

# Sanoma 1–3/2009

President and CEO Hannu Syrjänen

7 May 2009



# Strong Market Positions Help in Recession

- Focus on improving the efficiency and cost savings in all divisions
- Active development of product portfolio
- Balanced business portfolio shows its strength in challenging times

Our goal is to be one of the leading media companies in Europe, with a focus on sustainable growth and profitability.

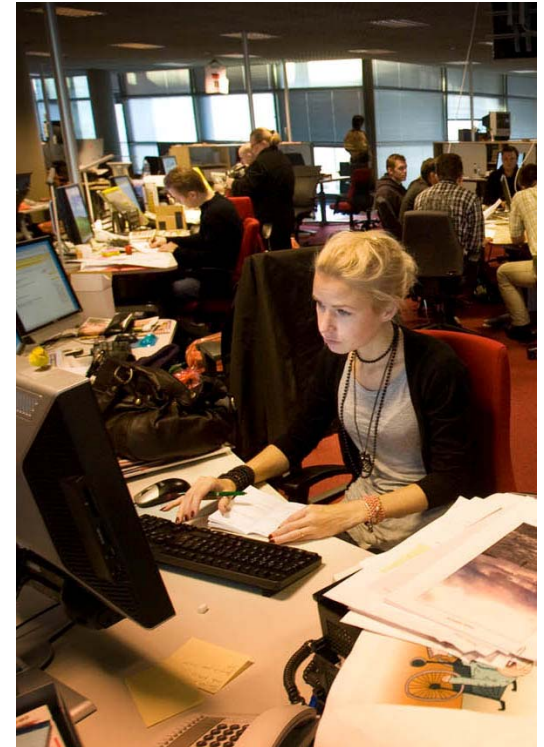
# Effects of Economic Slowdown Visible

EUR million	1–3/2009	1–3/2008	Ch %	1–12/2008
Net sales	<b>636.0</b>	683.1	-6.9	3,030.1
Operating profit excluding non- recurring items	<b>23.2</b>	49.2	-52.8	295.7
% net sales	<b>3.7</b>	7.2		9.8
Operating profit	<b>20.9</b>	72.7	-71.2	236.3
Earnings/share, EUR	<b>0.05</b>	0.34	-84.7	0.72
Cash flow from operations/share, EUR	<b>-0.05</b>	0.29	-118.5	1.56
Average number of employees (FTE)	<b>17,981</b>	17,187	4.6	18,168

# Active Development of Product Portfolio

## Key events 1Q09

- 20 magazines were discontinued and 2 launched, as well as 5 online services launched
- Loss-making kiosks were closed down, and on the other hand new kiosks were acquired in the Samara region in Russia
- Lifestyle TV channel Liv and mobile broadband service Wekkula were launched
- Joint reader-customer management system for Sanoma News' newspapers
- Remaining minority shareholding of AAC Global, Skillnet and Taloussanommat were acquired
- New multiplex was opened in Lithuania



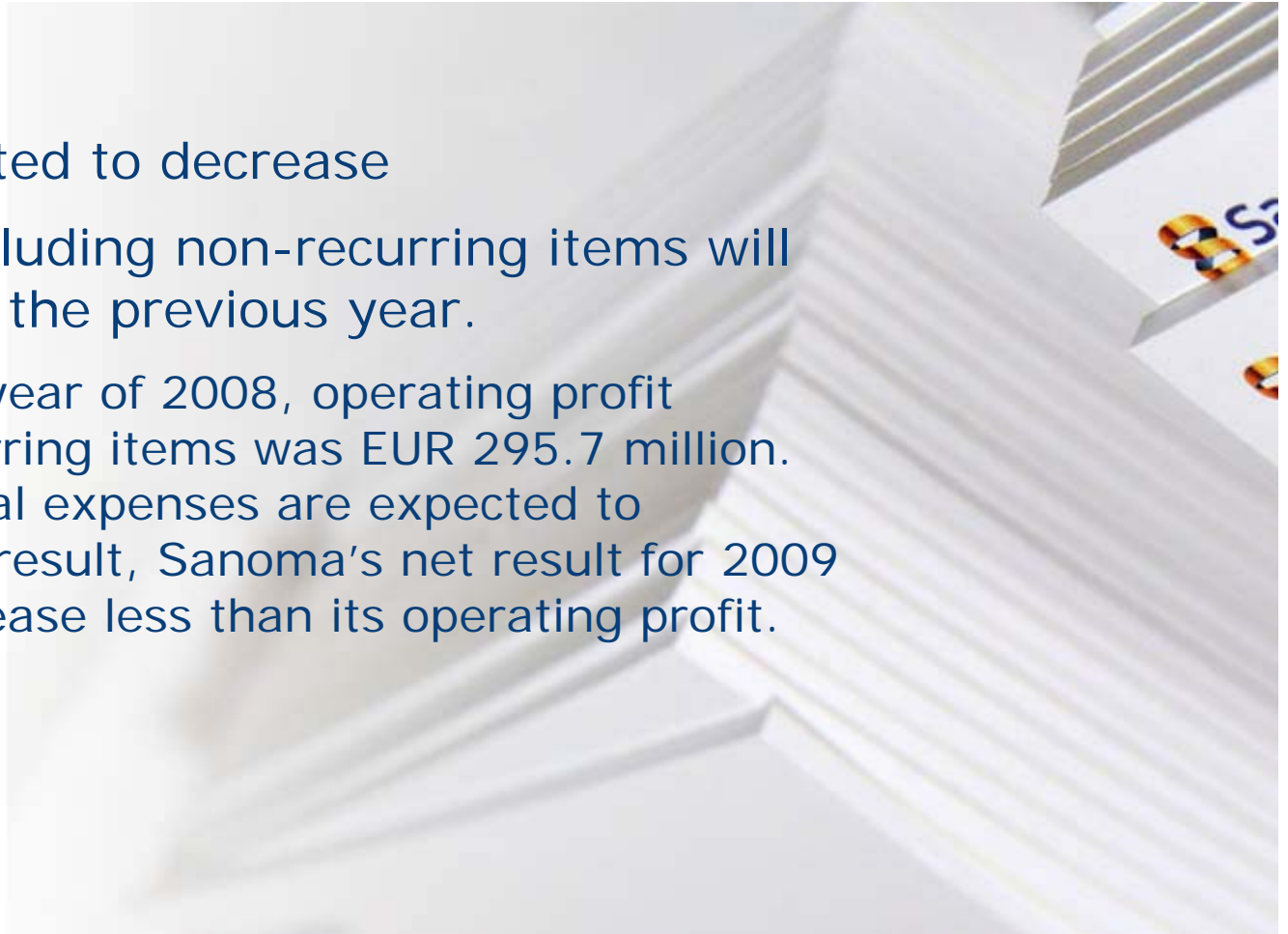
# Efficiency Improvement and Cost Savings

- Continuation of the structural changes
    - E.g. News' 'Bridging the Recession' project, Weilin&Göös, Bertmark
  - Discontinuation of the loss-making operations
    - E.g. 20 magazines, several kiosks in Russia
  - Renewal and improvement of processes
    - E.g. Helsingin Sanomat's reorganised newsroom, Entertainment's multichannel strategy
  - Reduction of the amount of personnel
    - Decreased by 600 employees compared to the end of 2008
- Target is to reduce the operating expenses to a level clearly below that of 2008



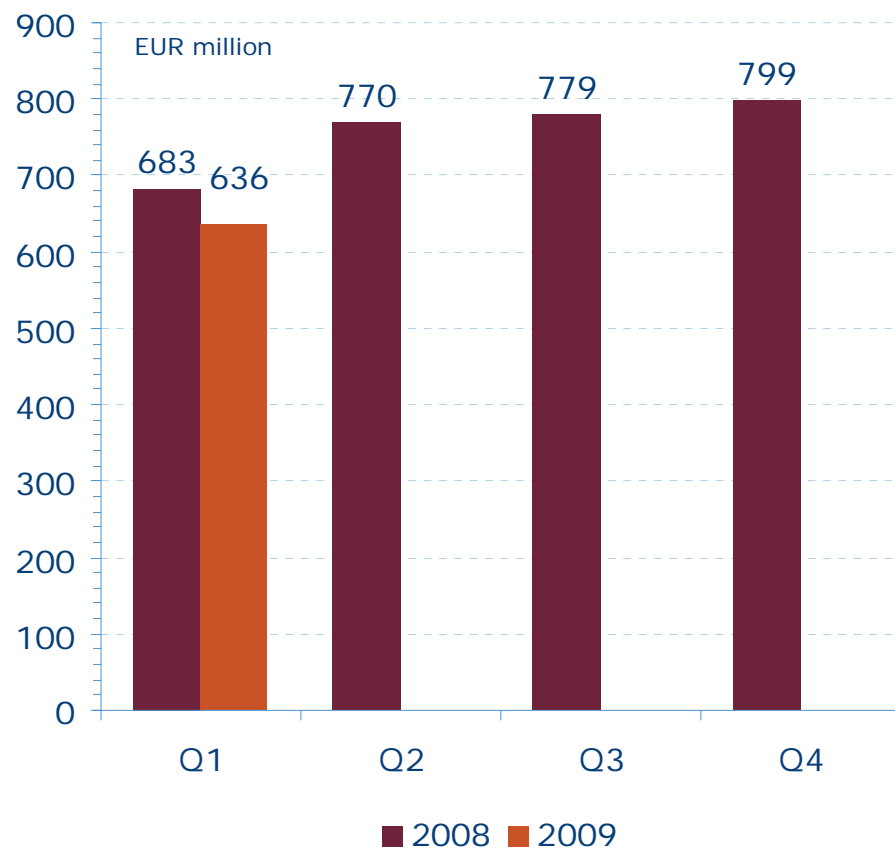
# Outlook for 2009

- Net sales are expected to decrease
- Operating profit excluding non-recurring items will clearly decline from the previous year.
  - In the comparable year of 2008, operating profit excluding non-recurring items was EUR 295.7 million. The Group's financial expenses are expected to decrease, and as a result, Sanoma's net result for 2009 is expected to decrease less than its operating profit.

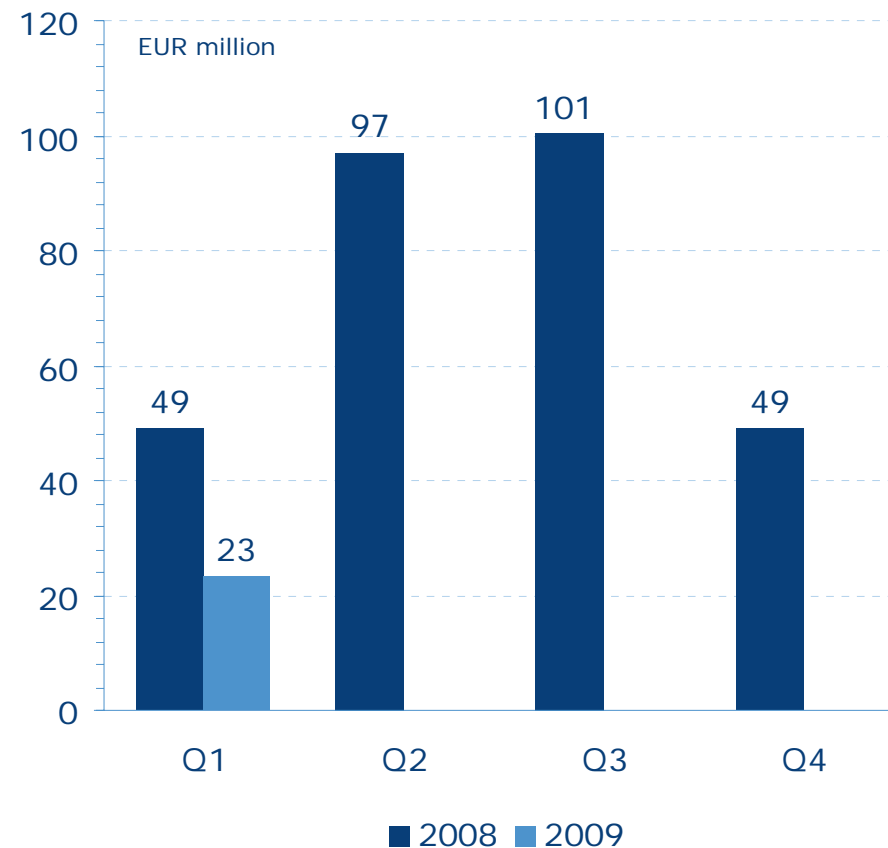


# Challenging Q1

## Net sales



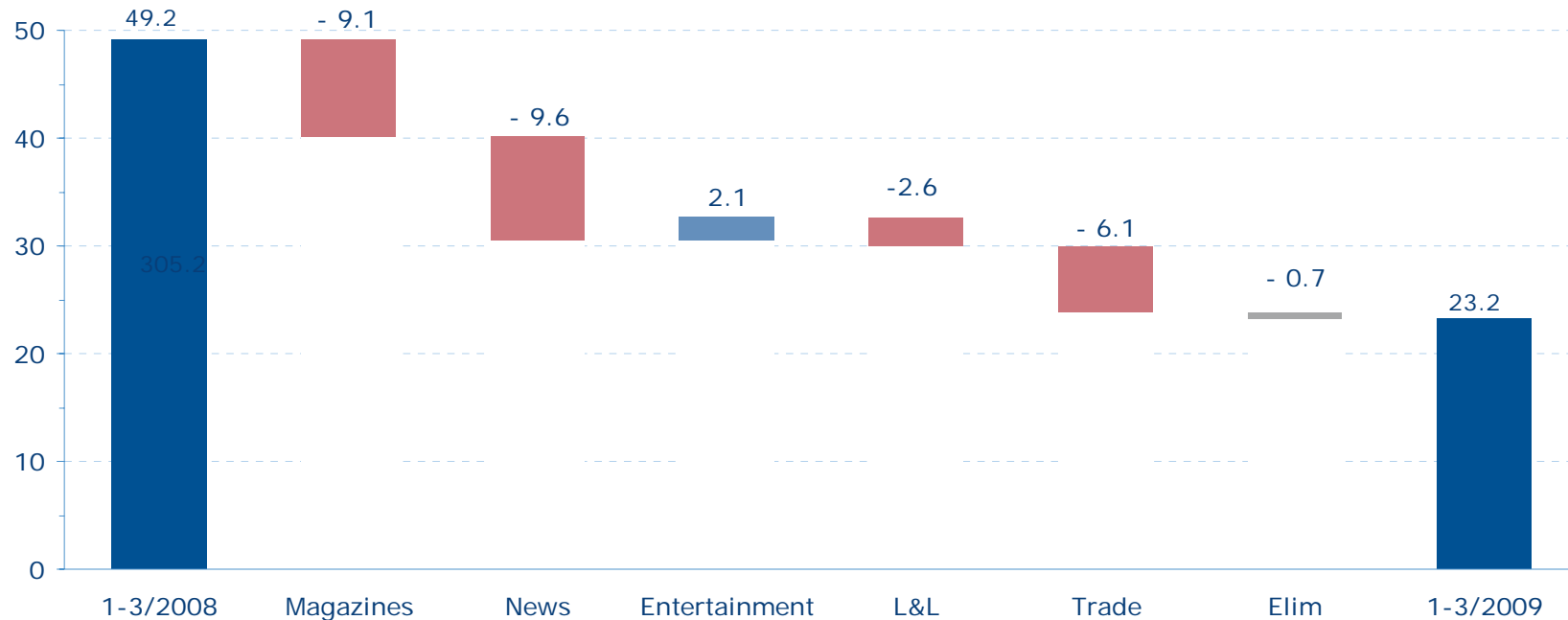
## EBIT excluding non-recurring items



# Advertising Sales Continued to Decline

## EBIT excluding non-recurring items

EUR million



- Magazines: decline in advertising and single copy sales especially in SMI (currencies)
- News: decline in advertising sales, especially in classified ads
- Entertainment: positive development in TV and broadband operations
- Learning & Literature: Nowa Era, integration costs in language services (and decline in sales) and decline in sales of literature and other operations (currencies)
- Trade: economic slowdown, decrease of sales in kiosk and movie operations in the Baltics, investments in Russia and Romania, and decrease in point-of-sale marketing

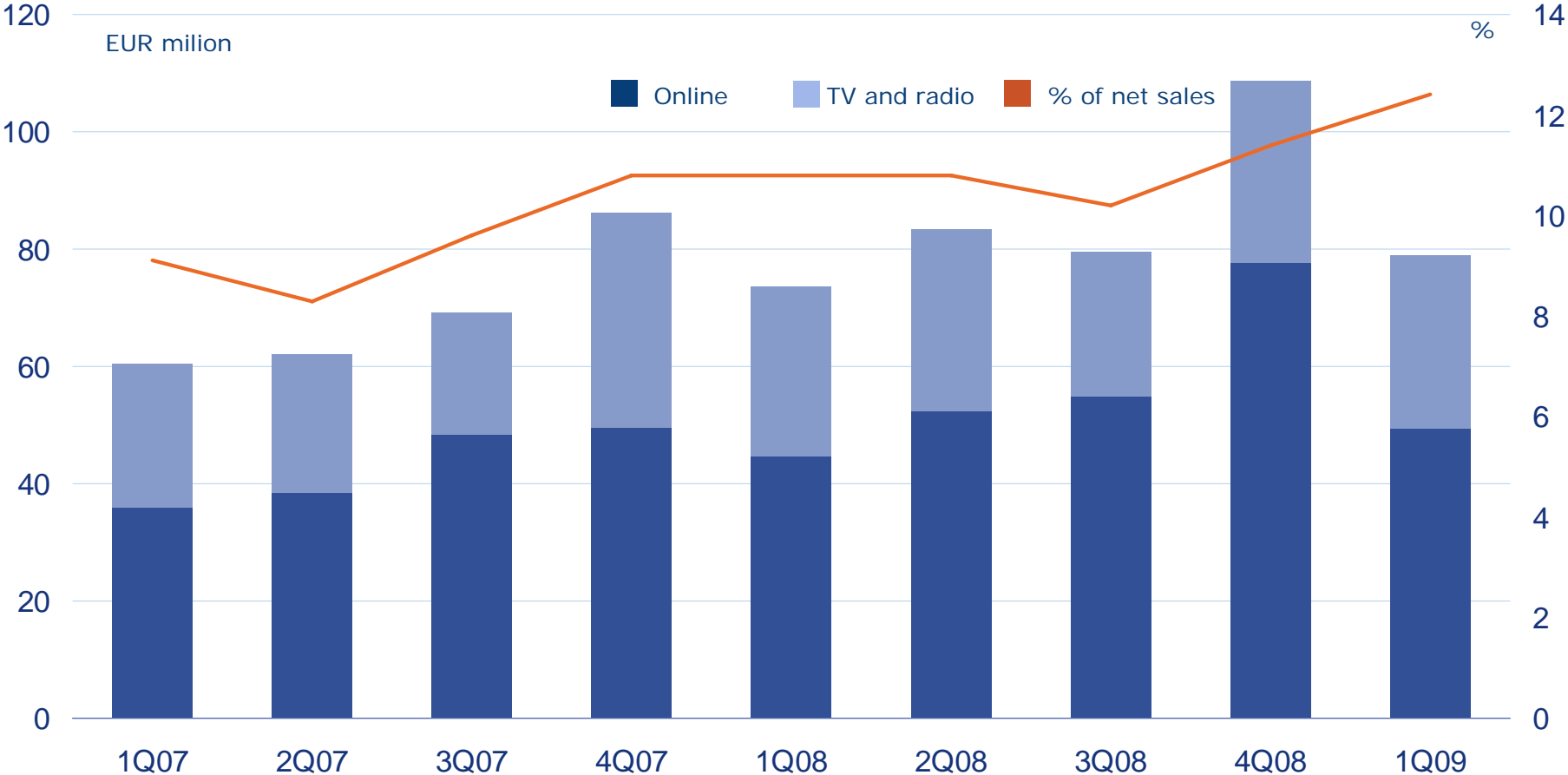


# Share of Advertising Sales Decreased

- The growth of advertising sales clearly slowed down in main operating countries

Advertising sales, % of net sales	1–3/2009	1–3/2008
Sanoma Magazines	29%	32%
Sanoma News	46%	55%
Sanoma Entertainment	53%	50%
The Group	23%	26%

# Digital Business' Share Increased



Online includes internet access.

# Strong Financial Position

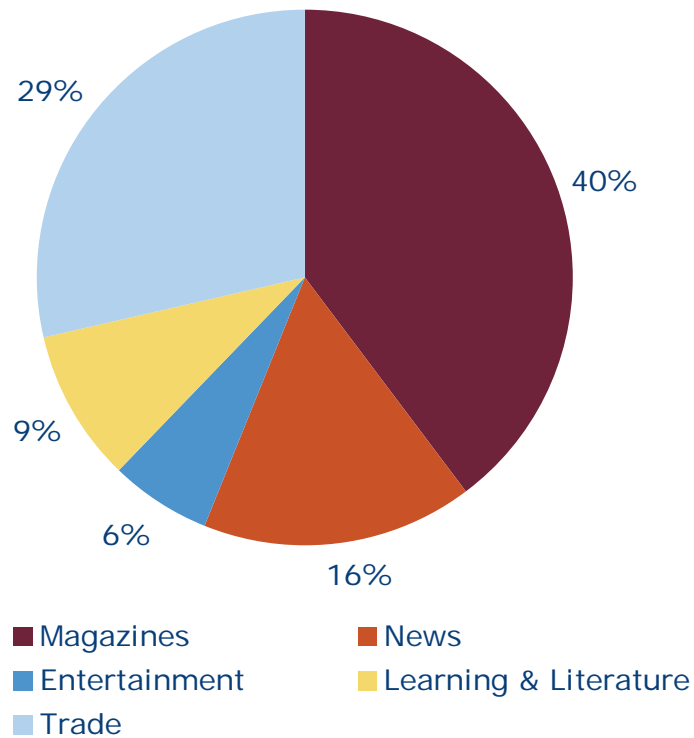
EUR million	31.3.2009	31.3.2008	31.12.2008
Balance sheet total	<b>3,215.1</b>	3,306.0	3,278.7
Equity ratio, %	<b>40.2</b>	44.4	40.0
Net gearing, %	<b>84.1</b>	62.6	78.5
Interest-bearing liabilities	<b>1,099.4</b>	964.7	1,082.6
Interest-bearing net debt	<b>1,016.5</b>	860.4	971.6
Cash and cash equivalents	<b>82.9</b>	104.2	110.9

- Favourable long term credit facility
- Net debt/EBITDA 2.4

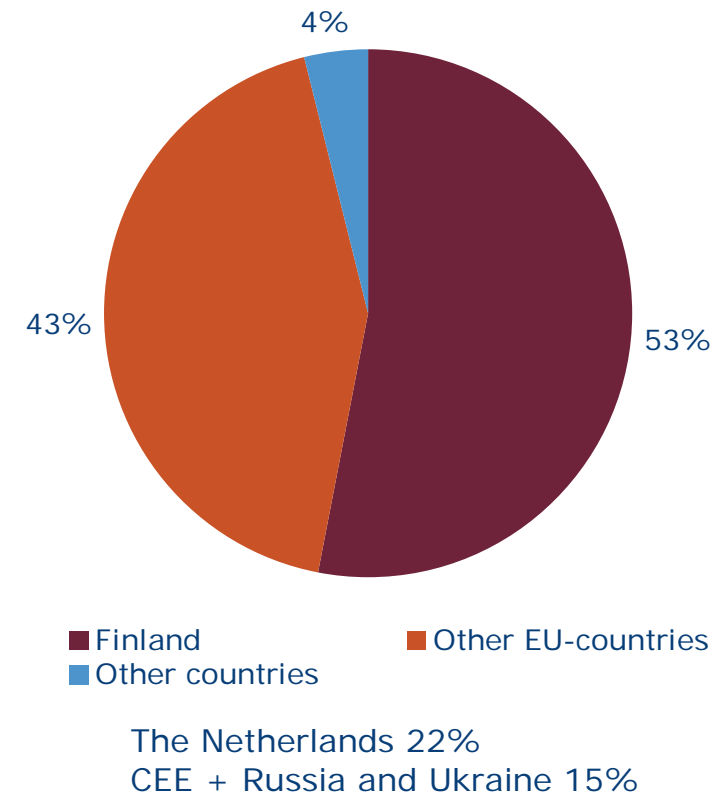
# Balanced Business

## Net sales

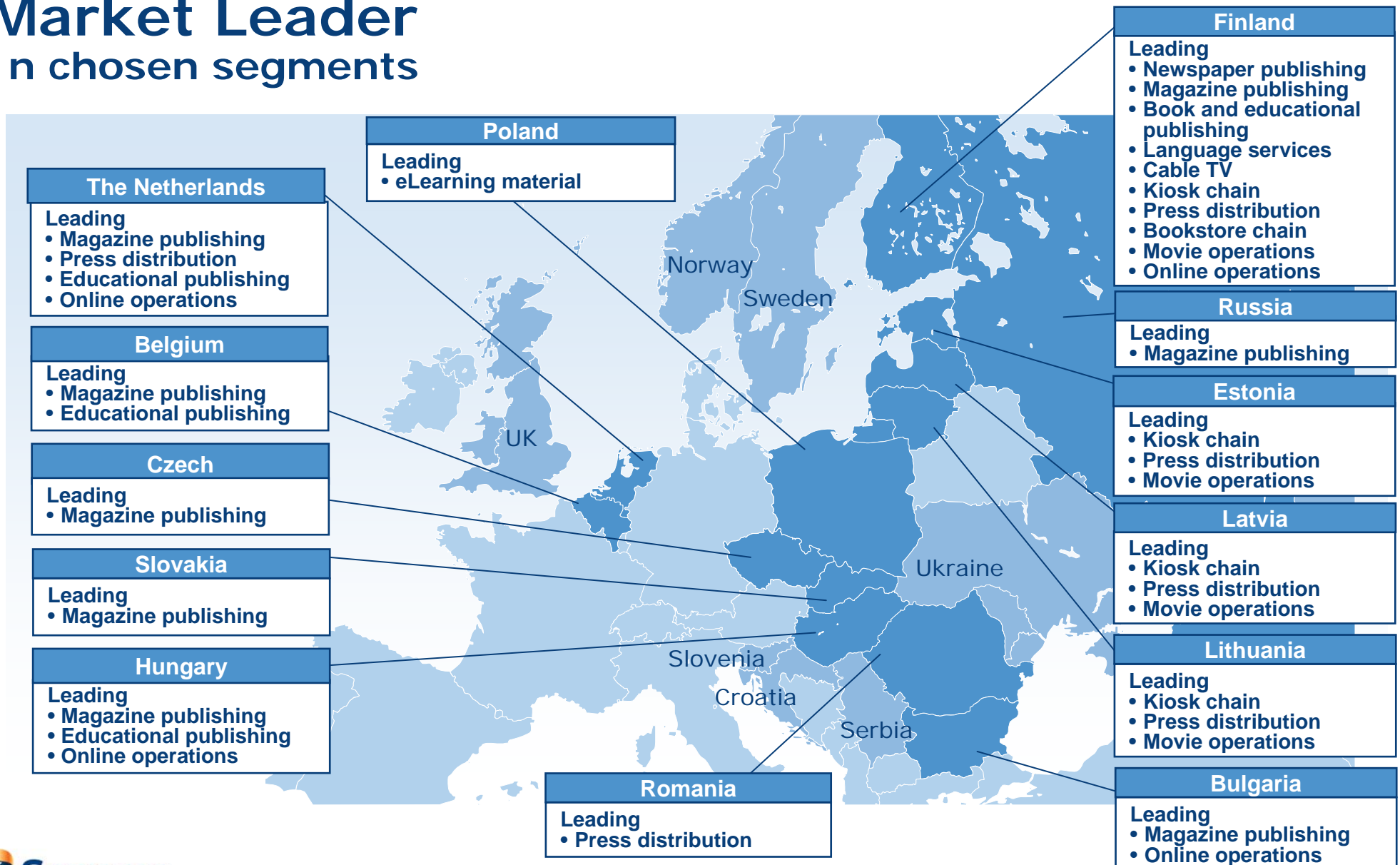
By division



By geographic area



# Market Leader In chosen segments

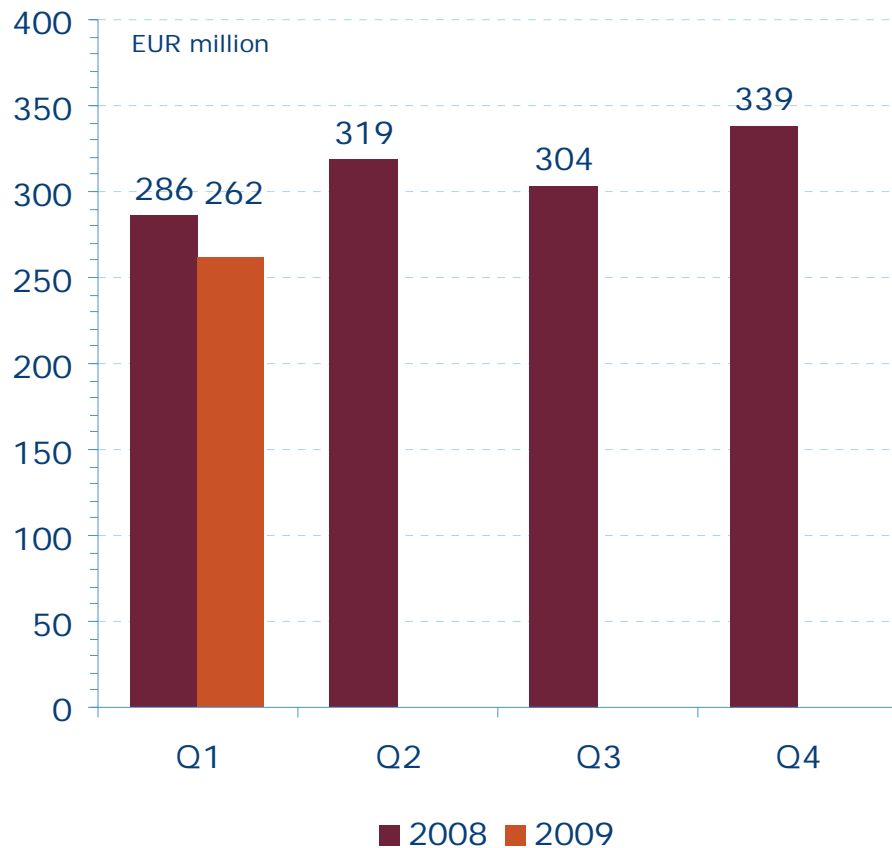




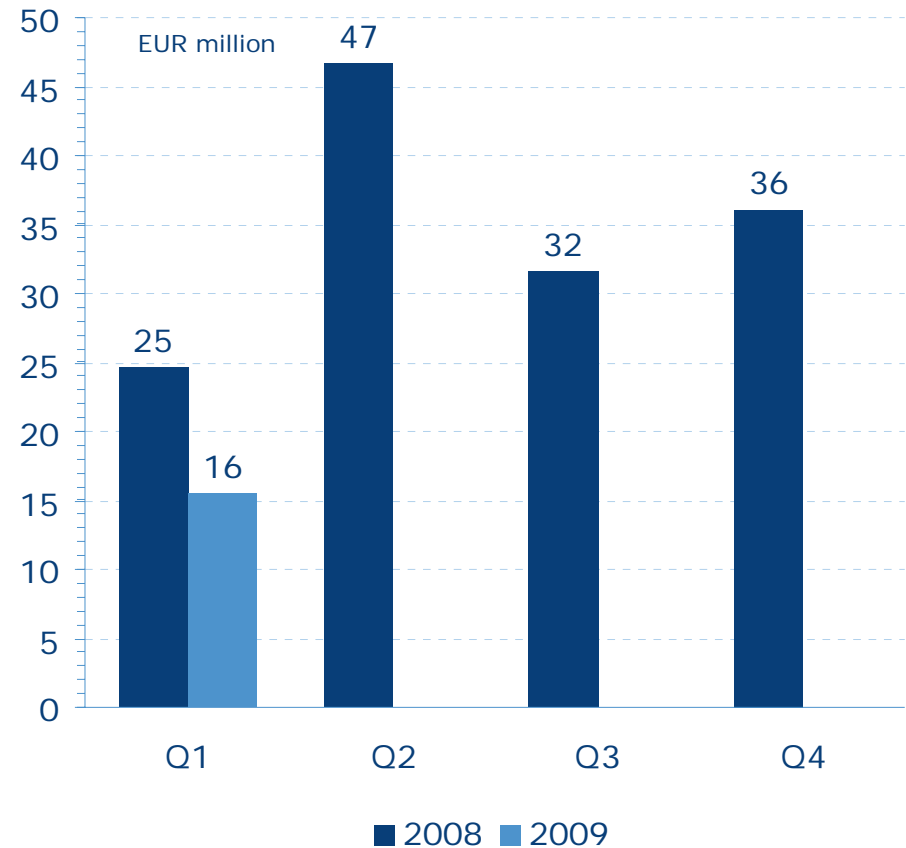
**Inspires, Informs and Connects**

# Sanoma Magazines

## Net sales



## EBIT excluding non-recurring items



# Sanoma Magazines

## Key figures

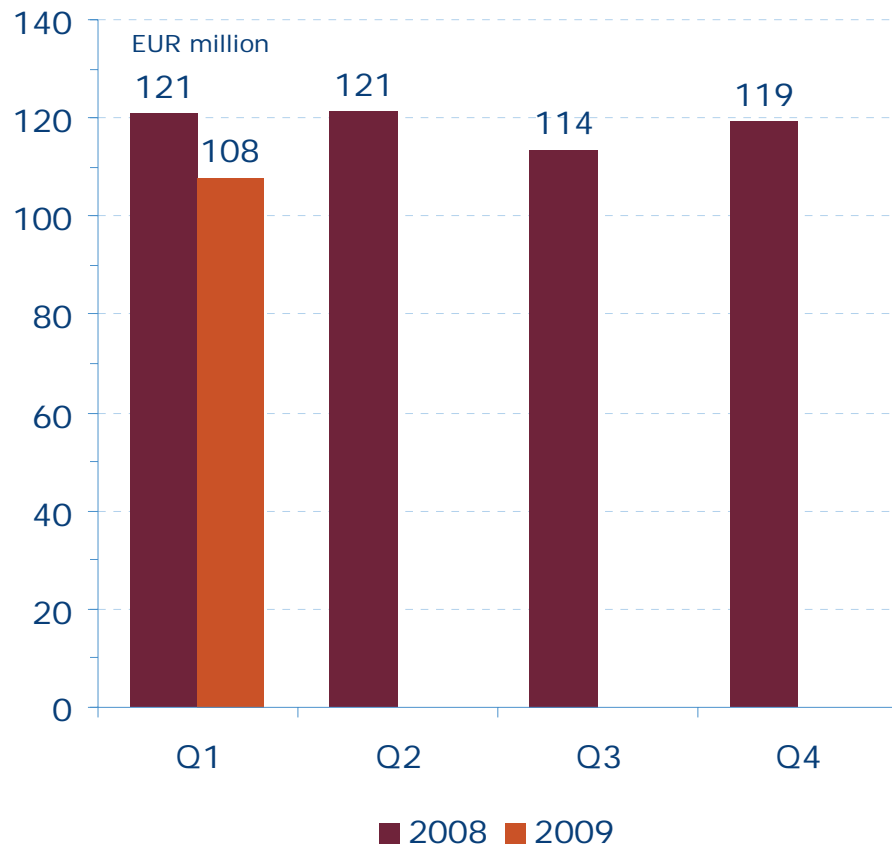
EUR million	1-3/2009	1-3/2008	Ch %	1-12/2008
Net sales	<b>262.1</b>	285.5	-8.2	1,246.8
Sanoma Magazines Netherlands	<b>110.6</b>	111.7	-1.0	515.7
Sanoma Magazines International	<b>50.9</b>	70.1	-27.4	306.7
Sanoma Magazines Belgium	<b>51.3</b>	54.2	-5.3	223.2
Sanoma Magazines Finland	<b>50.3</b>	50.7	-0.8	205.6
Eliminations	<b>-1.0</b>	-1.3	-23.8	-4.3
Operating profit excluding non-recurring items	<b>15.5</b>	24.7	-37.1	138.9
% of net sales	<b>5.9</b>	8.6		11.1
Operating profit	<b>15.5</b>	48.2	-67.8	85.7
Capital expenditure	<b>4.6</b>	5.1	-10.8	26.8
Average number of employees (FTE)	<b>5,713</b>	5,393	5.9	5,731

**Outlook for 2009:** Net sales are expected to decrease and it is estimated that operating profit excluding non-recurring items will be clearly below the previous year's level.

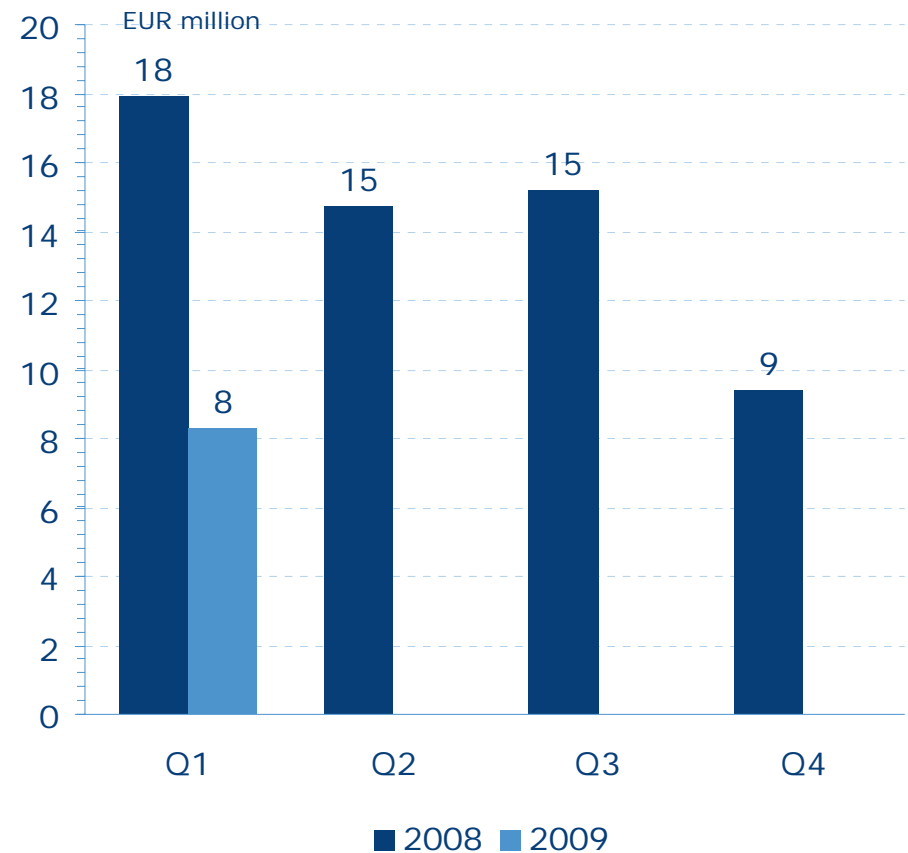


# Sanoma News

## Net sales



## EBIT excluding non-recurring items



# Sanoma News

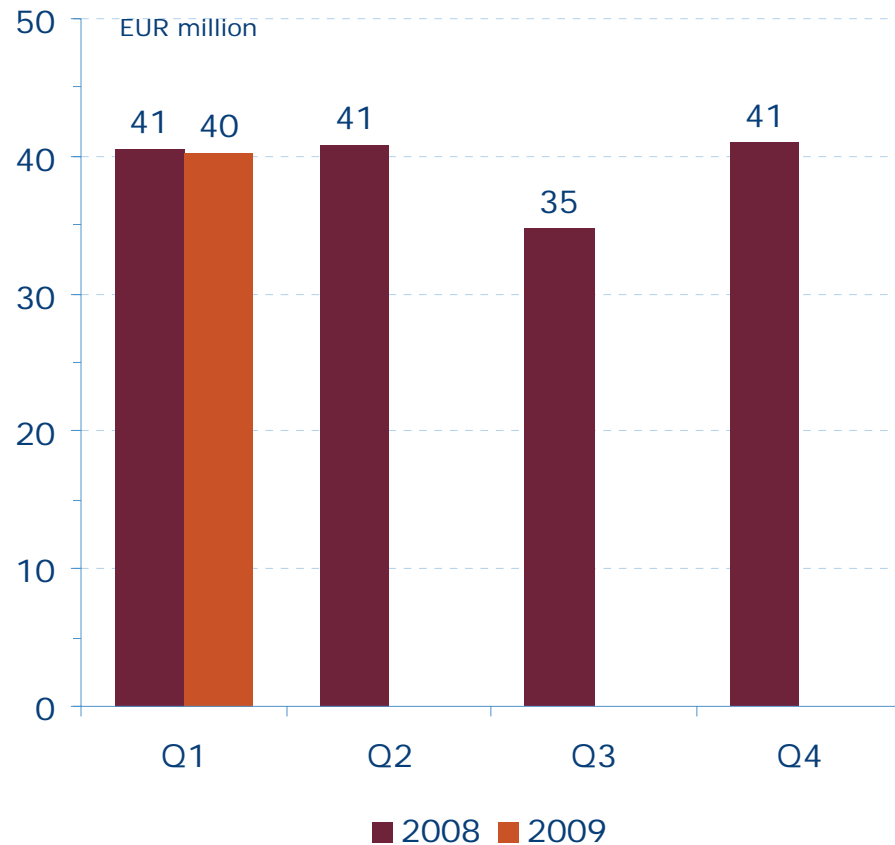
## Key figures

EUR million	1-3/2009	1-3/2008	Ch %	1-12/2008
Net sales	<b>107.7</b>	120.8	-10.9	474.7
Helsingin Sanomat	<b>61.7</b>	74.1	-16.6	279.5
Ilta-Sanomat	<b>18.4</b>	20.5	-10.0	83.2
Other publishing	<b>22.9</b>	23.9	-4.3	98.2
Other businesses	<b>36.2</b>	37.9	-4.3	150.1
Eliminations	<b>-31.7</b>	-35.5	-10.8	-136.2
Operating profit excluding non-recurring items	<b>8.3</b>	17.9	-53.4	57.3
% of net sales	<b>7.8</b>	14.8		12.1
Operating profit	<b>6.0</b>	17.9	-66.2	57.3
Capital expenditure	<b>3.2</b>	3.7	-14.6	19.6
Average number of employees (FTE)	<b>2,404</b>	2,407	-0.1	2,491

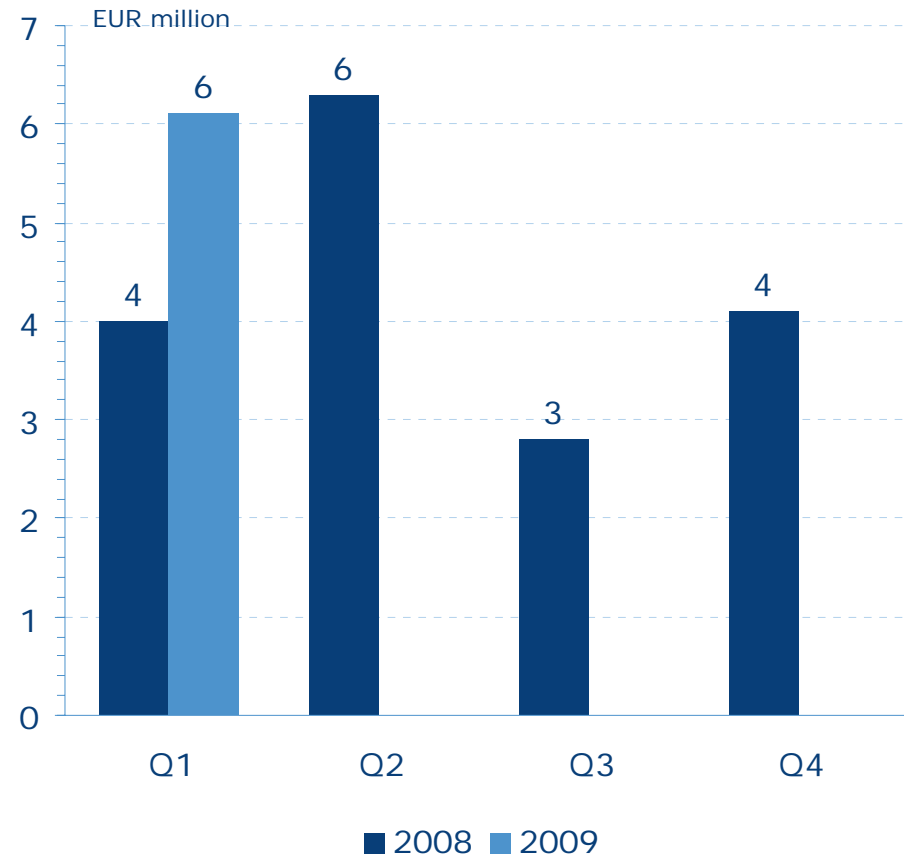
**Outlook for 2009:** net sales are estimated to decrease clearly and operating profit excluding non-recurring items will lessen markedly from the previous year due to the decline in the advertising market.

# Sanoma Entertainment

## Net sales



## EBIT excluding non-recurring items



# Sanoma Entertainment

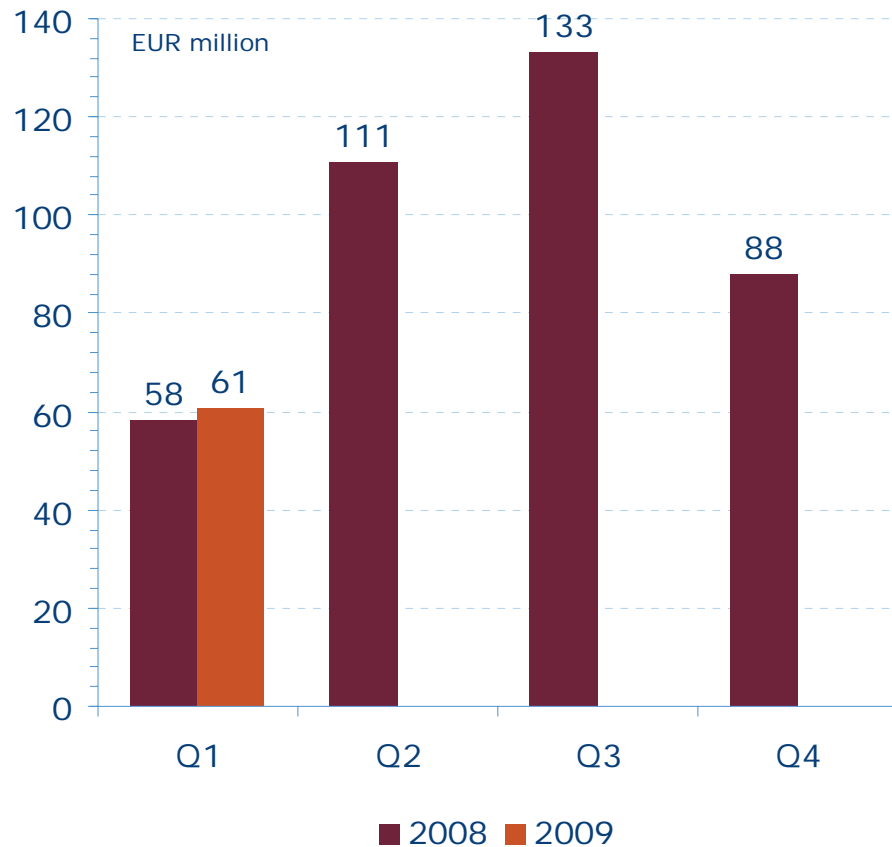
## Key figures

EUR million	1–3/2009	1–3/2008	Ch %	1–12/2008
Net sales	<b>40.3</b>	40.5	-0.5	157.1
TV and radio	<b>23.5</b>	22.6	3.9	88.9
Other businesses	<b>17.3</b>	18.0	-4.2	69.4
Eliminations	<b>-0.5</b>	-0.1	234.5	-1.1
Operating profit excluding non-recurring items	<b>6.1</b>	4.0	52.2	17.3
% of net sales	<b>15.2</b>	10.0		11.0
Operating profit	<b>6.1</b>	4.0	52.2	17.3
Capital expenditure	<b>2.0</b>	3.0	-33.7	13.5
Average number of employees (FTE)	<b>486</b>	472	3.0	482

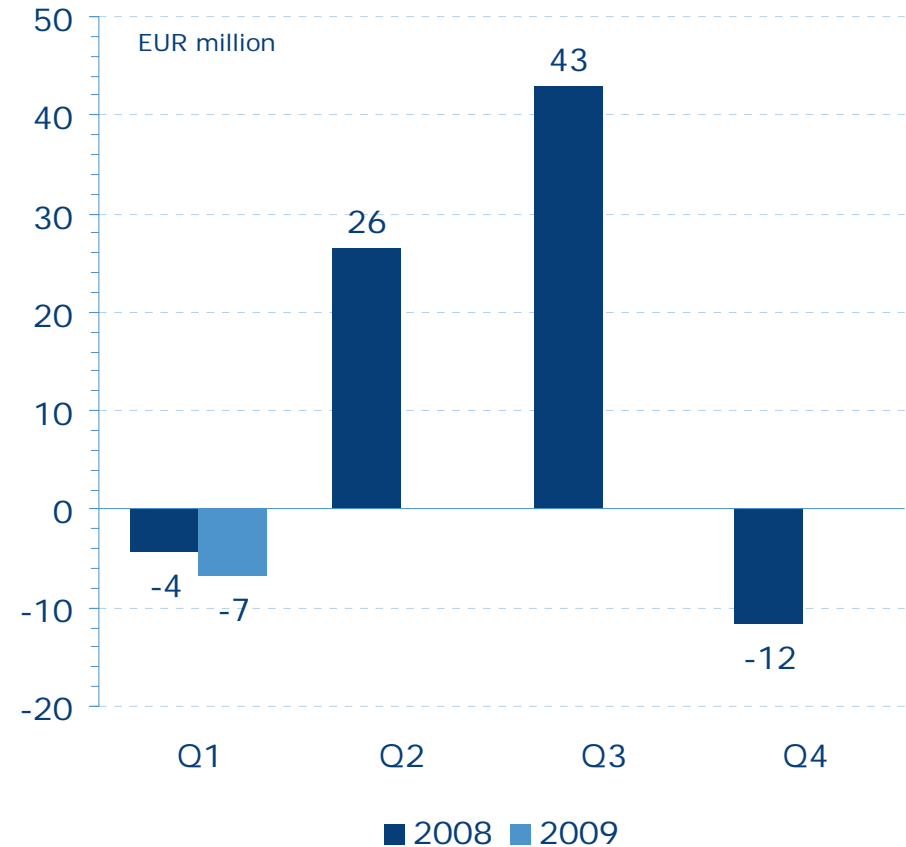
**Outlook for 2009:** Net sales and operating profit excluding non-recurring items are expected to be at the previous year's level.

# Sanoma Learning & Literature

Net sales



EBIT excluding non-recurring items



# Sanoma Learning & Literature

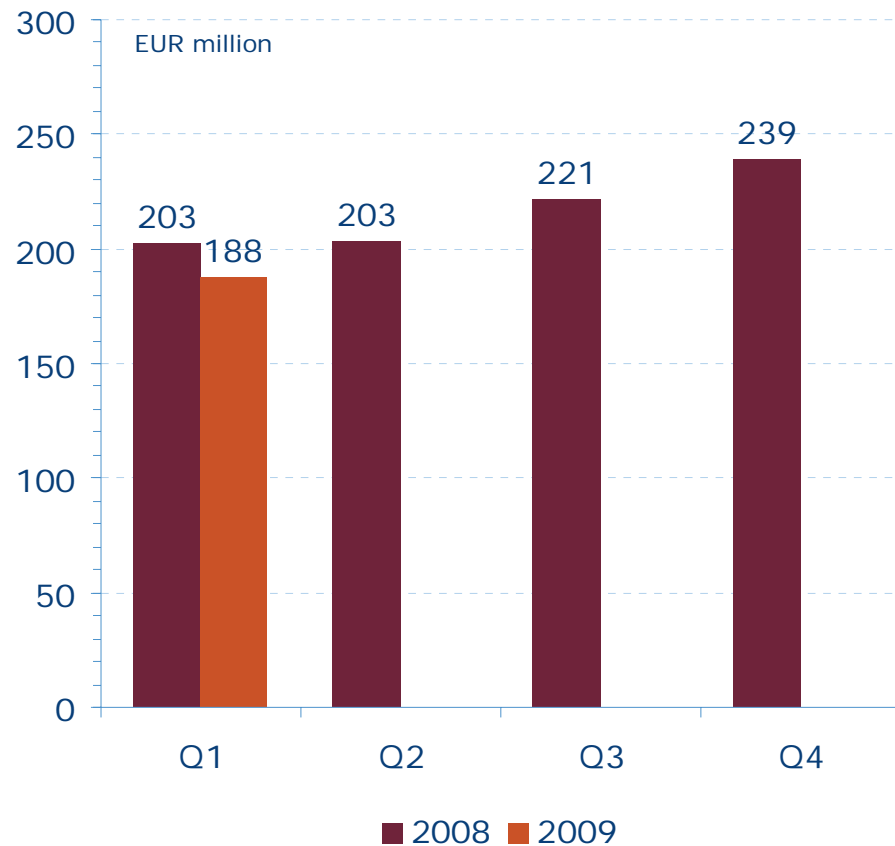
## Key figures

EUR million	1–3/2009	1–3/2008	Ch %	1–12/2008
Net sales	<b>60.8</b>	58.3	4.3	390.0
Learning	<b>30.6</b>	27.8	10.0	273.3
Language services	<b>8.3</b>	6.2	34.5	28.8
Literature and other businesses	<b>24.6</b>	27.8	-11.5	101.2
Eliminations	<b>-2.6</b>	-3.4	-23.1	-13.3
Operating profit excluding non-recurring items	<b>-6.9</b>	-4.3	-58.9	53.2
% of net sales	<b>-11.3</b>	-7.4		13.6
Operating profit	<b>-6.9</b>	-4.3	-58.9	45.6
Capital expenditure	<b>2.3</b>	2.8	-17.6	15.6
Average number of employees (FTE)	<b>2,863</b>	2,389	19.9	2,737

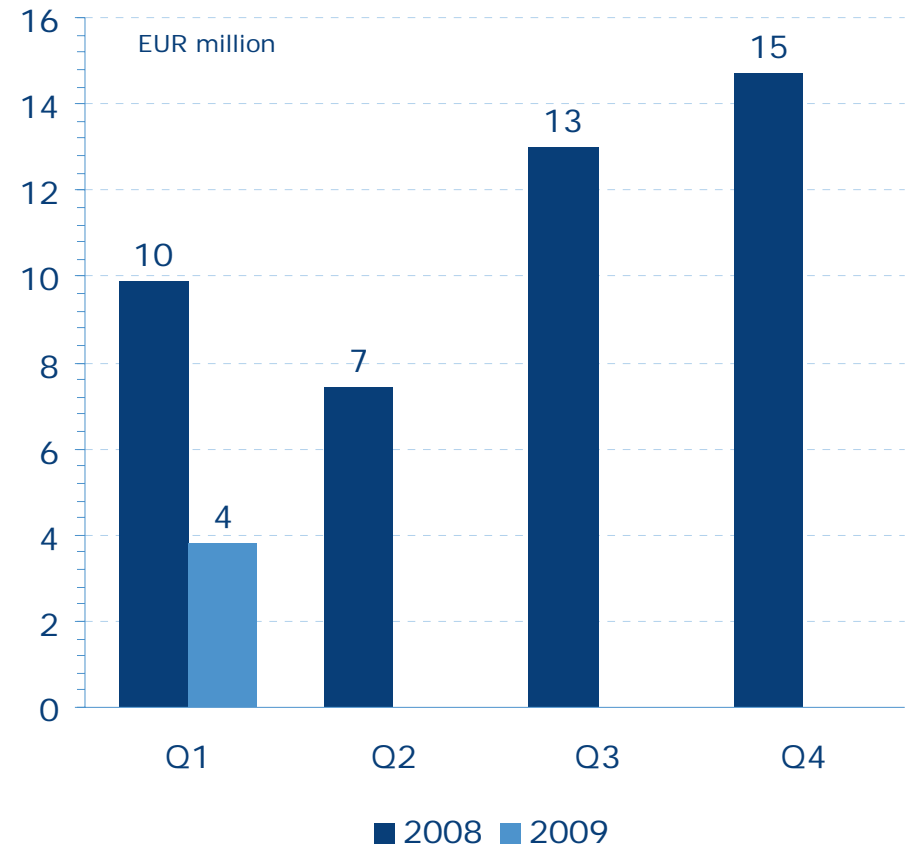
**Outlook for:** Net sales and operating profit excluding non-recurring items will decrease from the previous year's level. The development of net sales and operating profit is strongly affected by the exchange rates of the Division's operating countries.

# Sanoma Trade

## Net sales



## EBIT excluding non-recurring items



# Sanoma Trade

## Key figures

EUR million	1-3/2009	1-3/2008	Ch %	1-12/2008
Net sales	<b>187.7</b>	202.7	-7.4	866.6
Kiosk operations	<b>91.1</b>	94.6	-3.7	409.4
Press distribution	<b>49.4</b>	58.2	-15.1	241.5
Bookstores	<b>27.3</b>	31.0	-12.1	139.2
Movie operations	<b>23.6</b>	24.4	-3.0	94.3
Eliminations	<b>-3.7</b>	-5.5	-32.8	-17.8
Operating profit excluding non-recurring items	<b>3.8</b>	9.9	-61.6	45.1
% of net sales	<b>2.0</b>	4.9		5.2
Operating profit	<b>3.8</b>	9.9	-61.6	45.1
Capital expenditure	<b>8.1</b>	6.1	31.8	33.8
Average number of employees (FTE)	<b>6,433</b>	6,425	0.1	6,633

**Outlook for 2009:** Net sales are expected to decrease somewhat and operating profit excluding non-recurring items to decrease clearly.