



## **Full-year result 2004**

**Hannu Syrjänen**

President

10 February 2005

# SanomaWSOY European media group

-  Sanoma Magazines
-  Sanoma
-  WSOY
-  SWelcom
-  Rautakirja



Russia and Ukraine subject to closing of the Independent Media acquisition

Esmerk, part of Sanoma, has operations in 9 countries including UK.

Y: Kalvot\_HS/HS05/result2004

# 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

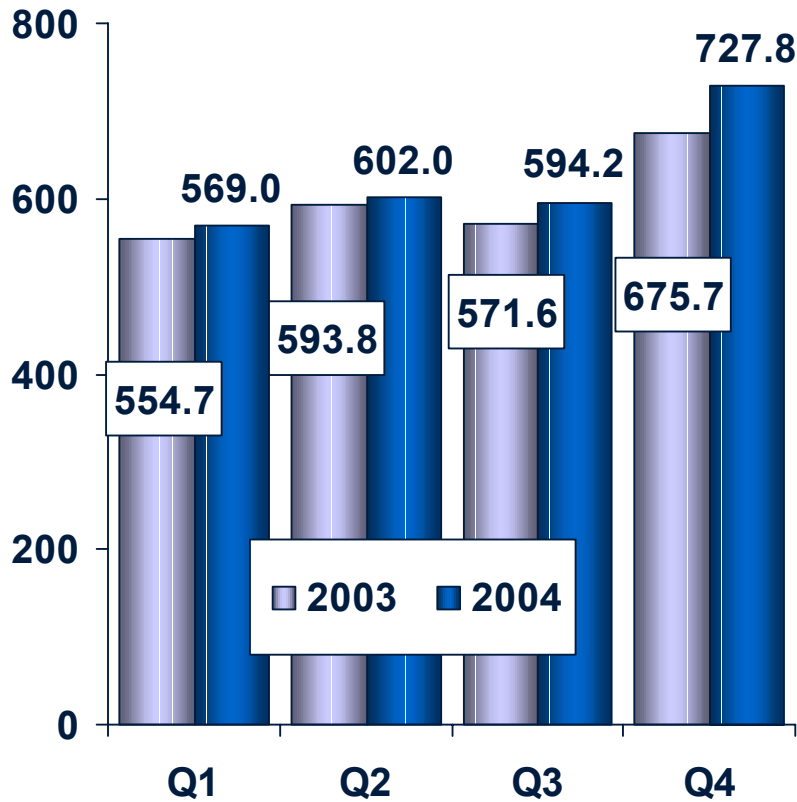
## Focusing on core business

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

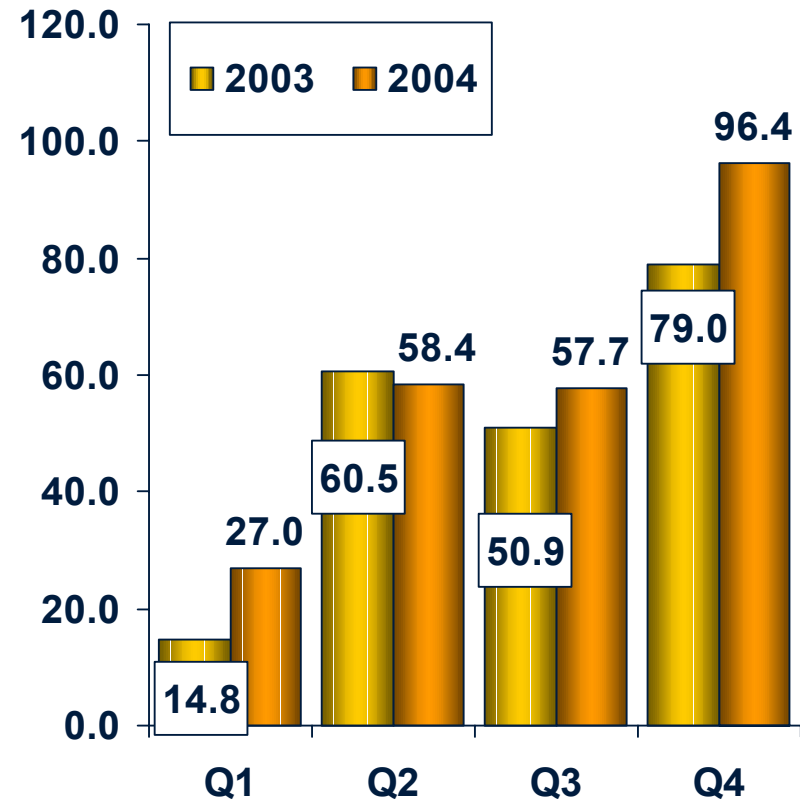


# SanomaWSOY Group

## Net sales, € million



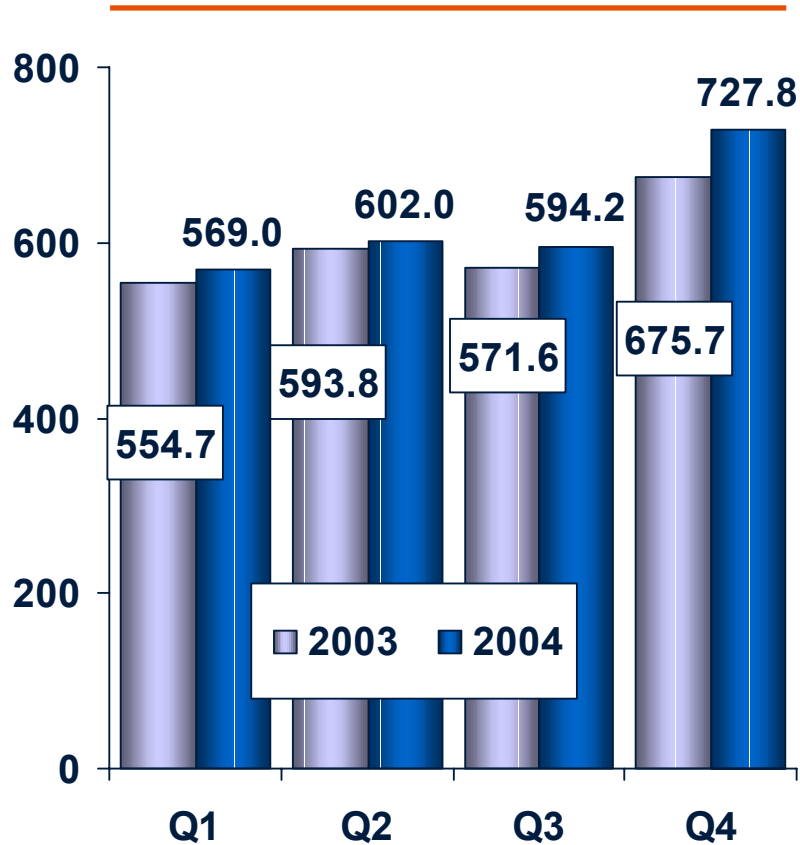
## EBIT, € million



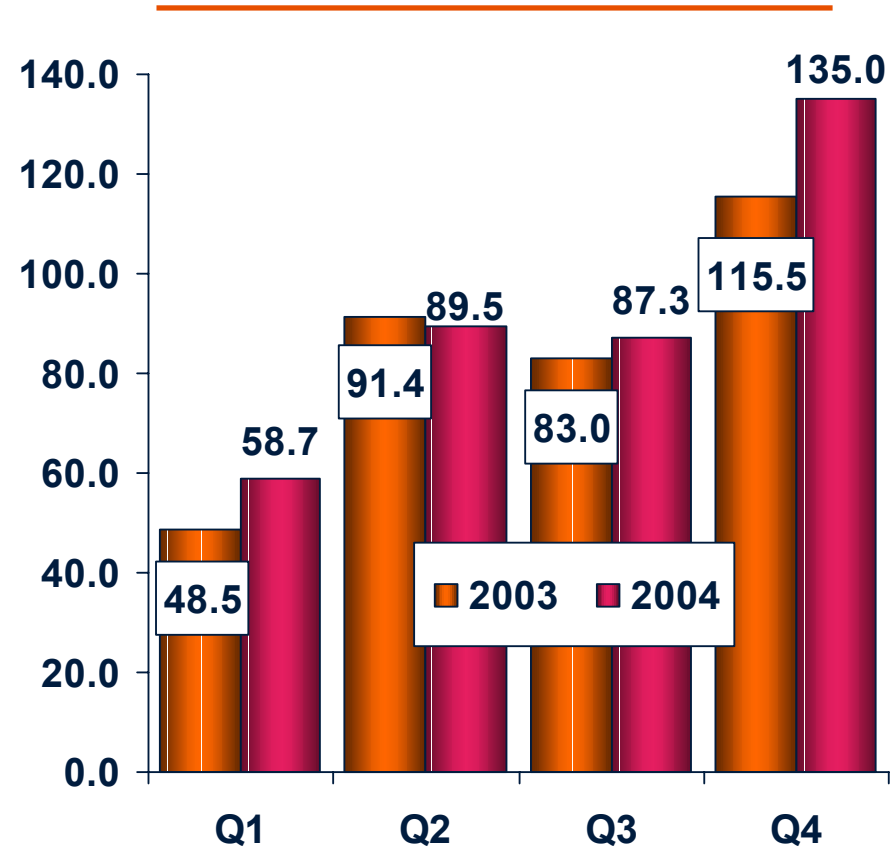
Y: Kalvot\_HS/HS05/result2004

# SanomaWSOY Group

## Net sales, € million



## EBITA\*, milj. €



Y: Kalvot\_HS/HS05/result2004

# 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

Y: Kalvot\_HS/HS05/result2004

# 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

Y: Kalvot\_HS/HS05/result2004

# 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

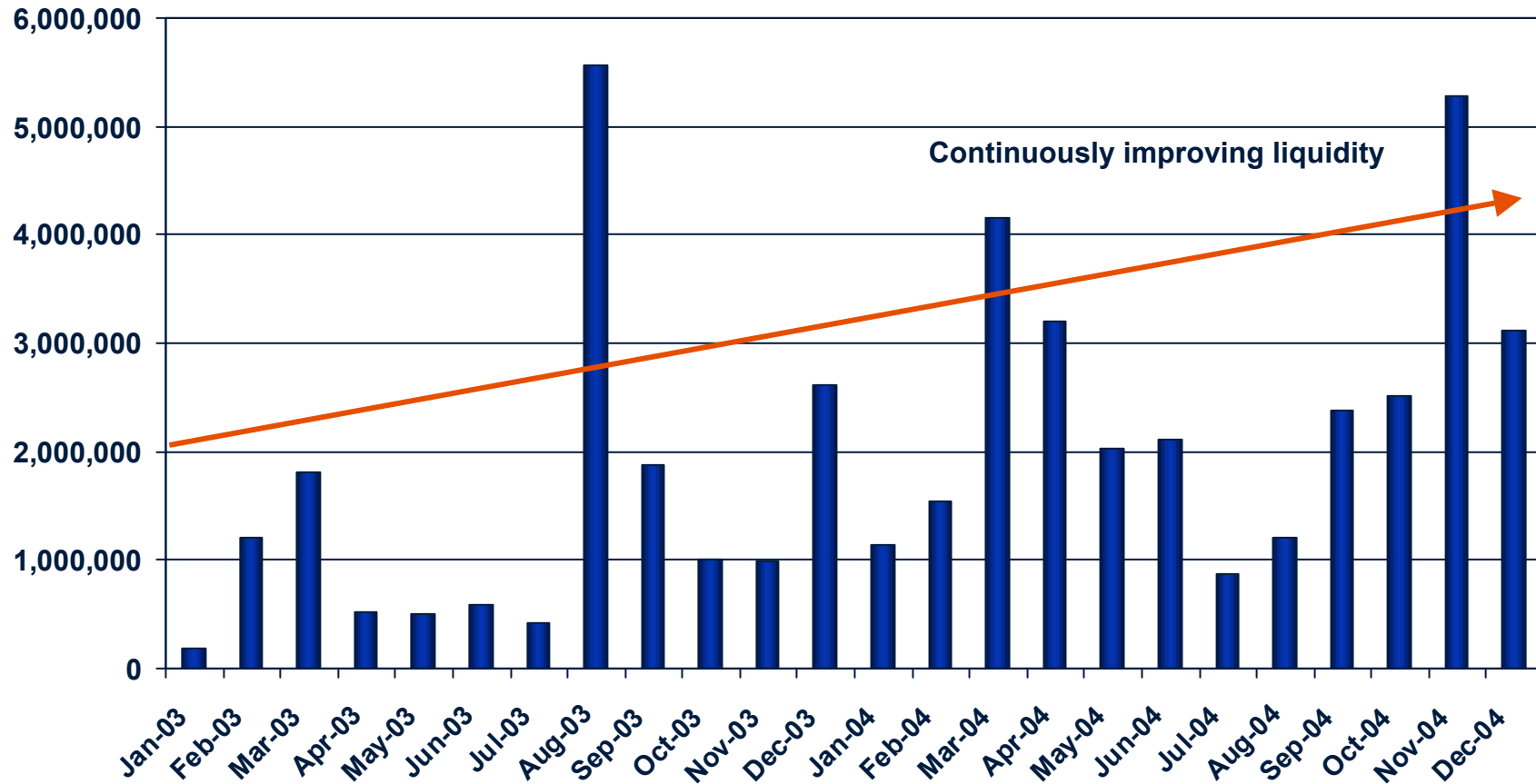
\* Incl. capital notes  
 \*\* Proposal to  
 AGM  
 \*\*\* Average  
 \*\*\*\* Full-time  
 equivalents

Y: Kalvot\_HS/HS05/result2004



# SanomaWSOY's liquidity

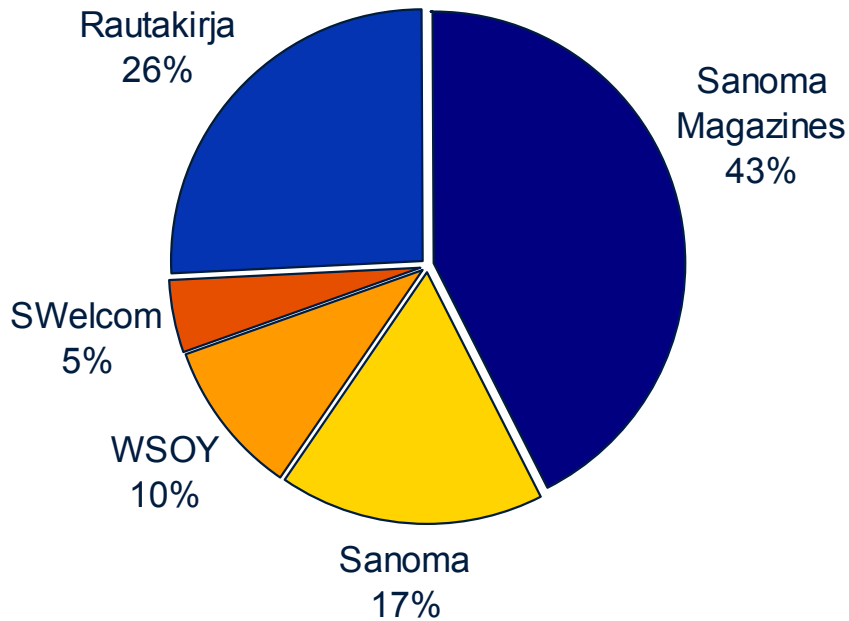
## Series B share, monthly trading



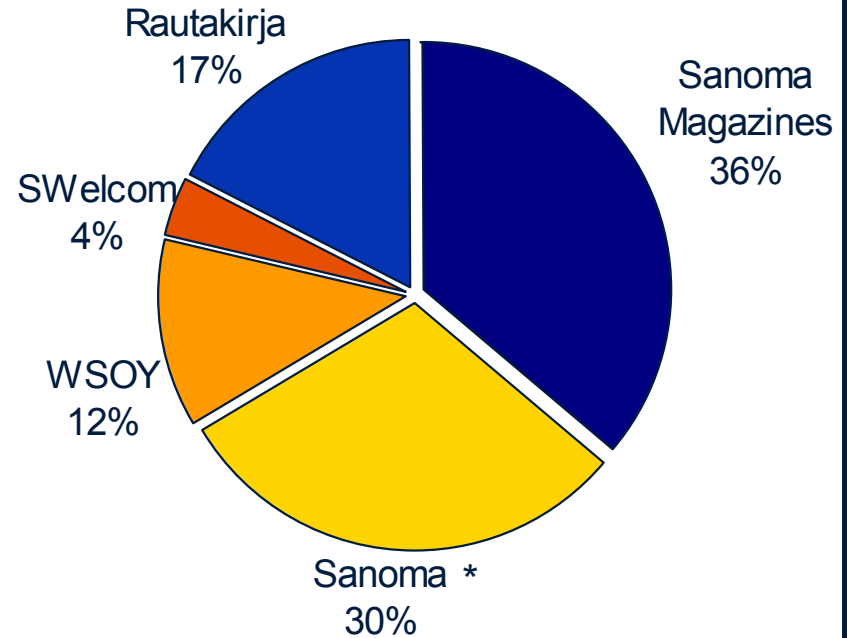
Y: Kalvot\_HS/HS05/result2004

# 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

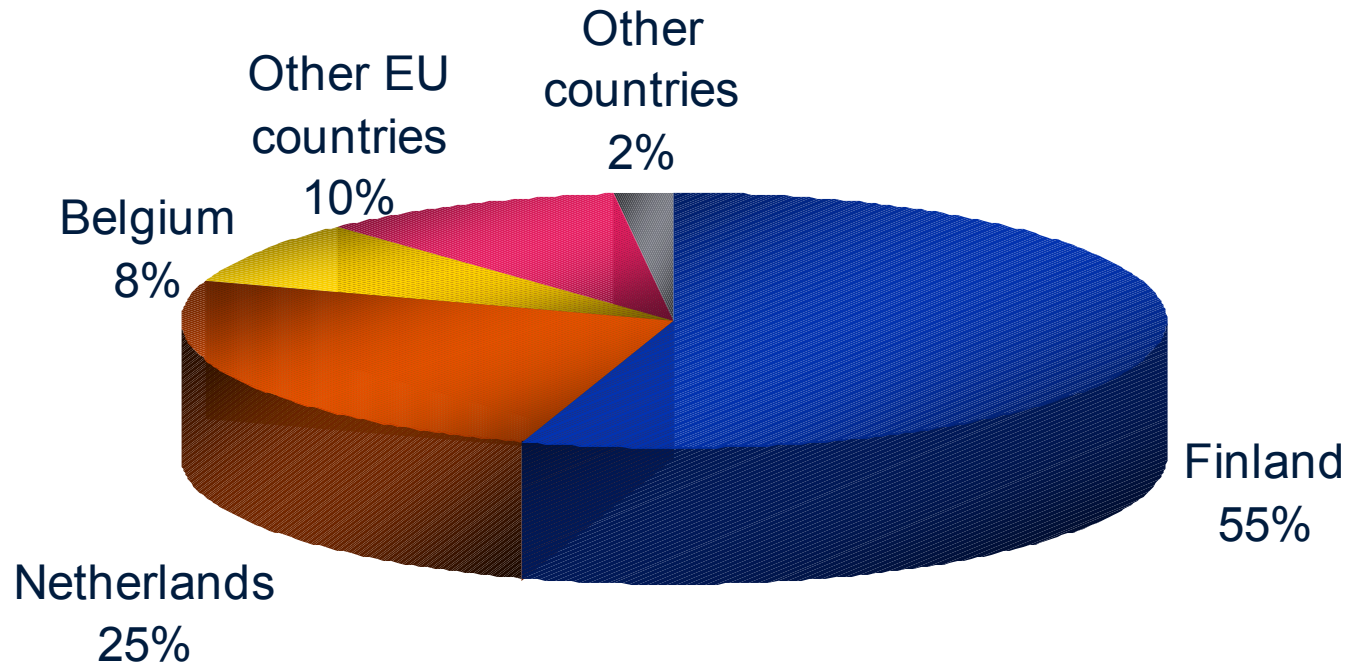
Intracompany eliminations excluded

Y: Kalvot\_HS/HS05/result2004

# Net sales

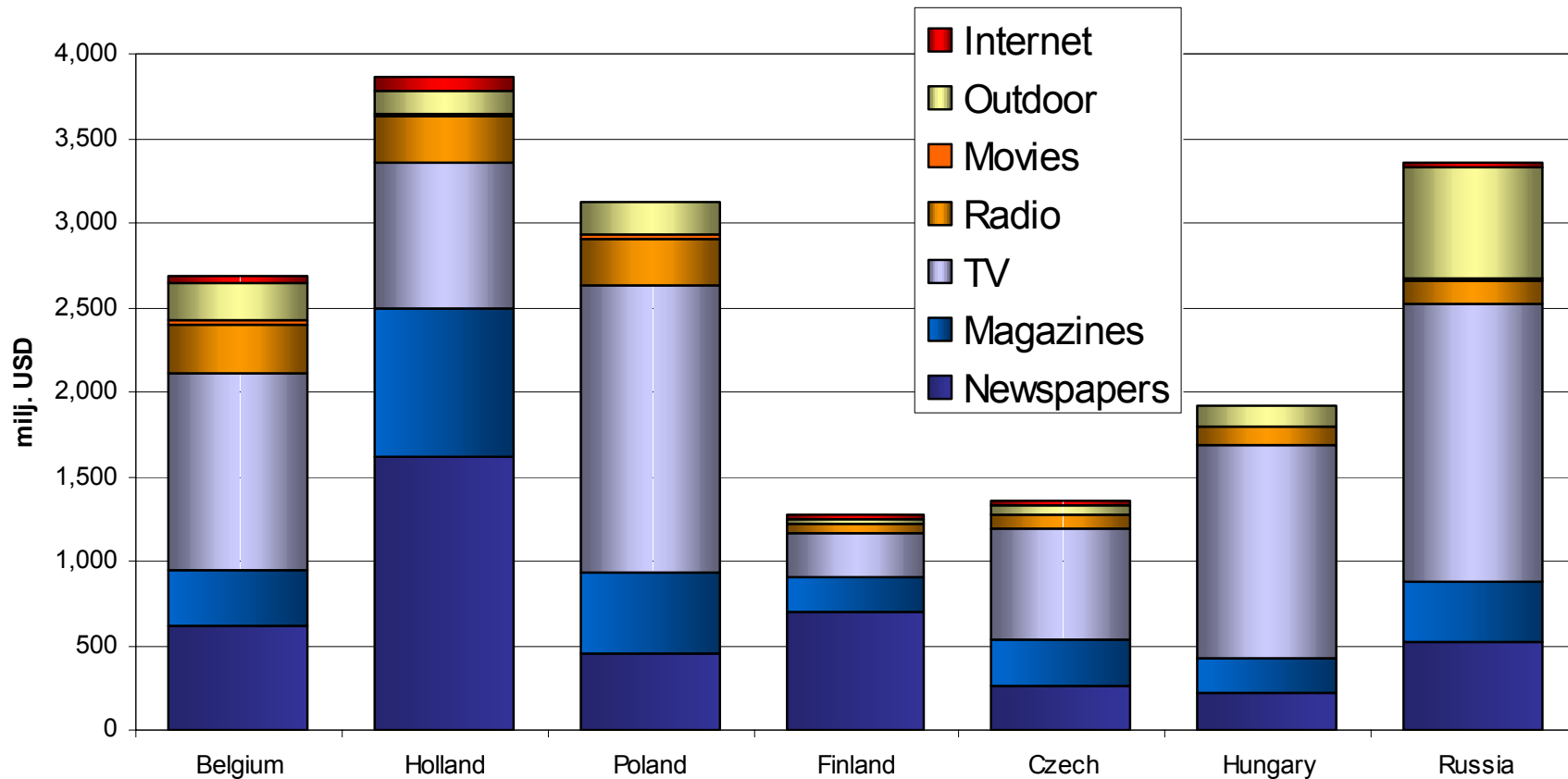
## by geographical areas

Net sales 2004: € 2,493 million



# Advertising market in Europe

2004, USD million



Source: ZenithOptimedia, 2004

Y: Kalvot\_HS/HS05/result2004

# Advertising Sales

## in Finland 1/2

€ 1,000	1–12/2004	Change-%
<b>NEWSPAPERS</b>	<b>580,564</b>	<b>5.8</b>
<i>Newspapers</i>	<i>514,188</i>	<i>5.5</i>
Aamulehti	41,991	4.5
<b>Helsingin Sanomat</b>	<b>147,393</b>	<b>2.8</b>
<b>Ilta-Sanomat &amp; Plussa &amp; TV</b>	<b>14,470</b>	<b>8.0</b>
Iltalehti	9,786	-6.2
Kauppalehti & Presso	15,866	4.0
<b>Taloussanomat &amp; TS-ITViikko</b>	<b>4,051</b>	<b>18.7</b>
Turun Sanomat	38,263	5.0
<i>Local papers and free sheets</i>	<i>66,376</i>	<i>8.4</i>
<b>KÄRKIMEDIA*</b>	<b>114,586</b>	<b>12.2</b>

Source:  
TNS Gallup Adex

\* Kärkimedia

Y: Kalvot\_HS/HS05/result2004

# Advertising Sales

## in Finland 2/2

€ 1,000	1–12/2004	Change-%
<b>MAGAZINES</b>	<b>137,985</b>	<b>4.0</b>
<b>TELEVISION</b>	<b>226,498</b>	<b>9.5</b>
<b>RADIO</b>	<b>40,476</b>	<b>-2.1</b>
<b>OUTDOOR</b>	<b>32,829</b>	<b>6.5</b>
<b>CINEMA</b>	<b>1,971</b>	<b>-8.3</b>
<b>INTERNET</b>	<b>15,202</b>	<b>35.7</b>
<b>Advertising sales revenue, total</b>	<b>1,035,526</b>	<b>6.3</b>

Source:  
TNS Gallup Adex

Y: Kalvot\_HS/HS05/result2004

# SanomaWSOY's advertising sales

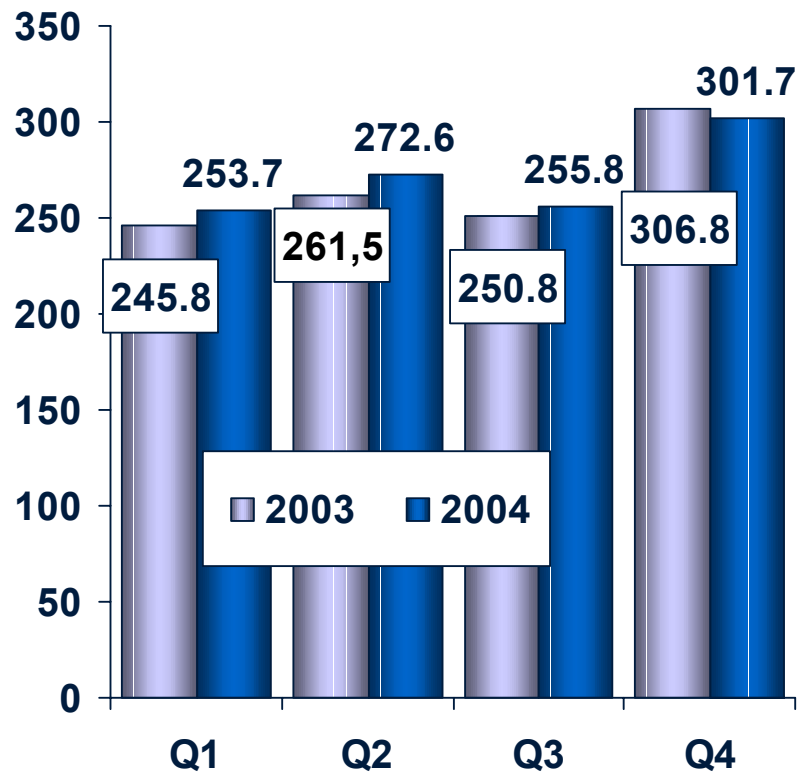
## % of net sales

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

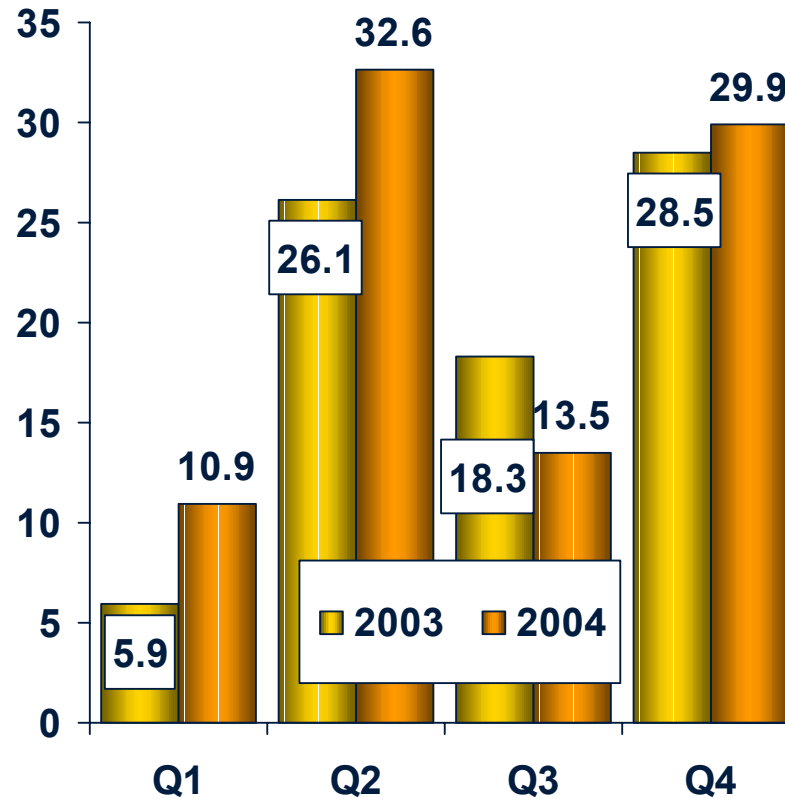
Y: Kalvot\_HS/HS05/result2004

# Sanoma Magazines

## Net sales, € million



## EBIT, € million



Y: Kalvot\_HS/HS05/result2004



# Sanoma Magazines

## 1-12/2004

17

€ million	NET SALES		EBITA	
	1-12/2004	1-12/2003	1-12/2004	1-12/2003
Sanoma Uitgevers	<b>528.8</b>	540.6	<b>106.4</b>	105.1
Sanoma Magazines Belgium	<b>186.0</b>	182.1	<b>18.4</b>	17.7
Sanoma Magazines Finland	<b>174.8</b>	167.9	<b>27.0</b>	25.4
Sanoma Magazines International	<b>138.3</b>	127.2	<b>9.1</b>	13.4
Aldipress	<b>115.7</b>	109.3	<b>2.3</b>	-1.2
Intracompany eliminations	<b>-59.8</b>	-62.3	<b>-1.2</b>	-1.1
<b>Total</b>	<b>1,083.7</b>	1,064.8	<b>162.0</b>	159.1
EBIT			<b>86.9</b>	78.8
EBIT excluding major non-recurring gains			<b>84.5</b>	78.8
Gross investments	<b>19.8</b>	18.4		
Personnel on average *	<b>3,992</b>	3,879		

\* Full-time equivalents

Y: Kalvot\_HS/HS05/result2004

# Sanoma Magazines

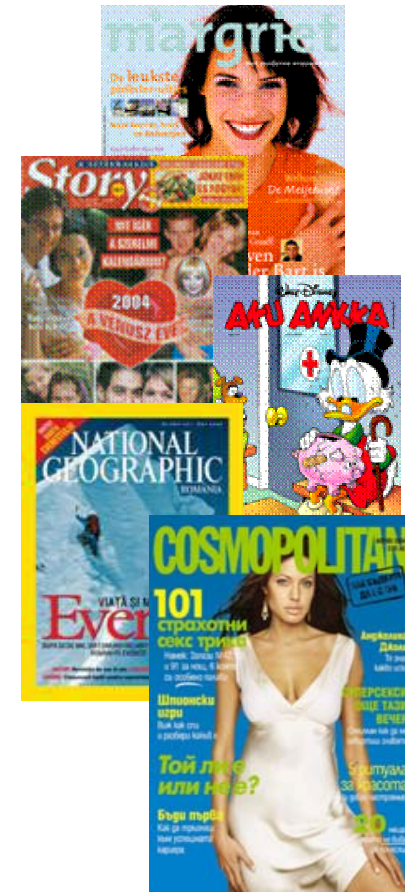
## Key developments

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

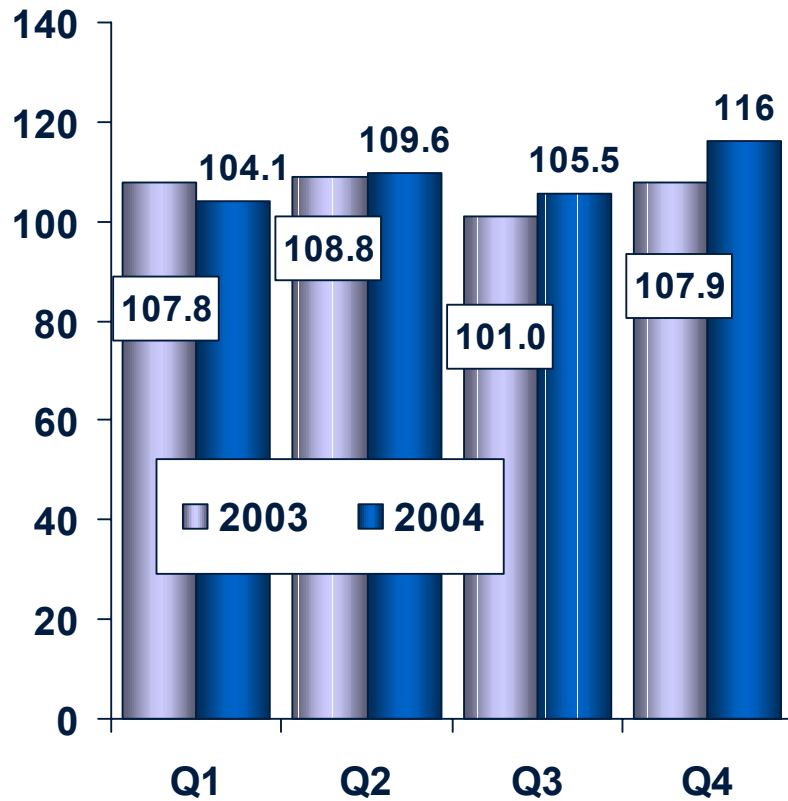
- Operating countries Russia and Ukraine
  - 31 magazines of which 11 licensed
  - 3 newspapers
- Estimated net sales\* 2004 EUR 70 million, SanomaWSOY's share EUR 47 million\*\*
- Enterprise value some EUR 142 million
- **Clear market leader** in Russian magazine market
- **Huge markets**
- Competition authorities have approved the acquisition
- The acquisition is subject to approval of certain licensors regarding the continuation of the respective license agreements



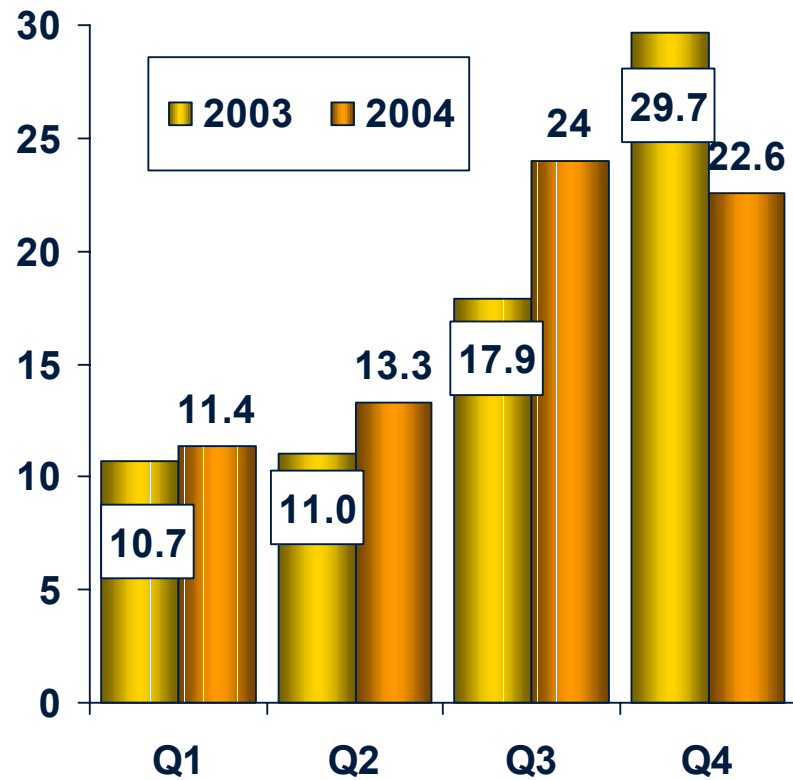
\* incl. sales of 50/50 joint ventures incl. share of associated companies  
 \*\*Pro forma consolidated share

# Sanoma

## Net sales, € million



## EBIT\*, € million



\* Operating profit; includes a share of Rautakirja's result until 1 March 2003

Y: Kalvot\_HS/HS05/result2004

# Sanoma

## 1-12/2004

€ million	NET SALES		EBITA	
	1-12/2004	1-12/2003	1-12/2004	1-12/2003
Helsingin Sanomat	<b>250.8</b>	243.7	<b>41.0</b>	30.4
IS Business Unit	<b>95.2</b>	93.6	<b>17.1</b>	17.5
Sanoma Lehtimedia	<b>54.0</b>	52.7	<b>9.5</b>	8.1
Others	<b>133.7</b>	176.3	<b>10.4</b>	21.4
Intracompany eliminations	<b>-98.5</b>	-140.8		
<b>Total</b>	<b>435.2</b>	425.5	<b>78.0</b>	77.5
EBIT			<b>71.2</b>	69.4
EBIT excluding major non-recurring gains			<b>59.9</b>	43.7
Gross investments	<b>24.9</b>	29.7		
Personnel on average *	<b>2,389</b>	3,041		

\* Full-time equivalents

Y: Kalvot\_HS/HS05/result2004

# Sanoma

## Key developments

Free sheets a new growth area:

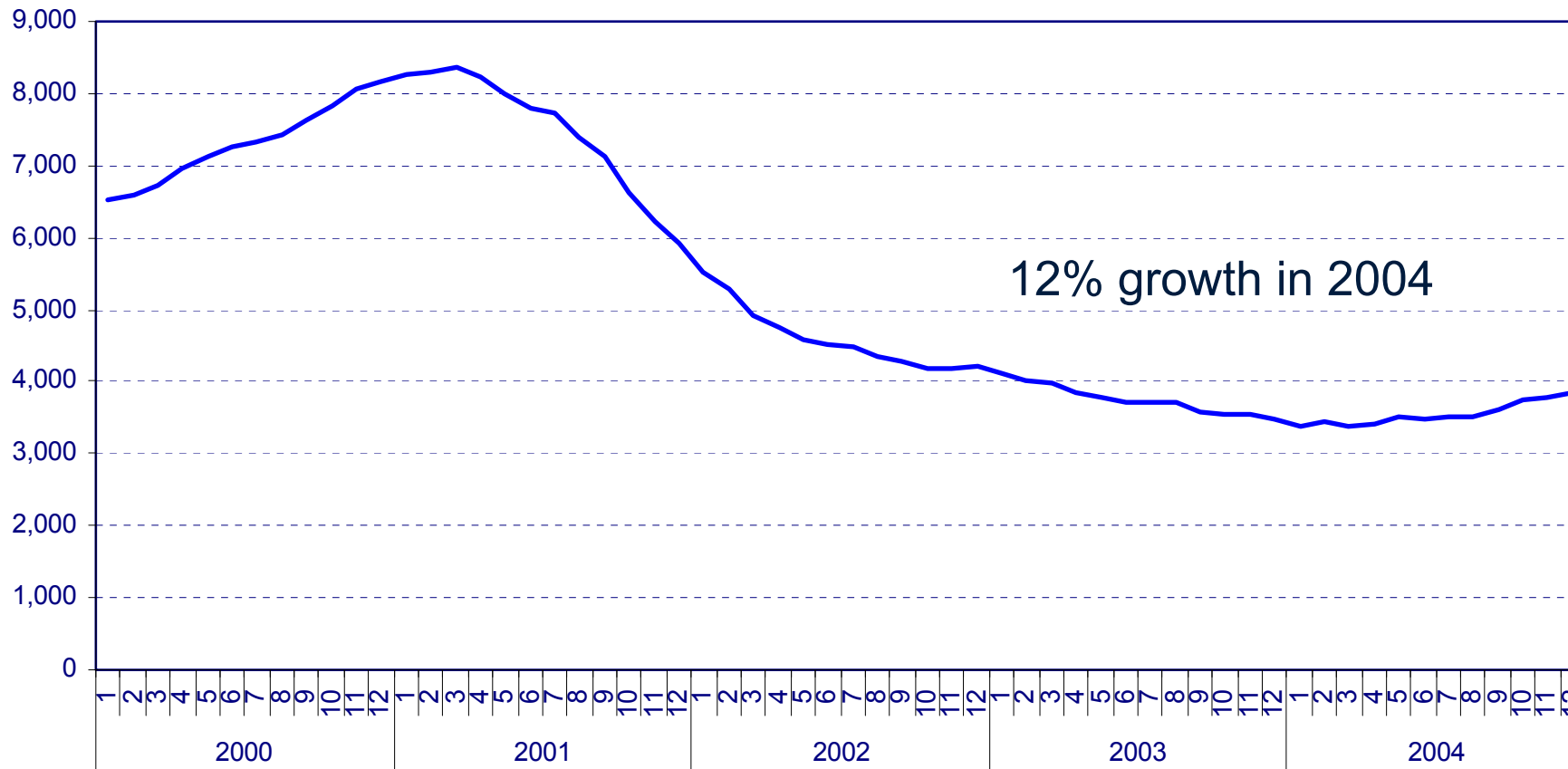
- Uutislehti 100, Kellokas, Hyvinkään Kellokas and Palvelulehti Itäväylä
- Free sheet chain to the Greater Helsinki area in 2005
- IS Urheilu-uutiset (sport news) started at Nelonen
- ITviikko and Digitoday.fi to Taloussanomat
  - Taloussanomat the biggest ICT and digital business media in Finland
-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



Y: Kalvot\_HS/HS05/result2004

# Job advertising in Helsingin Sanomat

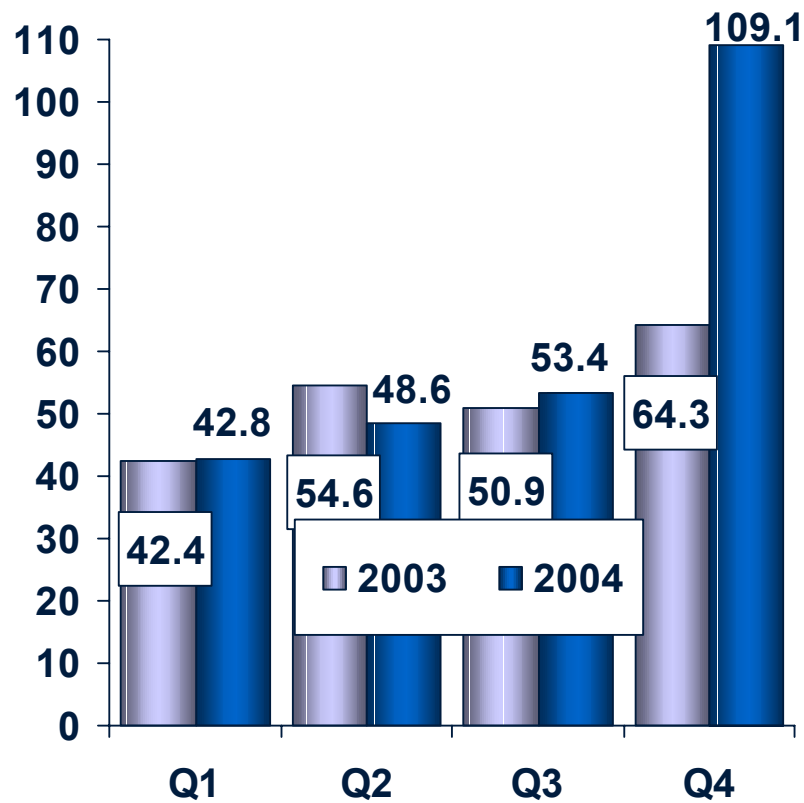
volume in 2000–2005



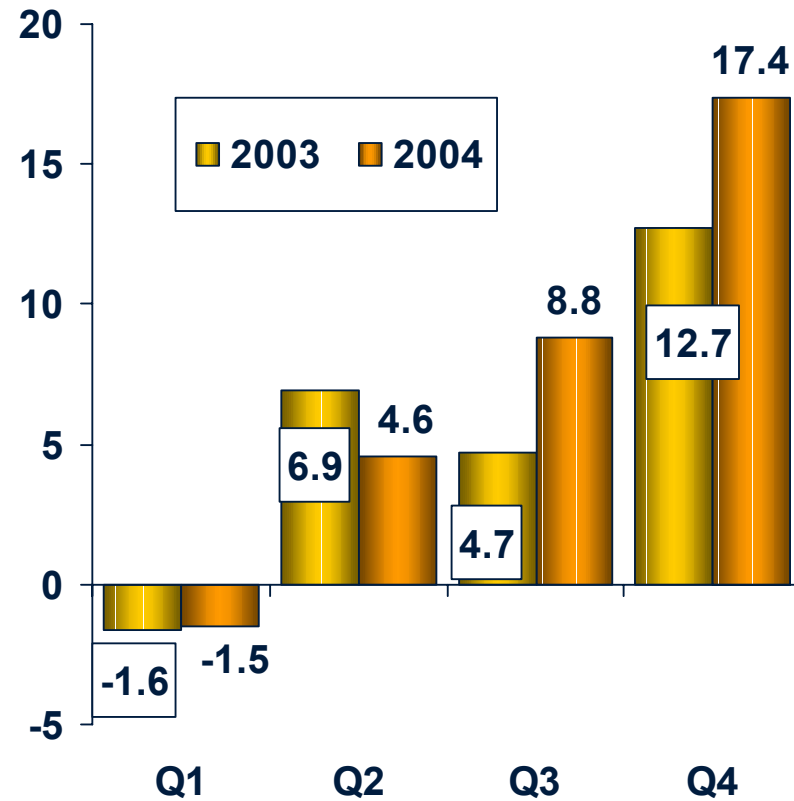
Y: Kalvot\_HS/HS05/result2004

# WSOY

## Net sales, € million



## EBIT\*, € million



Including Malmberg as of 15 July 2004

\* Operating profit; includes a share of Rautakirja's result until 1 March 2003

Y: Kalvot\_HS/HS05/result2004



# WSOY

## 1-12/2004

€ million	NET SALES		EBITA	
	1-12/2004	1-12/2003	1-12/2004	1-12/2003
Publishing	178.7	142.6	26.9	12.7
Printing	59.0	60.2	8.1	7.4
Calendar operations	30.3	32.1	0.7	1.4
Others	5.1	4.6	-0.4	5.0
Intracompany eliminations	-19.1	-27.2	2.9	1.4
<b>Total</b>	<b>253.9</b>	<b>212.2</b>	<b>38.3</b>	<b>28.0</b>
EBIT			29.2	22.6
EBIT excluding major non-recurring gains			29.2	17.2
Gross investments	197.9	8.7		
Personnel on average *	2,025	1,859		

Including  
Malmberg as of 15  
July 2004

\*Full-time  
equivalents

Y: Kalvot\_HS/HS05/result2004

# 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 Finnish novels)
- Calendar production focused in Finland and Estonia
  - Ajasto acquired 30% of Estonian OÜ Büroodisain
- Divestment of Everscreen AB

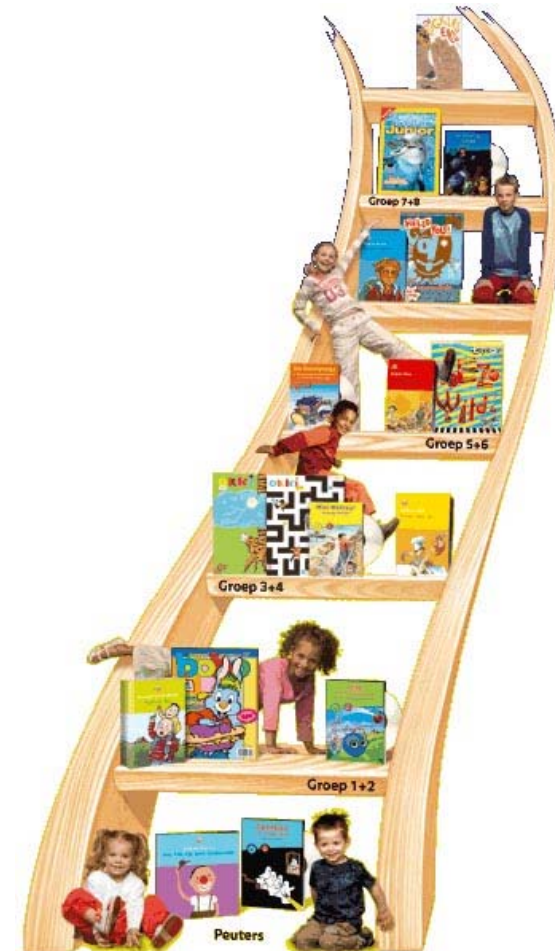


# Malmberg acquisition

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

## Status today:

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

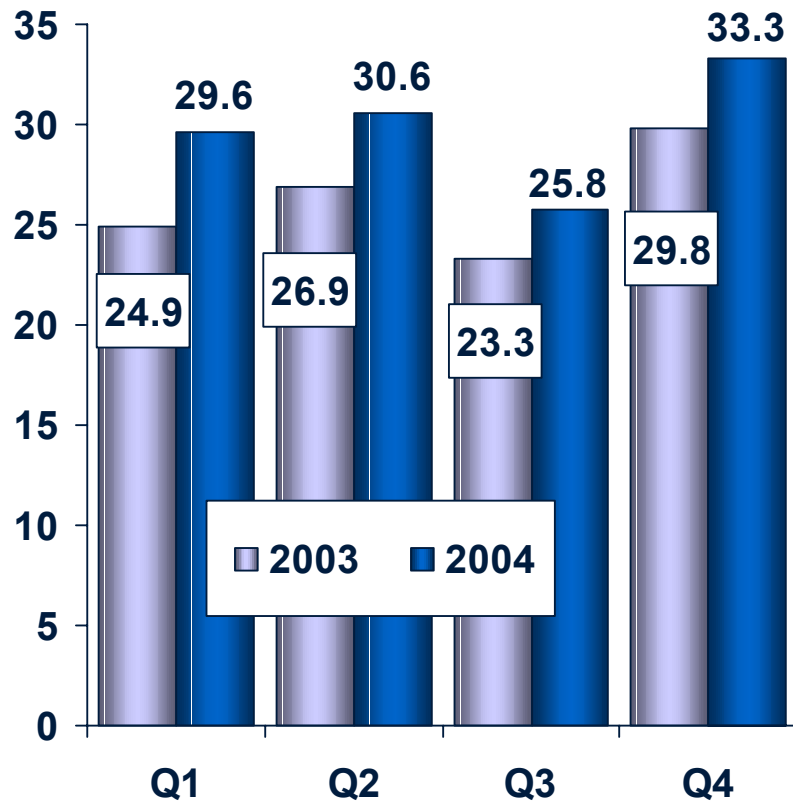


Net sales and  
personnel as of  
2003  
\* Full-time  
equivalent

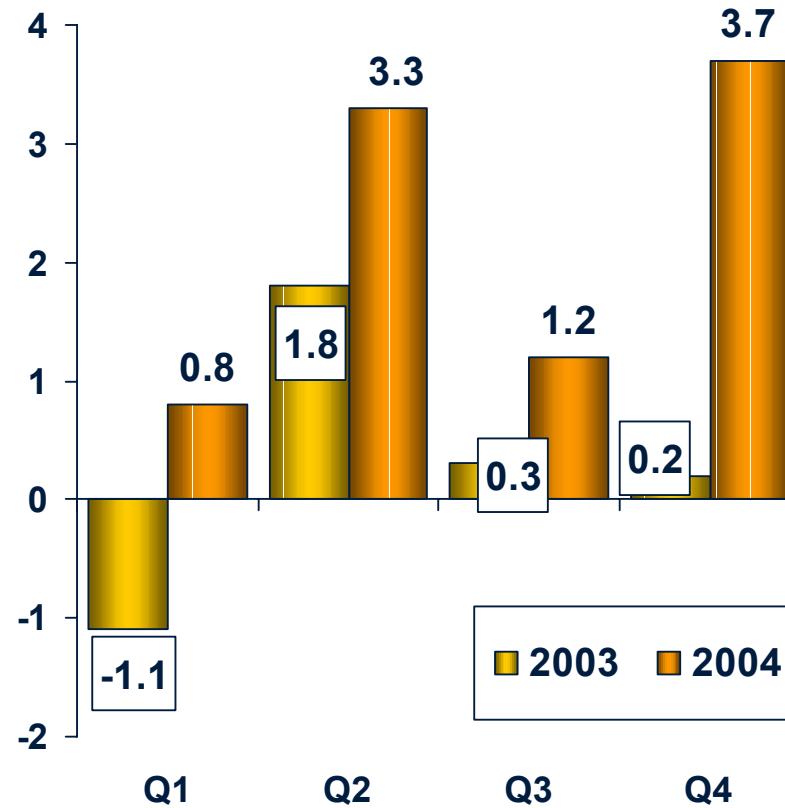
Y: Kalvot\_HS/HS05/result2004

# SWelcom

## Net sales, € million



## EBIT, € million



Y: Kalvot\_HS/HS05/result2004

# SWelcom

## 1-12/2004

29

€ million	NET SALES		EBITA	
	1-12/2004	1-12/2003	1-12/2004	1-12/2003
Nelonen	67.6	56.5	27.4	20.2
Others	53.1	50.0	11.9	9.4
Intracompany eliminations	-1.3	-1.7	0.0	0.0
<b>Total</b>	<b>119.4</b>	<b>104.9</b>	<b>39.3</b>	<b>29.6</b>
EBIT			9.0	1.2
EBIT excluding major non-recurring gains			9.0	1.2
Gross investments	10.7	8.9		
Personnel on average *	378	392		

\* Full-time equivalents

Y: Kalvot\_HS/HS05/result2004

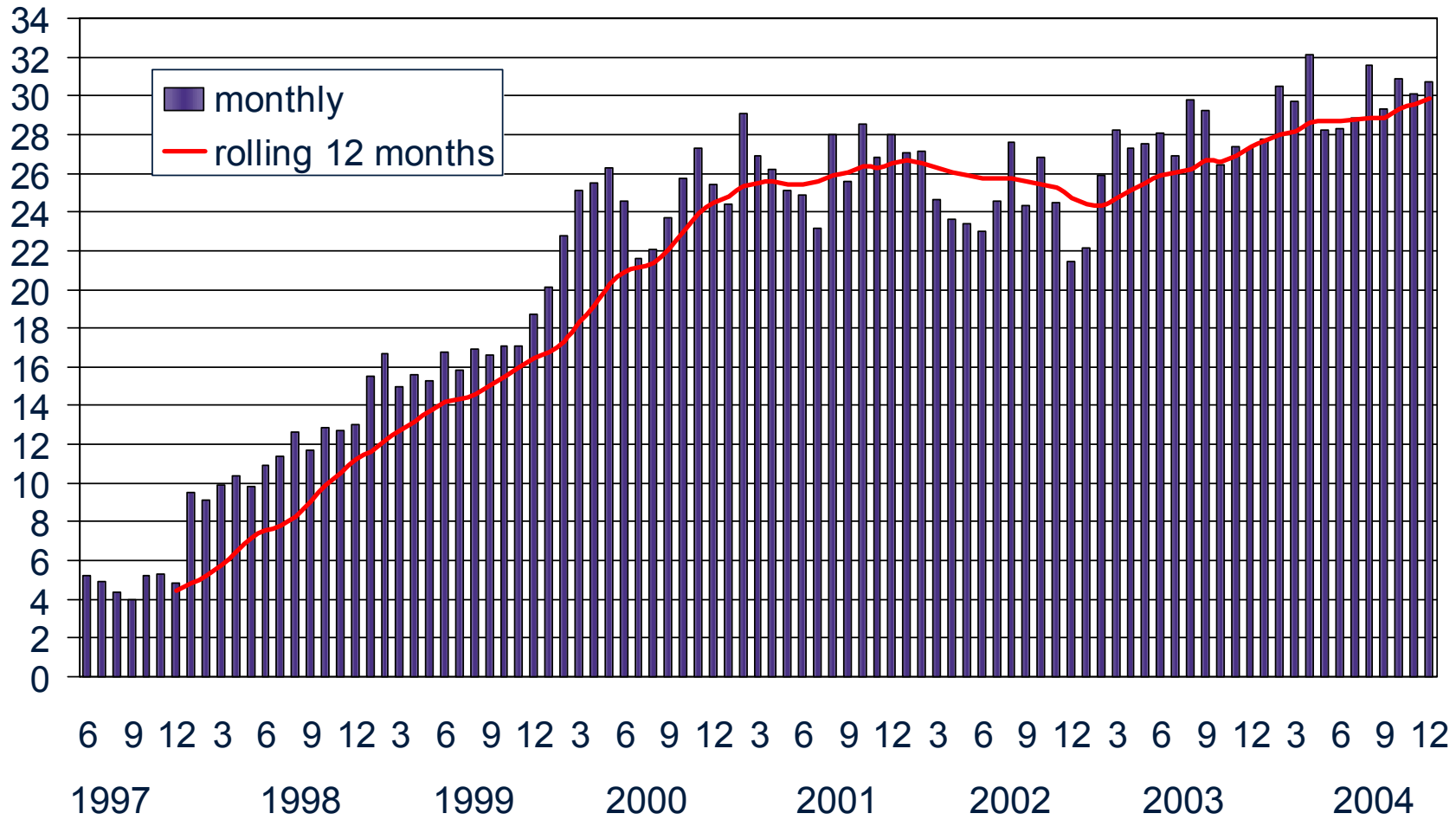
# SWelcom

## Key developments

- Nelonen (TV channel) reached 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%
- HTV's cable network connected over 23,000 new households
  - 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



# Nelonen's share of TV-advertising per cent

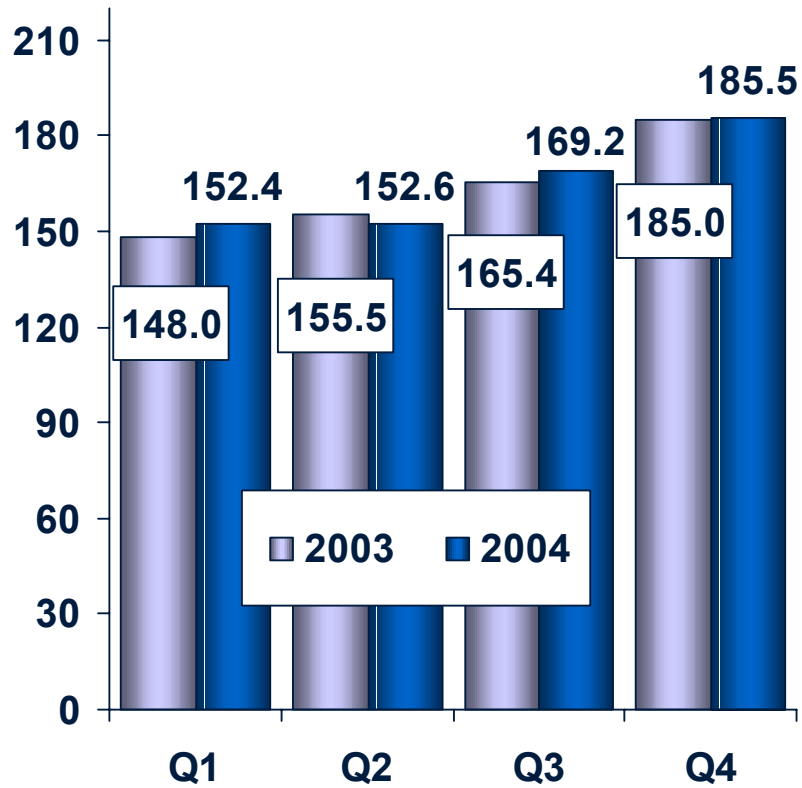


Source: TNS Gallup Oy

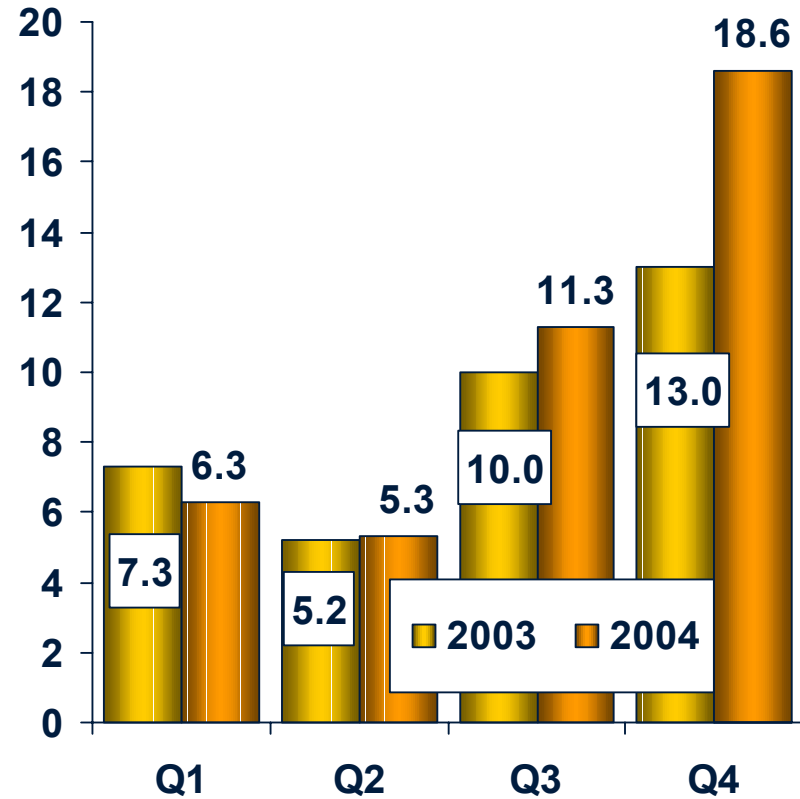
Y: Kalvot\_HS/HS05/result2004

# Rautakirja

## Net sales, € million



## EBIT, € million



Y: Kalvot\_HS/HS05/result2004



# Rautakirja

## 1-12/2004

33

€ million	NET SALES		EBITA	
	1-12/2004	1-12/2003	1-12/2004	1-12/2003
Kiosk operations	347.3	352.8	22.3	20.1
Press distribution	79.5	87.6	12.6	11.9
Book stores	129.7	121.8	9.9	8.9
Movie theatres	56.8	52.8	8.5	7.8
Restaurant operations	57.8	62.6	0.6	-0.2
Others			-3.3	-2.9
Intracompany eliminations	-11.3	-23.8	0.0	0.0
<b>Total</b>	<b>659.7</b>	<b>653.8</b>	<b>50.6</b>	<b>45.7</b>
EBIT			41.5	35.5
EBIT excluding major non-recurring gains			40.5	35.5
Gross investments	18.0	28.7		
Personnel on average *	4,795	4,962		

\* Full-time equivalents

Y: Kalvot\_HS/HS05/result2004

# 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



# Estimates for 2005

## by Division

### Sanoma Magazines

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

### Sanoma

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

### WSOY

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

### SWelcom

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

### Rautakirja

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

# 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



# 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



**Committed to the future**

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