

# SanomaWSOY

Investment Highlights

September 2007

# The SanomaWSOY Group

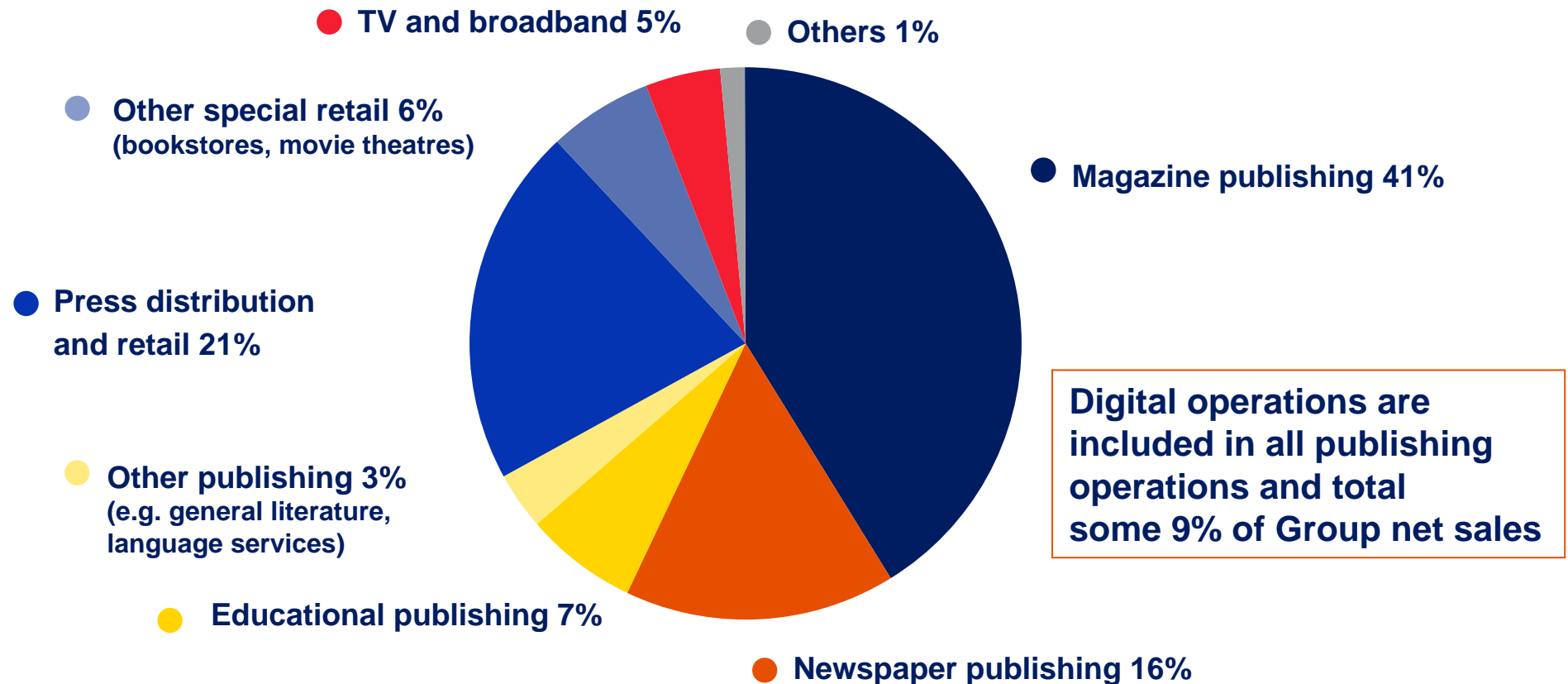
## Profitable Growth, Focus on Market Leadership

- 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

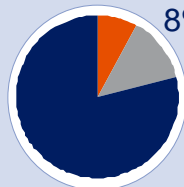
Digital media



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)

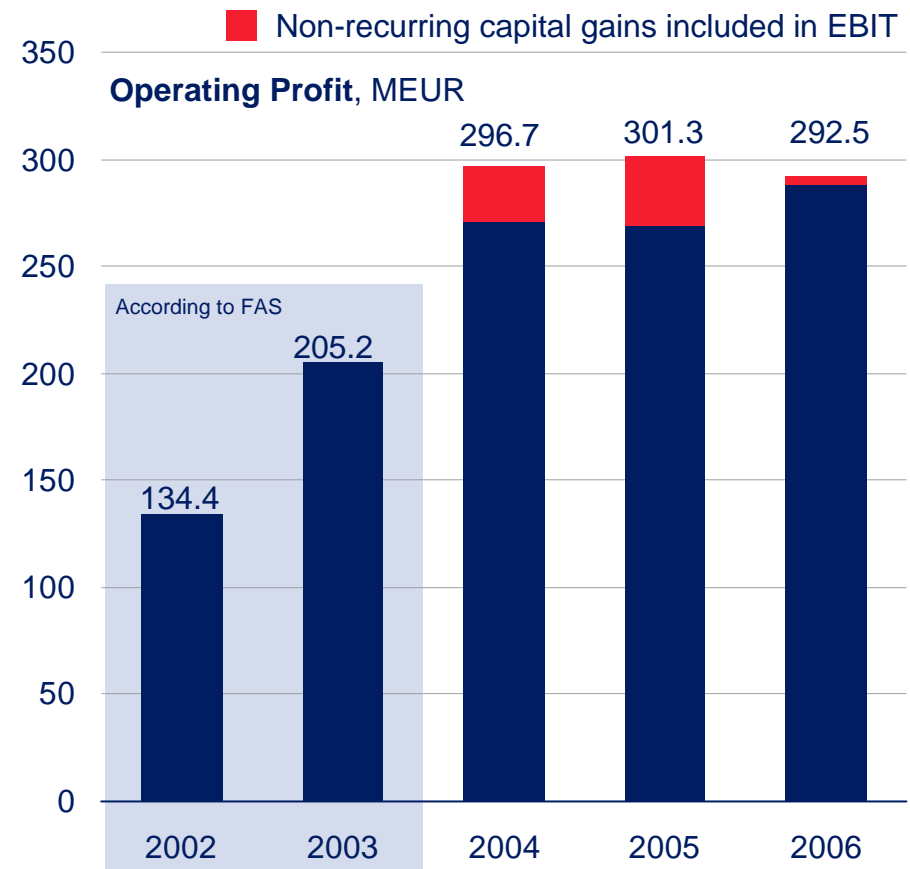
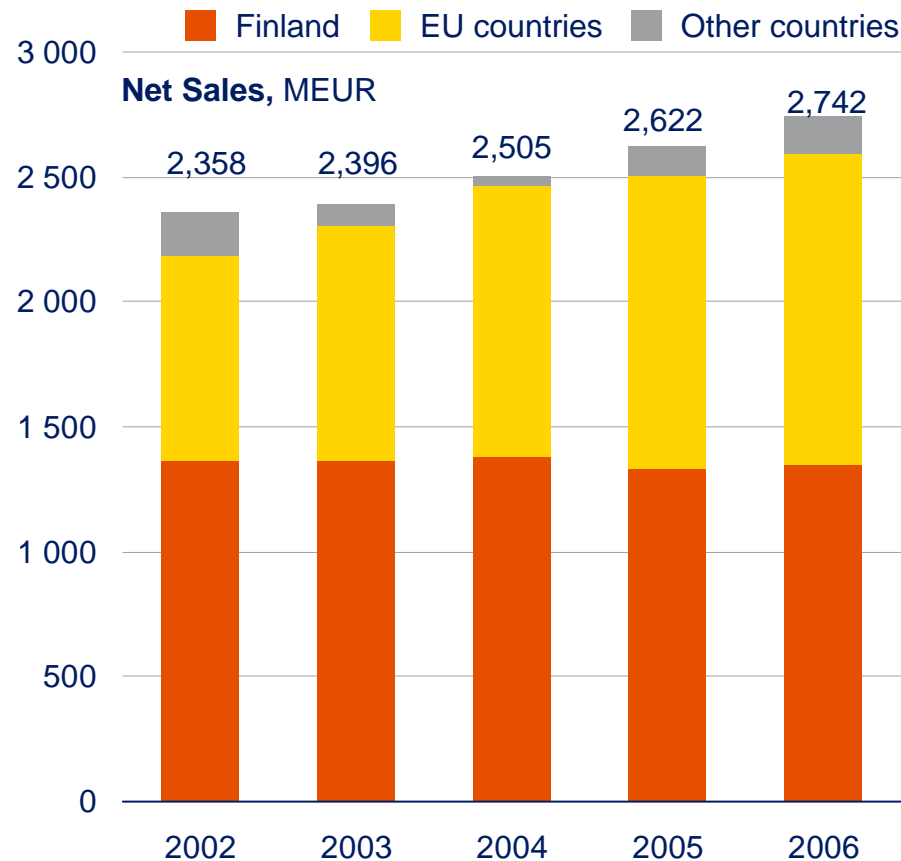
Press distribution and retail



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

# The Group's Financial Targets

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

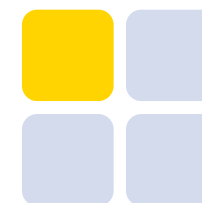
To increase digital business significantly

Group EBIT target is 12%

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

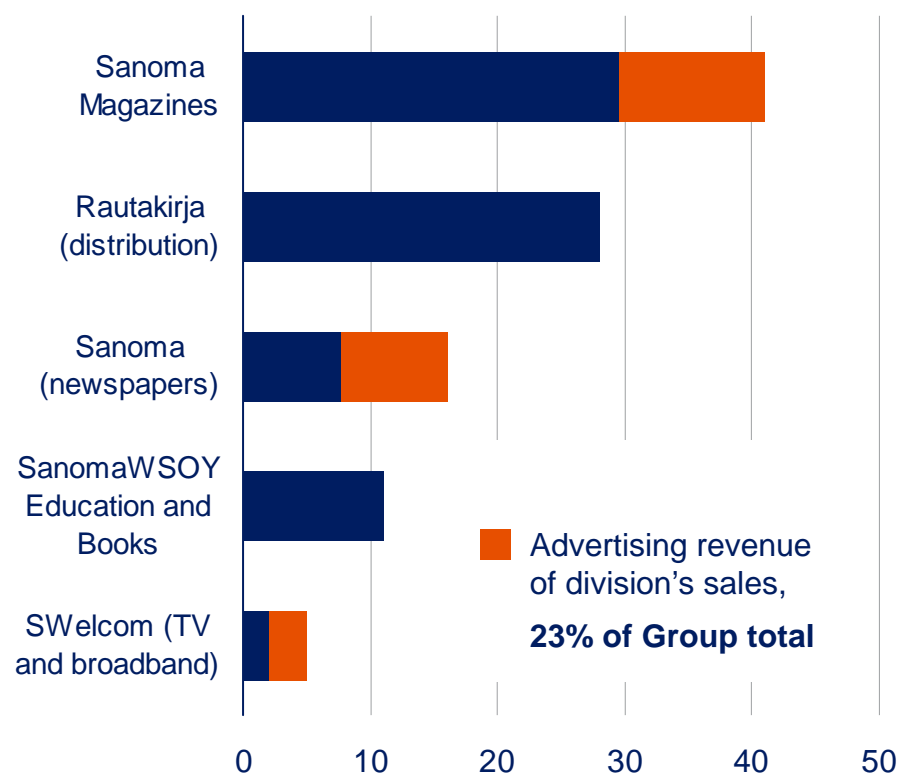
## Other key ratios

- 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)

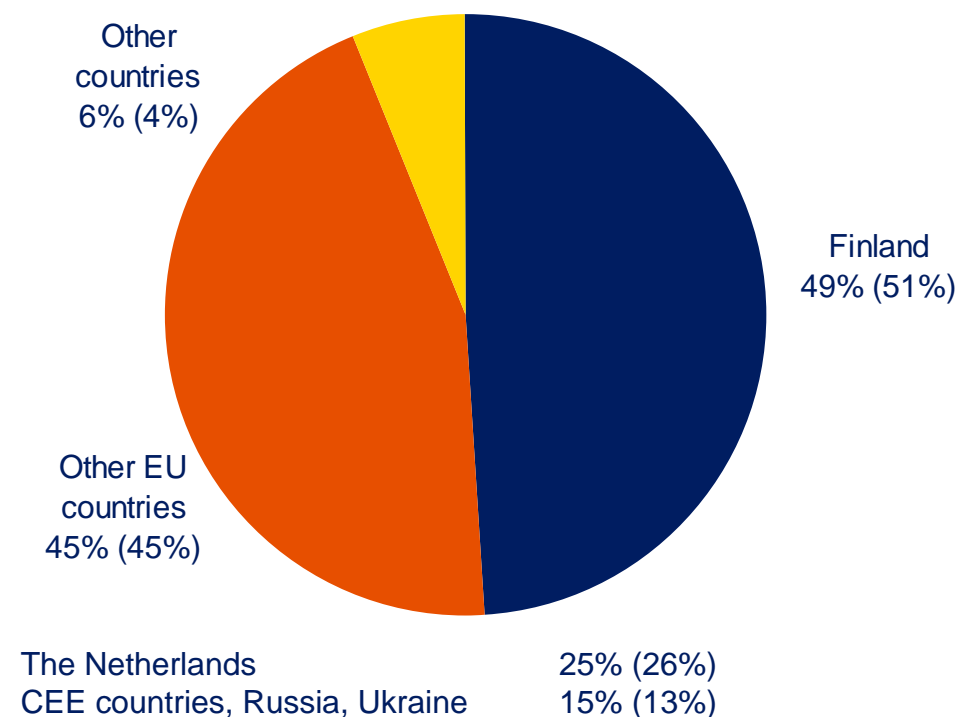


# Balanced Composition of Net Sales

Divisional net sales breakdown 2006\*

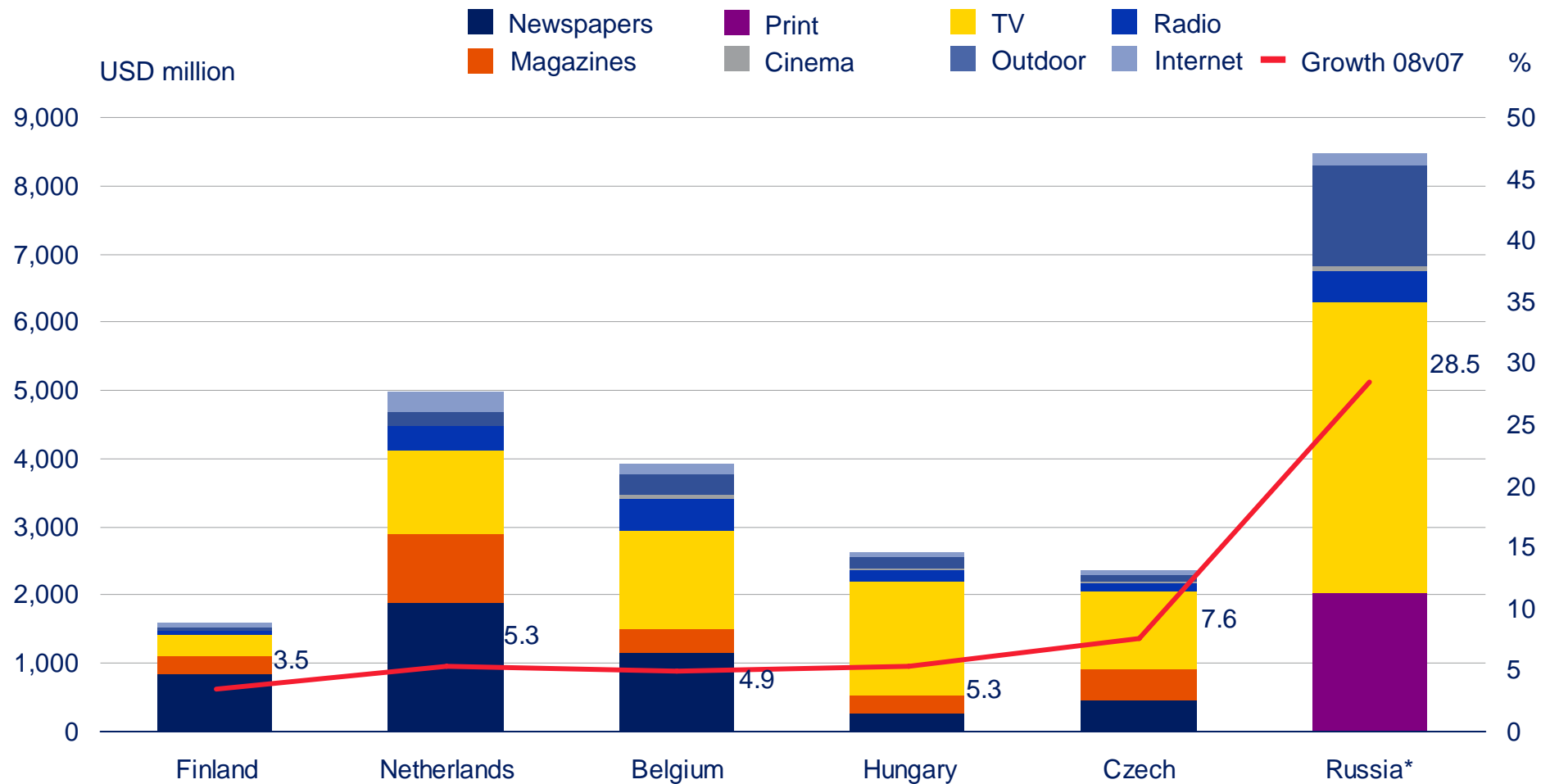


Geographic net sales breakdown 2006\*



# Advertising Sales in Europe

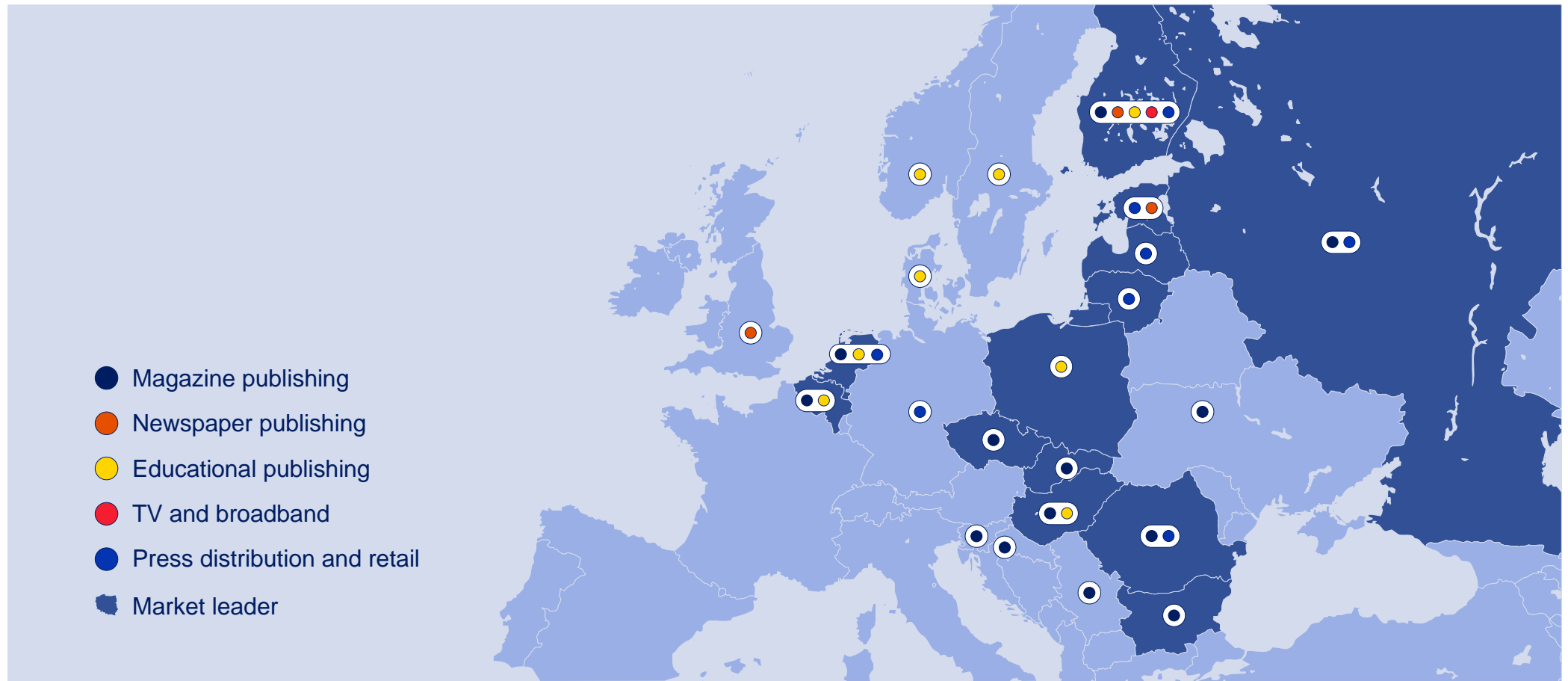
## 2007, USD million



Market Leading Position in Mature Markets

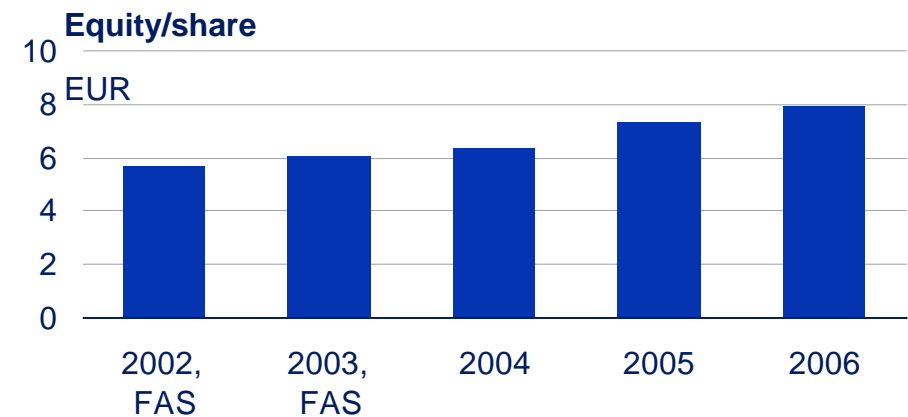
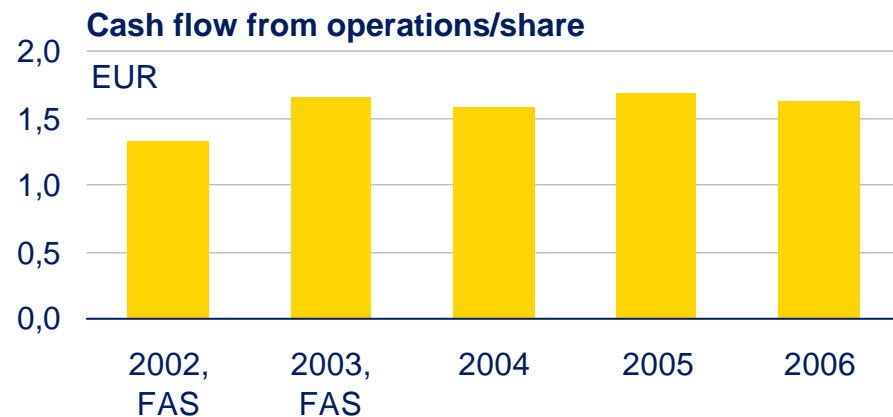
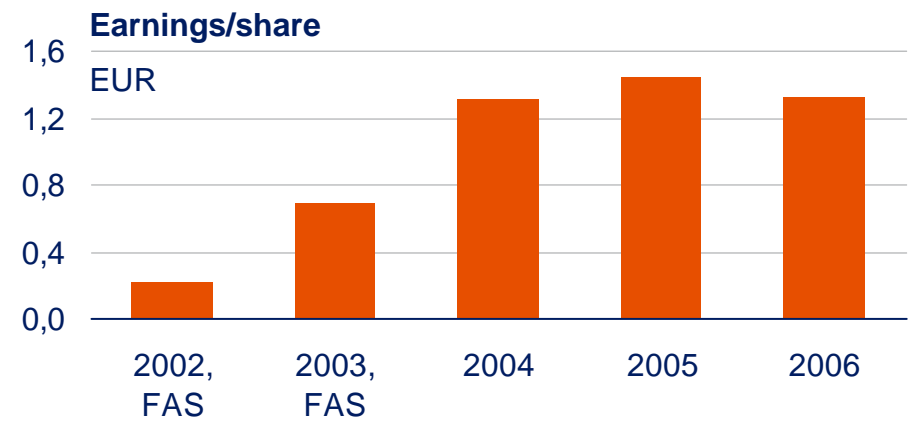
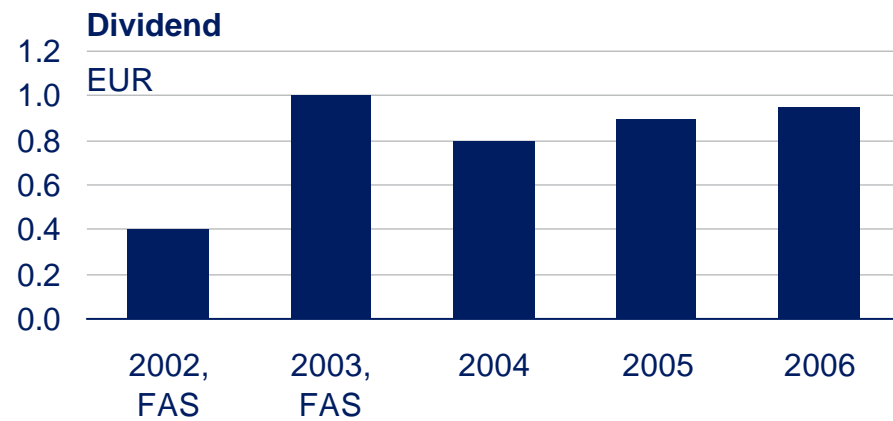
# Investing in Fast Growing Areas

1H07: 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: 2Q07 Result

Appendix 3: Market estimates 2007

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

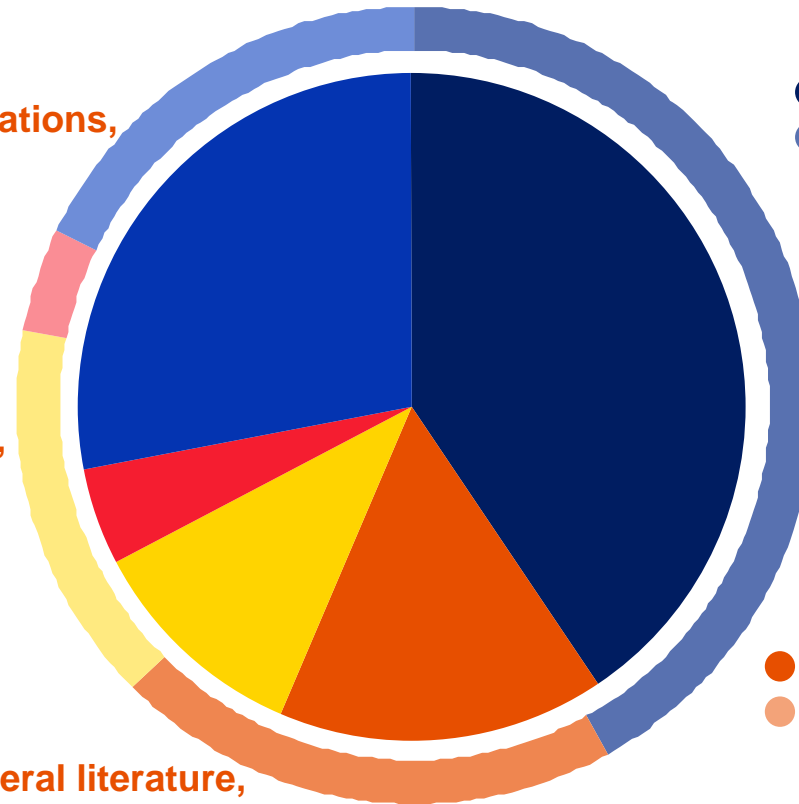
- Net sales M€ 131.8
- EBIT M€ 12.5 (9.5%)

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
- 311 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
  - Over 300,000 connected households, 58,000 cable TV customers, and 86,000 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





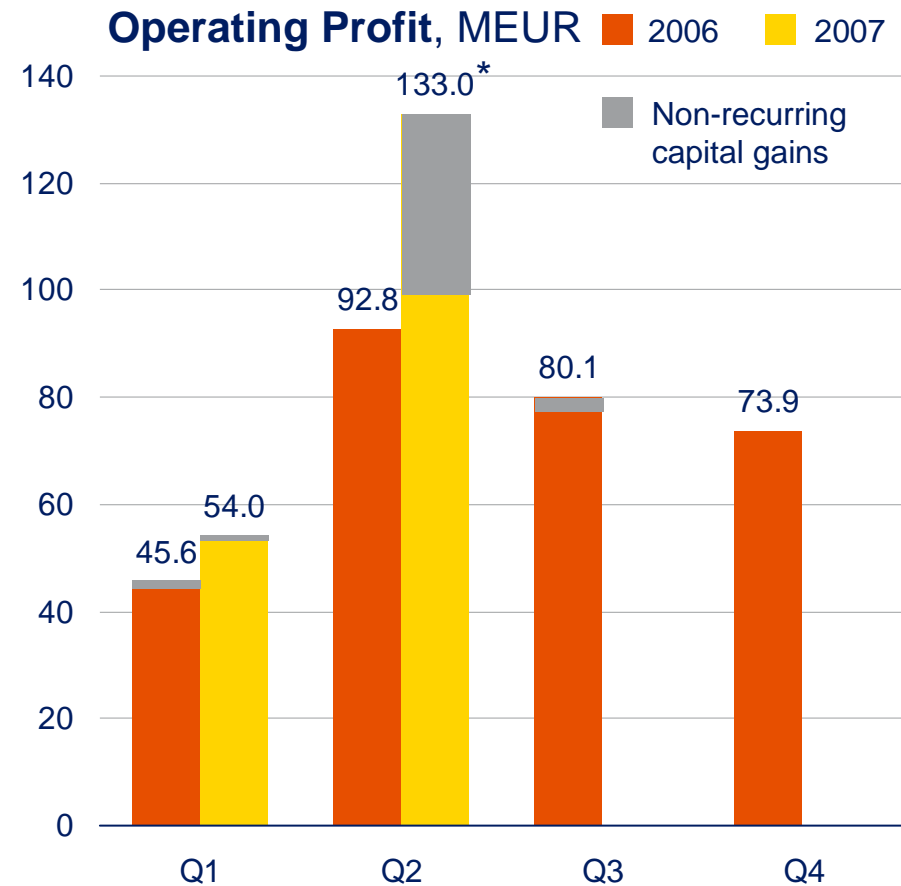
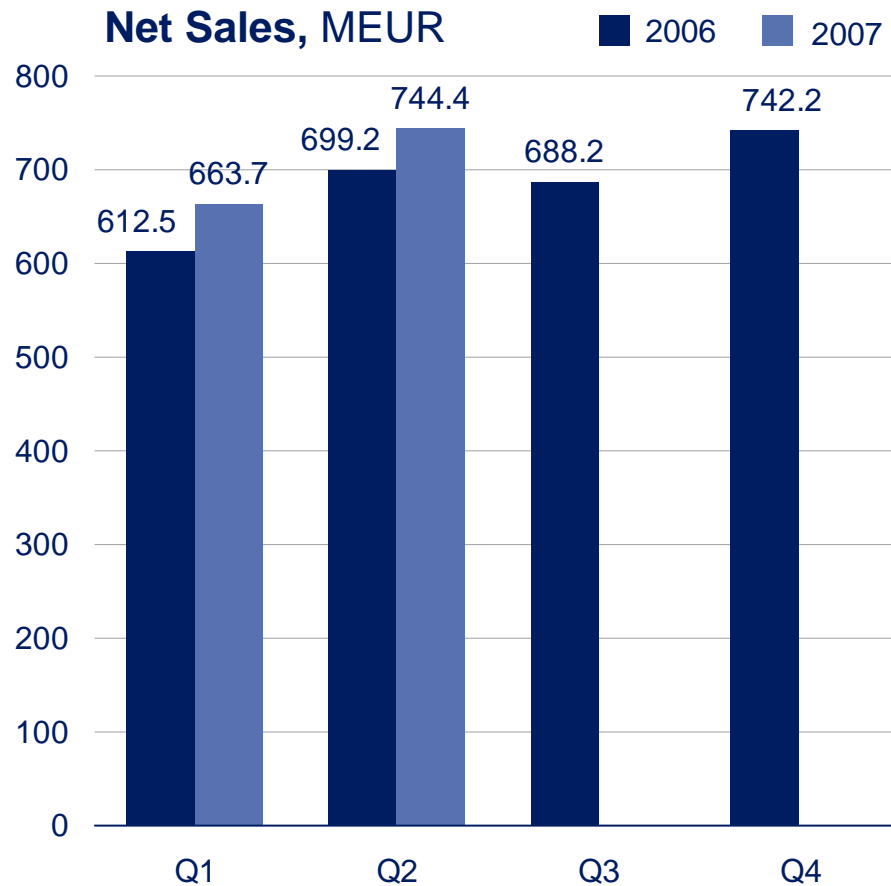
## Appendix 2:

2Q07 Result

# Key Figures

<b>EUR million</b>	<b>1-6/2007</b>	<b>1-6/2006</b>	<b>Ch %</b>	<b>1-12/2006</b>
Net sales	1,408.0	1,311.7	7.3	2,742.1
Operating profit	186.9	138.4	35.1	292.5
% net sales	13.3	10.6		10.7
Operating profit excluding major non-recurring capital gains	151.5	136.8	10.8	288.2
% net sales	10.8	10.4		10.5
Balance sheet total	3,256.6	3,037.7	7.2	3,132.2
Capital expenditure	43.2	33.0	30.8	81.9
Equity ratio, %	42.7	38.7		45.0
Gearing, %	71.5	90.0		59.2
Interest-bearing liabilities	1,020.7	1,069.0	-4.5	863.9
Net debt	930.8	993.2	-6.3	782.4
Earnings/share, EUR	0.80	0.60	32.5	1.32
Cash flow from operations/share, EUR	0.25	0.25	1.3	1.63
Market capitalisation	3,877.7	2,999.3	29.3	3,521.8
Personnel *	19,267	17,958	7.3	18,434

# Net Sales and Operating Profit



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

# Key Developments (1/2)

- Magazine launches
  - Mind Magazine, the Netherlands
  - fashion magazine Grazia, Russia
  - women's magazine Marie Claire, Hungary
  - women's magazine TYA!, Bulgaria
  - food magazine Prekvapeni v Kuchyni, Czech
  - health magazine Diabetik, Slovenia
  - lifestyle magazine Gala Style, Croatia
  - fashion magazine Grazia (announcement), the Netherlands
- Online launches
  - weblog NuJij.nl, the Netherlands
  - fashion and beauty website Styletoday.nl, the Netherlands
- Digital media acquisitions
  - meeting place for schoolmates Schoolbank.nl, the Netherlands
  - travel website vakantie.nl, the Netherlands
  - marketplace for vehicles auto24.ee (20%), Estonia
  - TV production company Jok Foe (50%), Belgium
  - sport TV channels Urheilukanava and Urheilu+kanava in Finland (majority)



# Key Developments (2/2)

- Divestment of puzzle magazines in the Netherlands
- Hungarian educational publisher Láng fully owned by SanomaWSOY Education
- SWelcom the 3rd largest commercial radio operator in Finland, Radio Rock market leader in its target group
- Kiosk operations expanded to Russia, first kiosks opened in June
- Strong movie year continues, new multiplex in Lithuania

After the review period

- Acquisition of Polish educational publisher Nowa Era\*



# Sanoma Magazines 1-6/2007

EUR million	1-6/2007	1-6/2006	Ch %	1-12/2006
Net sales	595.3	556.4	7.0	1,155.9
Sanoma Magazines Netherlands	256.4	255.4	0.4	531.2
Sanoma Magazines International	134.3	117.8	14.0	247.6
Sanoma Magazines Belgium	108.3	92.9	16.6	188.6
Sanoma Magazines Finland	98.7	92.8	6.3	193.2
Eliminations	-2.4	-2.5	-3.6	-4.7
Operating profit	93.4	58.6	59.3	128.8
% net sales	15.7	10.5		11.1
Operating profit excluding major non-recurring capital gains	72.2	58.6	23.1	126.2
% net sales	12.1	10.5		10.9
Balance sheet total	1,971.4	1,697.4	16.1	1,910.0
Capital expenditure	10.1	7.8	30.3	16.5
Personnel *	5,532	5,140	7.6	5,302

\* Personnel under employment contract, average

# Sanoma 1-6/2007

<b>EUR million</b>	<b>1-6/2007</b>	<b>1-6/2006</b>	<b>Ch %</b>	<b>1-12/2006</b>
Net sales	242.2	226.4	6.9	457.1
Helsingin Sanomat (daily newspaper)	140.3	133.0	5.4	267.3
Ilta-Sanomat (quality tabloid)	48.3	45.6	5.7	92.2
Other publishing	48.8	42.3	15.5	87.3
Others	76.4	73.9	3.4	145.6
Eliminations	-71.7	-68.5	4.7	-135.2
Operating profit	36.8	31.1	18.4	62.7
% net sales	15.2	13.7		13.7
Operating profit excluding major non-recurring capital gains	36.8	29.5	25.1	61.0
% net sales	15.2	13.0		13.3
Balance sheet total	514.4	491.3	4.7	526.6
Capital expenditure	9.2	8.2	12.8	16.5
Personnel *	2,679	2,650	1.1	2,672

\* Personnel under employment contract, average

# SanomaWSOY Education and Books 1-6/2007

EUR million	1-6/2007	1-6/2006	Ch %	1-12/2006
Net sales	157.0	142.5	10.2	309.2
Educational publishing	98.4	85.0	15.8	187.7
Publishing	47.1	46.2	1.9	96.0
Others	22.9	20.1	14.3	43.3
Eliminations	-11.4	-8.7	30.5	-17.8
Operating profit	23.3	29.5	-21.0	48.0
% net sales	14.8	20.7		15.5
Operating profit excluding major non-recurring capital gains	23.3	29.5	-21.0	48.0
% net sales	14.8	20.7		15.5
Balance sheet total	638.2	566.0	12.8	598.2
Capital expenditure	2.9	5.3	-44.2	8.9
Personnel *	2,748	2,197	25.1	2,455

# SWeIcom 1-6/2007

EUR million	1-6/2007	1-6/2006	Ch %	1-12/2006
Net sales	70.6	67.4	4.7	131.8
TV and radio	40.4	40.2	0.3	76.5
Others	30.6	27.5	11.5	56.0
Eliminations	-0.4	-0.3	32,7	-0.6
Operating profit	6.9	7.2	-4.6	12.5
% net sales	9.8	10.7		9.5
Operating profit excluding major non-recurring capital gains	6.9	7.2	-4.6	12.5
% net sales	9.8	10.7		9.5
Balance sheet total	164.5	148.3	10.9	158.6
Capital expenditure	7.4	3.9	89.7	15.2
Personnel *	473	438	8.1	437

# Rautakirja 1-6/2007

<b>EUR million</b>	<b>1-6/2007</b>	<b>1-6/2006</b>	<b>Ch %</b>	<b>1-12/2006</b>
Net sales	393.7	367.5	7.1	799.9
Kiosk operations	186.2	176.6	5.4	369.1
Press distribution	117.2	108.3	8.3	223.6
Bookstores	52.7	52.7	0.1	138.9
Entertainment	45.4	35.7	27.2	81.7
Eliminations	-7.9	-5.8	35.5	-13.4
Operating profit	19.5	18.5	5.7	54.7
% net sales	5.0	5.0		6.8
Operating profit excluding major non-recurring capital gains	19.5	18.5	5.7	54.7
% net sales	5.0	5.0		6.8
Balance sheet total	548.1	500.4	9.5	586.9
Capital expenditure	11.9	8.0	48.1	23.1
Personnel *	7,750	7,461	3.9	7,496

\* Personnel under employment contract, average

# 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 these capital gains totalled EUR 288.2 million and net sales grew by 4.6%



## Appendix 3:

### Market Estimates

# 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	672	2.0	1,501	1.9	911	4.0
Magazines	204	2.0	814	1.8	289	0.7
Television	250	2.9	970	6.0	1,156	7.9
Radio	48	2.1	279	3.0	379	16.0
Outdoor	37	2.8	171	4.3	240	6.0
Internet	59	25.5	231	40.9	124	46.0
Cinema	1.4	2.1	5	0	30	1.0
<b>Total</b>	<b>1,271</b>	<b>3.1</b>	<b>3,971</b>	<b>4.7</b>	<b>3,130</b>	<b>7.8</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			217	0.8	349	7.0
Magazines			236	0.7	374	10.0
<i>Total print</i>	<i>1,500</i>	<i>23.5</i>				
Television	3,168	35.4	1,433	1.7	899	9.0
Radio	324	24.8	146	6.5	97	6.0
Outdoor	1,098	25.6	154	-1.3	73	0.0
Internet	122	64.9	55	40.4	63	30.4
Cinema	66	47.5	4	-20.6	7	5.0
<b>Total</b>	<b>6,277</b>	<b>30.6</b>	<b>2,246</b>	<b>2.2</b>	<b>1,864</b>	<b>8.9</b>

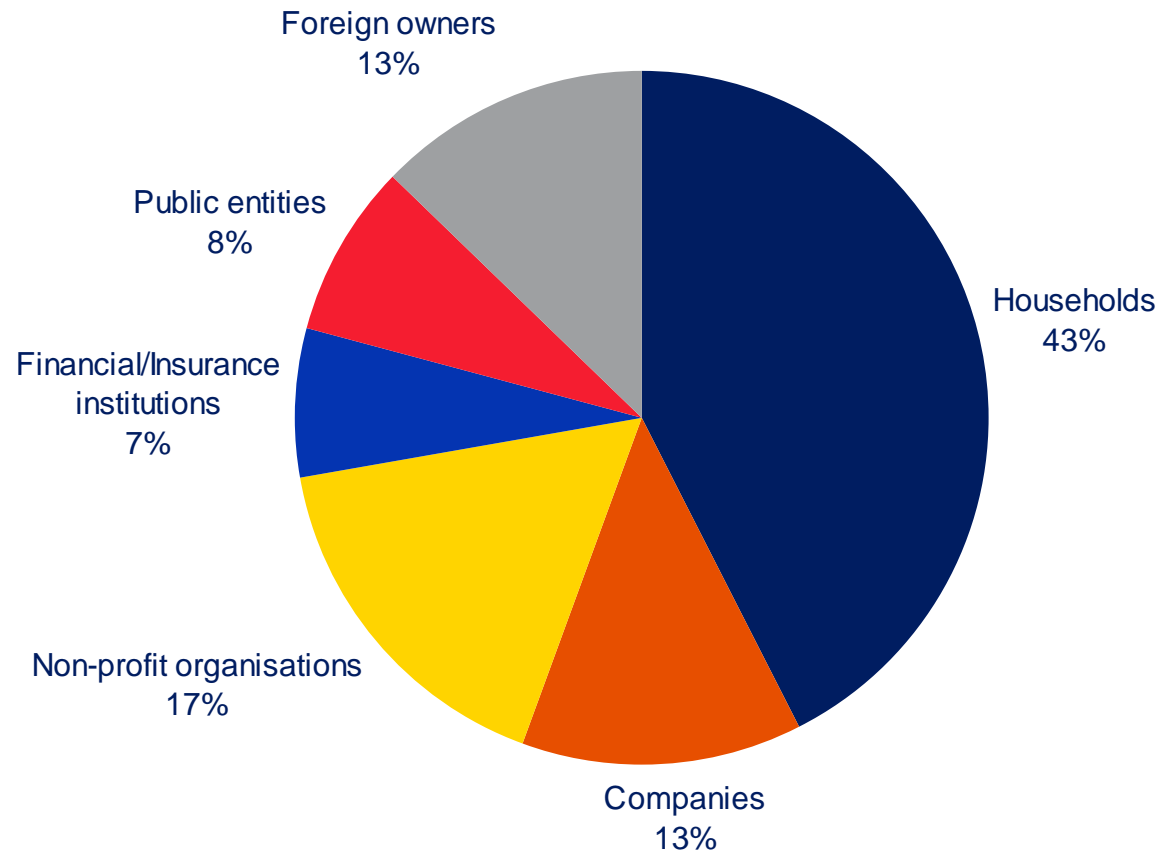


## Appendix 4:

About Owners and Shares

# Shareholders by Sectors

% of Shares and Votes



# Largest Shareholders

**August 31, 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
Ilmarinen Mutual Pension Insurance Company	2.30
Alfred Kordelin Foundation	2.28
Sampo Life Insurance Company Limited	1.85
Foundation for Actors' Old-age-home	1.36
Varma Mutual Pension Insurance Company	1.26
The WSOY's Literature Foundation	1.25
<b>Foreign ownership in total</b>	<b>13.3</b>

**Total number of shareholders: 16,275**

**165,392,292**

of which on 28 September: 334,000 (0.20%) treasury shares

# Analyst coverage

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