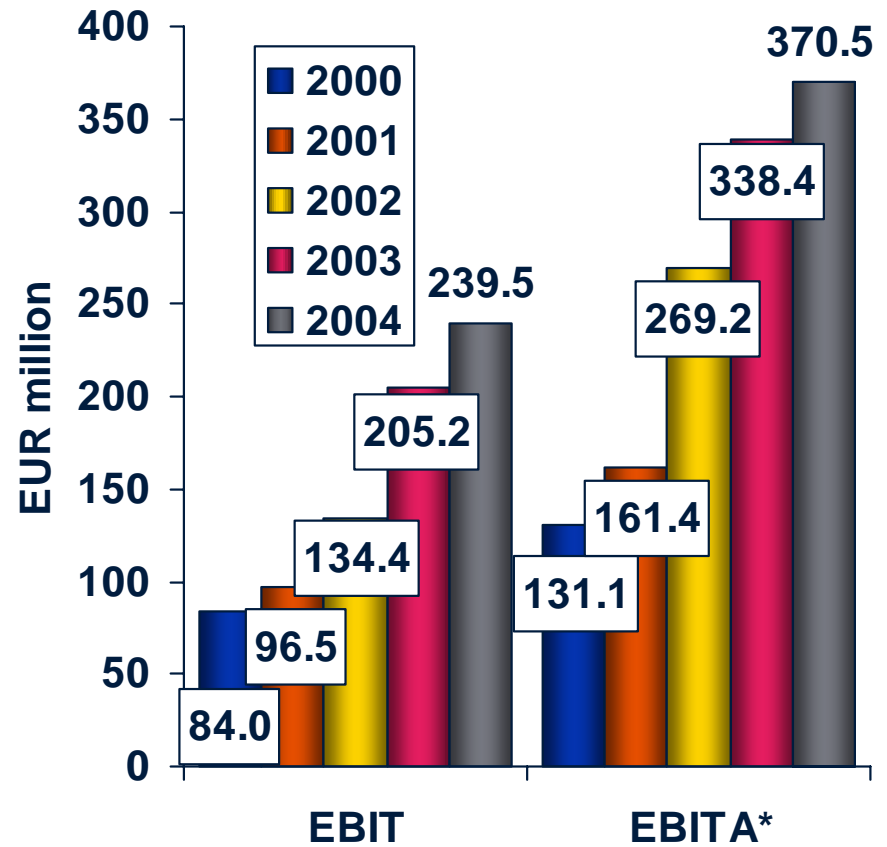
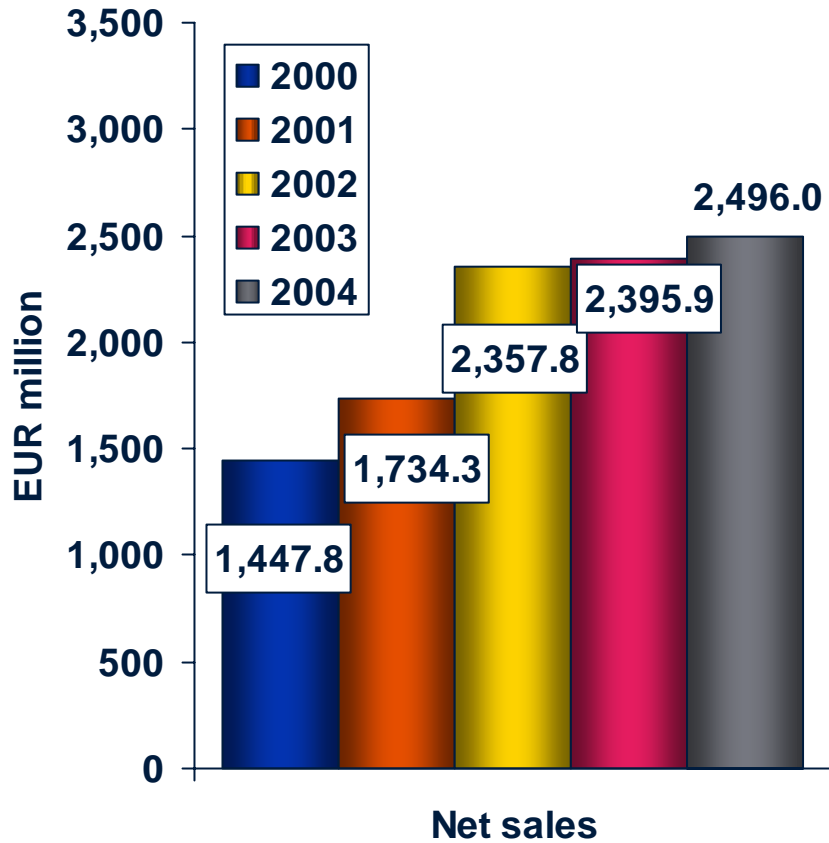


# Significant European Media Group

President **Hannu Syrjänen**

Annual General Meeting, 12 April 2005

# Continuously Growing

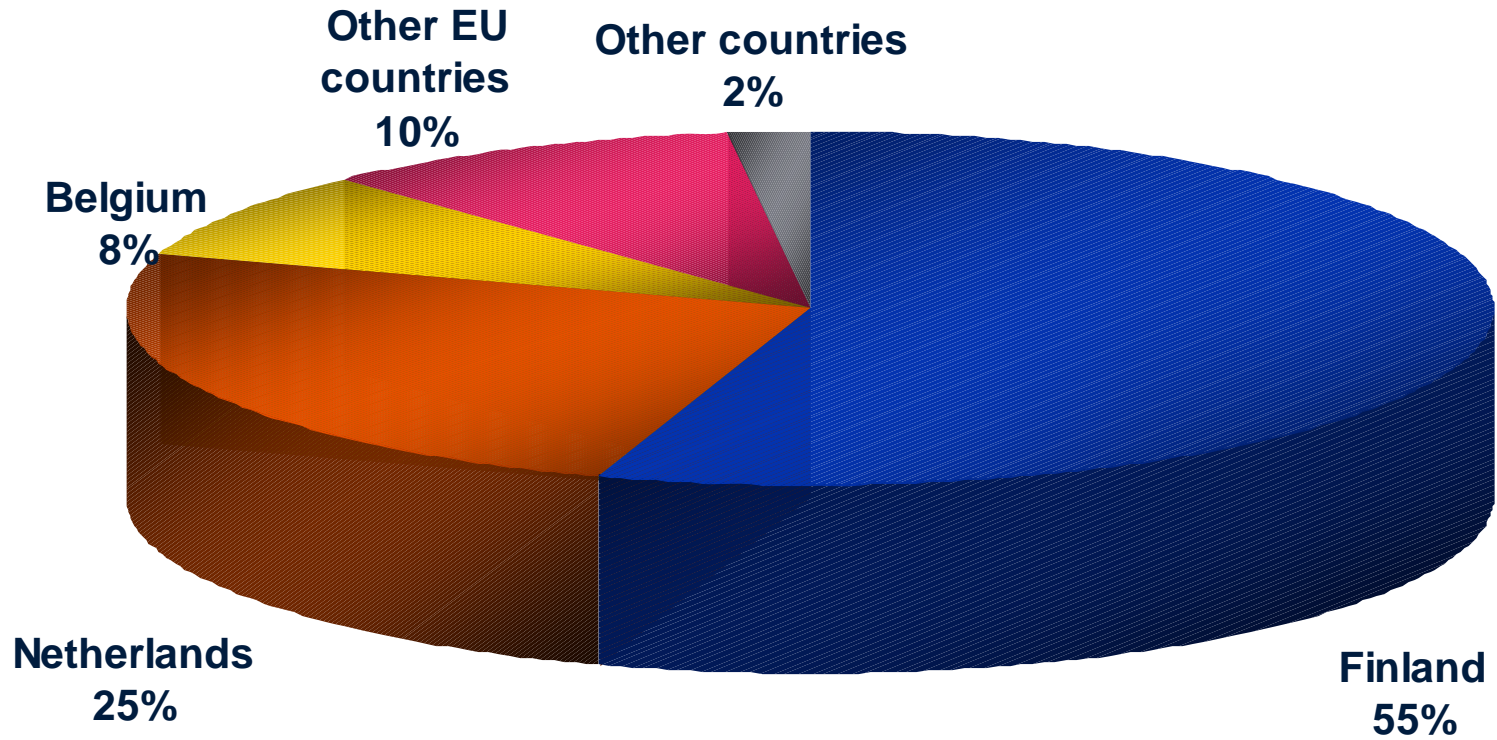


Changes in accounting practices in 2003

kalvo\_HS/HS05/AMG1204

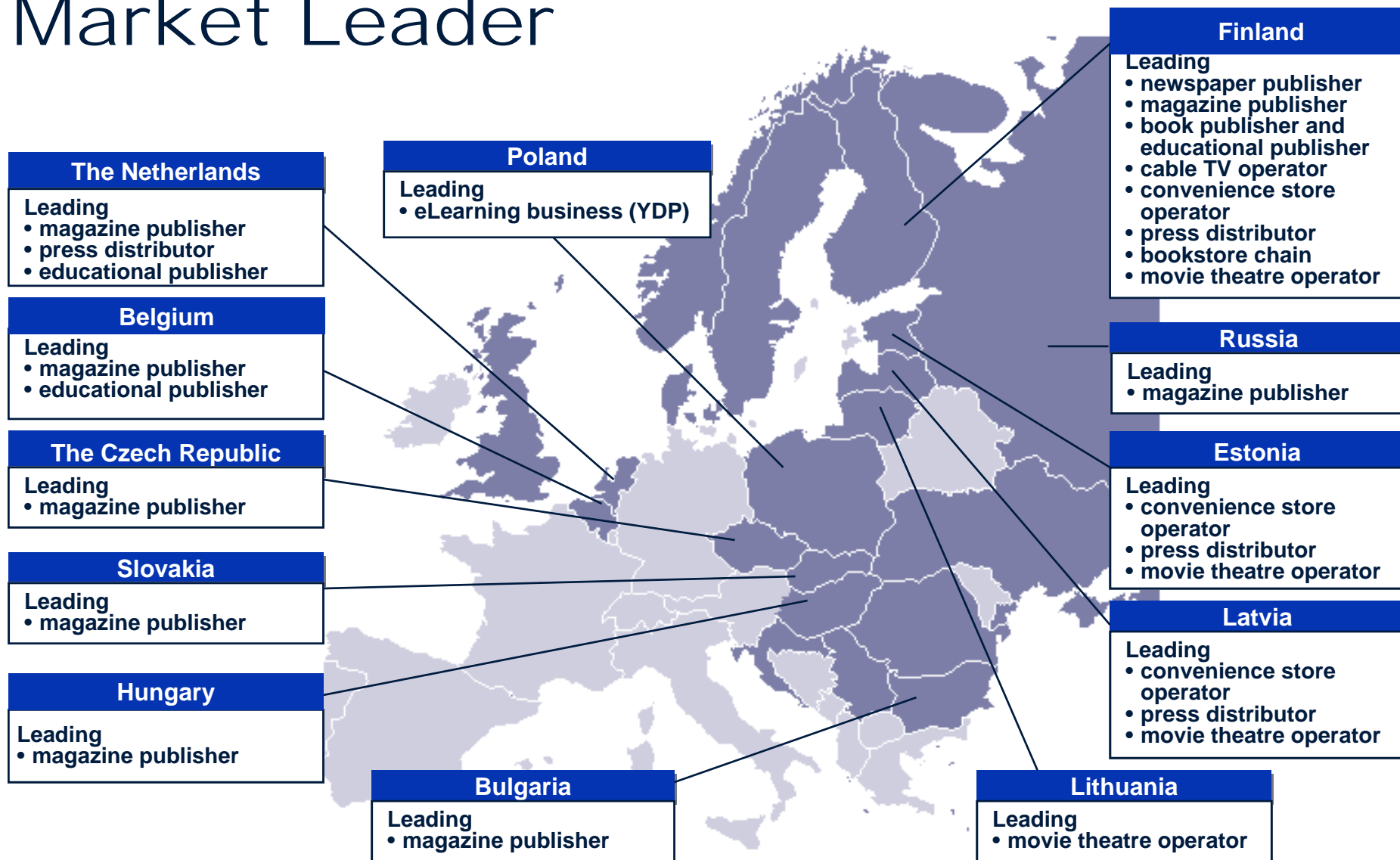
# More International Business

Net sales by region, 2004



€2,493 million

# Market Leader



# Result 2004

# Key Developments 2004

## Growth and internationalisation

- WSOY acquired Malmberg Investments (the Netherlands)
- Rautakirja acquired press distribution companies Hiparion Distribution 51% (Romania) and Impress Teva 51% (Lithuania)
- Sanoma acquired free sheets Kellokas, Hyvinkään Kellokas and Palvelulehti Itäväylä
- Sanoma Magazines expands to Serbia & Montenegro

## After the review period

- After the Independent Media acquisition, SanomaWSOY the leading magazine publisher in Russia

## Focusing on core business

- Sanoma divested minority shares in Savon Mediat and Ilkka-Yhtymä
- SWelcom divested Måndag
- Sanoma Magazines divested Milvus
- Rautakirja divested restaurant operations



# Group Income Statement

€ million	1-12/2004	1-12/2003	Change, %
<b>Net sales</b>	<b>2,493.0</b>	2,395.9	4.1
Other operating income and change in inventories	<b>73.0</b>	85.8	-14.9
Share of result of associated companies	<b>5.2</b>	6.1	-14.9
Operating expenses	<b>2,331.8</b>	2,282.6	2.2
<b>Operating profit</b>	<b>239.5</b>	205.2	16.7
Financial income and expenses	<b>-27.2</b>	-42.1	-35.4
<b>Result before extraordinary items</b>	<b>212.2</b>	163.1	30.1
Extraordinary items	<b>1.4</b>		
<b>Result after extraordinary items</b>	<b>213.7</b>	163.1	31.0
Direct taxes	<b>-75.7</b>	-55.6	36.1
Minority interests	<b>-3.9</b>	-3.0	29.7
<b>Result for the period</b>	<b>134.1</b>	104.5	28.4

kalvoI\_HS/HS05/AMG1204

# Group Balance Sheet

€ million	<b>31.12.2004</b>	31.12.2003	Change,%
Non-current assets, total	<b>1,938.8</b>	1,871.1	3.7
Current assets, total	<b>589.1</b>	581.9	1.2
Shareholders' equity, total	<b>1,075.2</b>	1,102.9	-2.5
Minority interest	<b>20.2</b>	16.3	23.7
Statutory provisions	<b>38.1</b>	34.1	11.6
Liabilities, total	<b>1,395.4</b>	1,299.7	7.4
<b>Balance sheet total</b>	<b>2,528.8</b>	2,453.0	3.1



# Key Figures

€ million	<b>31.12.2004</b>	31.12.2003	Change,%
Net sales	<b>2,493.0</b>	2,395.9	4.1
EBITA	<b>370.5</b>	338.4	9.5
% of net sales	<b>14.9</b>	14.1	
EBIT	<b>239.5</b>	205.2	16.7
% of net sales	<b>9.6</b>	8.6	
Balance sheet total	<b>2,528.8</b>	2,453.0	3.1
Gross investments	<b>274.7</b>	94.8	189.8
Equity ratio, %	<b>39.0</b>	40.3	
Equity ratio, % *	<b>45.6</b>	47.6	
EPS, €	<b>0.87</b>	0.69	25.0
EPS excl. goodwill amortisation, €	<b>1.39</b>	1.23	12.5
EBITA/share, €	<b>2.42</b>	2.25	7.8
Cash flow/share, €	<b>1.67</b>	1.65	1.3
Dividend/share, € **	<b>0.80</b>	1.00	-20.0
Market capitalisation	<b>2,632,2</b>	2,554.9	3.0
Personnel under employment contract ***	<b>16,207</b>	17,330	-6.5
Personnel on average ****	<b>13,652</b>	14,207	-3.9

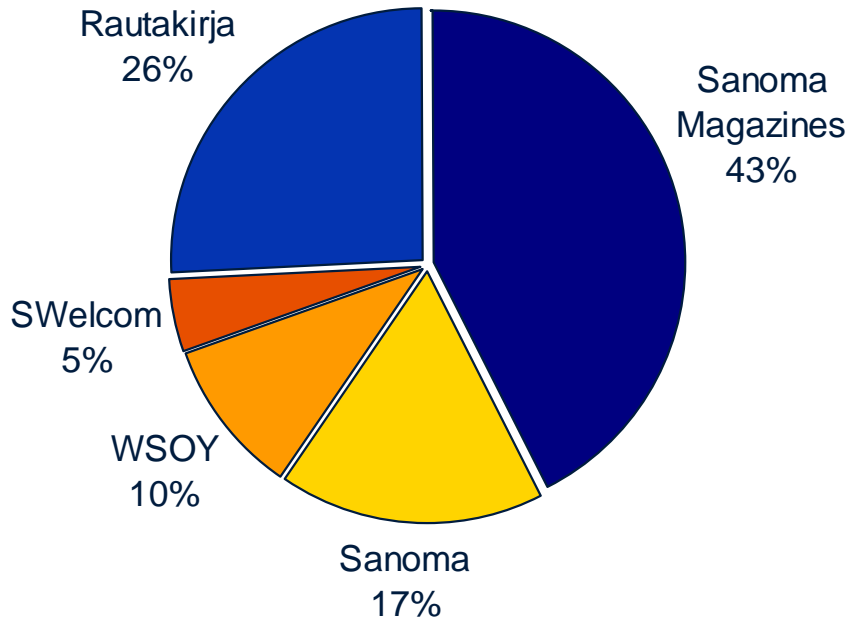
\* Incl. capital notes  
 \*\* Proposal to  
 AGM  
 \*\*\* Average  
 \*\*\*\* Full-time  
 equivalents

kalvot\_HS/HS05/AMG1204

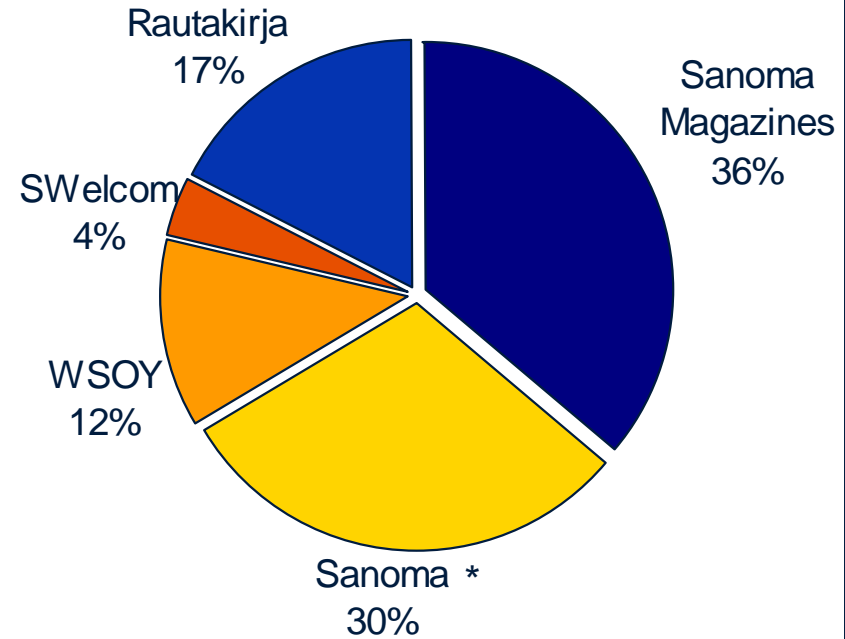
# Net Sales and EBIT

by division, 1-12/2004

## Net sales €2,493 million



## EBIT €239.5 million



\* Sanoma's EBIT includes significant gains on the sales of assets

Intracompany eliminations excluded

kalvo\_HS/HS05/AMG1204

# Advertising Sales

% of net sales

	1–12/2004	1–12/2003
<b>Sanoma Magazines</b>	<b>21%</b>	<b>22%</b>
<b>Sanoma</b>	<b>49%</b>	<b>47%</b>
<b>SWelcom</b>	<b>57%</b>	<b>54%</b>
<b>The Group</b>	<b>20%</b>	<b>20%</b>

kalvot\_HS/HS05/AMG1204

# Divisions

 **SanomaMagazines**

# Sanoma Magazines

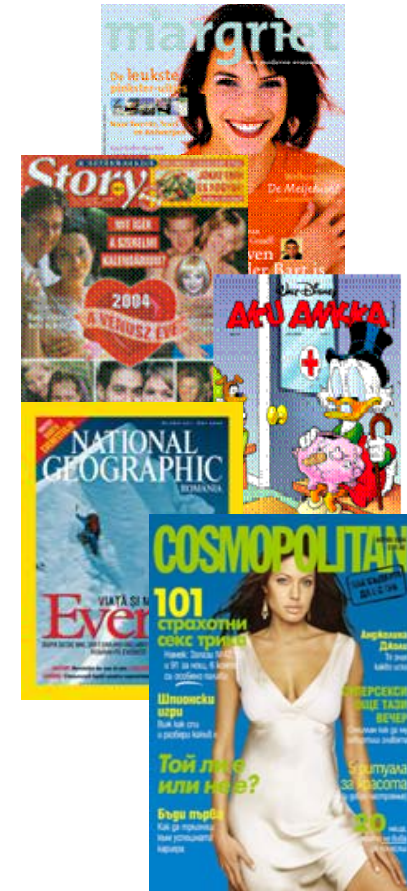
## Key developments

Growth and internationalisation continues:

- Expansion to Serbia & Montenegro
- Acquisition of Independent Media (after the review period)
- Operates in 12 countries

Dynamic magazine portfolio:

- 17 major magazine launches this year
- Divestment of Milvus



# Independent Media Acquisition

- Operating countries Russia and Ukraine
  - 28 magazines of which 11 licensed
  - 3 newspapers
- Estimated net sales\* 2004 EUR 70 million, SanomaWSOY's share EUR 47 million\*\*
- Enterprise value some EUR 142 million
- **Clear market leader** in Russian magazine market
- **Huge markets**

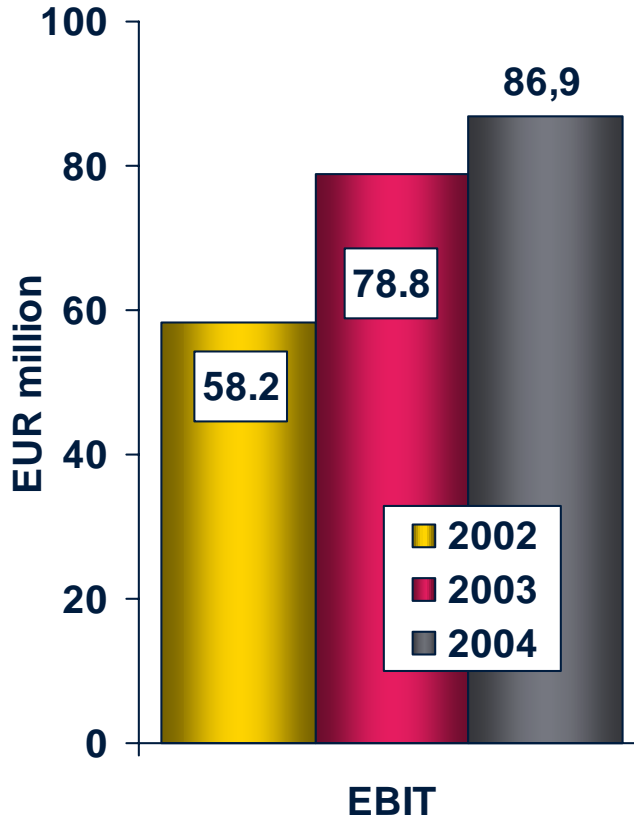
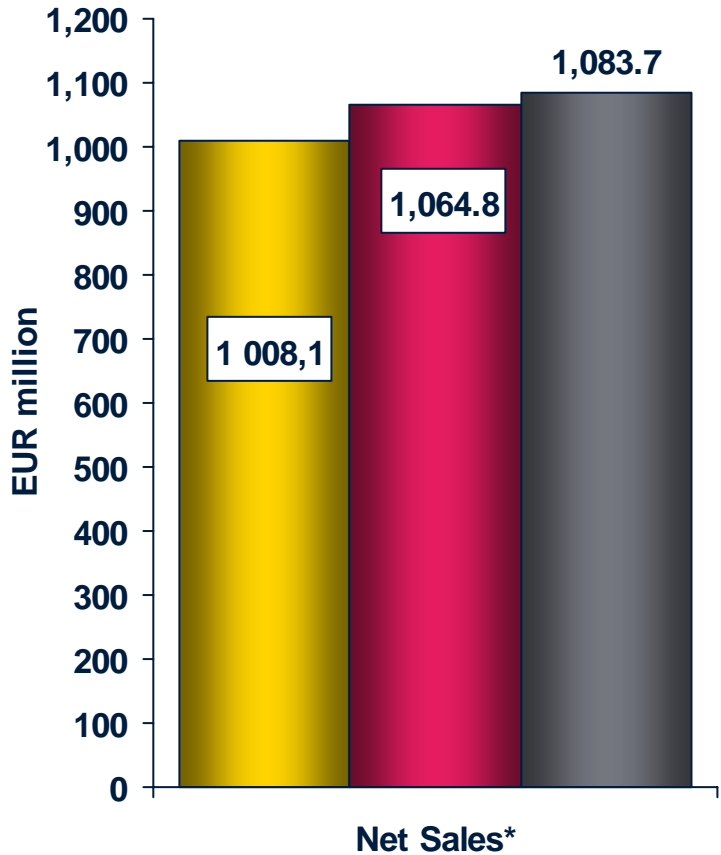


\* incl. sales of 50/50 joint ventures

\*\*Pro forma consolidated share

# Growth Continues

## Sanoma Magazines



### Outlook for 2005:

- Net sales estimated to grow
- Comparable operating profit expected to be slightly below that of 2004

\*Changes in accounting practices in 2003





**SANOMA**  
CORPORATION

# Sanoma

## Key developments

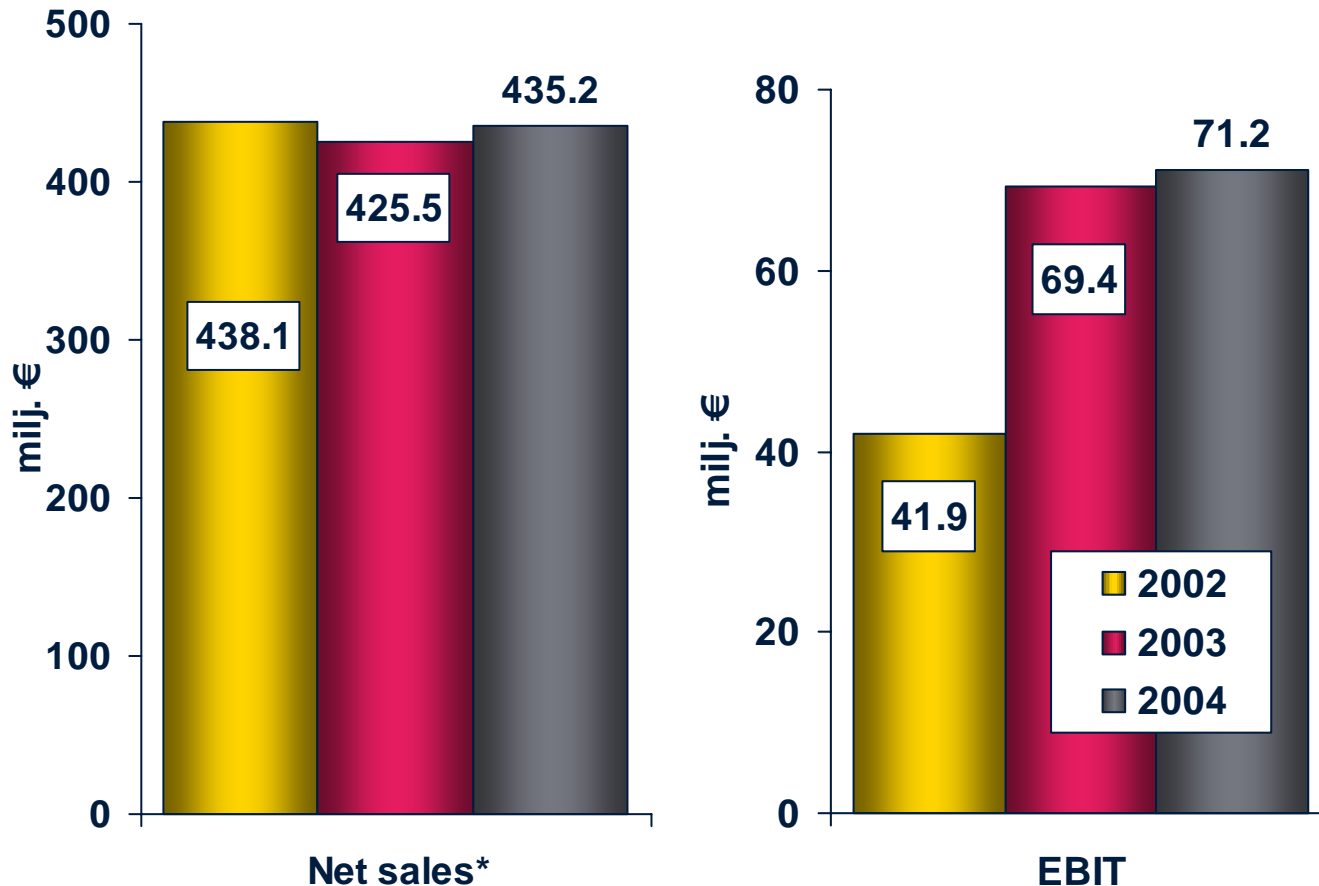
Free sheets a new growth area:

- Uutislehti 100, Kellokas, Hyvinkään Kellokas and Palvelulehti Itäväylä
- Free sheet chain, Kaupunkilehti Kymppi, to the Greater Helsinki area in 2005
- IS Urheilu-uutiset (sport news) started at Nelonen
- ITviikko and Digitoday.fi to Taloussanomat
  - Taloussanomat the biggest ICT and digital business media in Finland
- In Nostokonepalvelu case a positive decision
- Divestment of Savon Mediat's shares
- Divestment of Ikka-Yhtymä's shares



# Profitable Publisher

## Sanoma



### Outlook for 2005:

- Net sales expected to grow
- Comparable operating profit estimated to be at least at the previous year's level

\*Changes in accounting practices in 2003

\*\* Includes share in Rautakirja's profit until 1 March 2003

kalvo1\_HS/HS05/AMG1204

SANOMA WSOY GROUP



WSOY

# WSOY

## Key developments

Strong focus in educational materials:

- Acquisition of Malmberg Investments
- Majority share in Young Digital Poland 55.1%
- Successful book year in Finland
  - Bestsellers of the year: WSOY's Da Vinci code, Myyrä and Hiroshiman portti (all novels)
- Calendar production focused in Finland and Estonia
  - Ajasto acquired 30% of Estonian OÜ Büroodisain
- Divestment of Everscreen AB

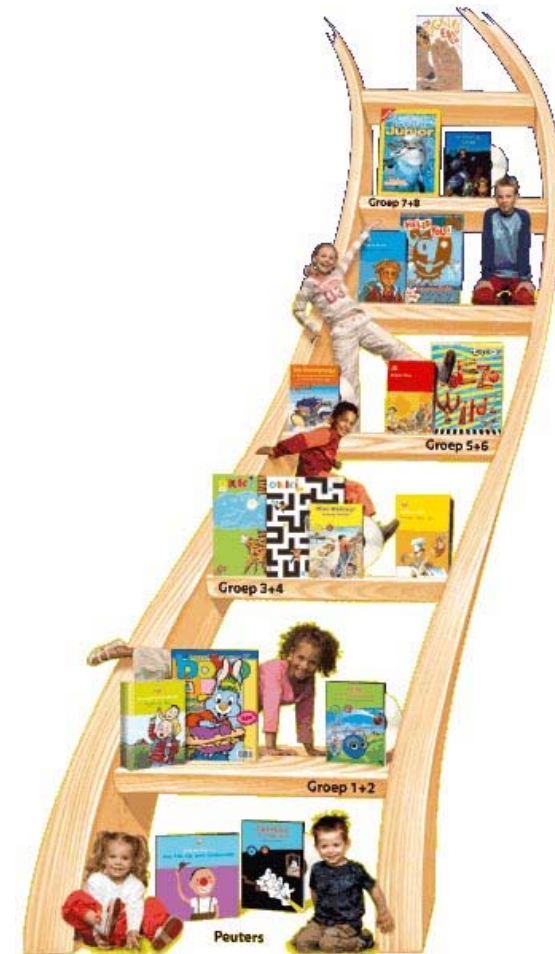


# Malmberg Acquisition

- Operating countries the Netherlands and Belgium
  - Net sales EUR 85.7 million
- Enterprise value EUR 221.9 million
- The acquisition closed in November 2004
- Consolidated to WSOY's figures as of 15 July 2004

## Status today:

- Integration proceeds as planned
- Result 2004 above expected
- Synergy benefit arise from:
  - Printing and paper purchases
  - IT solutions of content production in a short-term
  - Multi-use of content between units in a medium-term

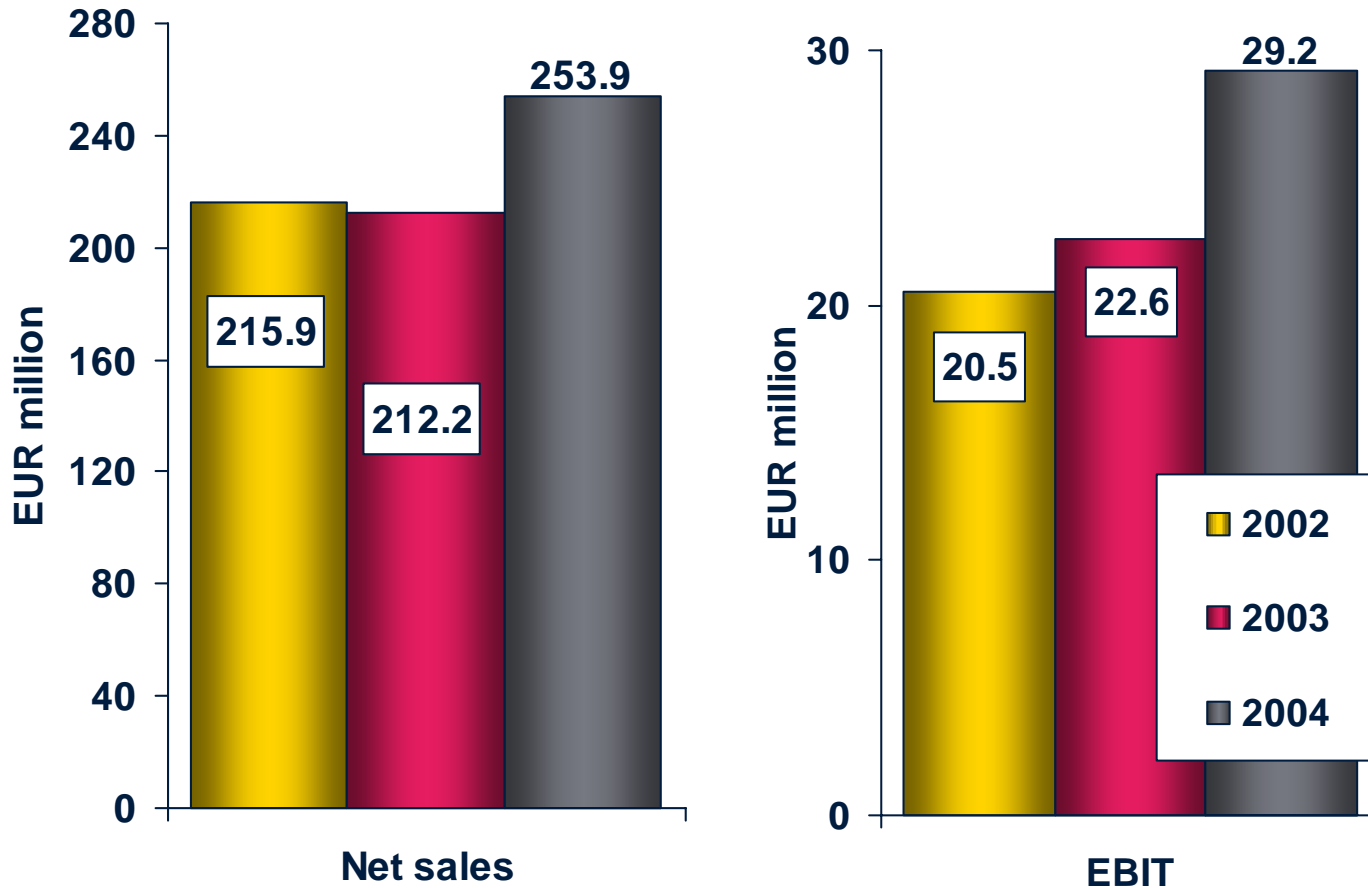


Net sales 2003

kalvoI\_HS/HS05/AMG1204

# Growth from Educational Publishing

WSOY



## Outlook for 2005:

- Net sales and operating profit expected to grow significantly, due to the international expansion of educational publishing, among others

Includes share in Rautakirja's profit until 1 March 2003

swelcom®



# SWelcom

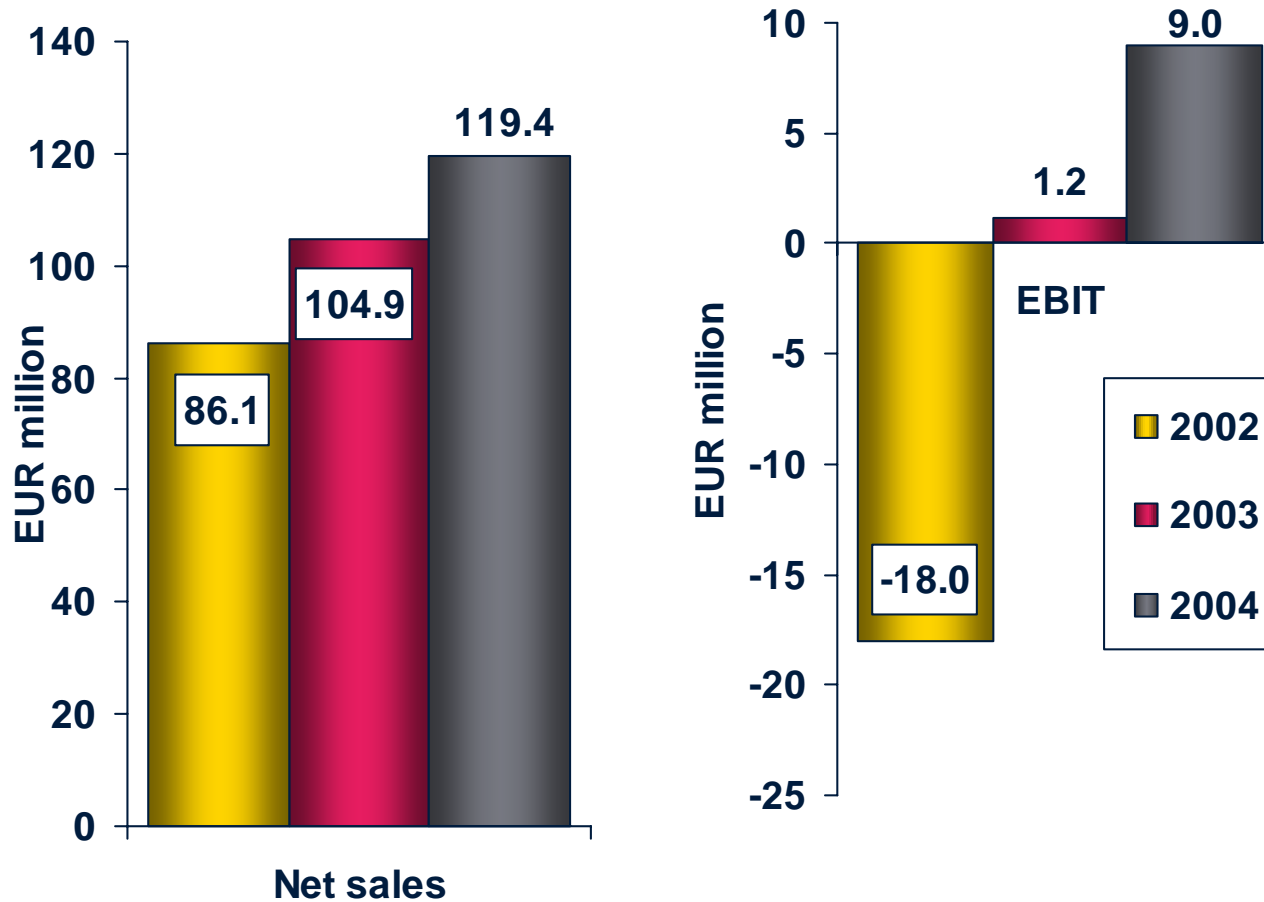
## Key developments

- Nelonen (TV channel) posted its first positive operating result
- Nelonen reaches now 94% of population, commercial prime time viewer share in 10–44 year-old target group grew by some 11%
- Over 23,000 new households connected in HTV's cable network
  - now in total over 280,000
- HTV began HDTV's test broadcasting as one of the first European cable-TV companies
- HTV combined broadband internet and digi-tv services under the Welho brand
- Divestment of Måndag
- Divestment of Päijät-Visio and Kotkan Tietoruutu minority shares



# Growing Profitability

## SWelcom



### Outlook for 2005:

- Net sales expected to grow further
- Operating profit estimated to remain at the previous year's level



# Rautakirja

## Key developments

Internationalisation of press distribution continued:

- 51% of Romanian Hiparion Distribution
- 51% of Lithuanian Impress Teva
- The new point-of-sale system in R-kiosks enables widening service offering
  - An agreement to deliver Lippupalvelu's tickets in R-kiosks
- Five new stores for Suomalainen Kirjakauppa
- Finnkino acquired 75% of Estonian video wholesale company V&K Holding
- Divestment of restaurant operations

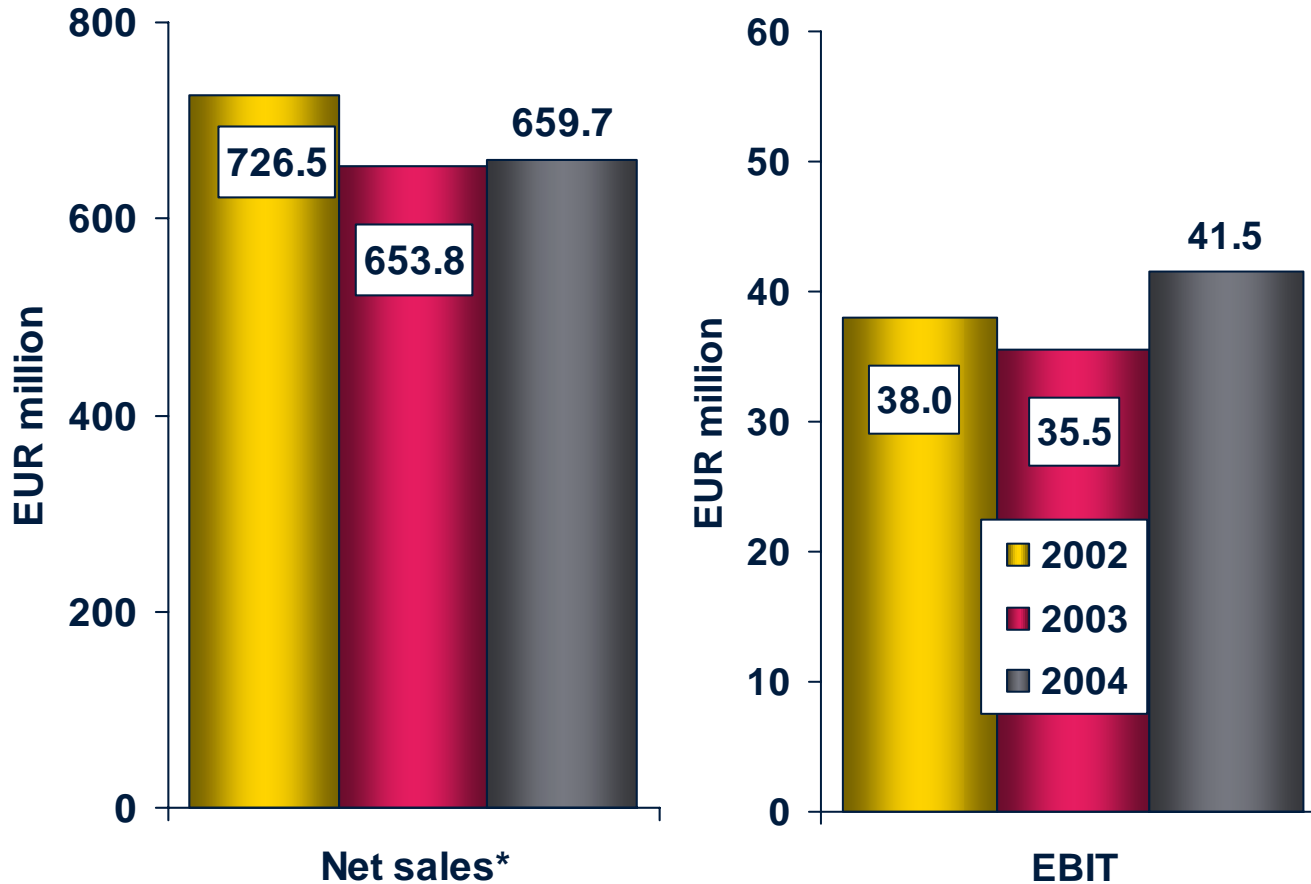


LEHTIPISTE



# Firm Operations

## Rautakirja



### Outlook for 2005:

- Comparable net sales expected to grow, particularly outside Finland
- Operating profit expected to improve

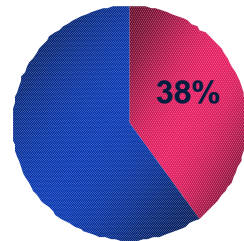
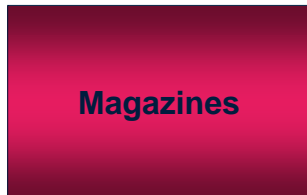
\*Changes in accounting practices in 2003

kalvo\_HS/HS05/AMG1204

# Strategy and Outlook for 2005

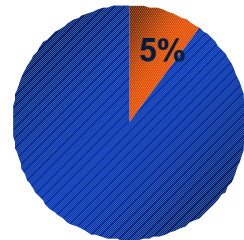
# Our International Businesses

## Share of revenues, 2004\*



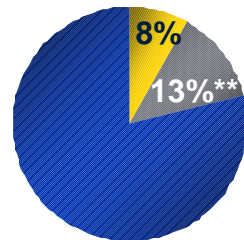
Leading in consumer magazines in the Netherlands, Belgium, Finland, the Czech Republic, Hungary, Slovakia, Bulgaria and Russia

- Interesting new markets: CIS countries
- Magazines are not influenced by national political or cultural issues



Strong position in Finland, the Netherlands and Belgium

- Interesting new markets: CEE countries
- Has great growth potential



Leading in Finland, Estonia, Latvia, and the Netherlands

- Now also in Romania and Lithuania
- Interesting new markets: Russia and CEE countries
- Exportable press distribution and press retail knowhow; supports magazine value chain

\* Pro forma including Malmberg and YDP for FY04, Hiparion Distribtuion, Impress Teva and Independent Media

\*\* Net sales from kiosk operations in Finland, the Baltic countries and the Czech Republic

Intra group eliminations excluded

kalvoI\_HS/HS05/AMG1204

# Strategic Focus Areas

<b>Growth</b>	<b>Cash flow</b>
<b>Market leadership</b>	<b>Business practises</b>

In 2005:

- Controlled growth
- Focus on core
- Strong market positions
- Strong financial position
- Best practices
- Training



# Group's Outlook for 2005

## Estimation:

- Net sales grow by some 4%
- The change to IFRS standards improves operating profit and earnings per share considerably
- Comparable operating profit excluding non-recurring gains on the sales of assets at the previous year's level
- In 2004, operating profit included some EUR 25 million of the non-recurring gains on the sales of assets
- Estimate does not include the impact of the acquisition of Independent Media





Committed to the Future

*[www.sanomawsoy.fi](http://www.sanomawsoy.fi)*