

# SanomaWSOY

Investment Highlights

December 2007

# The SanomaWSOY Group

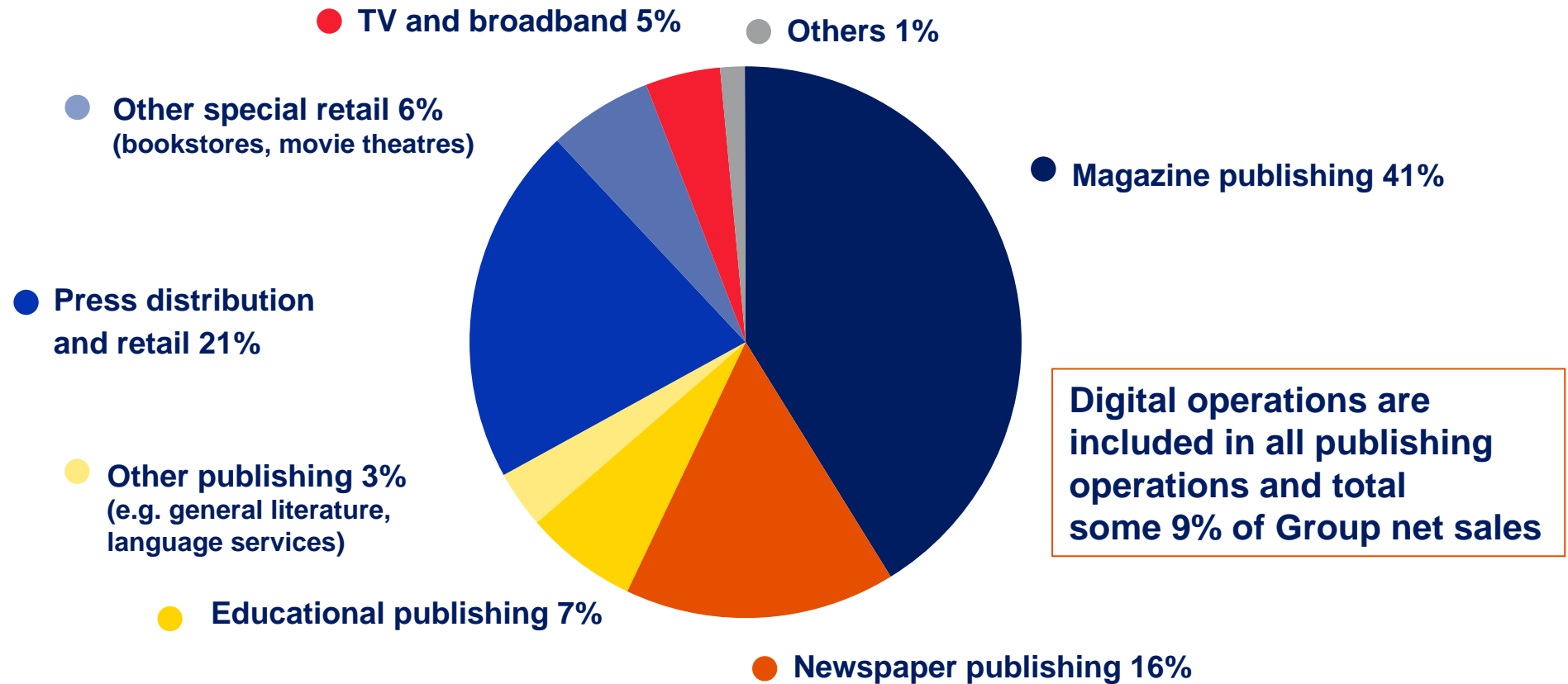
## Profitable Growth, Focus on Market Leadership

- One of Europe's largest magazine and educational publishers
- Wide, extremely strong media portfolio in Finland; focused approach internationally
- Leading media assets in the chosen markets **with strong cash generation, combined with excellent position**
  - in the attractive CEE countries and Russia
  - in digital businesses
  - in distribution in Finland and the Baltic countries
- Good dividend payer
  - primarily over half of Group result after taxes distributed in dividends



# The SanomaWSOY Group

Group Net Sales M€ 2,742 • Group EBIT M€ 292 • Group Personnel 18,434



## Multimedia strategy in Finland

# Four Focused International Growth Areas

Magazines



41%

- Concepts travel – magazines are not influenced by national or political issues
- Preferred international license partner + own concepts across borders
- Magazines are perfect platforms for brand extensions and community solutions

Educational publishing



7%

- Growth potential: investments in CEE and move to eLearning
- Consolidation of business – no big players in Europe
- Modularisation in production: local content, global platforms

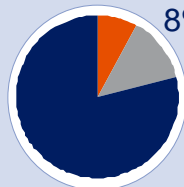
Digital media



9%

- Controlled transition from print to digital (optimal time, optimal pace)
- Consumer defines what content and where he/she wants to use it
- Includes TV and radio, online access, digital content, online advertising and eCommerce (some 4% without broadcasting)

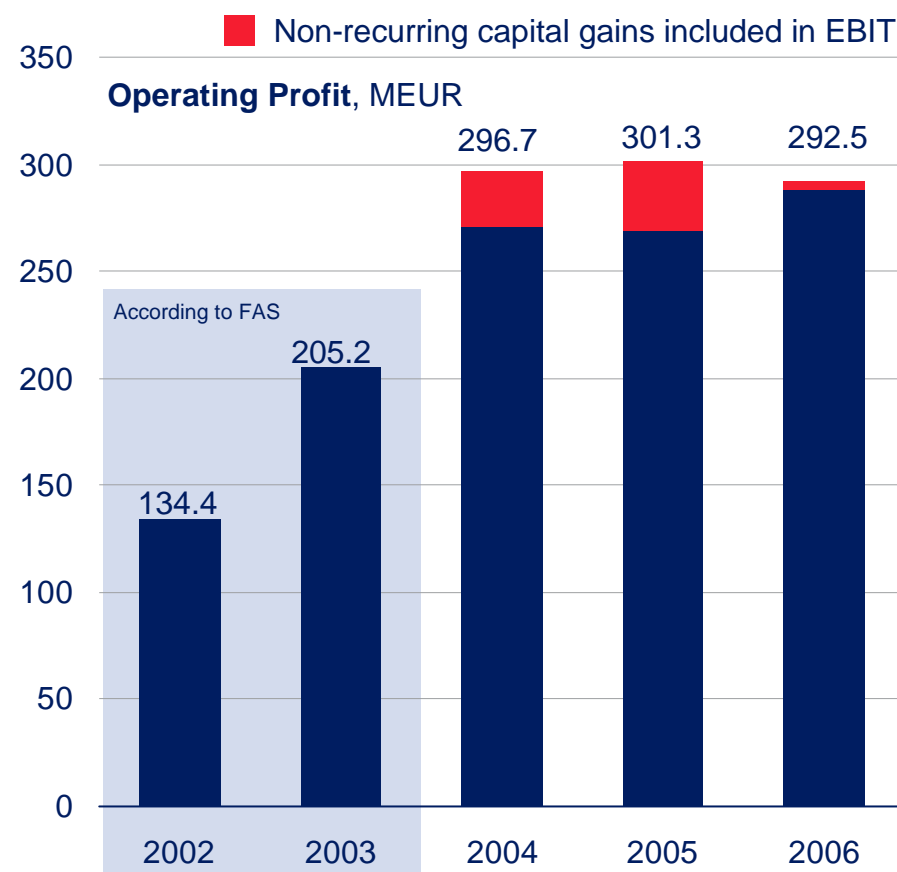
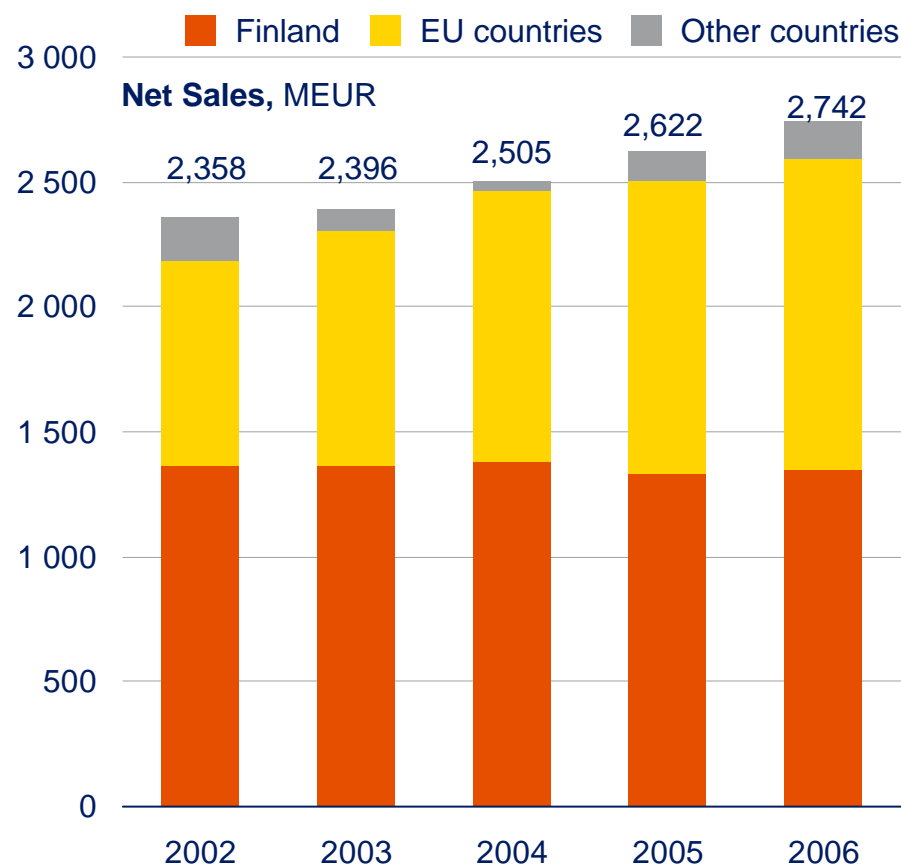
Press distribution and retail



8%  
13%\*

- Good, profitable business & exportable know how
- Supports magazine value chain
- Kiosk operations complement distribution in CEE countries Russia

# Sustained Growth and Profitability



## Key Indicators

# Towards the EBIT margin of 12%

EUR million	1–12/2006	1–12/2005	Ch %
Net sales	2,742.1	2,622.3	4.6
Operating profit	292.5	301.3	-2.9
% of net sales	10.7	11.5	
Operating profit excluding major non-recurring capital gains	288.2	269.1	7.1
% of net sales	10.5	10.3	
Balance sheet total	3,132.2	2,972.5	5.4
Capital expenditure *	81.9	93.8	-12.7
Return on equity (ROE), %	17.7	22.3	-0.3
Return on investment (ROI), %	14.3	15.4	
Equity ratio, %	45.0	41.3	
Gearing, %	59.2	72.9	
Interest-bearing liabilities	863.9	928.7	-7.0
Net debt	782.4	843.8	-7.3
Earnings/share, EUR	1.32	1.45	-9.3
Cash flow from operations/share, EUR	1.63	1.69	-3.5
Dividend/share, EUR	0.95	0.90	5.6
Market capitalisation, EUR million	3,521.8	3,121.5	12.8
Personnel under employment contract, average	18,434	16,885	9.2

\* Definition of capital expenditure has been changed in 2006.  
Comparative data has been adjusted accordingly.

# The Group's Financial Targets

To increase net sales at a rate faster than GDP growth in main operating countries

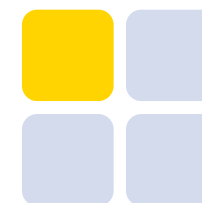
To increase digital business significantly

Group EBIT target is 12%

EBIT margin development (%)	2006	2006*	2005*	2004*
Sanoma Magazines	11.1	10.9	10.9	12.5
Sanoma (newspapers)	13.7	13.3	13.0	13.7
SanomaWSOY Education and Books	15.5	15.5	13.4	11.5
SWelcom (TV and broadband)	9.5	9.5	7.8	8.2
Rautakirja (distribution)	6.8	6.8	6.6	7.0
<b>SanomaWSOY</b>	<b>10.7</b>	<b>10.5</b>	10.3	10.8

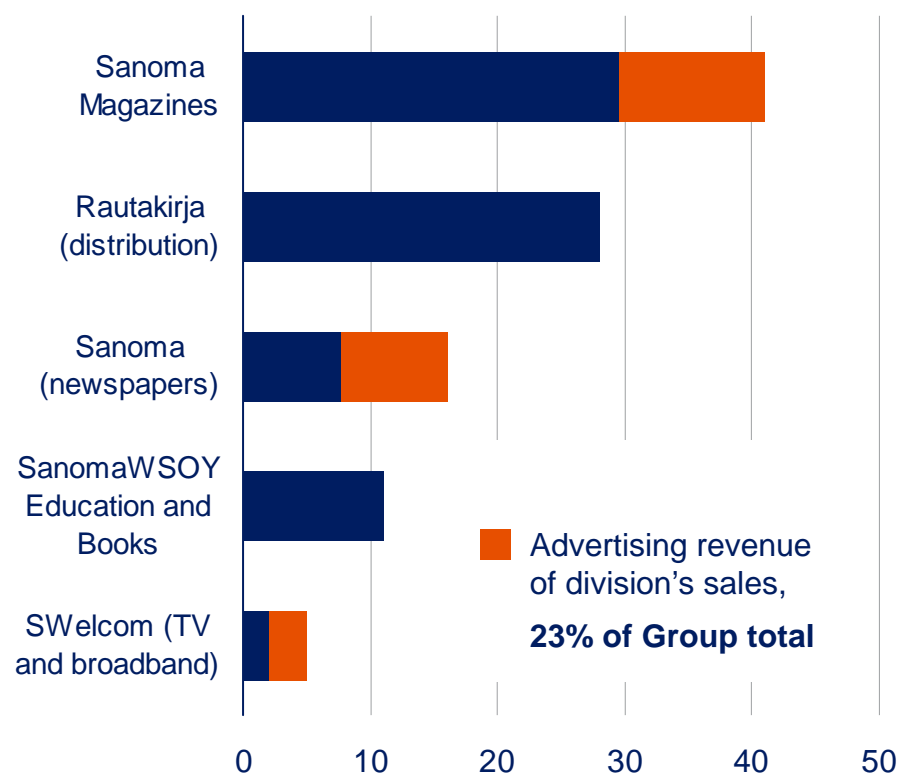
## Other key ratios

- Annual capital expenditure < EUR 100 million (EUR 81.9 million in 2006)
- Equity ratio 35–45% (45.0% in 2006)
- Gearing < 100% (59.2% in 2006)
- Net debt/EBITDA < 3.5 (1.8 in 2006)

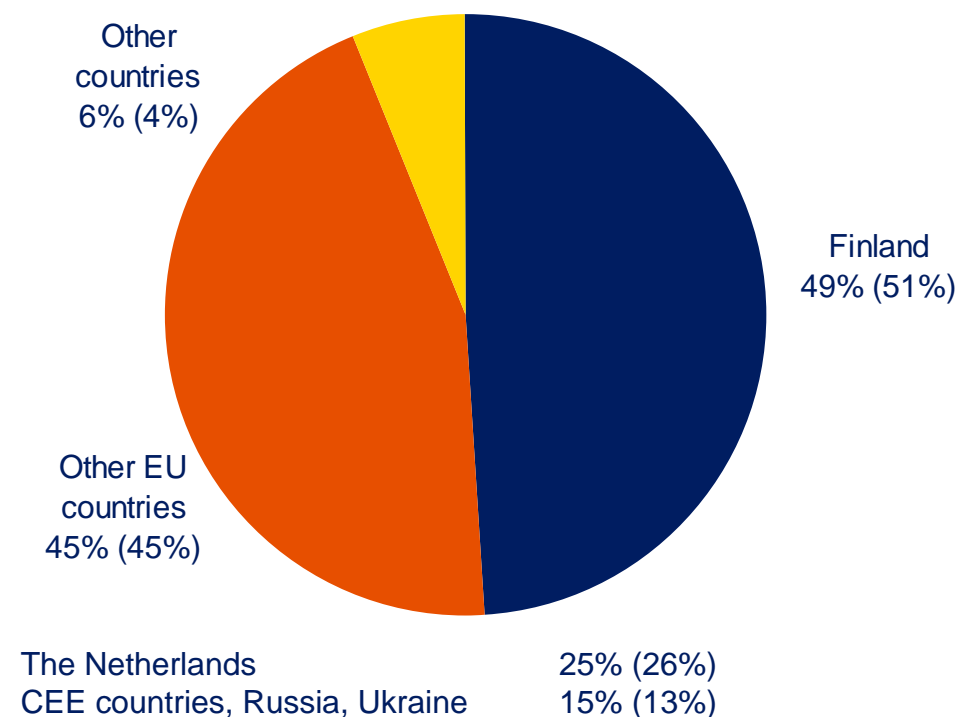


# Balanced Composition of Net Sales

Divisional net sales breakdown 2006\*

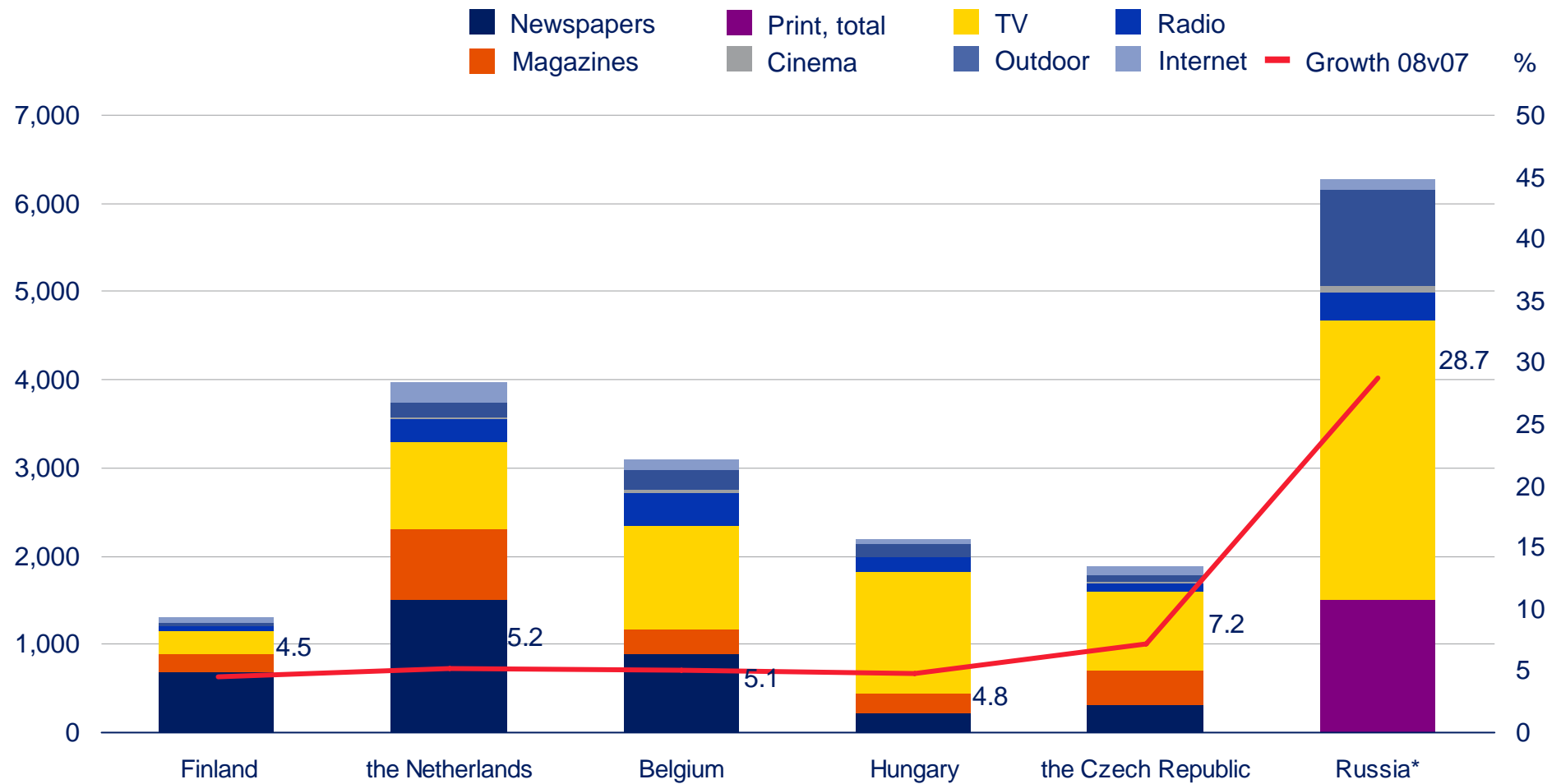


Geographic net sales breakdown 2006\*



# Advertising Market in Europe

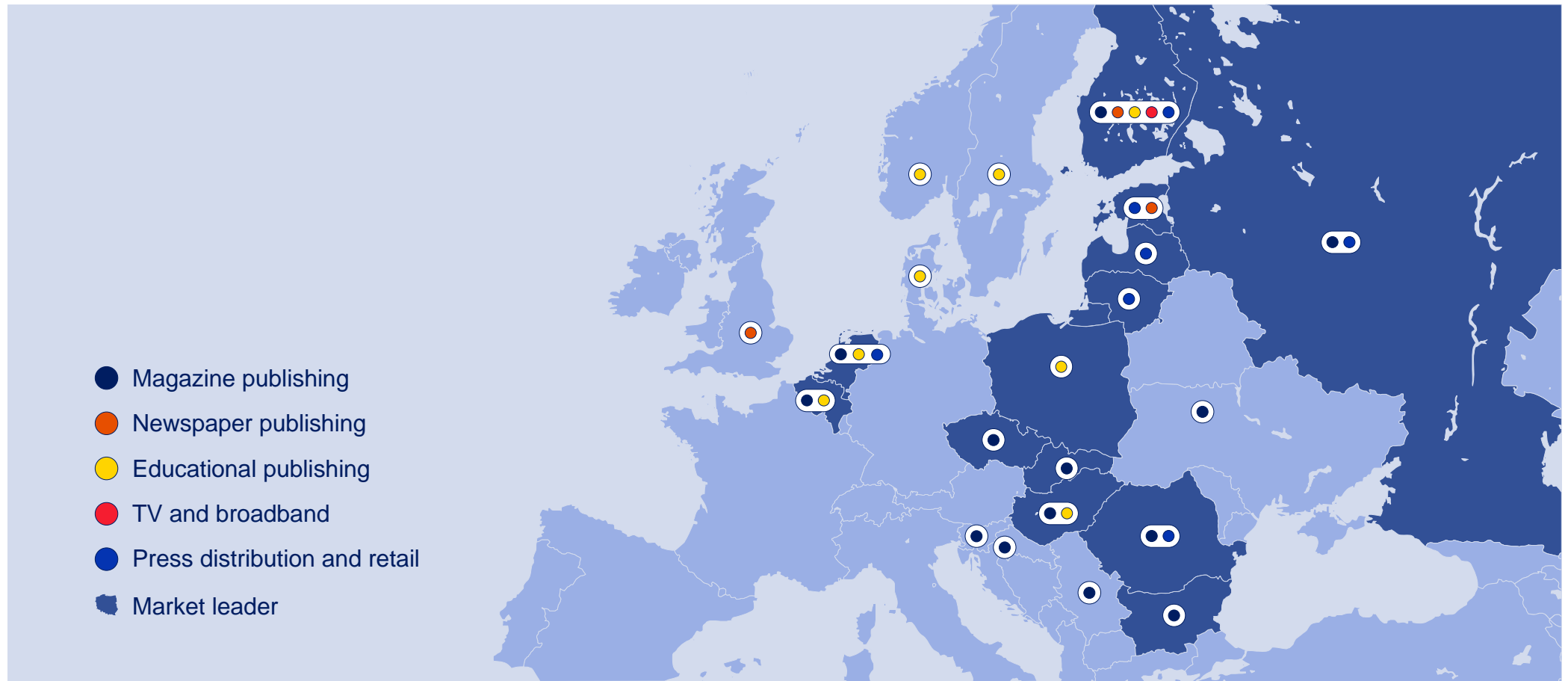
## 2007, EUR million



Market Leading Position in Mature Markets

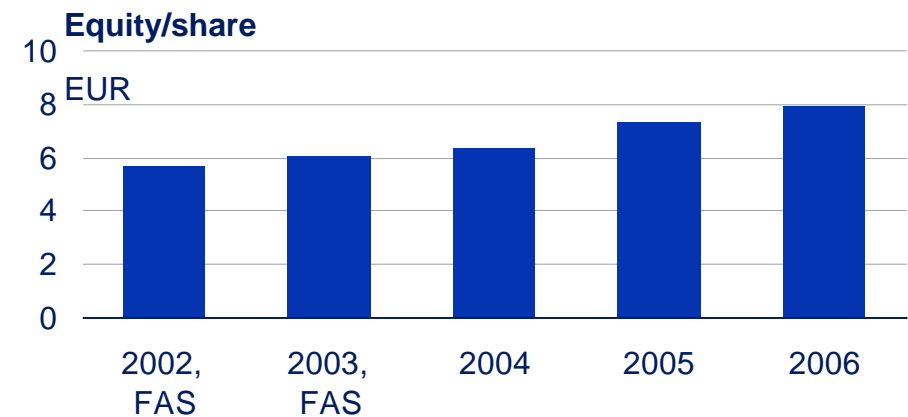
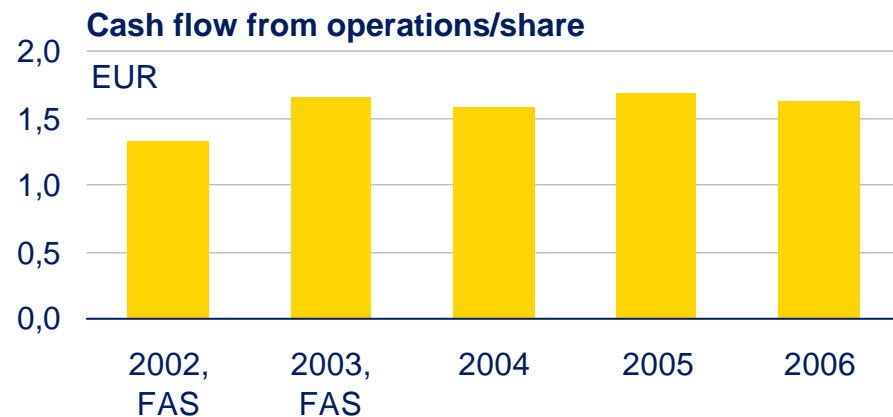
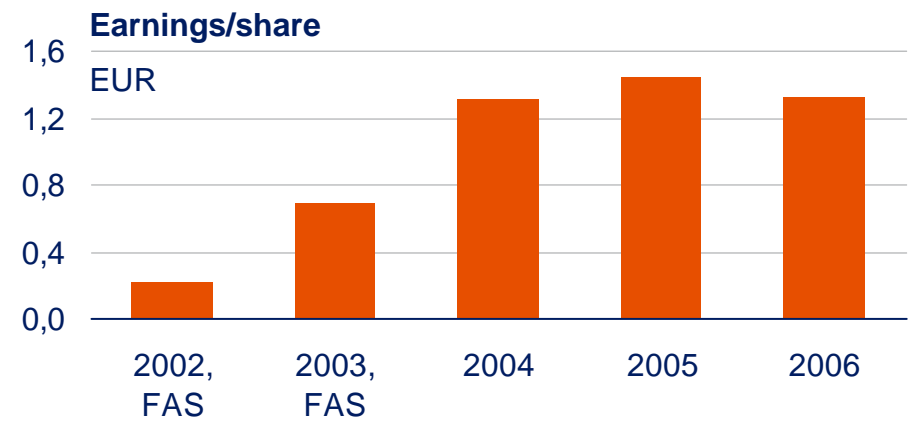
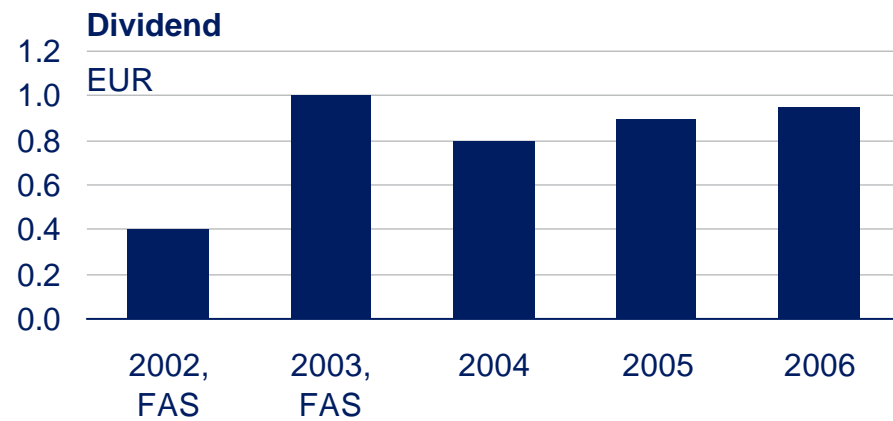
# Investing in Fast Growing Areas

1-9/07: 20% of net sales from CEE countries, Russia and Ukraine



# Good Dividend Payer

Over half of Group result after taxes distributed in dividends



# Appendices:

Appendix 1: About Group divisions

Appendix 2: 3Q07 Result

Appendix 3: Market environment

Appendix 4: About owners and share



## Appendix 1:

Five divisions  
operating in versatile fields of media

# The SanomaWSOY Group

Group Net Sales M€ 2,742 • Group EBIT M€ 292 • Group Personnel 18,434

## Rautakirja

- Net sales M€ 799.9
- EBIT M€ 54.7 (6.8%)

Press distribution, Kiosk operations,  
Bookstores, Movie theatres

## SWelcom

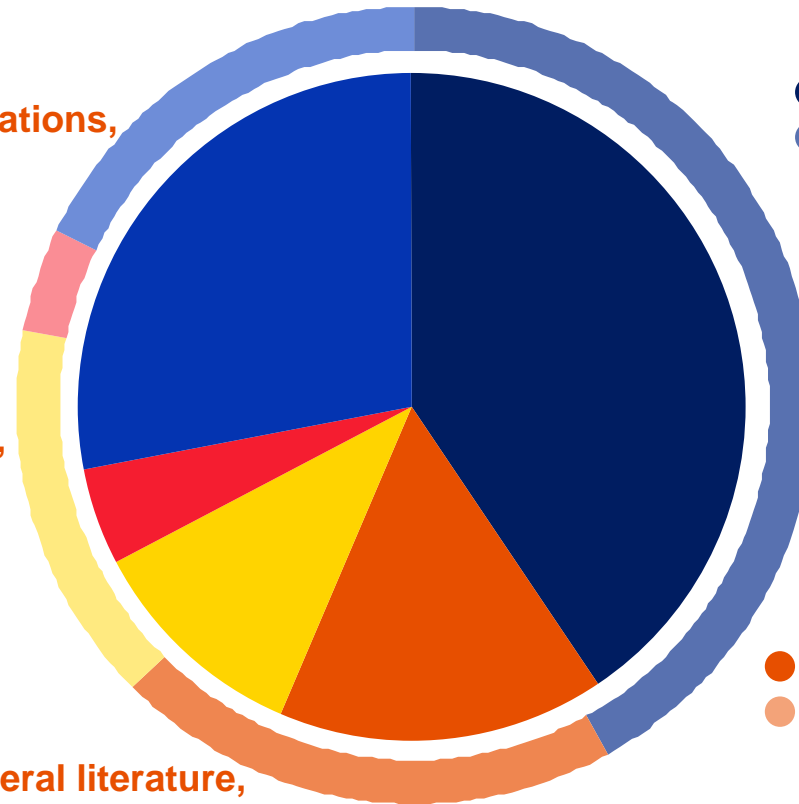
- Net sales M€ 131.8
- EBIT M€ 12.5 (9.5%)

Commercial TV, Cable TV,  
Broadband, Radio

## SanomaWSOY Education and Books

- Net sales M€ 309.2
- EBIT M€ 48.0 (15.5%)

Educational publishing, General literature,  
Business information and services



## Sanoma Magazines

- Net sales M€ 1,155.9
- EBIT M€ 128.8 (11.1%)

Magazine publishing,  
Online operations

## Sanoma

- Net sales M€ 457.1
- EBIT M€ 62.7 (13.7%)

Newspaper publishing,  
Online operations

# European Magazine Publisher with a Strong Focus on Interactivity

## Sanoma Magazines

- One of Europe's leading magazine publishers
- 313 magazine titles for all segments
- Active in 13 countries
- Strong brand developer:
  - Libelle, Margriet, (NL)
  - Kodin Kuvalehti, ET, Me Naiset (FI)
  - Humo, Libelle
  - Story (8 countries)
- Preferred license partner:
  - Cosmopolitan (11 countries), Elle (4 countries), Donald Duck (2 countries), National Geographic (6 countries)...
- Increasing digital operations (ilse media, Sanoma Budapest)
  - Search engines, web portals, virtual communities, news services, ...



# Finland's Leading Newspaper Publisher

## Sanoma

- Sanoma publishes 5 out of 7 Finland's most read newspapers and free sheets
  - The largest morning paper in the Nordic region and the leading ad medium in Finland (Helsingin Sanomat)
  - The leading tabloid in Finland (Ilta-Sanomat)
  - Finland's 3 most read free sheets (Metro, UL100, and Kaupunkilehti Vartti)
- Leading online services
  - The leading service entity for classified advertisements (Oikotie.fi, Keltainenporssi.fi, Huuto.Net)
  - Among the largest online services in Finland by the number of visitors (Iltasanomat.fi, HS.fi)
  - Strong financial site (Taloussanomat.fi)



# Significant European Educational Publisher and Finland's Leading Book Publisher

## SanomaWSOY Education and Books

- One of Europe's largest educational publishers
  - Leading positions in its present operating countries – Finland, the Netherlands, Belgium, Poland and Hungary
  - Optimizing the use of ICT to ensure growth
  - Taking advantage of curriculum changes and educational reforms
  - Expanding product portfolio with edutainment business
- Increasing offering of business information and services including language training and services
- The market leader in general literature in Finland



# TV and Broadband Internet

## SWelcom

- Third-largest ad medium in Finland, targeted especially on city dwellers (TV channel Nelonen)
  - 31% share of Finnish TV advertising (2006)
- Four other TV channels
- Two semi-national commercial radio stations
- Finland's largest cable TV operator and a major provider of broadband services (WELHO)
  - Triple-play operator with TV, broadband and VoIP services
  - 318,000 connected households, 81,000 pay TV customers and 97,000 broadband customers



# Market Leading Press Distributor in Finland, the Netherlands, and the Baltic Countries

## Rautakirja

- The leading kiosk operator in Finland and the Baltic countries
  - With its more than 700 kiosks, R-kioski is one of Finland's most visited retail chains (around 120 million visits annually)
  - Operations in Russia began in May 2007
- The leading press distributor in Finland, the Netherlands, and the Baltic countries
  - operations also in Romania and Russia
- The leading bookstore chain in Finland and Estonia
- The leading movie theatre chain in Finland and the Baltic countries





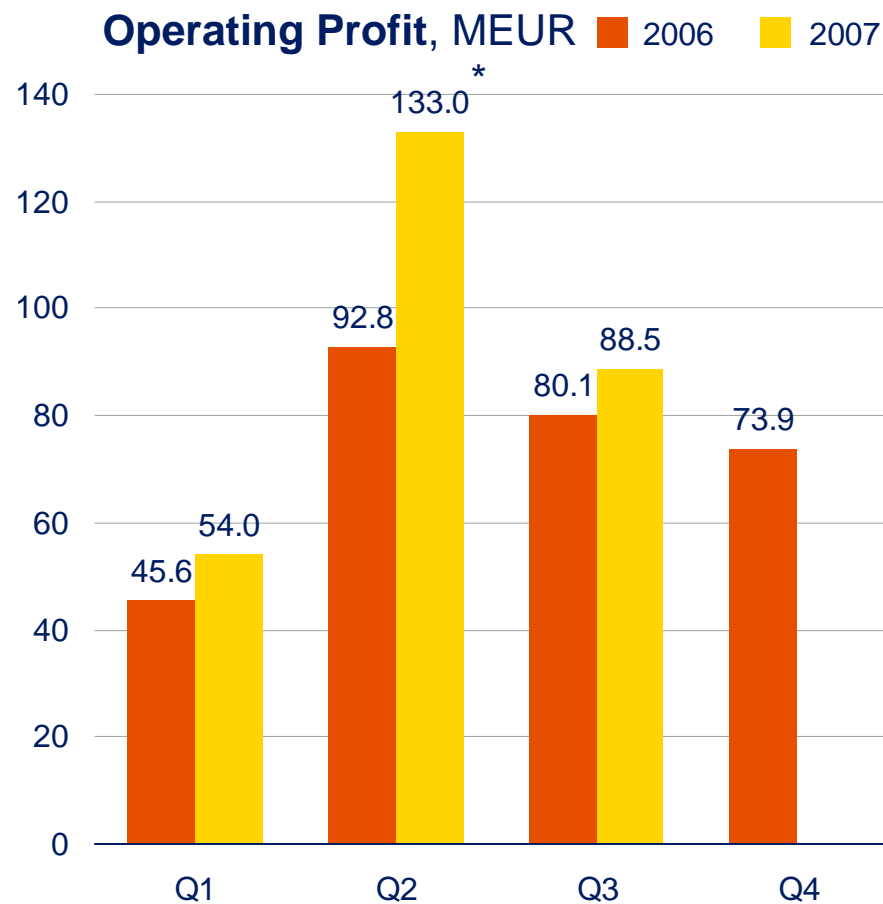
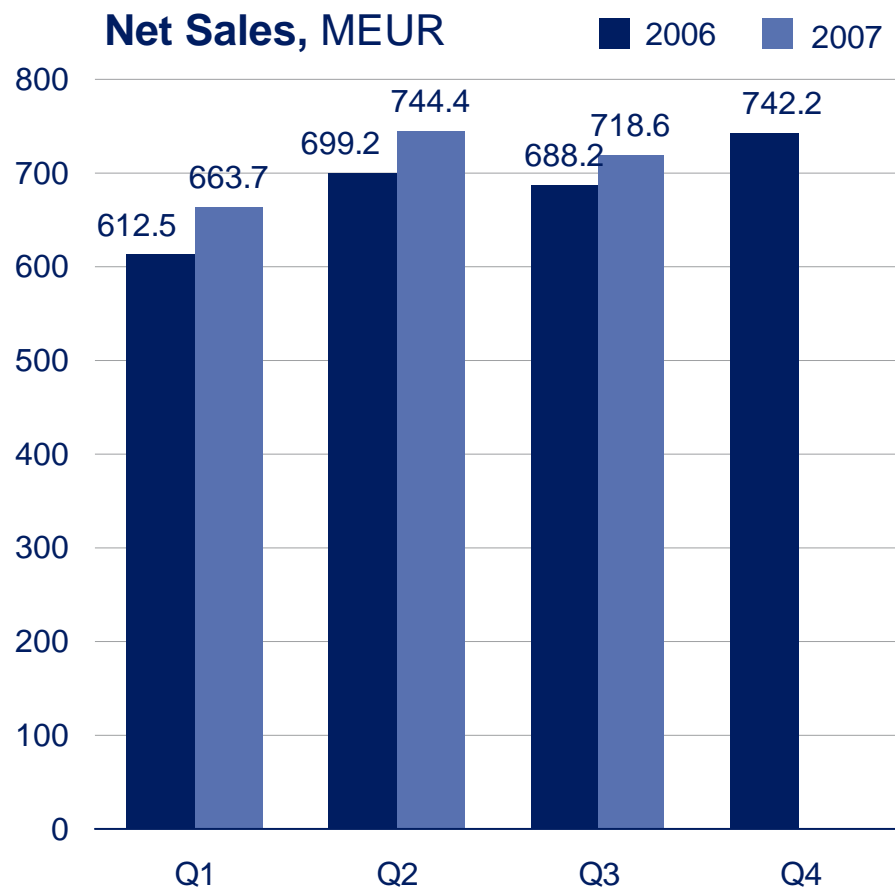
## Appendix 2:

3Q07 Result

# Key Figures

<b>EUR million</b>	<b>1–9/2007</b>	<b>1–9/2006</b>	<b>Ch %</b>	<b>1–12/2006</b>
Net sales	<b>2,126.7</b>	1,999.8	6.3	2,742.1
Operating profit	<b>275.5</b>	218.5	26.1	292.5
% net sales	<b>13.0</b>	10.9		10.7
Operating profit excluding major non-recurring capital gains	<b>240.1</b>	214.3	12.0	288.2
% net sales	<b>11.3</b>	10.7		10.5
Balance sheet total	<b>3,283.0</b>	3,181.8	3.2	3,132.2
Capital expenditure	<b>57.6</b>	51.4	12.2	81.9
Equity ratio, %	<b>44.0</b>	39.9		45.0
Gearing, %	<b>65.0</b>	79.6		59.2
Interest-bearing liabilities	<b>968.6</b>	1,066.9	-9.2	863.9
Net debt	<b>879.8</b>	947.5	-7.2	782.4
Earnings/share, EUR	<b>1.16</b>	0.96	20.6	1.32
Cash flow from operations/share, EUR	<b>0.71</b>	0.78	-9.1	1.63
Market capitalisation	<b>3,599.9</b>	3,243.7	11.0	3,521.8
Personnel *	<b>19,470</b>	18,277	6.5	18,434

# Net Sales and Operating Profit



\* 2Q07 includes non-recurring capital gains worth of EUR 34.2 million

# Key Developments 3Q2007 (1/2)

- Acquisitions
  - Educational publisher Nowa Era, Poland
  - Press distributor Press Point International and kiosk operator HDS CIS, Russia
  - Language service company The Works, Sweden
- Digital media acquisitions
  - TV channels Urheilukanava and Urheilu+kanava, Finland
  - Ticket service Mr Ticket.nl (40%), the Netherlands
  - Online publisher CE Media Online, the Czech Republic
  - Online quiz portal Älypää, Finland
  - Croportal.net, Croatia



# Key Developments 3Q2007 (2/2)

- Magazine launches
  - Fashion magazine Grazia, the Netherlands
  - Fashion and beauty magazine Harper's Bazaar, Romania
  - NG Traveller, Russia
  - Men's magazine Esquire, Romania
  - Women's magazine Sensa, Croatia
- Digital media launches
  - Pay TV channel KinoTV, Finland
  - Consumer information portal Kirakat.hu, Hungary
  - Hot from the US (Disney's top series on Nelonen Web TV)
  - Online game portal Pelikone.fi, Finland
  - Combined online service of several free sheets Vartti.fi, Finland
  - User-generated content platform Maakjezo.nl, the Netherlands



# Sanoma Magazines 1-9/2007

EUR million	1-9/2007	1-9/2006	Ch %	1-12/2006
Net sales	<b>885.7</b>	831.7	6.5	1,155.9
Sanoma Magazines Netherlands	<b>385.6</b>	382.8	0.7	531.2
Sanoma Magazines International	<b>200.3</b>	175.7	14.0	247.6
Sanoma Magazines Belgium	<b>156.4</b>	136.7	14.4	188.6
Sanoma Magazines Finland	<b>146.8</b>	140.1	4.7	193.2
Eliminations	<b>-3.3</b>	-3.7	-9.9	-4.7
Operating profit	<b>123.8</b>	86.8	42.5	128.8
% net sales	<b>14.0</b>	10.4		11.1
Operating profit excluding major non-recurring capital gains	<b>102.6</b>	84.2	21.8	126.2
% net sales	<b>11.6</b>	10.1		10.9
Balance sheet total	<b>1,900.9</b>	1,798.0	5.7	1,910.0
Capital expenditure	<b>14.0</b>	11.8	18.4	16.5
Personnel *	<b>5,577</b>	5,241	6.4	5,302

# Sanoma 1–9/2007

EUR million	1–9/2007	1–9/2006	Ch %	1–12/2006
Net sales	<b>356.2</b>	334.7	6.4	457.1
Helsingin Sanomat (daily newspaper)	<b>206.5</b>	195.9	5.4	267.3
Ilta-Sanomat (quality tabloid)	<b>71.2</b>	68.4	4.0	92.2
Other publishing	<b>71.6</b>	62.8	14.1	87.6
Others	<b>113.5</b>	108.8	4.3	145.6
Eliminations	<b>-106.6</b>	-101.2	5.3	-135.6
Operating profit	<b>54.1</b>	46.1	17.2	62.7
% net sales	<b>15.2</b>	13.8		13.7
Operating profit excluding major non-recurring capital gains	<b>54.1</b>	44.5	21.6	61.0
% net sales	<b>15.2</b>	13.3		13.3
Balance sheet total	<b>525.9</b>	501.4	4.9	526.6
Capital expenditure	<b>11.4</b>	11.3	1.0	16.5
Personnel *	<b>2,715</b>	2,679	1.4	2,672

# SanomaWSOY Education and Books 1-9/2007

EUR million	1-9/2007	1-9/2006	Ch %	1-12/2006
Net sales	<b>254.0</b>	245.8	3.3	309.2
Educational publishing	<b>167.1</b>	162.3	2.9	187.7
Publishing	<b>67.7</b>	65.3	3.8	96.0
Others	<b>37.1</b>	31.3	18.5	43.3
Eliminations	<b>-17.9</b>	-13.1	37.1	-17.8
Operating profit	<b>51.2</b>	55.1	-7.1	48.0
% net sales	<b>20.1</b>	22.4		15.5
Operating profit excluding major non-recurring capital gains	<b>51.2</b>	55.1	-7.1	48.0
% net sales	<b>20.1</b>	22.4		15.5
Balance sheet total	<b>655.9</b>	588.7	11.4	598.2
Capital expenditure	<b>4.8</b>	6.9	-30.6	8.9
Personnel *	<b>2,754</b>	2,353	17.0	2,455

# SWeIcom 1-9/2007

EUR million	1-9/2007	1-9/2006	Ch %	1-12/2006
Net sales	<b>103.4</b>	94.6	9.3	131.8
TV and radio	<b>56.7</b>	53.6	5.7	76.5
Others	<b>47.3</b>	41.5	14.1	56.0
Eliminations	<b>-0.6</b>	-0.5	12.1	-0.6
Operating profit	<b>10.4</b>	7.7	35.6	12.5
% net sales	<b>10.1</b>	8.1		9.5
Operating profit excluding major non-recurring capital gains	<b>10.4</b>	7.7	35.6	12.5
% net sales	<b>10.1</b>	8.1		9.5
Balance sheet total	<b>171.9</b>	145.5	18.2	158.6
Capital expenditure	<b>10.0</b>	7.9	26.3	15.2
Personnel *	<b>488</b>	439	11.1	437

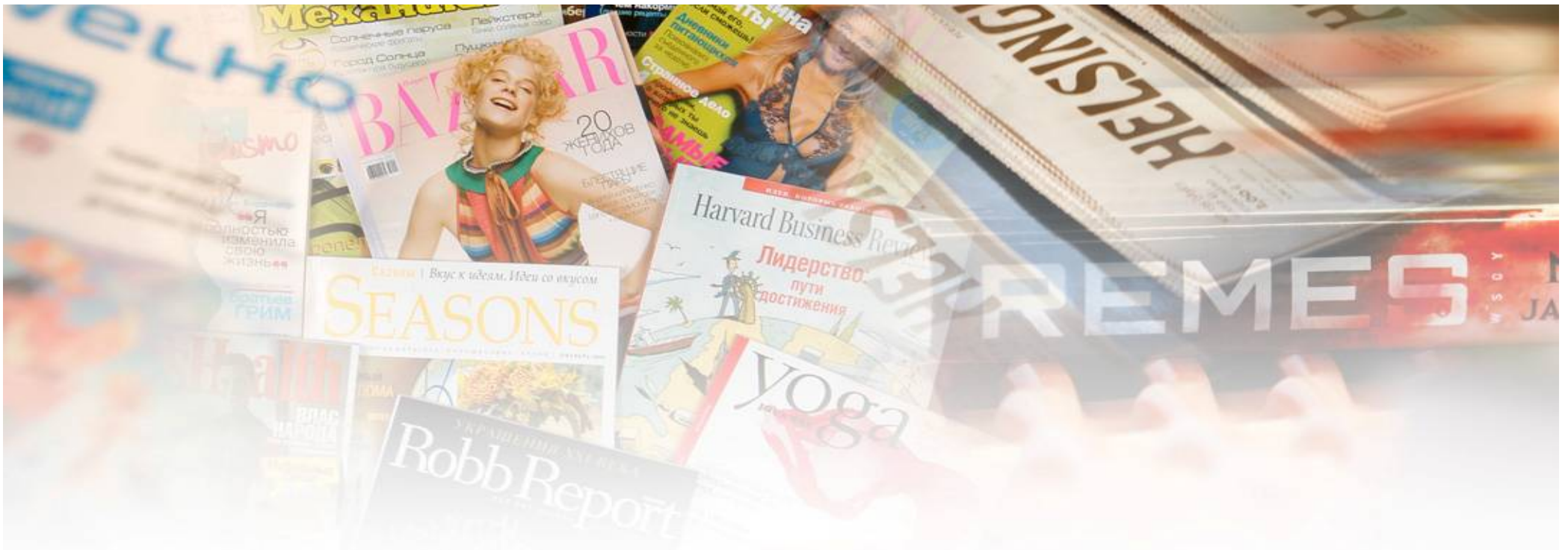
# Rautakirja 1–9/2007

EUR million	1–9/2007	1–9/2006	Ch %	1–12/2006
Net sales	<b>608.2</b>	567.0	7.3	799.9
Kiosk operations	<b>281.7</b>	268.1	5.1	369.1
Press distribution	<b>178.9</b>	164.8	8.6	223.6
Bookstores	<b>90.4</b>	89.9	0.6	138.9
Entertainment	<b>69.4</b>	53.7	29.2	81.7
Eliminations	<b>-12.2</b>	-9.4	29.2	-13.4
Operating profit	<b>32.5</b>	32.2	0.8	54.7
% net sales	<b>5.3</b>	5.7		6.8
Operating profit excluding major non-recurring capital gains	<b>32.5</b>	32.2	0.8	54.7
% net sales	<b>5.3</b>	5.7		6.8
Balance sheet total	<b>540.4</b>	535.2	1.0	586.9
Capital expenditure	<b>16.3</b>	12.5	30.7	23.1
Personnel *	<b>7,847</b>	7,492	4.7	7,496

# Group's Outlook for 2007

## Outlook

- Net sales to increase more than in the previous year
- Operating profit excluding the major non-recurring capital gains to improve
  
- In 2006, operating profit excluding the major non-recurring capital gains totalled EUR 288.2 million and net sales grew by 4.6%



## Appendix 3:

Market environment

# Advertising Sales Estimates

## In Finland, the Netherlands and Belgium

### Estimates for 2007, Current Prices

	Finland		The Netherlands		Belgium	
	MEUR	Ch %	MEUR	Ch %	MEUR	Ch %
Newspapers	695	5.5	1,501	1.9	889	1.4
Magazines	205	2.5	815	1.9	293	2.1
Television	253	4.1	970	6.0	1,162	8.5
Radio	48	2.1	279	3.0	381	16.4
Outdoor	39	8.3	171	4.3	232	2.5
Internet	57	21.3	231	40.9	98	36.0
Cinema	2.0	96.0	5	0	27	-10.0
<b>Total</b>	<b>1,299</b>	<b>5.3</b>	<b>3,972</b>	<b>4.7</b>	<b>3,082</b>	<b>6.6</b>

# Advertising Sales Estimates

## In Russia, Hungary and the Czech Republic

### Estimates for 2007, Current Prices

	Russia		Hungary		The Czech Republic	
	MEUR	Ch %	MEUR	Ch %	MEUR	Ch %
Newspapers			215	1.4	320	-6.5
Magazines			230	-0.2	385	8.0
<i>Total print</i>	<i>1,501</i>	<i>23.5</i>				
Television	3,167	35.0	1,384	-0.1	893	3.5
Radio	324	24.9	158	17.0	102	6.0
Outdoor	1,098	25.6	154	0.5	78	1.0
Internet	122	65.0	51	32.2	86	15.9
Cinema	66	48.3	4	-30.4	8	5.0
<b>Total</b>	<b>6,278</b>	<b>30.4</b>	<b>2,196</b>	<b>1.7</b>	<b>1,870</b>	<b>3.0</b>

# Advertising Sales Estimates

## In Finland, the Netherlands and Belgium

### Estimates for 2008, Current Prices

	Finland		The Netherlands		Belgium	
	MEUR	Ch %	MEUR	Ch %	MEUR	Ch %
Newspapers	723	4.0	1,530	1.9	913	2.8
Magazines	210	2.4	829	1.7	303	3.4
Television	263	4.0	1,038	7.0	1,227	5.6
Radio	50	4.2	288	3.2	406	6.8
Outdoor	41	5.1	178	4.1	239	2.8
Internet	68	19.3	312	35.1	122	23.8
Cinema	2.4	19.9	5	0	27	1.5
<b>Total</b>	<b>1,357</b>	<b>4.5</b>	<b>4,180</b>	<b>5.2</b>	<b>3,238</b>	<b>5.1</b>

# Advertising Sales Estimates

## In Russia, Hungary and the Czech Republic

### Estimates for 2008, Current Prices

	Russia		Hungary		The Czech Republic	
	MEUR	Ch %	MEUR	Ch %	MEUR	Ch %
Newspapers			222	3.4	337	5.4
Magazines			236	2.7	423	10.0
<i>Total print</i>	<i>1,801</i>	<i>23.3</i>				
Television	4,059	32.0	1,454	5.0	956	7.0
Radio	394	24.9	168	6.3	106	4.0
Outdoor	1,307	22.3	162	5.1	79	2.0
Internet	202	69.7	55	8.1	97	12.8
Cinema	92	43.1	3	-20.6	8	6.0
<b>Total</b>	<b>7,854</b>	<b>28.7</b>	<b>2,300</b>	<b>4.8</b>	<b>2,006</b>	<b>7.2</b>

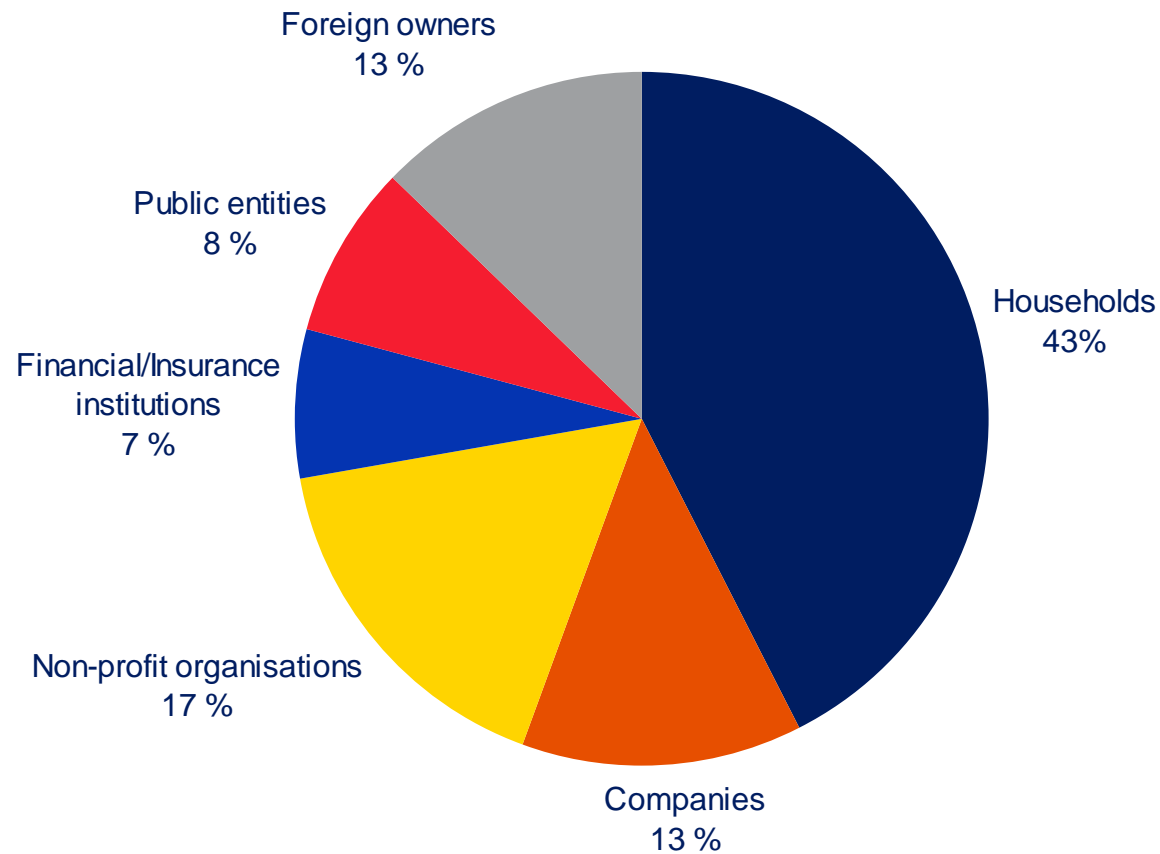


## Appendix 4:

About Owners and Shares

# Shareholders by Sectors

% of Shares and Votes



# Largest Shareholders

30 November 2007

% of shares and votes

Aatos Erkko (of which through Oy Asipex Ab: 7.14%)	22.66
Robin Langenskiöld	7.42
Rafaela Seppälä	7.42
Helsingin Sanomat Foundation	3.63
Alfred Kordelin Foundation	2.28
Ilmarinen Mutual Pension Insurance Company	2.27
Sampo Life Insurance Company Limited	1.85
Foundation for Actors' Old-age-home	1.36
The WSOY's Literature Foundation	1.25
Varma Mutual Pension Insurance Company	1.18
<b>Foreign ownership in total</b>	<b>11.6</b>

**Total number of shareholders: 16,495**

**165,399,792**

of which on 30 November: 1,926,000 (1.17%) treasury shares

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