

Re-inventing Television

Anu Nissinen
President & CEO, Sanoma Entertainment

Nordea Media Seminar
10.11.2009



Agenda

Sanoma Entertainment today

Trends in the business environment

Sanoma Entertainment's response



Sanoma Entertainment's activities



Commercial Television and Radio
Pay TV
Online TV



Cable Television
Broadband Internet
Online TV



Online gaming



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Sanoma Entertainment's present businesses

Commercial TV and Radio



FTA TV PAY TV RADIO



ONLINE



- A strong combination of TV, Radio and Online
- Commercial viewing share in the 10–44 target group 33.1% (#2)
- Share of the Finnish TV advertising market 33.6% (#2)
- Share of radio listening in the 9–44 target group 15.4% (#4)
- Share of the Finnish radio advertising market 12.7% (#3)
- Ruutu.fi launched in 2009 and growing fast



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Share Q309, radio share H109
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Sanoma Entertainment's present businesses Cable Communications

WELHO

BROADBAND



PAY TV



ONLINE TV

TVPLAY

- A modern Content Delivery Network in the capital region (Helsinki, Espoo, Vantaa and Kauniainen)
- 326,000 connected households (400,000 passed by)
- 60% of households in the region
- 25% of cable homes in Finland
- 67,000 Pay TV customers
- 112,000 Broadband subscribers



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All share Q309
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Sanoma Entertainment's present businesses Online Gaming



- Market leader in Finland
- Pelikone #1 gaming site in Finland
- Älypää #1 trivia site in Finland
- Liigapörssi #1 fantasy league in Finland
- Over 40% revenue growth 2009

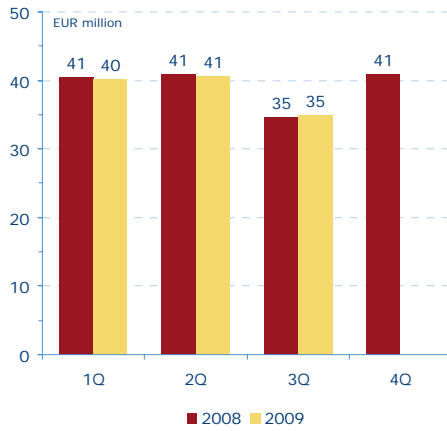


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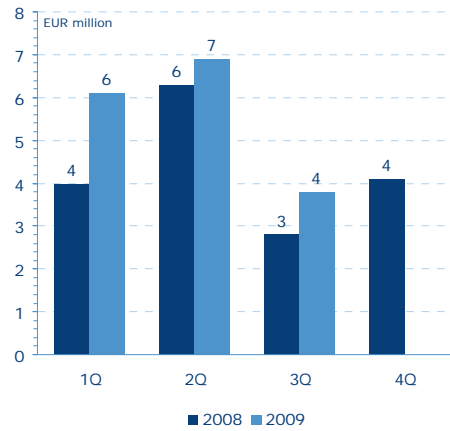
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Sanoma Entertainment Financials Q309

Net sales



EBIT excluding non-recurring items



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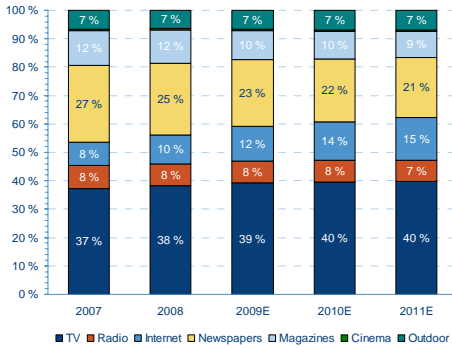
Trends in the business environment

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According to Global advertising market development estimate television will maintain its position

Share of total ad spend (%)
Global estimate



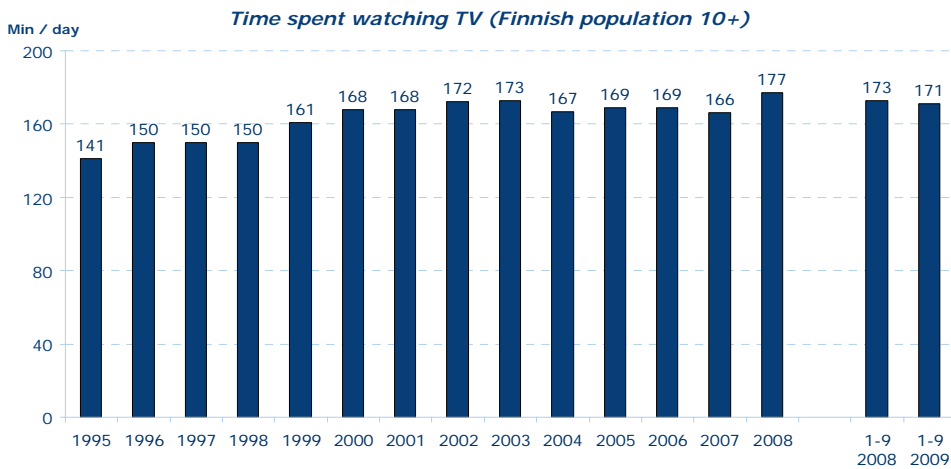
Development in absolute figures (MUSD)

	2007	2008	2009E	2010E	2011E
Television	180 460	185 788	172 320	174 836	183 177
Newspapers	130 178	123 109	102 136	97 703	97 228
Internet	40 242	49 544	54 087	60 253	68 557
Magazines	59 196	56 588	45 415	42 762	42 573
Radio	38 583	37 630	33 647	33 280	34 216
Outdoor	31 752	31 888	29 112	29 828	31 430
Cinema	2 268	2 377	2 180	2 274	2 422
Total	482 679	486 924	438 897	440 936	459 603



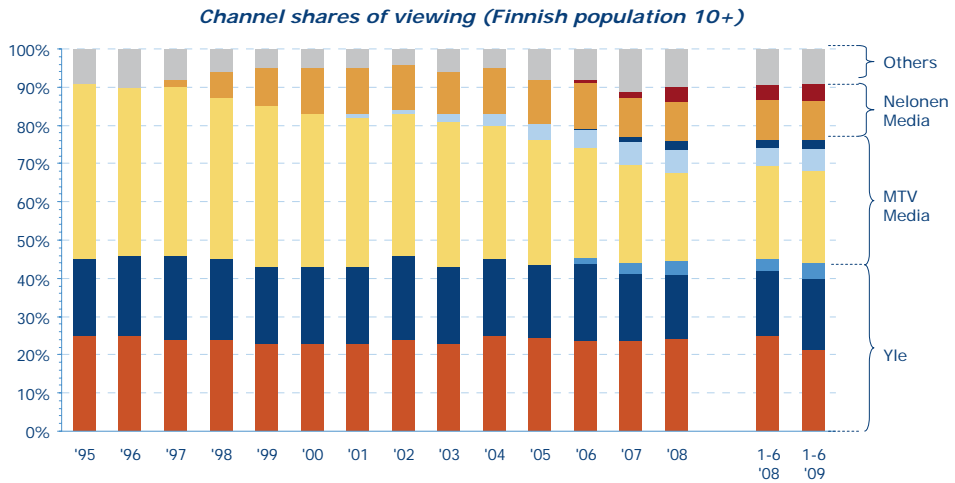
Source: Zenith Optimedia October 2009
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TV viewing has been growing...



Source: Finnpanel
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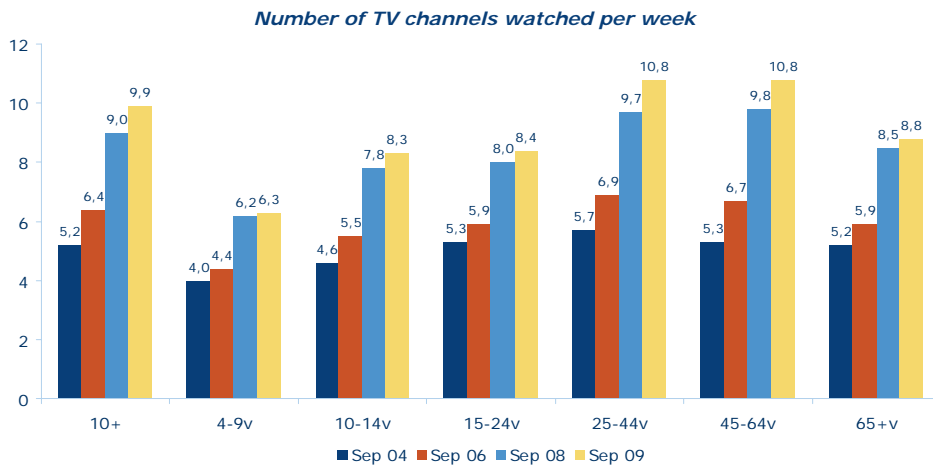
...and fragmenting...



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Source: Finnpanel
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...leading to Finns watching an increasing number of TV channels per week

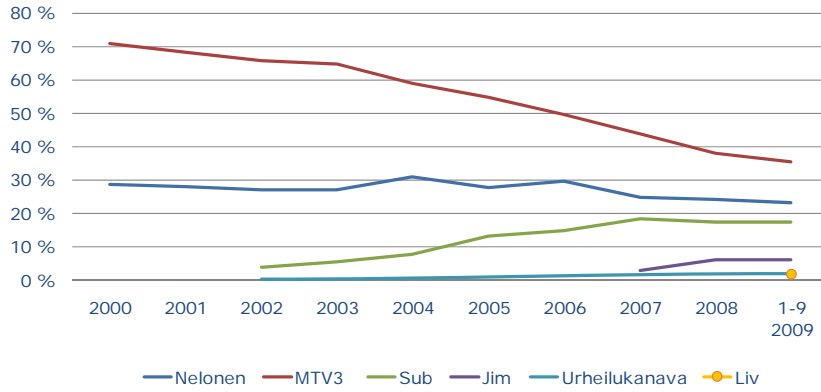


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Source: Finnpanel
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Development of commercial channels

*Channel shares of viewing – commercial operators
(Finnish population 10-44 yrs.)*

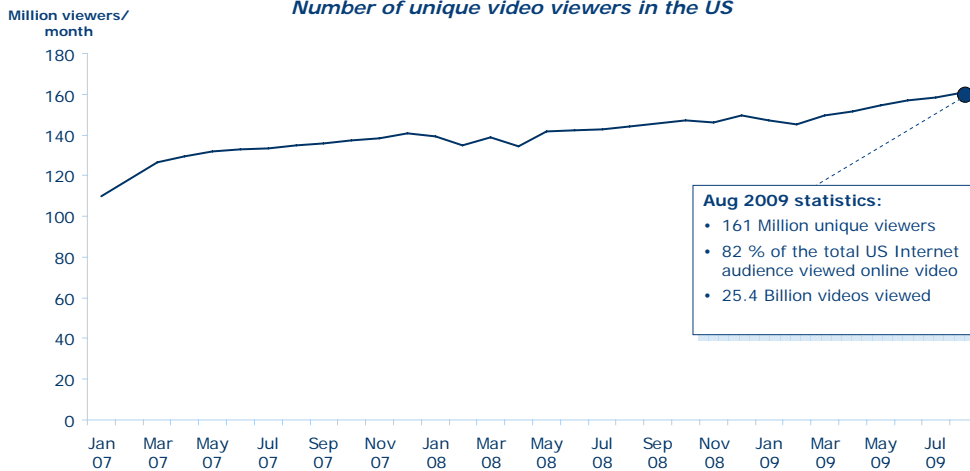


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Source: Finnpanel
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Online video has become a mass market...

Number of unique video viewers in the US



Aug 2009 statistics:

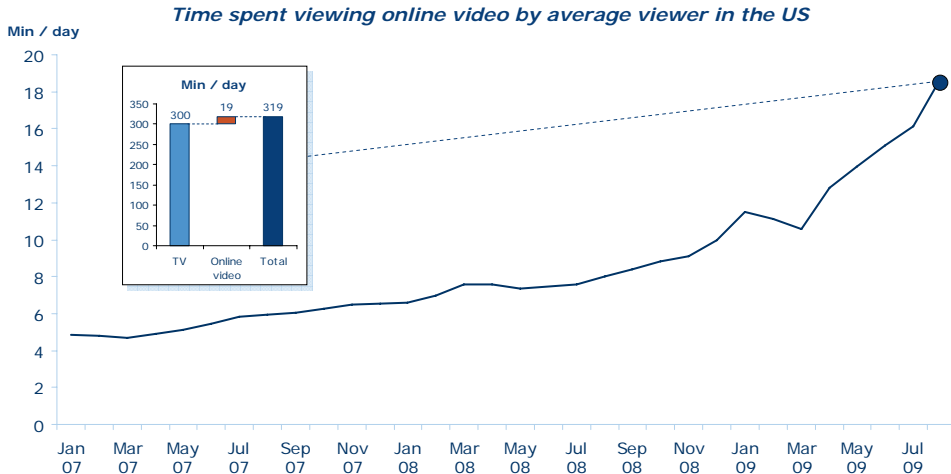
- 161 Million unique viewers
- 82 % of the total US Internet audience viewed online video
- 25.4 Billion videos viewed



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Source: ComScore
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...which increases viewing of living images even further



Source: ComScore, Nielsen
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Online TV builds on, rather than replaces broadcast viewing

- Online TV is a different experience, used for different things
- Two main drivers for online TV use were
 - Catch up (78%, more females, mainly broadcaster destinations)
 - Discovery (22%, more males, YouTube leading)
- In study a study by Thinkbox, online TV added even up to 3 hours of viewing per week to linear television



Source: Thinkbox
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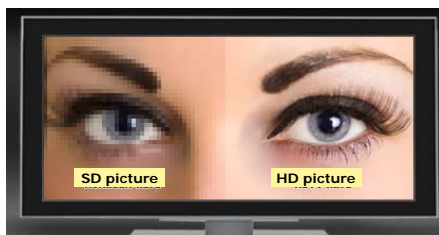
TV & Online TV Will Increase Its Share of Advertising

- New technology development that enhances the TV experience (HDTV, PVRs...)
- Access to mass audiences
- More targeted offers (thematic channels) in TV and online
- Emergence of a dual consumption mode TV/Internet



Developments in the picture technology increase the overall attractiveness of TV

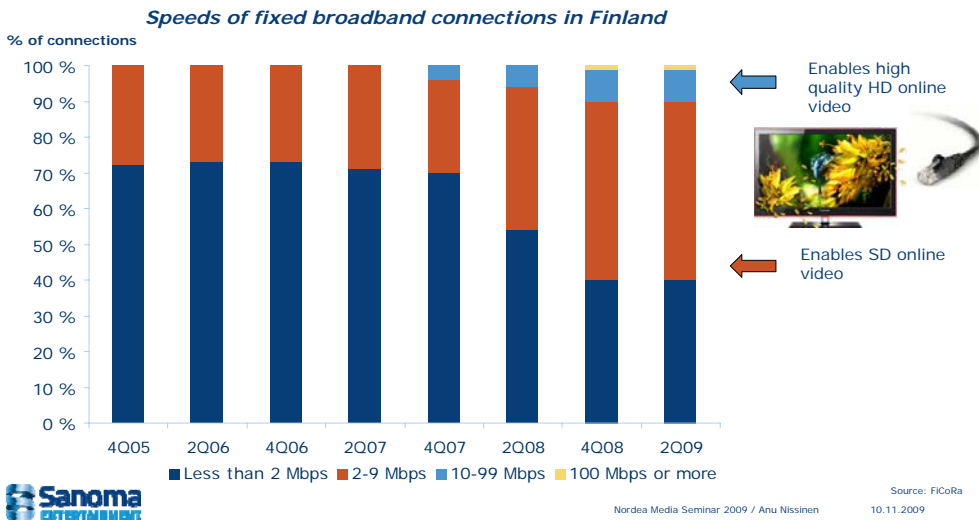
*Already here:
High Definition TV*



*Piloting in the near future:
3D TV*



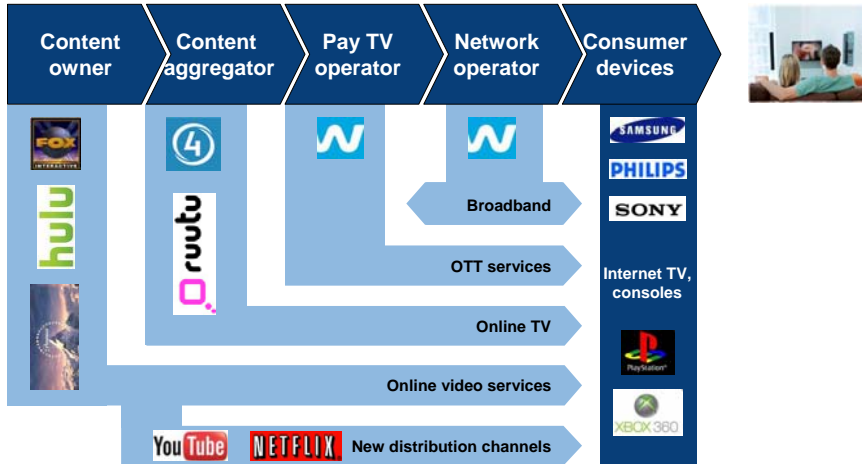
Faster broadband speeds will enable convergence of broadcast TV and online



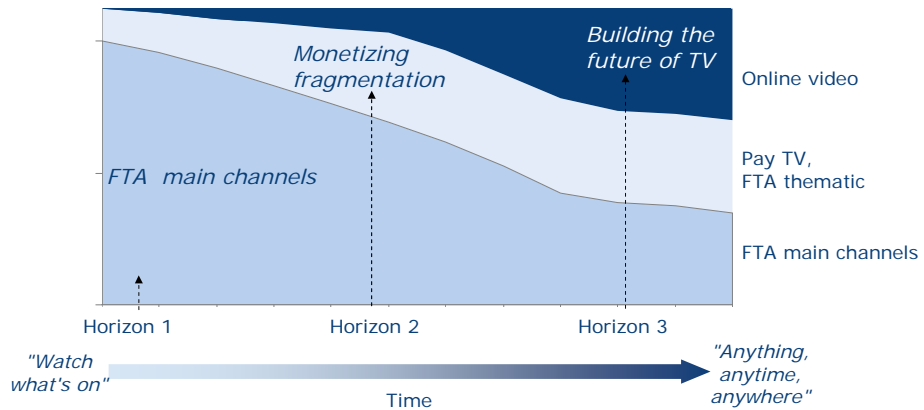
Over-The-Top distribution of video content and converged services are already here



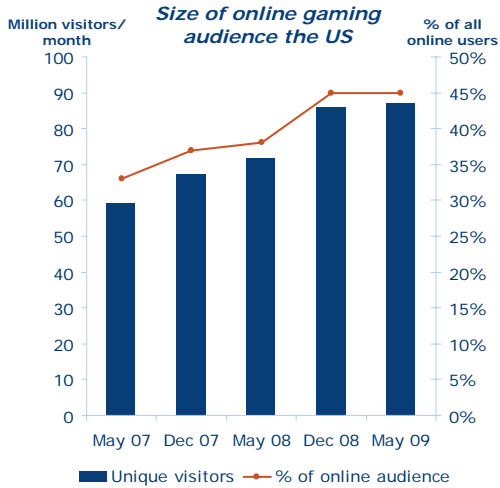
New ways to operate within the TV value chain are forming...



...as the market for living images evolves towards anything, anywhere, anytime



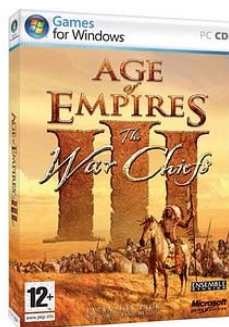
Online gaming is growing even faster than online video consumption...



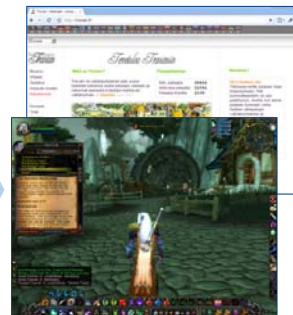
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...and the business model is moving from traditional retail to online



1. Online Digital Distribution
2. Free Games With Virtual Item Model
3. Game Cards at Retail



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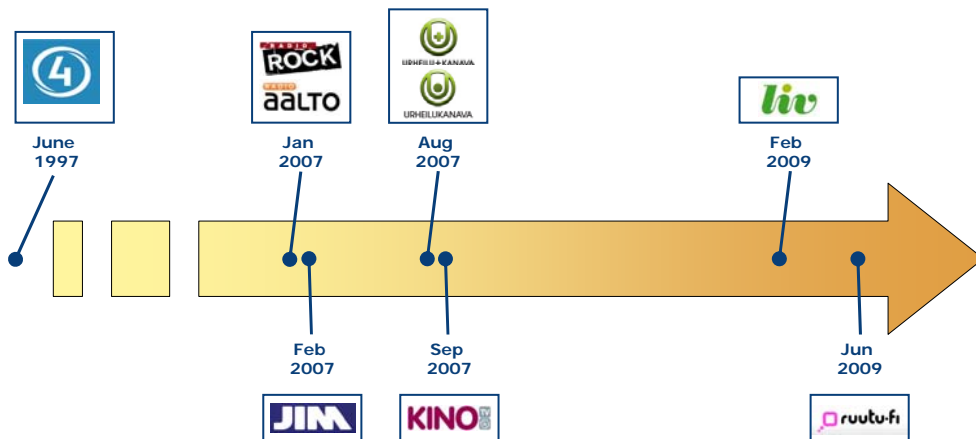
On the online gaming front, we are constantly developing our services to stay on the cutting edge



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Nelonen Media has lived the fragmentation trend by turning from one channel into a multimedia house



Ruutu.fi has Nelonen Media's video and audio content in one online service

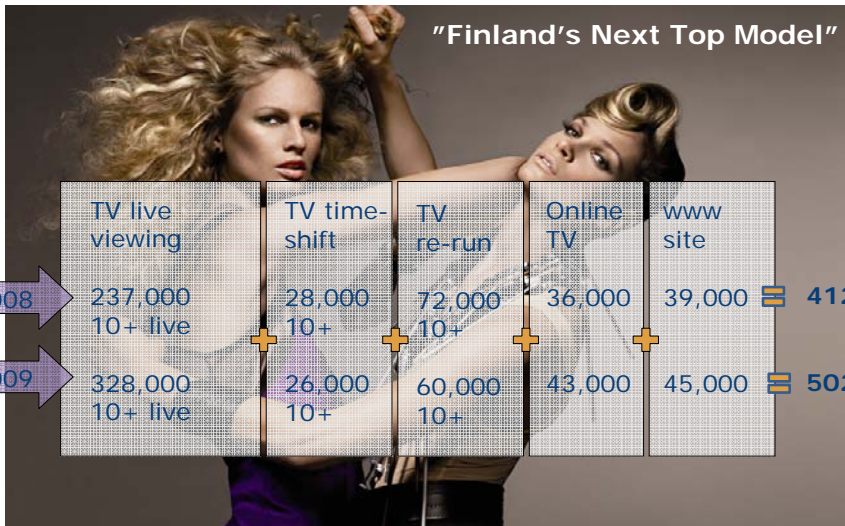
- Launched 6/2009
- All Nelonen Media's video and audio content in one service
- Concept:
 - Easy to use
 - Quality and breadth of content
 - Increasing viewing time
- Business:
 - Ad-funded
 - Easy to sell
 - Logical extension of Nelonen Media's business



Ruutu.fi

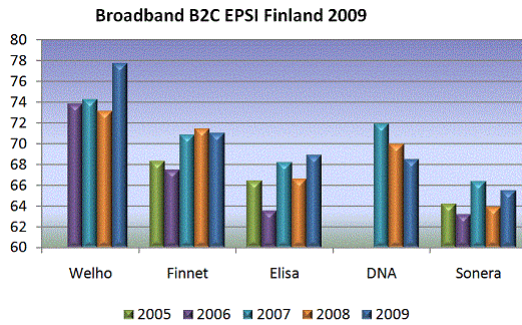


At Nelonen Media, online TV already builds on broadcast TV



Welho Broadband again #1 in EPSI Rating

- The best broadband customer satisfaction in Finland (EPSI Rating) – four years in a row



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Source: EPSI Finland
10.11.2009



Welho Broadband forerunner in broadband speeds

- According to the TNS Gallup survey the speed is the most important broadband feature for customers
- Welho acts as a forerunner in Europe
 - Piloting 1 Gbs broadband
 - Cable broadband: up till 110 Mbps in every cable households
 - Fibre: up till 100 Mbps
 - Mobile broadband Wekkula
 - Welho Hotspots



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Welho has nearly 130 digital channels...

- mix** • Welho Mix – the first on demand channel package in Finland
- Enables to choose the best suitable channel mix among 60 channels

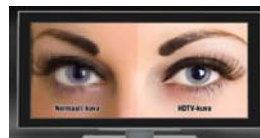


...and is in the front line in bringing HD content to its customers...

16 HD channels and growing + set-top-boxes



- Approximately 28 per cent of Finnish households have a HD ready TV (FICORA)
- Welho has the widest HD channels selection in Finland



...as well as in building an online platform for TV content and paid video

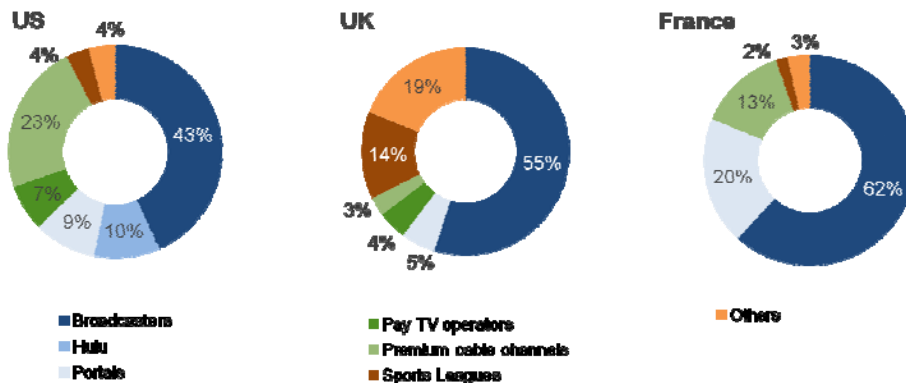


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Broadcasters and Pay TV / Cable operators are capturing the largest share of ad-supported online TV revenues

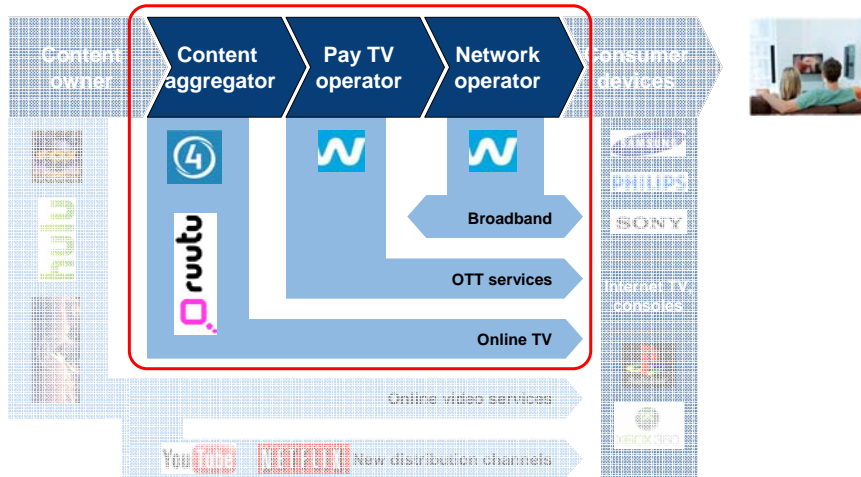
2008 share of ad-supported online TV revenues



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Source: Screen Digest
10.11.2009

Sanoma Entertainment is well positioned to benefit from the new ways of operating in the TV business



Let us entertain!

Thank you.