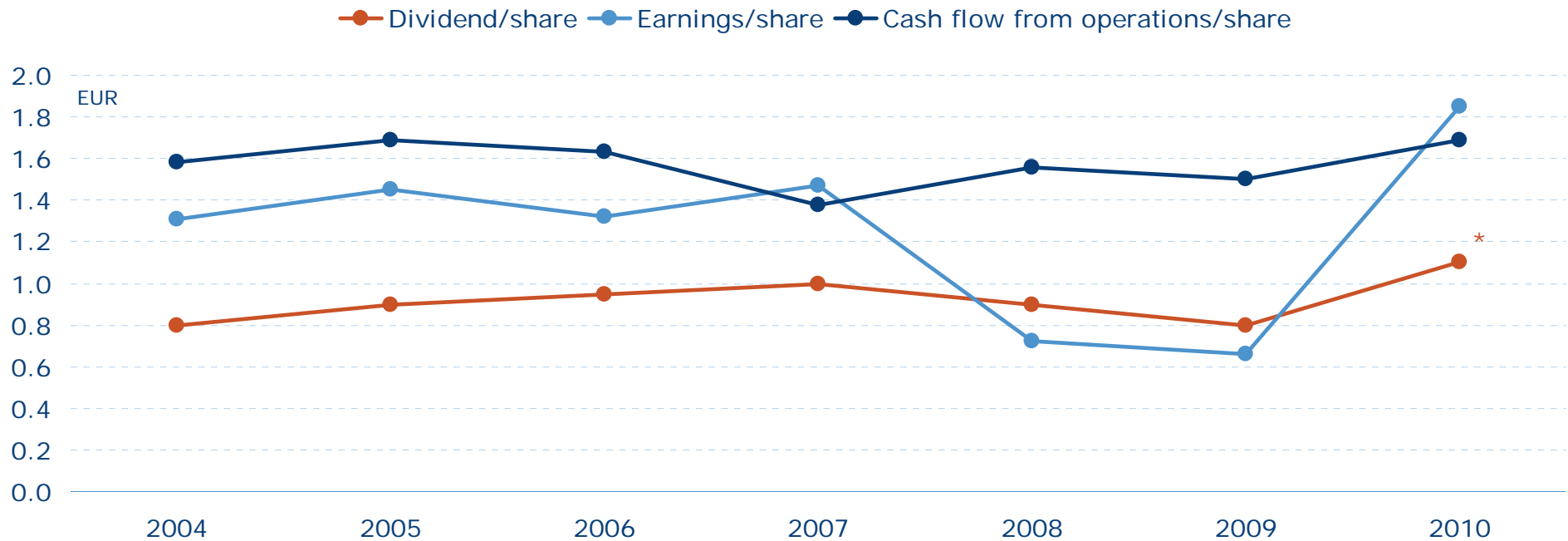
- Net sales and operating profit excluding non-recurring items are expected to **be at the previous year's level**
  - in 2010, operating profit excluding non-recurring items was EUR 245.4 million
- This outlook is impacted by the several divestments made in 2010. The operating profit excluding non-recurring items accumulated from the divested businesses in 2010 amounted to some EUR 10 million. The most significant divestments were those of Welho and Humo.
- The outlook is based on the assumption that the advertising markets in the Group's main operating countries **grow somewhat**.





# Dividend yield of 6.8% in 2010

Over half of Group result for the period distributed in dividends



- Cash flow from operations very stable over the years
- Dividend payout impacted by both earnings/share and cash flow from operations/share

\* Board's proposal

# Financials



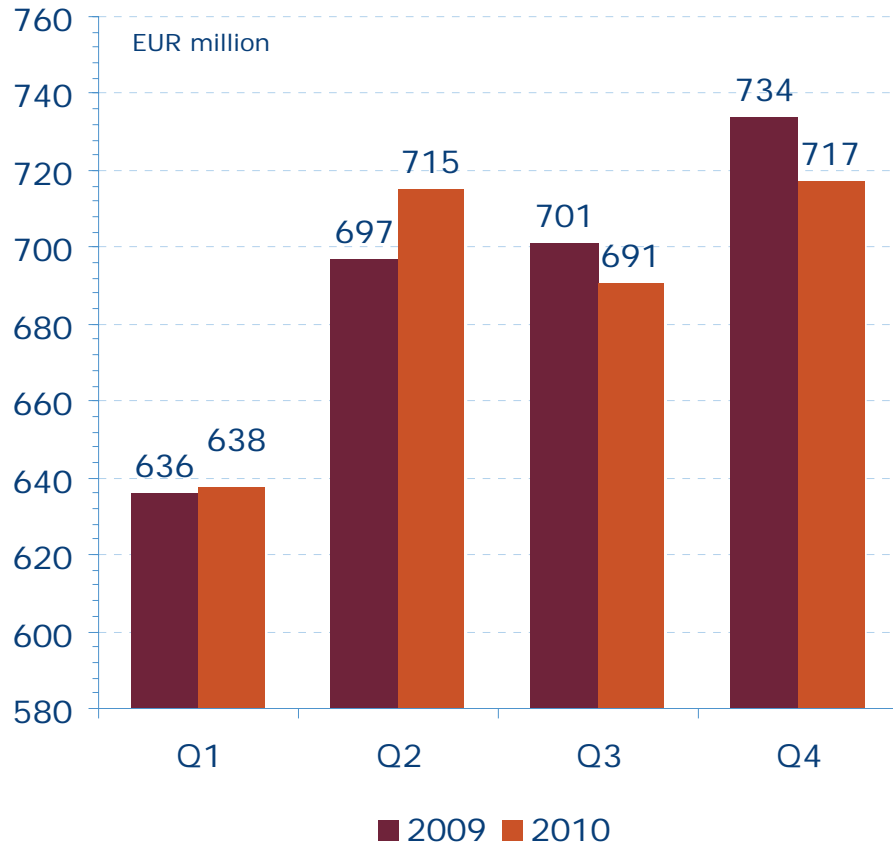
# Strong full-year 2010

EUR million	10–12/ 2010	10–12/ 2009	Ch %	1–12/ 2010	1–12/ 2009	Ch %
Net sales	<b>717.3</b>	733.6	-2.2	<b>2,761.2</b>	2,767.9	-0.2
EBIT excluding non-recurring items	<b>34.5</b>	49.3	-29.9	<b>245.4</b>	229.5	6.9
% net sales	<b>4.8</b>	6.7		<b>8.9</b>	8.3	
EBIT	<b>27.4</b>	32.3	-15.3	<b>392.7*</b>	195.4	101.0
Earnings/share, EUR	<b>-0.01</b>	0.04	-113.7	<b>1.85</b>	0.66	182.3
Cash flow from operations/share, EUR	<b>0.62</b>	0.76	-18.8	<b>1.69</b>	1.50	12.6
Number of employees (FTE)**	<b>15,405</b>	16,723	-7.9			

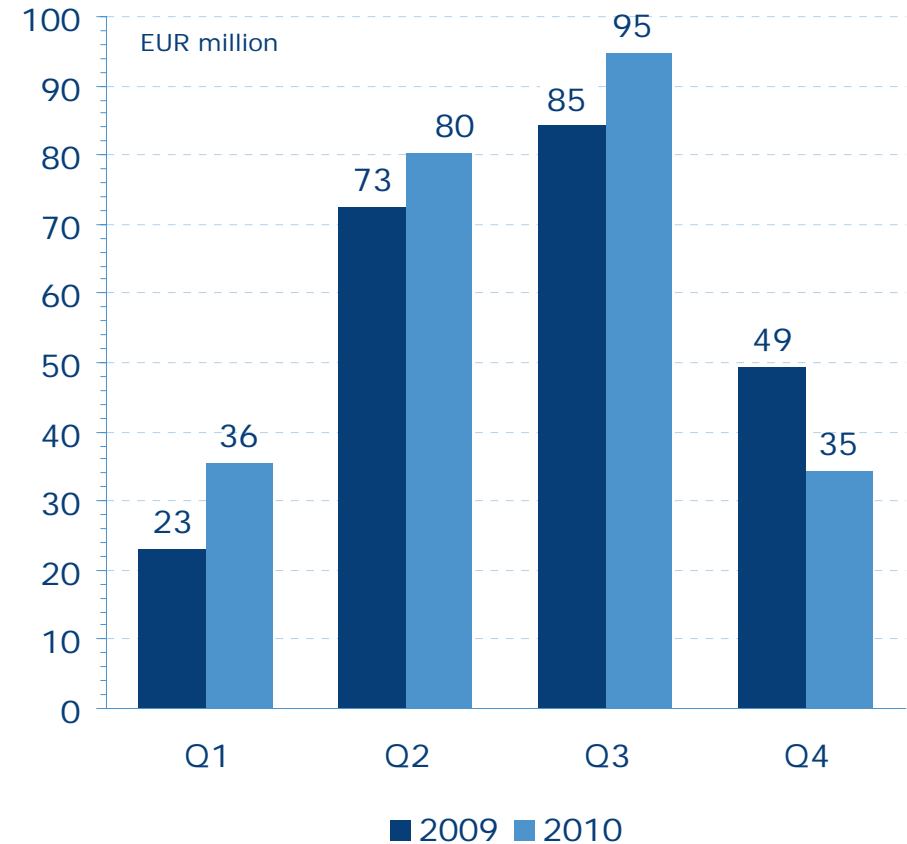
# Divestment of operations and increased marketing expenses burdened results in Q4

Net sales adjusted for changes in the Group structure grew by 1%

## Net sales



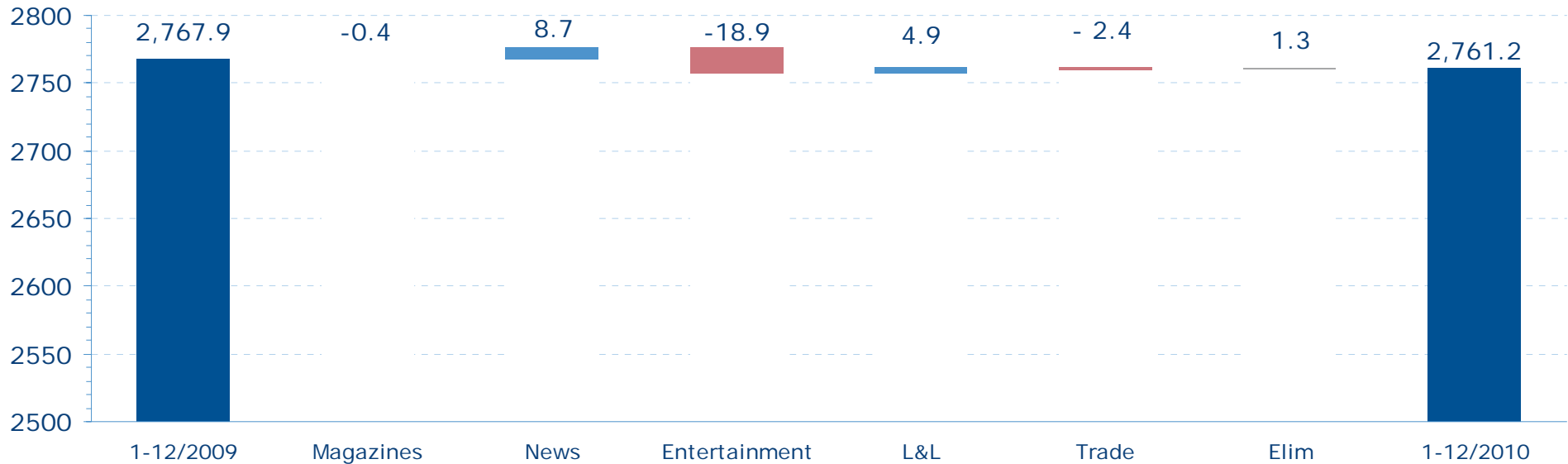
## EBIT excluding non-recurring items



Net sales

# Divestment of Welho decreased sales in 2010

EUR million



- Magazines: Structural changes in Belgium.
- News: Good sales development, both in print and in digital.
- Entertainment: Divestment of Welho. Excellent performance of broadcasting operations.
- Learning & Literature: Good performance of learning business.
- Trade: Sales mix and lower customer volumes of the Finnish kiosk business and poor economic situation in the Baltic countries.

# Paper and personnel costs down - Advertising, ICT and depreciation up

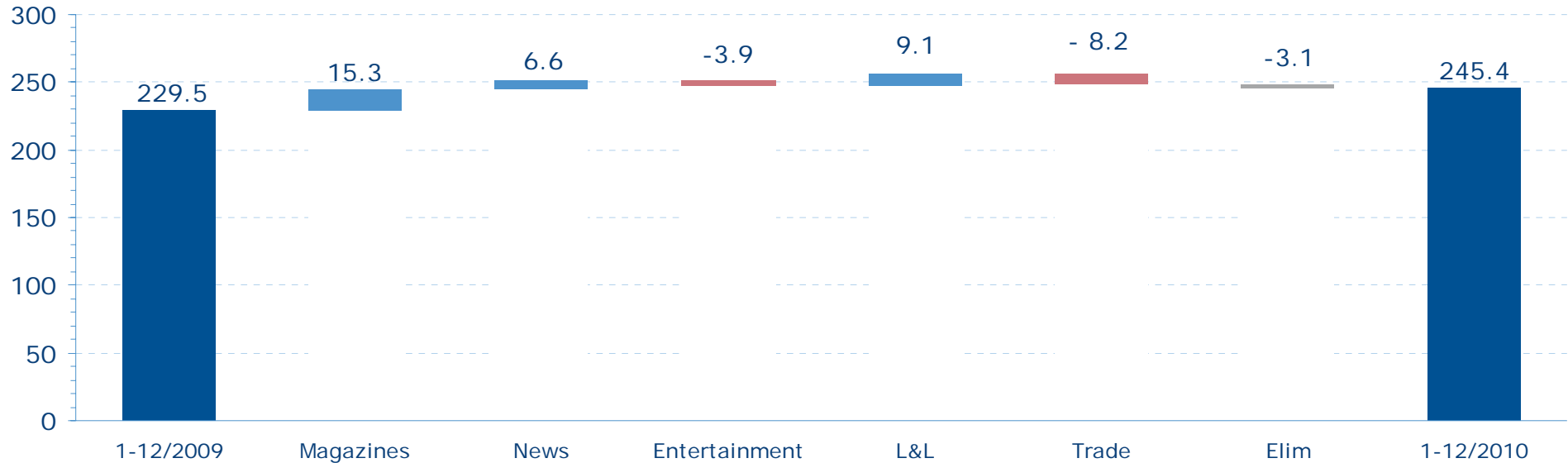
Sanoma Group

EUR million	1-12/2010	1-12/2009	Ch	Ch %*
Materials and services				
Paper costs	<b>115.0</b>	133.6	-18.6	-13.9
Other	<b>1,092.3</b>	1,104.9	-12.5	-1.1
Employee benefit expenses	<b>668.6</b>	695.5	-26.8	-3.9
Other operating expenses				
Advertising and marketing	<b>170.3</b>	157.7	12.5	8.0
Office and ICT expenses	<b>90.0</b>	83.8	6.2	7.4
Other	<b>293.9</b>	294.6	-0.7	-0.2
Depreciation, amortisation and impairment losses	<b>197.1</b>	167.0	30.1	18.1
<b>Total</b>	<b>2,627.3</b>	2,637.1	-9.8	-0.4
<b>EBIT</b>	<b>392.7</b>	195.4	197.3	101.0
<b>EBIT excluding non-recurring items</b>	<b>245.4</b>	229.5	15.9	6.9

EBIT excl. non-recurring items

# Good performance on a wide front in 2010

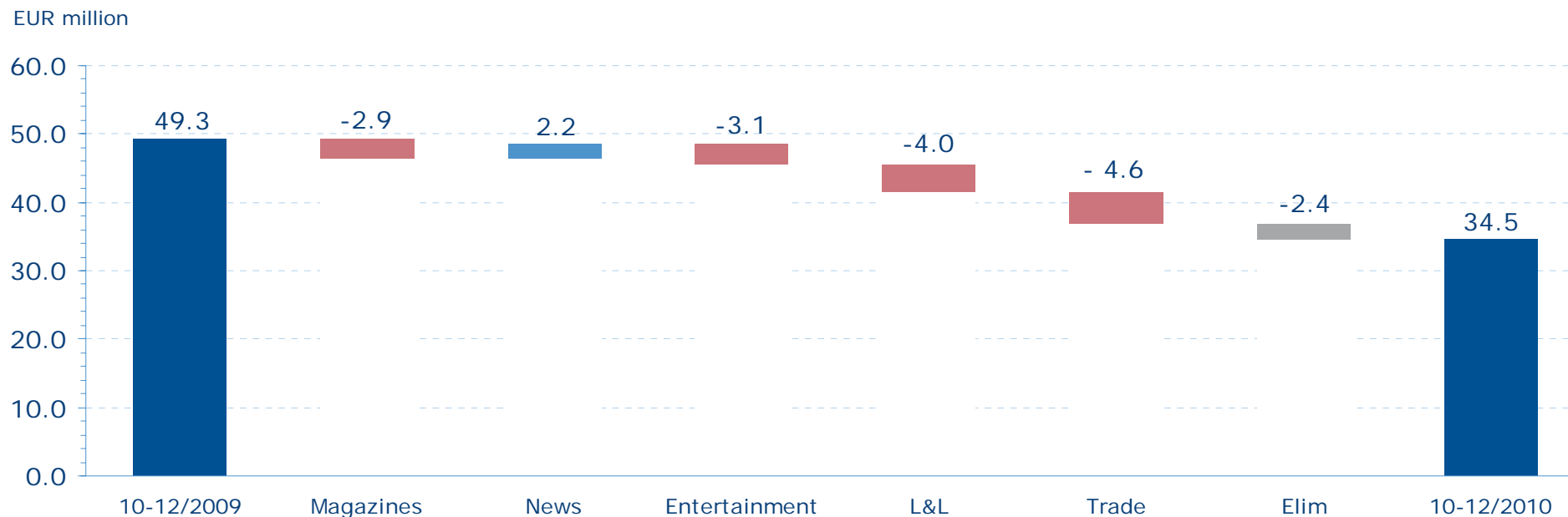
EUR million



- Magazines: Improved advertising sales, lower paper costs and employee benefit expenses.
- News: Improved advertising sales and lower paper costs. Burdened by the effects of the holiday pay.
- Entertainment: Divestment of Welho. Excellent performance of broadcasting operations.
- Learning & Literature: Good performance in learning and efficiency improvements.
- Trade: Sales mix and lower customer volumes of the Finnish kiosk business and poor economic situation in the Baltic countries.

# EBIT excl. non-recurring items

## News excelled in Q4



- Magazines: Structural changes in Belgium, increased marketing activities in the Netherlands.
- News: Efficiency improvements and good sales development, both in print and in digital.
- Entertainment: Divestment of Welho. Excellent performance of broadcasting operations.
- Learning & Literature: Increased cost of sales and depreciations.
- Trade: Sales mix and lower customer volumes of the Finnish kiosk business and poor economic situation in the Baltic countries.



# Divestment of Welho - the main non-recurring item in 2010

EUR million	2010	2009
Magazines	-8.0	-17.1
News	8.9	-8.4
Entertainment	179.0	0.0
Learning & Literature	-5.5	-5.0
Trade	-32.5	-3.6
Sanoma Corporation	5.4	0.0
<b>Sanoma Group total</b>	<b>147.3</b>	<b>-34.1</b>
Associated companies	-22.1	

## Non-recurring items in 2010

- Magazines: Sales gain from the Humo magazine, impairment of intangible assets in Sanoma Magazines Netherlands and Sanoma Magazines international as well as restructuring expenses in Sanoma Magazines Netherlands.
- News: Sales gains from Lehtikuva and Sanoma Lehtimedia's local papers.
- Entertainment: Sales gain from the cable TV operator Welho.
- Learning & Literature: Loss on the sale of Bertmark Norge, restructuring expenses and an impairment in the Netherlands.
- Trade: Impairment of goodwill in the Dutch press distribution and loss on sale of Russian operations.
- Sanoma Corporation: Sales gain from real estates.
- Associated companies: Impairment of the Hansaprint asset.

# Cash flow from operations improved clearly in 2010

EUR million	1–12/2010	1–12/2009
EBITDA	<b>589.8</b>	362.4
Adjustments		
Gains/losses on sales of non-current assets	<b>-195.2</b>	-2.4
Film and broadcasting rights + prepublication costs	<b>-58.5</b>	-60.1
Other	<b>3.5</b>	3.7
Change in working capital	<b>5.2</b>	16.1
Interest paid	<b>-13.7</b>	-34.6
Other financial items	<b>-3.2</b>	-2.0
Taxes paid	<b>-53.9</b>	-41.4
<b>Cash flow from operations</b>	<b>273.8</b>	241.8

# Solid financial situation, strong cash flow and favourable long-term credit facilities

Ready for acquisitions and executing our portfolio strategy

EUR million	31.12.2010	31.12.2009
Balance sheet total	<b>3,203.0</b>	3,106.3
Equity ratio, %	<b>45.6</b>	41.4
Net gearing, %	<b>63.8</b>	79.4
Interest-bearing liabilities	<b>941.9</b>	1,017.7
Interest-bearing net debt	<b>877.9</b>	958.1
Cash and cash equivalents	<b>64.0</b>	59.7



- Net debt/EBITDA 1.5

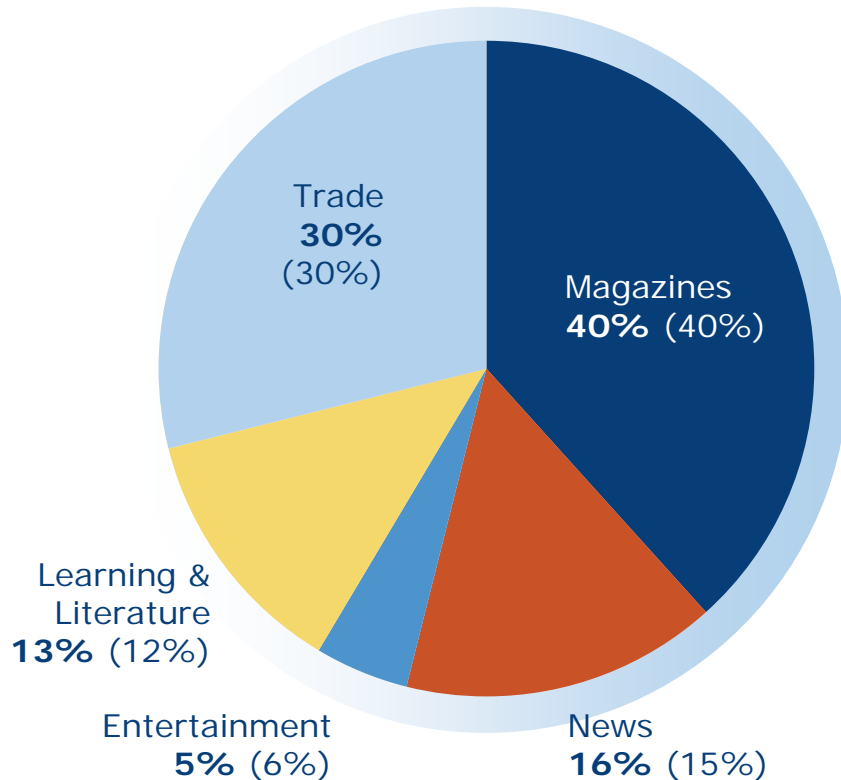


**Inspires, Informs and Connects**

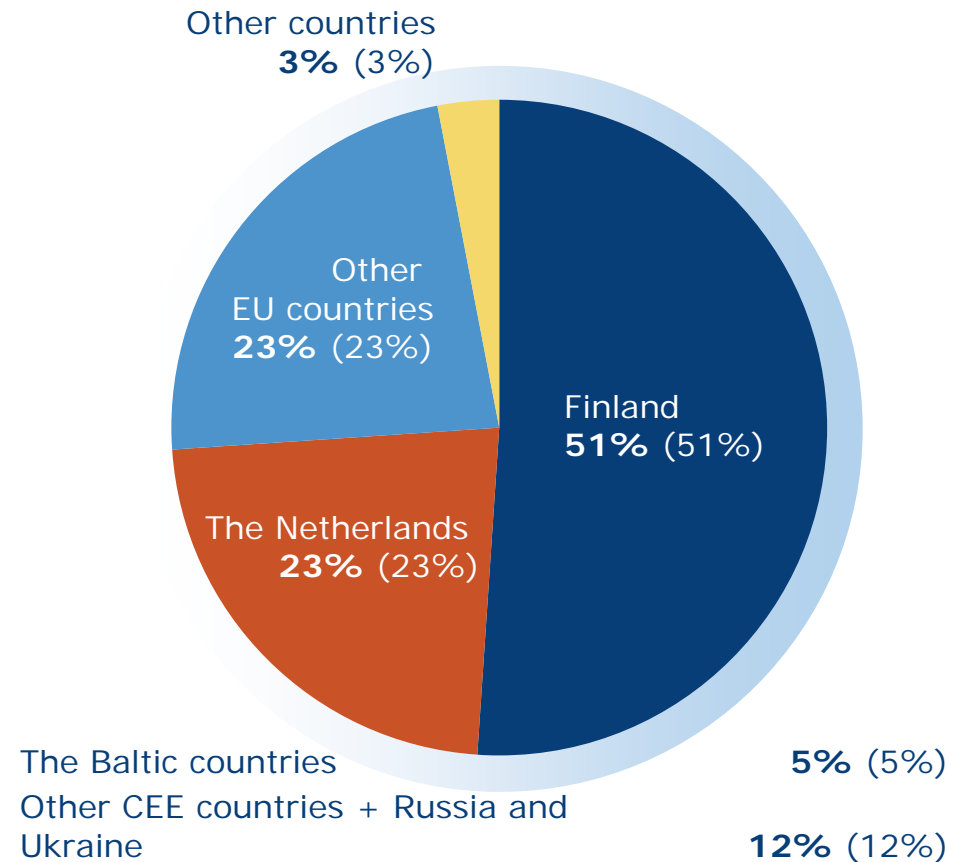
# No changes in the revenue split

1–12/2010 (1–12/2009)

By division



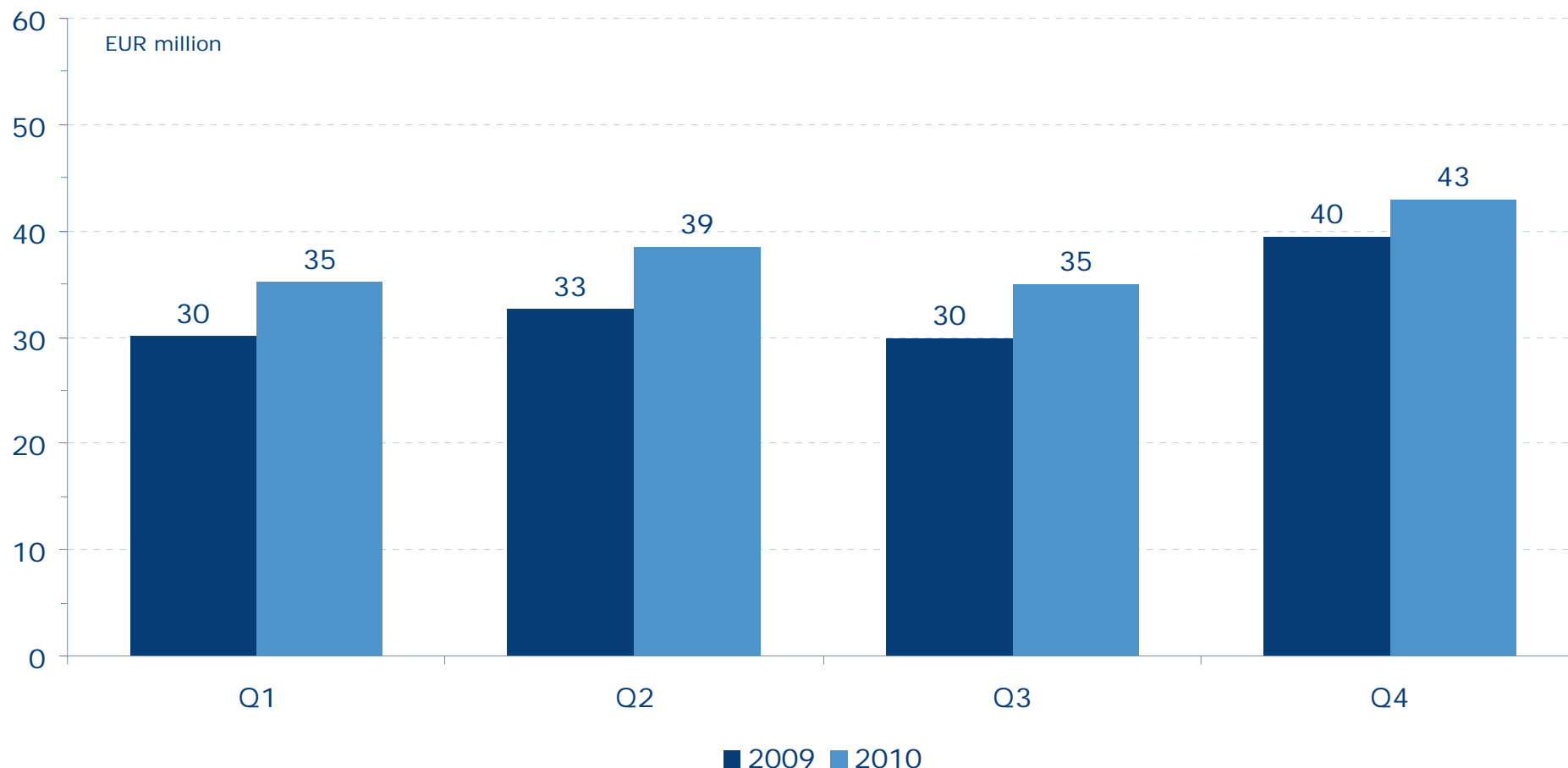
By geographic area



**Net sales EUR 2,761.2 million**

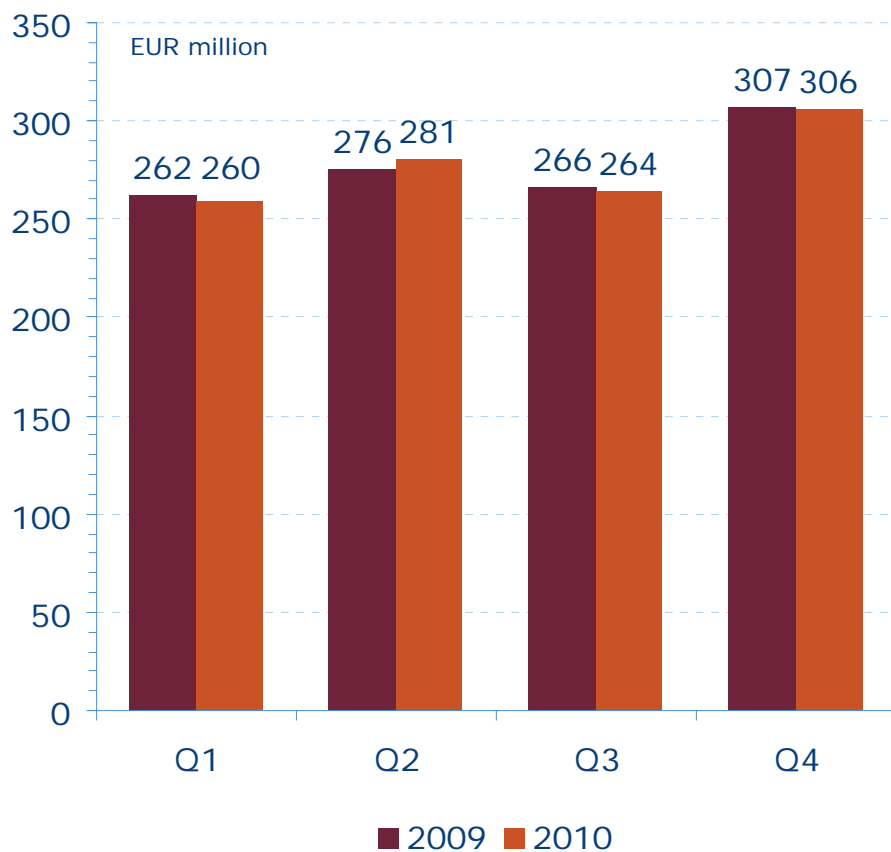
# Consumer online sales up by 14% in 2010

Target to reach annual revenues of EUR 240 million by 2012

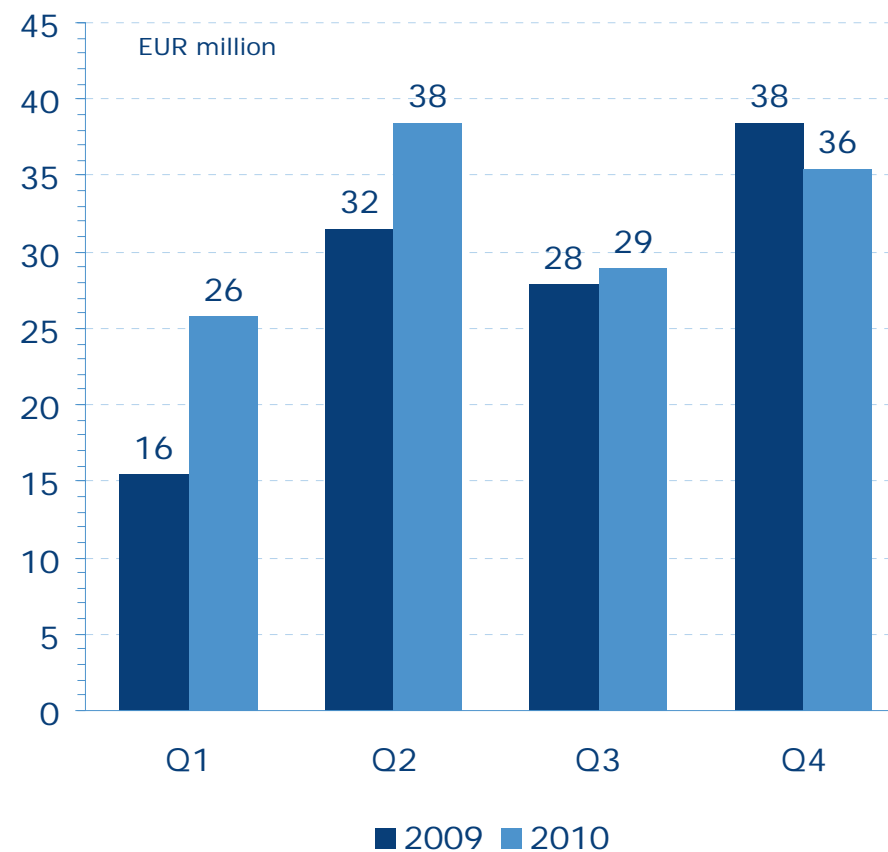


# Sanoma Magazines

## Net sales



## EBIT excluding non-recurring items



# Sanoma Magazines

## Key figures

EUR million	10–12/ 2010	10–12/ 2009	Ch %	1–12/ 2010	1–12/ 2009
Net sales	<b>306.0</b>	307.1	-0.4	<b>1,110.9</b>	1,111.2
Sanoma Magazines Netherlands	<b>136.1</b>	138.6	-1.8	<b>490.4</b>	493.2
Sanoma Magazines International	<b>60.9</b>	58.5	4.2	<b>214.9</b>	211.3
Sanoma Magazines Belgium	<b>53.8</b>	57.5	-6.5	<b>208.3</b>	212.3
Sanoma Magazines Finland	<b>56.2</b>	53.5	5.0	<b>201.4</b>	198.8
Eliminations	<b>-1.0</b>	-1.0	-2.3	<b>-4.2</b>	-4.3
EBIT excluding non-recurring items	<b>35.5</b>	38.4	-7.6	<b>128.6</b>	113.4
% of net sales	<b>11.6</b>	12.5		<b>11.6</b>	10.2
Number of employees (FTE)*	<b>4,980</b>	5,191	-4.1		

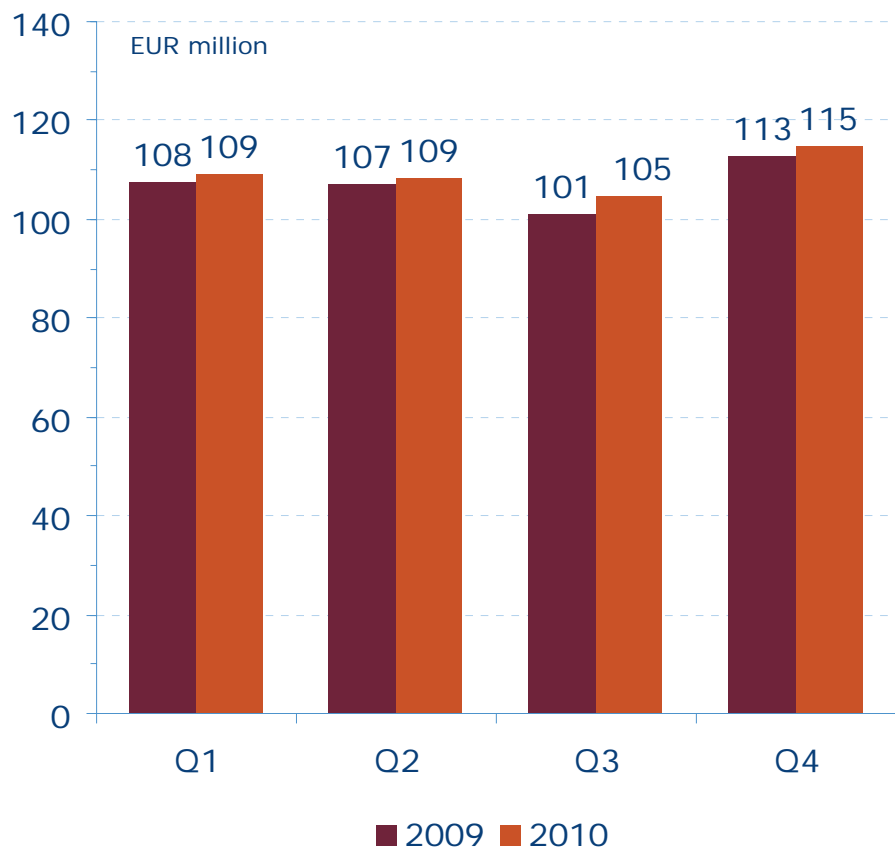
### Outlook for 2011

Sanoma Media's net sales are expected to be at the previous year's level and operating profit excluding non-recurring items is estimated to decrease clearly due to the divestments made in 2010. The effects of the Aldipress transfer to Sanoma Media have been included both for the current and comparable year.

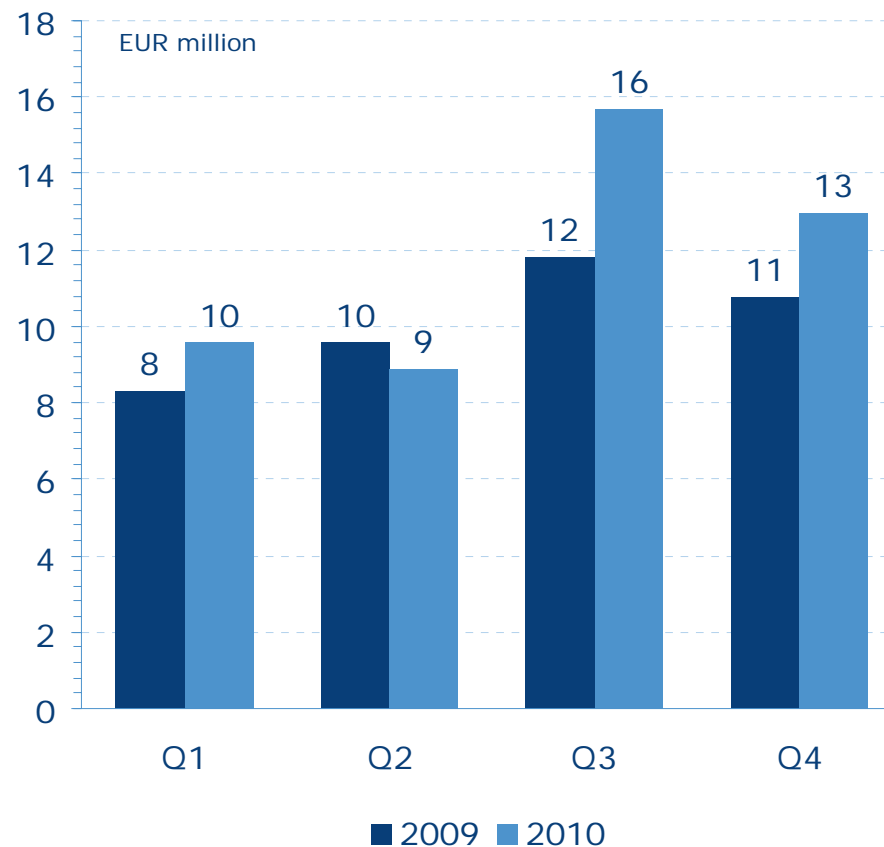


# Sanoma News

## Net sales



## EBIT excluding non-recurring items



# Sanoma News

## Key figures

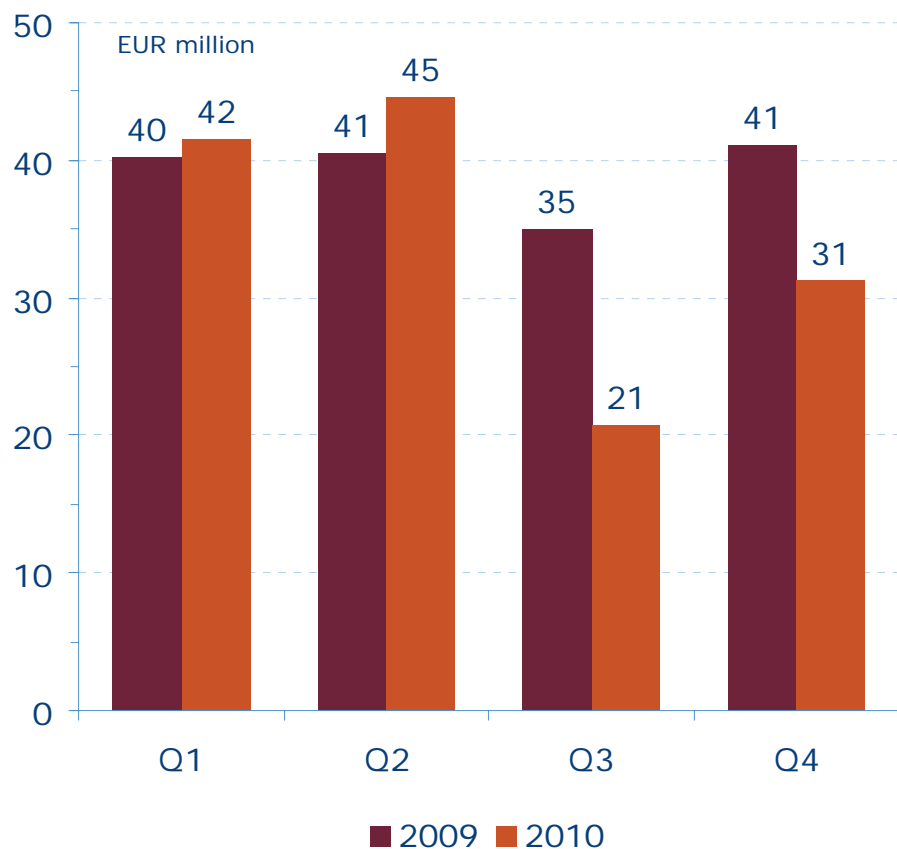
EUR million	10–12/ 2010	10–12/ 2009	Ch %	1–12/ 2010	1–12/ 2009
Net sales	<b>114.9</b>	112.9	1.8	<b>437.6</b>	428.9
Helsingin Sanomat	<b>64.1</b>	61.1	4.9	<b>235.4</b>	228.4
Ilta-Sanomat	<b>21.6</b>	20.3	6.6	<b>83.3</b>	78.2
Other publishing	<b>25.0</b>	26.9	-7.2	<b>99.5</b>	103.8
Other businesses	<b>33.4</b>	36.6	-8.8	<b>132.9</b>	143.7
Eliminations	<b>-29.2</b>	-32.0	8.8	<b>-113.5</b>	-125.2
EBIT excluding non-recurring items	<b>13.0</b>	10.8	20.5	<b>47.2</b>	40.6
% of net sales	<b>11.3</b>	9.6		<b>10.8</b>	9.5
Number of employees (FTE)*	<b>2,016</b>	2,306	-12.6		

## Outlook for 2011

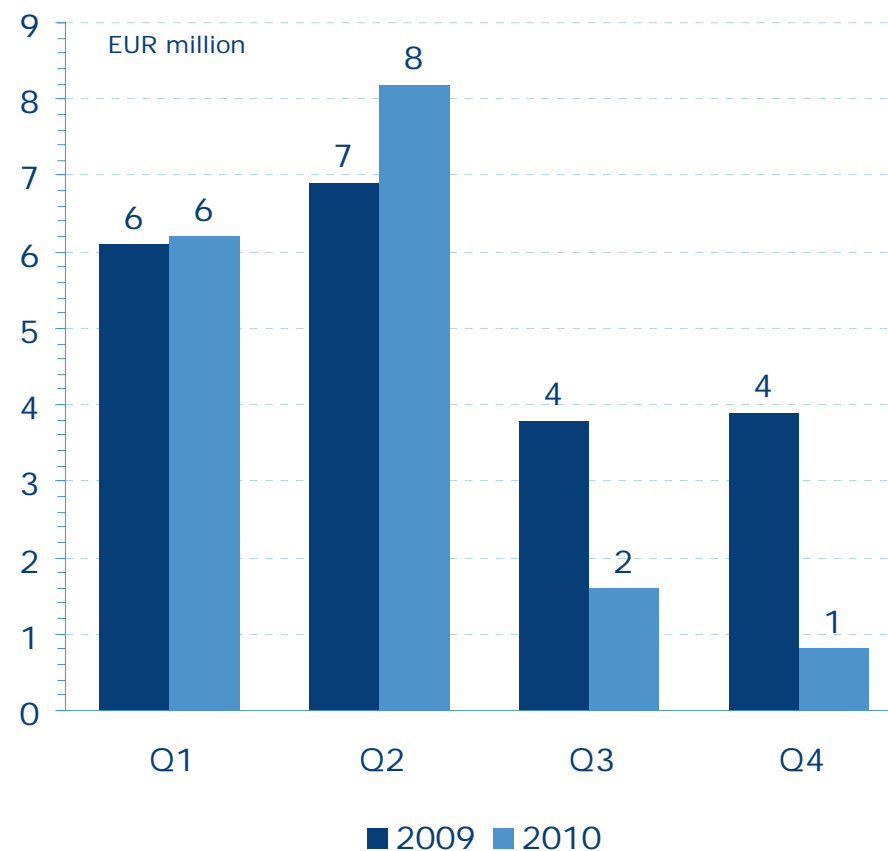
Net sales and operating profit excluding non-recurring items are estimated to be at the previous year's level due to the divestments made in 2010.

# Sanoma Entertainment

## Net sales



## EBIT excluding non-recurring items



# Sanoma Entertainment

## Key figures

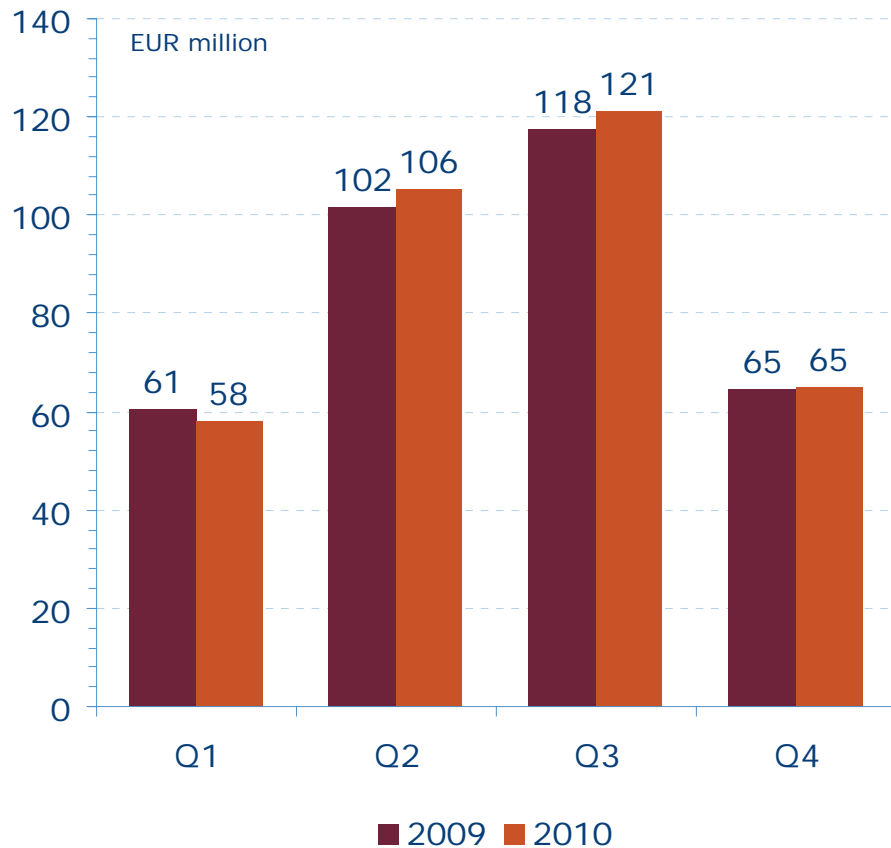
EUR million	10-12/ 2010	10-12/ 2009	Ch %	1-12/ 2010	1-12/ 2009
Net sales	<b>31.3</b>	41.1	-23.9	<b>138.2</b>	157.1
EBIT excluding non-recurring items	<b>0.8</b>	3.9	-80.2	<b>16.8</b>	20.7
% of net sales	<b>2.5</b>	9.5		<b>12.1</b>	13.2
Number of employees (FTE)*	<b>218</b>	458	-52.4		

## Outlook for 2011

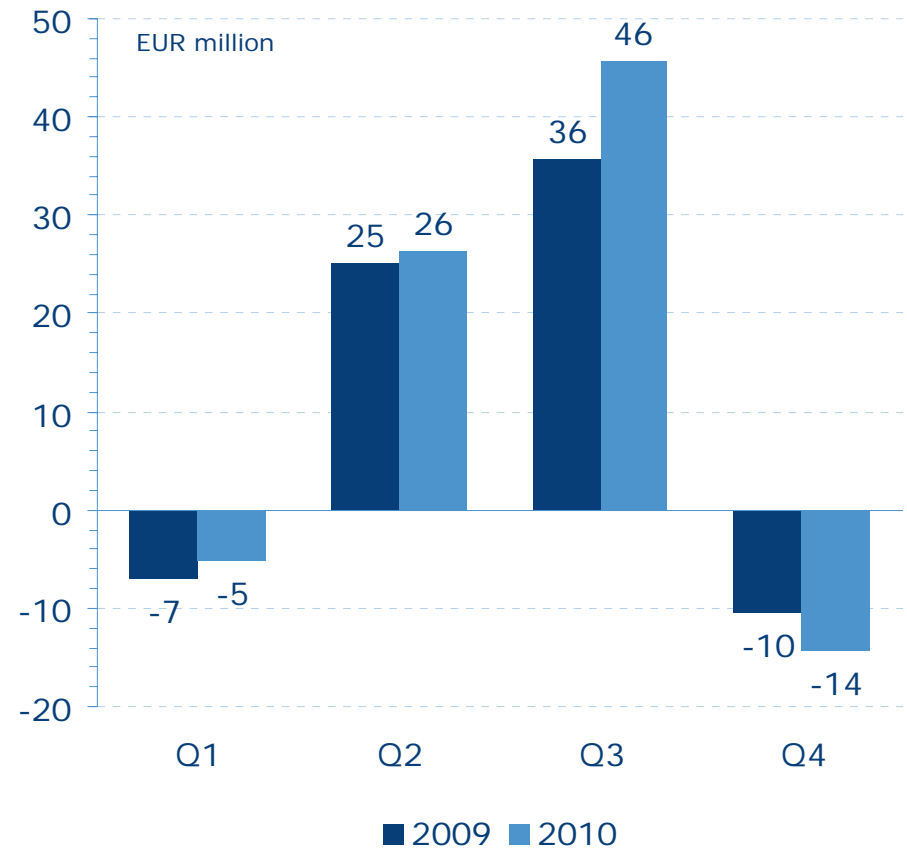
Sanoma Media's net sales are expected to be at the previous year's level and operating profit excluding non-recurring items is estimated to decrease clearly due to the divestments made in 2010. The effects of the Aldipress transfer to Sanoma Media have been included both for the current and comparable year.

# Sanoma Learning & Literature

## Net sales



## EBIT excluding non-recurring items



# Sanoma Learning & Literature

## Key figures

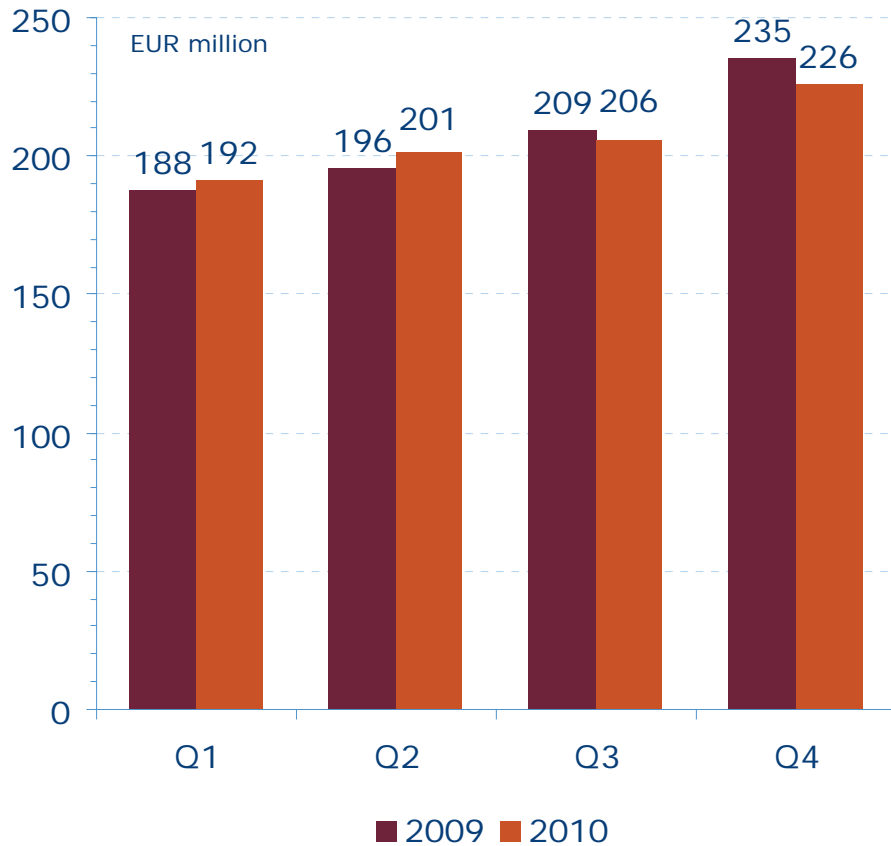
EUR million	10-12/ 2010	10-12/ 2009	Ch %	1-12/ 2010	1-12/ 2009
Net sales	<b>65.1</b>	64.7	0.6	<b>350.1</b>	345.1
Learning	<b>33.7</b>	32.7	3.2	<b>249.3</b>	239.1
Language services	<b>8.9</b>	6.3	40.7	<b>27.1</b>	27.5
Literature and other businesses	<b>24.8</b>	28.0	-11.5	<b>83.6</b>	88.9
Eliminations	<b>-2.2</b>	-2.3	1.6	<b>-9.9</b>	-10.4
EBIT excluding non-recurring items	<b>-14.4</b>	-10.4	-38.2	<b>52.6</b>	43.5
% of net sales	<b>-22.0</b>	-16.1		<b>15.0</b>	12.6
Number of employees (FTE)*	<b>2,656</b>	2,745	-3.3		

## Outlook for 2011

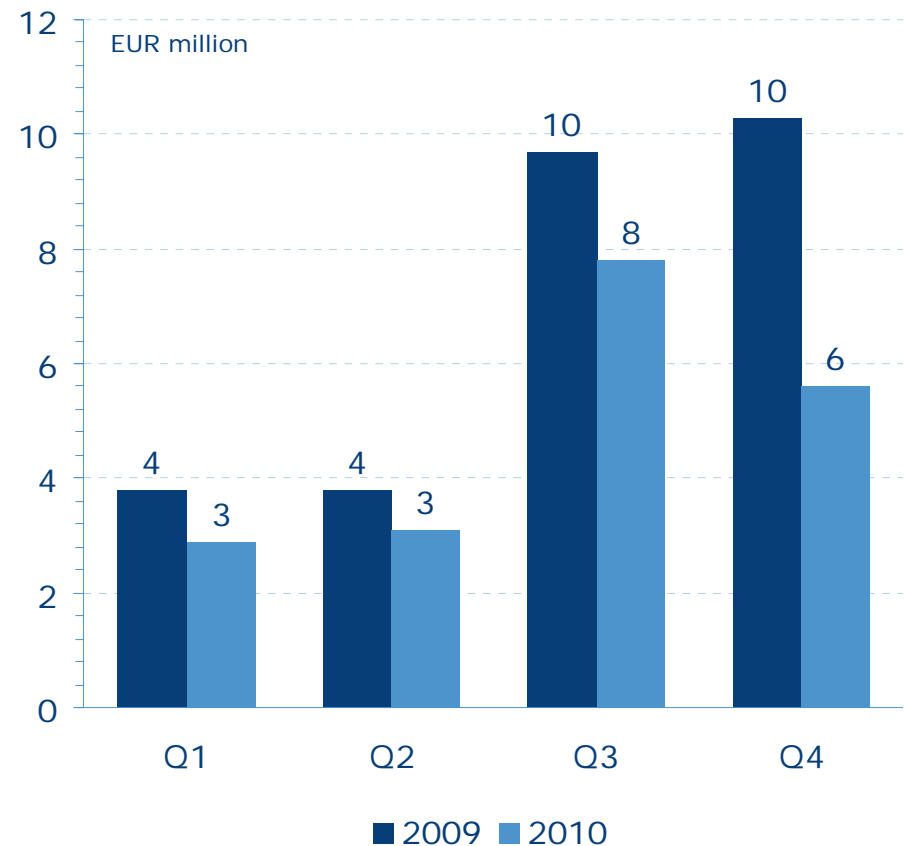
Net sales are estimated to increase slightly and operating profit excluding non-recurring items is expected to be at the previous year's level.

# Sanoma Trade

## Net sales



## EBIT excluding non-recurring items



# Sanoma Trade

## Key figures

EUR million	10–12/ 2010	10–12/ 2009	Ch %	1–12/ 2010	1–12/ 2009
Net sales	<b>226.1</b>	235.3	-3.9	<b>825.4</b>	827.8
Kiosk operations	<b>102.4</b>	110.5	-7.4	<b>398.4</b>	404.2
Trade services	<b>60.1</b>	60.6	-0.9	<b>230.4</b>	227.9
Bookstores	<b>43.2</b>	44.5	-3.1	<b>120.6</b>	123.3
Movie operations	<b>23.9</b>	23.6	1.4	<b>90.0</b>	88.0
Eliminations	<b>-3.5</b>	-4.0	14.3	<b>-14.0</b>	-15.6
EBIT excluding non-recurring items	<b>5.6</b>	10.3	-45.1	<b>19.4</b>	27.6
% of net sales	<b>2.5</b>	4.4		<b>2.4</b>	3.3
Number of employees (FTE)*	<b>5,370</b>	5,943	-9.7		

## Outlook for 2011

Net sales are estimated to grow slightly and operating profit excluding non-recurring items is estimated to improve clearly. The effects of the Aldipress transfer to Sanoma Media have been included both for the current and comparable year.