



# Interim Report 1–3/2006

**President & CEO Hannu Syrjänen**

May 4, 2006

# Trends and Markets

# Media Trends

- Media consumption increases
- Development of technology
- Electronic communications increases
- Media fragmentation
- Changing age structure affects on media behavior
- Globalisation and consolidation
- Communities and social media

30% of media time is spent with two or more

## Multi-Tasking varies by age\*:

- Among 25–34's, 1.2 media
- Among 18–24's, 3.9 media



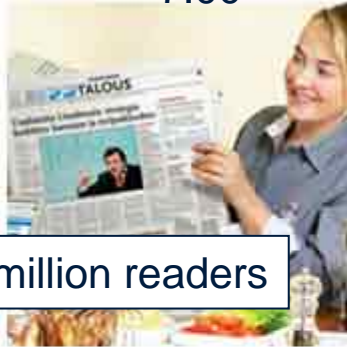
= 16 waking hours

**11.1 hours spent with media (69.5%)**

# SanomaWSOY reaches millions of people daily

Morning

7:00



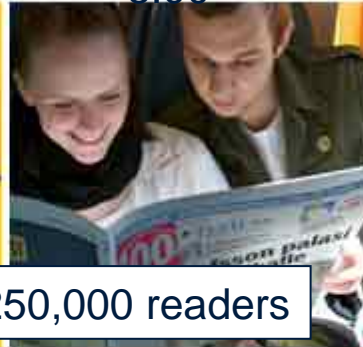
1.1 million readers

7:30

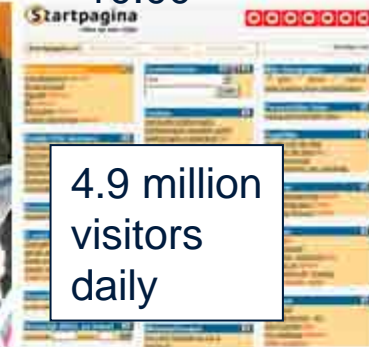


250,000 readers

8:00



10:00



4.9 million visitors daily

Afternoon

12:00



13:00



83,000 readers + 20,000 visitors

15:00



16:00



110 million customers yearly

Evening

17:00

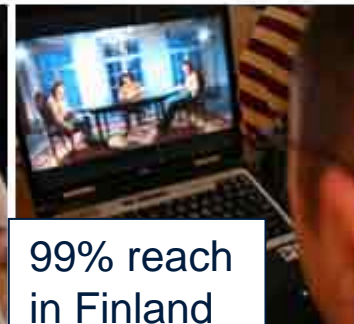


6 million customers yearly

18:00



21:00



99% reach in Finland

22:00



# Advertising Expenditure

## Forecast 2006–2008

|  | 2006<br>USD million | CAGR<br>06–08, % |  | 2006<br>USD million | CAGR<br>06–08, % |
|--|---------------------|------------------|--|---------------------|------------------|
|--|---------------------|------------------|--|---------------------|------------------|

### FINLAND

|              |              |            |
|--------------|--------------|------------|
| • Newspapers | 810          | 2.2        |
| • Magazines  | 249          | 0.8        |
| • Television | 293          | 2.8        |
| • Internet   | 48           | 5.3        |
| <i>Total</i> | <i>1,510</i> | <i>2.2</i> |

### NETHERLANDS

|              |              |            |
|--------------|--------------|------------|
| • Magazines  | 1,091        | 0.8        |
| • Internet   | 150          | 12.6       |
| <i>Total</i> | <i>4,737</i> | <i>1.6</i> |

### BELGIUM

|              |              |            |
|--------------|--------------|------------|
| • Magazines  | 357          | 2.0        |
| • Internet   | 67           | 12.0       |
| <i>Total</i> | <i>3,137</i> | <i>3.1</i> |

### HUNGARY

|              |              |            |
|--------------|--------------|------------|
| • Magazines  | 275          | 5.6        |
| • Internet   | 33           | 14.9       |
| <i>Total</i> | <i>2,843</i> | <i>7.5</i> |

### RUSSIA

|               |              |             |
|---------------|--------------|-------------|
| • Print media | 1,640        | 13.0        |
| <i>Total</i>  | <i>6,556</i> | <i>18.8</i> |

Source:  
ZenithOptimedia,  
April 2006

Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

SanomaWSOY Q1/2006

# Key Developments Q1/2006

## Q1/2006

- WSOY acquired a major holding in the leading Hungarian educational group, Láng Kiadó és Holding Zrt
- WSOY acquired 51% holding in AAC Global, a language training and translation service provider

## After the review period

- Combination of share series and the directed issue of shares





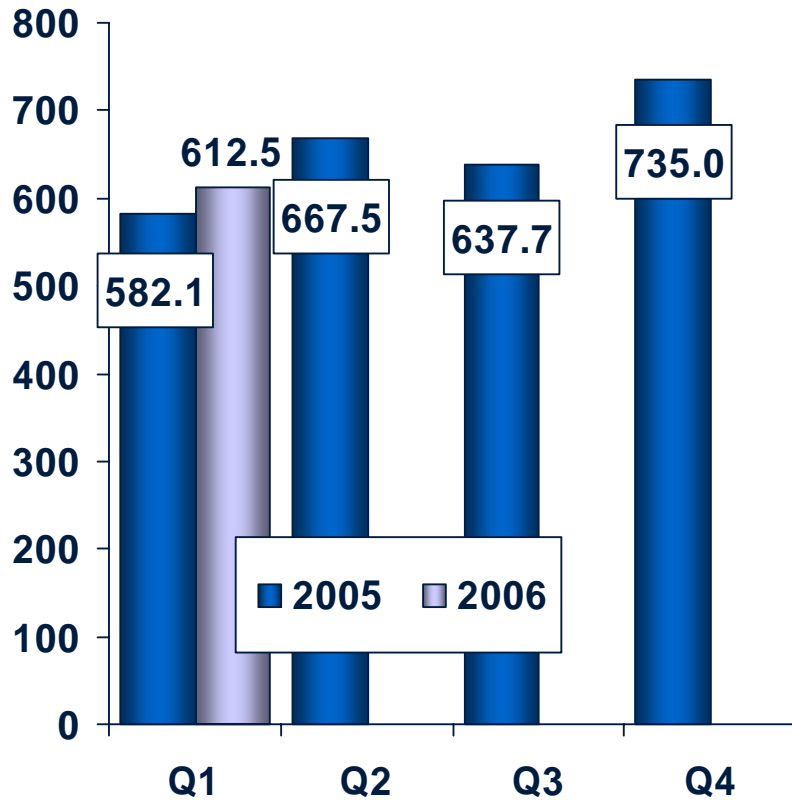
# Consolidated Income Statement

| € million                               | 1–3/2006     | 1–3/2005 | Change, % | 2005    |
|---|--------------|----------|-----------|---------|
| <b>NET SALES</b>                        | <b>612.5</b> | 582.1    | 5,2       | 2,622.3 |
| Other operating income                  | 15.4         | 14.5     | 6.4       | 80.7    |
| Materials and services                  | <b>280.9</b> | 263.6    | 6.6       | 1,177.8 |
| Personnel expenses                      | <b>145.6</b> | 143.0    | 1,8       | 574.7   |
| Other operating expenses                | <b>124.8</b> | 111.7    | 11,8      | 518.6   |
| Depreciation and impairment losses      | <b>30.9</b>  | 29.4     | 5.0       | 130.6   |
| <b>OPERATING PROFIT</b>                 | <b>45.6</b>  | 48.9     | -6.8      | 301.3   |
| Share of result of associated companies | 1.9          | 3.3      | -41.7     | 9.8     |
| Financial items                         | <b>-6.2</b>  | -6.1     | 1.4       | -25.1   |
| <b>RESULT BEFORE TAXES</b>              | <b>41.3</b>  | 46.0     | -10.3     | 286.0   |
| Income taxes                            | <b>-12.4</b> | -12.0    | 3.2       | -57.6   |
| <b>RESULT FOR THE PERIOD</b>            | <b>28.9</b>  | 34.0     | -15.1     | 228.4   |

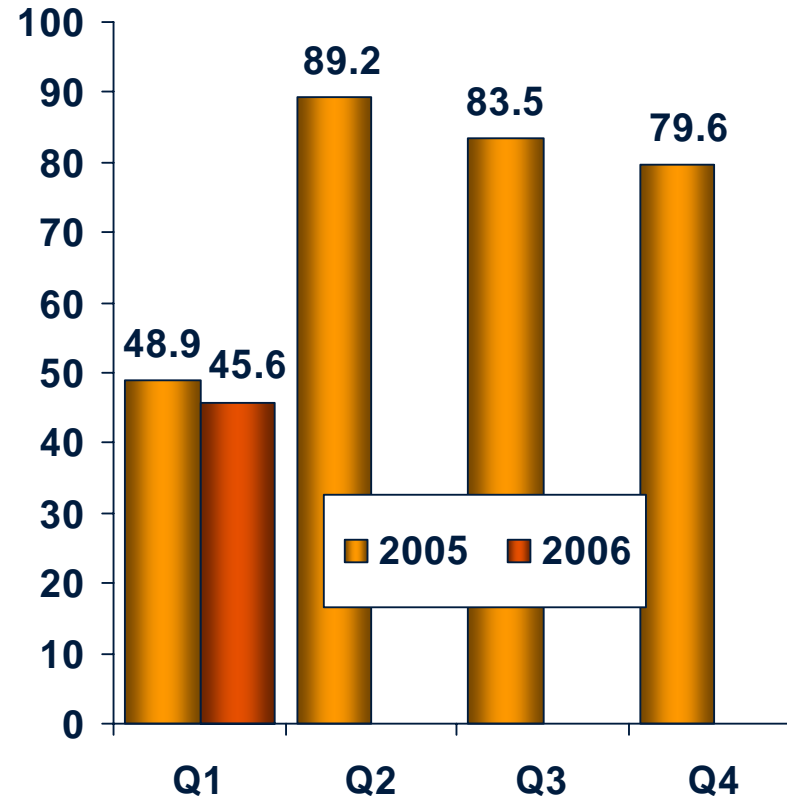
Y: Kalvot\_HS/HS06/osavuositaksaus1\_

# The SanomaWSOY Group

Net sales, EUR million



Operating profit, EUR million



Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# Consolidated Balance Sheet

| €million                             | <b>31.3.2006</b> | 31.3.2005 | Change, % | 31.12.2005 |
|--------------------------------------|------------------|-----------|-----------|------------|
| <b>ASSETS</b>                        |                  |           |           |            |
| Non-current assets, total            | <b>2,388.3</b>   | 2,383.0   | 0.2       | 2,395.6    |
| Current assets, total                | <b>596.4</b>     | 547.8     | 8.9       | 576.4      |
| Assets, total                        | <b>2,984.7</b>   | 2,930.8   | 1.8       | 2,972.0    |
| <b>EQUITY AND LIABILITIES</b>        |                  |           |           |            |
| Equity, total                        | <b>1,187.8</b>   | 1,010.9   | 17.5      | 1,159.1    |
| Non-current liabilities, total       | <b>320.2</b>     | 570.7     | -43.9     | 323.6      |
| Current liabilities, total           | <b>1,476.8</b>   | 1,349.2   | 9.5       | 1,489.4    |
| <b>EQUITY AND LIABILITIES, TOTAL</b> | <b>2,984.7</b>   | 2,930.8   | 1.8       | 2,972.0    |

Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# Key Figures

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| € million  | <b>1–3/2006</b> | 1–3/2005 | Change, % | 2005    |
|--|-----------------|----------|-----------|---------|
| Net sales  | <b>612.5</b>    | 582.1    | 5.2       | 2,622.3 |
| Operating profit   | <b>45.6</b>     | 48.9     | -6.8      | 301.3   |
| % of net sales   | <b>7.4</b>      | 8.4      |           | 11.5    |
| Operating profit excluding major non-recurring capital gains | <b>43.9</b>     | 44.9     | -2.1      | 269.1   |
| % of net sales   | <b>7.2</b>      | 7.7      |           | 10.3    |
| Balance sheet total  | <b>2,984.7</b>  | 2,930.8  | 1.8       | 2,972.0 |
| Capital expenditure  | <b>15.3</b>     | 15.9     | -3.8      | 93.8    |
| Equity ratio, %  | <b>42.7</b>     | 36.8     |           | 41.3    |
| Gearing, %   | <b>71.7</b>     | 99.1     |           | 72.8    |
| Interest-bearing liabilities                                 | <b>920.5</b>    | 1,061.3  | -13.3     | 928.7   |
| Net debt   | <b>851.6</b>    | 1,002.2  | -15.0     | 843.8   |
| Earnings/share, €  | <b>0.21</b>     | 0.22     | -8.0      | 1.45    |
| Cash flow from operations/share, €                           | <b>-0.02</b>    | 0.11     |           | 1.69    |
| Equity/share, €  | <b>7.49</b>     | 6.56     | 14.2      | 7.28    |
| Market capitalisation  | <b>3,519.1</b>  | 2,959.7  | 18.9      | 3,121.5 |
| Personnel *  | <b>17,613</b>   | 16,149   | 9.1       | 16,885  |

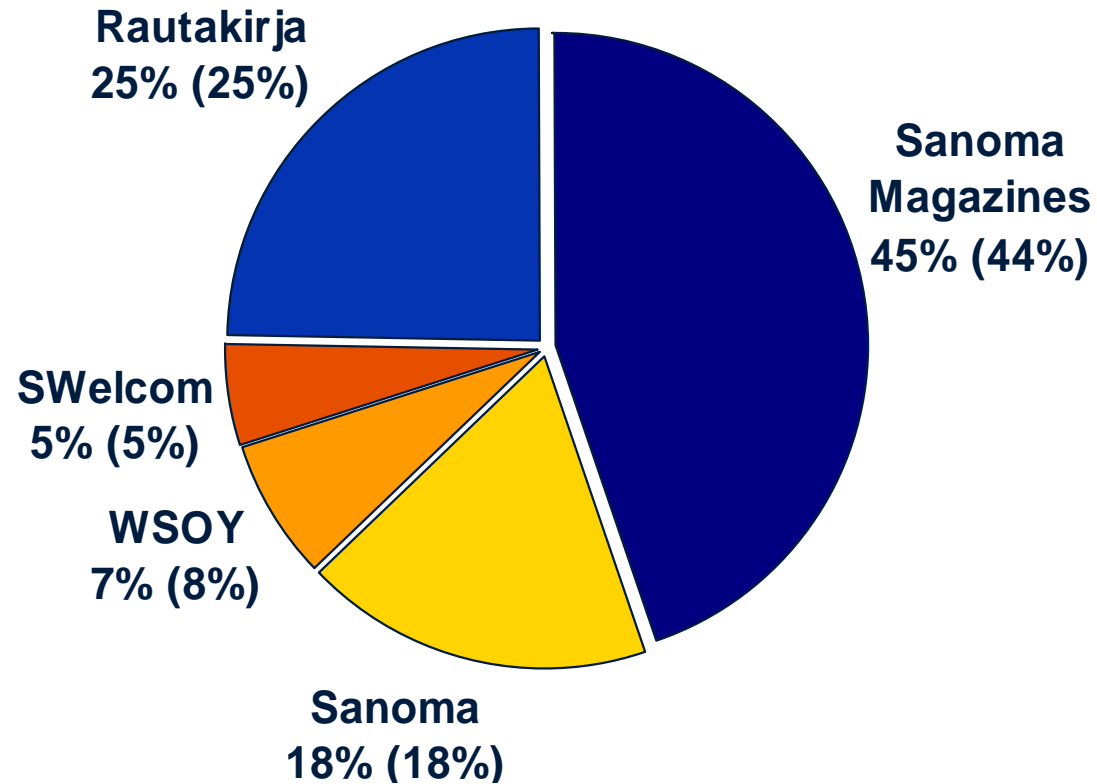
\* Personnel under employment contract, average

Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# Net Sales by Division

1-3/2006

Net sales EUR 612.5 million



Excluding  
eliminations

Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# SanomaWSOY's Advertising Sales

% of net sales

|                         | 1–3/2006   | 1–3/2005   |
|-------------------------|------------|------------|
| <b>Sanoma Magazines</b> | <b>26%</b> | <b>22%</b> |
| <b>Sanoma</b>           | <b>52%</b> | <b>50%</b> |
| <b>SWelcom</b>          | <b>58%</b> | <b>58%</b> |
| <b>The Group</b>        | <b>24%</b> | <b>22%</b> |

Y: Kalvot\_HS/HS06/osavuositilikaus1\_

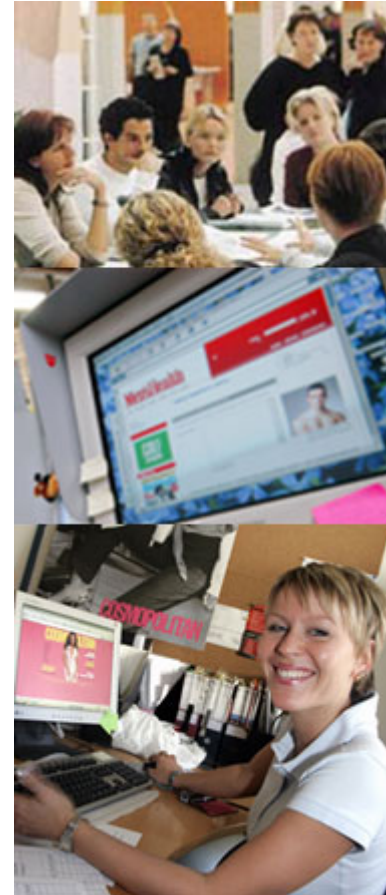
# Sanoma Magazines Key Developments

Q1/2006

- Launches
  - Test launch of women's weekly, Gloria, in Russia
  - Business magazine SmartMoney in Russia
  - Women's magazine Prevention in the Ukraine

After the review period

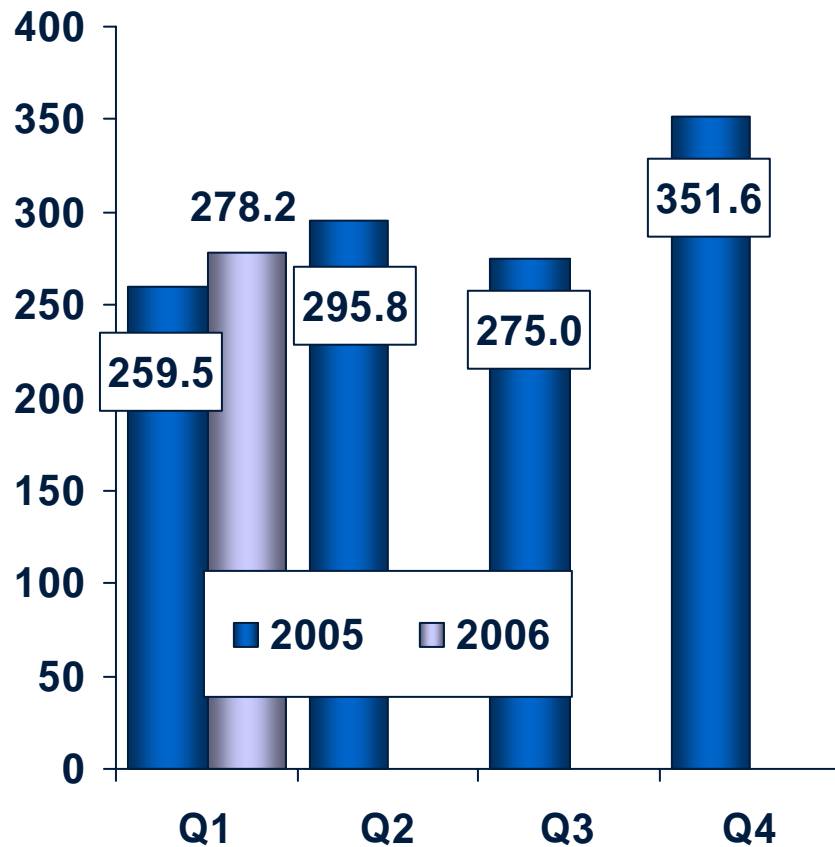
- Dick Molman appointed president of Dutch business



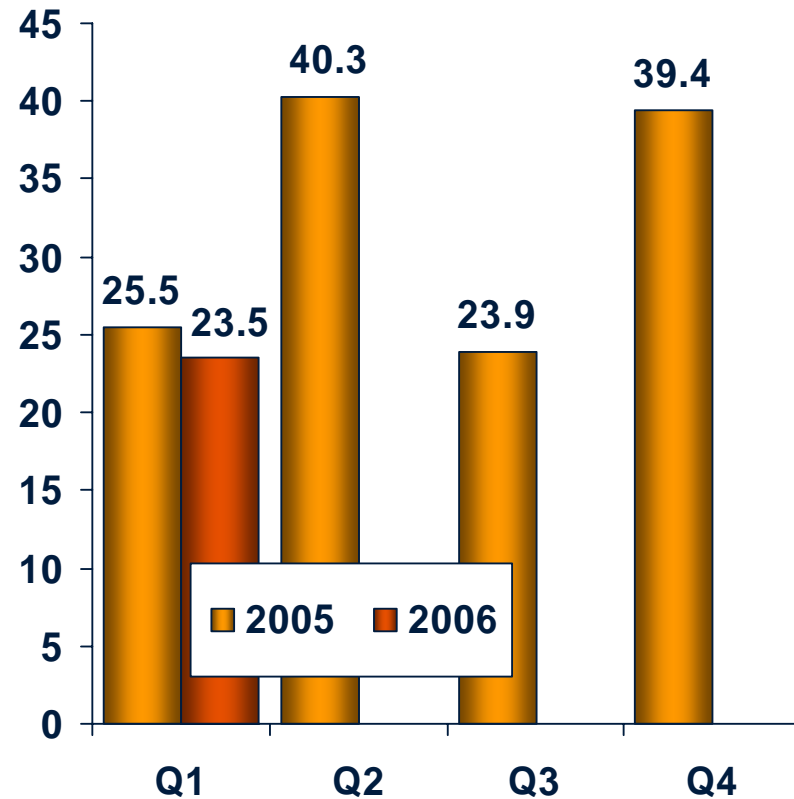
Y: Kalvot\_HS/HS06/osavuosisikatsaus1\_

# Sanoma Magazines

### Net sales, €million



### Operating profit, €million



Y: Kalvot\_HS/HS06/osavuositkatsaus1



# Sanoma Magazines

1-3/2006

17

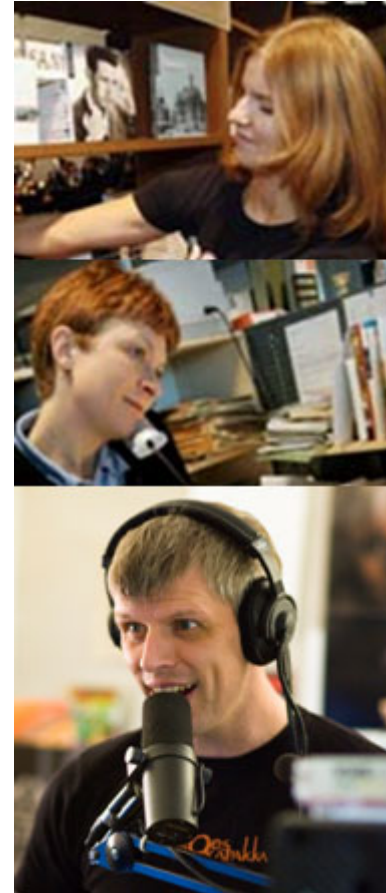
| € million  | 1-3/2006 | 1-3/2005 | Change, % |
|--|----------|----------|-----------|
| NET SALES  | 278.2    | 259.5    | 7.2       |
| <i>Sanoma Magazines Netherlands</i>                          | 116.7    | 117.8    | -0.9      |
| <i>Sanoma Magazines International</i>                        | 58.1     | 39.7     | 46.3      |
| <i>Sanoma Magazines Belgium</i>                              | 44.7     | 47.3     | -5.4      |
| <i>Sanoma Magazines Finland</i>                              | 45.8     | 41.4     | 10.5      |
| <i>Aldipress</i>   | 26.4     | 28.0     | -5.7      |
| <i>Eliminations</i>  | -13.4    | -14.7    |           |
| OPERATING PROFIT   | 23.5     | 25.5     | -7.6      |
| % of net sales   | 8.5      | 9.8      |           |
| Operating profit excluding major non-recurring capital gains | 23.5     | 25.5     | -7.6      |
| % of net sales   | 8.5      | 9.8      |           |
| Capital expenditure  | 4.3      | 2.3      | 83.7      |
| Personnel under employment contract, average                 | 5,377    | 4,774    | 12.6      |

Y: Kalvot\_HS/HS06/osavuositilaukset1\_

# Sanoma Key Developments

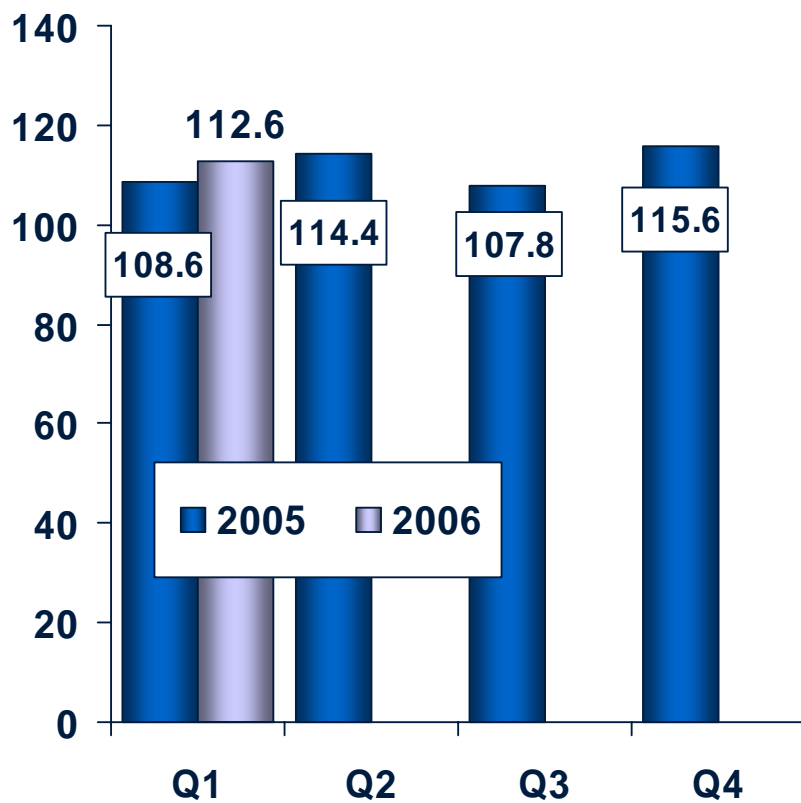
Q1/2006

- Free sheets
  - Uutislehti 100 the most read free sheet in public transport in Helsinki Metropolitan Area
  - V launched for young active city dwellers
- Aina Group shares divested
- Keltainen Pörssi (classified ad publication) launched Autot (cars) special edition
- Strong development of online services
  - Unique visitors of Ilta-Sanomat, Huuto.Net and HS.fi increased heavily

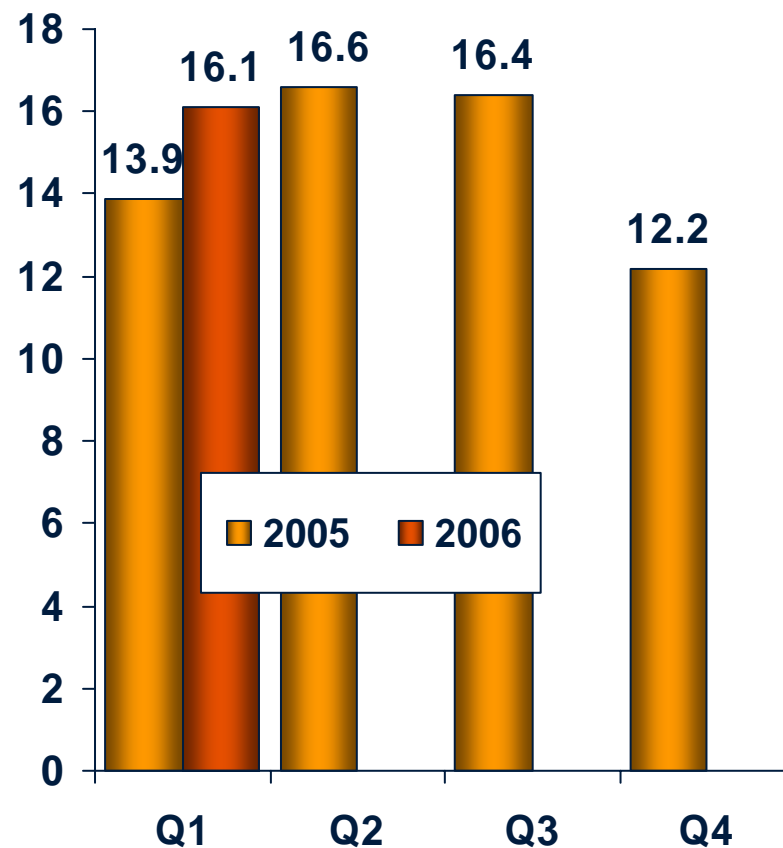


# Sanoma

## Net sales, €million



## Operating profit, €million



Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# Sanoma

1-3/2006

20

| € million   | 1-3/2006 | 1-3/2005 | Change, % |
|---|----------|----------|-----------|
| NET SALES   | 112.6    | 108.6    | 3.7       |
| <i>Helsingin Sanomat</i>  | 66.8     | 64.6     | 3.5       |
| <i>Ilta-Sanomat</i>   | 22.3     | 22.1     | 0.7       |
| <i>Sanoma Lehtimedia</i>  | 11.0     | 11.7     | -6.2      |
| <i>Others</i>   | 47.4     | 42.2     | 12.4      |
| <i>Eliminations</i>   | -34.9    | -32.0    | 9.0       |
| OPERATING PROFIT  | 16.1     | 13.9     | 15.8      |
| % of net sales  | 14.3     | 12.8     |           |
| Operating profit excluding major<br>non-recurring capital gains | 14.5     | 13.9     | 3.9       |
| % of net sales  | 12.8     | 12.8     |           |
| Capital expenditure   | 4.0      | 6.9      | -42.9     |
| Personnel under employment contract, average                    | 2,598    | 2,730    | -4.8      |

Y: Kalvot\_HS/HS06/osavuositiedot

# WSOY Key Developments

Q1/2006

- Major holding of Hungarian educational group, Láng Kiadó és Holding
- 51% holding of Finland's leading communication services provider of professional multilingual AAC Global
- Educational operations in Finland incorporated
- Malmberg signed a license agreement with Sesame Workshop for issuing the youth magazine Sesamstraat
- WSOY Business Information, Docendo and Evercreen combined into WSOYpro
- Several awards and citations in general literature



Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

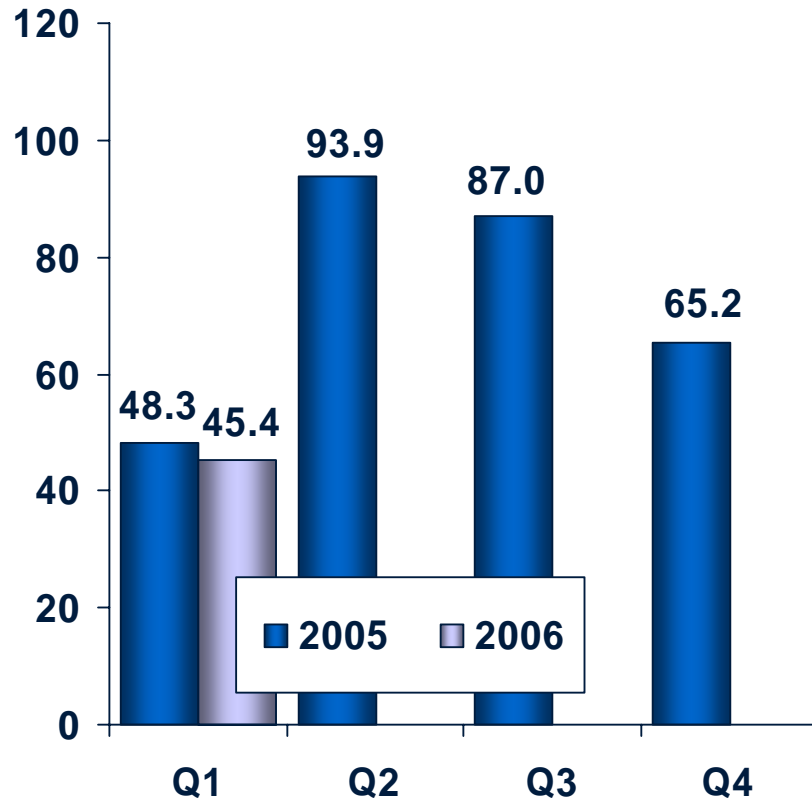
# Láng

- The leading Hungarian educational group
- Pro forma net sales EUR 27.5 million in 2005
- Some 300 employees
- Láng consists of:
  - the leading educational publisher Nemzeti Tankönyvkiadó Rt (70.35%)
    - a very large product portfolio with over 2,300 titles; approximately half of these are included on Hungary's Ministry of Education's list of approved titles
  - one of the leading educational training companies Perfekt Zrt
    - training services include provision of courses e.g. in economics, finance, IT, and foreign languages to companies and individuals, some 20,000 customers yearly
- The acquisition is subject to the approval of the Hungarian competition authorities
- Expansion to CEE countries according to strategy

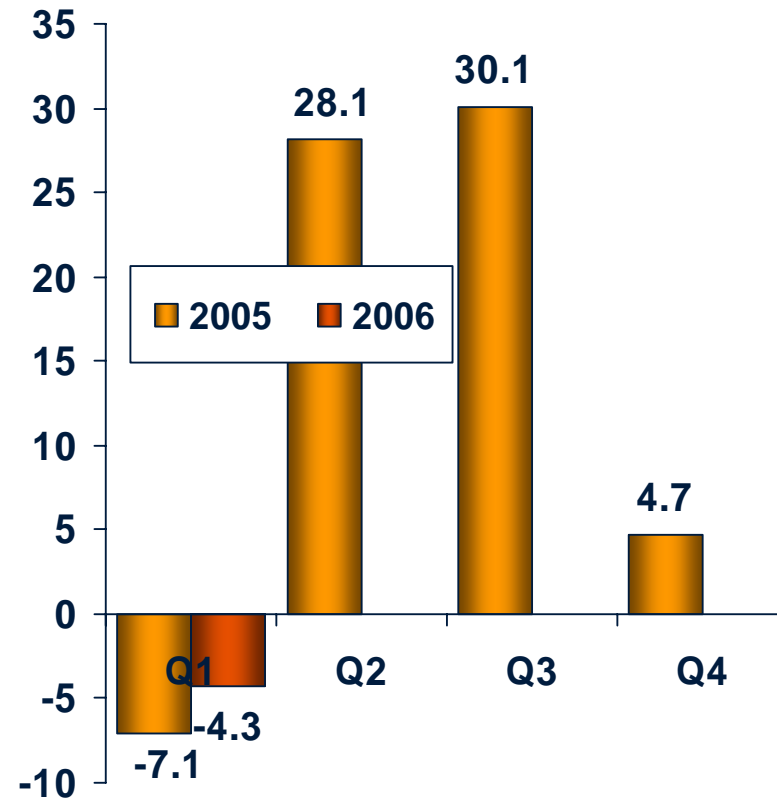


# WSOY

## Net sales, €million



## Operating profit, €million



Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# WSOY

## 1-3/2006

24

| € million   | 1-3/2006 | 1-3/2005 | Change, % |
|---|----------|----------|-----------|
| <b>NET SALES</b>  | 45.4     | 48.3     | -6.0      |
| <i>Educational publishing</i>                                   | 15.3     | 12.8     | 19.7      |
| <i>Publishing</i>   | 24.1     | 23.4     | 3.1       |
| <i>Others</i>   | 10.3     | 16.0     | -35.5     |
| <i>Eliminations</i>   | -4.4     | -3.9     | 12.1      |
| <b>OPERATING PROFIT</b>   | -4.3     | -7.1     | -39.0     |
| % of net sales  | -9.5     | -14.6    |           |
| Operating profit excluding major<br>non-recurring capital gains | -4.3     | -7.1     | -39.0     |
| % of net sales  | -9.5     | -14.6    |           |
| Capital expenditure   | 1.7      | 2.1      | -19.2     |
| Personnel under employment contract, average                    | 2,039    | 2,368    | -13.9     |

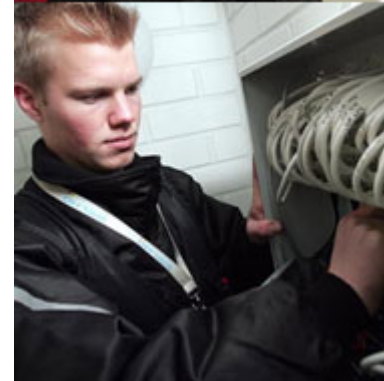
Y: Kalvot\_HS/HS06/osavuositkatsaus1\_



# SWelcom Key Developments

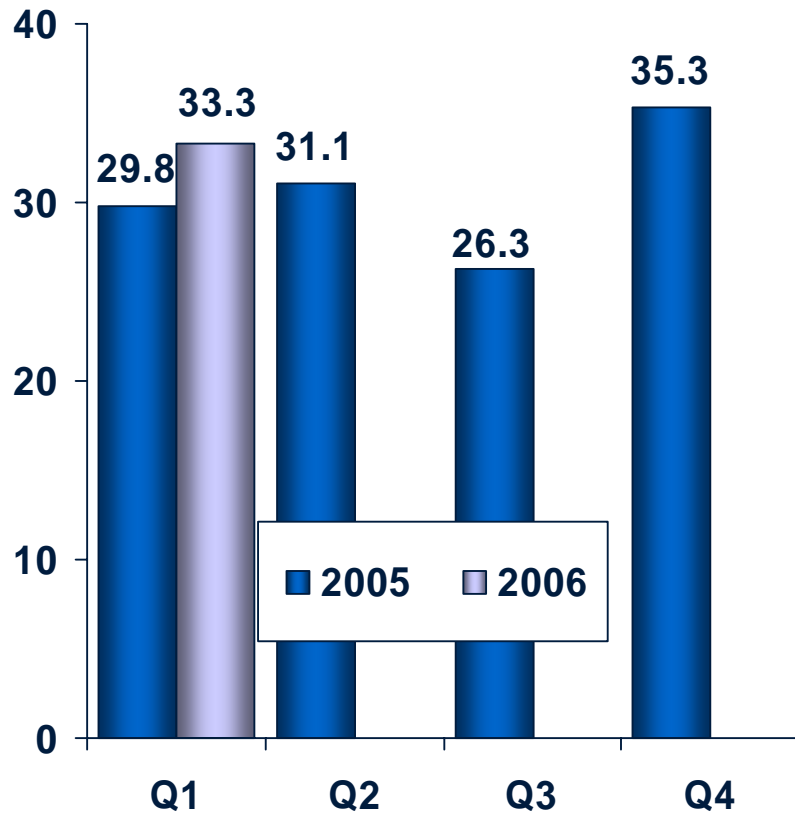
Q1/2006

- Welho online Music Store launched
- Several multimedia concepts within Nelonen e.g. Unelmakämpä (The Block) and Funny Home Videos
  - The Funny Web Videos is Nelonen's first TV programme on the internet, based on user generated content

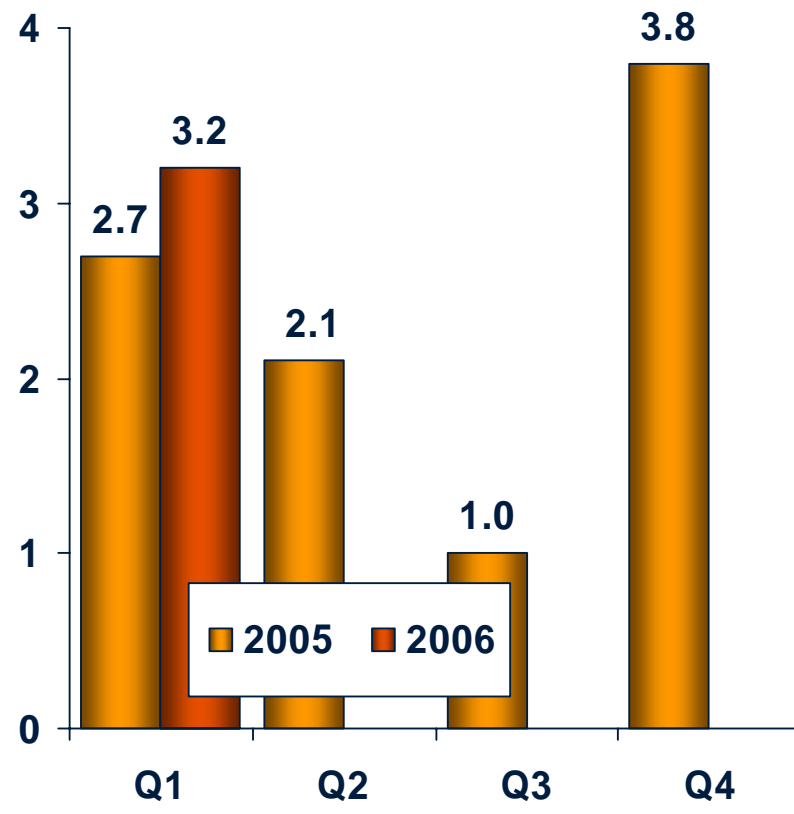


# SWelcom

## Net sales, €million



## Operating profit, €million



Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# SWelcom

1-3/2006

27

| € million   | 1-3/2006 | 1-3/2005 | Change, % |
|---|----------|----------|-----------|
| NET SALES   | 33.3     | 29.8     | 11.8      |
| <i>Nelonen</i>  | 19.2     | 17.2     | 11.8      |
| <i>Others</i>   | 14.3     | 13.0     | 10.3      |
| <i>Eliminations</i>   | -0.2     | -0.4     | -41.2     |
| OPERATING PROFIT  | 3.2      | 2.7      | 19.4      |
| % of net sales  | 9.7      | 9.1      |           |
| Operating profit excluding major<br>non-recurring capital gains | 3.2      | 2.7      | 19.4      |
| % of net sales  | 9.7      | 9.1      |           |
| Capital expenditure   | 1.4      | 2.2      | -35.5     |
| Personnel under employment contract, average                    | 435      | 415      | 4.8       |

Y: Kalvot\_HS/HS06/osavuositaksaus1\_

# Rautakirja Key Developments

Q1/2006

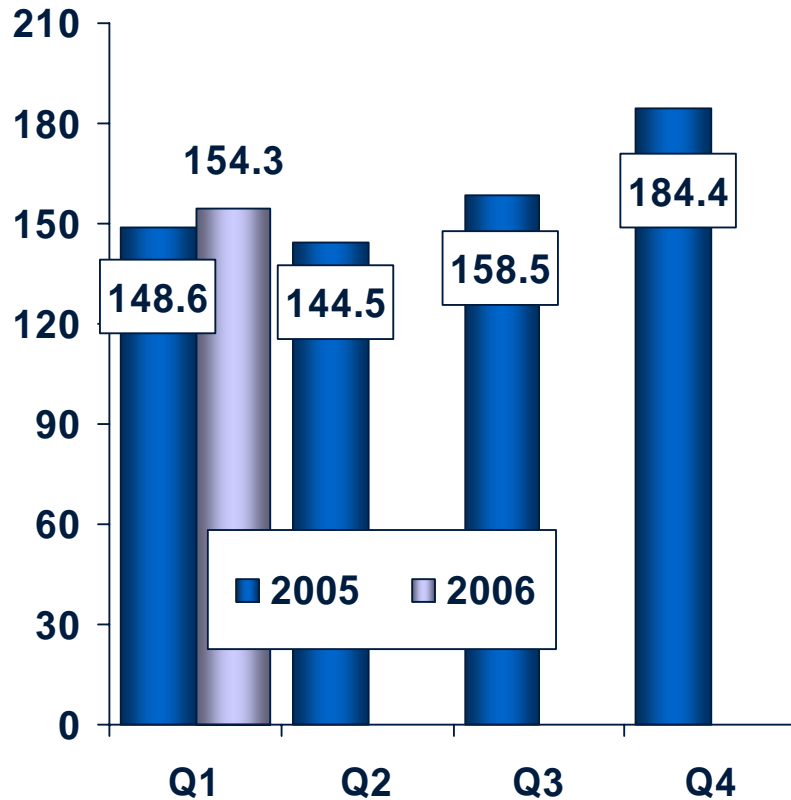
- Integration of Lietuvos Spauda (kiosk chain) started
- Finnkino signed a rental agreement for new multiplex movie theatre in Jumbo shopping centre in Vantaa
- Number of movie theatre customers increased heavily
- Oiva point-of-sale system installation in all R-kiosks in Finland completed
  - e.g. domestic train tickets can be paid and collected from R-kiosk



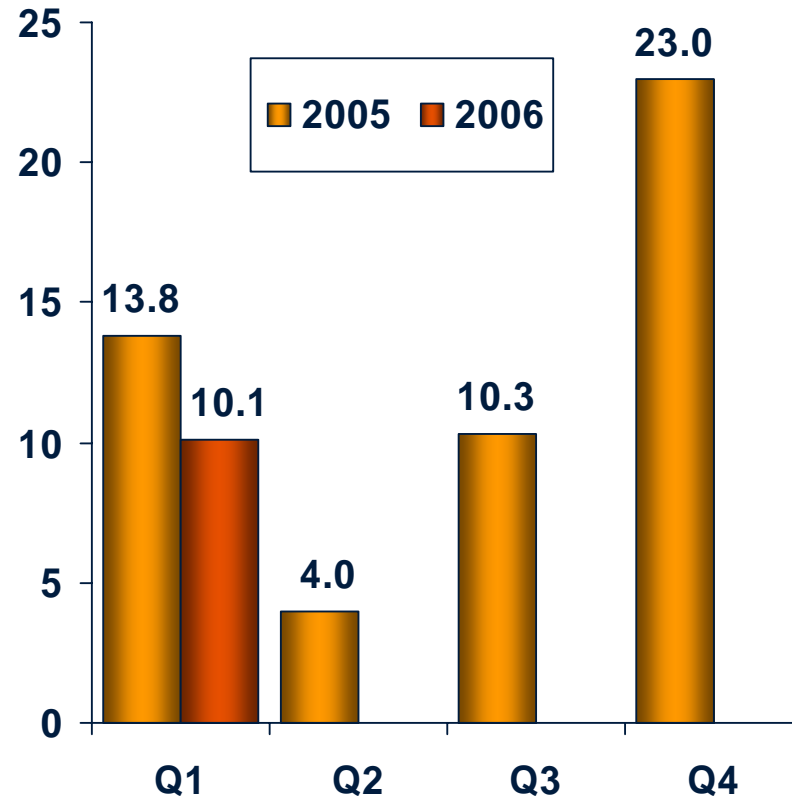
Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# Rautakirja

Net sales, €million



Operating profit, €million



Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# Rautakirja

1-3/2006

30

| € million   | 1-3/2006 | 1-3/2005 | Change, % |
|---|----------|----------|-----------|
| NET SALES   | 154.3    | 148.6    | 3.9       |
| <i>Kiosk operations</i>   | 82.3     | 81.9     | 0.5       |
| <i>Press distribution</i>                                       | 24.4     | 22.7     | 7.3       |
| <i>Bookstores</i>   | 30.2     | 27.9     | 8.4       |
| <i>Entertainment</i>  | 20.1     | 16.2     | 24.1      |
| <i>Others</i>   | 0.0      | 2.5      | -100.0    |
| <i>Eliminations</i>   | -2.6     | -2.6     | -0.5      |
| OPERATING PROFIT  | 10.1     | 13.8     | -26.7     |
| % of net sales  | 6.6      | 9.3      |           |
| Operating profit excluding major<br>non-recurring capital gains | 10.1     | 9.8      | 3.1       |
| % of net sales  | 6.6      | 6.6      |           |
| Capital expenditure   | 3.9      | 2.7      | 46.9      |
| Personnel under employment contract, average                    | 7,092    | 5,793    | 22.4      |

Y: Kalvot\_HS/HS06/osavuositkatsaus1\_

# 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





Committed to the Future

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