



Strategies and outlook

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President

CMD, 7 June 2004

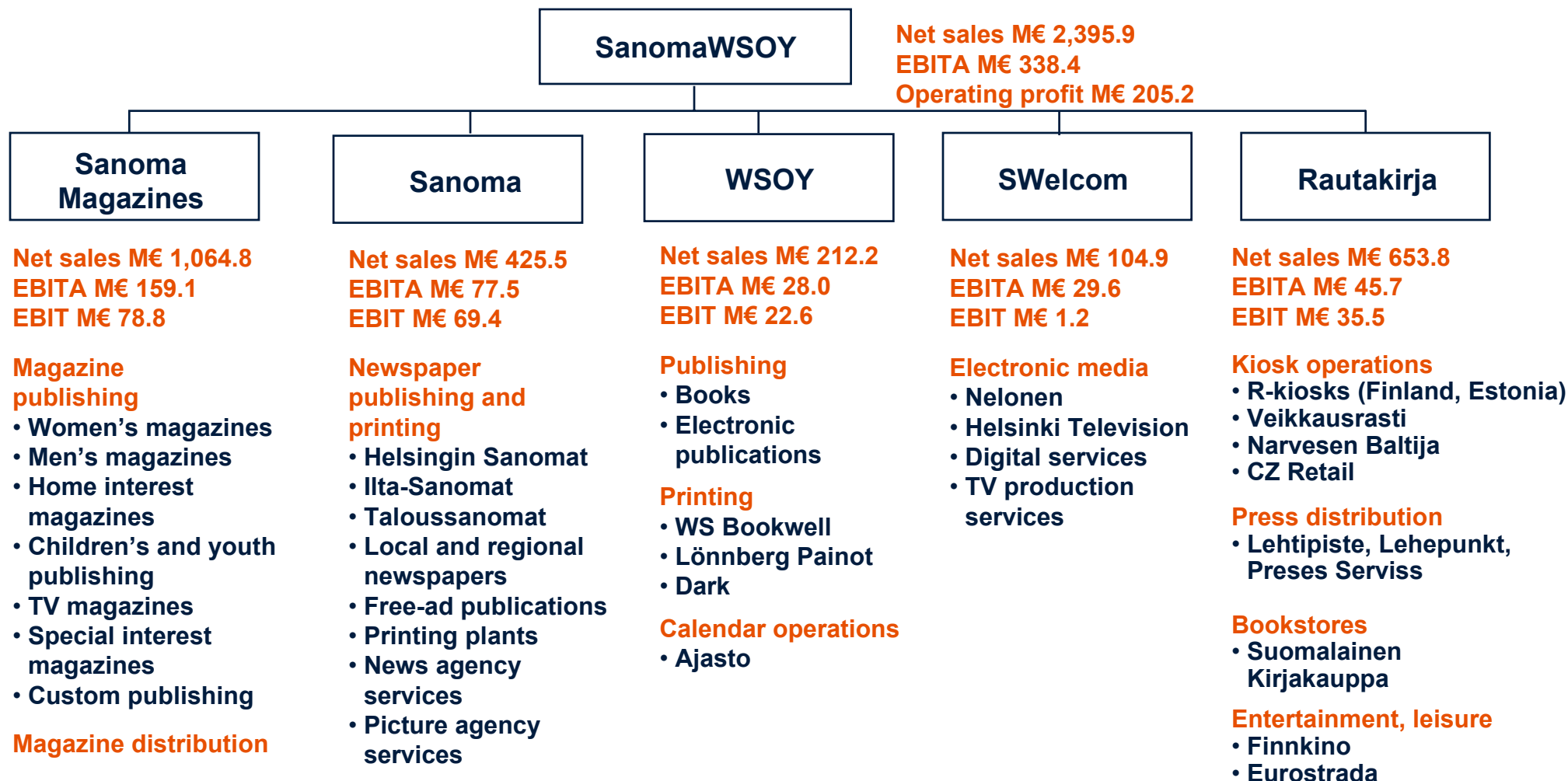


Agenda

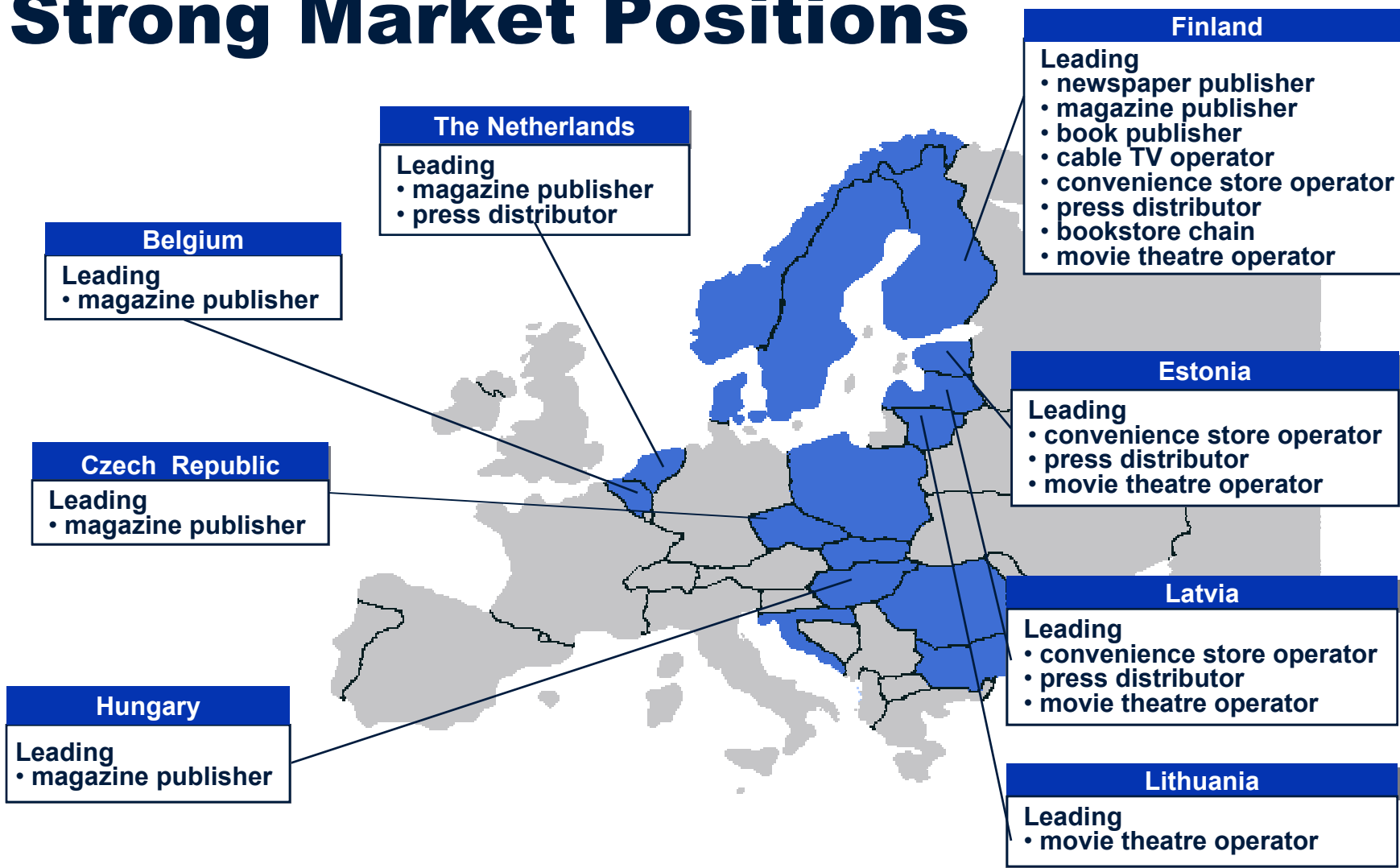
- Our markets
- Our strategies
- Our focus in 2005–2007

Five Divisions

2003 figures



Strong Market Positions



Y:SWViestintä/CMD04/Syrjänen 070604

Our markets

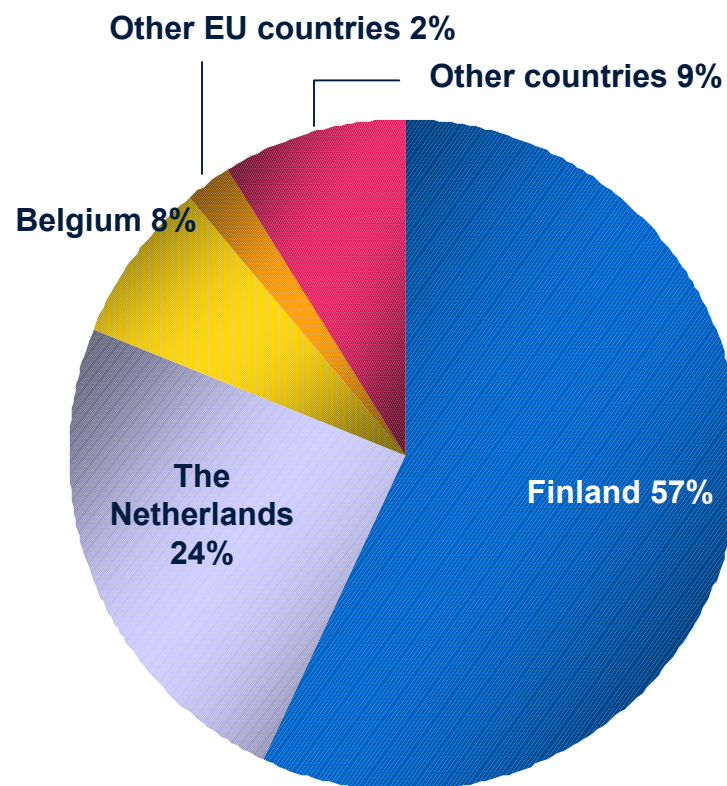
Markets

Key macroeconomic indicators and SanomaWSOY's net sales distribution by country

Economy

	GDP, billion USD 2003*	GNP per capita, '000 USD 2003	GDP (real), growth 2004E**
Finland	158.9	30.5	2.5%
The Netherlands	511.0	31.5	0.8%
Belgium	299.1	29.6	1.5%
Hungary	82.6	8.4	3.2%
Czech Rep.	84.3	8.2	4.0%

SanomaWSOY's net sales per country, 2003



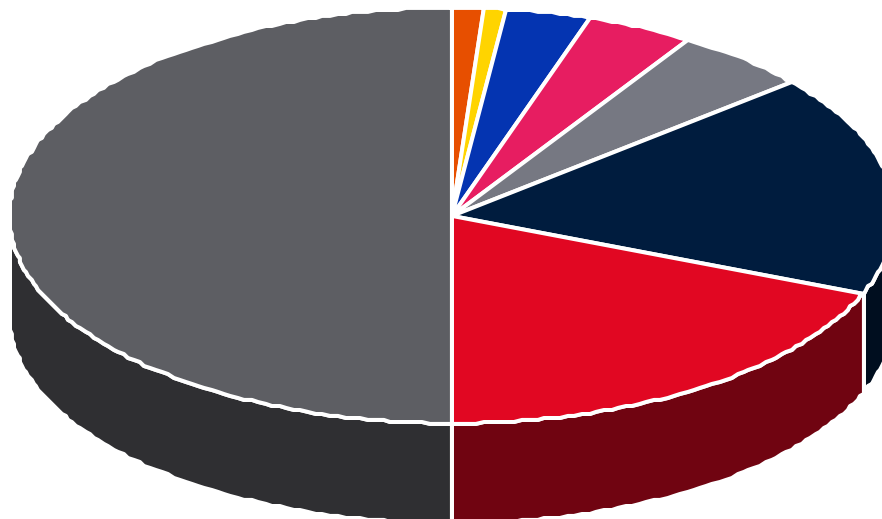
*Source: Tilastokeskus

**Source: EIU

Advertising expenditure in Finland

€ 1,079 million in 2003

	Share of total	Growth (02/03)
■ Newspapers	49.6%	2.1%
■ TV	19.2%	3.0%
■ Magazines	16.5%	-0.4%
■ Free sheets	5.7%	9.3%
■ Radio	4.4%	8.3%
■ Outdoor	2.9%	-3.4%
■ Internet	1.6%	13.9%
■ Cinema	0.2%	-5.5%

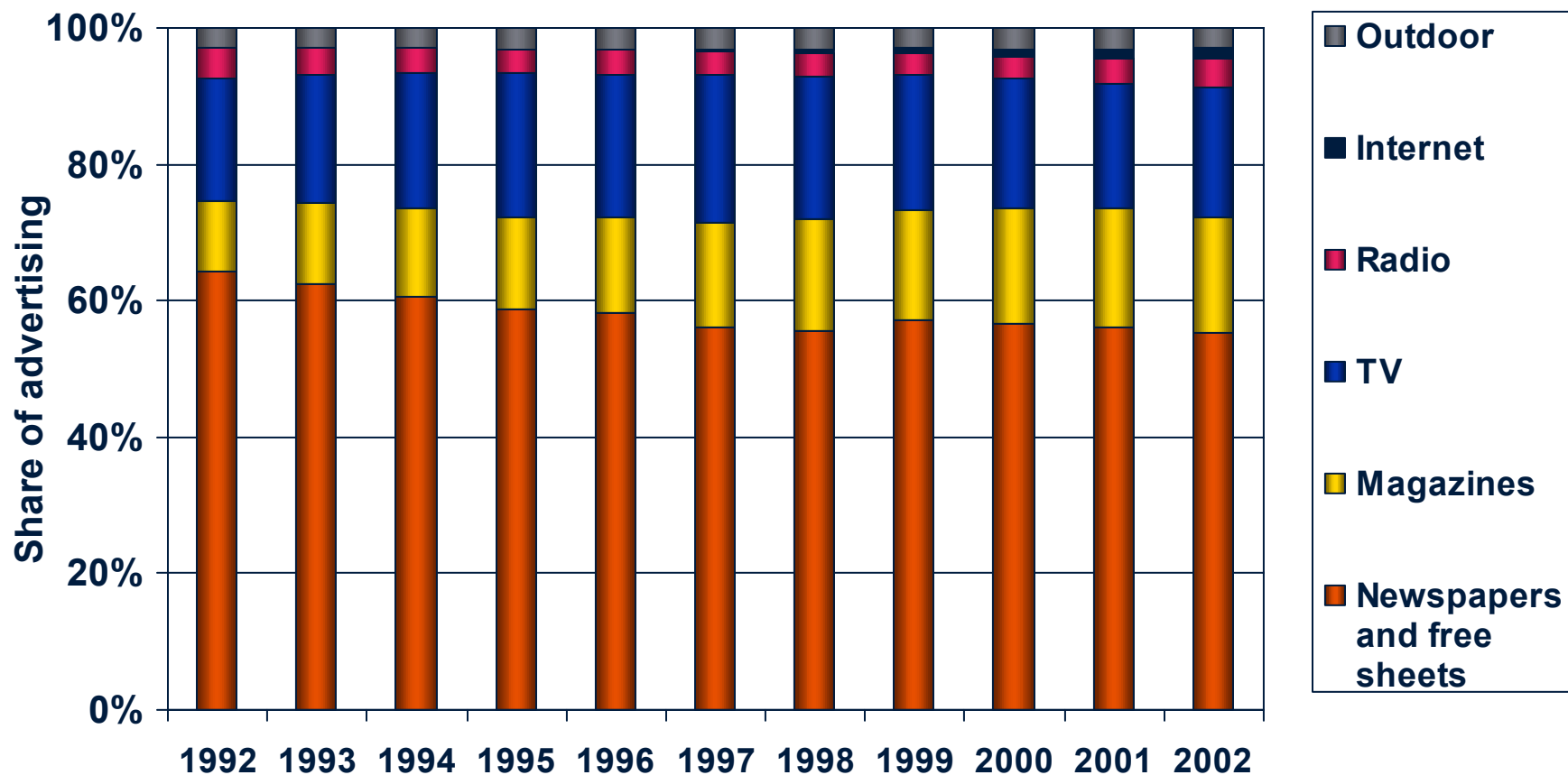


Source: TNS
Gallup Adex

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Advertising expenditure per media

Development per media 1992–2002, Finland



Source:
Suomen
Gallup
Group Oy

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Consolidation development continues

Trends in media business

- Increase in overall time spent on communications as free time increases
- Cross-border and cross-media consolidation
- Vertical integration from content producing/packaging to e.g. digital distribution (offering e.g. eLearning and eCommerce environments and broadband access services)
- Free content (internet, free sheets, television, custom publishing)
- Fragmenting media field, consumers moving quickly and easily between mediums (e.g. from TV to internet and mobile services)
- Printed media: shorter product life cycles, growth of inserts and mixed offerings (e.g. special magazines)
- Strongest media brands extended to other media's as well as outside media field (e.g. Magazine brand extensions, IS Sport News on Nelonen)

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Our strategies

SanomaWSOY's strategic cornerstones

- Multi-media business portfolio in Finland
 - Focused approach in international growth: (small and) mid-sized language areas
 - Leading position
 - Focus on profitable growth
 - Emphasis on strong cash flow
 - Active shareholder strategy
-
- Five divisions each focusing on their core competences

Sanoma Magazines

- Establish no. 1 position in all Sanoma Magazines' existing markets by 2006
- Grow magazine sales* by 2–3% per annum autonomously (on average)
- Achieve average 9% EBIT-margin** in existing magazine business*
- Execute around 10–20 successful launches over the next 3 years in Sanoma Magazines' existing countries
- Enter 2–3 new geographies with the potential of achieving a market leading position in the foreseeable future
- Seize opportunities for larger acquisitions (\leq some € 100 million)

* Excluding Aldipress and RCV

** Current EBIT definition incl. the share of result of associated companies

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Sanoma

- Improve profitability by renewing and reorganising operating models and organisation
- Grow and expand as content producer and commercialiser in Finland achieved
 - by developing existing and new products and, especially, models for multichannel publishing
 - by widening markets: free sheets
 - by mergers and acquisitions
- Active approach in own main market areas
- Define the approach on internationalisation

WSOY

- Achieve growth by expanding traditional business areas both internationally (e.g. learning) and into new products (e.g. business training, eLearning)
- Educational materials key focus area
- Maintain market leadership in core businesses and to improve profitability (EBIT 12%)
- Increase operational efficiency through quality of leadership, HR development and IT-systems
- Further balance business portfolio through divesting non-core assets and/or consolidation

SWelcom

- Growth in net sales is achieved through strong organic growth in the existing core businesses: TV advertising, cable TV services and broadband internet
- Operating profit will continue to improve due to high margin of net sales
- Digital terrestrial and cable television as well as new communications technology offer possibilities for new services and additional growth
- Leading market position in cable and consumer broadband services in the Helsinki area
- Strong challenger position in commercial TV; the initial market share target of 30% to be reviewed

Rautakirja

- Increase the share of international activities in the emerging Central European market and Russia
- Maintain the best profitability level in its business category
- Seek strong expansion through organic growth (3–4% per annum) and acquisitions
- Maintain leading chain concepts by focusing in customer needs and expectations
- Make determined use of new distribution channels by utilizing the development of technology
- Divest non-core assets
- Foster an open, innovative and dynamic organizational atmosphere

Strategic objectives

Focus on growth, cash generation and being #1

Growth

- To internationalise 1–2 additional businesses step by step.
- To develop profitable new products and services; including those that can be successfully expanded cross-media or internationally.

Market leadership

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

Cash flow

- To increase the profitability of our present businesses and improve efficiency
- To divest non-core assets and businesses.

Business practises

- To build a balanced business and market portfolio, that ensures sustainable growth and profitability.
- To continuously promote best management practices.

Our focus in 2005–2007

Group's outlook for 2004

- After adjustment for changes in Group structure, SanomaWSOY's net sales are expected to increase in 2004 by at least as much as in the first quarter.
 - Comparable profitability is expected to improve markedly provided that the advertising market will not weaken significantly compared to previous year.
 - In 2003, operating profit included some EUR 43 million of non-recurring gains on the sales of assets. In 2004, the non-recurring gains on the sales of assets may remain below that.
- ➔ SanomaWSOY will start to report according to IFRS standards **in the beginning of 2005**. This will improve the Group's operating profit significantly.

Focus areas in 2005–2007 1/2

- Growth
 - Utilising opportunities in both mature and new businesses
 - Truly new products and services that respond to customers needs
 - Utilising opportunities and minimizing threats of digitalisation, internet and new technology development
- Market leadership
 - Continuously a cornerstone of the Group's strategy
 - Leveraging the leading position is the key

Focus areas in 2005–2007 2/2

- Cash flow
 - Divesting non-core assets and businesses
 - Critical in investments
- Business practises
 - Sense of urgency in new product and service development
 - Continuous improvement of processes
 - Developing, using and sharing best management practises

The Leading Media Company in Our Chosen Markets

Our vision

Our aim is to be the leading media company in our chosen markets by offering

- the most wanted and valued products and services and
- the best level of sustainable profitability and growth.



SanomaWSOY
– Committed to the future

www.sanomawsoy.fi