



SanomaWSOY Q1/2000

Jaakko Rauramo, President & CEO
17 May 2000



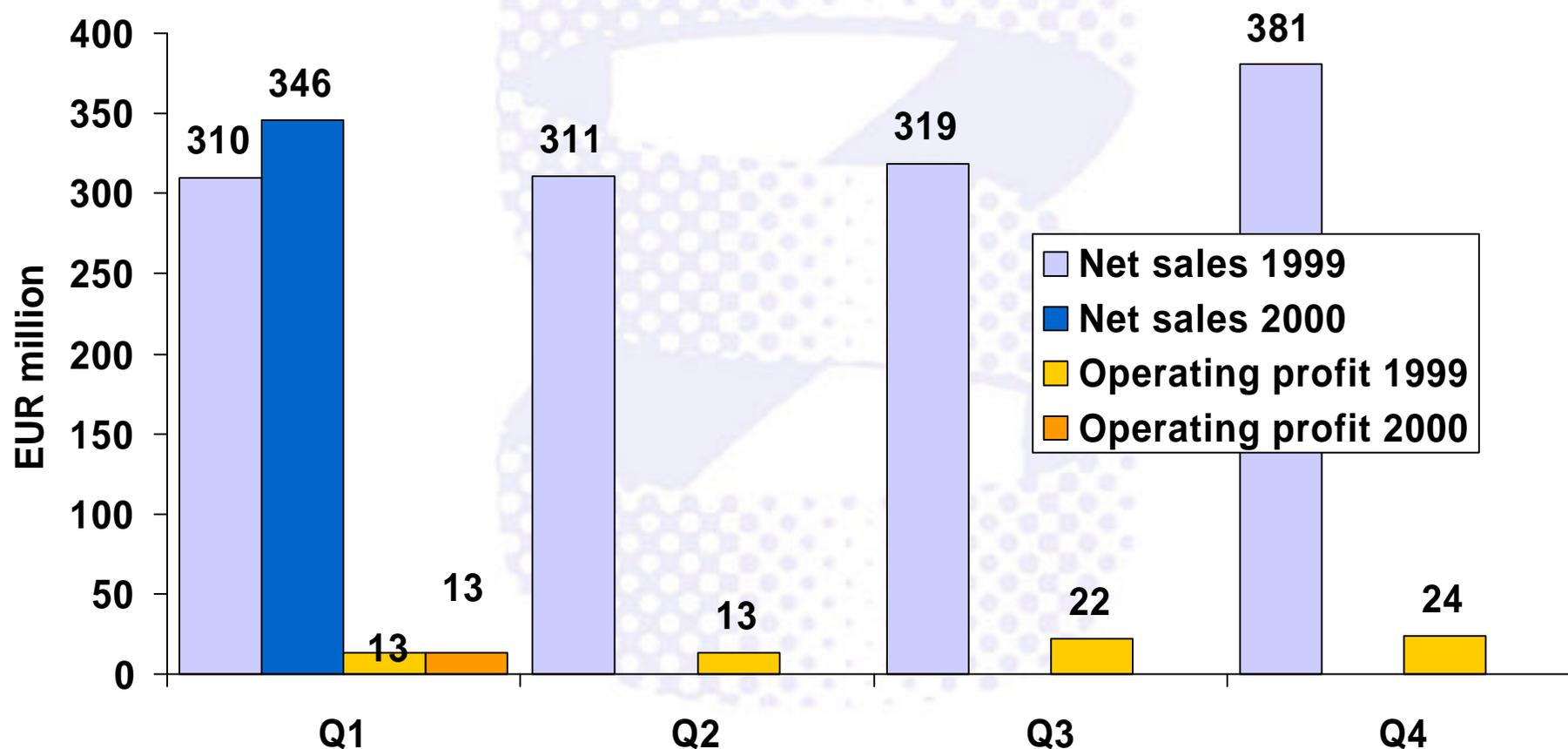
Vision

- **The most dynamic media company in Northern Europe, with operations based on creativity and reliability.**



SanomaWSOY Group

(quarterly)



Key indicators

EUR million	31.3.2000	31.3.1999	Change-%	31.12.1999
Net sales	345.9	310.3	11.5	1 320.6
Operating profit	13.2	13.1	1.1	71.7
% of net sales	3.8%	4.2%		5.4%
Profit before extraordinary items	51.4	23.3	120.4	110.4
% of net sales	14.9%	7.5%		8.4%
Balance sheet total	1 390.4	1 289.1	7.9	1 323.1
Gross investments	25.8	82.7	-68.8	279.7
% of net sales	7.5%	26.6%		21.2%
Equity ratio, %	72.0%	69.7%		71.0%
Gearing, %	-24.2%	-30.9%		-24.0%
Earnings/share, EUR	1.05	0.48	120.4	2.13
Cash flow/share, EUR	2.25	---		3.58
Equity/share, EUR	23.80	21.81	9.1	22.73
Market capitalisation	2 717.8	---		1 767.4
Personnel, average	10 132	9 437	7.4	9 816
Interest-bearing liabilities	141.4	142.5	-0.8	104.2
Interest-free liabilities	300.7	302.4	-0.6	313.3
Financial securities, cash and bank	370.6	403.1	-8.1	321.2

Comparative figures for 1999 are pro forma.



Group income statement

EUR million	1.1.–31.3.2000	1.1.–31.3.1999	Change-%
NET SALES	345.9	310.3	11.5
Increase (+) / decrease (-) in inventories of finished goods and work in progress	4.4	6.2	-29.4
Production for own use	0.0	0.0	0.0
Other operational income	7.8	6.0	29.3
Share of result of associated companies	1.2	-0.3	-463.8
Materials and services	159.3	144.2	10.5
Personnel expenses	91.1	85.2	6.9
Depreciation	19.3	16.7	15.5
Other operational expenses	76.3	62.8	21.4
OPERATING PROFIT	13.2	13.1	1.1
Share of result of associated companies	-0.1	-0.4	-69.6
Financial income and expenses	38.3	10.6	260.8
PROFIT BEFORE EXTRAORDINARY ITEMS	51.4	23.3	120.4
Extraordinary items	0.0	0.6	-100.0
PROFIT AFTER EXTRAORDINARY ITEMS	51.4	23.9	115.0
Direct taxes (profit related)	-13.5	-7.9	71.8
Minority interest of the result for the period	-1.5	0.8	-282.8
PROFIT FOR THE PERIOD	36.4	16.9	115.2

Comparative figures for 1999 are pro forma.



Group balance sheet

ASSETS	31.3.2000 EUR million	31.3.1999 EUR million	Change-%	31.12.1999 EUR million
NON-CURRENT ASSETS				
Intangible assets	62.0	54.2	14.4	63.0
Consolidated goodwill	49.3	40.0	23.1	51.0
Tangible assets	371.0	344.0	7.8	374.7
Investments	269.1	209.9	28.2	255.8
NON-CURRENT ASSETS. TOTAL	751.4	648.2	15.9	744.5
CURRENT ASSETS				
Inventories	100.0	90.0	11.1	94.6
Receivables, long-term	35.6	9.9	261.6	33.4
Receivables, short-term	132.8	137.9	-3.7	129.3
Financial securities	336.3	344.8	-2.5	281.5
Cash and bank	34.3	58.3	-41.2	39.7
CURRENT ASSETS, TOTAL	639.0	640.9	-0.3	578.6
ASSETS, TOTAL	1 390.4	1 289.1	7.9	1 323.1

Comparative figures for 1999 are pro forma.



Group balance sheet

LIABILITIES	31.3.2000 EUR million	31.3.1999 EUR million	Change-%	31.12.1999 EUR million
SHAREHOLDERS' EQUITY				
Share capital	61.2	61.2	0.0	61.2
Premium fund	16.1	0.0		16.1
Other funds	364.5	331.2	10.1	365.7
Retained earnings	344.9	336.3	2.6	269.1
Profit for the period	36.4	16.9	115.2	74.0
SHAREHOLDERS' EQUITY, TOTAL	823.1	745.6	10.4	786.1
MINORITY INTEREST	125.2	98.6	26.9	119.4
STATUTORY PROVISIONS	1.7	2.0	-15.9	1.7
LIABILITIES				
Deferred tax liability	40.9	43.4	-5.9	41.5
Long-term liabilities	89.9	94.7	-5.0	93.5
Current liabilities	309.6	304.8	1.6	280.9
LIABILITIES, TOTAL	1 390.4	1 289.1	7.9	1 323.1

Comparative figures for 1999 are pro forma.



Group cash flow statement

	1.1. - 31.3.2000	1.1. - 31.12.1999
	EUR million	EUR million
OPERATIONS		
Operating profit	13.2	71.7
Adjustments to operating profit	16.9	66.0
Change in working capital	17.4	-7.4
Cash flow from operations before financial items and taxes	47.5	130.3
Financial items and taxes	30.1	-6.5
CASH FLOW FROM OPERATIONS	77.7	123.8
CASH FLOW FROM INVESTMENTS	-25.8	-213.0
CASH FLOW BEFORE FINANCING	51.9	-89.3
CASH FLOW FROM FINANCING	0.2	-17.2
Change in liquidities according to the cash flow statement	52.0	-106.5
Non-realised exchange rate differences under liquidities	-2.7	-5.4
Net increase (+)/decrease (-) in liquidities	49.4	-111.9
Liquidities according to the balance sheet at 1 Jan.	321.2	433.1
Liquidities according to the balance sheet at 31 March / 31 Dec.	370.6	321,2

Comparative figures for
1999 are pro forma.



Trend of advertising sales in different media

FIM 1,000	1-3/2000	Change, % (from 1-3/1999)
NEWSPAPERS	828 514	7.1
Aamulehti	58 304	12
Helsingin Sanomat	249 101	9
Ilta-Sanomat	15 532	-4
Iltalehti	13 876	1
Kauppalehti	30 419	1
Taloussanomat	5 649	89
Turun Sanomat	55 575	11
KÄRKIMEDIA *	80 902	19



Sources: GallupMainostieto
*) Kärkimedia

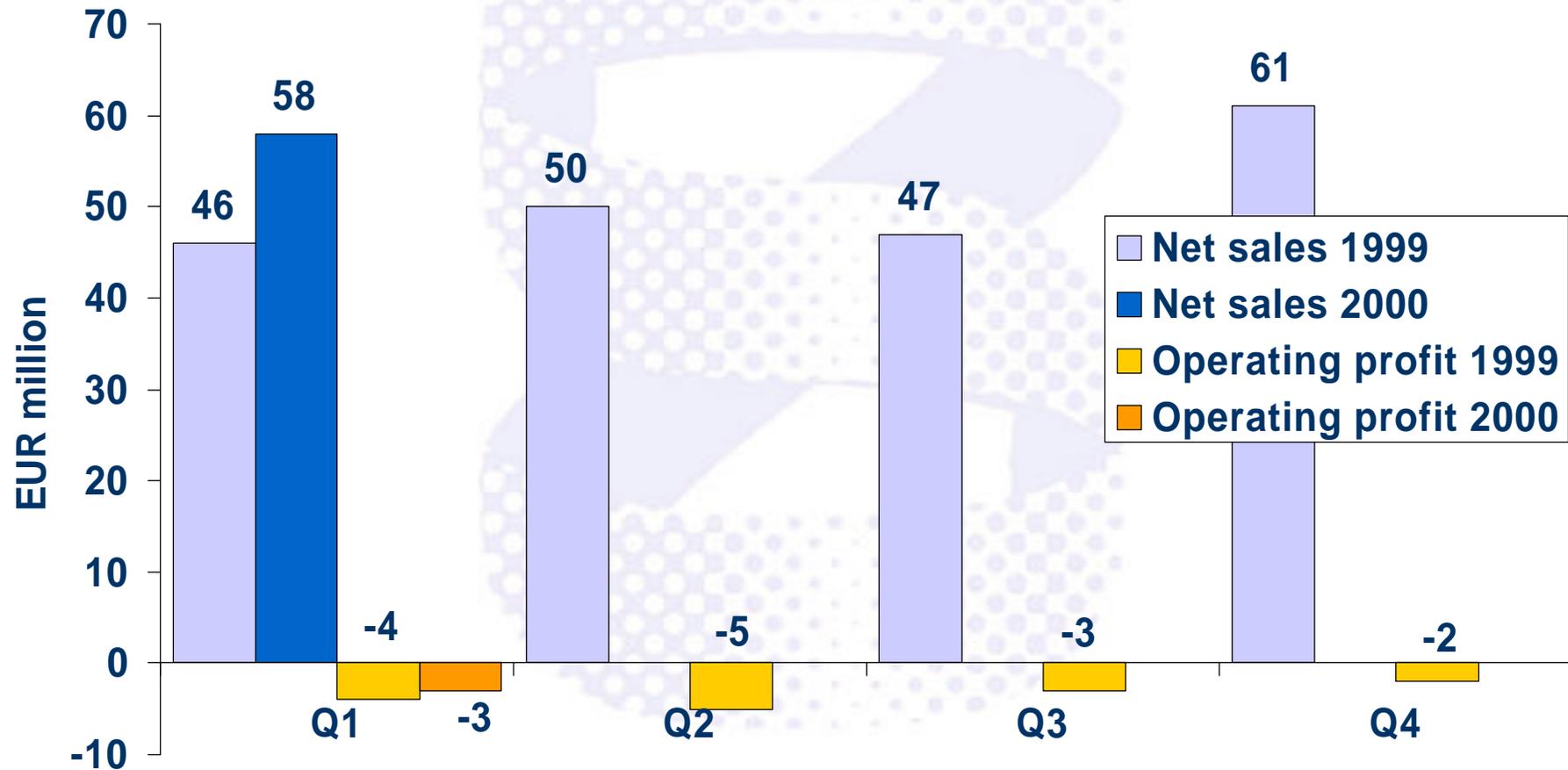
Trend of advertising sales in different media

FIM 1,000	1-3/2000	Change, % (from 1-3/1999)	
MAGAZINES	202 246	4.3	
TELEVISION	318 418	4.3	
MTV3 nation-wide*	211 699	0	*Unofficial figures not supplied by GallupMainostieto. Monthly adjustment coefficients are based on figures provided by MTV3 and Channel Four.
MTV3 regional *	33 207	-26	
Channel Four *	72 769	49	
OUTDOOR ADVERTISING	39 028	2.2	
RADIO ADVERTISING	47 838	15.6	
INTERNET	2 182	-16.8	
MOVIE ADVERTISING	11 778	36.8	



Source: GallupMainostieto

Helsinki Media Group



Helsinki Media Group

EUR million

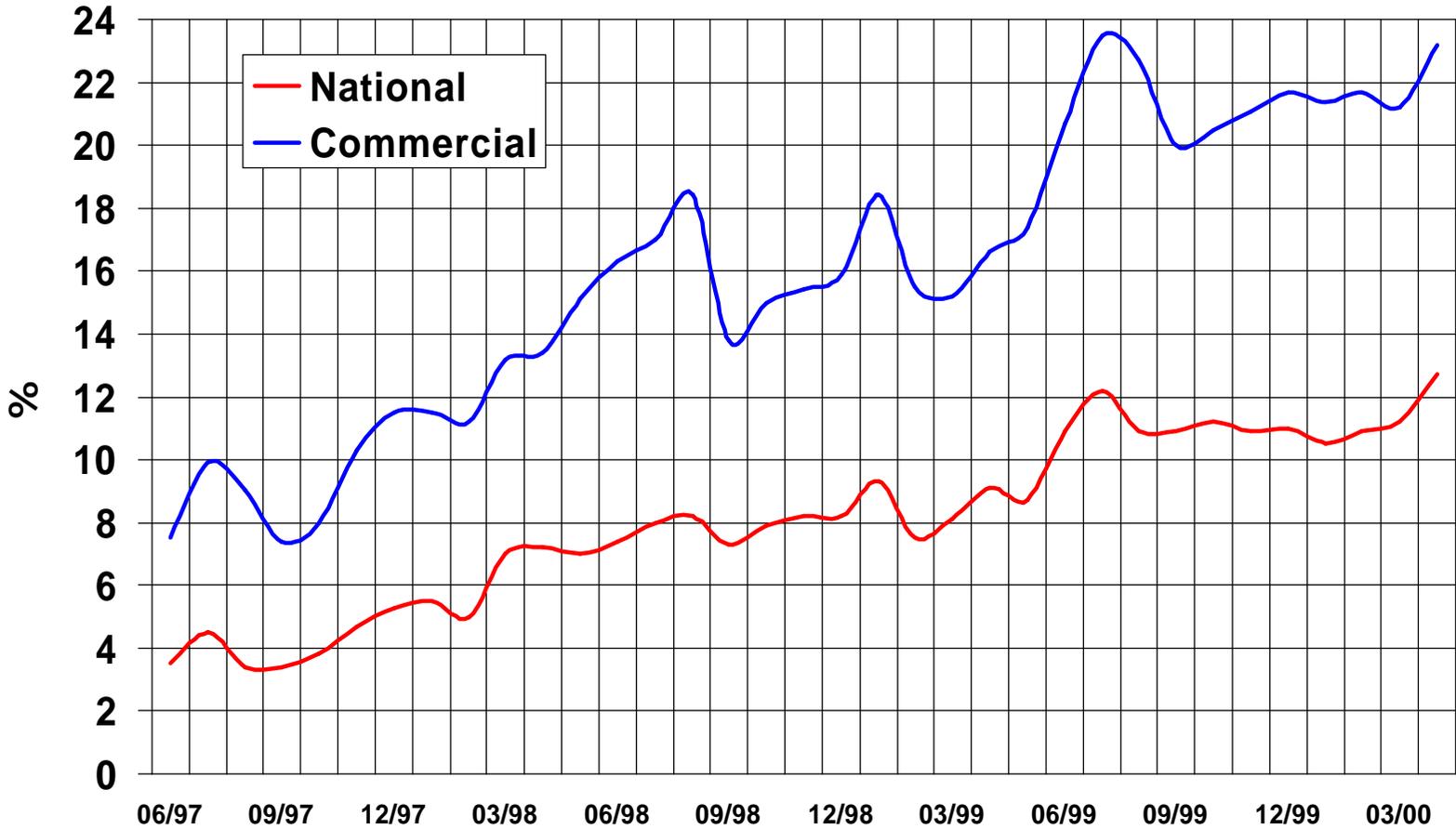
	NET SALES		OPERATING PROFIT	
	1-3/2000	1-3/1999	1-3/2000	1-3/1999
Magazine publishing	39.5	34.1	2.1	0.9
Electronic media	18.7	12.2	-4.8	-5.4
Others			-0.8	-0.4
Intracompany transactions	-0.1	0.0	0.4	0.6
Total	58.1	46.3	-3.0	-4.3
Gross investments	10.1	142.3		
Personnel, average	1 021	883		

- **Outlook for 2000**

- Net sales are projected to rise by over 10% compared to 1999
- Operating profit is also expected to improve clearly



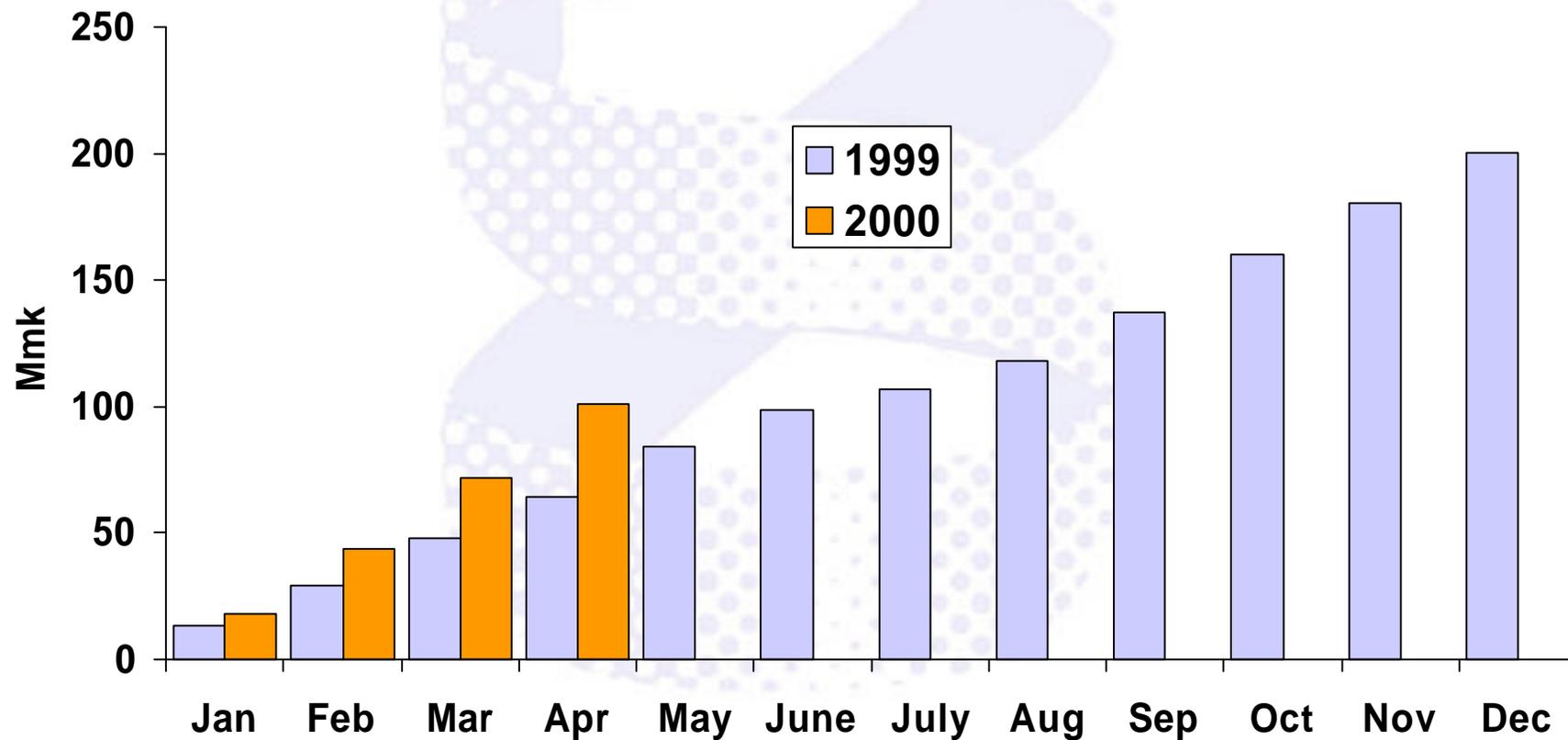
Viewer figures for Channel Four Finland



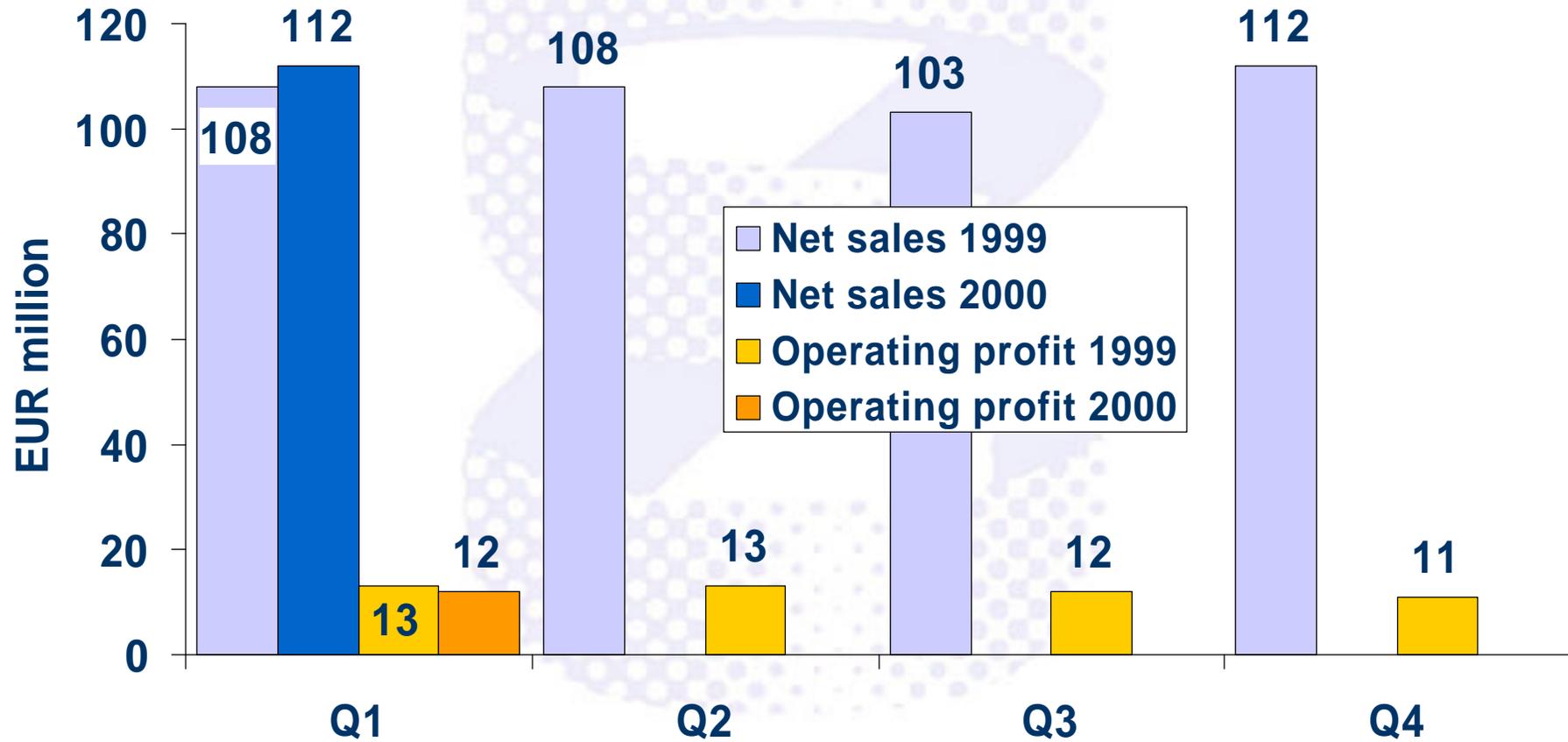
Source: Finnpanel Oy

Channel Four sales revenue

cumulative



Sanoma Group



Sanoma Group

EUR million	NET SALES		OPERATING PROFIT	
	1-3/2000	1-3/1999	1-3/2000	1-3/1999
Newspaper publishing and printing	109.0	107.0	15.0	15.4
Financial & new media products	4.2	1.8	-2.6	-2.7
Intracompany transactions	-0.9	-0.8		
Total	112.3	107.9	12.4	12.7
Gross investments	35.4	254.1		
Personnel, average	3 271	3 261		

- Outlook for 2000

- Net sales are expected to grow by around 5% and operating profit by slightly more



Sanoma Group

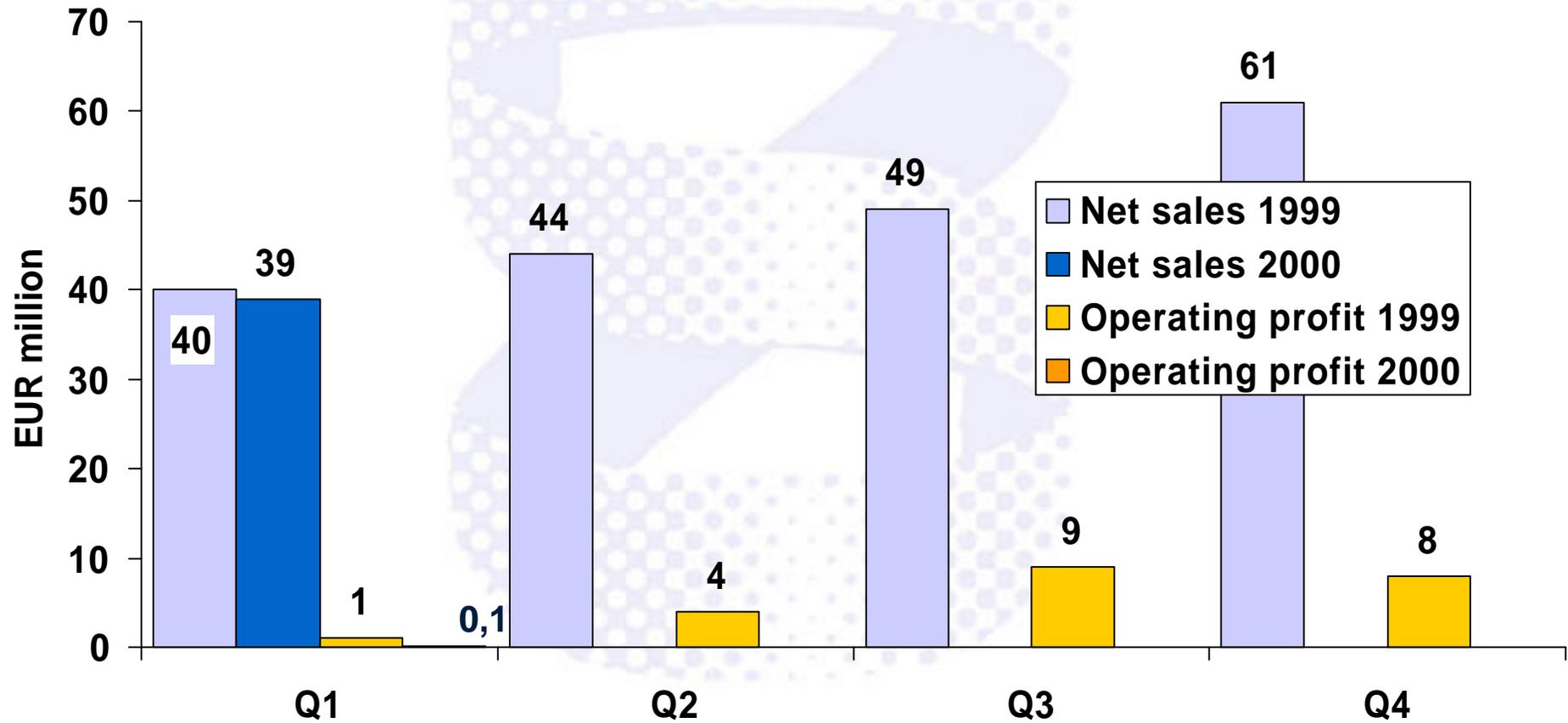
- **Helsingin Sanomat is now Finland's single largest advertising medium**
- **Visual redesign of Helsingin Sanomat**
- **Distribution-related large machine use and labelling operations outsourced**
- **Part of Ilta-Sanomat's printing switched to Kaleva Kustannus Oy in Oulu**
- **Good circulation growth at Taloussanomat, average circulation 24,138 (3/2000)**
- **Esmerk signed cooperative agreement with Siste Nytt Gruppen AS in Norway**
- **Startel's holding in Ecovision AB increased to 39.9%**

After Q1

- **Esmerk set up new subsidiary in Miami**
- **1.7% of the votes of the Esa Group**
- **Majority holding in Uutisvuoksi Oy (72% of votes, 75% of shares)**



WSOY Group



WSOY Group

EUR million

NET SALES

OPERATING PROFIT

1-3/2000

1-3/1999

1-3/2000

1-3/1999

Publishing	27.8	25.8	0.7	2.7
Printing	15.6	15.6	3.1	0.9
Calendar operations	1.9	1.9	-4.1	-3.8
Others *)	0.8	0.7	1.5	1.3
Intracompany eliminations	-6.8	-4.3	-1.1	-0.3
Total	39.4	39.7	0.1	0.9
Gross investments	13.2	5.0		
Personnel, average	1 704	1 769		

- Outlook for 2000

- Net sales are projected to increase by some 9% over 1999
- Operating profit is also expected to rise, despite continued development-related investments



WSOY Group

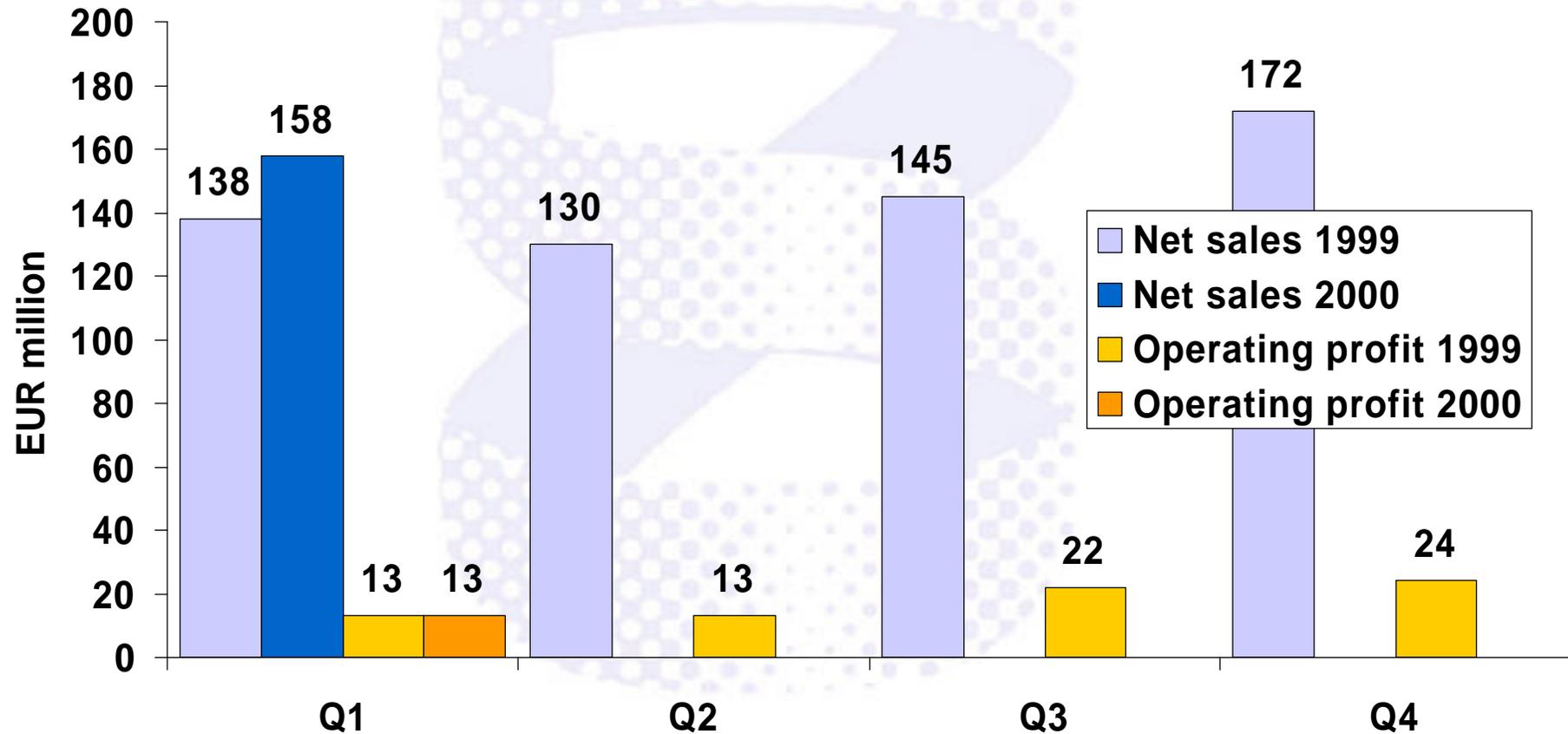
- **Finland's first Internet book club: Bookmark**
- **Geodata completes European-wide map service for mobile users**
- **Acquisition of the Swedish IT publishing and training company, Docendo Läromedel AB**

After Q1

- **E-learning cooperation with TietoEnator**
- **25% holding in Everscreen Mediateam Oy (multimedia products and content concepts)**



Rautakirja Group



Rautakirja Group

EUR million	NET SALES		OPERATING PROFIT	
	1-3/2000	1-3/1999	1-3/2000	1-3/1999
Kiosk operations	80.0	66.3	3.4	2.1
Press distribution	35.1	32.6	2.0	1.7
Bookstores	30.1	27.6	0.7	0.6
Movie theatre operations	12.8	11.0	1.5	0.6
Restaurant operations	8.1	7.8	-0.8	-0.4
Others	-8.4	-7.3	1.2	1.2
Total	157.8	137.9	8.1	5.8
Gross investments	29.0	84.4		
Personnel, average	4 066	3 524		

- Outlook for 2000

- Pace of growth of net sales expected to slow as the year progresses. Net sales are expected to grow by over 6% to nearly FIM 3,700 million.
- The group's result is expected to remain at 1999 levels



Rautakirja Group

- **Operating profit at the R-kiosk chain in Finland rose nearly 150%**
- **Kesko Corporation became Rautakirja's third-largest owner (9.99% of shares, 11.87% of votes)**
- **Construction of a new multiplex cinema complex began in Tallinn (due to be completed in spring 2001)**

After Q1

- **Motorest highway service areas to transfer to Eurostrada Oy**



Outlook for 2000/SanomaWSOY

- **Net sales are projected to rise to FIM 8,500 million**
- **Operating profit is also expected to improve**
- **Profit generated by the Group's treasury and asset management function is expected to further improve on 1999, although relative income will decline towards the end of the year**
- **The Group's profit before extraordinary items will be clearly better than in 1999**

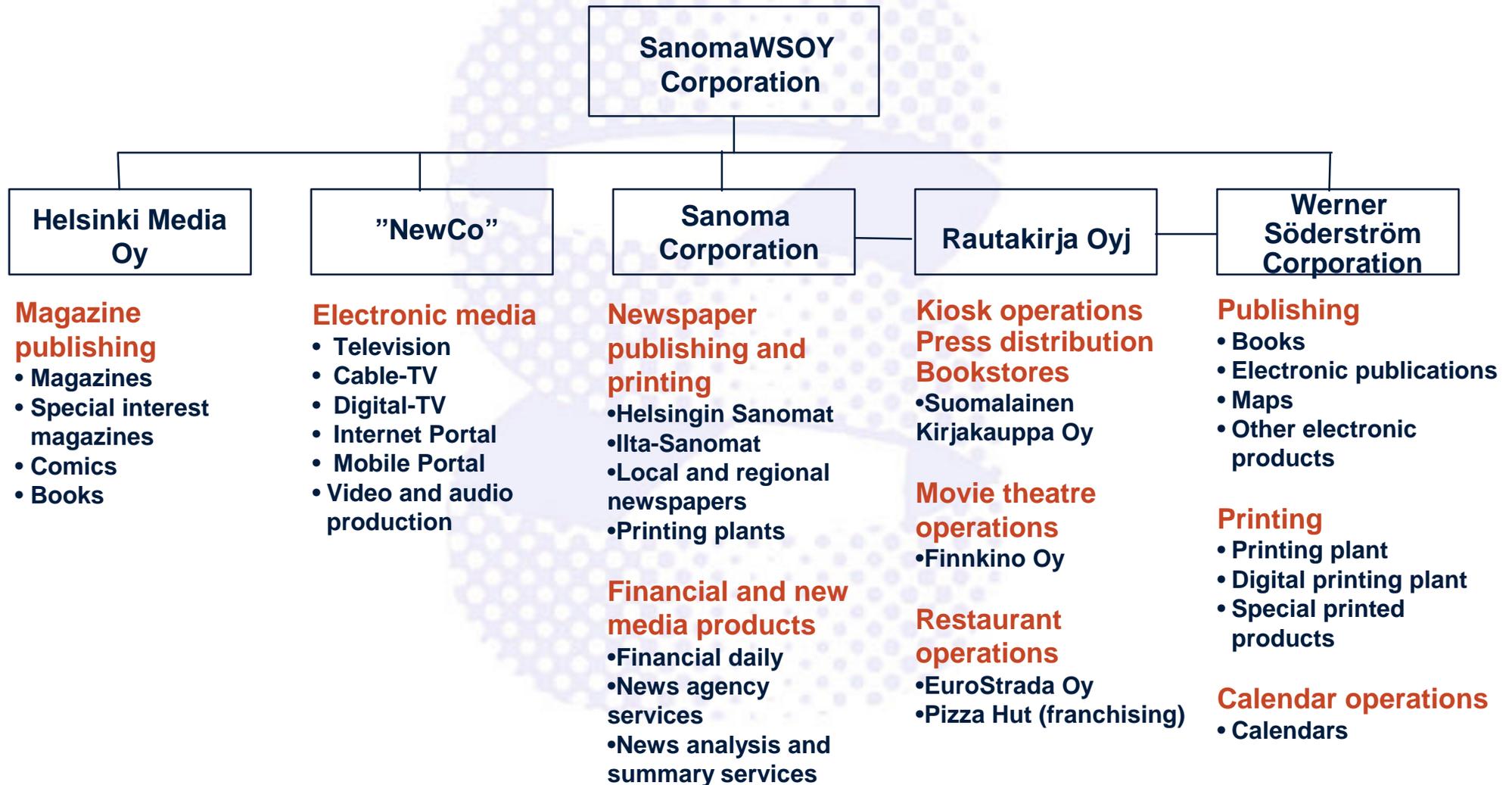


Reorganisation

- **Helsinki Media Company (HMC) will be split into two legal entities**
- **All HMC's assets and liabilities will be transferred to the new companies and HMC will be dissolved**
- **The new companies will be known as**
 - **Helsinki Media Oy (magazine publishing)**
 - **"NewCO" (electronic media; final name yet to be decided)**
- **SanomaWSOY will transfer Swwap Oy's shares and the Virtual Portal Internet project to NewCO**



SanomaWSOY Group



New subsidiary groups

Projected net sales and operating profit for 2000

	Helsinki Media	"NewCo"	
Net sales	FIM 920 million	FIM 500 million	
Operating profit	FIM 45 million	FIM -90 million	*)
Personnel (average)	730	300	

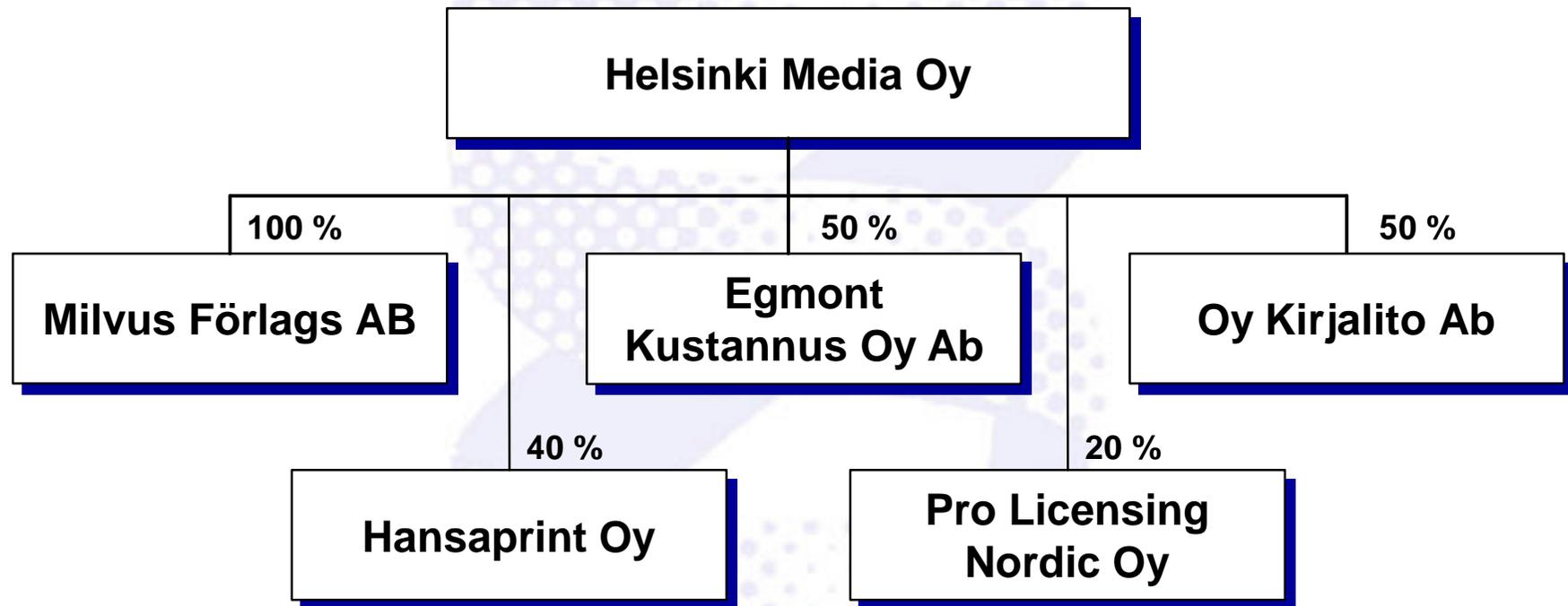
*) Swwap and Virtual Portal: - FIM 35 million

Appointments

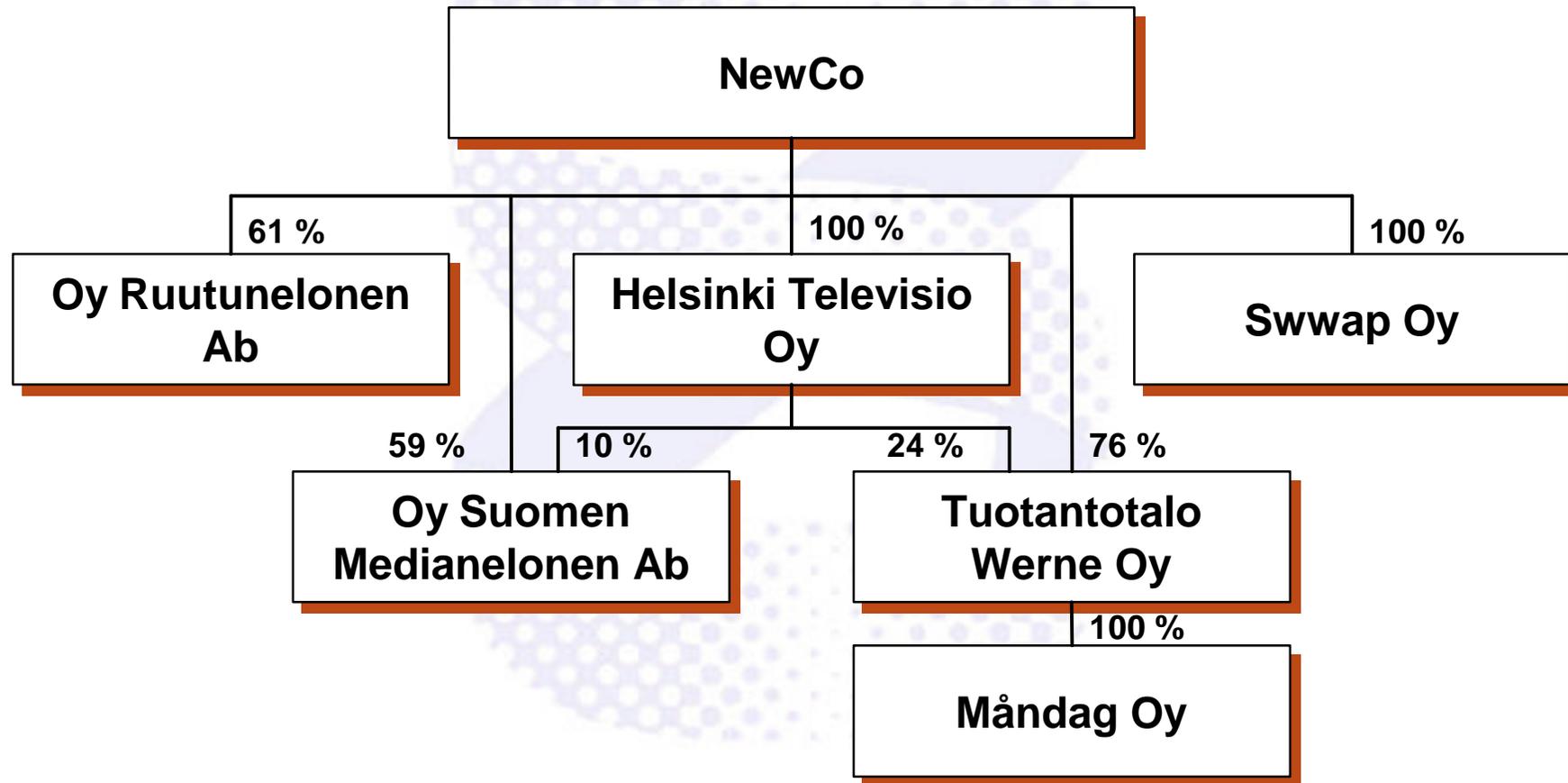
- Helsinki Media's current President ***Tapio Kallioja*** has been appointed President of NewCO
- Helsinki Media's current Executive Vice President ***Eija Ailasmaa*** has been appointed President of Helsinki Media and a member of SanomaWSOY's Management Group
- Tapio Kallioja represents SanomaWSOY on the Board of A-pressen ASA



Helsinki Media's legal structure



NewCo legal structure





Providing you with content!



Electronic Media Subsidiary Group

- **Channel Four Finland**
- **Helsinki Television**
- **Swwap**
- **Virtual Portal Internet project**
- **Digital-TV activities**
 - **Film channel**
 - **Managing multiplex C**
 - **Holding in Suomen Urheilutelevisio**
 - **iMedia (Internet solutions)**
- **Tuotantotalo Werne ja Måndag (video and audio production services, CD production)**



Operational Benefits of the New Group

- **Concentrate and build resources**
 - **Optimal exploitation of electronic media's development potential**
- **Electronic media at a different stage of development**
 - **Investments, risks, growth, performance, earnings logic, operating models**
- **Partnership and collaboration opportunities**
 - **Collaboration, alliances, holdings, listings**
- **Electronic media convergence**
 - **Content production, customer management, IT, digital technologies**



Unique Electronic Media Player

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



Development Prospects for Electronic Media

- **HTV digital cable-TV network**
 - Digital, interactive, fast Internet connections
 - 205,000 Greater Helsinki households: 'city portal'
- **Channel Four Finland**
 - Modern, efficient, fast-growing, targeted
 - Digital-TV, efficient coverage, super-teletex, interactive
- **Swwap**
 - Content-oriented, 'direct to the user', open
 - Group content production and know-how, cross-promotion
- **Digital-TV licences**
 - Film channel: best theme channels, subscription revenue
 - Channel Package C: super-teletex-TV, digital-TV-Internet
- **Virtual Portal**
 - Combines strengths of targeted audiences and high volumes
 - Group content production and know-how, cross-promotion





Providing you with content!





Helsinki Media

New Helsinki Media

- **Magazine publishing**
 - **Magazines**
 - **Special interest magazines**
 - **Comics and books**





Helsinki Media

Operational Benefits

(new Helsinki Media)

- **Focus**
 - Easier to monitor and anticipate market developments
 - Business processes and value drivers easier to develop than in a multibusiness environment
- **More efficient use of resources**
 - Enhanced value
 - More effective use of brands and product formats in developing the business
- **Growth**
 - Investments can be made in a controlled way, in line with business cash flow levels
 - Focus on targets for international expansion and growth





Helsinki Media

Strengths of the new Helsinki Media

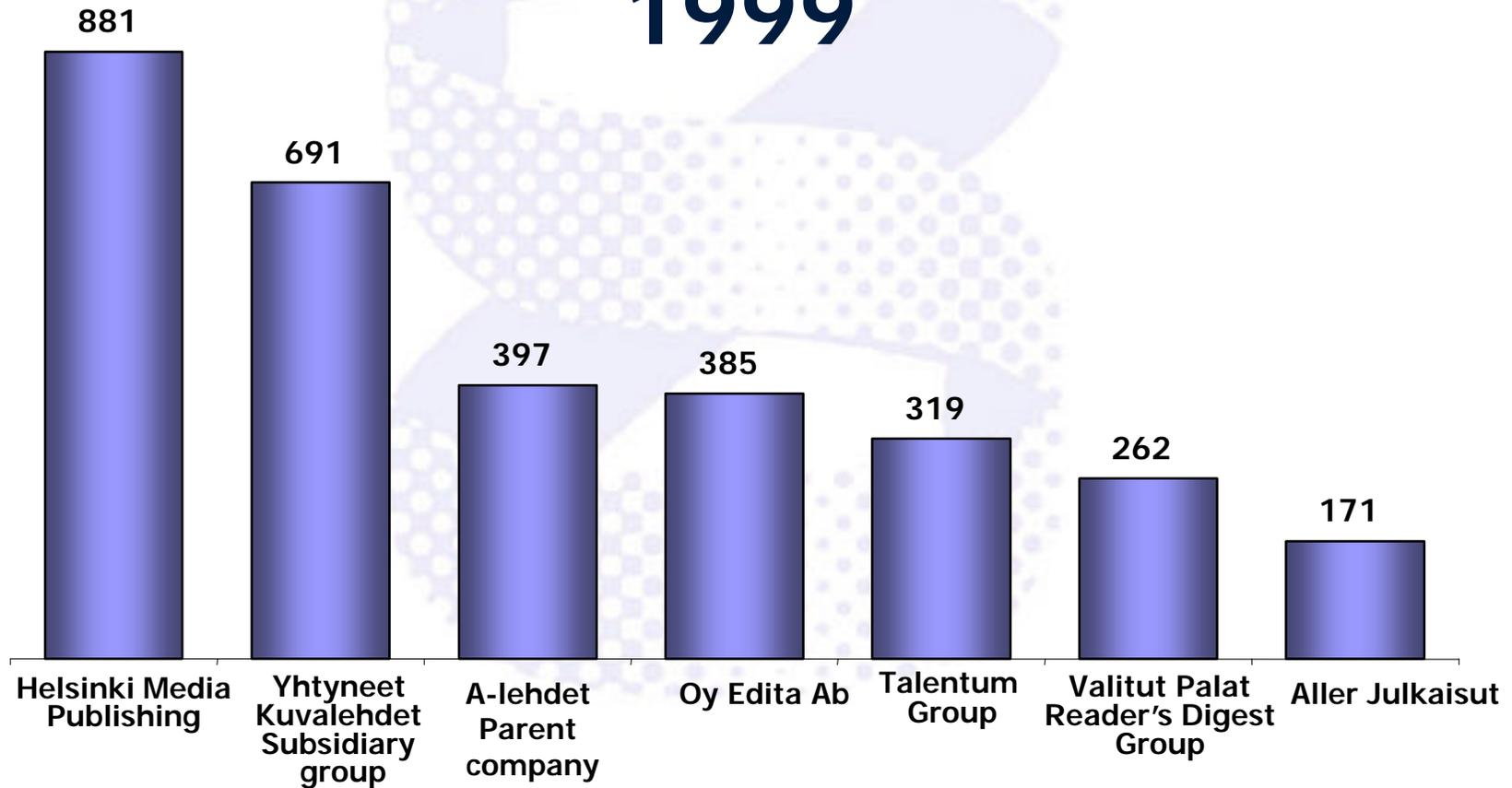
- Finland's leading magazine publisher, in terms of both net sales and circulation
- Market leader in women's magazines, children's and young people's publications, IT magazines, and corporate publications
- Profitable business and positive cash flow
- Clear growth path based on strong brands and international expansion





Helsinki Media

Magazine publisher's net sales 1999



Source: Annual reports





Helsinki Media

Development prospects for the new Helsinki Media

- **Current portfolio**
 - Reasonable growth prospects with current products on the Finnish market, significant growth based on new title launches
 - Number of attractive new products at the development stage (e.g. Cosmopolitan, ITviikko, new children's book clubs)
 - Profit performance trend clearly upwards
- **Growth**
 - Building on international expansion and acquisitions
 - Target of sourcing as much as 25% of net sales from international operations in 2003

