



# Full-Year Result 2006

**Hannu Syrjänen, President and CEO**

February 8, 2007

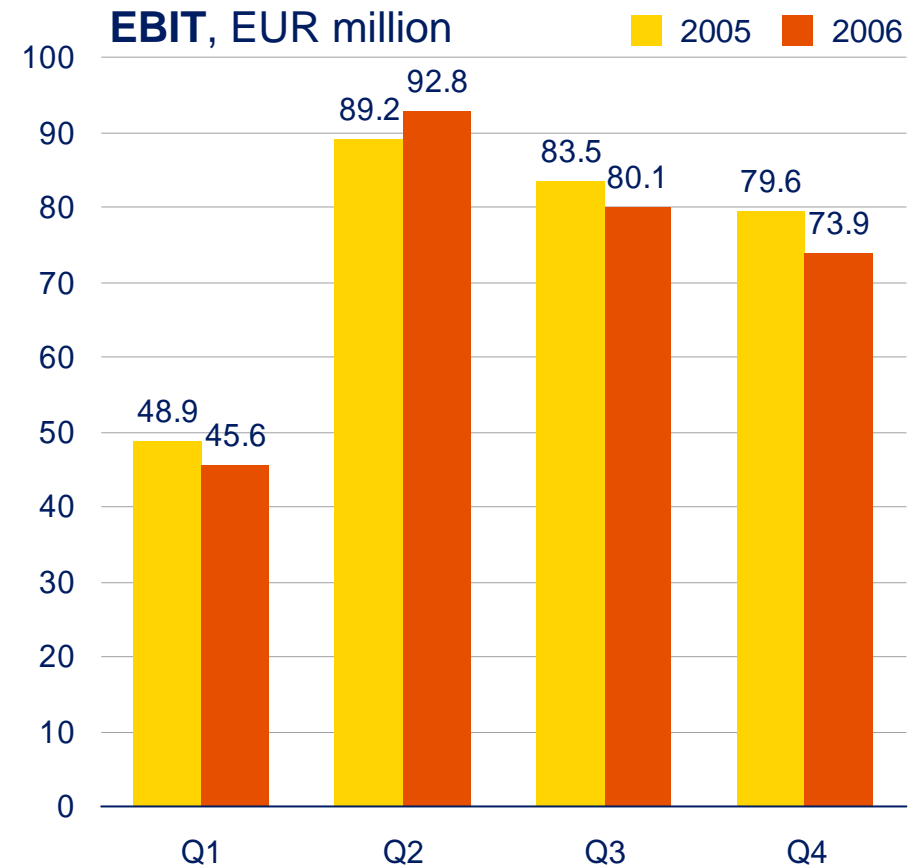
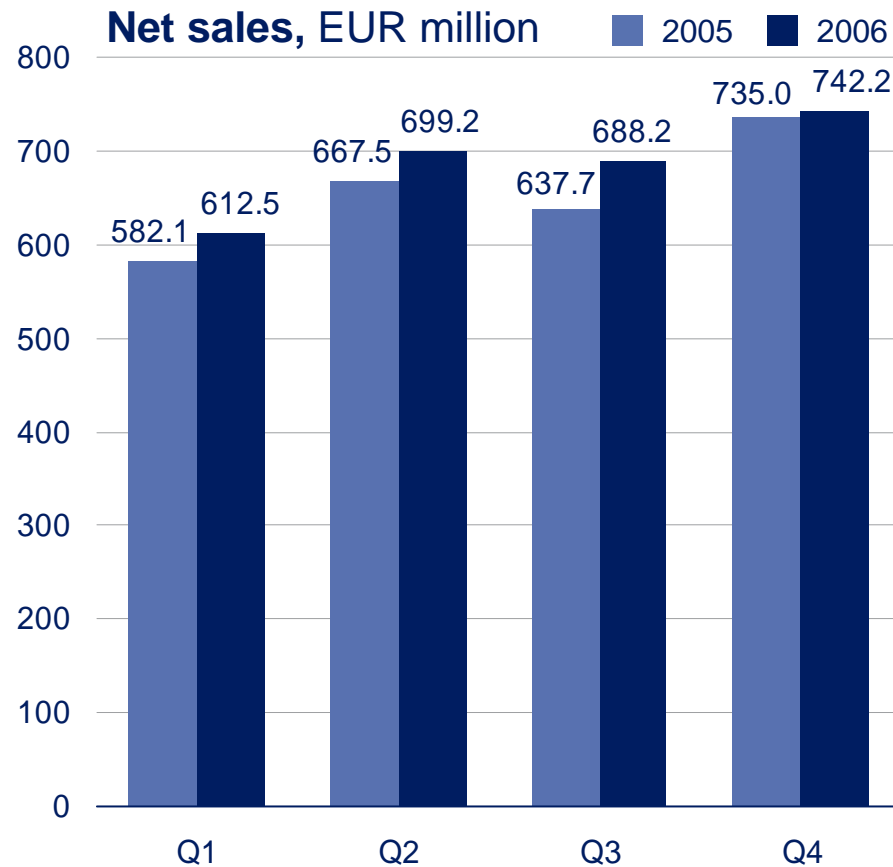


# Key Figures

# Key Indicators

<b>EUR million</b>	<b>1–12/2006</b>	<b>1–12/2005</b>	<b>Ch %</b>
Net sales	<b>2,742.1</b>	2,622.3	4.6
Operating profit	<b>292.5</b>	301.3	-2.9
% of net sales	<b>10.7</b>	11.5	
Operating profit excluding major non-recurring capital gains	<b>288.2</b>	269.1	7.1
% of net sales	<b>10.5</b>	10.3	
Balance sheet total	<b>3,132.2</b>	2,972.5	5.4
Capital expenditure *	<b>81.9</b>	93.8	-12.7
Return on equity (ROE), %	<b>17.7</b>	22.3	-0.3
Return on investment (ROI), %	<b>14.3</b>	15.4	
Equity ratio, %	<b>45.0</b>	41.3	
Gearing, %	<b>59.2</b>	72.9	
Interest-bearing liabilities	<b>863.9</b>	928.7	-7.0
Net debt	<b>782.4</b>	843.8	-7.3
Earnings/share, EUR	<b>1.32</b>	1.45	-9.3
Cash flow from operations/share, EUR	<b>1.63</b>	1.69	-3.5
Dividend/share, EUR **	<b>0.95</b>	0.90	
Market capitalisation, EUR million	<b>3,521.8</b>	3,121.5	12.8
Personnel under employment contract, average	<b>18,434</b>	16,885	9.2

# The SanomaWSOY Group

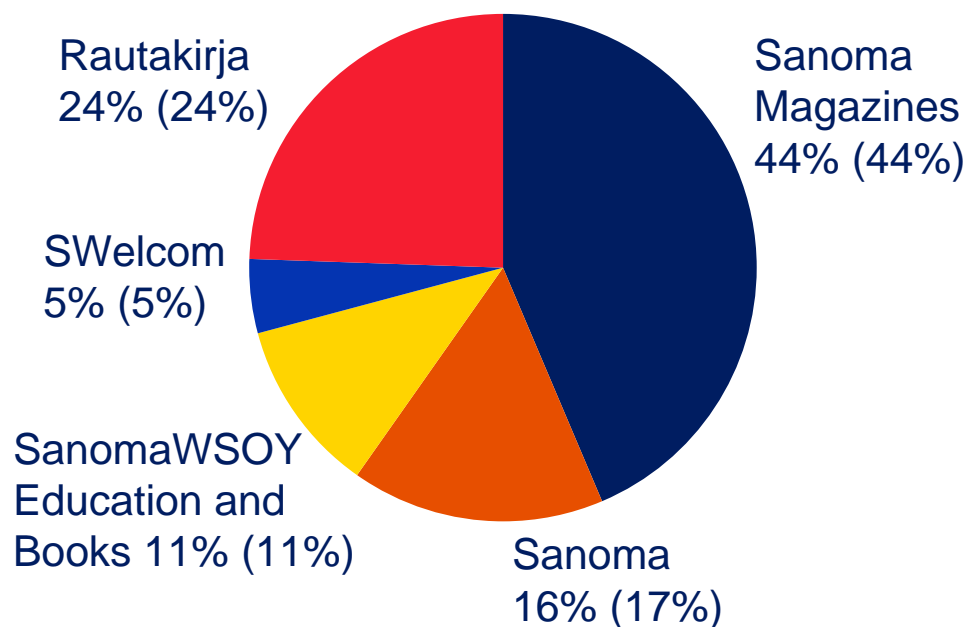


# Net Sales by Division and by Geographic Area

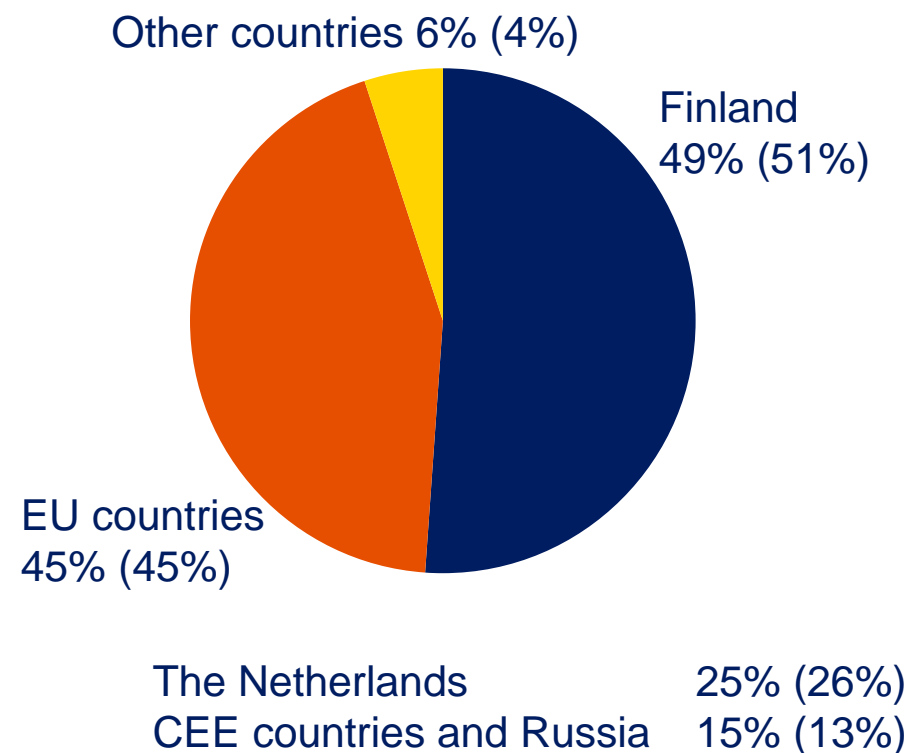
1-12/2006 (1-12/2005)

Net sales EUR 2,742.1 million

## By Division



## By geographic area





# SanomaWSOY's Advertising Sales

% of net sales

	<b>1–12/2006</b>	<b>1–12/2005</b>
<b>Sanoma Magazines</b>	<b>26%</b>	<b>24%</b>
<b>Sanoma</b>	<b>52%</b>	<b>51%</b>
<b>SWelcom</b>	<b>58%</b>	<b>58%</b>
<b>The Group</b>	<b>23%</b>	<b>22%</b>

# Digital Media

- Net sales of SanomaWSOY's digital media in 2006 EUR 236 million, 8.6% of net sales
  - Sanoma Magazines' online advertising sales in the Netherlands grew by 55%
  - Sanoma's online advertising grew by 42%

**KIESKEURIG**  
interactieve koopgids voor en door consumenten

1 **wat zoekt u?**  
 winkel(prijzen)  
 productinfo  
 reviews

2 **in welke categorie?** \* alles

3 **zoekwoord(en)?**

Zoekt u **muziek, films, boeken of software/games?**  
 Selecteer hierboven dan eerst de juiste categorie.

home

**Online enquête**

Geef nu uw mening over multimedia toepa:

Ja, ik doe mee!   Nee, ik doe niet

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**KIESKEURIG als Google Gadget!**

**Best Reviewed**  
februari 2007  
KIESKEURIG.nl

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[kopen op internet](#)  
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**Camera & Foto**  
 digitale camera's, videocamera's, flitsers, fotoprinters, geheugenkaarten, objectieven, spiegelreflex camera's, [meer >>](#)

**Financieel**  
 zorgverzekering 2007, autoverzekeringen, gouden handdruk, hypotheek, koopsommen, overlijdensrisicoverzekeringen, [meer >>](#)

**Computers**  
 adsl-abonnementen, dvd-(re)writers, inkjet printers, TFT-monitoren, mp3-spelers, notebooks, palmtops /pda's, pc's, [meer >>](#)

**Telecom**  
 mobiele telefoons, gsm abonnementen, adsl-abonnementen, navigatiesystemen, telefoons, [meer >>](#)

**Persoonlijke Verzorging & Fitness**  
 crosstrainers, hometrainers, ladyshaves, baden, reistainers, scheersapparaten

**Valentijn**

**Televisie & HiFi**

**Audio & HiFi**

**Huishouden**

**Baby & Kids**

Digital media includes both online and TV operations



# Market Environment



# Advertising Sales in Finland

EUR 1,000	12/2006	Ch %	1–12/2006	Ch %
NEWSPAPERS	56,531	6.3	614,654	2.4
MAGAZINES	10,567	-2.1	150,084	3.2
TELEVISION	20,911	1.6	242,959	5.3
RADIO	2,809	-3.6	39,885	0.3
OUTDOOR	2,798	-1.4	35,803	-0.4
CINEMA	250	34.0	1,365	-13.0
ONLINE	2,596	14.1	33,820	19.7
<b>Advertising sales revenues, total</b>	<b>96,461</b>	<b>3.9</b>	<b>1,118,570</b>	<b>3.3</b>

# Advertising Sales in the Netherlands

EUR 1,000	1–12/2006	Ch %
TELEVISION	2,790,284	1.5
NEWSPAPERS	778,780	2.1
MAGAZINES	545,169	-0.8
UNSOLICITED ADVERTISING MATERIAL	511,324	12.4
RADIO	476,804	5.5
INTERNET	204,717	34.5
OUTDOOR	232,742	14.6
CINEMA	17,180	3.3
TELETEKST	31,967	-20.8
<b>Total</b>	<b>5,588,967</b>	<b>3.9</b>

Gross figures, Change % compared to the previous year.

Source: Nielsen Media Research

Hannu Syrjänen | 8.2.2007 | 10



## Divisions

# Sanoma Magazines

## Key Developments

### Acquisitions

- EPN International, publisher of home and decoration magazines
- Wegener Golf, publisher of golf titles
- eStranky.cz, website producer
- Kieskeurig.nl, product and price comparison site

### Launches

- The most significant one: women's weekly Gloria (Russia)
- Others include: SmartMoney (Russia), Moete Dete (Bulgaria), Sara (Finland), National Geographic (Russia), National Geographic (Serbia), Casa si Gradina (Romania), HELLO V.I.P.! (Hungary), Story (Bulgaria), National Geographic Kids (Hungary)

### Appointments

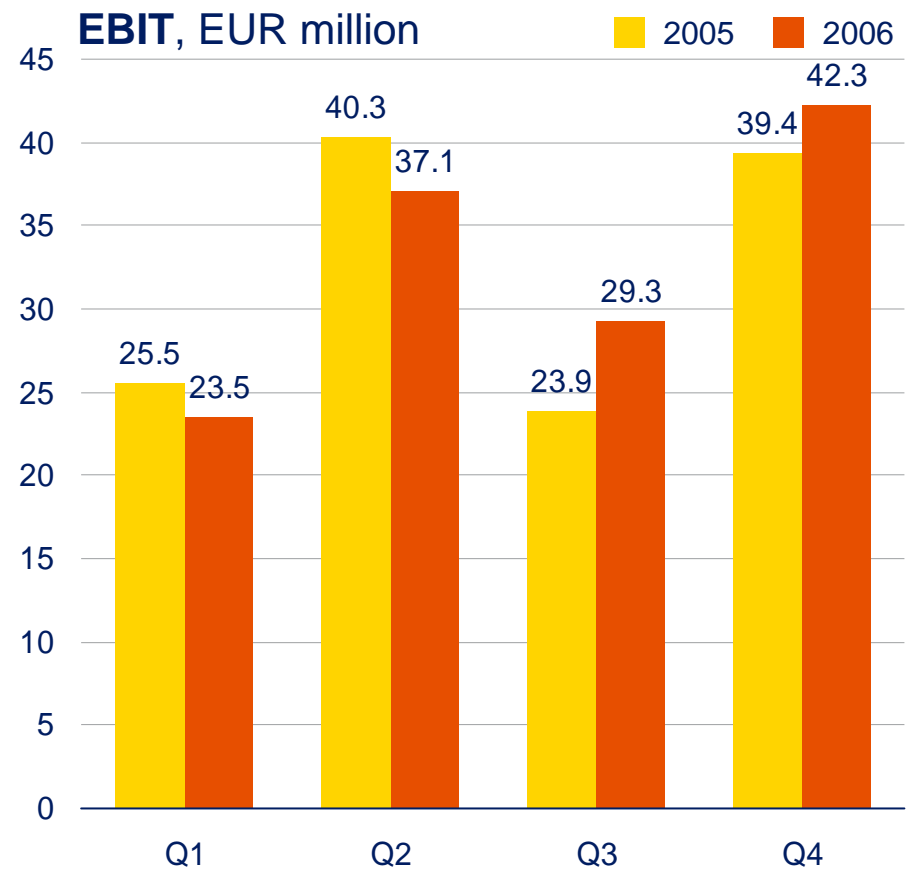
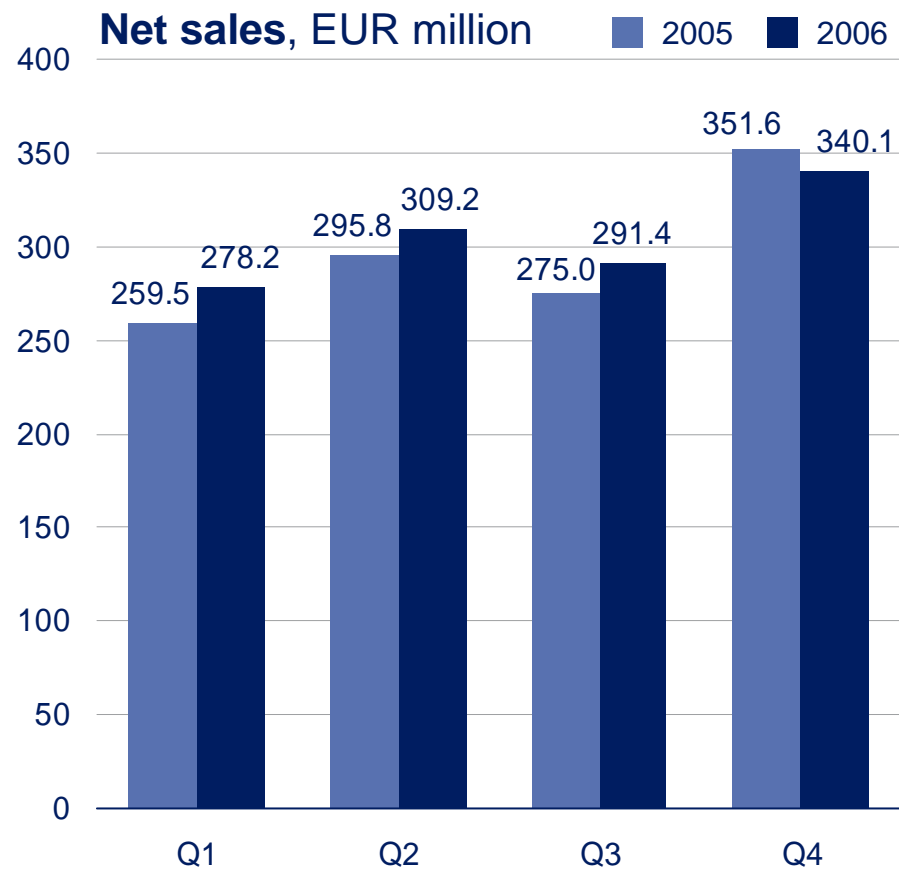
- Sanoma Uitgevers: Dick Molman as CEO, Paul Molenaar as COO, Online and New Media Innovation, and Henk Scheenstra as COO Print
- Sanoma Magazines Belgium: Aimé Van Hecke as CEO

### In 2007

- Investments in print and digital business continue



# Sanoma Magazines





# Sanoma Magazines 1-12/2006

<b>EUR million</b>	<b>1-12/2006</b>	<b>1-12/2005</b>	<b>Ch %</b>
Net sales	<b>1,218.9</b>	1,181.9	3.1
Sanoma Magazines Netherlands	<b>531.2</b>	541.2	-1.9
Sanoma Magazines International	<b>247.6</b>	212.4	16.6
Sanoma Magazines Belgium	<b>188.6</b>	184.4	2.3
Sanoma Magazines Finland	<b>193.2</b>	184.3	4.8
Aldipress	<b>115.6</b>	118.6	-2.5
Eliminations	<b>-57.3</b>	-59.0	-3.0
Operating profit	<b>132.2</b>	129.1	2.4
% of net sales	<b>10.8</b>	10.9	
Operating profit excluding major non-recurring capital gains	<b>129.6</b>	129.1	0.4
% of net sales	<b>10.6</b>	10.9	
Balance sheet total	<b>1,984.8</b>	1,752.9	13.2
Capital expenditure	<b>17.5</b>	36.6	-52.1
Return on investment (ROI), %	<b>10.9</b>	11.8	
Personnel under employment contract, average	<b>5,584</b>	5,275	5.9

# Sanoma

## Key Developments

Newspaper brands reach more people than ever

- Helsingin Sanomat: 1.1 million readers, over 700,000 unique weekly visitors
- Ilta-Sanomat: some 1 million readers, nearly 1 million unique weekly visitors

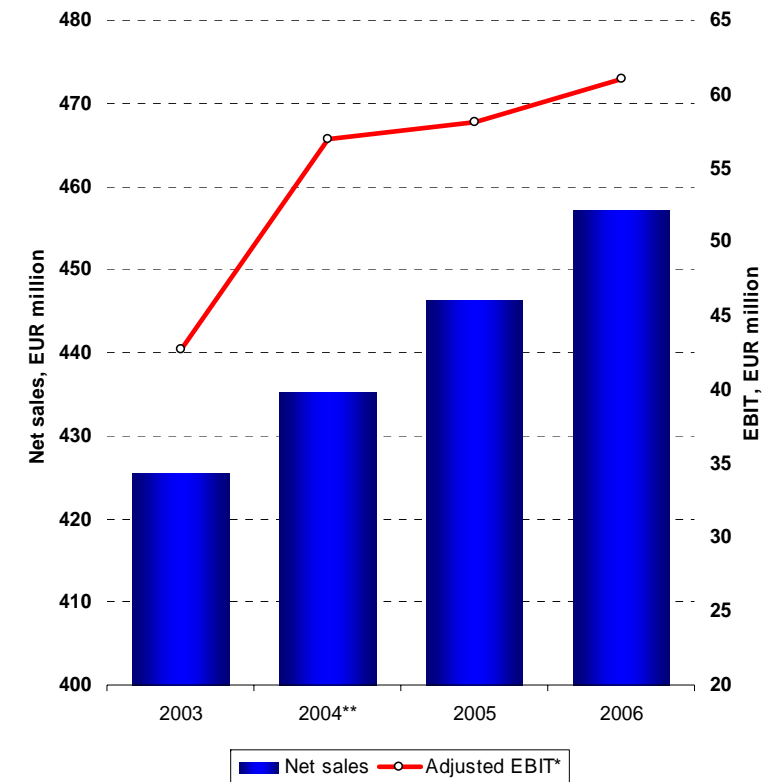
Investments in digital business

- Establishing Sanoma Digital business unit
- Taloussanomat strengthens its online presence
- Heavy investments in free sheets
  - Acquisition of the Finnish operations of Metro
- Price increase of Ilta-Sanomat

In 2007

- Investments in digital business continue
- Further rationalisation of operations

Net sales and adjusted EBIT\*, EUR million

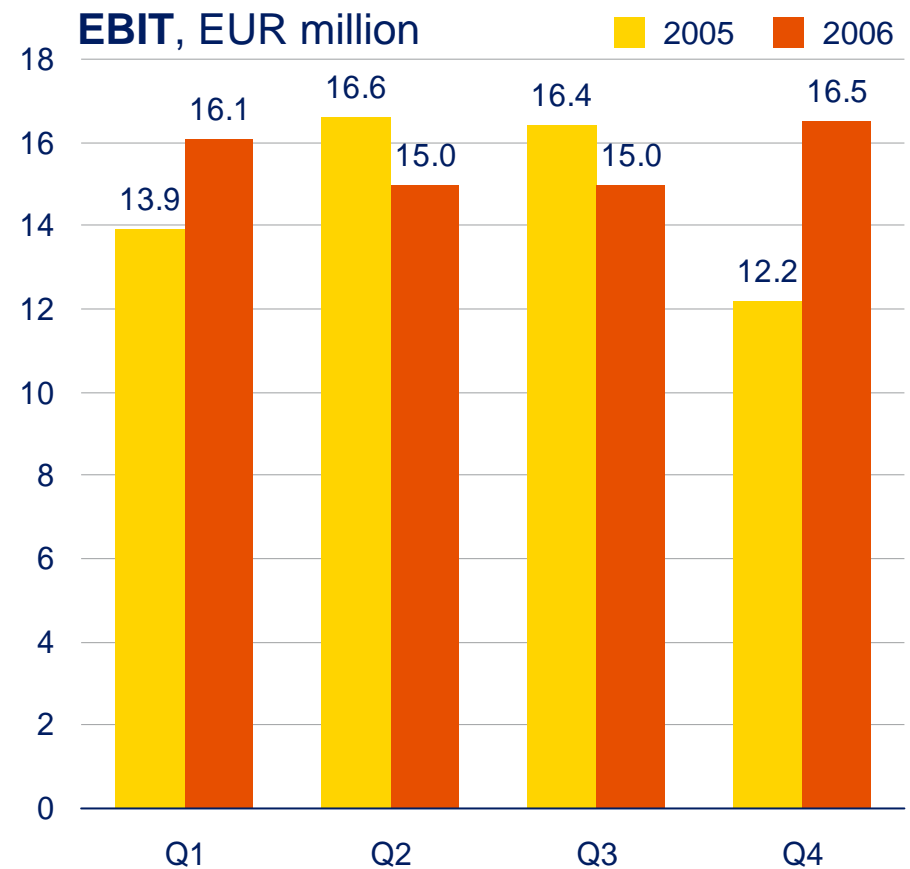
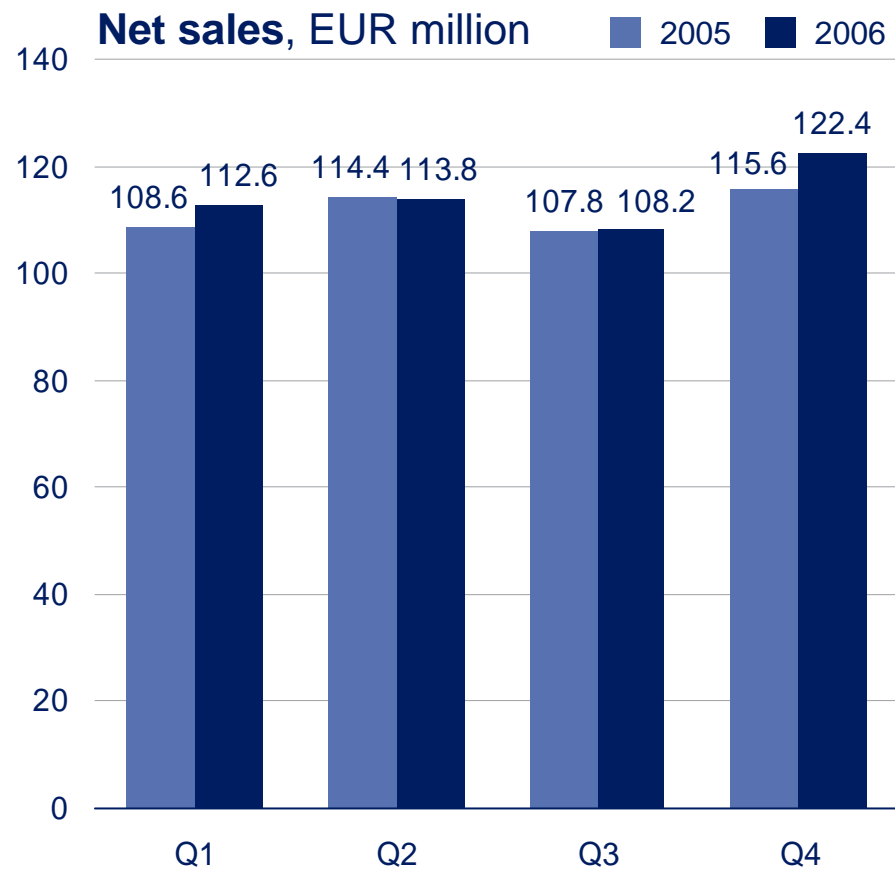


\* EBIT has been adjusted with major non-recurring capital gains

\*\* From 2004, EBIT is according to IFRS

Hannu Syrjänen | 8.2.2007 | 15

# Sanoma



# Sanoma 1-12/2006

<b>EUR million</b>	<b>1-12/2006</b>	<b>1-12/2005</b>	<b>Ch %</b>
Net sales	<b>457.1</b>	446.4	2.4
Helsingin Sanomat (daily newspaper)	<b>267.3</b>	261.1	2.4
Ilta-Sanomat (quality tabloid)	<b>92.2</b>	93.7	-1.6
Sanoma Lehtimedia (regional newspapers)	<b>45.9</b>	48.0	-4.5
Others	<b>187.3</b>	175.2	6.9
Eliminations	<b>-135.6</b>	-131.6	3.0
Operating profit	<b>62.7</b>	59.1	6.0
% of net sales	<b>13.7</b>	13.2	
Operating profit excluding major non-recurring capital gains	<b>61.0</b>	58.1	4.9
% of net sales	<b>13.3</b>	13.0	
Balance sheet total	<b>526.6</b>	471.6	11.7
Capital expenditure	<b>16.5</b>	21.9	-24.7
Return on investment (ROI), %	<b>17.9</b>	17.8	
Personnel under employment contract, average	<b>2,672</b>	2,782	-4.0

# SanomaWSOY Education and Books Key Developments

## Acquisitions

- Láng, the leading Hungarian educational publishing and training company
- Aromedia and LDC, Dutch career orientation and study consulting companies
- AAC Global, provider of language services
  - AAC gained a significant translation and documentation contract
- Finlandia Junior Prize for WSOY's children's book *Keinulauta*
- Remes the best seller of domestic fiction

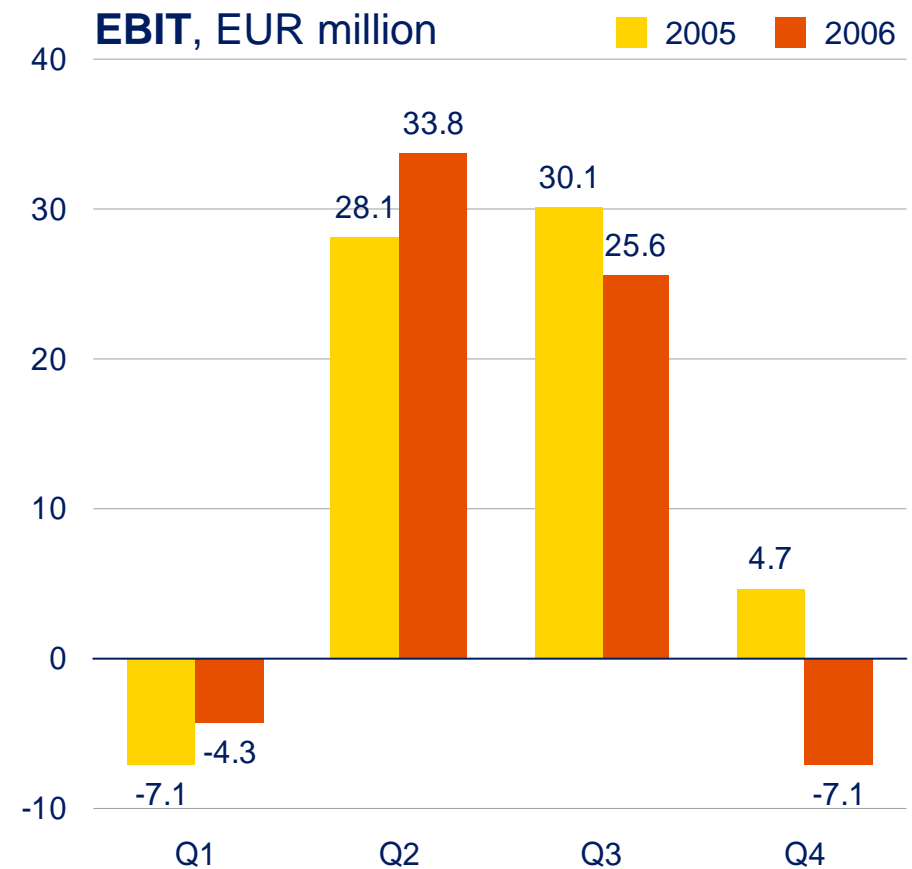
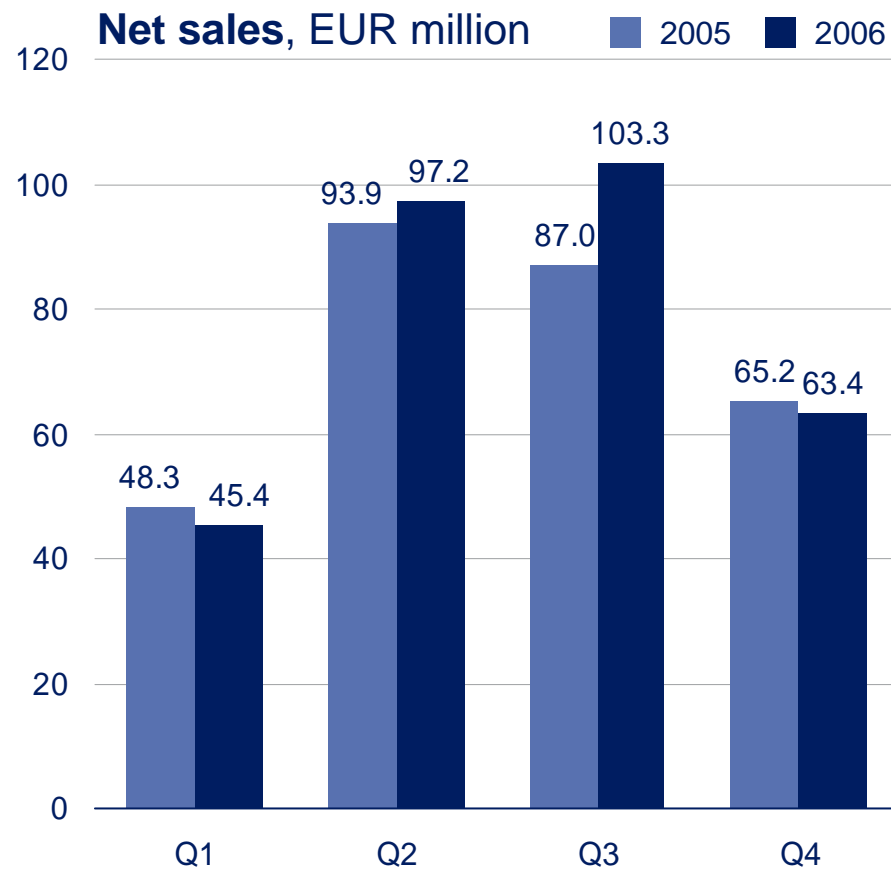
## In 2007

- Expansion of educational publishing continues





# SanomaWSOY Education and Books



# SanomaWSOY Education and Books

## 1-12/2006

<b>EUR million</b>	<b>1-12/2006</b>	<b>1-12/2005</b>	<b>Ch %</b>
Net sales	<b>309.2</b>	294.4	5.0
Educational publishing	<b>187.7</b>	151.2	24.2
Publishing	<b>95.9</b>	87.2	9.9
Others	<b>43.4</b>	73.0	-40.6
Eliminations	<b>-17.8</b>	-17.1	4.1
Operating profit	<b>48.0</b>	55.8	-13.9
% of net sales	<b>15.5</b>	19.0	
Operating profit excluding major non-recurring capital gains	<b>48.0</b>	39.3	22.2
% of net sales	<b>15.5</b>	13.4	
Balance sheet total	<b>598.2</b>	485.1	23.3
Capital expenditure	<b>8.9</b>	8.1	9.4
Return on investment (ROI), %	<b>12.7</b>	15.1	
Personnel under employment contract, average	<b>2,455</b>	2,311	6.2

# SWelcom

## Key Developments

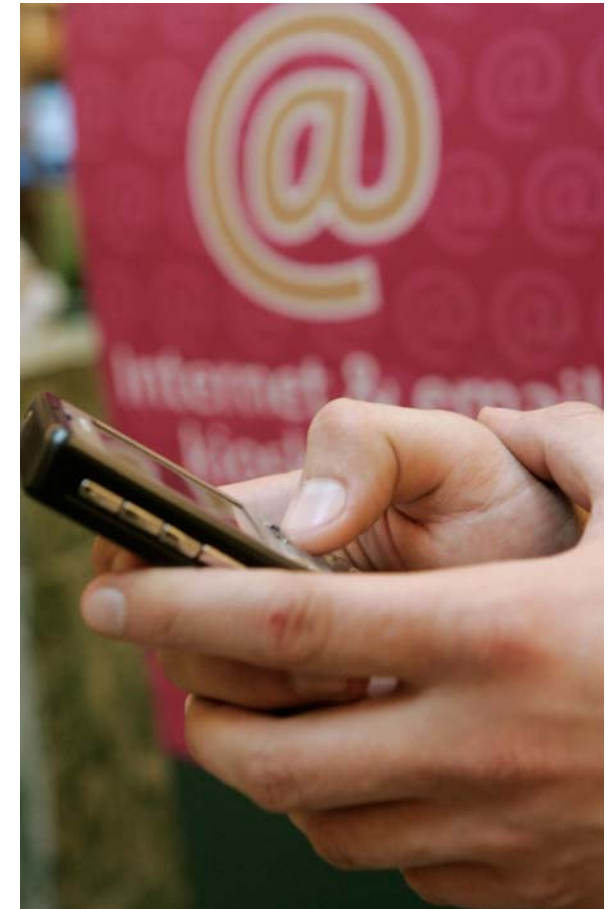
- Nelonen's share of TV advertising in Finland grew to 31.4%
- Significant growth in broadband and pay TV services, over 300,000 households connected to Welho's cable network
  - New services: WLAN hotspots in Helsinki, PCTV service enabling watching TV via pc, first in Finland to offer HDTV for its customers
- New licence for a digital pay TV channel

After the review period

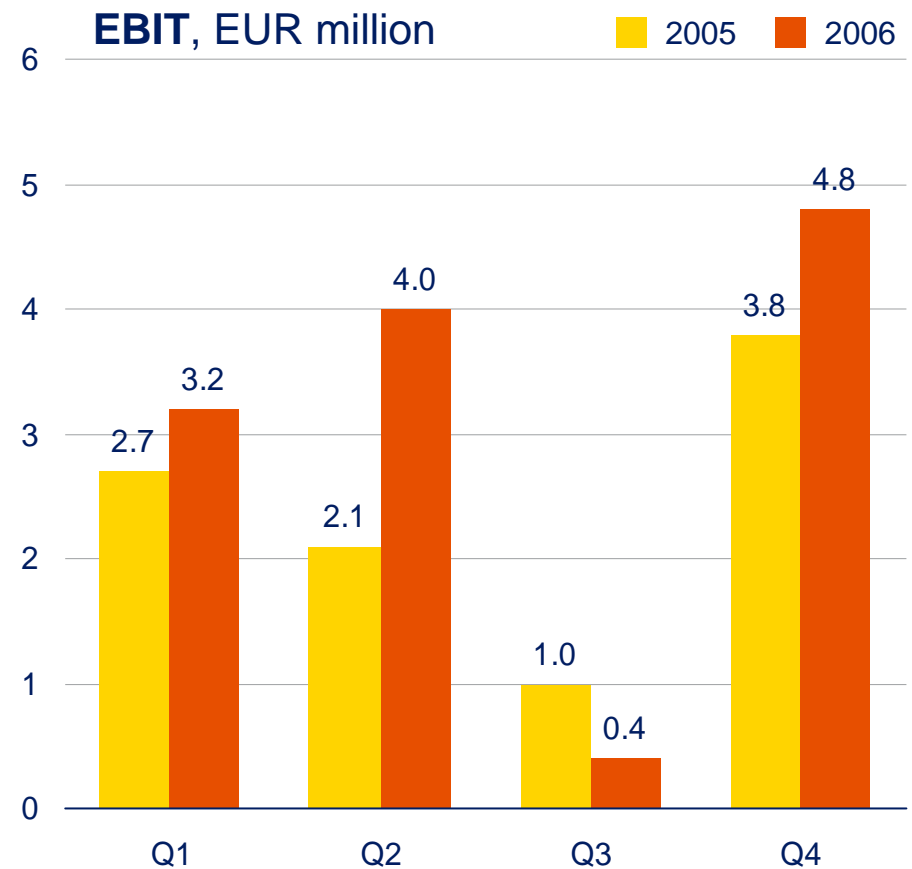
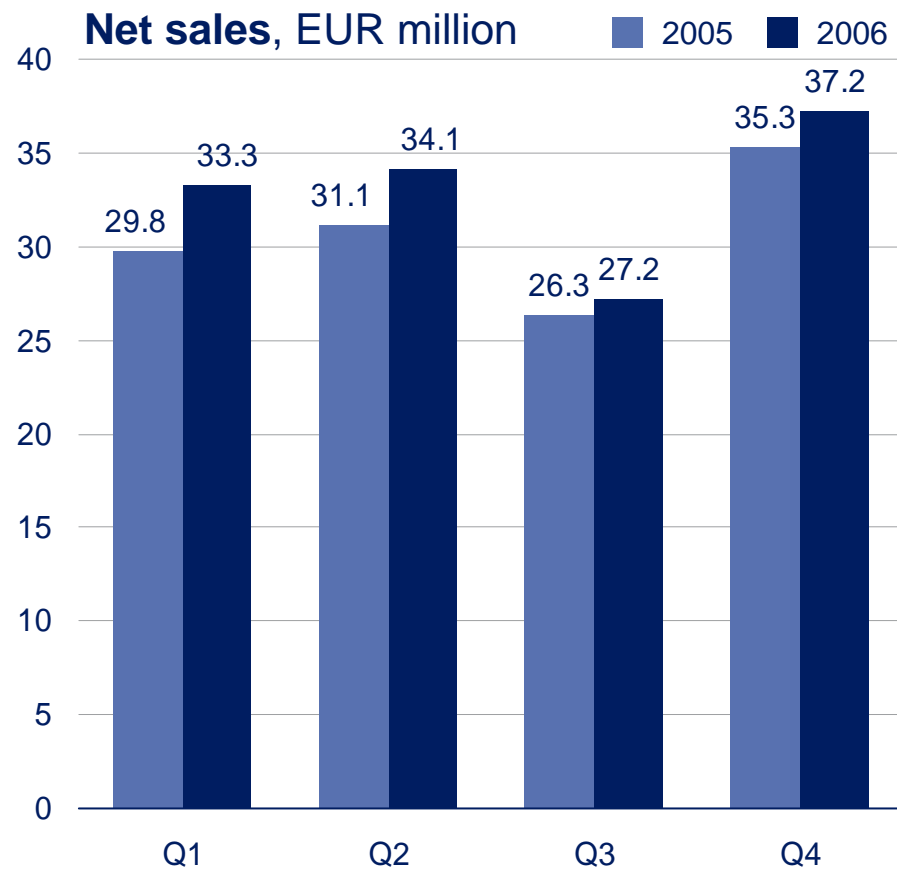
- Two new commercial radio stations (Radio Rock, Radio Aalto)
- New, free-to-air TV channel JIM starting on February 26

In 2007

- Current excellent portfolio enables investments in new businesses



# SWelcom



# SWeIcom 1–12/2006

<b>EUR million</b>	<b>1–12/2006</b>	<b>1–12/2005</b>	<b>Ch %</b>
Net sales	<b>131.8</b>	122.5	7.6
Nelonen (commercial TV channel)	<b>76.5</b>	71.5	6.9
Others	<b>56.0</b>	52.6	6.5
Eliminations	<b>-0.6</b>	-1.6	-60.3
Operating profit	<b>12.5</b>	9.6	30.2
% of net sales	<b>9.5</b>	7.8	
Operating profit excluding major non-recurring capital gains	<b>12.5</b>	9.6	30.2
% of net sales	<b>9.5</b>	7.8	
Balance sheet total	<b>158.6</b>	143.5	10.5
Capital expenditure	<b>15.2</b>	10.1	50.9
Return on investment (ROI), %	<b>12.3</b>	9.7	
Personnel under employment contract, average	<b>437</b>	425	3.0



# Rautakirja

## Key Developments

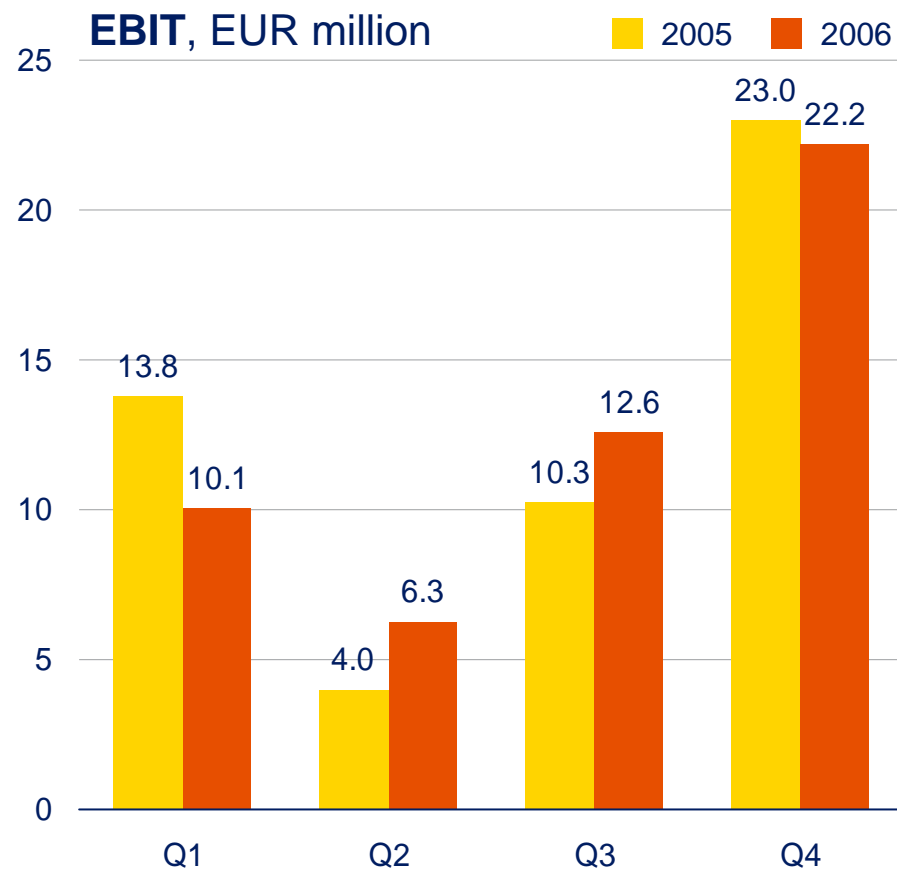
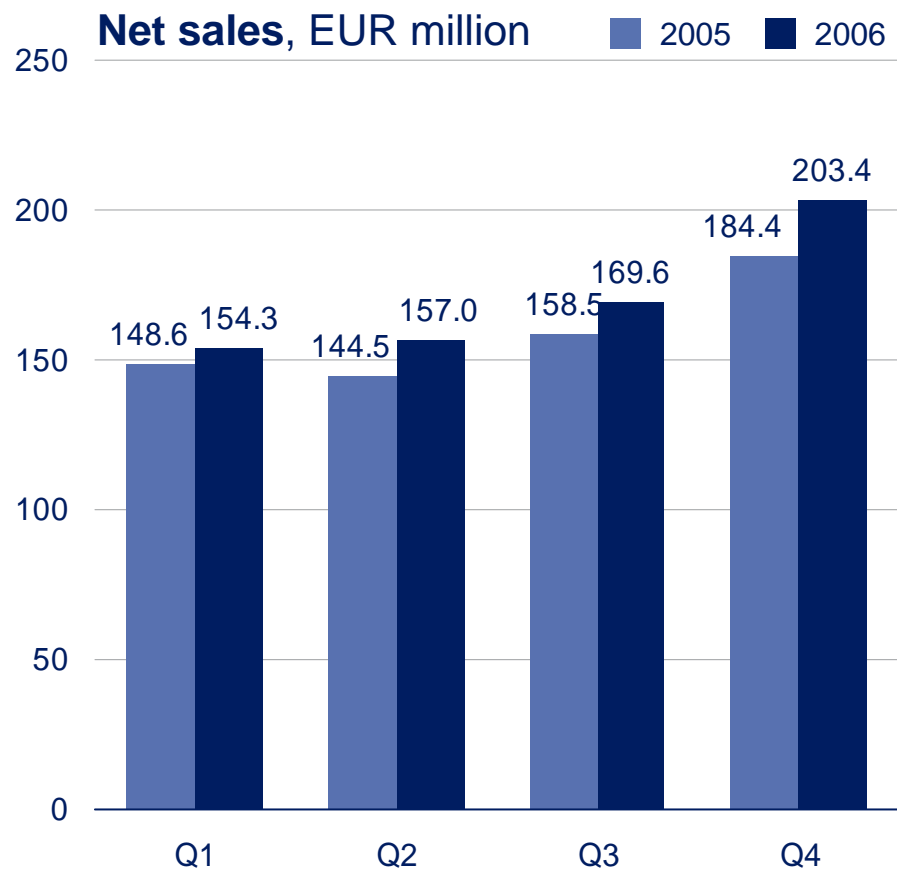
- All businesses successful
- Integration of Lietuvos Spauda kiosk chain
- Increased customer volumes in kiosk operations
  - New POS system in Finland
- Centralising press distribution
  - Aldipress transferred to Rautakirja from Jan 1, 2007
- Bookstore chains in Finland and Estonia expanded
  - A total of 60 stores in Finland and 7 in Estonia
- 2006 best year ever for movie theatres

In 2007

- Integration of Aldipress, expansion of press distribution



# Rautakirja



# Rautakirja 1–12/2006

<b>EUR million</b>	<b>1–12/2006</b>	<b>1–12/2005</b>	<b>Ch %</b>
Net sales	<b>684.3</b>	635.9	7.6
Kiosk operations	<b>369.1</b>	345.8	6.7
Press distribution	<b>108.0</b>	98.5	9.6
Bookstores	<b>138.9</b>	135.3	2.7
Entertainment	<b>81.7</b>	65.0	25.7
Others	<b>0.0</b>	2.6	-100.0
Eliminations	<b>-13.4</b>	-11.3	17.8
Operating profit	<b>51.3</b>	51.2	0.2
% of net sales	<b>7.5</b>	8.0	
Operating profit excluding major non-recurring capital gains	<b>51.3</b>	42.3	21.3
% of net sales	<b>7.5</b>	6.6	
Balance sheet total	<b>474.4</b>	397.0	19.5
Capital expenditure	<b>22.1</b>	16.6	33.4
Return on investment (ROI), %	<b>20.7</b>	20.9	
Personnel under employment contract, average	<b>7,214</b>	6,023	19.8



## Outlook for 2007

# Group's Outlook for 2007

## Outlook:

- Net sales to increase more than in the previous year
- Operating profit excluding the major non-recurring capital gains to improve
  
- In 2006, operating profit excluding these capital gains totalled EUR 288.2 million



Committed to Future

# Strategic Focus Areas

## Growth and profitability

- Expansion especially in growth markets
- Value-adding consolidation
- Controlled increase of investments in digital media at optimal pace and to optimal extent
- Efficiency efforts in all businesses

## Market leadership

- Value-adding market leadership in chosen businesses and markets
- One of the leading European magazine and educational publishers

## Way of doing

- Respect for local cultures
- Clear principles of business conduct
- Customer centric product and service development
- Result-oriented, talented, and cooperative people
- Value-adding cross-divisional and international cooperation
- Fast and flexible processes



# Consolidated Income Statement

EUR million	1–12/2006	1–12/2005	Ch %
<b>NET SALES</b>	<b>2,742.1</b>	2,622.3	4.6
Other operating income	57.2	80.7	-29.1
Materials and services	1,243.3	1,177.8	5.6
Personnel expenses	595.5	574.7	3.6
Other operating expenses	532.2	518.6	2.6
Depreciation and impairment losses	135.8	130.6	3.9
<b>OPERATING PROFIT</b>	<b>292.5</b>	301.3	-2.9
Share of result of associated companies	8.4	9.8	-14.5
Financial income	12.5	10.6	17.5
Financial expenses	37.0	35.7	3.7
<b>RESULT BEFORE TAXES</b>	<b>276.3</b>	286.0	-3.4
Income taxes	-68.0	-57.6	17.9
<b>RESULT FOR THE PERIOD</b>	<b>208.4</b>	228.4	-8.8
Attributable to:			
Equity holders of the Parent Company	209.5	224.0	-6.5
Minority interest	-1.1	4.4	

# Consolidated Balance Sheet

EUR million	31.12.2006	31.12.2005	Ch %
<b>ASSETS</b>			
Non-current assets, total	2,511.3	2,396.1	4.8
Current assets, total	620.9	576.4	7.7
Assets, total	3,132.2	2,972.5	5.4
<b>EQUITY AND LIABILITIES</b>			
Equity, total	1,322.7	1,157.7	14.3
Non-current liabilities	241.8	325.4	-25.7
Current liabilities	1,567.7	1,489.4	5.3
Liabilities, total	1,809.5	1,814.8	-0.3
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>3,132.2</b>	<b>2,972.5</b>	<b>5.4</b>