

# Sanoma -

One of the Leading Media Companies  
in Europe

Investment Highlights  
February 2010



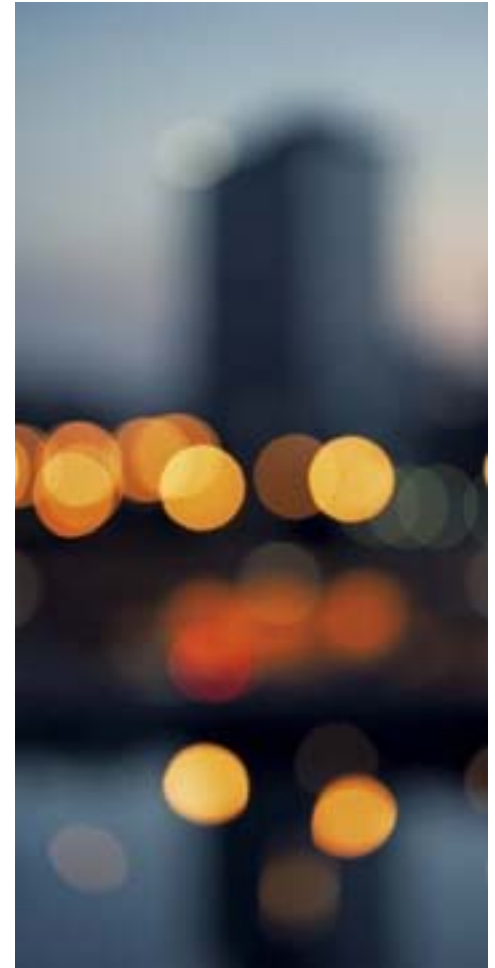
# Contents

- Investment Highlights
- Appendix 1:  
4Q09 Result
- Appendix 2:  
Five Divisions Operating in  
Different Fields of Media
- Appendix 3:  
About Owners and Coverage



# Investment Highlights

- One of the leading media companies in Europe, with a focus on sustainable growth and profitability
- Balanced portfolio of B2C and B2B products and services
- Magazines, news, learning solutions and online operations as focus areas
- Market leader in chosen businesses and segments
- Limited advertising market exposure – only 21% of net sales coming from advertising
- Strong cash generator, investing in growth areas of media
- Good dividend payer – over half of Group result after taxes distributed



# Successful Integration

Steps to a leading media company

- 1999:** Sanoma and WSOY merged  
SanomaWSOY (Sanoma since 1 October 2008)  
listed on the Helsinki Stock Exchange
- 2001:** CIG acquisition  
Magazine division with operations in 9 countries
- 2003:** Rautakirja merged into SanomaWSOY
- 2004:** Malmberg acquisition  
Leading educational publisher in the Netherlands  
and Belgium
- 2005:** Independent Media acquisition  
Leading magazine publisher in Russia
- 2008:** SanomaWSOY becomes Sanoma



# The Sanoma Group

Net sales EUR 2,768 million • EBIT EUR 230 million\* • Personnel 16,723\*\*



Magazines  
Online business



Newspapers  
Online business



TV and radio  
Broadband internet  
Casual gaming



Learning  
Language services  
Literature & other



Kiosks  
Trade services  
Bookstores  
Movie operations



\* Excluding non-recurring items  
\*\* At the end of 2009, full-time equivalents

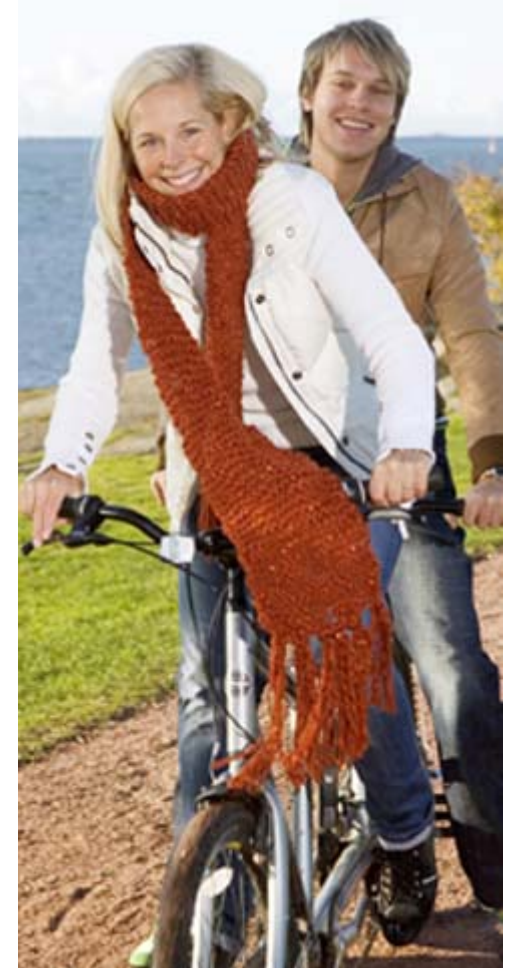
# Sanoma's Strategy

## Our goal is

- To be one of the leading media companies in Europe, with a focus on sustainable growth and profitability

## Our Strategic Objectives are

- To be the market leader in chosen businesses and markets
  - To balance our business portfolio of B2C and B2B products and services by focusing on magazines, news, learning solutions and online business
- 
- Strengthen our focus on organic growth and create an innovation management system
  - Restructure our business operations according to changing customer needs
  - Develop our organisation further and exploit synergies across the Group



# Strategic Priorities

- **Magazines:** To grow in print and digital media
- **News:** To develop our business to maintain attractive cash flows and profitability while ensuring a controlled migration to online
- **Learning solutions and Language services:** To strengthen our position as a leading European provider of learning solutions and build a distinctive provider of language services
- **Online:** To develop and expand our online business and aim to double our consumer media online revenues by 2012 to EUR 240 million
- **TV & Entertainment:** To become a market leader in the evolving commercial TV landscape and to further internationalise our business
- **Retail:** To create innovative retail concepts and focus on further developing our kiosk operations and trade services



# Online Strategy

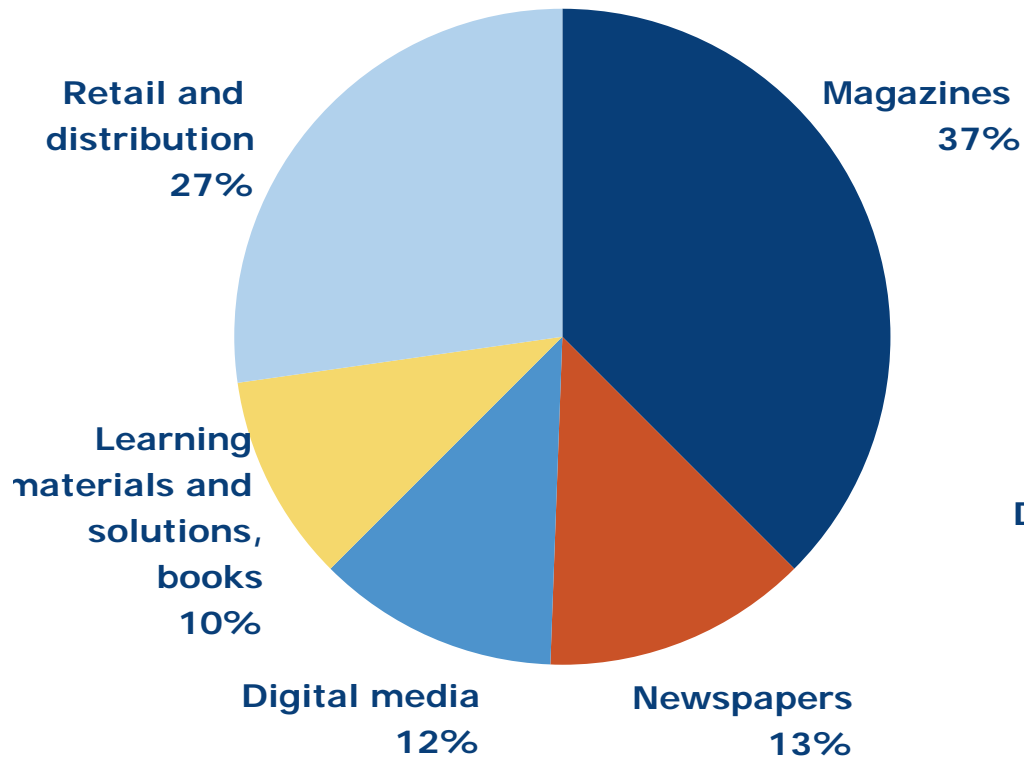
- Target: Double our online revenue to EUR 240 million by 2012
- Method: systematic innovation, R&D and acquisitions
- Focus areas
  - transactional comparison and classified sites
  - casual gaming
  - verticals
- Geographic focus in
  - Central and Eastern Europe
  - Western Europe (to complement existing portfolio)
- Organisation
  - Future Media Team (media divisions' presidents)
  - Online Execution Team (implementation)
  - Innovation teams (thematic teams as growth drivers)



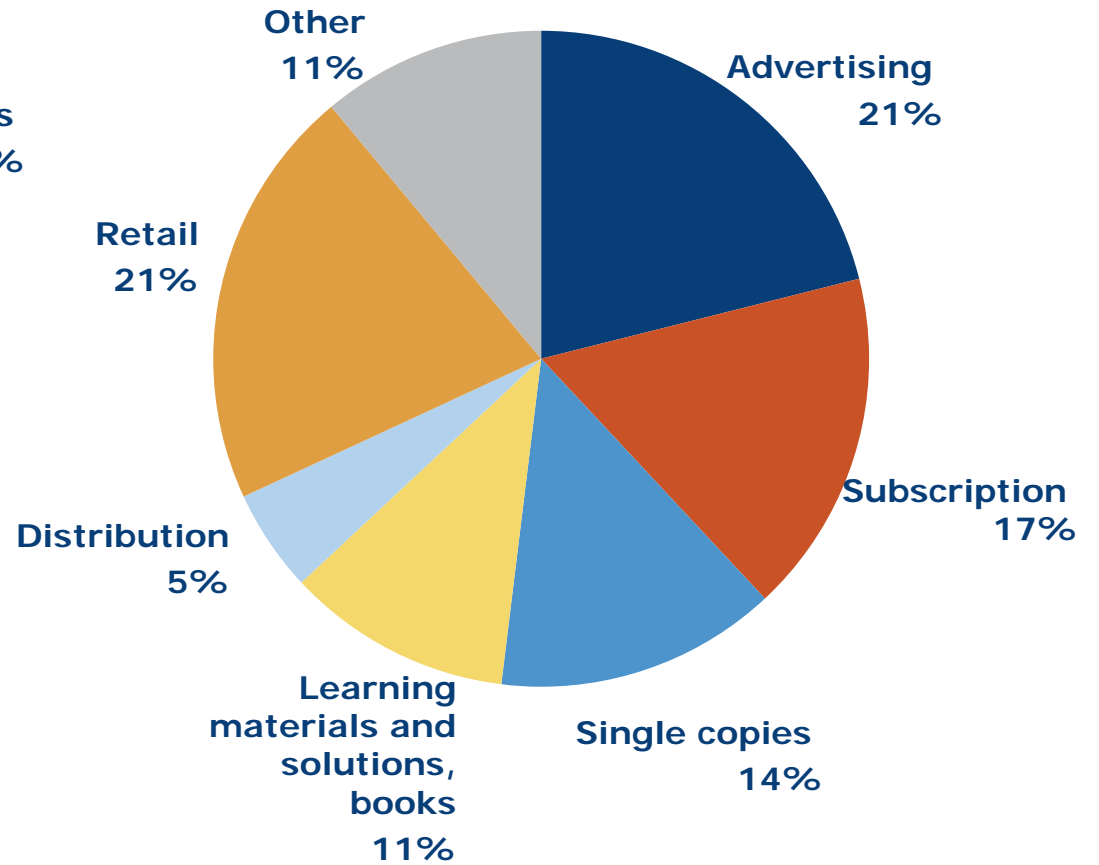
# Balanced Portfolio

of B2C and B2B products and services

Net Sales Breakdown  
by Products and Services



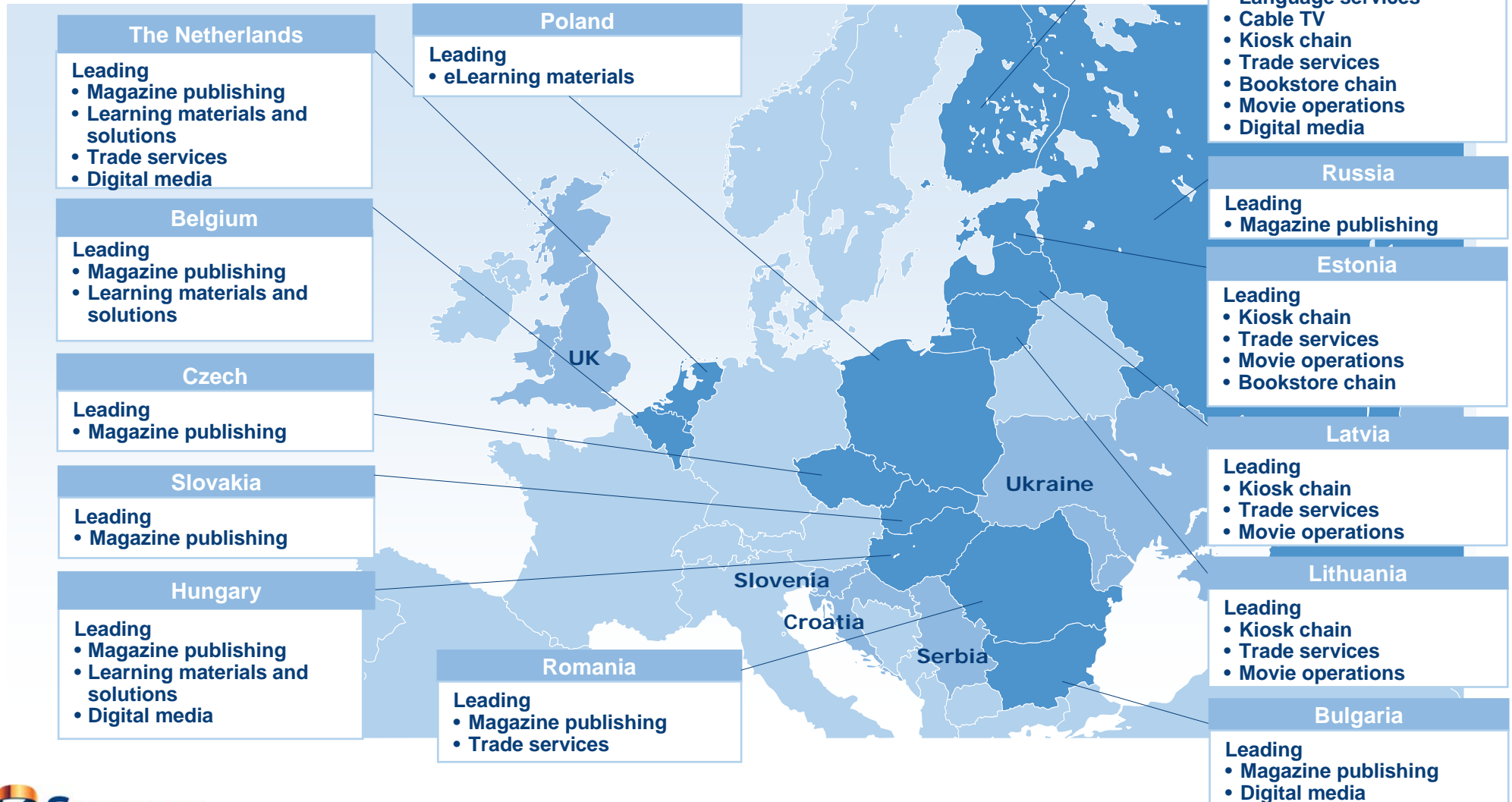
Net Sales Breakdown  
by Type of Revenue Source



Intra group eliminations excluded. Due to rounding, the sum of percentages of pies' slides is not always 100%

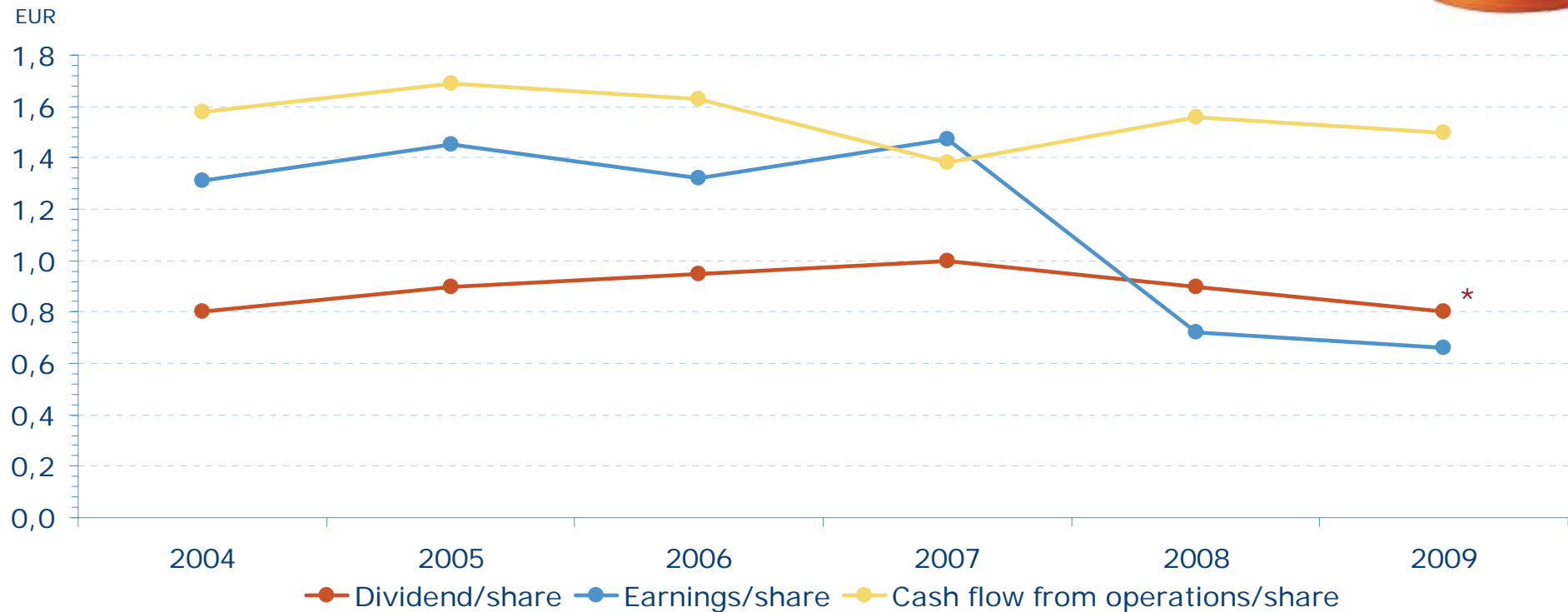
# Leading Market Positions

In chosen segments



# Good Dividend Payer

Over half of group result after taxes 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

# Key Ratios at Target Levels

## Key ratios

	2009	target level
• Annual capital expenditure	EUR 83.4 million	< EUR 100 million
• Equity ratio	41.4%	35–45%
• Gearing	79.4%	< 100%
• Net debt/EBITDA	2.6	< 3.5

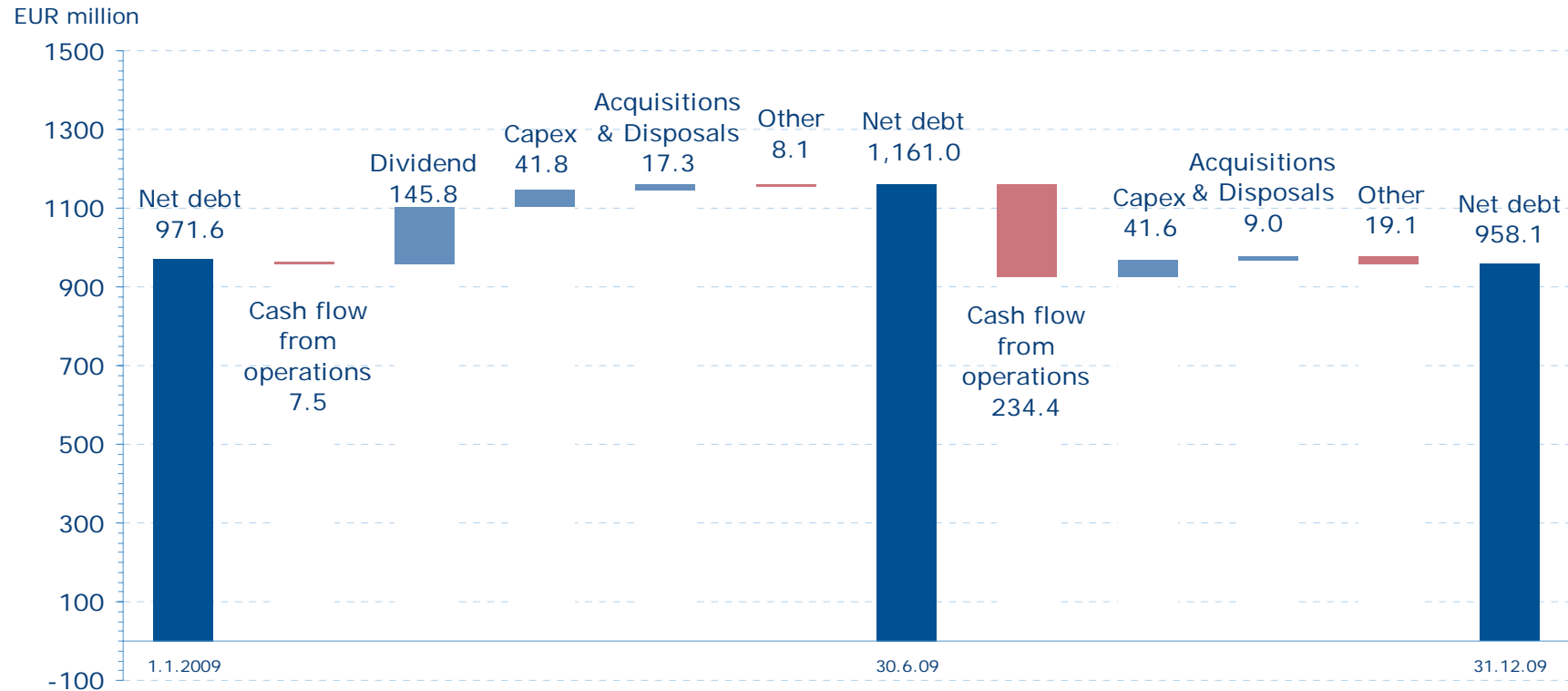
## Other financial targets:

- To increase net sales at a rate faster than GDP growth in main operating countries
- To double our online revenue to EUR 240 million by 2012
- EBIT margin target 12%

EBIT % excl. non-recurring items	2009	2008
Sanoma Magazines	<b>10.2</b>	11.1
Sanoma News	<b>9.5</b>	12.1
Sanoma Entertainment	<b>13.2</b>	11.0
Sanoma Learning & Literature	<b>12.6</b>	13.6
Sanoma Trade	<b>3.3</b>	5.2
<b>The Group</b>	<b>8.3</b>	9.8

# Capital structure

## Decreasing net debt



- Majority of cash flow from operations accumulated in the second half
- Net debt /EBITDA at 2.6
- Favourable long-term credit facility

# Managing Financial Risk

- Sanoma has a strong, steady and predictable cash flow, which substantially reduces liquidity risks

Sanoma's financing programmes in 2009,  
EUR million

	Amount of limits	Unused credit lines
Bilateral committed facilities	1,027.0 *	537.0
Bilateral uncommitted facilities	275.0 **	275.0
Commercial paper programs	1,100	668.2
Current account limits	62.0	23.9

\* Out of the EUR 1,027.0 million of committed facilities, EUR 150 million is maturing in 2010, EUR 75 million in 2011, EUR 140 million in 2012 and EUR 662 million in 2013.

\*\* Out of the EUR 275.0 million of uncommitted facilities, EUR 75 million is maturing in 2010.

# One of the Leading Media Companies in Europe, with a Focus on Sustainable Growth and Profitability

- Steady performer also in the current financial turmoil
- Market leader in chosen businesses and segments
- Balanced portfolio of B2C and B2B products and services helps in keeping the good profitability and investing in the growth areas of media
- Clear strategy forms the base for long-term development
- Strong financial position and cash flow enables investor friendly dividend policy



# Appendix 1:

4Q09 Result



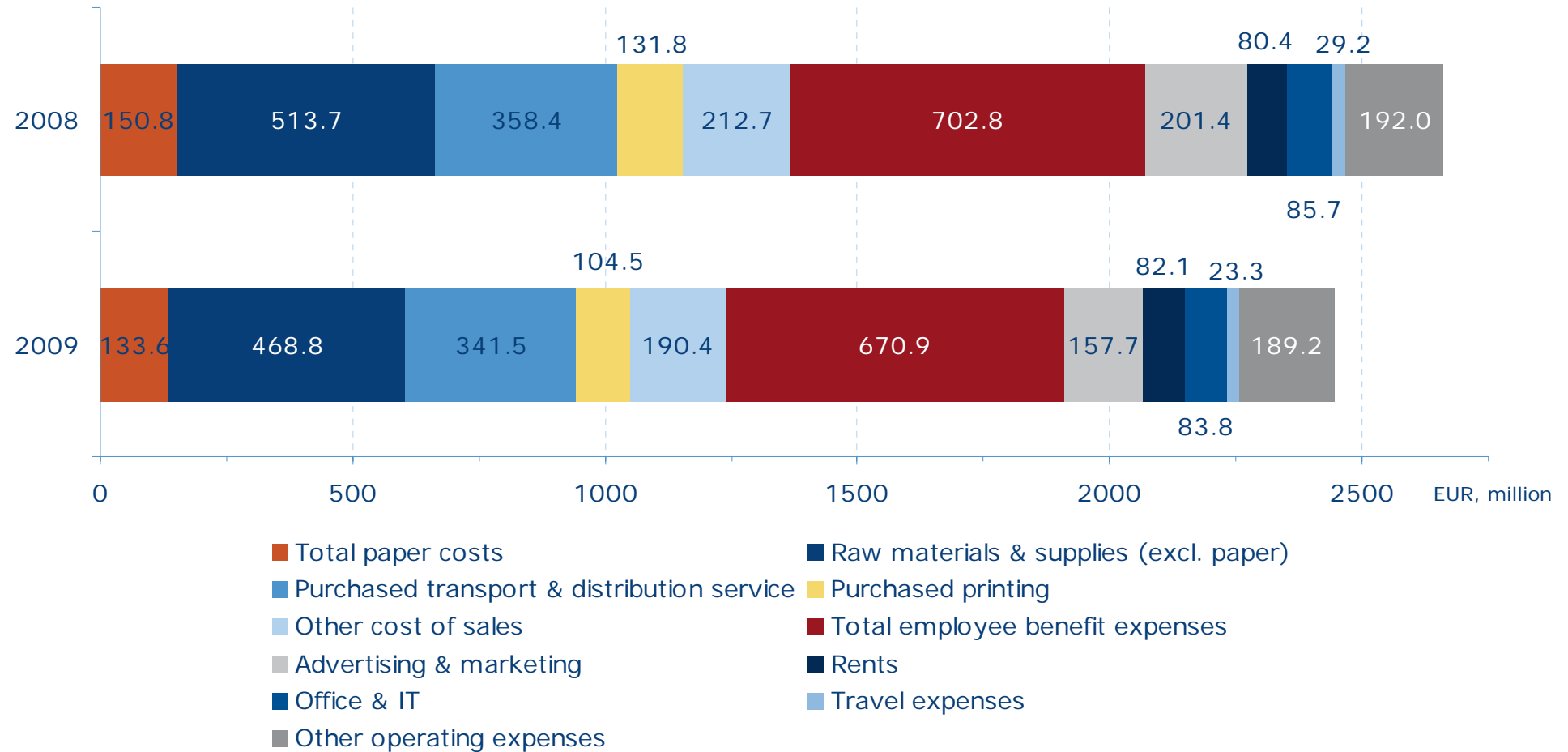
# Satisfactory Result



EUR million	10–12/2009	10–12/2008	Ch %	2009	2008	Ch %
Net sales	<b>733.6</b>	798.7	-8.2	<b>2,767.9</b>	3,030.1	-8.7
Operating profit excluding non- recurring items	<b>49.3</b>	49.0	0.5	<b>229.5</b>	295.7	-22.4
% of net sales	<b>6.7</b>	6.1		<b>8.3</b>	9.8	
Operating profit	<b>32.3</b>	-28.8	212.0	<b>195.4</b>	236.3	-17.3
Earnings/share, €	<b>0.04</b>	-0.39	110.2	<b>0.66</b>	0.72	-8.8
Cash flow from operations/share, €	<b>0.76</b>	0.59	28.3	<b>1.50</b>	1.56	-3.5
Number of employees at the end of the period *				<b>16,723</b>	18,453	-9.4
Average number of employees *				<b>17,343</b>	18,168	-4.5

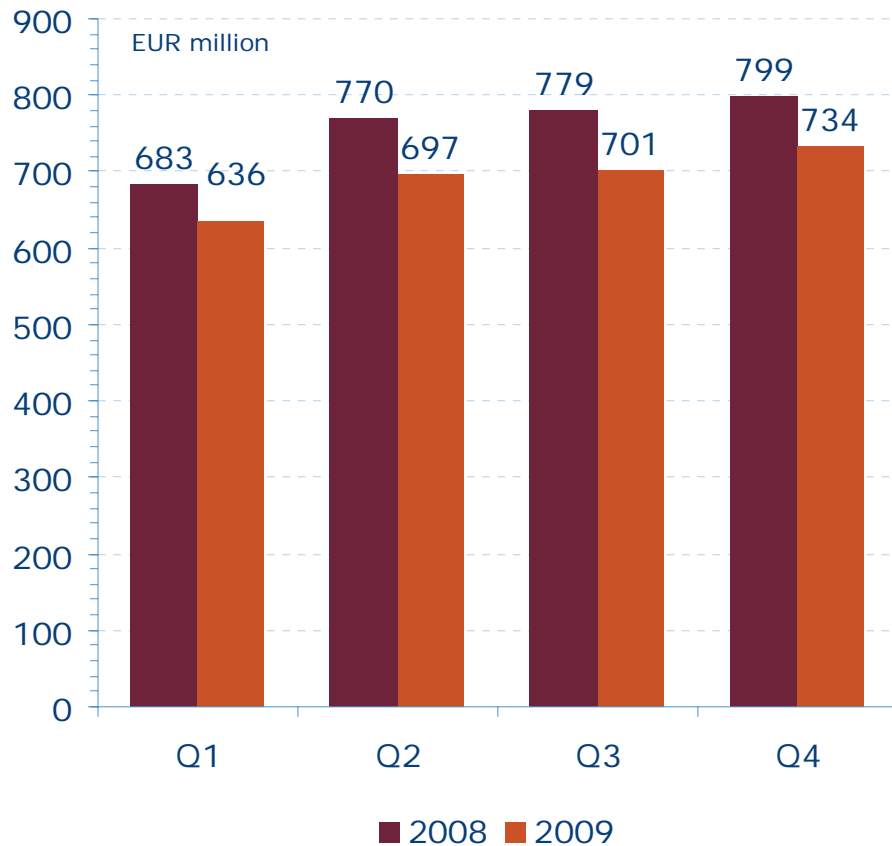
# Operating expenses down by 8% in 2009

- Target achieved: operating expenses clearly below the level of 2008

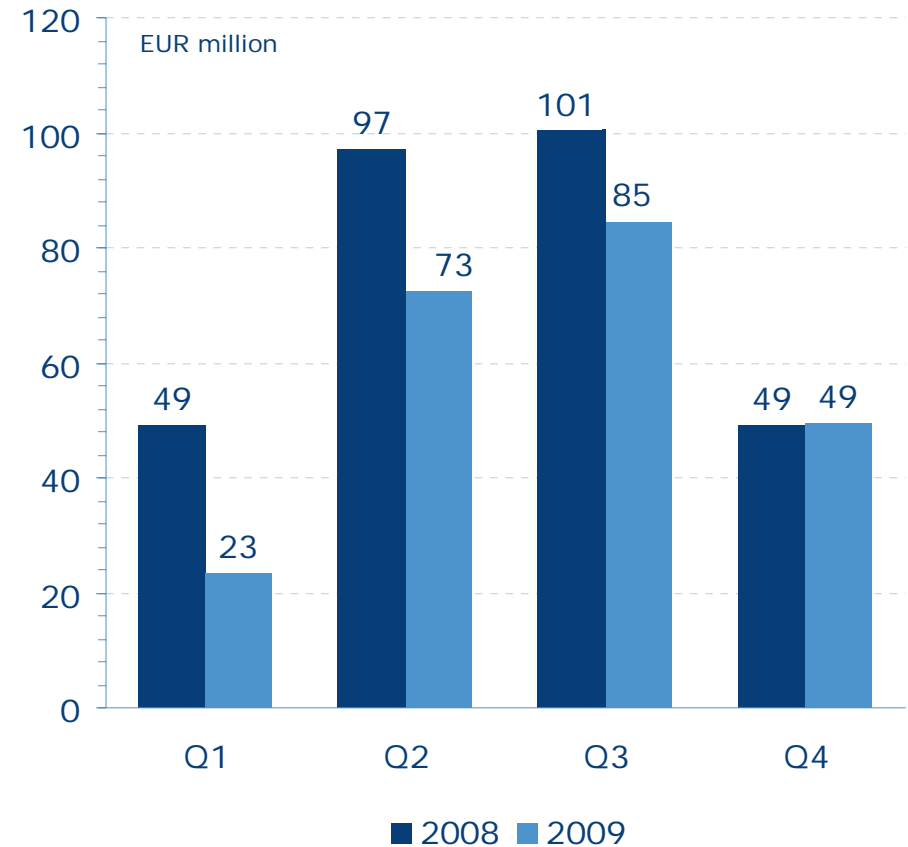


# Improved Profitability in Q4

## Net sales

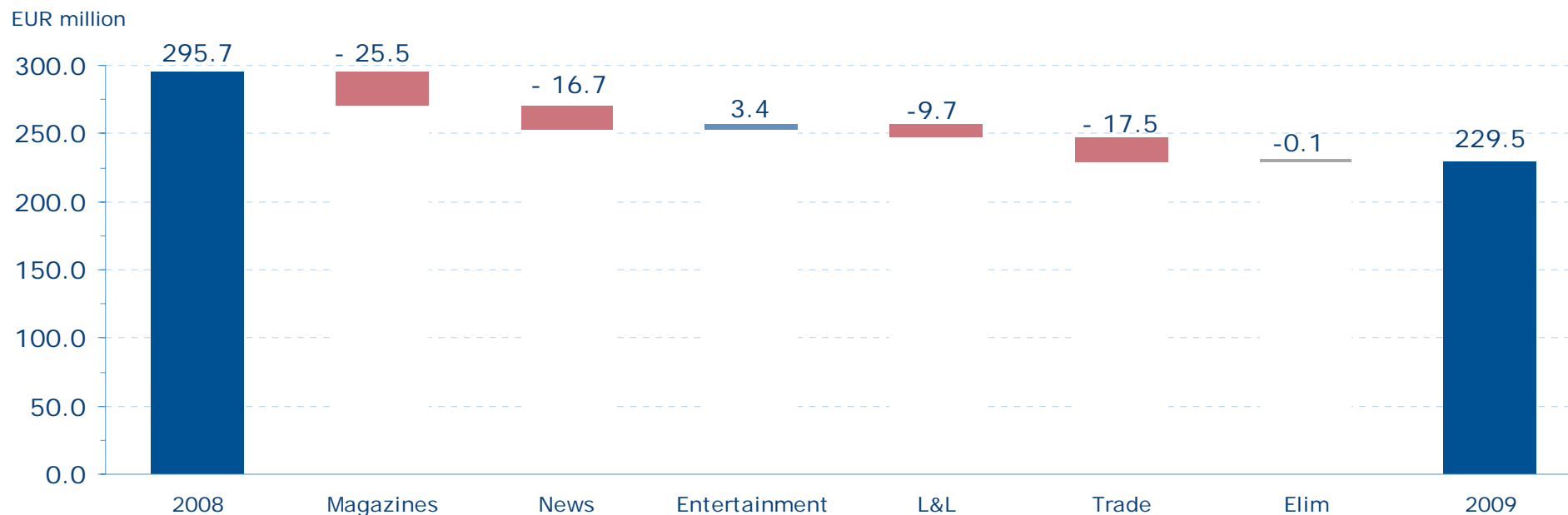


## EBIT excluding non-recurring items



EBIT Excl. Non-recurring Items

## Cost cuttings' effect increasing during second half of the year



- Magazines: decline in particular in advertising sales in Sanoma Magazines International
- News: decline in advertising sales, especially in classified ads
- Entertainment: positive development both in TV and broadband operations
- Learning & Literature: currency translations, decline in sales in language services and training, full-year consolidation of Nowa Era
- Trade: decreasing sales in the Baltic countries, problems in Russia and Romania

# Continuously Solid Financial Position

EUR million	31.12.2009	31.12.2008
Balance sheet total	<b>3,106.3</b>	3,278.7
Equity ratio, %	<b>41.4</b>	40.0
Net gearing, %	<b>79.4</b>	78.5
Interest-bearing liabilities	<b>1,017.7</b>	1,082.6
Interest-bearing net debt	<b>958.1</b>	971.6
Cash and cash equivalents	<b>59.7</b>	110.9
Return on investment, %	<b>8.9</b>	10.7

- Favourable long-term credit facility
- Net debt/EBITDA 2.6

# Outlook for 2010

- Net sales are expected to grow
- The operating profit excluding non-recurring items is estimated to improve slightly
  - In 2009, operating profit excluding non-recurring items was EUR 229.5 million
- The outlook is based on the assumption that the advertising markets in the Group's operating countries are stable.



# Solid financial performance

## Improving efficiency

- Cost reductions
  - Operating expenses down by 8% in 2009
- Reshaping operations to improve efficiency in longer term
- Exit loss-making units and operations
  - Discontinuing some 30 magazines
  - Closing down more than 100 kiosks
  - Dutch marketing organisation (Felicitas)
  - Multi-volume books
- Significantly lower interest expenses
- Tax management
- Focus on managing net working capital
- Focus on capital expenditure



Targeting good results, stable cash flows and solid capital structure



# Appendix 2:

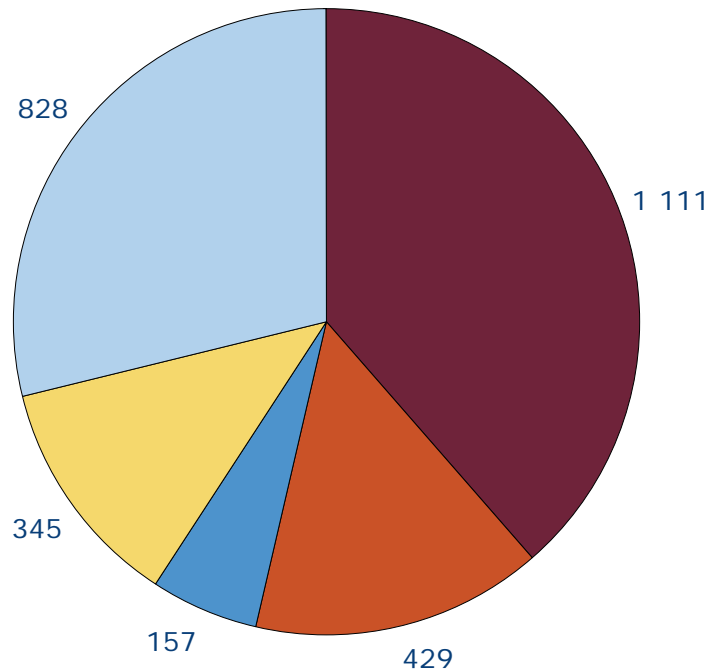
Five Divisions Operating in Different  
Fields of Media



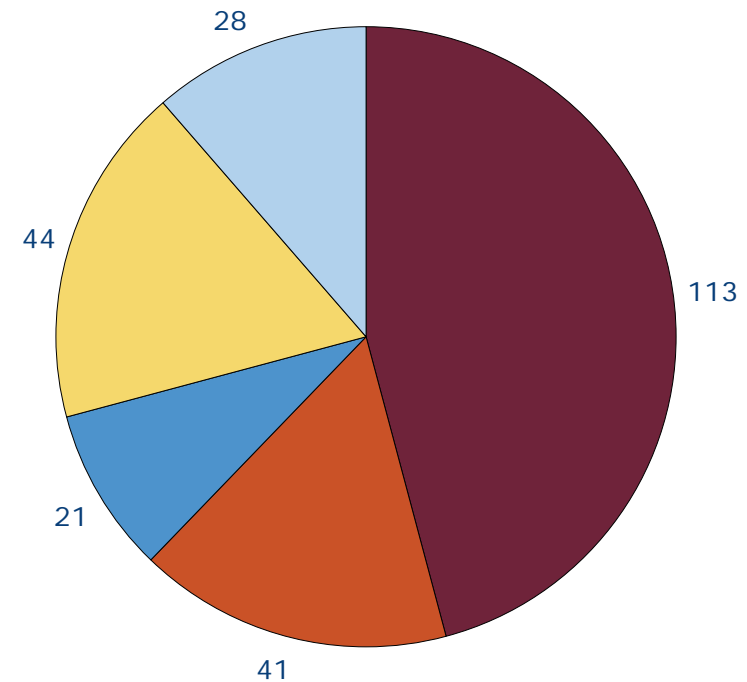
# The Sanoma Group 2009:

Net Sales EUR 2,768 million • EBIT EUR 230 million\* • Personnel 16,723\*\*

Net Sales, EUR million



EBIT excl. non-recurring items, EUR million



■ Magazines ■ News ■ Entertainment ■ Learning & Literature ■ Trade



\* Excluding non-recurring items  
\*\* At the end of 2009, full-time equivalents

# Sanoma Magazines

One of the leading magazine publishers in Europe



- Net sales 2009: EUR 1,111.2 million
- EBIT 2009: EUR 113.4 million\*
- One of Europe's leading magazine publishers
- Over 300 magazines for all segments
- Active in 13 countries
- Strong brand developer:
  - Libelle, Margriet, (NL)
  - Kodin Kuvalehti, ET, Me Naiset (FI)
  - Humo, Libelle
  - Story (10 countries)
- Preferred license partner:
  - Cosmopolitan (9 countries), Elle (4 countries), Donald Duck (2 countries), National Geographic (7 countries)...
- Increasing digital operations (ilse media, Sanoma Budapest)
  - Search engines, web portals, virtual communities, news services...

# Sanoma Magazines

## Key figures

EUR million	2009	2008	Ch %
Net sales	<b>1,111.2</b>	1,246.8	-10.9
Sanoma Magazines Netherlands	<b>493.2</b>	515.7	-4.4
Sanoma Magazines International	<b>211.3</b>	306.7	-31.1
Sanoma Magazines Belgium	<b>212.3</b>	223.2	-4.9
Sanoma Magazines Finland	<b>198.8</b>	205.6	-3.3
Eliminations	<b>-4.3</b>	-4.3	0.0
Operating profit excluding non-recurring items	<b>113.4</b>	138.9	-18.4
% of net sales	<b>10.2</b>	11.1	
Operating profit	<b>96.3</b>	85.7	12.4
Capital expenditure	<b>24.4</b>	26.8	-9.1
Number of employees (FTE) at the end of the period	<b>5,191</b>	5,900	-12.0

**Outlook for 2010:** Net sales are expected to grow slightly and it is estimated that operating profit excluding non-recurring items will be at the previous year's level.

# Sanoma Magazines

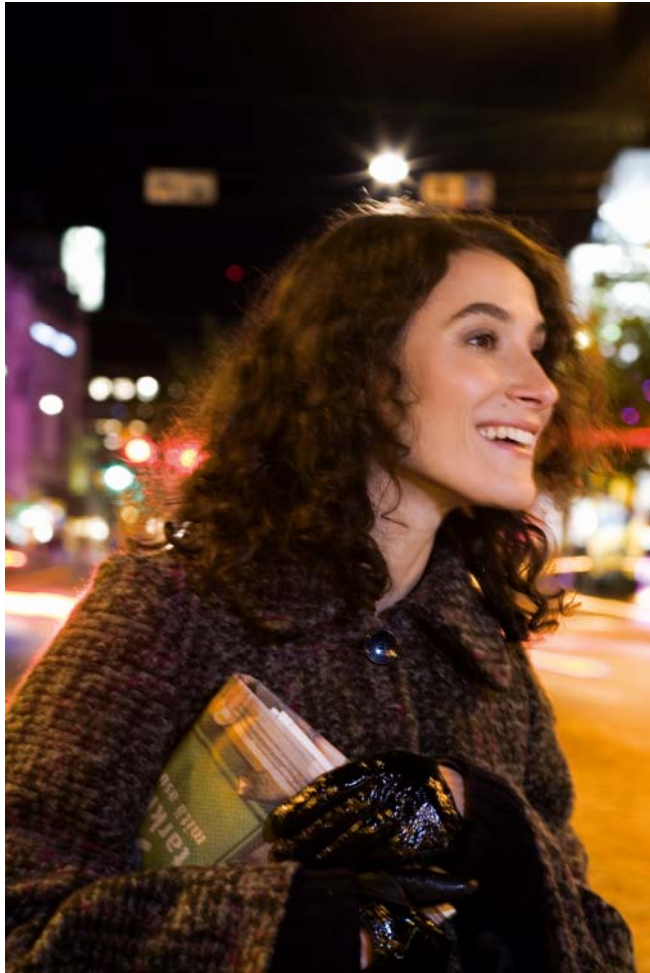
## Key themes

- Care for core
  - Focus on key magazine brands to safeguard market positions and profitability
  - Growth from adjacent operations (e.g. online, custom publishing)
- Strengthen position in digital media
  - Primarily leveraging current capabilities and assets
- Ongoing organisational improvement
  - Restructuring operations to execute strategy (Sanoma Magazines Belgium, the Dutch digital and print operations) or to improve efficiency (Felicitas)
- Improving operational efficiency
  - Joint advertising operations (resource centre, advertising systems), ICT integration
  - Closing down loss-making titles which do not have short term turn-around potential (some 30 titles)



# Sanoma News

Finland's leading newspaper publisher



- Net sales 2009: EUR 428.9 million
- EBIT 2009: EUR 40.6 million\*
- Sanoma publishes 4 out of 5 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 two most read free sheets (Metro 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)

# Sanoma News

## Key figures

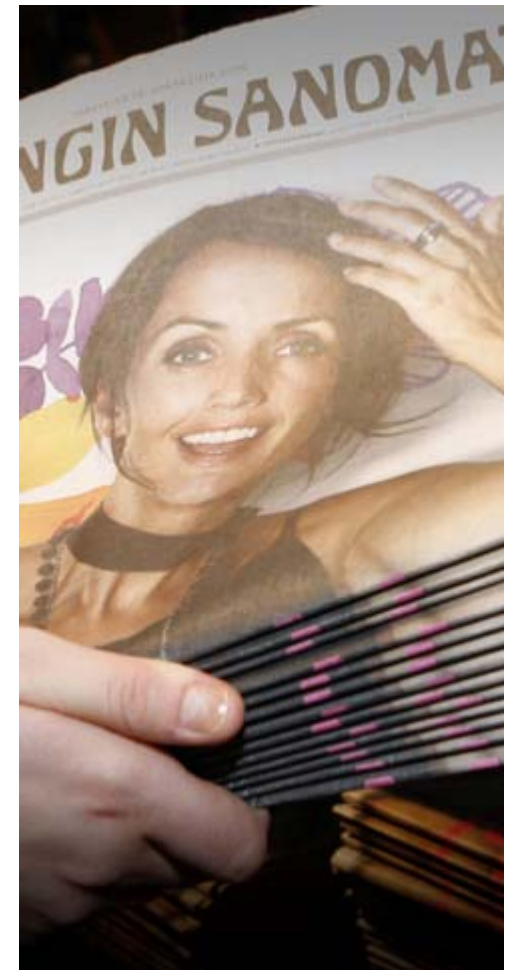
EUR million	2009	2008	Ch %
Net sales	<b>428.9</b>	474.7	-9.7
Helsingin Sanomat	<b>240.3</b>	279.5	-14.0
Ilta-Sanomat	<b>78.2</b>	83.2	-2.8
Other publishing	<b>91.8</b>	98.2	-9.0
Other businesses	<b>143.7</b>	150.1	-4.3
Eliminations	<b>-125.2</b>	-136.2	8.1
Operating profit excluding non-recurring items	<b>40.6</b>	57.3	-29.2
% of net sales	<b>9.5</b>	12.1	
Operating profit	<b>32.2</b>	57.3	-43.9
Capital expenditure	<b>10.6</b>	19.6	-46.0
Number of employees (FTE) at the end of the period	<b>2,306</b>	2,449	-5.8

**Outlook for 2010:** Net sales are expected to be at the previous year's level and operating profit excluding non-recurring items is estimated to improve slightly.

# Sanoma News

## Key themes

- Transformation in media sales
  - From print media sales to cross-media sales; one-stop-shop for advertising customers
  - Creating online self-service channels for customers
- Transformation in consumer sales
  - New hybrid products bring revenues from online (SALS subscription service enabling these)
  - Improved customer knowledge (identification of relevant target groups)
- Transformation of the newsrooms
  - Multi-channel news publishing, UGC....
- Continuous product and service development
- Restructuring supporting the transformations and improving efficiency
  - Savings target of EUR 30 million reached in 2009



# Sanoma Entertainment

TV and broadband internet



- Net sales 2009: EUR 157.1 million
- EBIT 2009: EUR 20.7 million\*
- Third-largest ad medium in Finland, targeted especially on city dwellers (TV channel Nelonen)
  - 33% share of Finnish TV advertising
  - Five 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
  - 326t connected households, 76t pay TV customers and 116t broadband customers
- Online casual gaming as a new growth area

# Sanoma Entertainment

## Key figures

EUR million	2009	2008	Ch %
Net sales	<b>157.1</b>	157.1	0.0
TV and radio	<b>88.1</b>	88.9	-0.9
Other businesses	<b>70.4</b>	69.4	1.5
Eliminations	<b>-1.4</b>	-1.1	-24.5
Operating profit excluding non-recurring items	<b>20.7</b>	17.3	19.8
% of net sales	<b>13.2</b>	11.0	
Operating profit	<b>20.7</b>	17.3	19.8
Capital expenditure	<b>9.3</b>	13.5	-31.3
Number of employees (FTE) at the end of the period	<b>458</b>	488	-6.1

**Outlook for 2010:** Net sales and operating profit excluding non-recurring items are expected to be at the previous year's level.

# Sanoma Entertainment

## Key themes

- From one TV channel to multimedia house
  - Leveraging excellent sales organisation in all five channels
  - Easy to use web TV service *Ruutu.fi*
- Developing online gaming activities
- Continuous upgrades of pay TV services
  - New customised channel offering
  - In the front line in bringing HD content
  - Building an online platform for VOD services



# Sanoma Learning & Literature

Significant European educational publisher and Finland's leading book publisher



- Net sales 2009: EUR 345.1 million
- EBIT 2009: EUR 43.5 million\*
- 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

# Sanoma Learning & Literature

## Key figures

EUR million	2009	2008	Ch %
Net sales	<b>345.1</b>	390.0	-11.5
Learning	<b>239.1</b>	273.3	-12.5
Language services	<b>27.5</b>	28.8	-4.7
Literature and other businesses	<b>88.9</b>	101.2	-12.1
Eliminations	<b>-10.4</b>	-13.3	21.9
Operating profit excluding non-recurring items	<b>43.5</b>	53.2	-18.3
% of net sales	<b>12.6</b>	13.6	
Operating profit	<b>38.5</b>	45.6	-15.7
Capital expenditure	<b>13.1</b>	15.6	-16.2
Number of employees (FTE) at the of the period	<b>2,745</b>	2,908	-5.6

**Outlook for 2010:** Net sales and operating profit excluding non-recurring items are estimated to increase somewhat from the previous year's level.

# Sanoma Learning & Literature

## Key themes

- From educational books to blended learning solutions
  - Individual and flexible learning, aided by use of technology
  - Offering different routes of learning, guided by digital testing
- Customised solutions for multilingual communications
  - Content creation, translation & localisation, competence development
- Improving efficiency
  - Restructuring in literature operations, in multivolume business in particular
  - Divesting non-core activities (Studiebeurs, educational magazines...)



# Sanoma Trade

Market leading press distributor in Finland, the Netherlands, and the Baltic Countries



- Net sales 2009: EUR 827.8 million
- EBIT 2009: EUR 27.6 million\*
- 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)
- The leading press distributor in Finland, the Netherlands, and the Baltic countries
- The leading bookstore chain in Finland and Estonia
- The leading movie theatre chain in Finland and the Baltic countries

# Sanoma Trade

## Key figures

EUR million	2009	2008	Ch %
Net sales	<b>827.8</b>	866.6	-4.5
Kiosk operations	<b>410.9</b>	409.4	0.4
Trade services	<b>222.2</b>	241.5	-8.0
Bookstores	<b>123.3</b>	139.2	-11.4
Movie operations	<b>88.0</b>	94.3	-6.7
Eliminations	<b>-16.6</b>	-17.8	7.0
Operating profit excluding non-recurring items	<b>27.6</b>	45.1	-38.8
% of net sales	<b>3.3</b>	5.2	
Operating profit	<b>24.0</b>	45.1	-46.8
Capital expenditure	<b>25.5</b>	33.8	-24.5
Number of employees (FTE) at the end of the period	<b>5,943</b>	6,626	-10.3

**Outlook for 2010:** Net sales are expected to increase slightly and operating profit excluding non-recurring items to improve clearly from the previous year's level.

# Sanoma Trade

## Key themes

- Concept development
  - New store concept for R-kioski and bookstore chain Suomalainen Kirjakauppa
  - Increasing alternative content offering in movie theatres
  - Adjacent businesses in press distribution; in-store merchandising etc.
- Growth from strengthening market positions, new markets, European consolidation
- Retail is detail – costs in constant focus:
  - Closing down unprofitable units (over 100 kiosks mainly in Lithuania and Latvia)
  - Restructuring the Estonian operations to improve competitive advantage and increase co-operation in marketing and business development



# Appendix 3:

About Owners and Coverage



# Largest Shareholders

31 January 2010

% of shares and votes

Aatos Erkko (of which through Oy Asipex Ab: 7.29%)	23.16
Robin Langenskiöld	7.58
Rafaela Seppälä	7.21
Helsingin Sanomat Foundation	3.52
Holding Manutas Oy	2.96
Alfred Kordelin Foundation	2.11
Ilmarinen Mutual Pension Insurance Company	1.99
Varma Mutual Insurance Company	1.56
Foundation for Actors' Old-age-home	1.39
Svenska litteratursällskapet I Finland r.f.	1.35
<b>Foreign ownership in total</b>	<b>11.3</b>
<b>Total number of shares</b>	<b>161,816,894</b>
<b>Total number of shareholders</b>	<b>21,110</b>
Institutional investors: 55% of shares	
Private investors: 45% of shares	

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**Inspires, informs and connects**