

# Sanoma -

One of the Leading Media Companies  
in Europe

Investment Highlights

September 2009



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# 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
- Market leader in chosen businesses and segments
- Strong cash generator, investing in growth areas of media
- Limited advertising market exposure – only 25% of net sales coming from advertising
- Good dividend payer – over half of Group result distributed



# The Sanoma Group

Net Sales EUR 3,030 million • EBIT EUR 296 million\* • Personnel 18,168\*\*



Magazines  
Online business



Newspapers  
Online business  
Printing



TV and radio  
Broadband  
internet  
Casual gaming



Learning  
Literature  
Language services



Kiosks  
Press distribution  
Bookstores  
Movie operations



\* Excluding non-recurring items  
\*\* Full-time equivalents

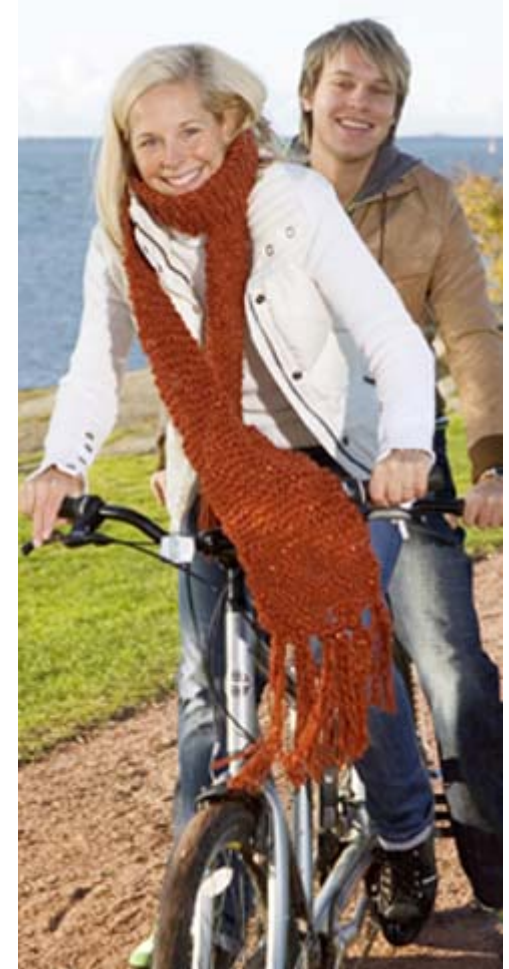
# Sanoma's Strategy

## 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

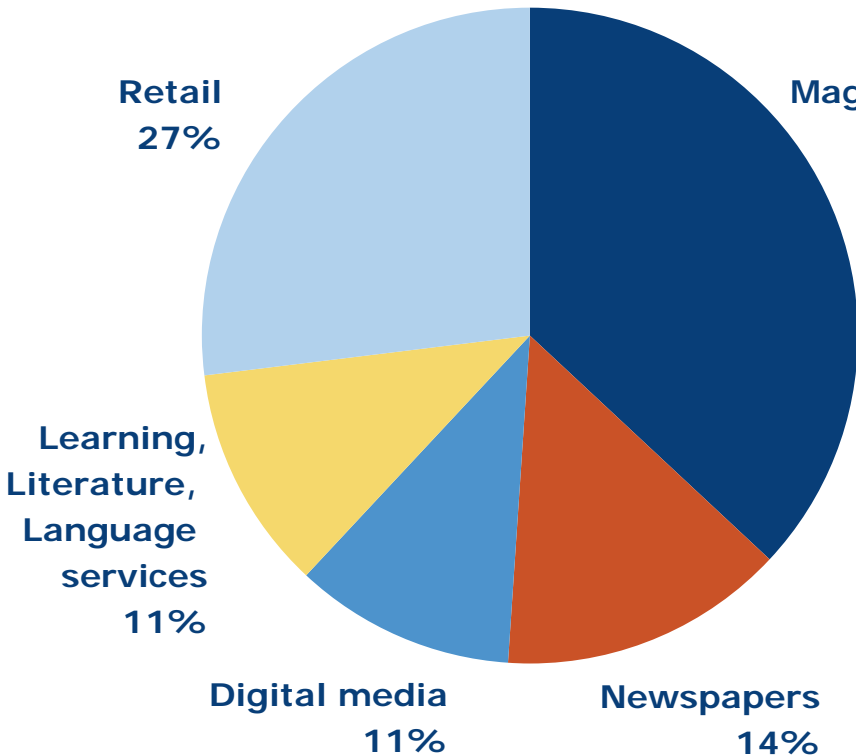
- To be the market leader in chosen businesses and markets
- To maintain a balanced business portfolio of B2C and B2B products and services – Focus areas being:
  - **Magazines:** We will continue to grow in print and digital media
  - **Newspapers:** We will actively develop our business to maintain our profitability and to ensure controlled migration to online
  - **Learning and Language services:** We will grow via further internationalisation and entering new segments
  - **Online:** We will strongly develop and expand our online assets
- To investigate opportunities to internationalise our TV operations
- To maximise our strategic position in retail



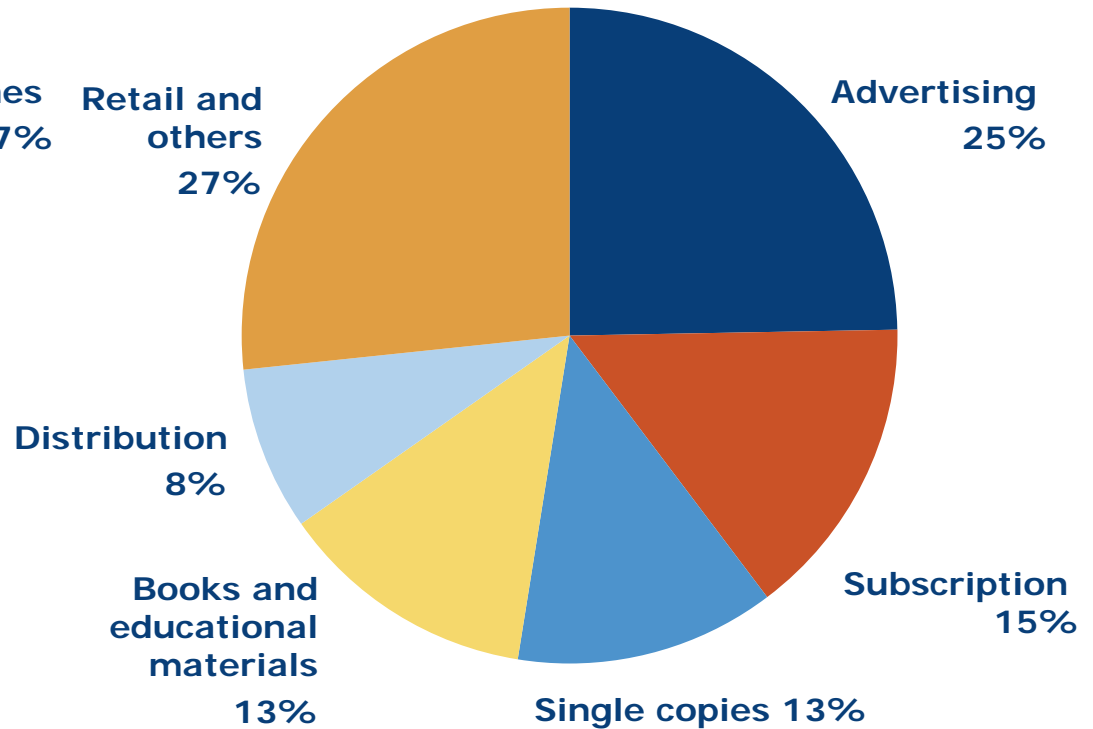
# Balanced Portfolio

of B2C and B2B Products and Services

Net Sales Breakdown  
by Products and Services

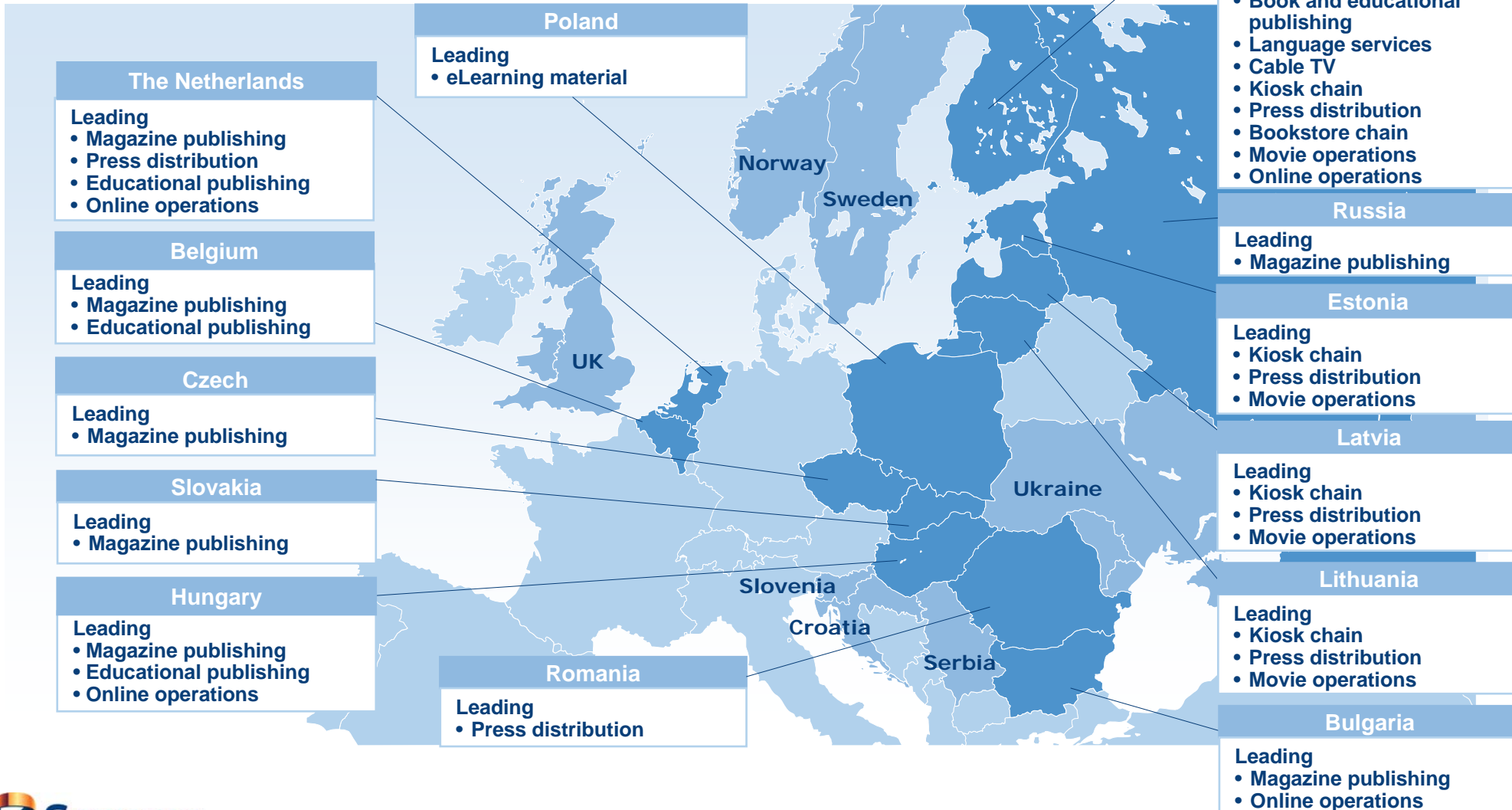


Net Sales Breakdown  
by Type of Revenue Source



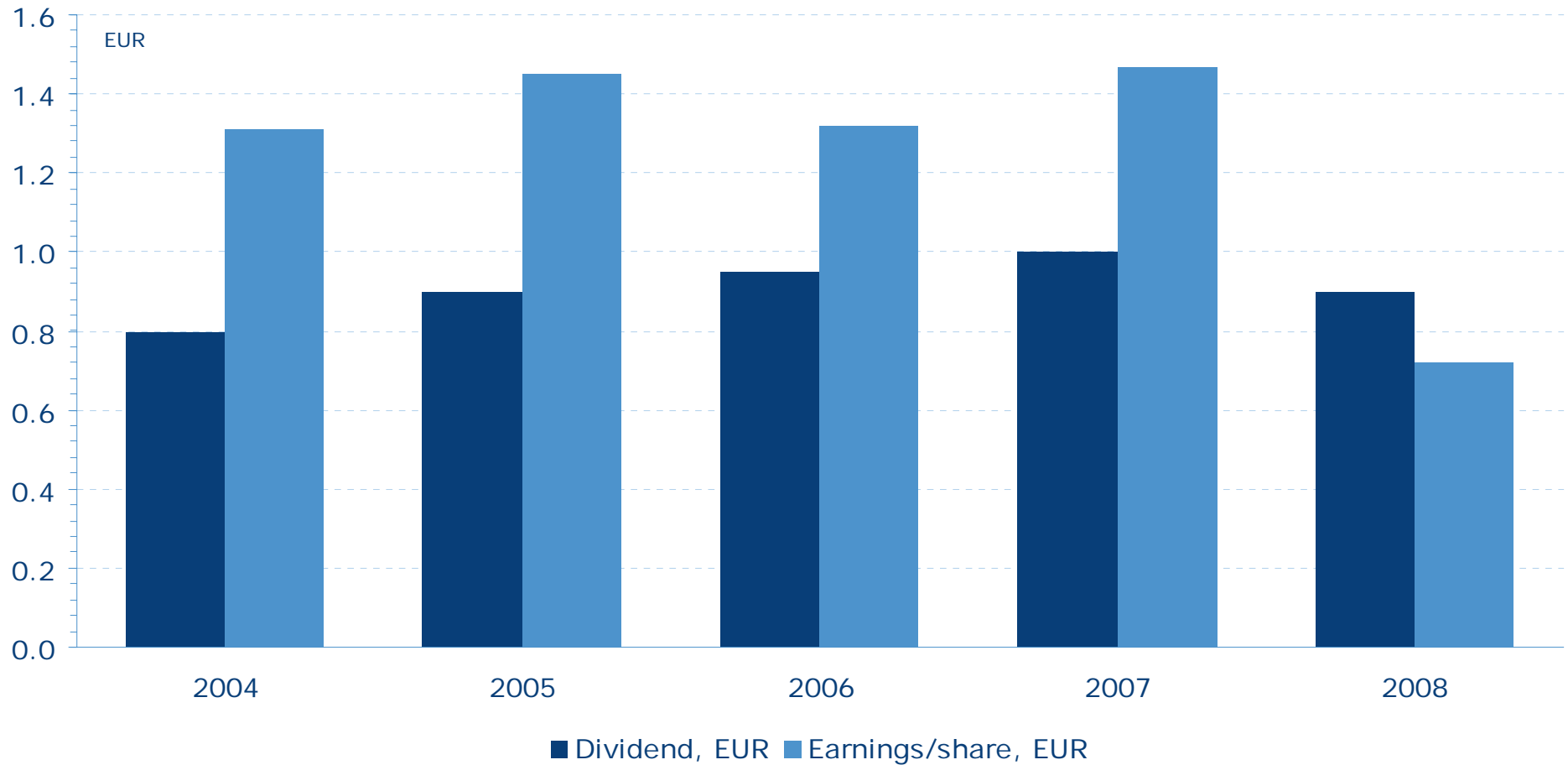
# Market Leader

In chosen segments



# Good Dividend Payer

Over Half of Group Result After Taxes Distributed in Dividends



# EBIT Margin Target of 12%

Other financial targets:

- To increase net sales at a rate faster than GDP growth in main operating countries
- To increase digital business significantly

EBIT % excl. non-recurring items	2008	2007
Sanoma Magazines	11.1	11.3
Sanoma News	12.1	14.1
Sanoma Entertainment	11.0	10.4
Sanoma Learning & Literature	13.6	13.8
Sanoma Trade	5.2	6.2
<b>The Group</b>	<b>9.8</b>	10.4

Other key ratios:

- Annual capital expenditure < EUR 100 million (EUR 109.9 million in 2008)
- Equity ratio 35–45% (40.0% in 2008)
- Gearing < 100% (78.5% in 2008)
- Net debt/EBITDA < 3.5 (2.1 in 2008)

# 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:

2Q09 Result



# Efficiency Improvements to Continue

- Adaptation to market conditions is working – operating expenses down by over 5% in the first six months. Structural changes to continue.
- Entertainment and learning have performed well; Finnish magazines, kiosks and movie theatres also developing positively.
- Strengthened market position in Belgian and Finnish magazine markets as well as in Finnish TV advertising
- The advertising market contraction seems to have stabilised at least in Finland.

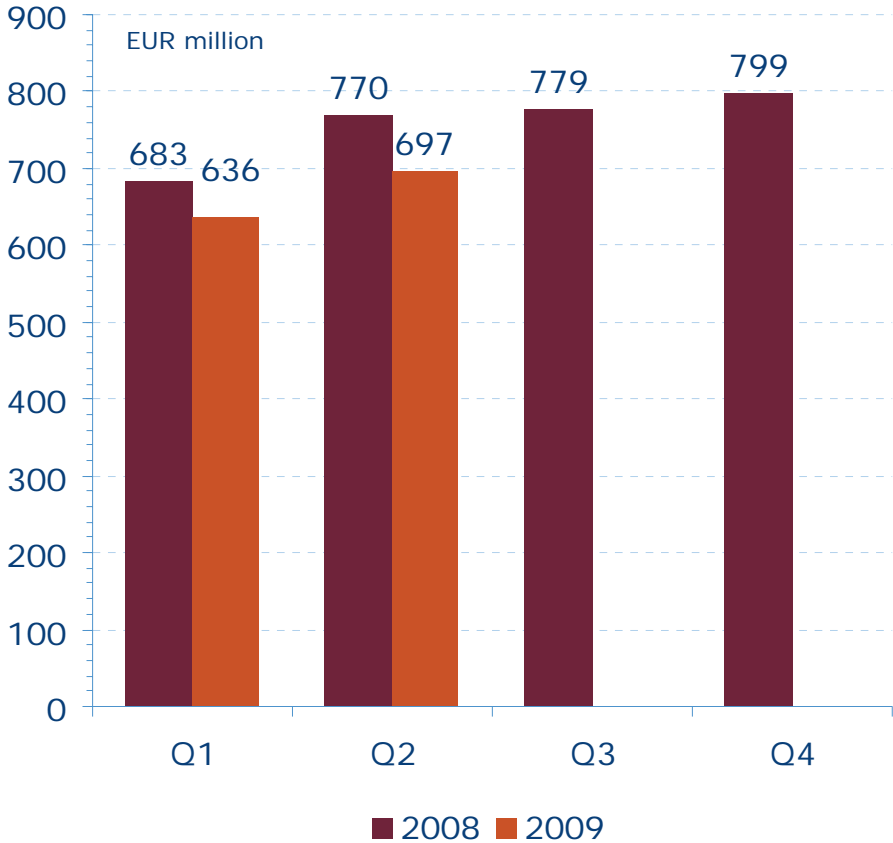
Our goal is to be one of the leading media companies in Europe, with a focus on sustainable growth and profitability.

# Impact of Contingency Plans Visible

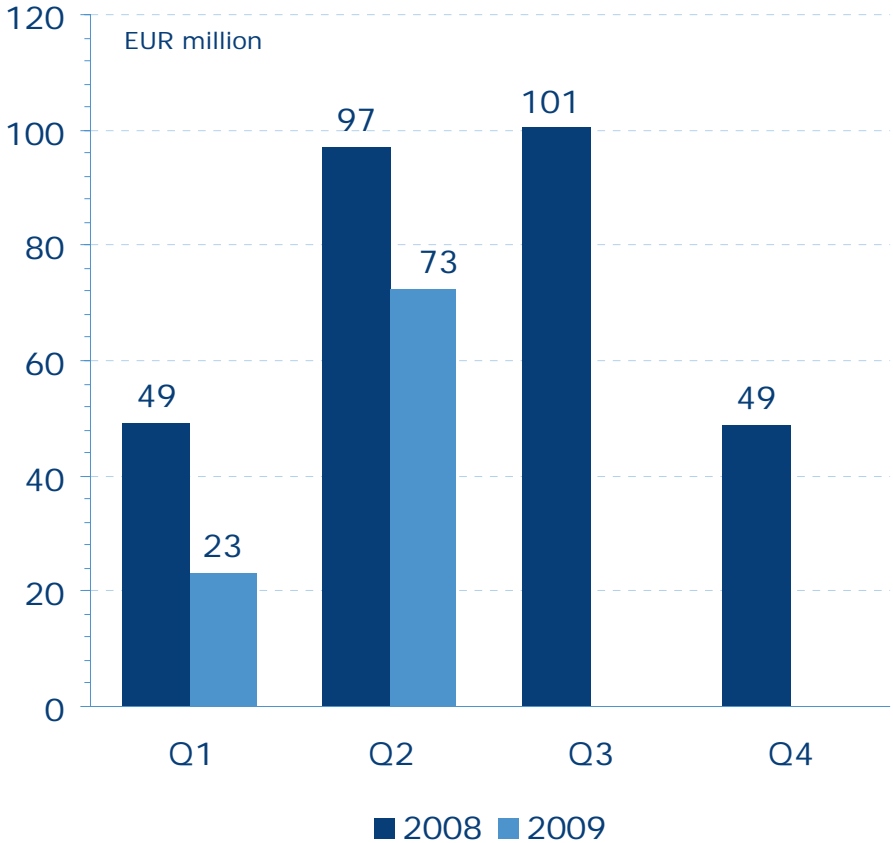
EUR million	4–6/2009	4–6/2008	1–6/2009	1–6/2008	Ch %	1–12/2008
Net sales	<b>697.2</b>	769.8	<b>1,333.2</b>	1,452.8	-8.2	3,030.1
Operating profit excluding non- recurring items	<b>72.5</b>	97.0	<b>95.8</b>	146.2	-34.5	295.7
% net sales	<b>10.4</b>	12.6	<b>7.2</b>	10.1		9.8
Operating profit	<b>65.1</b>	98.5	<b>86.1</b>	171.2	-49.7	236.3
Earnings/share, EUR	<b>0.27</b>	0.40	<b>0.32</b>	0.74	-56.4	0.72
Cash flow from operations/share, EUR	<b>0.10</b>	-0.06	<b>0.05</b>	0.23	-79.9	1.56
Average number of employees (FTE)			<b>17,725</b>	17,693	0.2	18,168

# Improved Profitability in 2Q09

### Net sales

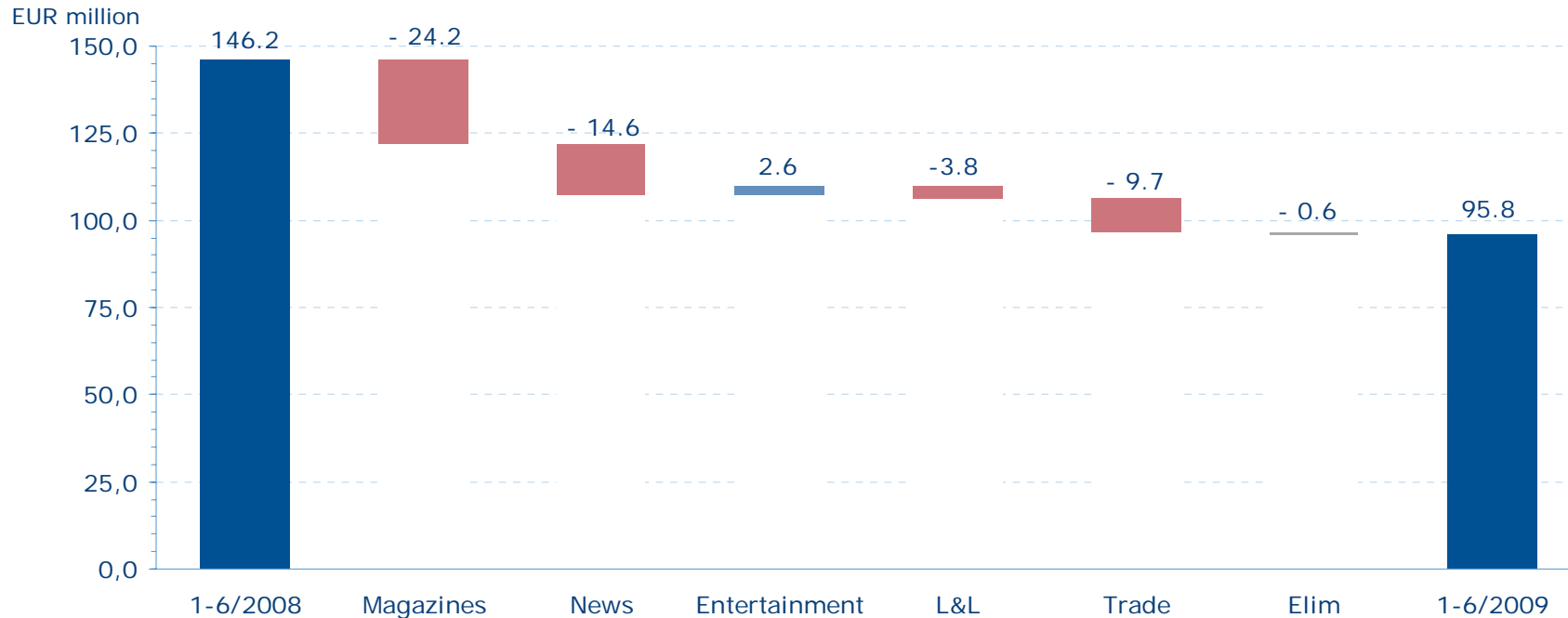


### EBIT excluding non-recurring items



# Advertising Sales Continued to Decline

## EBIT excluding non-recurring items



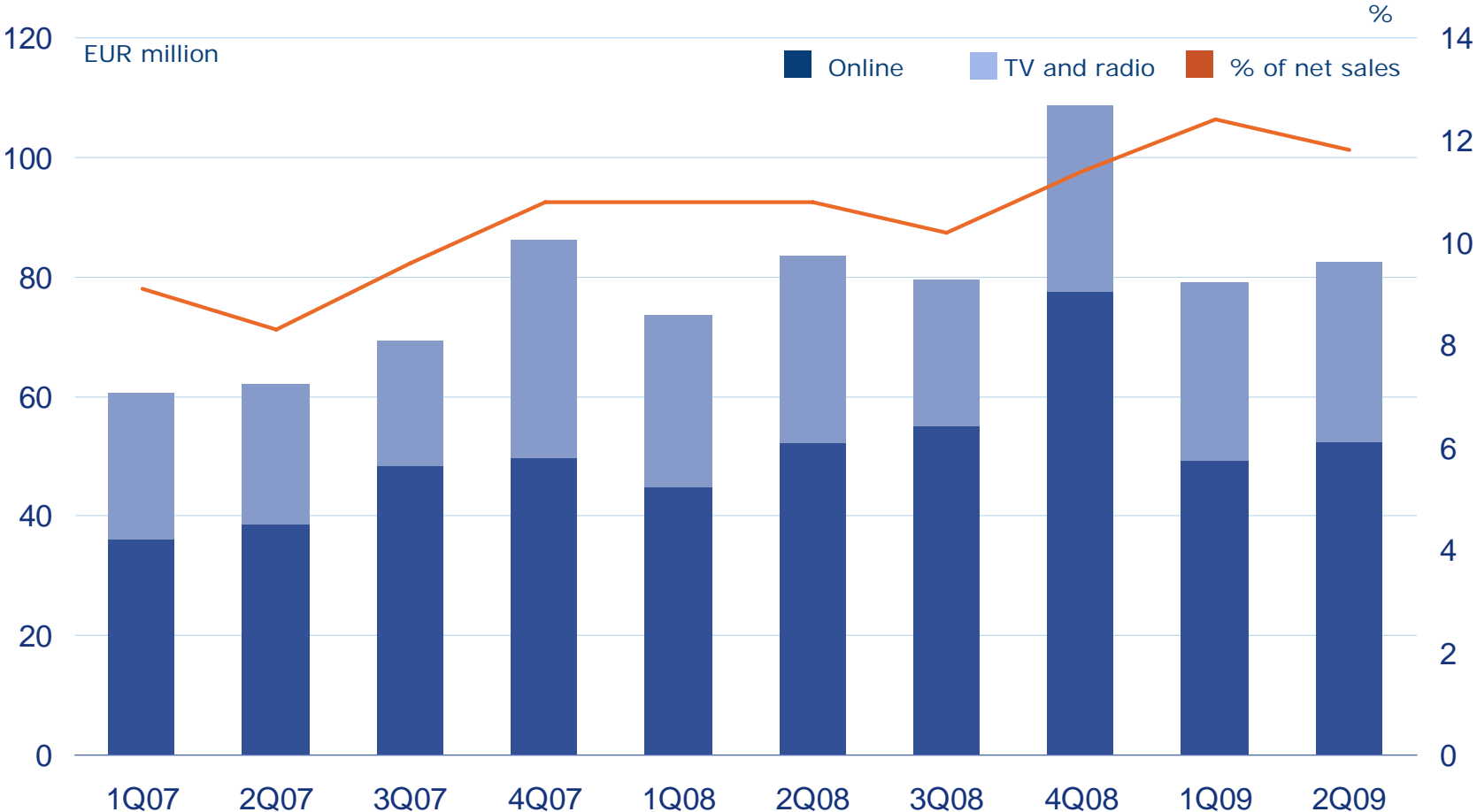
- Magazines: decline in advertising and single copy sales in SU and SMI
- News: decline in advertising sales, especially in classified ads
- Entertainment: positive development in TV and broadband operations
- Learning & Literature: Nowa Era, decline in sales in language services as well as in literature and other operations
- Trade: decrease of sales in kiosk and movie operations in the Baltic countries, investments in Russia and Romania, declining press distribution sales

# Share of Advertising Sales Declining

- The advertising market contraction seems to have stabilised at least in Finland.

Advertising sales, % of net sales	1–6/2009	1–6/2008
Sanoma Magazines	<b>29%</b>	33%
Sanoma News	<b>46%</b>	55%
Sanoma Entertainment	<b>51%</b>	51%
The Group	<b>22%</b>	26%

# Increased Online Sales



# Stable Financial Position

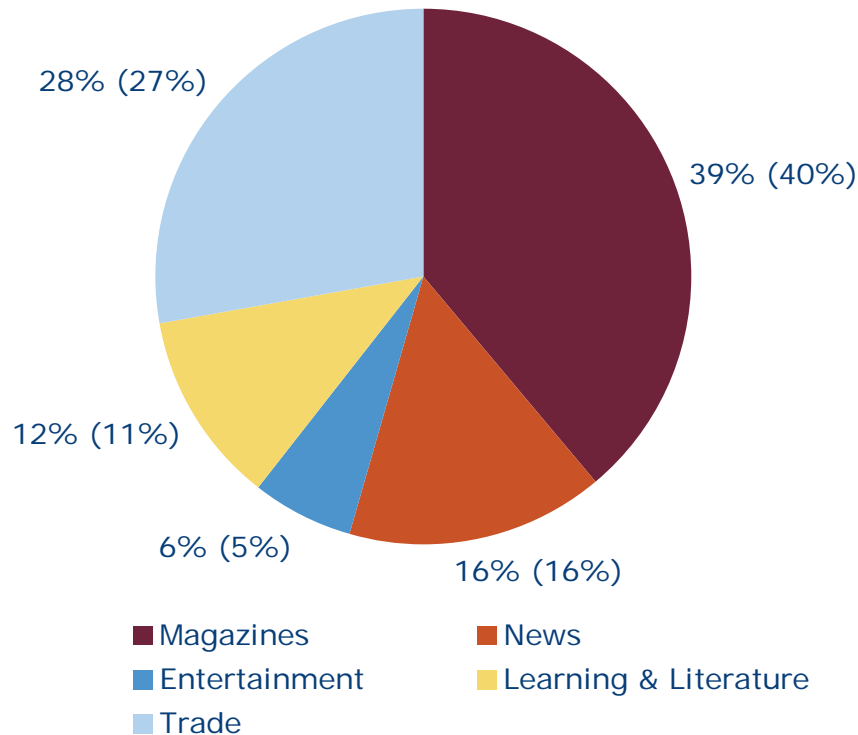
EUR million	30.6.2009	30.6.2008	31.12.2008
Balance sheet total	<b>3,211.1</b>	3,369.2	3,278.7
Equity ratio, %	<b>37.3</b>	40.8	40.0
Net gearing, %	<b>103.0</b>	81.6	78.5
Interest-bearing liabilities	<b>1,220.3</b>	1,148.5	1,082.6
Interest-bearing net debt	<b>1,161.0</b>	1,058.4	971.6
Cash and cash equivalents	<b>59.3</b>	90.2	110.9

- Favourable long term credit facility
- Net debt/EBITDA 3.0

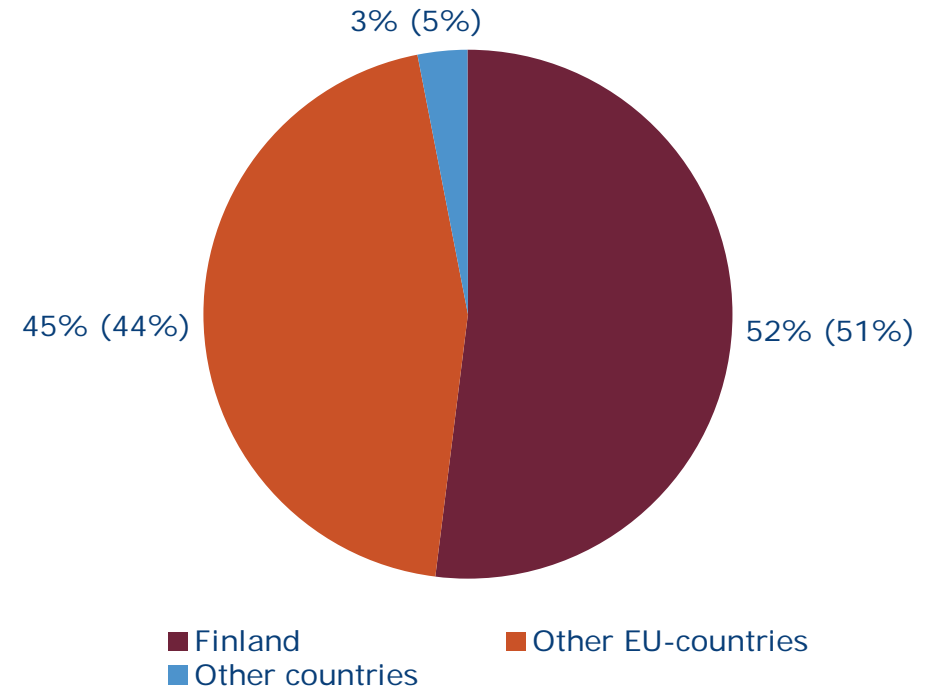
# Balanced Business Portfolio

Net sales 1–6/2009

By division



By geographic area



- The Netherlands 23% (22%)
- The Baltic countries 5% (5%)
- Other CEE countries+ Russia and Ukraine 10% (13%)

# Continuous Rationalisation

- Structural changes and adaption to market environment
  - Sanoma News, Sanoma Magazines Belgium, retail operations in Estonia, language services as well as literature and other businesses unit, among others.
  - Six magazines closed down in second quarter (26 altogether in 2009)
- Target to have operating expenses in 2009 clearly below the level of 2008.



# Outlook for 2009 Unchanged

- Net sales are expected to decrease
- Operating profit excluding non-recurring items will clearly decline from the previous year.
  - In the comparable year of 2008, operating profit excluding non-recurring items was EUR 295.7 million.
  - The Group's interest expenses are expected to decrease markedly, and as a result, Sanoma's net result for 2009 is expected to decrease less than its operating profit.

# Sanoma Magazines

## Key figures

EUR million	1-6/2009	1-6/2008	Ch %	1-12/2008
Net sales	<b>538.1</b>	603.9	-10.9	1,246.8
Sanoma Magazines Netherlands	<b>233.9</b>	246.9	-5.3	515.7
Sanoma Magazines International	<b>104.0</b>	146.9	-29.2	306.7
Sanoma Magazines Belgium	<b>104.0</b>	109.7	-5.2	223.2
Sanoma Magazines Finland	<b>98.3</b>	102.6	-4.2	205.6
Eliminations	<b>-2.1</b>	-2.2	1.7	-4.3
Operating profit excluding non-recurring items	<b>47.1</b>	71.2	-34.0	138.9
% of net sales	<b>8.7</b>	11.8		11.1
Operating profit	<b>45.8</b>	94.7	-51.7	85.7
Capital expenditure	<b>12.3</b>	12.2	1.5	26.8
Average number of employees (FTE)	<b>5,611</b>	5,520	1.7	5,731

**Outlook for 2009:** Net sales are expected to decrease and it is estimated that operating profit excluding non-recurring items will be clearly below the previous year's level.

# Sanoma News

## Key figures

EUR million	1-6/2009	1-6/2008	Ch %	1-12/2008
Net sales	<b>214.8</b>	242.0	-11.2	474.7
Helsingin Sanomat	<b>120.1</b>	145.3	-17.3	279.5
Ilta-Sanomat	<b>38.3</b>	42.4	-9.7	83.2
Other publishing	<b>46.7</b>	48.9	-4.5	98.2
Other businesses	<b>72.2</b>	75.4	-4.2	150.1
Eliminations	<b>-62.5</b>	-70.0	10.7	-136.2
Operating profit excluding non-recurring items	<b>18.0</b>	32.6	-44.9	57.3
% of net sales	<b>8.4</b>	13.5		12.1
Operating profit	<b>9.6</b>	32.6	-70.6	57.3
Capital expenditure	<b>5.6</b>	9.7	-42.0	19.6
Average number of employees (FTE)	<b>2,421</b>	2,456	-1.4	2,491

**Outlook for 2009:** Net sales are estimated to decrease clearly and operating profit excluding non-recurring items will lessen markedly from the previous year due to the decline in the advertising market.

# Sanoma Entertainment

## Key figures

EUR million	1–6/2009	1–6/2008	Ch %	1–12/2008
Net sales	<b>81.0</b>	81.4	-0.6	157.1
TV and radio	47.1	47.1	0.0	88.9
Other businesses	34.7	34.7	0.0	69.4
Eliminations	-0.8	-0.4	-100.0	-1.1
Operating profit excluding non-recurring items	<b>13.0</b>	10.4	25.3	17.3
% of net sales	<b>16.1</b>	12.8		11.0
Operating profit	<b>13.0</b>	10.4	25.3	17.3
Capital expenditure	<b>4.1</b>	7.5	-44.3	13.5
Average number of employees (FTE)	<b>481</b>	471	2.2	482

**Outlook for 2009:** Net sales and operating profit excluding non-recurring items are expected to be at the previous year's level.

# Sanoma Learning & Literature

## Key figures

EUR million	1–6/2009	1–6/2008	Ch %	1–12/2008
Net sales	<b>162.8</b>	168.8	-3.6	390.0
Learning	<b>112.2</b>	115.2	-2.6	273.3
Language services	<b>14.5</b>	11.9	21.8	28.8
Literature and other businesses	<b>41.6</b>	48.3	-13.9	101.2
Eliminations	<b>-5.4</b>	-6.6	18.2	-13.3
Operating profit excluding non-recurring items	<b>18.2</b>	22.0	-17.4	53.2
% of net sales	<b>11.2</b>	13.0		13.6
Operating profit	<b>18.2</b>	22.0	-17.4	45.6
Capital expenditure	<b>4.4</b>	7.4	-40.5	15.6
Average number of employees (FTE)	<b>2,847</b>	2,618	8.8	2,737

**Outlook for:** Net sales and operating profit excluding non-recurring items will decrease from the previous year's level. The development of net sales and operating profit is strongly affected by the exchange rates of the Division's operating countries.

# Sanoma Trade

## Key figures

EUR million	1-6/2009	1-6/2008	Ch %	1-12/2008
Net sales	<b>383.4</b>	405.8	-5.5	866.6
Kiosk operations	<b>197.6</b>	197.1	0.3	409.4
Press distribution	<b>105.0</b>	118.4	-11.3	241.5
Bookstores	<b>46.9</b>	55.0	-14.7	139.2
Movie operations	<b>41.7</b>	43.8	-4.8	94.3
Eliminations	<b>-7.9</b>	-8.5	7.5	-17.8
Operating profit excluding non-recurring items	<b>7.6</b>	17.3	-56.2	45.1
% of net sales	<b>2.0</b>	4.3		5.2
Operating profit	<b>7.6</b>	17.3	-56.2	45.1
Capital expenditure	<b>15.2</b>	12.4	22.7	33.8
Average number of employees (FTE)	<b>6,282</b>	6,527	-3.7	6,633

**Outlook for 2009:** Net sales are expected to decrease somewhat and operating profit excluding non-recurring items to decrease clearly.

# Appendix 2:

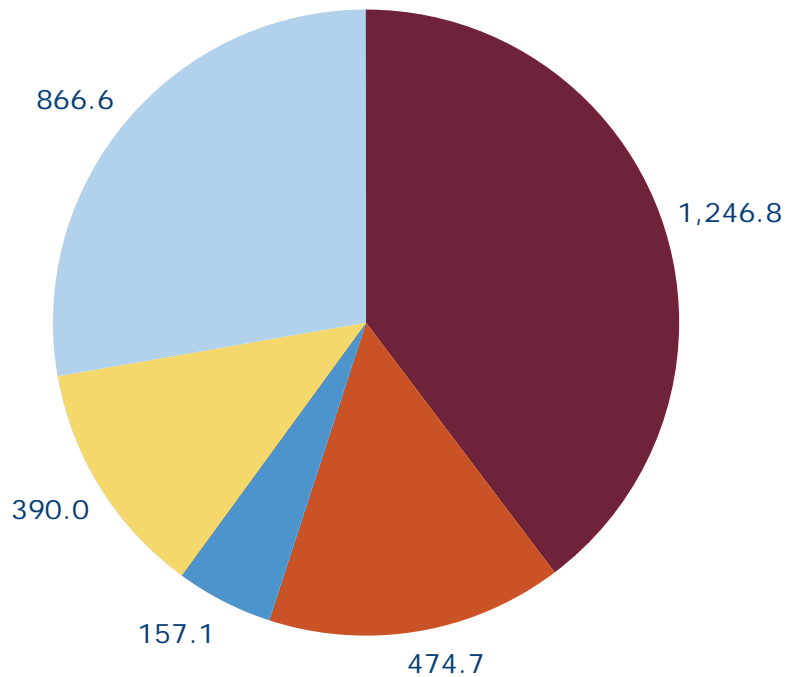
Five Divisions Operating in Different  
Fields of Media



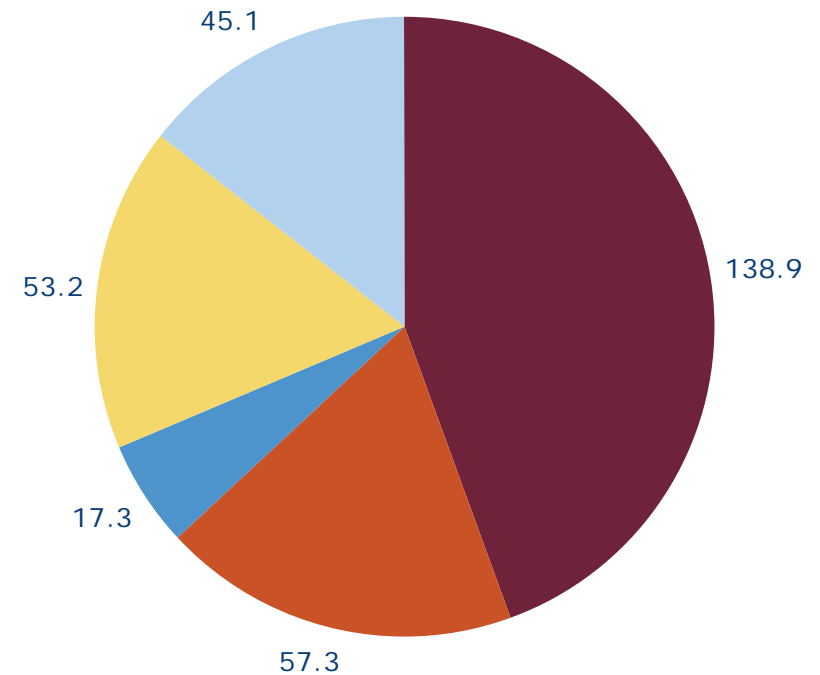
# The Sanoma Group 2008:

Net Sales EUR 3,030 million • EBIT EUR 296 million\* • Personnel 18,168\*\*

Net Sales



EBIT excl. non-recurring items



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

# Successful Integration

## Steps to a Leading Media Company

- 1999:** Sanoma and WSOY merged and SanomaWSOY (Sanoma since 1 October 2008) listed on the Helsinki Stock Exchange
- 2001:** CIG Acquisition  
Magazine Division with activities in 9 countries
- 2003:** Rautakirja merged into SanomaWSOY
- 2004:** Malmberg Acquisition  
Educational publisher, leading in the Netherlands and Belgium
- 2005:** Independent Media Acquisition  
Magazine publisher, with activities in Russia and Ukraine
- 2008:** SanomaWSOY becomes Sanoma



# Sanoma Magazines

European Magazine Publisher with a Strong Focus on Interactivity

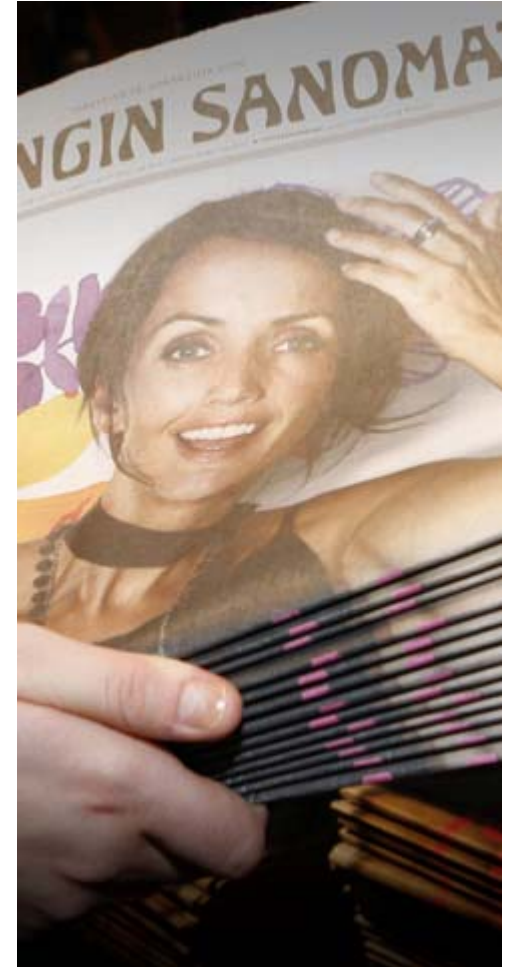
- Net sales 2008: EUR 1,246.8 million
- EBIT 2008: EUR 138.9 million\*
- One of Europe's leading magazine publishers
- Over 300 magazines for all segments
- Active in 13 countries
- Strong brand developer:
  - Libelle, Margriet, (NL)
  - Kodin Kuvalehti, ET, Me Naiset (FI)
  - Humo, Libelle
  - Story (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 News

## Finland's Leading Newspaper Publisher

- Net sales 2008: EUR 474.7 million
- EBIT 2008: EUR 57.3 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 Entertainment

## TV and Broadband Internet

- Net sales 2008: EUR 157.1 million
- EBIT 2008: EUR 17.3 million\*
- Third-largest ad medium in Finland, targeted especially on city dwellers (TV channel Nelonen)
  - 30% 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
  - 323t connected households, 106t pay TV customers and 105t broadband customers
- Start-ups in online casual gaming



# Sanoma Learning & Literature

Significant European Educational Publisher and Finland's Leading Book Publisher

- Net sales 2008: EUR 390.0 million
- EBIT 2008: EUR 53.2 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 Trade

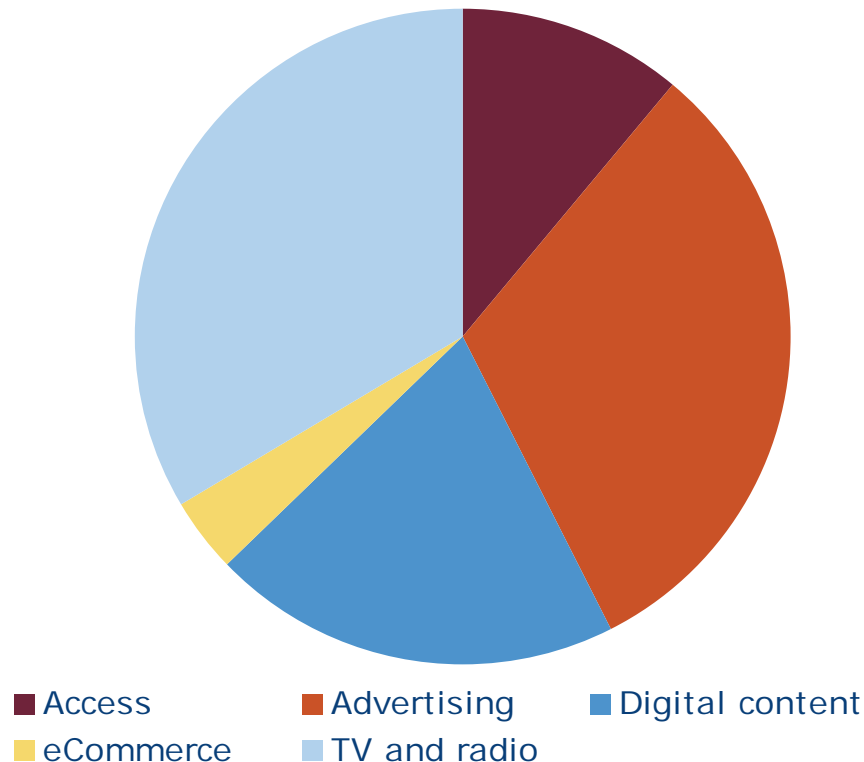
Market Leading Press Distributor in Finland, the Netherlands, and the Baltic Countries

- Net sales 2008: EUR 866.6 million
- EBIT 2008: EUR 45.1 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)
  - Operations in Russia began in May 2007 and in Romania in July 2008
- 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



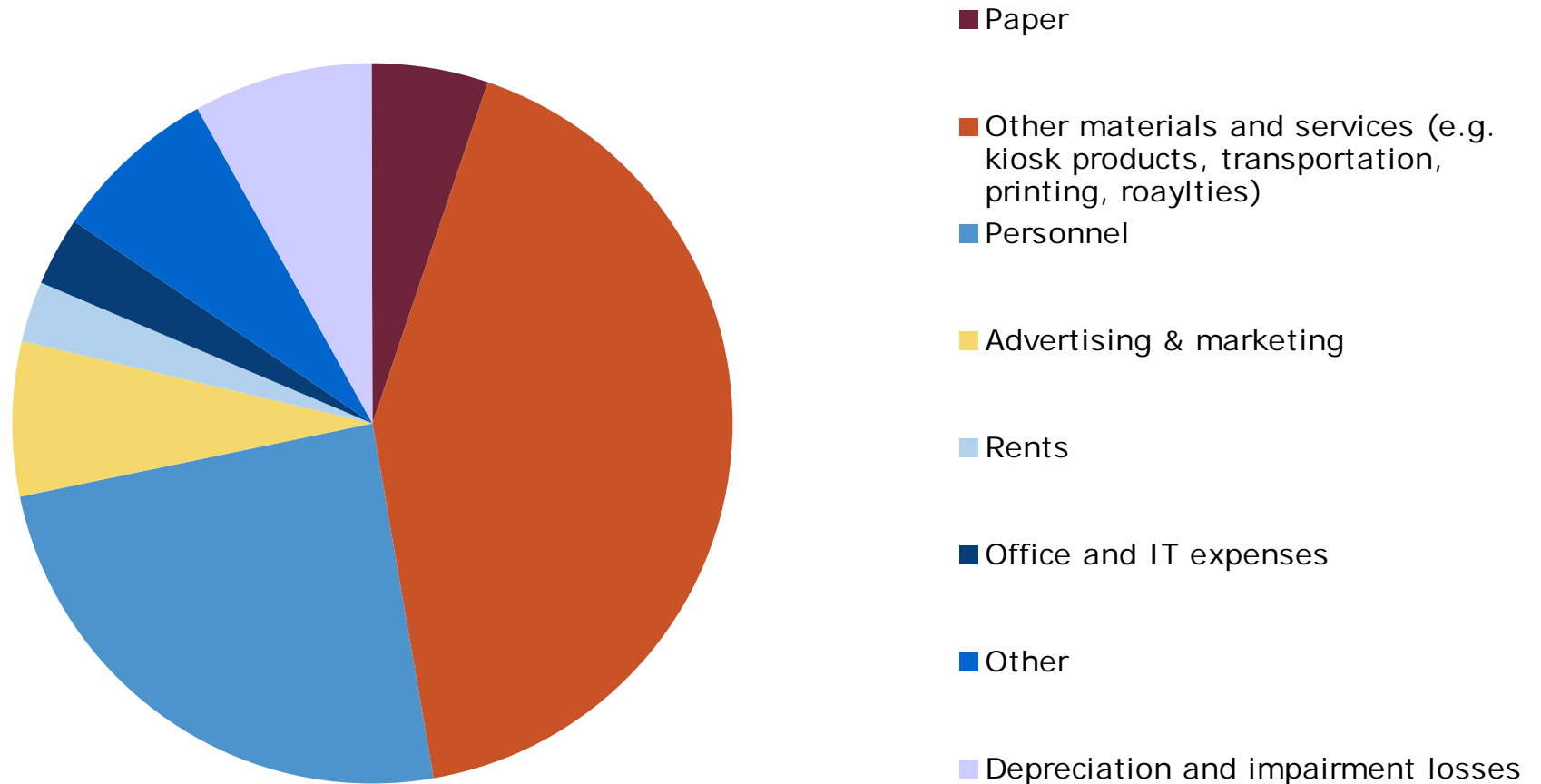
# Digital Business 11% of Group sales in 2008

8% Excluding TV operations



- Digital businesses, especially online, one of Group's international growth areas
- Strong positions already in the Netherlands, Hungary, Finland and Bulgaria
- Concepts mainly based on advertising revenue
- Growth through own concepts and selected acquisitions

# Sanoma's Cost Structure 2008



# Appendix 3:

About Owners and Coverage



# Largest Shareholders

31 August 2009

% of shares and votes

Aatos Erkko (of which through Oy Asipex Ab: 7.33%)	23.29
Robin Langenskiöld	7.63
Rafaela Seppälä	7.25
Helsingin Sanomat Foundation	3.73
Holding Manutas Oy	2.54
Alfred Kordelin Foundation	2.18
Ilmarinen Mutual Pension Insurance Company	2.03
Varma Mutual Insurance Company	1.60
Foundation for Actors' Old-age-home	1.40
Svenska litteratursällskapet I Finland r.f.	1.35
<b>Foreign ownership in total</b>	<b>10.0</b>
<b>Total number of shares</b>	<b>160,943,658</b>
<b>Total number of shareholders</b>	<b>20,885</b>
Institutional investors: 55% of shares	
Private investors: 45% of shares	

# Analyst Coverage

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# Sanoma's IR Team

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## Communicator

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## Communications Coordinator

Ms Katariina Hed

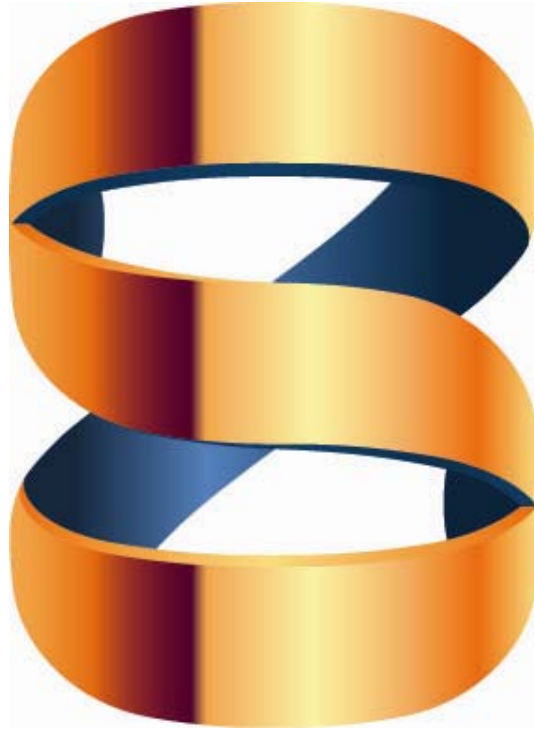
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**Inspires, informs and connects**