**Tapio Kallioja**
President

Capital Markets Day
14 May 2003

# Present activities

Commercial Television
Digital Terrestrial Television

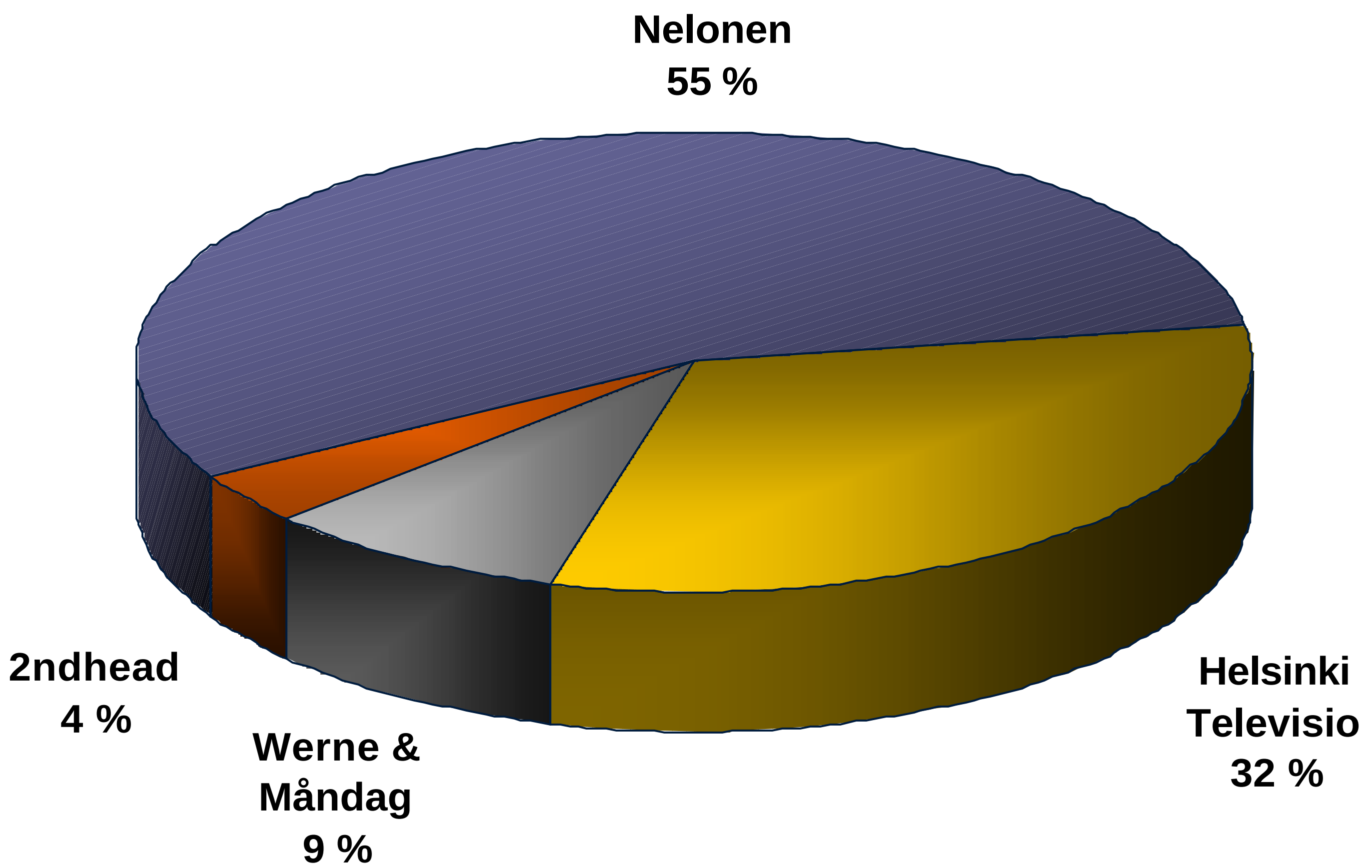
Cable Television
Broadband Internet
Digital Cable Television

Internet & Mobile Services

TV, Video & CD-ROM Production

# Revenue structure in 2002

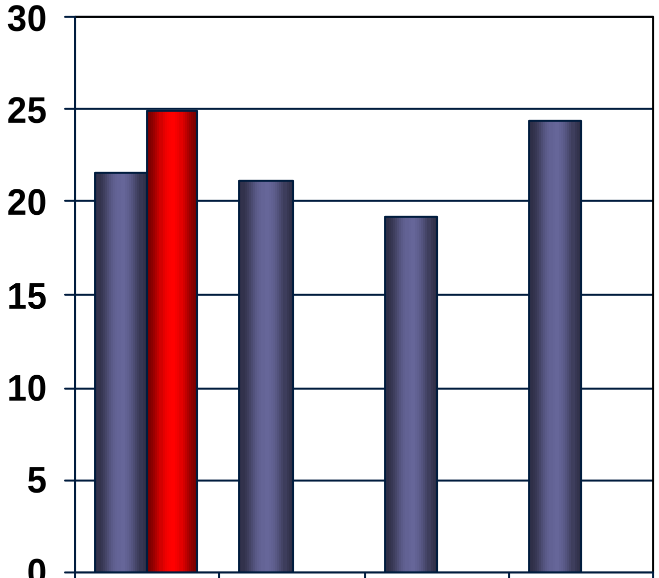
## € 86,1 Million



SWelcom Division

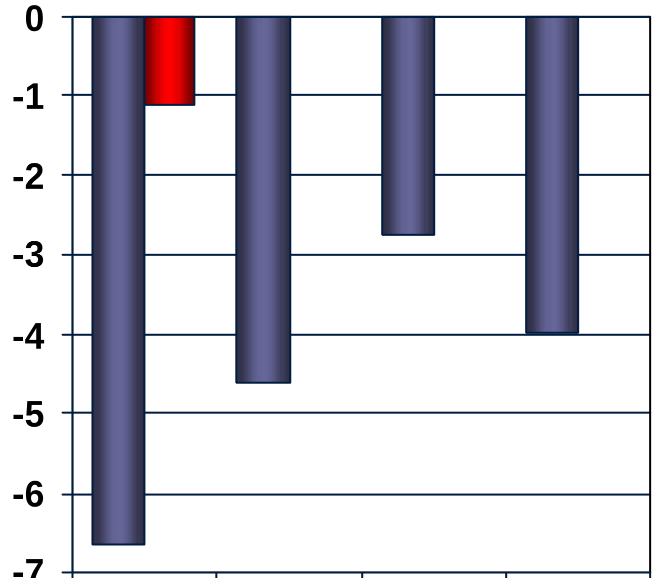
# Quarterly development

## Net Sales




| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| 2002 | 21,5 | 21,1 | 19,2 | 24,4 |
| 2003 | 24,9 | | | |

## EBIT




| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| 2002 | -6,7 | -4,6 | -2,8 | -4,0 |
| 2003 | -1,1 | | | |

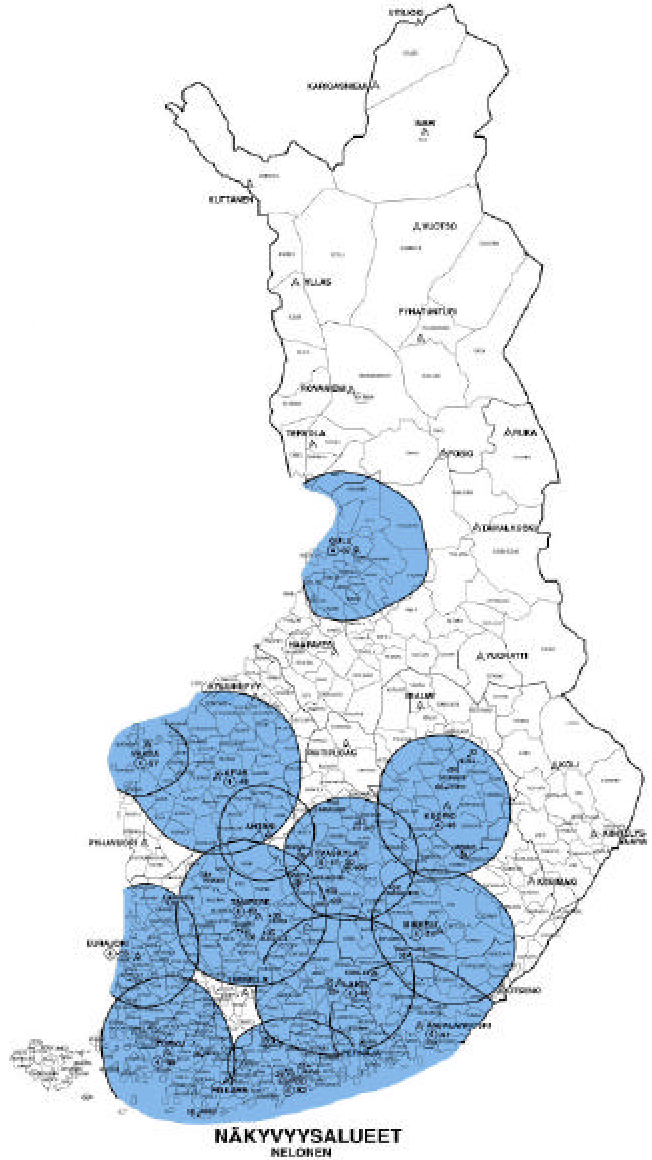
# Main markets and competitors

Television Market

Telecom Market

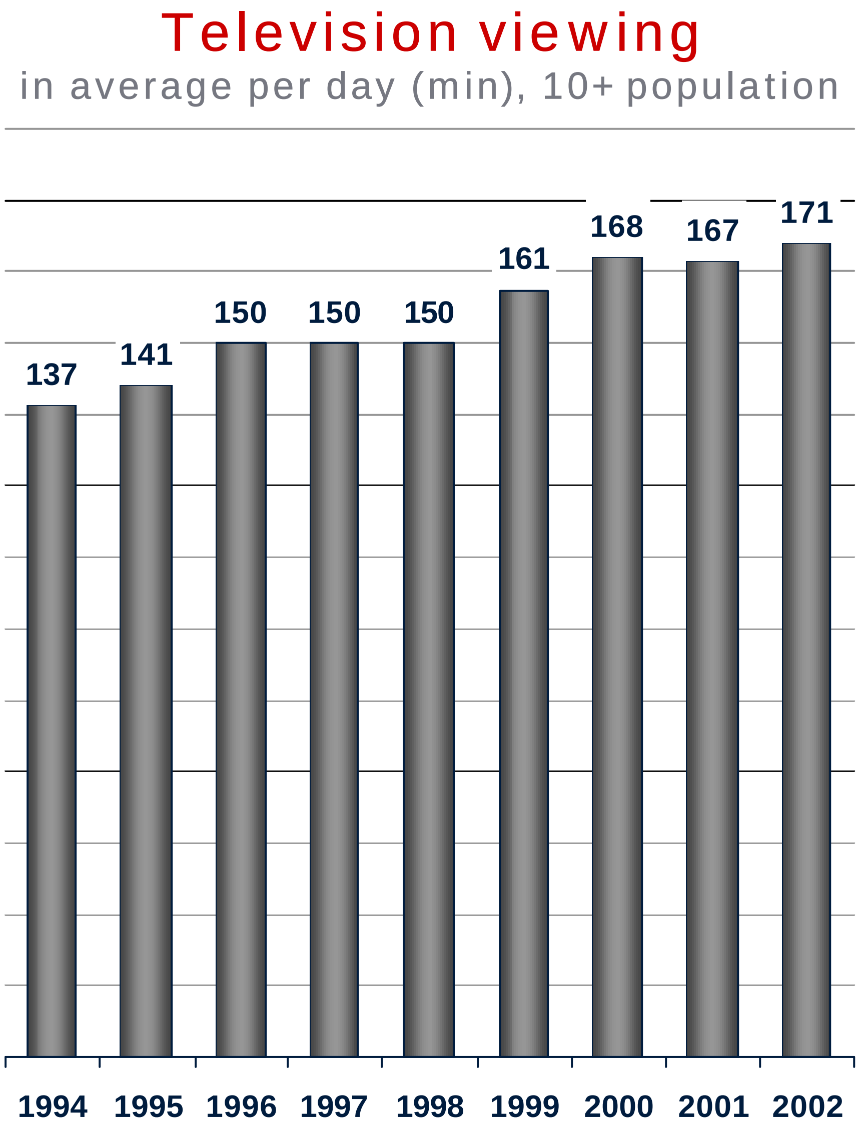
# Nelonen

- Analogue terrestrial transmissions started in June 1997
- Covers 90% of the population
  - 11 high power transmitters
  - cable & digital satellite
- Highly targeted audience
  - urban population
  - 25–44 age group
  - prime time (6–11 p.m.)
- Digital terrestrial transmissions since August 2001



# Television viewing

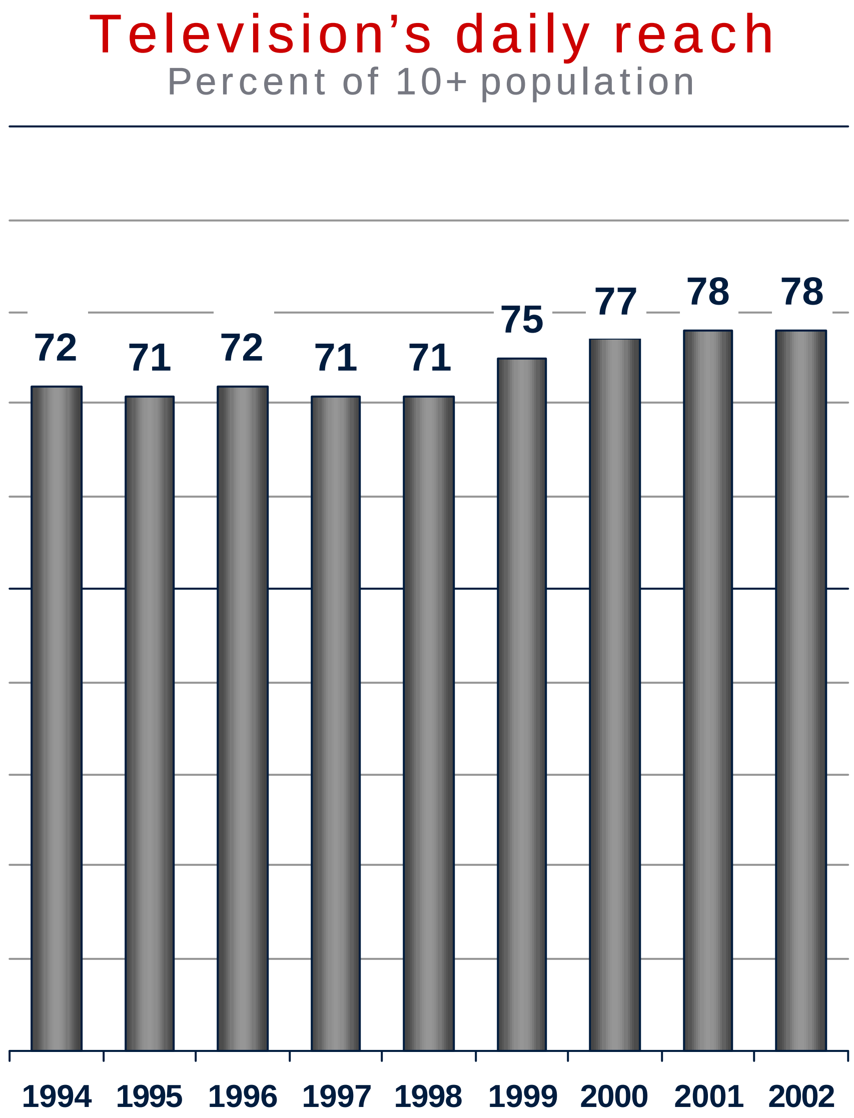
- Television viewing has continuously increased




Source: Finnpanel

# Television viewing

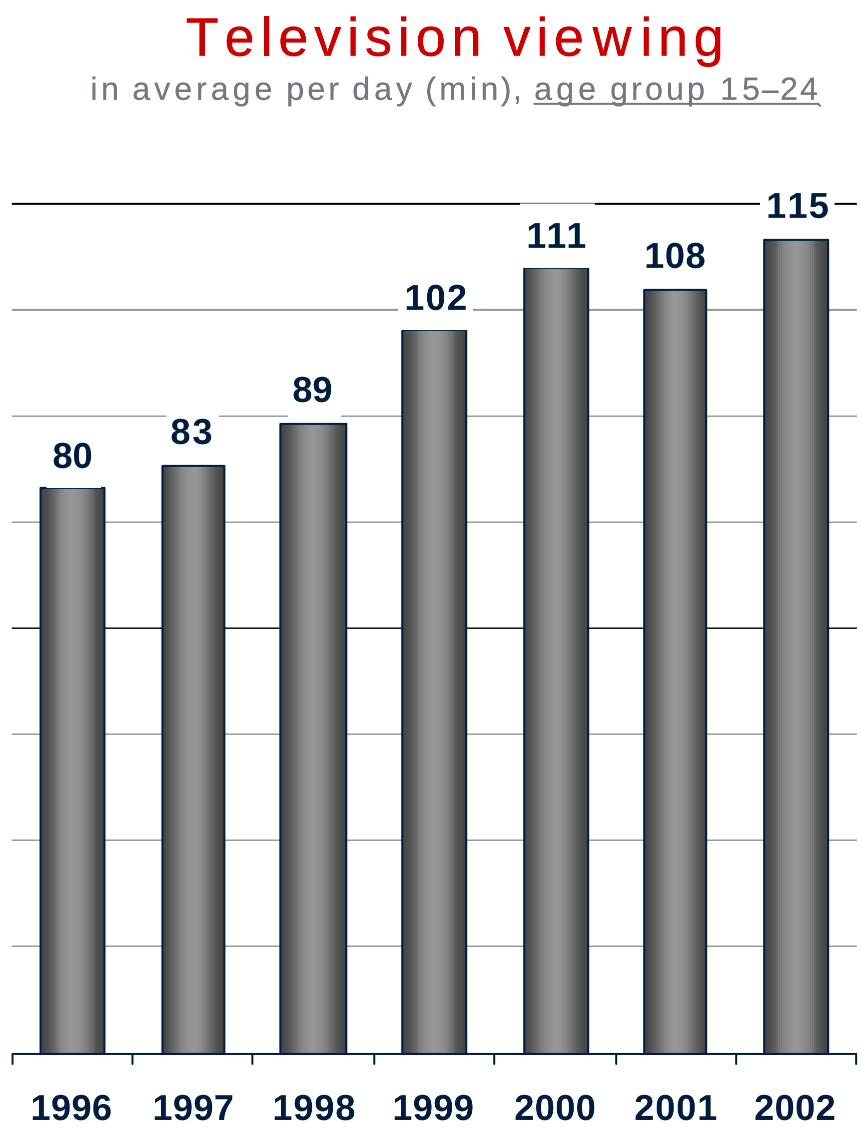
- Television viewing has continuously increased
- Television now reaches daily 78 percent of the 10+ population




Source: Finnpanel

# Television viewing

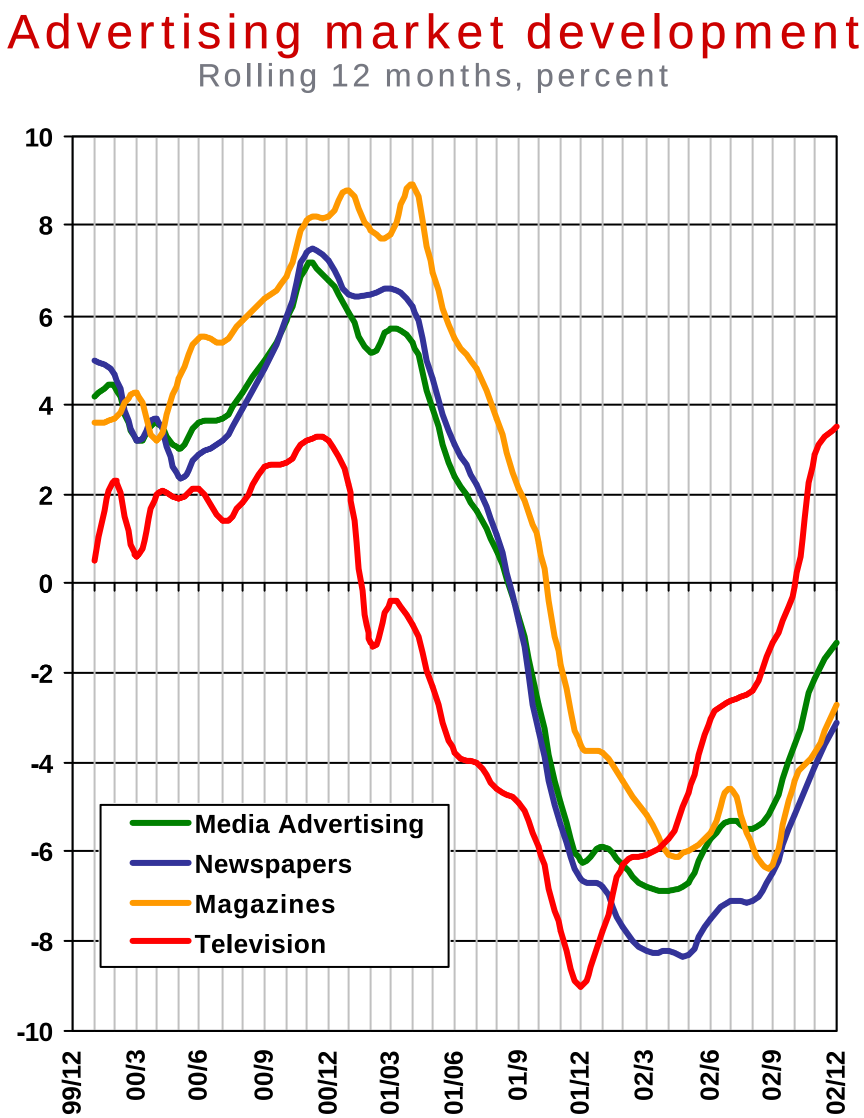
- Television viewing has continuously increased
- Television now reaches daily 78 percent of the 10+ population
- Younger viewers are also watching more TV




Source: Finnpanel

# Television advertising

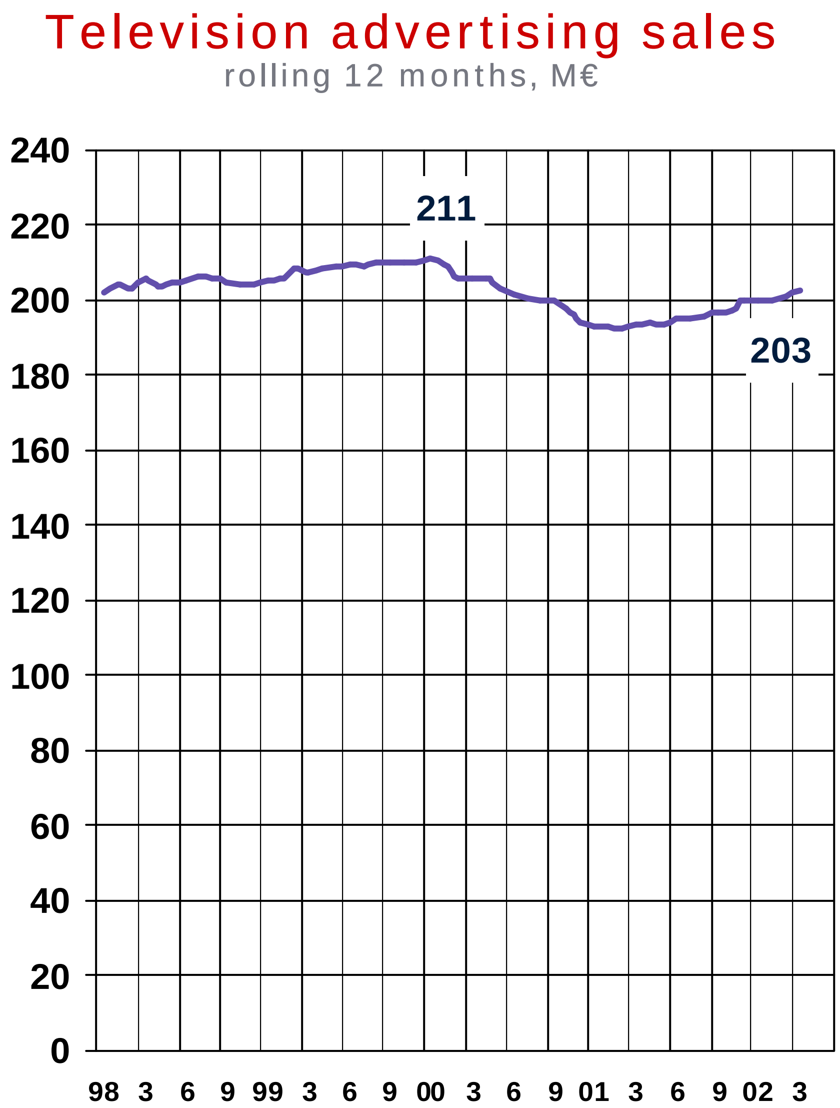
- Television advertising started to grow again sooner than media advertising in general




Source: Gallup Adex

# Television advertising

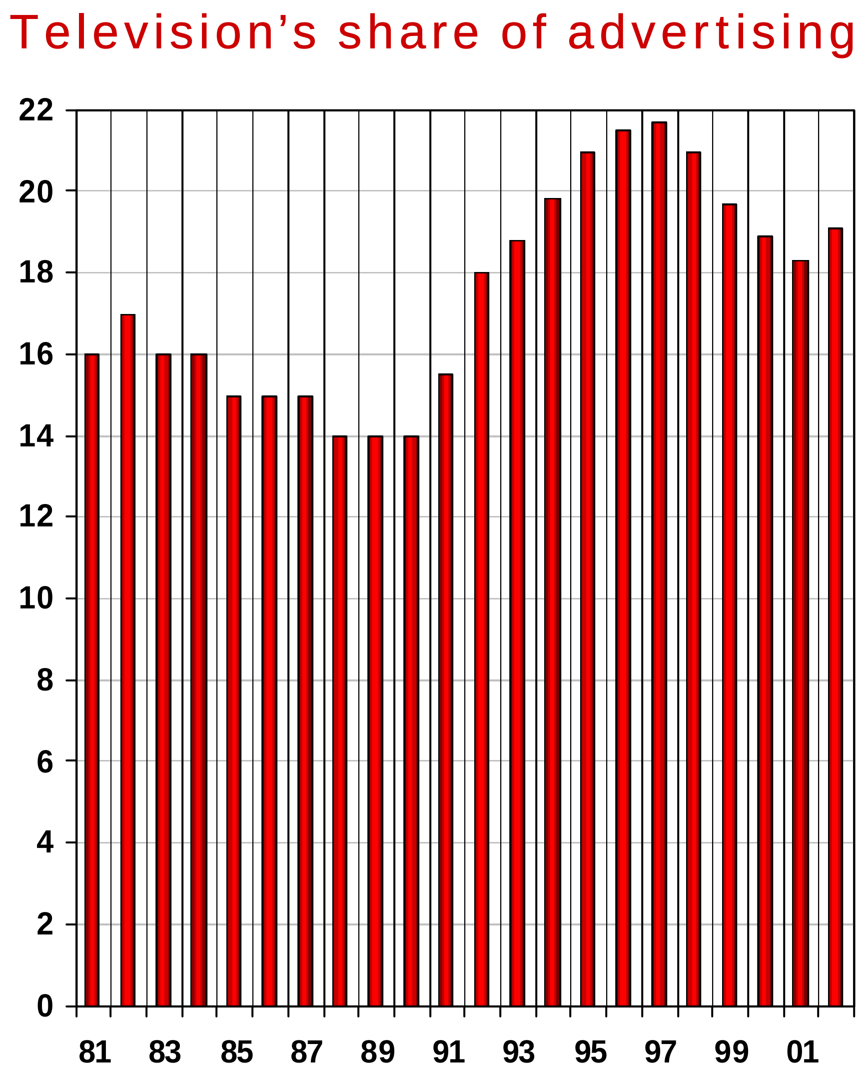
- Television advertising started to grow again sooner than media advertising in general
- However, the peek level of December 2000 has not quite been reached yet




Source: Gallup Adex

# Television advertising

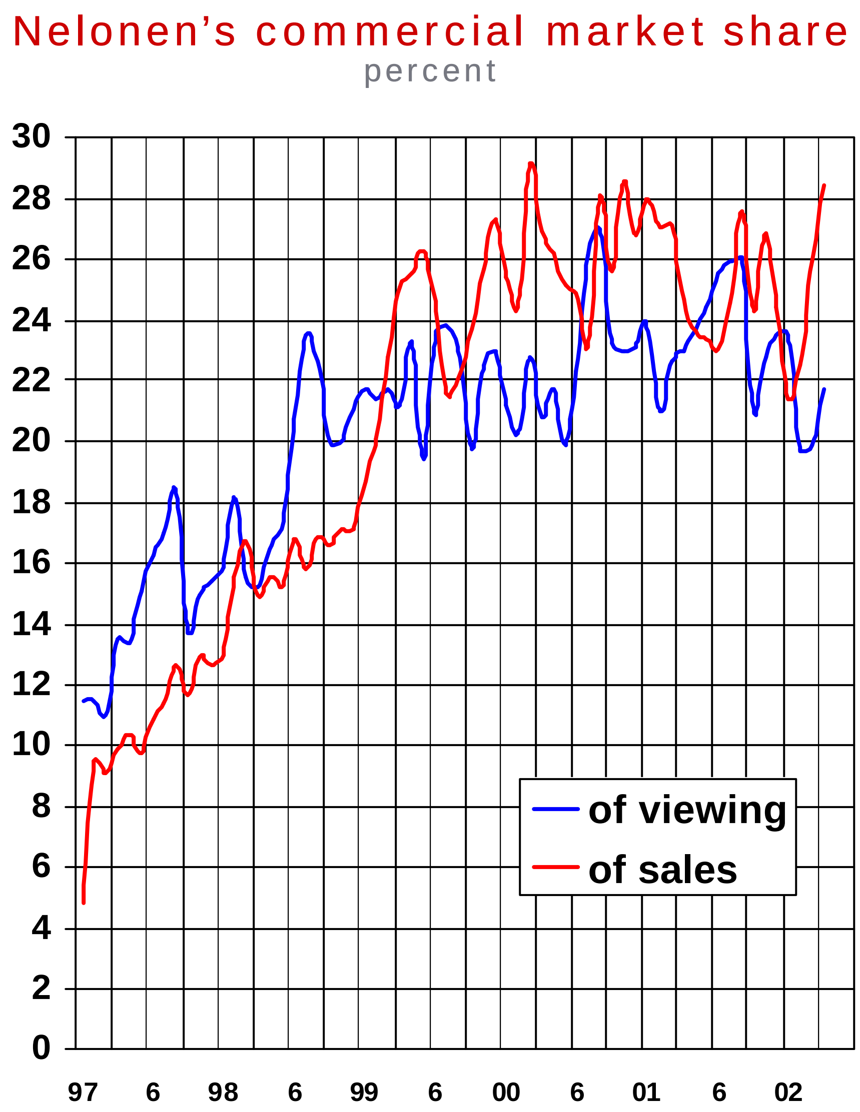
- Television advertising started to grow again sooner than media advertising in general
- However, the peek level of December 2000 has not quite been reached yet
- Television's share of advertising is expected to grow above the previous peek level of 1997




Source: Gallup Adex

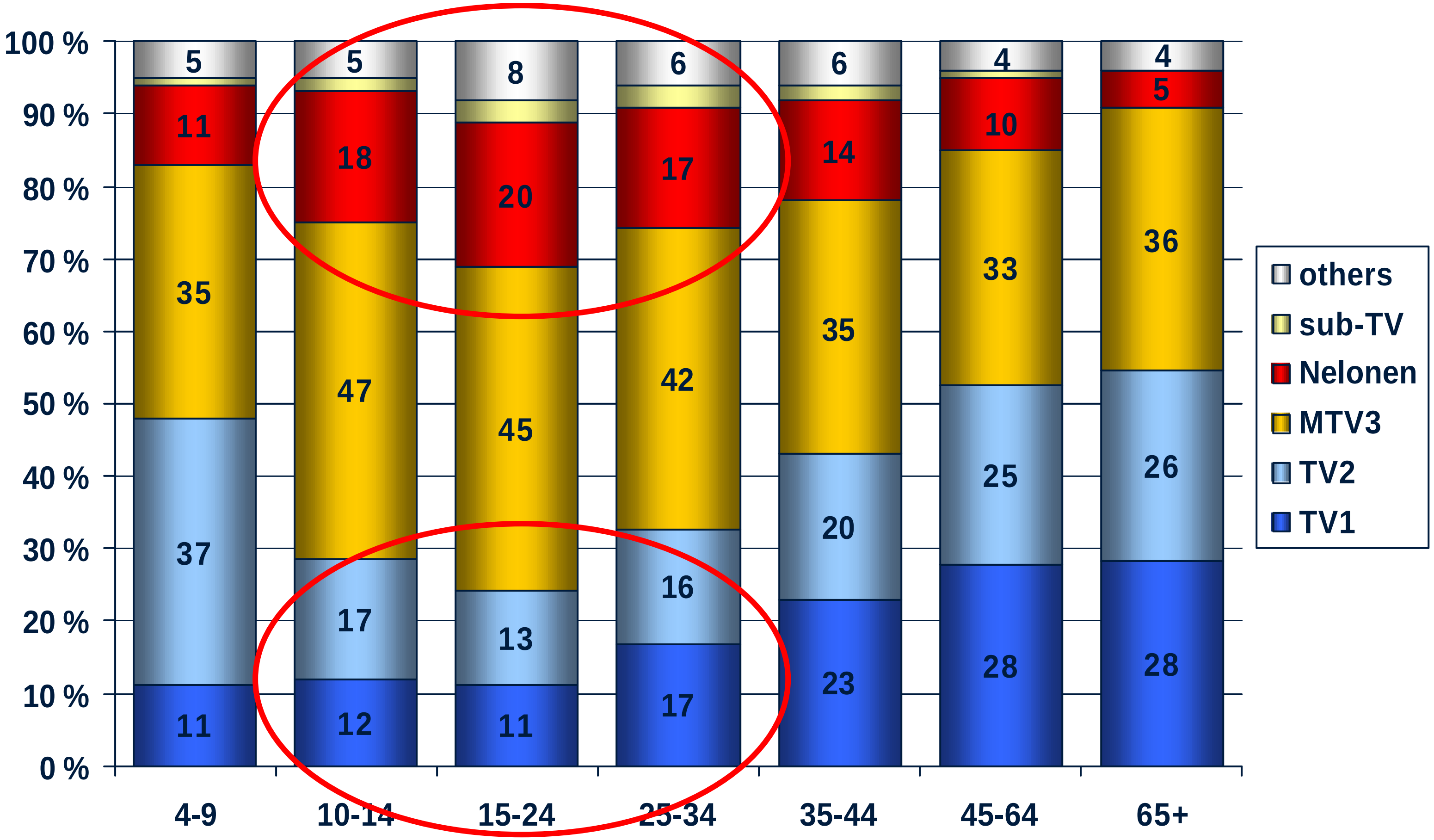
# Television advertising

- Television advertising has started to grow sooner than media advertising in general
- However, the peek level of December 2000 has not quite been reached yet
- Television's share of advertising is expected to grow above the previous peek level of 1997
- During the declining market Nelonen has concentrated on improving profitability



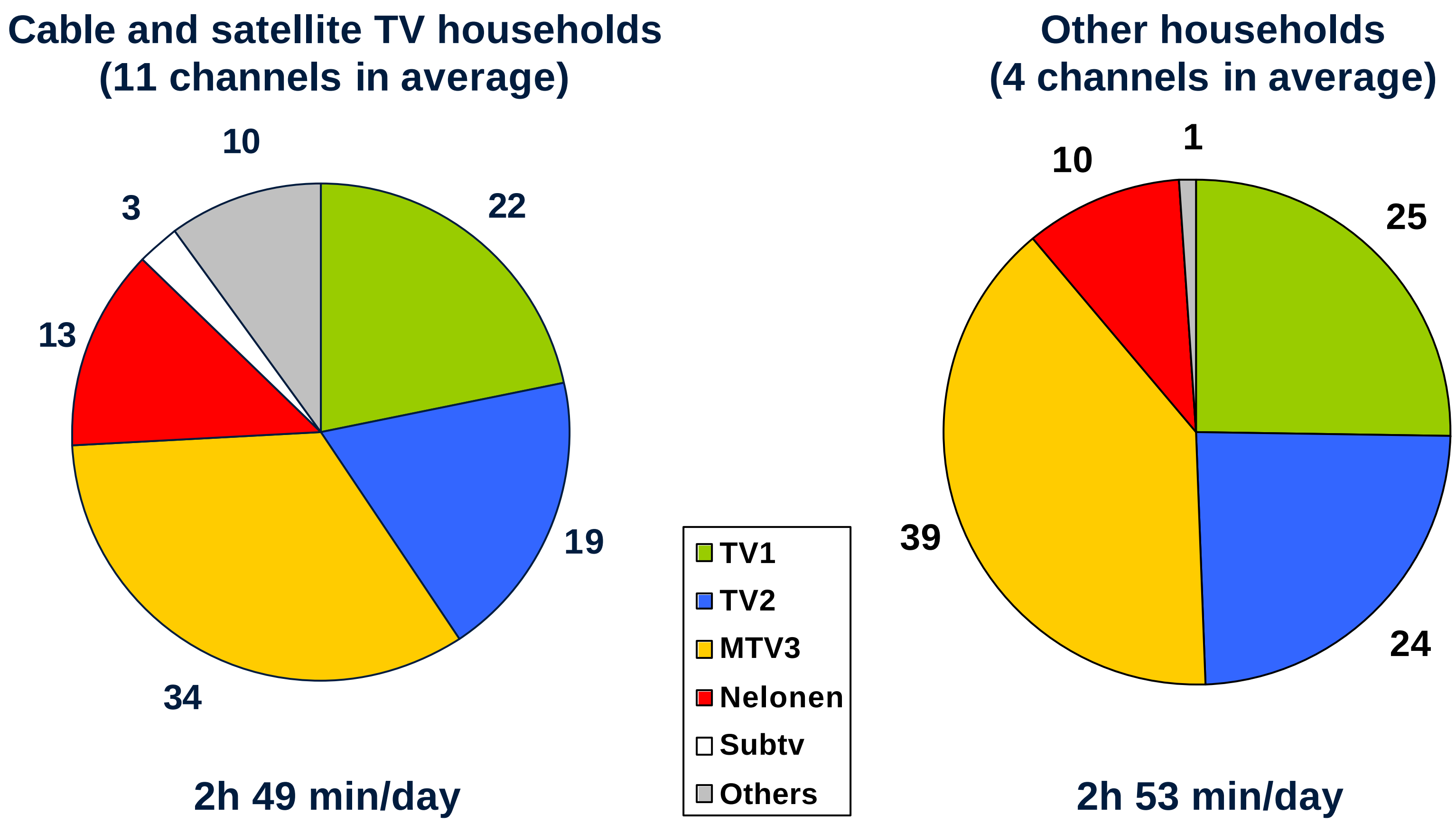

Source: Finnapanel Oy, Gallup Adex

# Shares of viewing by age group in 2002




Source: Finnapnel

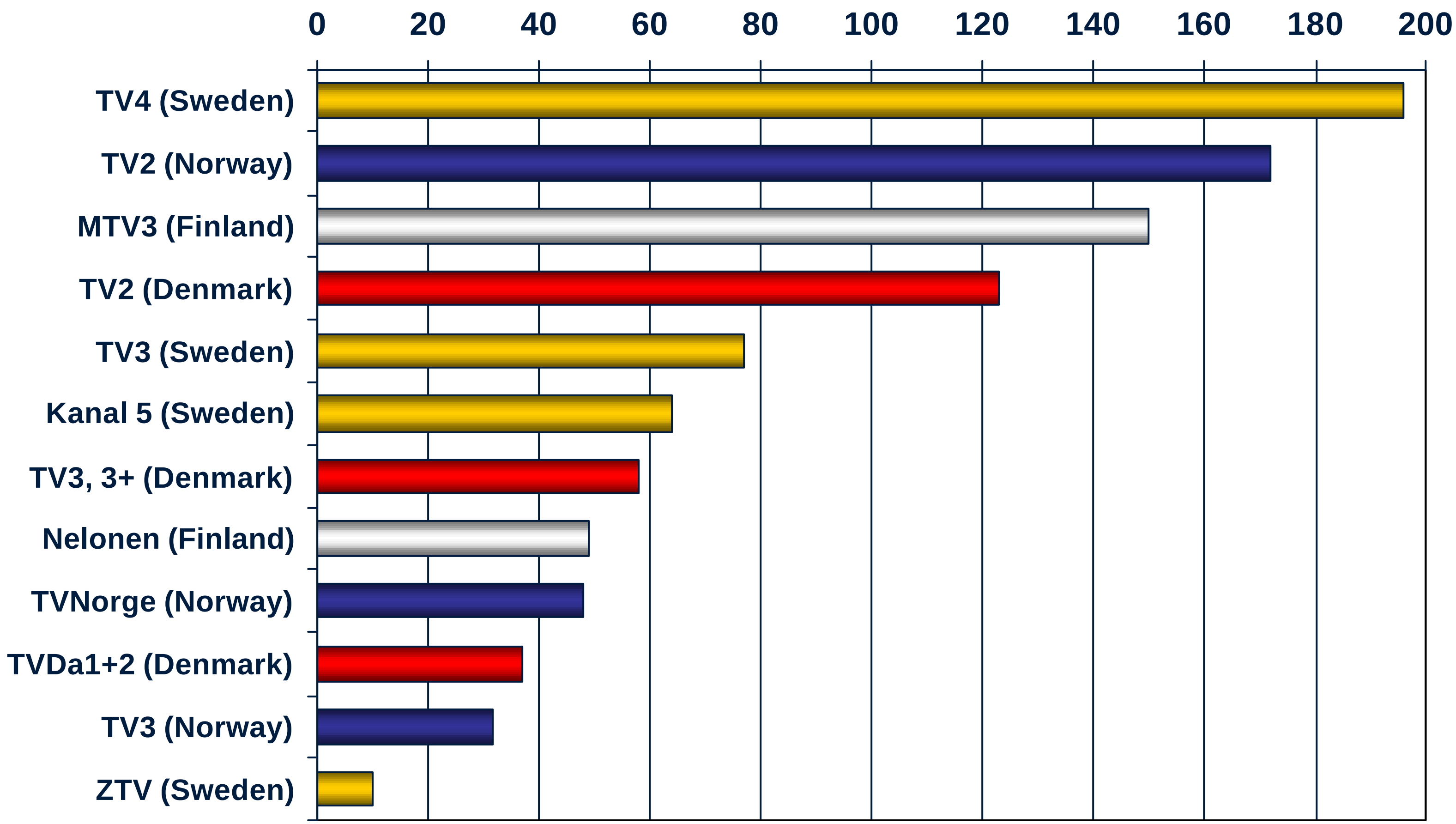
# Shares of viewing in 2002




Source: Finnapnel

# Nordic commercial TV channels

## Advertising revenue in 2002, million €

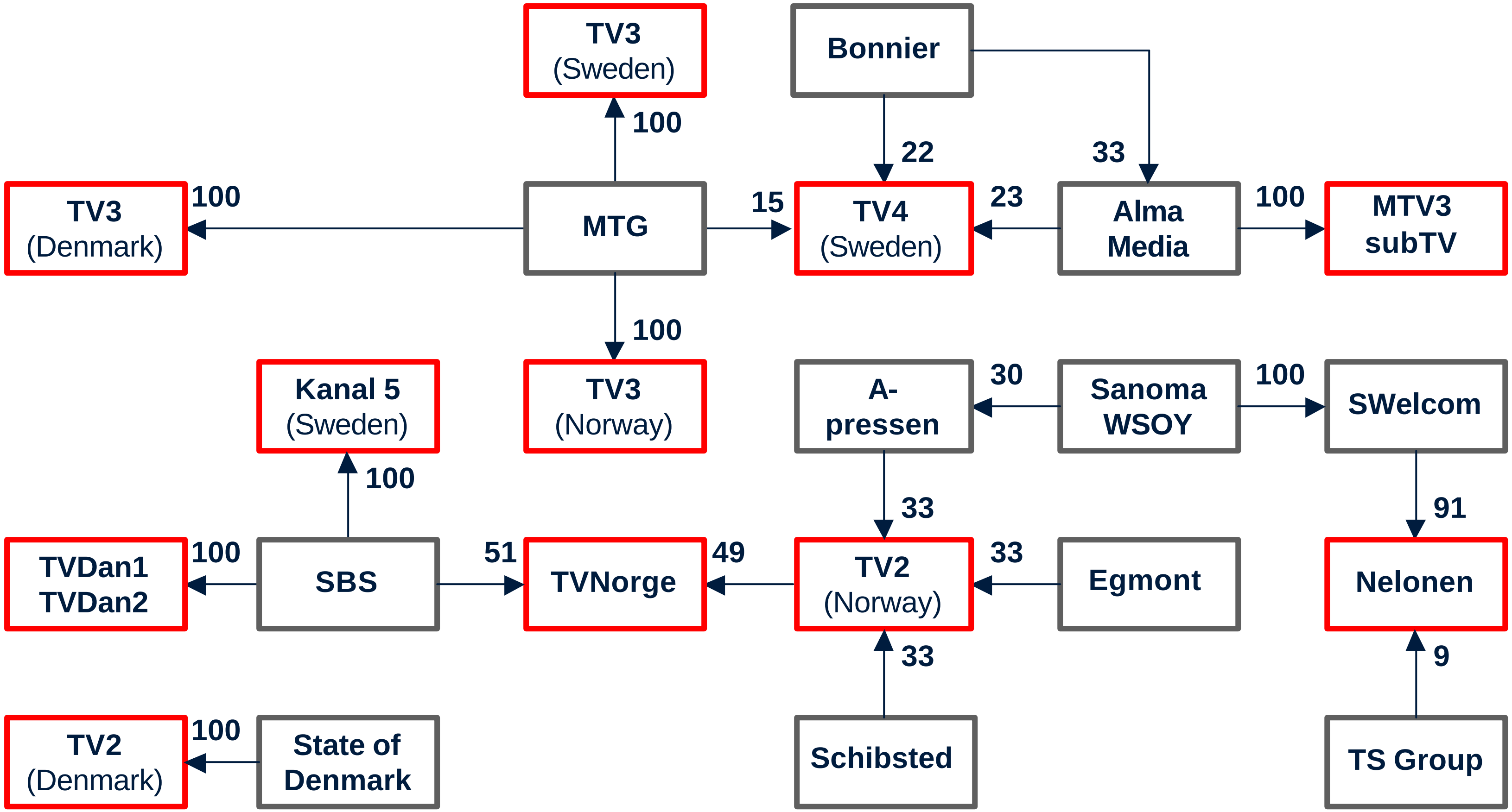



Sources: Gallup Adex; Company Web Sites;

Deutsche Bank estimates, January 2003 I

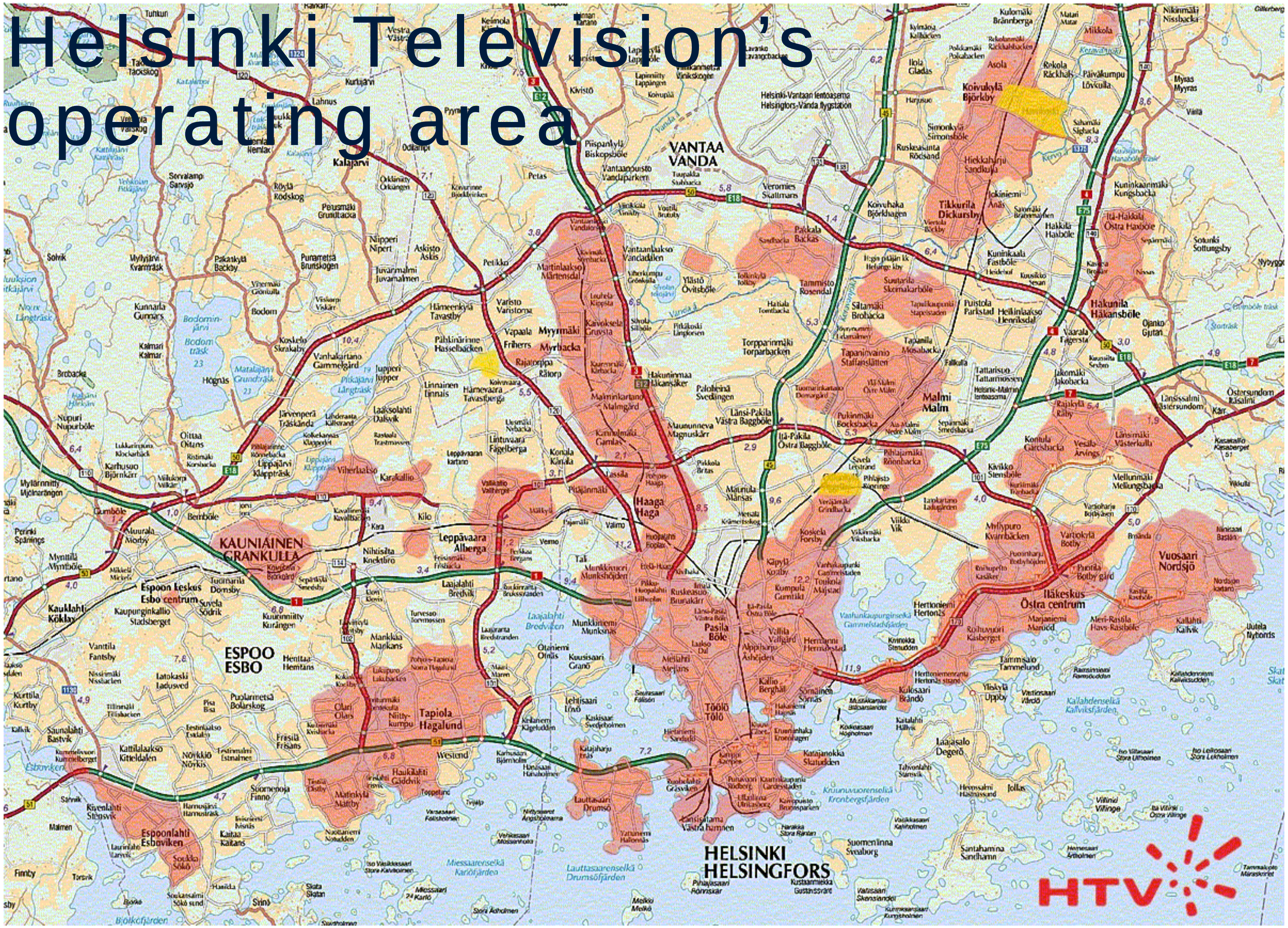
# Nordic commercial TV channels

## Ownership structures, February 2003




Sources: Media Map Datafile 2002, Company Web Sites

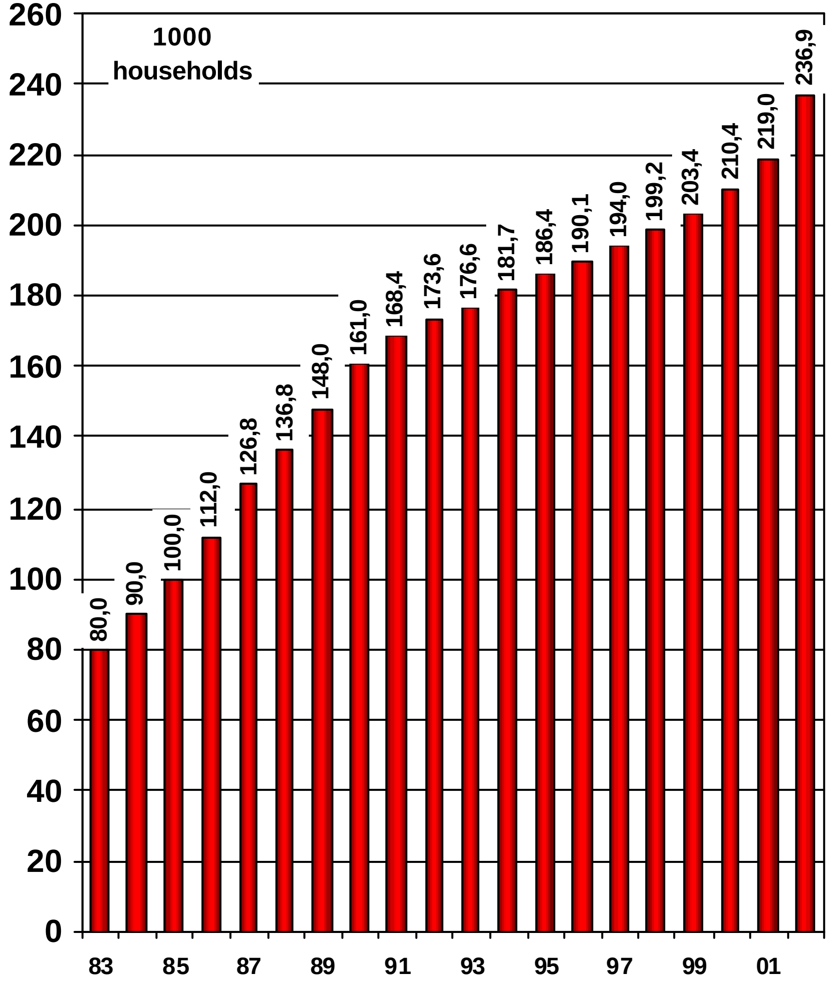
# Helsinki Television's operating area



# Cable-TV market

- HTV's potential market is relatively stable:
  - 475.000 homes in total
  - 400.000 homes in blocks of flats and detached houses
  - 357.000 homes passed by cable
  - 255.000 homes contracted
  - 237.000 homes connected

## HTV's connected households

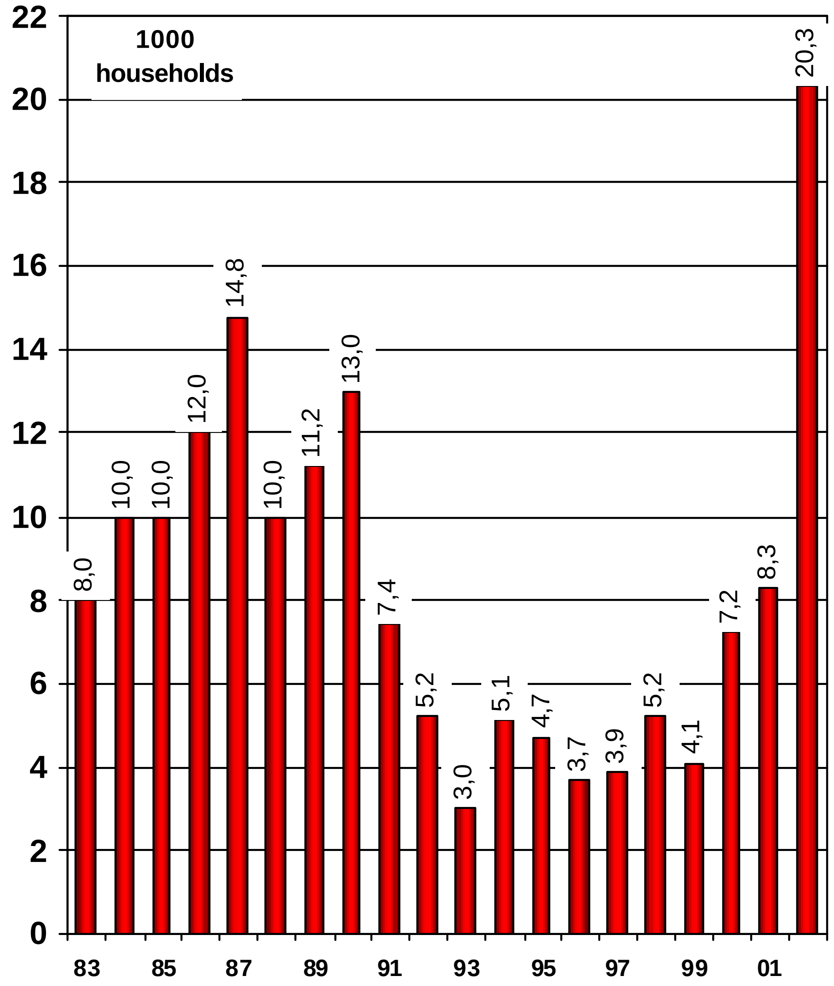


# Cable-TV market

- HTV's potential market is relatively stable:
  - 475.000 homes in total
  - 400.000 homes in blocks of flats and detached houses
  - 357.000 homes passed by cable
  - 255.000 homes contracted
  - 238.000 homes connected
- …however, penetration will increase due to presently strong interest in cable-TV services

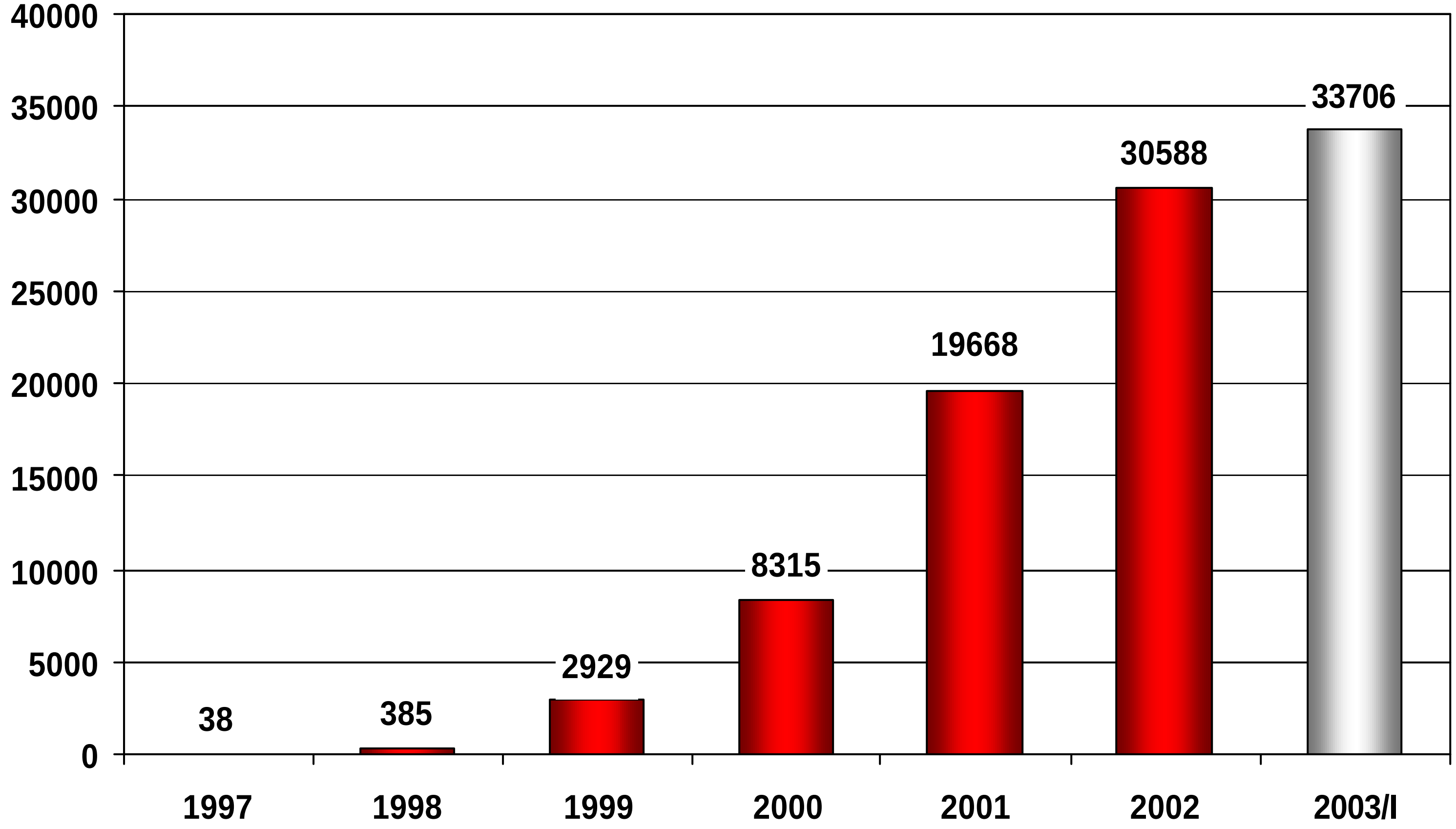
## HTV's connected households

Annual increase



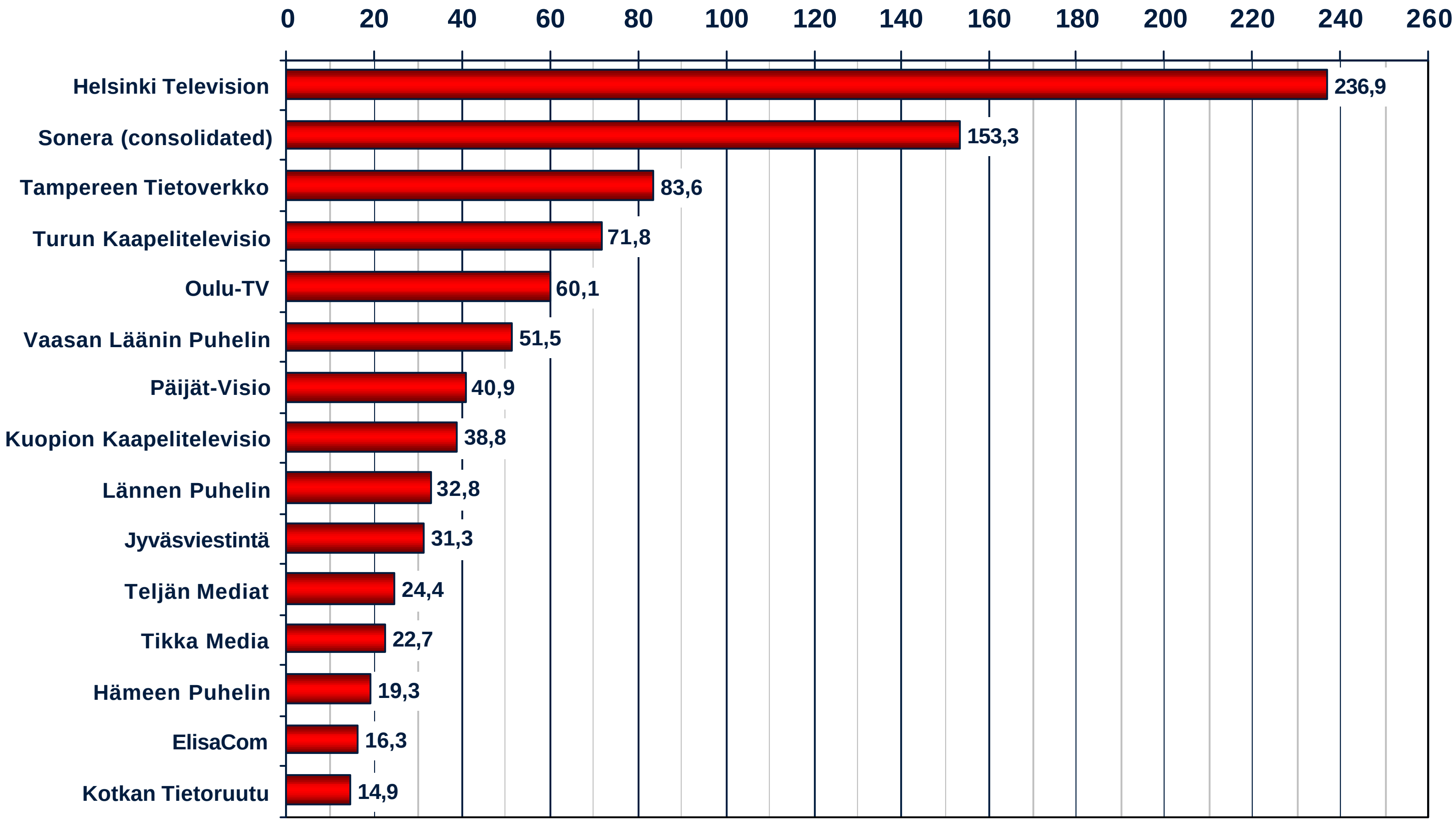
Helsinki Television

# Broadband internet subscribers



# Largest cable-TV operators

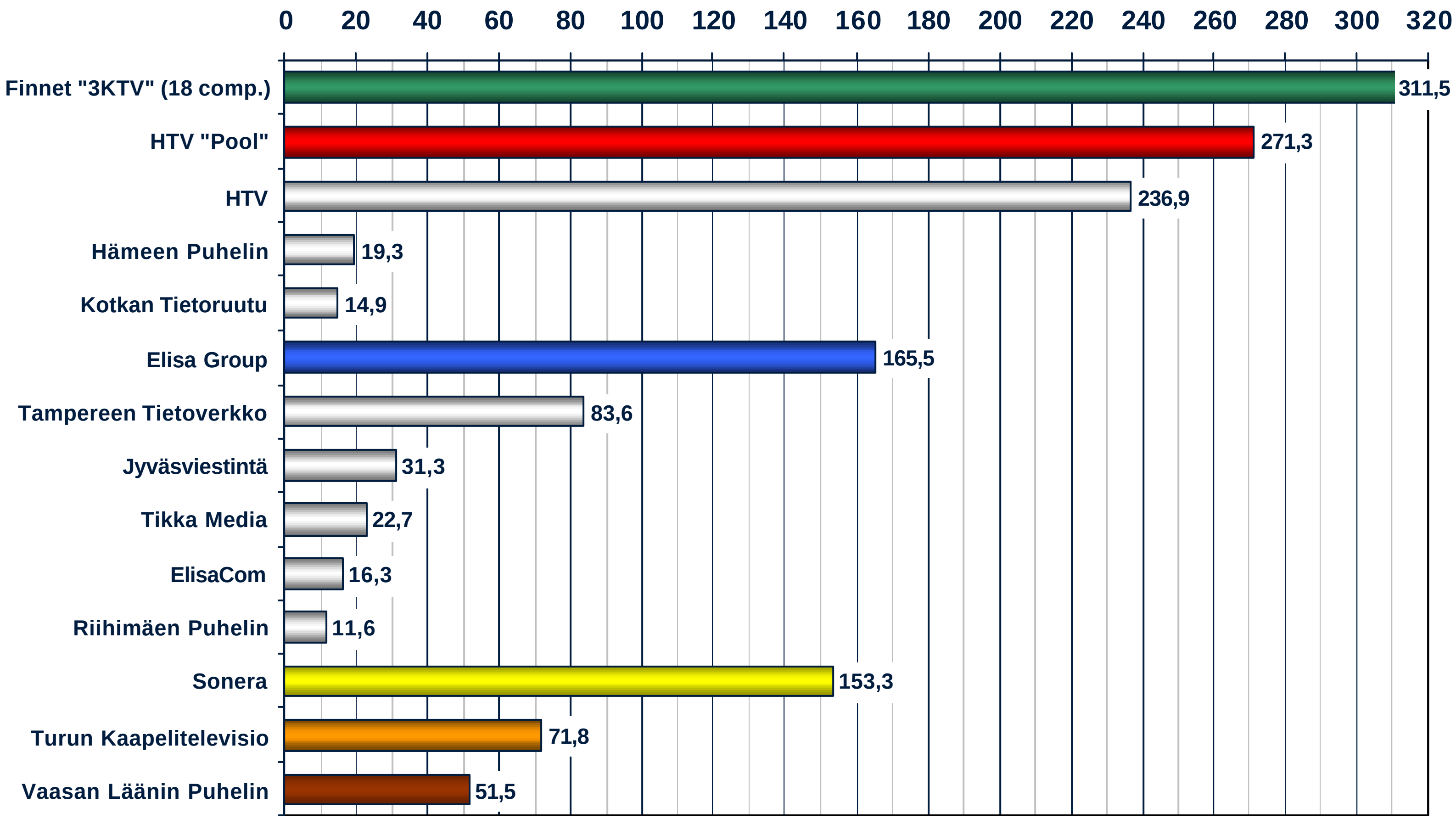
## End of 2002, 1000 connected households




Source: Finnish Cable Television Association

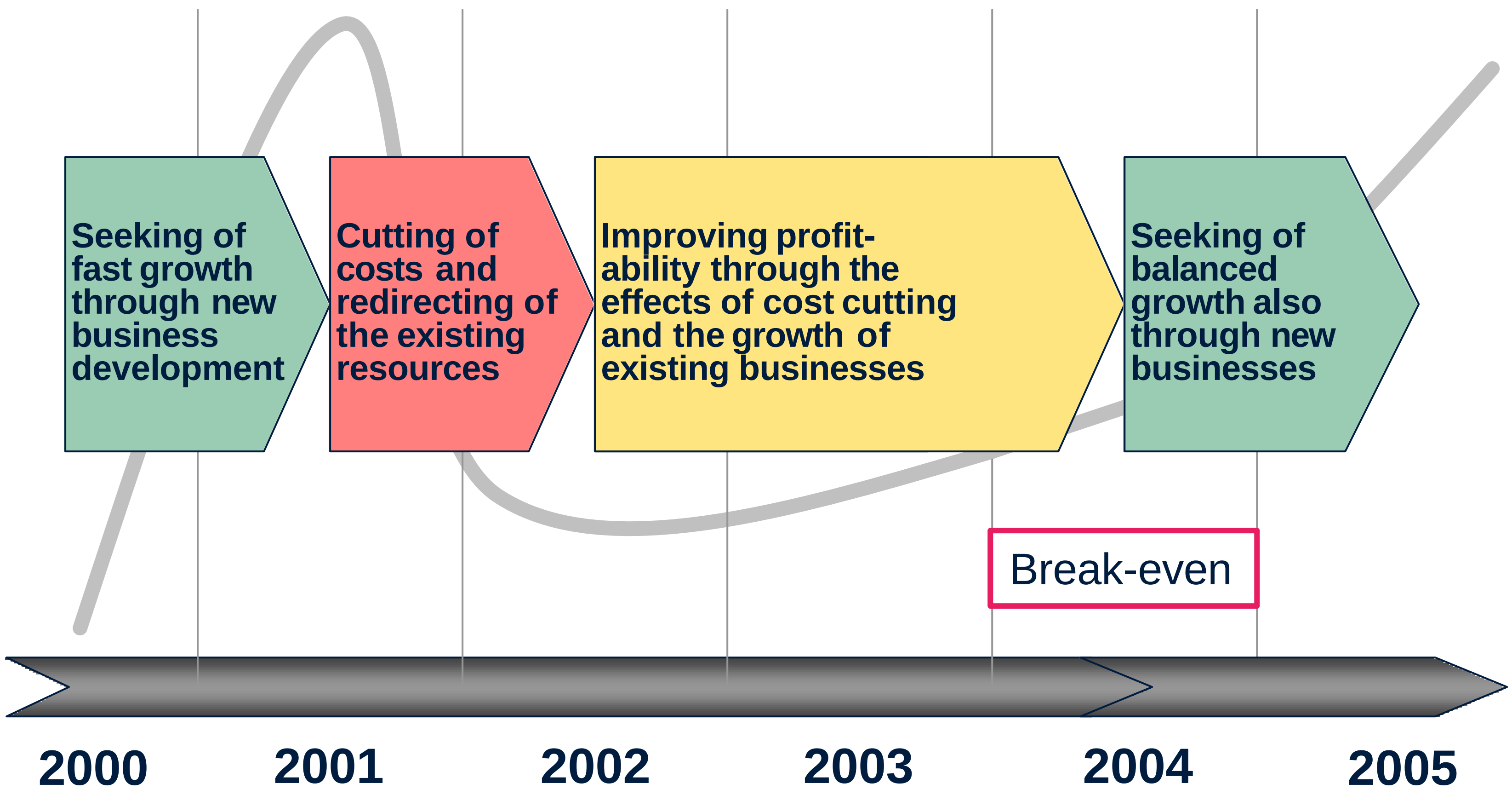
# Cable-TV groupings

## End of 2002, 1000 connected households




Source: Finnish Cable Television Association; SWelcom estimate

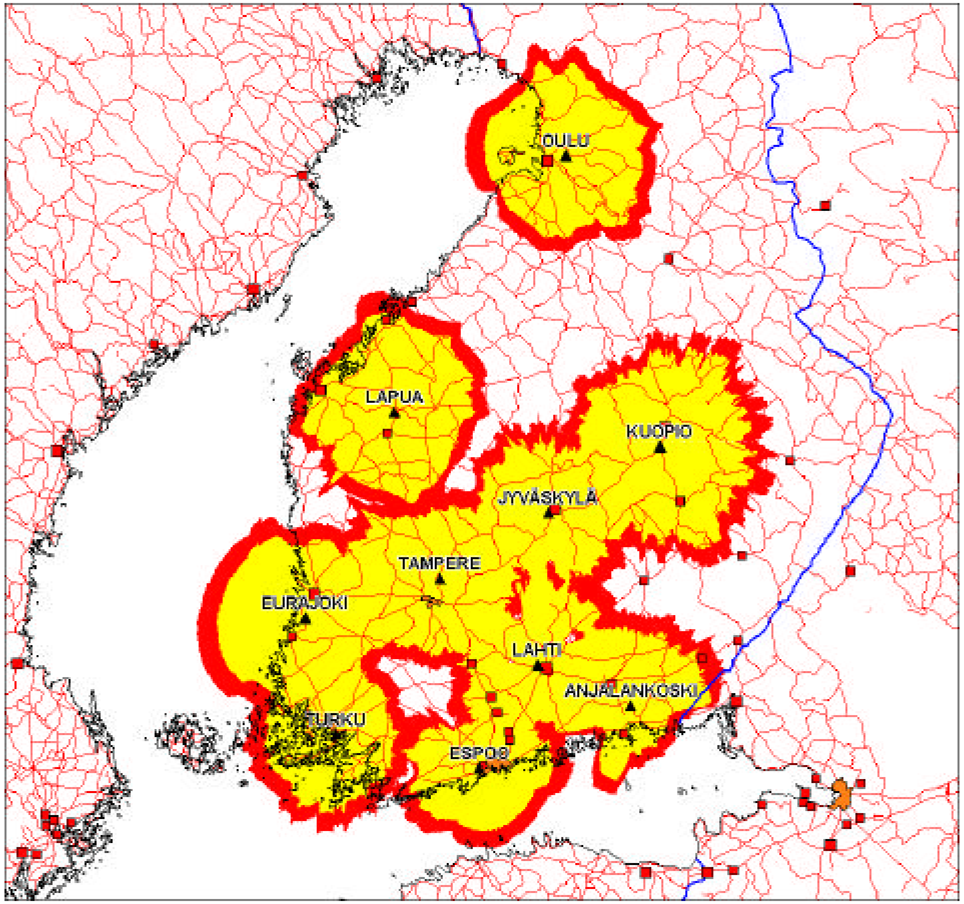
# SWelcom's strategic cycles



# Growth potential of SWelcom's existing businesses

- Expected growth of the television business
  - Increasing viewing of television
  - Growth of the advertising market
  - Growth of television's market share
  - Growth of Nelonen's market share
  - Positive development of the price level of TV advertising
- Expected growth of the cable TV business
  - Record sales of connections
  - Continuing success of broadband internet
  - New digital cable TV services

# Present DTT transmission network

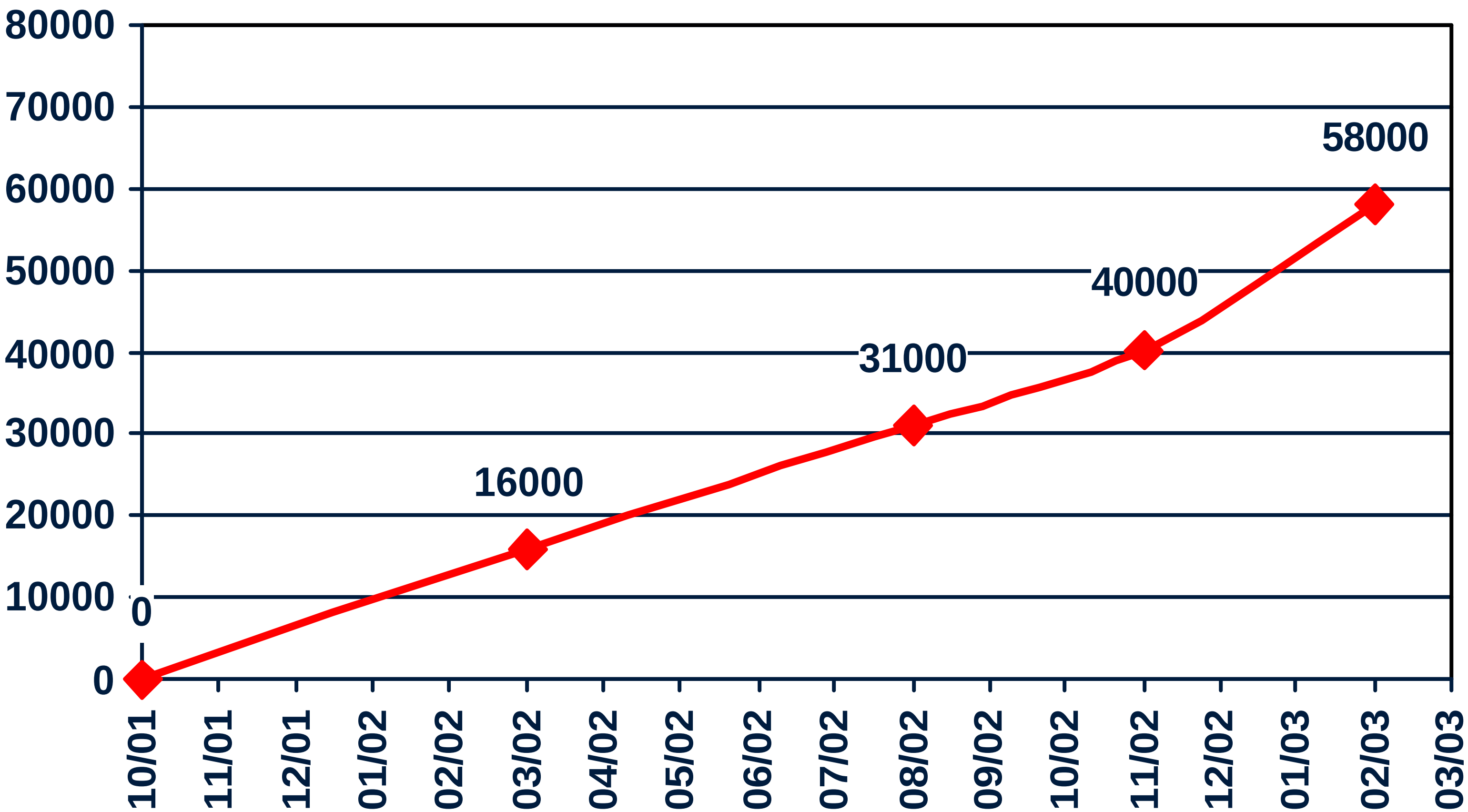



- 10 transmission stations
- 3 multiplexes (equal to 12–15 TV channels)
- about 70 percent of population covered

Source: Digita

# Digital set-top-boxes

## Terrestrial & cable-TV




Source: Finnpanel

# Analogue to digital conversion

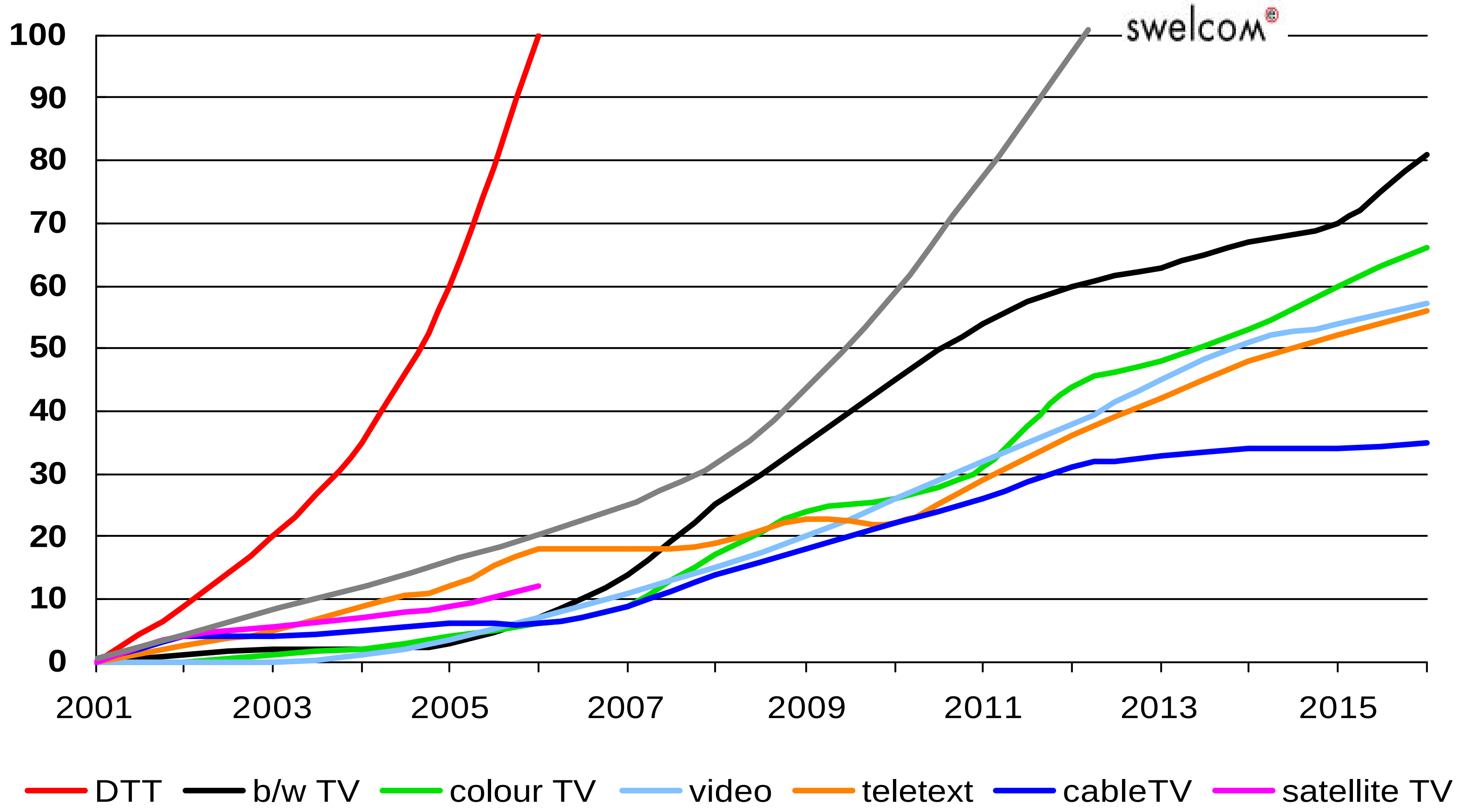
| | Analogue | | Digital |
|---|---|---|---|
| Telephony | Analogue switches | → | Digital switches |
| Mobile Phones | NMT | → | GSM, UMTS |
| Recorded Music | LP | → | CD, MP3 |
| Recorded Video | Video cassettes | → | DVD |
| Cameras | Film | → | Digital memory |
| Satellite TV | PAL | → | DVB-S |
| Terrestrial TV | PAL | → | DVB-T |

# Digital television “business models”

- The Communications Industry
  - digital television will release valuable frequencies
- The Television Operators
  - digital transmission lowers transmission costs
  - new revenue streams from subscription fees
- Finnish Commercial Television
  - digital channels do not pay license fees
- Consumers
  - more and better television “without extra cost”

# Digital terrestrial television

## Published expectation of penetration development




Source: Finnish Broadcasting Company