

# SanomaWSOY



Q2 2005

**Hannu Syrjänen**

President & COO

4 August 2005

# Key Developments Q2/2005



## Internationalisation:

- Rautakirja to acquire the leading Lithuanian kiosk chain Lietuvos Spauda
- Rautakirja acquired the press distribution company Presseexpo from Independent Media

## Growth:

- Sanoma acquired Radio Helsinki

## Focusing on core business:

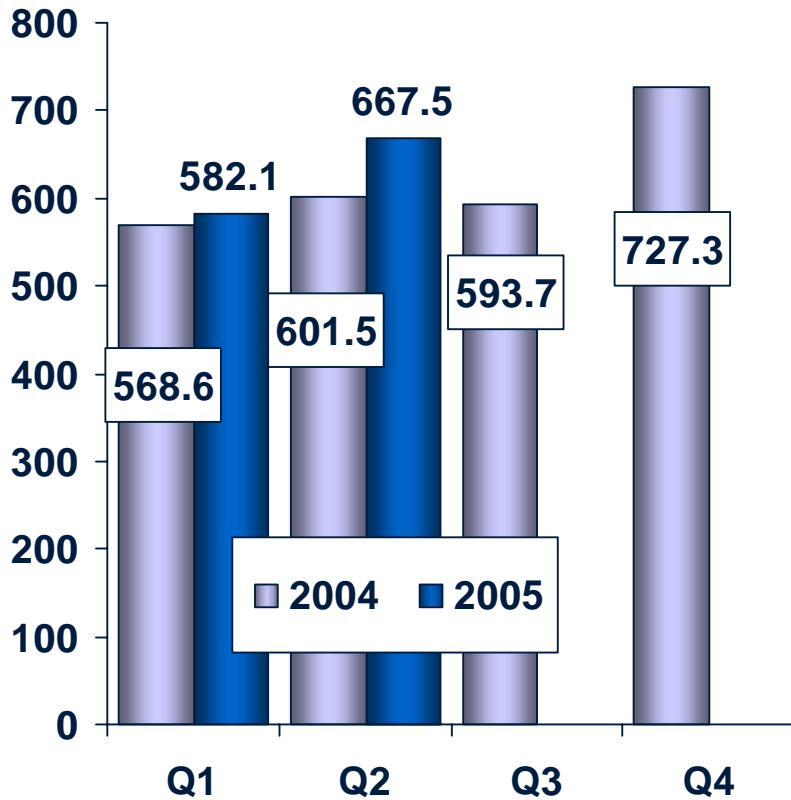
- Sanoma Lehtimedia sold Etelä-Karjalan Jakelu to Finland Post

## After the review period:

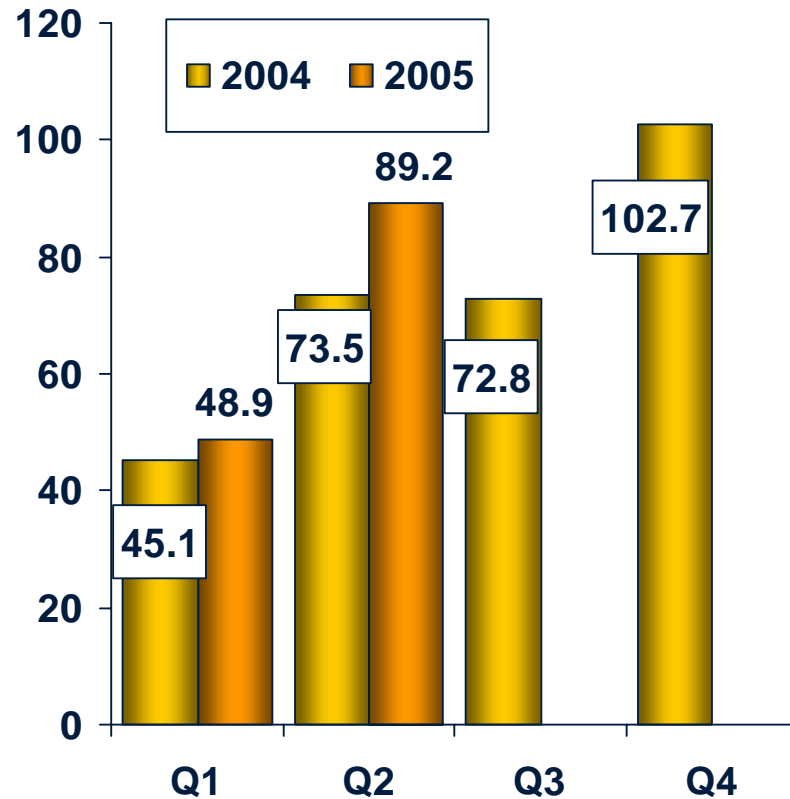
- Ilta-Sanomat acquired Huuto.net

# SanomaWSOY Group

Net sales, €million



Operating profit, €million



# Key Indicators

€million	1-6/2005	1-6/2004	Change,%	1-12/2004
Net sales	<b>1,249.6</b>	1,170.1	6.8	2,491.1
Operating profit	<b>138.1</b>	118.6	16.5	294.0
% of net sales	<b>11.1</b>	10.1		11.8
Balance sheet total	<b>2,931.1</b>	2,431.0	20.6	2,689.2
Gross investments	<b>276.2</b>	44.8	517.1	281.6
% of net sales	<b>22.1</b>	3.8		11.3
Equity ratio <sup>1</sup> , %	<b>34.3</b>	37.7		38.7
Gearing, %	<b>115.9</b>	88.3		82.1
Interest-bearing liabilities	<b>1,161.2</b>	824.7	40.8	894.8
Net debt	<b>1,099.8</b>	762.5	44.2	809.1
Personnel under employment contract <sup>2</sup>	<b>16,628</b>	15,977	4.1	16,207
Personnel, average <sup>3</sup>	<b>14,064</b>	13,451	4.6	13,652
Earnings/share, €	<b>0.57</b>	0.54	4.5	1.31
Cash flow from operations/share, €	<b>0.37</b>	0.56	-33.6	1.54
Equity/share, € <sup>4</sup>	<b>6.11</b>	5.55	10.0	6.34
Market capitalisation	<b>3,109.9</b>	2,352.4	32.2	2,632.2

<sup>1</sup>If equity includes capital notes, equity ratio would be, on 30 June 2005 some 40%

<sup>2</sup>In average

<sup>3</sup>full-time equivalents

<sup>4</sup>Excluding minority interests

Y: Kalvot\_HS/HS05/interimreport2\_2005

# Advertising Sales

## In Finland 1/2

€1,000	1-6/2005	Change-%
<b>NEWSPAPERS</b>	<b>306,952</b>	<b>5.8</b>
<i>Newspapers</i>	268,036	4.8
<i>Local papers and free sheets</i>	38,916	13.4
Aamulehti	21,635	4.4
Helsingin Sanomat (incl. supplements)	76,710	4.3
Helsingin Sanomat	73,338	4.6
Iltta-Sanomat & Plussa & TV	7,646	1.6
Iltalehti	5,472	4.4
Kauppalehti & Presso	8,557	2.9
Taloussanomat & TS-ITviikko	2,264	15.1
Turun Sanomat	20,566	8.4
Sanoma Lehtimedia*	11,156	12.2
<b>KÄRKIMEDIA**</b>	<b>60,129</b>	<b>6.9</b>

\*Incl. Etelä-Saimaa, Kouvola Sanomat, Kymen Sanomat, Lappeenranta, and Kaupunkilehti Seiska

Sources:  
TNS Gallup Adex  
\*\* Kärkimedia

Y: Kalvot\_HS/HS05/interimreport2\_2005

# Advertising Sales

## In Finland 2/2

€1,000	1–6/2005	Change-%
<b>MAGAZINES</b>	<b>74,574</b>	<b>3.9</b>
<b>TELEVISION</b>	<b>116,344</b>	<b>0.4</b>
<b>RADIO</b>	<b>21,511</b>	<b>0.9</b>
<b>OUTDOOR</b>	<b>17,626</b>	<b>6.8</b>
<b>CINEMA</b>	<b>651</b>	<b>-32.6</b>
<b>INTERNET</b>	<b>9,594</b>	<b>29.2</b>
<b>Advertising sales revenue, total</b>	<b>547,251</b>	<b>4.4</b>

Source:  
TNS Gallup Adex

Y: Kalvot\_HS/HS05/interimreport2\_2005

# Sanoma Magazines

1-6/2005

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€ million	NET SALES		EBIT	
	1-6/2005	1-6/2004	1-6/2005	1-6/2004
Sanoma Uitgevers	252.5	249.6		
Sanoma Magazines International	92.8	67.5		
Sanoma Magazines Belgium	93.3	97.1		
Sanoma Magazines Finland	87.9	86.1		
Aldipress	57.8	54.9		
Eliminations	-29.0	-28.9		
<b>Total</b>	<b>555.3</b>	<b>526.2</b>	<b>65.8</b>	<b>68.6</b>
Gross investments, € million	167.0	9.4		
Personnel, average*	4,527	3,980		

\* full-time  
equivalents

Y: Kalvot\_HS/HS05/interimreport2\_2005



# Sanoma Magazines

## Key Developments



- Sanoma Uitgevers' President changed
  - Ms Christina von Wackerbarth, appointed as President (acting)
  - Magazines' summer events very popular
    - In Libelle zomerweek almost 70,000 and in the first Bobo-day 6,600 visitors.
- Sanoma Magazines Finland continues to publish Finnair's customer magazines
- Sanoma Magazines Finland moved into the new office
  - all magazines into the same building

After the review period:

- Sanoma Magazines International acquired 70% of Czech home and deco publisher Peloton



# Sanoma

1-6/2005

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€ million	NET SALES		EBIT	
	1-6/2005	1-6/2004	1-6/2005	1-6/2004
Helsingin Sanomat	<b>130.8</b>	126.1		
Ilta-Sanomat	<b>46.3</b>	47.0		
Sanoma Lehtimedia	<b>24.4</b>	23.4		
Others	<b>86.2</b>	71.7		
Eliminations	<b>-64.8</b>	-54.5		
<b>Total</b>	<b>223.0</b>	213.7	<b>30.5</b>	24.4
Gross investments, € million	<b>10.7</b>	16.0		
Personnel, average *	<b>2,379</b>	2,377		

\* full-time  
equivalents

Y: Kalvot\_HS/HS05/interimreport12\_2005

# Sanoma

## Key Developments



- Helsingin Sanomat acquired Radio Helsinki
- Sanoma Kaupunkilehdet acquired Nöjesguiden
- Sanoma Lehtimedia sold Etelä-Karjalan Jakelu to Finland Post
- For Uutislehti 100 (free sheet) a strong market position in the Helsinki metropolitan area
  - to be distributed in some 600 busses and trams and metro stations
- Kaupunkilehti Kymppi's first edition started in eastern Helsinki

After the review period:

- Ilta-Sanomat acquired Huuto.net
  - Keltainen Pörssi becomes Finland's leading classified ad service

# WSOY

## 1-6/2005

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€ million	NET SALES		EBIT	
	1-6/2005	1-6/2004	1-6/2005	1-6/2004
Educational publishing	74.1	22.8		
Publishing	43.3	42.6		
Printing	27.6	28.8		
Diaries	3.2	3.5		
Others	2.6	2.4		
Eliminations	-8.7	-8.7		
<b>Total</b>	<b>142.2</b>	<b>91.4</b>	<b>21.0</b>	<b>6.8</b>
Gross investments, € million	4.5	5.1		
Personnel, average*	2,224	1,819		

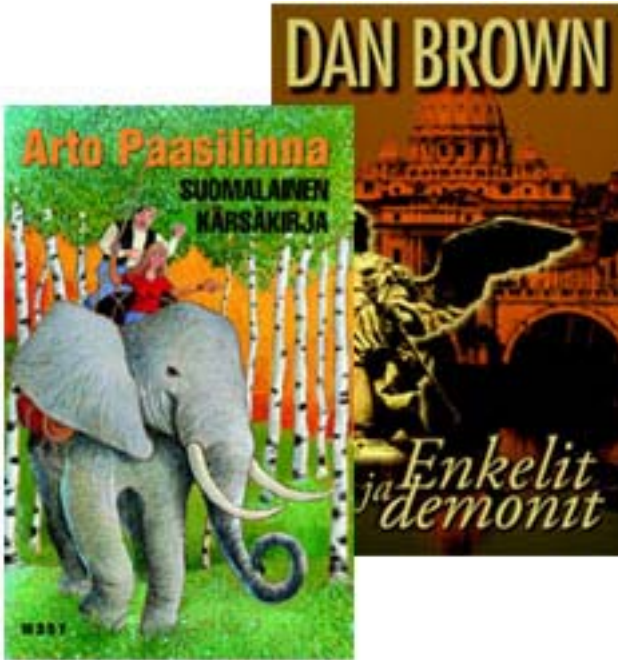
Incl. Malmbergin  
as of 15.7.2004

\* full-time  
equivalents

Y: Kalvot\_HS/HS05/interimreport2\_2005

# WSOY

## Key Developments



- Educational publishing grew significantly in the Netherlands and Belgium due to new operations
- General literature's summer season increases sales in Finland
  - New books e.g. Dan Brown's Angels and Demons, and Arto Paasilinna's Suomalainen kärsäkirja (Finnish trunk book)
- A publishing contract for the English speaking world to Arto Paasilinna

# SWelcom

1-6/2005

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€ million	NET SALES		EBIT	
	1-6/2005	1-6/2004	1-6/2005	1-6/2004
Nelonen	36.1	34.1		
Others	25.5	25.8		
Eliminations	-0.7	-0.6		
<b>Total</b>	<b>60.9</b>	<b>59.3</b>	<b>4.8</b>	<b>4.3</b>
Gross investments, € million	3.7	5.1		
Personnel, average *	379	381		

\* full-time  
equivalents

Y: Kalvot\_HS/HS05/interimreport2\_2005

# SWelcom

## Key Developments



- In June, Nelonen reached its all time high market share, 34.8%\*
- The Finnish versions of reality TV programmes Under Construction and Queer Eye for the Straight Guy attracted viewers
  - The biggest ever price in Finnish TV history in the Under Construction final : One-family house and the site
- HTV delivered 200 digiboxes to Finnish Parliament: now every Member of Parliament has digital TV
- Consumer market for broadband services challenging
- Rationalisation of organisation: the consolidation of TV operations, i.e. Nelonen, HTV, and Werne in one company as of 1 January 2006

\* Source: TNS Gallup

Y: Kalvot\_HS/HS05/interimreport2\_2005

# Rautakirja

1-6/2005

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€ million	NET SALES		EBIT	
	1-6/2005	1-6/2004	1-6/2005	1-6/2004
Kiosk operations	168.5	170.2		
Press distribution	47.1	39.6		
Bookstores	50.5	48.4		
Entertainment	29.8	26.1		
Others	2.6	26.4		
Eliminations	-5.5	-5.7		
<b>Total</b>	<b>293.0</b>	<b>305.0</b>	<b>17.8</b>	<b>15.5</b>
Gross investments, € million	90.4	8.6		
Personnel, average*	4,489	4,821		

\* full-time equivalents

Y: Kalvot\_HS/HS05/interimreport12\_2005



# Rautakirja

## Key Developments



- Acquisitions:\*
- The leading Lithuanian kiosk chain Lietuvos Spauda
- The press distribution company TK Presseexpo operating in the Moscow area
- New cash register system in Finnish R-kiosks enables new partner agreements
  - Co-operation agreement with TeliaSonera on sales of electronic call time
  - Agreement with VR: sales of train tickets in R-kiosks as of 2006
- Three new Suomalainen Kirjakauppa bookstores in shopping centres:
  - Kamppi and Koskikeskus in Finland
  - Kristiine-centre in Estonia

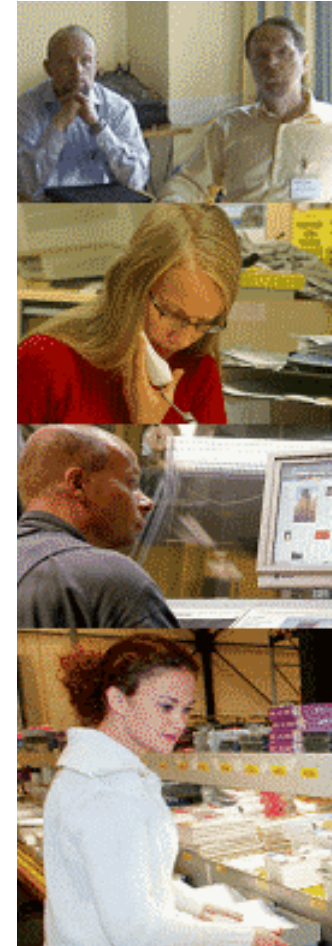
\*Acquisitions are subject to the approval of the competition authorities

Y: Kalvot\_HS/HS05/interimreport12\_2005

# Group's Outlook for 2005

## Estimate:

- Net sales to grow by some 6%
- Operating profit excluding non-recurring gains on the sales of assets to be at least at the previous year's good level
  - In 2004, operating profit excluding the most substantial non-recurring gains on the sales of assets was EUR 268.2 million.



# 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)*