



## 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

# 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.



# 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

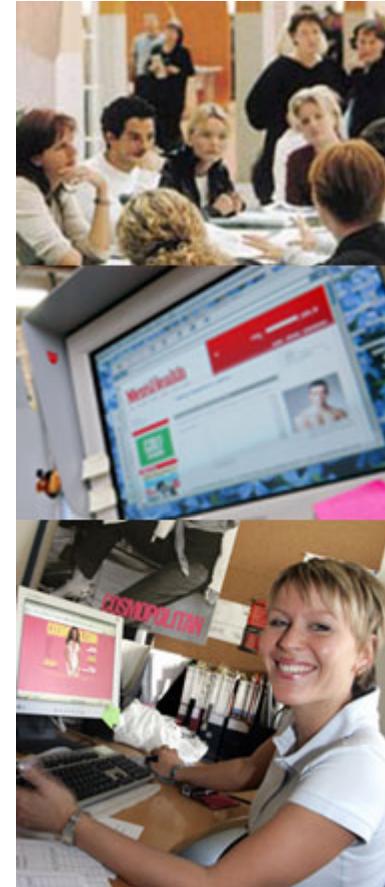
## Key developments

### 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

1-12/2005

8

€ 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



# Sanoma

1-12/2005

10

€ 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, Ajasto, and Lönnberg divested
- WSOY's foreign rights sales increases



Y: Kalvot\_HS/HS06/result2005

# WSOY

## 1-12/2005

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€ 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 web site, NetTV and 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

# SWelcom

1-12/2005

14

€ 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

1-12/2005

16

€ 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

# Key Figures

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€ 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

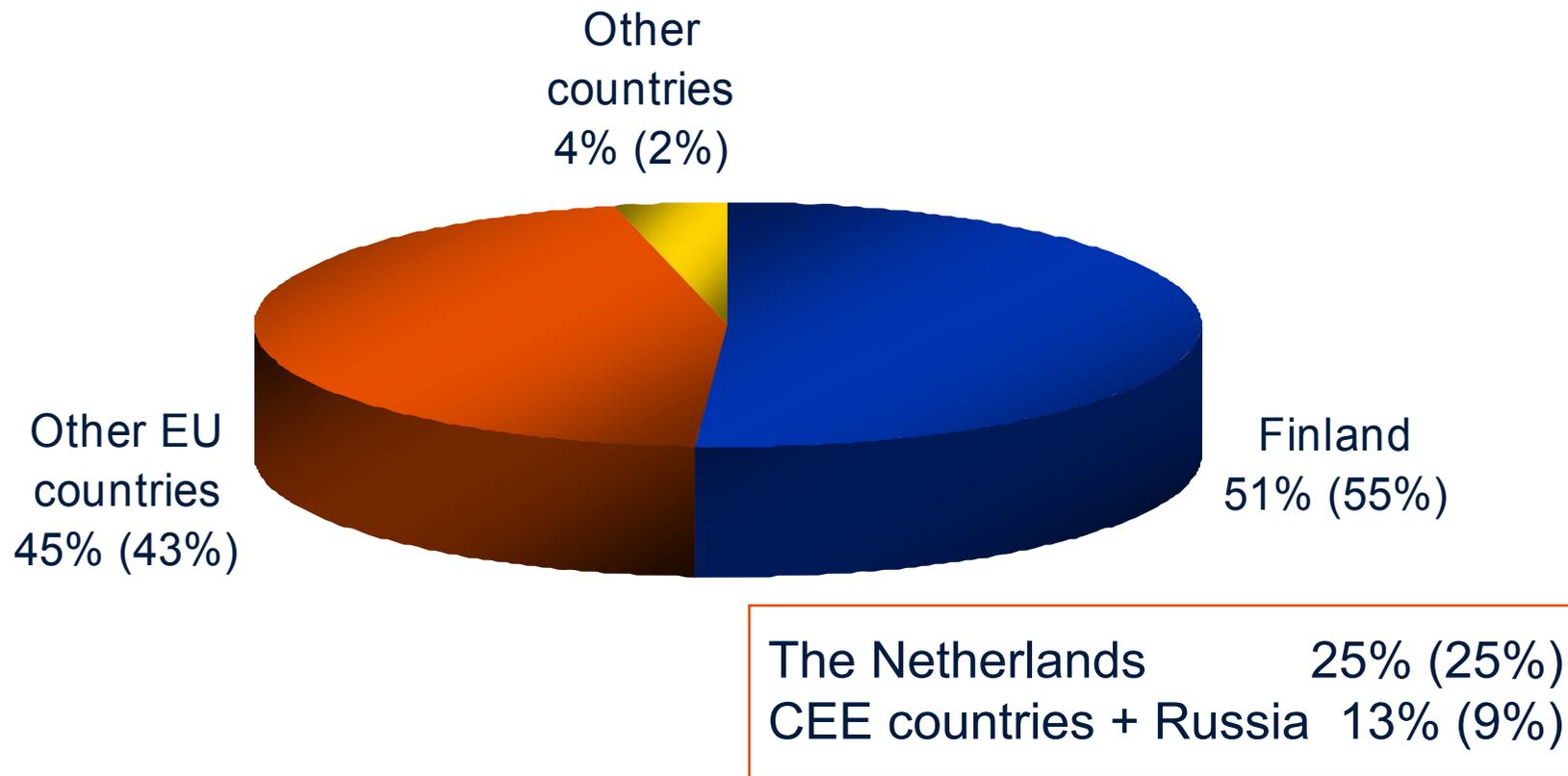
\*Proposal of the Board of Directors  
\*\*average

Y: Kalvot\_HS/HS06/result2005

# Net Sales

## By geographical segments

**Net sales 2005: €2,622 million**





Committed to the Future

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