

“Sanoma Magazines is well positioned for further growth and to face the challenges”

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President, Sanoma Magazines

CMD, 12 May 2005

# Agenda

- Recent developments
- Overview of Sanoma Magazines
- Financial overview 2004 and Q1 2005
- Strategic objectives and themes
- Growth strategy and opportunities

# Recent Developments

## Caring for Core

- 29 new product launches across the Division

## with a Multimedia Perspective

- Expanding ilse Media's online SFO business into online (youth) communities in the Netherlands
- Establishment of joint venture to launch the online auction site and acquisition of a leading car portal in Hungary

## Further International Expansion

- Further growth in CEE by entering Bulgaria in a JV with local publisher Bliask and greenfield start in Serbia and Montenegro with the launch of ELLE
- Acquisition of Independent Media in Russia and Ukraine

# Sanoma Magazines is now active in 12 European countries



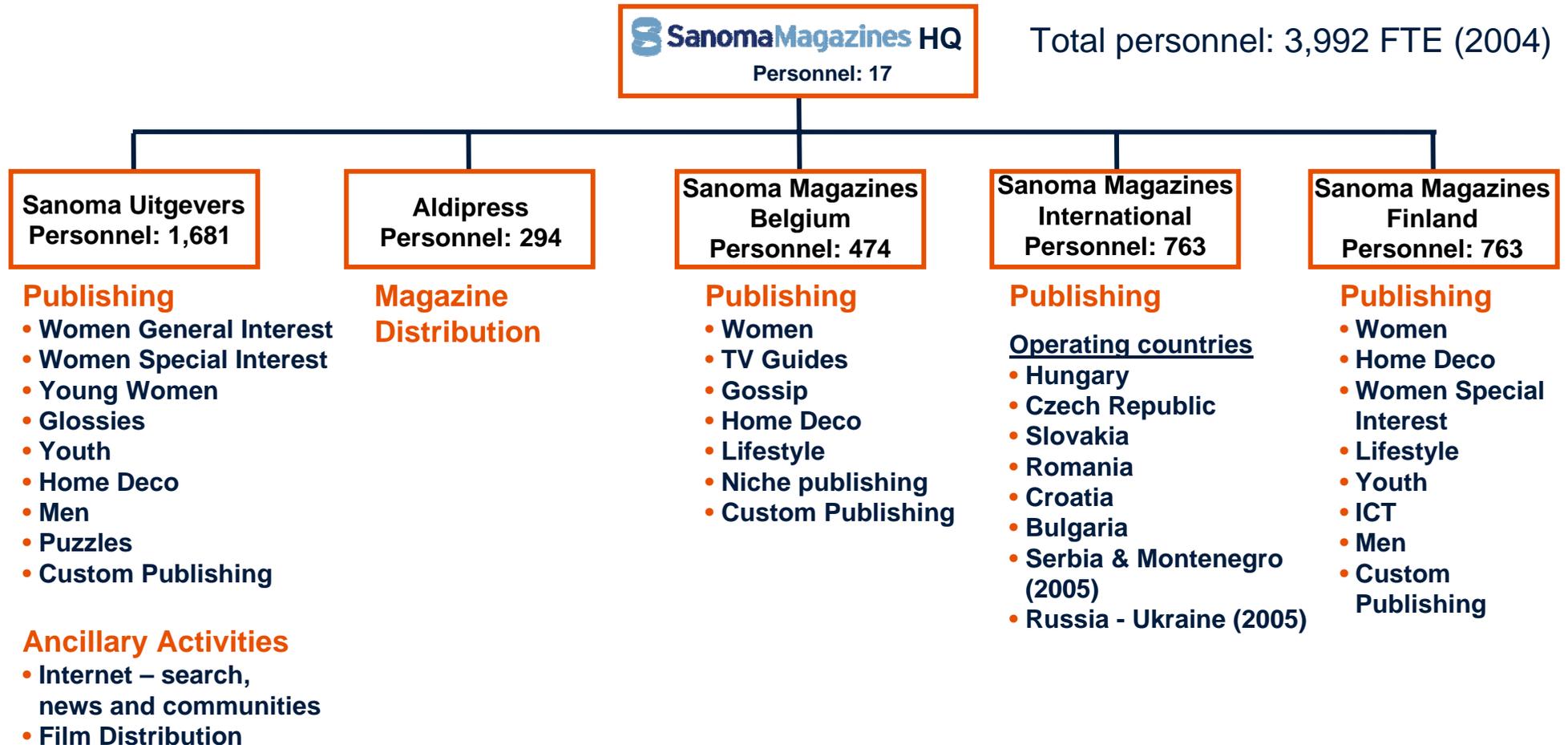
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# Sanoma Magazines as Part of SanomaWSOY



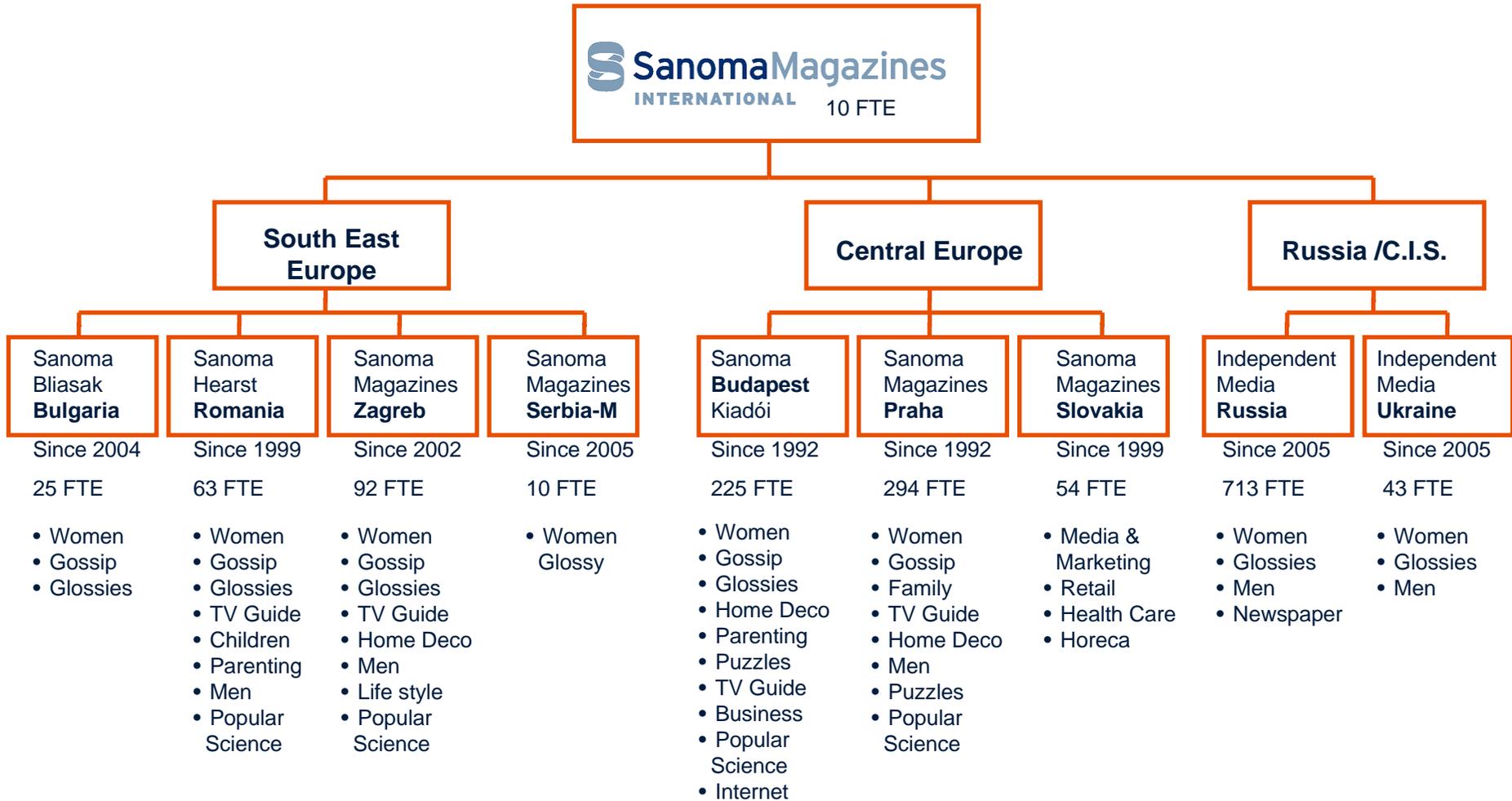
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# Operating Structure



# New Operating Structure

# Sanoma Magazines International



# Our Leading Titles

## Average Circulation 2004

- Netherlands
  - Libelle 552,200
  - Margriet 358,300
- Belgium
  - Humo 281,000
  - Libelle 268,000
- Finland
  - Aku Ankka 301,000
  - ET-lehti 265,500
- Hungaria
  - Story 380,000
  - Nők Lapja 300,000
- Russia
  - Cosmopolitan 2.5m-3m (readership)



# Preferred License Partner

## • Licenses of renown brands like

Disney

Auto Bild

Cosmopolitan

Men's Health

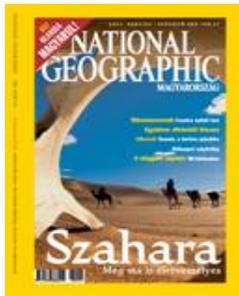
National Geographic

FHM

ELLE

Maxim

Playboy



*Published in Cz, Hun, Rom and Cr*



*Published in Rom, Hun and Rus*



*Published in Cr and S-M*



*Published in NL and Fin*



*Published in NL, Fin, Hun, Rom, Rus, Ukr and Bul*

# Own International Titles

- Transferring own concepts



Hungary

Czech  
Republic

Romania

Croatia

Netherlands

Belgium

# A Leading European Consumer Magazine Player

## Magazine net sales / €million 2004

1.	Grüner + Jahr	2,439 (incl. newspapers)
2.	Hachette Filippachi Media	2,120
3.	Heinrich Bauer Verlag	1,656 (prel. figures)
4.	Sanoma Magazines	1,084
5.	Hubert Burda Media	1,078 ('03)

# Financials 2004



Sanoma Uitgevers

Aldipress

Sanoma Magazines  
Belgium

Sanoma Magazines  
International

Sanoma Magazines  
Finland

Net sales €528.8 m

€115.7 m

€186.0 m

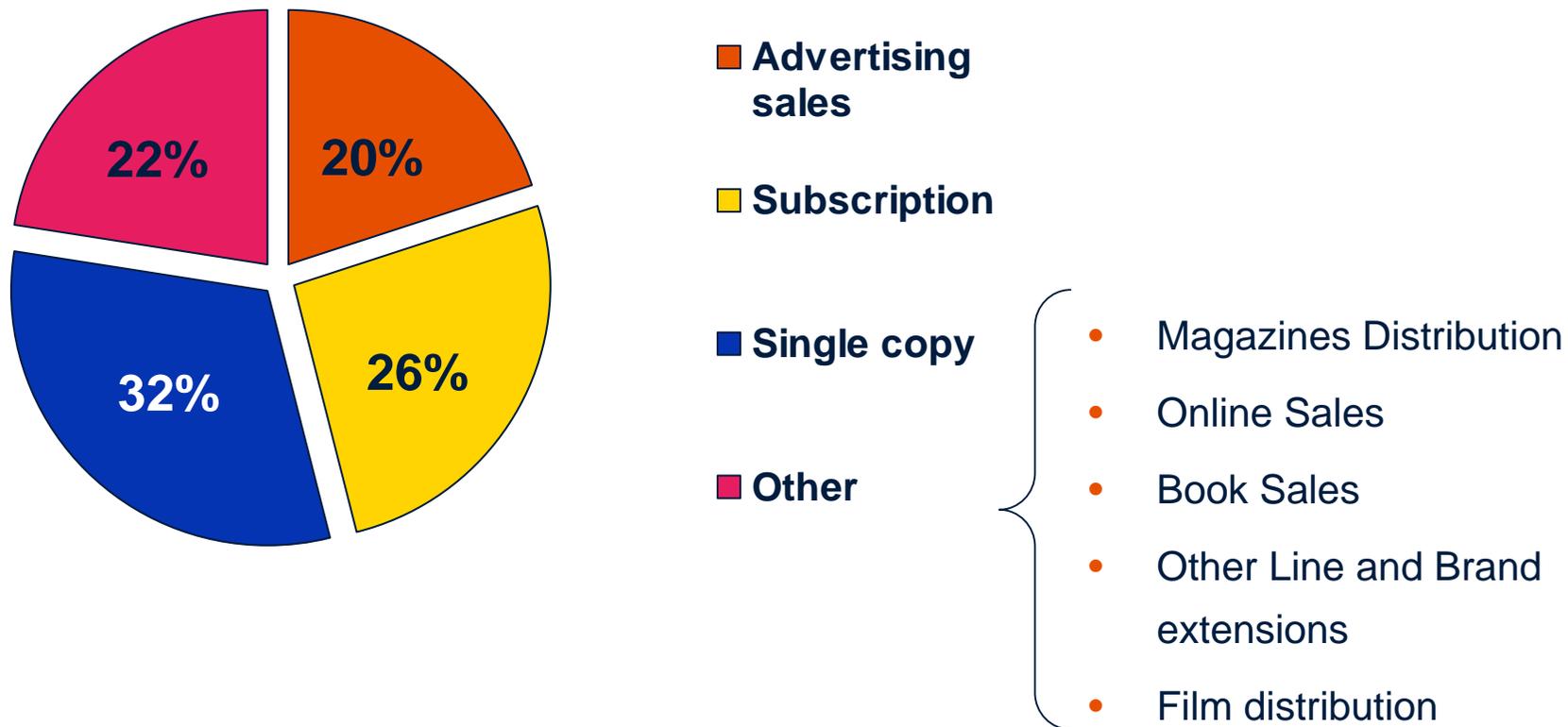
€138.3 m

€174.8 m

- Total net sales €1,084 m (+1.8%)
- Total EBIT € 137 m

# A Balanced Sales Split

Total Net Sales 2004 = €1,084 million



# Financials Q1/2005

On Track



## Net Sales

<b>Q1 2005</b>	€ 117.8 m	€ 28.0 m	€ 47.3 m	€ 39.7 m	€ 41.4 m
<b>Q1 2004</b>	€ 119.3 m	€ 26.2 m	€ 47.5 m	€ 31.6 m	€ 43.1 m
<b>Change</b>	-/-1.3%	+6.9%	-/-0.4%	+25.6%	-/-4.0%

- Total net sales € 259.5 m (+2.3%)
- Total EBIT € 25.5 m (+6.7%)

# Overall Strategic Objectives

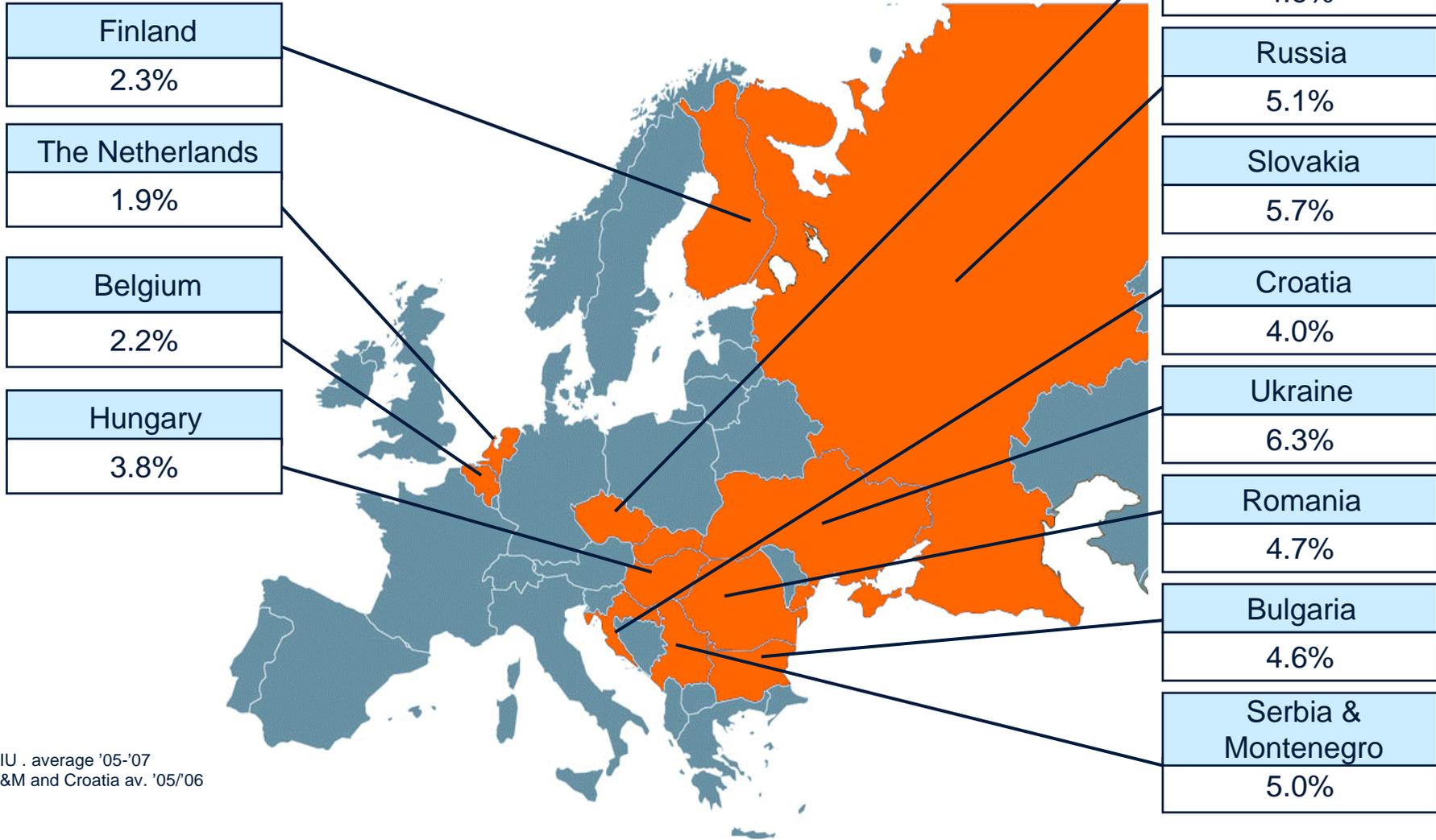
- Strengthen and build clear market leadership in our markets
- Focus on European mid-sized markets
- Further invest into promising online consumer activities and explore mobile business opportunities
- Grow through:
  - an active portfolio / launch strategy
  - acquisitions and partnerships in areas where a significant market share can be achieved and where value can be added

# Our Strategic Themes

1. “Caring for core” – focus on and cherish the key profit contributors
2. Develop thinking and acting in multi- / cross-media perspectives
3. Operational excellence – excellent execution plus process and people orientation
4. Outside-in attitude – know what your readers, advertisers and competitors want now and in the future

# Our markets

## GDP growth projections

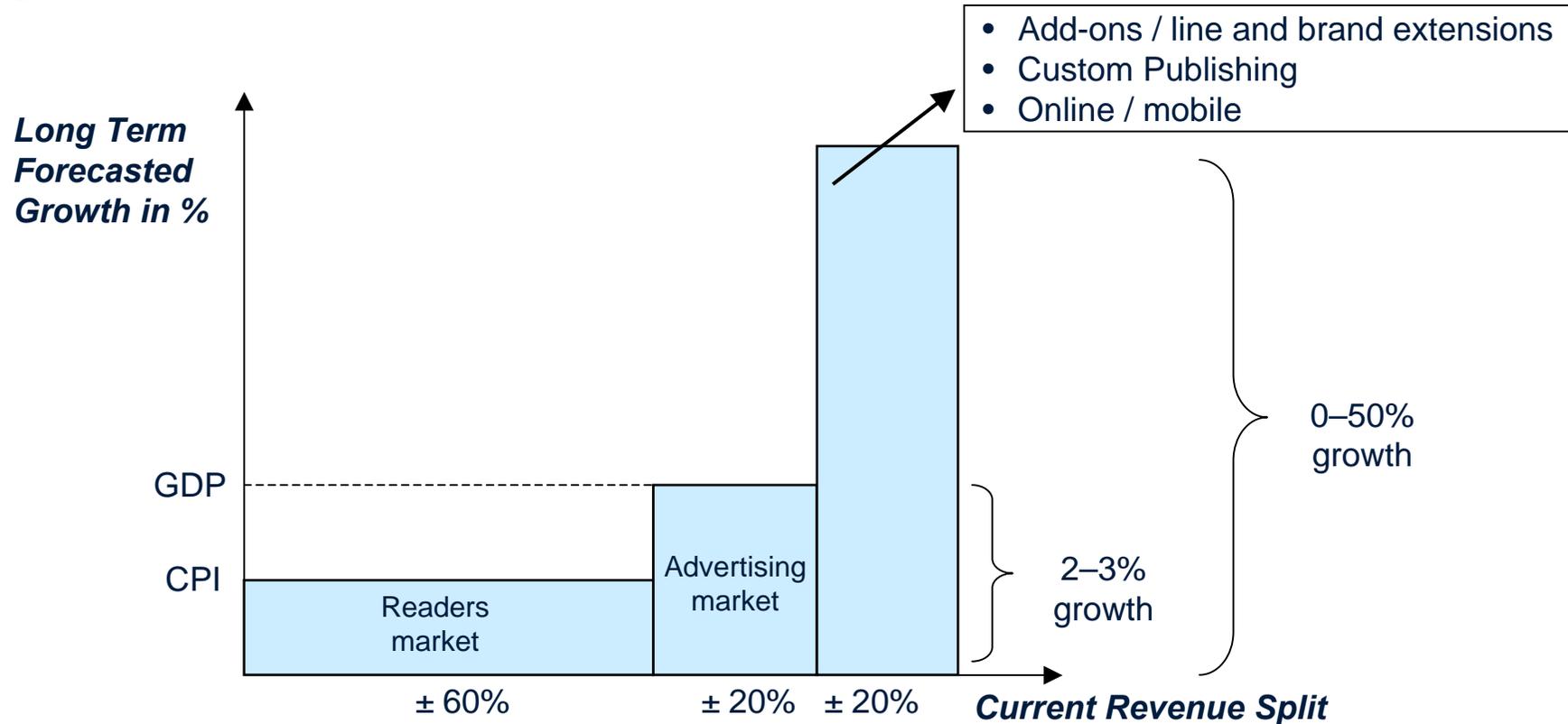


EIU . average '05-'07  
S&M and Croatia av. '05/'06

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# Finding & Organising for Sustainable Growth

**Our core business (80–90% of our current revenues) is expected to grow with a maximum of about 2–3 % on an annual basis**

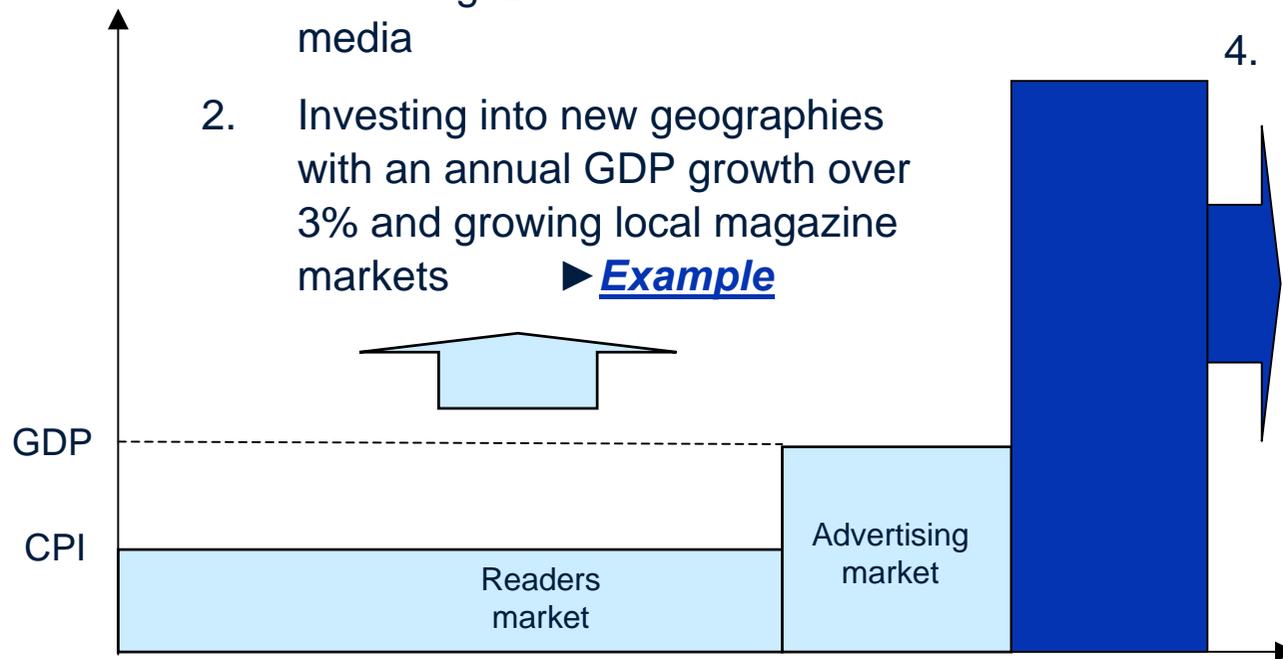


# Growth Opportunities

1. Existing markets: gain market share from competitors – beat the local magazine markets/other media

2. Investing into new geographies with an annual GDP growth over 3% and growing local magazine markets

▶ Example



4. Expand non-magazine revenues through 3 lines of business

a. Line and brand extensions of current magazine brands

a. Custom Publishing

b. Online / Mobile

3. Partner with larger European magazine companies in countries where a local # 1 market position is achievable

## 4a. Line and Brand Extensions

- Some magazines have the potential to expand their brand into successful line and brand extensions and tap into new revenue streams
- The leading women's weekly in the Dutch market Libelle is such a magazine
- It's circulation is slightly decreasing year by year, but the BRAND is continuously expanding
  - Yearly the Libelle summer fair hosts 70,000 Libelle readers who meet Libelle editors and Libelle advertisers/partners
  - In 2004 Libelle Puzzles was launched with a frequency of 6 times a year
  - In 2005 next to the regular 8 specials per annum, 3 new quarterly specials will be launched: Young, Idee (do it yourself home deco) and Balance

# 4a. The Libelle brand family

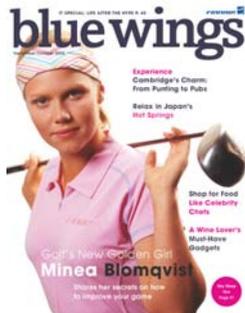


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# 4b. Custom Publishing

## *Broadening Our Services Towards Major Advertisers*

- Relatively small activity within total Division, but a promising and growing business area
  - Finland 24 titles
  - Netherlands 10 titles
  - Belgium 4 titles
  - Hungary 4 titles
  - Russia 2 titles



# 4c. Our Leading Internet Properties

- NL**
- Startpagina no. 1 portal 5.3m reach p/m (March 05)
  - Nu.nl no. 1 news site 2.0m reach p/m (March 05)
  - Ilse no. 2 search engine 1.7m reach p/m (March 05)

- HUN**
- Startlap.hu no. 2 portal 1.4m unique visitors p/m (March 05)
  - Nöklapja.hu no. 1 women community 553k unique visitors p/m (March 05)

- FIN**
- MBNet no. 1 IT/digital community 1m unique visitors p/m (April 05)
  - Vauva no. 1 parenting community 200k unique visitors p/m (April 05)



# 4c. Recent and Expected Developments in Online

- ilse Media in the Netherlands expanded a.o. into
  - Generation Y youth community Cu2.nl with around 630.000 members
  - Kaboem.nl, a children's community with around 600,000 members
  - Web-log.nl hosting 1.6 million web-logs and receiving over 65 million page views per month
- In Hungary:
  - Acquisition of a leading car portal Vezess.hu
- Further growth foreseen in our core countries mainly in SFO (Search, Find, Obtain) and communities by acquisitions, partnerships and launches
- New concrete projects in all our markets in the pipeline

# Given our...

- Leading market positions
- Strong brands
- Relations with renown license partners
- Diversified portfolio
- Customer and target audience knowledge
- Launching capabilities
- Leading and promising new online assets
- Acquisition track-record
- People

*We have great opportunities to further expand our  
businesses*

*We believe we are well positioned and equipped to capture  
these opportunities and realize sustainable growth going  
forward*

# SanomaMagazines



**THANK YOU**