

SanomaWSOY Corp. Stock Exchange Release Feb. 27, 2002 at 11:05

SANOMAWSOY'S YEAR-END STATEMENT 2001

SanomaWSOY's EBITA totalled EUR 130.2 million (103.1 million). Net sales rose to EUR 1,730.0 million (1,447.8 million), of which the CIG acquisition accounted for EUR 228.9 million. Equity ratio including capital notes was 38.6%, and gearing 75.7%. EPS was EUR 0.35 (0.67), and cash flow/share EUR 1.26 (1.24). A dividend of EUR 0.51 (0.47) per share is proposed. Quarterly figures at the end of the release.

The structure, size, and international dimension of SanomaWSOY's operations changed significantly during 2001, following the Group's acquisition of VNU's consumer magazines business. Following the transaction, Sanoma Magazines is now SanomaWSOY's largest division. The Group's other divisions are Sanoma, SWelcom, WSOY, and Rautakirja. SanomaWSOY owns 57% of Rautakirja.

KEY INDICATORS, EUR million	31.12.2001	31.12.2000	Change,%
Net sales	1,730.0	1,447.8	19.5
Operating profit	96.5	84.0	14.9
% of net sales	5.6	5.8	
Operating profit before goodwill amortisation	130.2	103.1	26.3
% of net sales	7.5	7.1	
Profit before extraordinary items	92.5	138.3	-33.1
% of net sales	5.3	9.5	
Profit after extraordinary items	92.5	140.3	-34.0
% of net sales	5.3	9.7	
Profit for the year	47.8	94.2	-49.2
% of net sales	2.8	6.5	
Balance sheet total	3,053.1	1,439.3	112.1
Gross investments	1,473.9	168.4	775.5
% of net sales	85.2	11.6	
Return on equity, % (ROE)	6.7	10.7	
Return on investment, % (ROI)	8.5	13.8	
Equity ratio, %	31.6	67.4	
Equity ratio, % *)	38.6	67.9	
Gearing, %	114.7	-16.0	
Gearing, % *)	75.7	-16.6	
Financial cost of liabilities	31.3	7.4	323.8
Interest-bearing liabilities	1,439.7	167.4	759.8
Interest-free liabilities	678.7	336.4	101.8
Securities, cash and bank	367.9	316.9	16.1

Personnel under employment contract, Average	15,129	13,364	13.2
Personnel, average (full-time equivalents)	12,077	10,350	16.7

SHARE-RELATED INDICATORS AND SHARE CAPITAL

	31.12.2001	31.12.2000	
Earnings/share, EUR **)	0.35	0.67	-48.6
Cash flow/share, EUR **)	1.26	1.24	1.6
Equity/share, EUR **)	5.87	5.95	-1.2
Dividend/share, EUR **) ***)	0.51	0.47	8.5
Dividend/result, % ***)	147.5	69.9	
Market capitalisation, EUR million	1,510.4	1,964.6	-23.1
Effective dividend yield, %, Series A	4.3	3.1	
Effective dividend yield, %, Series B	4.8	3.4	
P/E ratio, Series A	34.7	22.6	
P/E ratio, Series B	31.0	20.8	
Number of shares at Dec. 31, Series A	23,220,492	23,220,492	
Number of shares at Dec. 31, Series B	122,301,104	122,301,104	
Number of shares at Dec. 31, with diluting effect, Series B	134,871,814		
Average number of shares, Series A	23,220,492	23,220,492	
Average number of shares, Series B	122,301,104	122,301,104	
Average number of shares with diluting effect, Series B	126,502,821		
Lowest share price, Series A **)	10.00	13.00	
Lowest share price, Series B **)	9.60	12.28	
Highest share price, Series A **)	16.50	24.37	
Highest share price, Series B **)	15.00	23.75	
Average share price, Series A **)	12.48	17.95	
Average share price, Series B **)	12.02	16.46	
Share price, Dec. 31, Series A **)	12.00	15.20	
Share price, Dec. 31, Series B **)	10.70	14.00	
Trading volumes, Series A **)	108,832	263,549	
% of share capital	0.5	1.1	
Trading volumes, Series B **)	3,625,765	6,209,129	
% of share capital	3.0	5.1	

*) Capital notes included in equity

**) 2000 figures have been converted to take account of the four-for-one split on May 10, 2000

***) Proposal of the Board of Directors

Outlook for 2002

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

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

Sanoma's net sales are projected to remain at current levels, while operating profit is expected to improve as a result of cost-cutting measures. Sanoma has prioritised improving profitability.

Sanoma Magazines' net sales will probably exceed EUR 1 billion in 2002. The division is expected to record an EBITA of around 12% of net sales, while its operating profit percentage will probably be slightly under 6%, as a result of high amortisation levels.

SWelcom's net sales are projected to rise by some 15%; operating profit performance is also expected to improve clearly. The possible halving of Nelonen's licence fees on July 1, 2002 would have a significant positive impact on the channel's profitability. SWelcom will continue its cost control projects and will tailor development expenses to what the market will bear. The overall development of TV advertising will play the most critical role in how SWelcom performs.

WSOY's net sales are projected to increase by 5%. Profitability is also projected to improve, most importantly as a result of rationalisation measures launched in 2001.

Rautakirja's net sales are projected to increase by more than 5%. The division's operating profit is projected to be lower than the record figure recorded in 2001, which included an EUR 8.4 million capital gain on sales of shares, however. Rautakirja's operational result is expected to be equivalent to that for 2001.

Operating environment

The year was characterised by economic uncertainty and a slow-down in economic growth. GDP is projected to have grown by 1.6% across the EU; in Finland, the slow-down in the economy was even more pronounced. Overall output rose by only 0.7% in 2001 according to a projection by the Research Institute of the Finnish Economy, a major decline compared to 2000, when growth ran at 5.6%. Overall output was weakest between May and September. Economic growth in eastern and central eastern Europe continued at a faster rate than in the rest of Europe.

Actual household purchasing power in Finland rose by 4.3% in 2001, according to estimates by the Research Institute of the Finnish Economy. Individual consumption rose, and the retail sector had record-high Christmas sales. Consumer confidence in the economy weakened during 2001, although sentiment improved towards the end of the year. The increase in consumer prices slowed and averaged 2.6%. The employment situation improved slightly and unemployment stood at 8.1% in December. Interest rates fell throughout the year.

Media advertising declined in SanomaWSOY's key markets, Finland and The Netherlands, but increased in Hungary, the Czech Republic, and Belgium. Media advertising expenditure in Finland fell by 6% to EUR 1,047 million, according to Gallup Mainostieto. Newspaper advertising fell by 7%, TV advertising by 9%, and magazine advertising by 3%. Internet advertising fell by 9%. Advertising only rose in the minor radio and film sectors, which moved up 5% and 10% respectively. Newspapers accounted for 51.1% of advertising, TV for 18.6%, and magazines for 17.7%.

Media advertising in the Netherlands declined by 5% in 2001, according to preliminary data. Magazine advertising was down 8% over 2000. In Belgium, media advertising is projected to have risen 3%, and magazine advertising 7%. Media advertising in Hungary is projected to have risen by 19% according to preliminary data, and magazine advertising by 12%. The equivalent figures for the Czech Republic are 5% and 3%.

Net sales in the Finnish publishing and printing sector rose at a slower rate than 2000 throughout the year according to Statistics Finland. Growth virtually stopped in the third quarter, at only 0.2%. Net sales in publishing rose by some 3% in the first three quarters of the year, and in printing by some 4%. According to preliminary figures from the Finnish Book Publishers Association, publishers' sales to bookshops and other retail outlets rose by 4%. Exports of print products rose by some 7% according to figures for January to October, while imports declined by 11%.

The industrial manufacturing price index for graphic industry products rose by 3%, while that for industrial products generally rose by 6%. Manufacturing prices for publications and printed products rose by 3%. Paper and board manufacturing prices declined by 5%. Paper prices are based on annual contracts and were clearly higher than in 2000.

Net sales

SanomaWSOY's net sales in 2001 rose 19.5%, to EUR 1,730.0 (EUR 1,447.8 million), mainly driven by the new magazines business that became part of the Group on October 1, 2001. Net sales during the last quarter of the businesses acquired from VNU totalled EUR 228.9 million. Comparable growth totalled 1.1%. All of the Group's divisions recorded higher net sales. The largest growth was seen in SWelcom (8.1%) and Rautakirja (8.0%). WSOY's net sales rose 3.7%, Sanoma Magazines Finland's (prev. Helsinki Media) by 3.4%, and Sanoma's by 0.2%. 79.1% of the Group's net sales originated in Finland, 15.2% in other EU countries, and 5.7% in other countries.

Performance

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

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

The Group's return on investment was 8.5% (13.8%) and its return on equity 6.7% (10.7%). Earnings per share declined to EUR 0.35 (0.67).

Investments and R&D

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

R&D expenditure booked as expenses totalled EUR 17.7 million (23.8 million).

CIG acquisition and related financing

Under an agreement signed between SanomaWSOY and the Dutch media company VNU in July, SanomaWSOY agreed to acquire VNU's Consumer Information Group (CIG) for an enterprise value of

EUR 1,250 million. The transaction was closed, as planned, on October 1. The purchase price generated goodwill of EUR 1,168 million.

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

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

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

As of the end of the year, Sanoma Magazines operated in 10 European countries. The company is the market leader in Belgium, The Netherlands, Finland, the Czech republic, and Hungary; and is active in Britain, Romania, Sweden, Slovakia, and Croatia. A subsidiary was founded in the latter in December 2001.

Other key developments

SanomaWSOY made a number of other acquisitions and related transactions during 2001. In January, Sanoma increased its holding in Infosto, the publisher of free ad publication Keltainen Pörssi, from 35% to 100% in a transaction valued at EUR 27.8 million. In February, WSOY increased its holding in Young Digital Poland S.A. from 29% to 49%, with the option to acquire a majority holding at the beginning of 2004. In September, SanomaWSOY's wholly owned subsidiaries Kirjatuki Oy and Sanomain Huoneisto ja Kiinteistöholding Oy were merged with the Parent Company, SanomaWSOY Corporation. In November, Sanoma sold 7.27% of its holding in Savon Mediat Oy to Keski-suomalainen Oyj, reducing its holding to 14.46%.

Rautakirja sold its shares in Norwegian-based Reitan Narvesen ASA in January for NOK 285 million or approximately EUR 34 million. In September, Rautakirja increased its 35% holding in Latvian convenience store and press distributor, Narvesen Baltija SIA, to 50%. Following this, Narvesen Baltija is now jointly owned by Rautakirja and Reitan Narvesen ASA.

Rautakirja continued to expand cinema operations in Latvia and develop operations into Lithuania. In September, Rautakirja's Finnkino acquired 90% of the Lithuanian company, UAB Vingio kino teatras. The latter subsequently initiated plans for a multiplex cinema in Vilnius. Rautakirja and Stockmann launched joint plans to build a department store and 14-screen multiplex in Riga earlier in the year.

In June, the Helsinki District Court fined Sanoma Corporation a sum of some EUR 3 million in the form of damages for articles that appeared in Helsingin Sanoma in 1996 and 1997. This sum has been booked as an expense, and the ruling has been appealed.

Digital TV transmissions in Finland, including Nelonen's digital service, began on August 27. In August, SWelcom announced that its Movie Channel would begin terrestrial pay TV digital transmissions by initially presenting a selection of forthcoming programmes free of charge to viewers. This decision was taken because of the poor availability of digital set-top boxes and the uncertainty surrounding the distribution fee that could be payable to cable TV companies. At the same time, WSOY announced that the preconditions for the launch of its Koulukanava learning channel did not exist; the company's Opit Internet-based eLearning service was launched in October. In December, SWelcom announced that it intended further postponing the launch of its digital Movie Channel because of infrastructure problems, as a result of which SWelcom lost its licence for the channel in January 2002.

Administration

A number of changes took place in SanomaWSOY's management at the Annual General Meeting (AGM) in March and at the Extraordinary General Meeting in August. The Chairman of the Board, Aatos Erkko, stepped down as Chairman at the AGM on March 29, becoming a normal Board member.

SanomaWSOY's President & CEO, Jaakko Rauramo, was elected Chairman & CEO. Rautakirja's President & CEO, Hannu Syrjänen, was appointed SanomaWSOY's President & COO.

L.J. Jouhki resigned from SanomaWSOY's Board of Directors for health reasons on July 4. SanomaWSOY's Extraordinary General Meeting elected Robert Castrén to the Board on August 21 to serve for the remainder of L.J. Jouhki's period of office until the AGM in 2002.

In addition to Aatos Erkko, Jaakko Rauramo, Hannu Syrjänen, Robert Castrén, and L.J. Jouhki, the members of the Board in 2001 included Esko Koivusalo (Vice Chairman), Jane Erkko, Marjukka af Heurlin, Paavo Hohti, Kyösti Järvinen, Robin Langenskiöld, and Rafaela Seppälä.

SanomaWSOY's Management Group comprised Jaakko Rauramo (who served as Chairman until March 29), Hannu Syrjänen (who served as Chairman from March 29), Eija Ailasmaa, Theo Bouwman (from October 1), Aarno Heinonen, Nils Ittonen, Erkki Järvinen (from March 30), Jorma Kaimio, Tapio Kallioja, Seppo Kievari, Kerstin Rinne, and Hannu Syrjänen (until March 29). Erkki Järvinen was appointed President & CEO of Rautakirja and a member of SanomaWSOY's Management Group following Hannu Syrjänen's appointment as SanomaWSOY's President & COO.

The Company's auditors are Pekka Nikula, APA, and SVH Pricewaterhouse Coopers Oy, where Johanna Perälä, APA serves as the Group's lead auditor.

Balance sheet and financial position

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

SanomaWSOY's financing position changed significantly following the CIG acquisition. The book value of financial assets in the form of securities, cash, and bank totalled EUR 367.9 million (316.9 million), and their market value EUR 421.8 million (392.8 million). Interest-bearing liabilities increased to EUR 1,439.7 million (167.4 million).

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

Personnel

SanomaWSOY's personnel rose in both number and geographical distribution during 2001. The number of personnel in salaried employment totalled an average of 15,129 (13,364). As of the end of the year, the Group had operations in 15 countries and over 18,000 employees. This growth was largely the result of the CIG acquisition and the expansion of Rautakirja's activities in the Baltic countries. Over 3,700 employees joined the group as a result of the CIG acquisition. Translated into full-time positions, the average number of personnel totalled 12,077 (10,350). New Sanoma Magazines employed an average of 1,828 people, Sanoma 4,929 (4,704), SWelcom 441 (325), WSOY 1,971 (1,899), and Rautakirja 5,877 (5,534). The Group's Parent Company employed an average of 83 people (89).

Shares and shareholdings

The number of SanomaWSOY Series A shares on the market as of the end of the year totalled 23,220,492, and that of Series B shares, 115,113,828. The group owned 7,187,276 Series B shares or 4.94% of shares and 1.23% of votes through its Tiikerijakelu Oy subsidiary.

A total of 108,832 (263,549) Series A shares were traded in 2001, and 3,625,765 (6,209,129) Series B shares. Trading in Series A shares involved 0.47% (1.13%) of the total number of shares, and that in Series B shares, 2.96% (5.08%). The average price paid for Series A shares was EUR 12.48, and that for Series B shares, EUR 12.02. The highest price paid for Series A shares was EUR 16.50 and the lowest EUR 10.00; the highest price paid for Series B shares was EUR 15.00 and the lowest, EUR 9.60.

No major changes took place in the ownership of SanomaWSOY shares during 2001 and no statutory notices covering changes in ownership were issued.

Dividend policy

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

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

Sanoma

Sanoma's net sales remained at 2001 levels, and totalled EUR 459.3 million (458.2 million). The additional net sales brought by the increased holding in Infosto, together with strong development at Ilta-Sanomat, compensated for a decline in advertising sales at Helsingin Sanomat and the reduction in print exports recorded by Kymen Lehtimedia. Comparable net sales declined by 3.4%.

Sanoma's operating profit declined to EUR 43.3 million (55.7 million), as a result of a number of factors. In addition to lower advertising revenue, operating profit was adversely affected by the EUR 3 million booked to cover the fine imposed by the Helsinki District Court, which is being appealed, as well as significant increases in paper prices and higher depreciation. Pension liabilities have been covered by internal transfers between funds totalling EUR 3.7 million. Sanoma's operating profit included a EUR 7.3 million (6.1 million) share of Rautakirja's result. Sanoma's EBITA totalled EUR 49.4 million (61.2 million).

Investments totalled EUR 76.5 million (70.0 million). The largest single investment was accounted for by the increase of Sanoma's holding in Infosto to 100%. Other investments were linked to printing plant projects and IT systems. In February, Lehtikuva Oy acquired a 60% holding in the picture agency Compad Oy. In March and August, Sanoma acquired a 25.07% holding in ZAO Smena, the publisher of the St. Petersburg-based paper Smena. Infosto acquired Free Ad Production Oy, the publisher of Palsta, a free ad publication, in October. In November, Kymen Lehtimedia acquired the remaining 25% of Uutisvuoksi Oy, after which the latter became a wholly owned subsidiary.

Sanoma Magazines

Sanoma Magazines Finland (prev. Helsinki Media) formed part of SanomaWSOY for the entire year, while the remainder of Sanoma Magazines was integrated as of October 1. The division had net sales of EUR 394.3 million and an operating profit of EUR 41.7 million, and an EBITA of EUR 59.9 million.

Sanoma Magazines Finland's net sales rose by 3.4% to EUR 165.4 million (159.8 million). Circulation revenue increased by 4% and advertising revenue by 3%. Book sales were down on 2000, and saw net sales come in below 2000. Operating profit was higher, at EUR 17.6 million (10.2 million), driven by improved profitability in publishing, reduced depreciation, and a successful year at associated company, Hansaprint. Sanoma Magazines Finland's EBITA totalled EUR 18.1 million (13.5 million). Investments totalled EUR 6.1 million (4.2 million). The largest investments were the acquisition of public sector directories from Stellatum Oy and the acquisition of a 60% holding in Suomen Rakennuslehti Oy.

Net sales at the businesses acquired from VNU during the last quarter totalled EUR 228.9 million, and operating profit totalled EUR 24.1 million. EBITA totalled EUR 41.8 million. Operating profit was slightly below expectations because of a weaker-than-projected December.

Net sales at Sanoma Uitgevers in The Netherlands during the last quarter totalled EUR 139.6 million; the company's operating profit totalled EUR 20.4 million and its EBITA, EUR 34.2 million. Advertising revenue at Sanoma Uitgevers during the last quarter suffered somewhat from the general softening seen in IT and telecomm-related advertising.

Fourth-quarter net sales at press distributor Aldipress totalled EUR 52.8 million, while operating profit came in at EUR 0.4 million. The company's EBITA was EUR 1.0 million.

Fourth-quarter net sales at Sanoma Magazines Belgium (Mediaxis) totalled EUR 39.4 million, and its operating profit was EUR 0.4 million. The Belgian magazine market suffered from a similar general downturn in advertising to that seen elsewhere in the last quarter. Mediaxis' EBITA totalled EUR 0.4 million. This figure includes EUR 0.8 million in penalties for delayed payment of disputed betting and gaming tax.

Fourth-quarter net sales in Sanoma Magazines' other markets – Hungary, Slovakia, the Czech republic, Britain, Romania, and Croatia (Sanoma Magazines International) – totalled EUR 28.9 million. Sanoma Magazines International's operating profit totalled EUR 6.7 million, and its EBITA, 7.0 million. A new subsidiary was set up in Croatia at the end of the year.

SWelcom

SWelcom's net sales increased to EUR 84.9 million (78.5 million), driven in particular by the success of Helsinki Television's broadband Internet services and an increase in Internet development and hosting projects for SanomaWSOY's other units.

SWelcom recorded an operating loss of EUR 24.5 million (16.7 million). Factors shaping this development included programming costs at Nelonen, amortisation linked to SWelcom's increased holding in Nelonen, and investments in digital TV. Another factor contributing to the higher loss compared to 2000 was the fact that 2ndhead's figures have been included in SWelcom's accounts since October 1, 2000. SWelcom's EBITA totalled EUR -21.7 million (-15.7 million). Nelonen recorded an operating loss of EUR 15.3 million (15.4 million).

SWelcom's investments totalled EUR 12.5 million (33.7 million). The largest single components were the continued upgrading of Helsinki Television's cable system and cable modem service. Investments during 2000 included the increased holding in Nelonen acquired that year.

WSOY

WSOY's net sales rose to EUR 211.0 million (203.4 million). Adjusted for acquisitions and divestments, comparable net sales rose by 3.6%. The economic slow-down was reflected in weaker sales towards the end of the year and weaker profitability. The Christmas season was exceptionally brisk in terms of book sales, but was shorter than normal.

WSOY's operating profit totalled EUR 18.1 million (18.3 million). Traditional book publishing and printing recorded a similar good result to that seen in 2000. In contrast, electronic publishing recorded a loss, and the weak development of IT publishing, particularly in Sweden, had an adverse impact on performance. WSOY's calendar business turned in a profit, thanks to the success of rationalisation measures. WSOY's holding in Rautakirja contributed EUR 9.7 million (8.1 million). The group's EBITA totalled EUR 21.1 million (22.4 million).

Investments totalled EUR 14.7 million (25.5 million). The largest of these were the increase in WSOY's holding in Young Digital Poland from 29% to 49% and replacement printing machinery investments. The most important machinery investments were a hardback line at WS Bookwell Oy in Porvoo and an AO four-colour offset machine at Lönnberg Painot in Helsinki.

Rautakirja

Rautakirja recorded net sales of EUR 696.5 million (644.6 million), an increase of 8.0% on 2000. Comparable growth totalled 5.3%. Net sales developed well in all businesses, and sales during the Christmas season were particularly successful.

The good progress seen in net sales was also reflected in improved profit performance. Rautakirja's operating profit rose by 17.7% on the back of higher net sales, and totalled EUR 42.6 million (36.2 million). Higher profit performance was recorded in press distribution, book retailing, and restaurants. Rautakirja's higher profit was also affected by the capital gain of some EUR 7.8 million made on sales of shares in Norwegian-based Reitan Narvesen ASA. Rautakirja's financial income was also higher, and its profit before extraordinary items totalled EUR 45.7 million (38.3 million). EBITA totalled EUR 45.9 million (40.7 million).

Investments totalled EUR 35.9 million (28.6 million). The largest of these were the multiplex cinema opened in March in Tallinn, the increase in Rautakirja's holding in Jokerit HC Oyj from 34.5% to 36.4%, the acquisition of a cinema company in Lithuania, and investments in new Motoarest units. The booking of fixed assets as investments at Latvian-based convenience store and press distributor Narvesen Baltija SIA, which became a joint company in the autumn, was also a factor.

Board authorisations and events after December 31, 2001

The Extraordinary General Meeting in August authorised SanomaWSOY's Board, for a period of one year from the Extraordinary General Meeting, to decide to increase the Company's share capital through one or more stock issues, one or more convertible loan issues, and/or the issue of stock options, on condition that the new shares to be offered for subscription as part of any stock issue or against convertible loans or stock options shall be Series B shares, and that the combined number of such shares shall be a maximum of 29,104,319 shares, and that the Company's share capital shall be increased, as a result, by a maximum of EUR 12,514,857.17. As of the end of the year, the Board was not authorised to acquire or sell Company shares.

During the year, the Board exercised the above authority by making a EUR 200 million convertible capital notes issue entitling holders to convert notes into a maximum of 12,570,710 SanomaWSOY Series B shares. The conversion period began on January 2, 2002, at an imputed conversion price of EUR 15.91. In January 2002, the Board decided to issue warrants to management. The issue will comprise a maximum of 4,500,000 warrants, each entitling the holder to one SanomaWSOY Corporation Series B share. The warrants will be distributed in three stages, at the turn of 2001/2002, 2002/2003, and 2003/2004, and will be identified as warrants 2001A, 2001B, and 2001C respectively. A maximum of 1,500,000 warrants in each category will be issued. A total of some 700,000 warrants were distributed to 101 senior managers within the Group at the beginning of 2002; the remainder were held for later distribution at the discretion of the Board of Directors. The subscription price was the average price of

SanomaWSOY's Series B share as quoted in November-December 2001 in each of the three years in question (2001, 2002, and 2003) plus 20%. The subscription period will begin three years from the issuing of warrants and will continue for three years thereafter. The subscription price for 2001A warrants was set at EUR 12.74.

In February, Sanoma Magazines signed a heads of agreement to sell its British-based puzzle magazine company, British European Associated Publishers Ltd. (BEAP), to management. The intention is to close the deal in the near future.

Helsinki, February 27, 2002

Board of Directors
SanomaWSOY Corporation

GROUP INCOME STATEMENT

EUR million	1.1.-31.12. 2001	1.1.-31.12. 2000	Change,%
NET SALES	1,730.0	1,447.8	19.5
Increase (+) / decrease (-) in inventories of finished goods and work in progress	0.7	0.7	9.4
Production for own use	0.0	0.0	-47.0
Other operating income	44.5	36.4	22.0
Share of result of associated companies	5.5	6.4	-14.1
Materials and services	786.0	648.1	21.3
Personnel expenses	433.8	370.2	17.2
Depreciation	110.3	85.8	28.5
Other operating expenses	354.1	303.2	16.8
OPERATING PROFIT	96.5	84.0	14.9
Financial income and expenses	-4.0	54.3	-107.3
PROFIT BEFORE EXTRAORDINARY ITEMS	92.5	138.3	-33.1
Extraordinary items		2.0	
PROFIT AFTER EXTRAORDINARY ITEMS	92.5	140.3	-34.0
Direct taxes (profit-related)	-31.0	-39.3	-21.2
Minority interests	-13.7	-6.8	102.2
PROFIT FOR THE PERIOD	47.8	94.2	-49.2

GROUP BALANCE SHEET

EUR million	31.12.2001	31.12.2000	Change,%
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	112.8	56.5	99.7
Consolidated goodwill	1,299.5	82.1	
Tangible assets	509.6	415.1	22.8
Investments	266.3	273.7	-2.7
NON-CURRENT ASSETS, TOTAL	2,188.2	827.4	164.5
CURRENT ASSETS			
Inventories	122.6	102.2	20.0
Long-term receivables	63.3	43.2	46.4
Short-term receivables	311.0	149.5	108.0
Securities	282.6	268.3	5.3
Cash and bank	85.4	48.6	75.6
CURRENT ASSETS, TOTAL	864.8	611.9	41.3
ASSETS, TOTAL	3,053.1	1,439.3	112.1
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	62.6	62.6	0.0
Premium fund	16.1	16.1	0.0
Other funds	364.4	364.1	0.1
Retained earnings	321.5	285.7	12.5
Profit for the period	47.8	94.2	-49.2
Capital notes	207.3	7.3	
SHAREHOLDERS' EQUITY, TOTAL	1,019.7	829.9	22.9
MINORITY INTEREST	122.3	112.9	8.4
STATUTORY PROVISIONS	8.1	2.3	246.1
LIABILITIES			
Deferred tax liability	36.6	37.6	-2.7
Long-term liabilities	922.7	85.9	974.6
Current liabilities	943.7	370.7	154.5
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	3,053.1	1,439.3	112.1

CONTINGENCIES AND PLEDGED ASSETS

EUR million	31.12.2001	31.12.2000	Change,%
DEBTS WITH COLLATERAL CONSISTING OF REAL ESTATE AND SHARES			
Pension loans	21.7	25.3	-14.1
Loans from financial institutions	6.7	7.9	-14.6
Other loans	13.3	15.1	-11.5
Mortgages, real estate, total	21.9	21.9	0.0
Mortgages, movable property, total	2.9	3.2	-9.4
Pledged securities, total	54.3	54.3	0.0

OTHER CONTINGENCIES FOR OWN COMMITMENTS

Mortgaged bearer bonds	0.9	0.9	0.0
Corporate mortgages	4.7	4.9	-5.5
Book value of pledged securities	10.7	19.5	-44.9
Deposits	1.1	0.2	505.5
Guarantees	27.6	2.5	989.7
TOTAL	45.1	28.1	60.7

Assets pledged as security for derivative instruments included
LEX share lendings with a total book value of EUR 1.7 million.

CONTINGENCIES GIVEN ON BEHALF OF
ASSOCIATED COMPANIES

Guarantees	8.9	1.0	768.2
TOTAL	8.9	1.0	768.2

CONTINGENCIES GIVEN ON BEHALF OF
OTHER COMPANIES

Guarantees	24.5	0.8	
TOTAL	24.5	0.8	

OTHER CONTINGENCIES

LEASING LIABILITIES

Leasing liabilities for 2002	8.9	2.3	290.0
Leasing liabilities beyond 2002	36.3	2.4	
TOTAL	45.2	4.7	866.4

INTEREST ON CAPITAL NOTES	2.4	1.6	51.6
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PENSION LIABILITIES

Current pensions		0.6	
TOTAL		0.6	

REPURCHASE LIABILITIES	1.3	3.3	-62.1
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OTHER LIABILITIES	19.3	13.2	46.2
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OTHER CONTINGENCIES, TOTAL	68.2	23.4	191.1
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ALL LIABILITIES, TOTAL	225.9	132.7	70.2
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NOMINAL VALUE OF OPEN DERIVATIVE CONTRACTS

EUR million	Nominal value 31.12.2001	Nominal value 31.12.2000	Change,%
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INTEREST RATE DERIVATIVES

Forward contracts	200.0		
Options			
Purchased	480.0		
Written	480.0		
Interest rate swaps	400.0		
TOTAL	1,560.0		

CURRENCY DERIVATIVES

Forward contracts	36.2	47.5	-23.8
TOTAL	36.2	47.5	-23.8

SHARE DERIVATIVES			
Forward contracts	32.9	22.1	48.6
TOTAL	32.9	22.1	48.6
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TOTAL	1,629.1	69.6	

MARKET VALUE OF OPEN DERIVATIVE CONTRACTS

EUR million	Market value 31.12.2001	Market value 31.12.2000	Change,%
INTEREST RATE DERIVATIVES			
Forward contracts	-0.1		
Options			
Purchased	1.5		
Written	-1.1		
Interest rate swaps	1.1		
TOTAL	1.4		
CURRENCY DERIVATIVES			
Forward contracts	-0.2	3.9	-106.3
TOTAL	-0.2	3.9	-106.3
SHARE DERIVATIVES			
Forward contracts	0.2	-0.8	-127.4
TOTAL	0.2	-0.8	-127.4
TOTAL	1.4	3.1	-56.1

INCOME STATEMENT BY QUARTER

EUR million	1-3 2001	4-6 2001	7-9 2001	10-12 2001	1-3 2000	4-6 2000	7-9 2000	10-12 2000
NET SALES	361.4	362.2	353.8	652.6	345.9	349.0	345.5	407.4
Increase (+) / decrease (-) in inventories of finished goods and work in progress	5.4	0.8	0.3	-5.8	4.4	1.8	0.1	-5.6
Production for own use	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	15.8	9.4	7.2	12.0	7.8	9.3	6.8	12.6
Share of result of associated companies	-0.6	4.8	-0.2	1.5	1.1	1.8	4.0	-0.5
Materials and services	169.1	161.6	162.7	292.5	159.3	148.5	155.3	184.9
Personnel expenses	99.9	96.7	93.0	144.2	91.1	93.9	84.4	100.7
Depreciation and decrease in value	21.3	21.9	23.0	44.1	19.3	20.1	20.7	25.7
Other operating expenses	79.0	79.5	67.0	128.7	76.3	78.6	69.3	79.0
OPERATING PROFIT	12.7	17.5	15.4	50.9	13.1	20.7	26.6	23.6
Financial income and expenses	5.4	10.1	-16.1	-3.3	38.3	18.9	-4.7	1.8
PROFIT BEFORE EXTRAORDINARY ITEMS	18.1	27.6	-0.8	47.6	51.4	39.6	21.9	25.4

Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
PROFIT AFTER EXTRAORDINARY ITEMS	18.1	27.6	-0.8	47.6	51.4	39.6	21.9	27.5
Direct taxes (profit-related)	-6.6	-6.3	-2.2	-16.0	-13.5	-10.4	-6.9	-8.5
Minority interests	-4.4	-1.5	-2.2	-5.6	-1.5	-1.1	-1.9	-2.3
PROFIT FOR THE YEAR	7.1	19.8	-5.1	26.0	36.4	28.1	13.1	16.6

NET SALES BY BUSINESS AREA; WHOLE YEAR

EUR million					1-12/2001	1-12/2000		
SANOMA								
Newspaper publishing and printing					459.3	458.2		
TOTAL					459.3	458.2		
SANOMA MAGAZINES								
Magazine publishing					373.3	159.8		
Press distribution					52.8	0.0		
Intracompany transactions					-31.7	0.0		
TOTAL					394.3	159.8		
SWELCOM								
Electronic media					84.9	78.5		
TOTAL					84.9	78.5		
WSOY								
Publishing					131.8	127.4		
Printing					62.2	61.4		
Calendar operations					35.8	36.7		
Others					3.9	3.8		
Intracompany transactions					-22.8	-25.9		
TOTAL					211.0	203.4		
RAUTAKIRJA								
Kiosk operations					359.8	336.8		
Press distribution					165.1	154.2		
Bookstores					113.9	107.2		
Movie theatre operations					47.6	43.6		
Restaurant operations					42.4	38.4		
E-business					0.4	0.0		
Others					0.0	0.0		
Intracompany transactions					-32.7	-35.6		
TOTAL					696.5	644.6		
Intragroup transactions					-115.9	-96.7		
TOTAL					1,730.0	1,447.8		

NET SALES BY BUSINESS AREA BY QUARTER

EUR million	1-3 2001	4-6 2001	7-9 2001	10-12 2001	1-3 2000	4-6 2000	7-9 2000	10-12 2000
SANOMA								
Newspaper publishing and printing	119.9	118.3	108.5	112.6	112.3	116.0	110.0	119.9
TOTAL	119.9	118.3	108.5	112.6	112.3	116.0	110.0	119.9

SANOMA MAGAZINES

Magazine publishing	39.2	41.7	37.7	254.6	39.5	39.3	35.8	45.3
Press distribution	0.0	0.0	0.0	52.8	0.0	0.0	0.0	0.0
Intracompany transactions	0.0	0.0	0.0	-31.7	0.0	0.0	0.0	0.0
TOTAL	39.2	41.7	37.7	275.6	39.5	39.3	35.8	45.3

SWELCOM

Electronic media	20.8	21.6	18.0	24.5	18.7	20.7	15.2	24.0
TOTAL	20.8	21.6	18.0	24.5	18.7	20.7	15.2	24.0

WSOY

Publishing	29.9	38.3	29.0	34.7	27.8	35.1	28.9	35.5
Printing	15.6	14.9	15.6	16.1	15.6	14.5	15.3	16.0
Calendar operations	1.9	2.9	12.5	18.4	1.9	3.3	12.4	19.0
Others	1.0	1.0	0.9	1.1	0.8	1.0	0.7	1.3
Intracompany transactions	-6.3	-5.1	-6.1	-5.3	-6.8	-6.4	-6.2	-6.6
TOTAL	42.1	52.0	51.9	65.0	39.4	47.5	51.3	65.3

RAUTAKIRJA

Kiosk operations	80.7	87.8	88.2	103.1	80.0	83.1	85.0	88.7
Press distribution	39.3	41.6	41.5	42.7	35.1	40.7	40.1	38.3
Bookstores	32.1	16.6	25.1	40.2	30.1	16.0	23.0	38.1
Movie theatre operations	11.8	8.4	11.3	16.0	12.8	7.8	10.1	12.9
Restaurant operations	8.3	11.0	12.3	10.8	8.1	9.8	11.2	9.3
E-business	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intracompany transactions	-7.7	-8.6	-7.9	-8.6	-8.4	-10.0	-8.9	-8.3
TOTAL	164.6	156.9	170.4	204.6	157.8	147.4	160.5	178.9

Intragroup

transactions	-25.2	-28.3	-32.7	-29.8	-21.7	-21.8	-27.3	-26.0
TOTAL	361.4	362.2	353.8	652.6	345.9	349.0	345.5	407.4

OPERATING PROFIT BY BUSINESS AREA; WHOLE YEAR

EUR million	1-12/2001	1-12/2000
SANOMA		
Newspaper publishing and printing *)	43.3	55.7
TOTAL	43.3	55.7
SANOMA MAGAZINES		
Magazine publishing	41.3	10.2
Press distribution	0.4	0.0
Intracompany eliminations	0.0	0.0
TOTAL	41.7	10.2
SWELCOM		
Electronic media	-24.5	-16.7
TOTAL	-24.5	-16.7

WSOY		
Publishing	6.3	8.3
Printing	7.4	9.3
Calendar operations	0.3	-1.8
Others *)	6.4	3.1
Intracompany eliminations	-2.3	-0.5
TOTAL	18.1	18.3
RAUTAKIRJA		
Kiosk operations	14.8	15.7
Press distribution	10.3	9.5
Bookstores	6.7	6.0
Movie theatre operations	2.0	2.5
Restaurant operations	-1.1	-2.2
E-business	-1.7	0.0
Others	11.5	4.6
Intracompany eliminations	0.0	0.0
TOTAL	42.6	36.2
Other companies **)	-15.8	-16.0
Intragroup eliminations	-8.9	-3.8
TOTAL	96.5	84.0

*) Includes a share of Rautakirja's results

***) Parent company SanomaWSOY Corporation, Swwap Oy (until 30.9.2000) and real estate and investment companies

OPERATING PROFIT BY BUSINESS AREA BY QUARTER

EUR million	1-3 2001	4-6 2001	7-9 2001	10-12 2001	1-3 2000	4-6 2000	7-9 2000	10-12 2000
SANOMA								
Newspaper publishing and printing *)	14.2	7.3	8.9	12.9	12.4	15.7	14.6	13.1
TOTAL	14.2	7.3	8.9	12.9	12.4	15.7	14.6	13.1
SANOMA MAGAZINES								
Magazine publishing	1.0	6.2	3.5	30.5	0.6	3.5	1.0	5.1
Press distribution	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1.0	6.2	3.5	30.9	0.6	3.5	1.0	5.1
SWELCOM								
Electronic media	-7.0	-5.8	-6.0	-5.6	-3.6	-2.3	-4.4	-6.4
TOTAL	-7.0	-5.8	-6.0	-5.6	-3.6	-2.3	-4.4	-6.4
WSOY								
Publishing	-1.0	7.1	0.8	-0.5	0.7	6.4	3.9	-2.8
Printing	2.2	1.6	1.7	2.0	3.1	1.7	2.6	1.9
Calendar operations	-4.1	-3.5	4.1	3.8	-4.1	-3.9	3.1	3.2
Others *)	2.6	-0.1	1.8	2.0	1.5	-0.4	0.0	2.0

Intracompany eliminations	-0.7	0.9	-1.0	-1.5	-1.1	0.9	-0.3	0.1
TOTAL	-1.0	6.0	7.3	5.7	0.1	4.6	9.3	4.3
RAUTAKIRJA								
Kiosk operations	3.1	3.2	5.0	3.5	3.2	3.1	5.4	3.9
Press distribution	2.5	2.8	2.8	2.2	2.0	3.0	2.7	1.8
Bookstores	0.8	-1.9	0.2	7.6	0.8	-2.1	0.6	6.8
Movie theatre operations	0.8	-0.5	0.0	1.8	1.5	-0.8	0.3	1.5
Restaurant operations	-0.7	-0.2	0.6	-0.8	-0.8	-0.1	0.7	-1.9
E-business	-0.3	-0.4	-0.4	-0.6	0.0	0.0	0.0	0.0
Others	8.5	0.9	0.9	1.3	1.2	1.4	1.1	0.9
Intracompany eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	14.6	3.9	9.1	15.1	7.9	4.5	10.8	13.0
Other companies **)	-4.7	-1.1	-4.8	-5.1	-2.1	-5.0	-1.0	-7.9
Intragroup eliminations	-4.4	1.0	-2.6	-3.0	-2.1	-0.4	-3.7	2.4
TOTAL	12.7	17.5	15.4	50.9	13.1	20.7	26.6	23.6

*) Includes a share of Rautakirja's results

**) Parent company SanomaWSOY Corporation, Swwap Oy (until 30.9.2000) and real estate and investment companies

SANOMAWSOY CORPORATION

Raija Kariola
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