

SanomaWSOY Today

A European media company
with its roots in Finland

Jaakko Rauramo, President & CEO

Capital Markets Day, September 7, 2000



Finland's Largest Listed Companies

by market capitalisation (as of August 31, 2000)

	EUR billion
Nokia	250.60
Sonera	31.23
Stora Enso	8.08
UPM-Kymmene	7.67
Elisa Communications	5.54
Nordic Baltic Holding	4.47
Fortum	3.12
Tietoerator	3.11
Sampo	2.75
SanomaWSOY	2.41

Source: Bloomberg



The Media Company Playing Field (1999 net sales)

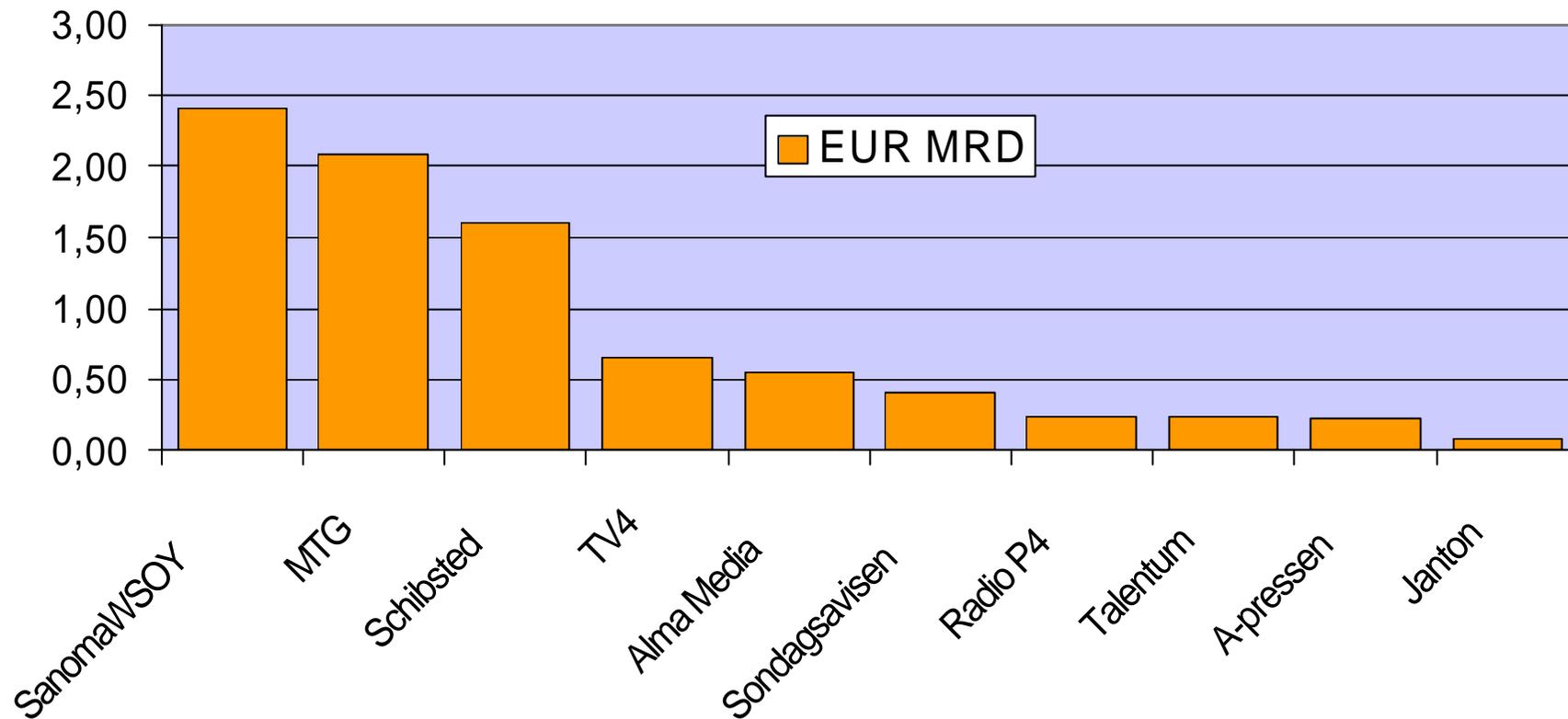
- **Finland**
 - 1) **SanomaWSOY Group** **EUR 1,321 million**
 - 2) **Alma Media Group** **EUR 490 million**
 - 3) **YLE- Finnish Broadcasting Co.** **EUR 346 million**
- **Nordic Region**
 - 1) **Bonnier AB** **EUR 1,807 million**
 - 2) **SanomaWSOY Group** **EUR 1,321 million**
 - 3) **Egmont** **EUR 1,097 million**
- **Europe**
 - 1) **Bertelsmann*** **EUR 11,709 million**
- **Worldwide**
 - 1) **Time Warner*** **EUR 25,234 million**



Source: Annual reports, Top 50
European Media Owners,
Fortune 26.4.1999, * 1998

Nordic Media Company Market Capitalisation

(August 31, 2000)



Source: Bloomberg

Our Competitors

	Newspapers	Magazines	Books	TV	Internet	Mobile	Distribution
SanomaWSOY	X	X	X	X	X	X	X
Alma Media	X			X	X	X	
Bonnier	X	X	X	X	X		
Egmont		X	X	X	X		
MTG	X			X	X		
Orkla Media	X	X		X	X		
Schibsted	X			X	X	X	X
Bertelsmann	X	X	X	X	X	X	
Hachette		X	X	X	X	X	X



A Combination Merger

Announced on May 15, 1998;
established on May 1, 1999



Oy Devarda Ab

- **Excellent operational fit**
 - a unique opportunity to operate across the entire media field with Finland's strongest media brands
- **The right resources**
 - for developing new businesses, particularly electronic media
- **Growth potential**
 - strong basis for growth in Finland and internationally
- **Economies of scale**
 - customers
 - synergies of EUR 10 million
- **Cross promotion**



Key Indicators, 1999

		% of net sales
Net sales, EUR million	1,320.6	
Operating profit, EUR million	71.7	5.4%
Profit before extraordinary items	110.4	8.4%
Gross investments	279.7	21.2%
Return on equity, % (ROE)	9.3%	
Return on investment, % (ROI)	12.4%	
Equity ratio, %	71.0	
Gearing, %	-24.0	
Earnings per share, EUR	2.13	
Equity per share, EUR	22.73	
Dividend per share, EUR	1.81	
Personnel, average	9 816	

Key Indicators 1-6/2000

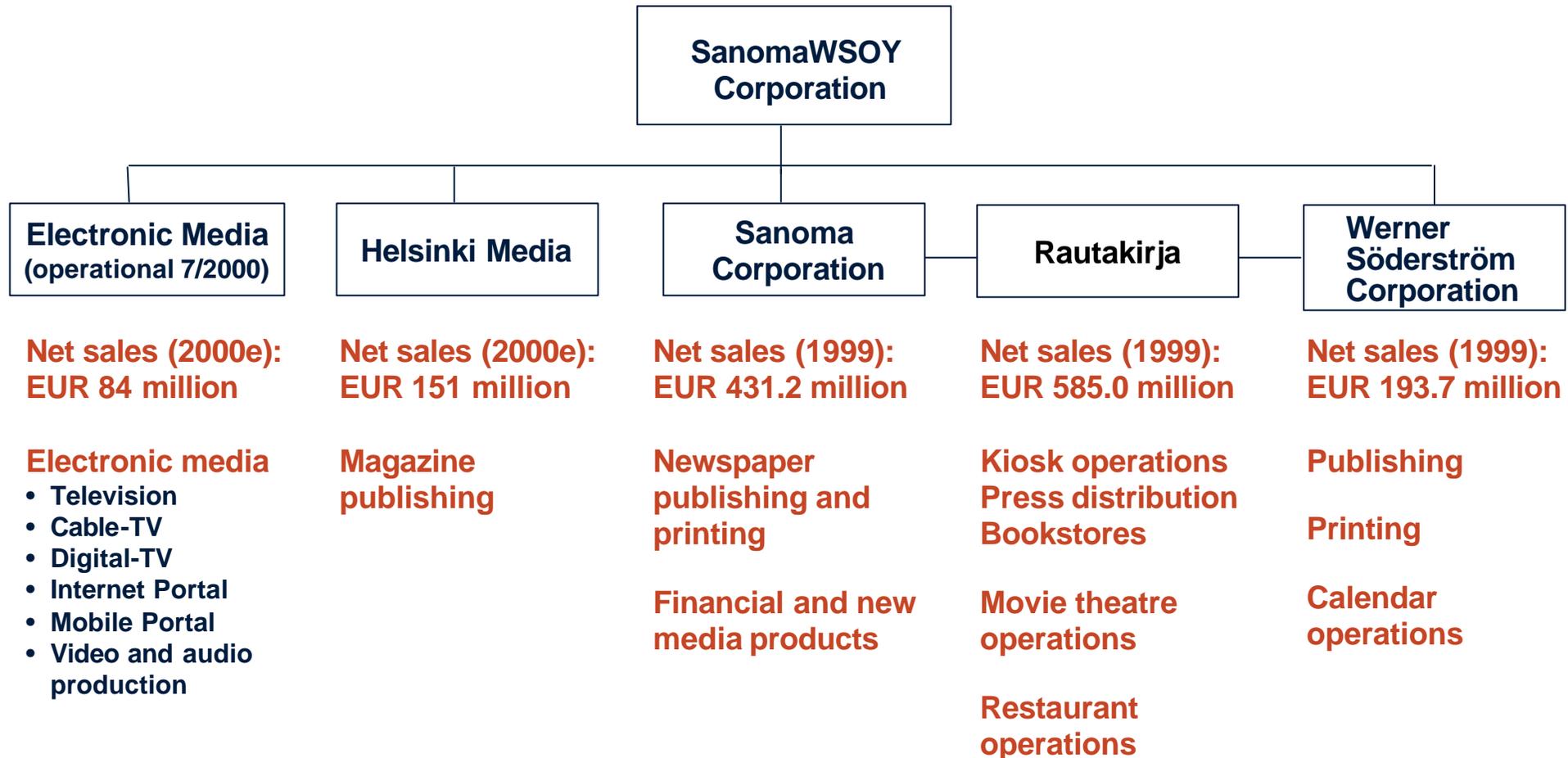
EUR million	30.6.2000	30.6.1999	Change, %
Net sales	694.9	621.0	11.9
Operating profit	34.3	25.9	32.1
Profit before extraordinary items	91.0	52.9	72.1
Profit after extraordinary items	91.0	51.6	76.4
Earnings/share, EUR	0.47	0.26	81.8

Note:

All 1999 key indicators have been calculated on the basis of pro forma income statements and balance sheets.

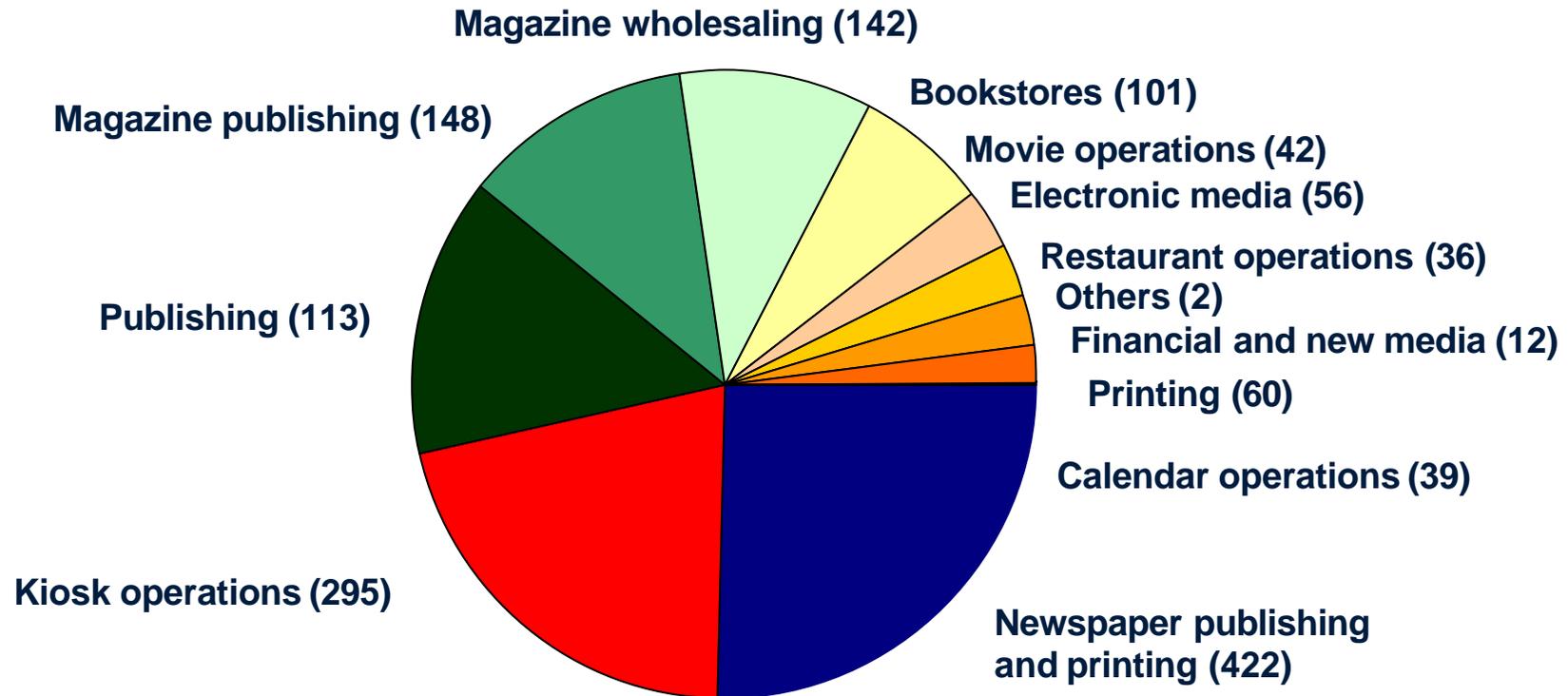


SanomaWSOY Today



Net Sales by Business Area

(1999: EUR million)



Total: EUR 1.5 billion (pro forma) includes intra group sales (EUR 147 million)



Finnish Media Market, 1999

EUR million	SanomaWSOY* approx. %(e)
Newspapers	36
Magazines	25
Books	37
Broadcasting	7
Local radio stations	—
Cable TV	28
Online advertising and services	8
Cinemas	56
Video (sales, rental)	19
CD roms etc.	10
Kiosks	57

Source: Statistics Finland



Helsinki Media

Finland's largest magazine publisher

Magazines

- Women's general and special interest magazines
- Mens lifestyle magazine

Special-interest magazines

- Computer and hobby magazines
- Business directories
- Corporate publications

Comics & books

- Children's and juvenile publications
- Books and book clubs
- Crossword magazines

incl. 50% holdings in Kirjalito and Egmont Kustannus

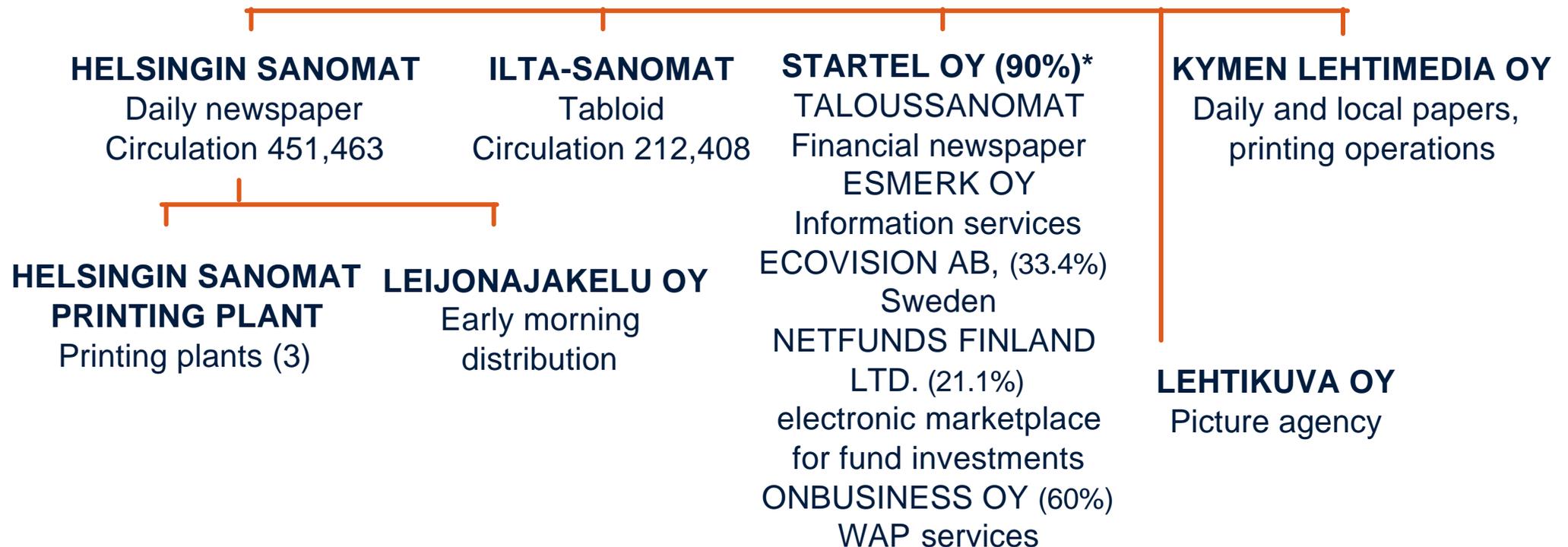
Printing

Hansaprint (40%)



Sanoma Corporation

Newspapers & news services



Werner Söderström Corporation

Publishing

General Literature

eWSOY

- WSOY Learning Channel
- Young Digital Poland (27.8%)
- Everscreen Media Team (25%)

Educational Materials

Special Publishing

- Docendo Group
- Geodata Oy
- Karttakeskus Oy (new acquisition)
- Werner Söderström
Lakitieto Oy (90%)

Weilin+Göös Oy

- Bertmark Media Group

Printing operations

WS Bookwell Ltd

Lönnberg Painot Oy

Tummavuoren Kirjapaino Oy (80%)

Calendar operations

Ajasto Osakeyhtiö

- Chrono AB
- Emil Moestue AS



Rautakirja

Press distribution

Lehtipiste

Lehepunkt AS
(Estonia)

Kiosk operations

R-kiosks (Finland)

R-kiosks (726)

Lehti-Maja Eesti AS
(Estonia)

R-kiosks (201)

VeikkausRasti
Kiosks (53)

Bookstores

**Suomalainen
Kirjakauppa Oy**
Bookstores (59)

Movie theatre operations

Finnkino Oy
Cinemas/
screens (23/86)
Baltic Cinema SIA
(Latvia) (3/5)
AS MPDE (Estonia)
Interprint Oy (2/2)

Restaurant operations

EuroStrada Oy
Highway restaurants (11)
Pizza Hut
restaurants (20)

Key Strategic Developments 1999 - 2000, (1/2)

- **SanomaWSOY**

- HEX listing on May 3, 1999
- Four-for-one share split
- Creation of new electronic media sector

- **Electronic Media/Helsinki Media**

- Internet/Mobile: Virtual Portal (Lumeveräjä); 2ndhead
- TV: Four digital-TV licences; increased holding in Channel Four Finland
- Publications: New magazines and brand extensions

- **Sanoma**

- Print: Printing plant investment programme; Kymen Lehtimedia becomes a 100%-owned subsidiary
- Startel: acquisition of Esmerk and holding in Ecovision AB; new online services



Key Strategic Developments 1999 - 2000, (2/2)

● WSOY

- **E-learning:** Acquisition of Docendo in Sweden and Mikkelin koulukanava in Finland; cooperation with TietoEnator
- **Geodata:** European-wide mobile map service, Karttakeskus
- **Internet/Multimedia:** Finland's first Internet bookclub; holding in Young Digital Poland
- **Printing:** WS Bookwell spin-off created; acquisition of digital printer (Tummavuoren Kirjapaino)
- **eWSOY** unit created for New Media and WSOY Learning Channel

● Rautakirja

- **R-kiosks** Major expansion in Estonia
- **Gaming** Acquisition of Veikkausrasti
- **Finnkino** Multiplex projects; Acquisition of AS MPDE in Estonia
- **e-business** New e-business division created
- **Eurostrada** Acquisition of Motorest



Classic media in a new economy

<p><u>Strengths</u> content brands customers cross promotion resources media know-how</p>	<p><u>Opportunities</u> new growth platforms internationalisation profitability e- & m-commerce</p>
<p><u>Weaknesses</u> lack of infrastructure defensiveness working habits remuneration</p>	<p><u>Threats</u> funny money classified advertising telecoms other new entrants</p>



Major challenges

- **To be able to successfully exploit present assets in the new environment of converging technologies**
- **To achieve online success without undermining our present core businesses**
- **To reinvent the industry by creating new business models and new value propositions to meet changing customer demands**



Growth and development priorities

Growth will be driven through acquisitions, partnerships, and new ventures:

in existing and related sectors

- **in Finland and internationally**
- **primarily around the Baltic Rim, but also globally through selected product/service/operating concepts**

Our focal development priorities include:

- **learning**
- **international magazine publishing**
- **special-interest publishing**
- **business information**
- **entertainment**



Growth and development priorities

Strong commitment to new business areas and operating models made possible by new technologies:

- **Internet and intranet communications**
- **E-commerce**
- **Customer relationship management**
- **Digital-TV**
- **Mobile communications**

Expansion through:

- **acquisitions**
- **cooperation agreements**
- **associated companies and joint ventures**



Leading new media technologies

	Internet	Mobile	Digital-TV
Hardware 'fixed element'			
Data transfer			
Software 'dynamic element'			
Content	USA	Scandinavia Europe Far East	

SanomaWSOY
operations



Unique Electronic Media Player

- **Comprehensive content production and know-how**
 - News, financial information, events information, entertainment, classified advertising, navigational data, directories....
- **Large customer volume and targeted audiences**
 - Over 2 million known customers; targeted audiences provided by newspapers/magazines and book clubs
- **Key digital delivery channels**
 - Digital cable-TV (HTV), Internet (Virtual Portal), mobile (2ndhead), digital-TV (Channel Multiplex C)
- **Cross-promotion, cross-branding**
 - Advertising in the Group's media; using the Group's strong brands in the electronic media world



SanomaWSOY Digital Media

