

New learning solutions

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Sanoma Capital Markets Day
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Sanoma Learning & Literature: Developing its future

Content of the presentation:

1.

Our business today and our objectives for the future

2.

Changes in the customer needs of the Learning markets

3.

Our response: New solutions, inspired by teacher workflow

4.

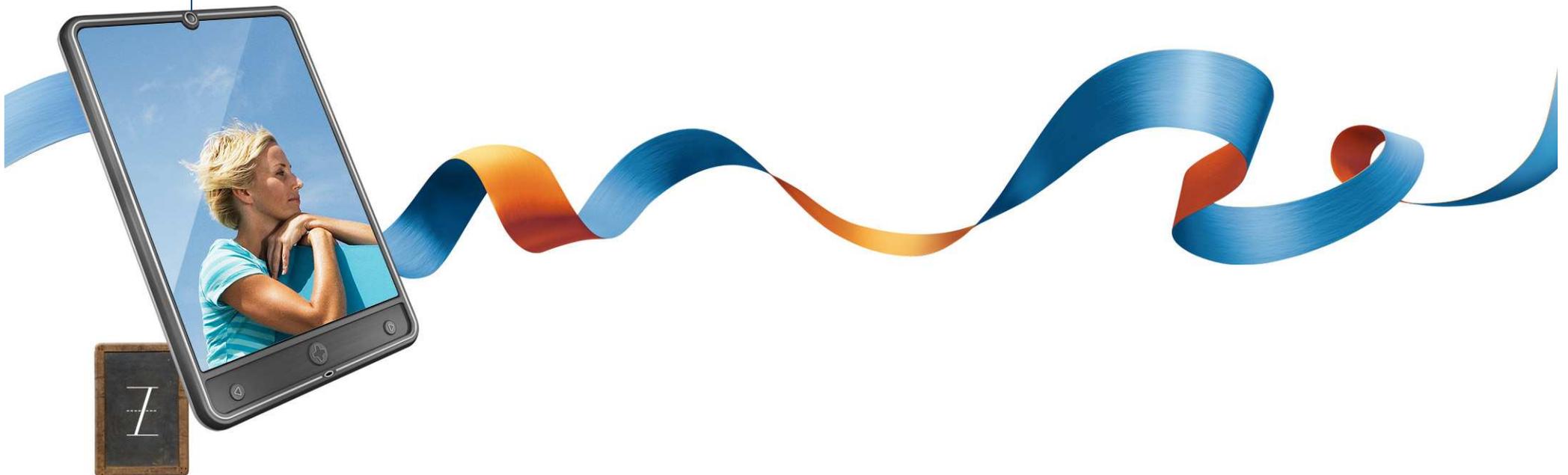
What makes us amongst the winners?

Our business today and our objectives for the future

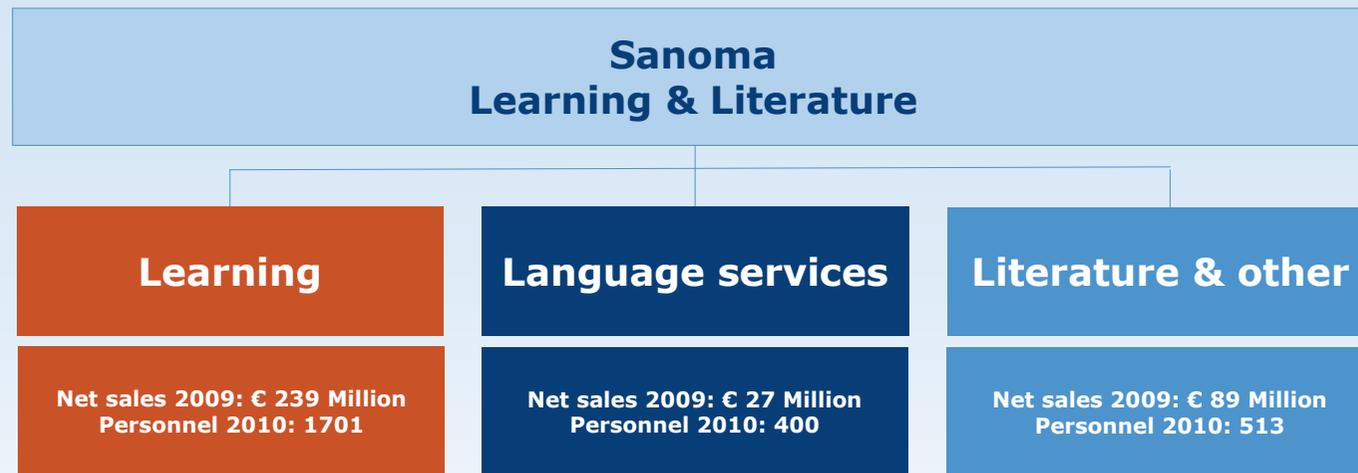
Changes in the customer needs of the Learning markets

Our response: New solutions, inspired by teacher workflow

What makes us amongst the winners?



Our division is developing internationally and operates in 14 countries



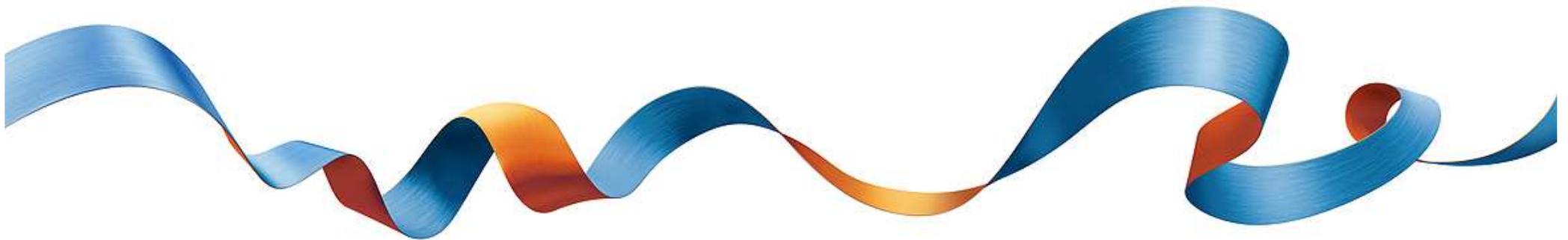
- Malmberg
the Netherlands
- Nowa Era
Poland
- NTK-Perfekt
Hungary
- WSOYpro
Finland
- Van In
Belgium
- Young Digital Planet
Poland
- Sanoma Learning Russia
Russia

- AAC Global
Finland, Sweden,
Denmark, Norway,
UK, Russia, China
- Esmerk
Finland, UK, Sweden,
Germany, France,
Russia, Malaysia

- WSOY (general literature)
Finland
- Bertmark
Sweden
- WS Bookwell (printing house)
Finland
- Kirjakeskus (logistic centre)
Finland

We serve our customers in their knowledge, competence, performance, communication and personal development related needs

- We want to be among top 3 in European Learning industry
- We want to be among top 10 in global Language industry
- We want to be the preferred number one in Finnish literature



We are going to achieve growth: by transformation and by acquisitions

Transformation

- Building solutions, *by developing new digital content, learning platforms and additional services*
- Gaining efficiency, *by process re-engineering*
- Applying new technologies, *bringing value to customers*
- Increasingly capitalising on group synergies, *by sharing concepts/platforms, innovation and business development*

Acquisitions

- Enter new markets in Europe
- Do local acquisitions, supporting the transformation



Changes in the customer needs of the Learning markets

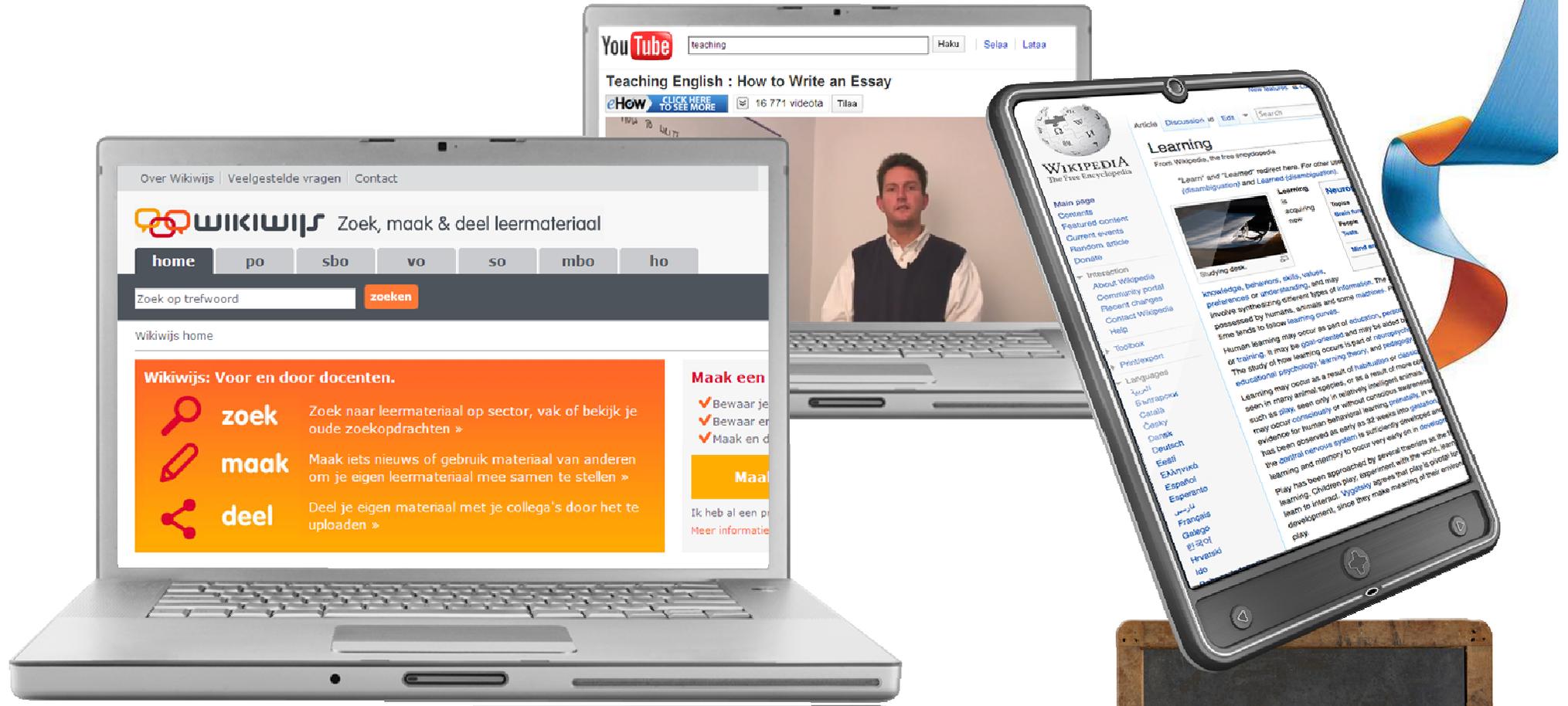
Our business today
and our objectives
for the future

Our response:
New solutions,
inspired by
teacher workflow

What makes
us amongst
the winners?



We expect commoditisation of content



We expect that the availability of well qualified teacher time will become increasingly scarce

Shortage of qualified teachers

- Demographics of teachers
- Interest in profession

Need for personalised learning

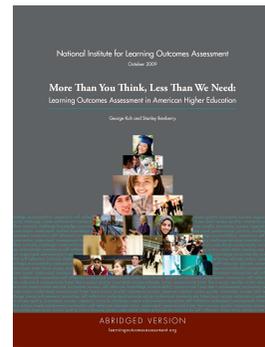
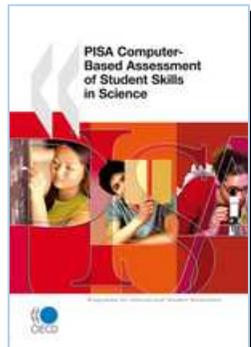
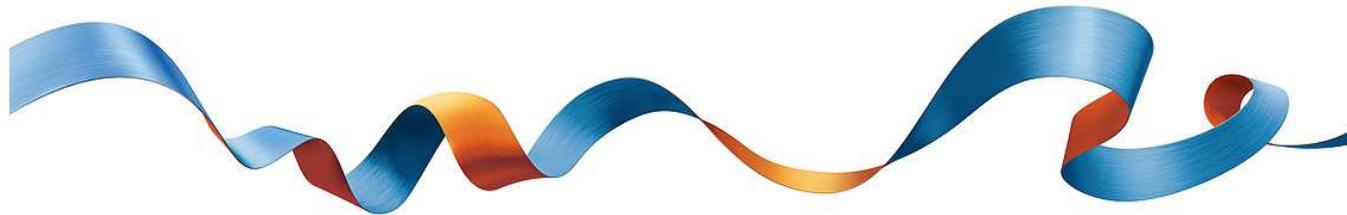
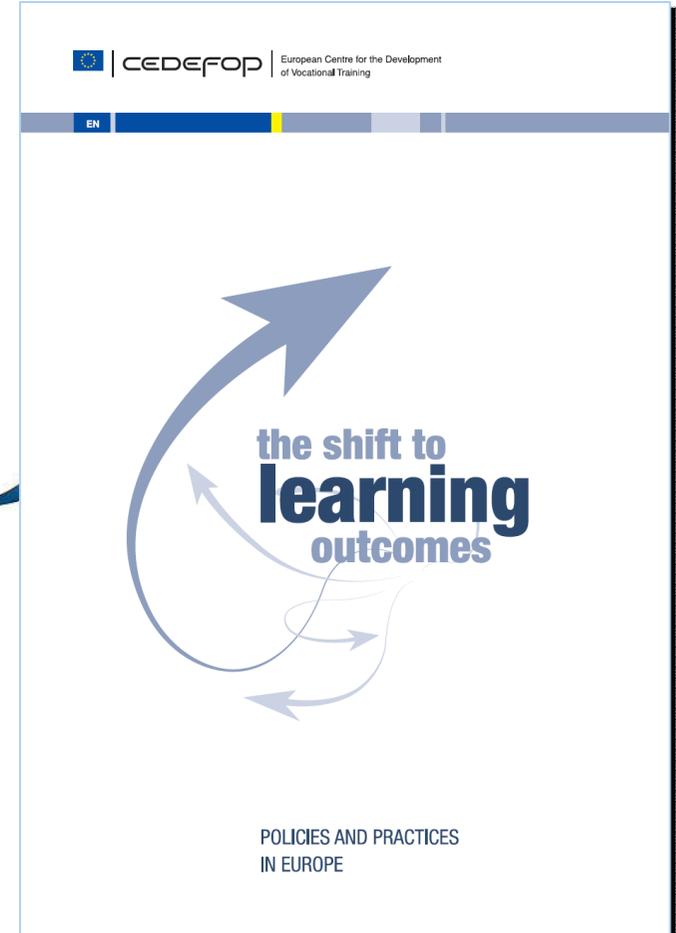
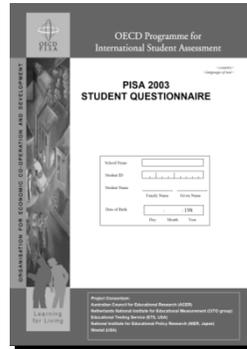
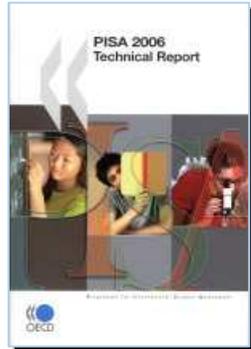
- Heterogeneity of classes, different pace and styles of learning, larger groups of pupils

Increasing complexity of non-curricular tasks

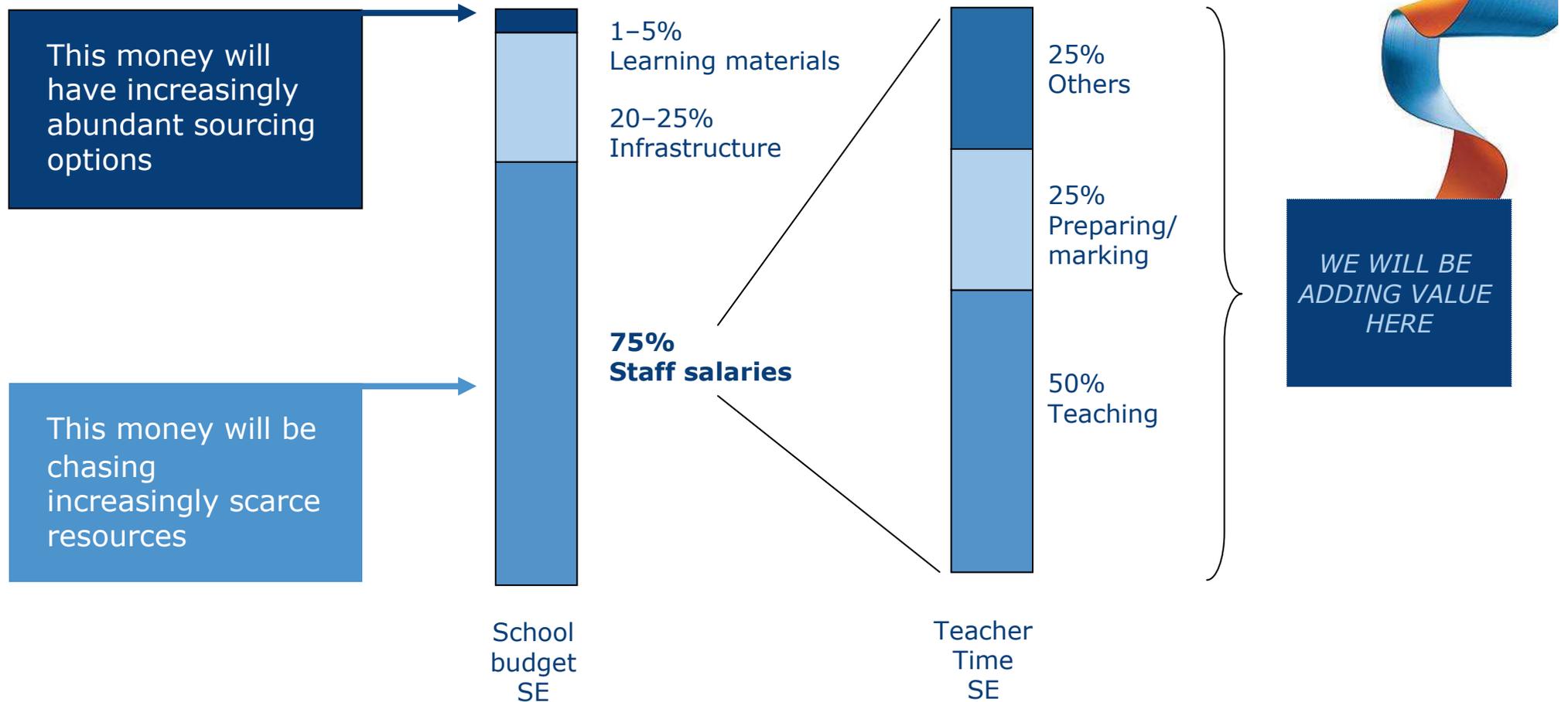
- Co-operation with other teachers, dealing with demanding parents, administrative work



We expect the future will be about learning outcomes rather than inputs



We expect the market of learning materials will not grow, so we will 'follow the money' to grow the learning business



So we have to be solving:

Scarcity of time:

- improving efficiency by automating all kinds of workflows

Ambition of raising the learning outcomes:

- provide insights to support intervention that improves the results

WORKFLOW EFFICIENCY

PERSONALISED LEARNING



Our response: New solutions, inspired by teacher workflow

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What makes
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We are transforming our offering towards solutions to serve teacher in all phases of the teaching cycle

Innovation in three dimensions:

- **proposition**
(new functionalities)
- **medium**
(mix of print and digital)
- **business model**
(from unit to solution)



Digital testing and assessment will be the “killer app” of the future solutions

Our learning solutions will combine content, technology, data and labour, to support the teacher by

- providing **(personalised) learning materials**,
- **automating** non-essential teaching tasks,
- giving **insight into learning progress**,
- and **guiding effort and intervention**.

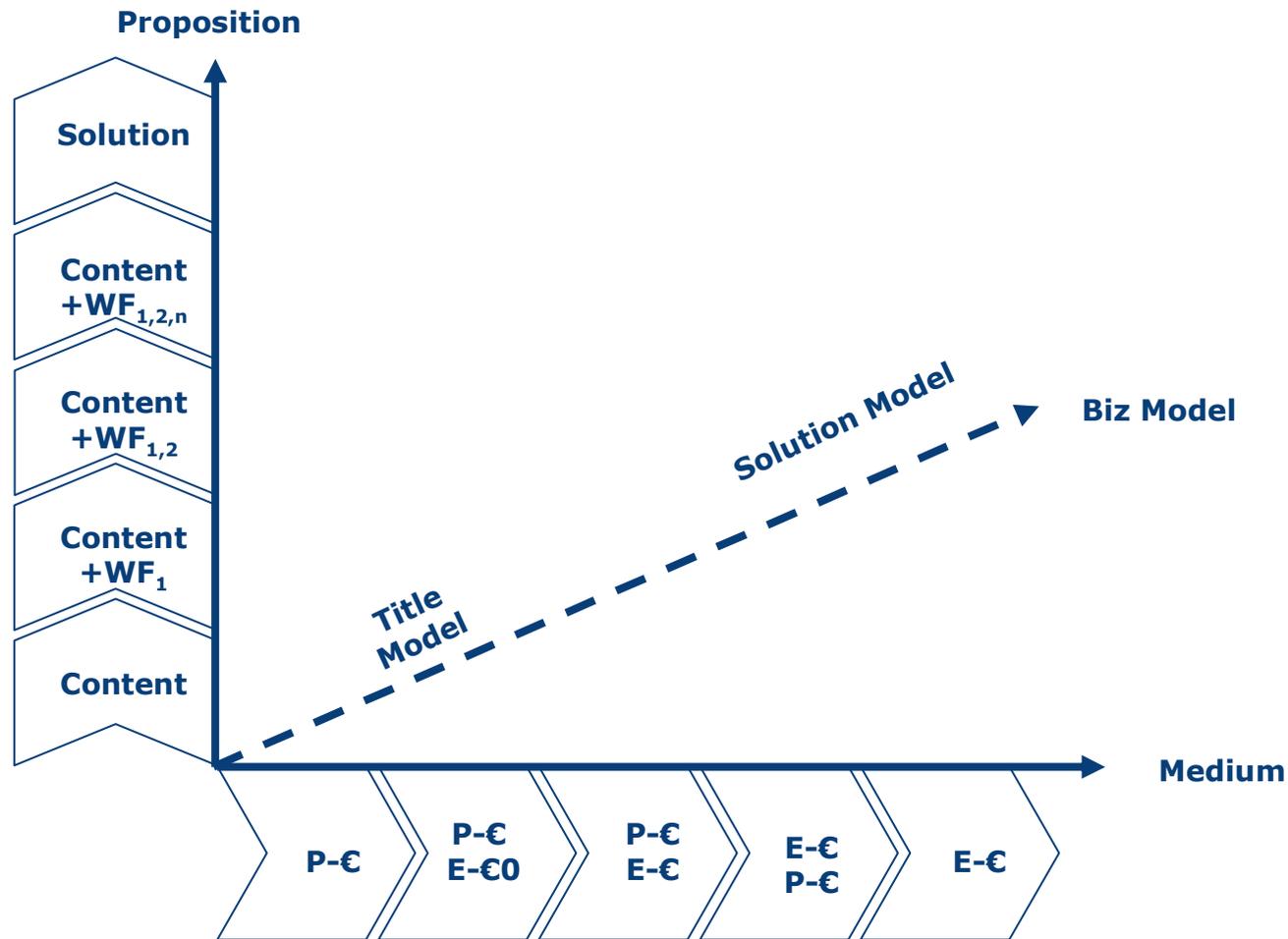


Video: A learning solution year 2010

- How does it support the teacher?
- How does it support intervention that improve the learning outcomes?



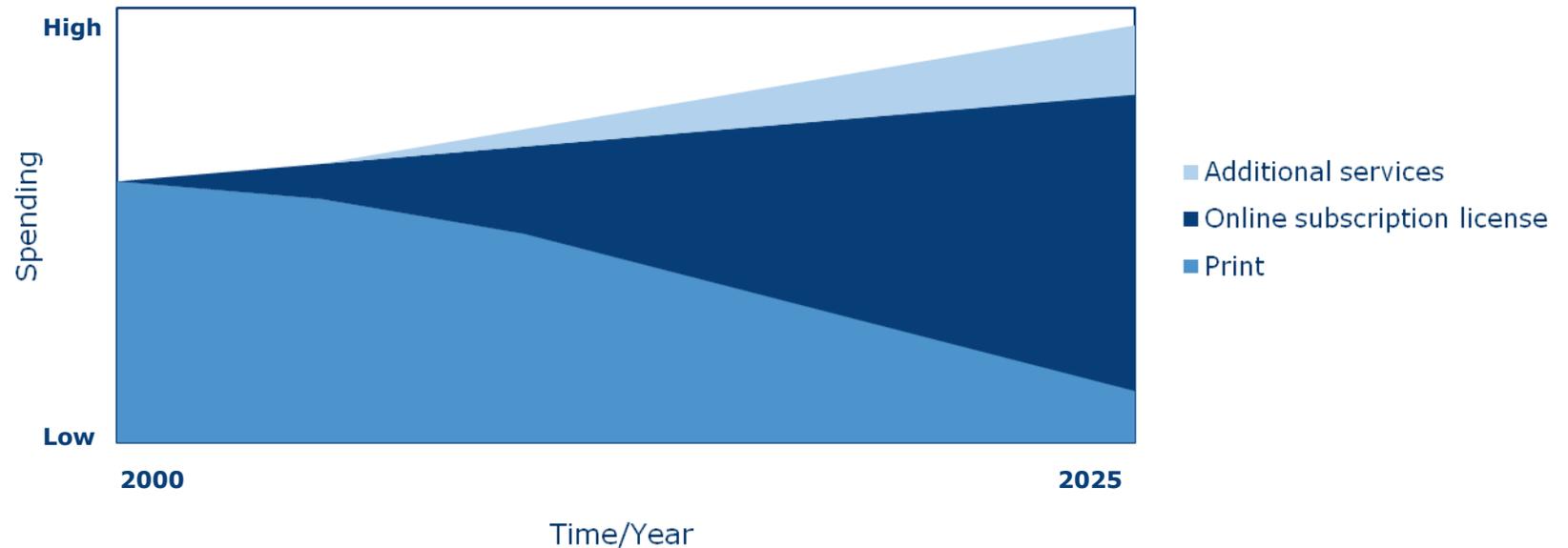
Evolution to solutions will be driven by innovation on three dimensions



WF – Workflow
 P – Print
 E – Electronic

Steadily migrating to an annual online subscription model

Evolution of earning model



Proposition

Content



Solution

Business model

One off sales



Subscription license

Medium

Print dominant



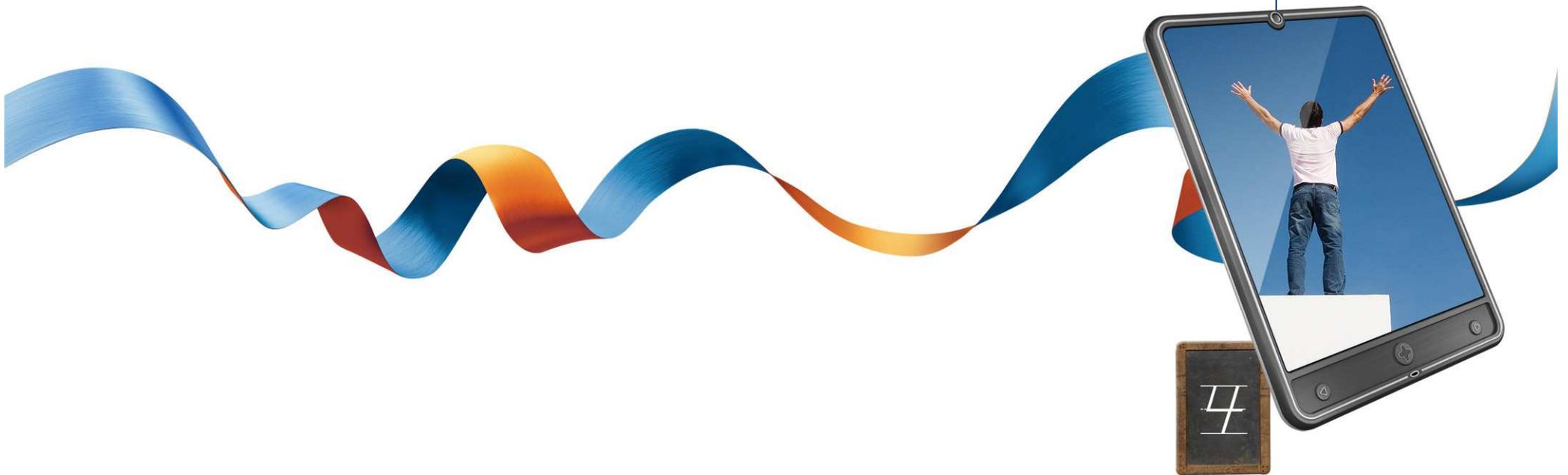
Online dominant

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Our response:
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We will benefit from strong brands and positions



We will capitalise on scale, even though this remains a local business

Conceptual benefits:

- developing our business from content to solutions

Platform benefits:

- developing tools and technology as part of solutions

Financial benefits:

- synergies in procurement and backoffice IT



We are best positioned as deep understanding of the teaching process is our core competence



→ we are best positioned to transform learning methods into workflow solutions

We will let innovation drive the transformation of our business

1. Leadership program for management enabling the change
2. Innovation program for all companies to develop our business towards solutions

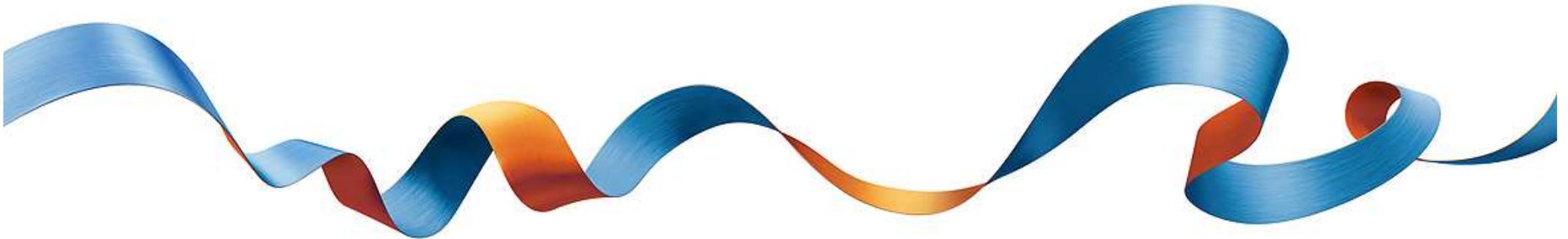


→ **local markets will benefit from 'group' experience**

We are ready for it

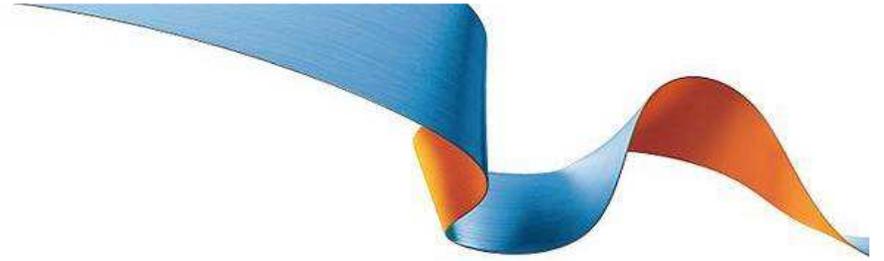
We will go for it

We can do it



For better knowledge, competence, performance and well being





Appendixes

Our companies have excellent market positions

Learning

Language services

Literature & other

MALMBERG

WSOYpro

nowa era

Malmberg, NED
 Personnel: ~265
 Market position: #3
 Size of the market:
 ~ € 300 Million

WSOYpro, FIN
 Personnel: ~200
 Market position: #1
 Size of the market:
 ~ € 85 Million

Nowa Era, POL
 Personnel: ~565
 Market position: #1
 Size of the market:
 ~€ 135 Million

VAN IN

NEMZETI TANKÖNYVKIADÓ

Young Digital Planet
 Educational ePublishing

Van In, BEL
 Personnel: ~110
 Market position: #1
 Size of the market:
 ~ € 100 Million

NTK/Perfekt, HUN
 Personnel: ~250
 Market position: #1
 Size of the market:
 ~ € 50 Million

YDP, POL
 Personnel: ~310
 Market position: Leading e-learning player in Poland, leading e-learning partner for international publishers

aac global

esmerk
 a Sanoma company

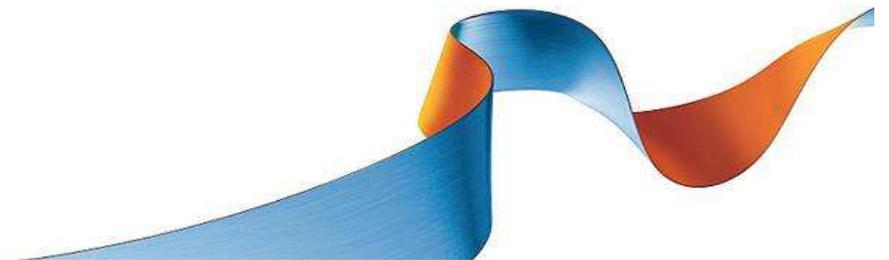
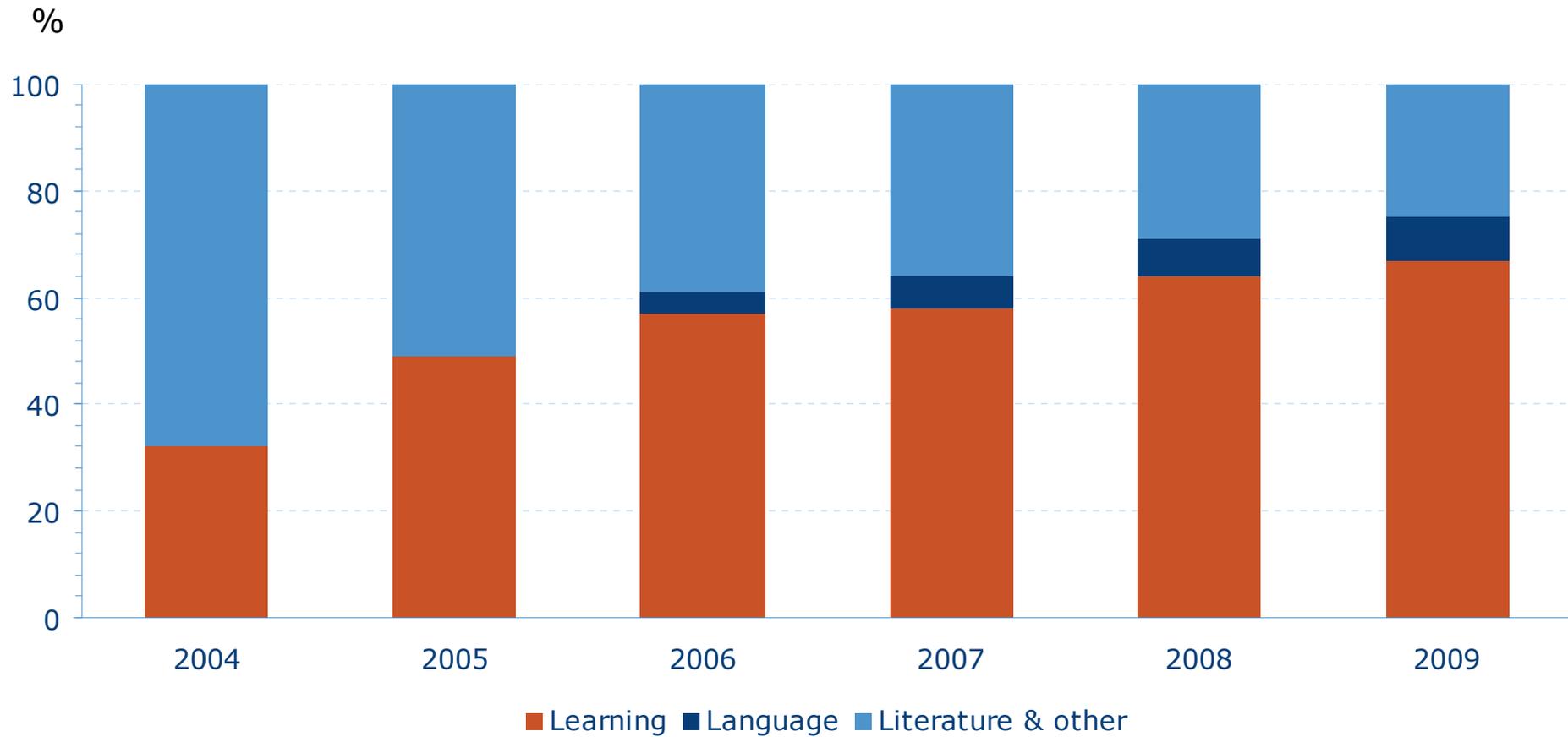
WSOY

AAC GLOBAL, FIN, SWE
 Personnel: ~200
 Market position: Fin #1, Swe #2
 Size of the Scandinavian Market:
 ~ € 300-400 Million

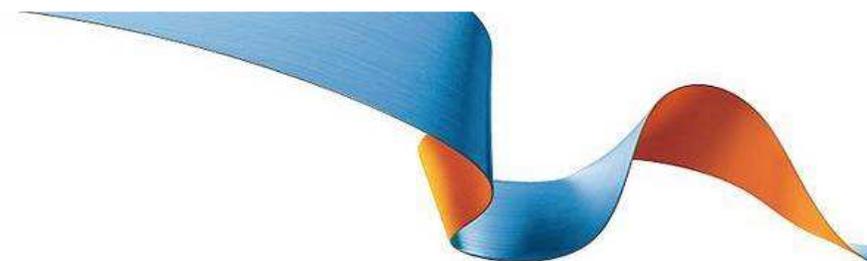
Esmerk, FIN
 Personnel: ~200
 Market position: #1
 Size of the European Market: ~ € 250 Million

WSOY, FIN
 Personnel: ~130
 Market position: #1
 Size of the market:
 ~ € 180 Million

We are successfully transforming our portfolio



Financially we are on track



EUR million	4-6/2010	4-6/2009	Ch %	1-6/2010	1-6/2009
Net sales	105.5	101.9	3.5	163.7	162.8
Learning	85.0	81.6	4.2	114.9	112.2
Language services	6.2	6.2	0.0	13.1	14.5
Literature and other businesses	17.2	17.0	1.4	40.8	41.6
Eliminations	-2.9	-2.8	-2.9	-5.2	-5.4
EBIT excluding non-recurring items	26.4	25.1	5.4	21.2	18.2
% of net sales	25.0	24.6		13.0	11.2
Number of employees (FTE)*	2,583	2,755	-6.2		

Outlook for 2010: Net sales and operating profit excluding non-recurring items are estimated to increase somewhat from the previous year's level.

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We want to be the preferred number one in Finnish literature

Situation in 2009 Learning*	Situation in 2009 Language**	Situation in 2009 Literature ***
Pearson	HP ACG	1. Sanoma Learning & Literature
Prisa / Santillana	MCNeil Technologies, Inc.	Otava
Klett	Lionbridge Technologies	Tammi
Cornelsen	Language Line Holdings	Gummerus
Lagardere	SDL	
Infinitas	TransPerfect/ Translations.com	
Westermann	L-3 Linguist Operations & Technical Support	
8. Sanoma Learning & Literature	Manpower, Inc.	
Editis	-----	
RCS Books	18. Sanoma Learning & Literature	

* Educational publishers. Source: Company's own estimate
 **Translation & localisation companies. Source: Common Sense Advisory
 *** General literature publishers. Source: Company's own estimate