

**“Caring for Core with a
Multimedia Perspective”
and
“Getting ready for further
international expansion”**

Eija Ailasmaa
President
Sanoma Magazines

CMD, 7 June 2004

Agenda

1. Overview Sanoma Magazines
2. Financials
3. Strategy
4. Market trends
5. Strategic Challenges
6. Caring for core
7. International expansion
8. (New) pockets of growth
9. Conclusions

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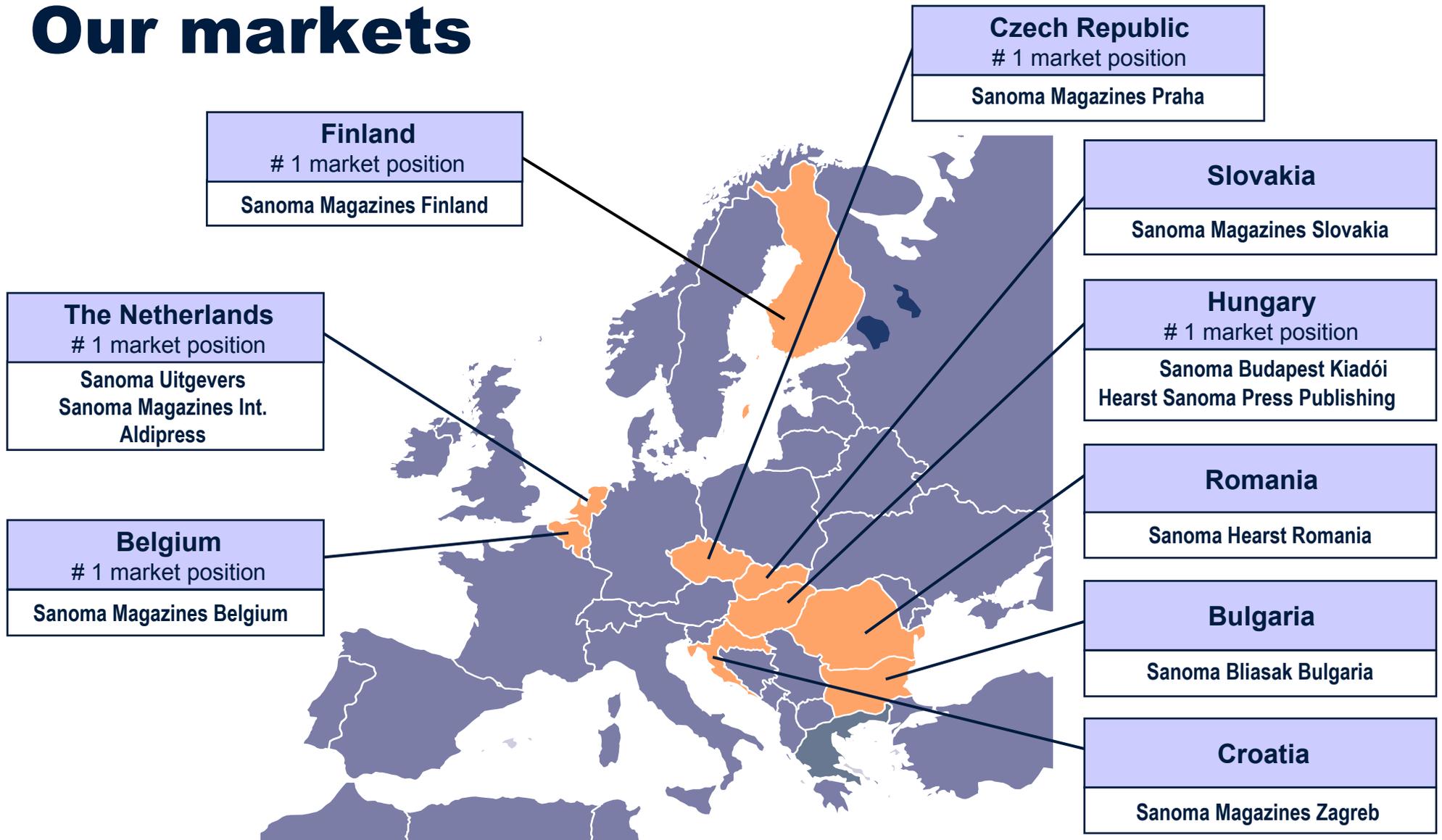
Sanoma Magazines as part of SanomaWSOY

| 2003 FIGURES | |
|------------------|-----------------|
| TOTAL NET SALES | € 2,396 million |
| EBITA | € 338 million |
| OPERATING PROFIT | € 205 million |

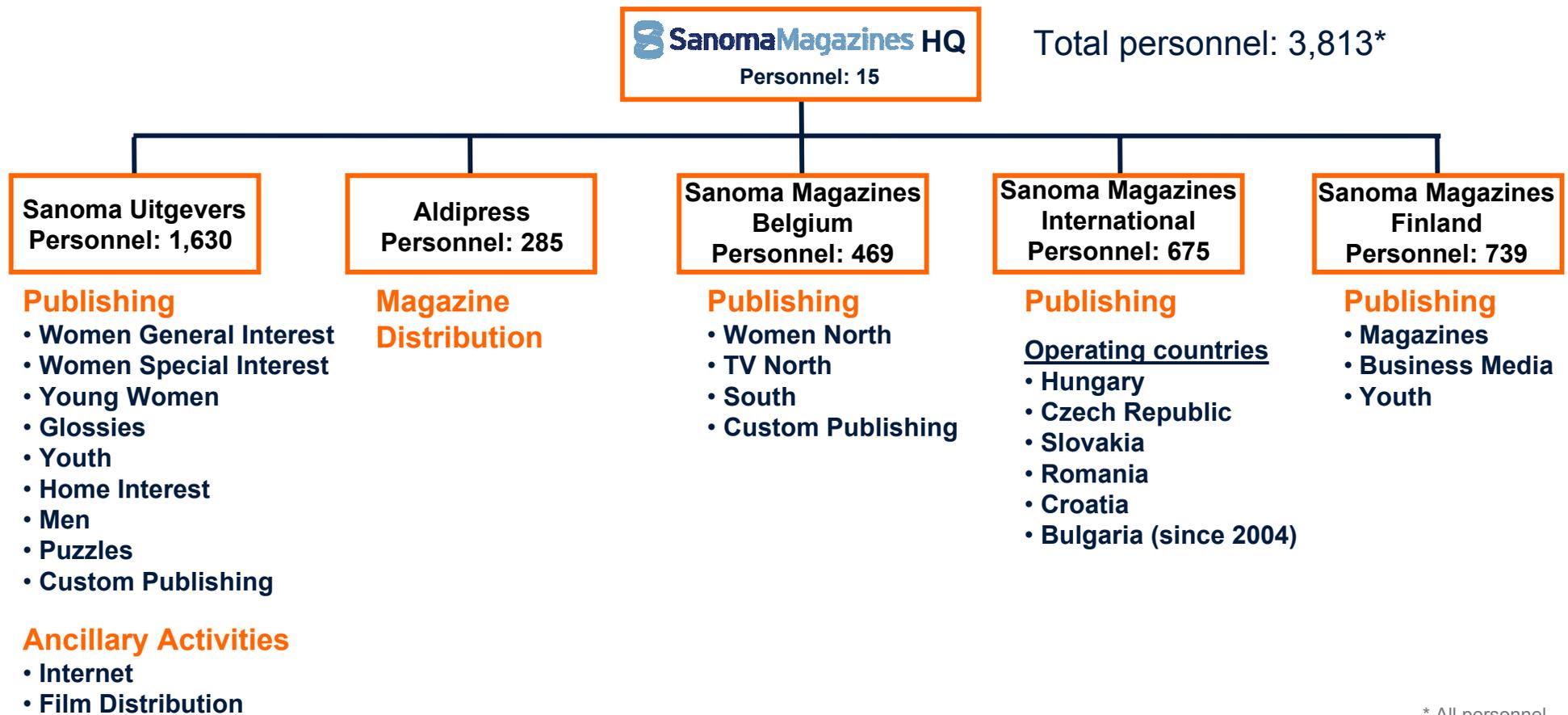


Y:SWViestintä/CMD2004/Ailasmaa0706

Our markets



Operating structure



Total number of magazine titles: 232 (Dec '03)

* All personnel figures full-time employees at the end of 2003.

Our leading titles

Average circulation 2003

NL

580,000



380,000

BEL

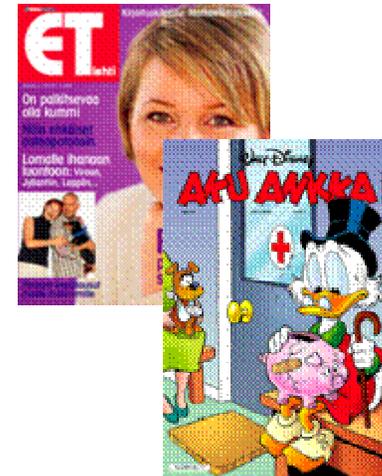
222,000



246,000

FIN

265,000



295,000

CZR

207,000



159,000

HUN

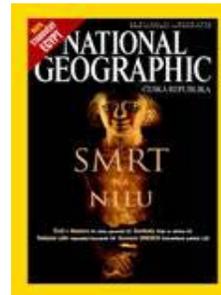
377,000



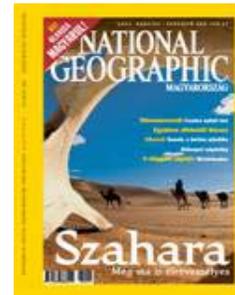
335,000

Preferred license partner

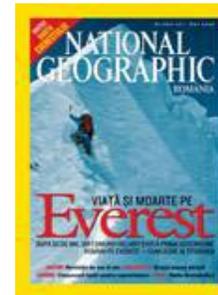
- Licenses of renown brands like
 - Cosmopolitan – Playboy – FHM – Maxim – Disney – Elle – Auto Bild – National Geographic



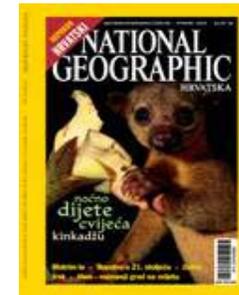
Czech R.



Hungary



Romania



Croatia



Cosmopolitan launched in Bulgaria in March 2004.

We also publish Cosmopolitan in NL, Fin, Hun and Rom



Romania



Croatia



Finland



Netherlands

Own international titles

- Transferring own concepts like the friendly gossip title Story



Our leading internet properties



- Ilse no. 2 search engine 2.6m unique visitors (Jan 04)
- Startpagina no. 1 portal 1.5m unique visitors (Jan 04)
- Nu.nl no. 1 news site 690k unique visitors (Jan 04)



- Startlap.hu no. 2 portal 270k daily unique visitors (Feb 04)
- Nöklapja.hu no. 1 women community 44k daily unique visitors (Feb 04)



- MBNet no. 1 IT/digital community 670k unique visitors (Feb 04)
- Vauva no. 1 parenting community ± 100k unique visitors (20m p-views)



A leading European magazine player

Magazine net sales / € million 2003

| | | |
|----|---------------------------|--------------------------|
| 1. | Hachette Filippachi Media | 2,072 |
| 2. | Grüner + Jahr | (2,481 incl. newspapers) |
| 3. | Heinrich Bauer Verlag | 1,718 |
| 4. | Hubert Burda Media | 1,078 |
| 5. | Sanoma Magazines | 1,065 |

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Financials 2003

Net sales of 2003 are not comparable with the earlier years due to changes in accounting practices

| | |
|-------------------|-----------------|
| • Total net sales | € 1,065 m |
| • Total EBITA | € 159 m (+7.7%) |



Financials Q1/2004

On Track

- Total net sales € 253.7 m (+3.2%)
- Total EBITA € 28.8 m (+8.7%)

Net sales of 2003 are not comparable with the earlier years due to changes in accounting practices



Net Sales

| | | | | | |
|----------------|-----------|----------|----------|----------|----------|
| Q1 2004 | € 119.3 m | € 26.2 m | € 47.5 m | € 31.6 m | € 43.1 m |
| Q1 2003 | € 123.3 m | € 24.8 m | € 44.3 m | € 28.4 m | € 40.2 m |
| Change | -3.2% | +5.6% | +7.2% | +11.3% | +7.2% |

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Mission statement

- To serve the needs of our readers and advertisers by creating and continuously develop **top quality magazine brands** and **multi-media extensions** that offer **sustainable profitability and growth**
 - To secure sustainable profitability and growth we want to be the **clear number one in our chosen markets** and **become a top 3 player in the European consumer magazine market**
-
- **Our employees are key** in reaching these objectives. We want to offer them a creative, dynamic and inspiring working environment
 - To **create long term shareholder value** taking interests of all our stakeholders into permanent and careful consideration

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Overall strategic objectives

- To reach clear market leadership in our markets
- To be a top 3 European Magazine Publisher within 3–5 years
 - With a focus on mid-sized markets
 - To grow through selected acquisitions and alliances 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. And 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

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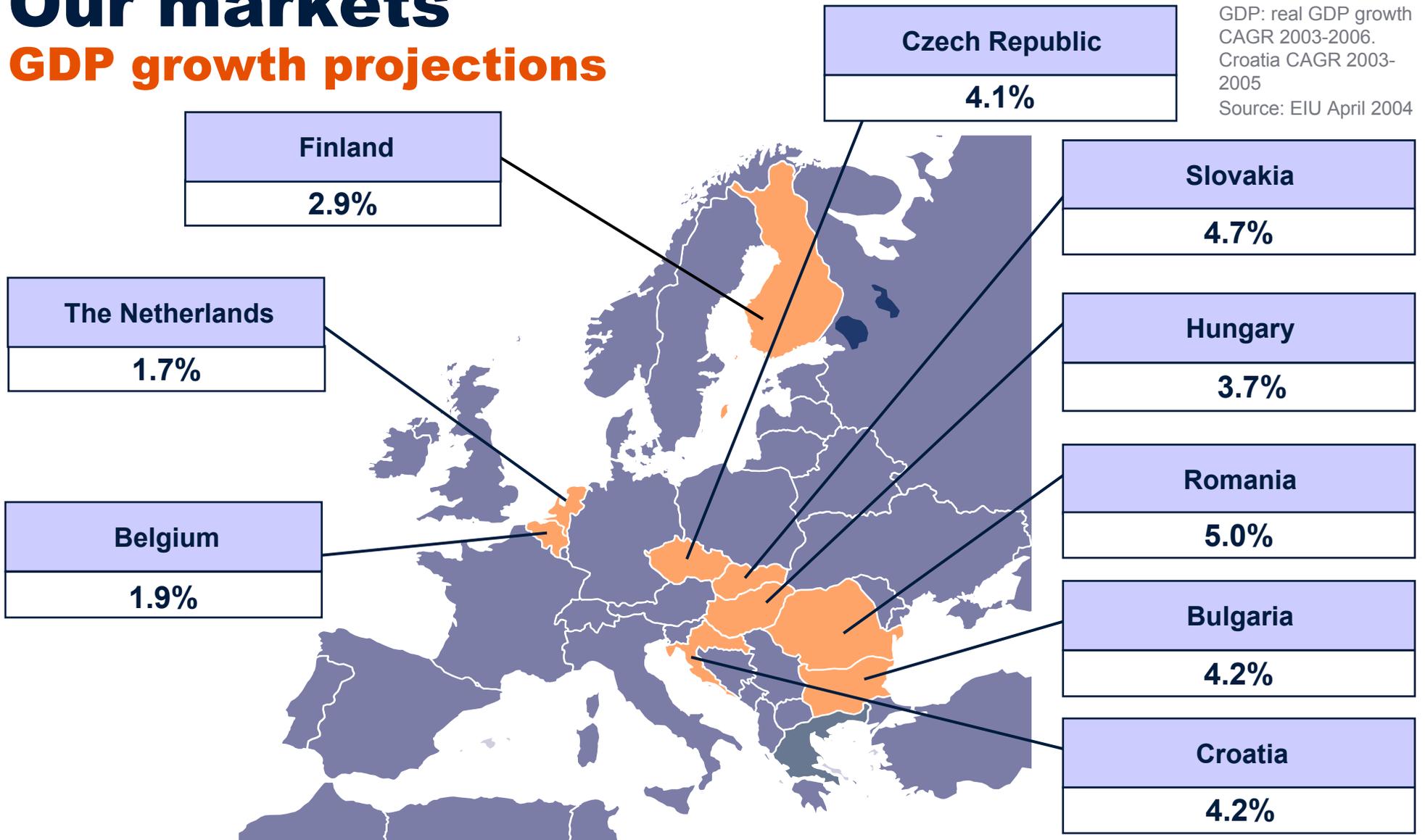
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Market trends

- Further fragmentation of audiences – small scale publishing opportunities
- More time and money is spent on other media than print, especially with youngsters
- Shorter product life cycles
- Expansion of international brands
- More emphasis on customized and integrated marketing solutions across a broad range of media brands
- Custom publishing gaining importance, especially in the services and retail industry

Our markets

GDP growth projections

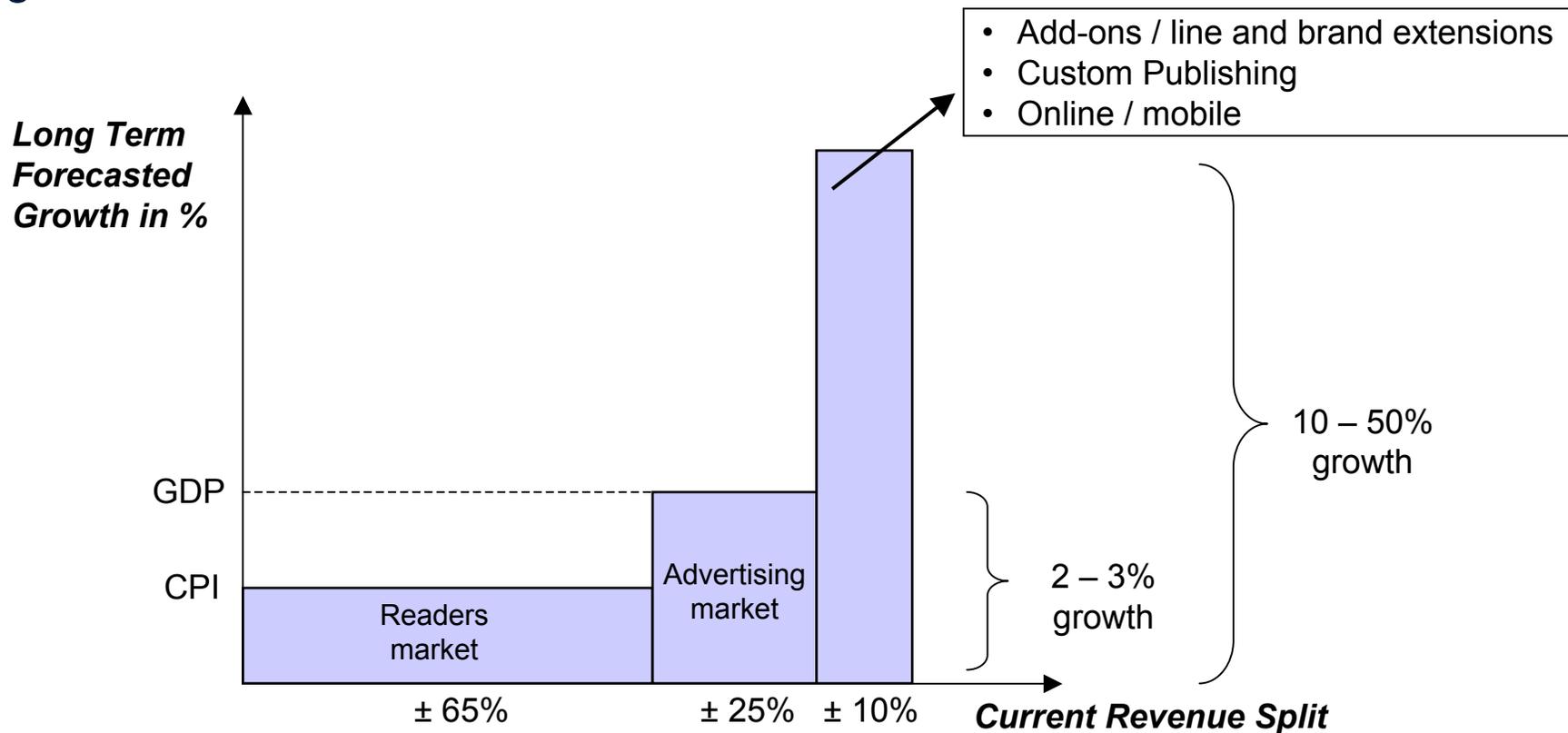


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Finding & organising for sustainable growth

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

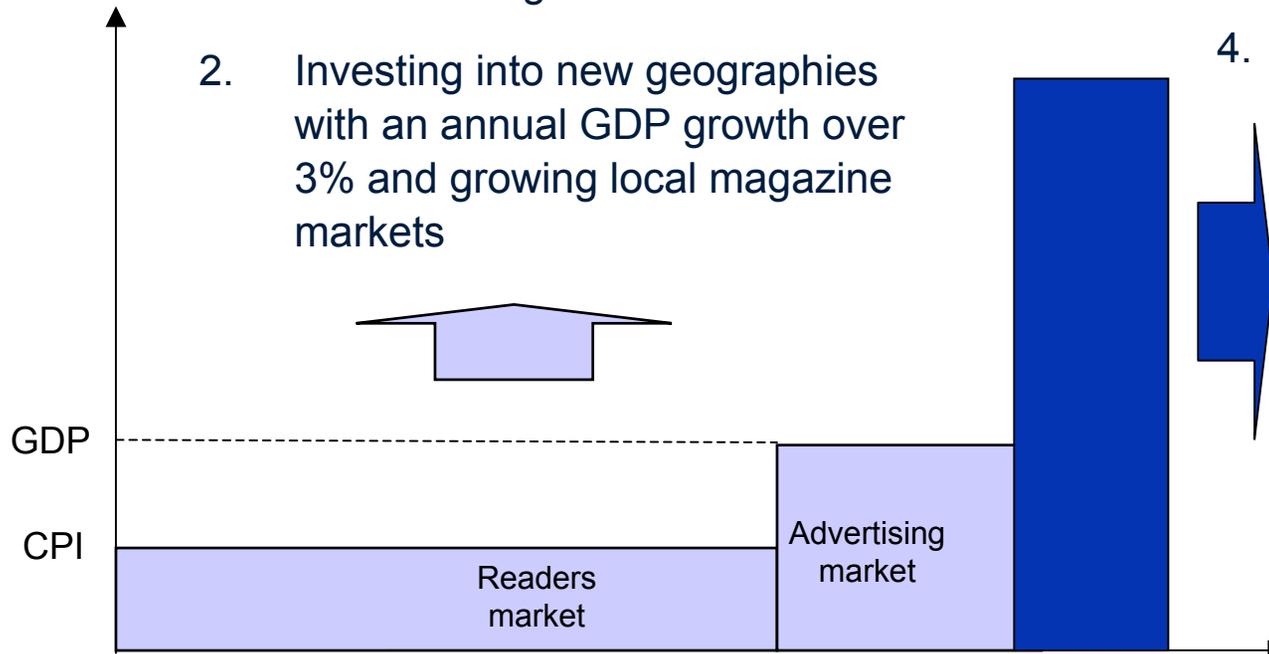


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Growth opportunities

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

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



4. Expand non-magazine revenues via 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 no. 1 market position is achievable

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Active portfolio management

- Several launches
 - A.o. Glamo (Bel), TV Story (Cro), TV Duel (CZ), Maxima (Hun), Viky (CZ), Auto Bild Suomi (Fin), TV7 (Bel), Cosmopolitan (Bul), Meidän Perhe (Fin), OOK (NL), Maxim (NL), Esta (NL)
- Shake outs
- Closures
- Creation of Sanoma Men's Magazines in the Netherlands
 - Integration of activities targeted to men
 - Creation of a "men knowledge centre" for advertisers
 - Maxim license acquired
 - The remaining 50% of Sportweek acquired



"Esta", bi-weekly for women (35+) launched in the Netherlands on 3 June

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Other recent key events

- New small scale publishing activities
 - In the Netherlands "Mood for Magazines" (a 35% stake acquired in April 2003, "Linda." successfully launched in Sep 2003)
 - In Belgium "Loving You" (acquired in July 2003, Loving You bridal magazine, "Party centre guide" and Loving Fashion)
- Selling of non-core assets, like the Swedish subsidiary Milvus Förlags
- Continually realizing synergies and exchanging best practices, in areas of paper and print buying, editorial, advertising sales, etc.
- Ongoing performance improvement projects

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International expansion

- We focus on mid-sized European consumer magazine markets
- Bulgaria most recent acquisition
- Large acquisition opportunities are limited at the moment
- Strong relations with international magazine brand publishers
- We continuously assess potential market entries and acquisitions / partnerships

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(New) Pockets of growth 1/2

- Line and brand extensions
 - Magazines are perfect platforms to expand into other related products and services labeled with the magazine brand
 - We continuously assess which extension possibilities our magazine brands have
- Custom Publishing
 - Long experience within Sanoma Magazines Finland
 - Last year started with small dedicated publishing units in Netherlands, Belgium, Hungary and Czech Republic

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(New) Pockets of growth 2/2

- Online
 - Currently we operate leading internet businesses in Netherlands and Hungary, managed by ilse Media and Sanoma Budapest respectively (see slide 10)
 - We are currently evaluating our digital strategy going forward

Managing for growth

- Right people and skills
- Right organizational structure
- Stimulate and support actively idea and best practice sharing
- Clear focus
- Sufficient development budgets
- Financial strength of the Group

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Outlook and some conclusions

- For 2004 Sanoma Magazines net sales and EBIT will grow compared to 2003, despite a heavy launch budget
- We believe that Sanoma Magazines is well equipped and positioned to realize sustainable growth in the future
 - Organically with an active portfolio development in our core magazine business and further expansion of line and brand extensions and custom publishing
 - Investments into related online businesses and skills
 - And via selected multi-media partnerships / investments and acquisitions in existing and new geographies

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SanomaMagazines



THANK YOU