

Sanoma Magazines Overview

“Caring for core with a multimedia perspective”

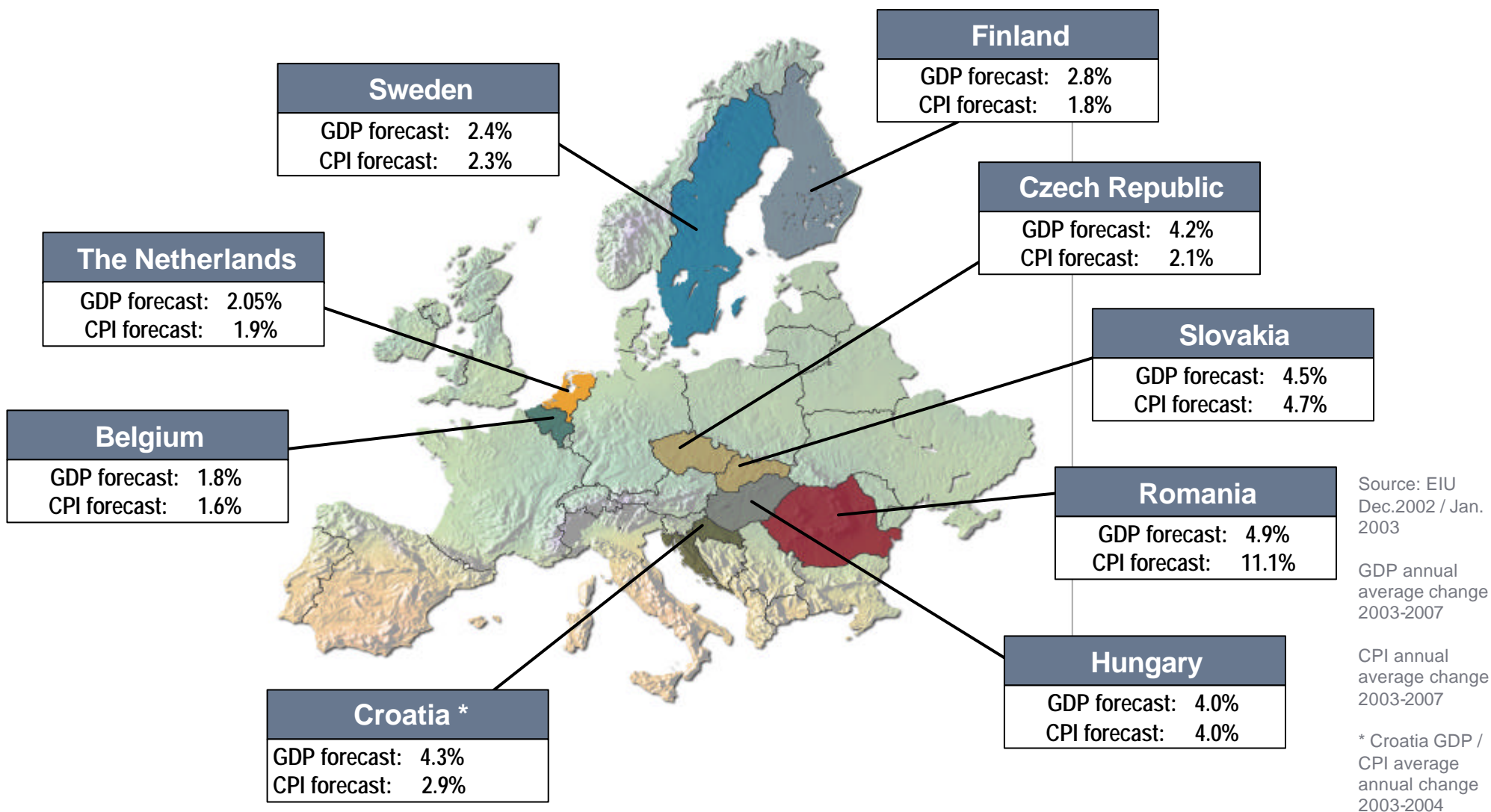
Eija Ailasmaa

President & CEO, Sanoma Magazines

Capital Markets Day

14 May 2003

Business Overview

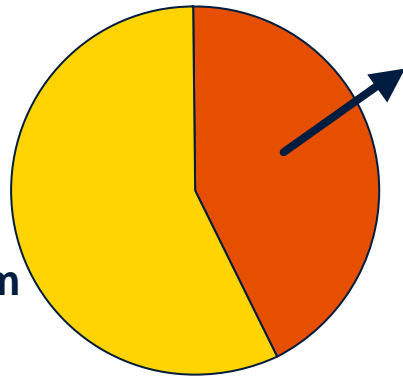


Size and weight of Sanoma Magazines

**Sanoma-
WSOY**

Net Sales

€2,357.8m



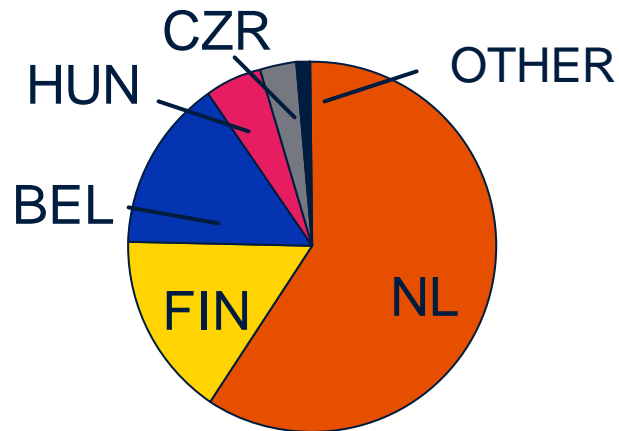
**Sanoma
Magazines**

Net Sales

**€1,008.1m
(43%)**

• In % of total SanomaWSOY in 2002:

- Net Sales : 43% (€ 1,008.1m)
- EBITA : 55% (€ 147.7m)
- EBIT : 43% (€ 58.2m)



• Geographical Net Sales split 2002:

- Netherlands: 59% (€ 595.2m)
- Finland : 16% (€ 164.8m)
- Belgium : 15% (€ 152.2m)
- Hungary : 5% (€ 52.4m)
- Czech : 3% (€ 30.0m)
- Other : 1% (€ 13.6m)*

*Note: Other Net Sales still consists of €5.9m of the divested UK company BEAP

Our leading titles

NL

597,000



393,000



CZR

200,000

145,000

BEL

219,000

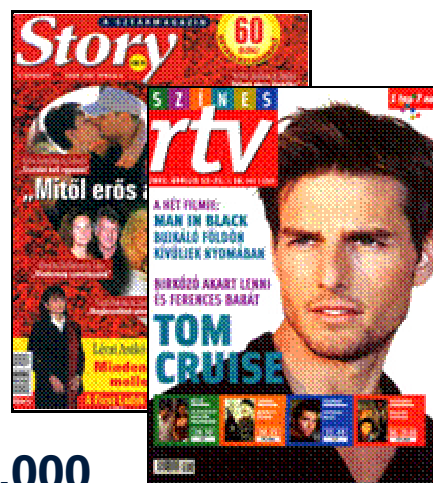
244,000



HUN

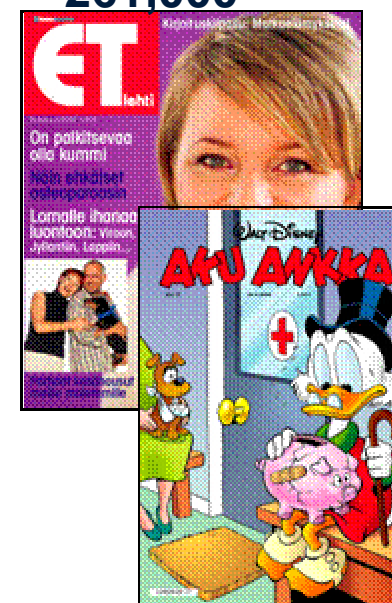
400,000

316,000



FIN

261,000



294,000

Our international titles

- Licenses of renown brands like
 - *Cosmopolitan* – *Playboy* – *Disney* – *Elle* – *National Geographic*
- Own international concepts like *Story* & *Beaumonde*



Y:Kalvot/kokoukset03/CMD/Aillasmaa

Europe's largest magazine publishers, 2002: *Top 5 players*

6

Magazine divisions x million euro

	Net Sales
• Hachette Filippachi Media	2,113
• Grüner + Jahr	1,800
• Heinrich Bauer Verlag*	1,698
• Hubert Burda Media*	1,078
• Sanoma Magazines	1,008

*2001 figures

Y:Kalvot/kokoukse03/CMD/Aillasmaa

What did we achieve in the first whole year after the acquisition

- Successful integration
- Active portfolio development with over 10 launches and several closures
- Selling of non-core assets like BEAP in the UK and Blue Book in Finland
- Realising synergies and active exchange of best practices, in areas of paper and print buying, editorial, advertising sales, etc.
- Ongoing performance improvement projects
- Investments in to new business, like Croatia, and custom publishing activities in the Netherlands and Belgium

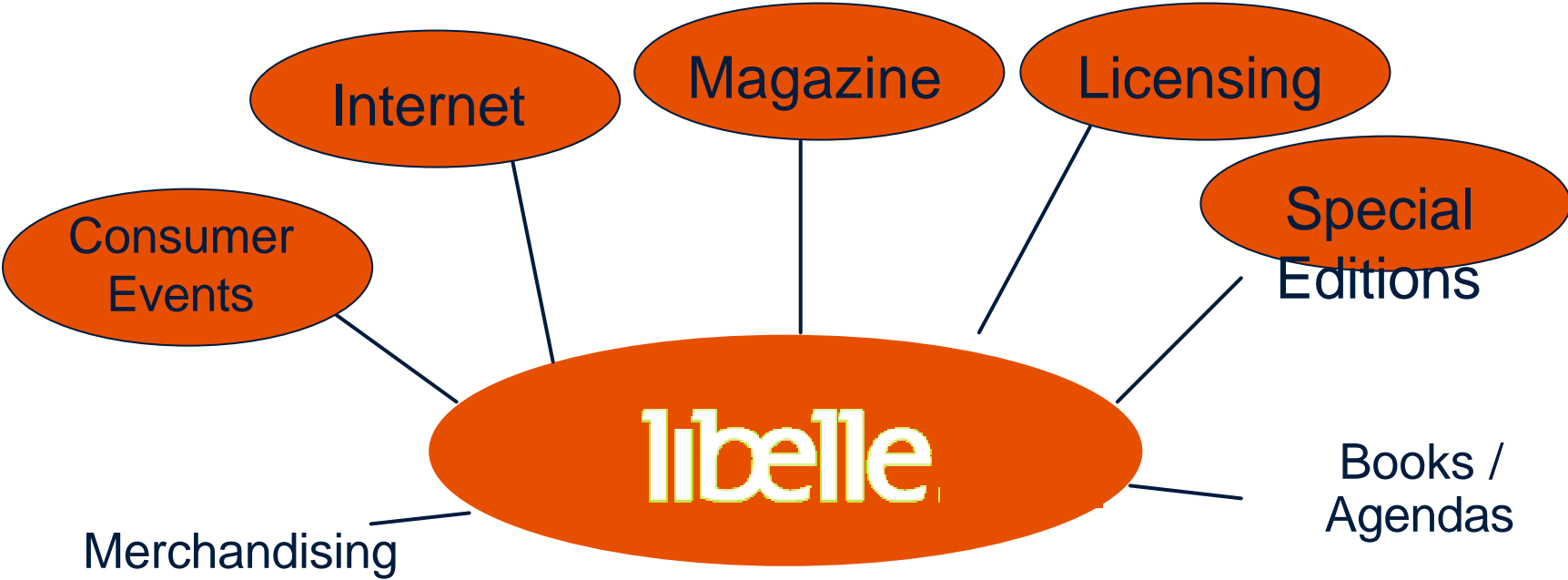
Y:Kalvot/kokoukse103/CMD/Aillasmaa

Trends in our business

- Slow and unpredictable economic situation
- Maturing markets in western Europe – more emphasis on international growth and consolidation
- Shorter product life cycles
- Further fragmentation of audiences – small scale publishing opportunities
- Internationalization of “local” magazine titles
- More emphasis on customized and integrated marketing solutions across a broad range of media brands
- Custom publishing gaining importance, especially in the service and retail industry
- Focus on the biggest and the most successful brands and brand extensions more important

Y:Kalvot/kokoukse103/CMD/Allasmaa

Magazines as a multimedia brand



Y:Kalvot/kokoukse103/CMD/Allasmaa

Strategic objectives

- To reach market leadership in the chosen markets
- To become a dynamic “multi mid-sized market” player
- To grow through selected acquisitions and alliances in areas:
 - where a significant market share can be achieved
 - where value can be added
- To divest non-core assets at the appropriate time

Strategic themes for coming years

- “Caring for core” – *focus on and cherish the key profit contributors*
- And - *develop thinking and acting in multi- / cross-media perspectives*
- Operational excellence – *excellent execution plus process and people orientation*
- Outside-in attitude – *know what your readers, advertisers and competitors want now and in the future*

Strategy based on 3 pillars

COST REDUCTION & OPERATIONAL EXCELLENCE

Implementation of “Ronaldo” in Sanoma Uitgevers
Implementation of Project “Black Belt” in Aldipress
Continuous work of international synergy project teams
Management development program / training / workshops

DEFEND & STRENGTHEN OUR MARKET POSITIONS

Increased focus on core brands
Continuous portfolio rationalisation
Add-on acquisitions in existing countries

NEW GROWTH AREAS

Launches and investment into line and brand extensions in all countries
Focused multi-media investments
Acquisitions in new geographies
Assessment of value potential of bold move opportunities

Strategic success based on our core competences

- Anticipating the needs of our customers
- Responsibility at the lowest possible level in the organization
- Customer targeting capabilities
- Brand thinking
- Result driven
- Adaptive to cultural differences

Outlook and some conclusions

- Uplift of advertising markets not yet visible
- With GDP growth as indicator for advertising growth and CPI as indicator for circulation sales growth Sanoma Magazines can grow organically by 2–3% per annum based on the current portfolio
- We believe that Sanoma Magazines is well equipped and positioned to realise sustainable growth for the future
 - Organically with an active portfolio development (white spots), investment into line and brand extensions and custom publishing
 - And via selected multi-media partnerships/investments and acquisitions in existing and new geographies

Y:Kalvot/kokoukse103/CMD/Aillasmaa