



# Interim Report 1–9/2006

**President and CEO Hannu Syrjänen**

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# Strategic Focus Areas

## Growth and profitability

- Expansion in growth markets (digital media, CEE, Russia and other CIS countries)
- Efficiency efforts in all businesses (shared services and more efficient ICT enabled processes, well targeted cost cutting in low growth businesses)
- Value adding consolidation
- Controlled increase of investments to digital media in optimal pace and extent

## Market leadership

- Value-adding market leadership in chosen businesses and markets
- One of the leading European magazine and educational publishers

## Way of doing

- Respect for local cultures
- Customer driven product and service development
- Result-oriented, talented, and cooperative people
- Fast and flexible processes
- Group-wide cooperation, optimal use of the Group's scale and scope

# ilse media in a Nutshell



- Leading Dutch online publisher with an overall reach of 69%
- Sales CAGR 2002–2005 38%
- Some key activities
  - Nu.nl
    - Leading news site in NL, over 200 million monthly page views, reach of 21%
    - Monthly page views and unique visitors grow with overall market growth
  - Startpagina
    - Most popular Dutch internet portal; attracts 4 million daily visitors; no similar competitor, reach of 48%
  - ilse.nl
    - #2 search engine in NL, reach of 10%
  - Kieskeurig
    - One of three most important Dutch product comparison sites, reach of 14%



# Advertising Sales 2006–2008

EUR million	2006	CAGR 06–08,%
<b>Finland</b>		
Newspapers	662	2.5
Magazines	198	1.8
TV	244	2.4
Internet	41	10.4
Total advertising	1,232	2.8
<b>The Netherlands</b>		
Magazines	796	2.0
Internet	126	22.5
Total advertising	3,760	2.8
<b>Belgium</b>		
Magazines	278	4.2
Internet	85	30.6
Total advertising	2,581	4.8

EUR million	2006	CAGR 06–08,%
<b>Hungary</b>		
Magazines	207	7.9
Internet	32	22.0
Total advertising	1,947	11.2
<b>Russia</b>		
Print Media	1,289	16.0
Total advertising	5,120	29.2

# The SanomaWSOY Group Key Figures

EUR million	1–9/2006	1–9/2005	Change,%	1–12/2005
Net sales	<b>1,999.8</b>	1,887.3	6.0	2,622.3
Operating profit	<b>218.5</b>	221.6	-1.4	301.3
% of net sales	<b>10.9</b>	11.7		11.5
Operating profit excluding major non-recurring capital gains	<b>214.3</b>	200.2	7.0	269.1
% of net sales	<b>10.7</b>	10.6		12.34
Balance sheet total	<b>3,181.3</b>	2,919.8	9.0	2,972.0
Capital expenditure	<b>51.4</b>	51.5	-0.3	93.8
% of net sales	<b>2.6</b>	2.7		3.6
Equity ratio, %	<b>39.9</b>	38.5		41.3
Gearing, %	<b>79.5</b>	90.1		72.8
Interest-bearing liabilities	<b>1,066.9</b>	1,013.2	5.3	928.7
Net debt	<b>947.5</b>	953.1	-0.6	843.8
Earning/share, EUR	<b>0.96</b>	1.00	-3.6	1.45
Cash flow from operations/share, EUR	<b>0.78</b>	0.89	-12.0	1.69
Equity/share, EUR*	<b>7.34</b>	6.73	9.0	7.28
Market capitalisation	<b>3,243.7</b>	3,303.4	-1.8	3,121.5
Personnel**	<b>18,277</b>	16,773	9.0	16,885

# Sanoma Magazines

## Key Developments

- Acquisitions
  - a leading Belgian niche publishing house EPN
  - a leading publisher of golf related publications Wegener Golf
  - a leading Dutch product and price comparison site Kieskeurig.nl
  - holding in the leading website creator in the Czech Republic eStranky.cz
- Launches
  - Story in Bulgaria
  - HELLÓ V.I.P.! in Hungary
  - Sara in Finland (in Oct)
  - Felderhof in the Netherlands
  - Casa si Gradina (Home and Garden) in Romania
  - Femeia di Azi in Romania
  - National Geography in Bulgaria
  - WellnessCafe.hu in Hungary
- Restyling of Libelle and Margriet
- Dick Molman appointed CEO of Sanoma Uitgevers





# Sanoma Magazines 1-9/2006

<b>EUR million</b>	<b>1-9/2006</b>	<b>1-9/2005</b>	<b>Ch %</b>
Net sales	<b>878,9</b>	830,3	5,8
Sanoma Magazines Netherlands	<b>382,8</b>	375,8	1,9
Sanoma Magazines International	<b>175,7</b>	143,6	22,4
Sanoma Magazines Belgium	<b>136,7</b>	136,4	0,2
Sanoma Magazines Finland	<b>140,1</b>	131,8	6,4
Aldipress	<b>86,2</b>	86,9	-0,8
Eliminations	<b>-42,7</b>	-44,2	-3,3
Operating profit	<b>89,9</b>	89,7	0,2
% of net sales	<b>10,2</b>	10,8	
Operating profit excluding major non-recurring capital gains	<b>87,3</b>	89,7	-2,7
% of net sales	<b>9,9</b>	10,8	
Balance sheet total	<b>1 870,5</b>	1 662,3	12,5
Capital expenditure	<b>12,7</b>	12,2	4,5
Personnel under employment contract, average	<b>5 523</b>	5 142	7,4

# Sanoma Key Developments

- Acquisition of free sheet Metro in Finland
- Taloussanomat strengthens its online presence
- Hannu Savola appointed Senior Editor-in-Chief of Ilta-Sanomat

## After the review period

- Establishing Sanoma Digital business unit focusing on developing online products and services as well as online advertising sales

The screenshot displays the Taloussanomat website interface. At the top, there is a navigation bar with links for 'Teläversio', 'Päivän lehti näköislehtiä', 'Arkisto', 'Tilaa Taloussanomat', 'Asiakaspalvelu', 'Jätä nimitysuutinen', 'Media tiedot', 'Palautte', 'Sivukartta', and 'Ajutus'. Below this, the main header features the 'TALOUS SANOMAT' logo and two featured articles: 'Vesa Varhee Yhdysvallat hyyyty' and 'Kai Seikku Drove my Toyota to the levee...'. The left sidebar contains a menu with categories like 'ETUSIVU', 'UUTISET', 'TEEMAT', 'PÖRSSI JA RAHA', 'OMA TALOUS', 'KESKUSTELUT', 'BLOGIT', 'VIDEOT', 'TOIMITUS', and 'TAKASIVU'. The main content area includes a 'Tervetuloa uudelle kotimarkkinallesi!' banner, a 'FACE TO FACE -INSTITUUTTI' advertisement, and a large article titled 'Suomen sähköyhtiöt valmiit syysmyrskyyn'. Below this, there is a 'Pörssi ja raha' section, a 'Yritystele.fi' search box, and another article 'YIT teki jättimäiset tonttikaupat Pietarissa'. The right sidebar features 'Uusimmat uutiset' and 'Tarkista verosi' sections. The bottom of the page includes a 'TAKASIVU' section and a 'Yhteistyössä Tjäreborg.fi' logo.



# Sanoma 1–9/2006

EUR million	1–9/2006	1–9/2005	Ch %
Net sales	<b>334,7</b>	330,8	1,2
Helsingin Sanomat	<b>195,9</b>	192,4	1,8
Ilta-Sanomat	<b>68,4</b>	70,8	-3,3
Sanoma Lehtimedia	<b>33,6</b>	35,7	-6,0
Others	<b>138,0</b>	128,2	7,6
Eliminations	<b>-101,2</b>	-96,4	5,1
Operating profit	<b>46,1</b>	46,9	-1,7
% of net sales	<b>13,8</b>	14,2	
Operating profit excluding major non-recurring capital gains	<b>44,5</b>	45,9	-3,1
% of net sales	<b>13,3</b>	13,9	
Balance sheet total	<b>501,4</b>	472,1	6,2
Capital expenditure	<b>11,3</b>	16,5	-31,9
Personnel under employment contract, average	<b>2 679</b>	2 814	-4,8

# SanomaWSOY Education and Books Key Developments

- Malmberg acquired Aromedia and LDC Publicaties (career and study orientation and consultation companies in the Netherlands)
- Reorganisation of the Division
- Translation services as a new growth area

aromedia |



# SanomaWSOY Education and Books 1-9/2006

EUR million	1-9/2006	1-9/2005	Muutos, %
Net sales	<b>245,8</b>	229,1	7,3
Educational publishing	<b>162,3</b>	121,9	33,2
Publishing	<b>65,2</b>	59,5	9,5
Others	<b>31,3</b>	60,8	-48,5
Eliminations	<b>-13,0</b>	-13,0	-0,1
Operating profit	<b>55,1</b>	51,1	7,8
% of net sales	<b>22,4</b>	22,3	
Operating profit excluding major non-recurring capital gains	<b>55,1</b>	40,5	35,9
% of net sales	<b>22,4</b>	17,7	
Balance sheet total	<b>588,7</b>	507,7	15,9
Capital expenditure	<b>6,9</b>	5,5	26,0
Personnel under employment contract, average	<b>2 353</b>	2 420	-2,7

# SWelcom Key Developments

- Launch of Nelonen Web TV
- Nelonen's volume deal with Buena Vista
- Welho's number of connected households exceeded 300,000
- Selection of Welho broadband and TV services available in R-kiosks
- Preparations for radio operations
- Welho launched a mobile voice over IP service
- Welho launched a PCTV service where TV channels can be watched on PC or on screens connected to PC
- Welho to install some 100 WLAN spots ("Hotspots") in the Helsinki region
- Divestment of Werne



# SWelcom 1-9/2006

<b>EUR million</b>	<b>1-9/2006</b>	<b>1-9/2005</b>	<b>Ch %</b>
Net sales	<b>94,6</b>	87,2	8,5
Nelonen	<b>53,6</b>	49,9	7,4
Others	<b>41,3</b>	38,4	7,6
Eliminations	<b>-0,3</b>	-1,1	-70,3
Operating profit	<b>7,7</b>	5,8	32,4
% of net sales	<b>8,1</b>	6,6	
Operating profit excluding major non-recurring capital gains	<b>7,7</b>	5,8	32,4
% of net sales	<b>8,1</b>	6,6	
Balance sheet total	<b>145,5</b>	142,1	2,3
Capital expenditure	<b>7,9</b>	5,3	49,6
Personnel under employment contract, average	<b>439</b>	423	3,8

# Rautakirja

## Key Developments

### Movie theatre operations

- The lease contract of a 3-screen movie theatre in Espoo
- New movie advertising agreement with Clear Channel

### Bookstores

- New bookstore outlets in Lohja and Salo in Finland, Tallinn and Pärnu in Estonia
- Divestment of Library Sales





# Rautakirja 1–9/2006

<b>EUR million</b>	<b>1–9/2006</b>	<b>1–9/2005</b>	<b>Ch %</b>
Net sales	<b>480,9</b>	451,5	6,5
Kiosk operations	<b>268,1</b>	254,1	5,5
Press distribution	<b>78,7</b>	72,8	8,2
Bookstores	<b>89,9</b>	86,2	4,3
Entertainment	<b>53,7</b>	43,9	22,4
Others	<b>0,0</b>	2,6	-100,0
Eliminations	<b>-9,4</b>	-8,0	17,8
Operating profit	<b>29,1</b>	28,2	3,4
% of net sales	<b>6,1</b>	6,2	
Operating profit excluding major non-recurring capital gains	<b>29,1</b>	24,2	20,5
% of net sales	<b>6,1</b>	5,4	
Balance sheet total	<b>423,5</b>	381,8	10,9
Capital expenditure	<b>11,6</b>	11,7	-0,6
Personnel under employment contract, average	<b>7 210</b>	5 904	22,1

# Group's Outlook for 2006

## Outlook:

- Net sales to increase by around 4%
- Operating profit excluding the major non-recurring capital gains to improve
- In 2005, operating profit excluding these capital gains totalled EUR 269.1 million



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