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The Report of the Board of Directors, detailed financial statements, and associated material have been published separately. The Financial Statements can be ordered from Investor Relations & Group Communications via email ([konsernivistinta@sanomawsoy.fi](mailto:konsernivistinta@sanomawsoy.fi)) or phone, on +358 105 19 5062; and can be consulted at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).

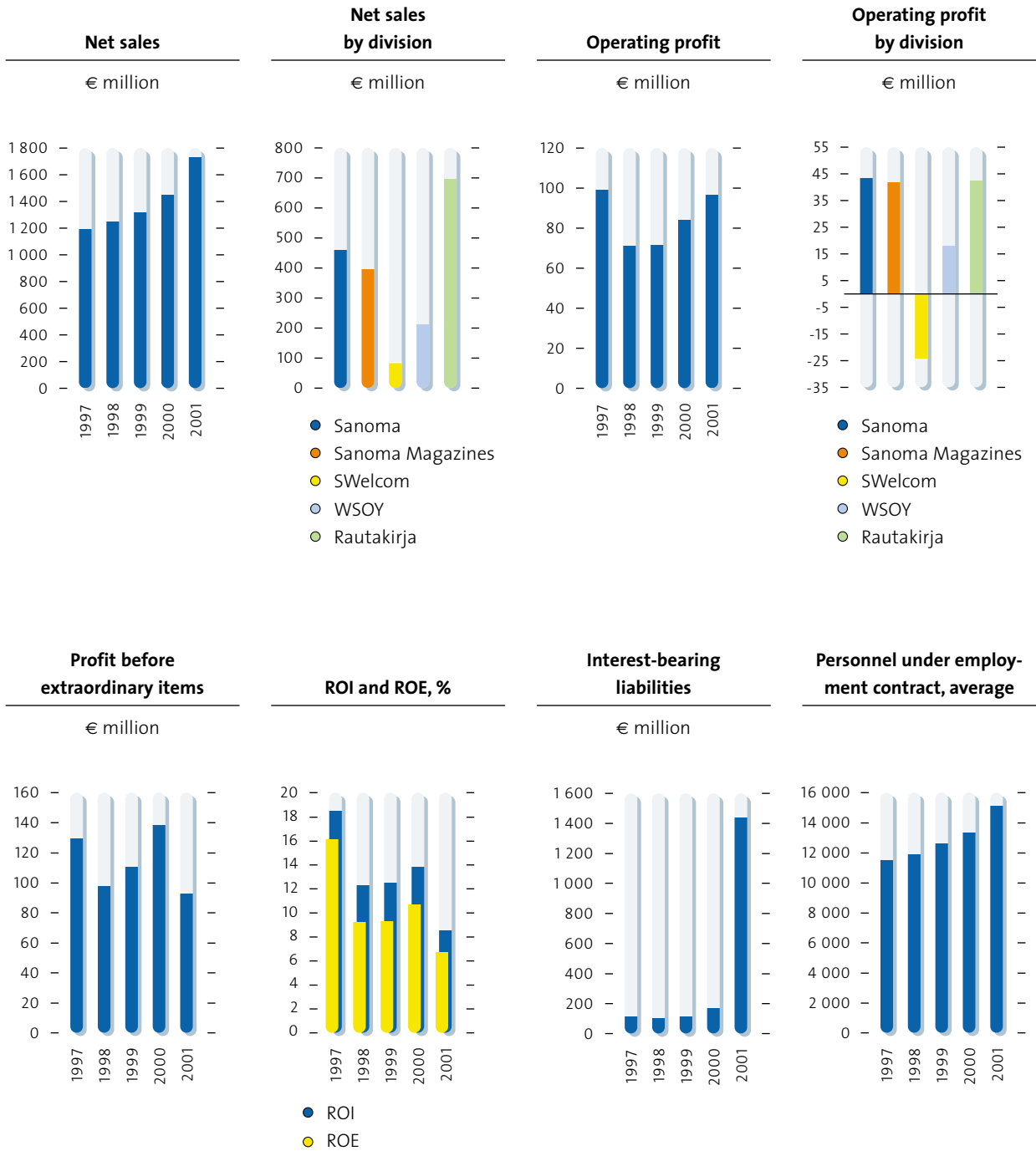
# Committed to the future

We have a long, rich, and varied history in the media stretching back well over a hundred years. Drawing on this tradition, we want to build an even stronger future, as one of Europe's leading media companies.

We will do this through a balanced portfolio, being a leader in selected markets and business areas, growing our international presence, and focusing on profitability.

Our vision underpinning this commitment is driven by three values: creativity, reliability, and dynamism. Creativity, we believe, lies at the heart of all successful communications; reliability is essential to winning people's trust and confidence; while dynamism is what drives our success. Together, these values are central to achieving sustainable profitability and growth.

# Key figures



<b>KEY INDICATORS, € million</b>	<b>31.12.2001</b>	<b>31.12.2000</b>	<b>31.12.1999</b>	<b>31.12.1998</b>	<b>31.12.1997</b>
Net sales	1 730.0	1 447.8	1 320.6	1 251.7	1 190.3
Operating profit	96.5	84.0	71.7	71.2	99.2
% of net sales	5.6	5.8	5.4	5.7	8.3
Operating profit before goodwill amortisation	130.2	103.1			
% of net sales	7.5	7.1			
Profit before extraordinary items	92.5	138.3	110.4	97.7	129.5
% of net sales	5.3	9.5	8.4	7.8	10.9
Profit after extraordinary items	92.5	140.3	110.7	211.2	164.5
% of net sales	5.3	9.7	8.4	16.9	13.8
Profit for the year	47.8	94.2	74.0	169.0	125.5
% of net sales	2.8	6.5	5.6	13.5	10.5
Balance sheet total	3 053.1	1 439.3	1 323.1	1 239.6	1 088.7
Gross investments	1 473.9	168.4	279.7	148.7	157.3
% of net sales	85.2	11.6	21.2	11.9	13.2
Return on equity, % (ROE)	6.7	10.7	9.3	9.2	16.1
Return on investment, % (ROI)	8.5	13.8	12.5	12.3	18.5
Equity ratio, %	31.6	67.4	70.2	69.5	63.9
Equity ratio, % *)	38.6	67.9	71.0	69.6	63.9
Gearing, %	114.7	-16.0	-23.1	-40.2	-19.0
Gearing, % *)	75.7	-16.6	-24.0	-40.3	-19.0
Financial cost of liabilities	31.3	7.4	8.4	6.5	6.8
Interest-bearing liabilities	1 439.7	167.4	114.4	102.1	111.9
Interest-free liabilities	678.7	336.4	313.3	313.3	314.9
Securities, cash and bank	367.9	316.9	321.2	433.1	237.6
Personnel under employment contract, average	15 129	13 364	12 629	11 900	11 494
Personnel, average (full-time equivalents)	12 077	10 350	9 816	9 329	9 786
<b>SHARE-RELATED INDICATORS AND SHARE CAPITAL</b>	<b>31.12.2001</b>	<b>31.12.2000</b>	<b>31.12.1999</b>	<b>31.12.1998</b>	<b>31.12.1997</b>
Earnings/share, € **)	0.35	0.67	0.53	0.47	0.66
Cash flow/share, € **)	1.26	1.24	0.89		
Equity/share, € **)	5.87	5.95	5.68	5.32	4.25
Dividend/share, € **) ***)	0.51	0.47	0.45		
Dividend/result, % **)	147.5	69.9	84.9		
Market capitalisation, € million	1 510.4	1 964.6	1 767.4		
Effective dividend yield, %, Series A	4.3	3.1	3.5		
Effective dividend yield, %, Series B	4.8	3.4	3.5		
P/E ratio, Series A	34.7	22.6	24.2		
P/E ratio, Series B	31.0	20.8	23.9		
Number of shares at Dec. 31, Series A	23 220 492	23 220 492	6 001 895		
Number of shares at Dec. 31, Series B	122 301 104	122 301 104	30 378 504		
Number of shares at Dec. 31, with diluting effect, Series B	134 871 814				
Average number of shares, Series A	23 220 492	23 220 492	6 001 895		
Average number of shares, Series B	122 301 104	122 301 104	30 378 504		
Average number of shares with diluting effect, Series B	126 502 821				
Lowest share price, Series A **)	10.00	13.00	11.25		
Lowest share price, Series B **)	9.60	12.28	10.50		
Highest share price, Series A **)	16.50	24.37	18.50		
Highest share price, Series B **)	15.00	23.75	17.25		
Average share price, Series A **)	12.48	17.95	16.32		
Average share price, Series B **)	12.02	16.46	13.15		
Share price, Dec. 31, Series A **)	12.00	15.20	12.90		
Share price, Dec. 31, Series B **)	10.70	14.00	12.75		
Trading volume, Series A **)	108 832	263 549	413 056		
% of share capital	0.5	1.1	1.7		
Trading volume, Series B **)	3 625 765	6 209 129	6 439 504		
% of share capital	3.0	5.1	5.3		

\*) Capital notes included in equity • \*\*) The figures for 1997-2000 have been converted to take account of the four-for-one split on May 10, 2000.

\*\*\*) Proposal of the Board of Directors.

Figures for 1997-1999 are pro forma. • The company has two share series, Series A (20 votes) and Series B (1 vote). As of December 31, 2001, SanomaWSOY owned 7,187,276 Series B shares through its subsidiary, Tiikerijakelu Oy.

# Financial review

The structure, size, and international dimension of SanomaWSOY's operations changed significantly during 2001, following the Group's acquisition of VNU's consumer magazines business. The Group's magazines division, Sanoma Magazines, is now SanomaWSOY's largest division. The year was also characterised by a slow-down in economic growth and a decline in the advertising market.

## Net sales

SanomaWSOY's net sales rose by 19.5%, to EUR 1,730 million (1,447.8 million), mainly driven by the new magazines business that became part of the Group on October 1, 2001. Net sales during the last quarter of the businesses acquired from VNU totalled EUR 228.9 million. Comparable growth totalled 1.1%. All of the Group's divisions recorded higher net sales. The largest growth was seen in SWelcom (8.1%) and Rautakirja (8.0%). WSOY's net sales rose 3.7%, Sanoma Magazines Finland's (prev. Helsinki Media) by 3.4%, and Sanoma's by 0.2%. 79.1% of the Group's net sales originated in Finland, 15.2% in other EU countries, and 5.7% in other countries.

## Performance

The Group's operating profit increased by 14.9% to EUR 96.5 million (84.0 million). The Group's comparable operating profit, excluding the businesses acquired from VNU, was 13.8% down on 2000, at EUR 72.4 million. This was influenced by lower advertising revenue at Sanoma and an increased loss at SWelcom. Rautakirja's and Sanoma Magazines Finland's operating profit both improved. WSOY's operating profit came in at the same level as in 2000. The Group's EBITA totalled EUR 130.2 million (EUR 103.1 million).

SanomaWSOY's profit before extraordinary items was 33.1% down on 2000, at EUR 92.5 million (138.3 million), as a result of lower net financial income. The latter was exceptionally high in 2000 as the result of the sale of a large number of technology shares held as part of the asset management portfolio at the beginning of the year. The Group's interest payments also rose significantly during 2001, as a result of loans contracted to fund the purchase of VNU's consumer magazines.

## Investments

SanomaWSOY's gross investments totalled EUR 1,473.9 million (168.4 million) in 2001. This sharp increase resulted from the Group's acquisition of VNU's consumer magazines. Other large investments were the increase in ownership in Infosto to 100%, printing plant investments at Sanoma, and the refurbishment of the Ludviginkatu premises in Helsinki.

## CIG acquisition and related financing

Under an agreement signed between SanomaWSOY and the Dutch media company, VNU, in July, SanomaWSOY agreed to acquire VNU's Consumer Information Group (CIG) for an enterprise value of EUR 1,250 million. The transaction was closed, as planned, on October 1. The purchase price generated goodwill of EUR 1,168 million.

The acquisition cost, including consulting fees, was EUR 1,251 million, which has yet to be confirmed under the terms of the sale and purchase agreement. Total goodwill was EUR 1,181 million, which will be amortised over 20 years. The acquired companies have been consolidated in SanomaWSOY's figures since the beginning of October, observing the principle of prudence. Various adjustments and balance sheet provisions (incl. write-downs on new media holdings) have been made against the results of these companies prior to the transaction date; these have not yet been accepted by the vendor in their entirety. The principle followed by SanomaWSOY means that the amount of goodwill and annual amortisation could change after the final approval of the sale and purchase agreement.

Following the acquisition, SanomaWSOY created a new magazines division known as Sanoma Magazines, bringing together CIG's businesses and those of Helsinki Media and headquartered in Amsterdam. Theo Bouwman, who had been responsible for CIG on VNU's Executive Board, was appointed President of Sanoma Magazines and Managing Director of the Dutch parent company and a member of SanomaWSOY's Management Group. Eija Ailasmaa was appointed Executive Vice President.

The CIG acquisition was financed by senior bank loans of some EUR 1 billion and a EUR 200 million convertible capital notes issue, which was listed on the Helsinki Exchanges' Main List on September 6, 2001. The issue price was 99% and a fixed annual interest of 5.25% is payable on the notes. The notes can be converted into a maximum of 12,570,710 SanomaWSOY Series B shares.

## Balance sheet and financial position

SanomaWSOY's consolidated balance sheet increased to EUR 3,053.1 million (1,439.3 million). The Group's shareholders' equity, excluding capital notes, totalled EUR 812.4 million (822.6 million), or EUR 5.87 (5.95) a share. The Group's equity ratio was 38.6% (67.9%); capital notes had a positive impact of seven percentage points.

SanomaWSOY's financing position changed significantly following the CIG acquisition. The book value of financial assets in the form of securities, cash, and bank totalled

EUR 367.9 million (316.9 million), and their market value EUR 421.8 million (392.8 million). Interest-bearing liabilities increased to EUR 1,439.7 million (167.4 million).

Net financial income in 2001 totalled EUR -4.0 million. Financial revenue totalled EUR 42.9 million, and financial expenses totalled EUR 46.9 million. Financial revenue principally derived from realised capital gains on sales of shares and dividends. Financial expenses were primarily unrealised write-downs on the value of shares (EUR 12.8 million) and increased interest expenses linked to the CIG acquisition (EUR 29.7 million).

#### Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one third of the consolidated profit for the financial year in the form of a dividend.

The dividend payable between 1999 and 2001 is linked to the shareholder agreement made at the time of the merger, under which dividends will be at least EUR 0.88 (0.22 following the four-for-one share split on May 10, 2000), which corresponds to the dividend level offered by WSOY in 1997 increased by 10% annually. In addition, an average of EUR 0.84 per share (0.21 after the split) will be added to this during the years concerned. The Board proposes that a dividend of EUR 0.51 per share, in line with the shareholder agreement, shall be paid for 2001.

#### Outlook for 2002

Economic growth in EU countries is expected to continue to be quite modest during 2002, despite the increased consumer confidence evident at the end of 2001 and the economic improvement this points to. The December 2001 forecast issued by the Research Institute of the Finnish Economy indicates that overall output within the EU will grow by 1.4% in 2002 and overall output in Finland by 1.9%. Developments on the advertising market remain uncertain, and it is probable that the market will be weaker during the first part of the year than in 2001. An upswing in the advertising market is expected to come only in the autumn.

SanomaWSOY's operating profit and net sales are expected to improve significantly during 2002, as the net sales and operating profit generated by the businesses acquired from VNU will be included for the full year instead of only one quarter as in 2001. The Group's net sales are projected to rise to over EUR 2,400 million. If no unexpected changes take place in the economic situation, operating profit is projected to improve by around a quarter. Comparable net sales and operating profit are also expected to improve somewhat. The various cost-saving measures launched in a number of businesses during 2001 are expected to contribute to this improvement in profitability.

#### Principal shareholders as of December 31, 2001

SHAREHOLDER	% of shares	% of votes
1 Aatos Erkko, total	<b>29.44</b>	<b>28.29</b>
Aatos Erkko	21.42	21.91
Oy Asipex Ab	8.02	6.38
2 Patricia Seppälä's estate	<b>8.72</b>	<b>9.67</b>
3 Robin Langenskiöld	<b>5.29</b>	<b>4.94</b>
4 Rafaela Seppälä	<b>5.29</b>	<b>4.94</b>
5 Tiiikerijakelu Oy (treasure shares)	<b>4.94</b>	<b>1.23</b>
6 Alfred Kordelinin yleinen edistys- ja sivistysrahasto (Fund)	<b>3.45</b>	<b>6.69</b>
7 Helsingin Sanomat Centennial Foundation	<b>3.44</b>	<b>3.82</b>
8 Ilmarinen Mutual Pension Insurance Company	<b>3.08</b>	<b>3.10</b>
9 Sampo Group, total	<b>2.28</b>	<b>1.98</b>
Sampo Life Insurance Company Limited	1.38	1.35
Sampo Enterprise Insurance Company Limited	0.59	0.41
Industrial Insurance Company Ltd	0.31	0.21
10 Pohjola Group, total	<b>2.12</b>	<b>1.58</b>
Pohjola Non-life Insurance Company Ltd	1.25	1.37
Pohjola Group Insurance Company	0.88	0.22
11 Finnish Cultural Foundation	<b>1.70</b>	<b>6.41</b>
12 Foundation for Actors' Old-Age Home	<b>1.52</b>	<b>1.63</b>
13 WSOY Literature Foundation	<b>1.36</b>	<b>4.67</b>
14 Suomi Group, total	<b>1.34</b>	<b>0.33</b>
Suomi Mutual Life Insurance Company	0.65	0.16
Suomi Insurance Company	0.69	0.17
15 Finnish Literature Society	<b>0.96</b>	<b>1.09</b>
16 Päivälehti Archives Foundation	<b>0.70</b>	<b>1.29</b>
17 Lorna Aubouin	<b>0.66</b>	<b>0.45</b>
18 Alex Noyer	<b>0.66</b>	<b>0.45</b>
19 Pension Fund Polaris	<b>0.56</b>	<b>0.14</b>
20 Graphic Industry Research Foundation	<b>0.54</b>	<b>0.71</b>
<b>Total</b>	<b>78.06</b>	<b>83.41</b>
<b>Nominee registrations, total</b>	<b>0.81</b>	<b>0.40</b>

The principal shareholders are grouped according to the direct holdings of individual shareholders and the shares held by their investment companies, and stated as aggregate amounts and separately. The shareholders of companies belonging to the same group are stated both as aggregate amounts and separately.

A list of principal shareholders, updated monthly, can be found at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).

# Creativity

*Going beyond the ordinary and familiar, and realising the potential for something new, are what it means to be truly creative.*

En pitänyt sitä välttämättä merkinä Intuhavainnoista. No olivat Carlon kanssa ajaneet edestakaisin pitkän kaislikkoa, dosentti mielestä hyvin pienellä alalla. Carlo oli koko ajan tähytänyt tarkkaavaisesti ruovikkoa, mutta yhtään lintua ei ollut näkynyt. Missä vaiheessa Carlo oli sitten ampunut? Sitä Heikkilä ei oikein tiennyt. Hän oli nukahtanut tuolissaan, kun kyllä haulikonlaukauksiin, mutta torakahtanut uudestaan, kun Carlo oli kertonut, että sordia ei ollut vielä haulikon uutuuvilla. Samassa asannossa nukuessaan dosentti oli alkanut mennä niin umpijään, että ei lopulta sulanut kuin lämpimään kylpyyn upottamalla.

Jossain vaiheessa Carlo oli myös touhunnut köysien ja poljujen kanssa. Jonkin aikaa oli kuljettu tiheässä kaislikossa ja Carlo oli tuljottanut jotain punaista valoa valahtelevaa laitetta. Dosentti mielestä venje oli muistuttanut pilpparia, hakulaitetta, jollaisia oli kuulemma alkanut ilmestyä yliopistollekin, jopa historiallis-kialittiteolliseen tiedekuntaan. Heikkilä ihmetteli kuinka tekniseksi metsästyks on mennyt. Oliko sorsissa nikkarerakaita ja niissä hakusingaalaa lähettävää antureita?

Tiesin, että tutkijat kiinnostavat elukoihin radiopantoja ja muita laitteita, mutta Carlo ja Ettore olivat vaikuttaneet varsinaisilla eläintieteilijöillä. Laitte oli itsestään ollut taskunavigaattori, kalakaiku tai kertles popilla oli itselläänkin gps-koputaan kännykällä, vaikka ne olivat olleet tulevinaan minun gps-koputaan kännykäksi. Täytyihän heidänkin jollain lailla pakataan itsensä tiheässä kaislikossa. Ei siellä kukaan voi liikkua pelkän paikantamistomuksen turvin, vaikka olisi kuinka syntyperäinen menetelmä.

Olin tarkkaillut reissun aikana virtauksia ja mutarinta veden lämpötiloja ja suolapitoisuuksia eri koroissa. Tulokset olivat muuten ihmeellisiä. Pintavesi oli hyvin kylmää ja melaani



makuun. Harppauskoivun jalkaan suolapöytä. Kotona  
 riomaalisen ja lämpöä oli useita artoja korkeampi. Pinnassa  
 oli hyvin kylmä murtovesipöytä, kun oolyausta, joka ei sekoittu-  
 nut atempin vesikerroksiin. Ilmoitiin taitavani lahtea  
 Gardajärvelle tutkimaan laguunin taitavien jokien latvavesi-  
 aluetta. Heikkii loiskausti vettä lattialle. Se nousi ylös kylpyan-  
 maasta ja nätkii tulevansa mukaan. Käskin doseniin rauhon-  
 taa, ei kukaan ollut lähdössä. Gardalla yöta vasten.  
 Kylpyvedessä leijui hitusia. Olin yhden sormenpitkän ja  
 ymmärsin, että veteen oli jostain syystä jou

# SanomaWSOY – Inspiring people

## Sanoma

President, Seppo Kievari

Net sales: € 459.3 million  
Operating profit: € 43.3 million

**Newspapers**  
**Business information services**  
**Printing**

## SanomaWSOY

Chairman & CEO, Jaakko Rauramo  
President & COO, Hannu Syrjänen

Net sales: € 1 730.0 million  
Operating profit: € 96.5 million

## Sanoma Magazines

President, Theo Bouwman

Net sales: € 394.3 million  
Operating profit: € 41.7 million

**Magazines**  
**Magazine distribution**  
**Movie distribution**  
**Interactive services**



## SWelcom

President, Tapio Kallioja

Net sales: € 84.9 million  
Operating loss: € 24.5 million

**Television**  
**Broadband and cable TV**  
**Mobile and Internet services**  
**Audiovisual production services**

## Rautakirja

President, Erkki Järvinen

Net sales: € 696.5 million  
Operating profit: € 42.6 million

**Kiosks**  
**Press distribution**  
**Bookstores**  
**Cinemas**  
**Restaurants**  
**e-Business**

## WSOY

President, Jorma Kaimio

Net sales: € 211.0 million  
Operating profit: € 18.1 million

**Books and electronic publishing**  
**Calendars**  
**Printing**

*Listed on the Helsinki Exchanges since May 1999, when it was established through a combination merger of a number of long-established companies, SanomaWSOY is the leading media group in Finland and the Nordic region, with a presence in 15 countries. The Group's five divisions cover a broad field, from news and information to books, learning solutions, and entertainment.*

**Sanoma's** two main national newspapers, Helsingin Sanomat and Ilta-Sanomat, are the largest in Finland. The Sanoma Group also publishes Taloussanomat, a business daily; as well as the leading regional and local papers in South-East Finland, through its subsidiary, Kymen Lehtimedia. Infosto publishes Finland's leading free ad publication, Keltainen Pörssi. In addition, Sanoma provides news agency and customised services to corporate customers, and operates a commercial picture agency. Printing plants are based at five locations.

**Sanoma Magazines** became operational on October 1, 2001, following the merger of the operations of Helsinki Media and VNU's Consumer Information Group. Today, it is the fifth-largest magazine publisher in Europe, and publishes over 270 magazines in 10 countries: Belgium, Britain, Croatia, the Czech Republic, Finland, Hungary, The Netherlands, Romania, Slovakia, and Sweden. In five of these, Sanoma Magazines is the market leader: Belgium, the Czech Republic, Finland, Hungary, and The Netherlands.

**SWelcom** is responsible for the Group's key electronic media activities and development projects. SWelcom's television operations cover Nelonen and Helsinki Television, a cable TV company and a provider of pay TV and broadband Internet services. A wide range of services and systems for the Internet and mobile, broadband, and digital TV applications are provided by 2ndhead. SWelcom's activities also encompass a range of audiovisual production services.

**WSOY** is Finland's largest publishing house and the market leader in general literature, educational materials, and a number of specialist publications, such as multi-volume reference works. WSOY is the Nordic region's largest publisher of calendars and largest book printer, and Finland's leading digital printer. WSOY also produces maps and location information-based applications.

**Rautakirja's** R-kiosks form Finland's leading chain of convenience outlets, while Lehtipiste is the country's leading press distributor. Suomalainen Kirjakauppa operates Finland's largest chain of bookshops, and Finnkino is the Finnish market leader in cinema operations. Restaurants and online betting also feature in the group's portfolio. Rautakirja has successfully expanded its kiosk, press distribution, cinema, and bookshop operations to the Baltic countries. SanomaWSOY owns 57% of Rautakirja, which is listed on the Helsinki Exchanges.

## Committed to the future



SanomaWSOY started life as a listed company on May 1, 1999, following the completion of the merger of Sanoma Corporation, Helsinki Media Company, and WSOY. A key commitment of the new group was a strategy focused on growth, international expansion, and internal development. We set ourselves the goal of doubling our net sales by 2005 and increasing the proportion of activities accounted for by international operations to over 20%.

With the acquisition of VNU's Consumer Information Group last July, we achieved our growth target in 2001. Our pro forma net sales virtually doubled, and international operations now account for around 40% of our net sales.

At the same time, SanomaWSOY became the Nordic region's leading and largest media group. The success of the acquisition that made this possible required a major effort lasting for close on a year. The fact that this took place at a time when an economic downturn was gaining momentum increased the challenges facing management and the amount of work needed during the integration process significantly.

Our parallel commitment to internal development work has been reflected in a record investment in training.

Our historic acquisition, valued at some EUR 1.2 billion, has created Sanoma Magazines, Europe's fifth-largest magazine publisher. Sanoma Magazines is the market leader in

The Netherlands, Finland, the Czech Republic, Belgium, and Hungary; and is an active player in Britain, Slovakia, Sweden, Romania, and – most recently – Croatia.

Our larger size and presence on numerous markets across Europe following the acquisition gives SanomaWSOY a completely new springboard for its future development. Our management has gained new people with extensive international experience, and we have added some 3,700 magazine professionals to the overall SanomaWSOY team. Based on these strengths, we have developed a new strategy focused on improving our profitability, growing in areas where we are strong, and strengthening our balance sheet. A central goal of this strategy is to achieve a leading position in selected business areas and markets.

A major shift took place in our operating environment in 2001 when the European economies took a downturn. This made itself felt in advertising sales in particular. TV advertising and newspaper-based job advertising were the hardest hit; the latter is a major contributor to Helsingin Sanomat's bottom line. The impact of the downturn on our new focal area of magazines was less pronounced, as we had predicted it would be when determining our strategic direction. In Finland, the publicly funded Finnish Broadcasting Company moved to take advantage of the situation by launching a burst of powerful growth at the expense of the country's



commercial TV and radio channels, weakened by the softer economy.

The events of September 11 highlighted the importance of the media as a source of information and news at times of crisis. Print proved a good complement to electronic media, which was reflected in higher sales volumes and circulation for many newspapers and magazines. Young people's interest in print media has also risen.

The problems surrounding the development of new media technologies remained with us during 2001. It seems clear, based on last year's experience, that the Internet and mobile world does not yet offer any real business potential for media companies. This could well have a negative impact on Internet-based content development, and could see a strengthening of classic media. The launch of digital TV in Finland proved to be premature, lacking the technical and political solutions needed to make it viable. As a result, digital TV gives every appearance of becoming a problem area for media companies in the same way that the Internet already is, calling for investment funds, but incapable of offering revenue channels to recoup these investments.

From SanomaWSOY's perspective, our newly extended market reach and reoriented business structure offer very interesting growth and development opportunities, both in the fields of classic and new media. This represents a source

of inspiration and a challenge for our entire personnel to further build on our commitment to working creatively, reliably, and dynamically. The integration process that is successfully under way in our new international division is a special challenge. Our very warm thanks go to our new colleagues here for their positive spirit, goal-driven work, and high level of professionalism.

We want to develop the Group on a balanced basis, to ensure that our customers, personnel, owners, and partners – together with society as a whole – benefit from our success.

We would like to thank everyone at SanomaWSOY for their contribution to making the Group as strong and dynamic as it is today, and for enabling us to take a historic step on the European stage. The importance of good customer relationships is only highlighted during economic downturns, and we are proud of, and grateful to, our customers for standing alongside us.

Helsinki, February 27, 2002

Jaakko Rauramo  
Chairman & CEO

Hannu Syrjänen  
President & COO



# Reliability

*Being committed to reliability ensures that we can live up to our promises to our customers and partners.*



Sanoma publishes newspapers and business information in both classic and online formats, and is a major printer. Helsingin Sanomat is the largest daily in the Nordic region, while Ilta-Sanomat is Finland's largest quality

tabloid and the country's second-largest newspaper. Both papers' online editions are among Finland's most-visited Web sites.

- Printing facilities operated by Helsingin Sanomat's Printing Unit are located in Greater Helsinki, Forssa, and Varkaus. Leijonajakelu is responsible for the early morning delivery of newspapers in and around Helsinki and the national morning distribution of Helsingin Sanomat and Taloussanomat.
- Kymen Lehtimedia publishes daily papers, local papers, and free papers in South-East Finland; and provides contract printing services to customers in Finland and Russia.
- Lehtikuva offers a comprehensive range of photographs and images, mainly to customers in the media.
- Infosto is Finland's leading developer of consumer-to-consumer online marketplaces, and publishes three free ad publications, Keltainen Pörssi and Palsta in Finland, and Kuldne Börs in Estonia.
- Startel produces Taloussanomat, a financial paper, together with a range of business information and news agency services. Startel subsidiary Esmerk provides customised news analysis and summary services.

## A difficult year highlights the role of the news

### Weaker advertising market hits job advertising

The rapid downturn affecting the economy had a clear impact on the development of newspaper advertising in 2001, and job advertising in particular. Following good growth in the early part of the year, media advertising weakened during the rest of the year. Overall, newspaper advertising in Finland declined by 6.6%, and job advertising by 25%.

Sanoma's net sales remained at 2000 levels, and totalled EUR 459.3 million (458.2 million). Growth at Infosto and strong development at Ilta-Sanomat compensated for a decline in advertising sales at Helsingin Sanomat and reduced print exports at Kymen Lehtimedia. Comparable net sales were down 3% on 2000.

Operating profit declined to EUR 43.3 million (55.7 million), despite a number of internal cost-saving measures. In addition to lower advertising sales, operating profit was also impacted adversely by damages of EUR 3 million imposed by the Helsinki District Court, which are being appealed, and a significant increase in newsprint prices and higher depreciation. Pension liabilities have been covered by internal fund transfers totalling EUR 3.7 million. Associate company Rautakirja contributed EUR 7.3 million (6.1 million) to Sanoma's profit.

Investments totalled EUR 76.5 million (70.0 million). The largest single investment was the acquisition of the remainder of Infosto, making the latter a wholly owned subsidiary. Investments also included printing plant investments at Sanomala and IT projects. In February, Lehtikuva acquired a 60% holding in the photo agency, Compad Oy; while in March and August, Sanoma acquired 25.07% of St. Petersburg-based ZAO Smena, publisher of the Smena

newspaper. In October, Infosto acquired Free Ad Production Oy, publisher of the free ad paper, Palsta. In November, Kymen Lehtimedia acquired the remaining 25% of Uutisvuoksi Oy, making the company a wholly owned subsidiary.

In November, Sanoma sold a 7.27% stake in its portfolio of shares in Savon Mediat Oy to KeskiSuomalainen Oyj, reducing Sanoma's holding to 14.46%. A capital gain of EUR 2.9 million from this transaction is included in Sanoma's operating profit.

### September 11 makes front-page news in Helsingin Sanomat

Net sales at Helsingin Sanomat declined 7% to EUR 266.4 million, as a result of lower advertising revenue and lower job advertising levels in particular. Circulation revenue, in contrast, rose slightly. While job advertising accounted for 25% of Helsingin Sanomat's advertising revenue in 2000, this was cut to 15% in 2001. Despite the fall in net sales, the paper continued to strengthen its position as Finland's leading media.

A number of cost-savings programmes were launched in response to lower net sales, and these are expected to have a positive impact over the longer term. Over the short term, however, they were unable to prevent the paper's operating profit coming in clearly below the level recorded in 2000.

Helsingin Sanomat's circulation fell by somewhat over 2%, with weekday circulation running at 436,009 and Sunday circulation at 507,011. Circulation regained 2000 levels in October, and began to rise towards the end of the year. The goal in 2002 is to consolidate this positive trend.

The most important news event in 2001 for Helsingin Sanomat – and for the media the world over – was the attack on the World Trade Center in New York on September 11.



## Covering the news from the front line

☞ *"I suppose the best thing about my job is that it gives you the opportunity to see major events around the world unfold on the spot. I've been with Helsingin Sanomat's Foreign Desk since 1998, and these have been very good news years. The high point for me personally came in the autumn last year, when a feature story on Afghanistan I was already on the way to do, changing planes at Heathrow, turned into a war assignment. It's great working for a paper with the resources and the commitment to good foreign news coverage that we've got."*

**KAIUS NIEMI, JOURNALIST WITH HELSINGIN SANOMAT'S FOREIGN DESK**



Reflecting this, the paper's editors were given the go-ahead to break with tradition the following day and replace the advertisements on the front page with news coverage. The paper's online edition registered a peak of 200,000 unique weekly visitors. The coverage given to the events highlighted the continued strength of newspapers, and further reinforced Helsingin Sanomat's position as Finland's number-one print media.

Work on developing Helsingin Sanomat's electronic edition progressed. The paper's online news service celebrated its fifth anniversary, and nyt.fi, an online version of the print paper's Friday supplement, was launched in the autumn. Cost-saving measures saw staff numbers responsible for electronic services reduced by 50% towards the end of the year. In December, a revamped Oikotie online classified advertisements service was launched; the aim is to make Oikotie Finland's leading online service of its type.

Helsingin Sanomat's net sales in 2002 are projected to remain at 2001 levels. Developments in job advertising in the early part of the year in particular will probably continue to be soft. As the overall advertising situation improves, however, advertising sales are expected to return to normal growth patterns. Thanks to cost-saving measures, Helsingin Sanomat's performance is expected to improve clearly.

### **Printing plant investment on track**

Helsingin Sanomat's Printing Unit operated as a separate entity for its first full year in 2001, and recorded net sales of EUR 115.5 million. The postal despatch section of the new print plant project at Sanomala was completed and commissioned. Printing plant modernisation is due to be completed in its entirety in 2003. Overall printing plant investments total some EUR 120 million. These cover an expansion of press capacity at Forssa, extending postal and folder units at Varkaus, and two new printing machines and ancillary equipment at Sanomala, together with an interim postal and insert storage facility, and a new building.

Leijonajakelu recorded net sales of EUR 66.7 million (67.1 million). The company's largest challenges during the year were a new tariff system and restructuring the distribution network in Greater Helsinki. Problems with labour availability were also a challenge.

Celebrating its fiftieth year of operations, Lehtikuva recorded net sales of EUR 7.2 million (6.9 million). In February, the company acquired 60% of Compad Oy, the Finnish market leader in royalty-free images.

### **A record result at Ilta-Sanomat**

Ilta-Sanomat's net sales rose by 12% over 2000, to EUR 75.6 million (67.7 million), despite lower advertising sales resulting from the paper's decision to stop publishing certain types of telephone service advertisements. The paper's other advertising sales remained at 2000 levels, despite the decline affecting the media market overall.

The paper's operating profit improved, as a result of good circulation development, a higher cover price, and improved cost control. Ilta-Sanomat had a 61.7% share of the quality tabloid market.

The news-rich nature of the year was reflected in good demand for Ilta-Sanomat. News stand volumes rose by 2.4%; sales of the weekend edition rose particularly well. The most important content-related developments were the creation of a revamped weekend supplement and the expansion of the paper's sports pages into a separate daily section.

Ilta-Sanomat's net sales in 2002 are projected to grow slightly, and the paper's profitability to continue to improve.

### **Lower print exports hold back Kymen Lehtimedia**

Kymen Lehtimedia's net sales declined to EUR 57.6 million (62.9 million), mainly as a result of a reduction in print exports to Russia following the introduction of significantly lower prices by local Russian printers. Advertising sales remained at 2000 levels. Circulation revenue rose slightly, as a result of higher cover prices. Kymen Lehtimedia's



A revamped Oikotie online classified advertisement service was launched in December. Oikotie aims to become Finland's leading service of its type.

operating profit remained good, although below 2000's, despite the introduction of cost-saving measures.

The circulation of Kymen Lehtimedia's dailies continued to fall, as a result of the continued relatively high level of unemployment in South-East Finland and population shifts to other parts of the country. No major changes took place in reader numbers, however.

In addition to good profitability, Kymen Lehtimedia will be targeting halting the decline in circulation at both Kouvolan Sanomat and Kymen Sanomat in 2002, with the help of content revamps introduced at the beginning of the year. Net sales and operating profit are projected to decline, as a result of reduced exports to Russia. The importance of the latter market to Kymen Lehtimedia is expected to continue to decline significantly.

#### Infosto improves its profitability

Infosto retained its strong position on the Finnish advertising paper market in 2001. Net sales totalled EUR 16.9 million. Despite the weak media advertising market, advertising revenue at Keltainen Pörssi rose. Circulation revenue remained at 2000 levels.

Profitability also improved. Operations during the year were focused on developing consumer-to-consumer services and products, and non-core online services were eliminated. Online sales of new goods were ended in the spring, and holdings in Iso Elmo Oy and Smartit Finland Oy sold. At the end of the year, Infosto acquired Free Ad Production Oy, publisher of Palsta.

During 2002, Infosto will focus on improving profitability and developing and marketing targeted advertising services and products in its core business areas.

#### Higher circulation at Taloussanomat

Net sales at Startel rose to EUR 19.7 million (18.9 million), driven by growth at Taloussanomat and Esmerk. Increased net sales and capital gains contributed to a smaller operating loss. Although one-off expenses were booked against operating profit in 2000, Startel recorded an operating loss in 2001. Negotiations with personnel were started in January 2002 with the aim of finding solutions to improve the situation.

Advertising revenue at Taloussanomat rose overall, but this growth came to a halt in the second half, as a result of the general softening of economic prospects. Circulation rose by 24%, and the paper secured an approximately 33% share of the business daily market. The weekly edition recorded a circulation of 31,192, while the Saturday edition had a circulation of 40,019. Printing of the paper in Varkaus, in addition to Sanomala, began in September. The paper took over production of Nelonen's business news at the beginning of 2002.

Net sales at the Startel News Agency remained at 2000 levels, as a result of poor economic prospects. Competition on the news agency market intensified with the growth in the range of electronically delivered news available.

Operations at the Esmerk Group were refocused during 2001 on larger units, and it was decided to close five small country offices. The company's aim remains to grow strongly in Central Europe in particular.

Startel's net sales are projected to rise in 2002, particularly as a result of a growth in advertising and circulation revenue at Taloussanomat. Profitability is expected to improve significantly, although an operating loss is still projected, as a result of ongoing development expenditure.



#### Aiming for profitability

President Seppo Kievari: "2001 was a mixed year for us at Sanoma. The advertising market developed well in the early part of the year, but economic growth and media advertising growth began to slow in the spring. Newspaper advertising sales fell off as economic prospects moved down in the autumn; job advertising reacted particularly negatively. This development was seen in advertising sales across all our papers: Helsingin Sanomat, Ilta-Sanomat, Taloussanomat, and Kymen Lehtimedia's titles.

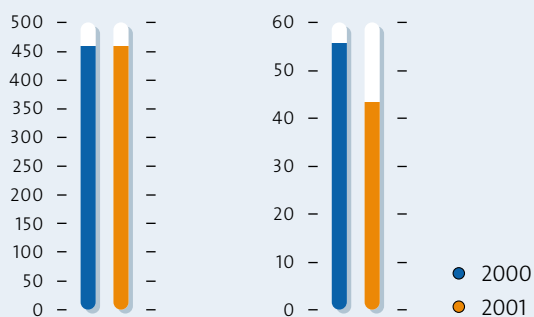
In terms of news, 2001 was a dramatic year, and world events saw circulation improve at Ilta-Sanomat in particular. Helsingin Sanomat's circulation also reached 2000's good level towards the end of the year, although circulation performance for the full year was down on 2000. We also received new data at the end of the year that young people are beginning to rediscover newspapers. Altogether, it reaffirms our faith that newspapers will continue to do well in the competitive media marketplace.

The prospects for 2002 are uncertain, and it seems probable that, in terms of advertising performance, we will not reach the good level seen in early 2001 during the first few months of the year. We expect the market to turn for the better in the autumn. We at Sanoma will have to adapt to this situation. Our main goal for the year will be to improve profitability. This is a challenge, as there are no simple solutions for better profitability. It will mean keeping costs in check and streamlining structures.

We project that Sanoma's net sales during 2002 will come in at 2001 levels, while our operating profit performance should improve, thanks to our cost-cutting efforts."

KEY INDICATORS, € million			OPERATIONAL INDICATORS		
	31.12.2001	31.12.2000		2001	2000
Net sales	<b>459.3</b>	458.2	<b>Helsingin Sanomat</b>		
Operating profit	<b>43.3</b>	55.7	Weekday circulation, copies *)	<b>436 009</b>	446 972
% of net sales	<b>9.4</b>	12.2	Sunday circulation, copies *)	<b>507 011</b>	517 860
Operating profit before goodwill amortisation	<b>49.4</b>	61.2	Advertising volume (column metres)	<b>46 165</b>	49 868
% of net sales	<b>10.8</b>	13.3	<b>Ilta-Sanomat</b>		
Operating profit excl. associated companies	<b>35.1</b>	49.9	Circulation, copies *)	<b>218 829</b>	214 610
% of net sales	<b>7.6</b>	10.9	Advertising volume (column metres)	<b>6 853</b>	6 916
Balance sheet total	<b>490.7</b>	465.1	<b>Taloussanomat</b>		
Gross investments	<b>76.5</b>	70.0	Circulation, copies *)	<b>31 192</b>	25 162
Return on investment, % (ROI)	<b>12.8</b>	17.5	Advertising volume (column metres)	<b>4 378</b>	4 412
Personnel under employment contract, average	<b>4 929</b>	4 704	<b>Other daily papers</b>		
Personnel, average (full-time equivalents)	<b>3 563</b>	3 396	Total circulation, copies	<b>90 806</b>	91 801
			Advertising volume (column metres)	<b>21 937</b>	21 328
			<b>Local newspapers</b>		
			Total circulation, copies	<b>33 563</b>	33 446
			Advertising volume (column metres)	<b>8 760</b>	7 229
			<b>Paper consumption, tonnes</b>	<b>108 992</b>	119 007

#### NET SALES AND OPERATING PROFIT, € million



\*) Audited circulation figures.

#### SUBSIDIARIES

- Infosto Oy
- Free Ad Production Oy
- Kymen Lehtimedia Oy
- Baltic Media Oy (89%)
- Etelä-Karjalan Jakelu Oy
- Etelä-Saimaan
- Sanomalehti Oy
- Kymen Sanomalehti Oy
- Kymen Viestintä Oy
- Lehtikanta Oy
- Saimaan Lehtipaino Oy
- Uutisuoksi Oy
- Lehtikuva Oy
- Compad Oy (60%)
- Leijonajakelu Oy
- Startel Oy (90%)
- Esmerk Group

#### ASSOCIATED COMPANIES

- Janton Oyj (21.37%)
- NetWheels Oy (20.06%)
- Rautakirja Oyj (22.94%)
- Suomen Tietotoimisto Oy (22.14%)
- ZAO Smena (25.07%)
- Anjalankosken Painotalo Oy (48.2%)
- Maakuntien Viestintä Oy (45.97%)
- Ecovision AB (33.39%)

#### SANOMA'S MANAGEMENT GROUP

- **Seppo Kievari**, President and CEO
- **Martti Ojares**, Executive Vice President; CEO and President, Startel Oy
- **Veli-Pekka Elonen**, Vice President, Legal Affairs, Vice President, Administration (acting)
- **Pekka Harju**, Vice President, Marketing, Ilta-Sanomat
- **Antti Kivimaa**, Vice President, Development
- **Eija Rinta**, Group Controller
- **Pekka Soini**, Vice President, Marketing, Helsingin Sanomat

○ Sanoma Magazines became operational on October 1, 2001 following the merger of the operations of VNU's Consumer Information Group (CIG) with those of Helsinki Media. • Sanoma Magazines is Europe's fifth-largest maga-

zine publisher, with some 270 titles in 10 countries. Sanoma Magazines is the market leader in Belgium, the Czech Republic, The Netherlands, Finland, and Hungary; and is present in Britain, Croatia, Romania, Slovakia, and Sweden. Sanoma Magazines' titles cover readers from pre-school children to senior citizens. Sanoma Magazines' head office is located in Amsterdam. • The Netherlands is Sanoma Magazines' largest market. Sanoma Uitgevers publishes 50 core titles and 70 puzzle and special interest titles. These include SanomaWSOY's largest magazine, the women's weekly, *Libelle*, with a circulation of some 625,000. Sanoma Magazines also owns The Netherlands' leading press distribution company, Aldipress. Multimedia activities are coordinated by Ilse Media (ownership 58.7%), which operates the country's number-one portal, [www.startpagina.nl](http://www.startpagina.nl) and number-one search engine, [www.ilse.nl](http://www.ilse.nl). • Finland is Sanoma Magazines' second-largest market. With over 40 titles, Sanoma Magazines Finland is the market leader in women's magazines, children's and juvenile magazines, IT titles, and custom publishing. *Aku Ankka* (Donald Duck) has been published since 1951 and is the country's most popular weekly. • Sanoma Magazines Belgium (Mediaxis) publishes 20 titles in Belgium, and is particularly strong in women's magazines and TV titles, one of which, *Humo*, is its largest magazine. • Activities in other countries come under the umbrella of Sanoma Magazines International. Sanoma Magazines International publishes 24 consumer titles in Hungary and 15 business titles and 16 consumer magazines in the Czech Republic and Slovakia.

## A European player in magazines

### Over 220 new magazines added to the portfolio

The year was dominated by the transformation of SanomaWSOY's magazines business into Europe's fifth-largest magazine publisher and the leader in five markets. This followed the acquisition of VNU's Consumer Information Group (CIG) and over 220 titles based in seven national markets for an enterprise value price-based sum of EUR 1,250 million. An agreement was signed in July and the deal was closed on October 1, since when CIG figures have been consolidated with those of SanomaWSOY.

The businesses of CIG and Helsinki Media were combined as of the same date and renamed Sanoma Magazines. The division has five business areas. Sanoma Uitgevers covers magazine publishing, new media activities, and film distribution in the Dutch market, where magazine retail distribution is handled by Aldipress. Sanoma Magazines Belgium (Mediaxis) covers the Flemish and French markets in Belgium. Sanoma Magazines Finland, previously known as Helsinki Media, covers the Finnish and Swedish markets; and Sanoma Magazines International covers the British, Croatian, Czech, Hungarian, Romanian, and Slovak markets.

Net sales during 2001, when the businesses acquired from VNU were consolidated only from the fourth quarter onwards, totalled EUR 394.3 million; operating profit totalled EUR 41.7 million. The division's EBITA totalled EUR 59.9 million. Sanoma Magazines' pro forma net sales for the full year rose slightly, to EUR 986.2 million.

SanomaWSOY's year-end statement for 2001 includes Sanoma Magazines Finland's figures for the full year, and those for the businesses acquired from VNU for the last quarter. Other figures given are pro forma.

### Increased market share in Finland

Net sales at Sanoma Magazines Finland totalled EUR 165.4 million, an increase of 3% (EUR 159.8 million). Circulation revenue rose by 4%. Advertising revenue grew by 3% on a market that saw magazine advertising as whole fall by 3%. Book sales were down somewhat compared to 2000.

Operating profit increased substantially, to EUR 17.6 million (10.2 million), driven by buoyant publishing performance, a good result at associated company, Hansaprint, and lower depreciation. EBITA was EUR 18.1 million (13.5 million).

Investments totalled EUR 6.1 million (4.2 million), and were focused on the acquisition of Stellatum's public sector directories in March and of a 60% stake in Suomen Rakennuslehti Oy, the publisher of Finland's leading construction title, in July.

Sanoma Magazines Finland's market share of total circulation volumes has continued to grow. Audited combined circulation rose by 5.2% to over 2 million, a record. Good growth was recorded, particularly at *Aku Ankka* (Donald Duck), *Hyvä Terveys*, *ET-lehti*, *Mikrobitti*, and *ITviikko*. The spring 2001 National Readership Survey recorded an increase of 4.5% in the readership of the company's titles, to 6.8 million.

On the advertising market, Sanoma Magazines Finland emerged as the market leader in 2001, with a share of 20%, up 2 percentage points. While IT magazine advertising was down in absolute terms, as a result of the depressed economy, Sanoma Magazines Finland was able to increase its share of this market by 8 percentage points. Advertising growth in women's and family titles was healthy, especially at *Kodin Kuvalehti*, *Cosmopolitan*, and *Aku Ankka*.

## Quality counts

☞ *“I’ve been a Disney fan since I was a kid, and have been with Aku Ankka for over 31 years; I wouldn’t swap this job for anything. Of course, things have changed a lot over the years, but what hasn’t changed is our commitment to our readers. Producing Finland’s biggest circulation weekly that’s read by 1.2 million kids and adults puts an obligation on us to deliver quality. Good dialogue is everything for me with Aku Ankka, and I’m particularly proud of the award we received from the University of Helsinki last year for our creative and inventive use of Finnish.”*

**MARKKU KIVEKÄS, EDITOR-IN-CHIEF, AKU ANKKA (DONALD DUCK)**



### Improved profitability at magazines and comics

Following internal restructuring in April, consumer titles are now concentrated in the Magazines Unit, which performed well in terms of both net sales and profit during 2001. News stand sales at Kodin Kuvalehti, revamped in March, moved up over 30%, and the magazine is now the sixth-largest title on the advertising market and the leading women’s title in Finland. ET-lehti continued to strengthen its position in the 50+ segment, while recent launches, Cosmopolitan, Glorian Koti, and GTi Magazine, also further consolidated their position.

Publication of the men’s lifestyle magazine, MG, launched in 1998, was terminated because of poor demand. The pets magazine, Lemmikit&Eläinmaailma, and the skiing title, Skimbaaja, were transferred to Egmont Kustannus, a joint venture.

Business and IT titles were concentrated in the Business Media Unit in April. The unit broadened its portfolio with the acquisition of a 60% holding in Suomen Rakennuslehti Oy, and public sector directories through the purchase of Stellatum’s titles. The latter will complement Blue Book products, while the weekly construction title will strengthen Sanoma Magazines’ overall position in trade publications.

WebSalesLeads, an online version of business contacts and address resource, SalesLeads, was launched; and the new Pelit magazine, bringing together two previous titles, was launched, which strengthened its position as the largest computer games title in Finland.

Despite the impact of the recession on IT titles, Sanoma Magazines Finland was able to grow its presence in this area and now has a 60% market share, mainly thanks to the continued strength of ITviikko and Mikrobitti.

Sales and profitability both improved at the Juvenile Publishing Unit, where comics were the single best performers. Circulation and advertising revenue both rose at Aku

Ankka, which celebrated 50 years of publication in Finland and is Finland’s most widely read weekly.

Book sales, in contrast, proved weaker, largely as a result of tougher competition and the softer children’s book club market. Two minor book clubs were closed, and the emphasis put on larger units, such as Lasten Oma Kirjakerho and Sisters Club.

Joint venture Kirjalito had a good year, particularly with Puuha-Pete (Bob the Builder) products. Egmont Kustannus, another joint venture, increased its market share of special-interest publications for teenagers and adults



### Positive development in Finland expected to continue

*Eija Ailasmaa, Executive Vice President, Sanoma Magazines and President, Sanoma Magazines Finland:* “2001 was a successful one for Sanoma Magazines Finland, as we were able to further strengthen our position as the country’s leading magazine publisher in three key areas – net sales, total circulation, and advertising revenue – despite the impact of the depressed economy on the magazine advertising market. A number of our major brands, such as Kodin Kuvalehti, ET-lehti, and Aku Ankka, developed particularly positively. Various recent launches also increased their profitability.

The year was our first full one as a completely magazines company following the creation of SWelcom. Our reorganisation into three business segments, Magazines, Business Media, and Juvenile Entertainment, in April was important in helping us to focus our portfolio, and to developing our B-to-B segment.

Our strong brands and content concepts, and our commitment to further developing and building on them, will continue to underpin our business at Sanoma Magazines



*Sanoma Magazines publishes some 270 magazines across Europe. The division's largest-circulation title is the women's magazine, Libelle.*

Finland in the future. Our track record in successfully launching new titles also represents an important strength. We expect our latest title, Sport, a lifestyle title for women, to be launched in April 2002, to follow in this tradition.

We expect a large number of new opportunities to develop during the year now that we are part of Sanoma Magazines, and we believe that we have a lot to contribute as the second-largest business in the portfolio.

We project that net sales at Sanoma Magazines Finland will grow in 2002 and that the positive development in our operations will continue. Despite ongoing uncertainty over the development of the advertising market and the Finnish economy in general, we believe that magazines generally, and our titles in particular, will continue to perform ahead of the overall media market.”



#### **Women's titles remained strong in The Netherlands**

In Sanoma Magazines' largest market, The Netherlands, full-year pro forma net sales at Sanoma Uitgevers increased slightly, to EUR 485.1 million. Circulation revenue rose by around 1%. Advertising revenue was slightly down, as a result of the weaker advertising market. This was especially felt during the last three months of the year, with cutbacks in advertising budgets by dotcoms and telecommunications companies in particular. Net sales during the last quarter totalled EUR 139.6 million. EBITA totalled EUR 34.2 million. The phased transfer of the MX door-to-door distribution service to the Dutch Post began.

Women's titles performed well, despite a fall-off in advertising volume. Direct marketer, Geomatic International, and film distributor, RCV Entertainment, also performed better than expected. Internet operations at ilse Media have been streamlined and brought closer to print activities.

Investments were focused on the introduction of SAP and an extensive customer relationship management (CRM) project.

Sanoma Uitgevers' share of circulation remained largely unchanged, despite the launch of a number of competing titles by other publishers. Total circulation figures were slightly down, however. Sanoma Uitgevers launched five new titles in various segments: More Than Classic, Health, Young & Famous, Celebrity, and Avenue; and discontinued the men's lifestyle title, ZSM.

Net sales and operating profit in 2002 are expected to develop positively. Overall advertising on the Dutch market

is expected to be lower, however, which will have a downward impact, as will start-up costs linked to titles launched in 2001 and 2002. This is expected to be offset by increased circulation revenues and a lighter cost structure.

#### **Aldipress opens a new distribution centre**

Pro forma net sales at Aldipress remained at 2000 levels, at EUR 206.5 million. Net sales for the last quarter totalled EUR 52.8 million, and the company's EBITA, EUR 1.0 million. Developing logistics was a focal area of attention during the year. As part of this, a new distribution centre will be opened at Duiven in July 2002 and a returns centre in Amsterdam in September.

The number of distribution outlets served by Aldipress continued relatively unchanged, at some 9,000, as did Aldipress' market share in terms of net sales, at 72%. A total of 106 million publications were sold, of which around half were Sanoma Magazines titles. The distribution rights to IDG's computer titles were secured in December. The proportion of outlets accounted for by large retailers continued to increase, bringing a greater pressure for discounts.

#### **Key titles retained their market share in Belgium**

Pro forma net sales at Sanoma Magazines Belgium remained at 2000 levels, at EUR 148.2 million. Net sales during the fourth quarter totalled EUR 39.4 million, and EBITA, EUR 0.4 million. This figure includes EUR 0.8 million in penalties for delayed payment of disputed lottery tax.

Circulation was slightly down on 2000, although Story and TeVe-Blad developed better than their competitors, as did Flair and Humo. The company's market share in both Flemish- and French-speaking Belgium rose marginally, to just under 50% and 25% respectively.

Advertising revenue was slightly ahead of 2000, performing better during the first part of the year, but declining subsequently, particularly during the last quarter, as a result of the depressed economy. This particularly affected Flemish-language weeklies. Home decoration titles in both language regions recorded an encouraging increase in advertising revenue.

Net sales in 2002 are projected to be slightly below those in 2001, as Express, a TV and radio guide, was sold at the end of 2001. Growth is likely to be held back by the depressed advertising market, which will be most pronounced during the first half. Positive circulation revenue development should enhance net sales.

## A bright future

☞ *"We were very happy when we heard that it was SanomaWSOY that had been chosen to acquire our business here in Hungary, together with the rest of VNU's consumer magazines. SanomaWSOY's commitment to magazines as a core activity gives us a stronger and more assured basis to develop our operations, I believe. The similarities between our corporate cultures and values have also helped make the transition easy. I've also thrived on the opportunities – and challenges – my promotion at the beginning of 2001 has brought."*

**NÓRA RUSZKAI, COO, SANOMA BUDAPEST KIADÓI RT.**



### Successful formats at Sanoma Magazines International

Sanoma Magazines International recorded pro forma net sales of EUR 102.3 million. This was driven by higher circulation revenue and, to a lesser extent, advertising revenue. Net sales during the last quarter totalled EUR 28.9 million, and EBITA, EUR 7.0 million. A company was set up in a new market, Croatia, at the end of the year. In February 2002, a letter of intent was signed to sell British European Associated Publishers Ltd, BEAP to management.

The largest growth in circulation was seen in Hungary and Romania, while sales in Britain and the Czech Republic declined. Story in Hungary in particular sold well. The magazine has emerged as Hungary's largest weekly after being launched only two years ago, and has a circulation of 435,000. Originally launched in The Netherlands in 1974, Story is now also published in Belgium and the Czech Republic, and the magazine highlights Sanoma Magazines' ability to transfer successful formats into new markets. Story will be launched in spring 2002 in Croatia and Romania, where Beau Monde was launched in 2001.

Romania recorded an impressive increase in advertising revenue. The increase seen in advertising revenue in the Czech Republic was modest. Advertising revenue growth was also small in Hungary, where two titles, Playboy and Easy PC, were discontinued. Stable performance was recorded in Slovakia, where a new magazine, Prekvapeni, Sanoma Magazines' first local consumer title, was launched.

Competition in the Czech Republic increased significantly. A number of cost-cutting measures were introduced, including a restructuring of the product portfolio and a small number of redundancies, to improve profit performance.

Sanoma Magazines International projects that its com-

parable net sales will improve clearly in 2002, driven by new titles and restructuring in the Czech Republic.



### New titles coming in 2002

*Theo Bouwman, President, Sanoma Magazines:*

"SanomaWSOY's decision to acquire VNU's consumer magazines was an exciting one for all of us. We believe that we have the potential, the skills, the ability, and the people to deliver on what is expected of us.

Our strategic objective as we go forward will be to grow our position as a leading European magazine publisher with a focus on multiple mid-sized markets. We will do this through organic growth and selected acquisitions and alliances in areas where we can achieve a significant market share.

We made our first acquisition after becoming operational in October with the creation of a 65%-owned joint venture in Croatia, a small market in itself but with access to large areas of the former Yugoslavia where Serbo-Croatian is spoken. We plan to launch new titles here in 2002 from the spring onwards, as well as new titles in other mid-sized European markets.

2002 will be an important year for integrating all the businesses within the portfolio around a common strategy and stimulating innovation and growth initiatives. Benchmarking, establishing, and sharing best practice and operational excellence across Sanoma Magazines will be particularly important, as will working together to an increasing extent in areas such as concepts and formats and new media.

Our experience with cross-border titles like Story underlines our capabilities to do this successfully. Although we do not base our expectations on major synergies, we do expect to be able to achieve quick wins in areas such as sourcing related to printing, paper, and IT.

The most important critical factor affecting our performance in 2002 will be economic development in Europe; in EU countries, growth is predicted to be around 1% overall. Growth in eastern central Europe is expected to be stronger.

The indications are that the second half will bring improved prospects in western Europe.

We project that net sales at Sanoma Magazines will rise to around EUR 1 billion in 2002, mainly driven by new activities at Sanoma Uitgevers and Sanoma Magazines International. EBITA is expected to come in at around 12% of net sales, while our operating profit percentage will probably be slightly under 6% as a result of high amortisation levels.”

## SANOMA MAGAZINES

## SUBSIDIARIES

KEY INDICATORS, € million	31.12.2001	31.12.2000
Net sales	394.3	159.8
Operating profit	41.7	10.2
% of net sales	10.6	6.4
Operating profit before goodwill amortisation	59.9	13.5
% of net sales	15.2	8.5
Operating profit excl. associated companies	31.4	3.5
% of net sales	8.0	2.2
Balance sheet total	1766.0	56.9
Gross investments	1314.8	4.2
Return on investment, % (ROI)	14.8	71.5
Personnel under employment contract, average	1828	814
Personnel, average (full-time equivalents)	1707	779

The indicators for 2000 include data only from the pro forma income statement and balance sheet of Sanoma Magazines Finland. The other businesses have only been consolidated for the last quarter of 2001 and their pro forma figures have been calculated largely in accordance with principles followed by VNU.

### Sanoma Magazines International B.V.

Sanoma Hearst Romania s.r.l., (65%) (VNU Hearst Romania s.r.l.)  
 Sanoma Budapest Kiadó Rt. (VNU Budapest Lapkiadó Rt.)  
 Sanoma Magazines Zagreb d.o.o., (65%)  
 Sanoma Magazines Slovakia sr.o.(Strategie na Slovensku sr.o.)  
 Sanoma Magazines Praha Spol s.r.o. (Mona Spol s.r.o.)  
 BEAP British European Associated Publishers Ltd

### Sanoma Uitgevers B.V.

Accres Uitgevers B.V.  
 Geomatic International B.V.  
 RCV Entertainment B.V.  
 ilse Media Group, (58.7%)  
 HPR Holding B.V., (75%)  
 Uitgeverij Woudestein B.V.  
 Uitgeverij Veldhuis B.V.

### Aldipress B.V.

### Sanoma Magazines Belgium N.V. (Mediaxis N.V.)

### Sanoma Magazines Finland Oy (directly owned by SanomaWSOY Corporation)

## ASSOCIATED COMPANIES

## MANAGEMENT BOARD

### Sanoma Magazines International B.V.

Hearst Sanoma Press Publishing Kft., (50%) (Hearst-VNU Budapest Lapkiadó Kft.)

### Sanoma Uitgevers B.V.

Sportweek Media B.V., (50%)  
 B.V. Programmabladen AKN, (25%)

- **Theo Bouwman**, President & CEO
- **Eija Ailasmaa**, Executive Vice President; President, Sanoma Magazines Finland Oy
- **Eelco de Boer**, CFO (until 1.4.2002)
- **Koos Guis**, President & CEO, Sanoma Magazines International B.V.
- **Edo Meerloo**, Managing Director, Aldipress B.V.
- **Jan Vandenyngaerden**, President, Sanoma Magazines Belgium N.V. (Mediaxis N.V.)
- **Pim de Wit**, President & CEO, Sanoma Uitgevers B.V.
- **Elina Männikkö**, Secretary of the Management Board; Vice President, Business Development, Sanoma Magazines Finland Oy



**SANOMA MAGAZINES FINLAND**

<b>KEY INDICATORS, € million</b>	<b>31.12.2001</b>	31.12.2000
Net sales	<b>165.4</b>	159.8
Operating profit	<b>17.6</b>	10.2
% of net sales	<b>10.6</b>	6.4
Operating profit before goodwill amortisation	<b>18.1</b>	13.5
% of net sales	<b>11.0</b>	8.5

Figures for 2000 have been calculated on the basis of a pro forma income statement.

<b>OPERATIONAL INDICATORS, 1.1 – 31.12</b>	<b>2001</b>	2000
Number of magazines published	<b>41</b>	49
Circulation of magazines, thousands	<b>2 009</b>	1 909
Magazine copies sold, thousands	<b>41 020</b>	38 422
Number of advertising pages sold	<b>8 464</b>	8 574
Number of books published	<b>155</b>	176
Number of book club members, thousands	<b>109</b>	112

**SANOMA UITGEVERS**

<b>KEY INDICATORS, *) € million</b>	<b>1.10 – 31.12.2001</b>
Net sales	<b>139.6</b>
Operating profit	<b>20.4</b>
% of net sales	<b>14.6</b>
Operating profit before goodwill amortisation	<b>34.2</b>
% of net sales	<b>24.5</b>

<b>OPERATIONAL INDICATORS, 1.1 – 31.12</b>	<b>2001</b>
Number of magazines published	<b>112</b>
Circulation of magazines, thousands	<b>5 683</b>
Magazine copies sold, thousands	<b>172 574</b>
Number of advertising pages sold	<b>14 064</b>

**SANOMA MAGAZINES BELGIUM**

<b>KEY INDICATORS, *) € million</b>	<b>1.10 – 31.12.2001</b>
Net sales	<b>39.4</b>
Operating profit	<b>0.4</b>
% of net sales	<b>1.1</b>
Operating profit before goodwill amortisation	<b>0.4</b>
% of net sales	<b>1.1</b>

<b>OPERATIONAL INDICATORS, 1.1 – 31.12</b>	<b>2001</b>
Number of magazines published	<b>20</b>
Circulation of magazines, thousands	<b>1 900</b>
Magazine copies sold, thousands	<b>75 406</b>
Number of advertising pages sold	<b>11 925</b>

**SANOMA MAGAZINES INTERNATIONAL**

<b>KEY INDICATORS, *) € million</b>	<b>1.10 – 31.12.2001</b>
Net sales	<b>28.9</b>
Operating profit	<b>6.7</b>
% of net sales	<b>23.3</b>
Operating profit before goodwill amortisation	<b>7.0</b>
% of net sales	<b>24.1</b>

<b>OPERATIONAL INDICATORS, 1.1 – 31.12</b>	<b>2001</b>
Number of magazines published	<b>96</b>
Circulation of magazines, thousands	<b>5 424</b>
Magazine copies sold, thousands	<b>155 155</b>
Number of advertising pages sold	<b>10 282</b>

**ALDIPRESS**

<b>KEY INDICATORS, *) € million</b>	<b>1.10 – 31.12.2001</b>
Net sales	<b>52.8</b>
Operating profit	<b>0.4</b>
% of net sales	<b>0.8</b>
Operating profit before goodwill amortisation	<b>1.0</b>
% of net sales	<b>1.9</b>

<b>OPERATIONAL INDICATORS, 1.1 – 31.12</b>	<b>2001</b>
Number of copies sold (press distribution), thousands	<b>106 293</b>
Supermarkets	<b>55.1%</b>
Bookstores	<b>28.9%</b>
Tobacconists	<b>10.5%</b>
Service stations	<b>4.8%</b>
Other channels	<b>0.8%</b>

\* Included in SanomaWSOY's official figures only for the last quarter of the year.

SWelcom is responsible for SanomaWSOY's key electronic media activities and development projects. The division includes SWelcom Oy, Oy Ruutunelonen Ab, Oy Suomen Medianeelonen Ab, Helsinki Televisio Oy,

2ndhead Oy, Tuotantotalo Werne Oy, and Måndag Oy. • Nelonen is Finland's second commercial television channel, and the country's third-largest media in terms of advertising sales. Programming is primarily focused on urban viewers. • Helsinki Television (HTV) is Finland's largest cable TV company, and offers a range of pay TV and broadband Internet services. • 2ndhead develops services and systems for Internet, mobile, broadband, and digital TV; and is responsible for SanomaWSOY's Virtual Portal Internet project. • Tuotantotalo Werne provides TV, video, and audio services for producers; while Måndag offers video copying and CD and DVD production services. • SWelcom's involvement in digital TV is channelled through Nelonen, Suomen Urheilutelevisio, a sports channel, Platco Oy, and digital pay TV.

## Nelonen strengthens its position

### Broadband success brings additional net sales

The year was a difficult one for commercial television in Finland, as the overall market for TV advertising declined by 9%. Nelonen nevertheless succeeded in maintaining its sales of advertising time at virtually 2000 levels, thanks to its highly focused approach to target audiences. HTV's broadband Internet services also saw strong growth.

Net sales at SWelcom rose to EUR 84.9 million (78.5 million), driven in particular by the success of HTV's broadband services and an increase in the number of Internet development and related projects for other units within SanomaWSOY.

SWelcom recorded an operating loss of EUR 24.5 million (16.7 million). Factors contributing to this included programming costs at Nelonen, higher goodwill depreciation linked to SanomaWSOY's increased holding in Nelonen, and investments in digital TV. The fact that 2ndhead has been consolidated in SWelcom's result since October 1, 2000 also contributed.

Investments totalled EUR 12.5 million (33.7 million). The largest of these were linked to the ongoing development of HTV's cable system and cable modem services. Investments also included increasing SanomaWSOY's holding in Nelonen.

### Nelonen strengthens its position as Finland's third-largest advertising media

Net sales at Nelonen remained at virtually the same level as in 2000, despite a drop of 9% in overall TV advertising. Net sales totalled EUR 51.1 million (51.7 million) and included advertising

valued at EUR 0.25 (1.69 million) sold to programmes broadcast by the Finnish Broadcasting Company. Advertising sales at Nelonen itself rose by 1.5%.

The channel recorded an operating loss of EUR 15.3 million (15.4 million). Factors contributing to this included higher programming expenditure in response to the competitive situation and higher music royalty payments. Nelonen's operating licence fee totalled EUR 10.7 million.

Nelonen is Finland's third-largest media, as measured in terms of advertising sales. The channel's share of TV advertising rose to 26.6% during 2001, compared to 24.5% in 2000.

Nelonen further consolidated its media reach during 2001. On average, the channel reached 42% (40%) of Finns daily, and 73% (70%) on a weekly basis. The channel's share of national TV viewing rose to 22.6% (21.9%), despite the increased number of channels on offer.

In line with its strategy, Nelonen's viewers mainly comprise urban, fast adopters. On average, 71% of Nelonen's viewers live in urban areas.

Nelonen broke a number of its ratings records in 2001. The channel's most popular programme was 'Who wants to be a Millionaire?', which attracted up to 878,000 viewers compared to 640,000 in 2000. The revamped Eight O'clock News attracted audiences as high as 630,000.

In 2002, Nelonen will concentrate on improving profitability and growing both its net sales and market share. In terms of programming, the channel will continue to focus on enhancing the commercial attractiveness and quality of its prime time offering. Nelonen will also focus on other distri-

## Better coverage, more variety

☞ *“The biggest change to date in my work at Nelonen’s News Unit came at the beginning of 2001, when I became one of our two main anchors, alongside Mikko Hirvonen. In the autumn, when we revamped our news programming and extended our 8 o’clock evening bulletin, I got the opportunity to devote some of my time to reporting again. I enjoy the variety these two really quite different jobs brings, as well as the opportunities the longer programme format gives us for dealing with the stories of the day in more detail. The revamp has also been a success with viewers, I believe.”*

**BABA LYBECK, ANCHOR & REPORTER, NELONEN NEWS**



bution channels, particularly digital TV, and develop new services for advertisers and viewers.

An official decision on reducing the operating licence fees levied on commercial channels is expected in 2002. Under new draft legislation, the operating licence fee levied on analogue TV operations will be halved as of July 1, 2002, and digital TV providers will be freed from having to pay any operating licence fee during their first license period.

### **Demand for cable modems continues to be brisk**

Net sales at Helsinki Television (HTV) rose by 18% to EUR 22.4 million (19.0 million), and the company’s profitability improved clearly. HTV continued to invest heavily in upgrading and extending its cable infrastructure for interactive services and developing its cable modem system during 2001. These investments will help strengthen HTV’s performance in the future.

As of the end of the year, 219,052 households were connected to the HTV cable system, of which over 8,600 represented new connections. New agreements were signed with over 16,200 customers during the year. The key drivers behind this upswing were the spread of digital services and the popularity of broadband Internet services. This record growth was also driven by a change in legislation that came into force in June and which enables people living in apartments or similar multiresident dwellings to become cable customers by a majority rather than unanimous decision on the part of residents. The modernisation of the cable system to provide full interactive capabilities was completed.

Demand for HTV’s broadband Internet services continued to be brisk in 2001. A total of 19,668 cable modems had been supplied to customers as of the end of the year, more than doubling the level current at the end of 2000. In addition

to its own system, HTV also provides pay TV services via eight other cable systems, and had 39,602 pay TV subscriptions as of the end of the year. This number has slightly declined over recent years, but the increase in the number of digital channels on offer is expected to provide renewed impetus for pay TV development.

The digitalisation of TV transmissions will have a fundamental impact on HTV’s future prospects. Cable systems represent a major distribution channel for digital TV services as they expand. The increased range of the digital offering will also broaden cable TV programming. The parallel distribution of analogue and digital services will be a central challenge during the transition period, both in terms of programming and technology. The focus will shift to digital programming on a phased basis in 2002 and 2003.

### **Shifting to digital on a phased basis**

Digital TV transmissions began in Finland on August 27, when Nelonen launched its digital service as planned. SWelcom’s Movie Channel began terrestrial digital broadcasting by offering a range of free trailers for its future pay TV programming. In December, SWelcom decided to postpone the launch of the Movie Channel, as a number of key issues related to terrestrial digital pay TV have yet to be resolved. In the event that the situation is resolved positively, the intention is to launch the channel in autumn 2002.

The start-up of terrestrial digital TV proved slower than originally forecast because of delays in the availability of MHP set-top boxes. A number of questions linked to the distribution of pay TV services via cable TV systems and the status of the national distribution network are also open.

At the launch of digital TV in August, for example, users of the digital set-top boxes available in Finland could not



*Helsinki Television's new shop in Sanoma House offers information and advice on products such as Welho broadband services and digital cable programming.*

access the electronic programme guide or digital text-TV or interactive services. This hardware problem was further complicated by the fact that the units intended for use with cable TV systems could not be used in aerial-based systems and vice versa.

In summer 2001, the Finnish Communications Regulatory Authority stated that local TV channels and national pay TV channels do not come within the scope of the 'must carry' requirement in the cable area. As a result, local and pay TV channels must negotiate distribution issues and any possible charges that might be levied for distribution separately with cable companies. As such charges could undermine the economic viability of pay TV operations significantly, it has been necessary to review the prerequisites for digital pay TV operations.

Service platforms for digital TV in Finland are provided by Platco Oy, in which SWelcom owns a one-third holding. Platco was established in February 2001 by the Finnish Broadcasting Company, MTV Oy, and SWelcom, the three administrators of Finland's digital multiplexes, and is responsible for sourcing and maintaining the Finnish user interface application and encryption system.

During 2002, SWelcom's TV activities will be focused on extending Nelonen's digital offering, distributing digital channels via HTV's cable system, and developing MHP-based applications. SWelcom is also a shareholder in the sports channel, Suomen Urheilukanava, which started operation in 2001.

#### **A new direction for 2ndhead**

SWelcom merged its IP-based activities into a single entity, Swwap Oy, in summer 2001, and renamed the company 2ndhead Oy at the end of the year. The company's operations have been reorganised in line with current market conditions. In the autumn, official employee consultation procedures resulted in 19 people being made redundant. Today's restructured 2ndhead focuses on developing services and systems for Internet, mobile, broadband, and digital TV, and is responsible for SanomaWSOY's Virtual Portal project.

The latter project progressed as planned in 2001; as of the end of the year, 58 sites were linked to a common pop-up interface. Introduction of an electronic customer relationship management (eCRM) system as part of SanomaWSOY sites was initiated.

Werne recorded net sales of EUR 8.6 million (9.4 million); profitability was slightly down. The decline in net sales

resulted from the slower-than-expected start-up of digital TV, and a fall-off in demand for copying and other services. A major shift took place in demand for multicamera production services from studio work to outside broadcasting. The shift in copying service demand to DVD intensified.



#### **Building on our strengths**

*President Tapio Kallioja:* "2001 was SWelcom's first full year of operations. The year was characterised by three main developments. The Internet and mobile markets were typified by turmoil, and SWelcom reorganised its commitment to these areas in line with this.

The advertising market, and particular the TV advertising market, also developed differently than had been expected at the beginning of the year. Development was slower than projected, and the market contracted overall. Despite this, however, Nelonen successfully increased its market share and improved its result.

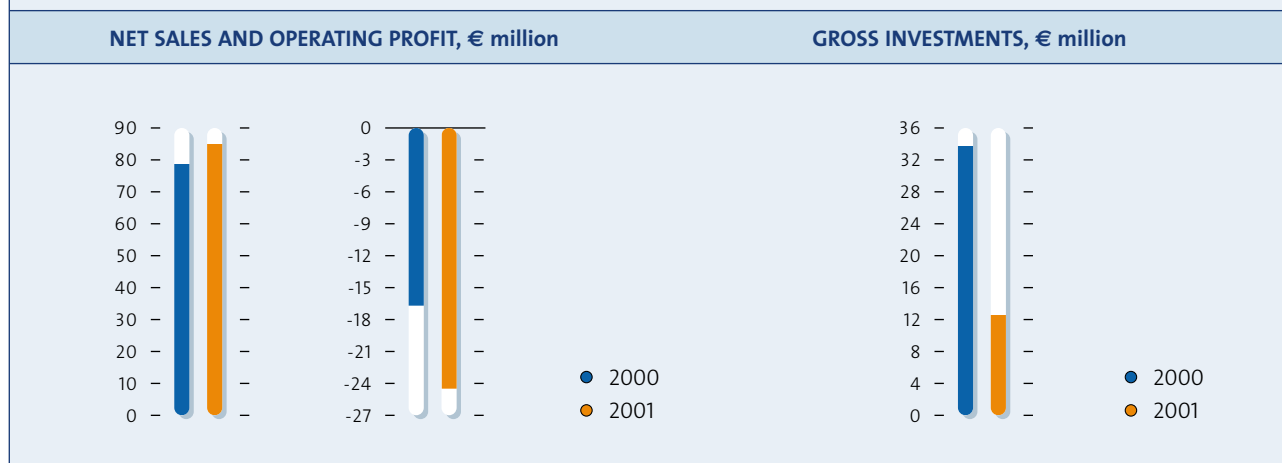
The third key development was the slower-than-expected start-up of digital TV. We continue to believe in the future of digital TV, however, because of the multiple benefits that it offers over analogue. We forecast that TV in Finland will be completely digital in the early part of the next decade, and we at SWelcom will be active in promoting digital operations.

In 2002, we project that both SWelcom's net sales and performance will move up. We expect our net sales to increase by some 15% and our operating loss to be reduced clearly. Growth at Nelonen is expected to come from higher market share. The possible halving of the channel's operating licence fee on July 1, 2002 would have an important impact on improving Nelonen's profitability. Demand for cable TV services is also expected to continue at a good level.

With the exception of the expansion of digital services, we do not expect to make any major investments during 2002, as most of the investments and development work needed in the cable, Internet, and mobile areas were made in 2001. We will be able to benefit from this in 2002. SWelcom will continue to address costs, and we will tailor our development expenditure to market conditions. The most critical factor for our success in 2002 will be the overall development of TV advertising, and our projections for the year are closely dependent on progress in this area."

KEY INDICATORS, € million			OPERATIONAL INDICATORS		
	31.12.2001	31.12.2000		2001	2000
Net sales	<b>84.9</b>	78.5	Nelonen's share of Finnish		
Operating profit	<b>-24.5</b>	-16.7	TV advertising	<b>26.6%</b>	24.5%
% of net sales	<b>-28.8</b>	-21.3	Nelonen's daily coverage	<b>42.0%</b>	40.0%
Operating profit before goodwill amortisation	<b>-21.7</b>	-15.7	Average audience for Nelonen's top 10 programmes	<b>768 000</b>	589 000
% of net sales	<b>-25.6</b>	-19.9	Nelonen's share of national viewing	<b>11.6%</b>	11.5%
Operating profit excl. associated companies	<b>-23.2</b>	-16.7	Number of connected households, thousands	<b>219</b>	210
% of net sales	<b>-27.4</b>	-21.3	Number of pay-TV subscriptions, thousands	<b>40</b>	45
Balance sheet total	<b>152.4</b>	131.0	Number of broadband Internet connections, thousands	<b>20</b>	8
Gross investments	<b>12.5</b>	33.7			
Return on investment, % (ROI)	<b>-20.3</b>	-22.1			
Personnel under employment contract, average	<b>441</b>	325			
Personnel, average (full-time equivalents)	<b>403</b>	310			

The figures for 2000 have been calculated directly from the relevant pro forma income statement and balance sheet.



SUBSIDIARIES	ASSOCIATED COMPANIES	SWELCOM'S MANAGEMENT GROUP
<ul style="list-style-type: none"> <li>Helsinki Televisio Oy</li> <li>Oy Ruutunelonen Ab (90.55%)</li> <li>Oy Suomen Medianelonen Ab</li> <li>2ndhead Oy</li> <li>Tuotantotalo Werne Oy</li> <li>Måndag Oy</li> </ul>	<ul style="list-style-type: none"> <li>Maxisat Oy (46.21%)</li> <li>Platco Oy (33.33%)</li> <li>Suomen Urheiluradio Oy (30%)</li> <li>Suomen Urheilutelevisio Oy (35%)</li> </ul>	<ul style="list-style-type: none"> <li><b>Tapio Kallioja</b>, President</li> <li><b>Pekka Jaakola</b>, Senior Vice President, Technology</li> <li><b>Pirkko Jokinen</b>, President, 2ndhead Oy</li> <li><b>Juha-Pekka Louhelainen</b>, President, Oy Ruutunelonen Ab</li> <li><b>Merja Rinne</b>, Vice President, Digital Movie Channel (until 31.3.2002)</li> <li><b>Marja-Leena Tuomola</b>, Vice President, Administration</li> <li><b>Markku Tuomola</b>, President, Helsinki Television Ltd.</li> <li><b>Pia Huhdanmäki</b>, Secretary to the Management Group; Corporate Counsel</li> </ul>



WSOY is Finland's leading publisher and the market leader in general literature, educational materials, and a number of specialist publications. The company is also the Nordic area's largest book printer and Finland's leading digital printer; and the Nordic region's leading calendar publisher. • WSOY's General Literature Unit publishes Finnish fiction and foreign fiction in translation, and non-fiction. The Educational Material Unit publishes a variety of educationally oriented material in both print and electronic format. The Business Information Unit's products cover business publications and business training, legal works, dictionaries and location information products and maps (Genimap), and IT books (Docendo). Corporate eLearning activities are concentrated in Everscreen; while eWSOY is responsible for WSOY's Internet-based Opit eLearning environment for schools, as well as consumer multimedia products. Weilin+Göös publishes multi-volume reference works in Finland and the Nordic countries. • Printing operations are divided between three subsidiaries. WS Bookwell offers book printing services, while the companies in the Lönnberg Painot group specialise in printing high-quality advertising material, annual reports, in-store advertising material, and gift packaging. Tummavuoren Kirjapaino is a digital printing specialist. • The Calendar Operations Unit includes Finland's leading calendar publisher, Ajasto; a producer of calendar covers, Nummi-Plast; and the number-one calendar publishers in Sweden and Norway: Almanacksförlaget and Emil Moestue.

## Traditional publishing proved profitable

### Brisk Christmas season for books

Book sales during 2001 were up on 2000. According to preliminary figures from the Finnish Book Publishers Association, publishers' sales to bookshops and other retail outlets rose by 4% (9%). Book clubs sales increased by 2% (8%) and sales of educational materials by 5% (5%). Sales of multi-volume works fell back by 16%, however.

Net sales at WSOY rose by 4% and totalled EUR 211.0 million (203.4 million). Comparable net sales, taking account of acquisitions and divestments, rose by 3.6%. The economic downturn had a clear adverse impact on sales towards the end of the year, and weakened WSOY's overall profitability. The Christmas season proved exceptionally brisk, but was shorter than normal.

WSOY's operating profit totalled EUR 18.1 million (18.3 million). Performance in traditional book publishing and printing came in at the good level recorded in 2000, but losses recorded in electronic publishing and the weak development of the market for IT titles, particularly in Sweden, impacted the company's overall profit. The Calendar Operations Unit recorded a profit, thanks to the success of rationalisation measures introduced earlier. Associate company Rautakirja contributed EUR 9.7 million (8.1 million) to WSOY's operating profit.

Investments totalled EUR 14.7 million (25.5 million). The largest of these involved increasing WSOY's holding in new media company, Young Digital Poland, from 29.1% to 49%, and replacement investments in the printing area. The most important printing machinery-related investments were a

new hardback line for WS Bookwell and an A0 four-colour offset machine for Lönnberg Painot.

Karttakeskus Oy and WSOY's subsidiary Geodata Oy were merged in April, and the combined company, in which WSOY has a 90% stake - a specialist in printed maps and electronic location information applications - was named Genimap Oy. In October, WSOY increased its holding in Everscreen Mediateam Oy from 25% to 64%, when Everscreen acquired the eLearning operations of WSOY subsidiaries, Docendo Finland Oy and Docendo Sverige AB.

### Higher market share in school books

Net sales in the Publishing Business Area totalled EUR 131.8 million (127.4 million), while operating profit totalled EUR 6.3 million (8.3 million).

Sales at the General Literature Unit totalled EUR 35.7 million (34.9 million), and the unit's profit improved. Bookshop sales reached a similar record level to that seen in 2000. The upward trend in sales was hit by softer demand in October and November, a development that affected the field as a whole. Fiction and children's books performed strongly. Authors such as the winner of the Finlandia Prize, Hannu Raittila, Arto Paasilinna, Ilkka Remes, Eeva Kilpi, and Jari Tervo, were well represented on the best-seller lists. Nearly 90,000 copies of J.R.R. Tolkien's classic, Lord of the Rings, were sold.

Book club sales were up 12%, driven by the 200,000 members of WSOY's book clubs; and WSOY succeeded in further increasing its market share. The new Uppo-Nalle club

## Tools for better teaching

☞ *“Coming from a teaching background, I want to produce material that I would like to use in the classroom myself, that I know can work, and that I believe will motivate both teachers and children. Projects like WSOY’s online eLearning environment, Opit, offer us new opportunities for extending the range of our material,” says Katja. “Today’s Opit is very much a way of providing schools with supplementary material, like language exercises and background information. Longer term, though, its potential lies in offering new ways of teaching, a completely new type of ‘classroom experience’ if you will,” says Otto.*

**KATJA MERONTAUSTA, EDITOR, EDUCATIONAL MATERIALS /  
OTTO MATSSON, PUBLISHING MANAGER, EWSOY**



for children was well received. The Internet-based Bookmark book club, founded in 2000, in contrast, failed to achieve its targets and was combined with Uudet Kirjat. Online sales became increasingly popular, however. WSOY was also the first publisher in Finland to launch ebooks.

Paperback specialist, Taskukirja Loisto, an equal partnership between Finland’s four leading publishers founded in April, sold over 300,000 books during 2001.

Sales at the Educational Materials Unit rose 6% to EUR 35.6 million (33.6 million). The unit recorded an improved profit compared to 2000, and increased its share of the market to some 55%. Comprehensive school books for the 2001/2002 school year performed particularly well, and annual sales rose some 9%. The unit responded successfully to the challenge represented by the phased switch-over to new syllabuses in all school grades, updating the content of all its books for this market. New syllabuses were also introduced in Finland’s high schools and will similarly affect the content of books in this segment.

### **A good first year for Genimap**

The Special Publishing Unit, now known as the Business Information Unit, recorded net sales of EUR 28.4 million (24.8 million), up 15%. Business books performed well, and Genimap turned in a profit following the merger. Poor performance at the Docendo Group, however, impacted by a weaker market for IT titles, resulted in the unit recording a loss overall.

Sales at Business Publishing remained strong and profitability improved. Corporate online services successfully attracted new customers. The year also proved a good one for corporate training specialist, WSOY Yrityskoulutus.

The year was a good one for Genimap, created by the merger of Geodata and Karttakeskus. Synergy benefits saw

the company record a profit. Genimap secured a number of important contracts, including supplying its address finder service to Nokia for inclusion with its latest communicator-style mobile phones, developing a series of global application for forest industry needs in cooperation with TietoEnator, and producing Finnish map material for car navigation systems in collaboration with Tele Atlas.

The Docendo Group recorded a loss, as a result of the impact of the depressed IT market on sales of both its books and eLearning products, particularly in Sweden. In response, Docendo streamlined its organisation and at the end of the year sold its IT eLearning business in Finland and Sweden to Everscreen. At the same time, WSOY increased its holding in the latter from 25% to 64%. Operations were combined into the Everscreen Group, comprising the Finnish parent company, Everscreen Oy, and Swedish subsidiary, Everscreen AB. Everscreen will focus on producing content and services for corporate eLearning products, while Docendo will focus on IT publishing.

### **Opit launched on the Internet**

Sales at eWSOY totalled EUR 1.7 million (2.2 million). The unit recorded a loss, as a result of heavy development expenditure and costs associated with cutting back consumer multimedia products. In the future, eWSOY will focus on eLearning solutions.

The unit’s main eLearning project, the Internet-based Opit learning portal, was launched in October, together with the first online learning modules for school students. The first end-user agreements were signed, and the market is expected to become commercially viable in one to two years. Content will be extended in the future to material for vocational college students, and cooperation in content development will be extended with Young Digital Poland. As a result



"Hannu Raittila's *Canal Grande* was the best of the books nominated and receives this year's Finlandia Prize," announced Claes Andersson (left). The works of two other WSOY authors, Daniel Katz and Asko Sahlberg, were also nominated for the prize.

of technical limitations associated with current technology, WSOY decided to let its digital TV license lapse and will not use this channel for distributing learning materials.

WSOY increased its holding in Young Digital Poland, a digital learning materials specialist with a strong market position in Central Europe, to 49% in February 2001, and agreed an option giving WSOY the opportunity to acquire a majority holding at the beginning of 2004. Young Digital Poland recorded net sales of EUR 3.5 million. Continued development expenditure and a weak autumn combined to result in a loss for the year.

Net sales at Weilin+Göös totalled EUR 30.5 million (32.0 million). Profit performance was also lower. Net sales in Finland fell back 12%, despite the success of new multi-volume works. Internal reorganisation introduced in response to the weaker market situation saw the company's non-fiction editors transferred to WSOY. Order levels moved up at the end of the year. Net sales at Bertmark, based in Sweden, Norway, and Denmark, rose 17%, and the company's profit performance remained good.

The outlook for profit performance in traditional publishing is stable, and the performance of new electronic-based businesses is expected to improve in 2002.

### Printing performance remained good

Net sales at the Printing Unit were slightly up, at EUR 62.2 million (61.4 million). Although operating profit fell back to EUR 7.4 million (9.3 million), this was a good result, given the increased uncertainty affecting the printing sector.

Traditional book printing survived the printing downturn the best. Net sales at WS Bookwell totalled EUR 37.2 million (37.1 million), and the company printed some 22 million books. The company recorded a good result, although it was below 2000. Exports totalled EUR 18.8 million. Currency and paper price rises undermined export profitability.

Net sales at Lönnberg Painot totalled EUR 20.6 million (20.0 million). Despite a weaker market, Lönnberg's profit performance remained at 2000 levels. The map printing business of Karttakeskus, acquired in 2000, was merged with Lönnberg's operations at the beginning of the year.

Digital printer, TummaVuoren Kirjapaino, suffered from the softer market. Net sales were marginally up, at EUR 4.4 million (4.3 million), but the company's operating profit was very modest.

The prospects for WSOY's printing activities in 2002 are good, and the businesses are expected to record an improved profit.

### Successful restructuring in calendars

Net sales at the Calendar Operations Unit totalled EUR 35.8 million (36.7 million), and the unit recorded a profit of EUR 0.3 million (-1.8 million).

Ajasto's Finnish-based businesses turned in a good performance, up slightly on 2000. Development measures resulted in a clear improvement in performance in the group's Swedish and Norwegian units.

Calendar Operations retained its leading position on the Finnish market, in line with 2000. In Sweden, however, the company's market share was cut slightly, while market share improved in Norway.

The overall market for calendars will probably stay essentially unchanged in 2002. The impact of development measures is expected to result in a continued improved profit performance at Calendar Operations during 2002.



### Book publishing remains our core strength

*President Jorma Kaimio:* "The year proved a good one for books, as we had projected, until the autumn, when book sales slowed, in line with the depressed public mood. In a year when people avoided large purchases, books were seen as excellent Christmas presents. Our titles were again at the top of many of the best-seller lists.

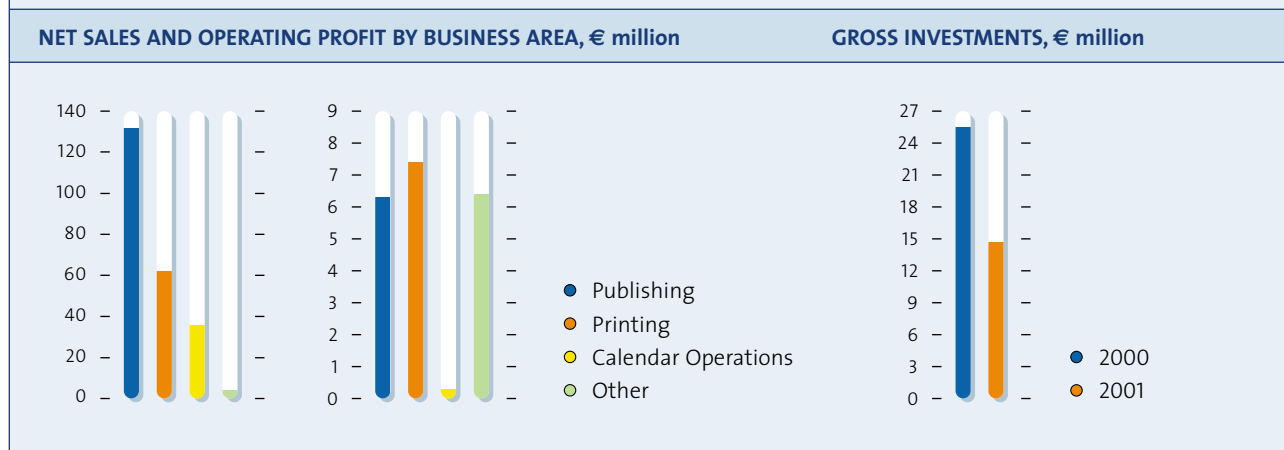
Developments in our Educational Materials and Calendar Operations Units were the high-points of the year. Marketing linked to textbooks for primary and comprehensive school students was especially successful. The work we have done to turn around performance at Calendar Operations has also begun to bear fruit. The award of the Finlandia Prize to a WSOY author, and the two nominations other writers received, were very welcome and highlight the work we do in promoting good fiction. The biggest disappointment of the year, however, was the virtual evaporation of the market for consumer CD-ROMs.

We were also successful in a number of our development projects. The first stage of the Opit Internet-based learning environment succeeded very well, given the demanding nature of the project. Genimap has also progressed in line with its plans.

In 2002, we project that WSOY's net sales will rise by 5%; we also expect our profitability to improve, particularly as a result of restructuring measures launched during 2001. Learning represents one of our most important focal areas. Overall, books continue to lie at the heart of WSOY's business."



KEY INDICATORS, € million			OPERATIONAL INDICATORS, 1.1 – 31.12		
	31.12.2001	31.12.2000		2001	2000
Net sales	<b>211.0</b>	203.4	<b>Number of new titles published</b>		
Operating profit	<b>18.1</b>	18.3	Books	<b>622</b>	612
% of net sales	<b>8.6</b>	9.0	Electronic products	<b>123</b>	175
Operating profit before goodwill amortisation	<b>21.1</b>	22.4	<b>Number of reprints published</b>		
% of net sales	<b>10.0</b>	11.0	Books	<b>1 213</b>	1 261
Operating profit excl. associated companies	<b>9.5</b>	10.5	Electronic products	<b>257</b>	260
% of net sales	<b>4.5</b>	5.2	Books printed, millions	<b>22</b>	23
Balance sheet total	<b>281.3</b>	277.1	Paper consumption, tonnes	<b>13 139</b>	12 174
Gross investments	<b>14.7</b>	25.5			
Return on investment, % (ROI)	<b>8.9</b>	8.9			
Personnel under employment contract, average	<b>1 971</b>	1 899			
Personnel, average (full-time equivalents)	<b>1 863</b>	1 803			



SUBSIDIARIES	ASSOCIATED COMPANIES	WSOY'S MANAGEMENT GROUP
<ul style="list-style-type: none"> <li>Ajasto Osakeyhtiö</li> <li>Almanacksförlaget AB</li> <li>Emil Moestue as</li> <li>Nummi-Plast Oy</li> <li>Docendo Finland Oy</li> <li>Docendo Sverige AB</li> <li>Everscreen Oy (64%)</li> <li>Everscreen AB</li> <li>Genimap Oy (90%)</li> <li>(100% from 1.3.2002)</li> <li>Lönnberg Painot Oy</li> <li>Tummavuoren Kirjapaino Oy (80%)</li> <li>Weilin+Göös Oy</li> <li>Kustannusperintä Oy</li> <li>Bertmark Media AB</li> <li>WS Bookwell Oy</li> <li>WSOY Koulukanava Oy</li> </ul>	<ul style="list-style-type: none"> <li>Rautakirja Oyj (31.73%)</li> <li>Taskukirja Loisto Oy (25%)</li> <li>Young Digital Poland S.A. (49%)</li> </ul>	<ul style="list-style-type: none"> <li><b>Jorma Kaimio</b>, President</li> <li><b>Jyri Ahti</b>, Senior Vice President, Business Development</li> <li><b>Yrjö Franssila</b>, President, Ajasto Osakeyhtiö</li> <li><b>Jaana Korpi</b>, Managing Director, Weilin+Göös Oy</li> <li><b>Mikko Laine</b>, Senior Vice President, eWSOY</li> <li><b>Hannu Laukkanen</b>, Senior Vice President, Educational Material</li> <li><b>Jorma Mikkonen</b>, Senior Vice President, Finance and Corporate Services</li> <li><b>Pekka Pätynen</b>, Senior Vice President, Printing Operations</li> <li><b>Tuomo Räsänen</b>, Senior Vice President, Business Information</li> <li><b>Touko Siltala</b>, Literary Director</li> <li><b>Katja Vuorialho</b>, Secretary to the Management Group; Corporate Counsel</li> </ul>



○ Rautakirja's operations cover a broad area: press distribution, convenience store retailing, bookshops, cinemas, restaurants, and e-business. SanomaWSOY owns 57% of Rautakirja, which is listed on the

Helsinki Exchanges. • Rautakirja operates 714 R-kiosks in Finland and 202 R-kiosks in Estonia. In addition, it owns 50% of Narvesen Baltija, which operates nearly 500 convenience outlets in Latvia under the Preses Apvieniba and Narvesen brands. Veikkausrasti operates Finland's leading chain of betting shops. • Lehtipiste's marketing and distribution organisation supplies newspapers and magazines to some 8,400 outlets in Finland, while Lehepunkt, a 50%-owned joint venture, supplies publications to around 1,200 outlets across Estonia. • The Suomalainen Kirjakauppa chain of bookshops is the largest in Finland and includes 60 shops, four Yliopistokirjakauppa bookshops, and Reader's, a paperback shop in Helsinki. The company also owns 60% of the Estonian book retailer, Astro Raamatud. • Finnkino is Finland's largest cinema chain, and operates cinemas in Finland, Estonia, Latvia, and Lithuania, and imports films, primarily for video sales and rental operations and specialist cinema distribution. • Rautakirja's restaurant activities include the Eurostrada and MotoREST chains of highway service areas, and Pizza Hut restaurants. • Online gaming and entertainment activities in Finland are handled by Ferete, while Megapanus offers sport-related betting services in Estonia.

## Retailing operations continue to expand

### Erkki Järvinen appointed President & CEO

The year was the eighth in succession to see a growth in retailing in Finland. Retail sales rose by some 5.4% according to preliminary data from the Federation of Finnish Trade and Commerce. Sales at Rautakirja's various businesses developed slightly better than the market overall.

Net sales at Rautakirja totalled EUR 696.5 million, up 8% on 2000. Comparable sales rose by 5.3%. Sales developed well across all businesses, with a particularly successful Christmas season. 94.2% of net sales came from operations in Finland. Estonia accounted for 4.5%, Latvia 1.2%, and Lithuania, Rautakirja's newest market, for 0.1%. Growth was strongest, relatively speaking, in Estonia and Latvia, driven by new businesses acquired at the end of 2000 and during 2001.

The good progress seen in higher net sales was also reflected in profit performance. Rautakirja's operating profit rose by 17.7% and totalled EUR 42.6 million. Better performance was recorded in press distribution, bookshops, and restaurants. A capital gain of some EUR 7.8 million made on the sale of shares in Norwegian-based Reitan Narvesen in January 2001 contributed to Rautakirja's higher operating profit for the year. Financing income also rose, and profit before extraordinary items increased to EUR 45.7 million.

Investments totalled EUR 35.9 million (28.6 million). The largest single investments were the multiplex cinema opened in Tallinn in March, increasing Rautakirja's holding in Jokerit HC Oyj from 34.5% to 36.4%, the acquisition of a cinema company in Lithuania, and investments in new MotoREST outlets. The booking of fixed assets as investments

at Latvian-based convenience store and press distributor Narvesen Baltija SIA was also a factor; the company became a jointly owned company at the beginning of October when Rautakirja increased its holding from 35% to 50%.

Erkki Järvinen, Senior Vice President, Kiosk Operations, was appointed President & CEO as of March 30, 2001, following the appointment of Hannu Syrjänen as SanomaWSOY's President & COO.

### Minor impact of Sunday opening

Sales at Kiosk Operations rose 6.8% and totalled EUR 359.8 million. Operating profit totalled EUR 14.8 million, down slightly on 2000's EUR 15.7 million as a result of ownership changes in Latvia and higher depreciation booked in Finland. Operational performance in Finland was at 2000 levels.

The year was a challenging one for R-kiosks in Finland. Legislation on opening hours was liberalised in respect of small shops, sales of Veikkaus betting and lottery products fell as a result of smaller lottery jackpots, and a major drop in demand for collectors' cards. Net sales at R-kiosks nevertheless increased by 3.7%, thanks to successful marketing and new product and service launches. Growth was strongest during the last quarter. The introduction of Sunday opening at small shops in January did not have a significant impact on sales at R-kiosks, but did bring tougher competition at some locations. The chain was able to adapt to the new situation rapidly, as upcoming changes in legislation had already been taken into account in business development planning.

## Keeping the bottom line in mind

☞ *“My job is to develop our network of bookshops and reinforce the core business concepts that make them the successful outlets they are. Thinking creatively is important to coming up with new ideas, but at the same time you also need to keep a close eye on the bottom line. That’s why I’m here – to help grow the business, build our profit, and secure our future. Our SK 2000 project and the pilot shop we opened in Espoo were especially important last year, as they are aimed at helping us take a major step forward in further improving the quality of our service.”*

JARMO OKSAHARJU, BUSINESS DEVELOPMENT MANAGER,  
SUOMALAINEN KIRJAKAUPPA



R-kiosks in Estonia were able to benefit from the increased strength of the chain in the country, and net sales there grew strongly. The majority of this growth came from 11 shops at Neste service stations, which switched over to the R-kiosk brand during the first half of the year. In Finland, net sales at betting shop chain, Veikkausrasti, grew by nearly 10%.

Kiosk operations in Finland are expected to grow modestly in 2002, while retaining existing good profitability levels. In addition to the Baltic countries, the impact of developing markets in Central Europe is also expected to increase.

### Press distribution expands into Latvia

Net sales at Press Distribution increased by 7.1% to EUR 165.1 million; operating profit improved and totalled EUR 10.3 million (9.5 million). Sales were higher at both Lehtipiste in Finland and Lehepunkt in Estonia. Lehtipiste recorded 6.8% higher sales, driven by good sales of newspapers and tabloids in particular. While sales of weekly and monthly magazines rose, those of collectors’ cards declined sharply. Sales at Lehepunkt, in its second year of operation, rose by 17.6%.

Press distribution activities were expanded into Latvia in the second half. Lehtipiste signed a letter of intent in June with four Latvian publishers to start joint news stand distribution operations. As the conditions of the letter were not met, the agreement lapsed in September. Lehtipiste subsequently decided to launch joint press distribution operations with Reitan Narvesen through a jointly owned local company, Narvesen Baltija.

The Finnish press distribution market is expected to grow steadily in 2002. Press distribution is one of Rautakirja’s key areas of international expansion, and operations in this area in Latvia will be launched in spring 2002.

### Promoting paperbacks

The year was a successful one for Rautakirja’s bookshops. Net sales in this area increased by 6.3% to EUR 113.9 million. Operating profit was also slightly up at EUR 6.7 million (6.0 million). Over a third of growth derived from operations in Estonia, which were included in the figure for 2000 only in respect of the last quarter. Comparable growth was 2.5%.

Sales of fiction in particular developed well. Sales of paperbacks also improved, and Suomalainen Kirjakauppa opened its first paperback-only outlet in Helsinki in September. Work also moved ahead on further developing the chain’s retail concept at its main outlets.

A national Apollo brand was introduced in the Estonian bookshop business. Marketing was integrated and chain-based operations introduced. These changes had a positive impact on net sales on Estonia’s small, but strongly developing bookshop market.

Suomalainen Kirjakauppa will begin introducing its revamped retail concept at outlets in spring 2002. Sites will also be scouted for extending the Reader’s concept beyond the pilot unit.

### Better box office draws towards the end of the year

Net sales at Movie Theatre Operations totalled EUR 47.6 million, an increase of 9.1% on 2000. Growth was strong in the Baltic countries in particular; net sales in Estonia more than doubled following the opening of a new multiplex in Tallinn in March. In Finland, the early part of the year was slow, but growth picked up strongly towards the end of the year. Operating profit totalled EUR 2.0 million (2.5 million) and was adversely affected by a EUR 0.5 million one-time write-off on a ticket reservation system that is no longer in use.



A number of major box office successes came to Finnish cinema screens towards the end of the year. One of these was *The Lord of the Rings: The Fellowship of the Ring*. WSOY sold nearly 90,000 reprints of the original classic in 2001.

Work continued on developing cinema operations in Latvia and expanding into Lithuania. Finnkino acquired a 90% holding in the Lithuanian cinema operator, UAB Vingio kino teatras, in September, and started plans for a multiplex in Vilnius. The latter, which is budgeted at some EUR 8.4 million, is expected to be completed in early 2003. Rautakirja and Stockmann launched a joint project to build a department store and 14-screen multiplex in Riga in Latvia, to be completed in 2003. Rautakirja's share of the investment will be in excess of EUR 15 million.

A number of projected box office hits are expected to come to Finnish cinemas in 2002. Developments are expected to continue at a strong pace in the Baltic countries, and the multiplexes in both Riga and Vilnius are due to be completed in something over a year's time.

#### **Integration of the Motorest chain continues**

Net sales in the restaurant business increased by 10.4% to EUR 42.4 million, driven by the integration of additional Motorest outlets into the chain. Sales at Pizza Hut declined, as a result of a reduction in the number of the chain's outlets and a decision to concentrate the business on Greater Helsinki and large towns. Operations recorded a loss of EUR 1.1 million (2.2 million), as a result of one-off expenditure linked to the opening of new Motorest outlets.

The integration of Motorest outlets into the chain managed by Rautakirja will continue on a phased basis until completed in spring 2003. Net sales will increase as the number of outlets rise. The key challenge facing Rautakirja's restaurant business will be to improve profitability.

#### **Online betting to begin soon**

eBusiness operations recorded net sales of EUR 0.4 million and an operating loss of EUR 1.7 million. Net sales remained modest, as Ferete only really launched operations towards the end of the year. Performance was held back by start-up costs.

Ferete launched its online Hyvä Veto service in November. This offers betting tips, information on games and results, and editorial content on betting-related subjects. Online betting through the service will become possible in 2002 when Ferete begins marketing Fintoto's betting products. Investments in Dose shops and the Dose online outlet will continue in 2002. eBusiness operations are projected to record a loss in 2002.



#### **Growth and international expansion continue to be key issues**

*President & CEO Erkki Järvinen:* "The year was a varied one for Rautakirja, and coloured by a number of major challenges. The economic downturn was reflected in a certain degree of consumer caution, although consumer confidence remained good. The pattern of positive development in the retail sector in Finland, which has been typical for coming on to 10 years, continued and was somewhat better in part than initially projected. A number of new sales records were set during the Christmas season.

The year was a good one for Rautakirja's businesses. The largest challenge facing our kiosk business in Finland was the change in legislation on opening hours. The introduction of Sunday opening at small shops had an impact on sales at R-kiosks in the early part of the year, but this tailed off as the year progressed until it became almost purely location-specific. The dramatic events on the world stage were reflected in the success of our press distribution activities, and the sale of tabloids in particular. The latter part of the year brought an improvement in cinema operations when November and December saw some major box office hits come to the screen. Strong competition continued to be a feature of the fast food market, while the ebusiness area experienced a number of changes. Developments on the bookshop market were relatively stable in contrast.

In terms of international expansion, the year went as planned, and we continued to expand in the Baltic countries, coming closer to our goal of having a strong kiosk, press distribution, and cinema business in all three countries - Estonia, Lithuania, and Latvia.

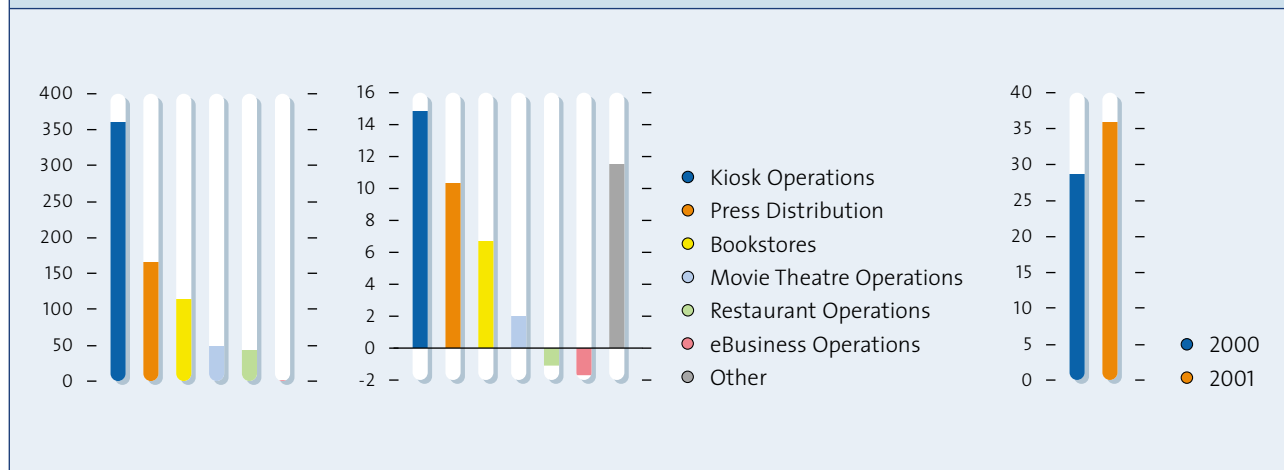
The growth prospects for our businesses in 2002 are positive. Although there is an element of uncertainty in the economic climate, this is not expected to have a significant impact on our activities. On the other hand, there are no major growth opportunities for us in our core businesses in Finland, and we will have to continue to expand internationally to achieve our growth targets. We do not intend to grow at the expense of good profitability, however.

We project that Rautakirja's net sales in 2002 will rise by in excess of 5%. We expect our result to come in below the record level seen in 2001, which included capital gains on sales of shares totalling EUR 8.4 million. Our operational result is expected to be at 2001 levels."

KEY INDICATORS, € million			OPERATIONAL INDICATORS, 1.1 – 31.12 *)		
	31.12.2001	31.12.2000		2001	2000
Net sales	<b>696.5</b>	644.6	Customer volume in kiosk operations, thousands	<b>82 499</b>	86 947
Operating profit	<b>42.6</b>	36.2	Customer volume in bookstore operations, thousands	<b>6 629</b>	6 508
% of net sales	<b>6.1</b>	5.6	Customer volume in movie theatres, thousands	<b>3 351</b>	3 876
Operating profit before goodwill amortisation	<b>45.9</b>	40.7	Number of copies sold (press distribution), thousands	<b>136 700</b>	136 299
% of net sales	<b>6.6</b>	6.3			
Operating profit excl. associated companies	<b>44.0</b>	37.4			
% of net sales	<b>6.3</b>	5.8			
Balance sheet total	<b>412.7</b>	365.5			
Gross investments	<b>35.9</b>	28.6			
Return on investment, % (ROI)	<b>18.4</b>	17.1			
Personnel under employment contract, average	<b>5 877</b>	5 534			
Personnel, average (full-time equivalents)	<b>4 461</b>	3 977			

\*) Own units in Finland.

NET SALES AND OPERATING PROFIT BY BUSINESS AREA, € million	GROSS INVESTMENTS, € million
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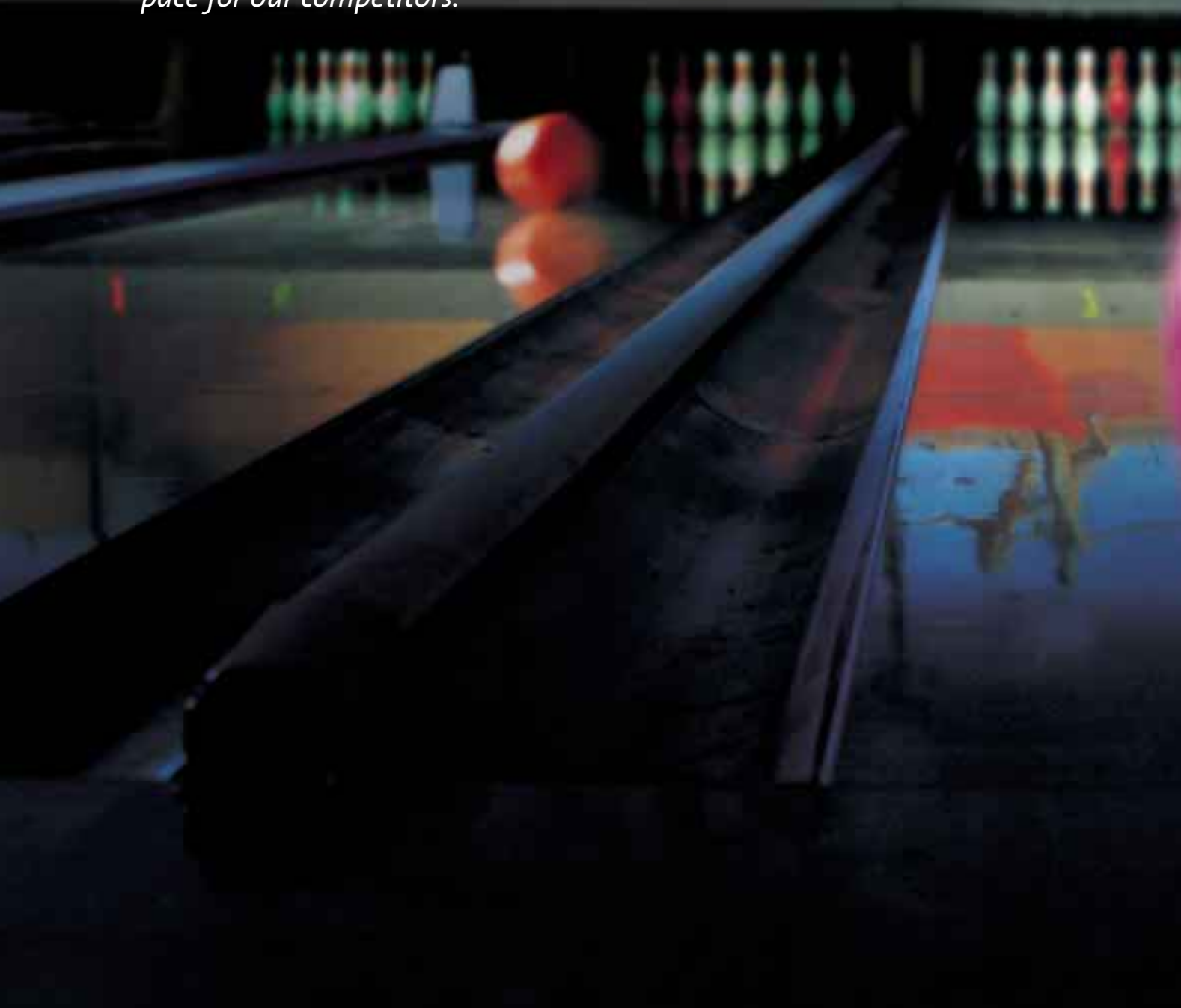


SUBSIDIARIES	ASSOCIATED COMPANIES	RAUTAKIRJA'S GROUP EXECUTIVE BOARD
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<ul style="list-style-type: none"> <li>Eurostrada Oy</li> <li>Foodstop Oy (99%)</li> <li>Ferete Oy</li> <li>Finnkino Oy</li> <li>AS MPDE</li> <li>Baltic Cinema SIA (90%)</li> <li>Interprint Oy</li> <li>UAB Vingio kino teatras (90%)</li> <li>Lehti-Maja Eesti AS</li> <li>AS Megapanus (90%)</li> <li>Suomalainen Kirjakauppa Oy</li> <li>Astro Raamatud OÜ (60%)</li> </ul>	<ul style="list-style-type: none"> <li>AB Districo International (25%)</li> <li>AS Lehepunkt (50%)</li> <li>JHC Arena Holding Oy (30%)</li> <li>Jokerit HC Oyj (36.43%)</li> <li>Kirjavälitys Oy (20.33%)</li> <li>Narvesen Baltija SIA (50%)</li> <li>a/s Preses Apvieniba (85%)</li> <li>SIA Stockmann Centrs (35%)</li> <li>Baltlab OÜ (33.33%)</li> </ul>	<ul style="list-style-type: none"> <li><b>Erkki Järvinen</b>, President &amp; CEO</li> <li><b>Raimo Kurri</b>, Senior Vice President, Bookstore Business</li> <li><b>Markus Miettinen</b>, Senior Vice President, Press Distribution Business</li> <li><b>Timo Mänty</b>, Senior Vice President, Entertainment ja Leisure Business</li> <li><b>Markku Pelkonen</b>, Senior Vice President, Kiosk Business</li> <li><b>Matti Salmi</b>, Senior Vice President, Finance and Administration</li> </ul>
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# Dynamism

*Being alive to change, anticipating how things will progress, and developing new approaches enable us to be dynamic and set the pace for our competitors.*





# Financial risk management and asset management

SanomaWSOY's financial position changed significantly following the acquisition of the Consumer Information Group in summer 2001. SanomaWSOY paid a sum of EUR 1,250 million for VNU's consumer magazines business equivalent to its enterprise value. The acquisition was funded by senior bank loans totalling around EUR 1 billion and a EUR 200 million convertible capital notes issue; trading in the subordinated notes of the latter began on the Helsinki Exchanges on September 6, 2001.

The Group's financing risks are associated with interest rate and equity-related risks, currency risks, credit risks, and liquidity risks. The objective of risk management is to identify these risks and hedge against them as appropriate. In practice, financing risks are linked to the loan portfolio and asset management activities. Interest expenses and interest rate risks associated with the loan portfolio, and financial income from asset management activities, have a significant impact on the Group's result.

SanomaWSOY's treasury and asset management activities are managed through the Parent Company's Group Treasury and Asset Management function, the operations of which are covered by a set of guidelines approved by the Board of Directors. In contrast to the rest of the Group's divisions, Rautakirja handles its treasury and asset management independently.

## Interest rate risks

The Group's interest-related risks are mainly linked to changes in market interest rates affecting SanomaWSOY's loan portfolio. Interest-related risks are diversified using a mixture of fixed- and variable-interest instruments. Interest swap agreement, interest forward rate agreements, and options are used to hedge against interest-related risks. As of the end of 2001, variable-rate loans, including interest rate swap agreements, accounted for around 30% of the loan portfolio. SanomaWSOY's loan portfolio is largely comprised of bank loans (six-month reference rate), commercial paper (one-month), the Group's convertible capital note issue, and other smaller loans.

## Equity-related and interest rate risks in asset management

Interest rate and equity-related risks are linked to the Group's asset management activities. The operations of the Asset Management Unit are based on an efficient diversification of risk through securities representing a range of geographical areas and industries. Equity investments comprise shares in listed companies and are concentrated in liquid stocks of global blue chip companies. Interest-bearing investments mainly comprise short-term deposits and

money market investments. Fixed-income securities were realised in autumn 2001 to finance the CIG acquisition. The focus is on enabling funds to be available for the needs of the Group's businesses. Derivatives are used actively to manage the risk profile of the portfolio.

## Currency risks

Currency risks are mainly associated with the Group's asset management activities, as the bulk of the operational cash flow is Euro-based. The Group's business outside the Euro area currently represents under 10% of SanomaWSOY's overall net sales. Significant currency risks are hedged.

## Liquidity risks

Liquidity risks are linked to debt servicing, payment of dividends, financing investments, and maintaining a sufficient level of working capital. SanomaWSOY aims to minimise its liquidity risks by ensuring a sufficient level of income financing, maintaining adequate credit lines and asset reserves, and by balancing repayment programmes over a number of calendar years.

## Credit risks

SanomaWSOY's credit risks are associated with its normal business activities and the Group's asset management activities. To minimise counterparty risks in asset management operations, the Group only selects investments and does business with counterparties and partners that are considered of a leading and reputable nature.

## Asset management result in 2001

Net income from treasury and asset management operations in 2001 totalled EUR -4.0 million. Financial revenue totalled EUR 42.9 million, and financial expenses totalled EUR 46.9 million. Financial revenue principally derived from realised capital gains on sales of equities and dividends. Financial expenses were primarily unrealised write-downs on the value of equities (EUR 12.8 million) and clearly increased interest expenses linked to the CIG acquisition (EUR 29.7 million). Asset allocations and trading performed well, given the difficult market conditions. Moves were initiated towards the end of the year to hedge the loan portfolio against changes in interest rates, to realise fixed-income instruments, and reduce share-related risks. Action was started to reduce the financing costs associated with the CIG acquisition.

The market value of SanomaWSOY's asset management equity portfolio at the end of 2001 totalled EUR 172 million, and its book value totalled EUR 119 million.



## Social and environmental accountability



Accountability is seen from a broad perspective at SanomaWSOY. As well as responsibility for the Group's employees and the environment, it is also seen in terms of a wider responsibility for how SanomaWSOY operates and behaves in society generally. As the largest media group in the Nordic region, SanomaWSOY carries a major responsibility for how methods and materials used in the media are developed. Expansion into new markets further afield has brought with it new issues related to social accountability. SanomaWSOY's commitment is to be a financially independent, non-aligned publisher and defender of freedom of speech and opinion.

### **The challenge of a product's entire life cycle**

Ensuring a minimum of negative environmental impact in respect of printing plants, paper, and other printing-related materials – and working to achieve high levels of efficiency in logistics and recycling – are particularly important issues for a media company such as SanomaWSOY. The critical factors here are paper usage, logistics, and waste. Our aim is to understand and manage the entire life cycle of our print products, from basic materials to recycling. The Group's printing plants, which total 13 in all, play a central role in environmental initiatives. SanomaWSOY's rapid expansion

outside Finland represents an additional challenge.

Each of SanomaWSOY's divisions – Sanoma, Sanoma Magazines, SWelcom, WSOY, and Rautakirja – are independently responsible for their environmental strategies. Sanoma has a comprehensive environmental strategy, and WSOY is in the process of creating an integrated environmental strategy covering all of its printing operations. Sanoma Magazines' environmental principles are contained in the division's business principles, which were published at the end of 2001. SWelcom and Rautakirja do not have an environmental strategy as yet.

### **229,000 tonnes of paper a year**

SanomaWSOY's various operations used some 110,000 tonnes of newsprint, 101,000 tonnes of magazine paper, 17,000 tonnes of fine and book paper and board, and 1,000 tonnes of bookbinding board in 2001.

The largest single users of newsprint are Helsingin Sanomat and Ilta-Sanomat, both of which are printed principally on Finnish paper. This is typically manufactured from pulp produced from spruce thinnings. Small quantities of pulp produced from recycled paper are also used.

Under the operating principles followed by Sanoma Magazines, particular attention is given to environmental



considerations when selecting paper suppliers. The division prints magazines on a variety of papers.

Close to 80% of the newspaper waste generated annually in Finland is collected for recycling. In line with Sanoma's environmental policy, readers are encouraged to ensure that they recycle papers after they have read them. In SanomaWSOY's largest magazines market, The Netherlands, a joint agreement between printers, publishers, and the state has been introduced to reduce the usage of packaging materials and encourage the recycling of magazines and other material. Sanoma Magazines' aim, in line with its environmental principles, is to work towards increasing the amount of magazine paper that is recycled. Rautakirja's Lehtipiste collects and recycles unsold copies of newspapers and magazines in Finland.

#### **CTP reduces hazardous waste**

All but one of SanomaWSOY's 13 printing plants is located in Finland; the only unit elsewhere is in Norway. The Group operates newspaper printing facilities in Greater Helsinki, Forssa, and Varkaus; rotary printing units in Kouvola and Lappeenranta; book printing units in Porvoo and Juva; offset and silk screen printing units in Greater Helsinki; calendar printing units in Greater Helsinki and Norway; and a digital printing facility in Greater Helsinki.

Printing generates a certain amount of hazardous waste, in the form of waste printing ink, washing solvents, oil, and fixative and developer. The introduction of new

methods – in particular, the virtual complete switchover to computer-to-plate (CTP) technology by Sanoma and WSOY – has seen the volume of this waste decline significantly, particularly in the area of silver halide and related chemical waste.

The largest printing-related modernisation project currently under way is that being implemented by Sanoma, which is to install two new printing presses at Sanomala. This new technology will further reduce the level of Sanoma's environmental impact. The partial introduction of heat set, to be used for printing advertising material and inserts for Helsingin Sanomat, will reduce emissions, for example. The new machinery is due to be commissioned in 2003.

Many of SanomaWSOY's printing units comply with the requirements of the Nordic Swan ecolabel and also have ISO standard certification. The production methods and materials used by WSOY's Printing Unit are Nordic Swan approved. The three companies in the Lönnberg Painot Group (F.G.Lönnberg, Sävyypaino, and Mainos ja Etiketti) all have ISO 9002 quality systems, while WS Bookwell and Ajasto have ISO 9001 quality systems. Ajasto's subsidiaries in Sweden and Norway, Almanacksförlaget and Emil Moestue, have environmental management systems certified to the ISO 14001 standard. Quality issues at Sanoma are handled internally and external certification has not been applied for.

The largest user of outside contract printers within SanomaWSOY is Sanoma Magazines. The division's business principles emphasise that special attention should be paid to reviewing to what extent a supplier complies with national environmental legislation and the requirements of ISO standards. Sanoma Magazines' largest printer, Dutch-based RSDB, together with its various units, has a total of 17 ISO 14001 certificates. Sanoma Magazines Finland prints the majority of its magazines at its associate company, Hansaprint, which is Nordic Swan-certified and has various ISO 9001, ISO 9002, and ISO 14001 certifications.

#### **Joint logistics mean better efficiency and greater savings**

SanomaWSOY's largest producers and users of logistics services are Leijonajakelu, Rautakirja, and Sanoma Magazines.

Joint transport services and the decentralisation of printing plants around Finland have significantly reduced logistics loadings. Deliveries of WSOY books to dealers and bookshops are handled on a joint basis with other publishers, and Rautakirja's Lehtipiste uses a similar system for delivering news stand copies of magazines and tabloids. Sanoma has printing plants located in Greater Helsinki, Forssa, and Varkaus. Copies of Ilta-Sanomat for the northern Finnish market are printed out of house in Oulu.

A study on ways of enhancing the efficiency of logistics associated with WSOY's printing operations and Ajasto's calendar business was completed in 2001, and reorganisation based on the results of this has been initiated.

#### **Working with schools**

Promoting freedom of speech and opinion, and working to foster literary skills among children and young people, are central components of SanomaWSOY's social accountability.

Many SanomaWSOY units work with schools to promote young people's interest in the written word and media literacy. Helsingin Sanomat has operated Piste, a unit designed to give schoolchildren and students a hands-on opportunity to experience what working on a paper is like, since 1999. Some 20,000 young people from around the country have visited the unit. A group of students selected from five high schools take part in producing their own page in Helsingin Sanomat once a year as part of the 'A Day as a Journalist' event. During Newspaper Week, Helsingin Sanomat devotes part of its content to items for schools, and the paper's journalists visit schools.

Sanoma Magazines Finland takes part in schools' magazine days. The company also has a partner school in Tampere, students from which have the opportunity to familiarise themselves with magazine production. WSOY also has a partner school in Helsinki, with which various projects are coordinated every year. WSOY's Educational Materials Unit cooperates with the Finnish branch of

Unicef and the Finnish Association on Mental Retardation. A module on children around the world was produced for the Opit Internet-based eLearning environment in collaboration with Unicef in 2001; and a special version of WSOY's ABC was produced for disadvantaged children together with the Finnish Association on Mental Retardation.

Three independent foundations operate in Finland supporting researchers and writers on the basis of funds originally provided by Sanoma, Lehtikuva, and WSOY. The Päivälehti Archives Foundation promotes and supports freedom of speech and associated historical research, together with other cultural activities. In 2001, the Foundation opened the Päivälehti Museum in Helsinki, which profiles the history of Päivälehti, Helsingin Sanomat, and the Finnish press in general. Helsingin Sanomat Centennial Fund fosters and supports broad-based, independent research in Finland. The WSOY Literature Foundation distributes grants to writers annually. The largest of these to be distributed in 2001 went to Finland's school libraries. In total, these three foundations distributed grants and donations totalling approximately EUR 1.1 million in 2001.

## Human resources



### **Number and international spread of personnel both increased**

SanomaWSOY's personnel rose in both number and geographical distribution during 2001. The number of personnel in salaried employment totalled an average of 15,129 (13,364). As of the end of the year, the Group had operations in 15 countries and over 18,000 employees. This growth was largely the result of the CIG acquisition and the expansion of Rautakirja's activities in the Baltic countries. Over 3,700 employees joined the Group as a result of the CIG acquisition. Translated into full-time positions, the average number of personnel totalled 12,007 (10,350). Sanoma Magazines employed an average of 1,828 people, Sanoma 4,929 (4,704), SWelcom 441 (325), WSOY 1,971 (1,899), and Rautakirja 5,877 (5,534). The Group's Parent Company employed an average of 83 people (89).

The principles followed by SanomaWSOY in recruiting, remunerating, motivating, managing, and developing personnel are defined in the Group's human resources policy. The latter is the responsibility of SanomaWSOY's Parent Company, together with that for creating the framework for developing the skill base of the Group's personnel. SanomaWSOY's divisions are responsible for their own human resources policy, occupational health care, and personnel development.

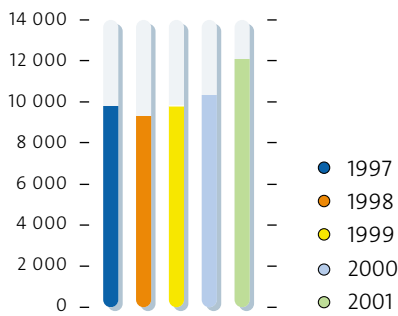
The expanded international reach and growth of

SanomaWSOY's activities offer new opportunities for personnel. Skills, imagination, and innovation are required to meet these challenges, together with common sense, caution, an ability to take manageable risks, and a sense of responsibility. Supporting and motivating personnel at times of change calls for clearly defined objectives, appropriate resource allocation, and ongoing training and learning by doing. Personnel are rewarded for a job well done and for achieving objectives, both financially and by offering attractive opportunities for career advancement and personal development.

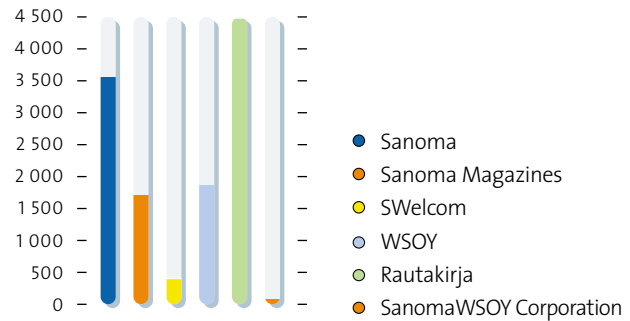
### **Major new training programmes under way**

SanomaWSOY launched two major, Group-wide training programmes in 2001 designed to develop international management competence across organisational boundaries. The content of these programmes is based on the Group's strategic objectives. The SanomaWSOY Executive Program (SWEPE) is focused on developing international business skills, strategic vision, leadership, and project and process management. The programme is being implemented in cooperation with the Helsinki University of Technology. Leading international figures who took part as lecturers and course leaders during 2001 included Yves Doz, Kathleen Eisenhardt, Robert Kaplan, Fons Trompenaars, and Michael Tushman. The Management Training Program, intended for

**PERSONNEL, AVERAGE  
(full-time equivalents)**



**PERSONNEL BY DIVISION, AVERAGE  
(full-time equivalents)**



younger managers and specialist personnel, focuses on management skills and operational business management, and understanding corporate financials.

Around 100 people annually will attend each programme for some 18 months. Within five years, a total of some 800 people will have attended. On an annual level, the two programmes involve between 5,000 and 6,000 training days.

The focus in training for specialist personnel in 2001 was on important, key issues for SanomaWSOY, such as international expansion. A series of open lectures was arranged on doing business around the Baltic Rim, the media market and competitive situation, and the Group's growth potential.

Development projects for various levels of personnel were arranged in the Sanoma School of Journalism and Sanomain Ammattioppilaitos (Sanoma Vocational College). A one-year new media training course, covering content design and creation for Web-based services and publications, was completed.

The Media Training Programme continued. Young people in the programme join growth and development projects around the Group for a period of 18 months. The programme is aimed at training new media professionals, sharing knowledge across the Group, and expert networking.

#### **Some personnel administration functions outsourced**

A proportion of the Group's personnel administration functions were outsourced during 2001, such as payroll management, with the exception of Rautakirja. A new salary payment system was also introduced, together with two Group-wide personnel information systems, designed to enhance access to real time information and improve the efficiency of payroll management. Administrative processes have been consolidated, and new administrative patterns introduced. Development work on these is continuing. These changes will enable the Group's human resources expertise to be focused more effectively on personnel development and supporting the Group's businesses.

#### **Performance-related incentive systems in place across the Group**

To promote the achievement of challenging financial targets, SanomaWSOY operates incentive systems designed to foster personnel's commitment to business goals and change processes, and remunerate people for good performance and results. In addition to skill-based salary, personnel receive one-off bonuses. Divisions operate short- and long-term incentive systems tied to their particular businesses. A stock option has been introduced for senior management, with the exception of Rautakirja. Details on this can be found under Corporate Governance.

All divisions operate profit-related bonus systems. The total amount of bonuses paid varies according to people's job description. In addition, Sanoma and Sanoma Magazines Finland operate personnel funds; the profit sharing sums payable by these funds are coordinated with profit-related bonuses. Rautakirja operates a long-term incentive system for its personnel.

# Corporate governance

The SanomaWSOY Group comprises five divisions: Sanoma, Sanoma Magazines, SWelcom, WSOY, and Rautakirja. The Group fully owns all the above divisions, with the exception of Rautakirja, which is a listed company on the Helsinki Exchanges and in which the Group has a 57% holding. The Parent Company, SanomaWSOY Corporation, is responsible for administering the Group and for its finance, legal, planning, treasury and asset management, investor relations and group communications, and real estate functions.

SanomaWSOY follows the principles concerning the governance of public companies recommended by the Helsinki Exchanges and issued by the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The Board of Directors has confirmed the Group's corporate governance principles.

The group's senior administrative responsibilities are covered by the Board of Directors and the President & COO, whose duties essentially reflect those laid down by the Finnish Companies Act.

## Board of Directors

The members of the Board of Directors, the Chairman, and his Deputy are elected by the Annual General Meeting of Shareholders (AGM). The number of Board members can vary between five and 11. In addition, a maximum of two personnel representatives can be elected to the Board.

The terms of office of Board members begin at the conclusion of the AGM and end after the following third AGM. If a member's seat falls vacant before the end of this three-year period, a new member is elected for the remainder of the period in question. The Articles of Association stipulate that no person aged 75 or who will reach the age of 75 during his term in office can be elected to the Board.

The Board is responsible for the overall management of the Group and organising its administration. The Board is also responsible for ensuring that the Group has a functioning set of governance principles. The Board is responsible for appointing SanomaWSOY's President & COO and his deputy, and for appointing the presidents and deputies of divisions, the Parent Company executives who sit on SanomaWSOY's Management Group, and the Senior Editors-in-Chief of Helsingin Sanomat and Ilta-Sanomat.

The current Board has 11 members and its term of office will end at the AGM in 2002. Its members include the following people in the Group's employ: the Chairman & CEO, Jaakko Rauramo, the President & COO, Hannu Syrjänen, and the President of Lehtikuva Oy, Rafaela Seppälä.

Matters to be presented to the Board are prepared, in accordance with the Articles of Association, by the Executive

Committee, which consists of the Chairman & CEO, Jaakko Rauramo, the Vice Chairman, Esko Koivusalo, and the President & COO, Hannu Syrjänen. The Board is empowered to establish other committees. A Compensation Committee and an Audit Committee were active during 2001. The Compensation Committee's members as of the end of the year were Esko Koivusalo (Chairman), Robin Langenskiöld (Vice Chairman), Jane Erkko, and Marjukka af Heurlin; while the Audit Committee consisted of Kyösti Järvinen (Chairman), Paavo Hohti (Vice Chairman), Robert Castrén, and Jane Erkko.

## Chairman & CEO

Aatos Erkko served as the Chairman of the Board between January and March 2001. Jaakko Rauramo served as full-time Chairman & CEO between April and December 2001.

The Chairman & CEO is responsible for drafting matters to be put before the Board in collaboration with the President & COO, and for chairing Board meetings and those of the Executive Committee. The Chairman & CEO's specific area of responsibility lies with the Group's strategic decisions and positions and strategic HR matters. In addition, he is responsible for handling a broad range of the Group's external contacts together with the President & COO.

The Chairman & CEO does not take part in the operational management of the Group on a regular basis. In separately agreed cases, the Chairman & CEO can participate in operational management, particularly in respect of growth and international expansion projects. The management and supervision of the CIG acquisition was the responsibility of the Chairman & CEO.

## President & COO

Jaakko Rauramo served as President & CEO of SanomaWSOY Corporation between January and March 2001; Hannu Syrjänen served as President & COO between April and December.

The President & COO is independently responsible for the operations of the Group in line with strategic plans, budgets, and action plans approved by the Board and in accordance with general principles approved by the Board. The President & COO is responsible for handling day-to-day management issues and for drafting matters to be put before the Board and for presenting these matters to the Board.

The President & COO serves as the Chairman of the Boards of Directors of SanomaWSOY's divisions, unless otherwise agreed.

## Remuneration

The Board is responsible for confirming the terms and conditions of employment of the President & COO and the other members of senior management. The Board has set up a four-member Compensation Committee to consider remuneration issues within the Group. The AGM is responsible for confirming the compensation paid to the Board.

As of the beginning of 2002, SanomaWSOY has a system of warrants for all senior managers with the exception of Rautakirja. The system comprises a maximum of 4,500,000 warrants, each entitling the holder to one SanomaWSOY Corporation Series B share. The warrants will be distributed in three stages, at the turn of 2001/2002, 2002/2003, and 2003/2004 (identified as warrants 2001A, 2001B, and 2001C respectively). A maximum of 1,500,000 warrants in each category will be issued. A total of some 700,000 warrants were issued to 101 senior managers at the beginning of 2002; the remainder have been retained for later distribution at the discretion of the Board. The subscription price in all three stages will be the average price of SanomaWSOY's Series B share as quoted in November-December in each of the three years in question (2001, 2002, and 2003) plus 20%. The subscription price for 2001A warrants was set at EUR 12.74. The subscription period will begin three years after issue and will continue for three years from that point.

The Board of Directors is paid monthly compensation: EUR 5,000 to the Chairman, EUR 4,000 to the Vice Chairman, and EUR 3,000 to members. A sum of EUR 170 is paid for attending meetings. Board members, with the exception of the President & COO, do not come within the scope of the warrant system.

Remuneration and other benefits paid to SanomaWSOY management in 2001 totalled EUR 7.0 million (5.2 million). Management in this respect covers the members of SanomaWSOY's Board of Directors, the President & COO and his deputy, the presidents of the parent companies of the Group's divisions, and their possible deputies. This sum only covers the remuneration and benefits paid to persons in these positions during the accounting year.

The Chairman & CEO since March 29, 2001, Jaakko Rauramo, was paid remuneration, bonuses, and other benefits totalling some EUR 601,700 in 2001. This figure includes remuneration for his time as President & CEO at the beginning of the year. Jaakko Rauramo is entitled to retire after the age of 60 on a pension of 60% of his salary when he or the Company wishes under his contract of employment as Chairman & CEO and under the terms of Sanoma Corporation's pension fund. SanomaWSOY's President & COO since March 29, 2001, Hannu Syrjänen was paid a total of some EUR 321,380 in remuneration and benefits in 2001. Under his contract of employment, Syrjänen will retire when he reaches the age of 60, unless otherwise agreed, and his pension will be approximately 60% of his salary. His period of notice is six months and payment in the case of termination of employment is equivalent to 18 month's salary. Syrjänen holds 50,000 warrants.

The retirement age of other senior executives is 60 years and their pension around 60% of their salary. The period of notice for senior executives is six months and payment in the case of termination is equivalent to 12 month's salary.

## System of control

The Board selects an Audit Committee from among its members annually, responsible for improving the Company's financial reporting and the reliability of internal control procedures. The Audit Committee consists of four members, but all Board members are entitled to attend meetings. Meetings are also attended, where appropriate, by the Company's external auditors, the President & COO, the CFO, and other persons relevant to the matters under discussion.

The Audit Committee is responsible for reviewing the Company's year-end statement and at least one of its interim reports prior to their final consideration by the Board, and for ensuring the functioning of the Group's operating guidelines and authorities, monitoring systems, and internal auditing. The Audit Committee is also responsible for monitoring the principles of the Group's treasury and asset management activities, reviewing the reports of external auditors, proposing possible actions to be decided on by the Board, and handling any other duties assigned by the Board.

SanomaWSOY's internal auditing, with the exception of Rautakirja, is handled by the Parent Company's Internal Auditing Department.

## Risk management

SanomaWSOY's risk management is covered by a risk management policy approved by the Board. Surveying business risks and managing risks are also handled by the Parent Company. Business risks include those associated with acquisitions, product development, product profitability, new products, marketing, asset management, contracts, and environmental issues. In addition to the Group's risk management policy, other risk management tools include Group and divisional policies and guidelines.

The Board is responsible for monitoring the Group's asset management. The President & COO is responsible for arranging the appropriate bookkeeping and control mechanisms. The Group's financial performance is monitored on a monthly basis using a Group-wide operational planning and monitoring system. This provides data on actual performance, current projections, and plans for the current year and for the next 12-month period.

The creation of Sanoma Magazines increased the Group's net sales significantly. The risks associated with the new division's business are largely the same as the Group's were before, but the geographical spread of risks has changed considerably. Some 40% of SanomaWSOY's net sales now comes from outside Finland; business outside the EU accounts for under 10%.

Risk management is described in more detail in the section on Financial risk management and asset management.

# Board of Directors



*The Board met 13 times during 2001.*

**Jaakko Rauramo**, born 1941, M.Sc.(Eng), Chairman & CEO of SanomaWSOY Corporation

- President & CEO of SanomaWSOY between 1999 and 2001. Served as President of Sanoma Corporation between 1984 and the creation of SanomaWSOY in 1999. Joined Sanoma in 1966, elected to the Board in 1979, and served as General Manager at Sanomaprint, General Manager of the Newspaper Division, and as Sanoma's Executive Vice President.
- Sits on the boards of: Metso Corporation, Rautakirja Oyj (vice chairman), Sanoma Magazines B.V. (chairman of the Executive Board), Svenska Dagbladet AB, the Scandinavian International Management Institute Foundation, the European Publishers Council, and Reuters Founders Share Company Limited (trustee). Jaakko Rauramo is also a member of the Advisory Board of the Helsinki School of Economics, the Delegation of the Finnish Central Chamber of Commerce and the Helsinki Chamber of Commerce, and the Honorary Delegation of the Student's Union of the Helsinki University of Technology.
- Owns 2,452 SanomaWSOY Series A shares and 34,544 Series B shares, together with 5 note units of SanomaWSOY's Convertible Capital Notes 2001.

**Esko Koivusalo**, born 1936, Professor, Vice Chairman of the Board

- Served as Secretary-General of the Alfred Kordelin Foundation until June 30, 2001. Served as a member of WSOY's Supervisory Board between 1983 and 1991, and as its chairman between 1991 and 1999.
- Sits on the boards of: Taluttaja Oy, the Alfred Kordelin Society, and the Arvo and Lea Ylppö Foundation.
- Owns 20 SanomaWSOY Series A shares and four Series B shares.

**Robert Castrén**, born 1957, B.Sc., (Econ)

- Sales & Marketing Director at UPM-Kymmene Oyj subsidiary, Seven Seas Oy, since 2000. Held various marketing position with UPM-Kymmene Oyj and its predecessor, Kymmene Oy, since 1991. Prior to that, he worked for Finnrap and Lamco Paper Sales.
- Sits on the board of: Sanoma Corporation (vice chairman).
- Owns 7,040 SanomaWSOY Series A shares and 13,172 Series B shares.

**Aatos Erkko**, born 1932, KBE, Doctor of Social Sciences h.c.

- Chairman of SanomaWSOY Corporation between 1999 and 2001. Chairman of Sanoma Corporation between 1972 and 1999, Vice Chairman of the Board between 1965 and 1972, CEO of Sanoma Corporation between 1965 and 1976, and a member of the Board since 1957. Editor-in-Chief of Helsingin Sanomat between 1961 and 1970 and Editor-in-Chief of Viikkosanomat between 1953 and 1961.
- Sits on the boards of: Oy Asipex Ab (chairman), News Corporation Limited, the Päivälehti Archives Foundation (chairman), the Helsingin Sanomat Centennial Foundation (chairman), Sanoma Inc. (chairman), and Sanoma Finance AG (chairman).
- Owns 5,125,832 SanomaWSOY Series A shares and 26,041,660 Series B shares.

**Jane Erkko**, born 1936

- Served on the Board of Sanoma Corporation between 1990 and 1999 and on that of Helsinki Media Company Oy as vice chairman between 1995 and 1999.
- Owns 43,808 SanomaWSOY Series A shares and 200,024 Series B shares





**Marjukka af Heurlin, born 1943, M.A. (Agriculture and Forestry)**

- Serves as a nutritionist at the Social Insurance Institution's Rehabilitation Services Unit. Served as a member of WSOY's Supervisory Board between 1980 and 1999.
- Sits on the boards of: Heurlin-Invest Oy (chairman) and Marjukka af Heurlin Oy (chairman).
- Owns 53,760 SanomaWSOY Series A shares and 29,220 Series B shares.

**Paavo Hohti, born 1944, Ph.D.**

- Secretary-General of the Finnish Cultural Foundation. Served as Vice Chairman of WSOY's Supervisory Board between 1994 and 1999 and a member between 1991 and 1994.
- Sits on the boards of: Huhtamäki Corporation (vice chairman), Werner Söderström Corporation's Literature Foundation (chairman), the Foundation of the Finnish Institute in Athens, and the Foundation of the Finnish Institute in Rome (chairman).
- Owns 824 SanomaWSOY Series B shares.

**Kyösti Järvinen, born 1933, B.Sc. (Econ)**

- Served in various positions in Kansallis Banking Group's and Merita Bank Plc's domestic and international operations between 1956 and 1996.
- Sits on the boards of: the Finno-Ugrian Society and the Kalevala Society.

**Robin Langenskiöld, born 1946, B.Sc. (Econ)**

- Served as a member of Sanoma Corporation's Board of Directors between 1990 and 1999 and that of Helsinki Media Company Oy between 1995 and 1999.
- Sits on the board of: Pencentra Oy.
- Owns 1,119,604 SanomaWSOY Series A shares and 6,577,712 Series B shares.

**Rafaela Seppälä, born 1954, M.Sc. (Journalism)**

- President of Lehtikuva Oy since April 1, 2001. Served as Project Manager at Helsinki Media Company Oy between 1994 and 2000, and as a member of Sanoma Corporation's Board of Directors between 1994 and 1999.
- Sits on the boards of: Lehtikuva Oy, Compad Oy (chairman), the European Pressphoto Agency (EPA), the Finnish Foundation for Cardiovascular Research, the Ornamo Foundation, the Museum of Finnish Architecture, and Sernita Oy (chairman).
- Owns 1,119,600 SanomaWSOY Series A shares and 6,577,716 Series B shares.

**Hannu Syrjänen, born 1951, B.Sc. (Econ); Master of Laws, President & COO of SanomaWSOY Corporation**

- Appointed President & COO of SanomaWSOY on March 29, 2001. Joined Rautakirja in 1989 and served as Vice President and Executive Vice President & Deputy CEO before being appointed President & CEO in 1998. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy, and Managing Director of Finnish Lawyers Publishing Oy.
- Sits on the boards of: SanomaWSOY Corporation, Sanoma Magazines B.V. (vice chairman of the Executive Board), Sanoma Corporation (chairman), SWelcom Oy (chairman), Werner Söderström Corporation (chairman), Rautakirja Oyj (chairman), Districo International AB (chairman), Indoor Group Oy, JHC Arena Holding Oy, Song Networks Oy, Ilmarinen Mutual Pension Insurance Company (member of the Supervisory Board), the Finnish Scouts Foundation (Supervisory Board), and the National Defence Support Association (Committee member).
- Owns 4,000 SanomaWSOY Series B shares and 5 note units of SanomaWSOY's Convertible Capital Notes 2001.

A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at [www.sanomawsoy.fi](http://www.sanomawsoy.fi). The share ownership information shown on Pages 46–49 refers to December 28, 2001.

# Management Group



From left to right: Nils Ittonen, Eija Ailasmaa, Jorma Kaimio, Kerstin Rinne, Hannu Syrjänen,

**Hannu Syrjänen**, born 1951, *B.Sc.(Econ), Master of Laws, President & COO, SanomaWSOY Corporation*

- See entry on Page 47.
- Sits on the boards of: See entry on Page 47.
- Owns 4,000 SanomaWSOY Series B shares and 5 note units of SanomaWSOY's Convertible Capital Notes 2001.

**Eija Ailasmaa**, born 1950, *M.Sc. Executive Vice President, Sanoma Magazines B.V.; President, Sanoma Magazines Finland Corporation\**

- Served as President of Helsinki Media Oy in 2000 and 2001, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy between 1998 and 2000. Prior to this, she served as Vice President, Publishing at Sanoma Corporation's Sanomaprint and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine, Kodin Kuvaletti, and in various editorial positions at Ilta-Sanomat.
- Sits on the boards of: Sanoma Magazines Finland Oy\*, Sanoma Magazines B.V. (vice chairman of the Management Board), Oy Ruutunelonen Ab, Egmont Kustannus Oy Ab, the Finnish Periodical Publishers Association (chairman), Hansaprint Oy, FinnMedia (Association of Finnish Media Enterprises), and Oy Kirjalito Ab.
- Owns 80 SanomaWSOY Series A shares.

**Theo Bouwman**, born 1944, *President, Sanoma Magazines B.V.*

- Became President of Sanoma Magazines, when it became operational on October 1, 2001. Chairman of VNU Magazines between 1994 and 2001 and a member of VNU n.v.'s Executive Board (since April 2000). Prior to this, he was President of B.V. Weekbladpers between 1981 and 1994, and Executive Vice President between 1979 and 1981. Before that, he served in various marketing and management functions in the textile and service industries.
- Sits on the boards of: Sanoma Magazines B.V. (Executive Board), Sanoma Magazines B.V. (chairman of the Management Board), Sanoma Magazines Finland

Corporation (chairman), NUV (Dutch Publishers Association) (vice chairman), Nijgh Periodieken B.V. Schiedam (NL) (member of the Supervisory Board), Koninklijke Boom Pers B.V. Meppel (NL) (member of the Supervisory Board), and the Ethics Board of Journalism of The Netherlands.

**Aarno Heinonen**, born 1944, *M.Sc.(Econ), Senior Vice President, Administration and Finance, SanomaWSOY Corporation*

- Served as CFO and Vice President of Werner Söderström Corporation between 1987 and 1999. Previously served as CFO of Veitsiluoto Oy and as Auditing Manager and CFO at the Huhtamäki Group.
- Sits on the boards of: Werner Söderström Corporation, Sanoma Corporation, the Media Employers Association, the Finnish Employers Management Development Institute, Vapo Oy (vice chairman), and the Economic Research Foundation of the Communication Industry.
- Owns 200 SanomaWSOY Series A shares and 2,040 Series B shares.

**Nils Ittonen**, born 1954, *B.Sc.(Econ), Senior Vice President, Group Treasury and Asset Management, SanomaWSOY Corporation*

- Joined Sanoma Corporation in 1977 and served in various positions, including as Vice President, Asset Management at Sanoma Corporation and as the CFO of Sanoma Inc. (USA) and Crafton Graphic Co.
- Sits on the boards of: Rautakirja Oyj, SWelcom Oy, Sanoma Magazines Finland Corporation\*, Onninen-sijoitus Oy, A-pressen ASA (vice chairman of the Supervisory Board), and Oy Asipex Ab.
- Owns 22,320 SanomaWSOY Series B shares.

**Erkki Järvinen**, born 1960, *M.Sc.(Econ), President & CEO of Rautakirja Oyj*

- Joined Rautakirja Oyj in 1997 as Senior Vice President, Kiosk Operations. Previously served as Marketing Manager and Head of Marketing at Vaasamills and as Managing Director of Siljans Knäcke AB in Sweden when



*Theo Bouwman, Seppo Kievari, Erkki Järvinen, Aarno Heinonen, and Tapio Kallioja.*

they were part of the Cultor Group, and as Product and Marketing Manager for Oy Karl Fazer Ab's Fazer Bakeries.

- Sits on the boards of: Finnkino Oy (chairman), Ferete Oy (chairman), JHC Arena Holding Oy, Baltic Cinema SIA, (Latvia), AS MPDE, (Estonia), AS Megapanus, (Estonia) (chairman of the Supervisory Board), Narvesen Baltija SIA, (Latvia), Lehti-Maja Eesti AS, (Estonia) (chairman of the Supervisory Board), AS Lehepunkt, (Estonia) (chairman of the Supervisory Board), Jokerit HC Oyj, Confederation of Service Industries, the Helsinki Chamber of Commerce (Vantaa Section), and the Finnish Food Marketing Association.

**Jorma Kaimio**, born 1946, Ph.D., Docent in Classical Philology at the University of Helsinki, President of Werner Söderström Corporation

- Served as WSOY's Literary Director and Deputy President between 1991 and September 2000. Prior to joining WSOY, he served as Managing Director of the Academic Bookstore, and as a Research Fellow and Lecturer at the University of Helsinki.
- Sits on the boards of: Werner Söderström Corporation, WSOY KouluKanava Oy (chairman), Ajasto Oy (chairman), Weilin+Göös Oy (chairman), Bertmark Media AB (chairman), Helsingin yliopiston Holding Oy, Licentia Oy (chairman), the WSOY Literary Foundation (secretary), the Lauri Jäntti Foundation, SKY-Palvelu Oy, The Finnish Book Publishers Association, and the delegation of the Valamo Foundation.
- Owns 4,480 SanomaWSOY Series B shares.

**Tapio Kallioja**, born 1948, M.Sc.(Eng), President of SWelcom Oy

- Joined Sanoma Group in 1984. Served as Vice President of Sanoma's Eurocable Group and New Media Group and President of Helsingin Telset Oy and Helsinki Television Ltd., and as the President of Helsinki Media Company Oy.
- Sits on the boards of: SWelcom Oy, Helsinki Television Ltd. (chairman), Oy Ruutunelonen Ab (chairman), A-pressen ASA (vice chairman), 2ndhead Oy (chairman), Maxisat Oy, Suomen Urheilutelevisio Oy (vice chairman), the

Association of Commercial Television of Finland (vice chairman), and SSH Communications Security Oyj.

- Owns 1,600 SanomaWSOY Series B shares.

**Seppo Kievari**, born 1943, President of Sanoma Corporation, Publisher of Helsingin Sanomat

- Joined Sanoma Corporation in 1966. Served as Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, and the Publisher of Sanoma's newspapers.
- Sits on the boards of: Sanoma Corporation, Lehtikuva Oy (chairman), Startel Oy (chairman), the Finnish News Agency (chairman), the Finnish Newspapers Association (chairman), the Graphic Industry Research Foundation, the World Association of Newspapers, FinnMedia (Association of Finnish Media Enterprises), Hämeen Sanomat Oy, and A-pressen ASA (deputy member).

**Kerstin Rinne**, born 1950, LL.B., Master of Laws (trained on the bench), Senior Vice President, Legal Affairs and Corporate Planning, SanomaWSOY Corporation

- Joined Sanoma Corporation as a legal counsel in 1980. Responsible for corporate planning, information services, and administration at various points, and served as Vice President, Legal Affairs and Information Services between 1994 and 1999. Prior to joining Sanoma, Rinne worked for the law offices Silkko & Ståhlberg, H. Hedman, and Rinne & Talikka.
- Sits on the boards of: Sanoma Corporation, Werner Söderström Corporation, SWelcom Oy, the HYY Group (HYY Group Ltd, Kaivopiha Ltd, Real Estate Division), and A-pressen ASA. Kerstin Rinne is also a member of the Advisory Board of the International Economic Justice Institute, the Delegation of the Nordic Lawyers Meetings, and the Corporate Affairs Group of the European Publishers Council.
- Owns 1,200 SanomaWSOY Series B shares.

\*Helsinki Media Oy until November 20, 2001.

# The year in focus



1.



2.

## Stock Exchange Releases in 2001

- Sanoma acquired the free-ad publisher and electronic consumer marketplace specialist, Infosto. (5.1)
- WSOY increased its holding in Polish-based digital learning expert, Young Digital Poland, from 29% to 49%. (2.2)
- Net sales for 2000 were up 10% on 1999, while the Group's profit before extraordinary items and operating profit rose by 25% and 19% respectively. (28.2)
- The AGM appointed Jaakko Rauramo as SanomaWSOY's Chairman & CEO, following Aatos Erkko's decision to step down as Chairman and continue as a member of the Board. Rautakirja's Hannu Syrjänen was appointed as the Group's President & COO. A dividend of EUR 0.47 per share was approved. (29.3) *Photo 1.*
- Rautakirja appointed Erkki Järvinen as its new President & CEO. (30.3)
- The Group's first-quarter net sales rose by just under 5% on 2000, while the operating profit totalled EUR 12.7 million (14.5)
- Sanoma was fined over EUR 3 million by the Helsinki District Court as a result of an action brought following articles published in Helsingin Sanomat in 1996 and 1997. (29.6)
- L.J. Jouhki resigned from the Board. (4.7)
- SanomaWSOY announced that it was negotiating with VNU on the purchase of its consumer magazines business. (9.7)
- SanomaWSOY signed a strategic milestone agreement with VNU covering the acquisition of VNU's Consumer Information Group, and its some 220 magazines in seven countries, for an enterprise value of EUR 1.25 billion. (20.7) *Photos 2, 3, and 4.*
- The Group's first-half net sales were up over 4% on 2000, while operating profit totalled EUR 30.2 million. (13.8)
- An Extraordinary General Meeting elected Robert Castrén to the Board and authorised the Board to increase the Company's share capital through a stock issue, convertible loan issue, and/or stock options. (21.8)



3.



4.

- The Board decided to offer convertible capital notes to a maximum value of EUR 250 million for subscription by professional investors in Finland as part of the package arranged to finance the acquisition of VNU's Consumer Information Group. (21.8)
- SWelcom announced that digital trial transmissions by its Movie Channel would start on August 27, initially through a series of free trailers. WSOY announced that it would not launch its WSOY Learning Channel and would instead focus on its Internet-based Opit eLearning environment. (22.8)
- SanomaWSOY published a listing prospectus for an issue of convertible capital notes on August 23; the offer period ended on August 31. The Board decided to approve subscriptions to a total nominal value of EUR 200 million from over 60 Finnish professional investors; and to set the issue price at 99%. Trading in the notes commenced on September 6. (31.8)
- Kirjatuki and Sanomain Huoneisto ja Kiinteistöholding were merged with the Group's Parent Company. (1.10)
- The acquisition of VNU's Consumer Information Group was completed, making SanomaWSOY the largest Nordic media group and Europe's fifth-largest magazine publisher. SanomaWSOY's new magazines division, comprising the acquired businesses and Helsinki Media, was named Sanoma Magazines. (1.10)
- Net sales for the first nine months came in at just under 4% up on 2000, while the Group's operating profit totalled EUR 45.6 million. (12.11)
- Sanoma sold part of its holding in Savon Mediat to Keski-suomalainen, reducing its stake in the company to 14.46%. (22.11)
- SWelcom decided to postpone the start-up of its digital Movie Channel because of open issues surrounding terrestrial digital pay TV operations. (5.12)
- Sanoma Magazines established a 65%-owned company in Croatia, its first international expansion since it became operational on October 1. (21.12)

# Investing in SanomaWSOY

## Annual General Meeting

SanomaWSOY's Annual General Meeting of Shareholders (AGM) will be held on April 9, 2002 at 2.00 p.m. Finnish time at the Congress Wing of Finlandia Hall (Mannerheimintie 13 E, Helsinki).

## Dividend for 2001

The Board of Directors will propose to the AGM that a dividend of EUR 0.51 per share should be paid for 2001. All shareholders registered on the Company's list of shareholders maintained by the Finnish Central Securities Depository on the record date of April 12, 2002 are entitled to a dividend payment. The dividend payment date in Finland will be April 19, 2002.

## List of shares and shareholders

The Finnish Central Securities Depository maintains a list of Company shares and holders of Company shares. Shareholders who need to make changes to their personal and contact information are requested to contact the Depository directly on +358 800 180 500.

## SanomaWSOY's financial reporting during 2002

The Group's Interim Reports will be published on May 14, August 8, and November 7 at around 11.00 a.m. Finnish time.

The Annual Report is available in Finnish, Swedish, and English; and Interim Reports in Finnish and English. Publications can be consulted at [www.sanomawsoy.fi](http://www.sanomawsoy.fi) and can be ordered by email ([konsernivistinta@sanomawsoy.fi](mailto:konsernivistinta@sanomawsoy.fi)) or by phone on +358 105 19 5062 or fax on +358 105 19 5068. Additional extensive investor information can be found at [www.sanomawsoy.fi](http://www.sanomawsoy.fi).

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