

# SanomaWSOY Q2/2002

**Hannu Syrjänen**  
President

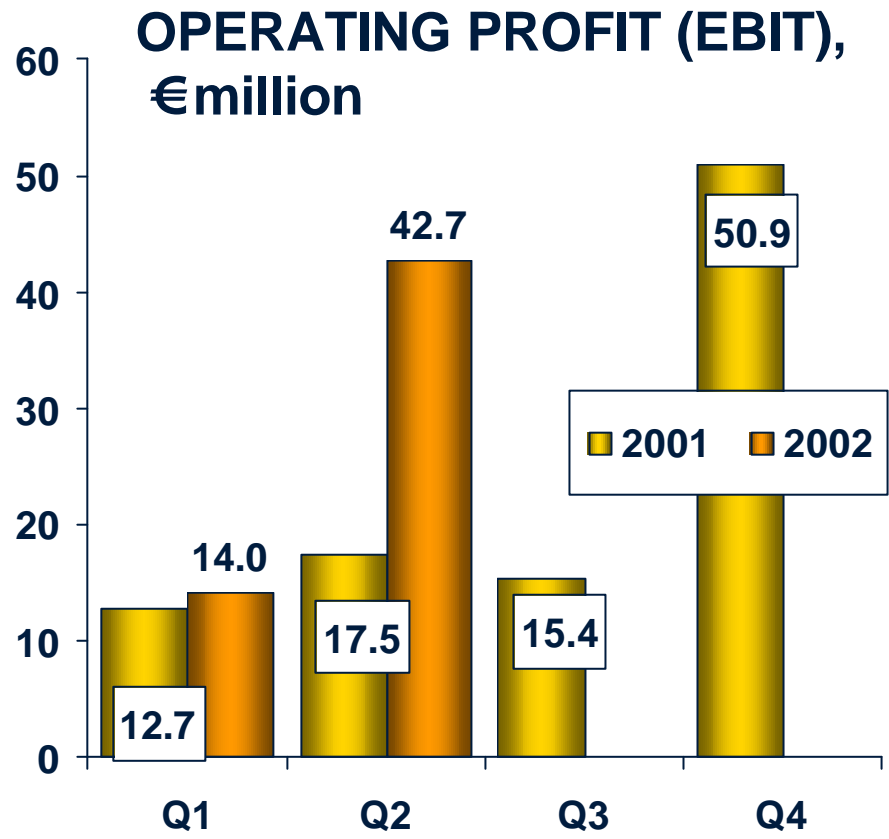
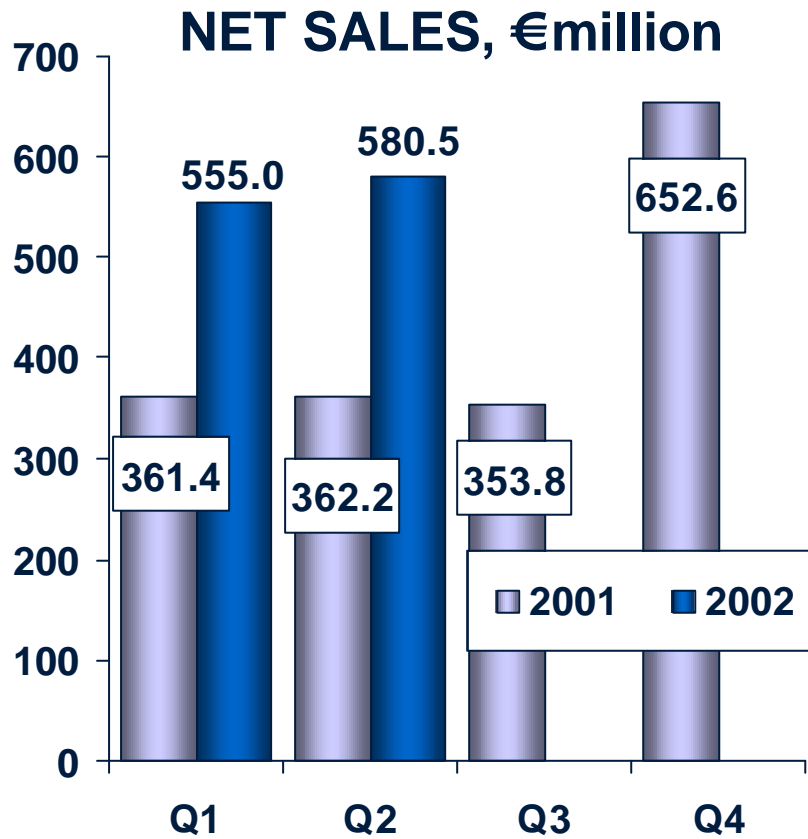
August 8, 2002

# Key developments 1-6/2002

- According to the merger plan Rautakirja will merge into SanomaWSOY
  - enables full usage of the Group's resources in international expansion projects
  - simplifies the ownership structure
  - flexibility in possible internal reorganisation of the business and restructuring of the Group
  - enhances efficiency of financing and capital planning.
- Strategy of selling non-core assets continued
  - BEAP, Ecovision
- Dividend per share EUR 0.51 (2001).
- The signatories of SanomaWSOY's shareholders' agreement support a dividend of at least EUR 0.26 for the 2002.

# SanomaWSOY Group

By quarters 1/2

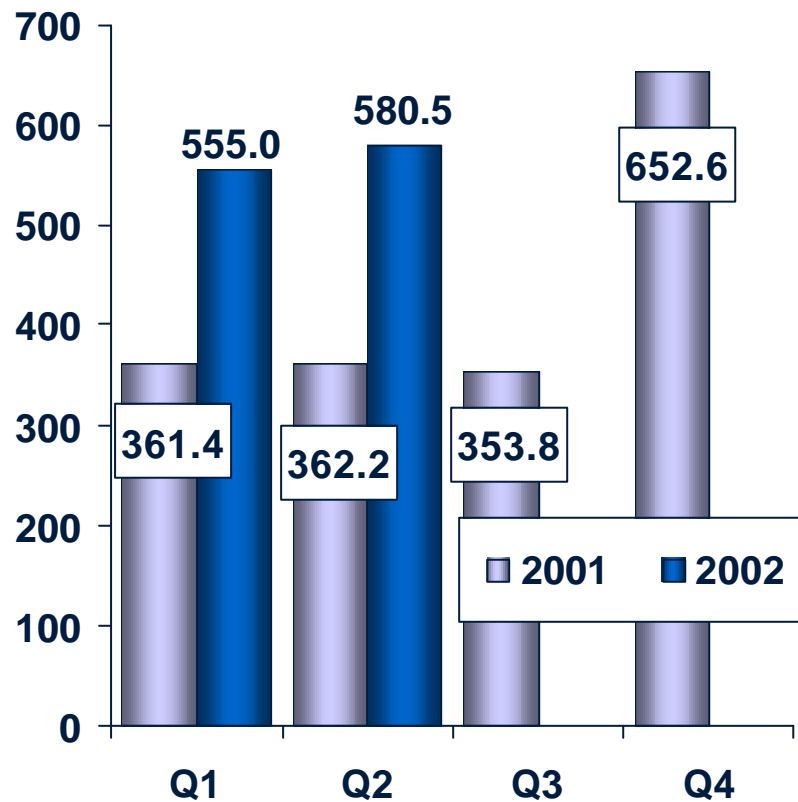


Y: Kalvol/HS02/ovk2

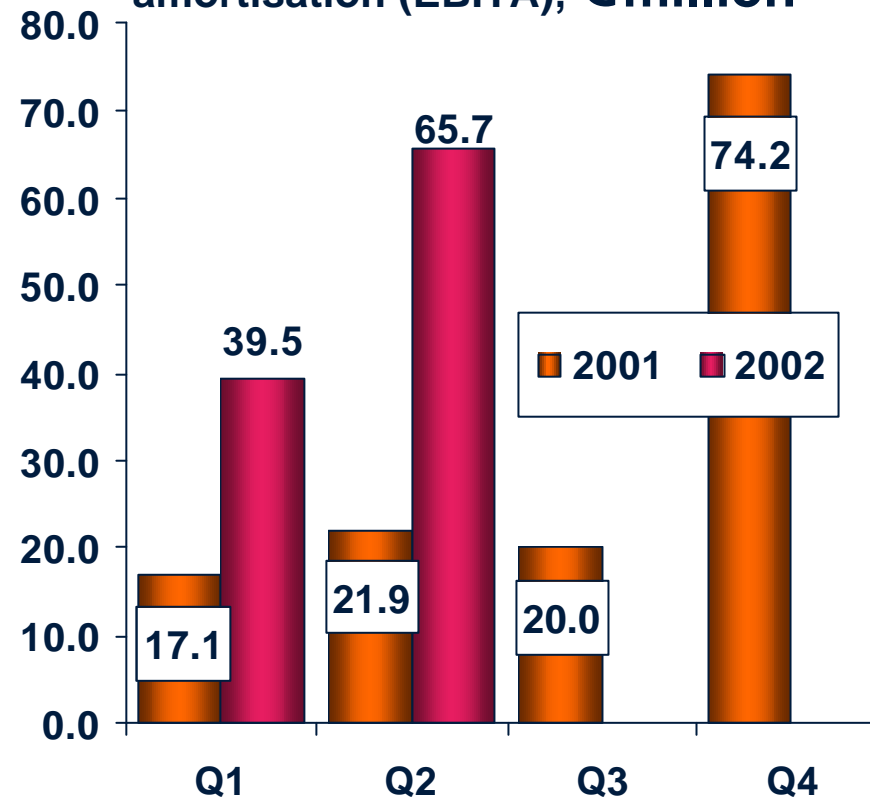
# SanomaWSOY Group

By quarters 2/2

## NET SALES, €million



## OPERATING PROFIT before amortisation (EBITA), €million



Y: Kalvol/HS02/ovk2

# Key indicators

| € million                                  | 30.6.2002 | 30.6.2001 | Change,% | 31.12.2001 |
|--|-----------|-----------|----------|------------|
| Net sales                                  | 1,135.5   | 723.6     | 56.9     | 1,730.0    |
| EBITA                                      | 105.2     | 39.0      | 169.8    | 133.2      |
| % of net sales                             | 9.3       | 5.4       |          | 7.7        |
| Operating profit (EBIT)                    | 56.8      | 30.2      | 88.0     | 96.5       |
| % of net sales                             | 5.0       | 4.2       |          | 5.6        |
| Balance sheet total                        | 2,774.2   | 1,440.9   | 92.5     | 3,053.1    |
| Gross investments                          | 52.8      | 98.5      | -46.4    | 1,473.9    |
| Equity ratio, % (incl. capital notes)      | 40.8      | 66.3      |          | 38.6       |
| Equity ratio, %                            | 33.1      | 65.8      |          | 31.6       |
| Earnings / share, €                        | 0.15      | 0.19      | -25.1    | 0.35       |
| Market capitalisation                      | 1,494.0   | 1,644.0   | -9.1     | 1,510.4    |
| Personnel under employment                 |           |           |          |            |
| contract                                   | 18,681    | 13,928    | 34.1     | 15,129     |
| Personnel, average (full-time equivalents) | 15,263    | 10,908    | 39.9     | 12,077     |

Y: Kalvol/HS02/ovk2

# Group income statement

## 1-6/2002

| € million   | 1-6/2002 | 1-6/2001 | Change,% | 1-12/2001 |
|---|----------|----------|----------|-----------|
| Net sales   | 1,135.5  | 723.6    | 56.9     | 1,730.0   |
| Other operational income and<br>change of inventories | 45.8     | 31.4     | 45.9     | 45.2      |
| Share of result of associated companies               | 6.1      | 4.2      |          | 5.5       |
| Operational expenses                                  | 1,130.6  | 728.9    | 55.1     | 1,684.2   |
| Operating profit                                      | 56.8     | 30.2     | 88.0     | 96.5      |
| Financial income and expenses                         | -2.9     | 15.5     | -118.7   | -4.0      |
| Profit before extraordinary items                     | 53.9     | 45.7     | 17.8     | 92.5      |
| Extraordinary items                                   | 0.0      | 0.0      | 0.0      | 0.0       |
| Profit after extraordinary items                      | 53.9     | 45.7     | 17.8     | 92.5      |
| Direct taxes (profit-related)                         | -30.6    | -12.9    | -137.6   | -31.0     |
| Minority interest of the result for<br>the period     | -3.1     | -5.9     | 47.7     | -13.7     |
| Profit for the period                                 | 20.2     | 27.0     | -25.1    | 47.8      |

Y: Kalvol/HS02/ovk2

# Group balance sheet

| € million                   | 30.6.2002 | 30.6.2001 | Change,% | 31.12.2001 |
|-----------------------------|-----------|-----------|----------|------------|
| Non-current assets, total   | 2,095.9   | 845.1     | 148.0    | 2,188.2    |
| Current asset, total        | 678.4     | 595.8     | 13.9     | 864.8      |
| Shareholders' equity, total | 975.4     | 795.0     | 22.7     | 1,019.7    |
| Minority interest           | 119.1     | 113.7     | 4.7      | 122.3      |
| Statutory provisions        | 14.7      | 5.4       | 172.7    | 8.1        |
| Liabilities, total          | 1,665.0   | 526.7     | 216.1    | 1,903.0    |
| Balance sheet, total        | 2,774.2   | 1,440.9   | 92.5     | 3,053.1    |

Y: Kalvol/HS02/ovk2

# Advertising sales revenue in Finland 1/2

| € 1,000            | 1–6/2002       | Change, %   |
|--------------------|----------------|-------------|
| <b>NEWSPAPERS</b>  | <b>271,299</b> | <b>-4.3</b> |
| Aamulehti          | 18,556         | -8.0        |
| Helsingin Sanomat  | 74,222         | -10.0       |
| Ilta-Sanomat       | 7,058          | 2.0         |
| Iltalehti          | 6,192          | 0.0         |
| Kauppalehti        | 9,972          | -13.0       |
| Taloussanomat      | 2,251          | -30.0       |
| Turun Sanomat      | 18,183         | 0.0         |
| <b>KÄRKIMEDIA*</b> | <b>46,677</b>  | <b>-6.0</b> |

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Lähde:  
Gallup-Mainostieto

\* Kärkimedia

Y: Kalvol/HS02/ovk2



# Advertising sales revenue in Finland 2/2

9

| €1,000              | 1–6/2002 | Change, % |
|---------------------|----------|-----------|
| MAGAZINES           | 72,520   | -2.2      |
| TELEVISION          | 102,541  | 2.4       |
| RADIO ADVERTISING   | 19,063   | 14.6      |
| OUTDOOR ADVERTISING | 17,660   | -3.7      |
| INTERNET            | 5,162    | -16.2     |
| FILM ADVERTISING    | 1,115    | 10.3      |

Lähde:  
Gallup Mainostieto

Y: Kalvol/HS02/ovk2

# Advertising revenue

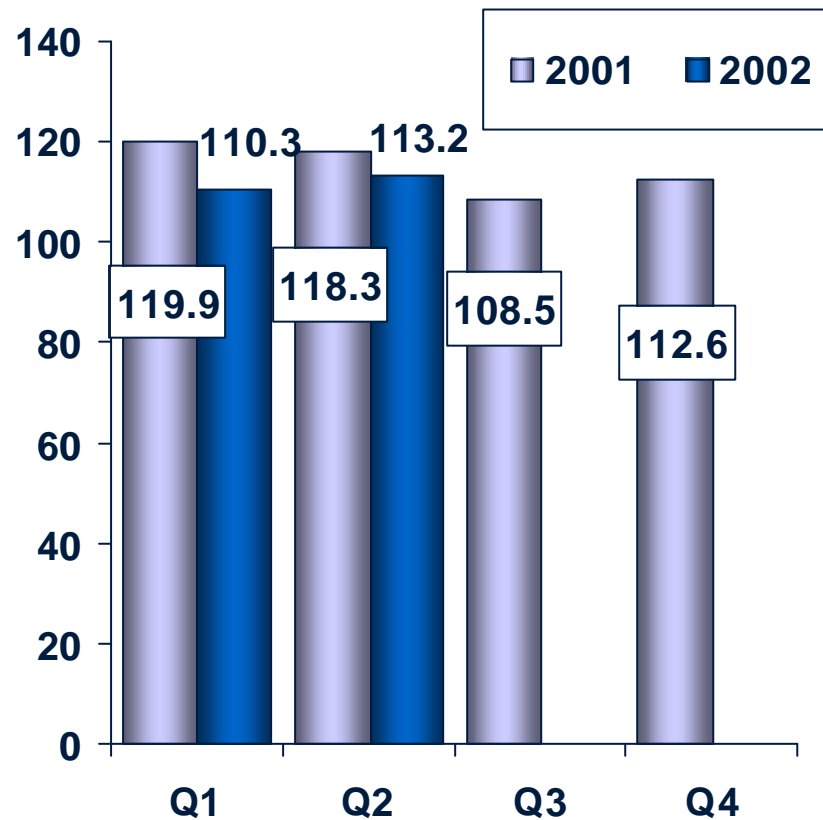
## % of net sales by Division

|                  |     |
|------------------|-----|
| Sanoma           | 50% |
| Sanoma Magazines | 25% |
| SWelcom          | 58% |
| The Group        | 22% |

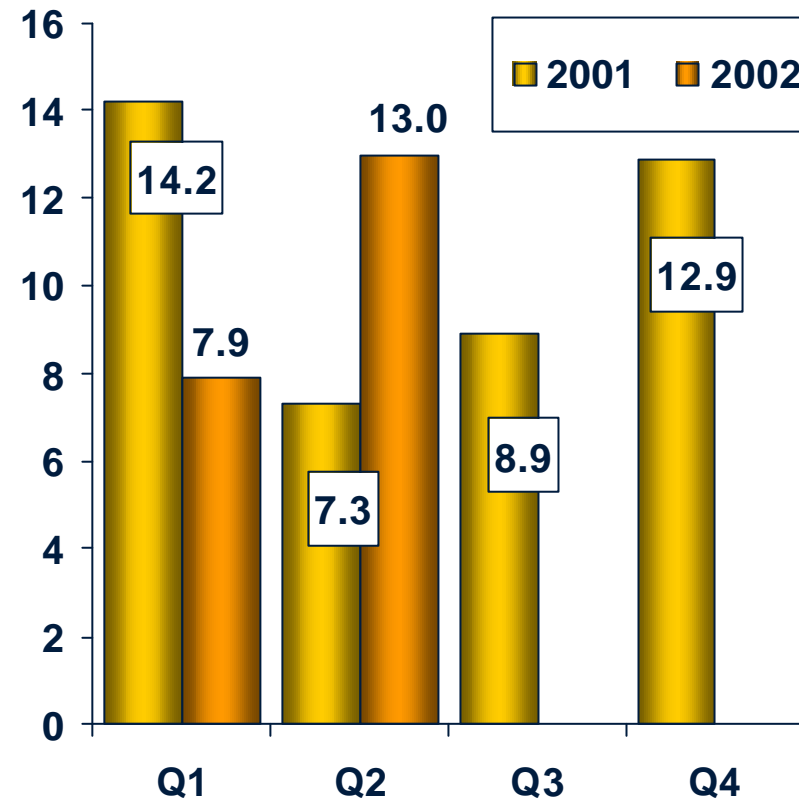
Y: Kalvol/HS02/ovk2

# Sanoma Division

## NET SALES, €million



## OPERATING PROFIT (EBIT), €million



Y: Kalvol/HS02/ovk2

# Sanoma 1-6/2002

| € million                            | NET SALES     |               | OPERATING PROFIT * |          |
|--------------------------------------|---------------|---------------|--------------------|----------|
|                                      | 1-6/2002      | 1-6/2001      | 1-6/2002           | 1-6/2001 |
| Newspaper publishing<br>and printing | 223.4         | 238.1         | 20.9               | 21.5     |
| Total                                | 223.4         | 238.1         | 20.9               | 21.5     |
|                                      | <u>6/2002</u> | <u>6/2001</u> |                    |          |
| Gross investments, € million         | 23.3          | 49.9          |                    |          |
| Personnel, average                   | 3,587         | 3,551         |                    |          |

## Outlook for 2002:

- Net sales will not reach the previous year's figure.
- Operating profit is expected to improve as a result of cost-cutting measures.

\* Includes a share of Rautakirja's result

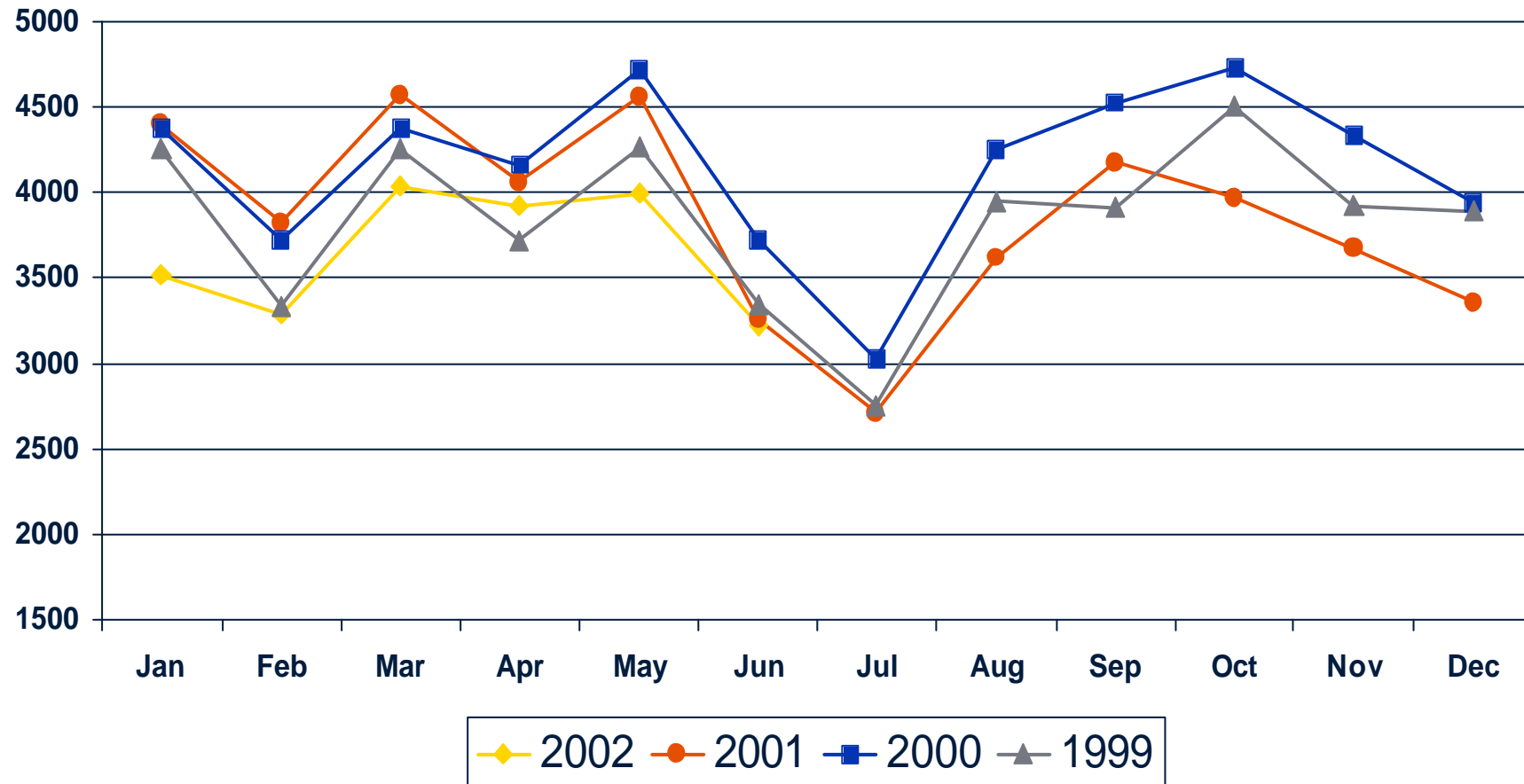
Y: Kalvol/HS02/ovk2

# Sanoma / Key developments

- Helsingin Sanomat's advertising increased slightly.
- Result from own operations improved and costs decreased from corresponding period (cost-saving measures, lower paper prices and increased sales profits).
- Helsingin Sanomat's operating profit improved (cost-saving measures).
- Ilta-Sanomat's share of newsstand sales of tabloids improved both compared with the previous year and the previous quarter.
- The activities of Veikkaaja Magazine will be integrated with Ilta-Sanomat's operations from the beginning of September.
- Operating losses diminished as a result of the sale of shares and operating assets: Startel sold its 33.4% holding in Ecovision AB and the StarDesk and StarWeb operations to Ecovision.
- Taloussanomat signed a cooperation agreement with the Union of Professional Engineers in Finland.

Y: Kalvol/HS02/ovk2

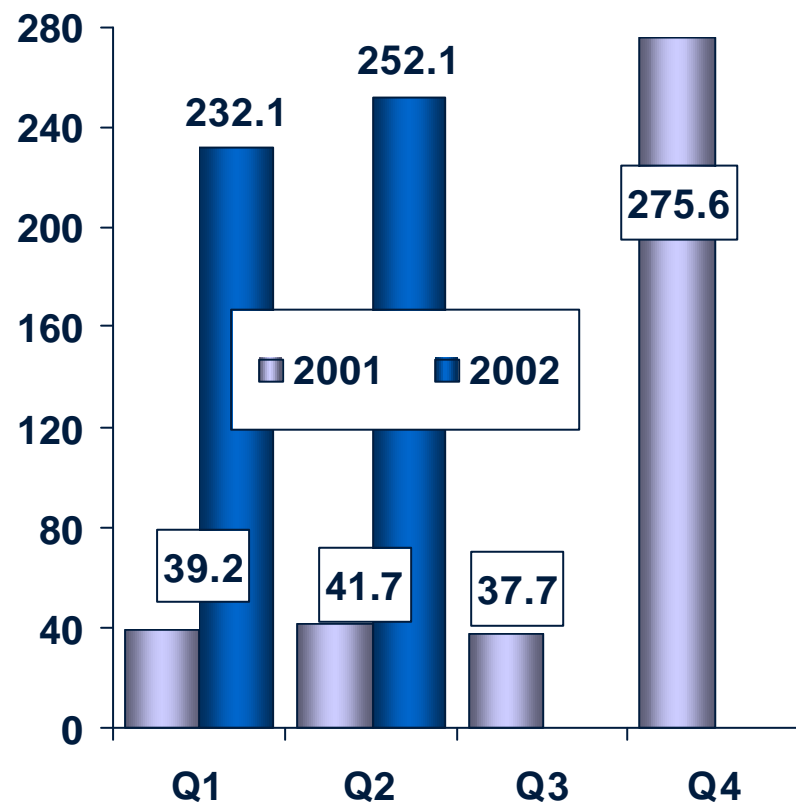
# Advertising in Helsingin Sanomat column metres



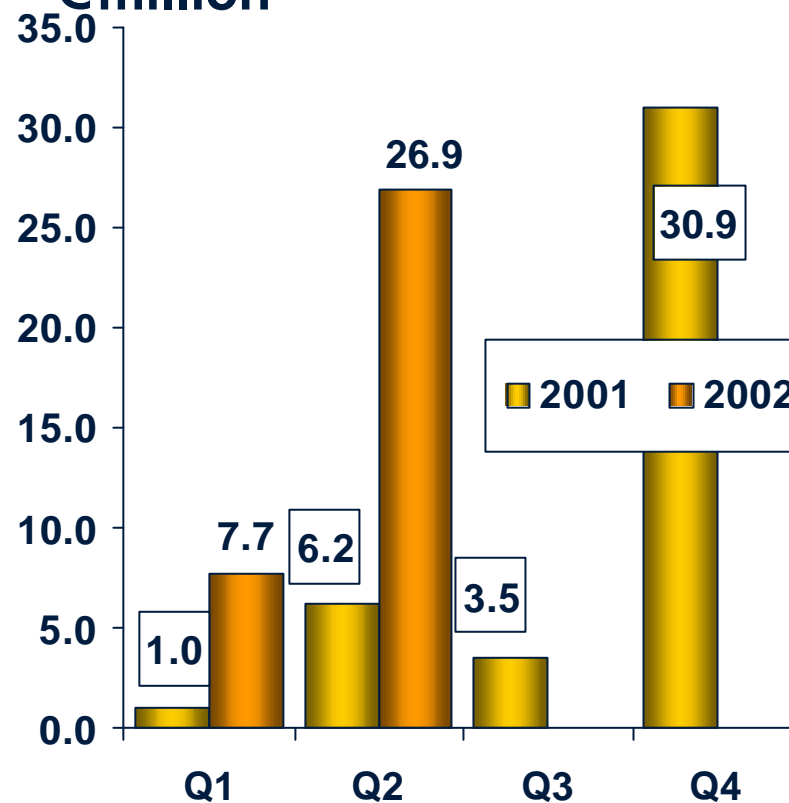
Y: Kalvol/HS02/ovk2

# Sanoma Magazines Division

## NET SALES, €million



## OPERATING PROFIT (EBIT), €million



Q4/2001: CIG included for the first time

Y: Kalvol/HS02/ovk2

# Sanoma Magazines 1-6/2002

| € million                      | NET SALES     |                           | OPERATING PROFIT |                       |
|--------------------------------|---------------|---------------------------|------------------|-----------------------|
|                                | 1-6/2002      | 1-6/2001 <sup>1</sup>     | 1-6/2002         | 1-6/2001 <sup>1</sup> |
| Magazine publishing            | 433.3         | 80.9                      | 37.4             | 7.3                   |
| Press distribution (Aldipress) | 104.0         |                           | -1.8             |                       |
| Intracompany eliminations      | -53.1         |                           | -1.0             |                       |
| <b>Total</b>                   | <b>484.2</b>  | <b>80.9</b>               | <b>34.6</b>      | <b>7.3</b>            |
|                                | <u>6/2002</u> | <u>6/2001<sup>1</sup></u> |                  |                       |
| Gross investments, € million   | 11.9          | 2.4                       |                  |                       |
| Personnel, average             | 4,296         | 832                       |                  |                       |

## Outlook for 2002:

- Net sales are estimated to reach € 1 billion.
- EBITA ratio is estimated to be 12. Operating profit is expected to be slightly below 6% due to significant goodwill amortisation.

1) includes only Sanoma Magazines Finlandin (former Helsinki Media)

Y: Kalvol/HS02/ovk2

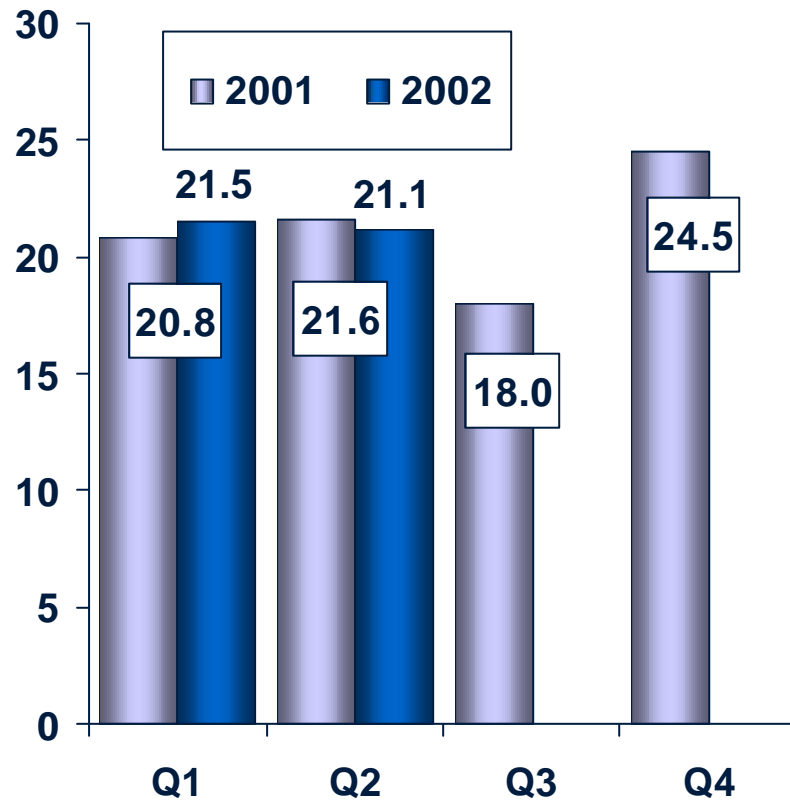


# Sanoma Magazines / Key developments

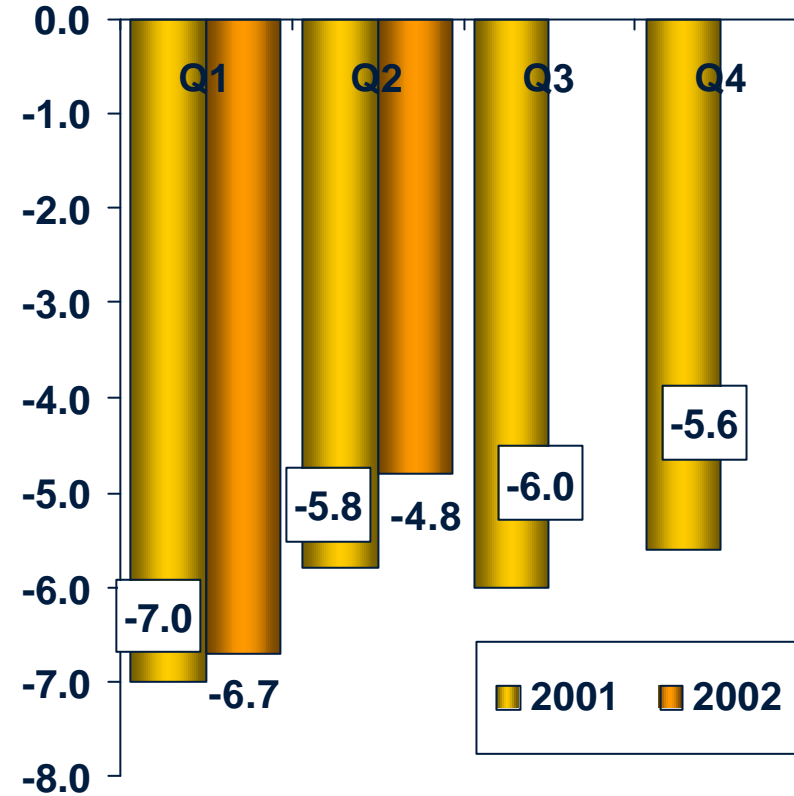
- Magazine advertising decreased in Finland and the Netherlands but grew in Belgium, Hungary and Romania. Eastern European countries suffered less from the economic downturn than Western European countries.
- Operating profit improved following the divestment of business units Blue Book in March and BEAP in April.
- Theo Bouwman, President of the Sanoma Magazines, resigned. Eija Ailasmaa was appointed to perform the duties of President of Sanoma Magazines B.V. for the time being and as of 1 August.
- Sanoma Uitgevers initiated a reorganisation in the company. The purpose is to cut fixed costs by about EUR 15 million on an annual level from 2003.

# SWelcom Division

## NET SALES, €million



## OPERATING PFOFIT, €million



Y: Kalvol/HS02/ovk2

# SWelcom 1-6/2002

| € million                    | NET SALES |          | OPERATING PROFIT |          |
|------------------------------|-----------|----------|------------------|----------|
|                              | 1-6/2002  | 1-6/2001 | 1-6/2002         | 1-6/2001 |
| Electronic media             | 42.6      | 42.4     | -11.5            | -12.8    |
| Total                        | 42.6      | 42.4     | -11.5            | -12.8    |
|                              | 6/2002    | 6/2001   |                  |          |
| Gross investments, € million | 4.1       | 6.6      |                  |          |
| Personnel, average           | 387       | 397      |                  |          |

## Outlook for 2002:

- Net sales are projected to grow by less than 10%.
- The operating result is expected to continue improving clearly.

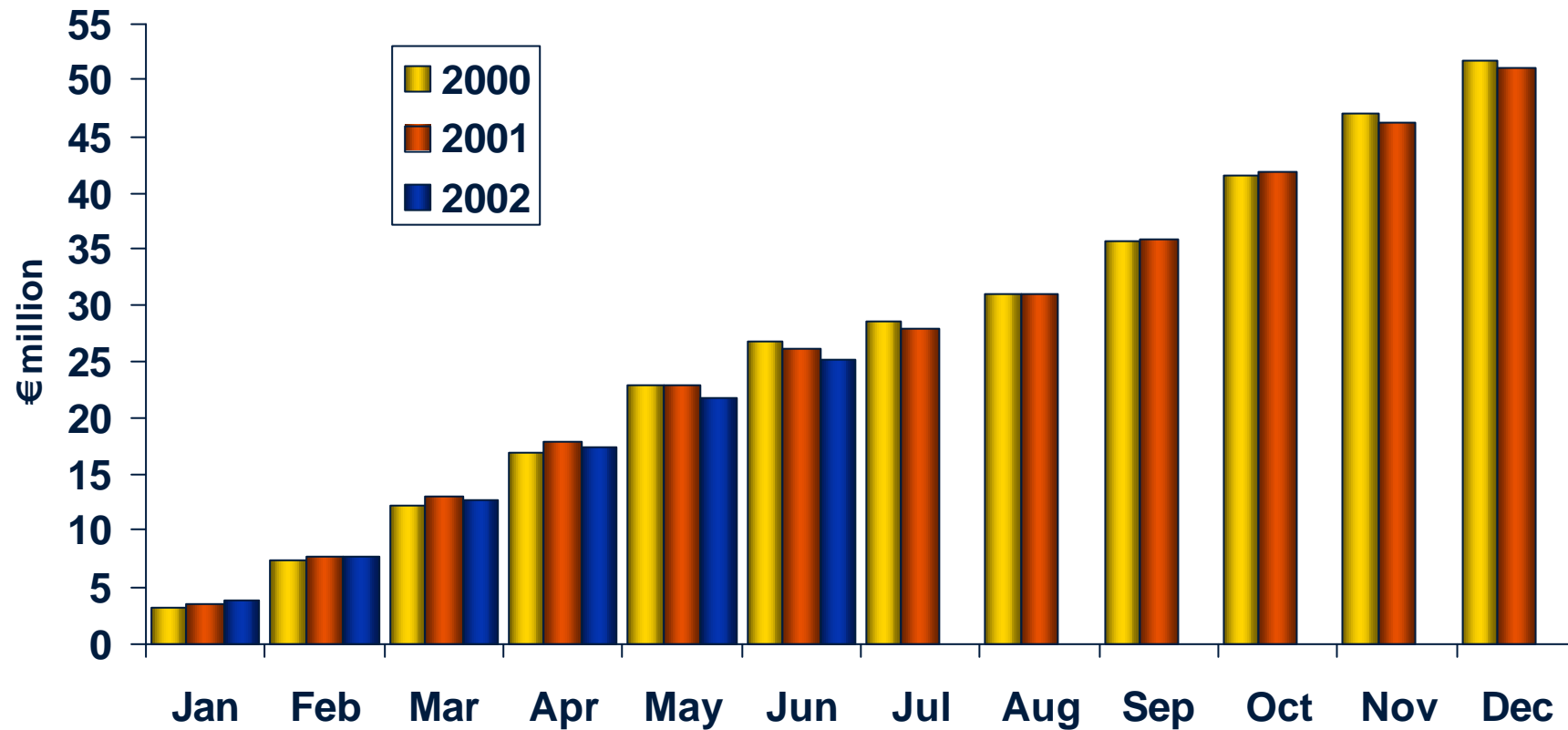
Y: Kalvol/HS02/ovk2

# SWelcom / Key developments

- The good success of HTV's broadband Internet services enhanced net sales, but Nelonen's advertising sales decreased from the previous year.
- The decrease of operating loss was mainly due to the refocusing and adaptation of the activities of Internet and mobile service producer 2ndhead to the current operative level.
- Nelonen's net sales fell slightly below the figure of the comparable period.
- HTV's net sales continued to increase strongly.
- SWelcom decreased its holding in Suomen Urheilutelevisio to 19.9%.

# Nelonen's sales revenue

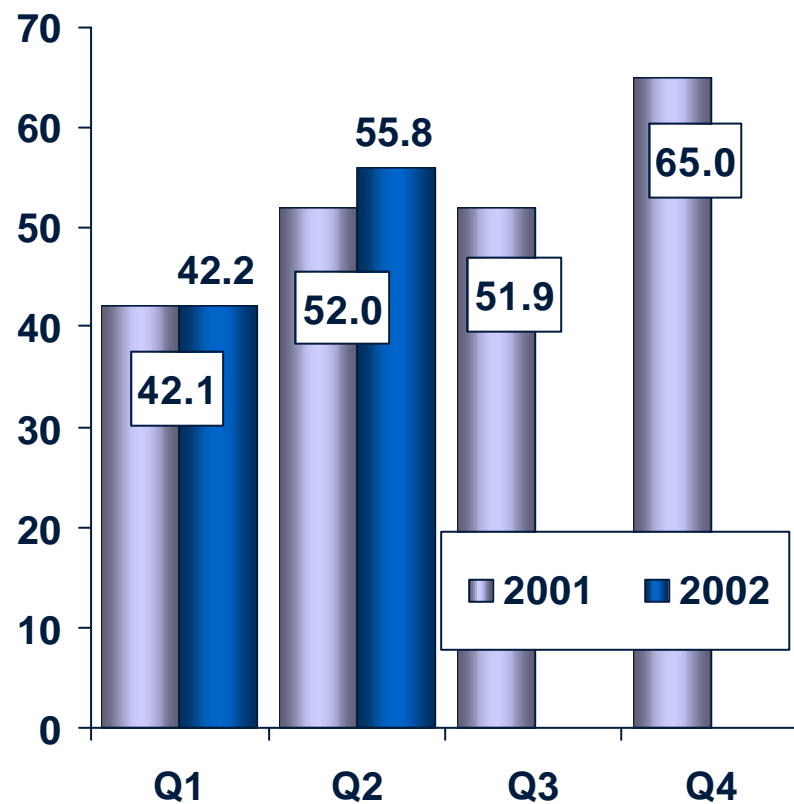
## cumulative



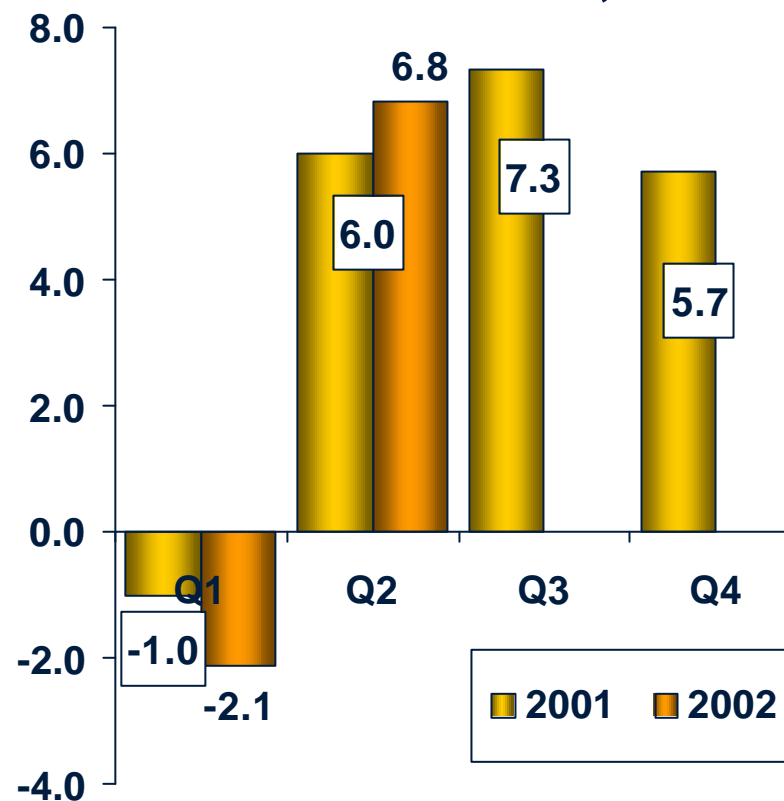
Y: Kalvol/HS02/ovk2

# WSOY Division

## NET SALES, €million



## OPERATING PROFIT, €million



Y: Kalvol/HS02/ovk2

# WSOY 1-6/2002

| € million                    | NET SALES     |               | OPERATING PROFIT |            |
|------------------------------|---------------|---------------|------------------|------------|
|                              | 1-6/2002      | 1-6/2001      | 1-6/2002         | 1-6/2001   |
| Publishing                   | 72.8          | 68.2          | 7.2              | 6.1        |
| Printing                     | 31.5          | 30.5          | 3.7              | 3.8        |
| Calendar operations          | 4.9           | 4.9           | -6.6             | -7.6       |
| Others                       | 1.7           | 1.9           | 2.1*             | 2.6 *      |
| Intracompany eliminations    | -12.9         | -11.4         | -1.6             | 0.3        |
| <b>Total</b>                 | <b>98.0</b>   | <b>94.1</b>   | <b>4.8</b>       | <b>5.0</b> |
|                              | <u>6/2002</u> | <u>6/2001</u> |                  |            |
| Gross investments, € million | 3.8           | 8.2           |                  |            |
| Personnel, average           | 1,830         | 1,853         |                  |            |

## Outlook for 2002:

- Net sales are projected to increase by 5%.
- Operating profit will improve from the previous year.

\* Includes a share of Rautakirja's result

Y: Kalvol/HS02/ovk2

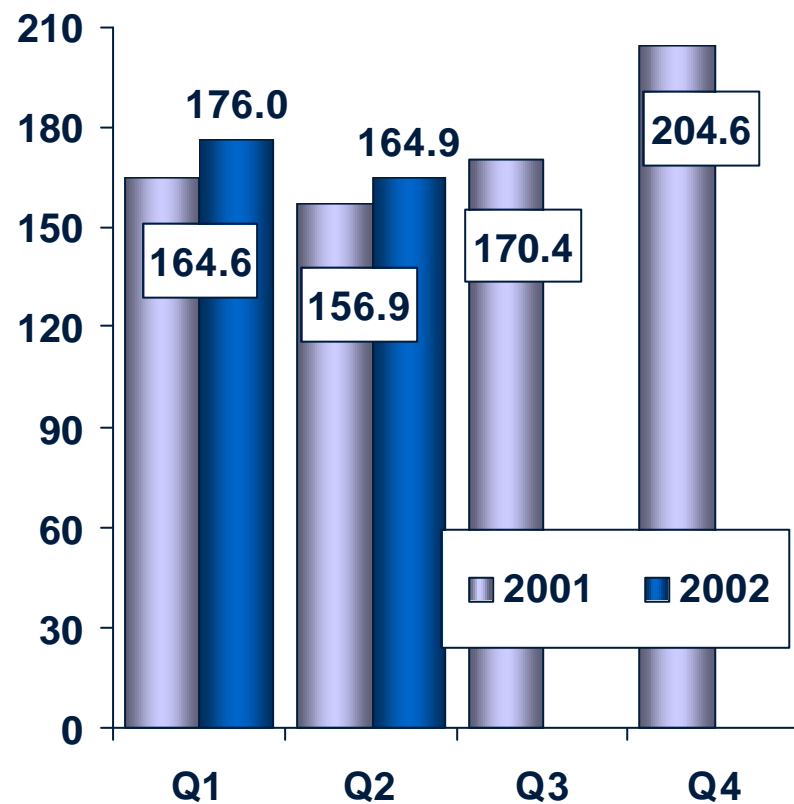
# WSOY / Key developments

- All units posted improved sales figures compared with the previous year.
- Operating profit from own operations increased by the progress of the measures aimed at strengthening new operations and the Norwegian calendar unit.
- General Literature increased its sales clearly.
- Educational materials unit managed to retain its market share notwithstanding the harsher competition.
- Genimap's net sales increased by more than 25%.

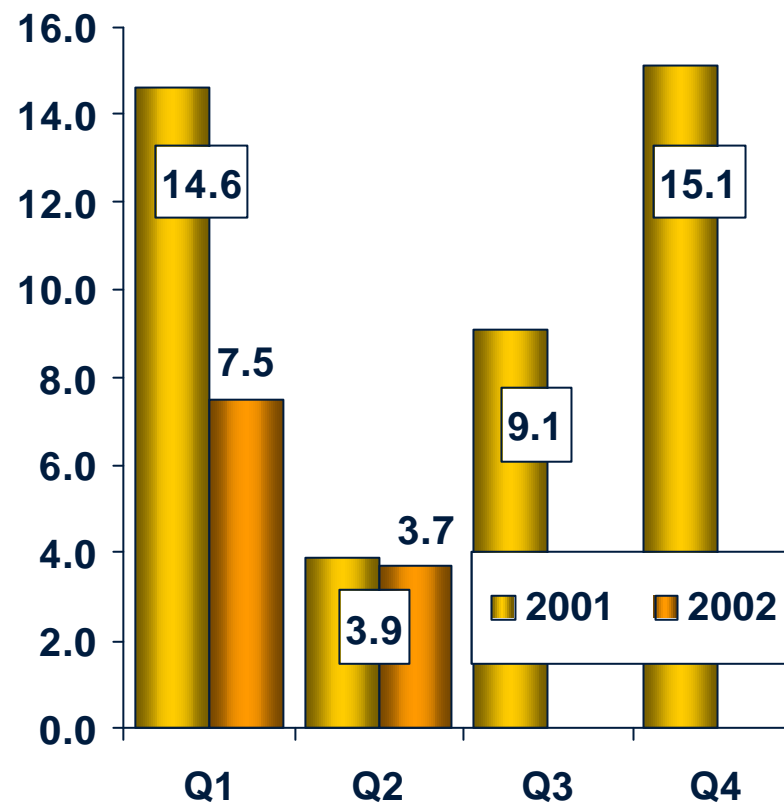


# Rautakirja Division

## NET SALES, €million



## OPERATING PFOFIT, €million



Y: Kalvol/HS02/ovk2

# Rautakirja 1-6/2002

| € million                    | NET SALES     |               | OPERATING PROFIT |             |
|------------------------------|---------------|---------------|------------------|-------------|
|                              | 1-6/2002      | 1-6/2001      | 1-6/2002         | 1-6/2001    |
| Kiosk operations             | 180.6         | 168.5         | 6.1              | 6.3         |
| Press distribution           | 81.7          | 80.9          | 4.0              | 5.3         |
| Bookstores                   | 48.0          | 48.6          | -1.6             | -1.1        |
| Movie theatre operations     | 23.7          | 20.3          | 1.4              | 0.3         |
| Restaurant operations        | 23.1          | 19.3          | -0.7             | -0.9        |
| eBusiness                    | 0.6           |               | -0.9             | -0.7        |
| Others                       |               |               | 2.9              | 9.4         |
| Intracompany eliminations    | -16.9         | -16.2         |                  |             |
| <b>Total</b>                 | <b>340.9</b>  | <b>321.5</b>  | <b>11.2</b>      | <b>18.4</b> |
|                              | <u>6/2002</u> | <u>6/2001</u> |                  |             |
| Gross investments, € million | 9.4           | 14.9          |                  |             |
| Personnel, average           | 5,089         | 4,193         |                  |             |

## Outlook for 2002:

- Net sales are estimated to grow about 5%.
- The operating result will remain largely unchanged from the previous year's level.

Y: Kalvol/HS02/ovk2

# Rautakirja / Key developments

- Net sales grew strongest in the Movie theatre operations and Restaurant operations; also the Kiosk operations grew dynamically.
- Comparable operating profit grew by 5%.
- R-kiosks posted improved results both in Finland and Estonia.
- Press distribution unit extended its operations in Estonia and Latvia.
  - Lehtipiste acquired the remaining 50% of the share capital of Estonian AS Lehepunkt, which after Lehtipiste has 100% holding of the company.
- Suomalainen Kirjakauppa's book sales developed well, with the exception of children's and juvenile books.
- Movie theatre operations grew due to a good film offering.

Y: Kalvol/HS02/ovk2

# Estimates for 2002

## by Division

### Sanoma

- Net sales will not reach the previous year's figure.
- Operating profit is expected to improve as a result of cost-cutting measures.

### Sanoma Magazines

- Net sales are estimated to reach € 1 billion.
- EBITA ratio is estimated to be 12. Operating profit is expected to be slightly below 6% due to significant goodwill amortisation.

### SWelcom

- Net sales are projected to grow by less than 10%.
- The operating result is expected to continue improving clearly.

### WSOY

- Net sales are projected to increase by 5%.
- Operating profit will improve from the previous year.

### Rautakirja

- Net sales are estimated to grow about 5%.
- The operating result will remain largely unchanged from the previous year's level.

# SanomaWSOY in 2002

## President's agenda

- Improve profitability
- Use tightly all growth possibilities
- Divest non-core assets
- Lighten the balance sheet
- Ensure Sanoma Magazines integration

## Group's projection for 2002

- The Group's net sales are expected to increase to approximately EUR 2,400 million. Operating profit is expected to improve by one third, if the economic trend meets the expectations. Some of the profit increase will be generated from gains on sales of non-core assets.