

# SanomaWSOY



Q3 2005

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President

November 2, 2005

# Key Developments Jan-Sep/2005

## Internationalisation

- Sanoma Magazines acquired Independent Media, the leading magazine publisher in Russia
- Rautakirja acquired the leading Lithuanian kiosk chain Lietuvos Spauda\*
- Rautakirja acquired the press distribution company TK Presseexpo from Independent Media



## Growth

- Sanoma Kaupunkilehdet (free sheet unit) acquired new free sheets and signed distribution agreements
- Helsingin Sanomat acquired Radio Helsinki (local radio station)
- Iltä-Sanomat acquired Huuto.net (online auction service)

## Focusing on core business

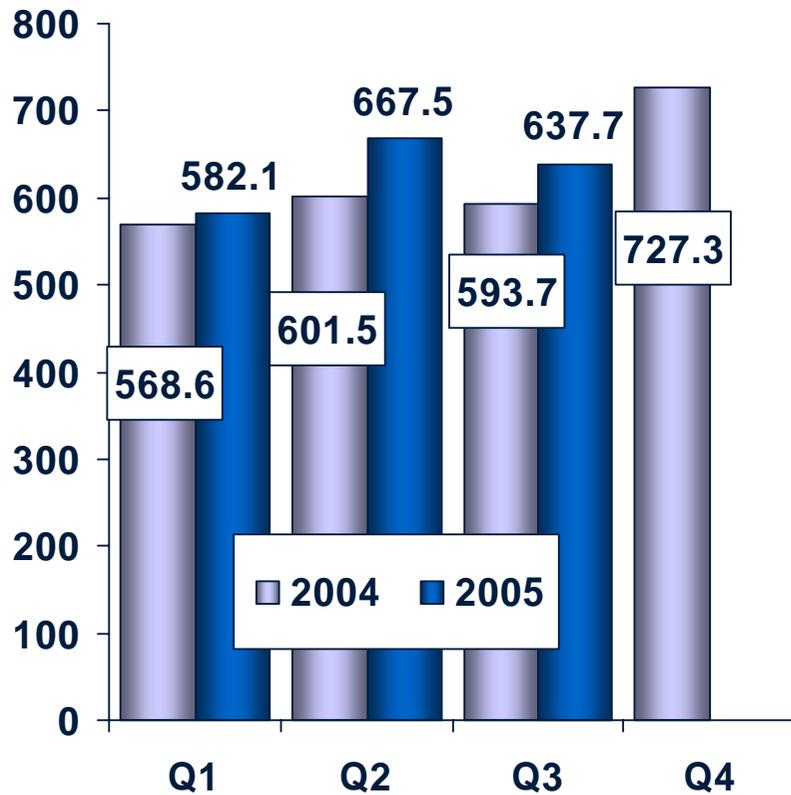
- Rautakirja divested restaurant operations
- Sanoma Lehtimedia divested Etelä-Karjalan Jakelu (local newspaper delivery company)
- WSOY divested Dark (digital printing company)
- WSOY divested Ajasto (diary company)
- WSOY divested Lönnberg (printing house)\*\*



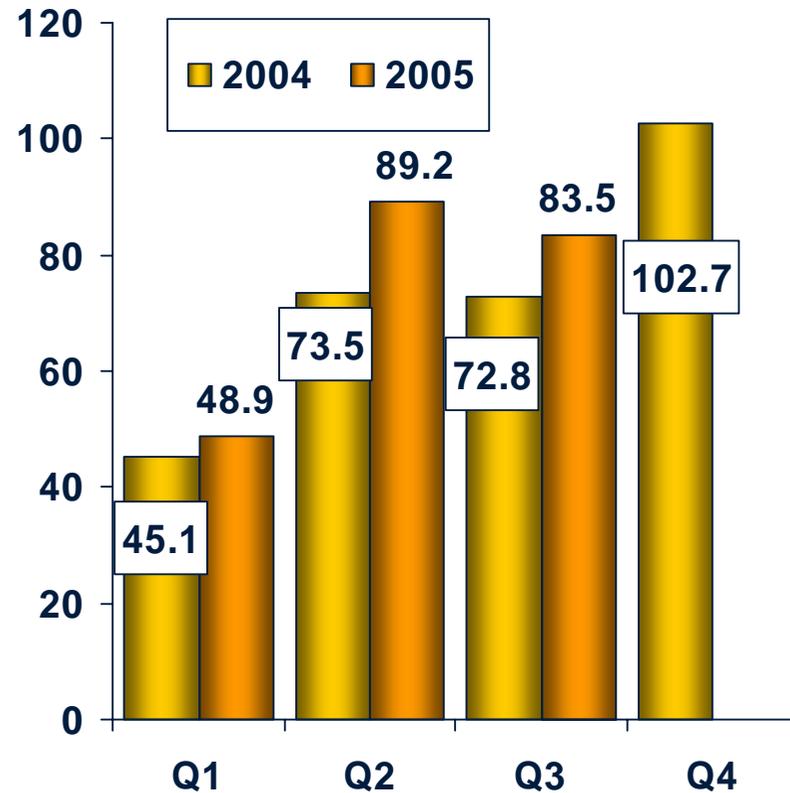
\* The acquisition is subject to the approval of the Lithuanian competition authorities  
 \*\* After the review period

# SanomaWSOY Group

Net sales, €million



Operating profit, €million



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

Y: Kalvot\_HS/HS05/interimreport3\_2005

# Key Indicators

€million	1–9/2005	1–9/2004	Change, %	1–12/2004
Net sales	<b>1,887.3</b>	1,763.8	7.0	2,491.1
Operating profit	<b>221.6</b>	191.4	15.8	294.0
% of net sales	<b>11.7</b>	10.9		11.8
Balance sheet total	<b>2,919.8</b>	2,450.1	19.2	2,689.2
Gross investments	<b>297.2</b>	58.9	404.9	281.6
% of net sales	<b>15.7</b>	3.3		11.3
Equity ratio, %	<b>38.5</b>	39.3		38.7
Gearing, %	<b>90.1</b>	78.8		82.1
Interest-bearing liabilities	<b>1,013.2</b>	792.0	27.9	894.8
Net debt	<b>952.5</b>	717.4	32.8	809.1
Personnel under employment contract*	<b>16,773</b>	16,092	4.2	16,207
Personnel, average**	<b>14,200</b>	13,526	5.0	13,652
Earnings/share, €	<b>1.00</b>	0.84	18.6	1.31
Earnings/share, diluted, €	<b>0.97</b>	0.81	18.6	1.26
Cash flow from operations/share, €	<b>0.90</b>	0.84	8.0	1.54
Equity/share, € ***	<b>6.73</b>	5.86	15.0	6.34
Market capitalisation	<b>3,303.4</b>	2,402.8	37.5	2,632.2

\* On average  
 \*\* Full-time equivalents  
 \*\*\* Excluding minority interests

Y: Kalvot\_HS/HS05/interimreport3\_2005

# Advertising Sales

## In Finland

€1,000	1–9/2005	Change, %
NEWSPAPERS	443,241	5.1
<i>Newspapers</i>	384,849	3.7
<i>Local papers and free sheets</i>	58,392	16.0
MAGAZINES	104,629	3.8
TELEVISION	160,048	-0.3
RADIO	31,197	0.2
OUTDOOR	26,497	9.4
CINEMA	961	-31.9
INTERNET	14,389	30.5
Advertising sales revenue, total	780,961	4.0

Source:  
TNS Gallup Adex

Y: Kalvot\_HS/HS05/interimreport3\_2005

# Sanoma Magazines

1-9/2005

6

€ million	1-9/2005	1-9/2004
<b>NET SALES</b>	<b>830.3</b>	782.0
Sanoma Uitgevers	<b>375.8</b>	374.9
Sanoma Magazines International	<b>143.6</b>	99.4
Sanoma Magazines Belgium	<b>136.4</b>	141.6
Sanoma Magazines Finland	<b>131.8</b>	127.0
Aldipress	<b>86.9</b>	84.5
Eliminations	<b>-44.2</b>	-45.3
<b>OPERATING PROFIT</b>	<b>89.7</b>	94.7
Gross investments	<b>172,8</b>	11,6
Personnel under employment contract, average	<b>5,142</b>	4,520

Y: Kalvot\_HS/HS05/interimreport3\_2005

# Sanoma Magazines

## Key Developments Q3

### Expansion to Central Eastern Europe

- 70% of the Czech home and deco publisher Peloton
- 25% of the company launching a cable TV channel in Hungary
- Elle to Bulgaria
- Story to Serbia and Montenegro

### Investments in online business

- Zappybaby.be internet portal in Belgium
- Hungarian Profession.hu and Jobmonitor.hu job portals \*



\* After the review period

# Sanoma

## 1-9/2005

€ million	1-9/2005	1-9/2004
<b>NET SALES</b>	<b>330.8</b>	319.2
Helsingin Sanomat	192.4	186.4
Ilta-Sanomat	70.8	71.2
Sanoma Lehtimedia	35.7	34.7
Other	128.2	108.1
Eliminations	-96.4	-81.3
<b>OPERATING PROFIT</b>	<b>46.9</b>	48.3
Gross investments	17.6	19.1
Personnel under employment contract, average	2,814	2,761

# Sanoma

## Key Developments Q3

- Helsingin Sanomat (daily) succeeded well

### Investments in online business

- Ilta-Sanomat (tabloid) acquired Huuto.net (online auction service): Keltainen Pörssi now Finland's leading classified ad service
- An online music store established

### Investments in free sheets

- Koillis-Helsingin Lähisanomat, Nöjesguiden, Lappeenrantalainen\* and Seiska\*
- Kaupunkilehti Kymppi renamed Vartti, and expanded to Helsinki Metropolitan area
- Uutislehti 100 now a clear market leader in Helsinki Metropolitan area

### Focusing on core business

- Divestment of the printing premise
- Divestment of Etelä-Karjalan Jakelu (local newspaper delivery company)



# WSOY

## 1-9/2005

10

€ million	1-9/2005	1-9/2004
<b>NET SALES</b>	<b>229,1</b>	144,8
Educational publishing *	<b>121,9</b>	35,6
Publishing	<b>59,5</b>	61,0
Printing	<b>40,9</b>	43,4
Diaries	<b>15,9</b>	15,3
Others	<b>4,0</b>	3,7
Eliminations	<b>-13,0</b>	-14,2
 <b>OPERATING PROFIT*</b>	 <b>51,1</b>	 16,2
Gross investments	<b>5,5</b>	6,5
Personnel under employment contract, average	<b>2,420</b>	1,996

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

Y: Kalvot\_HS/HS05/interimreport3\_2005

# WSOY

## Key Developments Q3

### New products and launches

- WSOY Tilauskirjat (order books)
- Tyyli ja koti -book club (style and home)
- From Malmberg, Flo magazine for young girls
  
- Opit service (internet-based service for schools) also for schools in Espoo
- Kari Hotakainen's novel Juoksuhaudantie success in Sweden, already 60,000 copies sold, as well as publishing rights of the book in 18 languages

### Focusing on core business

- Divestment of Dark (digital printing company)
- Divestment of Ajasto (diary company)
- Divestment of Lönnberg (printing house)\*



\*After the review period

# SWelcom

1-9/2005

12

€ million

1-9/2005

1-9/2004

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## NET SALES

87.2

84.7

Nelonen

49.9

47.4

Others

38.4

38.2

Eliminations

-1.1

-0.9

## OPERATING PROFIT

5.8

5.8

Gross investments

6.3

7.3

Personnel under employment contract, average

423

415

Y: Kalvot\_HS/HS05/interimreport3\_2005

# SWelcom

## Key Developments

- Welho (broadband and digi TV) bandwidth and speed increases, and network upgrades
- Helsinki Television had all time high September, more than 4,000 new subscribers
- Helsinki Television delivered digiboxes to Finnish Parliament
- Nelonen (TV channel) broadcasts the highlights of the ice hockey league games and exiting finals of the Finnish Championship ice hockey
  - cooperation with Canal+
- Nelonen received four Media & Message awards



# Rautakirja

1-9/2005

14

€ million

1-9/2005

1-9/2004

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## NET SALES

451.5

474.2

Kiosk operations

254.1

259.7

Press distribution

72.8

59.5

Bookstores

86.2

82.3

Entertainment

43.9

39.9

Others

2.6

41.1

Eliminations

-8.0

-8.3

## OPERATING PROFIT

28.2

28.8

Gross investments

94.8

13.7

Personnel under employment contract, average

5,904

6,325

Y: Kalvot\_HS/HS05/interimreport3\_2005

# Rautakirja

## Key Developments Q3

- TK Presseexpo (Russian press distribution company) acquisition approved by the competition authorities
- Suomalainen Kirjakauppa (bookstore chain) has already around 150,000 registrations in a loyal customer programme
- New store for Suomalainen Kirjakauppa
- The new point-of-sale system in wider use in R-kiosks
  - Lippupalvelu's ticket delivery in R-kiosks started
- Finnkino (movie theatre operator) divested Interpret (subtitling unit)



# Group's Outlook for 2005

## Estimate :

- Net sales to grow by some 5%
- Net sales adjusted for changes in Group structure to grow by slightly more than 2%
- Operating profit excluding non-recurring gains on the sales of assets to be at the previous year's good level.
  - In 2004, operating profit excluding the most substantial non-recurring gains on the sales of assets was to EUR 268.2 million.
- These estimates take account of the effect of divested operations on net sales and operating profit.



Committed to the Future

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