



# SanomaWSOY Result for 2002

President & COO Hannu Syrjänen  
20 February 2003

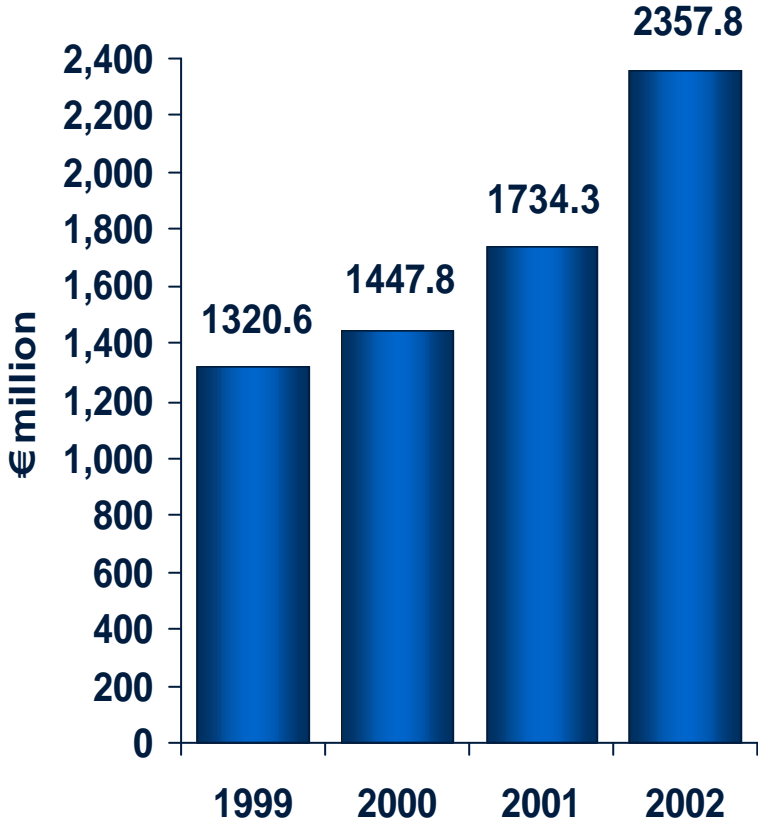
# 2002 in brief

- Good operational result
- Excellent operational cash flow: sales of non-core assets and improved cash management
- Net debt declined significantly (to € 883.3 million)
- Challenging operational environment
- The acquisition cost of the new magazine operations decreased to € 1,206 million
- Rautakirja will merge into SanomaWSOY, a merger plan approved by the Extraordinary General Meetings of Shareholders
  
- A dividend proposal 0.40 euro/share

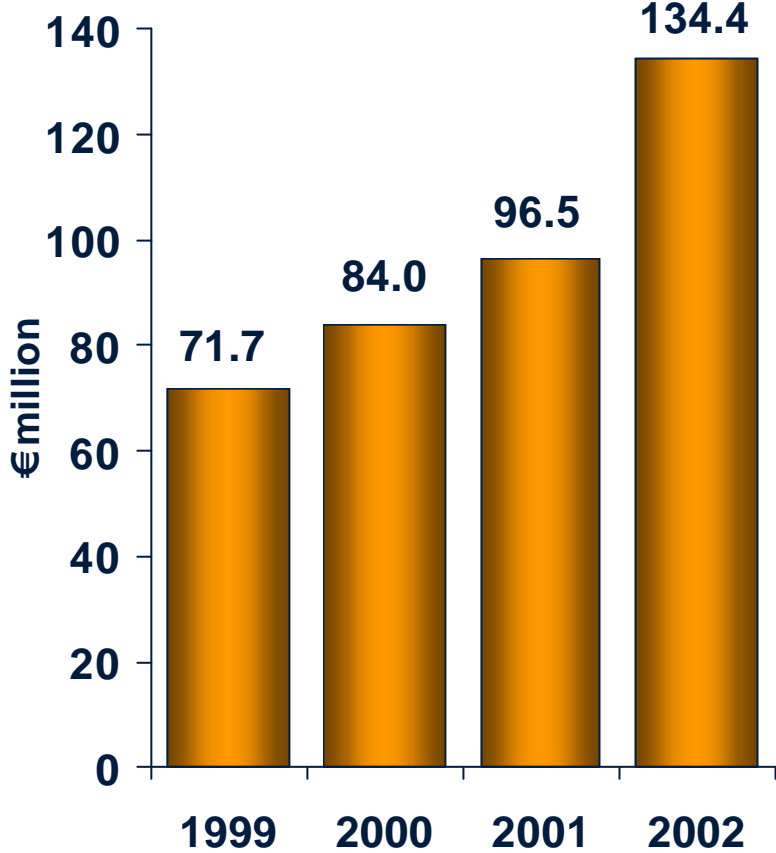
/hs03/result 2002

# SanomaWSOY Group

### NET SALES



### OPERATING PROFIT (EBIT)

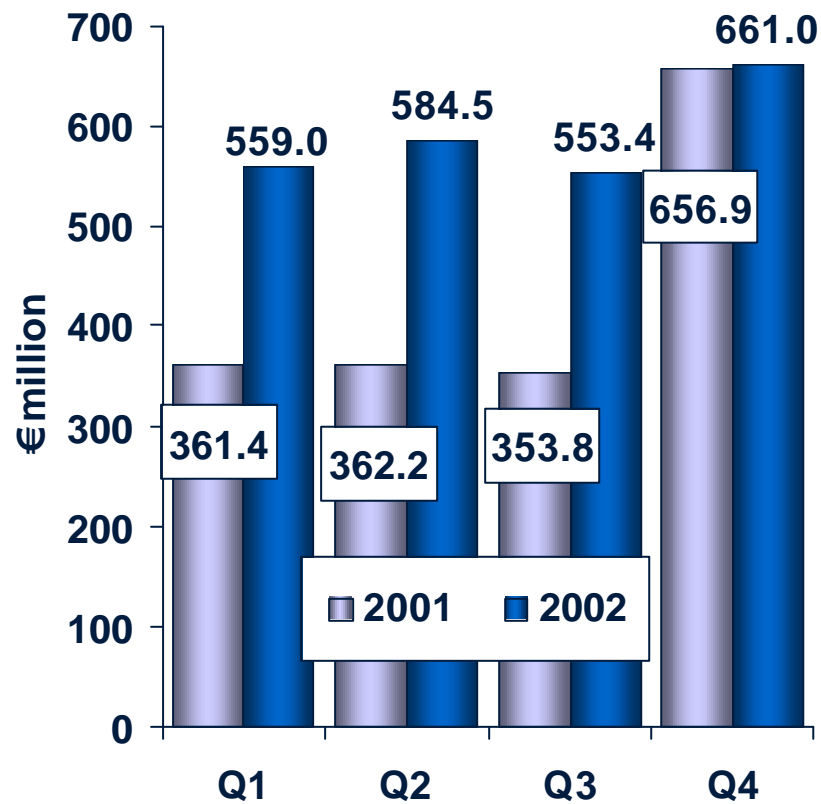


/hs03/result 2002

# SanomaWSOY Group

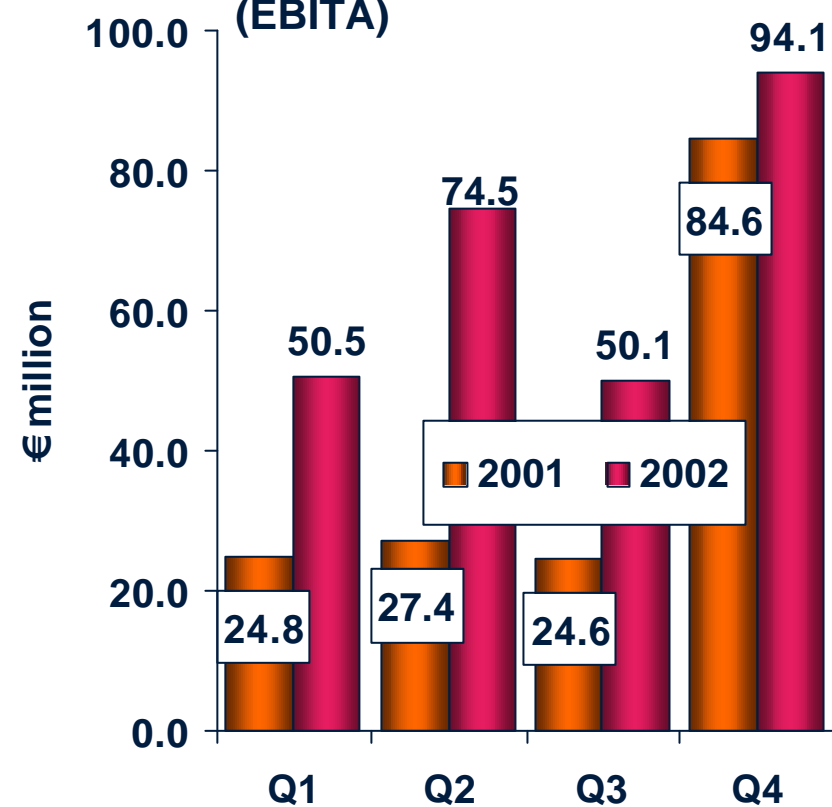
## By quarters

### NET SALES



### OPERATING PROFIT

before goodwill amortisation  
(EBITA)



/hs03/result 2002

# Key indicators

€ million	<b>31.12.2002</b>	31.12.2001	Change,%
Net sales	<b>2,357.8</b>	1,734.3	36.0
Operating profit before goodwill amortisation	<b>269.2</b>	161.4	66.8
% of net sales	<b>11.4</b>	9.3	
Operating profit	<b>134.4</b>	96.5	39.3
% of net sales	<b>5.7</b>	5.6	
Balance sheet total	<b>2,592.5</b>	3,053.1	-15.1
Gross investments	<b>113.5</b>	1,473.9	-92.3
Equity ratio, %	<b>36.9</b>	31.6	
Equity ratio, % (incl. capital notes)	<b>45.2</b>	38.6	
Earnings/share, €	<b>0.22</b>	0.35	-37.1
Cash flow/share, €	<b>1.33</b>	1.24	7.2
Market capitalisation	<b>1,319.1</b>	1,510.4	-12.7
Personnel under employment contract *	<b>18,657</b>	15,129	23.3

\* average

/hs03/result 2002

# Group income statement

€ million	2002	2001	Change,%
<b>Net sales</b>	<b>2,357.8</b>	<b>1,734.3</b>	<b>36.0</b>
Other operating income and change in inventories	70.8	45.2	56.5
Share of result of associated companies	13.1	5.5	139.6
Operating expenses	2,307.3	1,688.5	36.6
<b>Operating profit</b>	<b>134.4</b>	<b>96.5</b>	<b>39.3</b>
Financial income and expenses	-27.7	-4.0	601.4
<b>Profit before extraordinary items</b>	<b>106.7</b>	<b>92.5</b>	<b>15.3</b>
Extraordinary items	6.1		
<b>Profit after extraordinary items</b>	<b>112.7</b>	<b>92.5</b>	<b>21.8</b>
Direct taxes	-64.2	-31.0	-107.1
Minority interests	-11.4	-13.7	-17.0
<b>Profit for the period</b>	<b>37.2</b>	<b>47.8</b>	<b>-22,3</b>

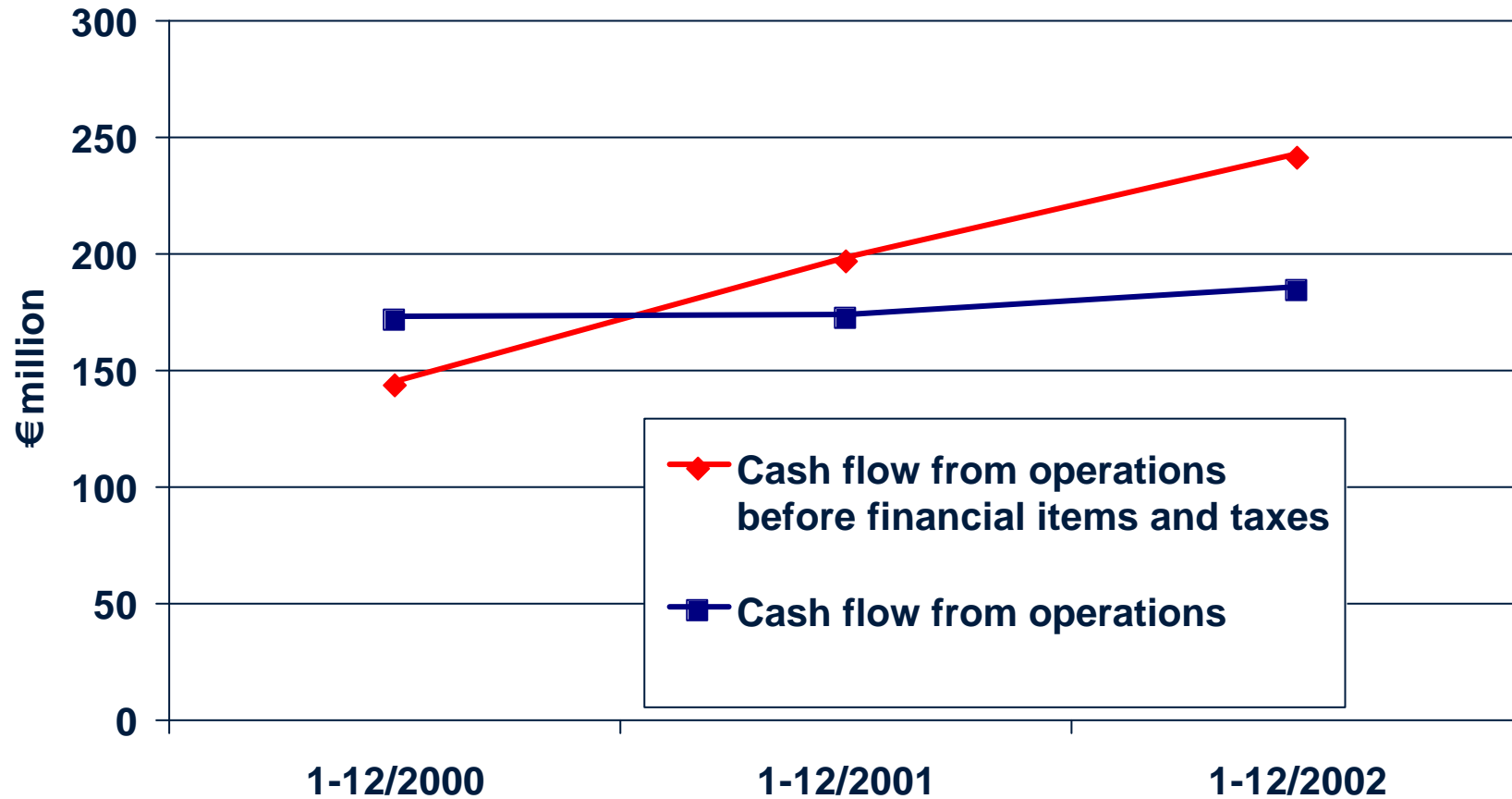
/hs03/result 2002

# Group balance sheet

€ million	<b>31.12.2002</b>	31.12.2001	Change,%
Non-current assets, total	<b>2,037,0</b>	2,220.0	-8.2
Current assets, total	<b>555.5</b>	833.0	-33.3
Shareholders' equity, total	<b>996.3</b>	1,019.7	-2.3
Minority interest	<b>130.6</b>	122.3	6.8
Statutory provisions	<b>15.9</b>	8.1	95.7
Liabilities, total	<b>1,449.7</b>	1,903.0	-23.8
Balance sheet total	<b>2,592.5</b>	3,053.1	-15.1

/hs03/result 2002

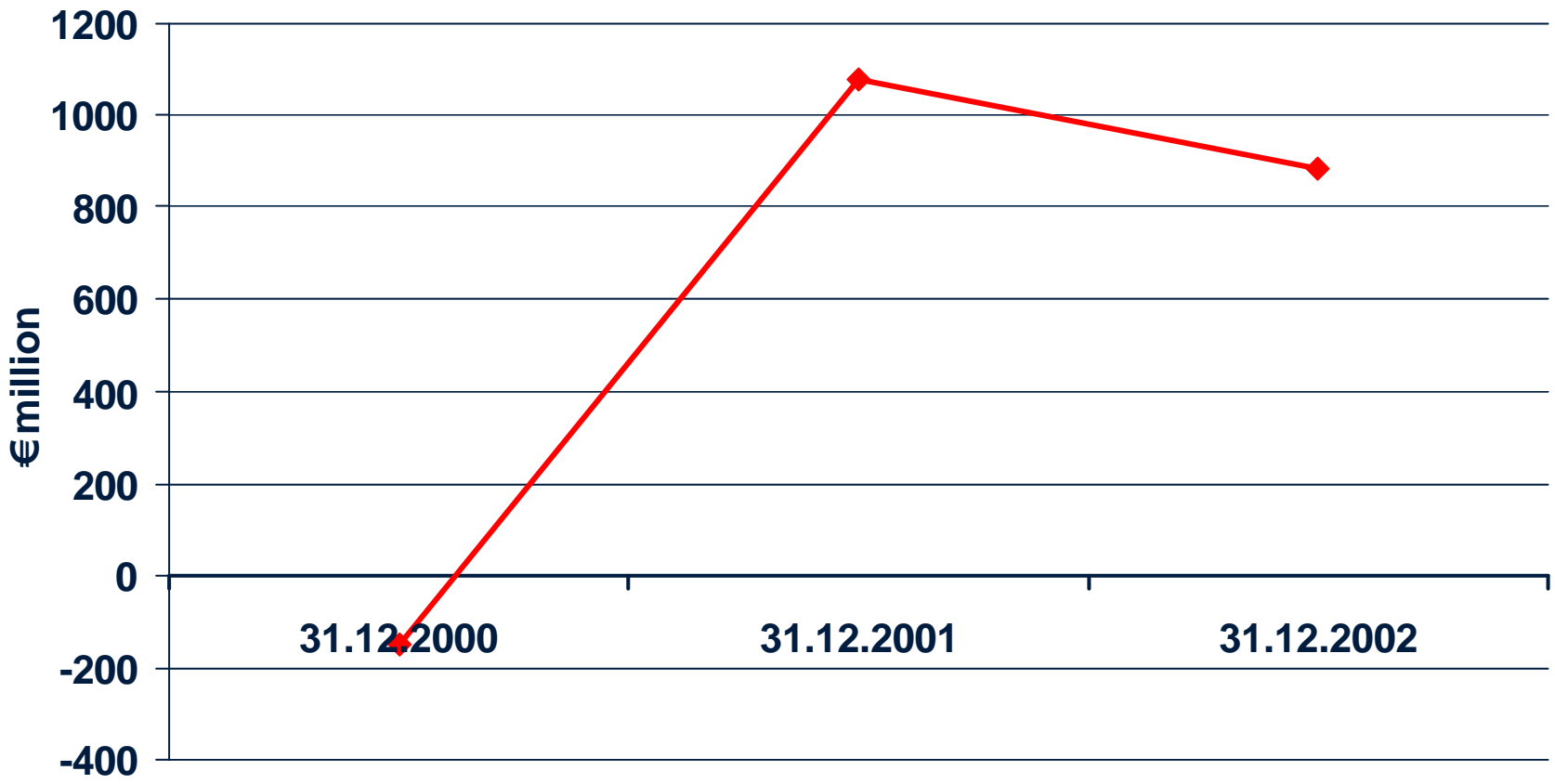
# Development of cash flow



/hs03/result 2002

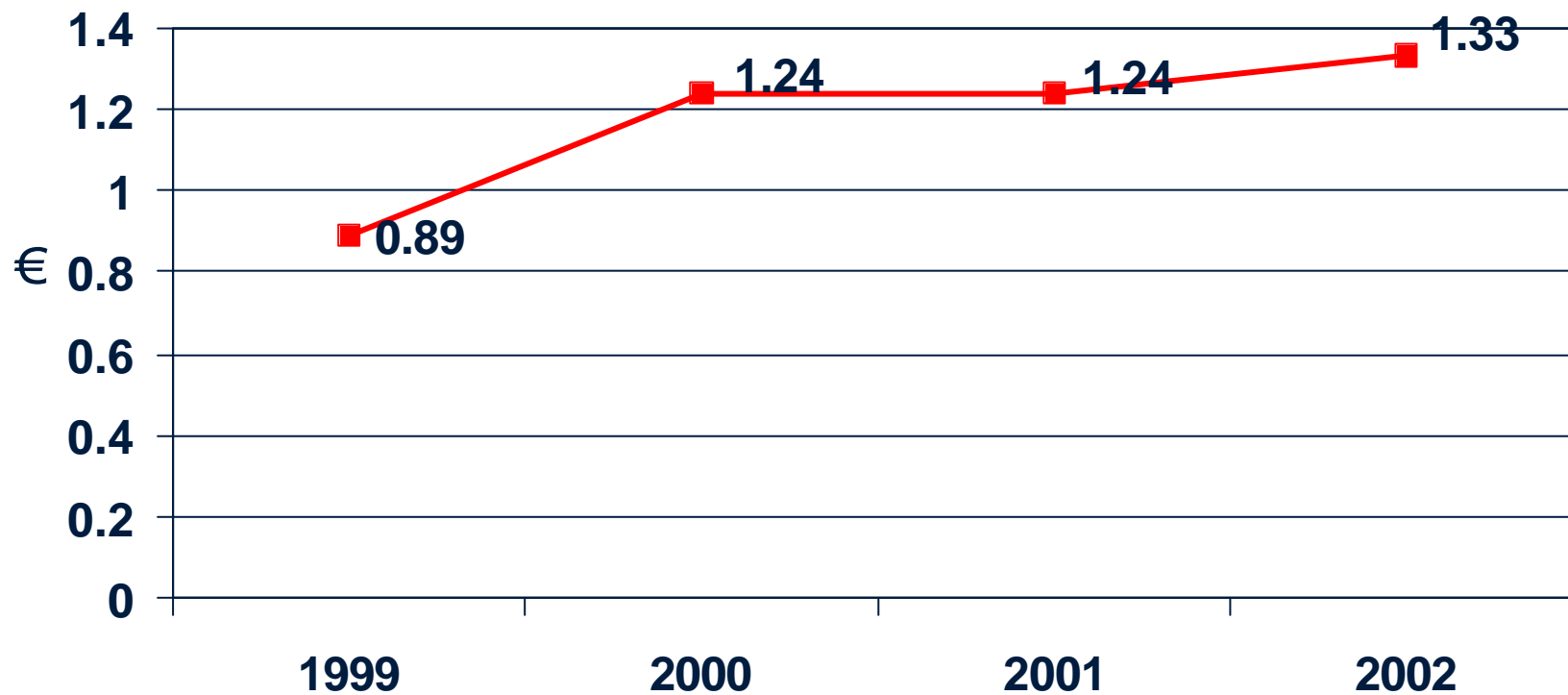


# Development of net debt



/hs03/result 2002

# Cash flow/share



# Advertising sales revenue in Finland

11

€ million	2002	Change,%	Share,%
Newspapers and city papers	579.5	-3.3	55.0
Television	201.4	3.4	19.1
Magazines	179.0	-2.9	17.0
Radio	43.9	10.1	4.2
Outdoor and traffic advertising	31.9	-5.0	3.2
Internet	15.0	1.5	1.4
Movie advertising	2.3	19.2	0.2
Total	1,052.8	-1.4	

Source:  
Mainonnan  
Neuvottelukunta

/hs03/result 2002

# Advertising revenue

## % of net sales by Division

Sanoma	48.8%
Sanoma Magazines	24.9%
SWelcom	54.8%
The Group	21.2%



/hs03/result 2002

# Magazine advertising in Europe

	% of total	Change 2001–2002,%
Belgium	13.9%	2.7%
The Netherlands	13.5%	-2.8%
Finland	17.1%	-2.7%
Czech Republic	20.9%	8.7%
Hungary	12.0%	7.2%

Source: Zenith  
Media's forecast

/hs03/result 2002

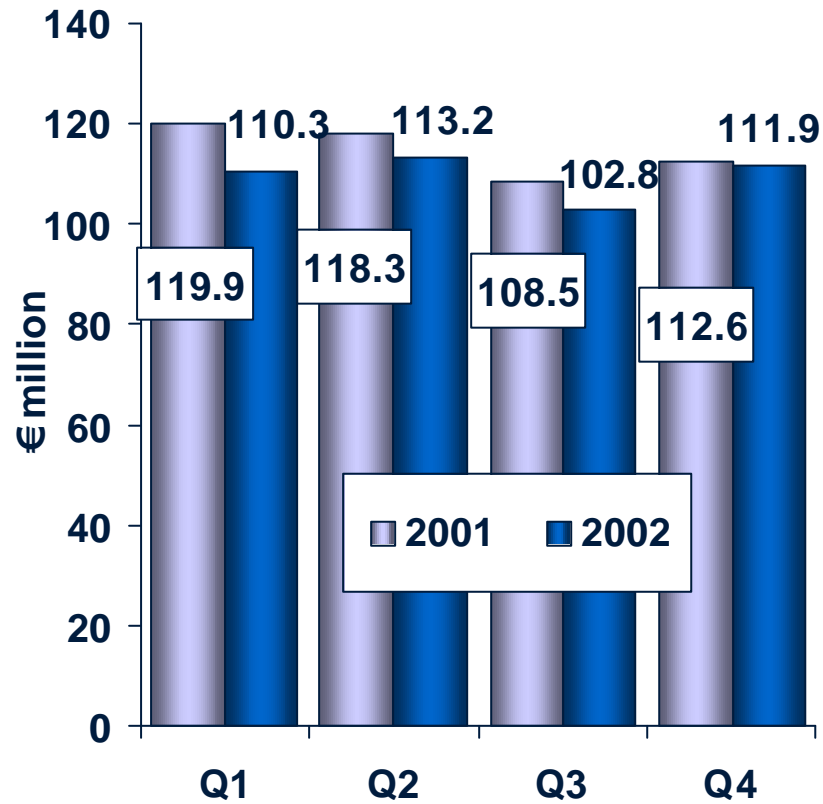


/hs03/result 2002

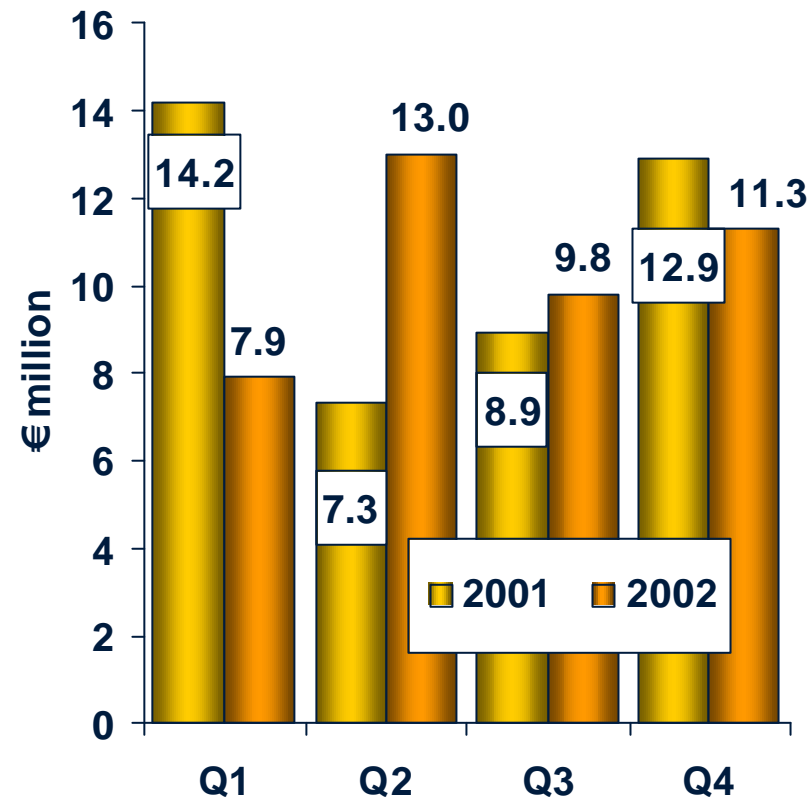


# Sanoma Division

## NET SALES



## OPERATING PROFIT (EBIT)



/hs03/result 2002

# Sanoma

## Key developments 2002

- Good result in decreasing market situation
- Expenses cut by €22 million through savings and lower paper costs
- Most of investments related to the Sanomala printing plant project
- Startel sold Ecovision AB and the businesses of StarDesk and StarWeb
- Startel launched a development and profitability programme which is forecast to boost Sanoma's profits by some €1.5 million, starting in 2004
- 12% of the shares of Ilkka-Yhtymä was sold
- Sanoma acquired the publishing rights of Veikkaaja magazine
- Net sales decreased mainly due to the prolonged decline in media advertising and decreasing exports of printing products



# Sanoma 2002

€ million	NET SALES		OPERATING PROFIT	
	1-12/2002	1-12/2001	1-12/2002	1-12/2001
Newspaper publishing and printing	<b>438.1</b>	459.3	<b>41.9*</b>	43.3*
Total	<b>438.1</b>	459.3	<b>41.9</b>	43.3
	<b>2002</b>	<b>2001</b>		
Gross investments, € million	<b>48.6</b>	76.5		
Personnel, average **	<b>3,578</b>	3,563		

## Outlook for 2003:

- Net sales are expected to grow at least as much as the general trend in the media market in Finland.
- Operating profit is forecasted to improve by more than net sales due to long-term development plan.

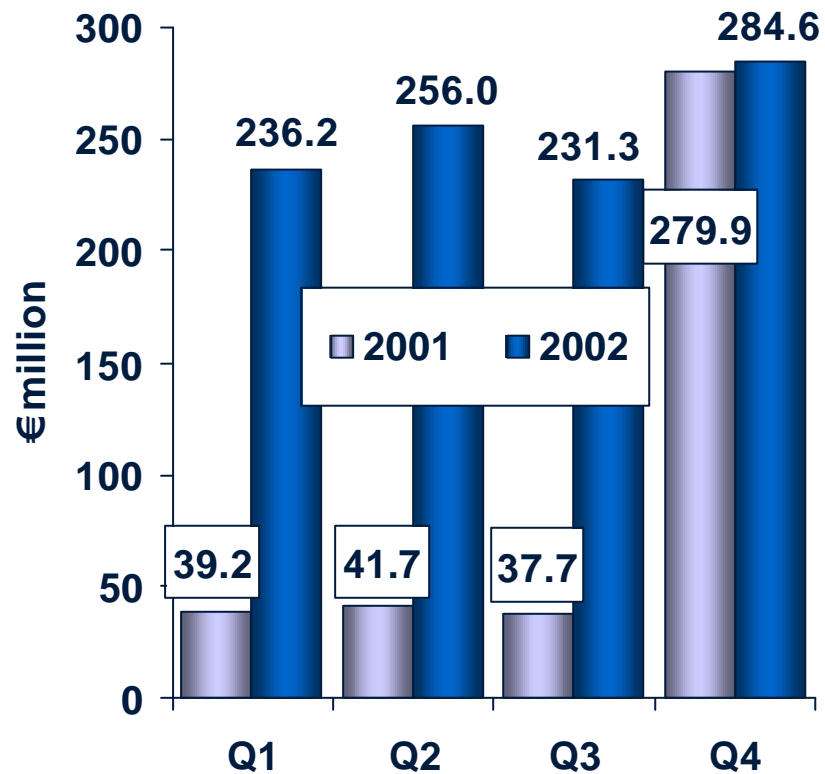
\*includes share of Rautakirja's result  
\*\*full-time equivalents

/hs03/result 2002

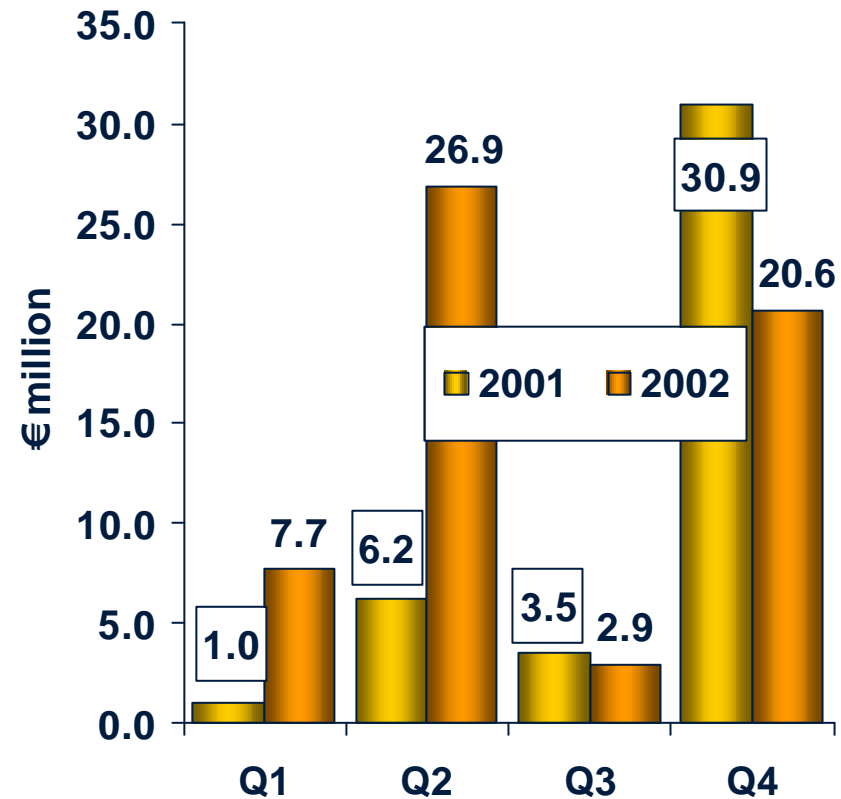


# Sanoma Magazines Division

## NET SALES



## OPERATING PROFIT (EBIT)



Q4/2001: CIG included for the first time

/hs03/result 2002

# Sanoma Magazines

## Key developments 2002

- The first full year in business
- The Group succeeded well in spite of difficult market situation
- The divestments of Blue Book and BEAP units
- Sanoma Uitgevers' reorganisation project's non-recurring costs € 13.1 million
- A new distribution centre for Aldipress in Duiven
- A 9% share of the leading press distribution company in the Czech Republic was acquired
  
- Launched 11 and discontinued 5 magazines

# Dynamic portfolio

## • Launches:

- Prenza, the Netherlands
- Flair, the Netherlands
- Elle, Croatia
- Story, Croatia
- Story, Romania
- TV Story, Romania
- Sestra, Slovakia
- Sport, Finland
- National Geographic, Czech Rep.
- Best, Hungary
- Wellness, Hungary



## • Relaunches:

- Story, Czech Rep.
- Me Naiset, Finland



## • Discontinuances:

- Prenza, the Netherlands
- Avenue, the Netherlands
- Sköna Dagar, Sweden
- Sériál, Czech Rep.
- Prekvapenie, Slovakia



/hs03/result 2002

# Sanoma Magazines 2002

€ million	NET SALES		OPERATING PROFIT	
	1-12/2002	1-12/2001 <sup>1</sup>	1-12/2002	1-12/2001 <sup>1</sup>
Magazine publishing	<b>904.0</b>	377.6	<b>62.8</b>	41.3
Press distribution (Aldipress)	<b>215.0</b>	52.8	<b>-4.6</b>	0.4
Intracompany transactions	<b>-110.9</b>	-31.7	<b>0.0</b>	0.0
<b>Total</b>	<b>1,008.1</b>	398.6	<b>58.2</b>	41.7

	<u>2002</u>	<u>2001<sup>1</sup></u>
Gross investments, € million	<b>18.7</b>	1,314.8
Personnel, average <sup>2</sup>	<b>4,228</b>	1,707

## Outlook for 2003:

- Net sales are expected to grow slightly.
- EBIT is expected to be roughly 6% of net sales.

1) Sanoma Magazines Finland (former Helsinki Media) 12 months, CIG 3 months  
2) full-time equivalents

/hs03/result 2002



# swelcom<sup>e</sup>

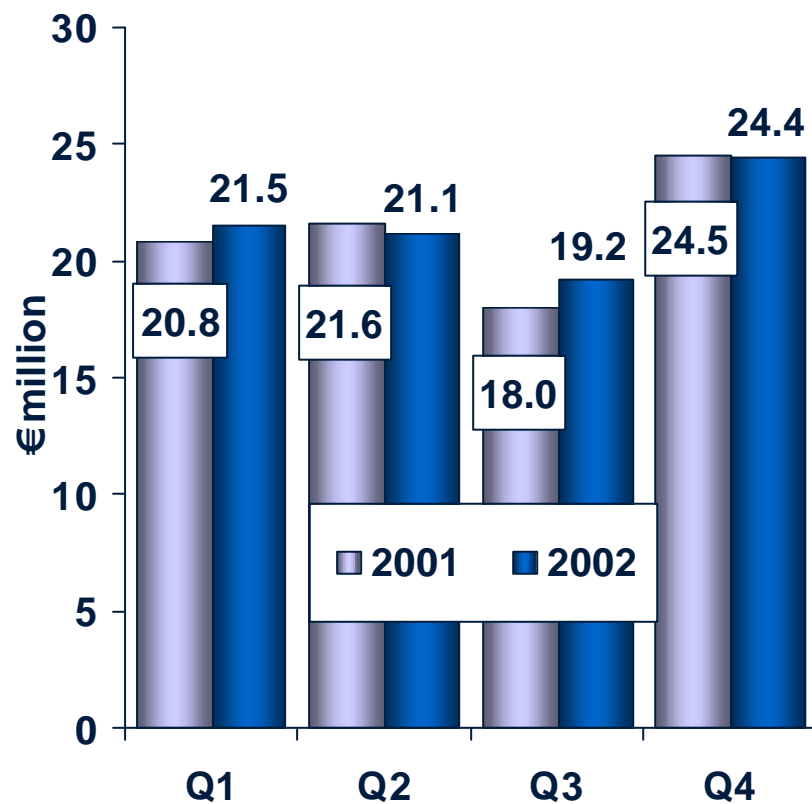


# 2ndhead

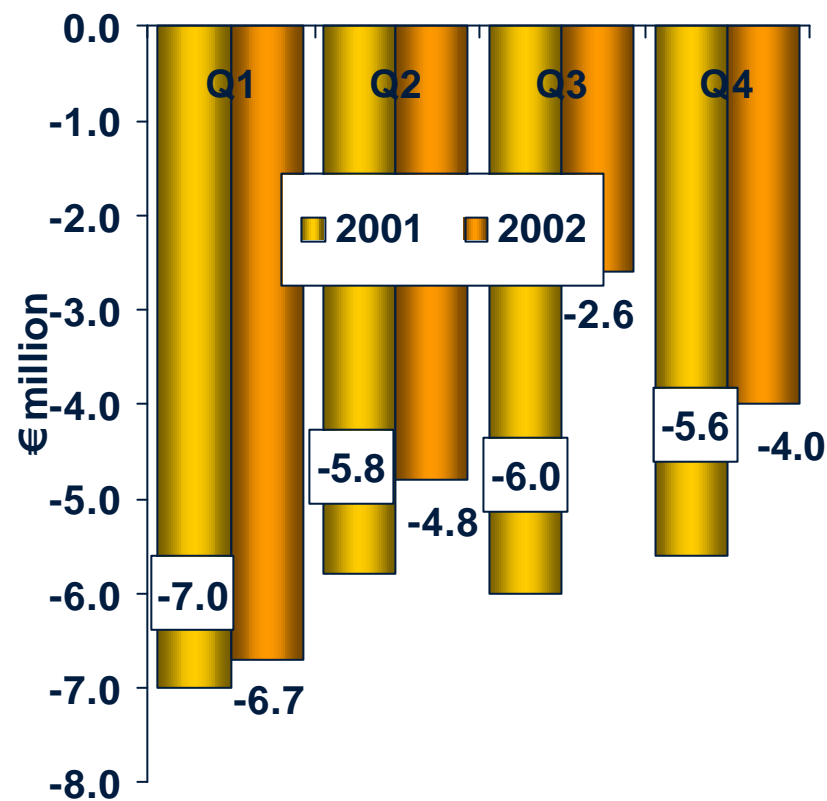


# SWelcom Division

## NET SALES



## OPERATING PFOFIT (EBIT)



/hs03/result 2002



# SWelcom

## Key developments 2002

- Net sales increased, operating loss decreased markedly
- Advertising revenue some 55% of net sales
- Nelonen's licence fee halved as of 1 July
- The great success of HTV's broadband internet services
- 2ndhead's operations refocused

# SWelcom 2002

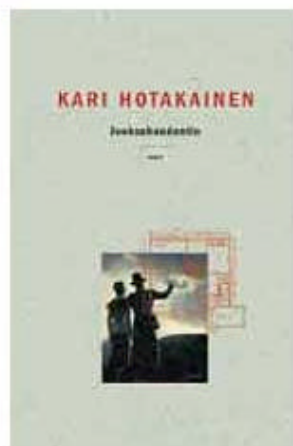
€ million	NET SALES		OPERATING PROFIT	
	1-12/2002	1-12/2001	1-12/2002	1-12/2001
Electronic media	<b>86.1</b>	84.9	<b>-18.0</b>	-24.5
Total	<b>86.1</b>	84.9	<b>-18.0</b>	-24.5
	<b>2002</b>	<b>2001</b>		
Gross investments, € million	<b>8.1</b>	12.5		
Personnel, average *	<b>384</b>	403		

## Outlook for 2003:

- Net sales are projected to grow markedly.
- Operating loss is expected to continue to decline significantly.

\* full-time equivalents

/hs03/result 2002



# Genimap

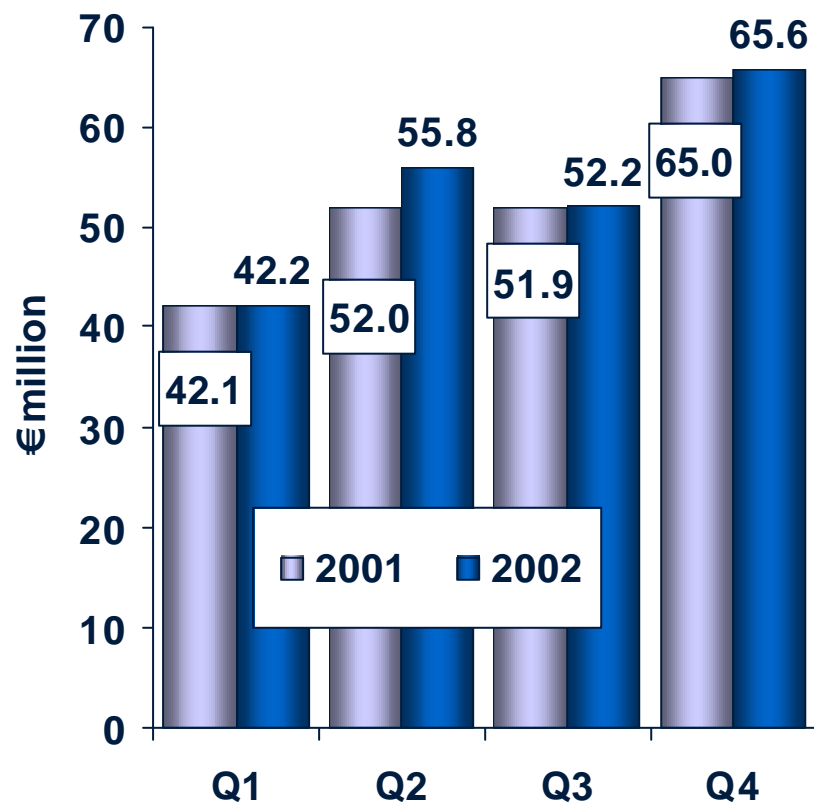


## Lönnberg Painot Oy

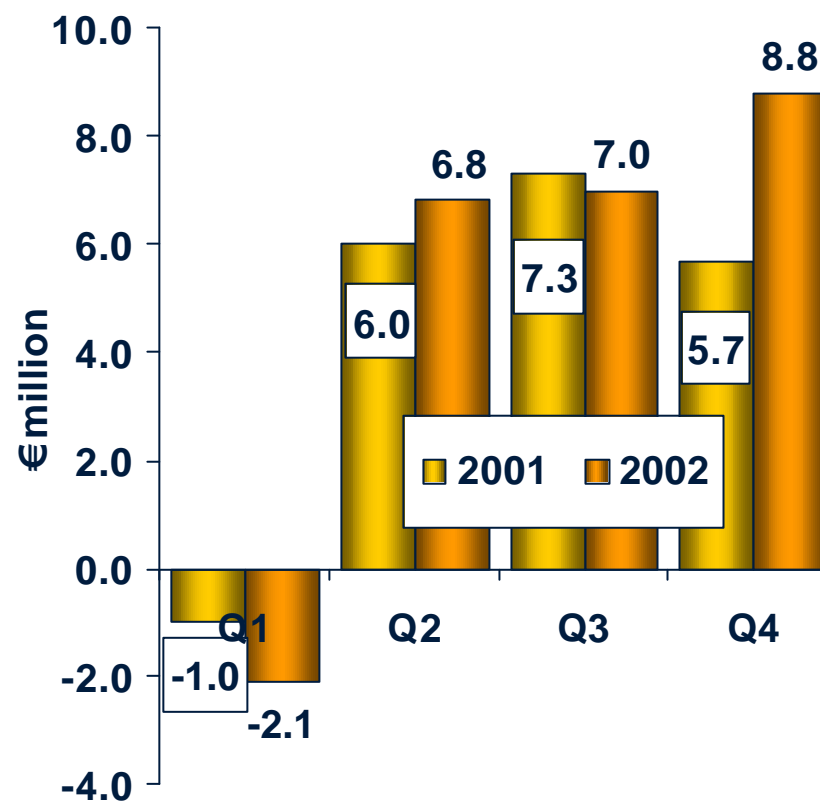
/hs03/result 2002

# WSOY Division

## NET SALES



## OPERATING PROFIT (EBIT)



/hs03/result 2002

# WSOY

## Key developments 2002

- Net sales and operating profit increased
- Most growth was generated by publishing, which market share strengthened clearly
- Christmas season in book sales was record high
- Traditional business (book publishing and printing) successful
- Business books affected by the economic slowdown
- Educational books' market share remained strong
- Profitability enhanced by cost reductions and streamlining
- The new publishing unit Johnny Kniga started its operations

# WSOY 2002

€ million	NET SALES		OPERATING PROFIT	
	1-12/2002	1-12/2001	1-12/2002	1-12/2001
Publishing	143.5	134.1	11.7	6.3
Printing	62.7	62.2	6.6	7.4
Calendar operations	34.5	35.8	0.5	0.3
Others	3.7	3.9	6.9*	6.4*
Intracompany transactions	-28.6	-25.0	-5.2	-2.3
<b>Total</b>	<b>215.9</b>	<b>211.0</b>	<b>20.5</b>	<b>18.1</b>
	<u>2002</u>	<u>2001</u>		
Gross investments, € million	8.6	14.7		
Personnel, average **	1,836	1,863		

## Outlook for 2003:

- Net sales are projected to increase faster than in the previous year.
- Operating profit from own operations will continue to improve, but the total operating profit will be diminished by the absence of the share of Rautakirja.

\* includes share of Rautakirja's result  
\*\* full-time equivalents

/hs03/result 2002



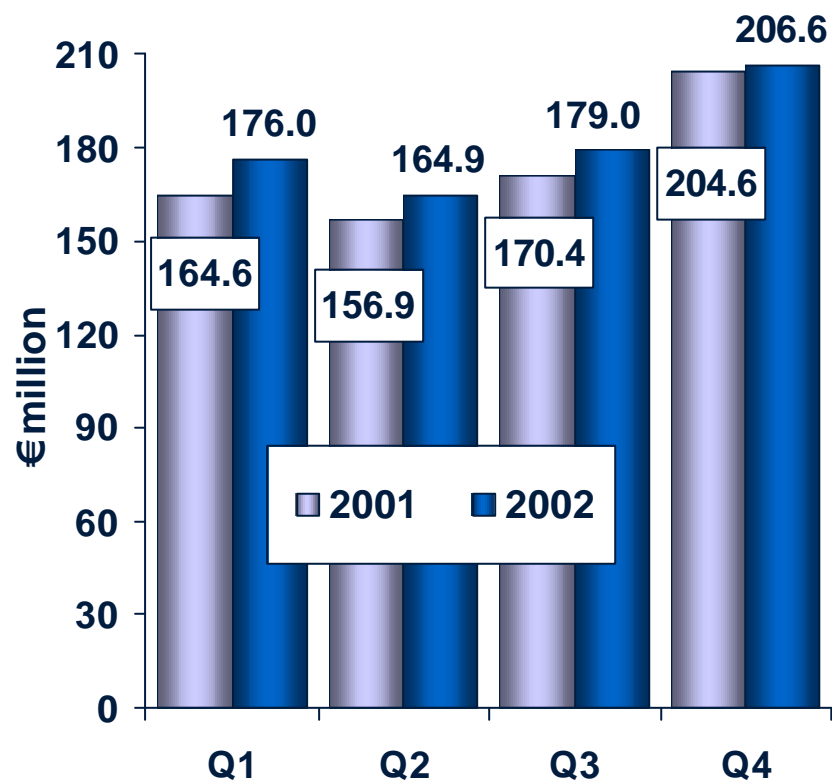
FINNKINO



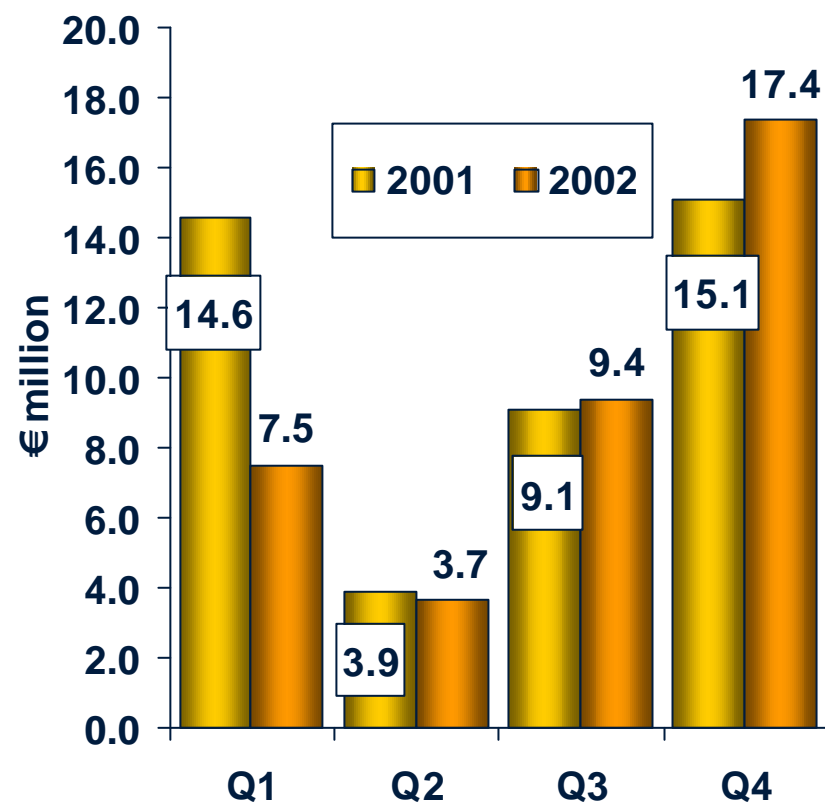
/hs03/result 2002

# Rautakirja Division

## NET SALES



## OPERATING PFOFIT (EBIT)



/hs03/result 2002



# Rautakirja

## Key developments 2002

- Operating profit improved in all lines of business except for press distribution
- Press distribution operations expanded both in Estonia and Latvia
- Kiosk operations expanded
  - Cooperation with Hachette in Czech Rep.
  - Jemma kiosk chain was acquired (10 units for R-kiosks)
- The share of book sales of the total sales grew, especially paperbacks succeeded
- The construction of new cinemas in the Baltic countries progressed as planned
- Movie theatres had many domestic and foreign hit movies
- eBusiness operations were broken up and some of its activities were transferred to other businesses; Dose was sold (two game stores and an online outlet)

/hs03/result 2002

# Rautakirja 2002

€ million	NET SALES		OPERATING PROFIT	
	1-12/2002	1-12/2001	1-12/2002	1-12/2001
Kiosk operations	373.6	359.8	15.4	14.8
Press distribution	177.3	165.1	9.5	10.3
Bookstores	115.2	113.9	7.1	6.7
Movie theatre operations	49.6	47.6	2.6	2.0
Restaurant operations	50.2	42.4	-0.3	-1.1
E-business	0.8	0.4	-1.6	-1.7
Others	0.0	0.0	5.3	11.5
Intracompany transactions	-40.2	-32.7	0.0	0.0
<b>Total</b>	<b>726.5</b>	<b>696.5</b>	<b>38.0</b>	<b>42.6</b>
	<b>2002</b>	<b>2001</b>		
Gross investments, € million	27.8	35.9		
Personnel, average *	5,110	4,461		

## Outlook for 2003:

- Net sales are estimated to grow faster than wholesale and retail business in general in Finland.
- The operating result from basic business operations will remain largely unchanged from 2002.

\* full-time equivalents

/hs03/result 2002

# SanomaWSOY Group 2003

## Outlook for 2003

- Net sales are expected to grow faster than the GDP in Finland.
- Operating profit will grow more than net sales.

## Dividend promise

- Distributes as a dividend at least one-third of the Group's cash flow from operations.

# Proposals for AGM

## Dividend

- To distribute a dividend of €0.40 per share.

## Invalidation of the shares

- To invalidate the SanomaWSOY's shares coming into the ownership of Sanoma Corporation and Werner Söderström Corporation

# 2003

- To continue improving profitability
- To focus on the operations / divest non-core assets
- To pay attention on cash flow
  - Lighten the balance sheet
  - Decrease the net debt
- To use wisely growth possibilities
  - To enhance internationalisation
- To enforce Groups internal integration and cooperation



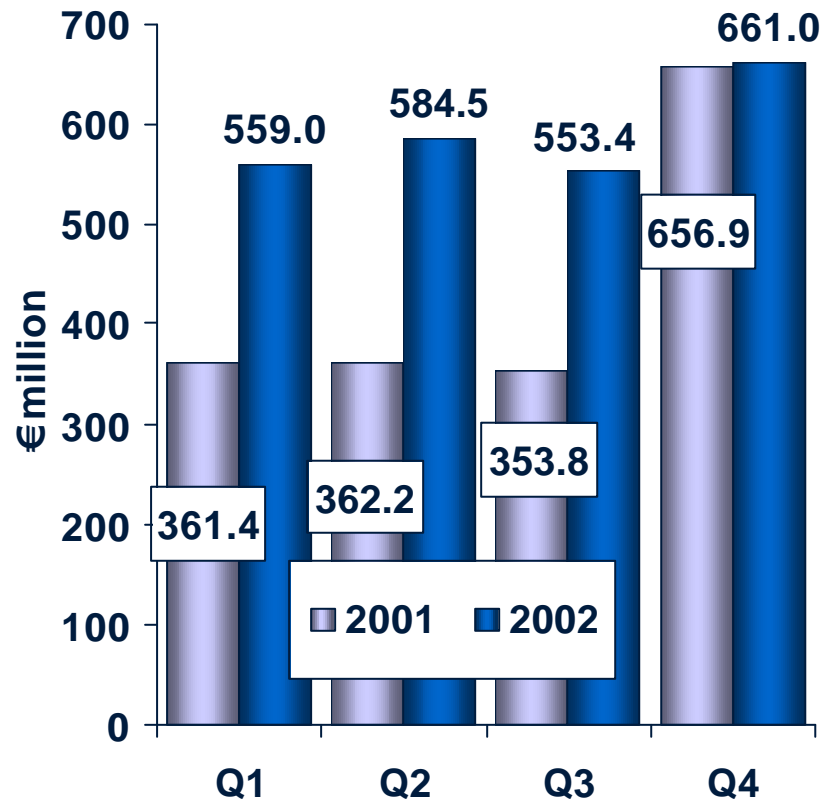
Committed to the Future

# Appendix

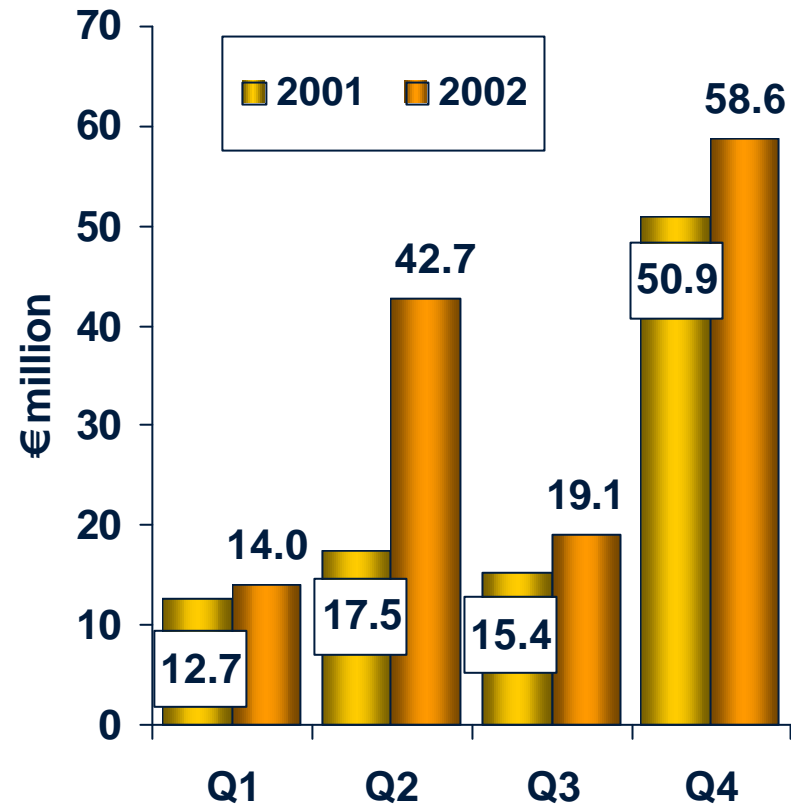
# SanomaWSOY Group

## By quarters

### NET SALES



### OPERATING PROFIT (EBIT)



/hs03/result 2002



# Sanoma

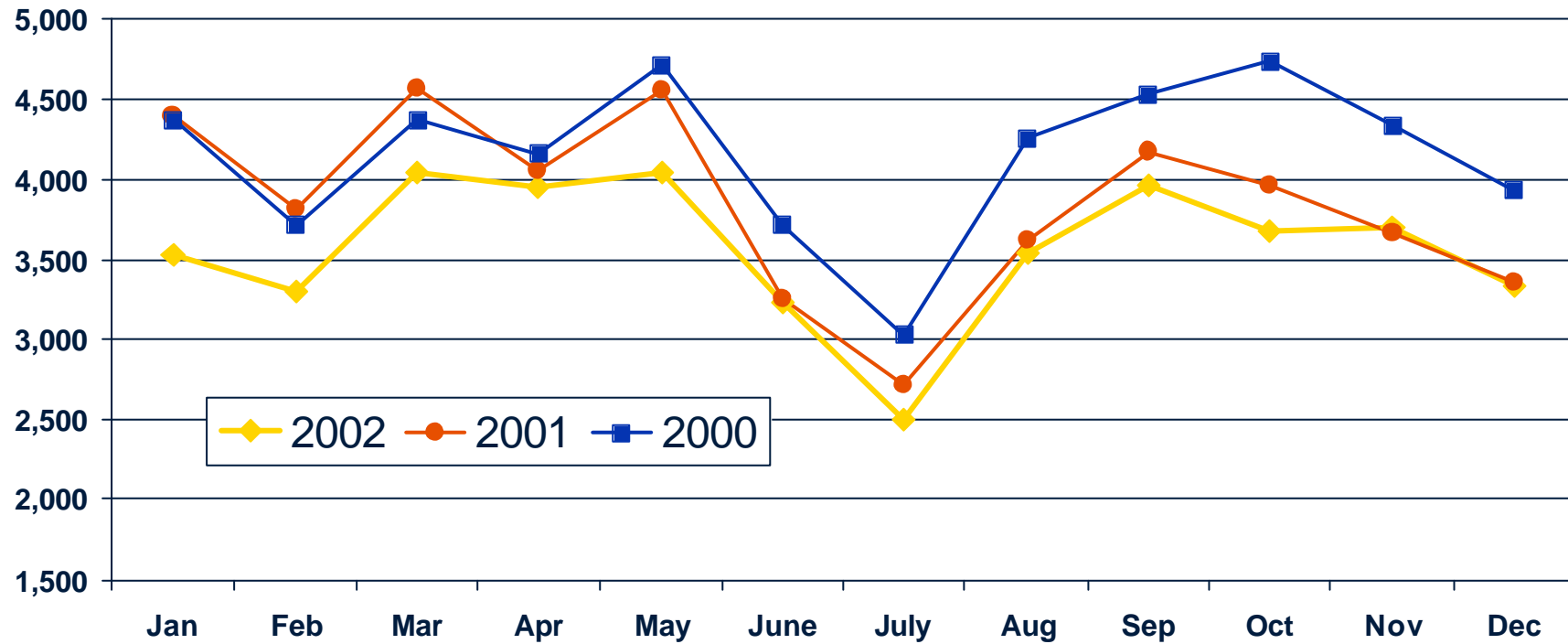
## Operational indicators, 1.1–31.12.

	2002	2001
<b>Helsingin Sanomat:</b>		
Weekday circulation, copies *)	431,262	436,009
Sunday circulation, copies *)	500,150	507,011
Advertising volume (column meters)	42,834	46,165
<b>Ilta-Sanomat:</b>		
Circulation, copies *)	204,820	218,829
Advertising volume (column meters)	7,036	6,853
<b>Taloussanomat:</b>		
Circulation, copies *)	32,513	31,192
Advertising volume (column meters)	2,747	4,378
<b>Other daily papers</b>		
Total circulation, copies *)	89,718	90,806
Advertising volume (column metres)	21,092	21,937
<b>Local newspapers</b>		
Total circulation, copies	33,407	33,563
Advertising volume (column metres)	8,501	8,760
Paper consumption, tonnes	94,993	108,992

\* Audited  
circulation figures

/hs03/result 2002

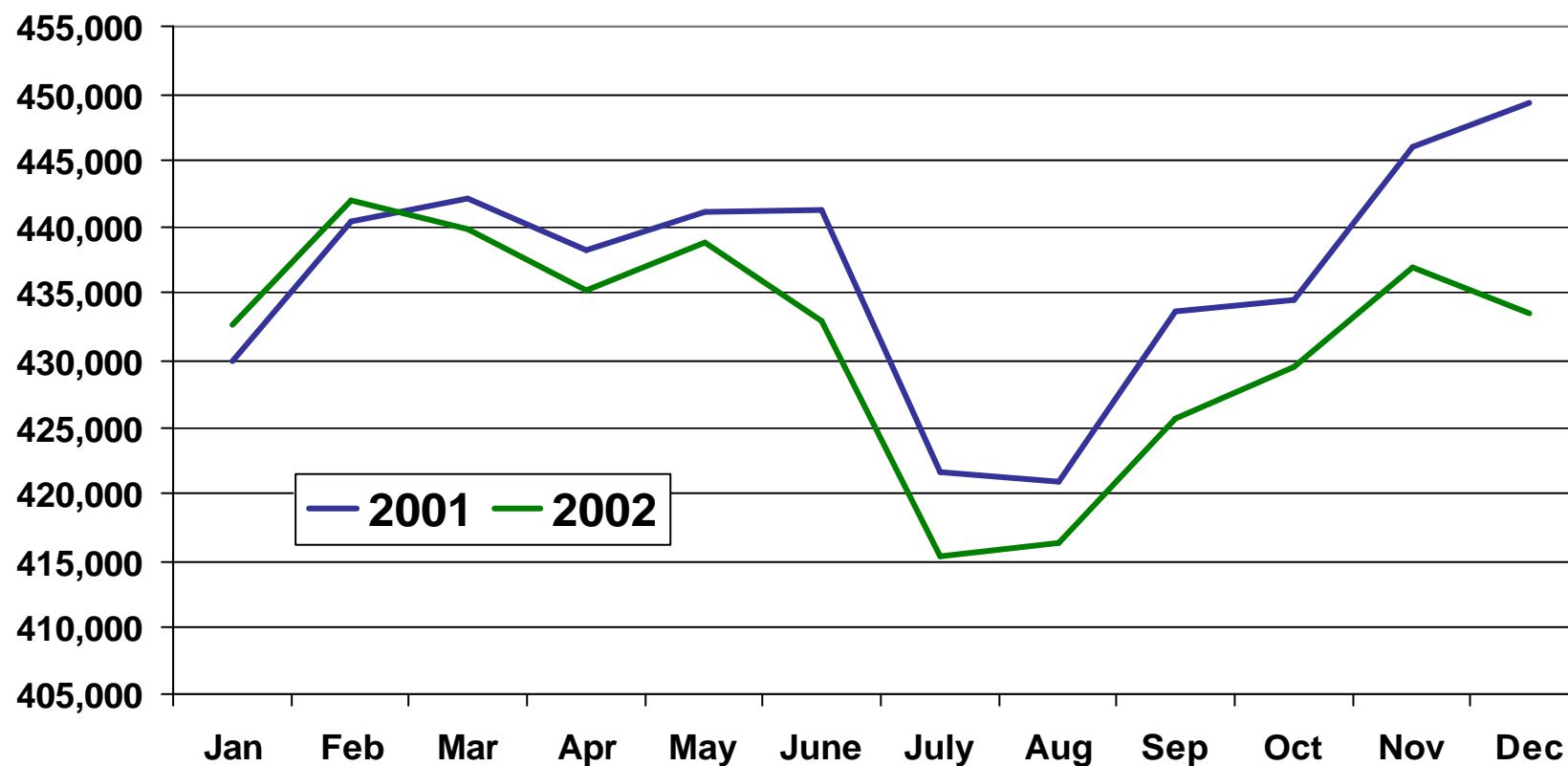
# Advertising in Helsingin Sanomat (column metres)



/hs03/result 2002

# Helsingin Sanomat

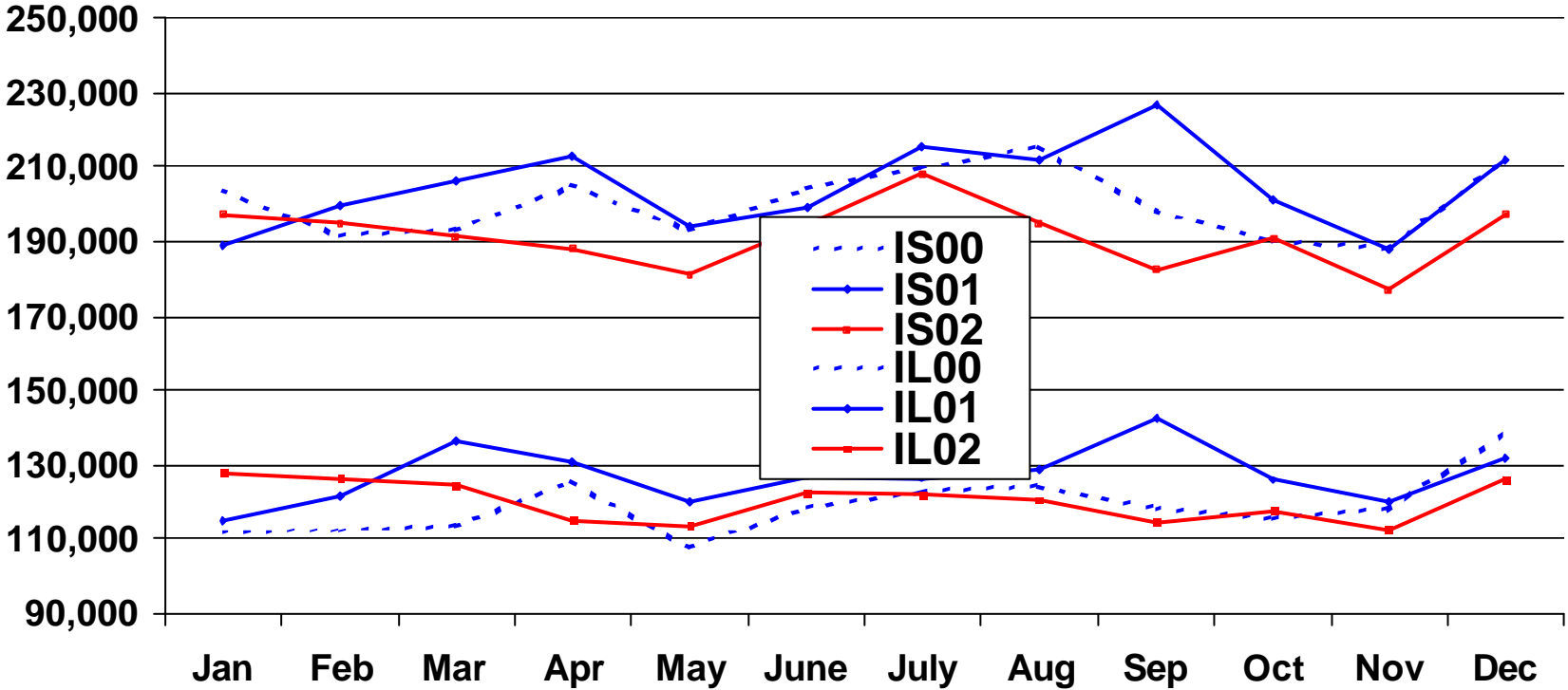
## net circulation



/hs03/result 2002

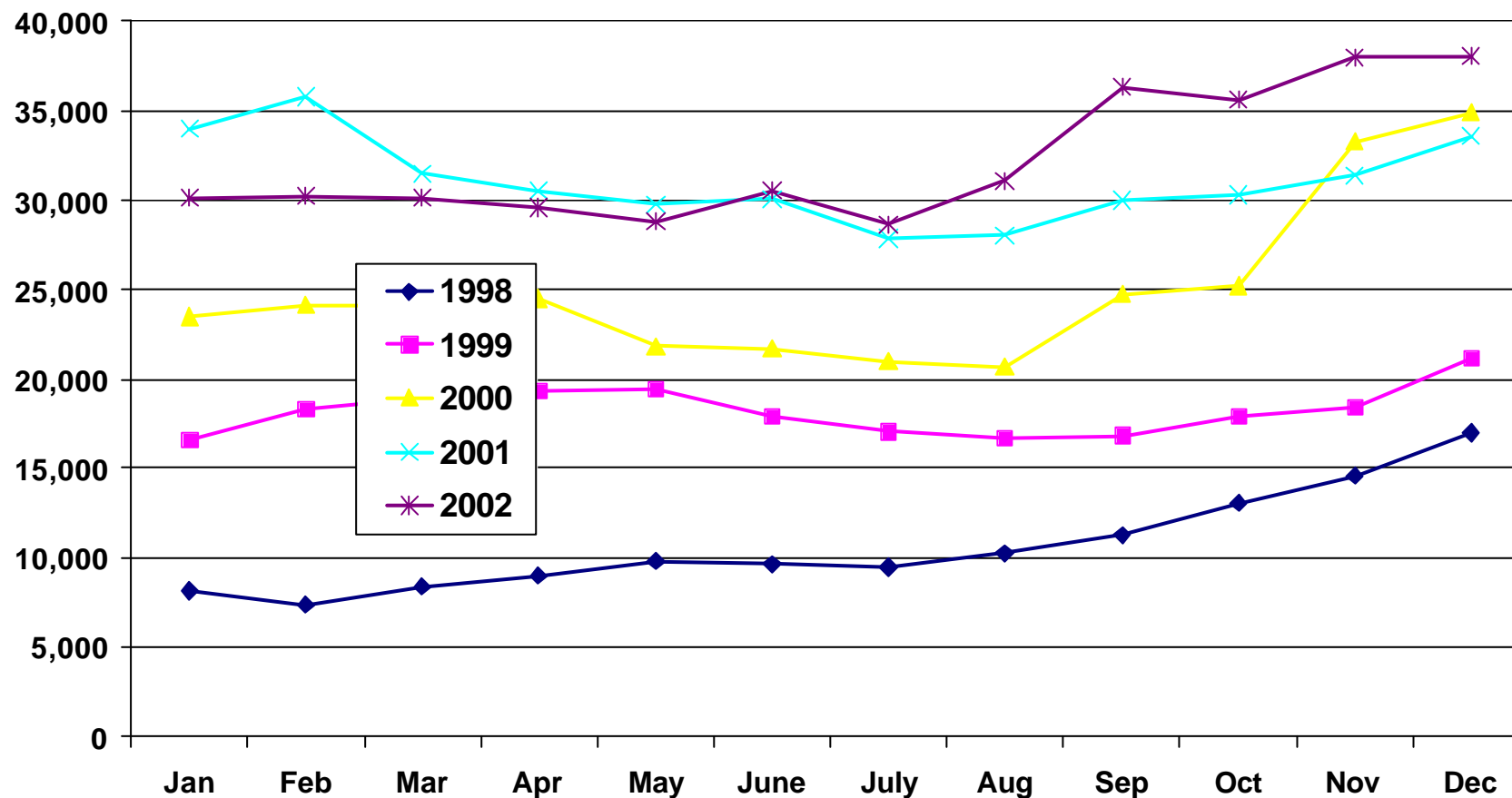
# Iita-Sanomats and Iitalehti's monthly news stand sales

2000-2002



/hs03/result 2002

# Subscriber volume at Taloussanommat, 1998-2002



Monthly average

/hs03/result 2002

# Sanoma Magazines

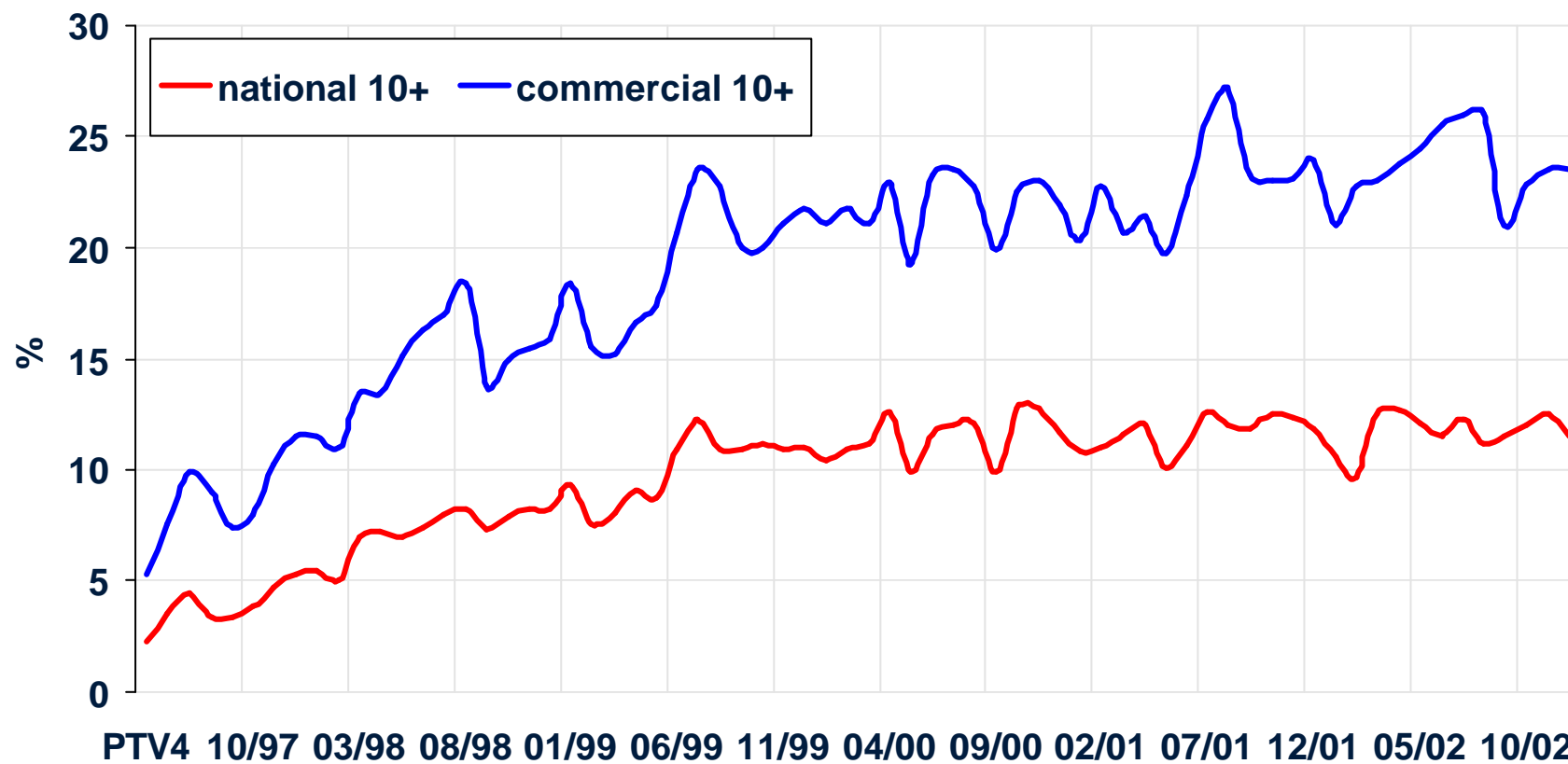
## Operational indicators, 1.1–31.12.

	2002	2001
Number of copies sold (press distribution / Aldipress), thousands	<b>123,901</b>	127,904
Number of magazines published	<b>221</b>	269 *
Magazine copies sold, thousands	<b>420,762</b>	444,155
Number of advertising pages sold	<b>49,144</b>	44,735

\* Includes BEAP magazines

/hs03/result 2002

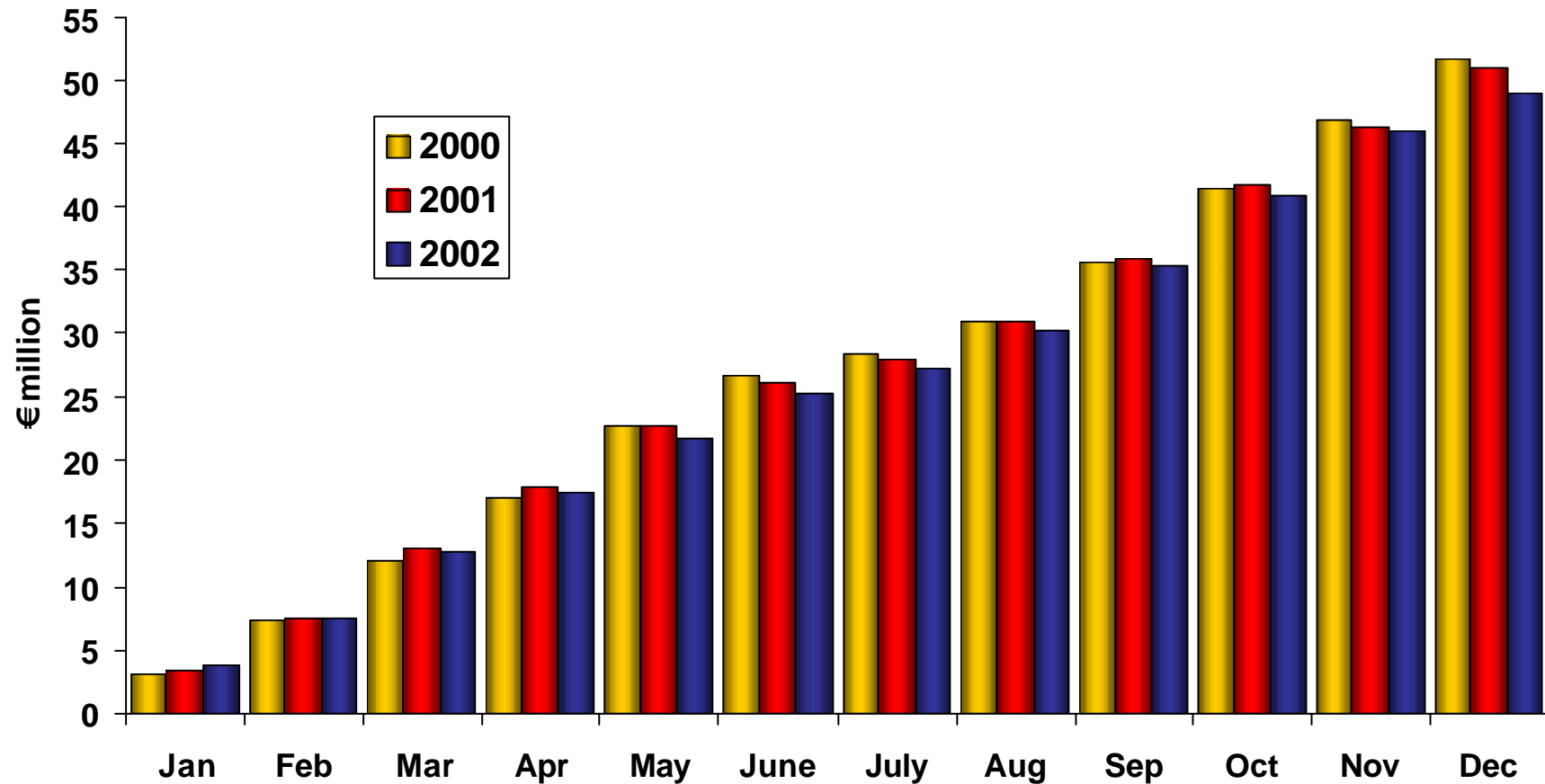
# Audience figures for Nelonen



Source: Finnpanel Oy

/hs03/result 2002

# Nelonen sales revenue (cumulative)



/hs03/result 2002



# SWelcom

## Operational indicators, 1.1–31.12.

	<b>2002</b>	2001
Nelonen's share of Finnish TV advertising	<b>24.7%</b>	26.5%
Nelonen's daily coverage	<b>43%</b>	42%
Nelonen's national commercial viewing share	<b>23.4%</b>	22.6%
Nelonen's national viewing share	<b>11.6%</b>	11.6%
Number of connected households, thousands	<b>237</b>	219
Number of pay-TV subscriptions, thousands	<b>36</b>	40
Number of broadband Internet connections, thousands	<b>31</b>	20

/hs03/result 2002

# WSOY

## Operational indicators, 1.1–31.12.

	<b>2002</b>	2001
<b>Number of new titles published</b>		
Books	<b>681</b>	622
Electronic products	<b>116</b>	123
<b>Number of reprints published</b>		
Books	<b>1 251</b>	1 213
Electronic products	<b>279</b>	257
Books printed, millions	<b>22</b>	22
Paper consumption, tonnes	<b>12 952</b>	13 139

/hs03/result 2002

# Rautakirja

## Operational indicators, 1.1–31.12. \*

	<b>2002</b>	2001
Customer volume in kiosk operations, thousands	<b>83,746</b>	82,499
Customer volume in bookstore operations, thousands	<b>6,460</b>	6,629
Customer volume in movie theatres, thousands	<b>3,591</b>	3,351
Number of copies sold (press distribution), thousands	<b>126,017</b>	136,700

\* Own units in  
Finland

/hs03/result 2002