



SanomaWSOY's Strategic Priorities

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SanomaWSOY



- The leading Nordic media group
- One of Europe's five largest magazine publishers
- Among Europe's six largest educational publishers

- Wide media portfolio in Finland, focused approach internationally
- Leading positions in the chosen markets
- Targeting smaller and mid-sized language areas and markets
- Growing media presence in 20 European countries

Y:Kalvot/IR/CMD 2005/Svrian



SanomaWSOY Group

Net sales M€2,491.1 Personnel on EBIT M€294.0 **SanomaWSOY** average (full time Personnel 13.652 equivalent) Sanoma **SWelcom WSOY** Rautakirja Sanoma **Magazines** Net sales M€117.5 Net sales M€659.7 Net sales M€1.083.7 Net sales M€435.2 Net sales M€253.9 **EBIT M€137.1** EBIT M€9.6 FBIT M€47.2 **EBIT M€70.8 EBIT M€29.1** Personnel 3,992 **Personnel 378** Personnel 4,795 Personnel 2,389 Personnel 2,025 **Press distribution** SanomaWSOY Electronic media Magazine **Newspaper** • Lehtipiste, Lehepunkt, Education Nelonen publishing publishing and **Preses Serviss, Impress** Women's magazines printing Books Helsinki Television Teva, Hiparion Electronic public. Men's magazines Helsingin Sanomat Digital services Distribution Home interest • Ilta-Sanomat TV production **Publishing Kiosk operations** magazines Taloussanomat services Books • R-kioski (Finland, Children's and vouth Local and regional Electronic public. Estonia), Narvesen publishing newspapers Baltija, CZ Retail **Printing** TV magazines Free sheets WS Bookwell **Bookstores** Special interest Free-ad publications Suomalainen Lönnberg Painot magazines Printing plants Kirjakauppa • Dark Custom publishing News agency **Diaries** Entertainment services **Press distribution** Movie theatres. Ajasto Picture agency Multipurpose arena services



Delivering our Promises



Delivering our Promises Key Strategic Objectives, Set in 2002

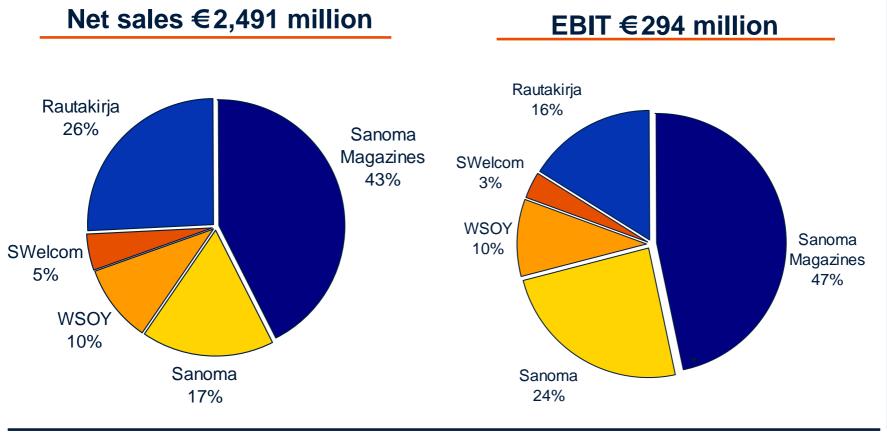
- To build a balanced portfolio, both in terms of businesses and markets
- To be a market leader in our chosen markets and business areas
- To build at least two strong international business areas
- To be a leading European magazine publisher
- To develop profitable products and services; including those that can be successfully expanded cross media or internationally.
- To increase the profitability of our present businesses and improve efficiency, for example through the use of information technology
- To divest non-core assets and businesses
- To promote excellent management practices and ensure that we have the ongoing support of our customers, employees, and shareholders





Net Sales and EBIT

By Division, 1-12/2004



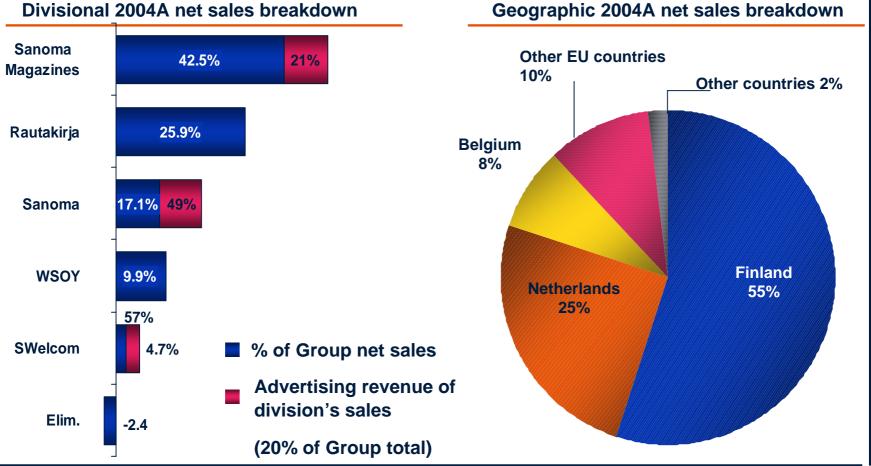
According to IFRS figures

Intracompany eliminations excluded

Y:Kalvot/IR/CMD 2005/Syrjänen



Balanced Composition of Net Sales







Market Leader **Finland** Leading **In Chosen Segments** newspaper publisher magazine publisher book publisher and educational publisher **Poland** cable TV operator The Netherlands Leading convenience store Leading eLearning business (YDP) operator magazine publisher • press distributor press distributor bookstore chain educational publisher movie theatre operator **Belgium** Russia Leading • magažine publisher Leading educational publisher magazine publisher **Estonia** Czech Leading Leading magazine publisher convenience store operator • press distributor Slovakia movie theatre operator Leading Latvia magazine publisher Leading convenience store **Hungary** operator • press distributor Leading movie theatre operator magazine publisher Lithuania **Bulgaria** Leading Leading • movie theatre operator magazine publisher



Spearheads of our International Business

Magazines



- •38% of the Group's net sales
- Operations in 12 countries

Educational Publishing

Press Distribution





- •5% of the Group's net sales
- Operations in 4 countries
- •8% of the Group's net sales
- Operations in 6 countries

Y:Kalvot/IR/CMD 2005/Svriän



Largest Magazine Publishers in Europe

Magazine net sales / €million, 2004

1.	Grüner + Jahr	2,439 *
	Orarior i barri	2, 100

2. Hachette Filippachi Media 2,120

3. Heinrich Bauer Verlag 1,656 **

4.	Sanoma	Magazines	1,084
			.,

5. Hubert Burda Media 1,078 ***

*incl. newspapers

**prel. figures

***2003

Source: Annual

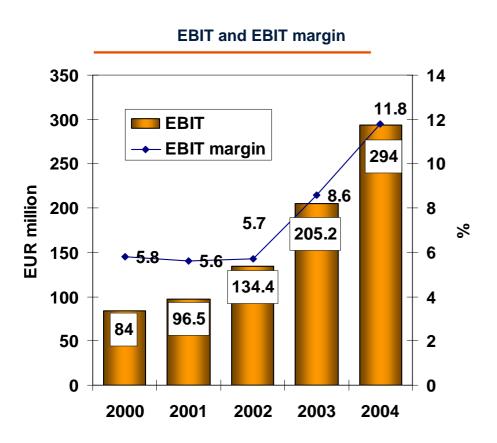
Reports, wwwsites

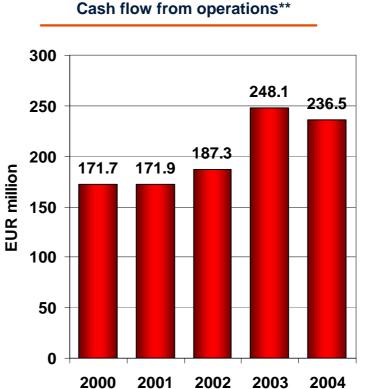
Y:Kalvot/IR/CMD 2005/Syrjänen



Operational Excellence

Dynamic and Profitable Growth





2000-2003 figures according to FAS, 2004 according to IFRS

** Cash flow from operations does not include capital expenditure

Y:Kalvot/IR/CMD 2005/Syrjänen



Divesting Non-core

Divestments since 2001

- Reitan Narvesen ASA
- BEAP, Blue Book
- Ecovision, StarDesk and StarWeb operations
- Dose
- Leijonajakelu
- A-pressen
- Janton
- Real estates and share portfolio
- Genimap
- Minority share holdings (Nettirahastot, Savon Mediat, Ilkka-Yhtymä, Euromedia, Pro Licensing Nordic etc.)
- Milvus
- Måndag
- Rautakirja's restaurant operations
- Kotkan Tietoruutu

Some EUR 570 million in total





Investing Core

M&As since 2001

- Infosto
- Compad
- Press Agency Santa 52%
- CIG
- UAB Vingio kino teatras 90%
- Uutisvuoksi
- AS V&K Holding 75%
- Free sheets: Uutislehti 100, Kellokas, Hyvinkään Kellokas, Palvelulehti Itäväylä
- Hiparion Distribution 51%
- Malmberg Investments
- Büroodisain 30%
- UAB Impress Teva 51%
- Independent Media

Some EUR 1,900 million in total

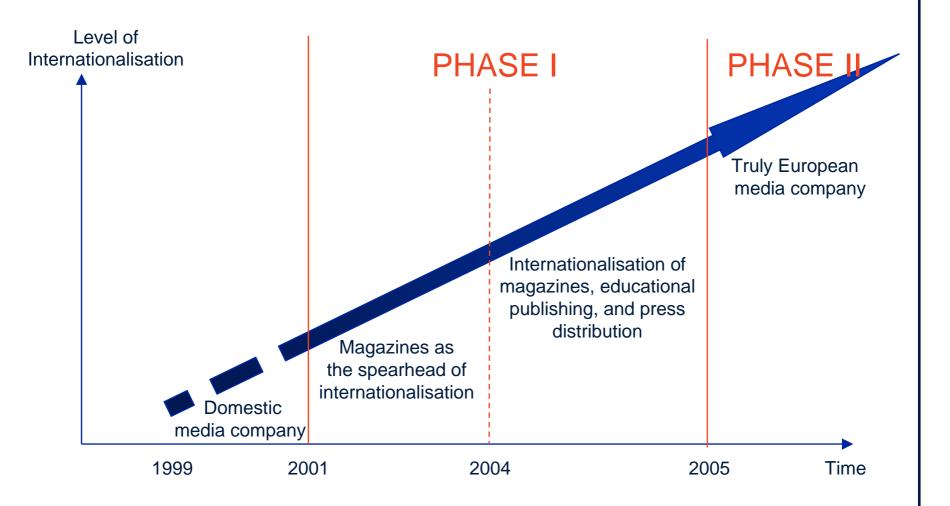




Internationalisation



Phases of Internationalisation







Truly International Media Company

- Operates in 20 European countries
- Expansion is based on business criteria
 - not anymore selected operations for internationalisation



Y:Kalvot/IR/CMD 2005/Syrjäne

Why Magazines?

- Magazines are not influenced by national political or cultural issues
- Preferred international license partner:
 - Cosmopolitan, Elle, Disney, National Geographic...
- Own concepts, which can be internationalised:
 - Story, Beaumonde
- In Finland, a long tradition of custom publishing, which can be internationalised
- Magazines are perfect platforms for brand extensions
- Combination of magazines, internet sites, and virtual communities offers interesting new business opportunities





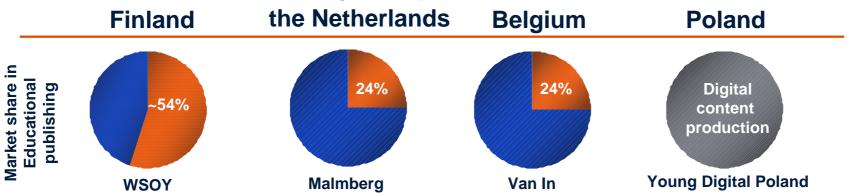






Why Educational Publishing?

- European educational publishing market is unconsolidated (no big players)
- Has great growth potential
 - harmonisation of curriculum
 - centralized digital content production
 - modularisation of educational materials
 - internet based services, eLearning
 - international licensing of educational materials
 - CEE countries are investing heavily in education







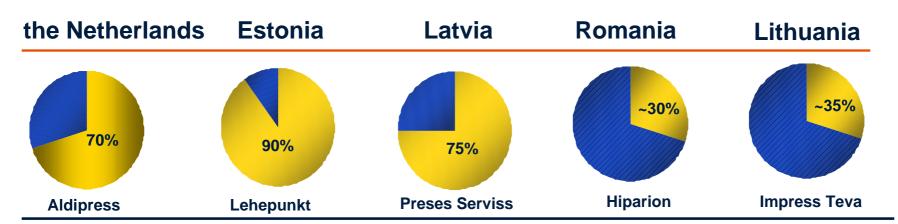
Why Press Distribution?

Market share in Press distribution

Finland



- Exportable press distribution and press retail knowhow
 - good, profitable business as such
 - leading position is the key
 - possibility to further develop with add-on business
- Supports magazine value chain
- Kiosk operations complement distribution in CEE countries





Y:Kalvot/IR/CMD 2005/Syrjäner

Strategy and Objectives



Strategic Focus Areas

Growth	Cash flow
Market	Business
leadership	practises

In 2005:

- Controlled growth
- Focus on core
- Strong market positions
- Strong financial position
- Best practices
- Training





Group's Financial Targets

EBIT Margin (%)	FAS 2004	IFRS 2004 excl. substantial non-recurring gains		Group's strategic target
Sanoma Magazines	7.4	12.4	12.6	
Sanoma	16.3	13.7	16.3	
WSOY	11.5	11.5	11.5	
SWelcom	7.6	8.2	8.2	
Rautakirja	6.5	7.0	7.1	
SanomaWSOY	9.4	10.8	11.8	12.0

- Net sales grow faster than GDP in main markets
- Capex yearly level < EUR 100 million
- Equity ratio ~ 50%



Y:Kalvot/IR/CMD 2005/Syrjän

Media Company of Opportunities Our Vision

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



Y:Kalvot/IR/CMD 2005/Syrjäne



Committed to the Future