

# **SanomaWSOY**

## **Q2/2000**

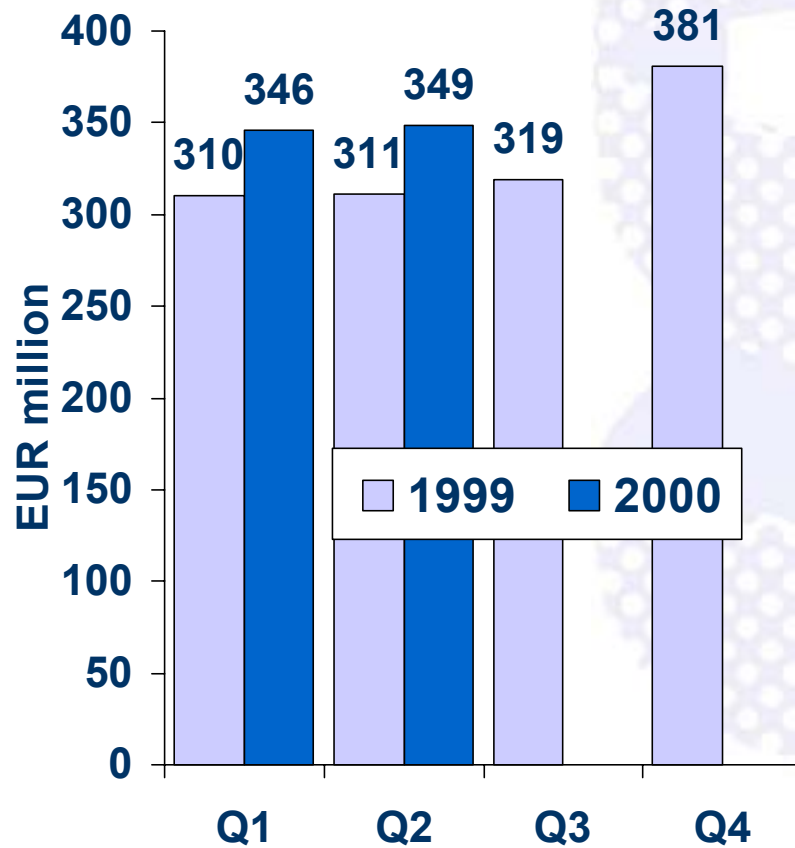
**Jaakko Rauramo, President & CEO**  
16 August 2000



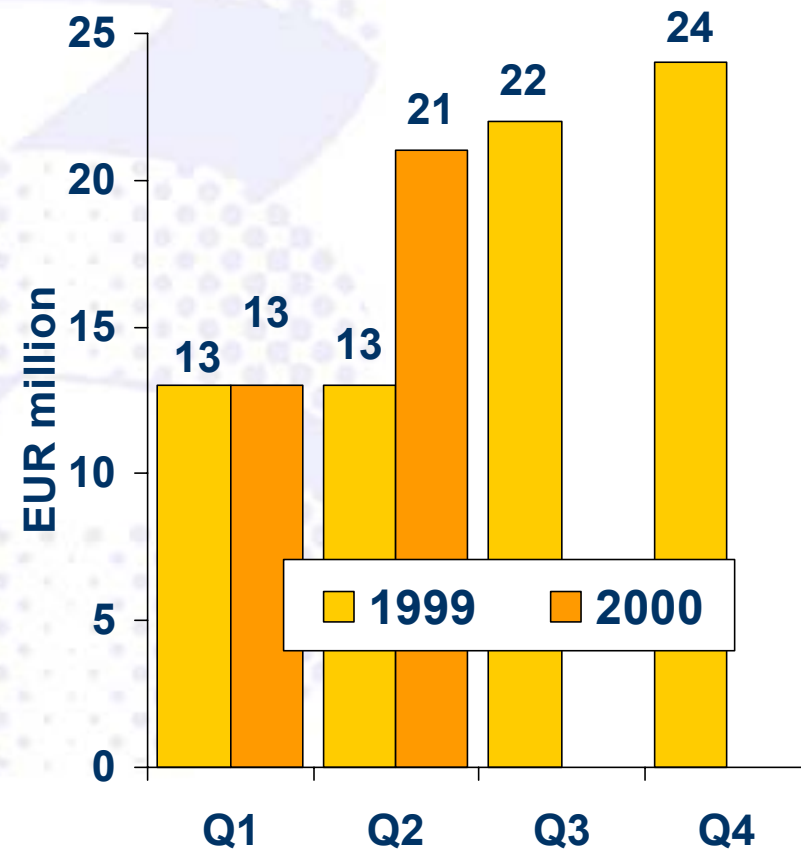
# SanomaWSOY Group

(quarterly)

## NET SALES



## OPERATING PROFIT





# Positive development



# Key indicators

EUR million	30.6.2000	30.6.1999	Change, %
Net sales	694.9	621.0	11.9
Operating profit	34.3	25.9	32.1
Profit before extraordinary items	91.0	52.9	72.1
Profit after extraordinary items	91.0	51.6	76.4
Earnings/share, EUR	0.47	0.26	81.8

All 1999 key indicators have been calculated on the basis of pro forma 1999 income statements and balance sheets.



# Outlook for the Group in 2000

- Net sales are projected to rise to some EUR 1,446 million (FIM 8,600 million)
- Operating profit is expected to be clearly better than in 1999
- Result before extraordinary items is expected to be clearly better than in 1999



# Group balance sheet

EUR million	30.6.2000	30.6.1999	Change, %
Non-current assets, total	773.5	685.1	12.9
Current assets, total	582.7	589.2	-1.1
Shareholders' equity	787.7	741.9	6.2
Minority interest	121.9	98.6	23.6
Statutory provisions	1.7	2.0	-16.4
Liabilities	444.9	431.8	3.1
Liabilities, total	1 356.2	1 274.2	6.4

Comparative figures for 1999 are pro forma.



# Group cash flow statement

<b>EUR million</b>	<b>1.1. - 30.6.2000</b>	<b>1.1.-31.12.1999</b>
Operating profit	<b>34.3</b>	71.7
Adjustments to operating profit	<b>32.7</b>	66.0
Change in working capital	<b>4.6</b>	-7.4
Cash flow from operations before financial items and taxes	<b>71.5</b>	130.3
Financial items and taxes	<b>25.6</b>	-6.5
<b>Cash flow from operations</b>	<b>97.2</b>	123.8
<b>Cash flow from investments</b>	<b>-54.0</b>	-213.0
<b>Cash flow before financing</b>	<b>43.2</b>	-89.3
<b>Cash flow from financing</b>	<b>-61.0</b>	-17.2
<b>Change in liquidities according to the cash flow statement</b>	<b>-17.8</b>	-106.5
Exchange rate differences under liquidities	<b>-1.2</b>	-5.4
Net increase (+)/decrease (-) in liquidities	<b>-19.1</b>	-111.9
Liquidities according to the balance sheet at Jan. 1	<b>321.2</b>	433.1
Liquidities according to the balance sheet at June 30 / Dec. 31	<b>302.1</b>	321.2

Comparative figures for 1999 are pro forma.





# Advertising sales revenue in Finland

	EUR 1,000	1-6/2000 FIM 1,000	Change, % (Comp. to equiv. period last year)
<b>NEWSPAPERS</b>	<b>291 926.81</b>	<b>1 735 718</b>	<b>8.5</b>
Aamulehti	20 307.68	120 744	11
Helsingin Sanomat	<b>84 216.57</b>	<b>500 729</b>	<b>12</b>
Ilta-Sanomat	<b>6 810.27</b>	<b>40 492</b>	<b>1</b>
Iltalehti	5 961.42	35 445	2
Kauppalehti	11 747.25	69 846	13
Taloussanomat	<b>2 439.23</b>	<b>14 503</b>	<b>85</b>
Turun Sanomat	19 397.62	115 333	13
<b>KÄRKIMEDIA *</b>	<b>48 956.65</b>	<b>291 083</b>	<b>11</b>



Sources: GallupMainostieto  
\*) Kärkimedia



# Advertising sales revenue in Finland

	EUR 1,000	1-6/2000 FIM 1,000	Change, % (Comp. to equiv. period last year)
<b>MAGAZINES</b>	73 798.34	438 785	7.1
<b>TELEVISION</b>	110 037.46	654 253	4.4
MTV3 nationwide*	69 174.52	411 293	-4
MTV3 regional *	13 953.04	82 961	-14
<b>Channel Four *</b>	<b>26 641.98</b>	<b>158 406</b>	<b>60</b>
<b>OUTDOOR ADVERTISING</b>	15 485.57	102 696	13
<b>RADIO ADVERTISING</b>	17 272.23	92 073	5.4
<b>INTERNET</b>	737.67	29 149	55.8
<b>MOVIE ADVERTISING</b>	4 902.51	4 386	-6.8

\*Unofficial figures not supplied by GallupMainostieto. Monthly adjustment ratios are based on figures provided by MTV3 and Channel Four. TV figures include shopping TV advertising.



Source: GallupMainostieto

# **New electronic media sub-group**

- **Became operational on July 1, 2000; a legal entity as of October 1, 2000**
- **Projected net sales of some EUR 84.09 (FIM 500) million in 2000**
- **Personnel: approx. 300**
  
- **Key platforms: TV, fixed and mobile networks, cable-TV, and digi-TV**
- **Business units: Channel Four, HTV, Swwap (2ndhead), Virtual Portal (Lumeveräjä), Tuotantotalo Werne, and Måndag**
  
- **Figures for the new group will be reported separately as of October 1**



# Parent company new media projects

- The following will transfer to the new electronic media sub-group as of October 1, 2000

## 2ndhead

- 30 content providers in Version 1.0, of which 10 from SanomaWSOY
- Number of new content providers to be expanded substantially
- Target is to expand the concept internationally in the near future

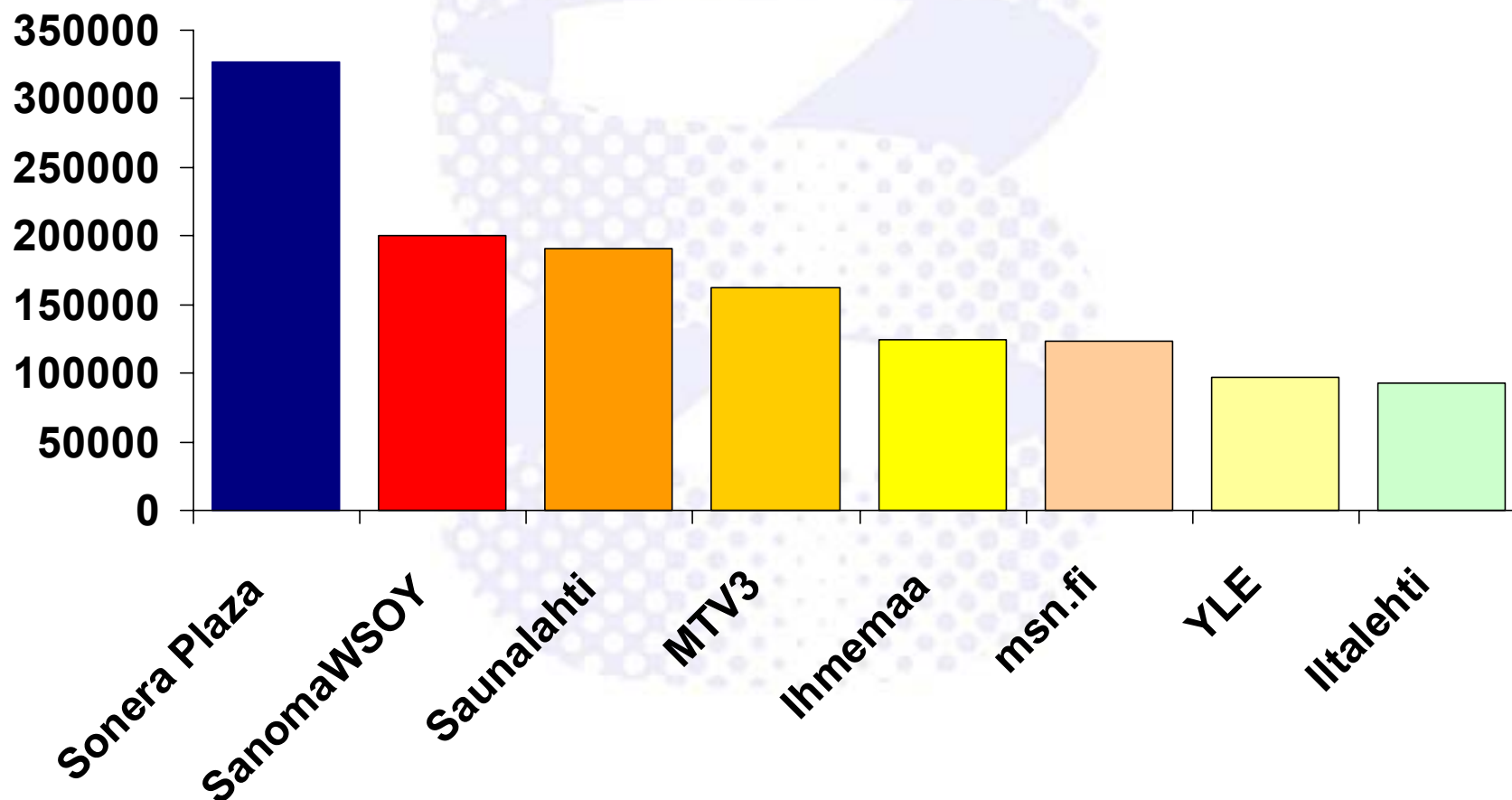
## Virtual Portal (Lumeveräjä)

- Launch due in spring 2001
- The Group has a total of 74 Web sites
- 24 web sites regularly monitored



# Finland's most popular Web sites

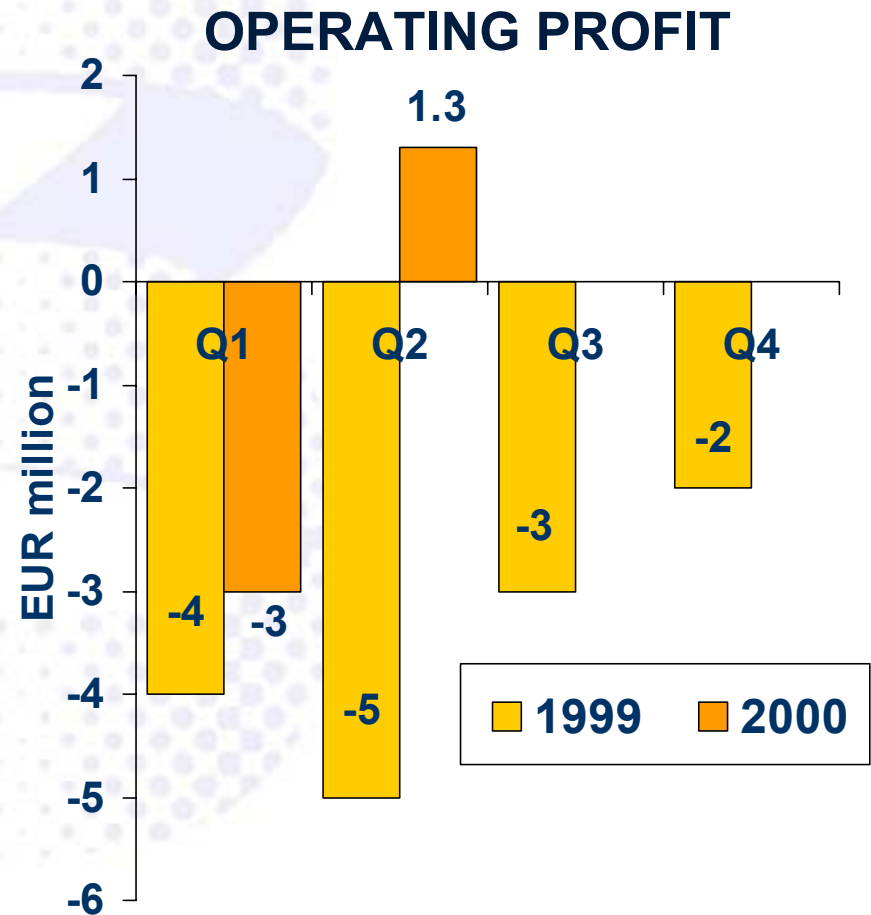
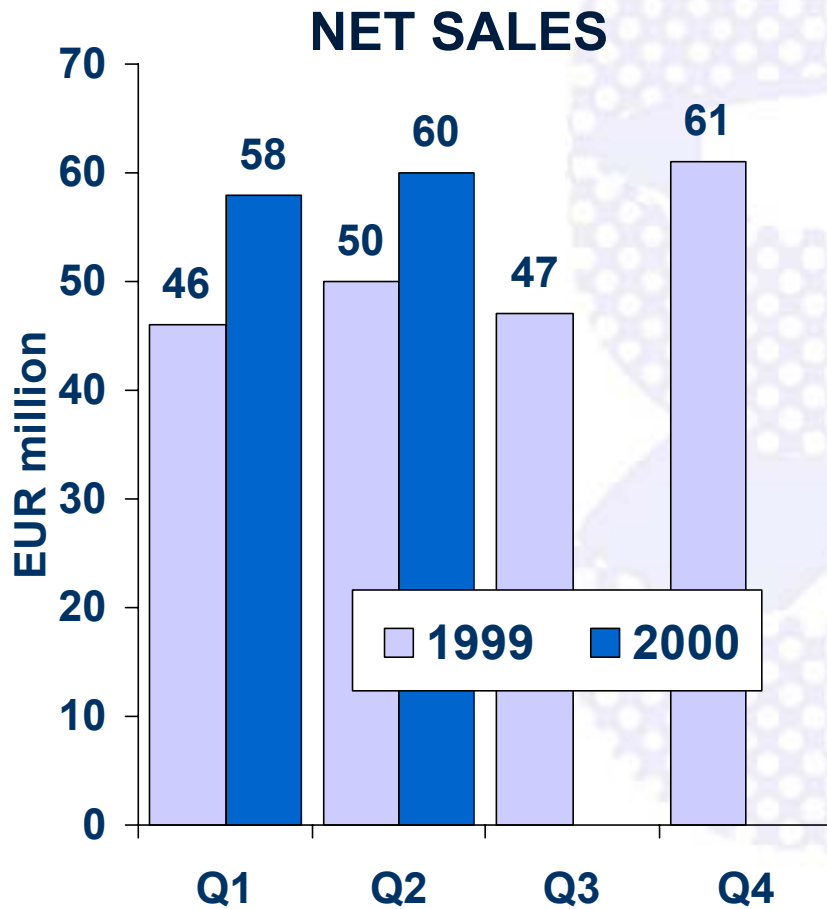
Average number of visitors a week, June 2000



Sources: Web Traffic Monitor,  
Red Sheriff



# Helsinki Media Group



# Helsinki Media Group

EUR million

	NET SALES		OPERATING PROFIT	
	4-6/2000	4-6/1999	4-6/2000	4-6/1999
Magazine publishing	39.5	35.9	3.5	1.7
Electronic media	20.6	13.7	-1.9	-6.0
Others			-0.8	-1.2
Intracompany transactions	-0.1	-0.1	0.5	0.6
<b>Total</b>	<b>60.0</b>	<b>49.5</b>	<b>1.3</b>	<b>-4.8</b>
Gross investments	5.1	28.7		
Personnel, average	1 049	906		

- Outlook for 2000

- Net sales are projected to rise by around 15%
- Operating profit is projected to improve clearly





# Helsinki Media

## Magazines

- Finland's largest magazine publisher and leading publisher of special interest magazines
  - ITviikko

## Helsinki Televisio (HTV)

- 206,000 households connected to the HTV network, of which 154,000 are digital connections
- Network to be fully digital and duplexed by the end of 2000
- 5,800 cable modem customers

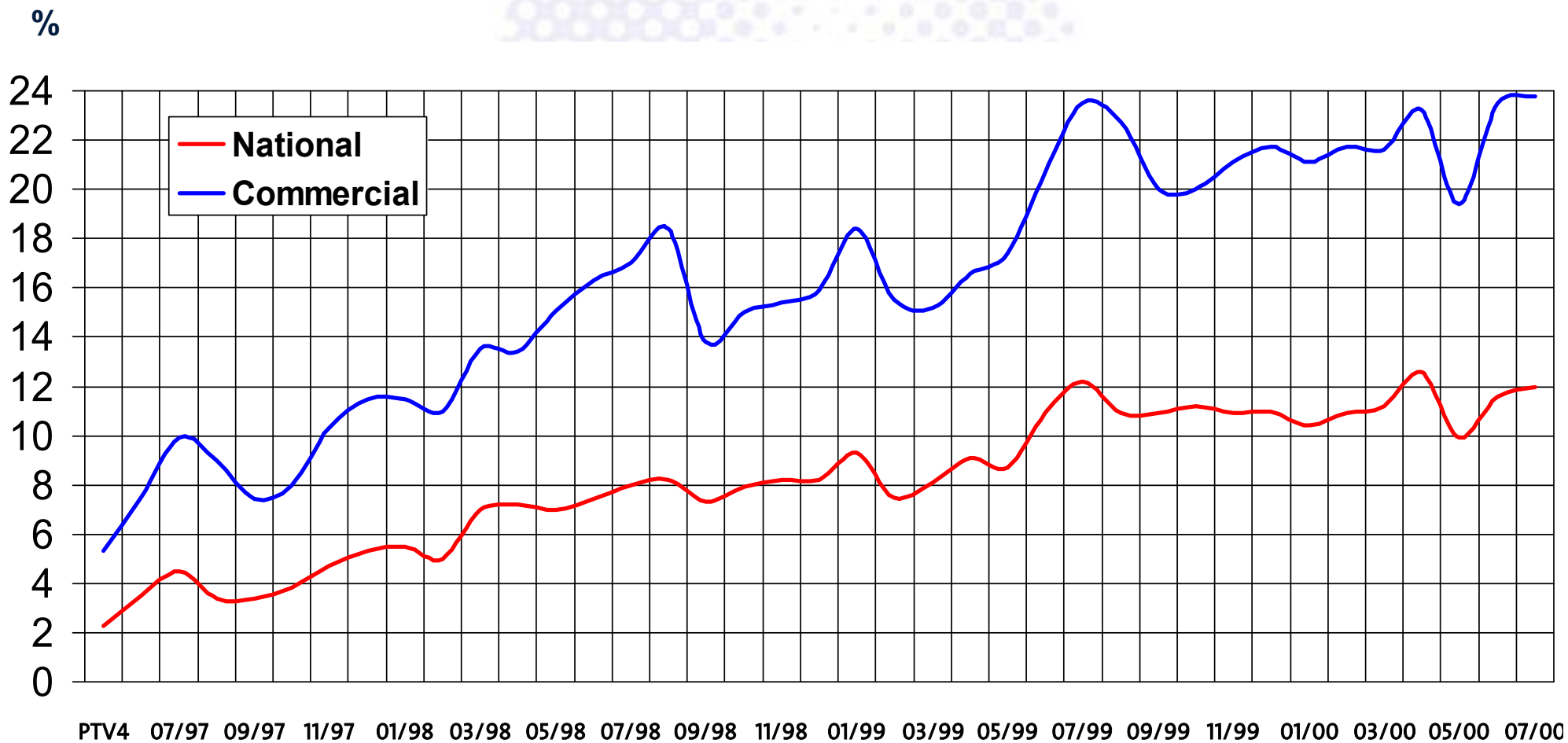
## Channel Four

- Continued success; growth and profitability up



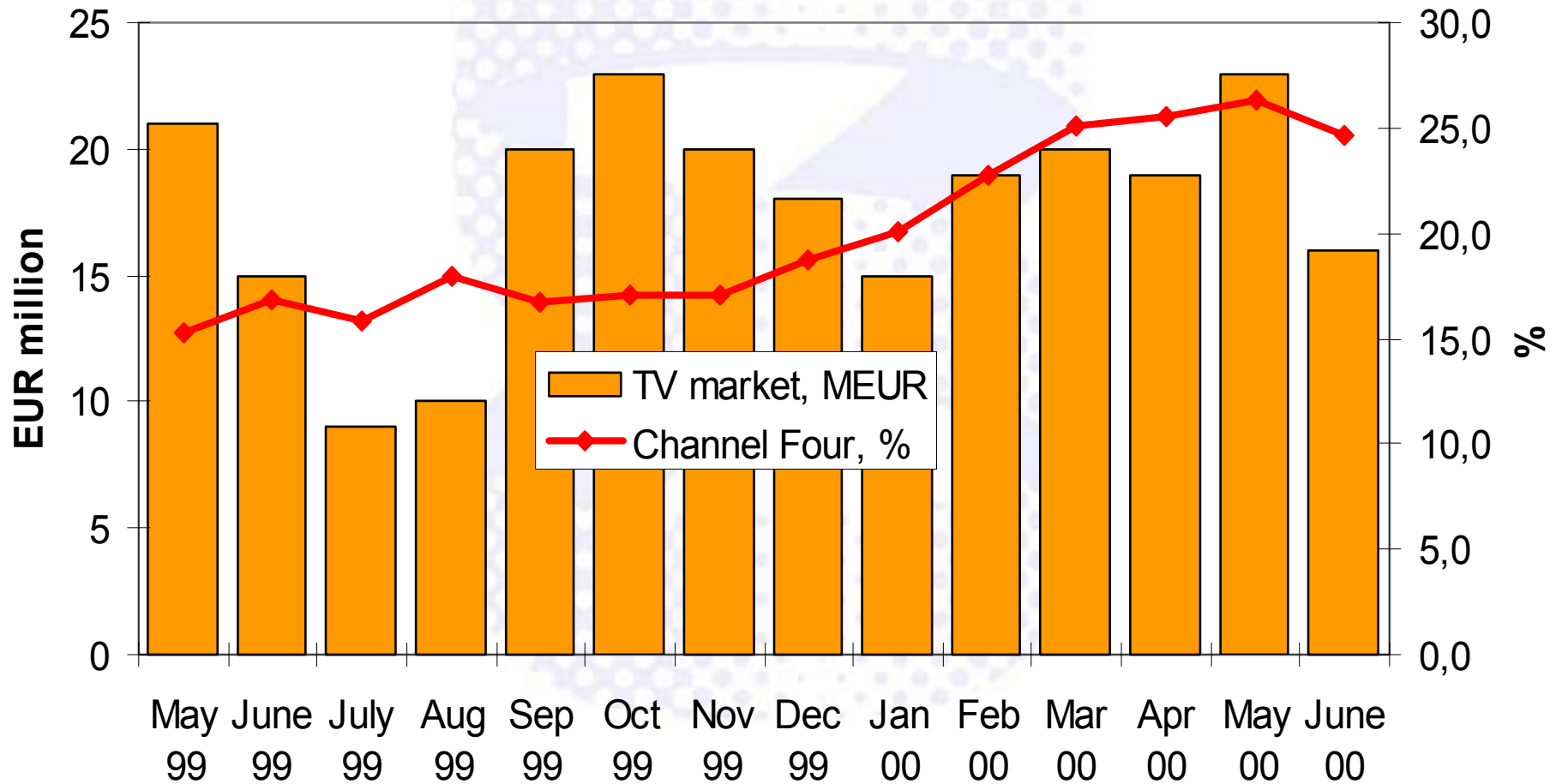


# Audience figures for Channel Four Finland



Source: Finnpanel Oy

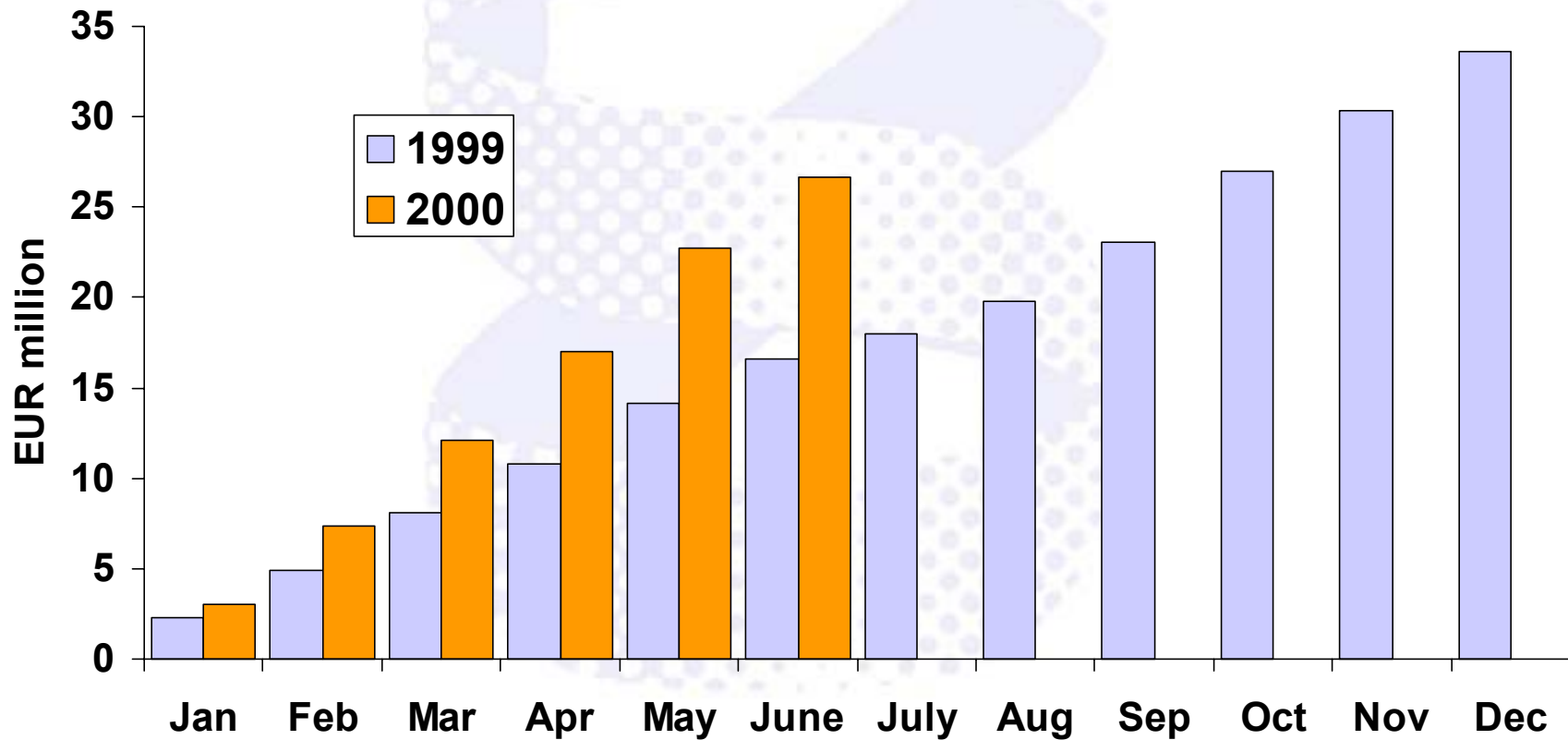
# TV advertising market and Channel Four



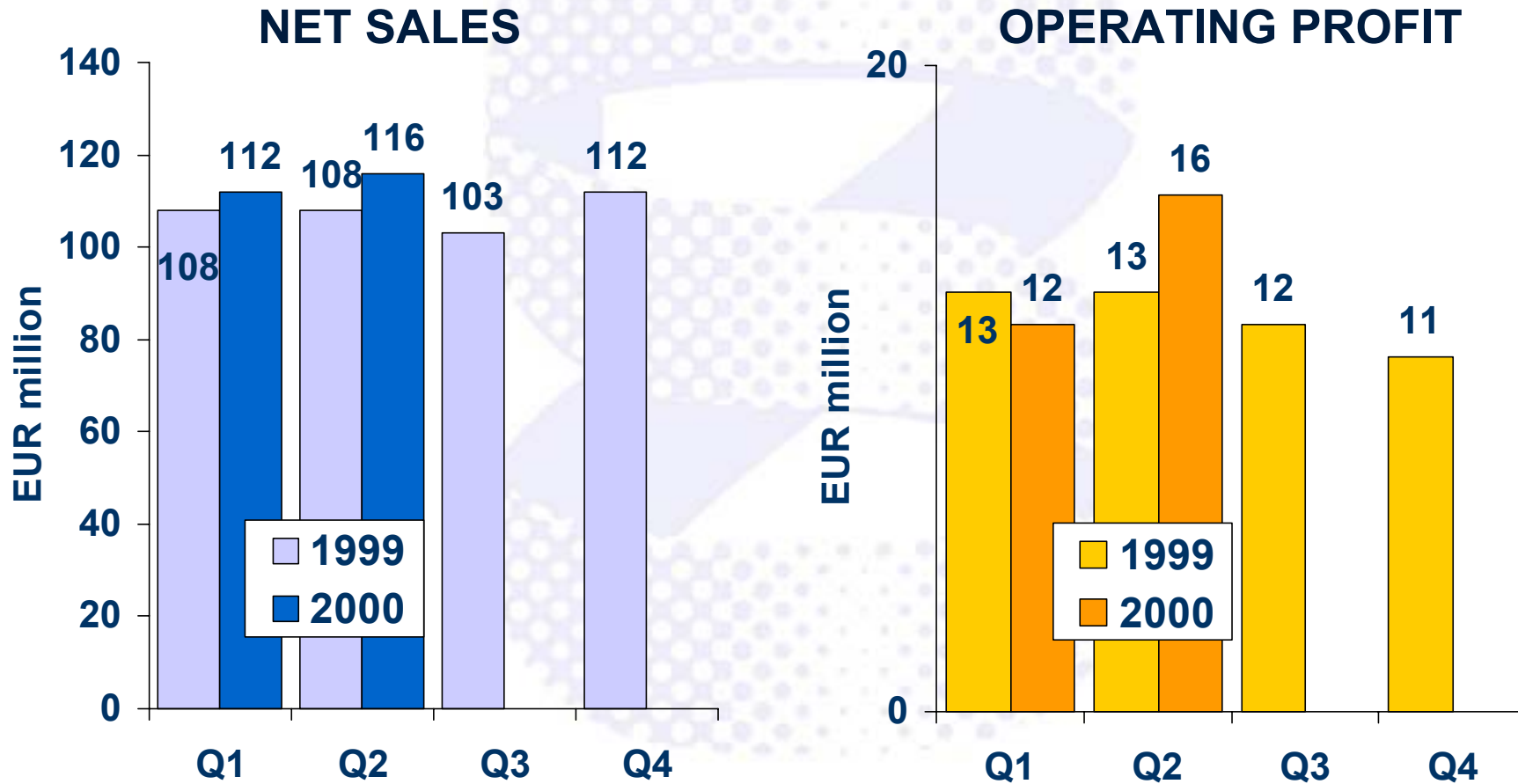
Source: Gallup-Mainostieto

# Channel Four sales revenue

## cumulative



# Sanoma Group



# Sanoma Group

EUR million	NET SALES		OPERATING PROFIT	
	4-6/2000	4-6/1999	4-6/2000	4-6/1999
Newspaper publishing and printing	112,1	106,1	17,9	15,2
Financial & new media products	4,8	3,0	-2,2	-2,5
Intracompany transactions	-0,9	-0,8		
<b>Total</b>	<b>116,0</b>	<b>108,3</b>	<b>15,7</b>	<b>12,7</b>
Gross investments	35.4	83.0		
Personnel, average	3 377	3 406		

- Outlook for 2000

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



# Sanoma Group

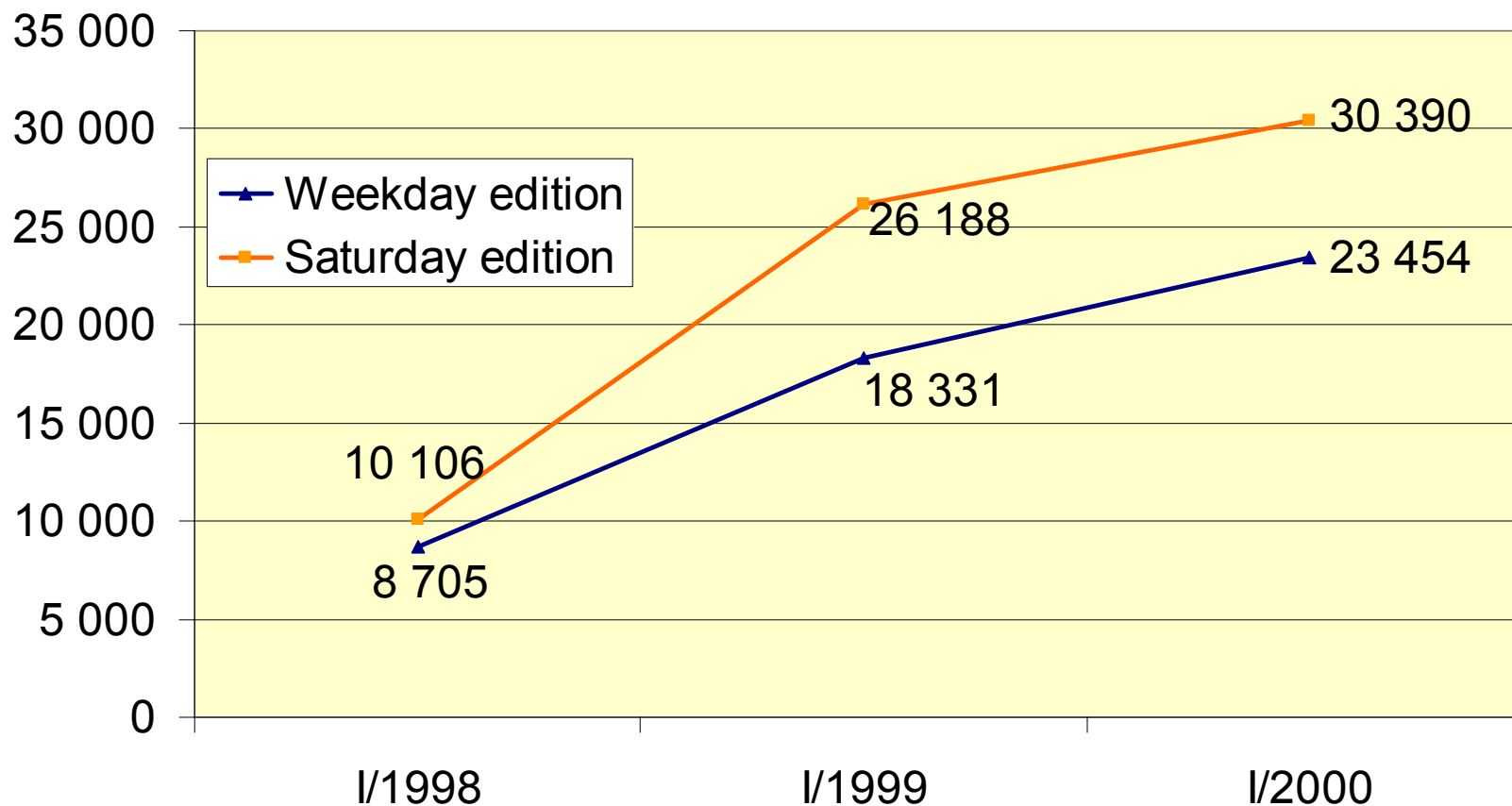
- **Helsingin Sanomat's position as Finland's largest advertising medium further consolidated**
- **10.4% holding acquired in votes of Top Press (owner of Esan Kirjapaino)**
- **Majority holding acquired in Uutisvuoksi Oy**
- **Esmerk established subsidiary in Miami**
- **Onbusiness Oy launched SMS-based share price and news service**

## **After the period under review**

- **Suomen Nettirahastot Oy (prev. Online Funds) opened the first phase of its Internet-based electronic marketplace**



# Taloussanomats circulation 1998 - 2000



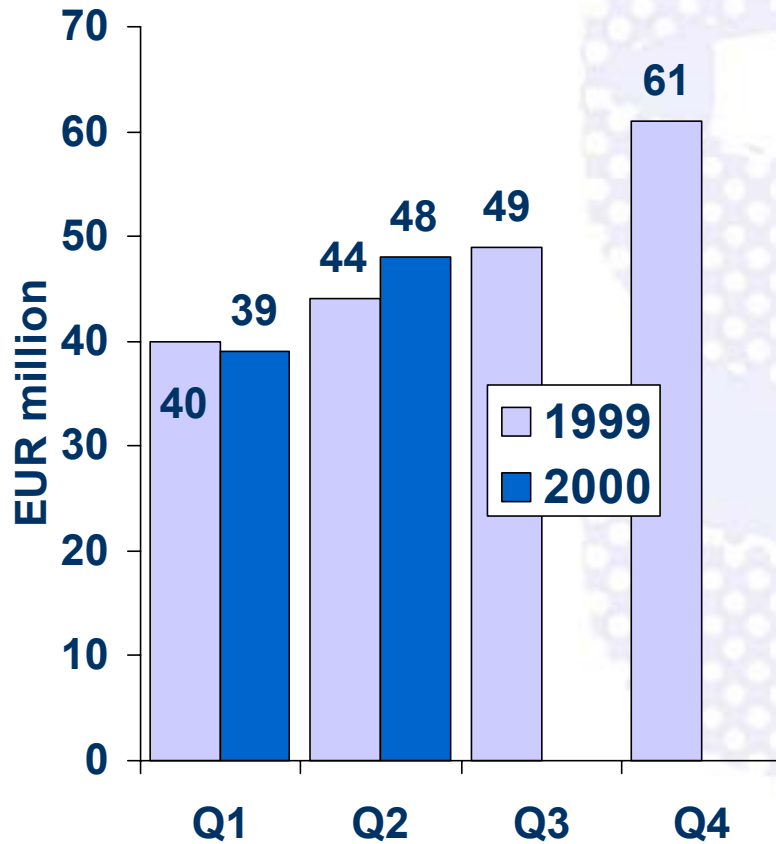
Source: Suomen Mediatarkastus Oy



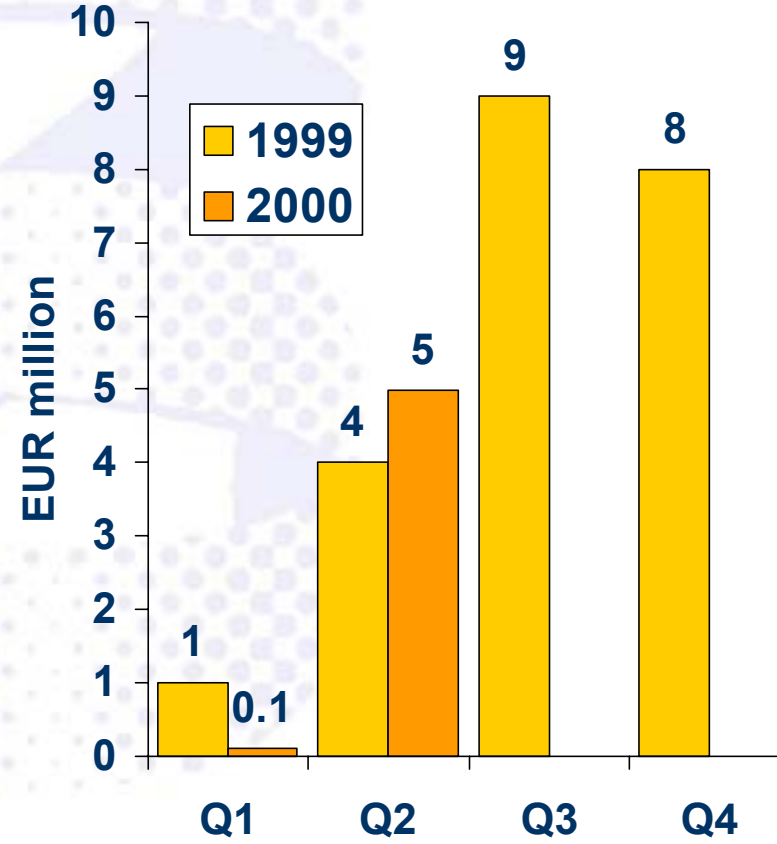


# WSOY Group

## NET SALES



## OPERATING PROFIT



# WSOY Group

EUR million	NET SALES		OPERATING PROFIT	
	4-6/2000	4-6/1999	4-6/2000	4-6/1999
Publishing	35.1	32.6	6.4	6.4
Printing	14.5	13.5	1.7	2.2
Calendar operations	3.3	2.8	-3.9	-4.0
Others	1.0	0.5	-0.4	2.8
Intracompany transactions	-6.4	-5.4	0.9	-3.2
<b>Total</b>	<b>47.5</b>	<b>44.1</b>	<b>4.6</b>	<b>4.1</b>
Gross investments	16.4	9.4		
Personnel, average	1 751	1 767		

- **Outlook for 2000**

- Full-year net sales are projected to increase by nearly 10%
- Operating profit is expected to rise slightly, despite continued development-related investments



# WSOY Group

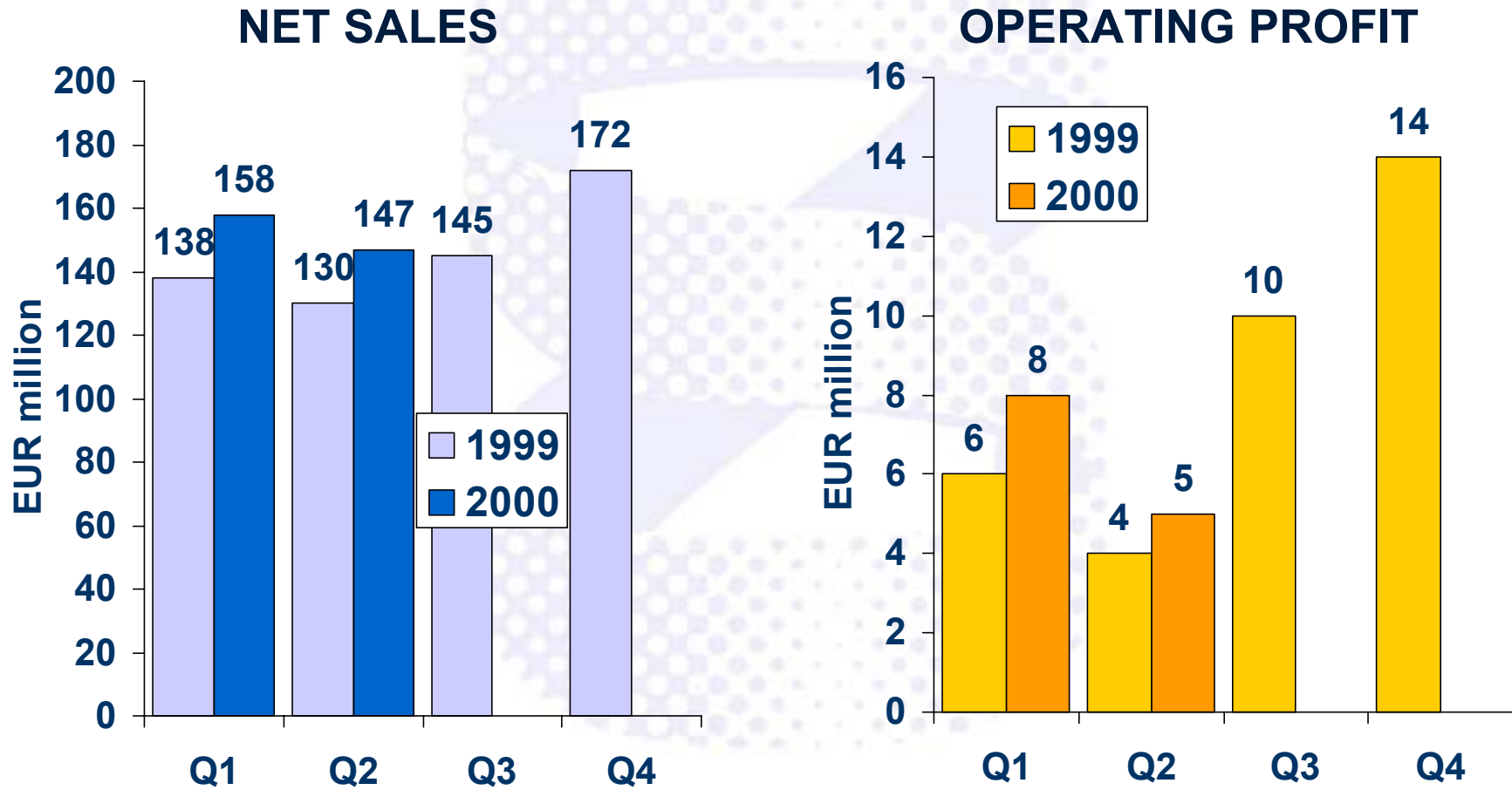
- **Docendo and Teknolit consolidated into a single IT publishing unit: the Docendo Group**
- **E-learning cooperation with TietoEnator**
- **25% holding acquired in multimedia and content concept company, Everscreen Mediateam Oy**
- **Increase market share for WSOY's book clubs. SanomaWSOY's book clubs now hold around 50% of the Finnish market.**
- **New type of publishing contract agreed with the Union of Finnish Writers covering print on demand and e-book issues.**

**After the period under review:**

- **80,1% holding acquired in Karttakeskus. To be merged with Geodata.**



# Rautakirja Group



# Rautakirja Group

EUR million	NET SALES		OPERATING PROFIT	
	4-6/2000	4-6/1999	4-6/2000	4-6/1999
Kiosk operations	83.1	71.5	3.2	2.7
Press distribution	40.7	33.7	3.0	2.1
Bookstores	16.0	16.0	-2.0	-1.6
Movie theatre operations	7.8	6.6	-0.8	-1.0
Restaurant operations	9.8	9.4	-0.1	0.5
Others			1.4	1.0
Intracompany transactions	-10.0	-7.2		
<b>Total</b>	<b>147.4</b>	<b>130.1</b>	<b>4.8</b>	<b>3.8</b>
Gross investments	12.8	24.3		
Personnel, average	3 909	3 515		

- Outlook for 2000

- Net sales expected to rise in excess of 8%
- Full-year result expected to show a slight improvement



# Rautakirja Group

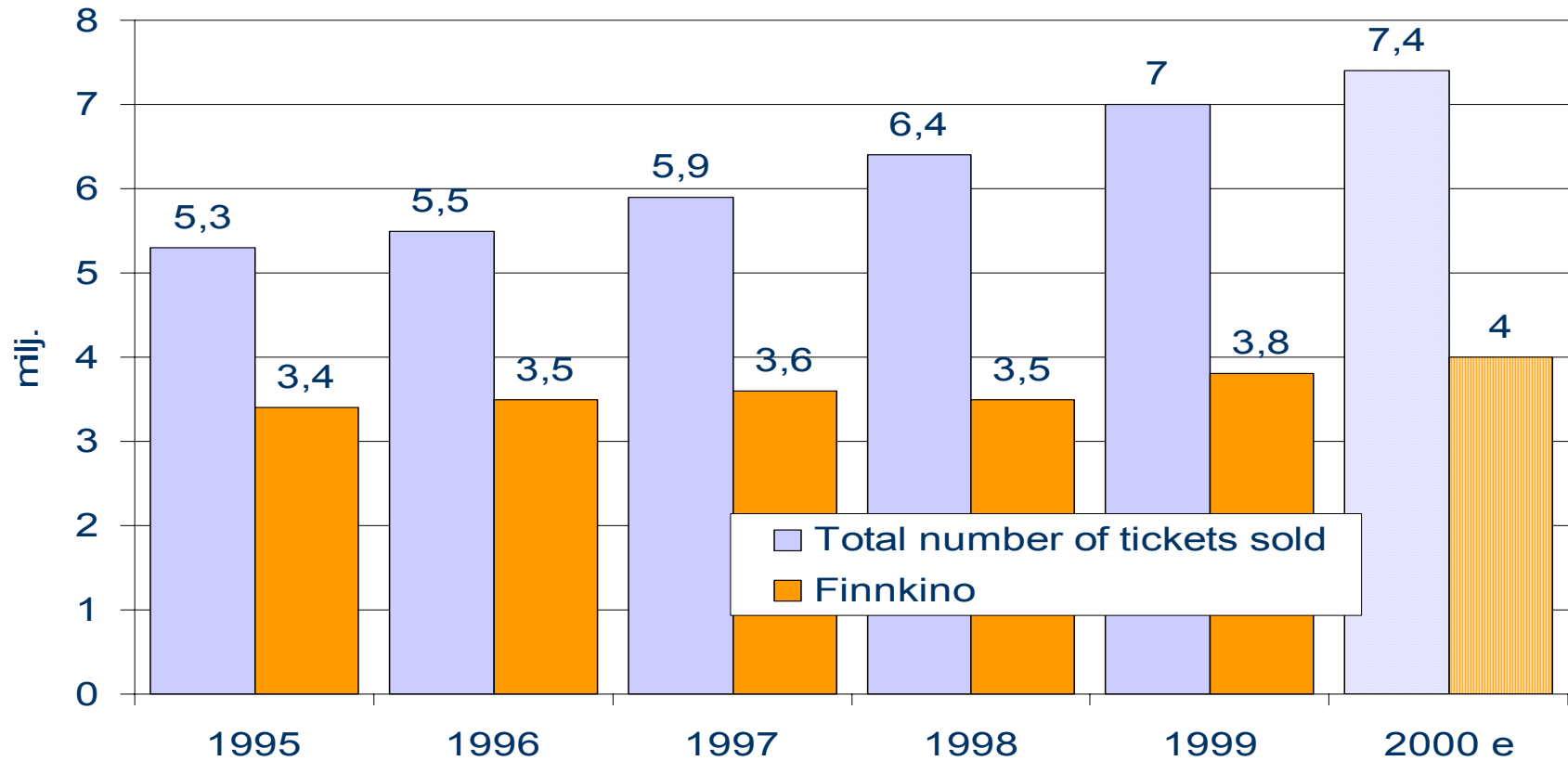
- **22 outlets added to the R-kiosk chain in Estonia**
- **New system launched enabling customer to pick up products ordered over the Internet and by mail order at R-kiosks**
- **Motorest chain of highway service outlets to be transferred to Eurostrada**
- **Construction started of new multiplex cinema in Tallinn**

**After the period under review:**

- **100% holding acquired in Veikkausrasti. To be merged with Rautakirja.**



# Cinema ticket volume in Finland

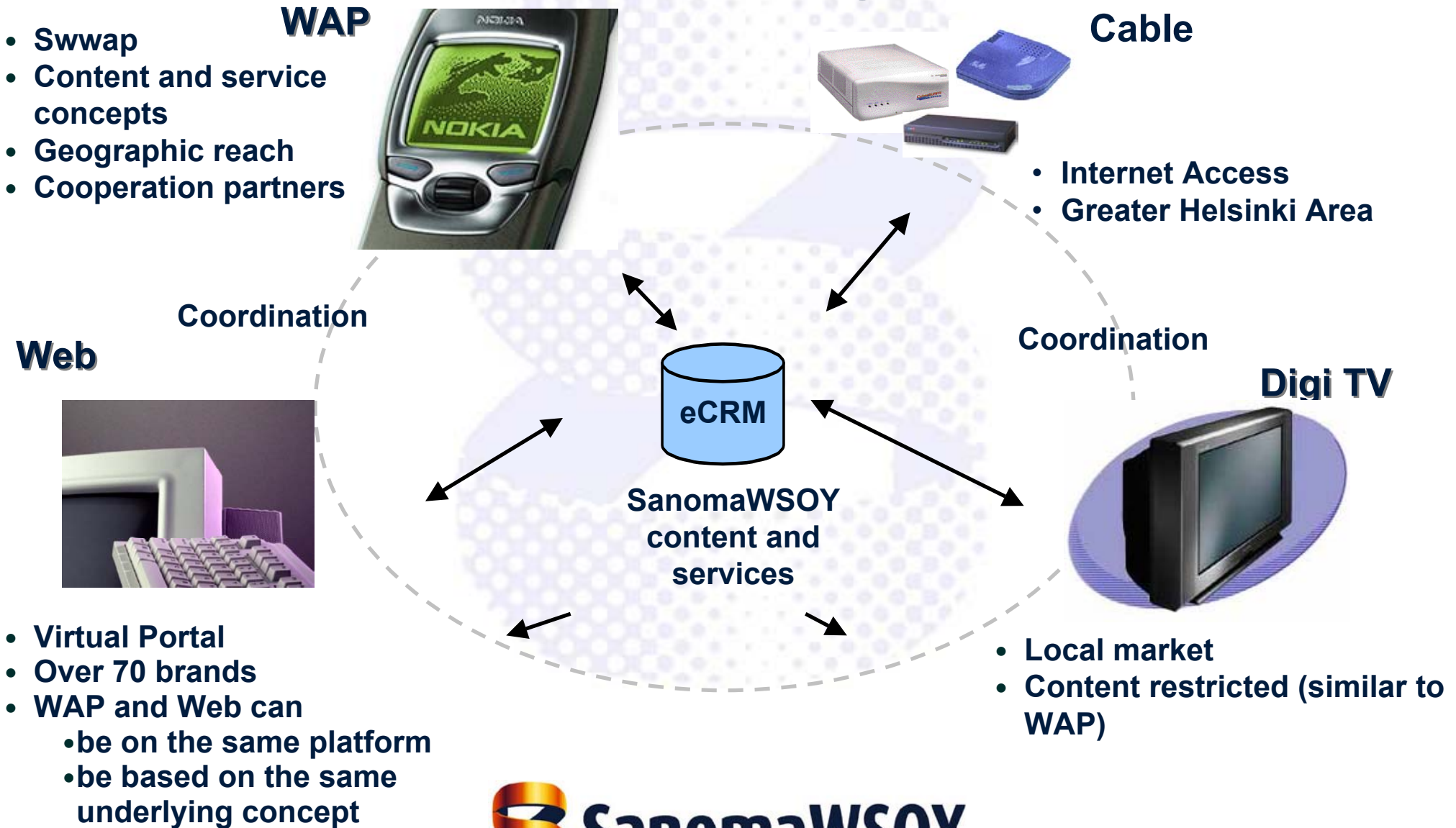


Source: Suomen Filmikamari





# SanomaWSOY Digital Media

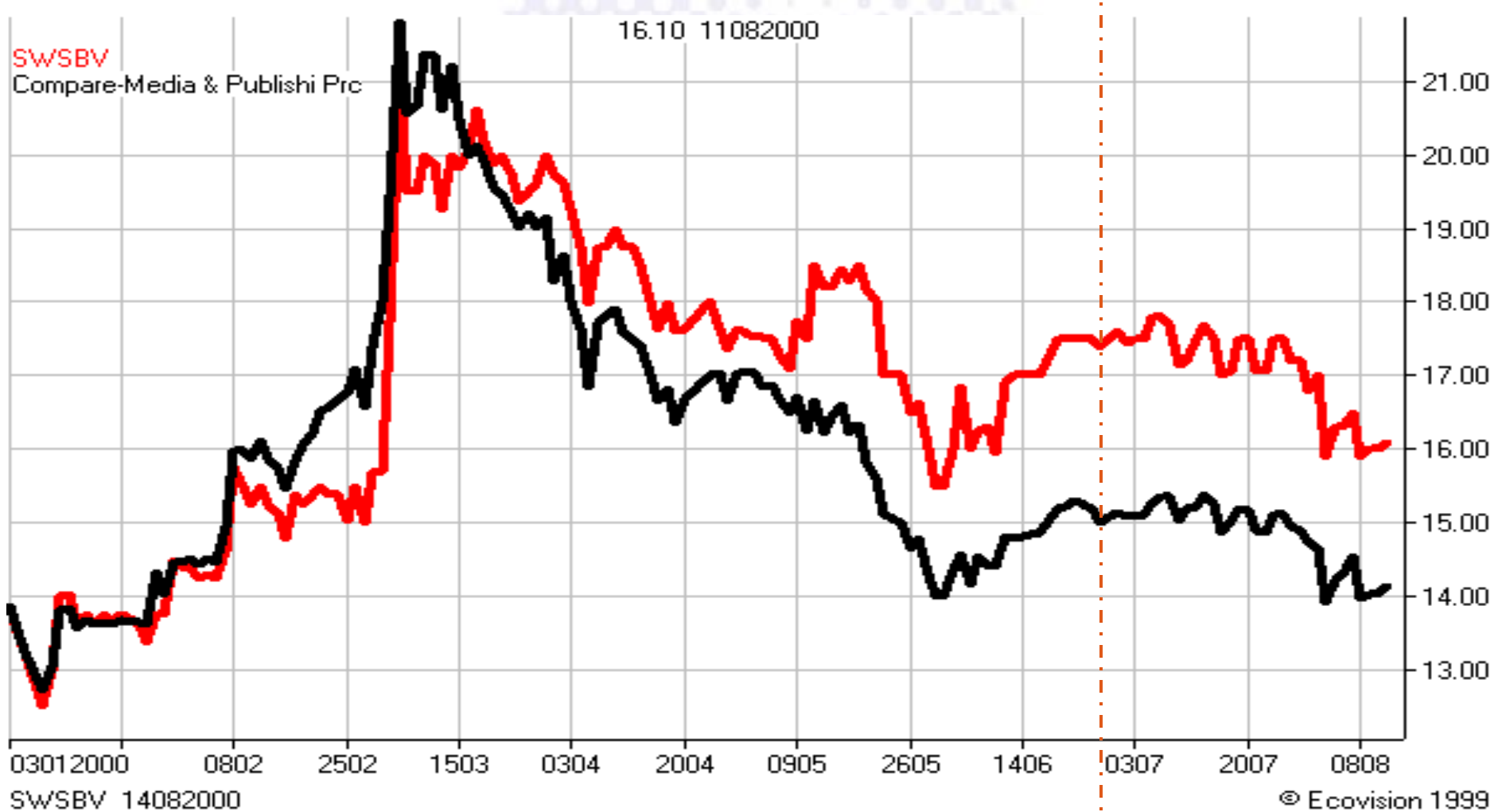


# SanomaWSOY

- **Leading content provider**
  - **Market leader**
  - **Strong resource base**
  - **Long-term customer relationships**
  - **Cross-promotion**
- **Long-term growth target: organic growth and new business development, coupled with acquisitions**
  - **Growth in traditional businesses driven primarily by international expansion and added value driven by the Internet**
  - **Leadership in selected markets in electronic media-related services and applications**



# SanomaWSOY series B vs. Media Index



- four-for-one share split on May 10, 2000



Source: Ecovision

# Vision

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





# Key indicators

<b>EUR</b>	<b>30.6.2000</b>	<b>30.6.1999</b>	<b>Change, %</b>	<b>31.12.1999</b>
Net sales, million	<b>694.9</b>	621.0	11.9	1 320.6
Operating profit, million	<b>34.3</b>	25.9	32.1	71.7
% of net sales	<b>4.9</b>	4.2		5.4
Profit before extraordinary items, million	<b>91.0</b>	52.9	72.1	110.4
% of net sales	<b>13.1</b>	8.5		8.4
Balance sheet total, million	<b>1 356.2</b>	1 274.2	6.4	1 323.1
Gross investments, million	<b>74.5</b>	151.5	-50.8	279.7
% of net sales	<b>10.7</b>	24.4		21.2
Equity ratio, %	<b>70.6</b>	69.6		71.0
Gearing, %	<b>-22.0</b>	-35.4		-24.0
Earnings/share, EUR	<b>0.47</b>	0.26	81.8	0.53
Cash flow/share, EUR	<b>0.70</b>	---		0.89
Equity/share, EUR	<b>5.69</b>	5.36	6.1	5.68
Market capitalisation, million	<b>2 406.2</b>	1 994.1	20.7	1 767.4
Personnel under employment contract	<b>13 161</b>	12 428	5.9	12 629
Personnel, average	<b>10 165</b>	9 612	5.7	9 816
Interest-bearing liabilities, million	<b>102.5</b>	65.1	57.4	104.2
Interest-free liabilities, million	<b>344.1</b>	368.6	-6.7	313.3
Financial securities, cash, and bank, million	<b>302.1</b>	363.0	-16.8	321.2

All 1999 key indicators have been calculated on the basis of pro forma 1999 income statements and balance sheets.





# Group income statement

EUR million	1.1.–30.6.2000	1.1.–30.6.1999	Change	1.1.–31.12.1999
<b>Net sales</b>	<b>694.9</b>	621.0	11.9	1 320.6
Increase (+) / decrease (-) in inventories of finished goods and work in progress	6.1	6.7	-8.7	2.0
Production for own use	0.0	0.0	0.0	0.1
Other operational income	17.0	11.4	49.6	24.9
Share of result of associated companies	3.3	0.8	305.5	1.1
Materials and services	307.8	281.0	9.6	598.7
Personnel expenses	185.0	169.8	8.9	340.8
Depreciation	39.4	34.2	15.3	71.9
Other operational expenses	154.9	129.0	20.1	265.7
<b>Operating profit</b>	<b>34.3</b>	25.9	32.1	71.7
Share of result of associated companies	-0.4	0.0	-840.6	-0.6
Financial income and expenses	57.2	27.0	111.8	39.3
<b>Profit before extraordinary items</b>	<b>91.0</b>	52.9	72.1	110.4
Extraordinary items	0.0	-1.3	100.0	0.3
<b>Profit after extraordinary items</b>	<b>91.0</b>	51.6	76.4	110.7
Direct taxes (profit related)	-23.9	-18.9	26.8	-31.6
Minority interest of the result for the period	-2.6	1.4	-279.8	-5.1
<b>Profit for the period</b>	<b>64.5</b>	34.2	88.7	74.0

Comparative figures for 1999 are pro forma.





# Group balance sheet

EUR million	30.6.2000	30.6.1999	Change, %	31.12.1999
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	63.8	58.2	9.6	63.0
Consolidated goodwill	58.4	48.5	20.6	51.0
Tangible assets	379.7	351.4	8.1	374.7
Investments	271.5	227.0	19.6	255.8
<b>Non-current assets. total</b>	<b>773.5</b>	<b>685.1</b>	<b>12.9</b>	<b>744.5</b>
<b>Current assets</b>				
Inventories	108.4	96.5	12.3	94.6
Receivables, long-term	38.1	9.2	316.0	33.4
Receivables, short-term	134.1	120.5	11.3	129.3
Financial securities	262.4	305.2	-14.0	281.5
Cash and bank	39.8	57.8	-31.3	39.7
<b>Current assets, total</b>	<b>582.7</b>	<b>589.2</b>	<b>-1.1</b>	<b>578.6</b>
<b>Assets, total</b>	<b>1 356.2</b>	<b>1 274.2</b>	<b>6.4</b>	<b>1 323.1</b>

Comparative figures for 1999 are pro forma.



# Group balance sheet

EUR million	30.6.2000	30.6.1999	Change, %	31.12.1999
<b>Liabilities</b>				
<b>Shareholders' equity</b>				
Share capital	62.6	61.2	2.3	61.2
Premium fund	16.1	16.1	0.0	16.1
Other funds	364.0	356.1	2.2	365.7
Retained earnings	280.5	274.3	2.3	269.1
Profit for the period	64.5	34.2	88.7	74.0
<b>Shareholders' equity, total</b>	<b>787.7</b>	<b>741.9</b>	<b>6.2</b>	<b>786.1</b>
<b>Minority interest</b>	<b>121.9</b>	<b>98.6</b>	<b>23.6</b>	<b>119.4</b>
<b>Statutory provisions</b>	<b>1.7</b>	<b>2.0</b>	<b>-16.4</b>	<b>1.7</b>
<b>Liabilities</b>				
Deferred tax liability	40.5	40.3	0.6	41.5
Long-term liabilities	88.4	115.8	-23.6	93.5
Current liabilities	316.0	275.7	14.6	280.9
<b>Liabilities, total</b>	<b>1 356.2</b>	<b>1 274.2</b>	<b>6.4</b>	<b>1 323.1</b>

Comparative figures for 1999 are pro forma.

