

SanomaWSOY's New Electronic Media Initiative

Tapio Kallioja, President

Capital Markets Day, September 7, 2000



SanomaWSOY

Electronic Media

Electronic Media Sector

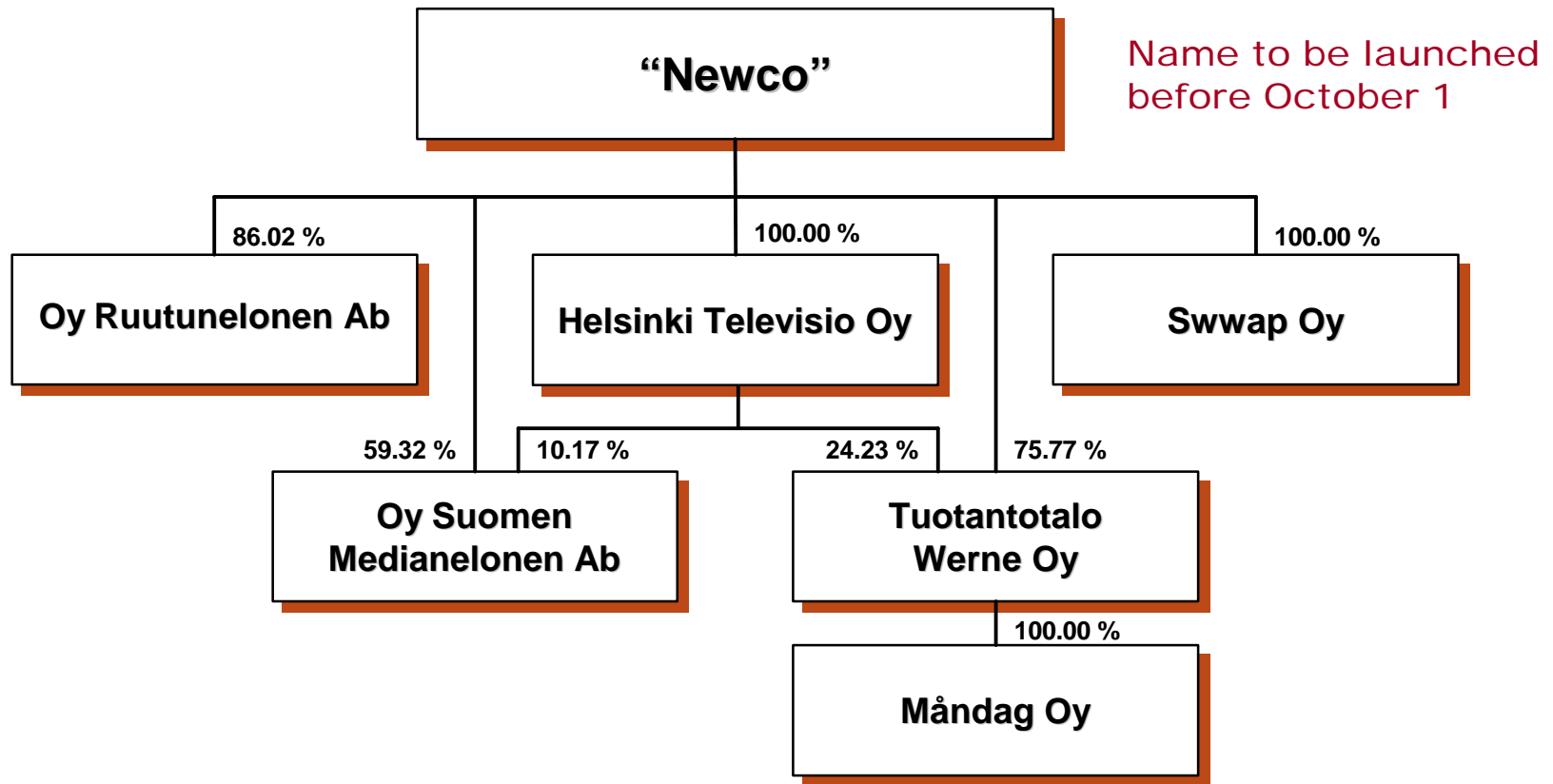
- Operational as of July 1, 2000
- Legal structure in place on October 1
- Combines the electronic media units of Helsinki Media:
 - Channel Four Finland (Nelonen), Helsinki Television, Werne, Måndag, iMedia and digital terrestrial television
- with units from SanomaWSOY:
 - 2ndhead and Virtual Portal Lumeveräjä



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Legal Structure



Activities

Present electronic media businesses:

Commercial Television, Cable Television,
Wireless Services, Terrestrial Pay Television

Development and management of electronic
distribution channels for SanomaWSOY Group:

Broadband Internet, Wireless Portals,
Internet, Digital Terrestrial Television

Development and management of platforms and
services for SanomaWSOY Group and others:

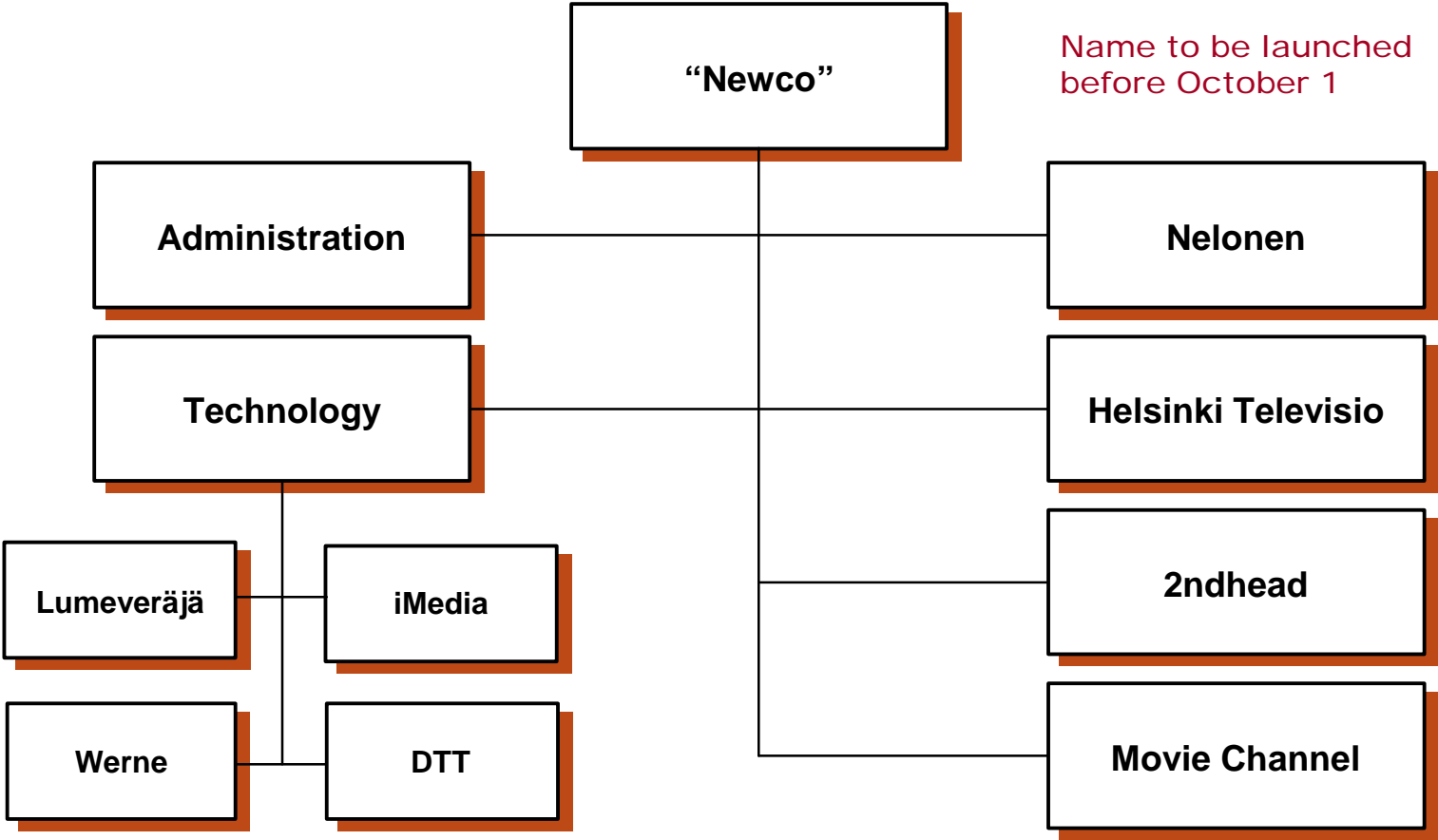
Site management, Advertising, e-commerce,
TV and Video Production, CD-ROM Production



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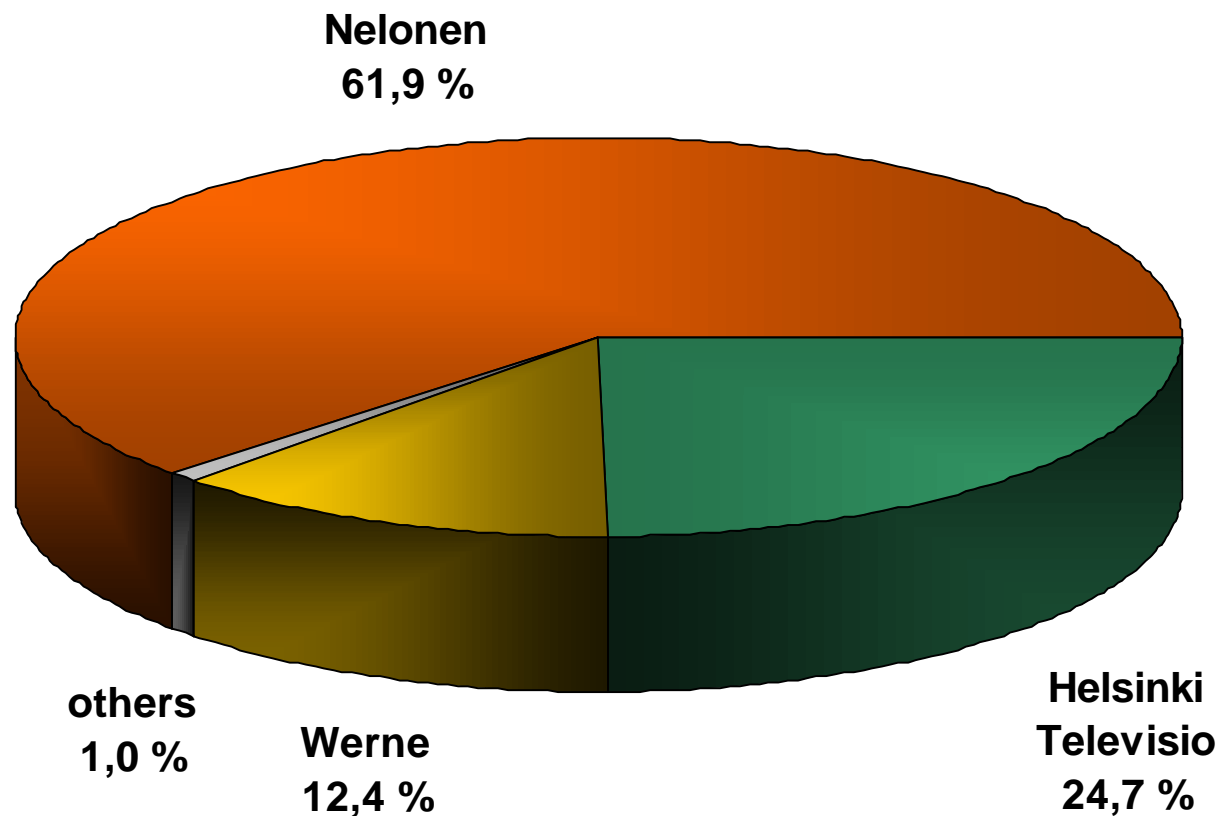
Electronic Media

Operational Structure



Revenue Structure in 2000

FIM 470 million



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Commercial Television

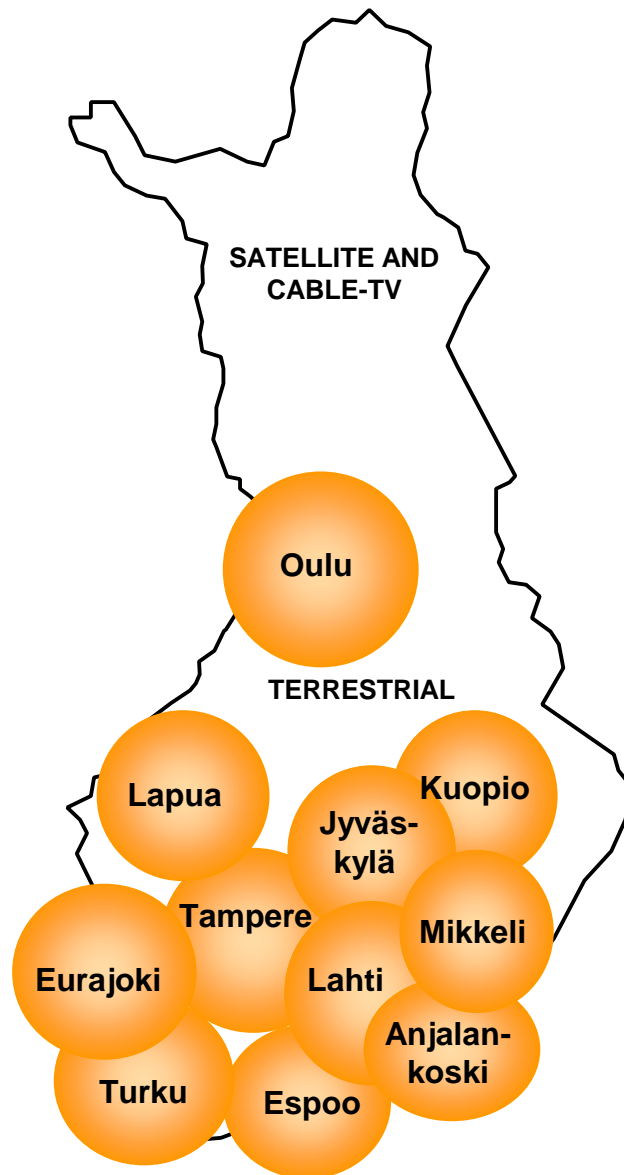
Channel Four Finland
(Nelonen)



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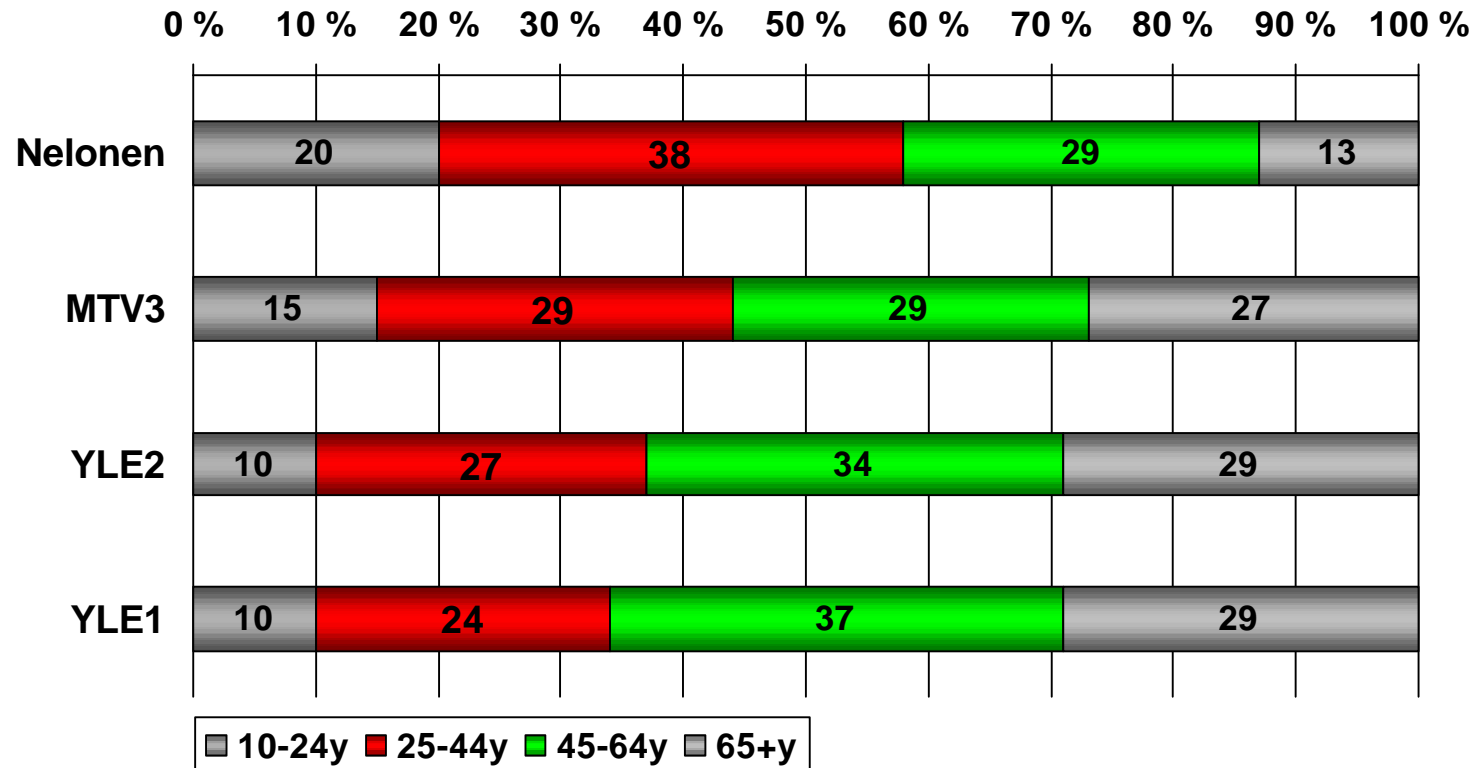
Nelonen



- Covers 80% of the population with 11 high power transmitters, cable, & digital satellite
- Highly targeted at the urban population in the 25-44 age group in prime time (6-11 p.m.)
- License for analogue transmissions until 31.12.2006 and for digital transmissions until 31.8.2010

Channel Profiles

July 2000, prime time (6-11 p.m.)



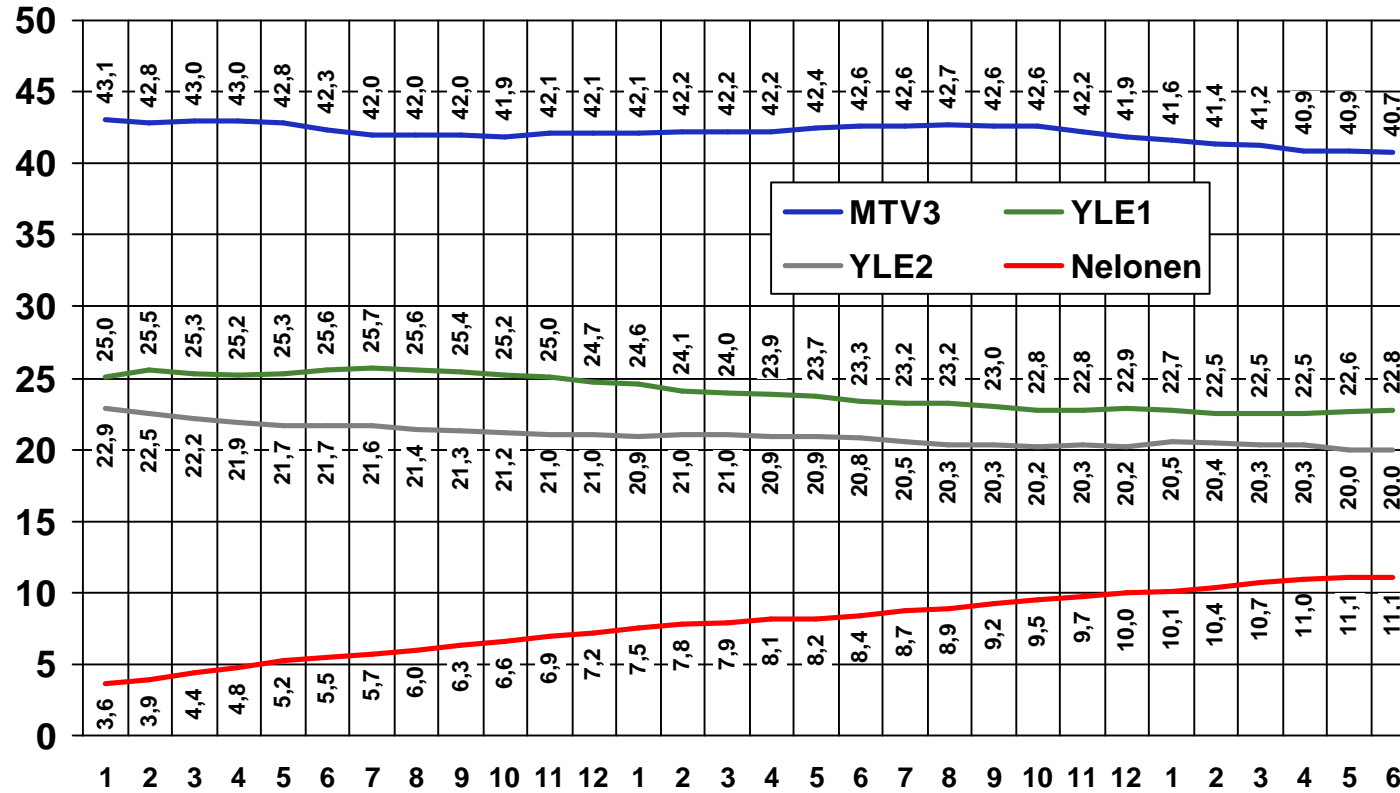
Source: Finnpanel



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Audience Shares

Rolling 12 Months

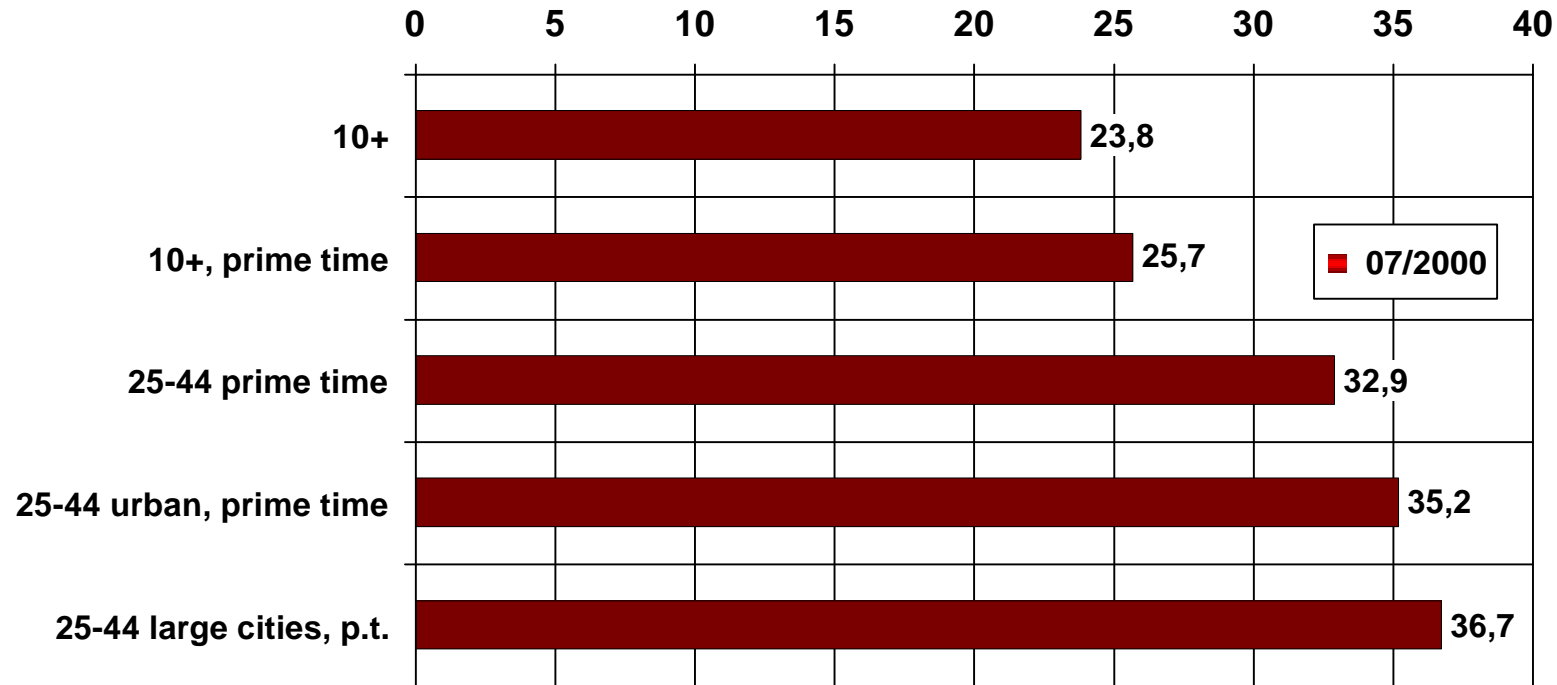


Source: Finnpanel



Electronic Media

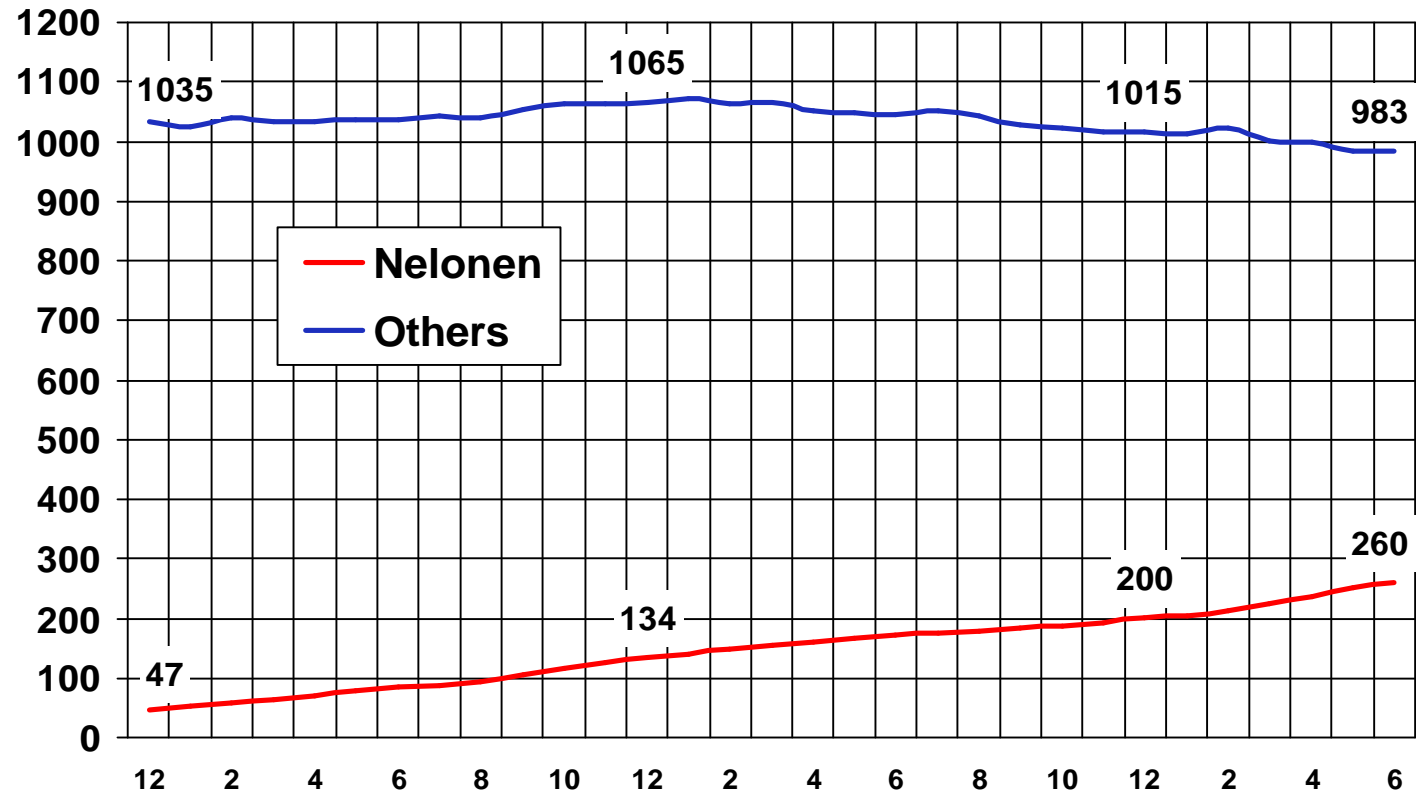
Nelonen's Share of Commercial Viewing



Source: Finnpanel

Television Advertising

Rolling 12 months, MFIM



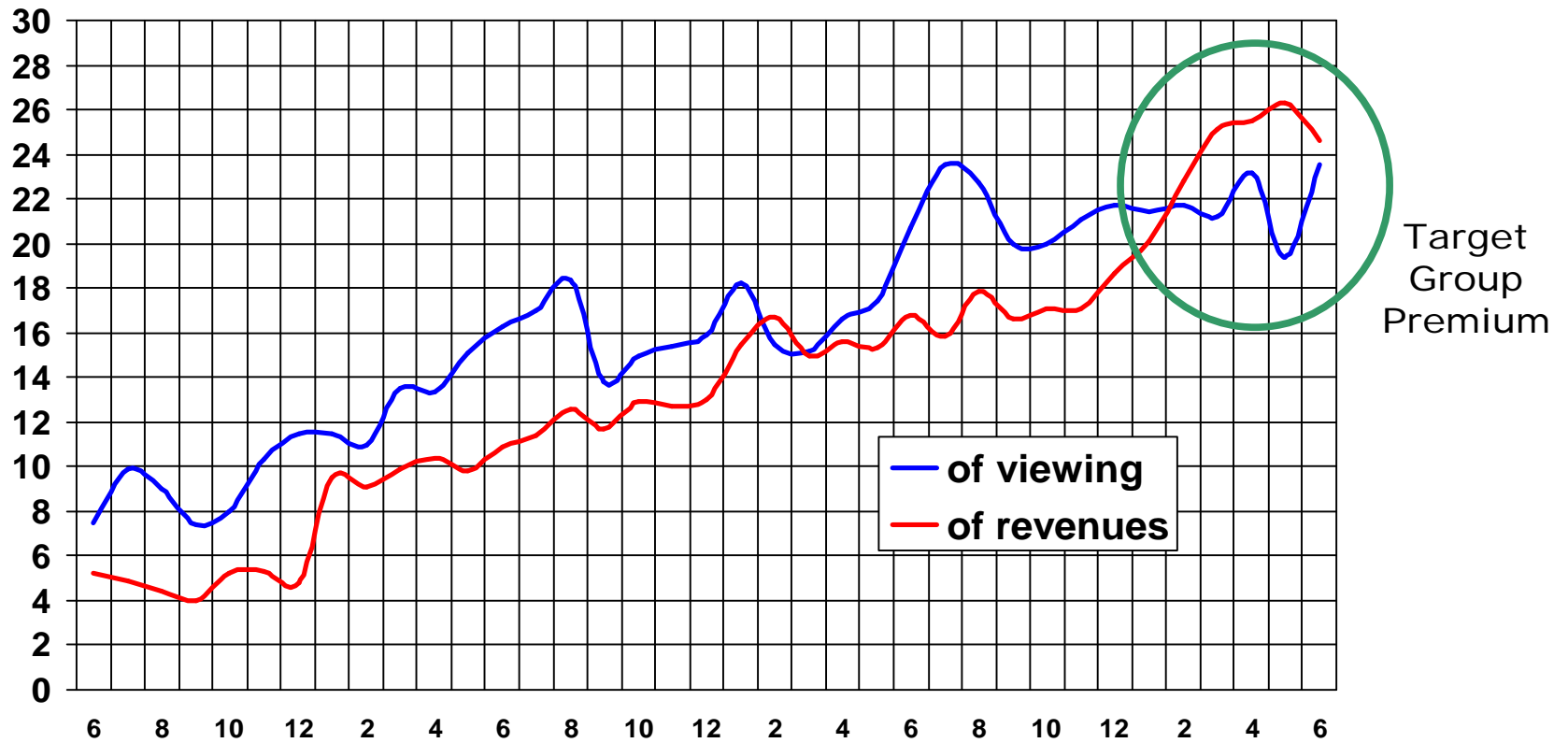
Source: Gallup-Mainostieto



Electronic Media

Nelonen's Market Share

Commercial Viewing and Advertising Sales, %



Sources: Finnpanel, Gallup-Mainostieto



Electronic Media

Cable Television

Helsinki Television

Helsinki Television

Statistics as of 31.07.2000

- 206,000 connected households
 - additional 4,000 contracted, growth 4-5,000 / year
- 160,000 digital & interactive connections
 - all connections digital before end of 2000
- 6,100 cable modem customers
 - commercial test soon followed by commercial launch
 - international reports estimate 20%+ penetration levels
- Digital set-top-boxes in spring 2001
 - new digital television services
 - additional users for broadband Internet



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Four Levels of Cable-TV Internet

Fast (1 Mb/s) connection to the Internet

- Always on-line, no connection time, push technology
- Does not occupy phone lines, fixed charges

② Services enabled by transmission speed

- Fast downloading (graphics, programs, games, music, ...)
- Video on Demand (news, trailers, advertising,...)

Community portal

- Targeted at households in the Greater Helsinki area
- Content provided by SanomaWSOY and others

④ Digital television set-top-boxes

- Large capacity compared to terrestrial television
- Return path through cable network



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Wireless Services

2ndhead

Underlying Trends in Wireless Communications

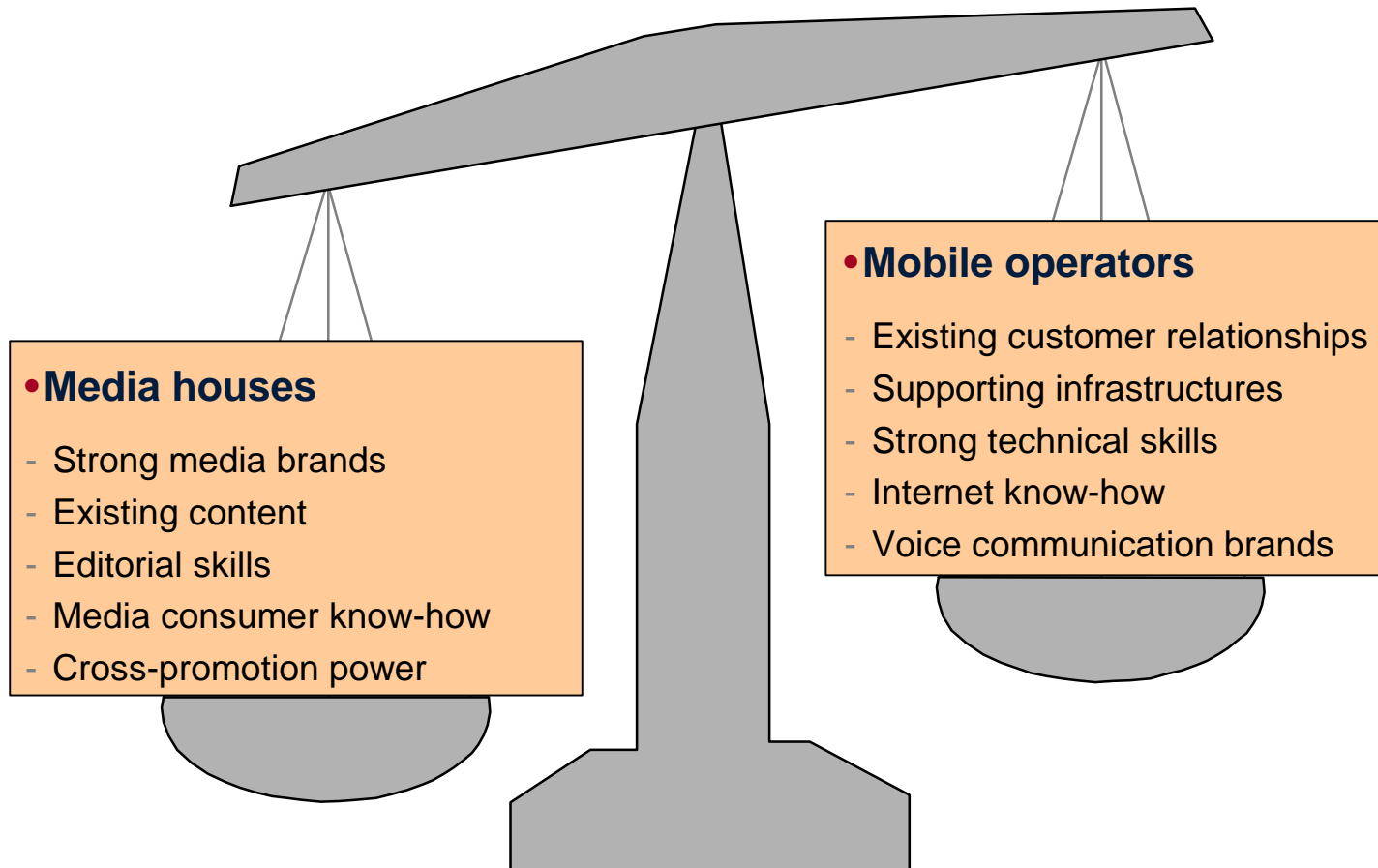
- Open standards allow easier utilization of mobile networks
- Content and transmission are becoming separated from each other
- Services are becoming increasingly sophisticated, requiring editorial skills
- Ready-to-use technical platforms are commonly available



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Media Houses' Key Assets

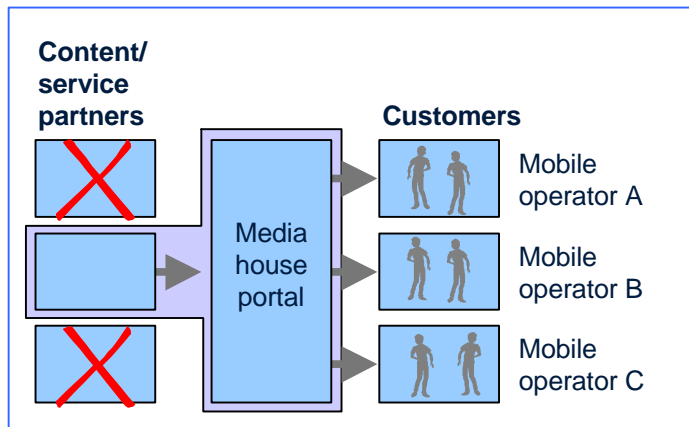
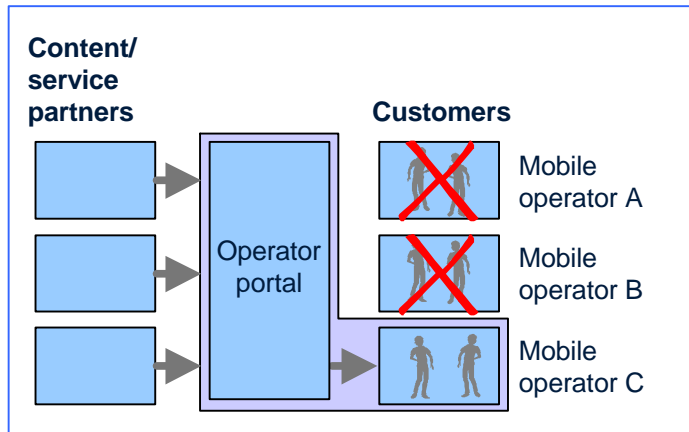


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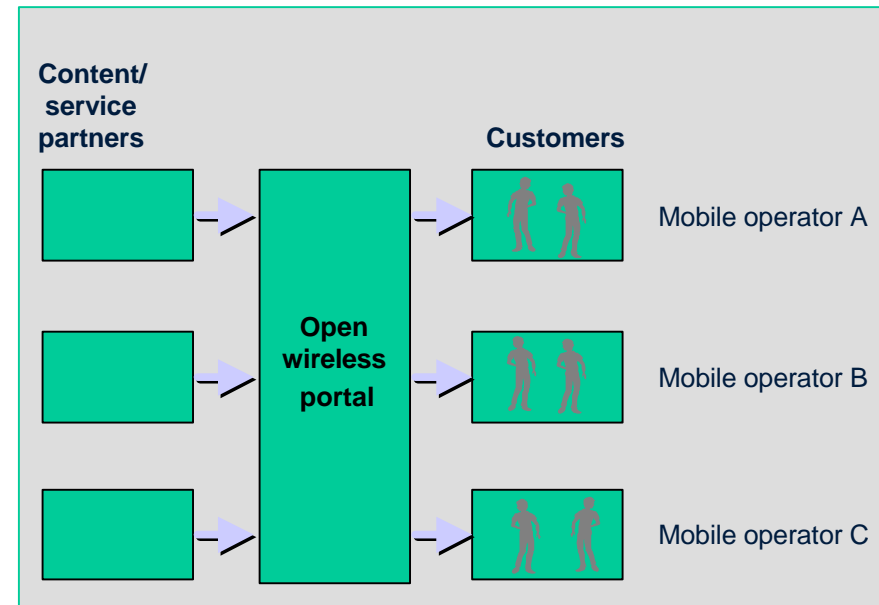
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2ndhead is an Open Portal

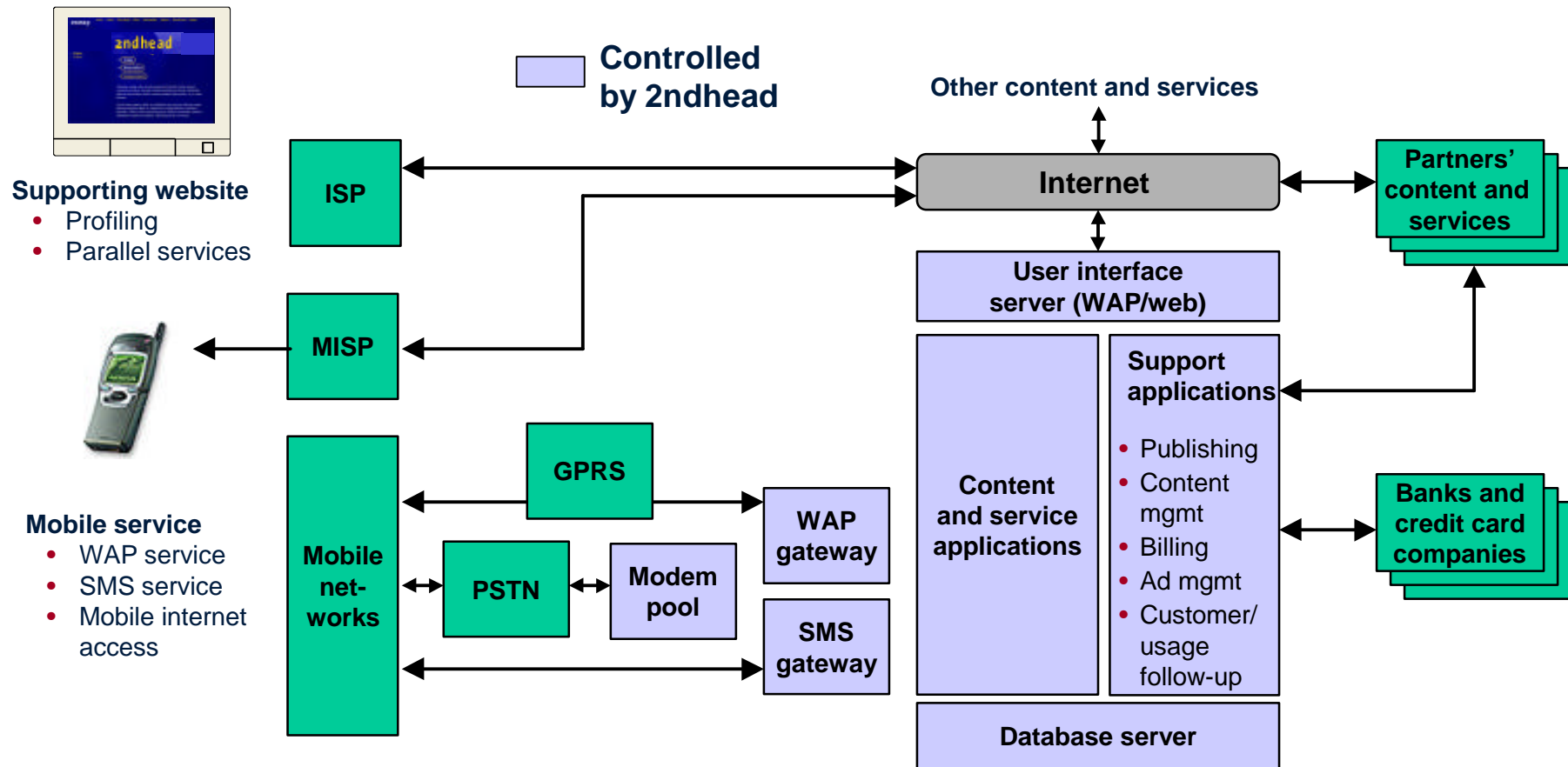
Closed portals



Open portal



2ndhead Operational Platform



2ndhead Progress

- Project started on March 6, 2000
- Commercial launch on June 16, 2000
- 5.300 registered users on August 27, 2000
 - + 3,000 during the previous 30 days
 - + 2,200 during the previous 7 days
- Version 2.0 launch in October 2000
- Version 3.0 launch in January 2001



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Digital Terrestrial Television

Multiplex C:
Channel Four Finland
Movie Channel



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Why Digital Television?

- Moving from analogue to digital technology
 - Frequency allocation: **compression (1:4), statistical multiplexing**
 - Enhanced features: **electronic program guide, super-teletext**
- New services for all television households
 - Thematic channels: **news, sports, education, culture, ...**
 - Pay television: **movies, sports, premium entertainment,...**
- New platform for electronic services
 - Data broadcasting: **supporting material, internet pages, PC programs, ...**
 - Interactive services: **interactive advertising, e-mail, Internet,...**

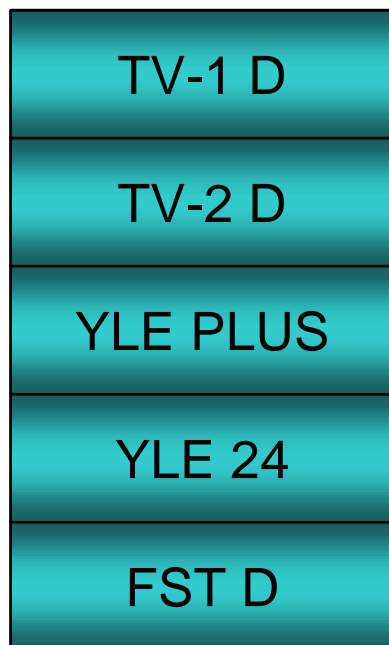


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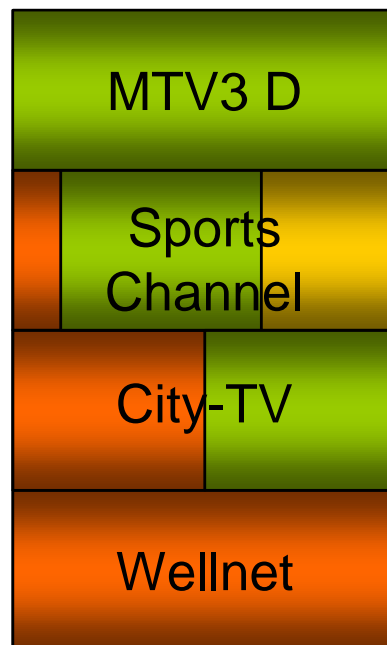
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DTT Licenses

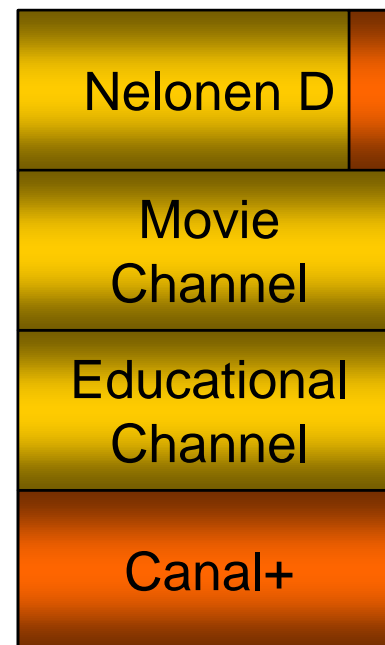
Multiplex A:
Yleisradio



Multiplex B:
Alma Media



Multiplex C:
SanomaWSOY

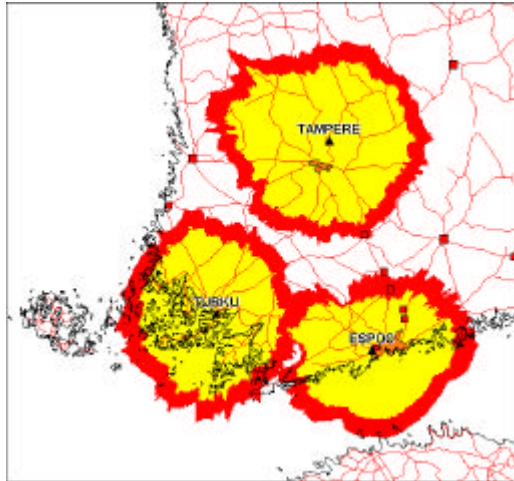


 Yleisradio  Alma Media  SanomaWSOY  others



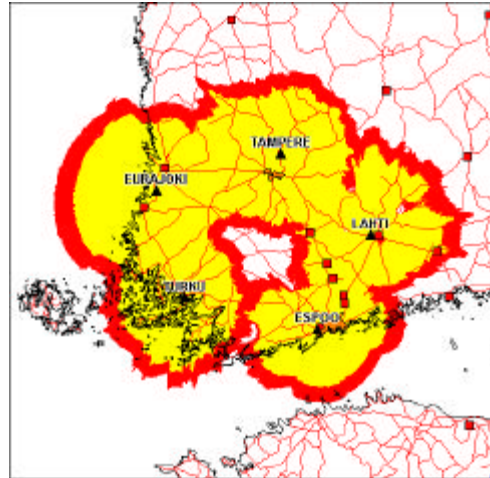
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DTT Transmission Network



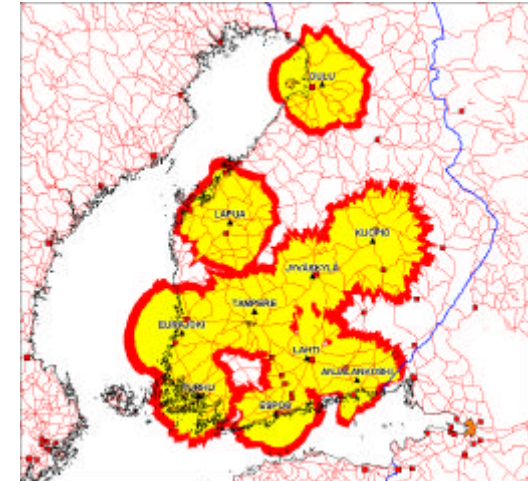
01.09.2000

- 3 stations
- 2 multiplexes
- 39 % reach



31.12.2000

- 5 stations
- 2 multiplexes
- 50 % reach
- 3 mux'es 01.04.2001

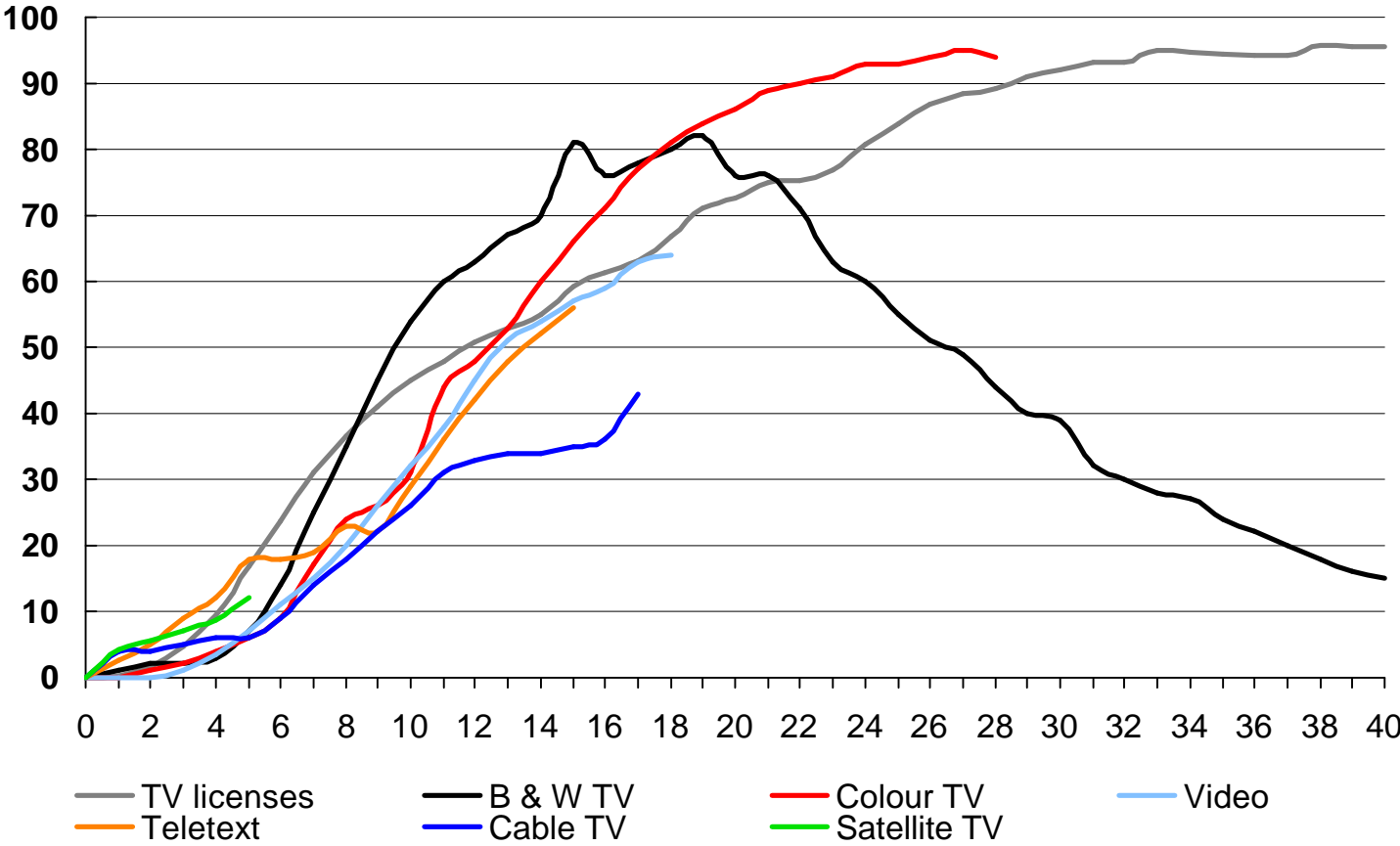


31.12.2001

- 10 stations
- 3 multiplexes
- 70 % reach

Source: Digita

Television Penetration

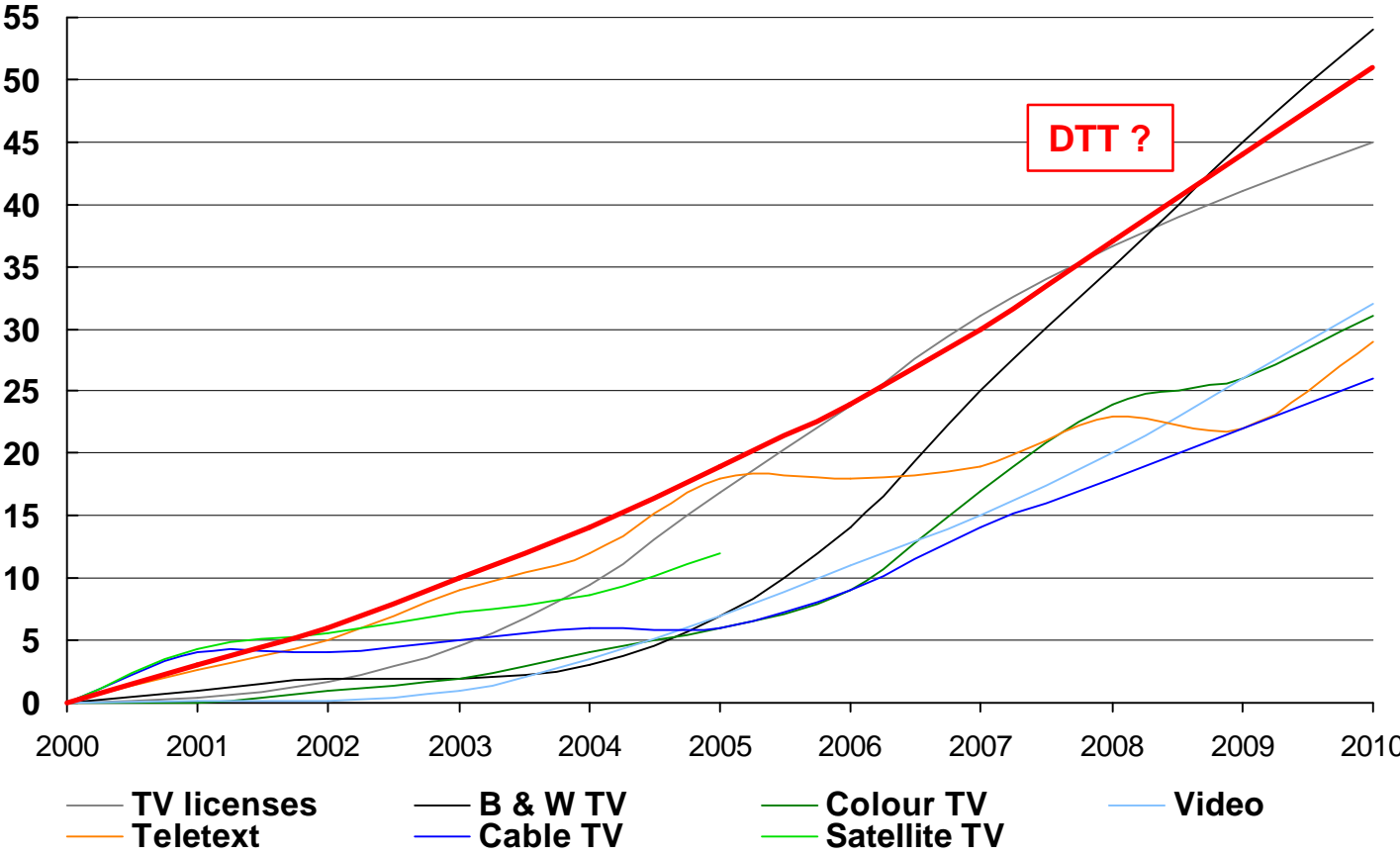


Source: Yleisradio



Electronic Media

Television Penetration



Source: Yleisradio



Electronic Media

DTT for SanomaWSOY

- **More effective distribution for Nelonen**
 - Simulcasting with practically no additional cost
 - 100% technical reach at lower transmission cost
- **New revenue source: pay television**
 - Pay television experience since 1978
 - Significantly less critical to penetration development
- **New platform for our content**
 - Electronic program guide, super-teletext
 - Broadcast Internet, interactive services



SanomaWSOY

Electronic Media

Internet

Virtual Portal Lumeveräjä

SanomaWSOY Internet Sites



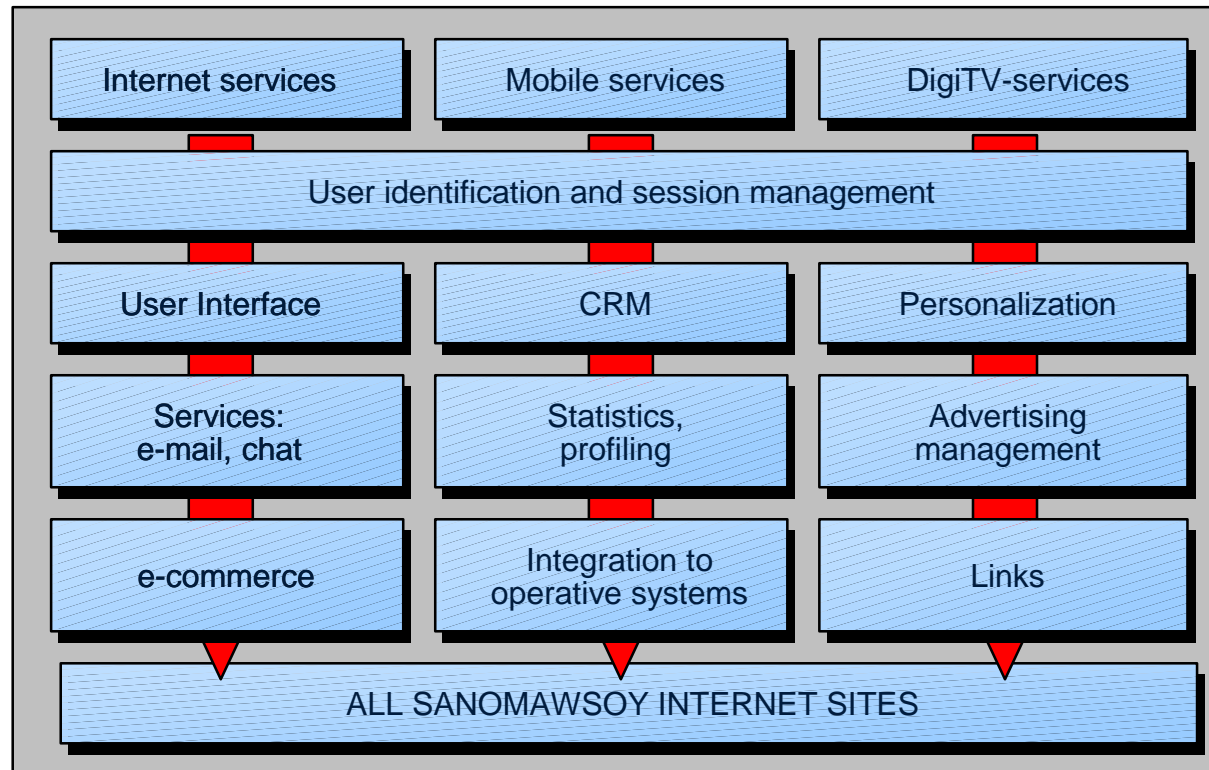
More than 70 active web sites

- News and entertainment
- Financial news
- Event calendars
- Electronic marketplaces
- Communications services
- Mapping services
- Company information
- Services for advertisers
- News databases
- Extranet services

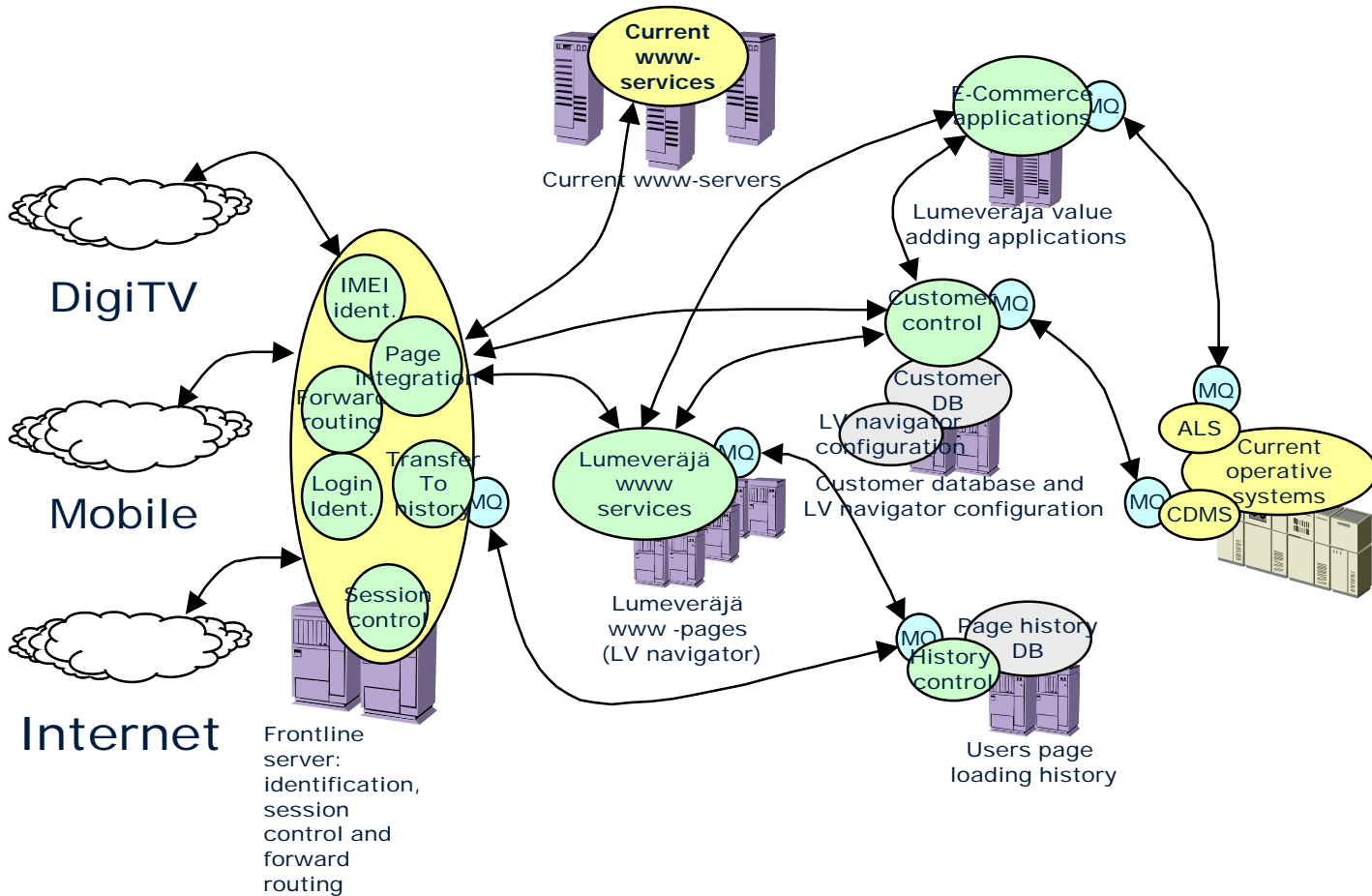


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Virtual Portal Lumeveräjä

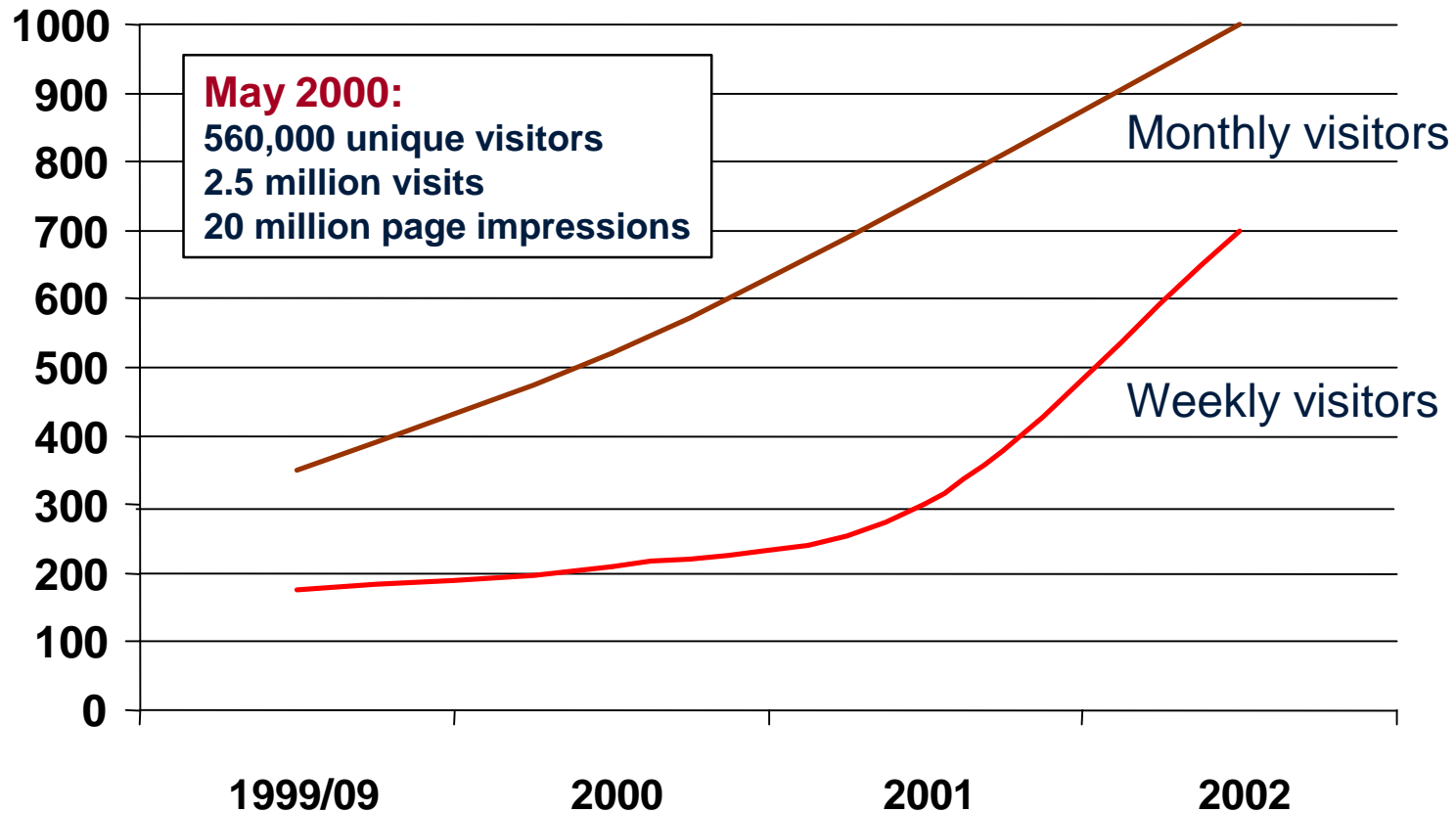


Lumeveräjä Infrastructure



SanomaWSOY Internet Users

Trend of user volumes, 1,000 users



Sources: Taloustutkimus, WebTrafficMonitor, IDC



Electronic Media

Virtual Portal Progress

04/00-08/00	Pilot case: children & juvenile sites
09/00	Pilot case in use Roll-out to next sites starts
12/00	Virtual Portal implemented at all major sites
05/01	Entire Virtual Portal system in use



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Conclusion

The Leading Electronic Media Operator

Digital
Cable
Television

Virtual
Internet
Portal

Open
Wireless
Portal

Digital
Terrestrial
Television

Four Strong Digital Platforms

SanomaWSOY strengths

Content &
Editorial Skills

Media
Business
Know-how

Cross
Promotion
Power

Financial
Resources



Electronic Media