

Samoa always

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SanomaWSOY Group

- Chairman & CEO Jaakko Rauramo
- President & COO Hannu Syrjänen
- Net sales € 2 493.0 million
- Operating profit € 239.5 million

SanomaWSOY is the leading media group in the Nordic region operating in 20 European countries. The Group comprises five divisions. Sanoma Magazines is one of the five largest magazine publishers in Europe, Sanoma is Finland's leading newspaper publisher, WSOY is Finland's largest book publisher and a significant European educational publisher, SWelcom focuses on electronic media, and Rautakirja is the market leader in press distribution and specialized retailing.

Sanoma Magazines

- President & CEO Eija Ailasmaa
- Net sales € 1 083.7 million
- Operating profit € 86.9 million

- Magazine publishing and distribution

Sanoma

- President Mikael Pentikäinen
- Net sales € 435.2 million
- Operating profit € 71.2 million

- Newspaper publishing and printing

WSOY

- President Jorma Kaimio
- Net sales € 253.9 million
- Operating profit € 29.2 million

- Educational publishing, publishing, printing, and calendar operations

SWelcom

- President Tapio Kallioja
- Net sales € 119.4 million
- Operating profit € 9.0 million

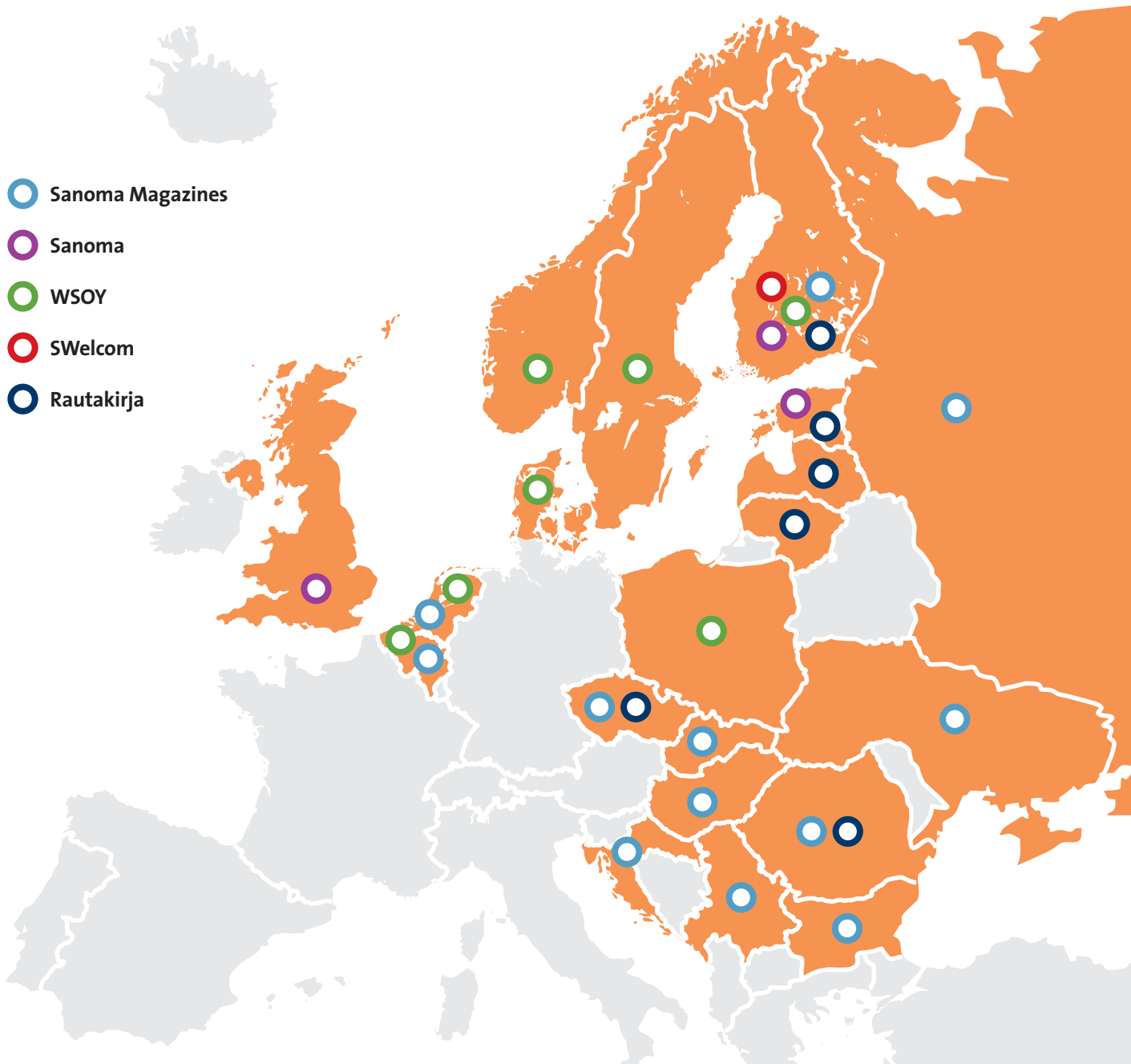
- Electronic media

Rautakirja

- President & CEO Erkki Järvinen
- Net sales € 659.7 million
- Operating profit € 41.5 million

- Kiosk operations, press distribution, bookstores, and movie theatres





■ **Sanoma Magazines** - Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Russia, Serbia and Montenegro, Slovakia, Ukraine ■ **Sanoma** - Estonia, Finland, the United Kingdom ■ **WSOY** - Belgium, Denmark, Finland, the Netherlands, Norway, Poland, Sweden ■ **SWelcom** - Finland ■ **Rautakirja** - the Czech Republic, Estonia, Finland, Latvia, Lithuania, Romania

Mission, vision, values, objectives

A media company of opportunities and operational excellence

Mission

SanomaWSOY's mission is to be the market leader in satisfying people's need for information and education and for an easier and happier life.

Vision

SanomaWSOY's vision is to be the media company of opportunities and operational excellence.

- Our long history and wide product range give us a sound base and put us in a strong position to be the market leader in satisfying our customers' needs for information and education, and for an easier and happier life.
- As a media company, our success depends on skilful people. As an international company operating in several fields, we can offer our personnel a wide range of opportunities for continuous learning, self-development, and job rotation.

Values

- Creativity
- Reliability
- Dynamism

Creative work is the essence of communications; creativity and reliability form the basis of all our activities. Dynamic people are essential to our success.

Strategic objectives

Growth

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

Market leadership

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

Cash flow

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

Business practices

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

Financial targets

Financial targets are defined as operating profit (EBIT) of net sales, %.

• Sanoma Magazines	9.0%
• Sanoma	12.5%
• WSOY	12.0%
• SWelcom	7.5%
• Rautakirja	6.0%
• SanomaWSOY	9.0%

According to a preliminary estimate, the IFRS reporting started in 2005 will improve the Group's operating profit margin by some 2.5 percentage points. The modifications will be most significant at Sanoma Magazines.

SanomaWSOY revises its financial targets next time in May 2005 when announcing its result for the first quarter 2005.

Capex yearly basic level under EUR 100 million.

Equity ratio approximately 50%.

Dividend policy

SanomaWSOY pursues an active dividend policy, based on the principle of normally distributing half of the Group's result after taxes in the form of a dividend.

SanomaWSOY's approach

SanomaWSOY's vision is to be a media company of opportunities and operational excellence. We want all our interest groups – customers, employees, owners, and partners – to have the chance to be part of our success. It is also important for us that the countries and societies where we operate succeed and develop. We want to participate in contributing to this development.

We operate in accordance with generally accepted practices, rules, and regulations. We are of the opinion that a societal approach and long-term objectives should be obtained by a balanced approach to stakeholders and bearing our responsibility.

Independent and reliable news reporting

Our objective can be seen in the operational principles of Helsingin Sanomat: Helsingin Sanomat is an independent and non-aligned newspaper promoting and reinforcing democracy, social justice, and freedom of opinion. Helsingin Sanomat pursues its mission primarily through balanced, rapid and reliable news reporting. Helsingin Sanomat's aim is to offer readers an overall picture based on the information necessary for citizens to make their own decisions.

Helsingin Sanomat defines its positions and views independently, free from political or economic decision-makers or other pressure groups. This independent policy is also implemented in daily news reporting.

While aspiring to defend and reinforce democracy in a pluralistic society, Helsingin Sanomat pays special attention to securing freedom of opinion. According to Helsingin Sanomat's view, balanced social development is possible only if all citizens are guaranteed an uninterrupted flow of varied and essential information.

The same way of thinking steers communications in the whole of SanomaWSOY Group.

A media company of operational excellence

Our goal is that the different sectors – content production, human resources management, operational processes, as well as efficiency and profitability – will meet the criteria of operational excellence. These same criteria are applied when it comes to the interpretation of the spirit and letter of the law.

This is shown in the ethical principles of Sanoma Magazines: Sanoma Magazines is an international company with roots in Europe which, above all, recognises freedom of speech and respects the different cultures in the countries where it does business. The Group has a long tradition and interest in the development of society and people's intellectual and economic wellbeing. A responsible approach to environmental questions and a strong sense of corporate responsibility are an integral part of our operating principles.

Towards multimedia

Communications and advertising develop from monomedia towards multimedia. The development in technology speeds up this trend. The most important forces of change are the digitalization of TV, the internet, the increased use of personal video recorders,

and wireless communication. SanomaWSOY is firmly involved in this process, and has also managed to make commercial use of it. In Finland, we are undoubtedly the leading player in the multimedia field. Internationally, we aim at being the best option for multimedia solutions connected with both magazines and educational materials.

Net sales of our business-to-business operations amount to about EUR 550 million. When communicating with our customers, we want to build on confidence and long-term co-operation. We believe that, in the future, our business customers will benefit from an enhanced, more creative and more versatile service.

Skilful people are the foundation

SanomaWSOY's mission is to be the market leader in satisfying people's need for information and education and for an easier and happier life.

High-level communications and quality education are crucial for the functioning and development of democratic societies. Media also have an important role in people's everyday lives and personal matters. They offer information, solutions to problems, and ideas for personal development.

Reading and literacy form the basis for civilisation and development. Hence SanomaWSOY has a responsible and important role in the countries where it operates.

We have a demanding mission which calls for creative, reliable and dynamic personnel who respect our values. Our employees are highly educated and very skilful. Also, they expect that we operate fairly, encourage in terms of remuneration, and give continuous training. At SanomaWSOY, a good personnel policy is a prerequisite for our success.

Our personnel have shown high expertise and commitment when meeting the challenges set by our operational environment and strategy. However, the operational environment changes and develops constantly. This means that our personnel always have to be ready for change and also that there are always new people joining us. In this connection, we would like to welcome our new

colleagues from Russia, Ukraine, Serbia and Montenegro, the Netherlands, and Belgium, among others.

Due to the nature and breadth of our business we have to understand and serve our customers as well as possible in 20 countries. We are indeed very proud that every year our magazines, newspapers, and books have about 50 million readers, and that we have about 200 million customers in our kiosks, bookstores, and movie theatres. If they, as consumers of our products and services, are better informed and educated, or if we have made their lives easier and happier, we have been successful. ■

Hannu Syrjänen
President & COO

Jaakko Rauramo
Chairman & CEO



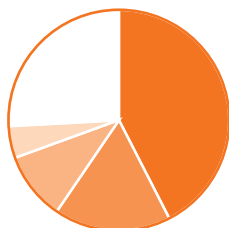
SanomaWSOY

Key figures

Key indicators, € million	31.12.2004	31.12.2003
Net sales	2 493.0	2 395.9
Operating profit before amortisation	370.5	338.4
Operating profit	239.5	205.2
Profit before extraordinary items	212.2	163.1
Balance sheet total	2 528.8	2 453.0
Gross investments	274.7	94.8
Return on equity (ROE), %	15.5	11.9
Return on investment (ROI), %	14.8	11.4
Equity ratio, %	39.0	40.3
Equity ratio, % *)	45.6	47.6
Gearing, %	85.4	72.9
Gearing, % *)	58.6	46.4
Earnings / share, €	0.87	0.69
Cash flow / share, €	1.67	1.65
Equity / share, €	5.99	6.08
Personnel under employment contract, average	16 207	17 330
Market capitalisation	2 632.2	2 554.9

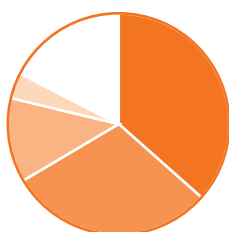
*) Capital notes included in equity.

Net sales by division



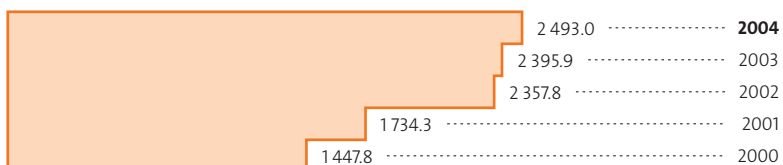
Sanoma Magazines	43%
Sanoma	17%
WSOY	10%
SWelcom	5%
Rautakirja	26%

Operating profit by division



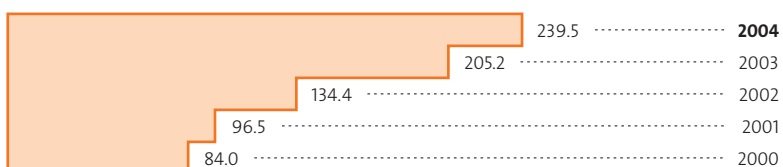
Sanoma Magazines	36%
Sanoma	30%
WSOY	12%
SWelcom	4%
Rautakirja	17%

Net sales, € million *)

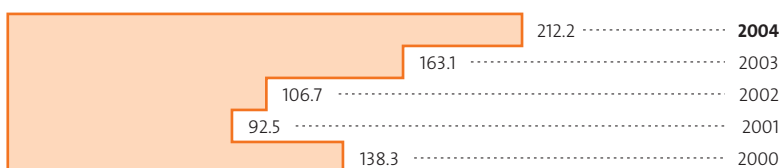


*) The accounting practice of net sales has been modified in 2003. The data from 2000 to 2002 has not been adjusted accordingly.

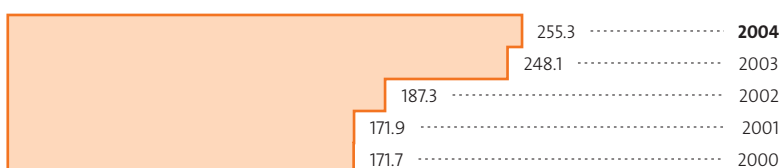
Operating profit, € million



Profit before extraordinary items, € million



Cash flow from operations, € million



	Net sales		Operating profit before amortisation (EBITA)				Operating profit (EBIT)			
	2004	2003	2004	%	2003	%	2004	%	2003	%
Sanoma Magazines										
• Sanoma Uitgevers	528.8	540.6	106.4	20.1	105.1	19.4				
• Sanoma Magazines Belgium	186.0	182.1	18.4	9.9	17.7	9.7				
• Sanoma Magazines Finland	174.8	167.9	27.0	15.5	25.4	15.1				
• Sanoma Magazines International	138.3	127.2	9.1	6.6	13.4	10.5				
• Aldipress	115.7	109.3	2.3	2.0	-1.2	-1.1				
• Intracompany transactions / eliminations	-59.8	-62.3	-1.2	-	-1.1	-				
Total	1 083.7	1 064.8	162.0	14.9	159.1	14.9	86.9	8.0	78.8	7.4
Sanoma *)										
• Helsingin Sanomat	250.8	243.7	41.0	16.3	30.4	12.5				
• IS Business Unit	95.2	93.6	17.1	17.9	17.5	18.7				
• Sanoma Lehtimedia	54.0	52.7	9.5	17.6	8.1	15.4				
• Others	133.7	176.3	10.4	7.8	21.4	12.1				
• Intracompany transactions / eliminations	-98.5	-140.8	-	-	-	-				
Total	435.2	425.5	78.0	17.9	77.5	18.2	71.2	16.4	69.4	16.3
WSOY *)										
• Publishing	178.7	142.6	26.9	15.1	12.7	8.9				
• Printing	59.0	60.2	8.1	13.7	7.4	12.3				
• Calendar operations	30.3	32.1	0.7	2.4	1.4	4.5				
• Others	5.1	4.6	-0.4	-7.4	5.0	109.4				
• Intracompany transactions / eliminations	-19.1	-27.2	2.9	-	1.4	-				
Total	253.9	212.2	38.3	15.1	28.0	13.2	29.2	11.5	22.6	10.6
SWelcom										
• Nelonen	67.6	56.5	27.4	40.5	20.2	35.8				
• Others	53.1	50.0	11.9	22.3	9.4	18.8				
• Intracompany transactions / eliminations	-1.3	-1.7	-	-	-	-				
Total	119.4	104.9	39.3	32.9	29.6	28.3	9.0	7.5	1.2	1.1
Rautakirja										
• Kiosk operations	347.3	352.8	22.3	6.4	20.1	5.7				
• Press distribution	79.5	87.6	12.6	15.9	11.9	13.6				
• Bookstores	129.7	121.8	9.9	7.6	8.9	7.3				
• Movie theater operations	56.8	52.8	8.5	15.0	7.8	14.8				
• Restaurant operations	57.8	62.6	0.6	1.1	-0.2	-0.4				
• Intracompany transactions / eliminations	-11.3	-23.8	-	-	-	-				
Total	659.7	653.8	50.6	7.7	45.7	7.0	41.5	6.3	35.5	5.4
Other companies **) and eliminations	-59.0	-65.3	2.4		-1.4		1.7		-2.2	
SanomaWSOY	2 493.0	2 395.9	370.5	14.9	338.4	14.1	239.5	9.6	205.2	8.6

*) EBITA and EBIT include a share of Rautakirja's result until 1 March 2003.

**) Parent company SanomaWSOY Corporation and real estate and investment companies.

Key events in 2004

Consistent execution of strategy

Growth and market leadership

SanomaWSOY's strategy is to develop new, profitable products and services which can be successfully expanded cross-media and internationally. Our aim is to be the leading media company in the Nordic region and one of the leading magazine and educational publishers in Europe. We aim at market leadership in our chosen businesses and markets.

In 2004, especially the Group's magazine operations expanded strongly in Central Eastern Europe where several new products were launched – Esta and Zin being the largest – and operations were extended into Serbia and Montenegro. Besides conventional magazine operations, a variety of events and internet projects were promoted.

During 2004, SanomaWSOY markedly strengthened its position on the European educational material market: In spring it increased its share in the Polish eLearning company Young Digital Poland. In the summer, SanomaWSOY acquired the educational publisher Malmberg, operating in the Netherlands and Belgium. Today, SanomaWSOY is the fifth largest magazine publisher and the sixth largest educational publisher in Europe.

12.2 SanomaWSOY's result for 2003: Development in results continued to be good

6.4 Sanoma Magazines sold Milvus Förlags AB

30.6 Sanoma sold its shares in Savon Mediat Oy to Ilkka-Yhtymä

7.5 SanomaWSOY's interim report 1.1–31.3.2004: Development in results continued to be good – operating profit almost doubled

16.3 WSOY acquired the majority share in Young Digital Poland

4.5 Free sheet Uutislehti 100 to Sanoma

Cash flow and business practices

SanomaWSOY's goal is to retain the most valued and desired products and services. The Group aims to increase profitability in the current businesses and to realize non-core assets and businesses.

In 2004, the Group's development in results continued to be strong and all divisions posted improved results. The Group refinanced its loan portfolio, which decreased financing costs significantly. In line with its strategy, the

Group realized non-core assets and businesses in 2004 by selling the Swedish magazine publisher Milvus Förlags, its restaurant operations, and the minority share in the newspaper companies Savon Mediat and Ilkka-Yhtymä, among others.

In 2004, SanomaWSOY continued to internationalize its press distribution by extending it into Romania and Lithuania. The Group now has a very strong and sound position in the Baltic press distribution and movie theatre operations markets. The Central Eastern European economies are growing intensively, and SanomaWSOY will continue to invest in these markets in 2005. An example of this is

the announcement of the acquisition of the leading Russian consumer magazine publisher Independent Media in January 2005.

Newspaper operations will continue to focus on conventional newspapers. Nevertheless, according to a decision made in 2004, free sheets will be one of the areas of growth in the newspaper sector. SanomaWSOY acquired several free sheets during the year – Uutis-

lehti 100, the Kellokas free sheet family, and Palvelulehti Itäväylä, among others – and established a new business unit for free sheets. Further, the establishment of a new free sheet chain, Kaupunki-lehti Kymppi, in the Helsinki area was announced for 2005. ■

19.1 SanomaWSOY acquires the leading Russian magazine publisher Independent Media

8.12 Rautakirja acquired a press distribution company in Lithuania

14.12 Sanoma acquired Palvelulehti Itäväylä *)

22.12 Sanoma Magazines International entered Serbia and Montenegro

22.12 Rautakirja sold its restaurant operations

*) Sanoma Corporation's release

2.7 Rautakirja expanded into Romania

16.7 SanomaWSOY acquired Malmberg Investments B.V.

10.8 SanomaWSOY's interim report 1.1–30.6.2004: The year continued to be successful

23.9 SanomaWSOY refinanced its loan portfolio

21.10 Sanoma to establish free sheets and diversify Kellokas paper operations *)

28.9 Free sheets Kellokas and Hyvinkään Kellokas to Sanoma

8.11 SanomaWSOY's interim report 1.1–30.9.2004: Development in results continued to be strong

15.11 Sanoma gained EUR 5.6 million on the sale of assets of Ilkka-Yhtymä shares

SanomaWSOY's aim is to ensure continuous growth and profitability and to constantly promote good management practice. The company also wishes to secure fast, flexible and cost-efficient processes. In 2004, SanomaWSOY rationalized its processes by cen-

tralizing its IT operations and making preparations for forming a financial service centre. Co-operation between printing houses was intensified, and the centralization of paper purchases was continued. Major investments were also made in personnel training. ■

A complete list of SanomaWSOY's releases for 2004 can be found on page 52, Financials, and at www.sanomawsoy.fi.

Widening media field

People's time is filled with a continuous flow of information from different media. From the media companies' point of view, the competition needs to be seen as a whole, where the media compete with other free-time opportunities.

Television is still the most popular media in Europe, even though the target audiences are fragmenting due to the increasing number of TV channels. Also the use of the internet is growing rapidly, partly due to the popularity of broadband connections.

However, content requirements are changing, with customers expecting not only information but also personalization and an enjoyable experience. Digitalization, the rapid development of information technology, wireless technology and mobility, and increasingly versatile end-user equipments are enabling completely new products and services. While this change is ushering in opportunities, it is also intensifying competition for people's time.

Strong brands grow stronger and expand

The magazine market is in the process of change. The conventional magazines – such as National Geographic, Donald Duck,

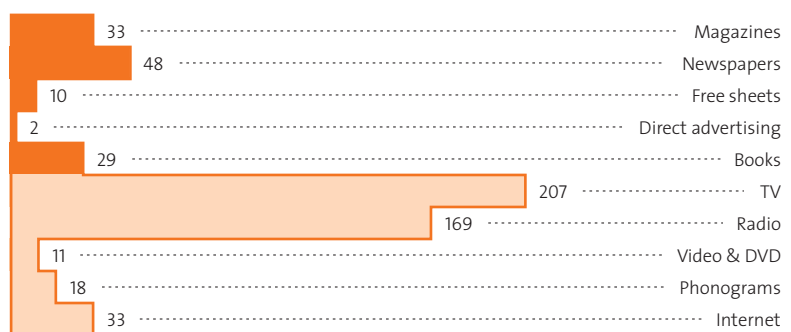
and the women's magazines Me Naiset and Libelle – reach hundreds of thousands of readers and live from one decade to another. Thus strong brands grow even stronger and are utilised in other businesses. Brand extensions – such as fairs, household appliances and textiles – are today a considerable part of the magazine business.

Another trend related to the magazine market is the increasingly accurate analysis and segmentation of readers. Due to technological development, even short-term magazines can be profitably produced for smaller and smaller target groups. This kind of niche publishing, magazine publishing for very specific target groups, is growing in Europe.

Increased advertising sales for newspapers

The long-term development of the advertising market clearly follows the growth of GDP but reacts slightly stronger than the changes in GDP. The recession at the change of the millennium depressed the advertising market, and the recovery is slow. It was only in the second half of 2004 that there were clear signs of recovery in the Finnish advertising

Finland: Time spent with mass media in 2004 *)



Source: TNS Gallup Group

*) min / day

market. Job advertising, which is considered an indicator of economic development, increased in 2004 by 12%.

Radical change in educational publishing

A major change is in progress in educational publishing in Europe. Educational materials are conventionally published separately in each country, and there are few multinational publishers. This is changing, now that curricula are being harmonised and in the future the same, localized modules can be used to create various educational materials. The internet, eLearning environments, and other eLearning materials are contributing to the change. It is particularly the Central Eastern European countries that are currently investing in developing their school systems.

Broadband internet connections increase sharply

In 2004, the number of broadband internet connections increased a lot. According to TNS Gallup, every second household had an internet

Advertising expenditure in 2004, USD million

	Total	Newspapers	Magazines	TV	Radio	Cinema	Outdoor	Internet
The Netherlands	3 862	1 620	877	854	279	8	150	74
Russia	3 360	515	360	1 650	135	15	650	35
Poland	3 124	455	481	1 700	264	30	194	N/A
Belgium	2 679	623	324	1 163	284	29	225	32
Norway	2 358	1 072	260	720	127	20	95	64
Sweden	2 000	967	256	449	60	9	103	158
Hungary	1 923	214	211	1 260	109	7	122	N/A
Denmark	1 769	721	55	322	36	9	55	87
The Czech Republic	1 356	267	268	652	82	6	58	22
Finland	1 279	699	209	253	54	2	36	26
Bulgaria	254	41	14	165	N/A	N/A	27	N/A
Romania	200	30	18	130	9	1	12	1
Lithuania	95	28	12	41	7	0	6	2
Latvia	83	25	13	28	10	1	5	2
Estonia	70	31	8	18	6	N/A	5	2

Source: ZenithOptimedia, 2004

connection in Finland by the end of 2004. Half of them were broadband connections. Their number was roughly 25% a year before. Broadband connections facilitate a major change in media and leisure time consumption. Weather forecasts, TV programmes and timetables are often checked online, and the internet is considered quick and easy for ticket reservations and bookings.

Press distribution has an important role – particularly in Central Eastern Europe

In Central Eastern Europe, press distribution was conventionally seen as a support function for publishing. The situation is changing, and it is admitted that correctly implemented distribution can be a good and profitable business. ■

GDP change and advertising growth rates, %

	2000		2001		2002		2003		2004		2005		2006		2007	
Belgium	3.7	8.6	0.7	-3.1	0.7	10.3	1.1	11.0	2.5	10.0	2.5	9.9	2.1	10.0	2.1	9.1
Bulgaria	5.4	68.6	4.1	44.2	4.9	32.0	4.3	20.5	4.7	13.1	4.2	13.5	4.2	11.9	4.3	9.1
The Czech Republic	3.9	16.4	2.6	16.5	1.5	-1.2	3.1	7.7	3.9	9.5	4.1	7.5	4.4	7.9	4.4	7.2
Denmark	2.8	4.8	1.6	0.0	1.0	-2.9	0.5	3.3	2.6	5.2	2.6	5.3	2.3	4.8	2.0	4.6
Estonia	7.8	5.5	6.4	11.2	7.2	8.4	5.1	11.5	5.9	7.4	6.0	7.3	5.8	6.0	5.5	5.8
Finland	5.1	8.0	1.1	-5.1	2.3	-1.5	2.0	2.5	2.8	5.0	3.1	4.2	3.0	3.6	2.8	3.1
Hungary	5.2	29.7	3.8	18.9	3.5	19.7	2.9	16.0	3.7	16.5	3.9	17.0	4.0	16.6	4.0	15.2
Latvia	6.9	6.8	8.0	14.0	6.4	18.4	7.5	6.2	7.5	10.5	5.5	11.8	5.5	8.3	5.2	8.2
Lithuania	3.9	-6.5	6.4	4.0	6.8	18.0	9.7	12.1	7.0	11.4	6.2	8.9	5.5	8.8	5.2	7.4
The Netherlands	3.5	9.3	1.4	-3.7	0.6	-2.7	-0.9	-6.0	1.4	-1.2	2.0	1.7	2.1	3.1	2.3	2.4
Norway	2.8	10.4	2.7	-0.8	1.4	3.6	0.4	15.1	3.1	8.4	2.9	5.6	2.3	4.4	2.1	3.7
Poland	4.0	14.4	1.0	23.7	1.4	4.9	3.8	10.9	5.5	6.5	4.5	5.9	4.0	4.9	4.1	3.8
Romania	2.1	2.0	5.7	-7.4	5.0	6.1	4.9	22.1	6.0	30.5	5.2	8.7	5.2	9.8	4.8	6.8
Russia	10.5	44.3	5.1	61.7	4.7	50.4	7.3	30.8	7.0	27.8	6.0	21.6	5.5	14.8	5.0	11.6
Sweden	4.4	13.8	1.2	-10.9	2.0	-3.9	1.7	0.2	3.3	2.2	3.0	5.4	2.7	6.8	2.3	5.1

Sources: ZenithOptimedia, 2004, EIU

○ GDP ○ Ad growth

Sanoma Magazines is one of the five largest consumer magazine publishers in Europe. The division publishes some 270 titles in 12 countries. Based on the core business and labelled with the magazine brands, other media platforms, especially the internet, are also being expanded. Sanoma Magazines' mission is to serve the needs of readers and advertisers by creating and continuously developing top quality magazine brands and multimedia extensions that offer sustainable profitability and growth.

Sanoma



Sanoma Uitgevers, the Netherlands

- Women's magazines
- Men's magazines
- Home & decoration magazines
- Children's and youth publishing
- Custom publishing
- Other operations
 - ilse Media Groep
 - RCV Entertainment

Sanoma Magazines Belgium

- Women's magazines
- TV magazines
- Home & decoration magazines
- Custom publishing

Sanoma Magazines Finland

- Women's and family magazines
- Technical magazines and Custom publishing
- Youth publishing

Sanoma Magazines International

- Consumer magazines and Custom publishing
 - Hungary
 - the Czech Republic
 - Croatia
 - Romania
 - Slovakia
 - Bulgaria
 - Serbia and Montenegro (2005)
 - Russia (2005)
 - Ukraine (2005)

Aldipress, the Netherlands

- Magazine distribution

ma Magazines

One more successful year for magazines

“**Sanoma Magazines** geared up for future growth and strengthened its leading market position with a record number of new initiatives in 2004. Altogether 29 projects, such as new magazines and internet initiatives, were launched in our nine markets during the year.

“In 2004, we continued our geographical expansion by starting operations in Bulgaria and preparing to start in Serbia and Montenegro. We also invested in new growth opportunities with multimedia initiatives and brought our internet operations into focus. It is our ambition to expand our existing market leadership in consumer internet markets in the Netherlands and Hungary throughout the whole division. We also stimulated custom publishing initiatives in all major markets.

“Promotion of our key titles in all our markets was and will be central in our operations. In 2004 we were able to achieve above-average growth in our leading titles in most of our key markets.

“Although we invested in the future more than ever, we were still able to continue improving the good performance thanks to the strong market positions of our businesses and initiatives to improve cost efficiency.

“2005 is expected to continue as a rewarding, inspiring, and innovative journey in our efforts to be genuinely customer driven and operationally excellent by doing things better, smarter, and quicker. We will continue to develop the portfolio of our businesses by further geographic expansion and by utilizing our strong brands and customer communities.

“The acquisition of the leading Russian publishing company, Independent Media, and our expansion into this large growth market will be the highlight of our year.” ■

Eija Ailasmaa
President & CEO
Sanoma Magazines

2004 was a success for Sanoma Magazines. The company's revenue increased by 1.8% to EUR 1,083.7 million and its operating profit improved by 10.2%. The company strengthened its position as Europe's fifth-largest magazine publisher.

The demanding market situation, especially in the Netherlands, was addressed by actively launching new titles and improving operational efficiency.

Many new launches and multimedia innovations at Sanoma Uitgevers

Despite the challenging market situation in the Netherlands, 2004 was a successful year for Sanoma Uitgevers. By launching 18 new products, off and online, Sanoma Uitgevers strengthened its product portfolio and extended its leading role as the largest Dutch multimedia company.

Examples of the 2004 launches are the bi-weekly women's magazine *Esta*, the bi-weekly celebrity magazine *Pulse*, *Zin*, a magazine for 50+ readers, and *Ook!*, a magazine for grandparents. New launches for juvenile readers were *Winnie de Poeh* and *Disney Princes*.

In 2004 Sanoma Uitgevers acquired equity in *Preview*, the leading movie magazine in the Netherlands, and established a



Sanoma Magazines is a preferred license partner to many well-known international magazine brands like National Geographic, Men's Health, and Donald Duck.

new publishing company, Sanoma Men's Magazines, which brings all men's titles together. Linda, published by the 30% owned subsidiary Mood for Magazines, won the award of Magazine of the Year 2004.

Also, cross-media activities were expanded in 2004. In addition to the readers' events of Libelle and Margriet, a new event for young families became an instant success. In 2004, 20% of Sanoma Uitgevers' revenues came from brand extensions like events, books, and internet sites.

ilse Media Group had a very successful year and acquired several internet initiatives like Kaboem.nl, web-log.nl, and CU2.nl. This strengthened ilse's position among Dutch youngsters substantially. Also the internet initiatives of Autoweek.nl and Vrouwonline.nl were very successful.

Sanoma Magazines Belgium improved its result

In the very competitive market in 2004, Sanoma Magazines Belgium improved its financial performance and its biggest titles maintained their market positions. The company acquired some small-scale publishing titles and launched new custom publishing titles.

In 2004, Sanoma Magazines Belgium also launched an initiative to increase the market share of magazines in the advertising market. This important initiative was later supported by all major Belgian magazine publishers in the context of Febelma (Federation of Belgian Magazine publishers).

Furthermore, Sanoma Magazines Belgium created new ways of expanding the traditional advertising relationships to include other marketing activities like special events and competitions, new editorial initiatives, workshops, internet services, etc.

In 2005, Sanoma Magazines Belgium aims to increase its mar-

ket share in both the readers' and advertising markets. This includes new launches and acquisitions. The focus will also be on improving operational excellence, for example by improving the total supply chain process.

The success of Sanoma Magazines Finland continued

2004 was very successful for Sanoma Magazines Finland. The net sales increased by 4.1% to EUR 174.8 million. The positive development of own operations' profitability continued, reaching an all-time high.

Sanoma Magazines Finland also succeeded in the readers' market. The total circulation of its 40 titles went up from 2.0 million to 2.2 million.

ET-lehti, a 50+ magazine, increased the number of issues from 14 to 15 in 2004 and there will be 18 issues in 2005. Me Naiset magazine continued the positive development by increasing both circulation and number of readers. The Donald Duck character celebrated its 70th birthday and Donald Duck, Finland's biggest magazine in circulation, continued its success, selling some 300,000 copies.



Sanoma Magazines publishes the popular Cosmopolitan magazine now in seven countries – Bulgaria, Finland, Hungary, the Netherlands, Romania, Russia, and Ukraine.

Sanoma Magazines Finland broadened its magazine portfolio by launching two new magazines in March: Auto Bild Suomi, a bi-weekly car magazine and Meidän Perhe, a monthly parenting magazine.

During 2004, Sanoma Magazines Finland divested two non-core assets. In March, a weekly tabloid, ITviikko, was transferred to Sanoma and in May, Swedish magazine publisher Milvus Förlags was sold.

Because of its strong position in the readers' market, Sanoma Magazines Finland's starting point for 2005 is good. The magazine portfolio will continue to reflect market trends and environmental values.

Several new launches from Sanoma Magazines International

In 2004, Hungarian-based Sanoma Budapest continued to show strong performance, although the media advertising market was subject to increasing price competition. Top performers were Best, Szines RTV and Story. The women's weekly Maxima was launched in January 2004. In September 2004, Sanoma Budapest, through a joint venture company, launched Exit,

a free cultural program magazine. FHM, the men's lifestyle magazine, from joint venture company Hearst Sanoma Press Publications, was awarded the bronze EFFI prize, one of the most valued international awards for advertising effectiveness.

The economic fundamentals of the Czech Republic look very good. However, in 2004 consumers showed low confidence as a result of recent VAT increases and EU entrance.

Two new titles launched by Sanoma Magazines Praha were closed before the year-end. To meet the changing market conditions and to secure its market share, Sanoma Magazines Praha launched several new titles in the low-priced magazines' segment. In December 2004, Sanoma Magazines Praha divested its business-to-business magazines to fully focus its attention on the consumer magazines and to remain the leading publisher in the Czech Republic in this segment.

Sanoma Hearst Romania added Bine! pentru mine, a bi-weekly women's magazine, to the portfolio, and the publication frequency of Story and TV Story changed from bi-weekly to weekly.

Sanoma Magazines Zagreb's most recent launch was the bi-weekly lifestyle magazine Viva, introduced on the Croatian market in October 2004. The company has also strengthened its magazine portfolio as well as its multimedia products.

Sanoma Magazines Slovakia, leading in the business-to-business segment in Slovakia, performed according to expectations. Sanoma Bliask Bulgaria strengthened its existing portfolio and reported a continuing success story for Cosmopolitan, launched in March 2004.



Well-known magazine brands have also created wide and active internet communities – like the parenting community around Vauva (Baby) magazine in Finland.

Aldipress – a year of growth and development

Though 2004 has been a year of pressure on margins from the retail side, Aldipress managed to improve its share in shelf positions.

In food channels its market share grew from 68% to almost 75%. Shell selected Aldipress as the exclusive supplier of magazines and home entertainment products to its service station network in the Netherlands.

Aldipress started a number of pilot schemes to develop several new retail channels and persuaded new initiatives to increase sales through its retail partners.

At the beginning of 2004 Aldipress acquired the whole sale

and distribution activities for the magazine group of De Telegraaf (TTG), adding nine major titles to its portfolio.

As part of an operational excellence program the processing of unsold copies and all logistical activities will be concentrated on one site. At the same time strong impulses are given to improvement of processes and structures as well as to upgrade of systems.

Acquisition of Independent Media Holding – the leading Russian magazine publisher

In January 2005, SanomaWSOY announced that Sanoma Magazines has entered into an agreement to acquire Independent Media Holding. The company consists of six main operating companies in Russia and Ukraine. This acquisition makes Sanoma Magazines the leading consumer magazine publisher in Russia. ■

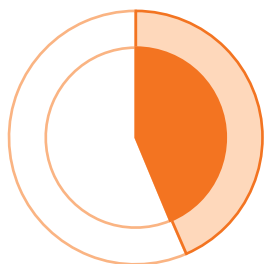
ilse Media – the leading Dutch online publishing company

The strategy of ilse Media is focused on three areas: search engines and portals, news sites, and youth communities.

At the moment, ilse Media generates about 450 million page impressions per month and its sales are growing fast, providing higher profit margins than in the consumer print industry. In December 2004, ilse Media won three prizes in the Dutch Website of the Year contest with its ilse.nl, Startpagina.nl, and Nu.nl websites.

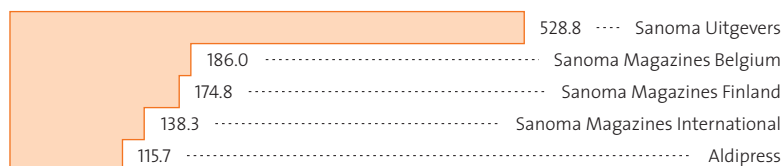
Due to Sanoma Magazines' strong online market positions, its online assets contribute substantial value to Sanoma Magazines' total business. In 2005, Sanoma Magazines will strengthen and develop its existing internet activities and knowledge to increase its online presence in its core countries. This will be done through launches, partnerships, and acquisitions. ■

Sanoma Magazines Net sales and EBITA, %

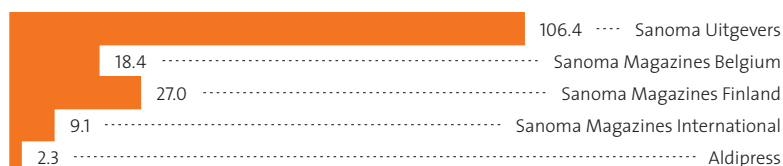


Net sales ○ 43% of Group
EBITA ● 44% of Group

Net sales by business, € million



EBITA by business, € million



Management Board

Eija Ailasmaa, (Chairman), born 1950
President & CEO,
Sanoma Magazines B.V.

Koos Guis, born 1947
CEO,
Sanoma Magazines
International B.V.

Edo Meerloo, born 1948
CEO,
B.V. Aldipress

Raili Mäkinen, born 1944
CEO,
Sanoma Magazines Finland Oy

Walter van der Schaaff, born 1958
CFO,
Sanoma Magazines B.V.

Dirk Van den Bossche, born 1962
CEO,
Sanoma Magazines Belgium N.V.

Pim de Wit, born 1952
CEO,
Sanoma Uitgevers B.V.

Paul van Driessen, born 1954
Secretary to the Management
Board, Chief Legal Officer
and Company Secretary,
Sanoma Magazines B.V.

Key indicators, € million

	31.12.2004	31.12.2003
Net sales	1 083.7	1 064.8
Operating profit before amortisation	162.0	159.1
% of net sales	14.9	14.9
Operating profit	86.9	78.8
% of net sales	8.0	7.4
Operating profit excl. associated companies	80.4	67.2
% of net sales	7.4	6.3
Balance sheet total	1 515.2	1 504.7
Gross investments	19.8	18.4
Return on investment, % (ROI)	8.4	6.9
Personnel under employment contract, average	4 522	4 421
Personnel, average (full-time equivalents)	3 992	3 879

Operational indicators, 1.1–31.12.

	2004	2003
Number of copies sold (press distribution / Aldipress), thousands	121 822	115 124
Number of magazines published	243	232
Magazine copies sold, thousands	410 007	411 421
Number of advertising pages sold	46 042	47 122

Sanoma publishes and prints Helsingin Sanomat, the largest subscription-based newspaper in the Nordic region, and Ilta-Sanomat, Finland's second-largest newspaper. Sanoma's other national papers include the business daily Taloussanomat, the sports and sport betting weekly IS Veikkaaja, and the free-ad publications Keltainen Pörssi and Palsta. Sanoma's titles also include the dailies Etelä-Saimaa, Kouvolan Sanomat and Kymen Sanomat, as well as local papers and free sheets in south-eastern Finland and free sheets in the Uusimaa region. In addition, Sanoma provides picture agency and news analysis and summary services.

Sanoma



Helsingin Sanomat (Daily newspaper)
• Oikotie

Ilta-Sanomat
• Ilta-Sanomat (Tabloid)
• IS Veikkaaja (Sports and betting weekly)
• Free-ad publications
– Keltainen Pörssi
– Palsta
– Kuldne Börs

Sanoma Lehtimedia
• Regional papers
– Etelä-Saimaa
– Kouvolan Sanomat
– Kymen Sanomat
• Local papers, 6 titles
• Free sheets, 2 titles

Taloussanomat
• Taloussanomat (Business daily)
• News Agency Startel
• ITviikko
• Digitoday.fi

Sanoma Kaupunkilehdet (Free sheets)
• Uutislehti 100
• Kellokas
• Palvelulehti Itäväylä
• Free sheet chain, Kaupunkilehti
Kympä, in 2005

Sanomapaino
• 5 printing plants

Lehtikuva (Picture agency)

Esmerk (Information services)

Sanoma Data (IT operations)



Focus on newspapers, free sheets a new growth area

“**Sanoma Corporation** is the leading producer of daily content in Finland. Sanoma’s aim is to be the most profitable media company in the Nordic region offering its reading and advertising customers the most valued media products in Finland.

“Our strategic objectives include growth, improved profitability and strong market position, particularly in the Uusimaa region, in newsstand and free sheet sales, and online. We aim at these goals by developing our products, acquiring new companies, developing new products, making use of Group synergy, and strengthening our operative excellence. The welfare of personnel and continuous professional development are crucial for us.

“In 2004, we successfully reached our targets for growth and result. Sanoma’s operating profit was the best ever. The development in the media market was positive towards the end of the year.

“We expect growth and further improvement in results in 2005. We believe that the year will be good in the reader market. We expect that the media market will grow further, even though it is good to be prepared for surprises.” ■

Mikael Pentikäinen
President
Sanoma

Sanoma’s net sales amounted to EUR 435.2 million in 2004 and operating profit grew by 2.7%. Sanoma’s focus will continue to be on the subscription and newsstand sales of newspapers. In 2004, free sheets were defined as one attractive area of growth. During the year, Sanoma acquired free sheets Uutislehti 100, Kellokas and Palvelulehti Itäväylä, and announced the establishment of a new free sheet chain in the Uusimaa region around Helsinki in 2005. A new business unit was established for free sheets. Sanoma started to incorporate its operations in 2005. The purpose is clarity in operations and cost-efficiency.

Helsingin Sanomat breaks with tradition

Helsingin Sanomat is the leading advertising medium in Finland. The product family includes the core daily, the weekly supplement *Nyt*, the monthly magazine *Kuukausiliite*, and online products: *Verkkoliite*, the online news service, *Nyt.fi*, and *Oikotie*, which is a website with classified ads shared by seven newspapers.

In autumn 2004, job advertising in Helsingin Sanomat started to grow intensely. Sales from *Oikotie*’s job advertising grew by 47% compared to 2003.

In 2004, Helsingin Sanomat started to publish *HS* books, for example, and developed new activities by arranging a series of

discussions about the EU elections in Sanoma House, together with the TV channel Nelonen.

The aim for 2005 is to increase Helsingin Sanomat’s media market share and circulation sales, in the Uusimaa region in particular.

Helsingin Sanomat’s printing plants combined in Sanomapaino

At Helsingin Sanomat’s printing plants, the revised printing process introduced towards the end of 2003 gained a firm foothold, new products were developed, and preparations were made for incorporating the printing operations at the beginning of 2005. The printing operations are now centralised in Sanomapaino, which is one of the largest newspaper printing plants in the Nordic region.

The aim for 2005 is to enhance production reliability, acquire new customers for print jobs, and to boost exports, to Western Europe in particular.

Ilta-Sanomat strengthened its position in newsstand sales

Ilta-Sanomat is the leading publisher for newsstand sales with a market share of about 32% of newsstand sales, and more than 60% of tabloid sales. The main products – *Ilta-Sanomat* with its daily supplements, the *IS* product family for sports and sport betting, and the publication *Keltainen Pörssi* for classified ads – are all market leaders in their fields.



Free sheets – like Uutislehti 100 distributed in Greater Helsinki commuter traffic – are an interesting growth area.

In 2004, Ilta-Sanomat strengthened its position in newsstand sales and launched several new titles: the Ilta-Sanomat Plussa in magazine format, IS sports papers, the IS TV supplement and IS crossword puzzles. IS Sports News started on TV channel Nelonen in February 2004.

Ilta-Sanomat aims at being the leading cross-media publisher in Finland. Ilta-Sanomat will continue to expand its product family in 2005.

Sanoma Lehtimedia's advertising sales better than expected

In November 2004, Kymen Lehtimedia was renamed Sanoma Lehtimedia. The company publishes dailies, local newspapers and free sheets. Its titles include Etelä-Saimaa, Kouvolan Sanomat and Kymen Sanomat, as well as six local papers and two free sheets.

Circulation of the dailies remained roughly at the previous year's level, and advertising sales were better than expected. Since exports to Russia were discontinued as of the beginning of 2004, personnel rearrangements had to be made. However, a new, large customer was won from Denmark. Lehtimedia's printing plants were reorganised to be part of the organisation of Sanomapaino from January 2005 onwards.

In 2005, the good development in advertising and circulation sales is expected to continue.

Taloussanomat to be the leading ICT decision-making media

In September 2004, Startel Oy became Taloussanomat Oy. Taloussanomat Oy includes the financial newspaper Taloussanomat, the news agency Startel, the weekly IT supplement ITviikko and the online paper Digitoday.fi.

In the spring of 2004, the acquisition of the publishing rights for ITviikko and the procurement of Digitoday.fi made Taloussanomat the leading media for ICT decision makers in Finland.

In 2005, Taloussanomat will report on general financial issues and chosen themes of interest. Taloussanomat's electronic services attracted a considerably increased number of visitors in 2004, and the services will be intensively developed in 2005.

Lehtikuva produces videos

Lehtikuva is the biggest picture agency in Finland. The main projects in 2004 included the Olympics in Athens and the Paralympics. Lehtikuva aims at next to daily production of news videos. In 2005, the World Championships in Athletics in Helsinki will be the largest editorial project for Lehtikuva.

Esmerk continues to grow

Esmerk produces customised media analysis and summary services. It expanded its operations in 2004. The electronic media analysis and summary service established its position in the Finnish market and was expanded to 21 new countries. In 2005, the aim is to grow further, particularly in Western Europe. ■

Oikotie – the biggest online service for classified ads in Finland

Oikotie is the biggest website for classified ads in Finland. The service has 560,000 monthly visitors, and it reaches about two million Finns every day. Besides Sanoma's papers – Helsingin Sanomat, Etelä-Saimaa, Kouvolan Sanomat and Kymen Sanomat – Oikotie is shared by Turun Sanomat, Etelä-Suomen Sanomat and Hämeen Sanomat.

Oikotie provides its customers with a market place for classified ads combining the strength of the newspaper and the web. Oikotie covers housing, cars, education, jobs, and a search engine for travelling, which was launched in January 2005. The aim is to increase the travel sector, and to attract the greatest number of visitors there.

Oikotie is a profitable service with an increase in net sales of 81% in 2004. ■

Sanoma Net sales and EBITA, %



Net sales 17% of Group
EBITA 21% of Group

Net sales by business, € million



EBITA by business, € million



Management Group

Mikael Pentikäinen,
(Chairman), born 1964
President,
Sanoma Corporation

Veli-Pekka Elonen, born 1965
President Sanoma Data Oy,
Vice President, Development and
Legal Affairs, Sanoma Corporation

Pekka Harju, born 1962
President,
Ilta-Sanomat Oy

Antti Mäkelä, born 1952
President,
Sanoma Lehtimedia Oy
and Sanomapaino Oy

Juhani Pekkala, born 1955
President,
Taloussanomat Oy

Niko Ruokosuo, born 1961
President,
Sanoma Kaupunkilehdet Oy

Pekka Soini, born 1957
President,
Helsingin Sanomat Oy

Eija Rinta, born 1955
Secretary to the Management
Group, Vice President, Finance (CFO),
Sanoma Corporation

Key indicators, € million

	31.12.2004	31.12.2003
Net sales	435.2	425.5
Operating profit before amortisation	78.0	77.5
% of net sales	17.9	18.2
Operating profit	71.2	69.4
% of net sales	16.4	16.3
Operating profit excl. associated companies	71.0	67.3
% of net sales	16.3	15.8
Balance sheet total	462.4	447.7
Gross investments	24.9	29.7
Return on investment, % (ROI)	24.5	23.5
Personnel under employment contract, average	2 746	4 027
Personnel, average (full-time equivalents)	2 389	3 041

Operational indicators, 1.1–31.12.

	2004	2003
Helsingin Sanomat		
Weekday circulation, copies *)	424 598	429 244
Sunday circulation, copies *)	492 385	500 269
Advertising volume (column metres)	41 251	42 359
Ilta-Sanomat		
Circulation, copies *)	201 281	198 693
Advertising volume (column metres)	6 797	7 036
Taloussanomat		
Circulation, copies *)	39 229	34 784
Advertising volume (column metres)	2 735	2 393
Other daily papers		
Total circulation, copies *)	88 952	88 715
Advertising volume (column metres)	23 319	21 967
Local newspapers		
Total circulation, copies	32 781	33 100
Advertising volume (column metres)	9 055	8 179
Paper consumption, tonnes	98 896	99 724

*) Audited circulation figures

WSOY is Finland's largest book publisher and a significant European educational publisher. WSOY is also one of the largest book printers and the leading calendar publisher in the Nordic region.

WSOY



Educational publishing

- WSOY Educational Publications
- Malmberg
- Van In
- Young Digital Poland (55%)

Publishing

- WSOY General Literature
- WSOY Business Information
 - Docendo Group
 - Everscreen (64%)
- Weilin+Göös
 - Bertmark Media

Printing

- WS Bookwell
- Lönnberg Painot
- Dark

Calendar operations

- Ajasto Osakeyhtiö
 - Almanacksförlaget
 - Emil Moestue



Educational materials started to go international

“**WSOY** took an important step towards international expansion in 2004 by acquiring the educational publisher Malmberg, operating in Belgium and the Netherlands. Our aim is to be one of the leading European educational publishers. This position is achievable by ensuring high quality and by the new process for making learning systems, which profits from the materials developed in different countries.

“In 2005, **WSOY**’s aim is to further expand educational publishing in Europe. In the Nordic region, **WSOY** continues to publish quality books, and in Finland it will strengthen its position as publisher, and bearer and renewer of the Finnish book culture. Our great success in the Finnish book market in 2004 is a sign of a thriving publishing house which is both international and delights Finnish readers.” ■

Jorma Kaimio

President
WSOY

The objectives set for 2004 included international expansion in educational publishing, and increase of market share in general literature and educational materials in Finland. Both objectives were reached. **WSOY**’s net sales increased to EUR 253.9 million and operating profit grew by 29.4%.

The year of internationalisation was started by acquiring the majority share in Young Digital Poland in March. The deal for making Malmberg Investments, an educational publisher operating in the Netherlands and Belgium, part of **WSOY**, was closed in November. Malmberg, Van In, **WSOY** Educational Publications, e**WSOY** and the Polish subsidiary Young Digital Poland were combined in a new business, Sanoma**WSOY** Education.

A change in curriculum is currently in progress in Finnish schools. **WSOY** Educational Publications is in the process of renewing educational materials for all school levels and in every subject, and this project will continue until the end of 2007.

Success in general literature

The publishing year 2004 was particularly successful for general literature. Finnish fiction continued to be popular among Finnish readers. As for translated fiction, Dan Brown’s thriller *The Da Vinci Code* was an exceptional success, and it sold some 158,000 copies by the end of the year. The translation was published in June and sold well at once, showing that the top season for book sales is no longer restricted to the autumn only.

In children’s and juvenile publishing, the highlight of the year was the first prize for Finland in a Nordic competition for picture books. The winner is ‘Mummon kone’ (‘Grandma’s Machine’), written by Jukka Laajarinne and illustrated by Martti Ruokonen. **WSOY** will publish the books of all the five Finnish finalists in autumn 2005.

The biggest event in the multi-volume book business (Weilin+Göös, Bertmark) was the success of the Swedish *Aha!*, which follows the Finnish encyclopedia *Factum*. In the first year, Bertmark sold 9,000 copies of the series which is to include 10 books.



Electronic educational materials and eLearning environments like OPIT are nowadays an essential part of learning. Educational materials also are one of the international businesses of SanomaWSOY.

Lönnerberg retains its leading position

Book publishing and digital printing were successful in 2004. In advertising materials, competition was intense due to overcapacity and decreased demand. Lönnerberg Painot, which also comprises the in-store display and gift packaging company Mainos ja Etiketti, retained its position as the leading producer of high-quality printing materials.

The book printer WS Bookwell and the digital printer Dark completed their long-term investment programs, and can react to competition with high-quality production technology.

WSOY Business Publications became WSOYpro

WSOY Business Information renamed its business publications sector WSOYpro and opened a new website, WSOYpro.fi. The purpose of WSOYpro is not to provide individual products but to be a partner for the customer's knowledge and skill development.

The Swedish-based Everscreen AB, which was part of the WSOY Business Information business unit, was sold in April. The Finnish operations of Everscreen Oy were not affected.

In calendar operations, production was rearranged. The calendar production of Norwegian-based Emil Moestue was discontinued, and production was centralised in Finland. A 30% share was acquired in October in the leading Estonian calendar publisher Büroodisain. An agreement was made on increasing WSOY's share to 100% at a later stage. ■

Young Digital Poland

The 250 employees of Young Digital Poland (YDP) develop and produce eLearning materials in Gdansk for publishers around the world. The biggest customer is the school system in Malaysia, which has introduced the broad electronic learning content of YDP. Malmberg Investments, a company acquired by WSOY in summer, is also a major customer for YDP.

YDP, 55.1% of which is owned by WSOY, produces eLearning materials for different school subjects, and language learning programs for individual consumers as well. The focus is currently on creating new generation eLearning material for elementary education. The product range covers a virtual learning environment, Leo. According to YDP's estimations, the use of IT and communications technology can reduce the teachers' workload by 10 to 15%. YDP also has solutions for companies. ■

WSOY Net sales and EBITA, %



Net sales 10% of Group
EBITA 10% of Group

Net sales by business, € million



EBITA by business, € million



Management Group

Jorma Kaimio, (Chairman), born 1946
President, WSOY

Jyri Ahti, born 1962
Senior Vice President,
Business Development, WSOY

Jacques Eijkens, born 1956
CEO, SanomaWSOY Education

Jrjö Franssila, born 1951
President, Ajasto Osakeyhtiö

Jaana Korpi, born 1958
Managing Director, Weilin+Göös Oy

Mikko Laine, born 1966
Senior Vice President, eWSOY

Hannu Laukkanen, born 1957
Senior Vice President,
WSOY Educational Publications

Jorma Mikkonen, born 1949
Senior Vice President, Finance and
Corporate Services, WSOY

Pekka Pätynen, born 1951
Senior Vice President, WSOY Printing

Tuomo Räsänen, born 1969
Senior Vice President,
WSOY Business Information

Touko Siltala, born 1957
Literary Director, General Literature,
WSOY

Katja Vuorialho, born 1968
Secretary to the Management Group,
Senior Counsel, WSOY

Key indicators, € million

	31.12.2004	31.12.2003
Net sales	253.9	212.2
Operating profit before amortisation	38.3	28.0
% of net sales	15.1	13.2
Operating profit	29.2	22.6
% of net sales	11.5	10.6
Operating profit excl. associated companies	29.2	21.0
% of net sales	11.5	9.9
Balance sheet total	435.4	203.8
Gross investments	197.9	8.7
Return on investment, % (ROI)	17.3	17.8
Personnel under employment contract, average	2 188	1 933
Personnel, average (full-time equivalents)	2 025	1 859

Operational indicators, 1.1–31.12. *)

	2004	2003
Number of new titles published		
Books	740	714
Electronic products	132	105
Number of reprints published		
Books	957	1 168
Electronic products	209	202
Books printed, millions	20	21
Paper consumption, tonnes	16 482	16 930

*) Units in Finland

SWelcom operates in the electronic media business and focuses on commercial TV and cable TV operations. The division's biggest business unit, TV channel Nelonen, is Finland's third most important advertising medium. HTV (Helsinki Television) is the country's biggest cable TV company. SWelcom also includes 2ndhead, providing digital communications services, and Tuotantotalo Werne, which is specialised in technical services for TV programme and audio production.

SWelcom



Television operations

- Nelonen

Cable television, pay-tv and broadband internet

- HTV (Helsinki Television)

Digital services

- 2ndhead

Production services

- Tuotantotalo Werne

A year of growth and development

“**SWelcom** is an active player in the electronic media sector looking for development and new opportunities. Our distribution channels include TV and cable networks, and our top products are TV channel Nelonen and Welho, broadband and digi TV. Other services include internet and TV production.

“Our market position is fascinating but challenging. Nelonen has developed into a personal, different and profitable commercial TV channel. Our viewing and market share grew significantly in all our target groups in 2004. HTV has already had three successive record years in connecting households to the cable network. Despite intense competition, the number of broadband subscribers is growing continuously. Customers were offered as much as 10-megabit speeds at the end of the year.

“The development in communications promises a good outlook for SWelcom: TV’s share in advertising and the share that the electric channels have of the time used for media is developing intensively. We believe in our ability to grow in our current operational areas; the results achieved so far are promising. We have strong knowledge in technology, and we believe that, combined with new ideas and opportunities for cooperation, new significant businesses will be generated to complement the current ones.” ■

Tapio Kallioja
President
SWelcom

2004 was an excellent year for SWelcom. Net sales grew by 13.9%, and the division reached the operating profit target. Nelonen increased its market share in TV advertising considerably, and the channel’s viewing shares grew intensely. HTV continued to grow: the sales of both connections and broadband services developed well.

Besides financial growth, an investment was made in developing company culture. A wide internal discussion of values took place during the year, which resulted in an electronic set of values to be used by the personnel and interest groups. SWelcom’s values include open cooperation, passion for one’s own work, courage, and reliability.

Year of success for Nelonen

Nelonen is Finland’s third most important advertising medium and the second most viewed TV channel among viewers aged between 10 and 44. The market share target for TV advertising that was set when Nelonen was founded was reached by the end of the year. The share of commercial TV channel viewers grew, and amounted to about 25% at the

year-end. Of the notable advertising media, Nelonen’s growth in net sales was by far the greatest, almost 20%. Due to the expansion of the digital distribution network, Nelonen reached about 94% of the Finnish population at the end of 2004.

Nelonen’s success is based on a different, versatile, carefully targeted choice of programs, and efficient sales and marketing. Nelonen is known for high-quality foreign series, such as *Sopranos* and *Alias*, and popular format programs, such as *Queer Eye for the Straight Guy* and *The Block*. The Finnish classics, *Krisse*, *Hyppönen* and *Enbuske Experience* and *Kumman kaa* have attracted keen supporters and were the topic of discussion week after week. The World Cup in Ice Hockey was one of the sports events of the year, and its transmission by Nelonen in autumn 2004 increased the viewing share markedly.



Agreements with Sony Pictures Television International and Buena Vista International (Disney) guarantee that, in addition to top domestic TV series, also the best of Hollywood movies and TV series will be seen in Nelonen in future.

HTV's consumer services under the Welho brand

HTV is Finland's largest cable TV company. HTV offers broadband and digital TV services to households connected to its cable network in the Helsinki region. In 2004, a record number of households were connected: more than 23,000. At the year-end, the number of households connected reached over 280,000.

During 2004, HTV combined its broadband and digi TV services under the shared Welho brand. The Welho family comprises all HTV broadband and digi TV services, and includes the ready-to-use Welho broadband and about 80 digital TV channels.

Broadband services increased greatly in Finland during 2004. Welho is the most popular broadband service in its operating area, and it had 52,000 subscribers at the end of the year.

2004 was good also for Welho Digi TV. All HTV's pay-TV programs have been digital since December 2004, and the number of subscriptions grew somewhat in the HTV's own network area.

Attractive services at 2ndhead and Werne

2ndhead is a company specializing in digital media content and communications solutions. It develops services and systems for internet, mobile and digi TV distribution channels. 2ndhead has been involved in SanomaWSOY's internal multimedia and internet projects for a long time. The popular websites for Nelonen, Finnkiino and Ilta-Sanomat are made by 2ndhead. During 2004, services were sold to external customers as well. 2ndhead will design the outline and a new graphic layout for the internet sites of the City of Helsinki, and a solution for the new city portal shared by the city and the university of Helsinki.

Tuotantotalo Werne offers technical production services and comprehensive solutions for companies producing and distributing TV, video and audio services in the Nordic region and the Baltic countries. In 2004, Werne focused on its core businesses and sold Måndag, which specialises in video copying and DVD mastering services. ■

Television is the driving engine for multimedia

It is no longer a novelty for popular TV programmes to have websites that complement the programme and provide a channel for advertisers. Now television is paving its way to the mobile phone. The Block, shown on Nelonen in autumn 2004, was the first programme allowing viewers to subscribe video material onto a mobile phone.

"Future multimedia is driven by TV. Television establishes the brands, and other media provide interesting, entertaining and useful additional services, both for viewers and advertisers. Multimedia is everyday life and it gives Nelonen new opportunities to earn money", says Juha-Pekka Louhelainen, President of Nelonen. ■

SWelcom Net sales and EBITA, %



Net sales 5% of Group
EBITA 11% of Group

Net sales by business, € million



EBITA by business, € million



Management Group

Tapio Kallioja, (Chairman), born 1948
President,
SWelcom Oy

Pekka Jaakola, born 1947
Senior Vice President, Technology,
SWelcom Oy

Pirkko Jokinen, born 1952
President,
2ndhead Oy

Juha-Pekka Louhelainen, born 1955
President,
Oy Ruutunelonen Ab

Anu Nissinen, born 1963
President,
Helsinki Television Ltd.

Marja-Leena Tuomola, born 1962
Vice President, Administration,
SWelcom Oy

Pia Huhdanmäki, born 1969
Secretary to the Management
Group, Senior Counsel,
SWelcom Oy

Key indicators, € million

	31.12.2004	31.12.2003
Net sales	119.4	104.9
Operating profit before amortisation	39.3	29.6
% of net sales	32.9	28.3
Operating profit	9.0	1.2
% of net sales	7.5	1.1
Operating profit excl. associated companies	9.1	1.0
% of net sales	7.6	1.0
Balance sheet total	130.6	142.3
Gross investments	10.7	8.9
Return on investment, % (ROI)	8.7	1.5
Personnel under employment contract, average	415	416
Personnel, average (full-time equivalents)	378	392

Operational indicators, 1.1–31.12.

	2004	2003
Nelonen's share of Finnish TV advertising	29.8%	27.3%
Nelonen's daily coverage	41%	41%
Nelonen's national commercial viewing share	25.0%	22.0%
Nelonen's national viewing share	12.5%	11.4%
Number of connected households, thousands (31.12.)	280	257
Number of pay-TV subscriptions, thousands (31.12.)	32	33
Number of broadband internet connections, thousands (31.12.)	52	43

Rautakirja is the market leader in all its operational areas in Finland: kiosk operations, press distribution, bookstores, and movie theatres. In the Baltic countries, it is the market leader in press distribution and movie theatres. Press distribution is one of SanomaWSOY Group's international businesses.

Raut



Kiosk operations

- R-kioski
- Veikkausrasti
- Pizza Hut
- R Kiosk Eesti (Estonia)
- Narvesen Baltija (Latvia)
- CZ Retail (the Czech Republic)

Press distribution

- Lehtipiste
- Lehepunkt (Estonia)
- Preses Serviss (Latvia)
- Impress Teva (Lithuania)
- Hiparion Distribution (Romania)

Bookstores

- Suomalainen Kirjakauppa
 - Yliopistokirjakauppa
 - Lukiolaisten Kirjakauppa
 - Reader's
 - Apollo Raamatud (Estonia)

Movie theatres

- Finnkino
 - MPDE (Estonia)
 - Baltic Cinema (Latvia)
 - Vingio kino teatras (Lithuania)
 - V & K Holding (Estonia, Latvia, Lithuania)
 - Interprint

Rautakirja

International expansion continued

“Rautakirja’s core business know how comprises the wholesale and retail of newsstand newspapers and magazines, and specialized retail, which represent extensive distribution knowledge in the Group. Rautakirja aims at profitable growth in Finland and abroad.

“The competition in kiosk trade grew even stronger in 2004, and changes took place in market shares. Rautakirja managed to increase its market share in all key areas of business and posted the best comparable result ever. It focused on core businesses and sold its restaurant operations.

“Net sales were slightly below the target but future growth was supported considerably by acquisitions, information system projects and personnel development.

“The challenging situation in retail trade will continue but we believe that our active growth strategy and skilful personnel will also push Rautakirja to success in 2005. Net sales will grow strongest outside Finland, and operating profit is expected to increase significantly.” ■

Erkki Järvinen

President & CEO
Rautakirja

2004 went according to plan for Rautakirja. Net sales grew to EUR 659.7 million and operating profit increased by 16.7%. Internal operations were harmonized to match the group standard but businesses continued to operate as autonomous subsidiaries.

Rautakirja invested in growth by focusing on international expansion and developing its information systems. Press distribution was extended in particular. In December, Rautakirja decided to divest its restaurant operations.

In the autumn, a financial service centre started serving the whole of Rautakirja. The finance functions of all basic operations were concentrated at this service centre.

Kiosk operations meet new challenges

Kiosks provide customers with entertainment, excitement and pleasure, and with basic daily products and services, quickly and easily, from early in the morning to late at night in Finland, Estonia, Latvia and the Czech Republic.

2004 was a strong year of development for kiosk operations. The main project was the renewal of the outlet system in Finland. The system to be introduced in 2005 will facilitate future kiosk operations with new products and services.

Strong price competition marked the year in Finnish retail

trade, and market shares were re-divided. Rautakirja reacted successfully by focusing on developing kiosk operations and marketing communication.

Rautakirja’s kiosk operations aim at further development and expansion, and the goal is to be the leading company in northern Europe in the kiosk and convenience store chain sector towards the end of the decade.

International expansion of press distribution

Rautakirja’s press distribution is a marketing and distribution organisation for newsstand sales of newspapers and magazines open to all publishers and products. It offers publishers a cost-efficient distribution system and the trade an appealing product group with chances of development.

In 2004, press distribution became much more international. In July, a majority share was acquired in a press distribution company in Romania, and in December in Lithuania. Rautakirja’s press distribution business is the market leader in Finland, Estonia, and Latvia.

Lehtipiste opened an online service for publishers early 2004. The Finnish Lidl was the first to introduce newspaper and magazine sales for the chain in Europe.

Newsstand sales in Finland grew by slightly less than 3%. The trend was particularly positive in



Rautakirja has a strong position in press distribution in Baltic countries. The Estonian Lehepunkt has a market share of 90% and it delivers newspapers and magazines to more than 1,400 points of sale.

tabloids and magazines related to living and special interests.

In press distribution, international expansion will continue together with the development of current activities.

A good year for bookstores

Rautakirja has bookstores in Finland and Estonia. Suomalainen Kirjakauppa is a nationwide bookstore chain and the strongest brand and the market leader in its field in Finland. The outlets and direct sales are complemented by the online webstore suomalaisen.com. Besides the Suomalainen Kirjakauppa outlets, the chain includes Reader's paperback bookstores, Yliopistokirjakauppa and Lukiolaisten Kirjakauppa. Five new outlets were opened during 2004.

The year was good for book sales in Finland, especially for the sales of general literature. In Estonia, Apollo Raamatud has established itself with a market share of about 20%.

Suomalainen Kirjakauppa developed a customer loyalty programme, which was launched in early 2005. The challenge for the future is to further develop the chain and to focus on customer service systems.

Movie theatres in four countries

The objective of the movie theatre operations is to develop a leading movie theatre chain in the Baltic Sea area, which offers movie and entertainment experiences in line with a shared concept and is cost-efficient on the growing market. There are currently operations in Finland, Estonia, Latvia, and Lithuania.

In January, Finnkino acquired the majority share in an Estonian video wholesale company operating in all Baltic countries. The multiplex movie theatre opened in October 2003 in Riga attracted 1.1 million visitors in the first year. In Lithuania, the focus was on developing the market and establishing the operations in the new units acquired in 2003.

In Finland, new co-operation was successfully started with Kesko, and customers can collect Plussa points at Finnkino's movie theatres within the Kesko's customer loyalty programme. Several new multiplex movie theatres were planned, and the plans may be realized in the coming years.

The summer was better than ever for movie theatre operations in Finland, and there were 12% more viewers than in the previous year. ■

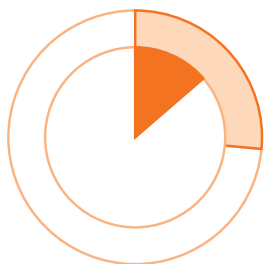
Oiva is a new outlet system in the kiosk business

The kiosk outlet system Oiva is one of the largest individual projects in the history of kiosk operations. The new system will change operations at all levels.

The system facilitates the introduction of new products and services in R-kiosks. The first significant cooperation agreements were signed with the ticket service Lippupalvelu and the teleoperator Telia-Sonera in the end of 2004. Oiva will change the daily tasks of the sales personnel by giving more time for customer service while background work will be real-time and electronic. Goods flow management will be improved markedly.

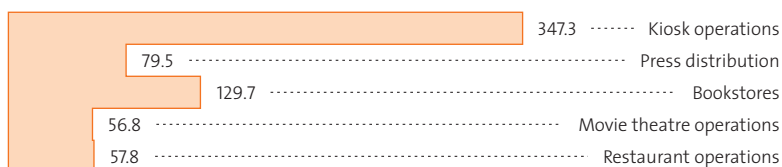
Design of Oiva was started at the end of 2003 and testing in all kiosks started in the beginning of 2005. The aim is to extend the new system to the more than 700 outlets of the R-kiosk chain in Finland during 2005. ■

Rautakirja Net sales and EBITA, %



Net sales ○ 26% of Group
EBITA ● 14% of Group

Net sales by business, € million



EBITA by business, € million



Management Group

Erkki Järvinen, (Chairman),
born 1960
President & CEO,
Rautakirja Corporation

Hellevi Kekäläinen, born 1953
Senior Vice President, CFO,
Rautakirja Corporation

Raimo Kurri, born 1953
Senior Vice President,
Press Distribution

Timo Mänty, born 1960
Senior Vice President,
Movie Theatres

Jukka Nikkinen, born 1962
Senior Vice President,
Business Development,
Rautakirja Corporation

Jarmo Oksaharju, born 1961
Senior Vice President,
Bookstores

Markku Pelkonen, born 1962
Senior Vice President,
Kiosk Operations

Key indicators, € million

	31.12.2004	31.12.2003
Net sales	659.7	653.8
Operating profit before amortisation	50.6	45.7
% of net sales	7.7	7.0
Operating profit	41.5	35.5
% of net sales	6.3	5.4
Operating profit excl. associated companies	42.8	41.3
% of net sales	6.5	6.3
Balance sheet total	353.9	348.6
Gross investments	18.0	28.7
Return on investment, % (ROI)	17.4	18.1
Personnel under employment contract, average	6 261	6 458
Personnel, average (full-time equivalents)	4 795	4 962

Operational indicators, 1.1–31.12. *)

	2004	2003
Customer volume in kiosk operations, thousands	115 919	119 380
Customer volume in bookstore operations, thousands	6 239	6 316
Customer volume in movie theatres, thousands	3 499	3 599
Number of copies sold (press distribution), thousands	131 148	127 562

*) Units in Finland



Environment

Group-wide environmental policy

In line with the graphics industry in general, SanomaWSOY's environmental impact is minor.

A Group-wide environmental team was established in 2003 to promote the sharing of best environmental practices. In 2004, this team drafted an environmental policy based on responsibility, ethics and Group values, from which the divisions derive their environmental targets and objectives. Both the Group and its

divisions are aware of the environmental impact of their operations and their environmental responsibilities.

Joint logistics

SanomaWSOY's main users of logistics services are Sanoma, Sanoma Magazines and Rautakirja. Sanoma's largest provider of logistics services is Finland Post. Sanoma Magazines' Aldipress is the Netherlands' largest distributor of newsstand copies, also handling logistics for Sanoma Uitgevers' products. In the other countries in which Sanoma Magazines operates, deliveries of newsstand copies of magazines are handled jointly with other publishers. Rautakirja's Lehtipiste handles joint deliveries of newsstand copies of magazines and tabloids in Finland.

Sanomapaino's printing plants are located in Vantaa, Forssa and Varkaus, among others. This shortens the distances in newspaper deliveries. Ilta-Sanomat is partly printed in Oulu. In total, SanomaWSOY has 12 printing plants in Finland.

WSOY's book deliveries to dealers and bookstores are handled jointly with other book publishers.

Systematic recycling

SanomaWSOY's environmental principles include safe and appropriate sorting, recycling and final disposal of by-products and waste. The Group aims to reduce its material consumption and waste volumes throughout its operations.

Printing plates used in printing plants are sorted and recycled as industrial raw material, while printing inks are sent to waste disposal plants. There is a separate recycling system for waste paper produced in the printing process in each plant: all waste paper from printing plants is recycled.

Rautakirja's Lehtipiste collects and recycles unsold copies of newspapers and magazines from points of sale during regular distribution rounds.



Sustainable development is important

SanomaWSOY pays constant attention to developing its production processes to protect the environment and reduce the environmental load. Thanks to the environmental positive processes, energy, water, chemicals and paper wastage is being reduced, and the Group's cost efficiency and ecological balance are improving.

SanomaWSOY aims to reduce its environmental load through the selection of materials. Vegetable oil based printing inks and increased use of printing paper made from wood from certified forests will also prove important in the future. Some 70% of the paper used in SanomaWSOY's printing plants is made fully from Finnish wood.

SanomaWSOY monitors environmental issues and risks during planning, decision-making and implementation. Investments are made bearing the environment in mind.

Personnel play a central role in environmental protection, being continuously trained, instructed and encouraged to perform their work in an environmentally responsible manner. ■

SanomaWSOY's consumption of electrical energy in Finland *)

Consumption of electrical energy, MWh	2004	2003	2002	2001
	127 879	131 054	132 335	121 132

*) Consumption sites changed to some extent from 2001 to 2004.

SanomaWSOY's paper usage *)

Paper usage, tonnes	2004	2003	2002
Newsprint	99 000	99 500	97 000
Magazine paper	103 000	102 000	94 000
Fine and book paper and board	19 700	17 000	17 500
Bookbinding board	1 100	1 000	1 000
Total	222 800	219 500	208 500

*) Includes both the paper used in the Group's own printing plants and the paper acquired for products printed elsewhere.

Responsible corporate citizen

SanomaWSOY aims to be a good corporate citizen. SanomaWSOY's social responsibility includes financial responsibility, environmental responsibility, and responsibility for society, which includes responsibility for personnel and published products, and ethical business.

As a strong player in the media market, SanomaWSOY nurtures freedom of speech and recognises its responsibilities. Many of the Group's units have an influential position in their national markets, and it is important to maintain their values and principles in the future.

Many of SanomaWSOY's units work together with schools with the aim of e.g. enhancing media literacy among the young and encouraging children to read. In 2004,

Helsingin Sanomat, Sanoma Magazines Finland and Rautakirja's Lehtipiste participated in the magazine day for schools and in Finnish Newspaper Week for schoolchildren.

SanomaWSOY's divisions also participate actively in projects enhancing children's rights. In 2004, Helsingin Sanomat strengthened its collaboration with the Plan Finland Foundation. One aspect was a joint campaign to enhance children's possibilities to get schooling in developing countries. The bookstore chain Suomalainen Kirjakauppa continued its co-operation with Save the Children Finland and participated to the charity's support program that encourages the young from families with limited financial means to study. ■

To read more about SanomaWSOY's social responsibility, please visit: www.sanomawsoy.fi



Personnel

As an employer, SanomaWSOY appreciates professional people and emphasises its personnel's opportunities for development and fair remuneration.

SanomaWSOY employs more than 16,000 people. The Group provides equal opportunities for men and women, and for people of different ages, with different backgrounds and in different positions.

SanomaWSOY has a Group-wide HR policy, which is further clarified by division-specific objectives. Key words for personnel responsibility are respect, fairness, common values, and a positive attitude to change, training, career development and remuneration.

Each division monitors the working climate and the success of HR policy with regular personnel surveys.

In 2004, SanomaWSOY began to develop common Group-wide HR procedures.

Continuous development for personnel

The Group grows and expands internationally through mergers and acquisitions, and organisational structures around employees change constantly. Development programmes aim to enhance a positive attitude towards change.

SanomaWSOY has two Group-wide training programmes: SanomaWSOY Executive Program, SWEP, and SanomaWSOY Management Training Program, JET. These programmes are intended for supervisors and experts. At the end of 2004, 161 Group employees had participated in SWEP and 181 in JET.

SWEP focuses on developing strategic thinking and manage-

ment whereas JET offers practical tools for business development. JET continues in 2005 with two new groups, and with revised content. SWEP is being continuously developed to meet the divisions' changing needs.

An in-house training course for supervisors, 'Supervisor's Toolkit', was launched in 2003. The purpose of the lectures, organised together with WSOYpro, is to give high-quality, practise-oriented training for supervisors throughout the Group. In 2004, the series covered communications skills, among other areas.

Besides their educational content, the Group-wide programmes are aimed at strengthening the co-operation between people working in different parts of the Group, and to facilitate sharing of best practices.

In addition to these programmes, the divisions have their own programmes for training and development to ensure that the professional needs specific to the respective division and its focuses are fulfilled.

The Group also has a Media Trainee Program. The trainees are given a wide knowledge and understanding of media business. In 2004, three new trainees began the programme. So far, 21 trainees have participated, five of which are currently either going through the programme or about to start. Eleven of those who have successfully completed the programme are today employed in different positions around the Group.

Increasing internal mobility

Internal mobility or job rotation within the Group has been considered important ever since SanomaWSOY was founded. In 2004, the SanomaWSOY Internal Mobility (SWIM) process was launched to further increase rotation of employees between divisions.

Internal mobility contributes to reaching the Group's objectives and speeds up essential change in activities and structures. Also, it improves professional skills and boosts the process of adopting best practices across the Group.

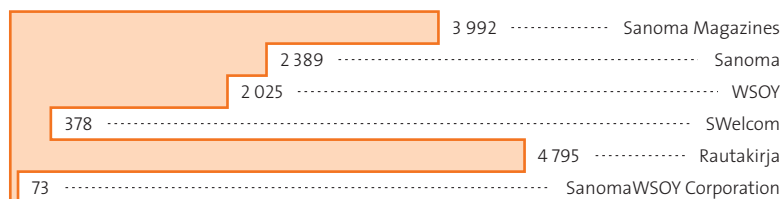
Versatile remuneration

Most SanomaWSOY employees are covered by annual incentive systems. The general principles of these schemes are Group-wide and confirmed by SanomaWSOY's Board of Directors. Further information about incentive schemes can be found under Corporate Governance on page 42.

Corporate security

Occupational health and safety issues are part of the Group's security policy. The policy also covers security of premises, personal security, operational and data security, rescue services, labour protection, environmental protection, contingency planning, as well as risk and security management. A team responsible for security at SanomaWSOY has drafted a Group policy on security. ■

Personnel by Division *)



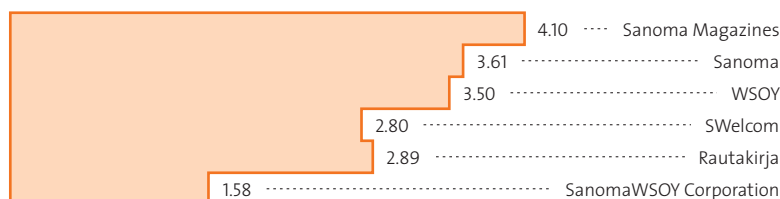
*) In average, full-time equivalents

Turnover of personnel by Division *)

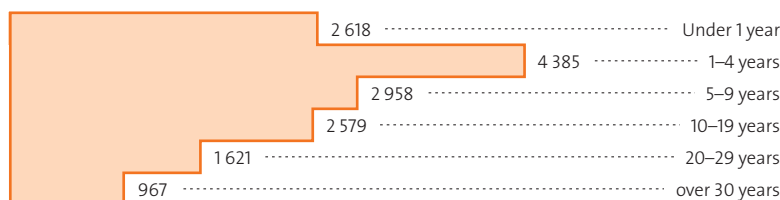


*) Includes kiosk staff and fixed-term employees

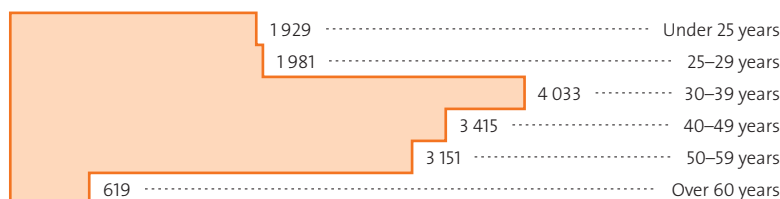
Sick day percentage



Work experience at SanomaWSOY



Age distribution



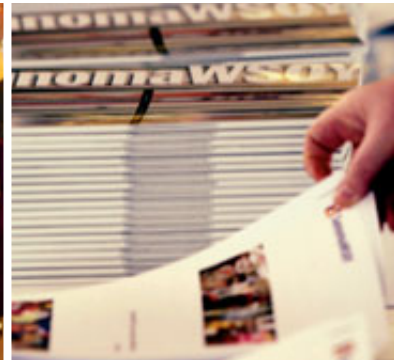
Personnel by country 31 Dec. 2004

Finland	9 487	Poland	269	The United Kingdom	58	France	14
The Netherlands	2 544	The Czech Republic	251	Slovakia	56	Germany	12
Estonia	969	Croatia	96	Norway	54	Singapore	4
Belgium	596	Lithuania	79	Sweden	40	USA	4
Latvia	548	Romania	78	Malaysia	20	China	2
Hungary	490	Bulgaria	59	Russia	15		15 745

Personnel

	2004	2003	2002	2001
Personnel under employment contract, average	16 207	17 330	18 657	15 129
Personnel average (full-time equivalents)	13 652	14 207	15 210	12 077
Net sales per employee*, € 1 000	182.6	171.3	155.0	143.6

*) Calculated from the figure for personnel in average, converted to full-time equivalents.



Corporate Governance

The SanomaWSOY Group comprises five fully owned divisions: Sanoma Magazines, Sanoma, WSOY, SWelcom, and Rautakirja.

SanomaWSOY's divisions operate independently within agreed goals and operational principles. The parent company, SanomaWSOY Corporation, is responsible for strategic control and administration of the Group as well as Group-wide cooperation projects. The management of the Group and the Group's businesses is based on a clear organisational structure, defined areas of authority and responsibility, common strategy and action plans, supporting planning and reporting systems, and Group policies.

SanomaWSOY Group's corporate governance principles are approved by the Board of Directors. The principles follow the rules of the Helsinki Exchanges and the principles recommended by the Helsinki Exchanges, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industries EK. The valid corporate governance principles can be found on the Group's website, www.sanomawsoy.fi.

The Group's administrative bodies are the Board of Directors and the President & Chief Operating Officer (COO). Their duties essentially reflect those laid down by the Finnish Companies Act. SanomaWSOY's Management Group prepares matters to be discussed at the meetings of the Board of Directors and coordinates the management of the Group. The Management Group is not a formal decision-making body. Matters of principle reviewed and recommended by the Management Group are approved legally by SanomaWSOY's Board of Directors or those of its subsidiaries, or are implemented by authority of the President & COO.

Board of Directors

The Annual General Meeting elects the members of the Board of Directors, the Chairman, and his deputy. The number of Board members can vary between five and eleven. In addition, a maximum of two personnel representatives can be elected to the Board.

The term of office of a Board member begins at the close of the AGM and expires after the third AGM following their election. If a Board member's seat becomes vacant before the end of this three-year period, a new mem-

ber is elected for the remainder of the term. The Articles of Association stipulate that no person aged 75, or who will reach the age of 75 during his or her term in office, can be elected to the Board.

The Helsinki Exchanges' corporate governance principles recommend that the term of office of Board members is one year. At SanomaWSOY, the term of office of Board members is three years. The company believes that the nature of its business activities makes it necessary for Board members to have a longer period to familiarise themselves with and commit themselves to the Group's operations. The Board members' terms of office have been arranged so that about one-third of the members are elected annually.

The current Board, elected by the AGM of 30 March 2004, has ten members. Paavo Hohti, Robert Castrén, Jane Erkkö, and Robin Langenskiöld have announced that they will vacate their seats at the AGM in spring 2005. According to the Articles of Association, the term of office of a Board member is three years. The term of office of Sari Baldauf, Jaakko Rauramo, and Sakari Tamminen is until the AGM in spring 2006, and the term of Sirkka Hämäläinen, Seppo Kievari, and Hannu Syrjänen until the AGM in spring 2007.

The full-time Chairman & CEO of the Board is Jaakko Rauramo. Hannu Syrjänen, President & COO, is also employed by the Group. Half of the Board members are



independent of the company and its significant shareholders in the manner recommended in the corporate governance principles issued by the Helsinki Exchanges: Sari Baldauf, Robert Castrén, Paavo Hohti, Sirkka Hämäläinen, and Sakari Tamminen. In addition, Jane Erkko and Robin Langenskiöld are independent of the company.

SanomaWSOY's Board of Directors is responsible for the overall management of the Group and for organising its administration in accordance with the Finnish Companies Act. The Board appoints SanomaWSOY's President & COO, his deputy and the parent company executives who sit on SanomaWSOY's Management Group. In addition, it approves the nominations of the Presidents of the divisions, their deputies and the Senior Editors-in-Chief of Helsingin Sanomat and Ilta-Sanomat, and decides on the remuneration of senior management. The Board develops its performance by an internal self-evaluation process implemented regularly by PricewaterhouseCoopers.

In 2004, the Board of Directors convened eight times. On average, 93% of Board members attended the meetings.

Board Committees

Matters to be presented to the Board are prepared, in accordance with the Articles of Association, by the Executive Committee, which consists of Jaakko Rauramo, Chairman & CEO, Paavo Hohti, Vice

Chairman, and Hannu Syrjänen, President & COO. The Executive Committee convened eight times during the year, and all the Committee members attended all the meetings. The Board is empowered to establish other committees as appropriate. A Compensation Committee, an Audit Committee and an Editorial Committee operated during 2004.

The Compensation Committee prepares matters regarding the management's remuneration and the Group's remuneration policy. The Compensation Committee's members at the year-end were Sari Baldauf (Chairman), Paavo Hohti (Vice Chairman), Jane Erkko, and Seppo Kievari. In 2004, the Compensation Committee convened twice, and on average 75% of its members attended the meetings.

The Audit Committee develops and controls the Group's financial reporting procedures, the auditors' work, the reliability of internal control, and the execution of corporate governance principles. At the end of 2004, the Audit Committee comprised Sakari Tamminen (Chairman), Robert Castrén (Vice Chairman), Robin Langenskiöld, and Sirkka Hämäläinen. The Committee convened four times during the year. On average, 94% of its members attended the meetings.

In April 2004, SanomaWSOY's Board of Directors established an Editorial Committee. The Editorial Committee is responsible for following the editorial policies of the Group's main newspapers and preparing changes in these principles as well as the appointment of the Senior Editors-in-Chief. The members of the Editorial Committee at the end of 2004 were Seppo Kievari (Chairman), Jane Erkko (Vice Chairman), Paavo Hohti, and Sirkka Hämäläinen. The Committee convened once during the year and all the Committee members attended the meeting.

Full-time Chairman and CEO

The Board has a full-time Chairman & CEO who prepares, in cooperation with the President & COO, the matters brought to the Board of Directors and chairs Board and Executive Committee meetings. 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 the Group's broad range of external relations together with the President & COO.

The Chairman & CEO takes part in the operational management of the Group only in pre-agreed cases, particularly in respect of growth and international expansion projects. In 2004, Jaakko Rauramo served as full-time Chairman & CEO.

President & COO

The President & COO is independently responsible for the Group's operations, in line with strategic plans and budgets approved by the Board of Directors and in accordance with general principles approved by the Board of Directors. The President & COO is responsible for day-to-day management of the Group, for the preparation of matters brought to the Board and for presenting these matters to the Board and its Committees. The President & COO also acts as Chairman of both SanomaWSOY's Management Group and the Boards of Directors of SanomaWSOY's divisions, unless otherwise agreed. Hannu Syrjänen served as President & COO of SanomaWSOY in 2004.



Remuneration and incentives

The Board of Directors approves the employment terms of the President & COO and the other members of senior management, based on the proposal prepared by the Compensation Committee. The compensation paid to the Board of Directors is decided by the AGM.

In 2004, the members of the Board of Directors were paid the following monthly compensations: EUR 5,500 to the Chairman, EUR 5,000 to the Vice Chairman and EUR 4,000 to members. A sum of EUR 200 was paid for attending the meetings. Of the Board members, Jaakko Rauramo, Chairman & CEO, Hannu Syrjänen, President & COO, and Seppo Kievari are included in the scope of SanomaWSOY's Stock Option Schemes.

Remuneration and other benefits paid to SanomaWSOY's management in 2004 amounted to EUR 5.0 (4.3) million. In this respect, management includes members of the Board of Directors of SanomaWSOY, the President & COO, and the Presidents of the

Group's divisions and their deputies, if any, as well as other members of SanomaWSOY's Management Group. This sum only covers the remuneration and benefits paid to the persons for these positions during the financial year.

In 2004, the full-time Chairman & CEO Jaakko Rauramo was paid remuneration, bonuses, and other benefits totalling some EUR 937,900 (in 2003 some EUR 732,600). Rauramo is entitled to retire after the age of 60 on a pension of 60% of his salary when he or the Company so wishes under the provisions of Sanoma Corporation's pension fund. The contract of employment of the Chairman & CEO is valid for the duration of his term of office, unless otherwise agreed with or decided by the AGM. Rauramo holds 100,000 2001B stock options and 100,000 2001C stock options.

Hannu Syrjänen, President & COO, was paid in total approximately EUR 765,400 in remuneration and benefits during 2004 (some EUR 656,700 in 2003). According to his employment contract, Syrjänen will retire at the age of 60, unless otherwise agreed, and his pension will be approximately 60% of his salary. The period of notice of the President & COO is six months and severance pay in the case of termina-

tion corresponds to 18 months' salary. The severance pay includes a fixed term non-competition clause. Syrjänen holds 50,000 2001A stock options, 50,000 2001B stock options, 50,000 2001C stock options, and 50,000 2004A stock options.

The retirement age for the other members of SanomaWSOY's Management Group is 60 years, and their pension is approximately 60% of their salary. Their period of notice is six months and severance pay in the case of termination corresponds to 12 months' salary. The severance pay includes a fixed term non-competition clause.

To promote the achievement of challenging financial targets, all SanomaWSOY's divisions operate incentive systems designed to foster the personnel's commitment to business goals and to the company, and to reward people for good performance and results. In addition to a skill-, responsibility- and performance-based salary, the personnel receive one-off bonuses. Divisions also operate short-term incentive systems tied to their particular businesses. SanomaWSOY's Board of Directors confirms the general principles of incentive systems. The incentives are set by the previous year's development, the competitive situation, the lifecycle of the business, action plans, etc. Sanoma and Sanoma Magazines Finland also maintain a personnel fund for profit sharing. Annual payments from this fund are based on operational result. The Group also has stock option schemes, which are described in more detail on page 44 of the Financials.

System of control and risk management

SanomaWSOY's Board of Directors has approved the Group's risk management policy. In addition to this, the most important risk management tools include the Group's, divisions' and business units' policies and guidelines.

The Board of Directors is responsible for monitoring the Group's asset management. The President & COO is responsible for arranging the appropriate accounting and control mechanisms. The Group's financial performance is monitored on a monthly basis using a Group-wide operational planning and reporting system. The system includes data on the actual income statement, balance sheet figures and main key figures, up-to-date estimates for the current year, and rolling estimates for the next 12 months.

The Board of Directors annually selects an Audit Committee from among its members. The Audit Committee prepares, steers and evaluates the Group's risk management, internal control procedures, financial reporting, operational processes, auditing, and internal auditing in accordance with the policy confirmed by the Board of Directors.

At the end of 2004, all members of SanomaWSOY's four-person Audit Committee were independent of the company. All Board members are entitled to attend the meetings of the Committee. Depending on the issue it is addressing, the Audit Committee invites experts to attend its meetings, such as the President & COO, Senior Vice President, Finance and Administration, Internal Audit Director, or the auditors.

SanomaWSOY's chartered public accountant in charge is PricewaterhouseCoopers Oy. In 2004, SanomaWSOY paid a total of EUR 2.4 million to the chartered public accountant, of which EUR 1.1 million was for statutory audit.

SanomaWSOY's internal auditing is handled by the Group's Inter-

nal Auditing Department, which reports to the President & COO. Internal Auditing is carried out in collaboration with SanomaWSOY's Management Group, the Audit Committee, and the Group's auditors in accordance with the Group's corporate governance principles and the policy for internal auditing given by the Audit Committee.

Authority issues regarding approval of investments and HR-related matters have been clearly defined in SanomaWSOY's corporate governance principles. Investments are considered as part of the review of strategies, action plans and budgets carried out by various administrative bodies across the Group. All investment decisions are taken on the basis of a separate investment proposal, in accordance with the authority to approve investments. For decision-making and monitoring purposes, an investment proposal, which covers the bases for the investment, including financial calculations, is made for all major investments.

The usual business risks in media are related to the development of advertising and consumption. Media advertising reacts quickly to changes in economic cycles. Only about one fifth of SanomaWSOY net sales are derived from media advertising. The distribution of risks varies both geographically and by businesses. The Group operates in 20 European countries in different businesses and some 45% of its net sales are derived from outside Finland. Thus the Group is independent of the development of any specific geographic area or business.

Risks related to product launches and acquisitions are more difficult to anticipate than the business risks related to product and service development and to definition of authority. However, SanomaWSOY's wide product and service portfolio reduces risks related to launches.

Technological development especially challenges the media business. As part of its normal business development and reporting, SanomaWSOY constantly monitors risks in the media field in the future and ways to prepare for them. Divisions report regularly to the Board of Directors on the possible risks they may be facing.

Financial risk management is described in more detail in note 22 on page 39 of the Financials.

Intellectual property rights

SanomaWSOY's most important intellectual property rights in respect of the Group's products and services are copyrights, publishing rights, trademarks, business names, domains, and know-how possessed or licensed by the Group. Intellectual property rights are an essential part of the Group's identifiable intellectual capital, and the principles regarding their management have been approved by SanomaWSOY's Management Group.

The Group aims to gain a competitive advantage by acquiring and exploiting intellectual property rights as cost-effectively as possible. ■



SanomaWSOY's Board of Directors visiting Sanoma Magazines' headquarters in Amsterdam. From left: Robert Castrén, Sirkka Hämäläinen, Sakari Tamminen, Hannu Syrjänen, Paavo Hohti, Jane Erkkö, Jaakko Rauramo, Sari Baldauf, Seppo Kievari, Kerstin Rinne (Secretary to the Board), Robin Langenskiöld, and Heli Rahka (Secretary to the Committees).

Board of Directors

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 Corporation in 1966, elected to the Board in 1979, and served as General Manager at Sanomaprint, General Manager of the Newspaper Division, and as Sanoma Corporation's Executive Vice President.

Board memberships: Metso Corporation (Finland) (Vice Chairman), The Foundation of Confederation of Finnish Industry and Employers (Finland), Helsingin Sanomat Centennial Foundation, Jane and Aatos Erkkö Foundation (Finland), the European Publishers Council, Reuters Founders Share Company Limited (the United Kingdom) (Trustee), The Museum of Television and Radio (USA) (Councilor), the Scandinavian International Management Institute Foundation (Denmark), Stiftelsen Svenska Dagbladet (Sweden). Also Member of National Board of Economic Defence (Finland) (Chairman), the Delegation of the Finnish Central Chamber of Commerce (Finland), the Helsinki Chamber of Commerce (Finland), the Honorary Delegation of the Student's Union of the Helsinki University of Technology (Finland).

Owns 2,452 SanomaWSOY Series A shares and 42,449 Series B shares, 10 notes of SanomaWSOY's Convertible Capital Notes 2001, 100,000 2001B and 100,000 2001C stock options.

Member of the Board of Directors of SanomaWSOY Corporation since 1999, Chairman since 2001.

Paavo Hohti

born 1944, Ph.D., Professor, Vice Chairman of the Board

Served the Finnish Cultural Foundation between 1980 and 2004. Previously served as Vice Chairman of WSOY's Supervisory Board between 1994 and 1999 and a member between 1991 and 1994.

Board memberships: Huhtamäki Corporation (Finland) (Vice Chairman), The Tapio Wirkkala – Rut Bryk Foundation (Finland) (Chairman), Werner Söderström Corporation's Literature Foundation (Finland) (Chairman), the Foundation for the Finnish Institute in Athens (Finland), the delegation of Foundation Institutum Romanum Finlandiae (Finland) (Chairman), the Valamo Foundation (Finland).

Owns 824 SanomaWSOY Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Sari Baldauf

born 1955, M.Sc.

(Business Administration)

Served as Executive Vice President and General Manager of Networks, Nokia Corporation and a member of the Nokia Group Executive Board between 1998 and 31 January 2005. Previously served as Executive Vice President of Nokia APAC, President of Nokia Telecommunications, Cellular Systems.

Board memberships: Foundation for Economic Education and International Youth Foundation.

Owns 7,000 SanomaWSOY Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 2003.

Robert Castrén

born 1957, B.Sc. (Econ)

Serves as Sales & Marketing Director at UPM-Kymmene Corporation. Held various marketing positions with UPM-Kymmene Corporation and its predecessor, Kymmene Oy, since 1991. Prior to that, he worked for Finnrap and Lamco Paper Sales, among others. Served at Sanoma Corporation's Board as a member between 1994 and 1999 and as Vice Chairman between 1999 and 2002.

Owns 7,040 SanomaWSOY Series A shares and 13,172 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 2001.

Jane Erkkö

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.

Board memberships: American Scandinavian Foundation (USA) (Overseas Trustee), Jane and Aatos Erkkö Foundation (Finland) (Vice Chairman).

Owens 43,808 SanomaWSOY Series A shares and 200,024 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Sirkka Hämäläinen

born 1939, D.Sc. (Econ)

Served e.g. as Member of the Executive Board of the European Central Bank, Governor and Chairman of the Board of the Bank of Finland.

Board memberships: Kone Corporation (Finland), Investor AB (Sweden), Helsinki School of Economics Holding Oy the Board of Trustees (Finland), Savonlinna Opera Festival Patrons' Association (Finland) (Vice Chairman), the Foundation for Economic Education (Finland), Anders Chydenius Foundation (Finland), Finnish Chamber Orchestra (Chairman).

Member of the Board of Directors of SanomaWSOY Corporation since 2004.

Seppo Kievari

born 1943

Served Sanoma Corporation between 1966 and 2004 e.g. as Senior Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, publisher of Sanoma's newspapers, and President of Sanoma Corporation.

Board memberships: WAN (World Association of Newspapers), Hämeen Sanomat Oy (Finland), Helsingin Sanomat Centennial Foundation (Finland) (Chairman), and Päivälehti Archives Foundation (Finland) (Vice Chairman).

Owens 5,000 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B, and 20,000 2001C stock options.

Member of the Board of Directors of SanomaWSOY Corporation since 2003.

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.

Board memberships: Pencentra Oy (Finland).

Owens 1,119,604 SanomaWSOY Series A shares and 6,577,712 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Hannu Syrjänen

born 1951, B.Sc. (Econ),

Master of Laws, President & COO, SanomaWSOY Corporation

Served Rautakirja 1989–2001 as President & CEO, Vice President, and Executive Vice President & Deputy CEO. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships: Federation of the Finnish Media Industry (Finland) (Chairman), Ilmarinen Mutual Pension Insurance Company (Finland) (Chairman), Confederation of Finnish Industries EK (Finland), the National Board of Economic Defence (Finland), the Graphic Industry Pool (Finland) (Chairman), Foundation for Economic Education (Finland), Finnish Scouts Foundation (Finland) (Member of the Supervisory Board). Chairman of the Board's of SanomaWSOY's divisions: Sanoma Corporation, SWelcom Oy, Werner Söderström Corporation, and Rautakirja Corporation.

Also a member of the council of National Voluntary Defence Support Association (Finland), Advisory Board of Helsinki School of Economics (Finland), Research Foundation of the University of Helsinki (Finland), the Helsinki Chamber of Commerce (Finland), the delegation of Foundation Institutum Romanum Finlandiae (Finland), Sector for Information Society of the National Board of Economic Defence (Finland), Executive Board of the Finnish section of International Chamber of Commerce (ICC), and Value Creating Management of Media Companies-program/INSEAD (Member of Advisory Board).

Owens 20,000 SanomaWSOY Series B shares, 5 notes of SanomaWSOY's Convertible Capital Notes 2001, 50,000 2001A, 50,000 2001B, 50,000 2001C, and 50,000 2004A stock options.

Member of the Board of Directors of SanomaWSOY Corporation since 2001.

Sakari Tamminen

Born 1953, M.Sc. (Econ)

President of Rautaruukki Corporation. Served Metso Corporation between 1999 and 2003 first as Senior Vice President and CFO and later as Executive Vice President and CFO and Deputy to the President and CEO. Previously served as Executive Vice President & CFO and Senior Vice President and Chief Financial and Accounting Officer of Rauma Oy, as Vice President, Finance of Rauma-Repola Oy's Engineering Industry and as Financial Manager of Oy W. Rosenlew Ab.

Board memberships: Lemminkäinen Corporation (Finland), the Finnish Foundation for Share Promotion, Technology Industries of Finland, Association of Finnish Steel and Metal Producers. Supervisory Board memberships: Mutual Pension Insurance Company Varma (Finland), Sampo Life Insurance Company Limited (Finland), The Finnish Fair Corporation (Finland). Also a member of the delegation of Foundation of the Finland-France Institution (Finland), the consultative committee of the major customers of Pohjola Group (Finland), the Advisory Council of the Major Customers, Finland-function of Nordea Bank, and Vuorimies-yhdistys – Bergsmannaföreningen ry (Miner Association).

Member of the Board of Directors of SanomaWSOY Corporation since 2003. ■

The share ownership information shown on pages 44–45 refers to 31 January 2005. A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi. Further information about Board of Directors can be found on pages 40–43, Corporate governance.

Management Group

Hannu Syrjänen

born 1951, B.Sc. (Econ), Master of Laws, President & COO, SanomaWSOY Corporation since 2001
Served Rautakirja 1989–2001 as President & CEO, Vice President, and Executive Vice President & Deputy CEO. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy, and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships: see entry on pages 44–45.

Owns 20,000 SanomaWSOY Series B shares, 5 notes of SanomaWSOY's Convertible Capital Notes 2001, 50,000 2001A, 50,000 2001B, 50,000 2001C, and 50,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 1999, Chairman since 2001.

Eija Ailasmaa

born 1950, M.Pol.Sc., President & CEO, Sanoma Magazines B.V.

Served as President of Sanoma Magazines Finland Oy and Helsinki Media Oy between 2000 and 2002, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy between 1998 and 2000. Previously served as Vice President, Publishing at Sanoma Corporation's Sanomaprint and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine Kodin Kuvalehti, and in various editorial positions at Ilta-Sanomat.

Board memberships: Sanoma Magazines B.V. (the Netherlands) (Chairman of the Management

Board), Sanoma Magazines Finland Corporation (Chairman of the Board) (Finland), Hansaprint Oy (Finland), Huhtamäki Corporation (Finland), R.C.V. Entertainment B.V. (the Netherlands), Sanoma Budapest Kiadói Részvénytársaság (Hungary), Sanoma Magazines Belgium N.V. (Belgium), and Uitgevers Maatschappij N.V. (Belgium).

Owns 80 SanomaWSOY Series A shares, 6,000 series B shares, 30,000 2001A, 30,000 2001B, 30,000 2001C, and 37,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 2000.

Nils Ittonen

born 1954, B.Sc. (Econ), Senior Vice President, Group Treasury, Asset Management and Real Estate
Joined Sanoma Corporation in 1977 and served in various positions, including as Vice President, Asset Management at Sanoma Corporation and as CFO of Sanoma Inc. (USA), and Crafton Graphic Co (USA).

Board memberships: Rautakirja Corporation (Finland) (Vice Chairman), SWelcom Oy (Finland), Sanoma Magazines Finland Corporation (Finland), Oy Asipex Ab (Finland), and Jane and Aatos Erkko Foundation (Finland).

Owns 50,000 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B, 30,000 2001C, and 30,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 1999.

Erkki Järvinen

born 1960, M.Sc. (Econ), President & CEO, Rautakirja Corporation
Served Rautakirja Corporation as Senior Vice President, Kiosk Operations since 1997 and as President since 2001. Previously served as Marketing Manager and Head of Marketing at Vaasamills and as Managing Director of Siljans Knäcke AB in Sweden when they were part of the Cultor Group, and as Product and Marketing Manager for Oy Karl Fazer Ab's Fazer Bakeries.

Board memberships: Rautakirja Corporation (Finland), Rautakirja's Pension Foundation (Finland) (Chairman), Finnino Oy (Finland) (Chairman), Suomalainen Kirjakauppa Oy (Finland) (Chairman), JHC Arena Holding Oy (Finland), IBA (International Book and Press Retailers Association), Narvesen Baltija SIA (Latvia) (Chairman of the Supervisory Board), Baltic Cinema SIA (Latvia) (Chairman of the Supervisory Board), AS MPDE (Estonia) (Chairman of the Supervisory Board), UAB Vingio kino teatras (Lithuania) (Chairman of the Supervisory Board), R-Kiosk Eesti AS (Estonia) (Chairman of the Supervisory Board), AS Lehepunkt (Estonia) (Chairman of the Supervisory Board), Jokerit HC Oy (Finland), and Federation of Finnish Commerce.

Owns 30,000 2001B, 30,000 2001C, and 37,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 2001.



Jorma Kaimio

born 1946, Ph.D., *Docent in Classical Philology at the Universities of Helsinki and Turku, President, Werner Söderström Corporation*
Served as WSOY's Literary Director and Deputy President from 1991 and as President from 2000. Prior to joining WSOY, he served as Managing Director of the Academic Bookstore, and as Research Fellow and Lecturer at the University of Helsinki, and as Secretary of the Finnish Matriculation Examination Board.

Board memberships: Werner Söderström Corporation (Finland), Ajasto Osakeyhtiö (Finland) (Chairman), Weilin+Göös Oy (Finland) (Chairman), Bertmark Media AB (Sweden) (Chairman), Helsingin yliopiston Holding Oy (Finland), Licentia Oy (Finland) (Chairman), WSOY Literary Foundation (Finland) (Secretary), Lauri Jäntti Foundation (Finland), The Finnish Book Publishers Association (Finland) (Deputy Chairman), the Federation of Finnish Media Industry, the delegation of the Valamo Foundation (Finland),

Owns 14,480 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B, 30,000 2001C, and 34,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 2000.

Tapio Kallioja

born 1948, M.Sc. (Eng),
President, SWelcom Oy

Joined Sanoma in 1984. Served as Vice President of Sanoma's Euro-cable Group and New Media Group and President of Helsinki Telset Oy, Helsinki Television Ltd., and Helsinki Media Company Oy.

Board memberships: SWelcom Oy (Finland), Helsinki Television Ltd. (Finland) (Chairman), Oy Ruutu-nelonen Ab (Finland) (Chairman), 2ndhead Oy (Finland) (Chairman), Suomen Urheilutelevisio Oy (Finland), the Association of Commercial Television of Finland (Finland), SSH Communications Security Corp (Finland), and Savonlinna Opera Festival Patrons' Association.

Owns 1,600 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B, 30,000 2001C, and 34,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 1999.

Mikael Pentikäinen

born 1964, M.Sc. (Agriculture and Forestry),
President, Sanoma Corporation

Served Finnish News Agency as Editor-in-Chief and President between 1999 and 2004. Previously served as Editor-in-Chief of Etelä-Saimaa between 1996 and 1999 and as editor in political news of Helsingin Sanomat between 1992 and 1996.

Board of memberships: Sanoma Corporation (Finland), Helsingin Sanomat Oy (Finland) (Chairman), Ilta-Sanomat Oy (Finland) (Chairman), Taloussanomat Oy (Finland) (Chairman), Sanoma Lehtimedia Oy (Finland) (Chairman), Sanomapaino Oy (Finland) (Chairman), Sanoma Data Oy (Finland) (Chairman), Lehtikuva Oy (Finland) (Chairman), Esmerk Oy (Finland) (Chairman), Sanoma Kaupunkilehdet Oy (Finland) (Chairman), and Finnish News Agency (Finland).

Owns 30,000 2001C and 37,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 2004.

Kerstin Rinne

born 1950, LL.B., *Master of Laws (trained on the bench), Senior Vice President, Group Strategic Planning and Legal Affairs*

Joined Sanoma Corporation in 1980. Served as Vice President, Legal Affairs between 1984 and 1999. In addition to Legal Affairs, Rinne has been responsible for e.g. corporate planning, information services, and administration at various points. Previously worked e.g. as Attorney for the law offices Silkkö & Ståhlberg, H. Hedman, and Rinne & Talikka.

Board memberships: Sanoma Corporation (Finland) (Vice Chairman), Werner Söderström Corporation (Finland), SWelcom Oy (Finland) (Vice Chairman), Sanoma Finance AG (Switzerland) (Chairman), the HYY Group (HYY Group Ltd, Kaivopiha Ltd, HYY Real Estate Division) (Finland). Also a member of the Information Society Council and the Corporate Affairs Group of the European Publishers Council.

Owns 1,199 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B, 30,000 2001C, and 30,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 1999.

Matti Salmi

born 1950, M.Sc. (Econ), *Senior Vice President, Finance and Administration*

Served Rautakirja Corporation between 1988 and 2004 as Senior Vice President, Corporate Finance and Administration. Previously served as Vice President, Finance at Suomen Tupakka Oy and as Controller at British American Tobacco Ltd.

Board memberships: Rautakirja Corporation (Finland), Sanoma Corporation (Finland), Werner Söderström Corporation (Finland), Jokerit HC Oy (Finland) and the Media Employers' Association.

Owns 12,000 2001B, 30,000 2001C, and 30,000 2004A stock options.

Member of the Management Group of SanomaWSOY Corporation since 2004. ■



The share ownership information shown on pages 46–47 refers to 31 January 2005. A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi. Further information about Management Group can be found on pages 40–43, Corporate governance.

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