

SanomaWSOY



Q3/2004

Hannu Syrjänen

President & COO

8 November 2004

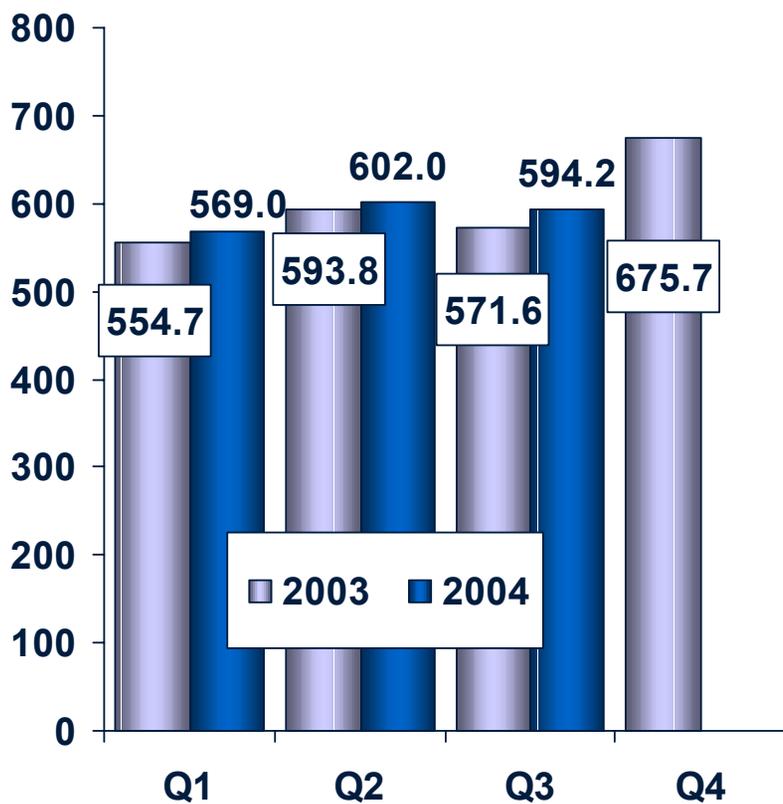
Key developments

Q3/2004

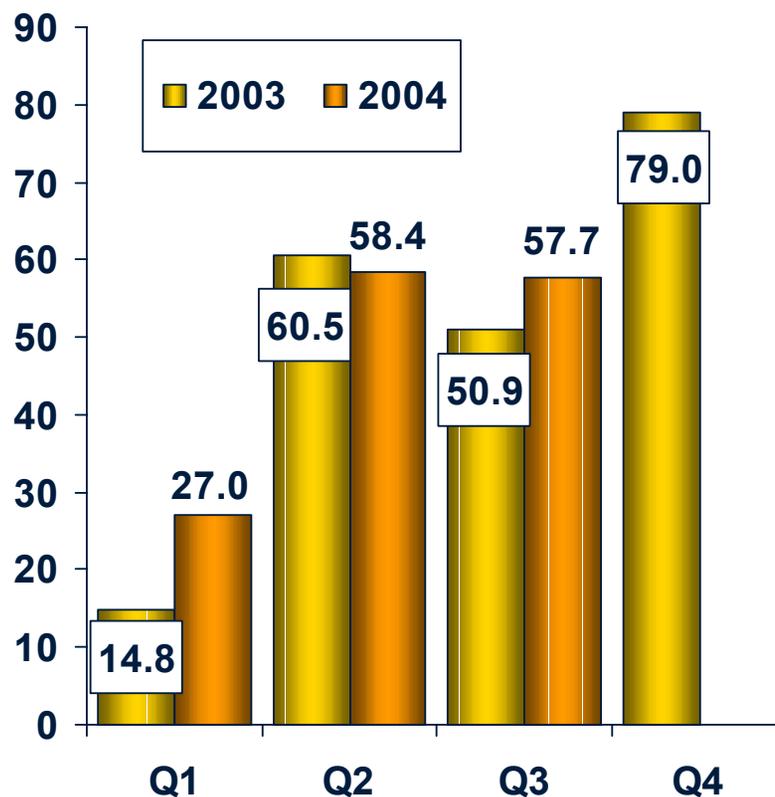
- Malmberg Investments (the Netherlands) to WSOY
 - Malmberg acquisition continues the series of successful and profitable expansion projects
 - WSOY Educational Europe's sixth largest educational publisher
 - educational publishing the second business of internationalisation
- Rautakirja a major owner of distribution company Hiparion Distribution (Romania)
 - internationalisation of press distribution continued
- Sanoma sold the minority share in Savon Mediat
 - extension to the strategy of concentrating on core business
- Sanoma acquired free sheets Kellokas and Hyvinkään Kellokas, and established Sanoma Free Sheets Business Unit
 - new growth area
 - focus still in subscription-based and single copy sold papers

SanomaWSOY Group

Net sales, € million



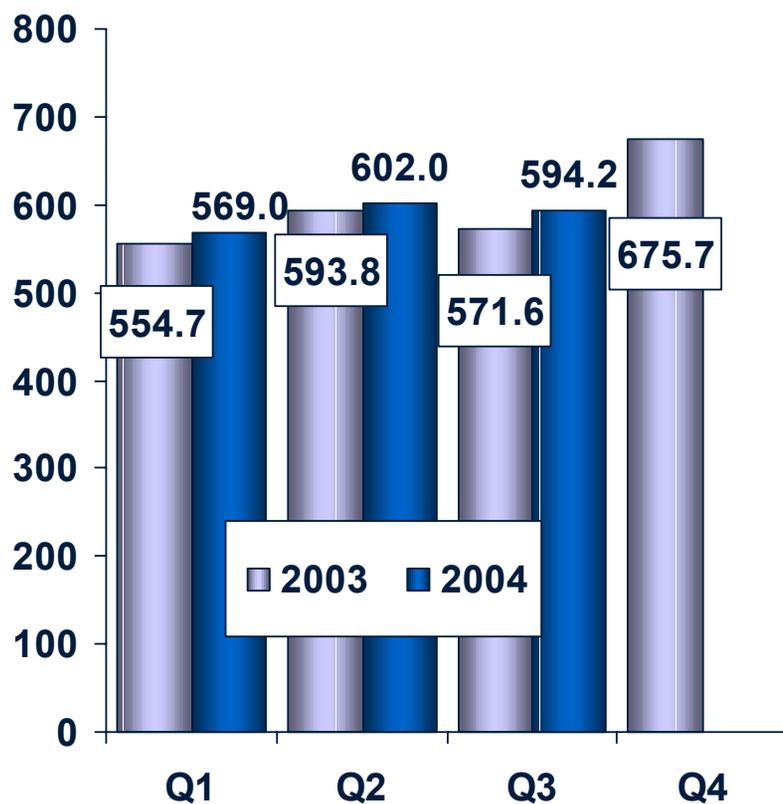
EBIT, € million



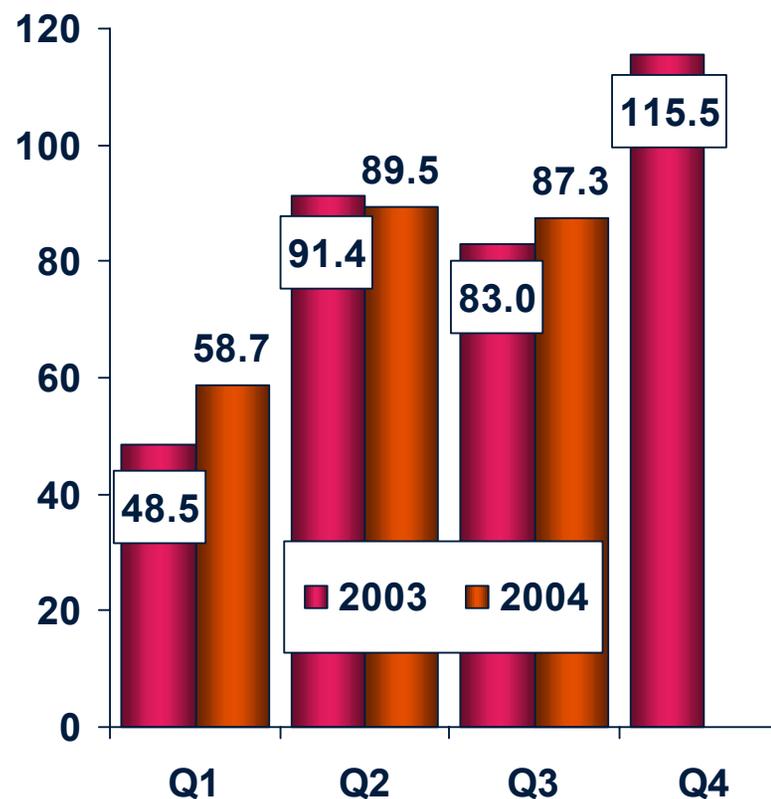
Y: Kalvo_HS/HS04/interimreport3

SanomaWSOY Group

Net sales, € million



EBITA*, € million



* Operating profit before amortisation

Y: Kalvo_HS/HS04/interimreport3

Group income statement

€ million	1–9/2004	1–9/2003	Change,%	1.1–31.12.2003
Net sales	1,765.2	1,720.2	2.6	2,395.9
Other operating income and change in inventories	47.8	48.1	-0.6	85.8
Share of result of associated companies	4.3	6.4	-32.5	6.1
Operating expenses	1,674.3	1,648.5	1.6	2,282.6
Operating profit	143.1	126.2	13.3	205.2
Financial income and expenses	-10.7	-25.0	-57.1	-42.1
Result before extraordinary items	132.3	101.2	30.8	163.1
Extraordinary items	1.4			
Result after extraordinary items	133.8	101.2	32.2	163.1
Direct taxes	-57.7	-38.0	51.8	-55.6
Minority interests	-1.1	-1.7	-35.9	-3.0
Result for the period	75.0	61.5	21.9	104.5

Y: Kalvo_HS/HS04/interimreport3

Group balance sheet

€ million	30.9.2004	30.9.2003	Change,%	31.12.2003
Non-current assets, total	1,799.6	1,923.8	-6.5	1,871.1
Current assets, total	537.0	543.4	-1.2	581.9
Shareholders' equity, total	1,014.8	1,098.6	-7.6	1,102.9
Minority interest	18.4	15.9	15.9	16.3
Statutory provisions	33.6	13.5	148.6	34.1
Liabilities, total	1,269.7	1,339.2	-5.2	1,299.7
Balance sheet total	2,336.5	2,467.2	-5.3	2,453.0

Y: Kalvo_HS/HS04/interimreport3

Key indicators

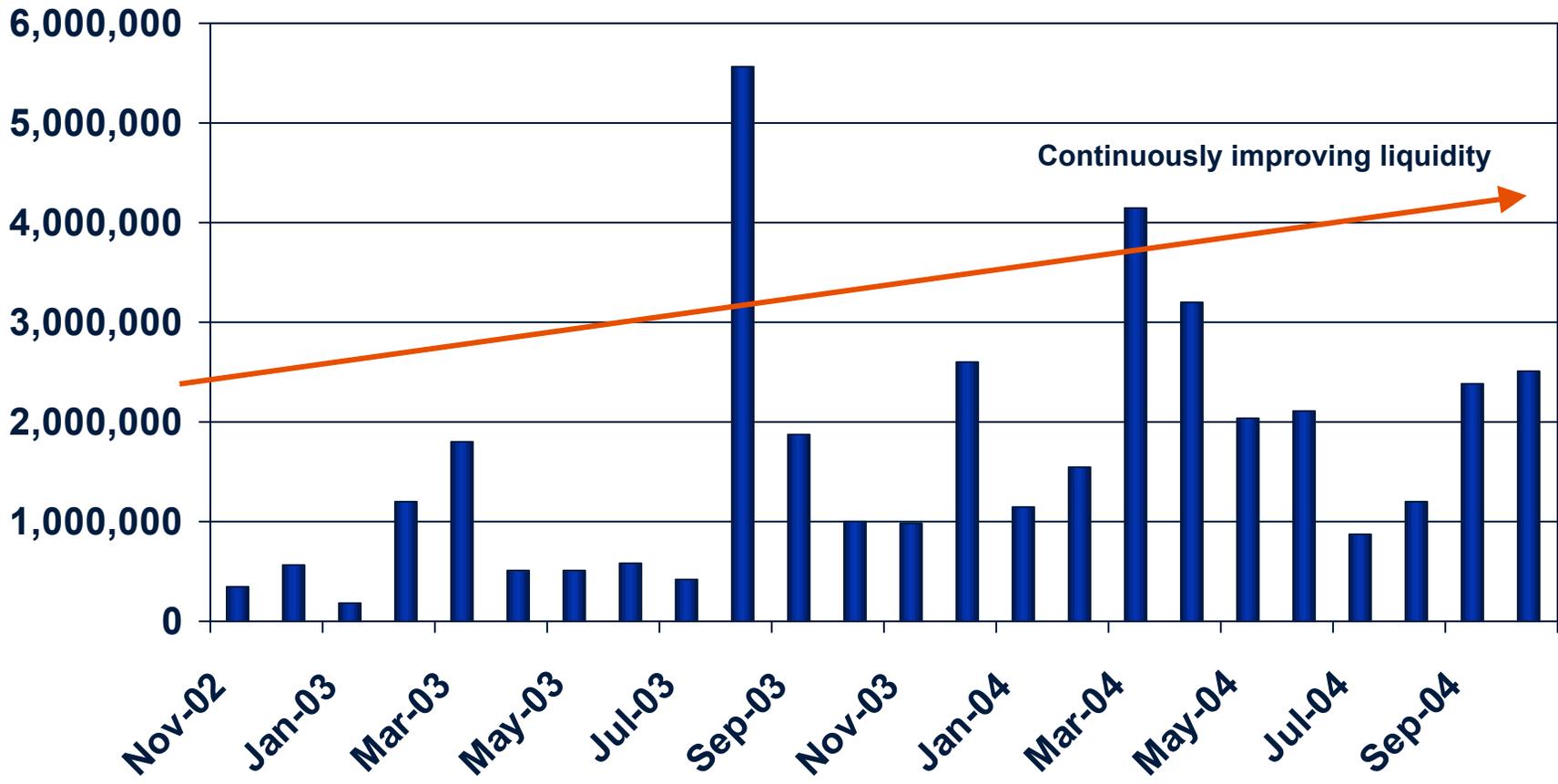
€ million	30.9.2004	30.9.2003	Change,%	31.12.2003
Net sales	1,765.2	1,720.2	2.6	2,395.9
Operating profit before amortisation	235.5	222.9	5.6	338.4
% of net sales	13.3	13.0		14.1
Operating profit	143.1	126.2	13.3	205.2
% of net sales	8.1	7.3		8.6
Balance sheet total	2,336.5	2,467.2	-5.3	2,453.0
Gross investments	58.9	67.4	-12.6	94.8
Equity ratio, %	39.5	38.5		40.3
Equity ratio, % *	46.7	47.3		47.6
EPS, €	0.48	0.41	17.1	0.69
EPS excl. goodwill amortisation, €	0.84	0.81	4.4	1.23
EBITA/share, €	1.54	1.49	3.4	2.25
Cash flow/share, €	0.98	0.86	14.2	1.65
Market capitalisation	2,402.8	1,837.3	30.8	2,554.9
Personnel under employment contract **	16,092	17,833	-9.8	17,330
Personnel on average ***	13,526	14,427	-6.2	14,207

* Incl. capital notes
 ** average
 *** full-time
 equivalents

Y: Kalvo_HS/HS04/interimreport3

SanomaWSOY's liquidity

Series B share, monthly traded shares



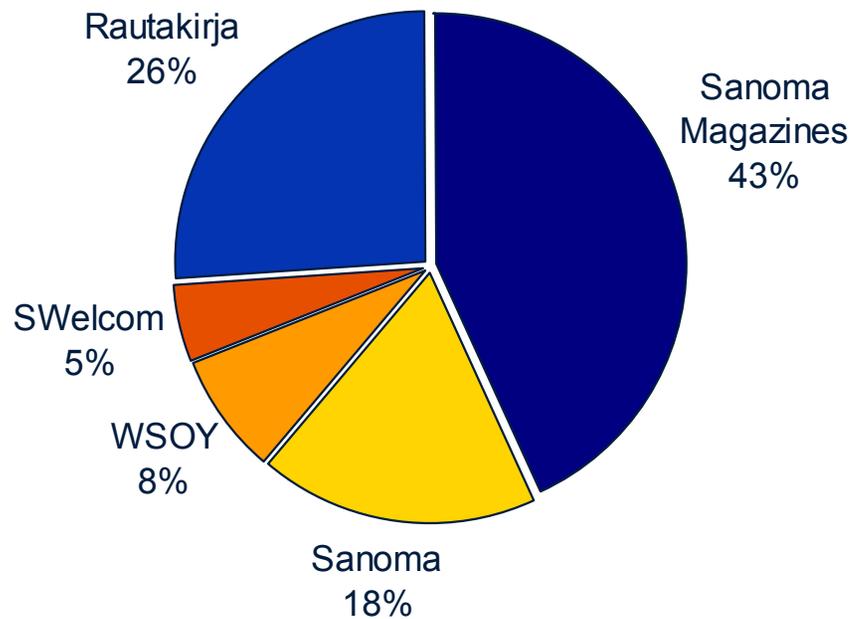
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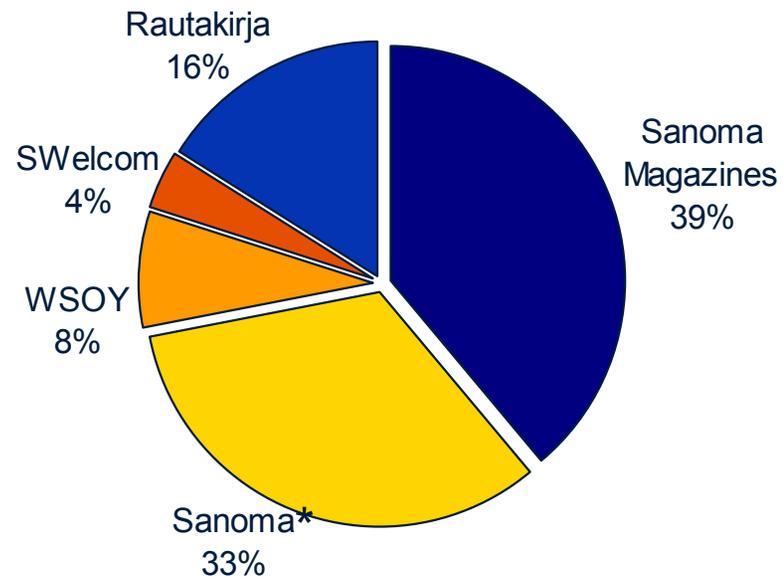
Net sales & operating profit

by division 1-9/2004

Net sales: € 1,765.2 million



Operating profit: € 143.1 million



*Includes non-recurrent gains on the sales of assets

Intracompany eliminations excluded

Y: Kalvo_HS/HS04/interimreport3

Advertising Sales

in Finland 1/2

€ 1 000	1–9/2004	Change,%
NEWSPAPERS	417,138	3.9
<i>Newspapers</i>	368,006	3.0
<i>Local papers and free sheets</i>	49,132	10.8
Aamulehti	30,197	2.1
Helsingin Sanomat (incl. supplements)	106,715	1.1
Helsingin Sanomat	101,864	1.7
Ilta-Sanomat & Plussa & TV	10,770	8.3
Iltalehti	7,449	-8.1
Kauppalehti	11,050	-1.3
Taloussanomat & TS-ITViikko	2,804	21.9
Turun Sanomat	27,402	2.9
KÄRKIMEDIA*	80,054	8.0

Sources:
TNS Gallup Adex,
* Kärkimedia

Y: Kalvo_HS/HS04/interimreport3

Advertising Sales

in Finland 2/2

€ 1 000	1–9/2004	Change,%
MAGAZINES	100,309	5.0
<i>Consumer magazines</i>	55,721	7.4
<i>Professional publications</i>	33,336	2.2
<i>Customer publications</i>	11,251	1.9
TELEVISION	160,196	8.7
RADIO	31,145	-0.2
OUTDOOR	24,341	3.2
CINEMA	1,410	-13.7
INTERNET	10,613	36.7
Advertising sales revenue, total	745,152	5.1

Source:
TNS Gallup Adex

Y: Kalvo_HS/HS04/interimreport3

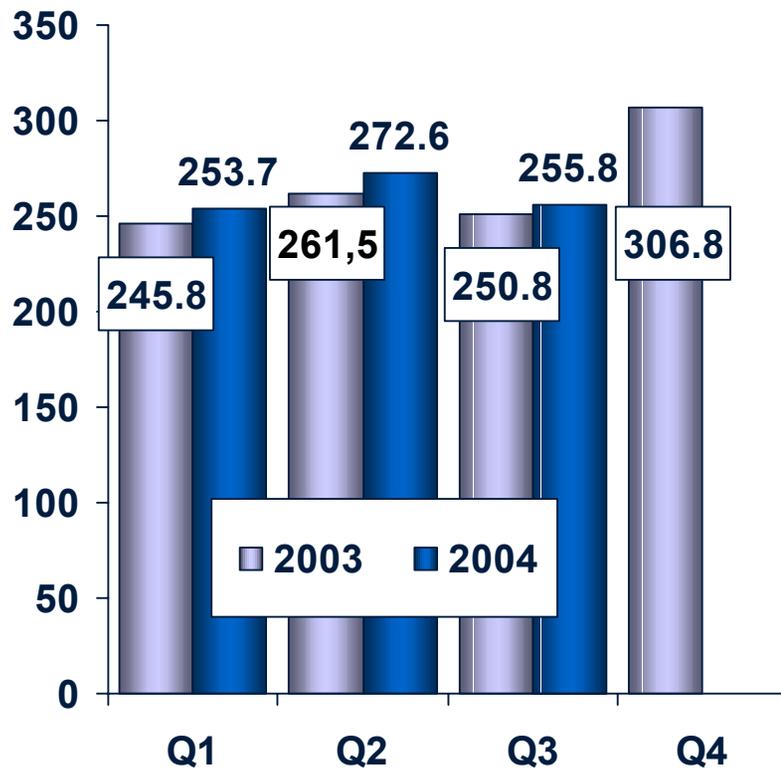
Advertising sales

% of net sales

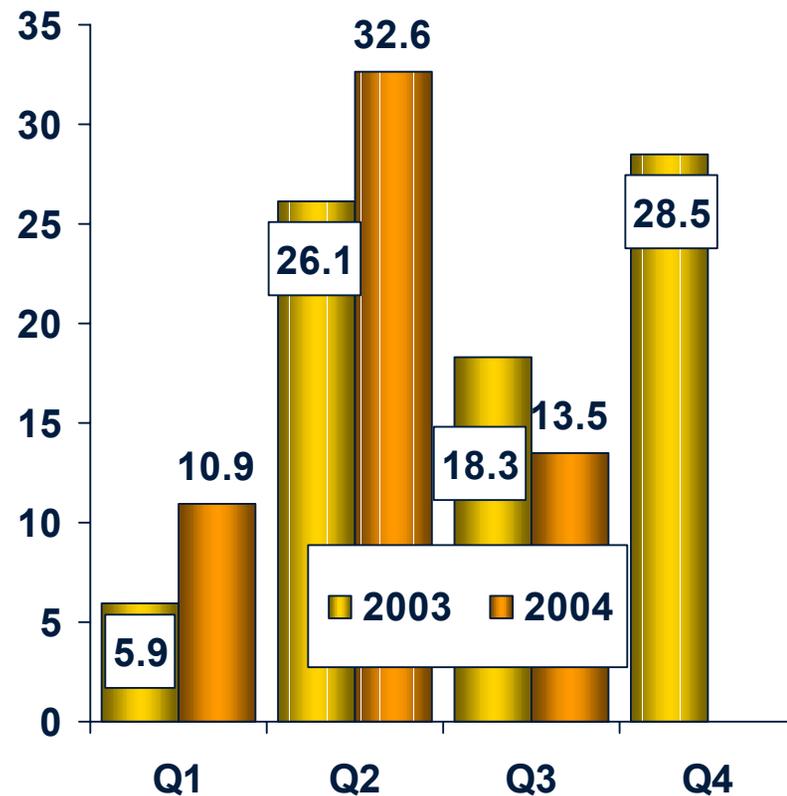
	1–9/2004	1–9/2003
Sanoma Magazines	20%	21%
Sanoma	48%	47%
SWelcom	55%	54%
The Group	20%	20%

Sanoma Magazines

Net sales, € million



EBIT, € million



Y: Kalvo/HS/HS04/interimreport3

Sanoma Magazines

1-9/2004

14

€ million	1-9/2004	1-9/2003
Net sales		
Sanoma Uitgevers	374.9	378.9
Sanoma Magazines Belgium	141.6	136.0
Sanoma Magazines Finland	127.0	119.9
Sanoma Magazines International	99.4	90.8
Aldipress	84.5	79.1
Intracompany eliminations	-45.3	-46.7
Total	782.0	758.0
EBITA *	112.4	109.5
Gross investments	11.6	12.1
Personnel, average **	3,994	3,892

* Operating profit before amortisation

** Full-time equivalents

Y: Kalvo_HS/HS04/interimreport3

Sanoma Magazines

Key developments

Dynamic magazine portfolio:

- already 13 major magazine launches this year

Other events:

- circulation sales grew in part due to magazine launches
- advertising sales decreased due to the weak development of Dutch advertising market
- in the Netherlands the revenue of internet services grew by 20–30%

Magazine launches after the review period:

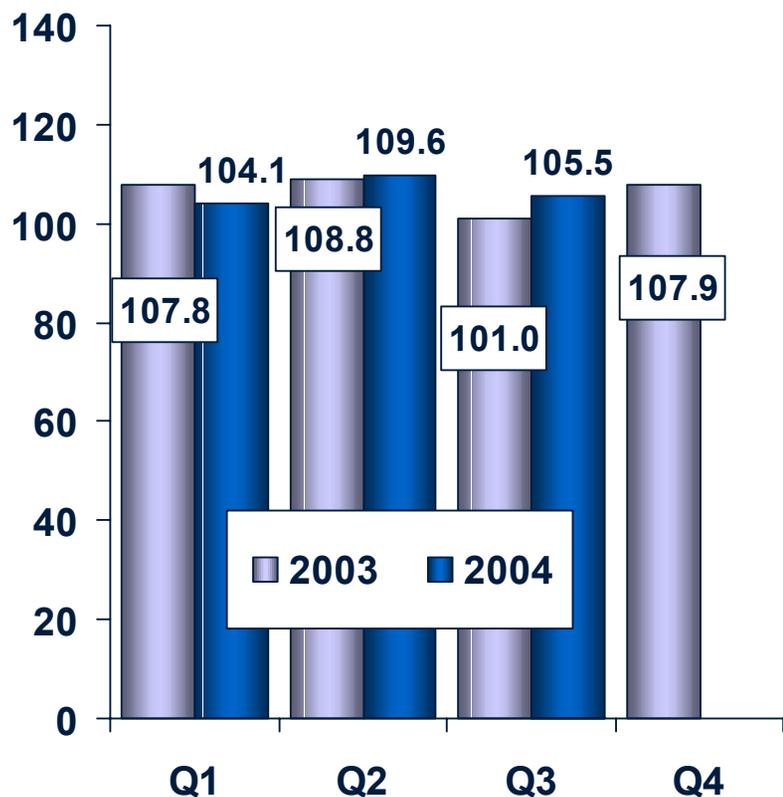
- Femeia de Azi, magazine for women (Romania)
- Viva (Croatia)



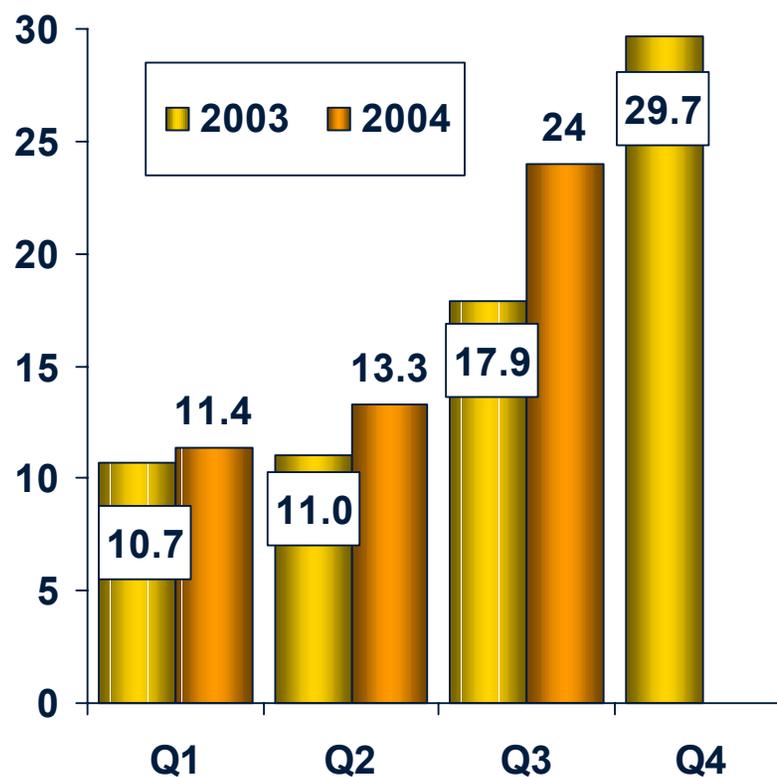
Y: KalvoT_HS/HS04/interimreport3

Sanoma

Net sales, € million



EBIT*, € million



* Operating profit; includes a share of Rautakirja's result until 1 March 2003

Y: Kalvo_HS/HS04/interimreport3

Sanoma

1-9/2004

17

€ million	1-9/2004	1-9/2003
Net sales		
Helsingin Sanomat	183.8	180.5
IS Business Unit	71.2	70.2
Kymen Lehtimedia	38.8	39.2
Others	98.2	142.8
Intracompany eliminations	-72.9	-115.1
Total	319.2	317.6
EBITA *	53.6	44.9
Gross investments	19.1	20.2
Personnel, average **	2,414	3,280

* Operating profit
before
amortisation

**full-time
equivalents

Y: Kalvo_HS/HS04/interimreport3

Sanoma

Key developments

New growth area:

- purchase of the business operations of Kellokas free sheets and announcement of the establishment of a new Sanoma Free Sheets Business Unit

Focus in core business:

- holding in Savon Mediat sold, selling price EUR 7.2 million

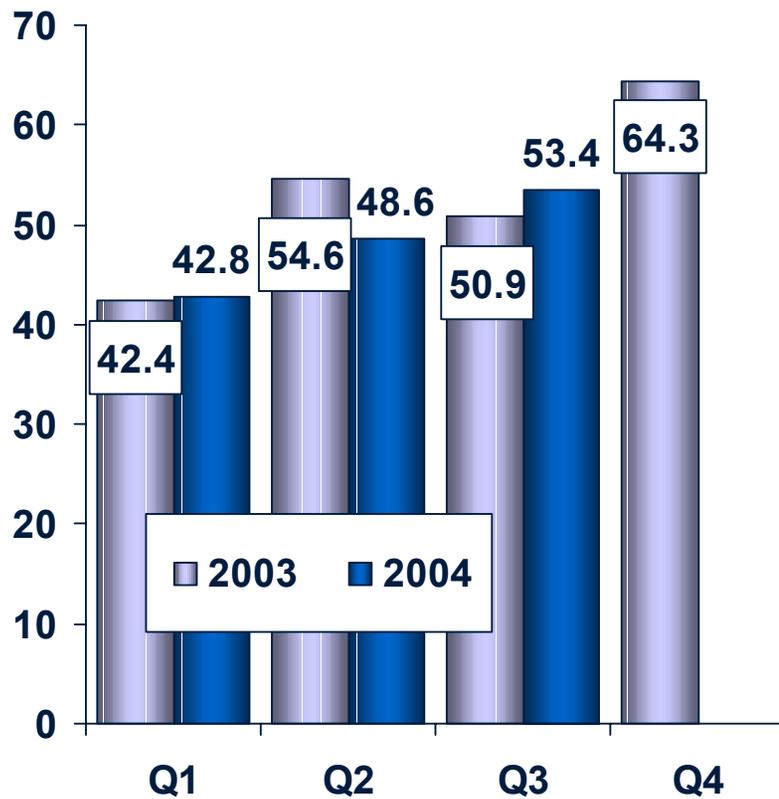
Other events:

- Taloussanomat's number of readers grew by 12% (KMT)
- advertising sales grew by almost 10%, Helsingin Sanomat's job advertising increased by 18% (Jul–Sept./04)
- Nostokonepalvelu's claims dismissed by the Court
- sales of Oikotie (on-line classifieds) grew by 93% in 1–9/04
- After the review period:
 - free sheet chain to the Greater Helsinki area in 2005

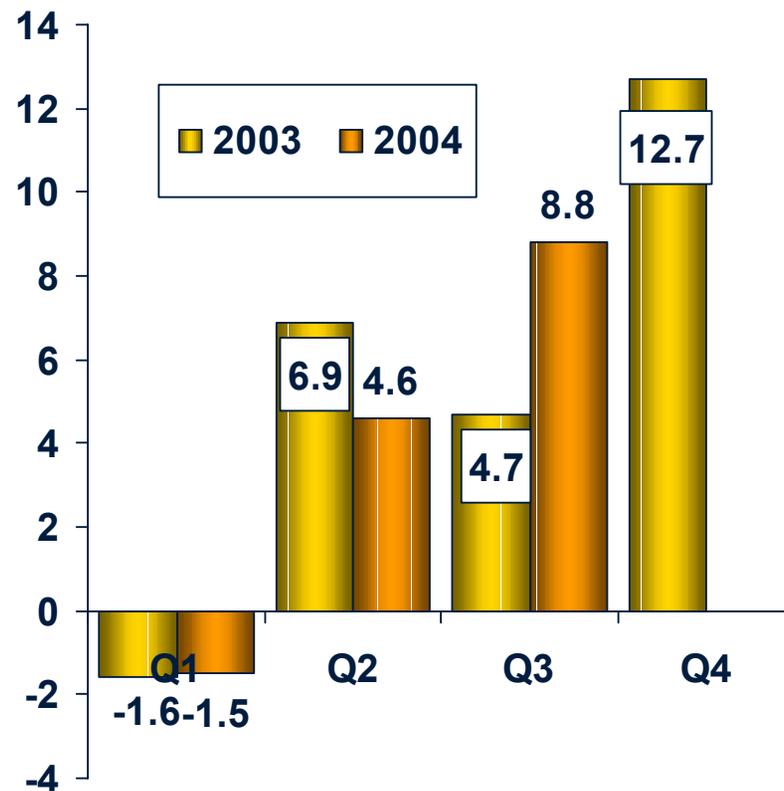


WSOY

Net sales, € million



EBIT*, € million



* Operating profit; includes a share of Rautakirja's result until 1 March 2003

Y: Kalvo_HS/HS04/interimreport3

WSOY

1-9/2004

20

€ million	1-9/2004	1-9/2003
Net sales		
Publishing	100.6	104.6
Printing	43.4	43.2
Calendar operations	15.3	16.0
Others	3.7	3.3
Intracompany eliminations	-18.1	-19.2
Total	144.8	147.9
EBITA *	14.1	13.6
Gross investments	6.5	6.4
Personnel, average **	1,866	1,874

* Operating profit before amortisation

** full-time equivalents

Y: Kalvo_HS/HS04/interimreport3

WSOY

Key developments

Significant strategic step:

- acquisition of Malmberg Investments
- internationalisation of educational publishing

Other events:

- especially general literature succeeded, e.g. Da Vinci - code a great success
- WSOYPro launched: constantly updated source of information for professionals of finance, HR and law
- Opit's (internet-based service for schools) number of users doubled during this year, now around 100,000

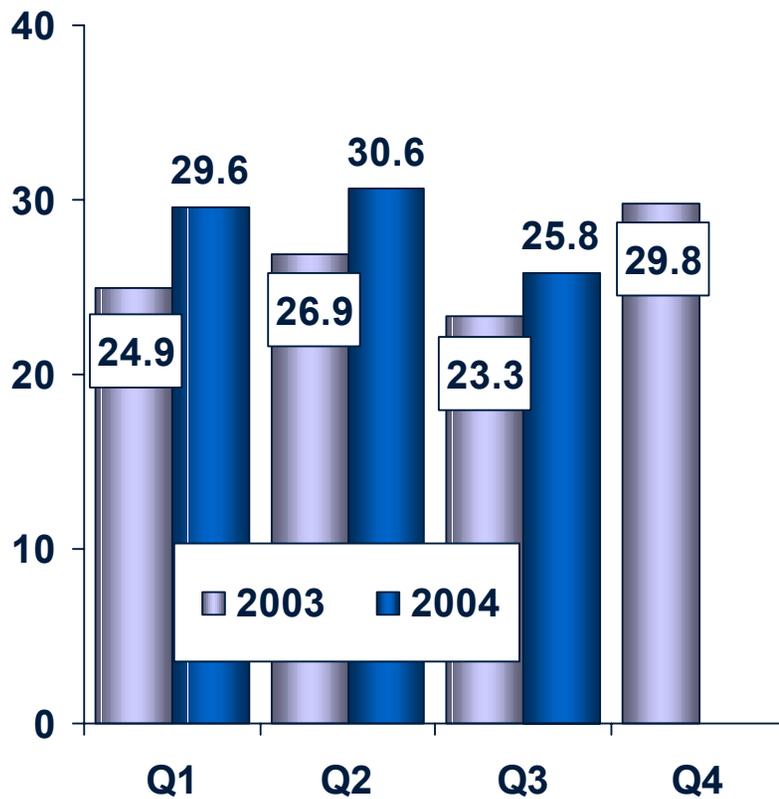
After the review period:

- Ajasto acquired 30% of Estonian Büroodisain

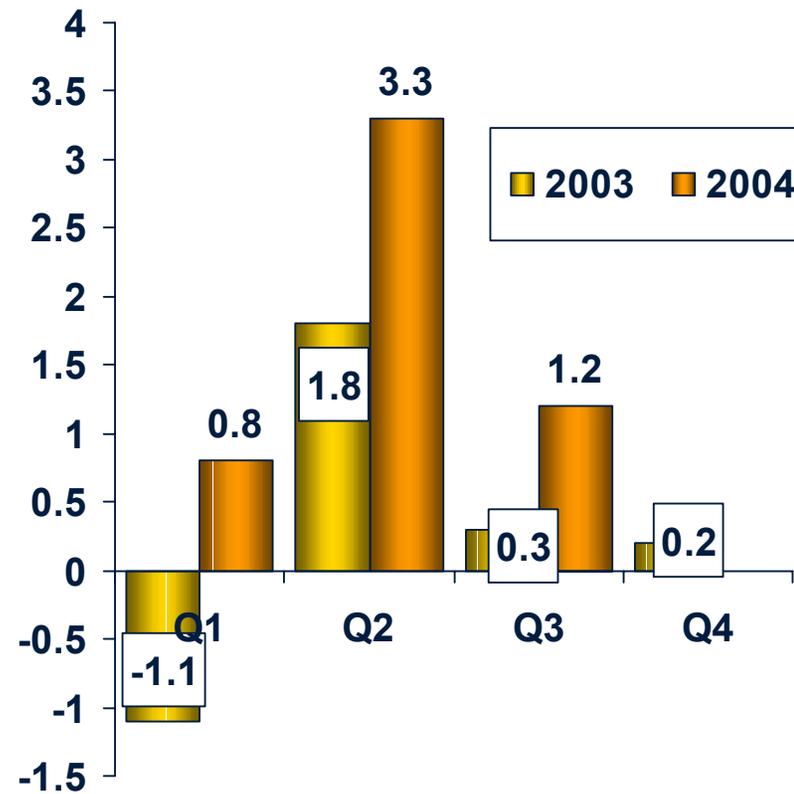


SWelcom

Net sales, € million



EBIT, € million



Y: Kalvo_HS/HS04/interimreport3

SWelcom

1-9/2004

23

€ million	1-9/2004	1-9/2003
Net sales		
Nelonen	47.4	40.4
Others	39.7	36.0
Intracompany eliminations	-0.9	-1.2
Total	86.1	75.1
EBITA *	27.9	20.8
Gross investments	7.3	5.8
Personnel, average**	379	390

* Operating profit before amortisation

**full-time equivalents

Y: Kalvo_HS/HS04/interimreport3

SWelcom

Key developments

- Both Nelonen and HTV improved their results
- Nelonen's share of viewers 33.8% in its target group
 - eg. Ice Hockey World Cup and Unelmakämppä increased the viewing share
- Nelonen reaches now 94% of the population
 - 13 new terrestrial digital broadcasting stations
- The number of HTV's broadband internet connections up by 25%

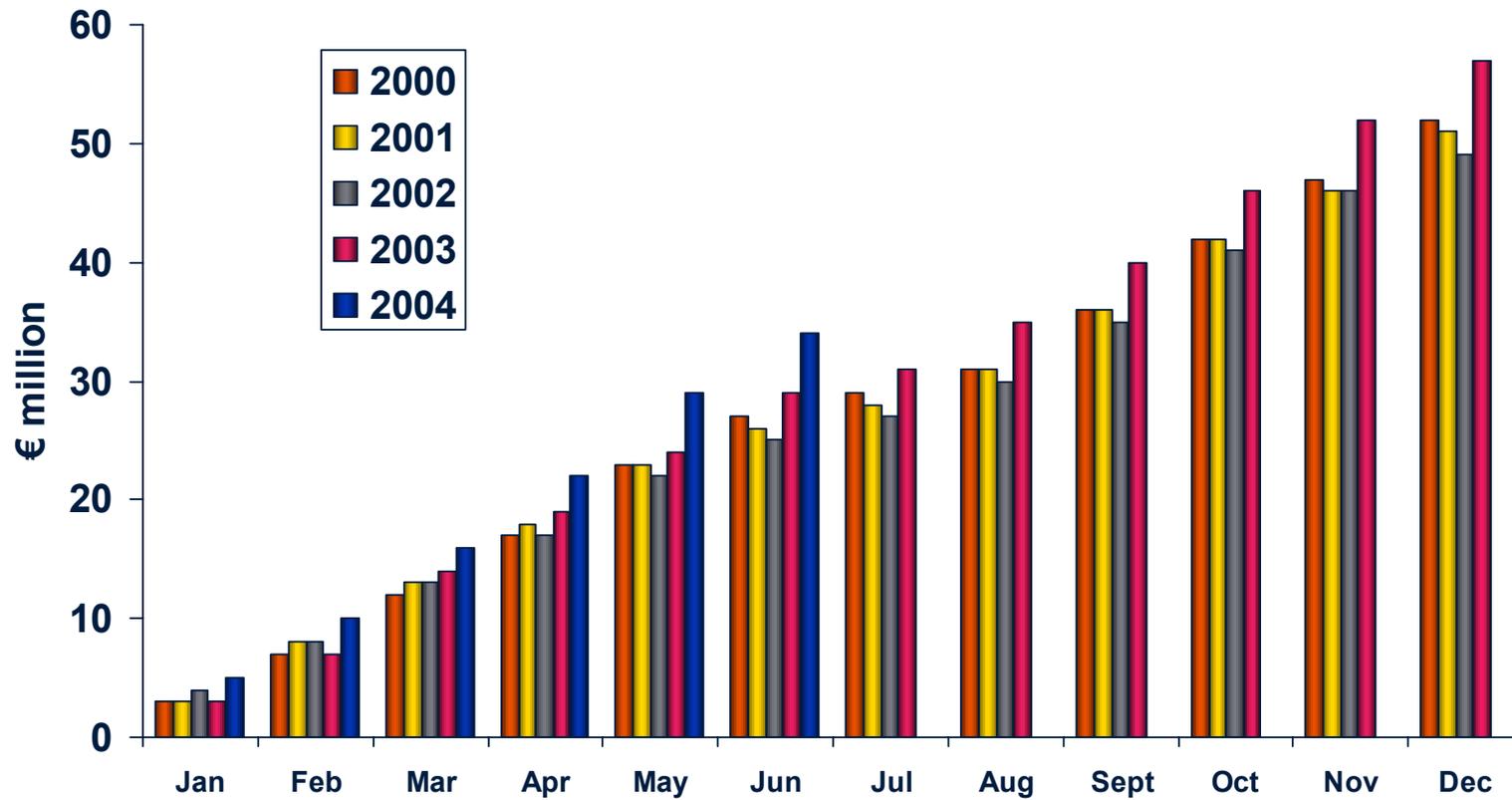
After the review period:

- Welho includes now both digital TV and broadband internet service
- All HTV's channels now digital



Nelonen's sales

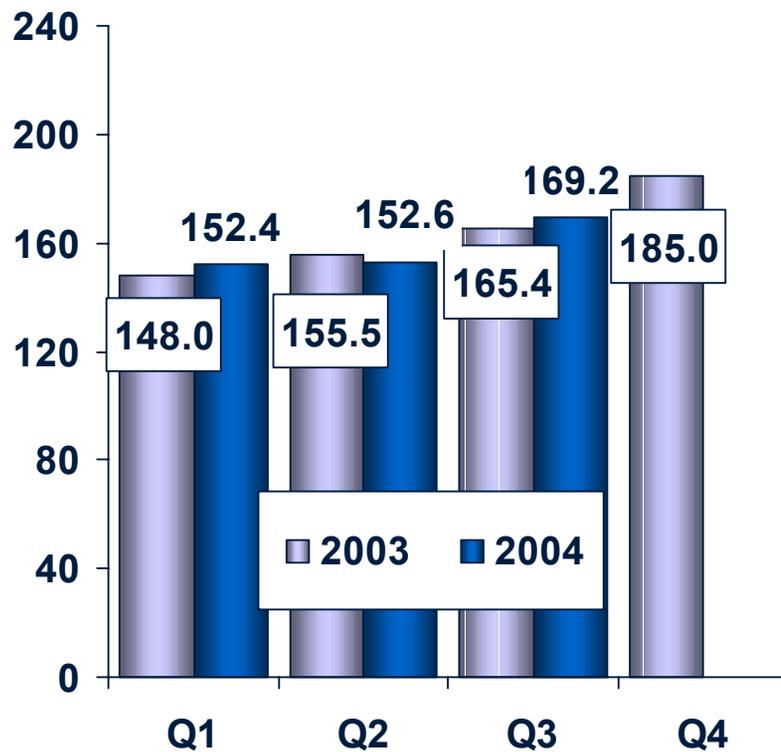
Cumulative



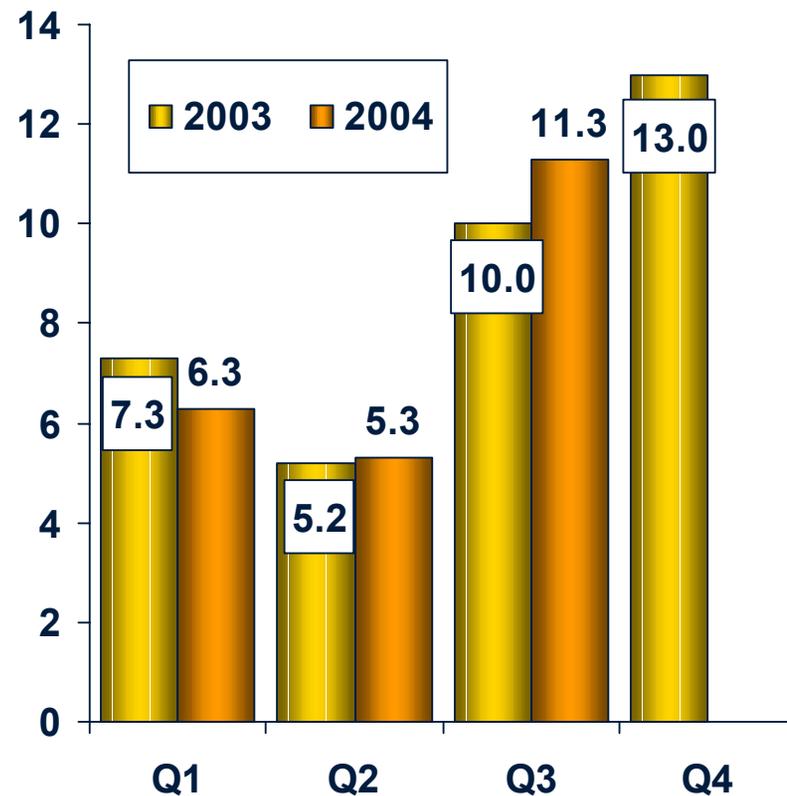
Y: Kalvo_HS/HS04/interimreport3

Rautakirja

Net sales, € million



EBIT, € million



Y: Kalvo_HS/HS04/interimreport3

Rautakirja

1-9/2004

€ million	1-9/2004	1-9/2003
Net sales		
Kiosk operations	256.2	260.3
Press distribution	59.5	64.7
Bookstores	82.3	77.1
Movie theatre operations	39.9	36.9
Restaurant operations	44.6	47.4
Intracompany eliminations	-8.3	-17.7
Total	474.2	468.8
EBITA *	29.6	30.5
Gross investments	13.7	22.8
Personnel, average**	4,800	4,915

* Operating profit
before
amortisation

**full-time
equivalents

Y: Kalvo_HS/HS04/interimreport3

Rautakirja

Key developments

Internationalisation of press distribution continued:

- 51% holding in Romanian press distribution company Hiparion Distribution

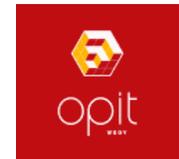
Other events:

- kiosk operations grew in the Czech Republic, Estonia and Latvia
- in Finland newsstand sales increased
- sales of fiction and new outlets increased sales of bookstores
- number of movie theatre visits increased in Latvia and Lithuania, and in Finland number of visits grew by 12% in the summer
- new point-of-sale system in R-kiosks enables widening service offering; agreement with Lippupalvelu to sell tickets to events

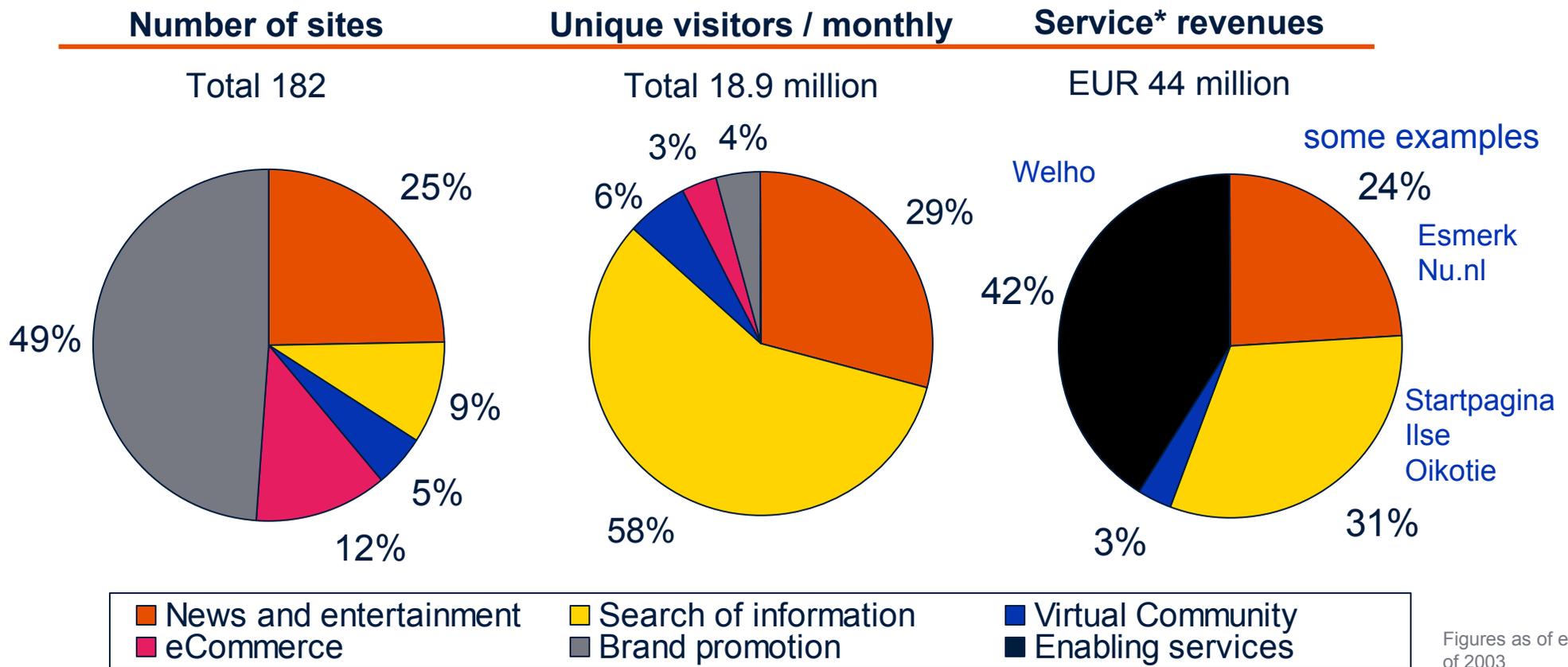


Wide variety of internet services

Main grouping	Sub-grouping	Examples of services
News and entertainment	• News	• helsinginsanomat.fi, Esmerk, nu.nl
	• News and entertainment	• iltasanomat.fi, nelonen.fi. autoweek.nl, humo.be
	• Entertainment	• (IS)liigaporssi.fi, Robinson online
Search of information	• Portals	• startpagina.nl, startlap.hu
	• Search engine	• ilse.nl
	• Classifieds	• oikotie.fi, keltainenporssi.fi
	• Business info services	• wsoypro.fi
	• Learning	• opit.fi
Virtual community	• Free-time communities	• nlcafe.hu, mbnet.fi
	• Physical products	• finnkino.fi, suomalaisen.com, media-shop.nl
E-commerce	• Digital products	• lehtikuva.fi
	• Sales support	• motor-magazine.nl, story.hu
Brand promotion	• Information	• sanomawsoy.fi, lehtipiste.fi
	• Access	• Welho broadband subscriptions
Enabling services*	• Development and hosting	• 2ndhead



Internet services in SanomaWSOY



Figures as of end of 2003
* Excluding eCommerce

Estimates for 2004

by Division

Sanoma Magazines

- Net sales are expected to grow.
- EBIT is expected to increase.

Sanoma

- Net sales are expected to grow slightly.
- Operating profit from basic business operations is expected to improve more than net sales.
- Operating profit will fall short of the previous year's figure.

WSOY

- Net sales are expected to be on the previous year's level.
- After adjustment for changes in Group structure, net sales will grow slightly.
- Comparable operating profit is expected to increase.

SWelcom

- Net sales are expected to grow substantially.
- Operating profit is expected to increase considerably.

Rautakirja

- Comparable net sales are expected to improve faster than the growth in retail business.
- Operating profit is expected to improve.

Group's outlook for 2004

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Estimation:

- After adjustment for changes in Group structure net sales grow by some 3%
- Comparable operating profit improves markedly
- Total operating profit previous year's level (in 2003 operating profit included some EUR 43 million of non-recurring gains on the sales of assets)
- Net financing costs lower, result before extraordinary items improves markedly
- The effect of the Malmberg acquisition on the Group's result in 2004 minor (in 2005 significant)

➔ SanomaWSOY will start to report according to IFRS standards **in the beginning of 2005**. This will improve the Group's operating profit margin by some 2.5 percentage points.



Y: Kalvo_HS/HS04/interimreport3

Strategic Objectives 1/2

Focus on opportunities and operational excellence

Growth

- To develop **profitable new products and services**, that can be successfully expanded cross-media or internationally
- To enter **new growth markets**
- To internationalise press distribution step by step

Market leadership

- To be a market leader and successfully leverage that leadership in our chosen businesses and markets
- To be a **leading European magazine and educational publisher**

Strategic Objectives 2/2

Focus on opportunities and operational excellence

34

Cash flow

- To ensure that we continue to have the **most wanted and valued products and services**
- To increase the profitability of our present businesses
- To divest non-core assets and businesses

Business practises

- To ensure sustainable growth and profitability
- To continuously promote best management practices
- To assure **fast, flexible, and cost efficient business processes**

Y: Kalvo_HS/HS04/interimreport3



Committed to the Future

www.sanomawsoy.fi