

Sanoma News on the Bridge to the Future

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Wrong conclusion!



Agenda

- Briefly on Sanoma News
- The Change in the News Business
- Key Themes for the Future

Briefly on Sanoma News

Sanoma News is in the driver's seat

#1 News publisher in Finland – both in print and digital

- **Helsingin Sanomat** is the largest daily newspaper in the Nordic region.
 - Helsingin Sanomat's news site HS.fi has more than 1.2 million unique weekly visitors.
- **Iltasanomat** is Finland's largest tabloid newspaper.
 - Iltasanomat.fi has more than 1.7 million unique weekly visitors.
- **Etelä-Saimaa, Kouvolan Sanomat** and **Kymen Sanomat** are the leading regional newspapers in their region in South-Eastern Finland.
- The commuter free sheet **Metro**, published by Sanoma Free Sheets, is the 4th most read Finnish newspaper.
- **Vartti** is Finland's largest city paper (free sheet) with over half a million readers.
 - "Hyper-local" news site Vartti.fi



Big in news but also in online marketplaces

In addition to our flagship brand news sites, we have:

- Marketplaces (i.e. online classified ads):
 - Oikotie.fi: Finland's #2 in recruitment, #2 in real estate, #3 in cars
 - Keltainen Pörssi: C2C and generalist
 - Hintaseuranta.fi: Finland's #1 price comparison site
- Huuto.net is the #1 auction site
 - >700,000 items on sale
 - >470,000 unique visitors a week
 - 1.3 million registered users
- Rakentaja.fi (acquired in 2008), the consumer service for construction, has performed very well in spite of the recession
- We also have online classifieds in the Baltics: Auto24.ee and Kuldnebors.ee



Strong position in the online ad sales

Market leader in online display ad sales

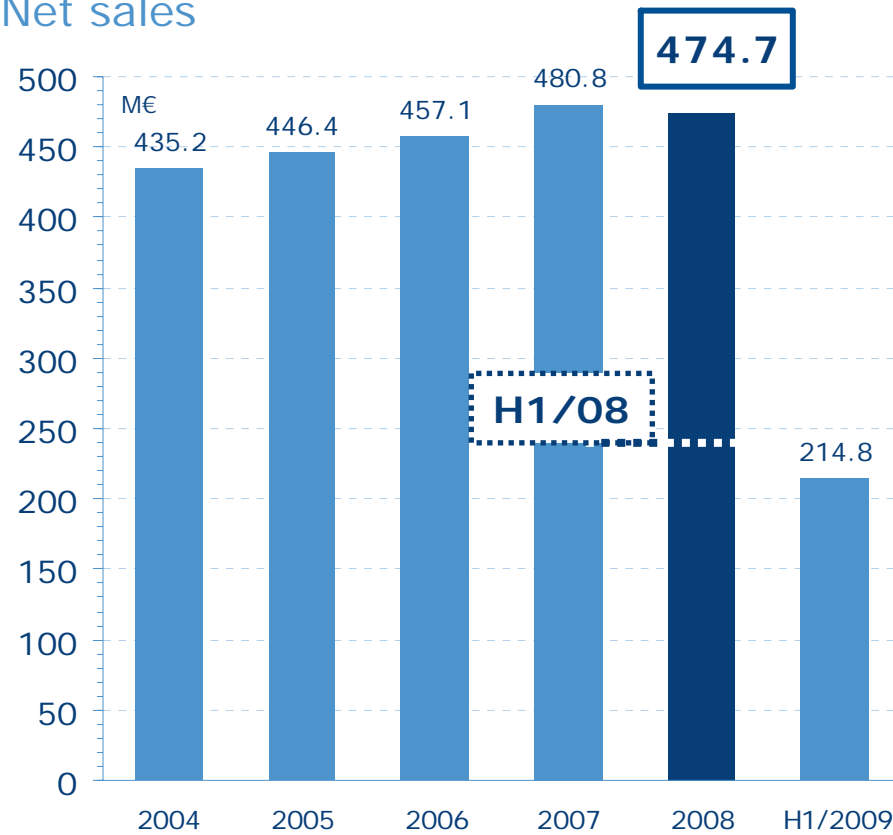
- Sanoma News' online ad sales sells also Sanoma Magazines Finland's online sites.
- Together these sites have 2.45 million unique visitors a week, which is ~80% of the Finnish online population.
- Our network has 2.5 billion ad impressions to sell per month – this is more than Google has in Finland.
- Online display ad sales were EUR 9.8 million in 2008 (#1 in Finland) and grew 48% yoy.



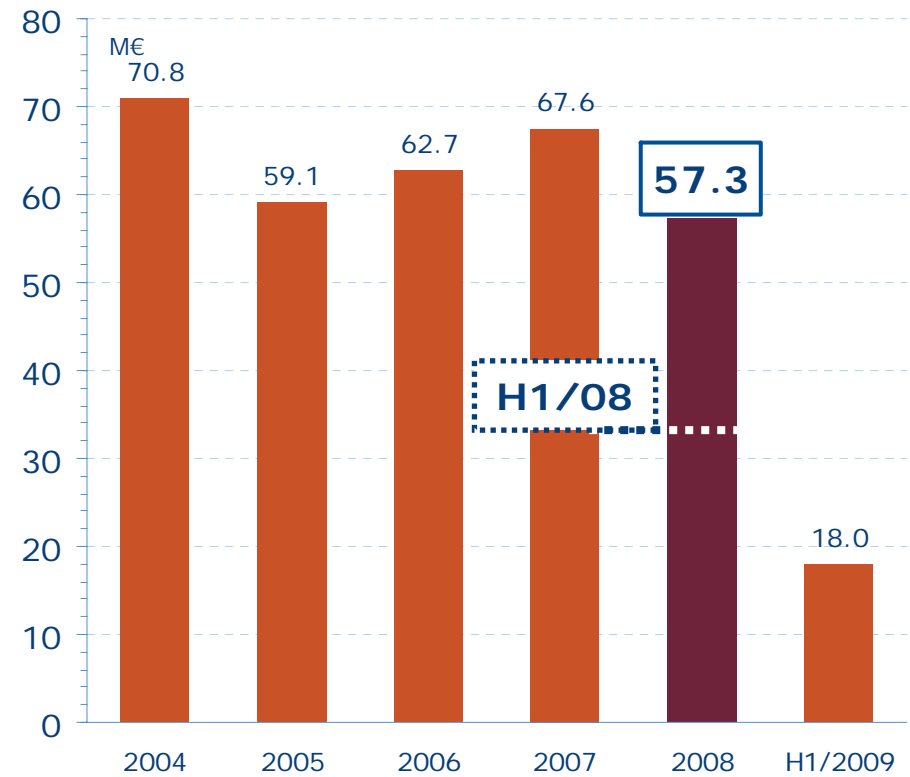
Sanoma News is profitable publisher

However the first half of 2009 was challenging

Net sales



EBIT (excl. non-recurring items)



The Change in the News Business



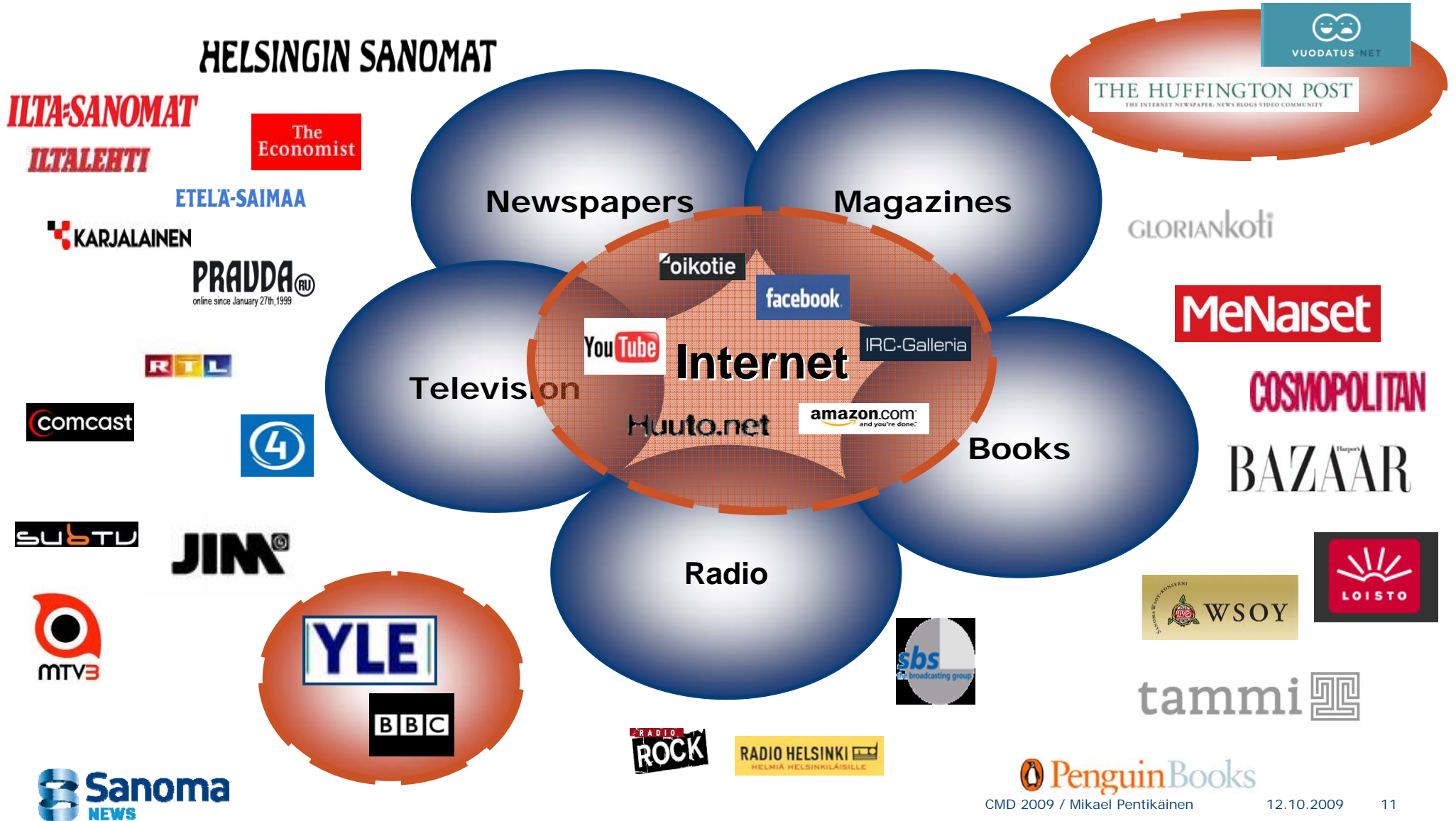
Two storms hit us simultaneously

- Digital convergence strikes at the bedrock of the news media business.
- The financial crisis and the slow-down of the real economy slash all media spending.
- Both storms offer also many opportunities.



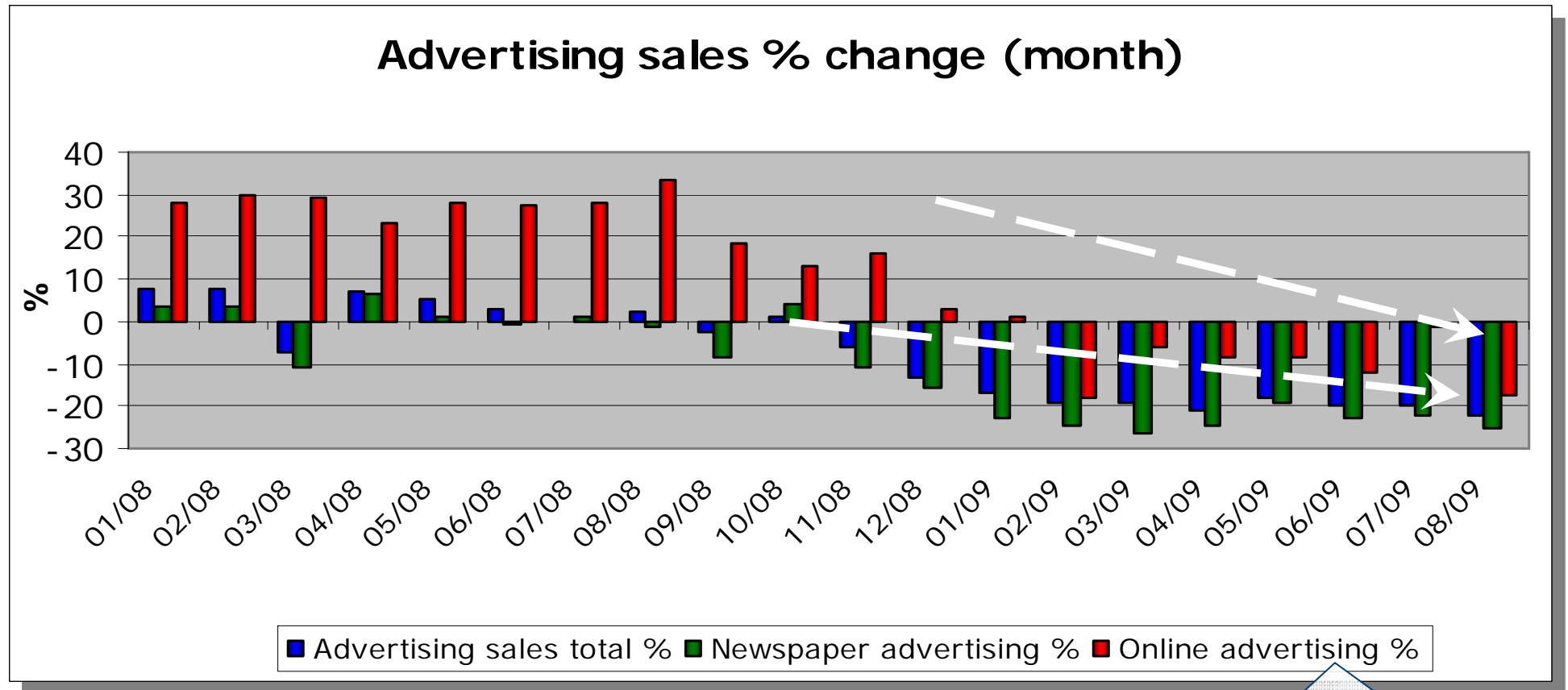
The media continents continue to change

Internet is the main driver of the structural change



Ad market development has been grim

However, the decrease has not significantly accelerated during summer



TNS Gallup's online advertising includes only display and classified ads but not search ads

The big questions of today

1. How long and deep will the current down-turn be?
2. What is the nature of the up-turn, when it comes?
3. How does the economic crisis affect media convergence?
4. To what extent will print revenues return when the economy recovers?
5. How to manage the transformation to the New Media World Order?



Key Themes for the Future

Excellent starting point:

More than 2/3 of all Finns regularly use Sanoma News' products *

Sanoma News reaches:

- 70% of all Finnish people
- 92% of all people in Uusimaa region
- 83% of all 20-29 year-old Finns



HELSINGIN SANOMAT



ILTA-SANOMAT



Huuto.net



esMERK



ETELA-SAIMAA



* Source: TNS Atlas, 1-12/2008, 10+ yrs population. Not including all Sanoma News products and services.

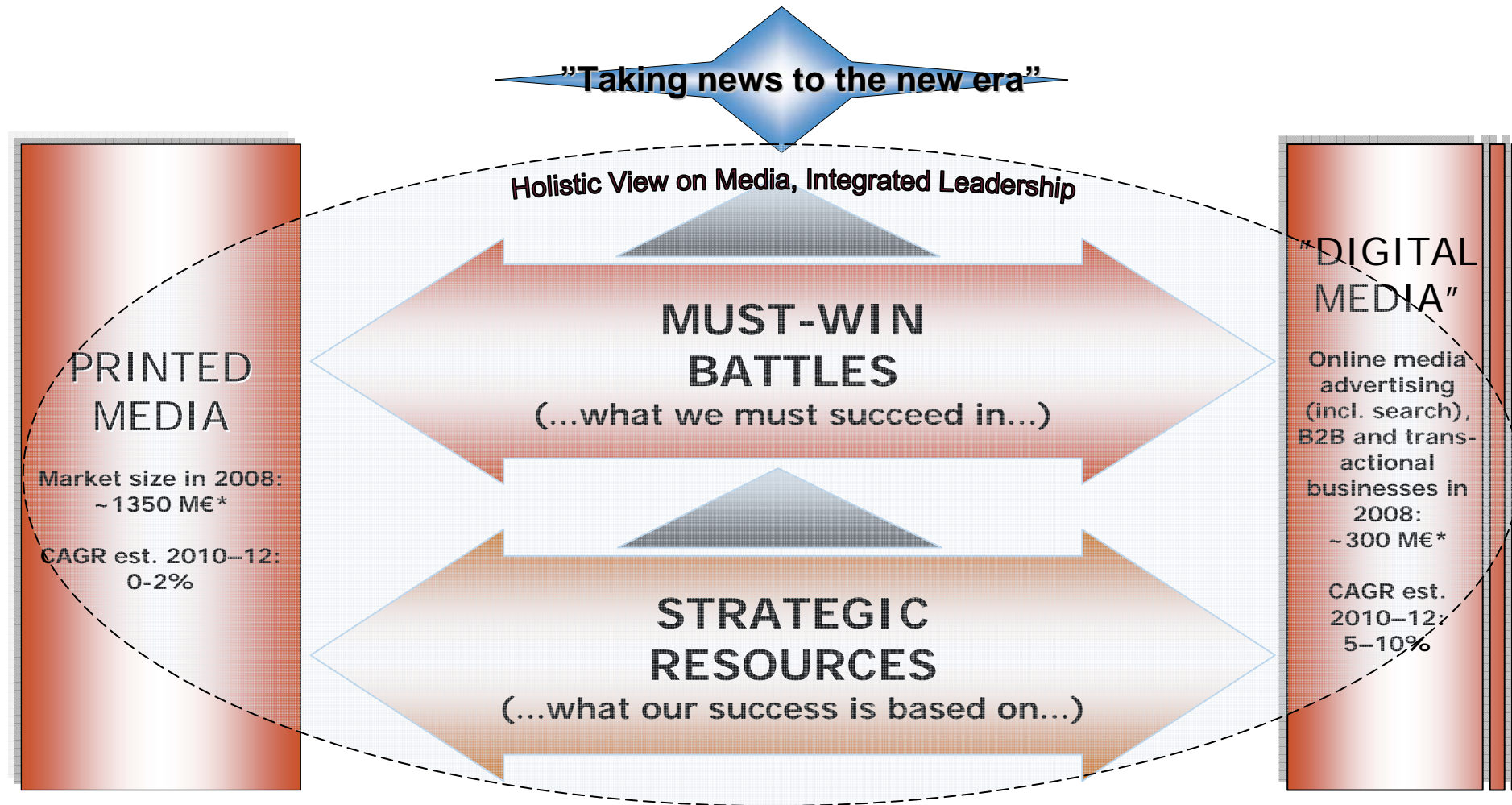
Another excellent starting point:

Against the odds, readership remains rather stable

Sanoma News' titles	KMT readership H2-2008 / H1-2009	KMT readership 2008	Change-%
Helsingin Sanomat	965 000	958 000	0,7 %
HS Kuukausiliite	1 268 000	1 272 000	-0,3 %
HS Nyt-liite	899 000	920 000	-2,3 %
Ilta-Sanomat	711 000	734 000	-3,1 %
Veikkaaja	207 000	187 000	10,7 %
IS TV-lehti	173 000	175 000	-1,1 %
Etelä-Saimaa	81 000	76 000	6,6 %
Kouvolan Sanomat	70 000	72 000	-2,8 %
Kymen Sanomat	63 000	66 000	-4,5 %

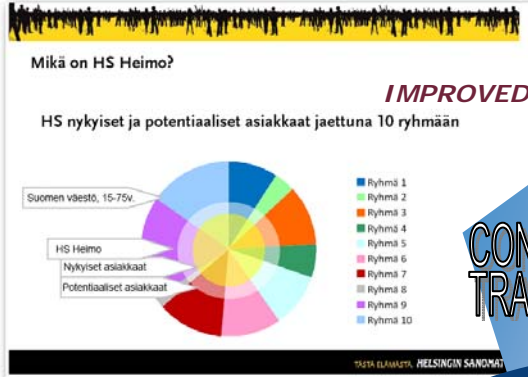


Our basis is a holistic view on media



Transformation: Key strategic themes

TOP CLASS CUSTOMER CARE



IMPROVED TARGETING

CONSUMER SALES TRANSFORMATION

Win back the market share!

MEDIA SALES TRANSFORMATION

No return to former ways!

Continuous product development!

Lay foundation for new revenues!
(Expand to services.)

NEWSROOM TRANSFORMATION

MULTI-CHANNEL NEWSROOMS

Tänään **CITYMARKET**
Fazer PAAHTOSÄMPYLÄT 6 kpl/390 g

HYBRID AD FORMATS

VERKKOVOIMAA

1,49€ ps

Parhaat kaupan tarjoukset osoitteessa HS.fi/tarjoukset

CROSS-MEDIA SALES TEAMS

11/09

11/09

Behavioral Targeting

Demographic / profile

LEADING DISPLAY AD NETWORK

Contextual

Geographical

Online retail

Time targeting

OK

OK

CROSS-DATABASE DATA MINING

Huuto.net

eCOM FEATURES

ILTA-SANOMAT

LEHTI UUDISTUU!

OMAVARTTI

ENEMMÄN LUETTAVAA,

KULMIA,

ENAIHEITA

OHJEITTA:

vä eri teema sekä

ohjelma- ja uutis-

TÄNÄÄN JA TUTUSTU!

PRODUCT AND R&D TRANSFORMATION

PAID-FOR HYBRID PRODUCTS

eREADERS

MULTILOCAL VIRTUAL NEWSROOMS

Tahtoisitko huristella maakaasulla?

Aikaa jäljellä 5 pv 3 h 47 min 39 s

Lataisitko matkakortin netissä?

Aikaa jäljellä 7 pv 19 h 46 min 54 s

Kuinka pitkä matka lääkäriin saa olla?

Aikaa jäljellä 10 pv 22 h 37 min 24 s

Voit kommentoida tekeillä olevia juttuja, kunnes niiden deadline umpeutuu. Juttuja julkaistaan Vartissa ja Metrossa.

IPR'S ON THE "BUY SIDE"



Muista 17181 - lukijareporterin tärkein numero

Jo yli 10 000 lukijaa on lähettänyt meille kännyk kuvia ja uutisvinkkejä. Ryhdy sinäkin lukijareporteriksi! Liity Suomen suurimpaan toimitukseen!

USER-GENERATED CONTENT

Transformation in media sales

- Crucial issues: mindset, products, pricing, incentives, mgmt systems. All are under analysis in the “New Start in Media Sales” initiative
- Both print and online media sales under **joint command**
- Print sales people taking more active role in **cross-media sales**
- **Online self-service channels** for print & online media customers
- Integrated **one-stop-shop** approach to customer service
- **Hybrid ad services** (e.g. web-to-print inserts)
- **Targeting services** in online ad sales
- Full control of **CPA based online ad sales (=price level)** through **Sanoma Outlet**
- **Leading (display) ad network**

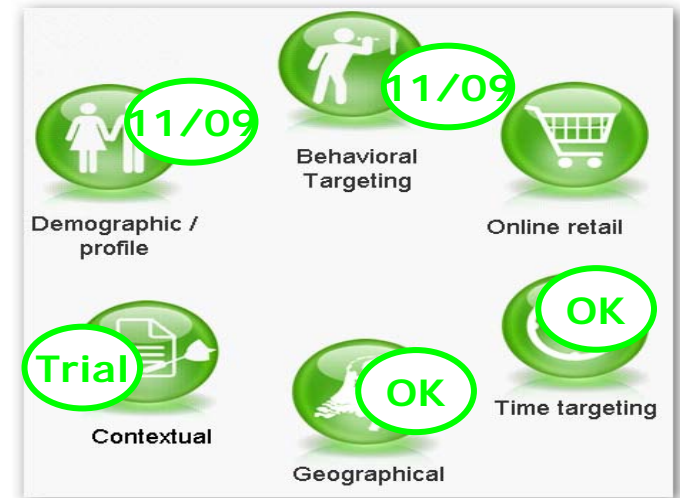
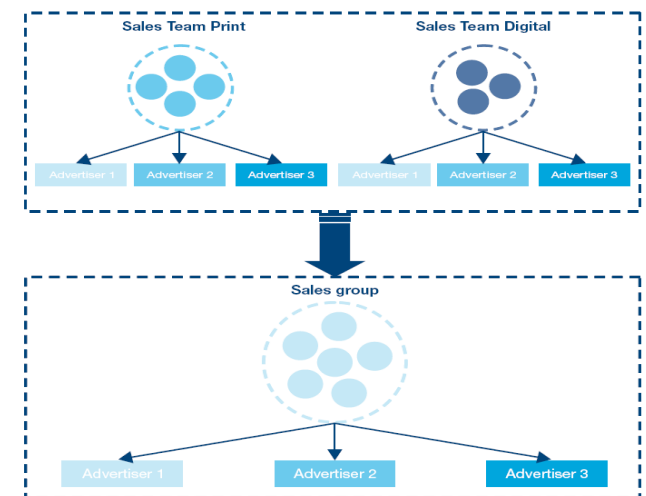


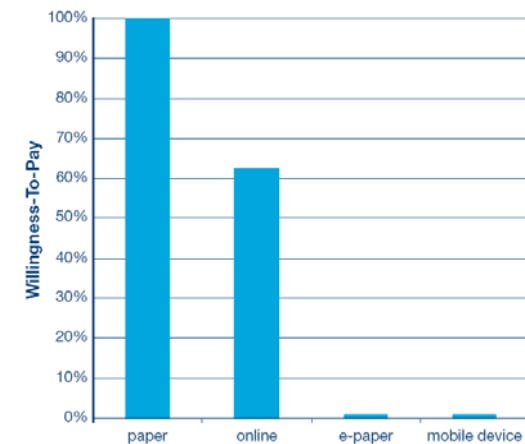
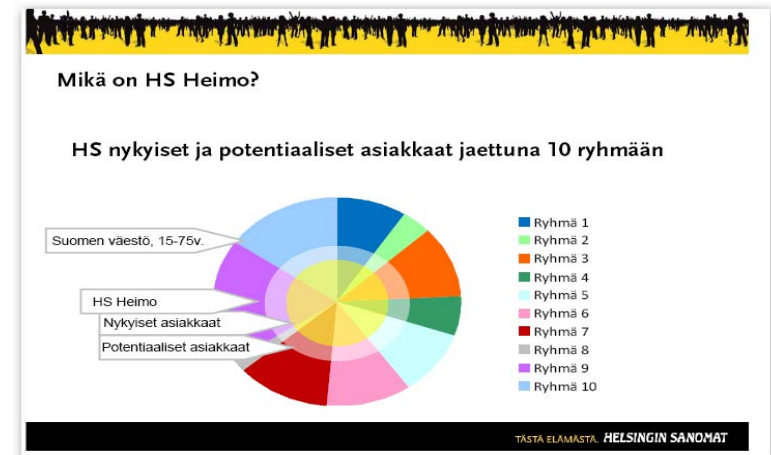
Figure 26: Example of combining advertising sales teams



Source: PricewaterhouseCoopers newspaper publisher survey

Transformation in consumer sales

- New paid hybrid products including print and online (e.g. HS24) and different brands
- Top-class and top-efficient customer service
- New ways to earn from online and mobile content
- **New subscription system (SALS) making hybrids possible**
- Considering geographically differentiated pricing
- Improving the **identification of the relevant target groups** of each product and service e.g. Heimo-project
 - **key competitive advantage** through improved product offering, more sales both in circulation and targeted advertising



Source: PricewaterhouseCoopers newspaper consumer survey

Transformation of the newsrooms

- IS & HS: Editorial work flow reorganised and **multi-channel news publishing** managed through a centralised superdesk
- Lehtimedia: **multilocal (virtual) newsroom** under construction
- Vartti & Metro: a major part of the content **UGC and crowd sourced**
- **IPRs in “buy side” (content procurement)** soon in order – more flexibility in “sell side” (editorial product development) in the future
- **RSS feeds & news aggregation**



Muista 17181
- lukijareporterin tärkein numero

Jo yli 10 000 lukijaa on lähettänyt meille kännykuvia ja uutisvinkkejä. Ryhdy sinäkin lukijareporteriksi! Liity Suomen suurimpaan toimitukseen!

Transformations of products – continuously

Print



E.g. Ilta-Sanomat tabloid, weekend supplements IS Plus and NYT, Helsingin Sanomat, all Lehtimedia titles and local papers, free sheet Vartti co-created with online-readers

Online



E.g. 1H10 Iltasanomat.fi, local news site concept "OmaVartti", renewal of Oikotie.fi Realities and Recruitment, new product and service categories to Comparison site, online payments in online Auction site

New hybrid products (paid content)

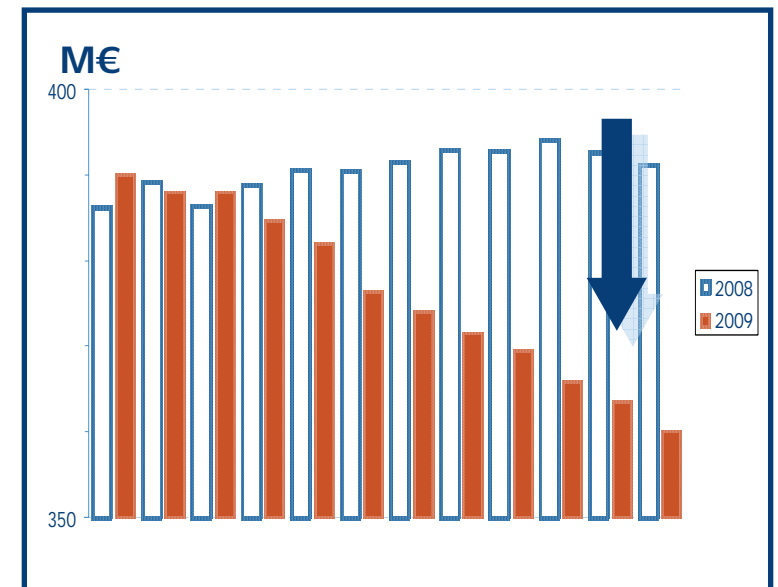


Restructuring supports transformation

Our cost-efficiency measures have been successful

- In order to compensate for the effect of the plummeting advertising sales on EBIT, Sanoma News launched a "Bridge over the recession" restructuring programme in January 2009 and extended the programme in May. The target is **EUR 30 million** annual savings.
 - The programme proceeds as planned
- Costs have been cut throughout the businesses
 - The targeted 100–200 headcount decrease from ca. 2,400 employees is exceeded
- Continuous focus on efficiency also in 2010

**EUR -30 MILLION TARGET
EXPECTED TO BE ACHIEVED
AND EXCEEDED!**



M&A's have also role in our transformation

Three focus areas in M&A

1. Consolidation of the print media business
 - Natural route in the saturated newspaper and print markets in case opportunities arise
2. Expansive acquisitions in digital
 - New revenue streams
3. Divestments
 - Portfolio optimization in case opportunities arise

A time of opportunities...



**"A pessimist sees the
difficulty in every
opportunity; an
optimist sees the
opportunity in every
difficulty."**

Winston Churchill



Taking News to the New Era.

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