



## Full Year Result 2005

**Hannu Syrjänen**

President & CEO

February 9, 2006

# Media Company of Opportunities

## Our vision

Our vision is to be the media company of opportunities and operational excellence.

# Strategic Focus Areas

2006:

- Growth
- Strengthening our market position especially in Russia and the CEE countries
- Focusing on core
- Maintaining a good level of profitability
- Investing in online operations
- Investing in personnel development and training

<b>Growth</b>	<b>Cash flow</b>
<b>Market leadership</b>	<b>Business practises</b>

# Advertising Expenditure

## Forecast 2005–2008

	2005 USD million	CAGR 05–08, %		2005 USD million	CAGR 05–08, %
<b>FINLAND</b>			<b>HUNGARY</b>		
• Newspapers	816	2.0	• Magazines	255	6.2
• Magazines	240	1.5	• Internet	24	14.3
• TV	291	2.2	<i>Advertising in total</i>	2 472	9.4
• Internet	34	10.7			
<i>Advertising in total</i>	1,487	2.2			
<b>THE NETHERLANDS</b>			<b>RUSSIA</b>		
• Magazines	1,082	0.5	• Print media	1 394	8.6
• Internet	114	15.7	<i>Advertising in total</i>	4 890	17.2
<i>Advertising in total</i>	4,573	1.9			
<b>BELGIUM</b>					
• Magazines	350	2.0			
• Internet	45	13.6			
<i>Advertising in total</i>	2,952	3.5			

Source:  
ZenithOptimedia,  
December 2005

Y: Kalvot\_HS/HS06/result2005

# Economic Outlook 2005–2006

## GDP and private consumption

Change, %	GDP		Private consumption	
	2005	2006	2005	2006
Belgium	1.5	1.8	1.0	1.5
Netherlands	0.8	2.0	0.1	1.2
Latvia	9.5	7.7	8.9	8.6
Lithuania	6.5	5.6	7.0	6.0
Poland	3.2	4.0	2.2	3.0
Romania	5.0	4.5	12.4	2.8
Slovakia	5.5	5.6	5.3	5.0
Finland	1.6	2.5	3.5	3.7
Czech	4.9	4.4	2.6	2.8
Ukraine	3.0	5.0	10.0	8.0
Hungary	2.7	3.7	2.9	4.5
Russia	6.0	5.6	11.5	9.5
Estonia	7.7	6.7	7.4	5.8

Source: EIU

Y: Kalvot\_HS/HS06/result2005

# SanomaWSOY's Advertising Sales

% of net sales

	1-12/2005	1-12/2004
<b>Sanoma Magazines</b>	<b>23%</b>	<b>21%</b>
<b>Sanoma</b>	<b>51%</b>	<b>49%</b>
<b>SWelcom</b>	<b>58%</b>	<b>58%</b>
<b>The Group</b>	<b>22%</b>	<b>20%</b>

Y: Kalvot\_HS/HS06/result2005

# Estimates for 2006

## by Division

### Sanoma Magazines

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

### Sanoma

- Net sales expected to increase
- Operating profit projected to improve slightly

### WSOY

- Net sales expected to decrease
- Operating profit, excluding the major non-recurring capital gains, projected to be at the 2005 level

### SWelcom

- Net sales expected to increase further
- Operating profit projected to improve

### Rautakirja

- Net sales projected to increase
- Operating profit, excluding the major non-recurring capital gains, expected to improve

# Group's Outlook for 2006

## Estimation:

- 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.





Year 2005

# Key Developments 2005

## Growth and profitability

- Acquisitions: Independent Media (magazines), TK Presseexpo (press distribution), Lietuvos Spauda (kiosks)
- Integration of educational publishing
- Investments in free sheets
- New businesses: Radio Helsinki (local radio station) and online music store
- New bookstores in shopping centres

## Focus on core

- Divestments: Ajasto (diaries), Dark (digital printing), Lönnberg Painot (printing), CZ Retail (kiosks), and Etelä-Karjalan Jakelu (distribution)
- Real estates



# Sanoma Magazines

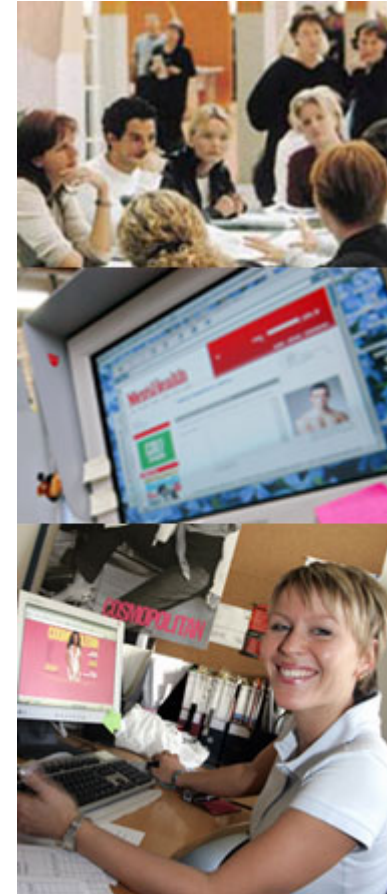
## Key developments

### 2005

- Acquisition of Independent Media (magazines in Russia and Ukraine)
- Launches: e.g. Elle and Story in Serbia & Montenegro, Elle and National Geographic in Bulgaria, Žena & Kuchyně (cooking magazine) in the Czech Republic
- Sanoma Magazines Finland into new premises
- Online business acquisitions: Profession.hu, (leading job portal in Hungary), Zappybaby.be (internet portal)
  - Nu.nl won "news site of the year" award in the Netherlands

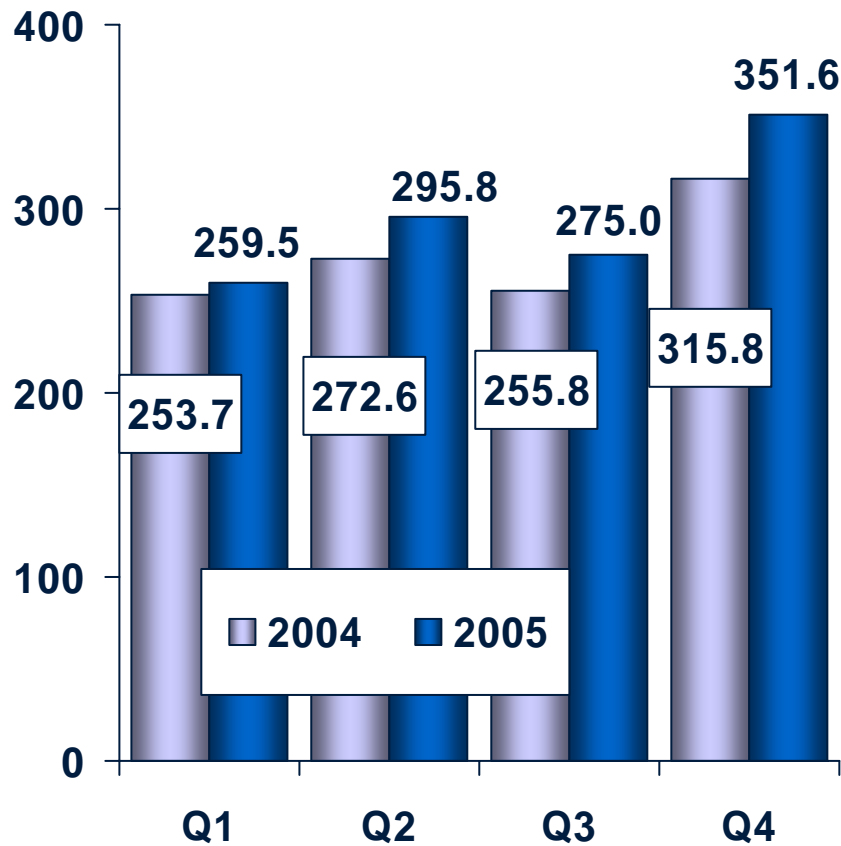
### Q4

- Sanoma Magazines International, Gruner + Jahr and Styria to cooperate in the Adriatic Region

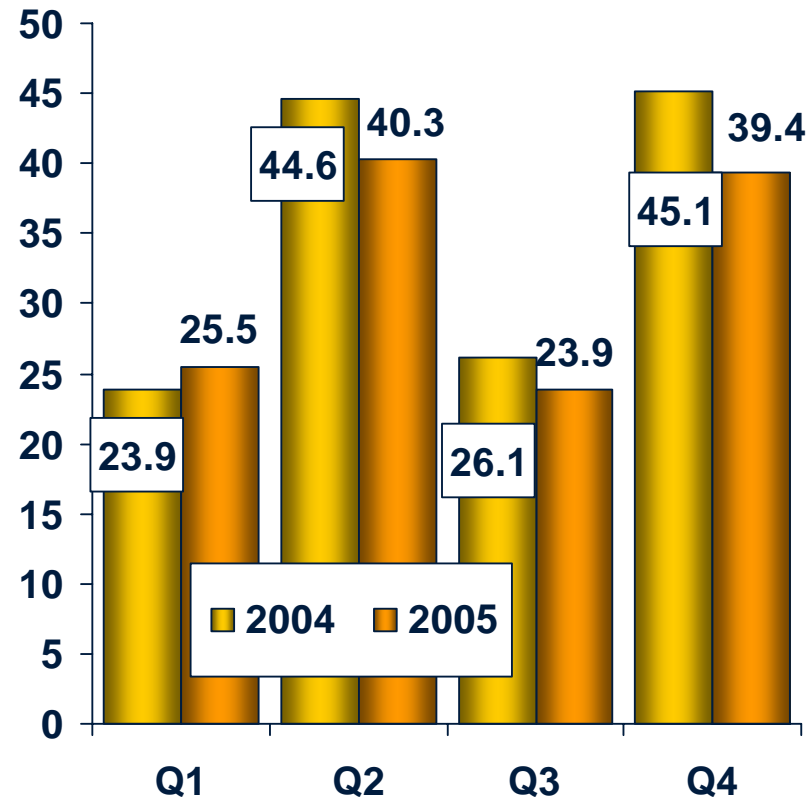


# Sanoma Magazines

### NET SALES, €million



### EBIT, €million



Y: Kalvot\_HS/HS06/result2005

# Sanoma Magazines

1-12/2005

13

€ million	1-12/2005	1-12/2004	Change, %
NET SALES	<b>1,181.9</b>	1,097.8	7.7
Sanoma Uitgevers	<b>541.2</b>	542.9	-0.3
Sanoma Magazines International	<b>212.4</b>	138.3	53.6
Sanoma Magazines Belgium	<b>184.4</b>	186.0	-0.9
Sanoma Magazines Finland	<b>184.3</b>	174.8	5.5
Aldipress	<b>118.6</b>	115.7	2.6
Eliminations	<b>-59.0</b>	-59.8	
EBIT	<b>129.1</b>	139.7	-7.6
% net sales	<b>10.9</b>	12.7	
EBIT excluding major non-recurring capital gains	<b>129.1</b>	137.3	-6.0
% of net sales	<b>10.9</b>	12.5	
Gross investments	<b>206.9</b>	20.0	932.9
Personnel on average	<b>5,275</b>	4,524	16.6

Y: Kalvot\_HS/HS06/result2005

# Sanoma

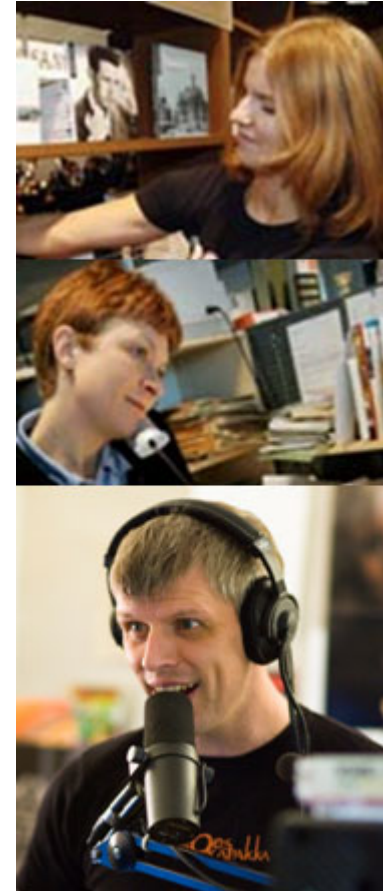
## Key developments

### 2005

- New free sheets for Sanoma Kaupunkilehdet
  - Uutislehti 100 become the market leader in its market segment
  - Kaupunkilehti Vartti established and expanded to cover the Helsinki metropolitan area
- Sanoma Business Services unit established
- Online music store established
- Radio Helsinki (local radio station) acquired
- Huuto.Net (online auction service) acquired
- Etelä-Karjalan Jakelu (distribution company) divested

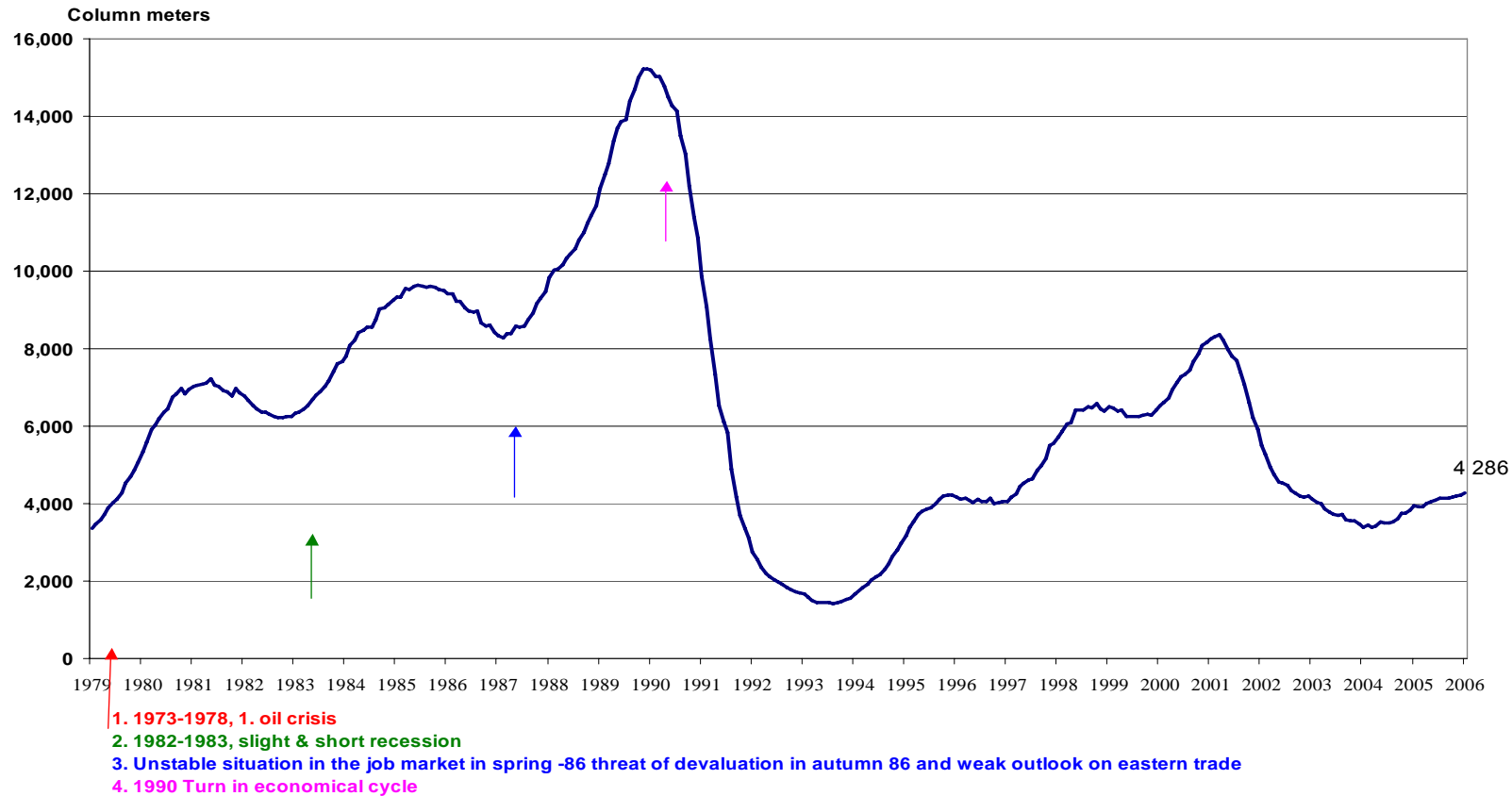
### Q4

- Helsingin Sanomat renewed
- Esmerk expands its operations in Russia
- Helsingin Sanomat, Ilta-Sanomat, Taloussanomat, and Esmerk to establish a shared archive



# Job Advertising in Helsingin Sanomat

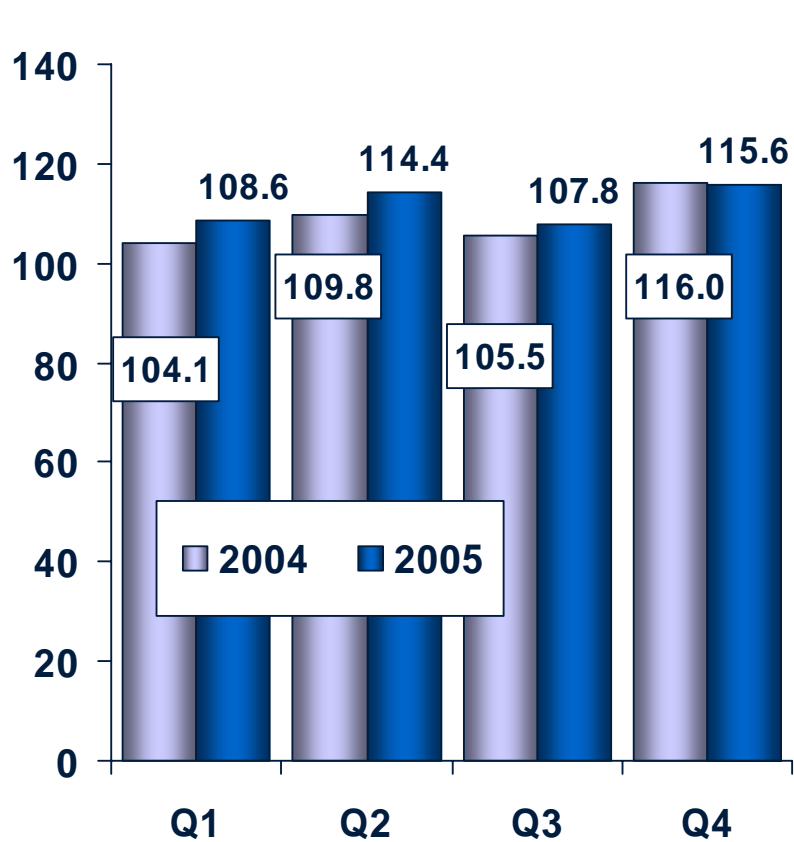
## Volume



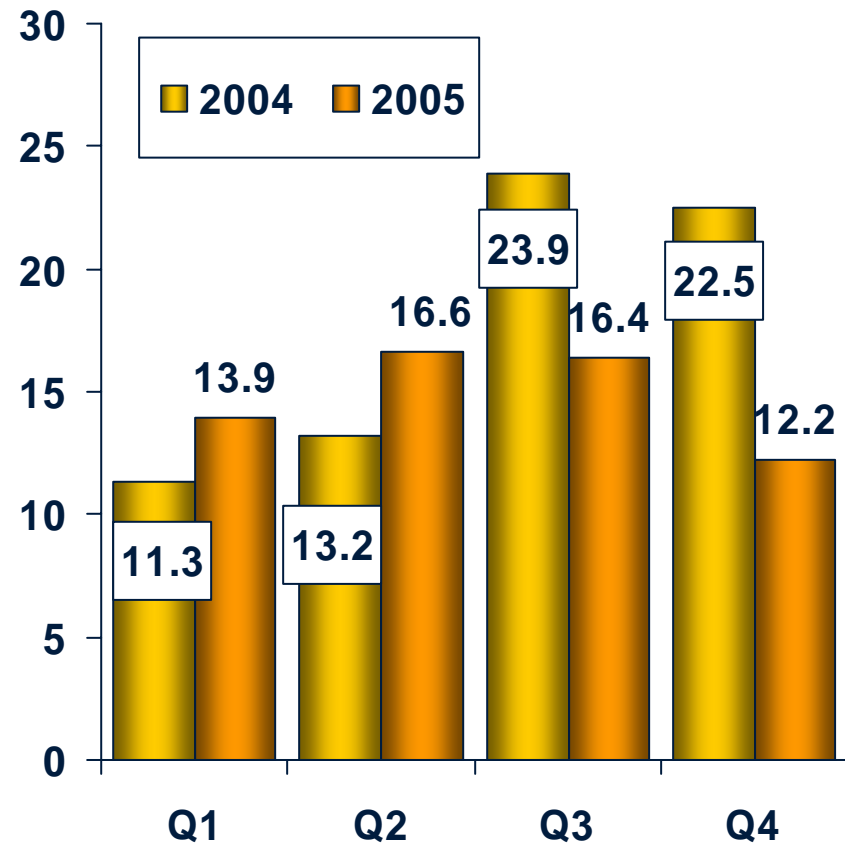
Y: Kalvot\_HS/HS06/result2005

# Sanoma

## NET SALES, €million



## EBIT, €million



Y: Kalvot\_HS/HS06/result2005



# Sanoma

1-12/2005

17

€ million	1-12/2005	1-12/2004	Change, %
NET SALES	<b>446.4</b>	435.2	2.6
Helsingin Sanomat	<b>261.1</b>	254.4	2.6
Ilta-Sanomat	<b>93.7</b>	95.2	-1.6
Sanoma Lehtimedia	<b>48.0</b>	47.9	0.3
Others	<b>175.2</b>	147.7	18.7
Eliminations	<b>-131.6</b>	-110.0	
EBIT	<b>59.1</b>	70.8	-16.5
% of net sales	<b>13.2</b>	16.3	
EBIT excluding major non-recurring capital gains and release of provision	<b>58.1</b>	56.5	2.9
% of net sales	<b>13.0</b>	13.0	
Gross investments	<b>22.9</b>	24.9	-7.9
Personnel on average	<b>2,782</b>	2,746	1.3

Y: Kalvot\_HS/HS06/result2005

# WSOY

## Key developments

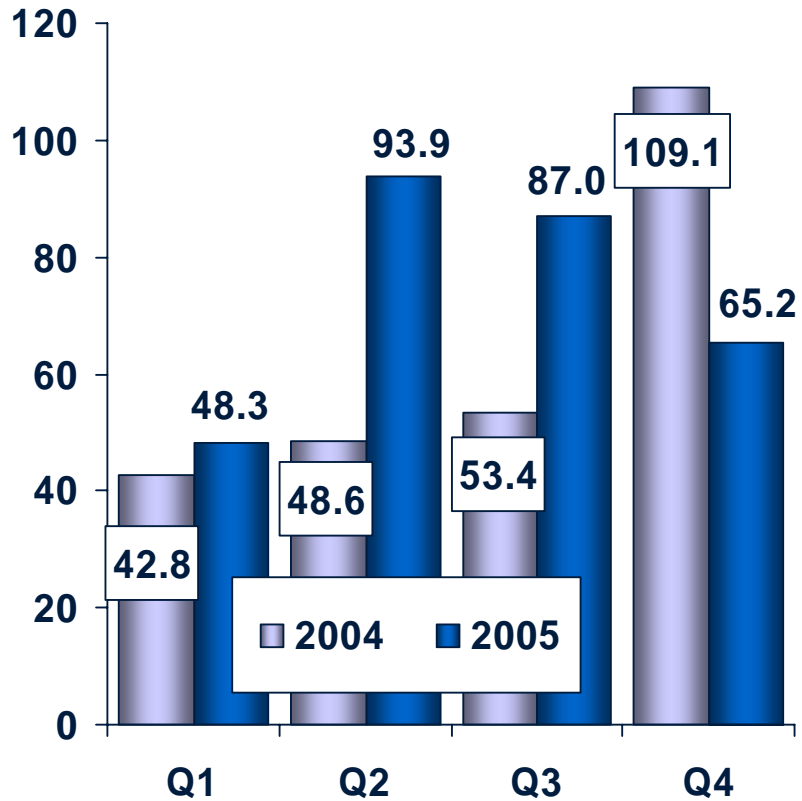
2005

- SanomaWSOY Education created, operations in Finland incorporated in WSOY Educational Corporation
  - Coordinating purchasing and content production brings significant savings
- Focus on core
  - Dark (digital printing), Ajasto (diaries), and Lönnberg (printing) divested
- WSOY's foreign rights sales increases

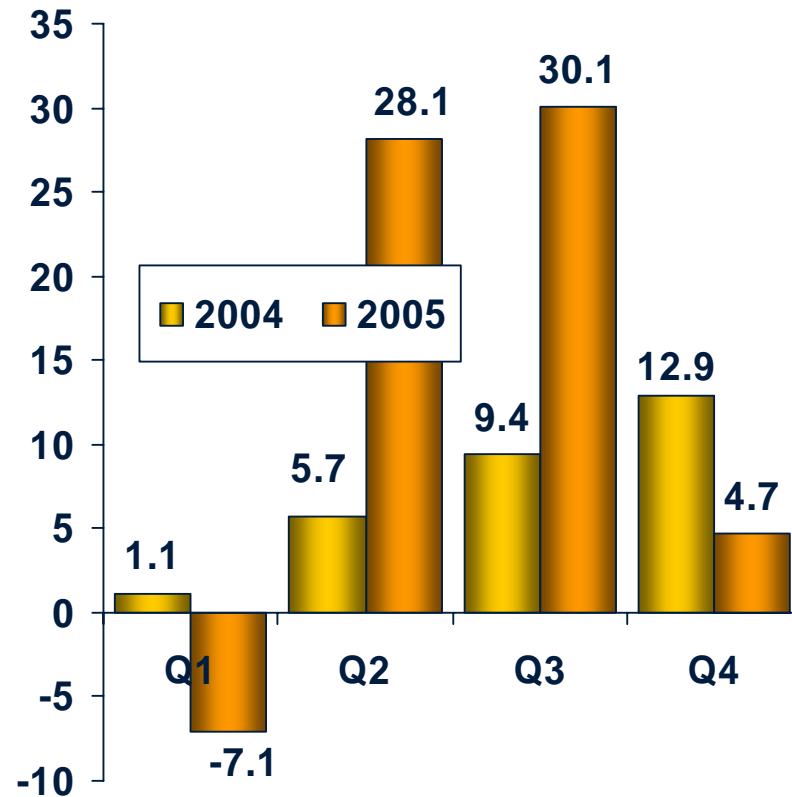


Y: Kalvot\_HS/HS06/result2005

## NET SALES, €million



## EBIT, €million



In 2004 Malmberg's figures were consolidated with WSOY retrospectively as of July 15 in the fourth quarter.

Y: Kalvot\_HS/HS06/result2005

# WSOY

## 1-12/2005

20

€ million	1-12/2005	1-12/2004	Change, %
NET SALES	<b>294.4</b>	253.9	15.9
Educational publishing *	<b>151.2</b>	89.0	69.9
Publishing	<b>87.2</b>	89.7	-2.7
Printing	<b>51.6</b>	59.0	-12.5
Diaries	<b>15.8</b>	30.3	-47.7
Others	<b>5.6</b>	5.1	9.3
Eliminations	<b>-17.1</b>	-19.1	-10.7
EBIT	<b>55.8</b>	29.1	91.6
% of net sales	<b>19.0</b>	11.5	
EBIT excluding major non-recurring capital gains	<b>39.3</b>	29.1	35.0
% of net sales	<b>13.4</b>	11.5	
Gross investments	<b>8.1</b>	204.7	-96.0
Personnel on average	<b>2,311</b>	2,188	5.6

\* In 2004 Malmberg's figures were consolidated with WSOY retrospectively as of July 15 in the fourth quarter.

Y: Kalvot\_HS/HS06/result2005

# SWelcom

## Key developments

2005

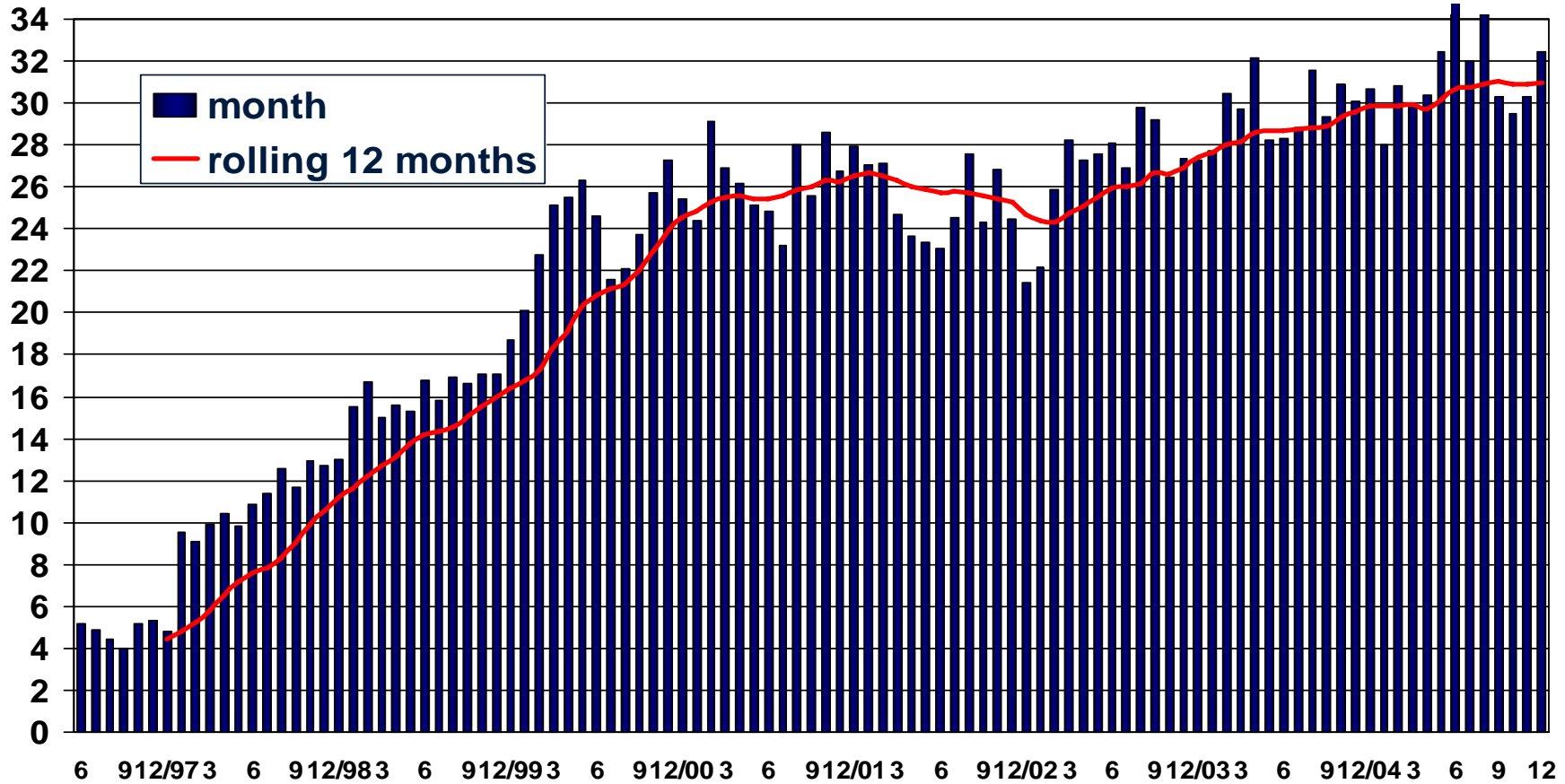
- TV Channel Nelonen's investments in programming i.e. Desperate Housewives and Kylmäverisesti sinun (domestic police series)
- Multimedia concept i.e. Suomen Robinson (Survivors): in addition to the programme the web site, NetTV and the magazine published by Sanoma Magazines Finland
- The number of Welho pay TV subscribers and broadband customers increased clearly
  - Welho broadband customers the most satisfied broadband users in Finland\*
- Welho started VoIP services in its network
- Nelonen, HTV, and Werne created SW Television Oy and HTV changed to Welho



\* TNS Gallup  
Broadband Survey  
in Finland

Y: Kalvot\_HS/HS06/result2005

# Nelonen's share of TV-advertising percent

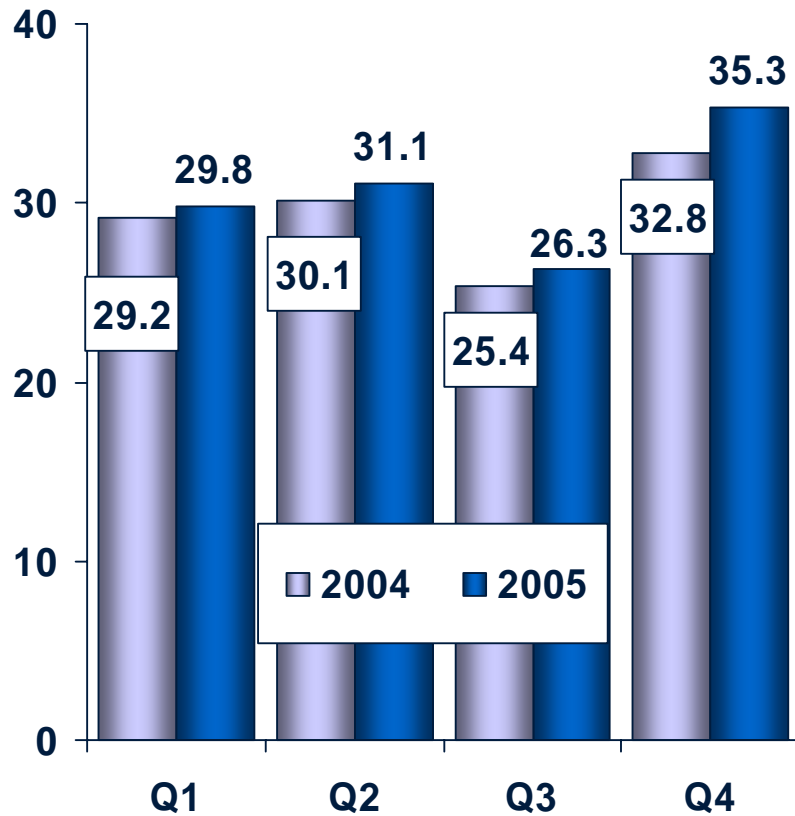


Source: TNS Gallup Oy

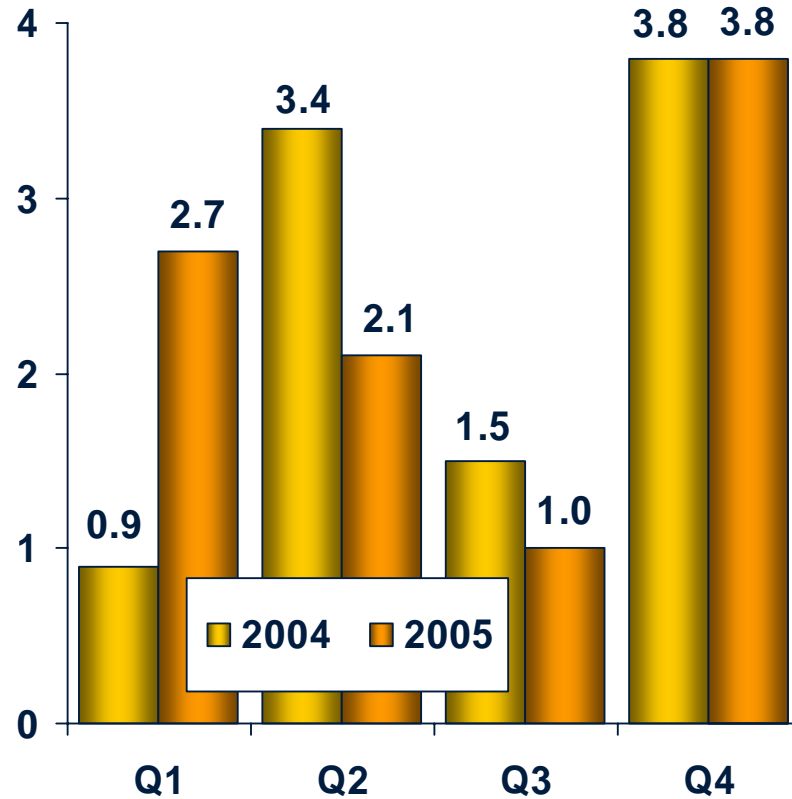
Y: Kalvot\_HS/HS06/result2005

# SWelcom

## NET SALES, €million



## EBIT, €million



Y: Kalvot\_HS/HS06/result2005

# SWelcom

1-12/2005

24

€ million	1-12/2005	1-12/2004	Change, %
NET SALES	<b>122.5</b>	117.5	4.2
Nelonen	<b>71.5</b>	67.6	5.8
Others	<b>52.6</b>	51.2	2.8
Eliminations	<b>-1.6</b>	-1.3	
EBIT	<b>9.6</b>	9.6	-0.2
% of net sales	<b>7.8</b>	8.2	
EBIT excluding major non-recurring capital gains	<b>9.6</b>	9.6	-0.2
% of net sales	<b>7.8</b>	8.2	
Gross investments	<b>11.1</b>	10.7	3.8
Personnel on average	<b>425</b>	415	2.3

Y: Kalvot\_HS/HS06/result2005



# Rautakirja

## Key developments

### 2005

- Russian press distribution company TK Presseexpo acquired
- Lietuvos Spauda acquired
  - the market leader in Lithuanian kiosk operations
- Suomalainen Kirjakauppa opened bookstores in shopping centres in Espoo, Helsinki, Raisio, Tampere, Vantaa, and in Estonia in Tallinn and Tartu
  - Already 170,000 members in the customer-loyalty programme
- Oiva cash register system enables a new product and service variety in kiosks in Finland

### Q4

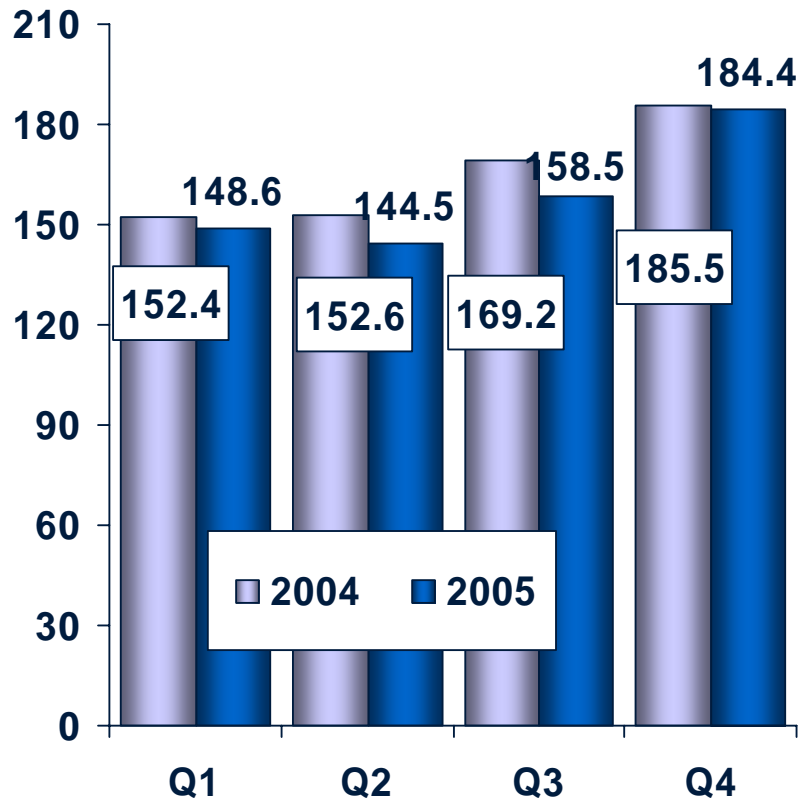
- Czech kiosk operations divested
- Holding in Romanian press distribution company Hiparion Distribution increased to 99%



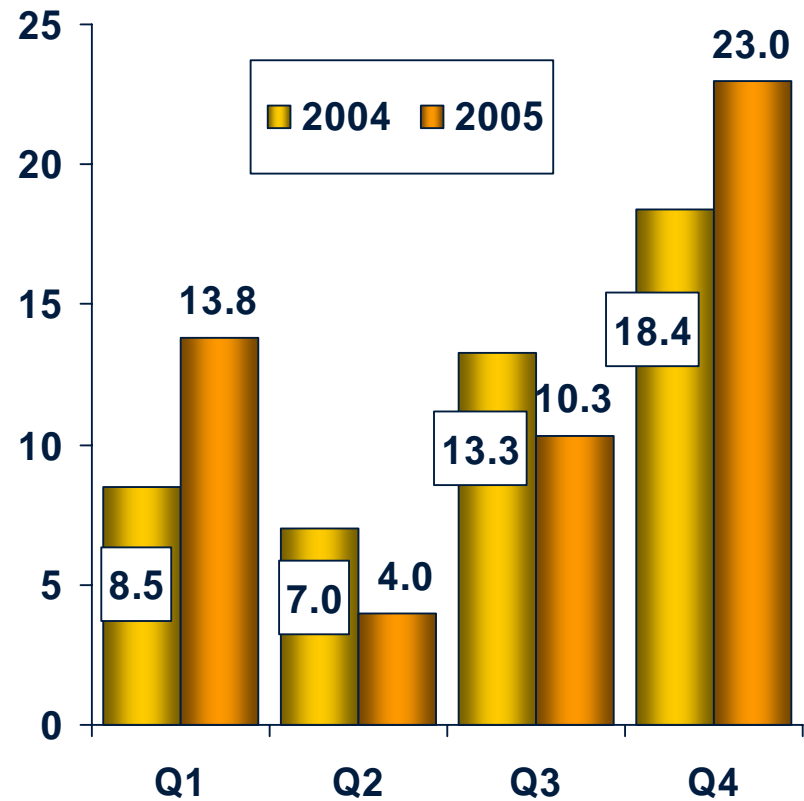
Y: Kalvot\_HS/HS06/result2005

# Rautakirja

## NET SALES, €million



## EBIT, €million



Y: Kalvot\_HS/HS06/result2005

# Rautakirja

1-12/2005

27

€ million	1-12/2005	1-12/2004	Change, %
NET SALES	<b>635.9</b>	659.7	-3.6
Kiosk operations	<b>345.8</b>	352.3	-1.8
Press distribution	<b>98.5</b>	79.5	24.0
Bookstores	<b>135.3</b>	129.7	4.3
Entertainment	<b>65.0</b>	56.8	14.6
Others	<b>2.6</b>	52.8	-95.1
Eliminations	<b>-11.3</b>	-11.3	
EBIT	<b>51.2</b>	47.2	8.5
% of net sales	<b>8.0</b>	7.1	
EBIT excluding major non-recurring capital gains	<b>42.3</b>	46.2	-8.4
% of net sales	<b>6.6</b>	7.0	
Gross investments	<b>111.5</b>	18.0	521.3
Personnel on average	<b>6,023</b>	6,261	-3.8

Y: Kalvot\_HS/HS06/result2005

# Group Result 2005

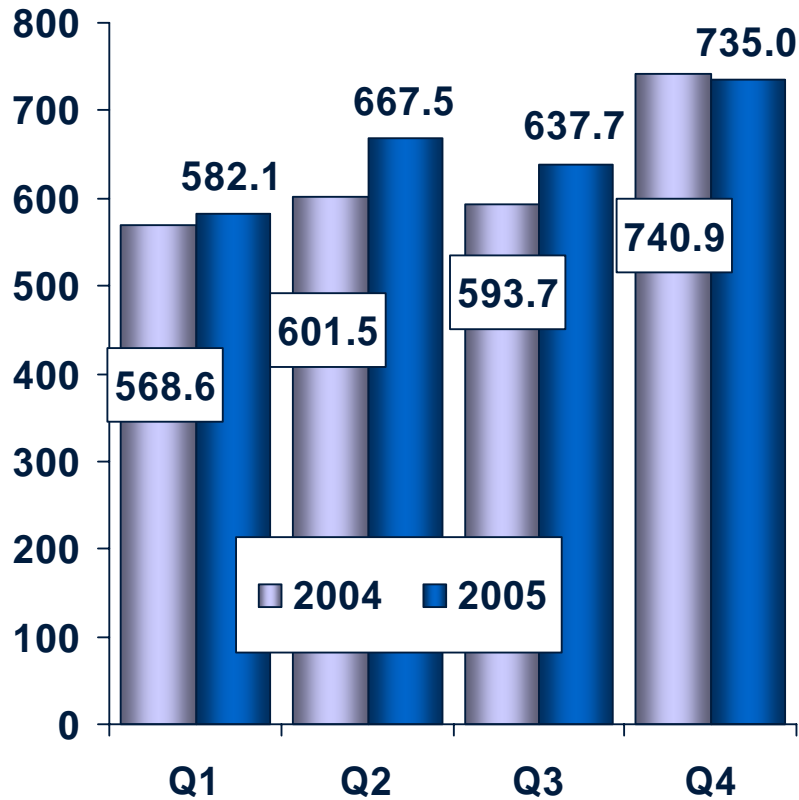
# Group Income Statement

€ million	1-12/2005	1-12/2004	Change, %
<b>NET SALES</b>	<b>2,622.3</b>	2,504.6	4.7
Other operating income	80.7	81.7	-1.2
Materials and services	1,177.8	1,140.3	3.3
Personnel expenses	574.7	555.8	3.4
Other operating expenses	518.6	468.6	10.7
Depreciation and impairment losses	130.6	125.0	4.5
<b>OPERATING PROFIT</b>	<b>301.3</b>	296.7	1.5
Share of result of associated companies	9.8	3.8	159.6
Financial income	10.6	20.5	-48.1
Financial expenses	35.7	49.3	-27.6
<b>RESULT BEFORE TAXES</b>	<b>286.0</b>	271.6	5.3
Income taxes	-57.6	-67.8	-15.0
<b>RESULT FOR THE PERIOD</b>	<b>228.4</b>	203.8	12.1

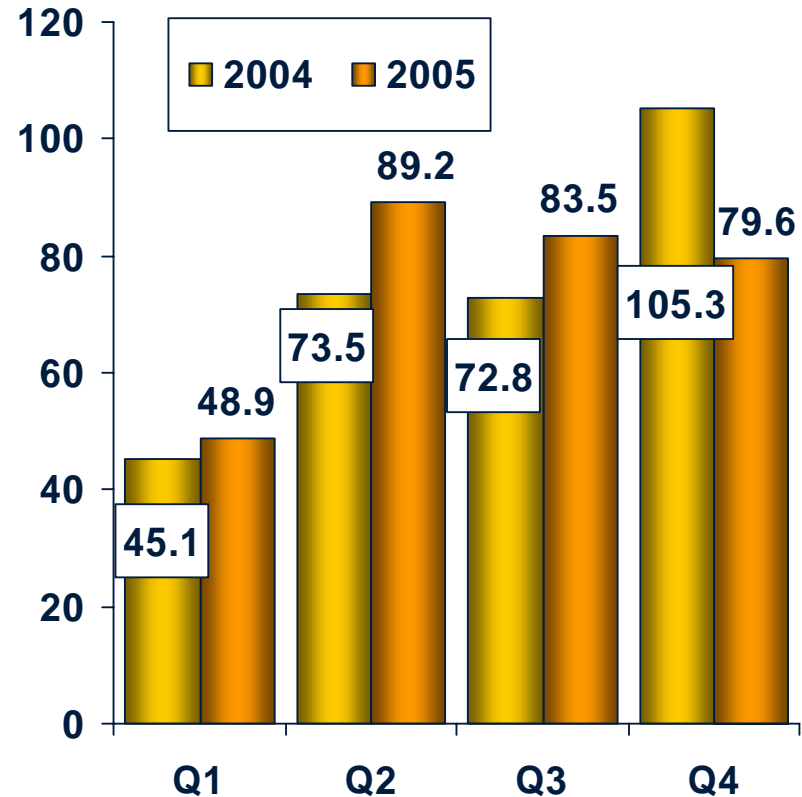
Y: Kalvot\_HS/HS06/result2005

# SanomaWSOY Group

## NET SALES, €million



## EBIT, €million



In 2004 Malmberg's figures were consolidated with WSOY retrospectively as of July 15 in the fourth quarter.

Y: Kalvot\_HS/HS06/result2005

# Group Balance Sheet

€million	31.12.2005	31.12.2004	Change, %
<b>ASSETS</b>			
Non-current assets, total	2,395.6	2 153.6	11.2
Current assets, total	576.4	540.1	6.7
Assets, total	2,972.0	2 693.6	10.3
<b>EQUITY AND LIABILITIES</b>			
Equity, total	1,159.1	986.0	17.6
Non-current liabilities, total	323.6	562.3	-42.5
Current liabilities, total	1,489.4	1,145.3	30.0
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>2,972.0</b>	<b>2,693.6</b>	<b>10.3</b>

Y: Kalvot\_HS/HS06/result2005

# Key Figures

32

€ million	<b>1-12/2005</b>	1-12/2004	Change, %
Net sales	<b>2,622.3</b>	2,504.6	4.7
Operating profit	<b>301.3</b>	296.7	1.5
% of net sales	<b>11.5</b>	11.8	
Operating profit excluding major non-recurring capital gains	<b>269.1</b>	270.9	-0.7
% of net sales	<b>10.3</b>	10.8	
Balance sheet total	<b>2,972.0</b>	2,693.6	10.3
Gross investments	<b>361.2</b>	281.6	28.2
Return on equity, % (ROE)	<b>22.3</b>	22.7	
Return on investment, % (ROI)	<b>15.4</b>	18.0	
Equity ratio, %	<b>41.3</b>	38.6	
Gearing, %	<b>72.8</b>	81.5	
Interest-bearing liabilities	<b>928.7</b>	894.8	3.8
Net debt	<b>843.8</b>	804.5	4.9
Earnings/share, €	<b>1.45</b>	1.31	11.1
Cash flow from operations/share, €	<b>1.69</b>	1.58	7.4
Equity/share, €	<b>7.28</b>	6.34	14.9
Dividend/share, € *	<b>0.90</b>	0.80	
Market capitalisation	<b>3,121.5</b>	2,632.2	18.6
Personnel under employment contract **	<b>16,885</b>	16,209	4.2

\*Proposal of the Board of Directors  
\*\*average

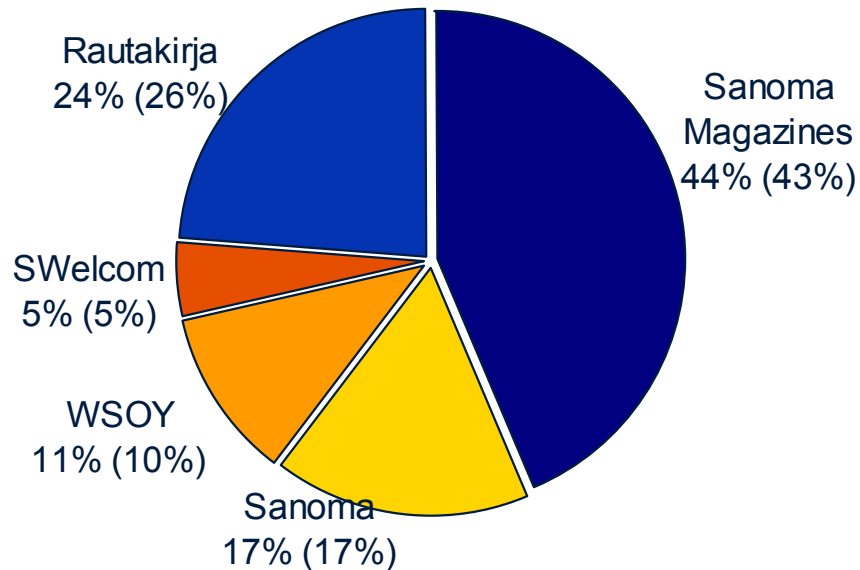
Y: Kalvot\_HS/HS06/result2005



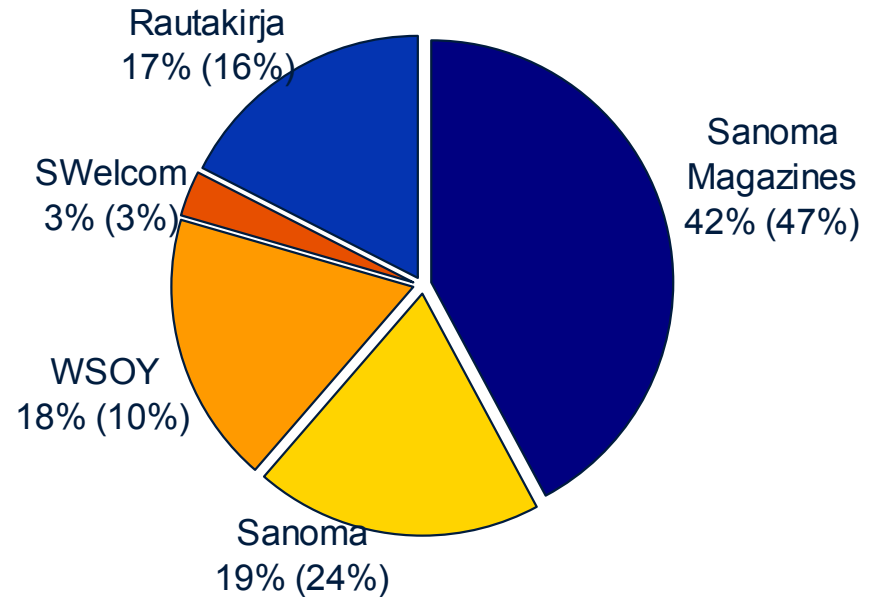
# Net Sales and EBIT

## By Division, 1-12/2005

### Net sales €2,622 million



### EBIT €301 million



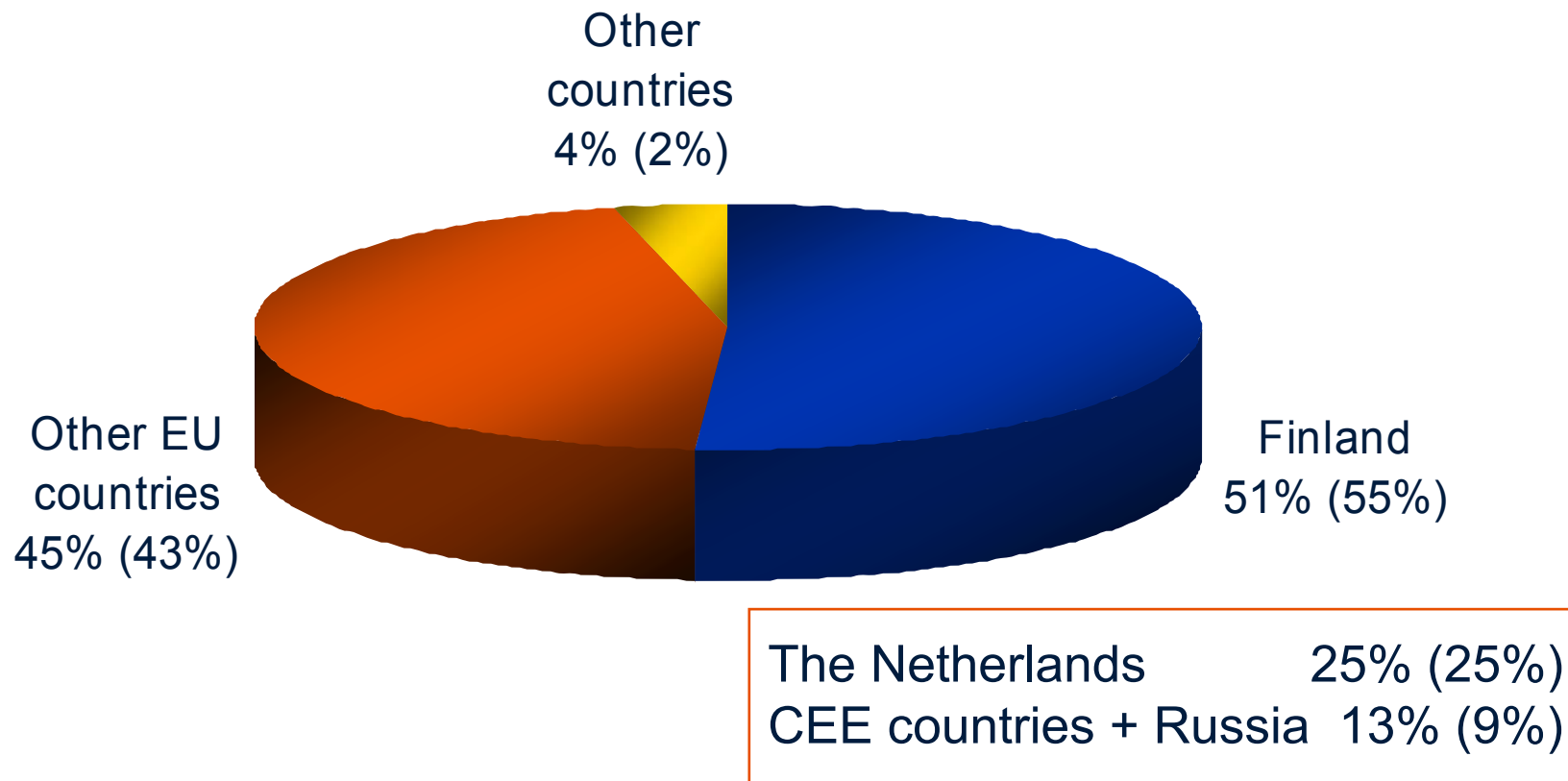
Intracompany eliminations excluded. Sanoma's EBIT includes significant gains on the sales of assets

Y: Kalvot\_HS/HS06/result2005

# Net Sales

## By geographical segments

**Net sales 2005: €2,622 million**



# Online Business

## Some examples

### News and entertainment

- Nu.nl, Helsinginsanomat.fi, Esmerk.fi

### Search of information

- ilse.nl, Startpagina.nl, Startlap.hu, Keltainenporssi.fi, Huuto.net

### Virtual communities

- Mikrobitti.fi, Nlcafe.hu, Cu2.nl, Vauva.fi

### eLearning solutions and educational material

- Opit.fi, YDP, WSOYpro.fi

### eCommerce

- Lehtikuva, Suomalainen.com, 4Shop

### Digital content and media solutions and broadband

- 2ndhead, Welho Laajakaista

SanomaWSOY's net sales of online operations  
in 2005 around € 90 million

# Dividend Policy

- SanomaWSOY conducts an active dividend policy and primarily pays out over half of Group result after taxes in dividends.



Committed to the Future

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