

# SanomaWSOY Roadshow

November 2003

# SanomaWSOY

## Agenda

- Strategic highlights
- Financial highlights
- Appendix: Business highlights

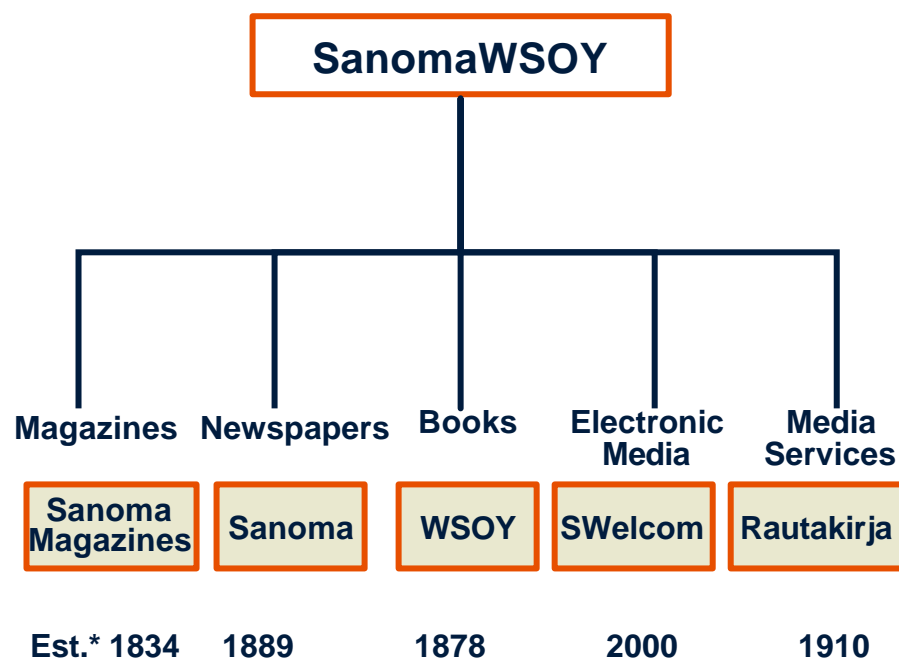
# Strategic highlights

# SanomaWSOY's portfolio strategy

- Regional multi-sector dominance in Finland
- Multi-local sector dominance in magazines, in small and mid-sized language areas in Europe

# A growing European media company with a market leading media portfolio in Finland

## Organisational structure



## Key SanomaWSOY facts

- Leading Nordic media group
  - Number 1 in Finland in all businesses except TV
- Among Europe's five largest magazine publishers – in leading position in the Netherlands, Belgium, the Czech Republic, Finland and Hungary
- Growing European media presence in 14 European countries
- Net sales (2002) of € 2.4 billion
- Operating profit (2002) of € 134 million

\* Sanoma Magazines International's oldest magazine in the Czech Republic, Kvety, established in 1834 and is still in portfolio.

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# Why SanomaWSOY?

- Market leader in the Finnish market and selected international markets
- Balanced net sales
- Strategy combining cash flows and profitable growth
- Continuous improvements and operational excellence
  - Margin expansion, financial prudence and cash flow growth
- Management strength, depth and experience
- Delivering on promises

# Combining strong and defensible market positions with growth potential

## Dominant domestic multimedia franchise

### Newspapers

- #1 national daily
- #1 national tabloid
- #1 regional publisher south-east Finland
- #2 financial daily

### Book publishing

- #1 Finnish book publisher

### Consumer magazines

- #1 in terms of total circulation in the segment of women, family, IT and youth

### TV

- #1 cable-tv operator
- #2 “challenger” domestic commercial TV

### Media Services

- #1 press distributor & kiosk operator
- #1 bookstores
- #1 multiplex operator

## Market leading international growth platform

### Magazines

- Netherlands
  - #1 magazine publisher in terms of circulation and advertising share
- Belgium
  - #1 magazine publisher in terms of circulation and advertising share
- Central/Eastern Europe
  - #1 Hungarian publisher
  - #1 Czech publisher
  - Growing operations in Slovakia, Croatia and Romania

### Calendars

- #1 Nordic calendar publisher

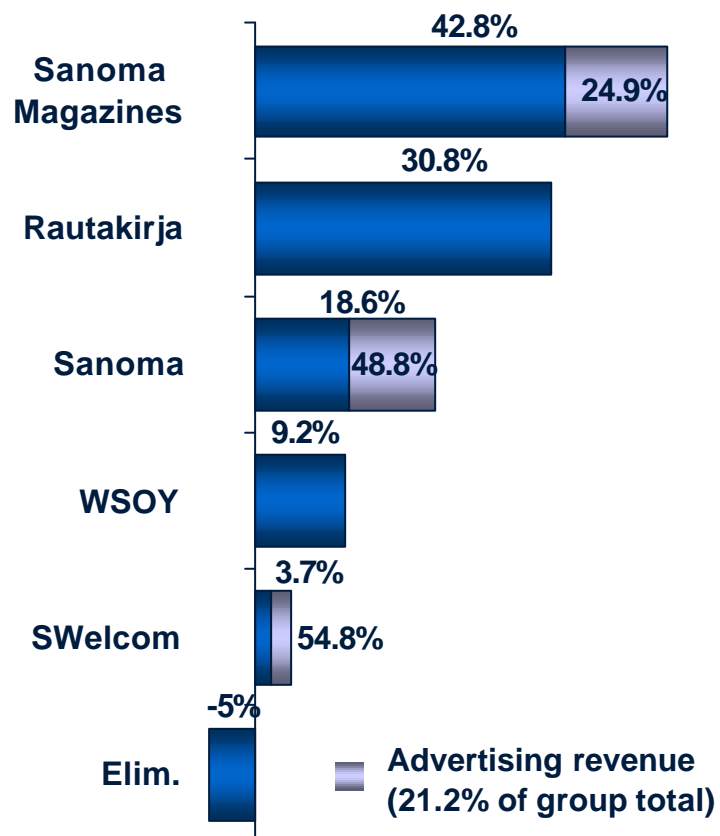
### Media Services

- #1 Baltic multiplex operator
- #1 Baltic kiosk operator
- #1 Baltic press distributor
- #1 press distributor in the Netherlands

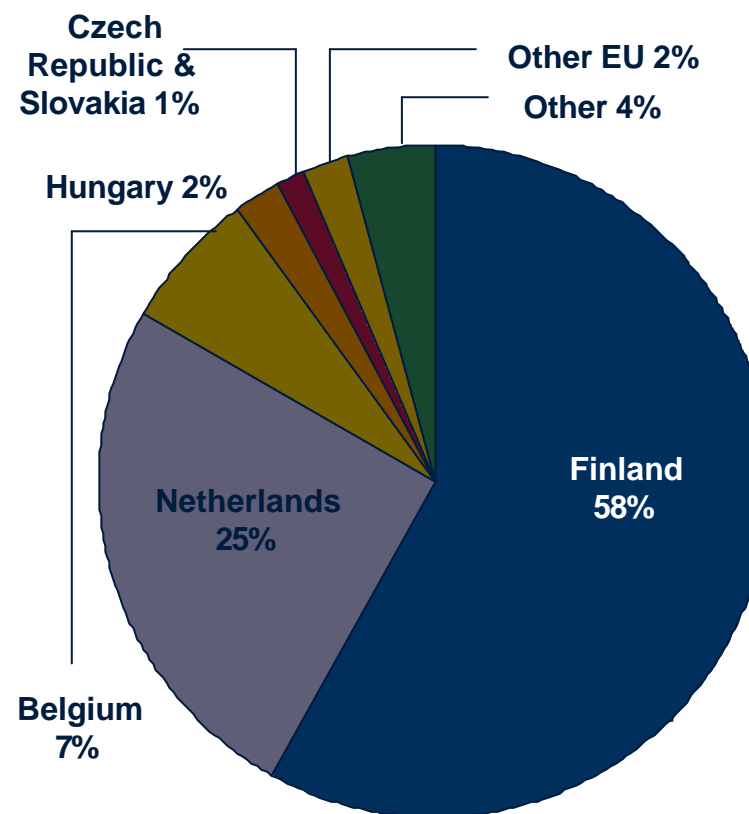
Focus on being #1

# Balanced composition of net sales

**Divisional 2002A net sales breakdown**



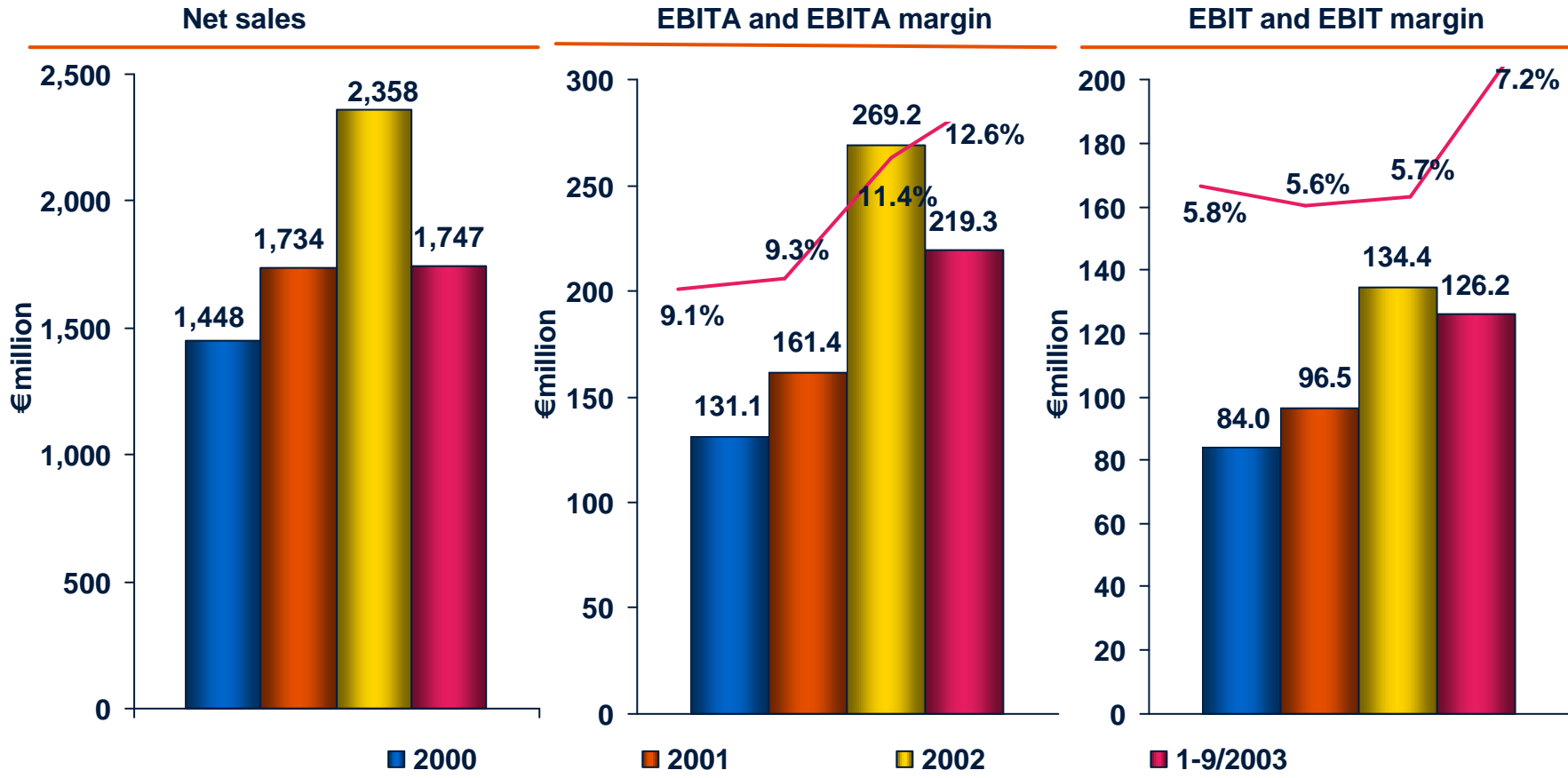
**Geographic 2002A net sales breakdown**



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# Operational excellence

## Dynamic and profitable growth



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# Delivering on our promises...

Promise	Achieved	Highlights
• 2003: Lighten the balance sheet	→	• Balance sheet 2,467.2 in 9/2003 (2,592.5 in 2002 )
• 2002: Cost effectiveness and discipline	→	• EBIT growth of 67% in 1-9/2003 (39% in 2002)
• 1999: €2.5bn in net sales by 2005	→	• 2002 sales of €2.4bn
• 1999: Achieve at least 20% of net sales from international operations by 2003	→	• 2002 international sales of 42% of total
• 1999: Growth to leverage expertise	→	• CIG acquisition, selective Eastern European expansion (new EU members)

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# Concentrating on the core

## Continuously divesting non-core assets

### Divestments since 2001

- Reitan Narvesen ASA
- BEAP, Blue Book
- Ecovision, StarDesk and StarWeb operations
- Dose
- Leijonajakelu
- A-pressen
- Janton (tentative agreement)
- Real estates and share portfolio
- Minority share holdings (Nettirahastot, Savon Mediat, Ilkka-Yhtymä, Euromedia, Pro Licensing Nordic etc.)

# Strategic objectives

## Continued growth and cash generation, #1 position in chosen markets

- To build a balanced business and market portfolio, that ensures sustainable growth and profitability
- To internationalise 1–2 additional businesses step by step
- To be a market leader and successfully leverage that leadership in our chosen businesses and markets
- To be a leading European magazine publisher
- To develop profitable new products and services; including those that can be successfully expanded cross-media or internationally
- To increase the profitability of our present businesses and improve efficiency
- To continuously promote best management practices
- To divest non-core assets and businesses

# Media Company of Opportunities

## Our mission

Our mission is to be the media company of opportunities and operational excellence.

# The Leading Media Company in Our Chosen Markets

## Our vision

Our aim is to be the leading media company in our chosen markets by offering

- the most wanted and valued products and services and
- the best level of sustainable profitability and growth.

# Financial highlights

# Key developments 1–9/2003

- Net sales increased by 3%, operating profit rose by 67%
- Result before extraordinary items more than doubled
- Comparable operating profit improved in all divisions  
The most significant non-recurring gains on sale of assets some EUR 19 million (1–9/2002: EUR 26 million).
- Tentative agreement to sell shares of Janton Oyj 8/2003
- Holding in the Norwegian A-pressen ASA sold 6/2003
- Divestment of the operations of Leijonajakelu Oy to Finland Post into effect 9/2003
- Rautakirja merged into SanomaWSOY 3/2003
- Almost all of the securities have been realised in line with the Group's strategy
- Interest-bearing liabilities\* EUR 915.6 million (1–9/2002: EUR 1,217.7 million)

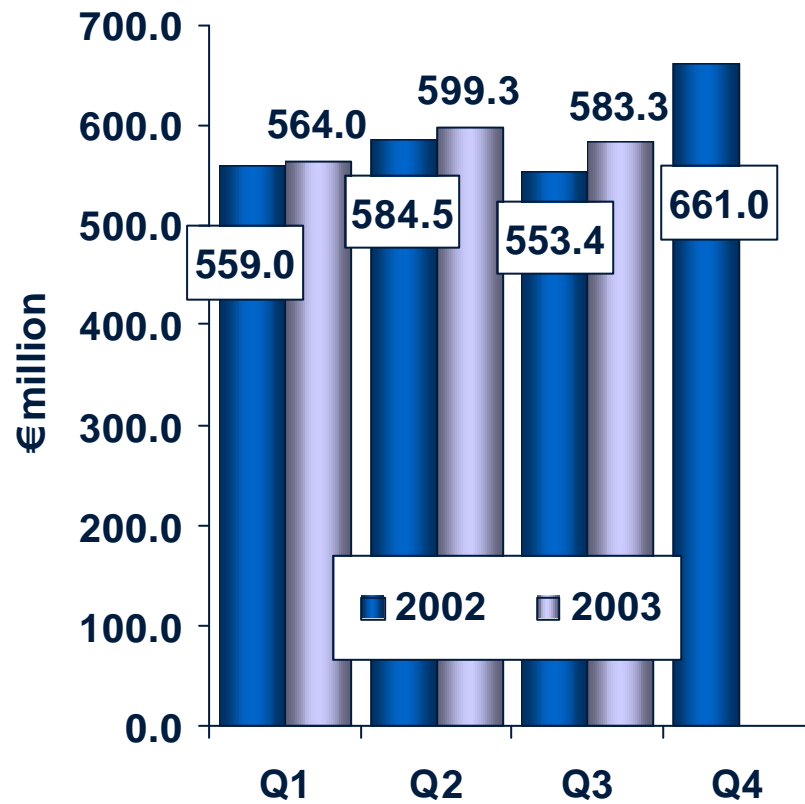
\*including capital notes

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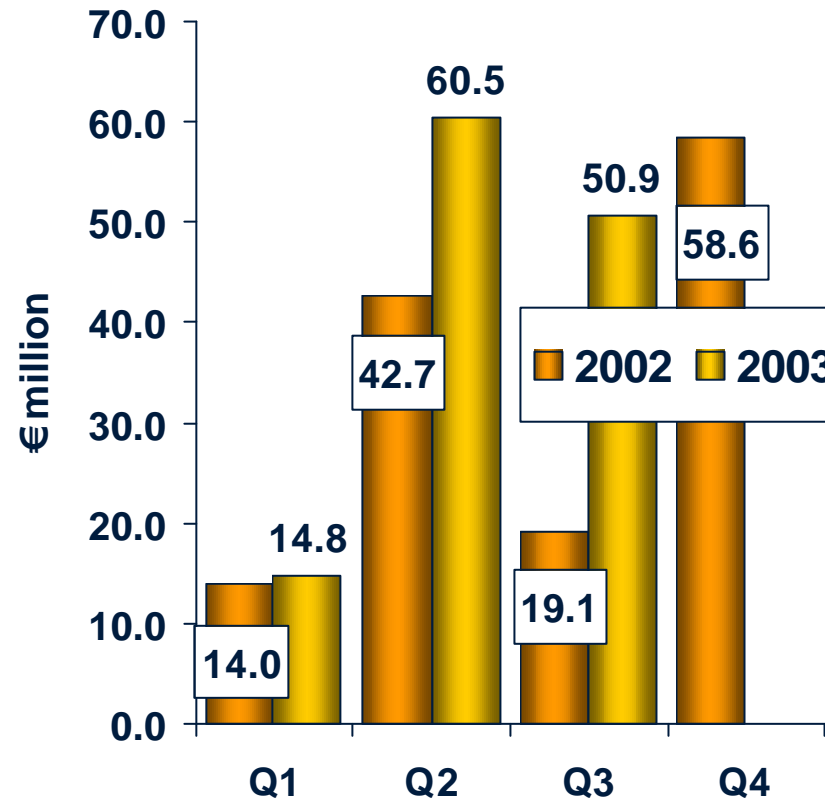
# SanomaWSOY Group

## By quarters

### NET SALES, €million



### OPERATING PROFIT (EBIT), €million



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# Group income statement

€ million	1-9/2003	1-9/2002	Change, %
<b>Net sales</b>	<b>1,746.5</b>	1,696.9	2.9
Other operating income and change in inventories	48.1	54.5	-11.8
Share of result of associated companies	6.4	9.2	-30.3
Operating expenses	1,674.8	1,684.7	-0.6
<b>Operating profit</b>	<b>126.2</b>	75.8	66.5
Financial income and expenses	-25.1	-27.1	7.4
<b>Result before extraordinary items</b>	<b>101.2</b>	48.7	107.6
Extraordinary items			
<b>Result after extraordinary items</b>	<b>101.2</b>	48.7	107.6
Direct taxes	-38.0	-42.1	-9.7
Minority interests	-1.7	-6.1	-72.2
<b>Result for the period</b>	<b>61.5</b>	0.6	

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# Group balance sheet

€ million	<b>30.9.2003</b>	30.9.2002	Change,%
Non-current assets, total	<b>1,923.8</b>	2,104.5	-8.6
Current assets, total	<b>543.4</b>	617.9	-12.1
Shareholders' equity, total	<b>1,098.6</b>	957.0	14.8
Minority interest	<b>15.9</b>	122.6	-87.1
Statutory provisions	<b>13.5</b>	17.4	-22.1
Liabilities, total	<b>1,339.2</b>	1,625.4	-17.6
Balance sheet total	<b>2,467.2</b>	2,722.3	-9.4

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# Financial targets

## Heading for better profitability

### Operating profit (EBIT) margin, %

	1999	2000	2001	2002	1-9/2003	Target
Sanoma Magazines	3.5*	6.4*	10.5	5.8	6.9	9.0
Sanoma	11.1	12.2	9.4	9.6	12.0	12.5
WSOY	11.1	9.0	8.6	9.5	6.7	12.0
SWelcom	-33.1	-21.3	-28.8	-20.9	1.3	7.5
Rautakirja	5.7	5.6	6.1	5.2	4.0	6.0
SanomaWSOY	5.4	5.8	5.6	5.7	7.2	9.0

- Net sales are expected to grow faster than the gross national product in Finland
- Dividend policy, to distribute at least one-third of the Group's cash flow from operations
- Capex yearly basic level < €100 million

\* Includes only  
Sanoma  
Magazines  
Finland

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# Continued fast deleveraging

- Debt reduced 10/2001–9/2003 by over €650 million
- Strong balance sheet
 

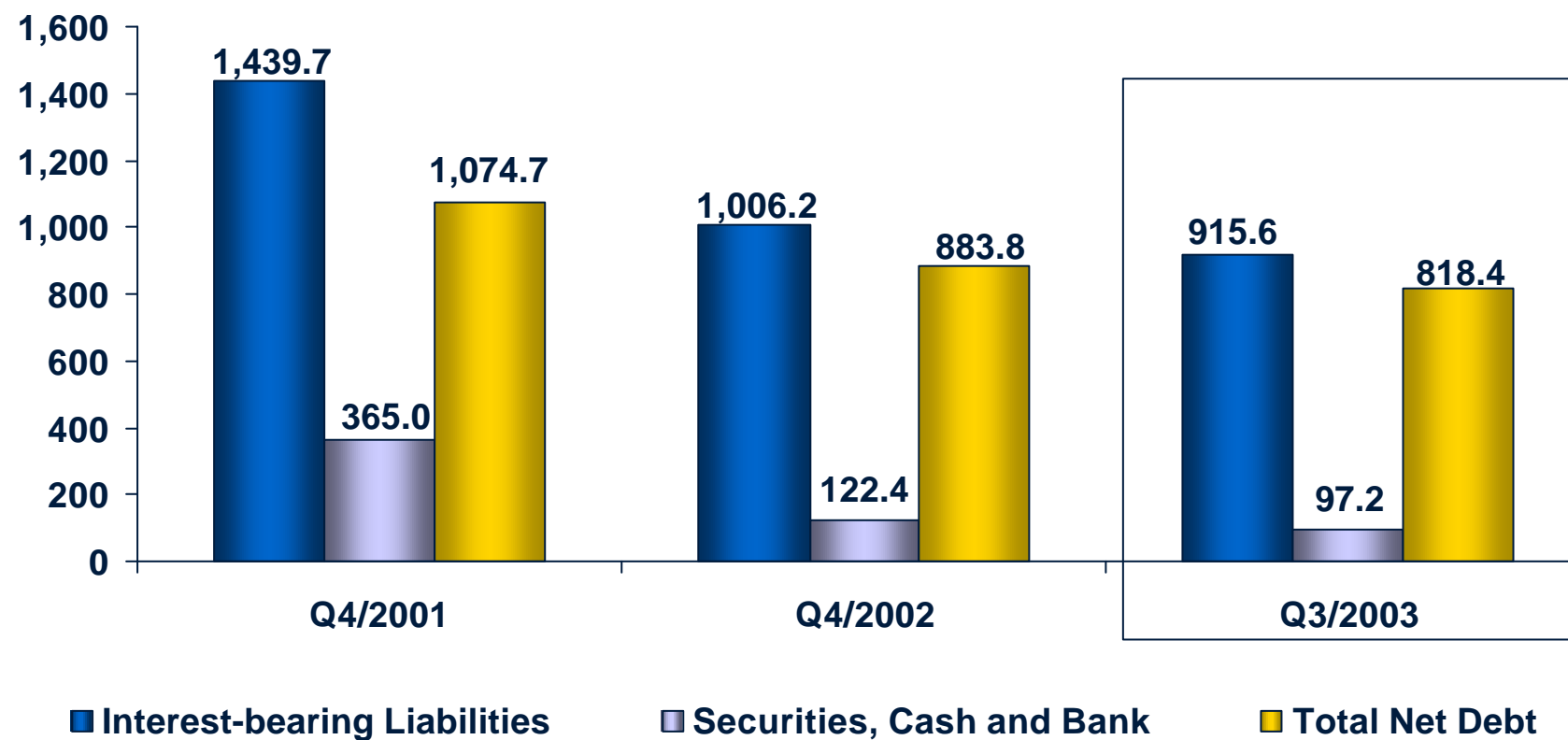
	1–9/03	1–9/02
- Equity ratio*	47.3%	41.2%
- Gearing*	54.8%	79.8%
- Funding capacity
  - Present funding capacity on senior terms exceeds €500 million
  - Current average cost of funding < 50 bp

\* Capital notes  
207 M€ included in  
equity

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# Development of net debt

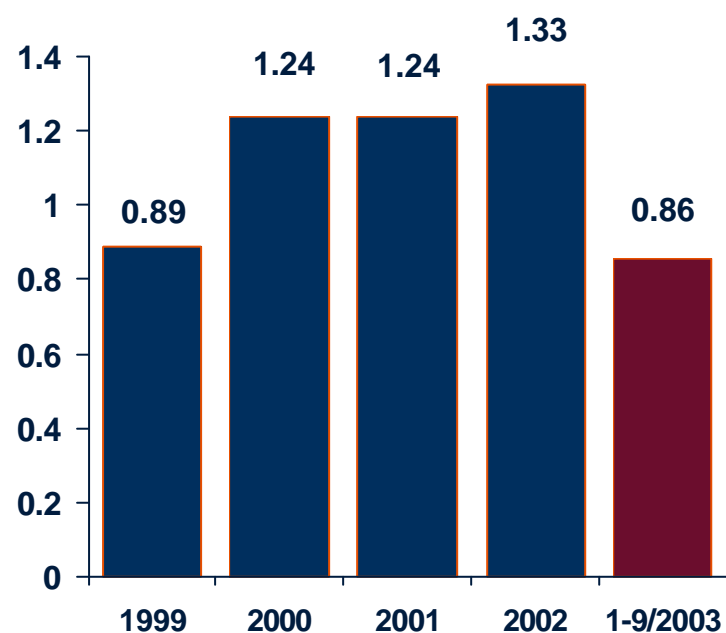
Net Debt development (€ million)



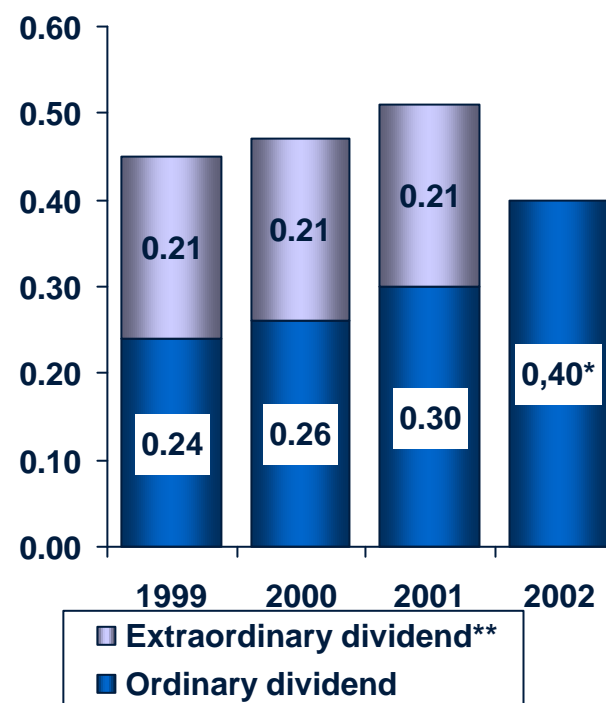
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# Focus on cash flow

## Cash flow/share (€)



## Dividend per share (€)



Dividend/  
result, %

84.9    69.9    147.5    178.0

\*After the Rautakirja merger and the invalidation of shares owned by Sanoma and WSOY, the total number of shares is 160 million

\*\*According to the shareholders' agreement

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# Challenging but realistic targets

1. Unprofitable businesses will be restructured
2. Heavy cost structures to be lightened
3. Prudent investment criteria
4. Disposal of non core assets: e.g. real estate & share portfolio
5. Clear focus on core businesses
6. Continuing market leadership in most of our businesses
7. Eyes open for growth opportunities – step by step

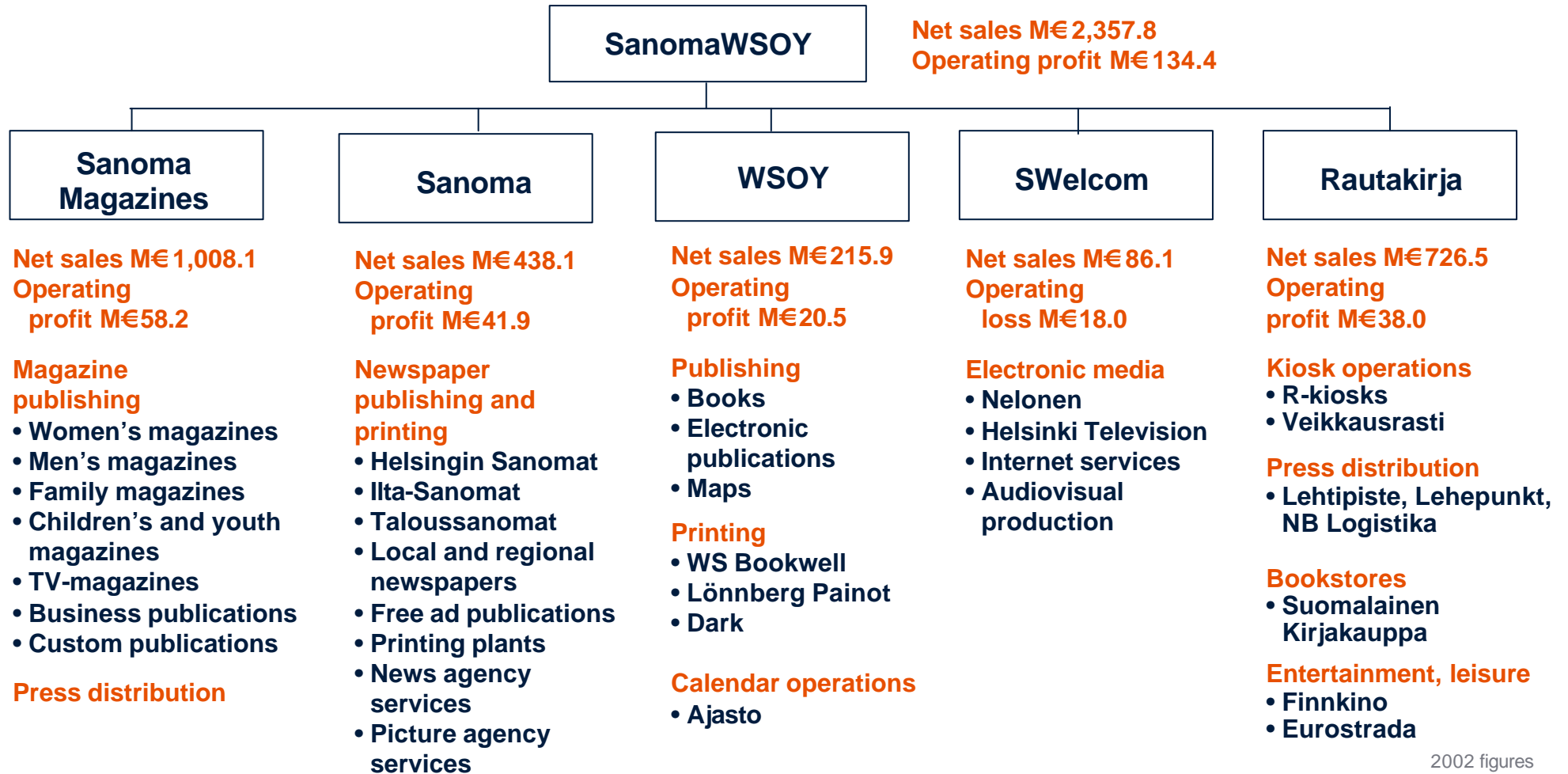


Committed to the Future

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

# Appendix: Business highlights

# Five Divisions



2002 figures

# Three steps to a Leading Media Company

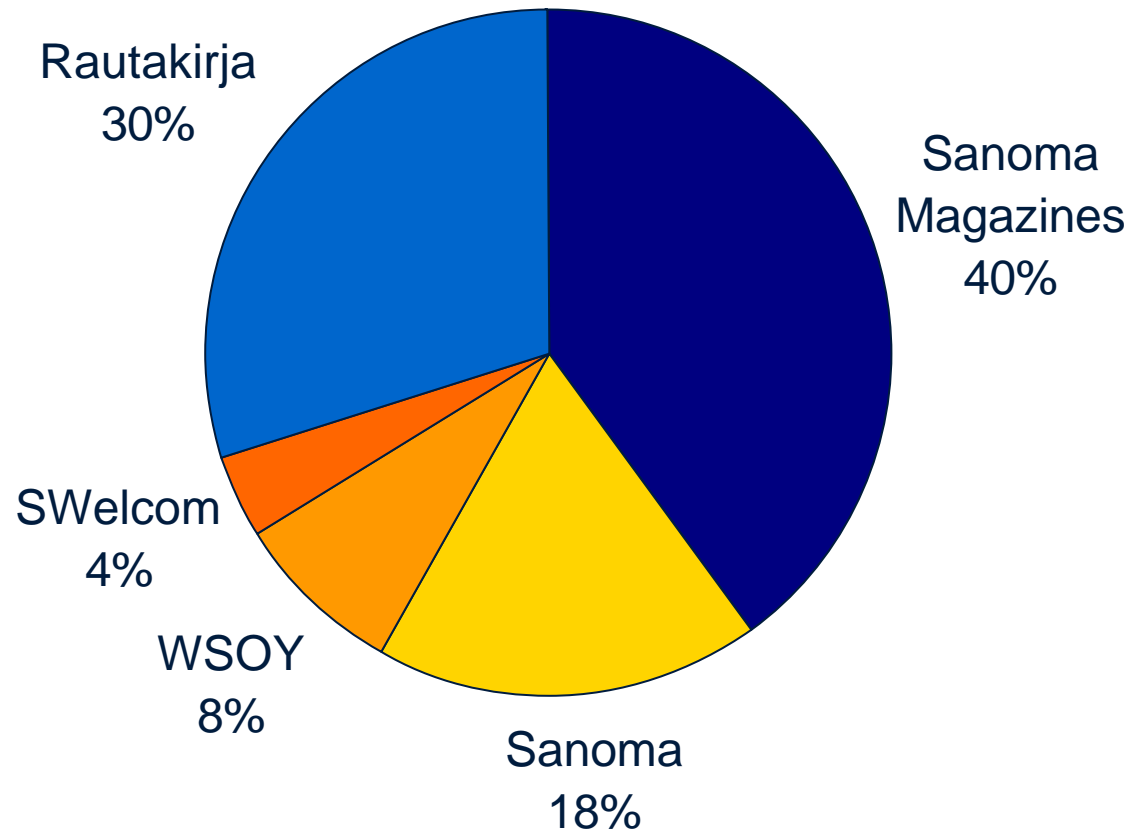
## Successful integration

- 1999: Sanoma and WSOY merged and SanomaWSOY listed in Helsinki Stock Exchange
- 2001: CIG Acquisition
  - Magazine Division with activities in 9 countries (Croatia in 2001)
  - Divestiture of non-core assets (Blue Book and BEAP)
  - Synergies developing well (paper purchasing, print, international advertising sales, ICT, syndication and licensing, readers marketing effectiveness), shared best practices
- 2003: Rautakirja merged into SanomaWSOY
  - Simplify Group and Rautakirja's ownership structure
  - Full control of press distribution
  - Increase strategic flexibility
  - transparency of structure
  - Opportunity to improve free float of SanomaWSOY

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# Net sales by division

1-9/2003



Intracompany  
eliminations  
excluded

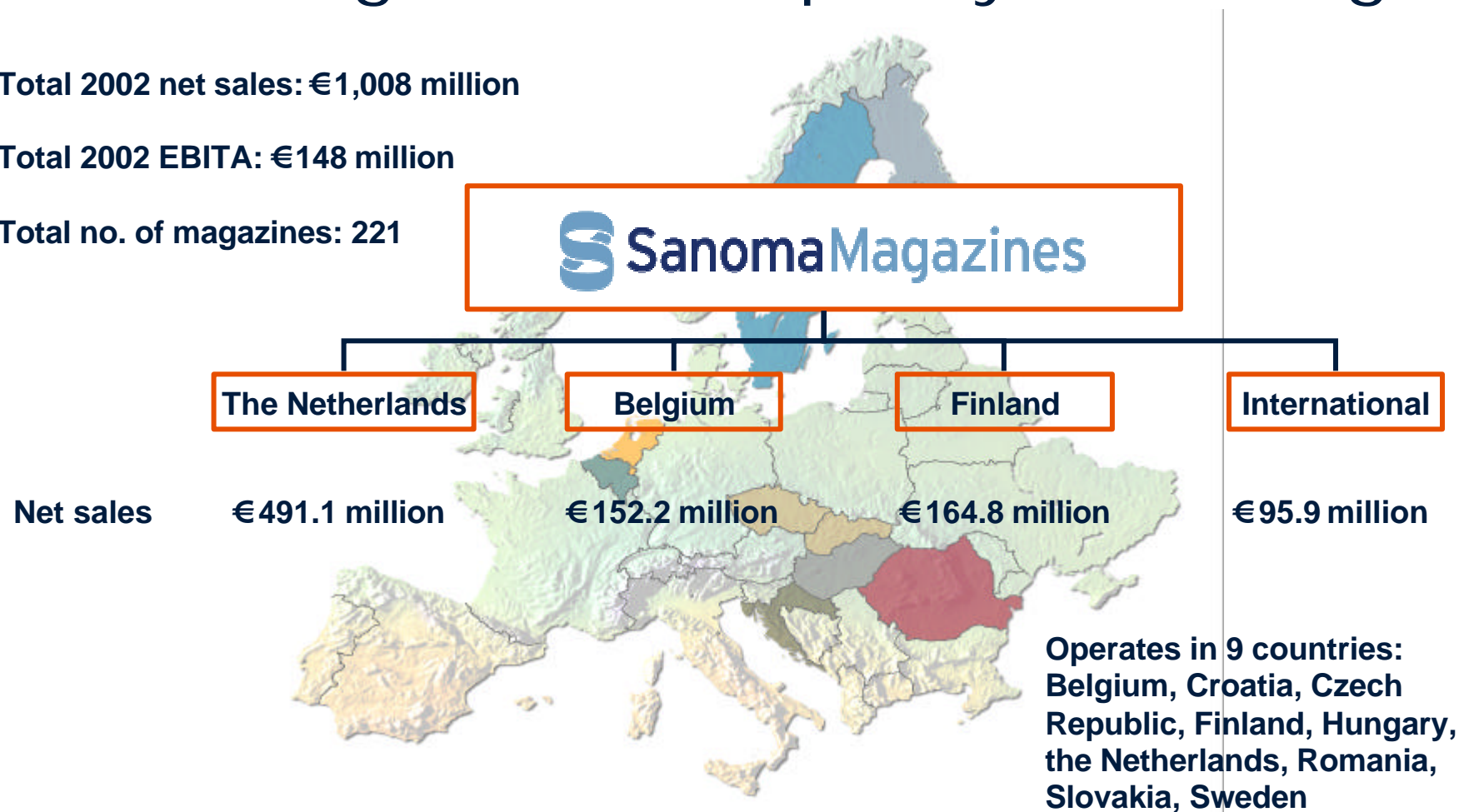
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# Sanoma Magazines – Portfolio approach increases growth and quality of earnings

Total 2002 net sales: €1,008 million

Total 2002 EBITA: €148 million

Total no. of magazines: 221



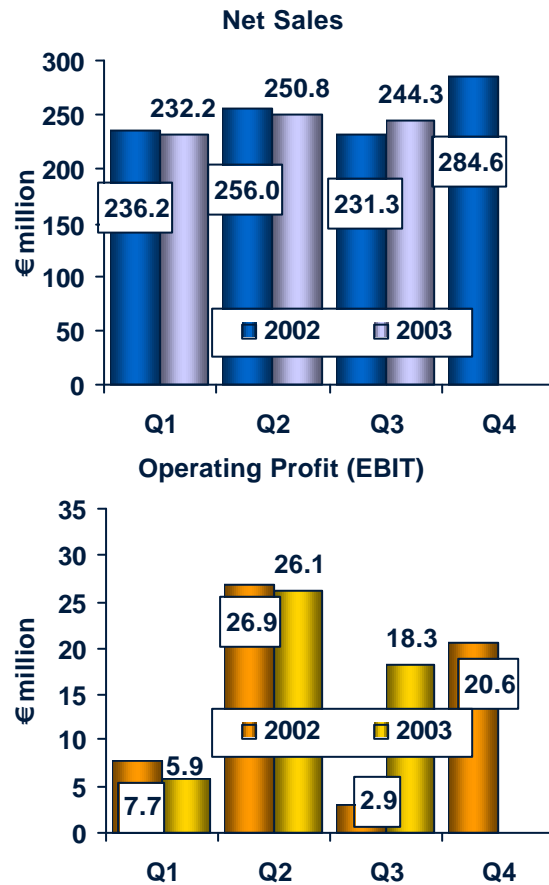
\* Note: net sales of Aldipress €215 million

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# International magazine publishing

## Clear leadership in chosen markets

### Key financials



### Key markets/products

#### #1 in Finland in Chosen Segments



Women

50+

Youth

#### #1 in Holland in Chosen Segments

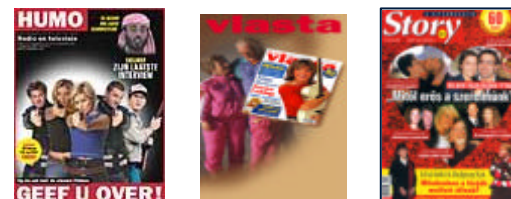


Women

Young Women

Youth

#### Leading International Titles



Belgium

Czech Rep

Hungary

### Highlights

- Dramatic growth and margin improvement due to the acquisition of VNU-CIG in 2001
- Integration is on track and division is performing well
- Operational improvement measures being implemented
- Operates in 9 countries: Belgium, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Slovakia, Sweden
- Outlook for 2003
  - Net sales are expected to be EUR one billion
  - EBIT is expected to be about 7% of net sales.

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# Sanoma Magazines 1-9/2003

32

€ million	NET SALES		OPERATING PROFIT	
	1-9/2003	1-9/2002	1-9/2003	1-9/2002
Sanoma Uitgevers	338.9	347.2		
Sanoma Magazines Finland	122.3	118.5		
Sanoma Magazines Belgium	112.6	111.2		
Sanoma Magazines International	73.7	69.0		
Aldipress	160.6	159.3		
Intracompany eliminations	-80.7	-81.7		
<b>Total</b>	<b>727.4</b>	<b>723.5</b>	<b>50.3</b>	<b>37.5</b>
	<u>9/2003</u>	<u>9/2002</u>		
Gross investments, € million	12.1	13.8		
Personnel, average *	3,892	4,276		

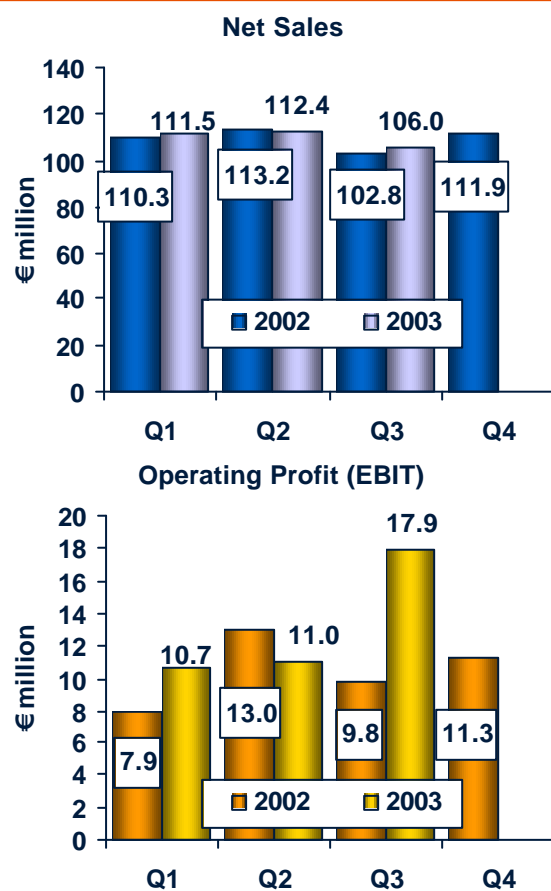
\* full-time equivalents

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# Finland's largest news publisher

## Still going very strong...

### Key financials



### Key markets/products



#1 Daily newspaper  
circulation: 431k



#1 National tabloid  
circulation: 204k



#2 Financial newspaper  
circulation: 32k



#1 Regional newspapers publisher  
in south-east Finland

### Highlights

- Strong market position although advertising net sales are down
- Newspapers account for some 50% of Finnish advertising expenditure
- Sanoma has approx. 36% market share:
  - Over 25% of total newspaper circulation
  - Over 38% of newspaper advertising net sales
- Operates in Finland
- Outlook for 2003
  - Net sales are forecasted to grow slightly.
  - Operating profit is forecast to improve more than net sales, due to gains on the sales and long-range development measures.

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# Sanoma 1-9/2003

34

€ million	NET SALES		OPERATING PROFIT*	
	1-9/2003	1-9/2002	1-9/2003	1-9/2002
Helsingin Sanomat	190.9	189.9		
IS Business Unit	71.6	68.3		
Kymen Lehtimedia	39.2	38.2		
Others	143.2	150.7		
Intracompany eliminations	-115.1	-120.9		
<b>Total</b>	<b>329.9</b>	<b>326.2</b>	<b>39.7</b>	<b>30.6</b>
	<u>9/2003</u>	<u>9/2002</u>		
Gross investments, € million	20.2	31.8		
Personnel, average **	3,280	3,639		

\*Includes a share of Rautakirja's result until 1 March 2003

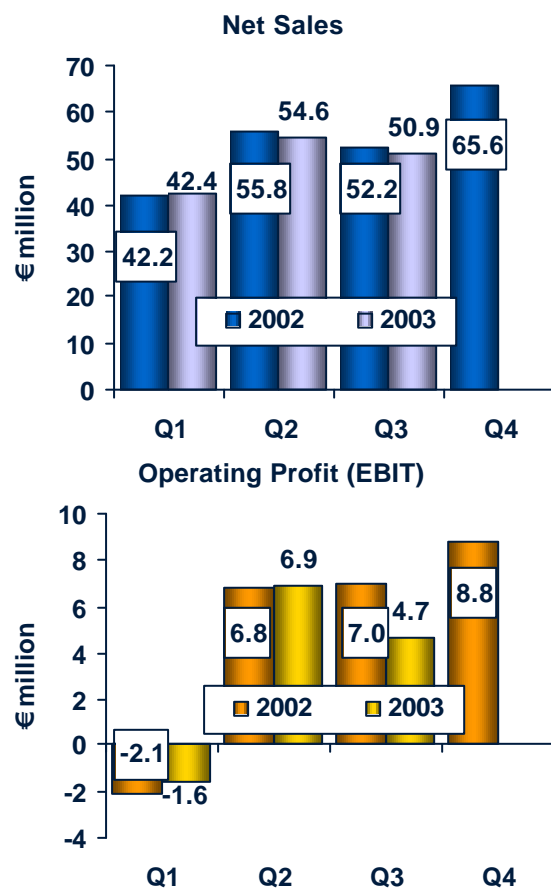
\*\*full-time equivalents

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# Leading Finnish book publisher

## Committed to publishing the best literature

### Key financials



### Key markets/products

#1 book publisher in Finland



#1 calendar publisher in the Nordic region



#1 educational publisher in Finland



### Highlights

- In the overall stable book market, focus is on maintenance of market position and cost control
- The map and location based products from *Genimap* are experiencing strong demand
- WSOY is also one of the largest and most profitable book printers – including digital printing – in the Nordic region
- Operates in the Nordic countries and Poland
- Outlook for 2003:
  - Net sales are estimated to be on the previous year level
  - Operating profit from own operations will improve.

# WSOY 1-9/2003

36

€ million	NET SALES		OPERATING PROFIT*	
	1-9/2003	1-9/2002	1-9/2003	1-9/2002
Publishing	104.6	103.5		
Printing	43.2	46.8		
Calendar operations	16.0	17.1		
Others	3.3	2.7		
Intracompany eliminations	-19.2	-19.9		
<b>Total</b>	<b>147.9</b>	<b>150.2</b>	<b>9.9</b>	<b>11.8</b>
	<u>9/2003</u>	<u>9/2002</u>		
Gross investments, € million	6.4	6.8		
Personnel, average **	1,874	1,834		

\*Includes a share of Rautakirja's result until 1 March 2003.

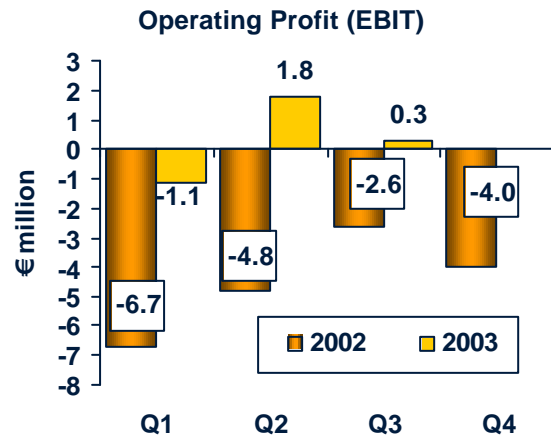
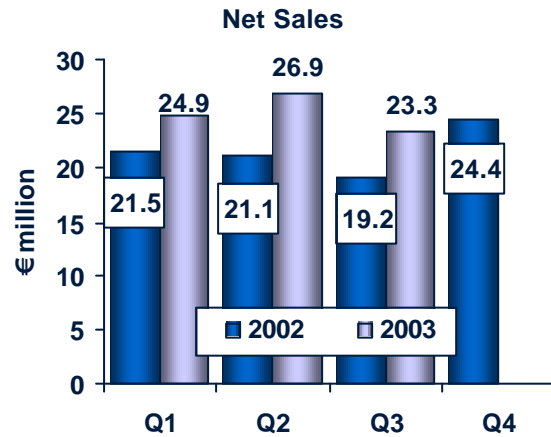
\*\* full-time equivalents

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# Commercial television challenger

## Growing viewership and ad-share

### Key financials



### Key markets/products

“Challenger” commercial television station



Largest domestic cable TV operator & broadband Internet service provider



### Highlights

- *Nelonen's* market share is developing according to plan (currently 27.5 %)
- Light cost structure of *Nelonen* will enable profitable growth as market develops
- *HTV* broadband internet service offering rapidly increasing sales
- *HTV* cable-TV connection sales continue to grow
- Operates in Finland
- Outlook for 2003
  - Net sales are expected to grow substantially.
  - Operating result will improve very considerably.

# SWelcom 1-9/2003

38

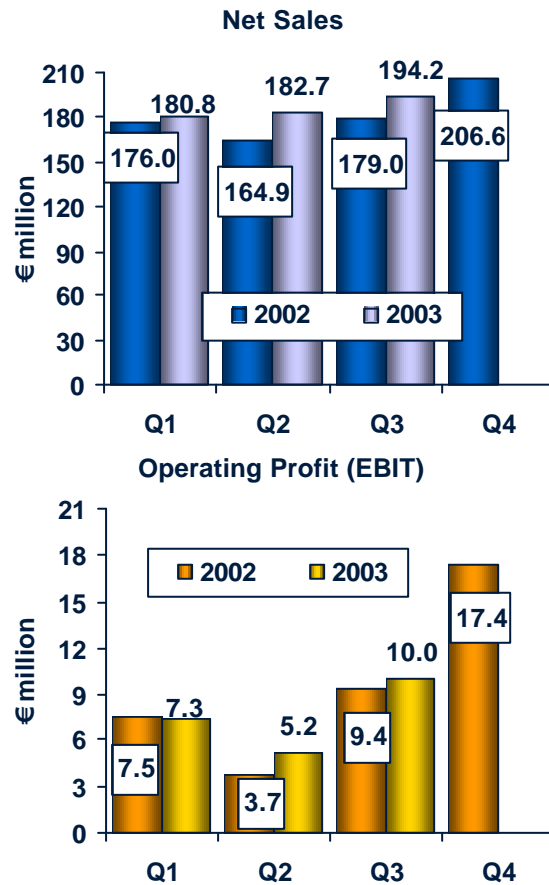
€ million	NET SALES		OPERATING PROFIT	
	1-9/2003	1-9/2002	1-9/2003	1-9/2002
Nelonen	40.4	35.3		
HTV	28.2	20.2		
Others	8.3	8.2		
Intracompany eliminations	-1.8	-1.9		
<b>Total</b>	<b>75.1</b>	<b>61.8</b>	<b>1.0</b>	<b>-14.1</b>
	<u>9/2003</u>	<u>9/2002</u>		
Gross investments, € million	5.8	5.5		
Personnel, average	390	385		

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# Leading Finnish media distributor

## Entertainment to the people

### Key financials



### Key markets/products

#1 kiosk chain in Finland with over 700 kiosks nationwide



#1 press distributor in Finland



#1 chain of book stores in Finland



#1 movie theatre network in Finland with 15 cinemas (69 screens) in 9 cities



### Highlights

- *R-Kioski* is one of a Finland's most visited retail chain with around 120 million customer visits annually
- *Lehtipiste* delivers some 1,500 titles to over 8,400 outlets
- Growing presence in the Baltic countries both in kiosks and press distribution as well as in movie theatres.
- Operates in Finland, the Baltic countries and the Czech Republic
- Outlook for 2003:
  - Net sales are estimated to grow faster than wholesale and retail business in general in Finland.
  - Operating profit is forecasted to be broadly the same as the previous year.

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# Rautakirja 1-9/2003

40

€ million	NET SALES		OPERATING PROFIT	
	1-9/2003	1-9/2002	1-9/2003	1-9/2002
Kiosk operations	286.0	273.8		
Press distribution	142.8	127.9		
Bookstores	79.3	74.0		
Movie theatre operations	36.9	34.9		
Restaurant operations	47.4	36.5		
Others	0.0	0.8		
Intracompany eliminations	-34.8	-28.0		
<b>Total</b>	<b>557.7</b>	<b>519.9</b>	<b>22.5</b>	<b>20.6</b>
	<b>9/2003</b>	<b>9/2002</b>		
Gross investments, € million	22.8	15.5		
Personnel, average*	4,915	5,092		

\*full-time equivalents

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