

Annual General Meeting

Jaakko Rauramo, President & CEO

April 18, 2000

Finlandia Hall



Established: 1878



1889



1993



1976

Oy Devarda Ab



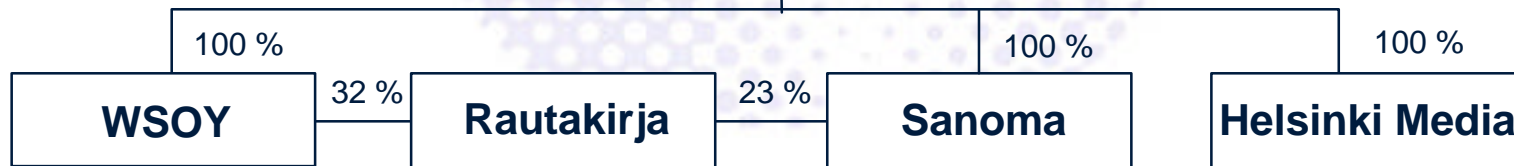
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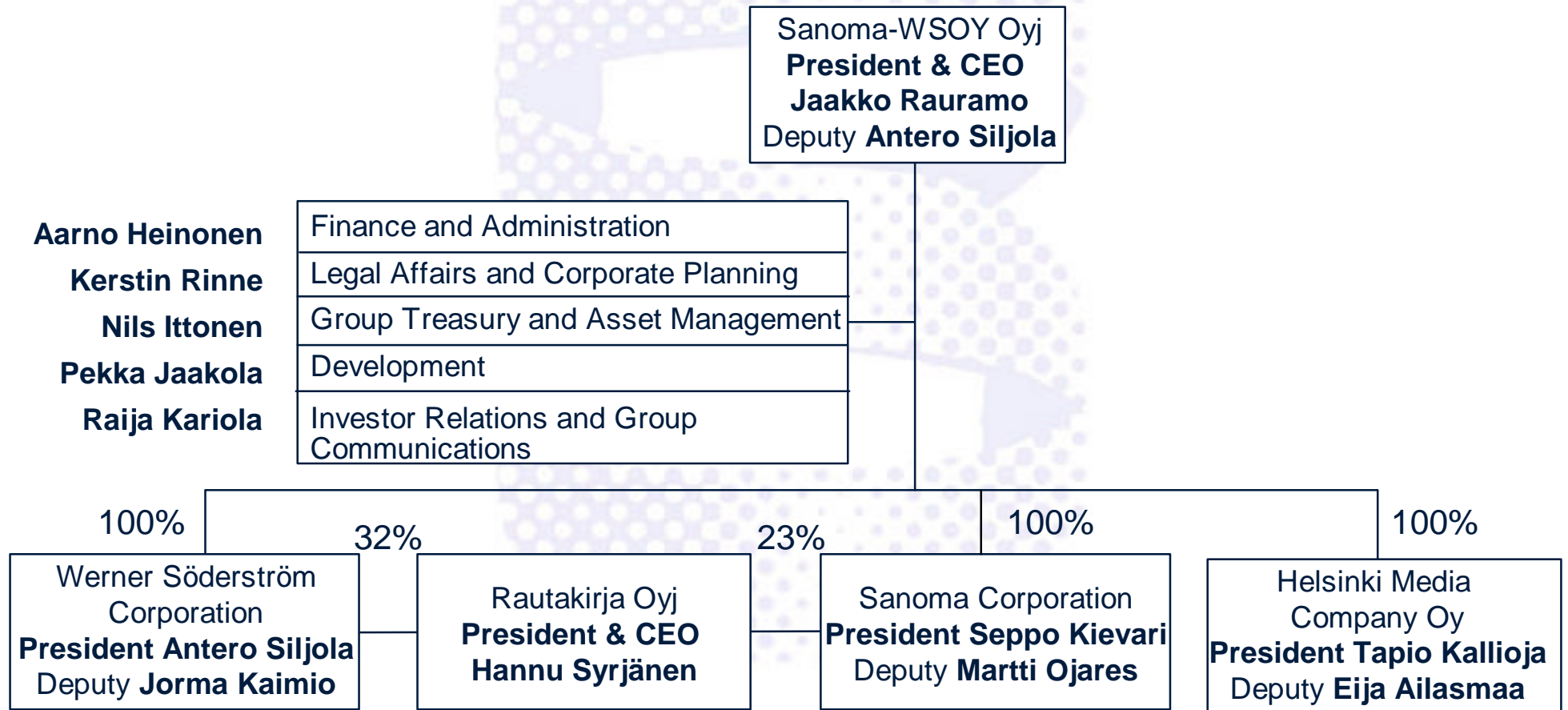
Combination merger

May 1, 1999

SanomaWSOY Group



Organisation



SanomaWSOY Group

Parent Company

Sanoma-WSOY Oyj

Sectors

Helsinki Media Company Oy

Sanoma Corporation

Rautakirja Oyj

Werner Söderström Corporation

Business areas

• Business units

Magazine publishing

- Magazines
- Special interest magazines
- Comics
- Books

Electronic media

- TV operations
- Network media

Newspaper publishing and printing

- Helsingin Sanomat
- Ilta-Sanomat
- Local and regional newspapers
- Printing plants

Financial and new media products

- Financial daily
- News agency services
- News analysis and summary services

**Kiosk operations
Press distribution
Bookstores**

- Suomalainen Kirjakauppa Oy

Movie theatre operations

- Finnkino Oy

Restaurant operations

- EuroStrada Oy
- Pizza Hut (franchising)

Publishing

- Books
- Electronic publications
- Maps
- Other electronic products

Printing

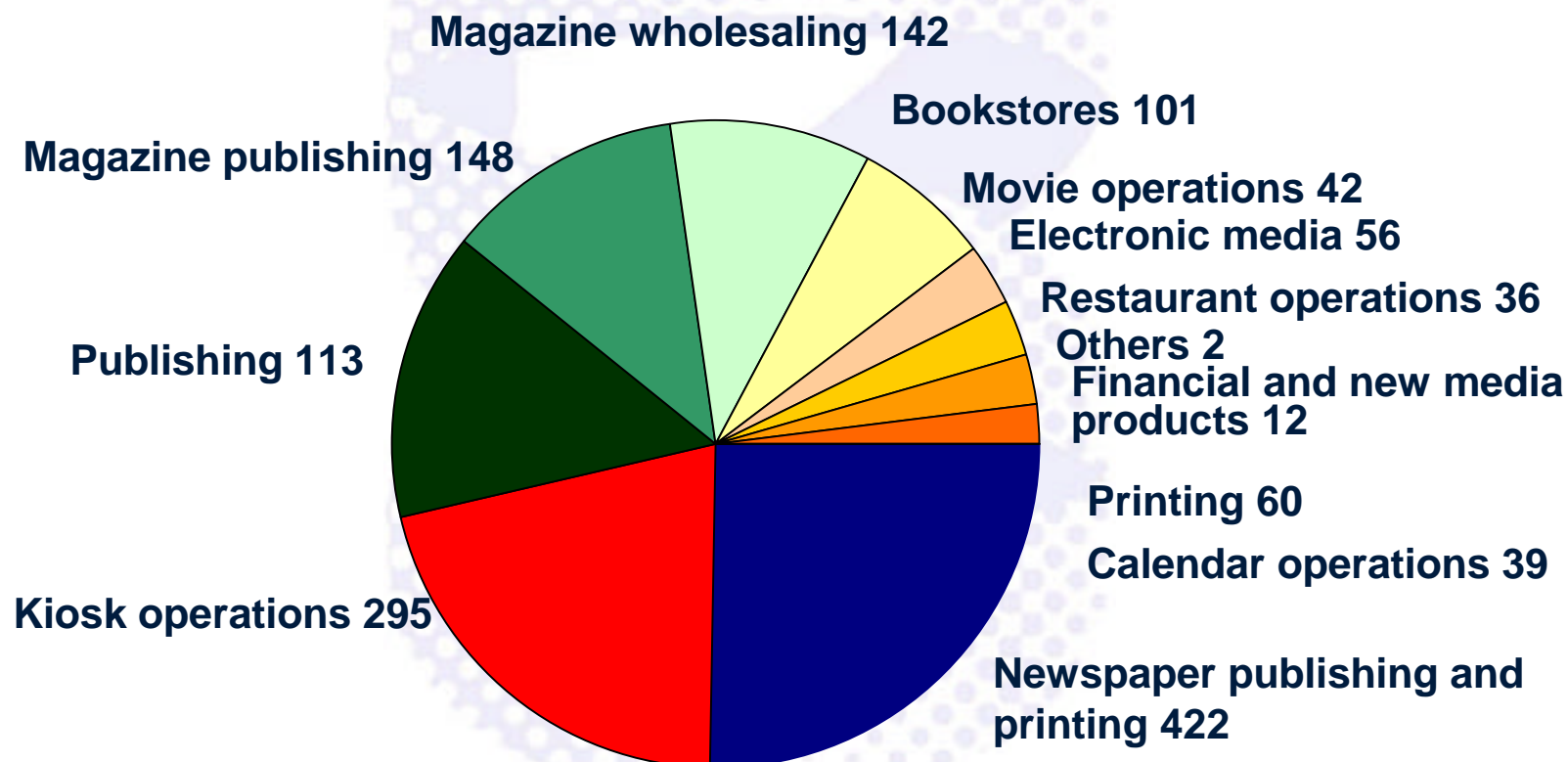
- Printing plant
- Digital printing plant
- Special printed products

Calendar operations

- Calendars



Net sales by business, 1999 EUR million



Total: EUR 1 468 billion *

*) includes Intra-Group sales (EUR 147 million)



Income statement

EUR million	1999	1998	Change %
Net sales	1 320.6	1 251.7	5.5
Operating profit	71.7	71.2	0.6
Financial income and expenses	39.3	26.5	48.0
Profit before extraordinary items	110.4	97.7	13.0
Profit after extraordinary items	110.7	211.3	-47.6
Direct taxes	-31.6	-29.0	-8.9
Minority interest	-5.1	-13.3	61.7
Profit for the year	74.0	169.0	-56.2

Pro forma, FAS
FAS= Finnish Accounting Standard



Balance sheet

EUR million	1999	1998	Change %
Non-current assets, total	744.5	551.7	35.0
Current assets, total	578.6	688.0	- 15.9
ASSETS, TOTAL	1 323.1	1 239.6	6.7
Shareholders' equity, total	786.1	727.6	8.0
Minority interest	119.4	98.4	21.4
Statutory provisions	1.7	2.0	-16.9
Liabilities	415.9	411.6	1.0
LIABILITIES, TOTAL	1 323.1	1 239.6	6.7

Pro forma, FAS
 FAS= Finnish
 Accounting Standard



Cash flow statement

EUR million

1.1.–31.12.1999

Cash flow from operations before financial items and taxes	130.3
Cash flow from operations	123.8
Cash flow from investments	-213.0
Cash flow from financing	-17.2
Change in liquidities according to the cash flow statement	-106.5
Non-realised exchange rate differences under liquidities	-5.4
Net increase (+)/decrease (-) in liquidities	-111.9
Liquidities according to the balance sheet at Jan 1	433.1
Liquidities according to the balance sheet at Dec 31	321.2

Pro forma, FAS
FAS= Finnish
Accounting Standard



Key indicators, 1999

Net sales, EUR million	1 320.6
Operating profit , EUR million	71.7
% of net sales	5.4
Profit before extraordinary items, EUR million	110.4
% of net sales	8.4
Earnings/share, EUR	2.13
Equity/share, EUR	22.73
Return on investment, % (ROI)	12.4
Return on equity, % (ROE)	9.3
Equity ratio, %	71.0
Gearing, %	-24.0
Personnel, average	9 816

Pro forma, FAS
FAS= Finnish
Accounting Standard



Share price development, from May 1, 1999 onwards



The 15 largest publicly listed companies in Finland

by market capitalisation as of April 14, 2000

	FIM billion	EUR billion
1. Nokia	1 390,0	233,78
2. Sonera	241,5	40,61
3. Nordic Baltic Holding	82,1	13,80
4. Stora Enso	48,3	8,13
5. UPM-Kymmene	44,5	7,48
6. Helsingin Puhelin*	43,2	7,27
7. Tietoenator	21,9	3,68
8. Fortum	20,2	3,40
9. SanomaWSOY	15,2	2,56
10. Sampo	14,3	2,41
11. Pohjola	12,5	2,10
12. Metso	12,2	2,05
13. Danisco	11,8	1,98
14. Comptel	11,1	1,87
15. Orion	10,4	1,75



* includes HPY Holding's equities₁₁
Source: Bloomberg

SanomaWSOY's operational highlights



- **Merger (1 May)**
- **A-pressen (27,5 %) (Jun 99)**
- **Digital TV operating licences (23 Jun)**
- **The Sanoma House**
- **Kymen Lehtimedia**
- **Digital and interactive learning materials**
- **Group's development unit**



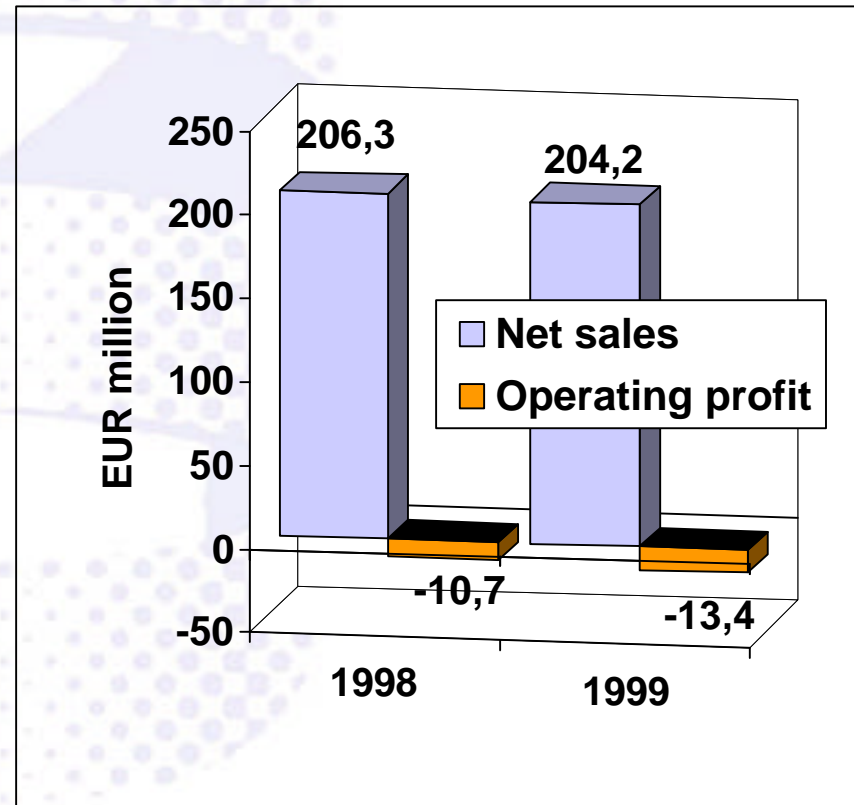
Product development and launches

- **Oikotie**, classified adds service (Feb 99)
- **MG**, men's life-style magazine
- **Cosmopolitan**
- **Matkaopas**, travel trends
- **Prinsessa**, for small girls
- **Sisters Club**, book club for girls (20 May)
- **IT Viikko**, IT weekly (23 Aug)
- **Virtual Portal** (21 Oct)
- **Onbusiness Oy**, Internet based business information services (15 Dec)
- **Online Funds Oy**, e-marketplace (28 Dec)
- **Online bookstores**, e.g. www.suomalainen.com
- **Bookmark**, internet-based book club (14 Jan)
- **Geodata's map service** (18 Feb)



Helsinki Media Group

- Comparable result improved
- Significant increase in operating license fees (EUR 6.86 million vs. EUR 2.12 million in 1998)
- Estimate for 2000:
 - net sales will increase by 10%
 - operating profit will improve clearly



Channel Four Finland, 1999

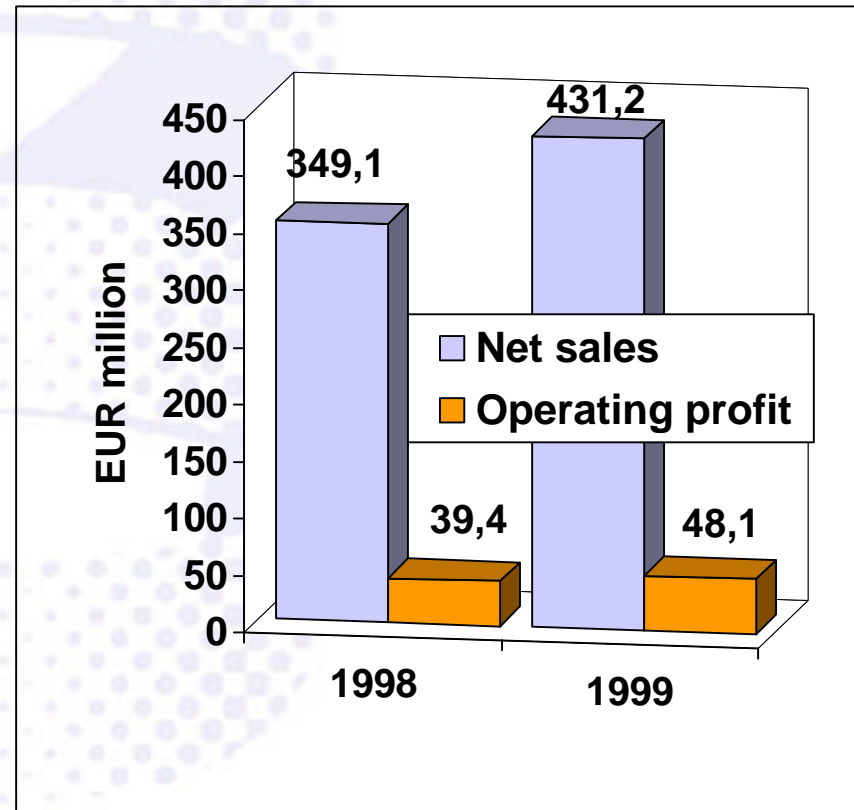


- National audience figures 10% above target level
- 30% share of the commercial TV audience in the 10 - 44 age group
- Net sales of FIM 200 million were up 49% on 1998
- Share of TV advertising revenue rose from 11.6% to 16.5%
- Operating licence extended to the end of 2006
- Operating licence granted for digital-TV



Sanoma Group

- Increase in net sales and operating profit mainly attributable to Kymen Lehtimedia acquisition
- Estimate for 2000:
 - net sales will grow by 5%
 - operating profit will be slightly higher



Taloussanomat

Print and on-line business paper

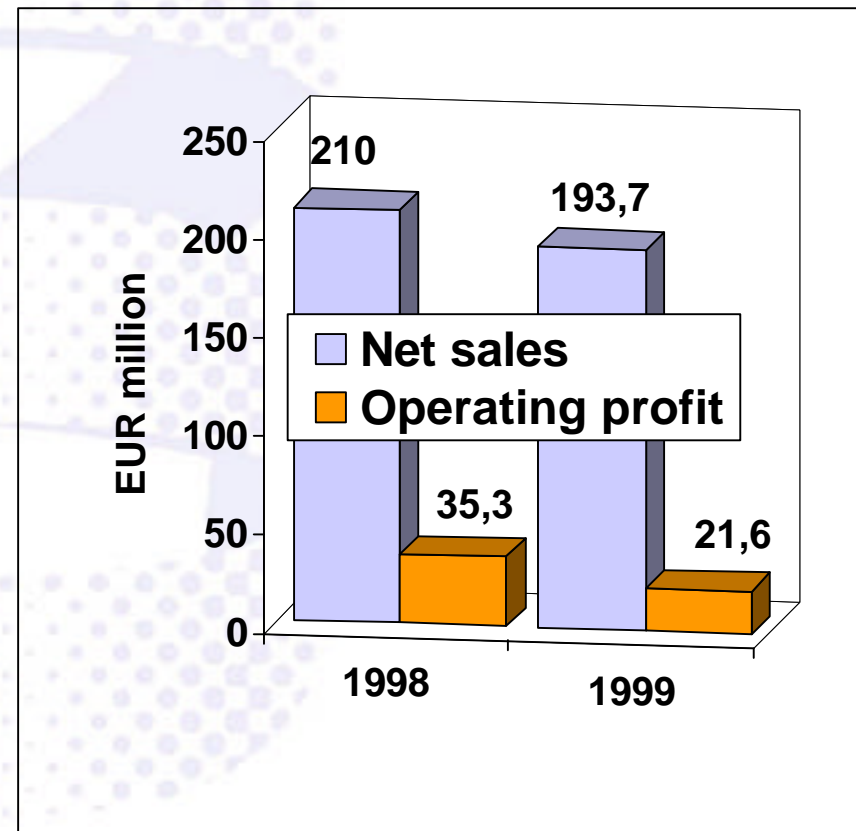
- Finland's fastest-growing newspaper
 - average circulation

	1998	1999	2000/04
average circulation	8,705	18,404	24,592
Saturday circulation	10,106	26,518	32,193
- Business newspaper with additional on-line services
- www.taloussanomat.fi
 - 58,000 registered users
 - 76,000 visitors to the site a month in March
- A newspaper for executives and people interested in the business world, and a source of electronic business information



WSOY Group

- Decrease in net sales and operating profit mainly attributable to divestments
- Strong market positions were retained
- Performance of the Norwegian calendar business unsatisfactory
- Estimate for 2000:
 - net sales will grow by 6%
 - operating profit will remain unchanged from 1999



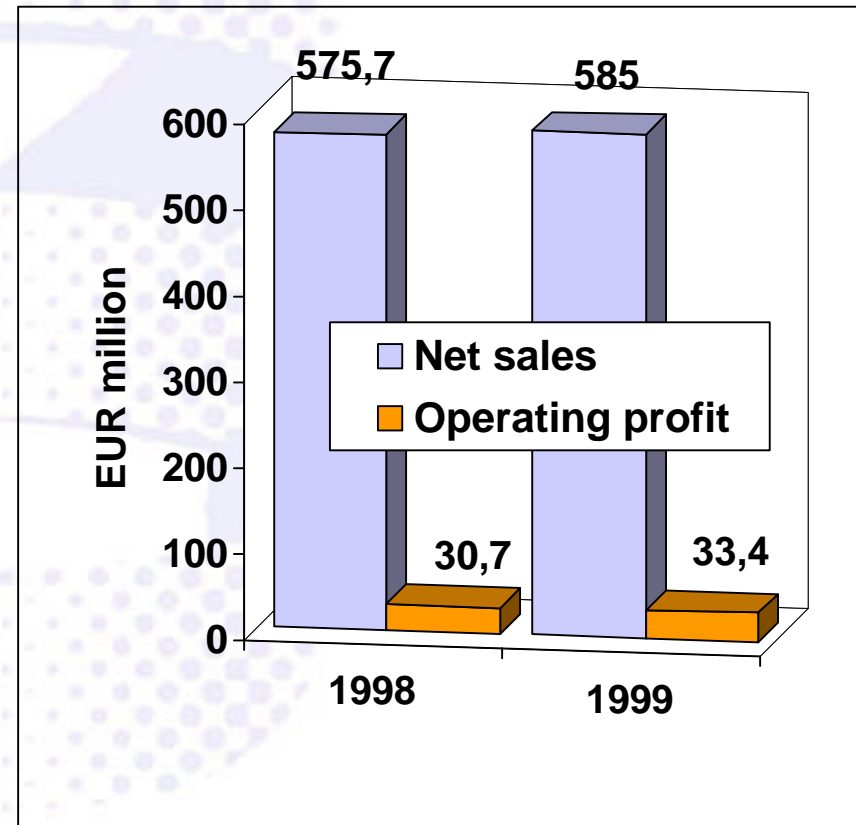
The literary year in 1999

- **Quite a good year in terms of quality and sales in Finland (and elsewhere)**
 - **WSOY's sales to bookshops rose by 8%**
 - **Arto Paasilinna, Jari Tervo and Ilkka Remes all set new records in terms of copies sold**
 - **An exceptionally strong year for poetry**
 - **Large number of new translations of classics**
 - **Works of fiction translated from 12 languages**



Rautakirja Group

- Profit before extraordinary items the best ever in Rautakirja's history
- Investments in excess of FIM 67 million
- Estimate for 2000:
 - net sales will grow by 6%
 - operating profit will remain unchanged from 1999

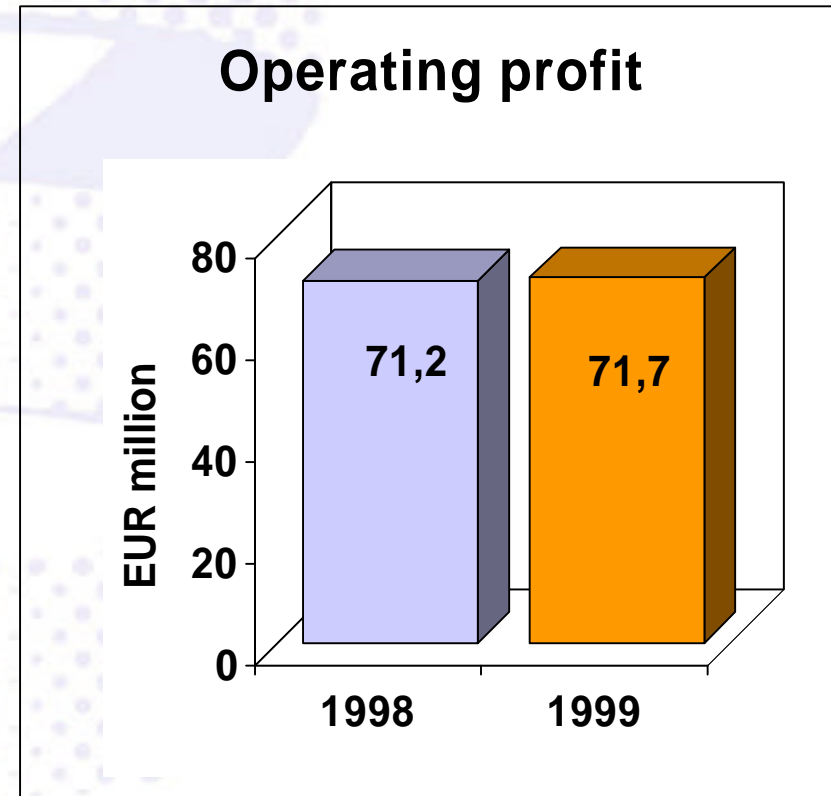
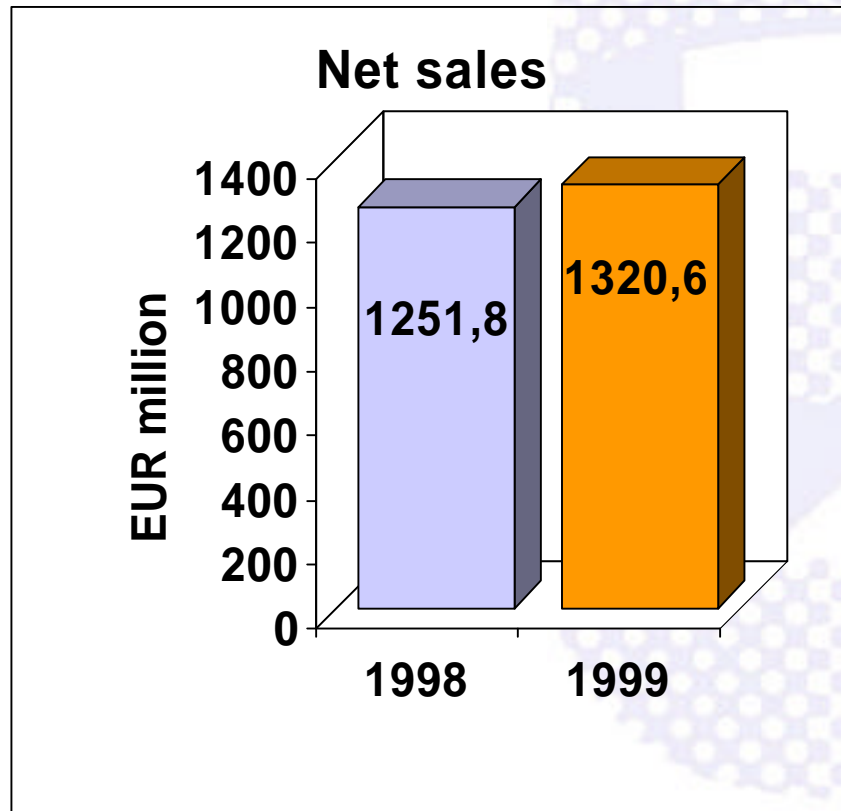


Finnkinton multiplex theatres

- **Tennispalatsi / Helsinki** opened in 2/99
 - The largest cinema complex in the Nordic region
 - 14 screens
 - 1.5 million visitors a year
- **Plevna / Tampere** opened in 4/99
 - 10 screens
 - 500.000 visitors a year
- **Promenadikeskus / Pori** opened in 11/99
 - 5 screens
 - 92.000 visitors in 5 months
- **MPDE / Tallinn, Estonia** to be completed in 3/01
 - 11 screens



SanomaWSOY Group



Estimate for 2000

SanomaWSOY Group

- **Consolidated net sales will clearly exceed FIM 8 billion**
- **Operating profit will improve over 1999**
- **Profit before extraordinary items will remain at the 1999 level**



Personnel, average

	1999	1998
Helsinki Media	953	1 123
Sanoma	3 437	2 730
WSOY	1 754	1 824
Rautakirja	3 631	3 652
Sanoma-WSOY Oyj	42	0
Total	9 816	9 329

Average of full- and part-time employees expressed as full-time employees



Gross investments

EUR million	1999	1998	Change, %
Helsinki Media A-pressen, Hansaprint	36.9	23.1	59.6
Sanoma Kymen Lehtimedia, Sanomatalo, Ilkka/Arnedo	142.0	68.8	106.4
WSOY Tummavuoren Kirjapaino, Young Digital Poland	21.0	25.1	-16.3
Rautakirja Narvesen, Jokerit, Multiplexes	72.1	31.6	128.0
Other companies and Intra-Group investments	7.7		
Total	279.7	148.6	88.1

An investment of EUR 76.69 million in newspaper printing, to be carried out in 2001-2003, was announced after the end of 1999 fiscal year.

Pro forma, FAS
FAS= Finnish
Accounting Standard



Financial targets

Average annual target level (2000-2003)

Net sales growth, %	10%
Return on equity (ROE) *), %	10%
Return on investments (ROI **) , %	12%
Earnings per share growth, %	10%
Equity ratio, %	50%

*) Target ROE 4 % above risk-free interest level

**) Target ROI 6% above risk-free interest level



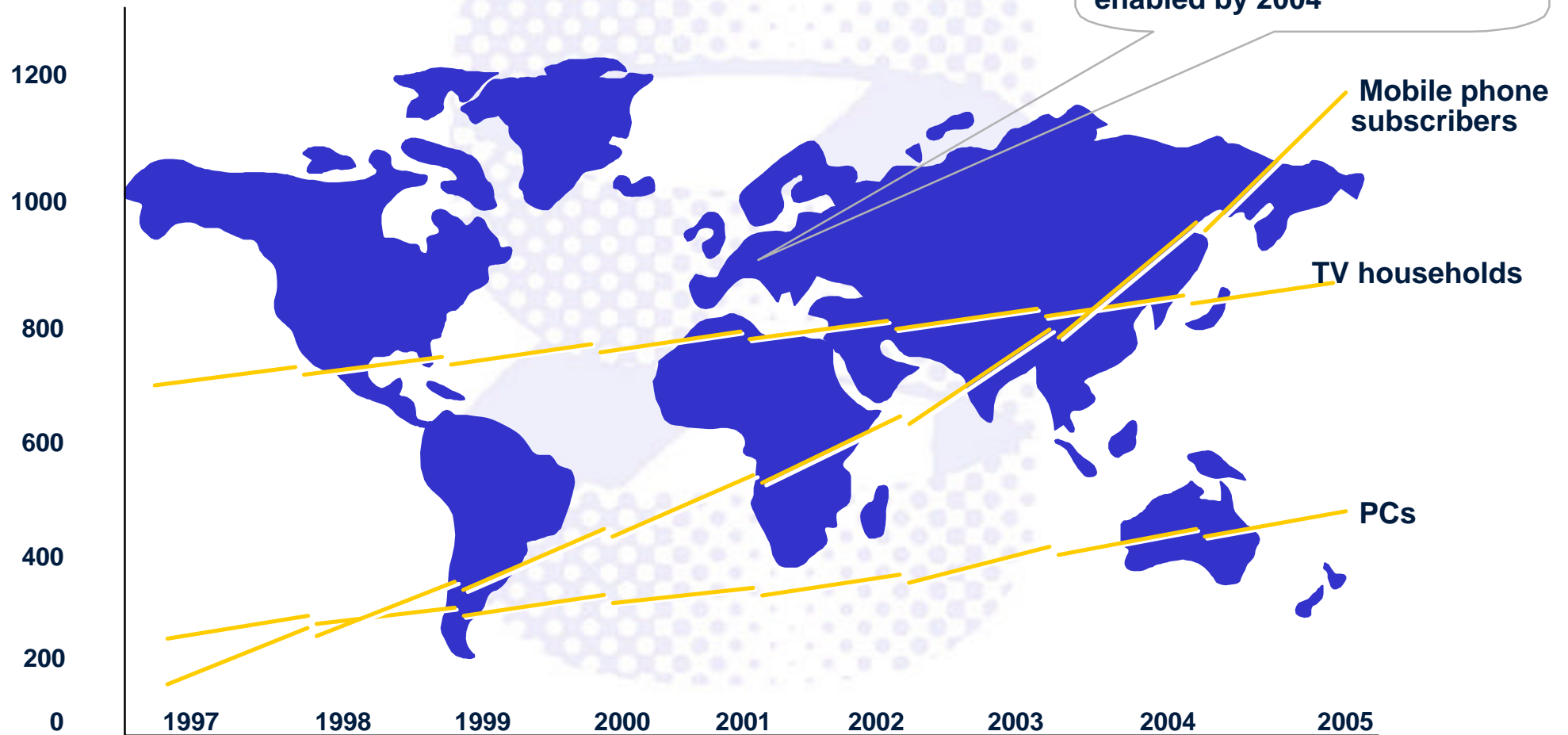
Strategy

- **Net sales doubled by 2005**
- **Growth generated through international expansion and new media**
- **Synchronised growth and focus**
- **Target: dominant position in companies located around the Baltic Rim**
- **Mainly a minority partner in other markets**
- **Country-specific infrastructure**
- **Utilisation of own concepts**
 - **content**
 - **systems**
 - **cross-promotion**



Very soon, there will be more mobile phones than TVs!

In Europe 90% of mobile phones will be Internet-enabled by 2004



Sources: Dataquest; EMC; Forrester Research

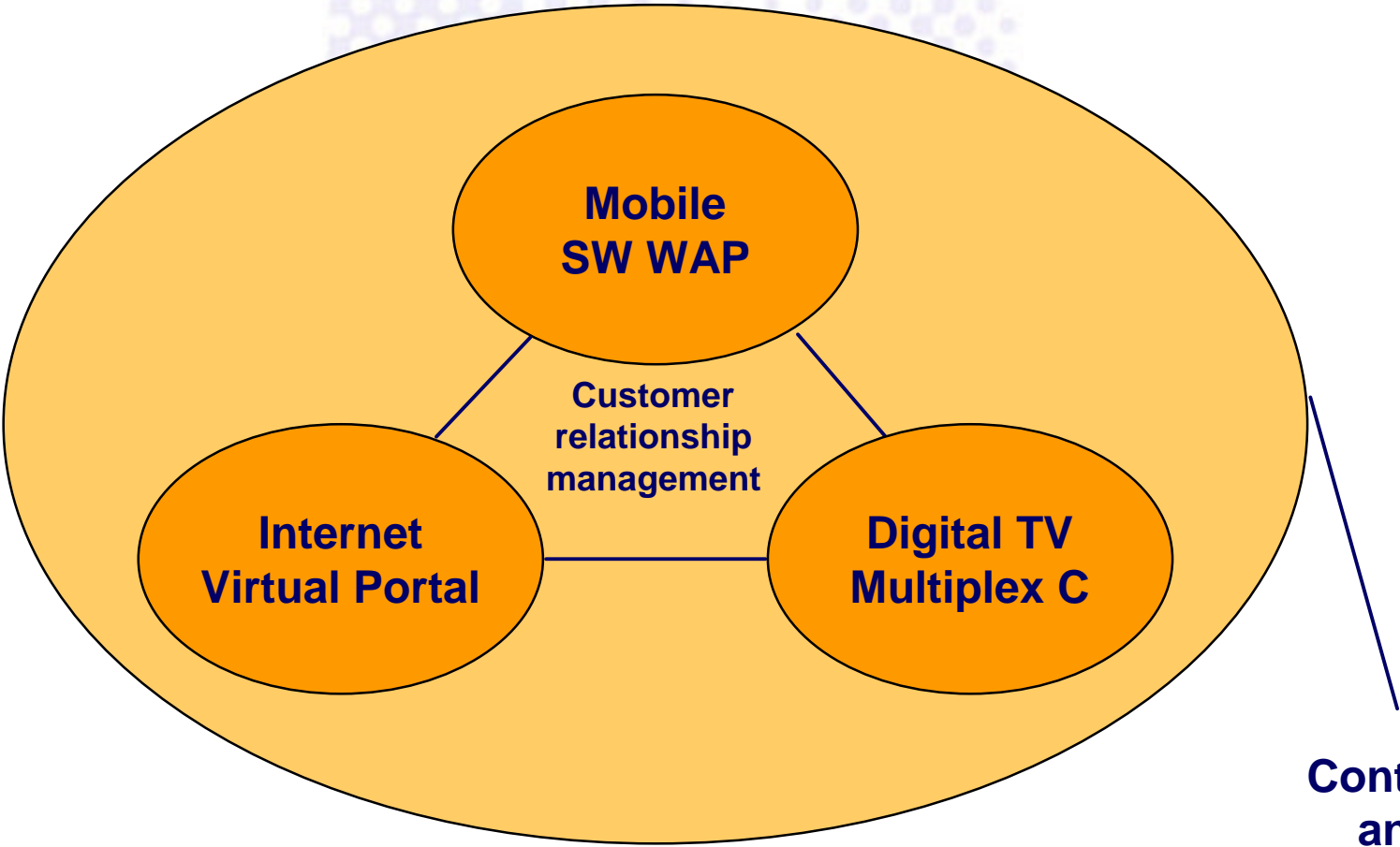
Leading technologies in new media

	Internet	Mobile	Digital-TV
Hardware "fixed element"			
Data transfer			
Software "dynamic element"			
Content	USA	Scandinavia Europe Far East	

SanomaWSOY
included



SanomaWSOY's Digital Media



**Content
and
Services**

Key projects in 2000

- **Virtual Portal**
- **Open mobile portal**
- **Digital-TV**
- **Customer management systems**
- **Oikotie**
- **HTV**
- **Startel**
- **Channel Four Finland (Nelonen)**
- **International magazine expansion**
- **Digitalisation of learning tools and books**
- **Maps, localisation services**
- **Rautakirja's international expansion**



SanomaWSOY - Microsoft Internet Explorer


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 **SanomaWSOY**

...e leading Nordic publicly listed media operations cover most areas of the communications industry. Communications of SanomaWSOY's activities.

SWS
A 72,0
B 69,1
HEX

TEST NEWS

tutory disclosure announcement required under the Finnish Securities Market Act - 14.4.2000

SanomaWSOY share conversion registered- 4.4.2000

Management of Startel Group is strengthened- 30.3.2000

AGM ON THE WEB
LIVE
April 18, 2000 10am. For viewing you will need a [RealPlayer G2](#) or 7

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Vision

- **The most dynamic media company in Northern Europe whose operations are based on creativity and reliability**

