



**SanomaWSOY  
in Russia and CEE Countries**

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SanomaWSOY Corporation

Finnish Companies Expanding East  
12 September 2007

# The SanomaWSOY Group

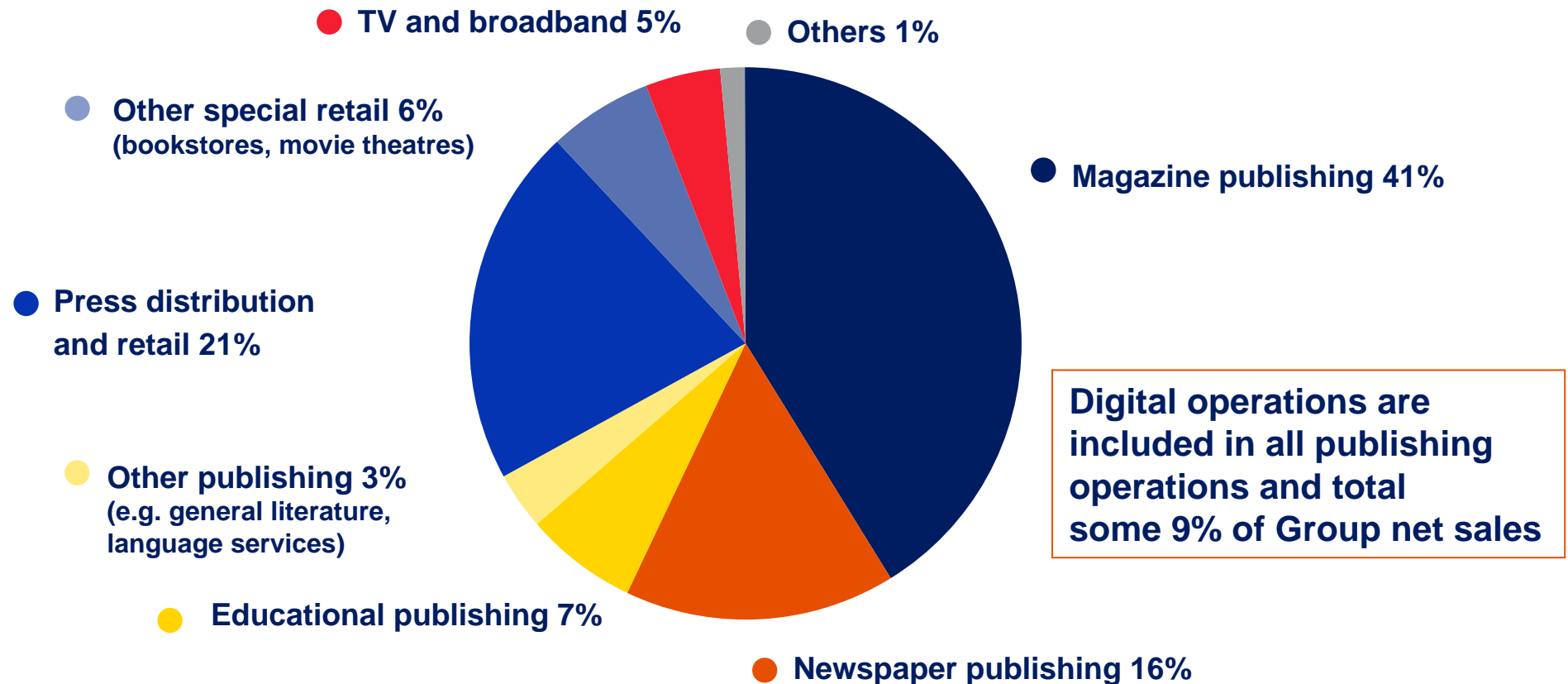
## Profitable Growth, Focus on Market Leadership

- 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

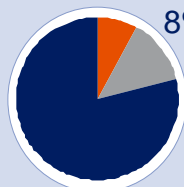
Digital media



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%

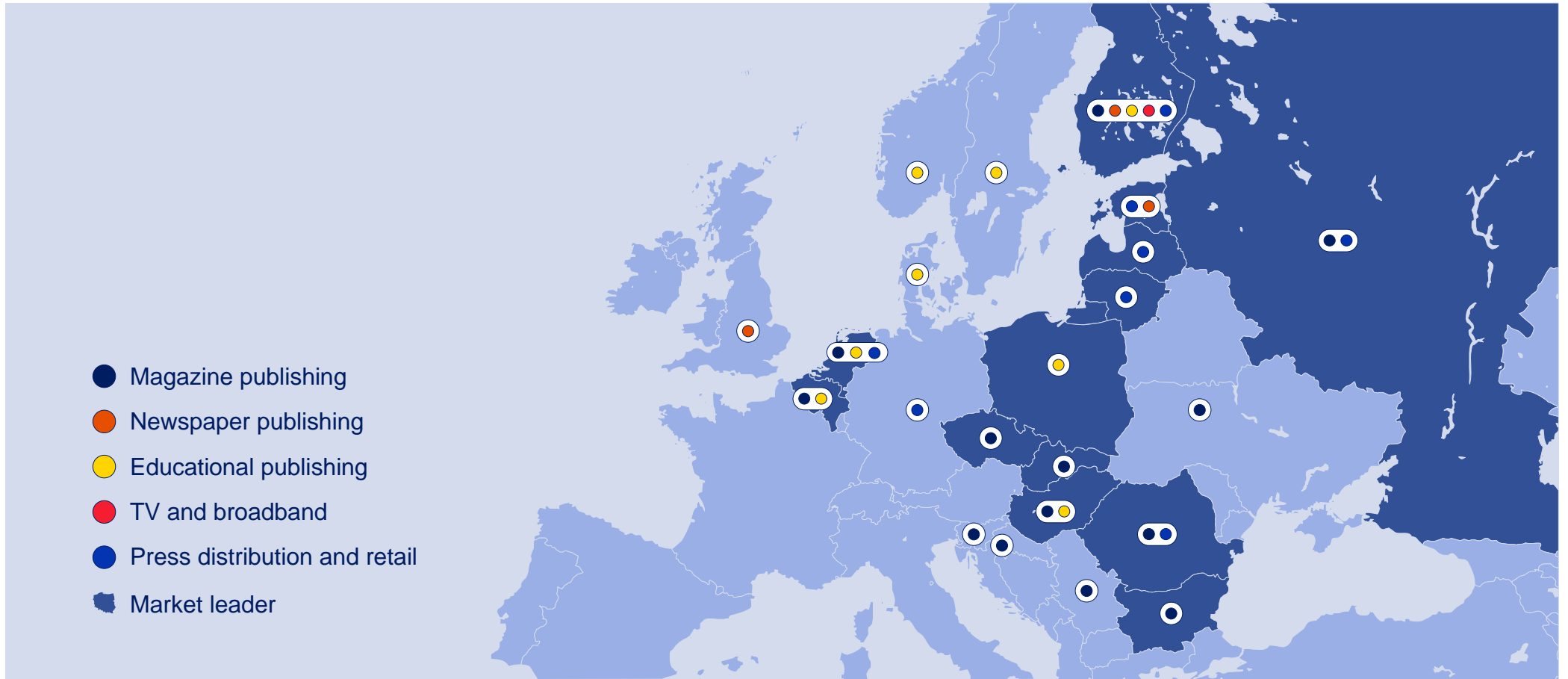
13%\*

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

## Market Leading Position in Mature Markets

# Investing in Fast Growing Areas

20% of net sales from CEE countries, Russia and Ukraine

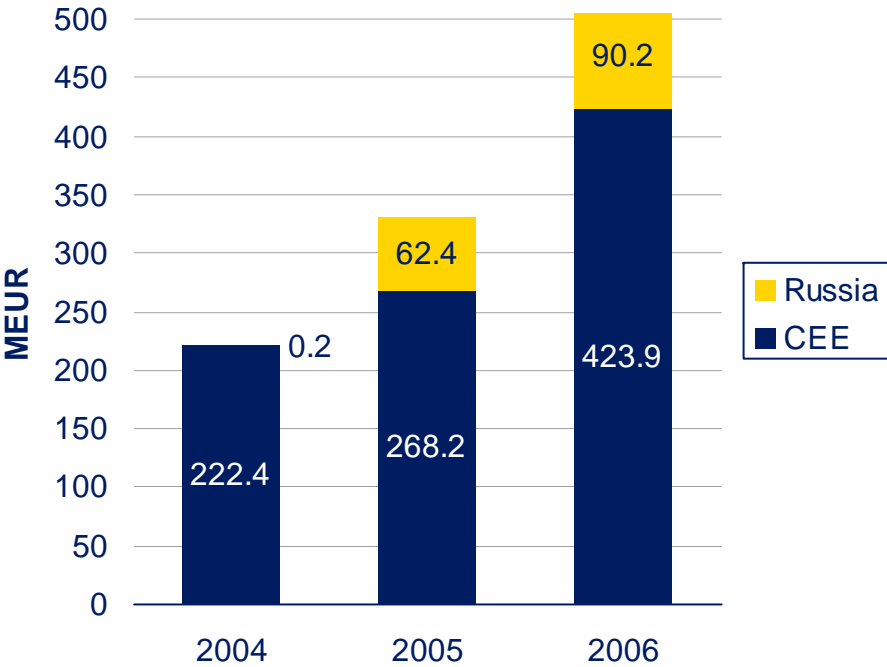


# Why CEE and Russian markets?

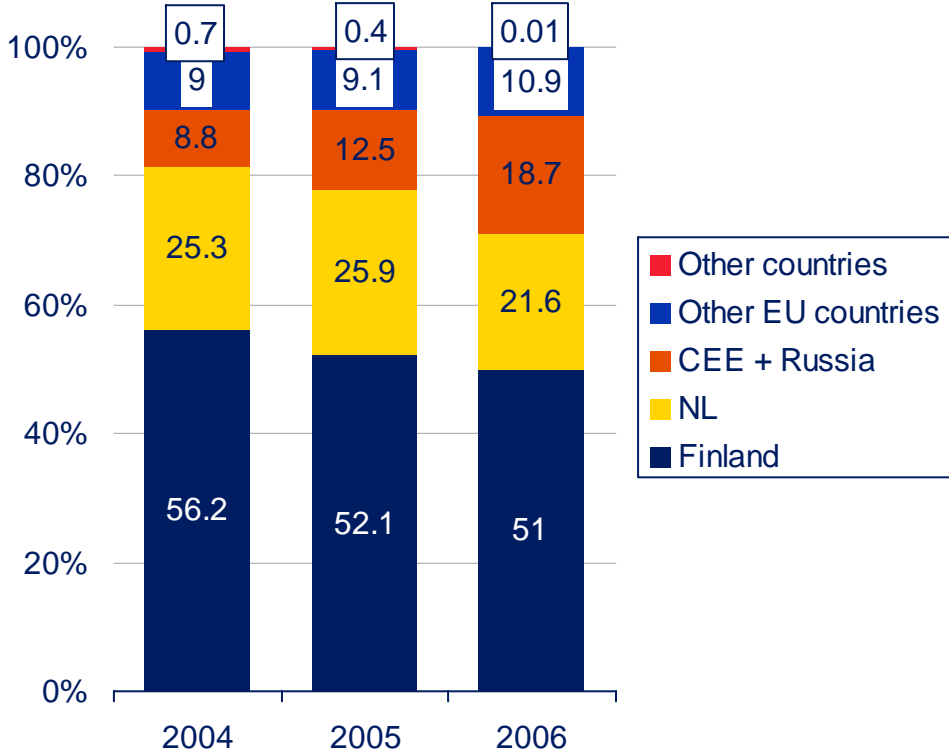
- Rapidly growing economy and media market
- In Russia, growing middle class and increasing spending power within this group
- Less intense competition than in the more mature markets
- Possibility to expand business to other CIS countries
- Press distribution is underdeveloped/bottleneck in many CEE countries
  - a lot of potential for our distribution business
- Post acquisition synergies in field of printing, paper buying and transferring concepts, knowledge, and business ideas

# Net Sales Breakdown

Net sales in CEE countries and Russia



Group's total net sales, geographically





## Magazine Publishing

# 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, ...



# Sanoma Magazines

European Magazine Publisher with a Strong Focus on Interactivity

- **Sanoma Magazines Finland**

Net sales M€ 193.2

Magazine publishing,  
Online operations

- **Sanoma Magazines Belgium**

Net sales M€ 188.6

Magazine publishing,  
Online operations



- **Sanoma Uitgevers, The Netherlands**

Net sales M€ 531.2

Magazine publishing,  
Online operations

- **Sanoma Magazines International**

Net sales M€ 247.6

Magazine publishing,  
Online operations

# Magazine Publishing in CEE and Russia

## RUSSIA

- Leading glossy magazine publisher (both in readership and advertising revenue)
- 26 magazines and 4 newspapers
- Latest launch a weekly in 03/07, investing also in online

## HUNGARY

- Leading magazine publisher
- 33 magazines + brand extensions
- Leading online portals of the country
- Latest launch a monthly in 04/07

## CZECH REPUBLIC

- Leading magazine publisher
- 18 magazines + brand extensions

## SLOVAKIA

- Leading b-2-b magazine publisher
- 8 magazines

## ADRIATIC REGION

- No 2 in Croatia, Slovenia and Serbia
- 38 magazines in these three countries together with G+J
- Latest launch a bi-monthly in 04/07

## UKRAINE

- No 4 on the market, developing magazine markets
- 4 magazines
- Latest launch a weekly in 02/07

## ROMANIA

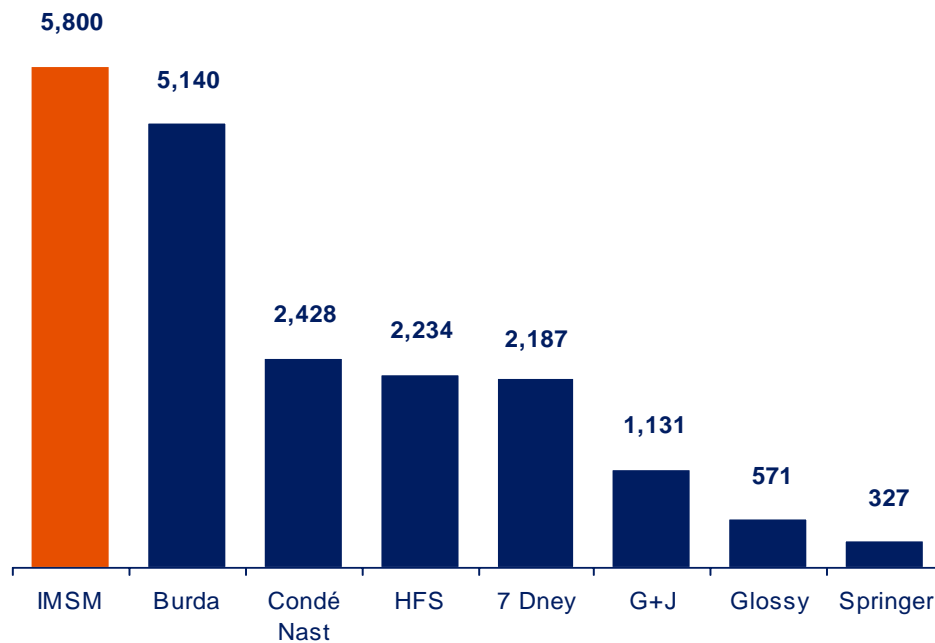
- No 4 on the market
- 9 magazines and 2 online portals

## BULGARIA

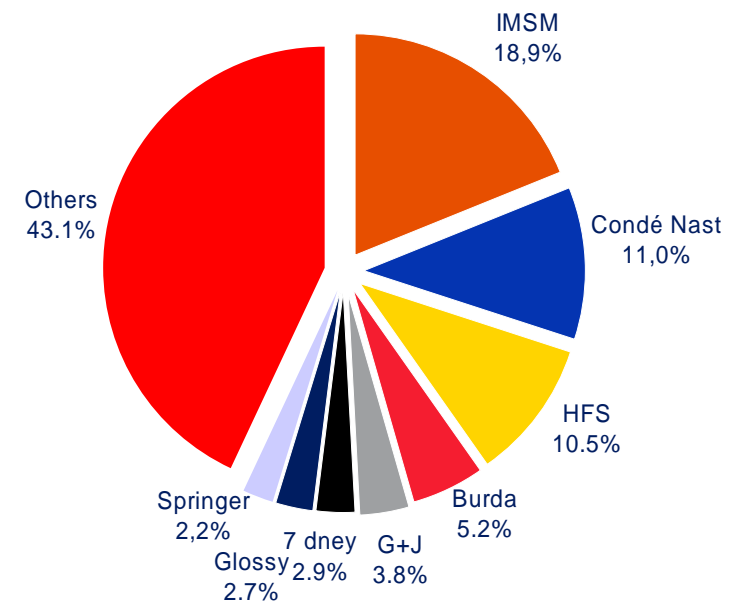
- Leading magazine publisher
- 9 magazines and 1 online portal
- Latest launch a weekly in 04/07

# Independent Media No1 on the Glossy Media Market

## 2006 Readership, Russia



## 2006 Ad revenues, \$



# IM Product Lines



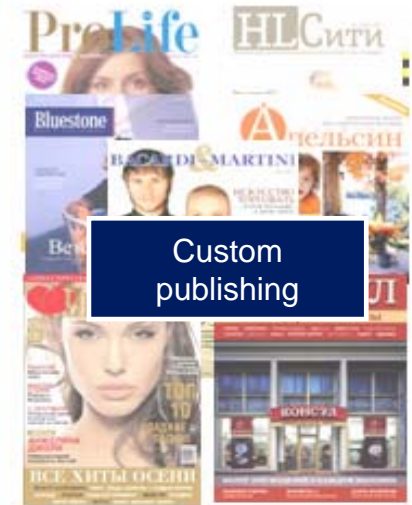
Women's titles



Men's titles



Newspapers



Custom publishing



Business titles



General interest titles



Youth titles



Special titles



Special projects

# Magazines Going Forward

- Streamline, grow and consolidate the existing positions in our core consumer magazine businesses
- An active portfolio and launch strategy
- Build on our interactive (IP) media business through own developments by leveraging existing concepts geographically and through selected acquisitions and alliances
- Acquisitions and partnerships in areas where a significant market share can be achieved and where value can be added



# Educational Publishing

## Educational publishing

# Changing Market Environment

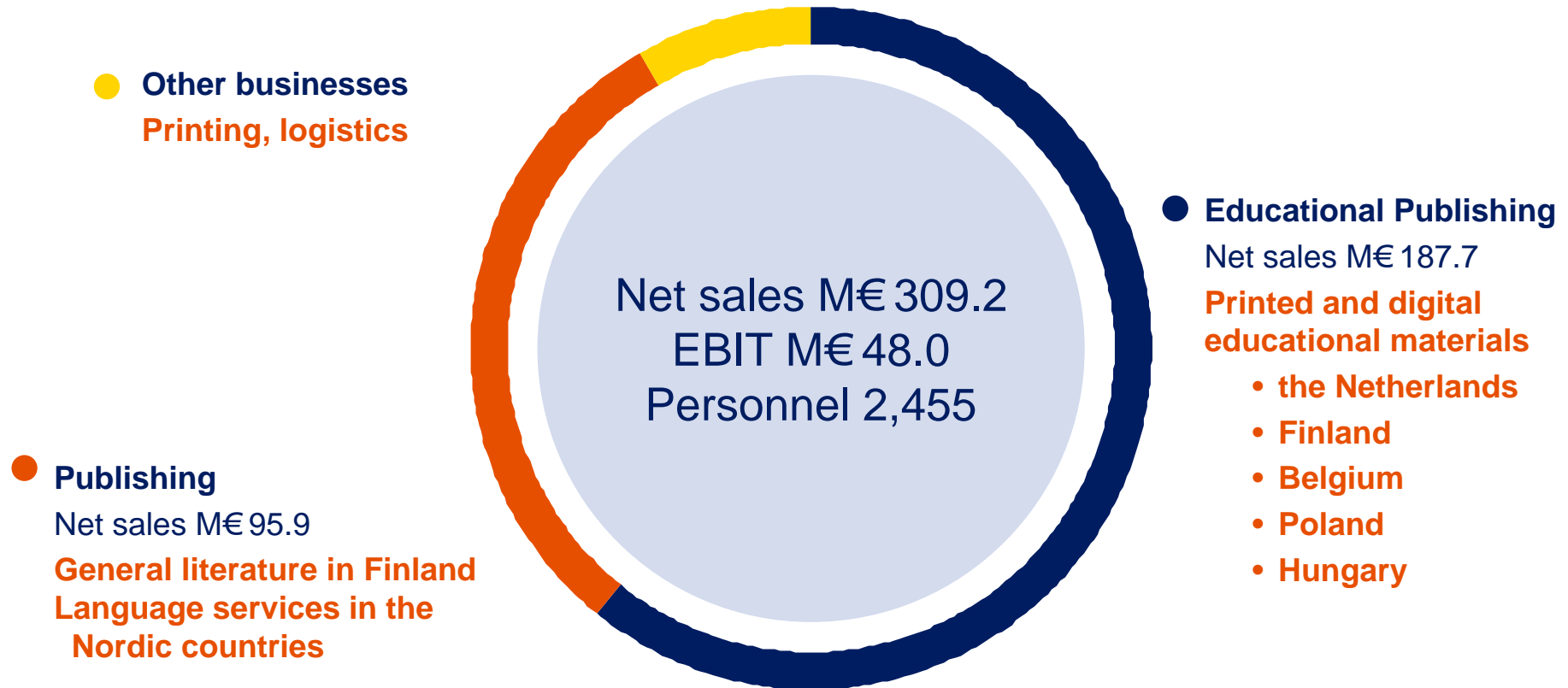
- European educational publishing market still unconsolidated (no big players)
- Local content, but global platforms
- Has great growth potential:
  - Education top priority in Europe, catch up investments especially in CEE countries
  - ICT main driver behind growth
    - eLearning increases the market
    - Internet based services
  - Modularisation of educational solutions (sharing of concepts and assets)





# SanomaWSOY Education and Books

**Significant European Educational Publisher, Strong Nordic Positions in Literature Publishing and Language Services**



# Educational Publishing Markets

## THE NETHERLANDS

- Market leader in all K-12 levels (Malmberg)
- Market share 26%

## BELGIUM

- Market leader in all K-12 levels (Van In)
- Market share 26%

## HUNGARY

- Leading educational publisher, present in all K-12 levels (NTK)
- Market share 35%
- Offers also educational services, especially training in economics and finance (Perfect)

## FINLAND

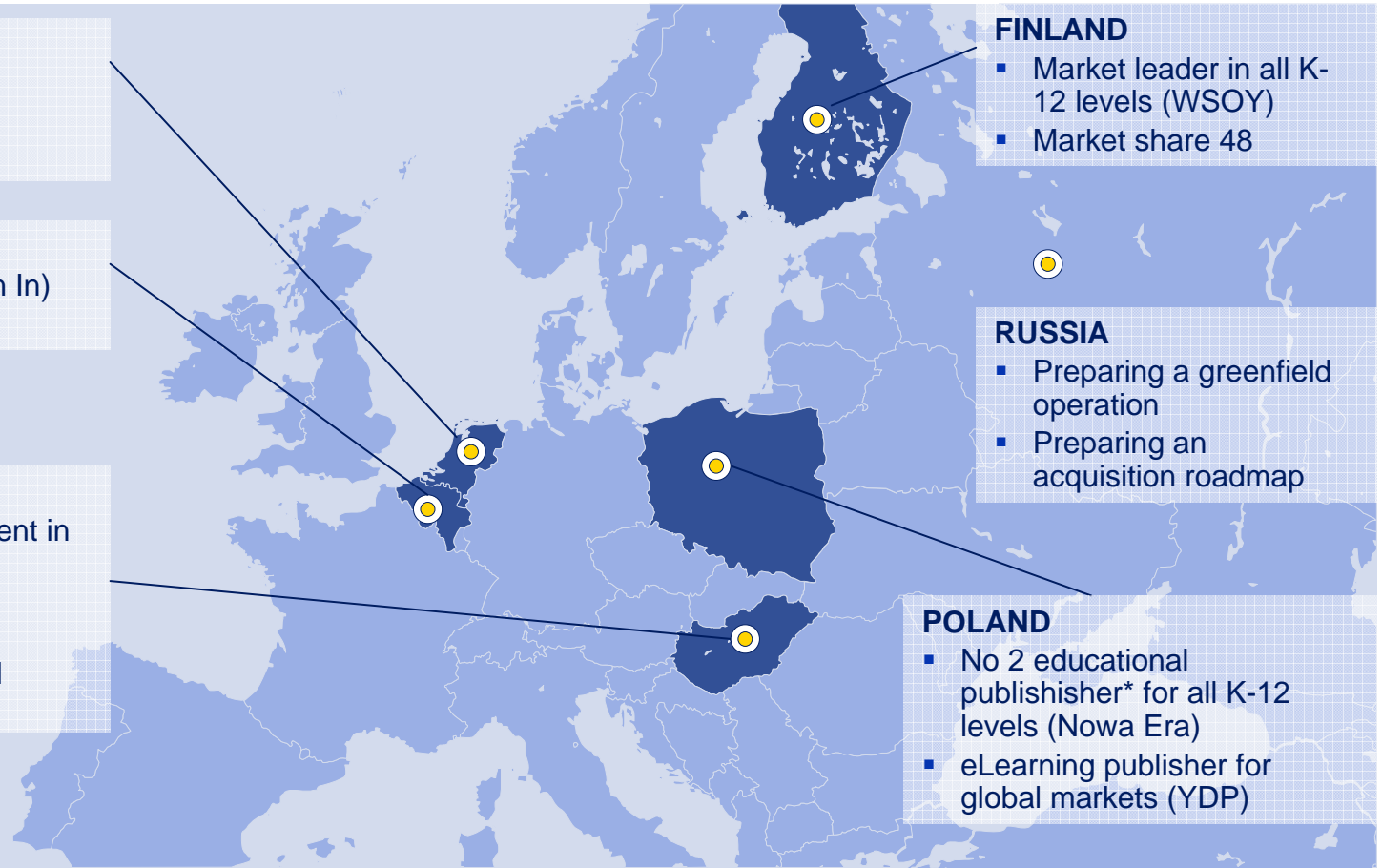
- Market leader in all K-12 levels (WSOY)
- Market share 48

## RUSSIA

- Preparing a greenfield operation
- Preparing an acquisition roadmap

## POLAND

- No 2 educational publisher\* for all K-12 levels (Nowa Era)
- eLearning publisher for global markets (YDP)



# Our Internationalisation Priorities

## Main focus on CEE countries

1. Acquisitions of leading educational publishers in markets with high growth potential (market development)

To achieve:

- Market development
- Synergies by optimisation of portfolios and concepts
- Professionalisation of processes and formats

2. Acquisitions in existing markets: add on's, major mergers and e-learning ventures (market consolidation)

To achieve:

- Market consolidation
- Strategic position in major markets
- Strengthening adjacent publishing possibilities



## **Press Distribution**

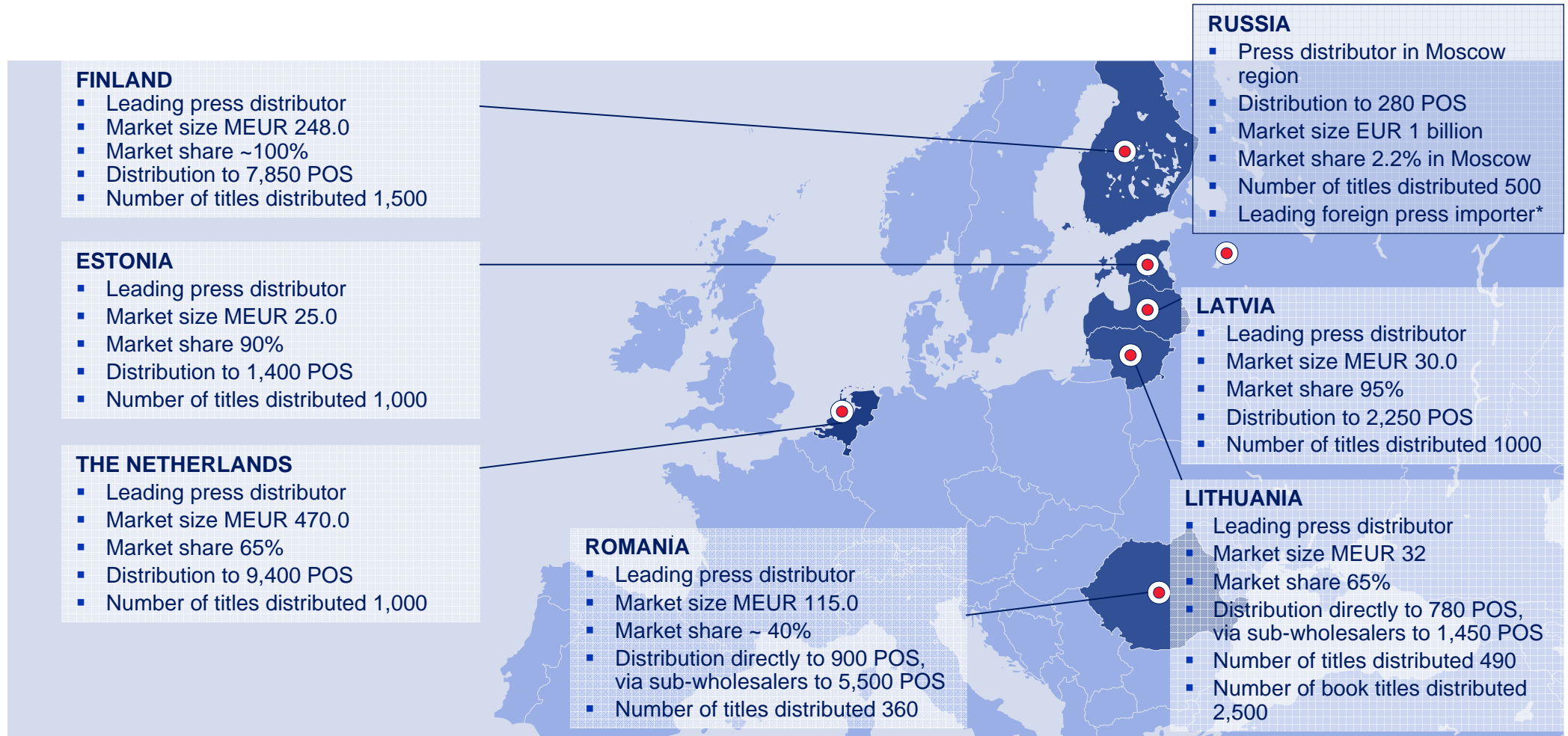
# Market Leading Press Distributor in Finland, the Netherlands, and the Baltic Countries

## Rautakirja

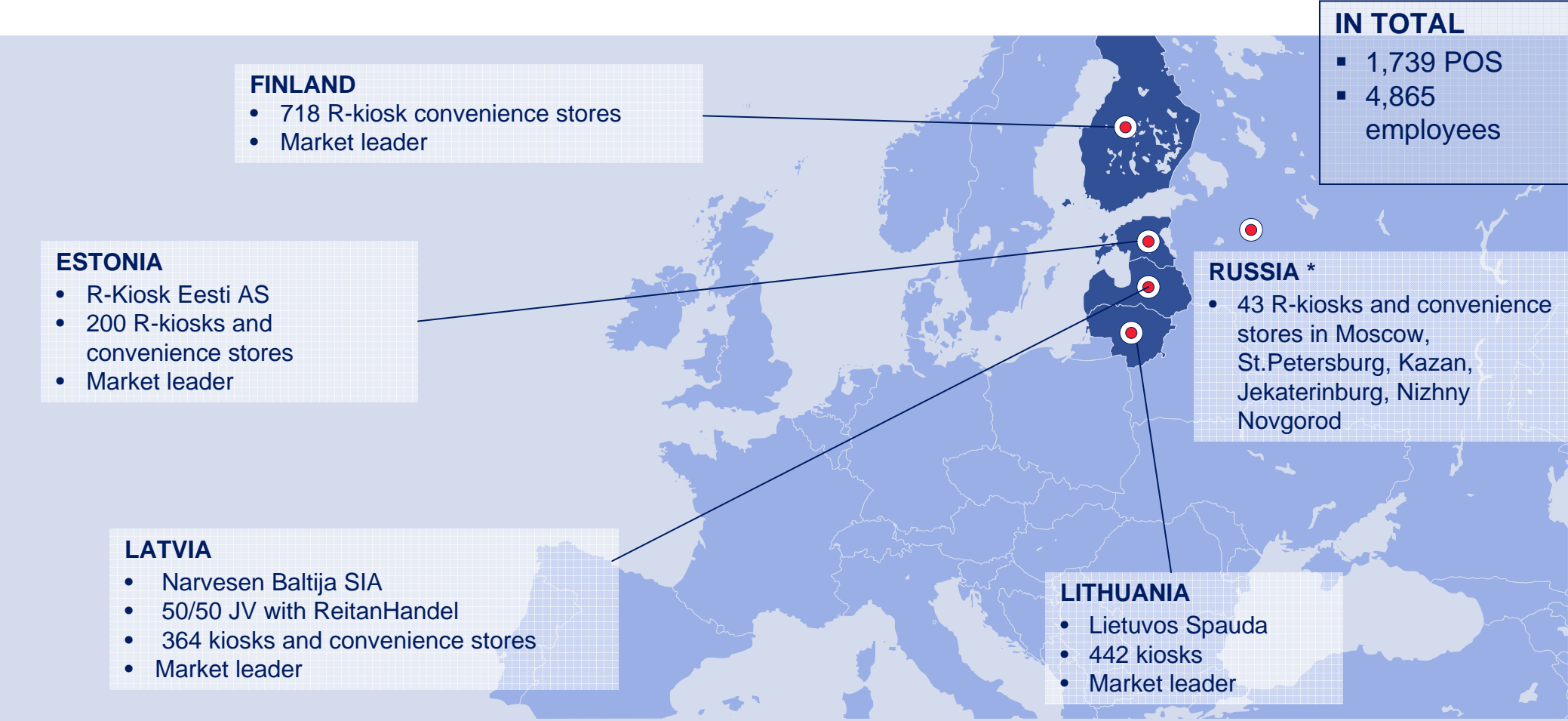
- The leading kiosk operator in Finland and the Baltic countries
  - With its more than 700 kiosks, R-kioski is one of Finland's most visited retail chains (around 120 million visits annually)
  - Operations in Russia began in May 2007
- The leading press distributor in Finland, the Netherlands, and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



# Press Distribution Markets



# Kiosk Operation Markets



\* Most kiosk operations acquired in August 2007, subject to approval of antitrust officials.

# Strategic fit and synergies, Russia

## Vision

- Rautakirja's vision is to become one of the leading press distributors as well as a major kiosk operator with a strong emphasis on press products in the assortment and with nationwide presence including Moscow, St. Petersburg and at least 13–14 other major cities

## Strategic fit to the Group Strategy

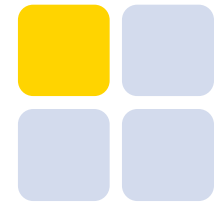
- Independent Media is the market leader in glossy magazines and a significant player in newspapers
- Distribution of press is still underdeveloped in Russia
- Both single copy sales and advertising spending in press continue to grow rapidly

# Conclusions on the Market Analysis, Russia

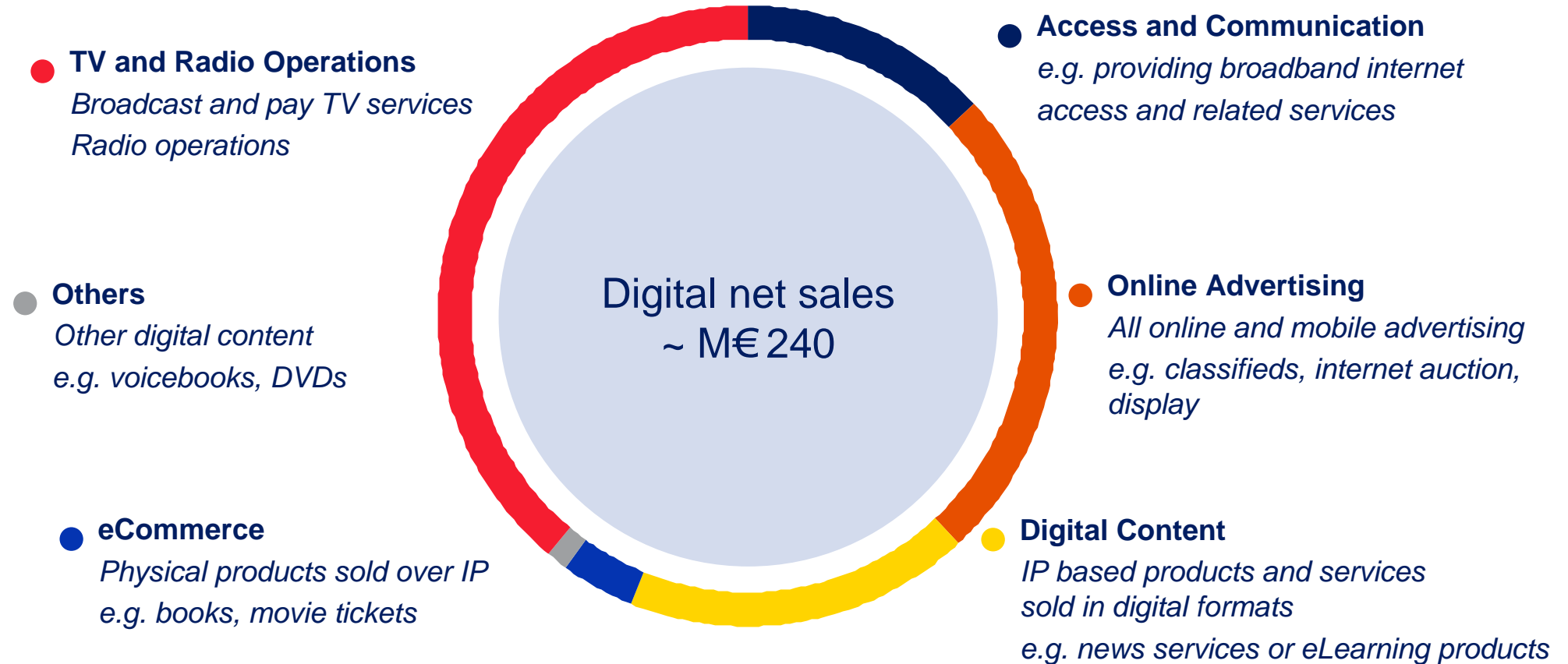
- The total market for press will **grow significantly** during the foreseeable future both in Moscow and in the Russian regions
  - Moscow now accounts for some 25% of the Russian press distribution market
  - Press retail market was EUR 1.0 billion in 2006
- **The role of kiosks will remain important for several years to come**
- Press sales in kiosks will not decrease in absolute terms in the foreseeable future
- **Press sales in kiosks has potential for growth**
- Modern press retail will grow more (in percentages) than the traditional press retail
- The share of unorganized traditional press retail will decrease
- **Subscription business** in its current format will not grow significantly
  - Total market for subscription was MEUR 430 in 2006

A hand holding a smartphone in front of a blurred red background with a white logo. The text "Digital Business" is overlaid on the image.

# Digital Business



# Digital Business in SanomaWSOY



# Digital Business

## Knowledge Centres

### Netherlands

- Search engines, portals, price comparison site
- Sanoma Magazines' online advertising sales + 55% in 2006



**Startpagina**  
alles op een rijtje

**KIESKEURIG**  
interactieve kooggids

**Huuto.Net**  
Netinhutokouppu

**oikotie**

keltainen  
**PORSSI**

### Finland

- Online classifieds, auction site, c2c sites
- TV, radio, broadband, pay TV
- Sanoma's online advertising sales +42% in 2006

### Hungary

- Portals, auction site
- Sanoma Magazines' online advertising sales +95% in 2006



# Leveraging the Dutch online position

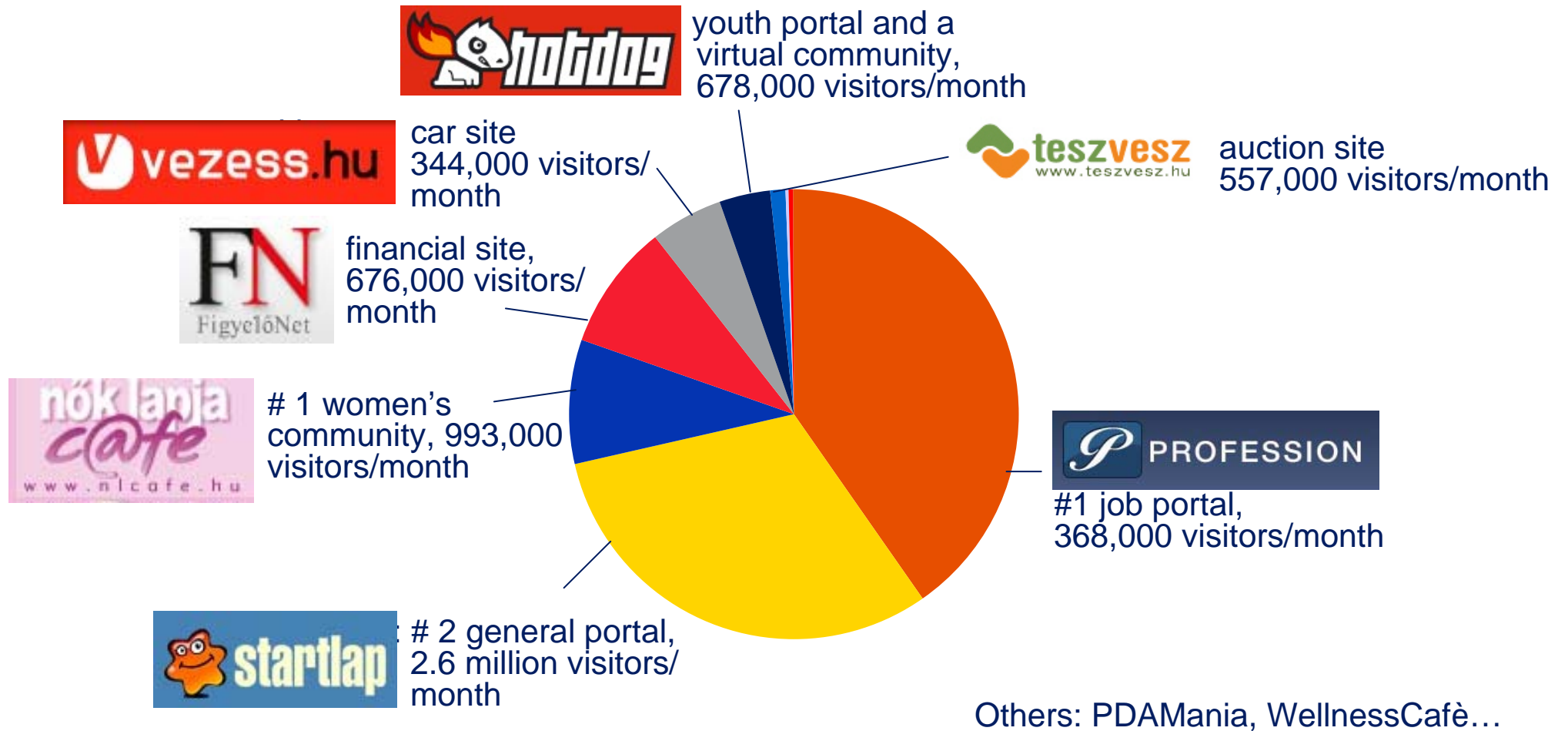
**Strong operation already in Hungary, development e.g. in Bulgaria and Czech republic**

- Leading Dutch online publisher (ilse media) with an overall reach of 71.6%\*
  - Key competitors: Google, MSN, TMG
  - Revenues mainly based on lead generation / SFO
  - Key activities:
    - Leading portal: startpagina.nl
    - Leading indigenous search site: ilse.nl
    - Leading news site: nu.nl
    - Leading weblog site: web-log.nl
    - Leading product and price comparison site: kieskeurig.nl
    - Leading social network site: schoolbank.nl



# Online operations in Hungary

## Net sales by services



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**Content for your life.**