



# Interim Report 1–6/2006

**President and CEO Hannu Syrjänen**

August 3, 2006

# Advertising Expenditure

## Forecast 2006–2008

2006  
USD Million

CAGR  
06–08, %

2006  
USD Million

CAGR  
06–08, %

### FINLAND

• Newspapers	823	1.6
• Magazines	246	1.2
• TV	303	1.6
• Internet	51	6.8
<i>Total advertising</i>	<i>1,533</i>	<i>1.9</i>

### THE NETHERLANDS

• Magazines	986	0.8
• Internet	150	12.4
<i>Total advertising</i>	<i>4,613</i>	<i>1.4</i>

### BELGIUM

• Magazines	358	2.0
• Internet	106	19.5
<i>Total advertising</i>	<i>3,133</i>	<i>3.7</i>

### HUNGARY

• Magazines	287	4.9
• Internet	46	13.4
<i>Total advertising</i>	<i>2,802</i>	<i>7.4</i>

### RUSSIA

• Print media	1,640	12.9
<i>Total advertising</i>	<i>6,556</i>	<i>18.9</i>

Source:  
ZenithOptimedia,  
June 2006

Y: Kalvot\_HS/HS06/osavuositatsaus2\_

# Key Developments 1-6/2006

- Investments in online:
  - KIESKEURIG.nl, kiloklubi.fi etc. to Sanoma Magazines
  - Netticaravan.fi and Skillnet to Sanoma
- Investments in magazines:
  - Gloria in Russia, in total 9 titles launched in the first half
  - Revamps – e.g. Libelle, Story, and Fancy (NL)
- SWelcom granted 2 semi-national radio licenses, Sanoma's local radio Radio Helsinki's license renewed
- Strengthening market positions:
  - In Finland acquisition of Sandrew Metronome, in Estonia a new movie theatre
  - Hungarian educational publisher Láng consolidated with WSOY
- Combination of share series and directed issue
- Veli-Pekka Elonen appointed WSOY's President

**KIESKEURIG**  
interactieve koopgids voor en door consumenten

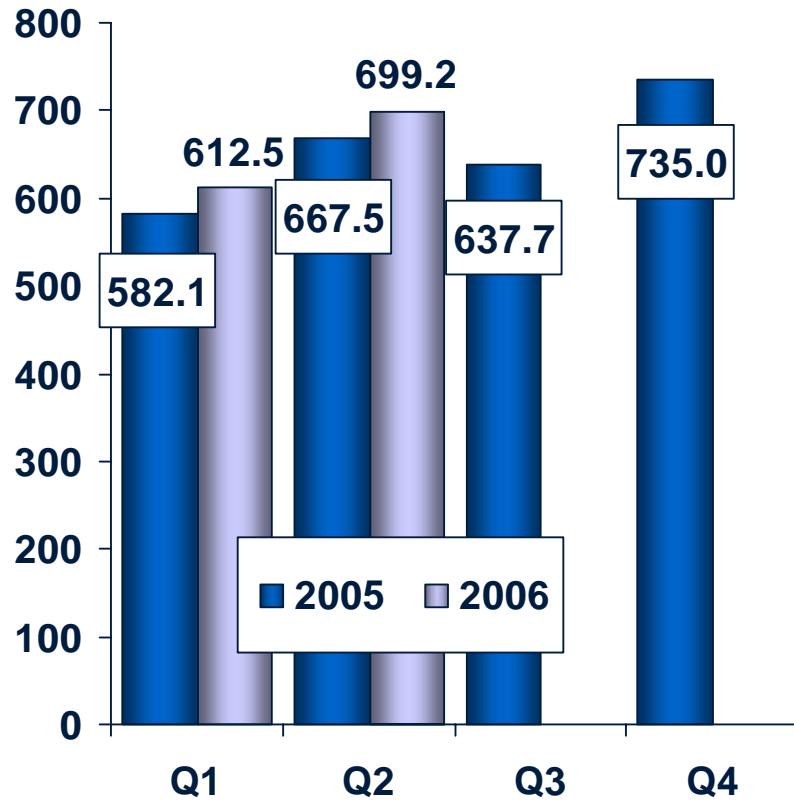


# Consolidated Income Statement

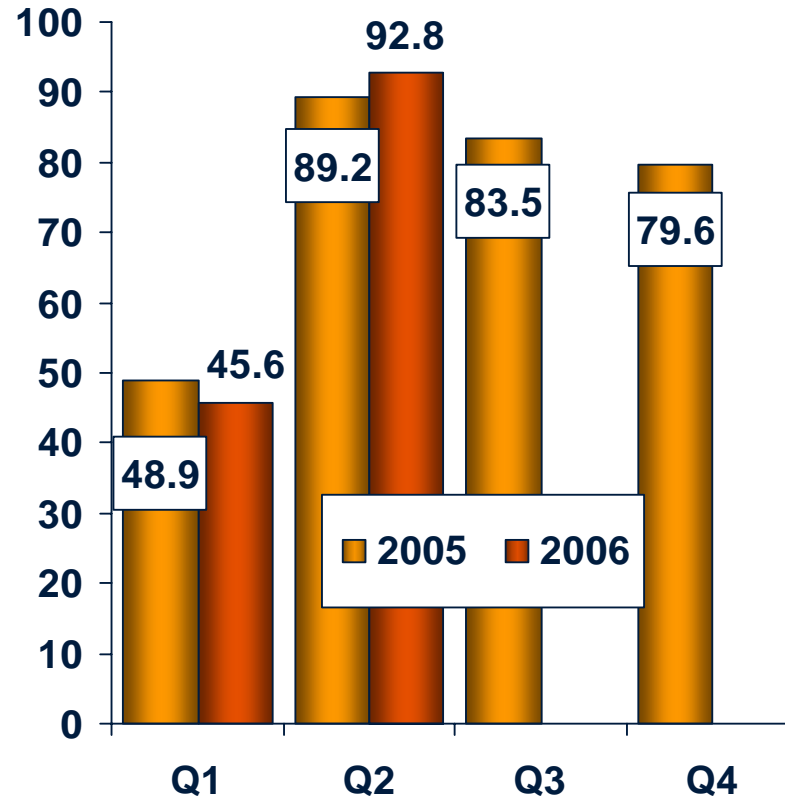
<b>EUR million</b>	<b>1-6/2006</b>	<b>1-6/2005</b>	<b>Change, %</b>	<b>1-12/2005</b>
NET SALES	<b>1,311.7</b>	1,249.6	5.0	2,622.3
Other operating income	<b>28.2</b>	26.9	4.8	80.7
Materials and services	<b>587.5</b>	548.3	7.2	1,177.8
Personnel expenses	<b>294.4</b>	290.3	1.4	574.7
Other operating expenses	<b>254.7</b>	237.5	7.2	518.6
Depreciation and impairment losses	<b>65.0</b>	62.4	4.1	130.6
OPERATING PROFIT	<b>138.4</b>	138.1	0.2	301.3
Share of result of associated companies	<b>4.2</b>	5.8	-27.8	9.8
Financial items	<b>-13.7</b>	-14.8	-7.2	-25.1
RESULT BEFORE TAXES	<b>128.9</b>	129.1	-0.2	286.0
Income taxes	<b>-37.7</b>	-40.7	-7.5	-57.6
RESULT AFTER TAXES	<b>91.2</b>	88.4	3.1	228.4

# The SanomaWSOY Group

## Net sales, EUR million



## Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Consolidated Balance Sheet

EUR million	30.6.2006	30.6.2005	Change, %	31.12.2005
<b>ASSETS</b>				
Non-current assets, total	2,411.6	2,383.1	1.2	2,395.6
Current assets, total	625.6	548.0	14.1	576.4
Assets, total	3,037.2	2,931.1	3.6	2,972.0
<b>EQUITY AND LIABILITIES</b>				
Equity, total	1,104.8	949.1	16.4	1,159.1
Non-current liabilities, total	324.9	627.7	-48.2	323.6
Current liabilities, total	1,607.5	1,354.4	18.7	1,489.4
Liabilities, total	1,932.4	1,982.1	-2.5	1,813.0
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>3,037.2</b>	<b>2,931.1</b>	<b>3.6</b>	<b>2,972.0</b>

Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Key Figures

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<b>EUR million</b>	<b>1–6/2006</b>	1–6/2005	Change,%	1–12/2005
Net sales	<b>1,311.7</b>	1,249.6	5.0	2,622.3
Operating profit	<b>138.4</b>	138.1	0.2	301.3
% of net sales	<b>10.6</b>	11.1		11.5
Operating profit excluding major non-recurring capital gains	<b>136.8</b>	134.1	2.0	269.1
% of net sales	<b>10.4</b>	10.7		10.3
Balance sheet total	<b>3,037.2</b>	2,931.1	3.6	2,972.0
Capital expenditure	<b>33.0</b>	35.4	-6.6	93.8
% of net sales	<b>2.5</b>	2.8		3.6
Equity ratio, %	<b>38.8</b>	34.3		41.3
Gearing, %	<b>89.9</b>	115.9		72.8
Interest-bearing liabilities	<b>1,069.0</b>	1,161.2	-7.9	928.7
Net debt	<b>993.2</b>	1,100.4	-9.7	843.8
Earning/share, EUR	<b>0.60</b>	0.57	6.2	1.45
Cash flow from operations/share, EUR	<b>0.25</b>	0.36	-29.6	1.69
Equity/share, EUR *	<b>6.84</b>	6.11	12.1	7.28
Market capitalisation	<b>2,999.3</b>	3,109.9	-3.6	3,121.5
Personnel**	<b>17,958</b>	16,628	8.0	16,885

\* Excl. minority interest

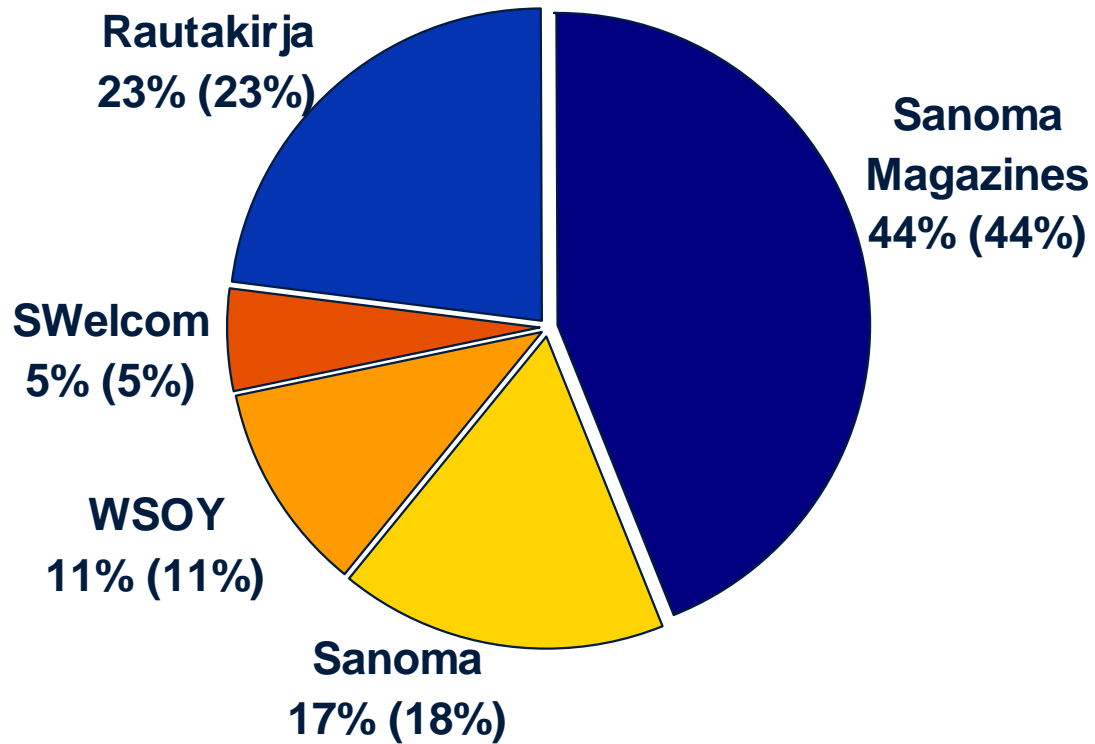
\*\* Personnel under employment contract, average

Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Net Sales by Division

1-6/2006

Net sales EUR 1,311.7 million



Excluding eliminations

Y: Kalvot\_HS/HS06/osavuositkatsaus2\_



# SanomaWSOY's Advertising Sales

% of net sales

	1-6/2006	1-6/2005
<b>Sanoma Magazines</b>	<b>26%</b>	<b>22%</b>
<b>Sanoma</b>	<b>52%</b>	<b>51%</b>
<b>SWelcom</b>	<b>60%</b>	<b>59%</b>
<b>The Group</b>	<b>24%</b>	<b>22%</b>

# Sanoma Magazines

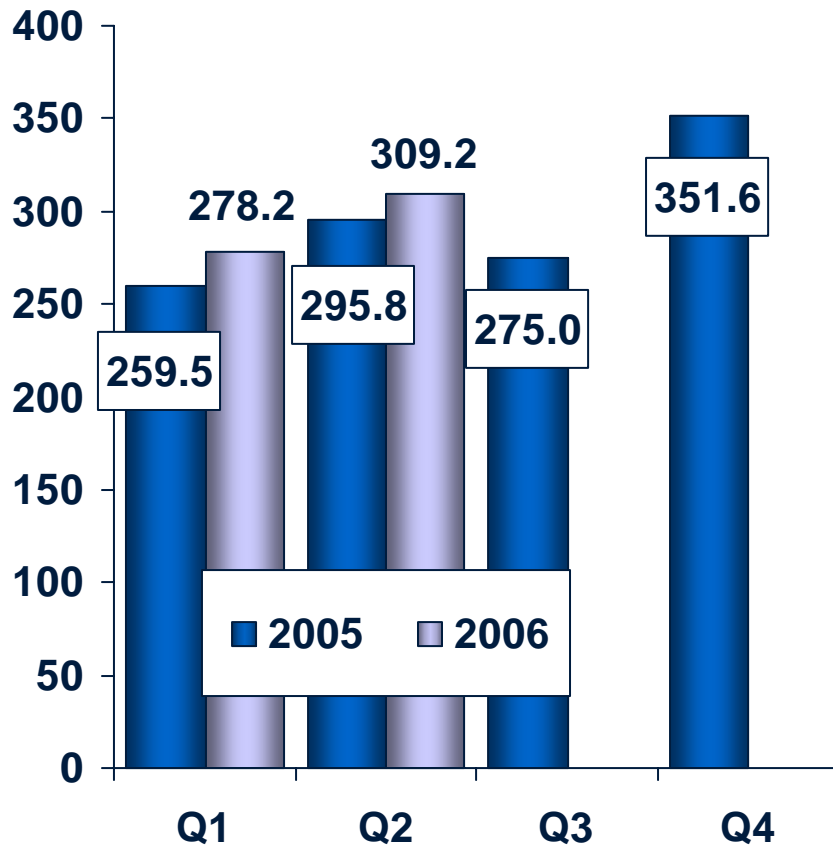
## Key Developments 1–6/2006

- Magazine launches
  - Women's weekly Gloria in Russia
  - Total of 5 new titles for Sanoma Magazines International
  - Sanoma Uitgevers launched 4 titles
  - Women's monthly Sara in Finland (October 2006)
- Online acquisitions and launches, e.g.
  - Acquisition of KIESKEURIG.nl
  - Launches of wellness sites: kiloklubi.fi, Fitfixers.be, WellnessCafe.hu
- Antitrust officials approved joint venture with Gruner + Jahr in the Adriatic region
- Dick Molman starting as President of Dutch business

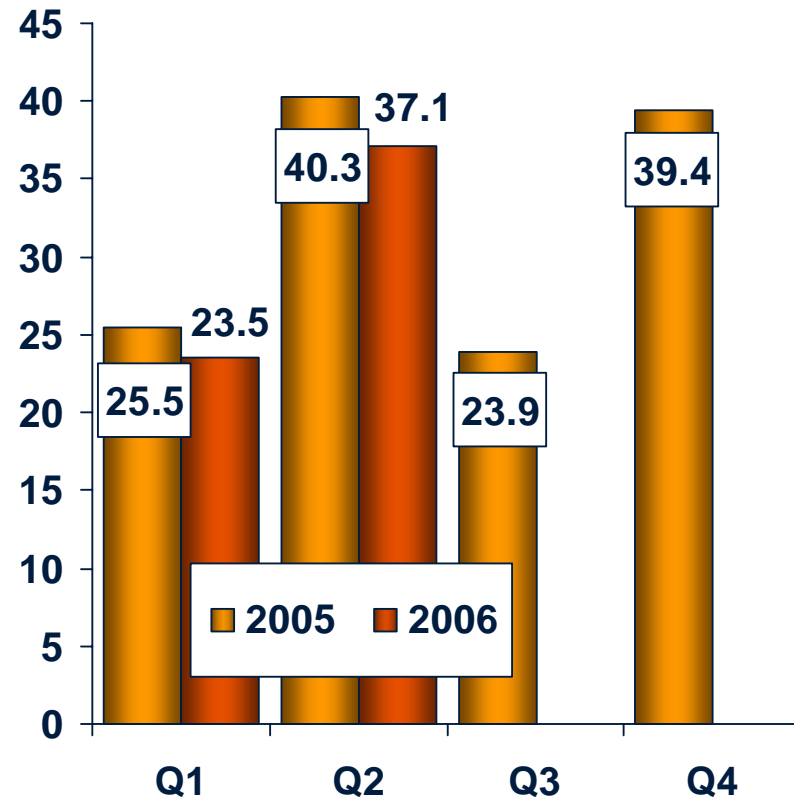


# Sanoma Magazines

### Net sales, EUR million



### Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Sanoma Magazines

1-6/2006

12

EUR million	1-6/2006	1-6/2005	Change, %
NET SALES	587.5	555.3	5.8
<i>Sanoma Magazines Netherlands</i>	255.4	252.5	1.2
<i>Sanoma Magazines International</i>	117.8	92.8	26.9
<i>Sanoma Magazines Belgium</i>	92.9	93.3	-0.4
<i>Sanoma Magazines Finland</i>	92.8	87.9	5.6
<i>Aldipress</i>	56.2	57.8	-2.8
<i>Eliminations</i>	-27.6	-29.0	-4.8
OPERATING PROFIT	60.6	65.8	-7.8
% of net sales	10.3	11.8	
Operating profit excluding major non-recurring capital gains	60.6	65.8	-7.8
% of net sales	10.3	11.8	
Capital expenditure	8.5	9.4	-8.9
Personnel under employment contract, average	5,423	5,056	7.2

Y: Kalvot\_HS/HS06/osavuositilaukset\_2

# Sanoma

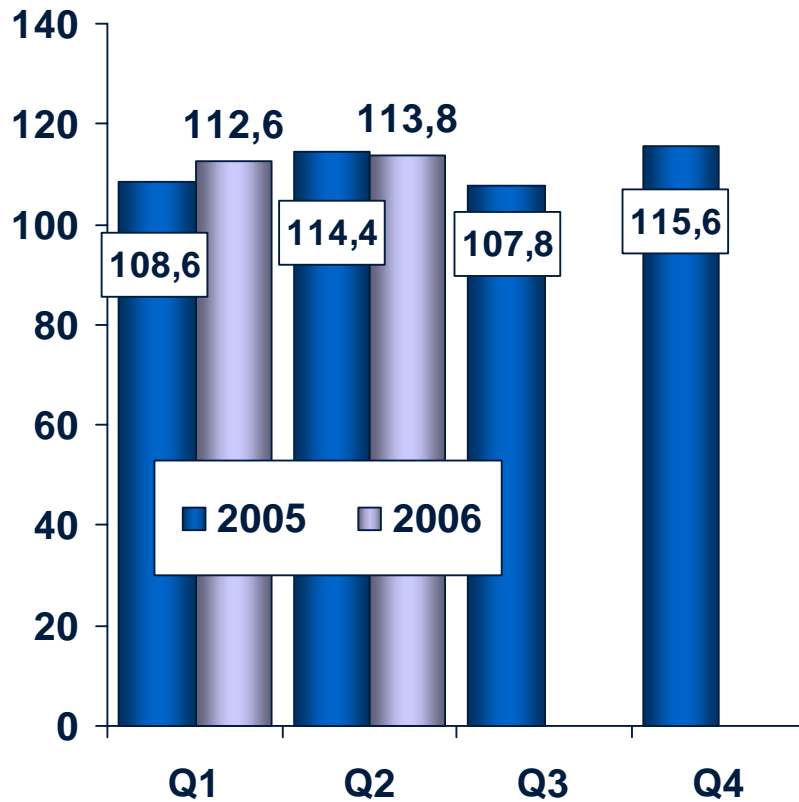
## Key Developments 1-6/2006

- Increasing total reach of newspapers
- Online business expanding
  - Iltä-Sanomat acquired Netticaravan.fi (C2C auction site for motorhomes)
  - Oikotie acquired a share of recruitment system provider Skillnet
- V, a free sheet for the young launched in February, began in April also in Tampere and Turku
- Local radio station Radio Helsinki renewed its license – new, improved frequencies
- Aina Group shares sold in February

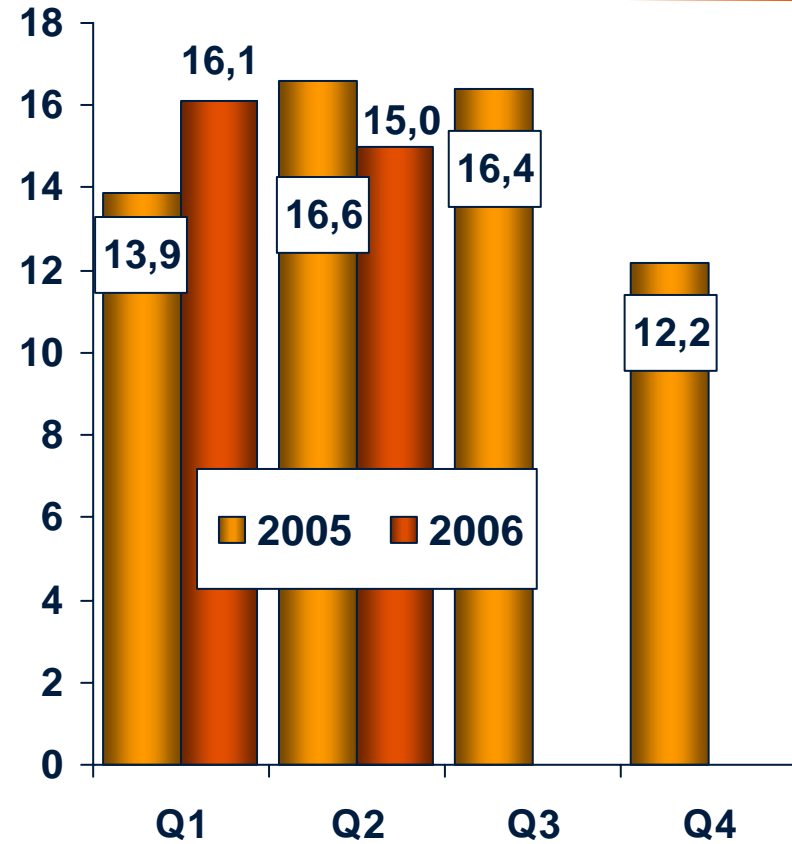


# Sanoma

## Net sales, EUR million



## Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Sanoma

1-6/2006

15

EUR million	1-6/2006	1-6/2005	Change, %
NET SALES	226.4	223.0	1.6
<i>Helsingin Sanomat</i>	133.0	130.8	1.7
<i>Ilta-Sanomat</i>	45.6	46.3	-1.3
<i>Sanoma Lehtimedia</i>	22.7	24.4	-7.3
<i>Others</i>	93.7	86.2	8.7
<i>Eliminations</i>	-68.6	-64.8	5.9
OPERATING PROFIT	31.1	30.5	2.0
% of net sales	13.7	13.7	
Operating profit excluding major non-recurring capital gains	29.5	30.5	-3.4
% of net sales	13.0	13.7	
Capital expenditure	8.2	9.7	-15.8
Personnel under employment contract, average	2,650	2,788	-4.9

Y: Kalvot\_HS/HS06/osavuositilikaus2\_



# WSOY

## Key Developments 1-6/2006

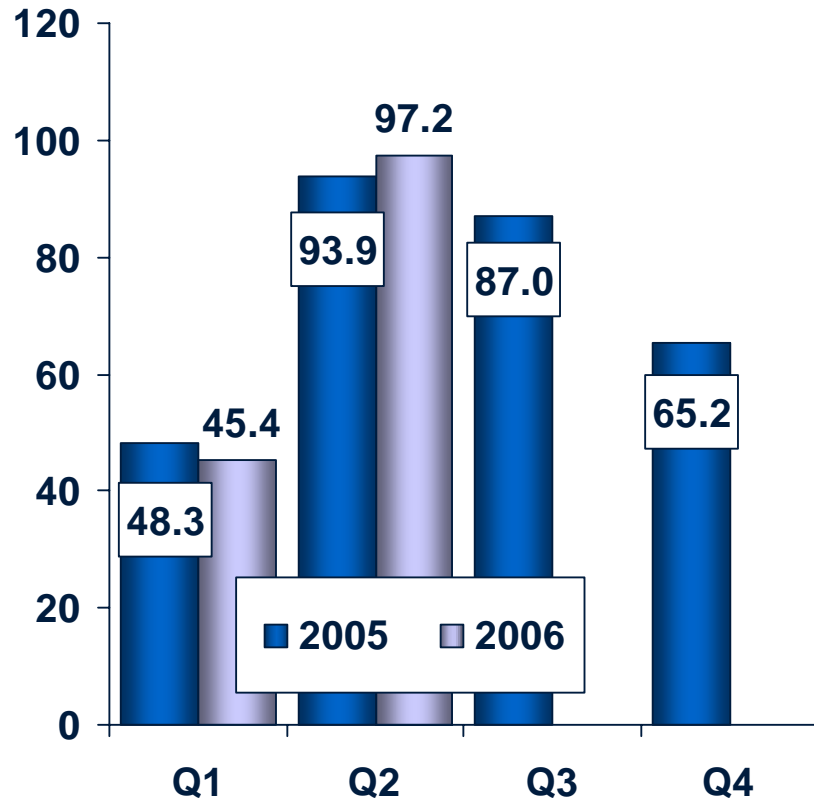
- Acquisition of Láng Kiadó és Holding finalised, consolidated with WSOY in June
- Educational publishing:
  - Studiehulp service together with Microsoft and Spectrum
  - Paardenbloem project: New spelling in the Netherlands requires renewed editions
  - Opit eLearning service together with city of Espoo awarded as the best eLearning solution of the year in Finland
- Several awards for WSOY's General Literature writers
- WSOY Business Information, Docendo and Everscreen combined into WSOYpro, language training provider AAC Global acquired in February
- Veli-Pekka Elonen appointed WSOY's President as of October 1, 2006



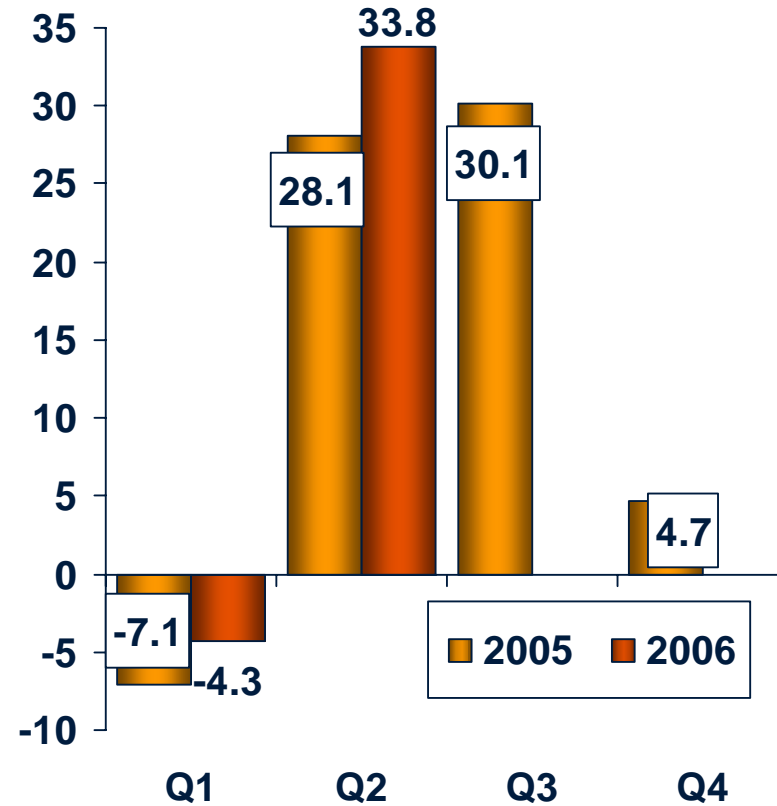


# WSOY

## Net sales, EUR million



## Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# WSOY

## 1-6/2006

18

EUR million	1-6/2006	1-6/2005	Change, %
<b>NET SALES</b>	142.5	142.2	0.2
<i>Educational publishing</i>	85.0	74.1	14.7
<i>Publishing</i>	46.2	43.3	6.6
<i>Others</i>	20.1	33.4	-40.0
<i>Eliminations</i>	-8.7	-8.7	0.2
<b>OPERATING PROFIT</b>	29.5	21.0	40.2
% of net sales	20.7	14.8	
Operating profit excluding major non-recurring capital gains	29.5	21.0	40.2
% of net sales	20.7	14.8	
Capital expenditure	5.3	4.5	16.5
Personnel under employment contract, average	2,197	2,417	-9.1

Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# SWelcom

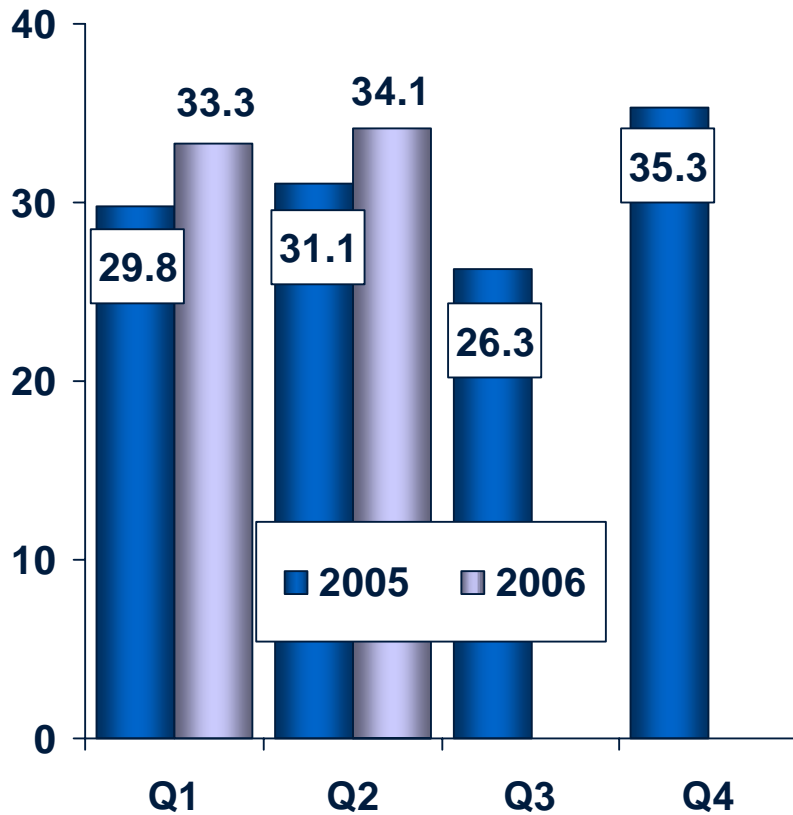
## Key Developments 1-6/2006

- SWelcom granted 2 semi-national radio licenses
  - Strengthens the multimedia concept
  - One channel for women, other for men
  - TV and radio combined to a new broadcasting unit
- Nelonen's market and viewing shares growing
  - TV series Lost one of the most viewed in Finland in spring
  - Ice hockey finals brought record audiences for sports
- Nelonen's webTV provides first in Finland foreign programming
- Welho introduced the webTV service providing Nelonen's domestic programming. Online music store launched in March.

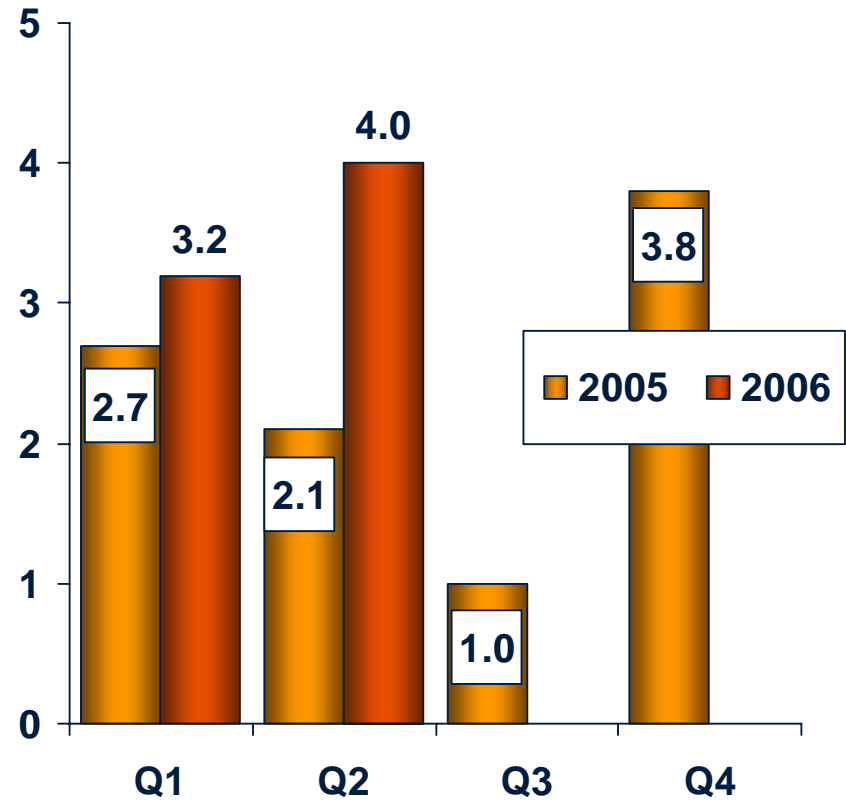


# SWelcom

### Net sales, EUR million



### Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# SWelcom

1-6/2006

21

EUR million	1-6/2006	1-6/2005	Change, %
NET SALES	67.4	60.9	10.7
<i>Nelonen</i>	40.2	36.1	11.5
<i>Others</i>	27.5	25.5	7.8
<i>Eliminations</i>	-0.3	-0.7	-54.3
OPERATING PROFIT	7.2	4.8	49.1
% of net sales	10.7	8.0	
Operating profit excluding major non-recurring capital gains	7.2	4.8	49.1
% of net sales	10.7	8.0	
Capital expenditure	3.9	3.7	7.3
Personnel under employment contract, average	438	420	4.3

Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Rautakirja

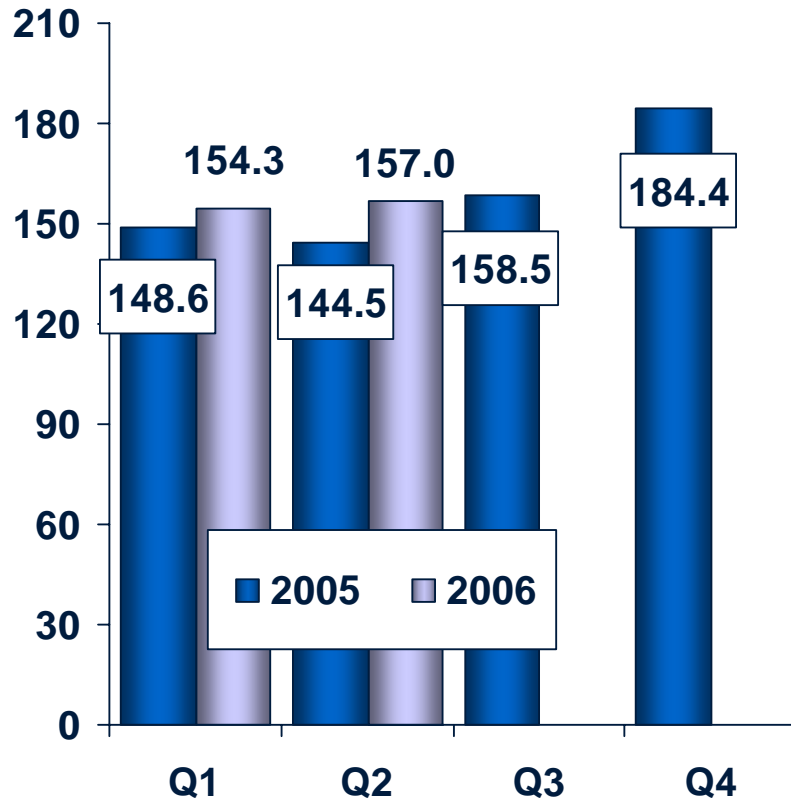
## Key Developments 1-6/2006

- New POS system “Oiva” in all Finnish R-kiosks, new services:
  - Train tickets as of May
  - Agreement on long-distance bus tickets
- Integration of Lietuvos Spauda (kiosk chain) started
- Market position in movie theatres strengthened
  - Finnkino acquired Sandrew Metronome’s operations in Finland
  - New movie theatre in Narva, Estonia
  - Number of visitors in movie theatres increased significantly
- Lithuanian press distribution company to serve also the whole sale customers of the kiosks, in Estonia logistics of books from bookstores to press distribution company Lehepunkt
- Rautakirja divested Pizza Hut restaurants

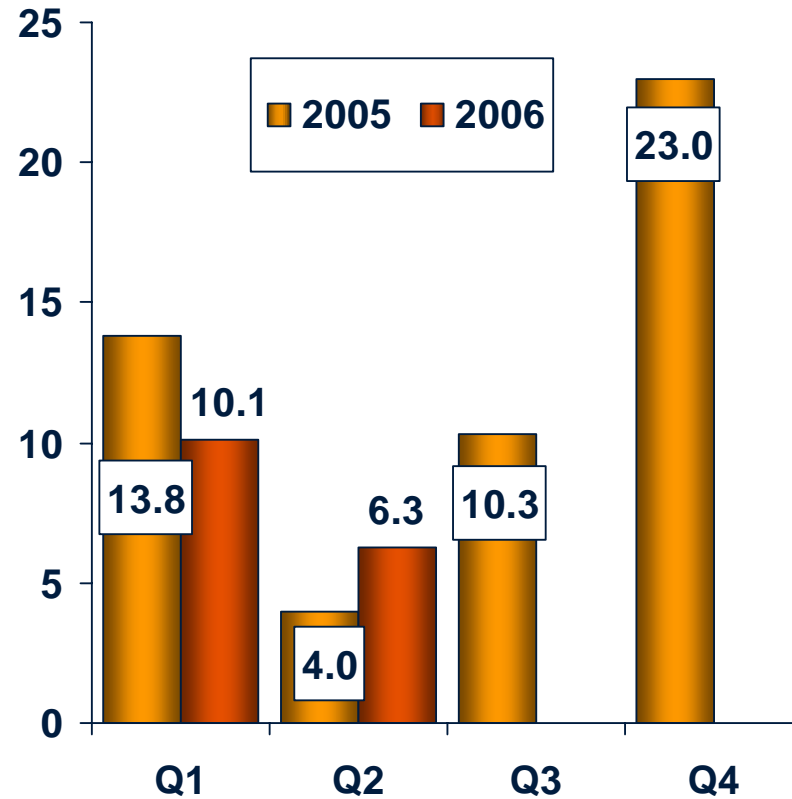


# Rautakirja

Net sales, EUR million



Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus2\_

# Rautakirja

1-6/2006

24

EUR million	1-6/2006	1-6/2005	Change, %
NET SALES	311.3	293.0	6.2
<i>Kiosk operations</i>	176.6	168.5	4.8
<i>Press distribution</i>	52.1	47.1	10.5
<i>Bookstores</i>	52.7	50.5	4.4
<i>Entertainment</i>	35.7	29.8	19.8
<i>Others</i>	0.0	2.6	-100.0
<i>Eliminations</i>	-5.8	-5.5	6.3
OPERATING PROFIT	16.5	17.8	-7.7
% of net sales	5.3	6.1	
Operating profit excluding major non-recurring capital gains	16.5	13.8	19.0
% of net sales	5.3	4.7	
Capital expenditure	7.3	8.3	-12.5
Personnel under employment contract, average	7,178	5,877	22.1

Y: Kalvot\_HS/HS06/osavuosisikatsaus2\_



# Group's Outlook for 2006

Outlook as stated before:

- Net sales to increase by around 4%
- Operating profit, excluding the major non-recurring capital gains, to improve
- In 2005, operating profit, excluding these capital gains, totalled EUR 269.1 million





Committed to Future

*[www.sanomawsoy.fi](http://www.sanomawsoy.fi)*