

Sanoma Corporation

Annual Report 1983

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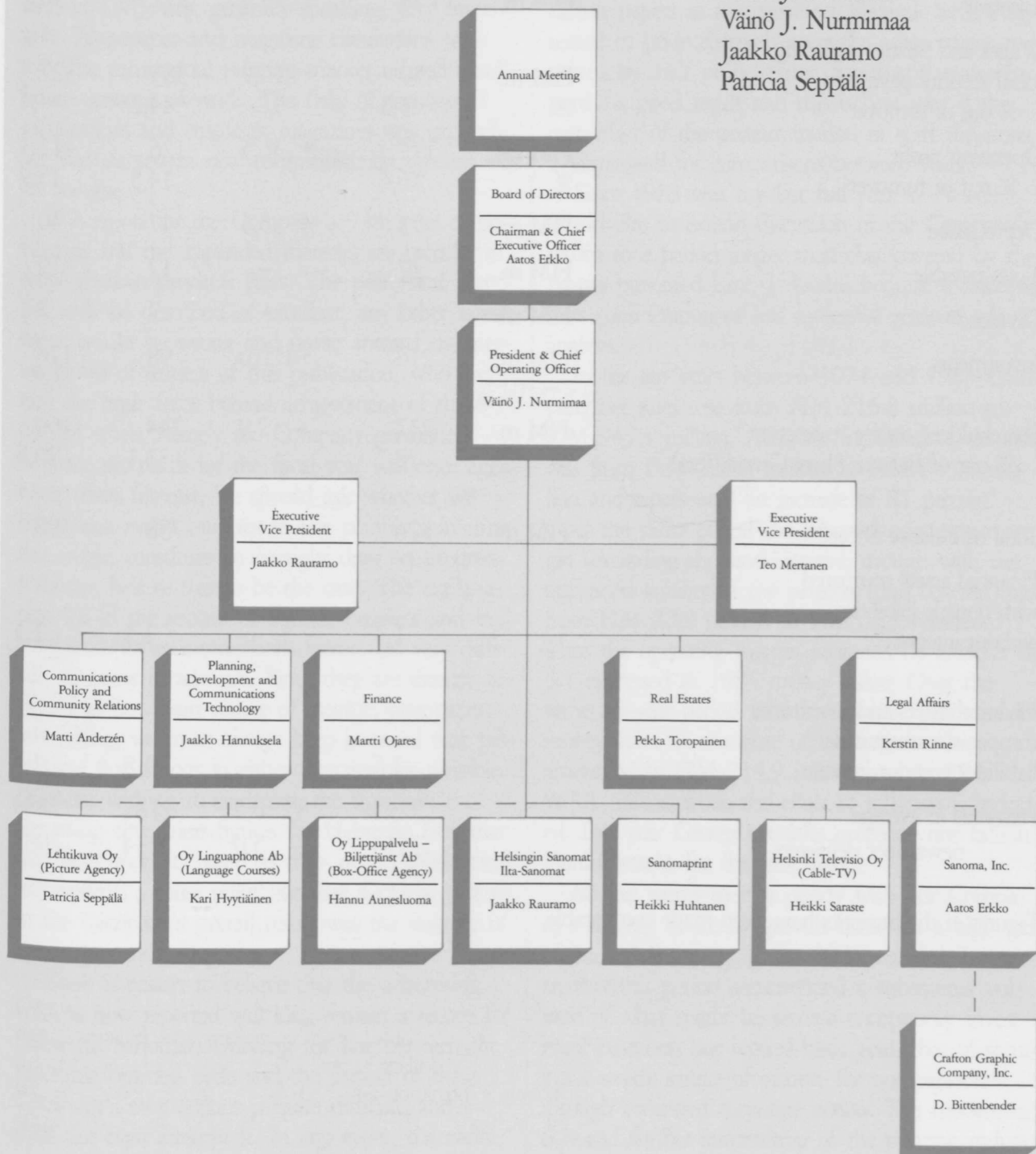
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Financial information in this report is given in Finnish currency with the exception of Income Statements and Balance Sheets that are in US dollars as well. The same applies to Income Statement Information and Net Income Information. The rate of exchange used is USD 1 = FIM 5,802 quoted by the Bank of Finland as of 31 December 1983.

Sanoma Group 1983

Board of Directors

Aatos Erkko, Chairman
Teo Mertanen, Vice Chairman
Aarne Castrén
Pentti J. K. Kouri
Väinö J. Nurmimaa
Jaakko Rauramo
Patricia Seppälä



Sanoma Corporation in Figures

		1983	Change%	1982	1981
Turnover	FIM m.	1 039	+ 19,3	871	736
Wages and salaries including social security payments	FIM m.	450	+ 16,9	385	327
% out of turnover	%	43,3		44,2	44,4
Operating profit	FIM m.	172	+ 36,5	126	117
% out of turnover	%	16,6		14,5	15,9
Depreciation	FIM m.	73	+ 55,3	47	40
Taxes payable	FIM m.	17	—	17	19
Dividend	FIM m.	2	—	2	2
Investments	FIM m.	216	+120,0	98	116
Shareholders' equity + reserve	FIM m.	237	— 2,9	244	160
% out of Balance Sheet Grand Total	%	28,7		33,1	26,8
Total of Balance Sheet	FIM m.	826	+ 11,9	738	598
Financial assets compared with outside liabilities without interest		1,4		1,5	1,3
Financial assets and inventories compared with outside liabilities without interest		1,6		1,8	1,6
Personnel in average		2795	+ 0,5	2781	2834
newspaper deliverers		2114	— 5,0	2234	2083

Figures in the Statistics have been made comparable.

A Word from the President

The external framework imposed on Company operations by economic developments in Finland in 1983 was, generally speaking, very favorable. Newspaper and magazine circulations were up. The commercial printing market offered a sufficient amount of work. The field of corporate publications and customer magazines was expanding and interest in new communication services was on the rise.

The report for the Company's 94th year of operations and the appended material are broader in scope than in previous years. The past fiscal year can only be described as excellent; any other assessment would be wrong and unfair toward the largest group of readers of this publication, who are also the basic force behind achievement of the financial result, namely the Company personnel.

Since the result for the fiscal year was once again better than forecast, we should ask whether we have been overly cautious in our planning; in time this might constitute an outright drag on progress. I do not believe this to be the case. The explanation lies in the success of Finnish business and in confidence in its future; both factors are very difficult to assess in advance. Since they are directly reflected in our main source of income, newspaper advertising, we must always keep in mind that fairly large fluctuations in either direction are possible. Without wishing to underrate the significance of the rising circulation figures for Helsingin Sanomat and Ilta-Sanomat, based as they are on solid editorial content, I must point out that a crucial factor in the Company's overall result was the volume of newspaper advertising.

There is reason to believe that the advertising volume now reported will long remain a record for Helsingin Sanomat. Drawing the line between the favorable business cycle and the impact of the Company's own actions is quite difficult, and I shall not even attempt it. In any event, the entire

personnel of the Newspaper Division, from the most distant foreign correspondent to those who deliver papers in northernmost Finland, have every reason to pride themselves on the achievement reported by their profit center. Sanomaprint also reported a good result and this is best seen if the cost effect of the decentralization of staff functions is eliminated for comparisons between years.

Since 1983 was my last full year as President, I would like to extend discussion of the Company's record to a period longer than that covered by the figures presented later. I do this because it also permits consideration of less successful years in our analysis.

In the ten years between 1974 and 1983 Company net sales rose from FIM 216.8 million to FIM 945.1 million. Allowing for inflation, the rise was from FIM 520.8 million to FIM 945.1 million and represented an increase of 81 percent. Over the same period the adjusted operating margin (excluding the stock reserve, though with the unfunded liability of the pension fund covered) rose from FIM 20.8 million to FIM 153.4 million. Thus the operating margin increased by a factor of 3.1 expressed in 1983 money value. Over the same ten-year period total investment, expressed in money value at the time of implementation, amounted to FIM 714.9 million and to FIM 963.1 million when the effect of inflation is included. Last year Group net sales exceeded one billion Finnish marks for the first time.

All this seems to mix poorly with our Company's strategy of steady growth based on a high rate of internal financing. It should be recalled, however, that this period accumulated a substantial volume of what might be termed compulsory investment based on our second basic goal, that of securing a steady source of income for our personnel through concerted corporate action. The modernization and further automation of the printing indus-

try and, especially in our case, of newspaper production, were not only necessary for survival, but also essential to the exploitation of existing growth prospects. It is gratifying to note that virtually the entire Finnish newspaper sector has been on the same course.

It is obvious that the real impact of the decisions taken in the last few years will only become apparent over the next 10 to 20 years. There is no denying the satisfaction provided to all of us at Sanoma Corporation by results to date, however. I believe the biggest cause of satisfaction for the whole personnel of our company lies in the fact that the far-reaching decisions taken have been based on an understanding or consensus about the company targets, some of which involve risks, for our traditional main business fields. Since the premise for achievement of these shared targets has been the introduction of automation and new systems and equipment without jeopardizing job security, it is easy to say after the event that we just had to succeed. In my view, however, the basis for success lies in the Finnish labour-management cooperation system, which at its best is unbeatable, even by international standards.

Views of the strategy we have pursued held by outsiders have varied from condescending headshaking about our conservatism to a degree of admiration. We all at Sanoma Corporation should keep in mind that the demands of the future seem easier and simpler now than they will be when we actually set out to meet them. With this in mind, it would be wrong to promise our employees an easier and more economically buoyant future. We cannot afford to slip. The volume of investment must not drop from its current level. Nor will service lives of investments. Especially systems and applications will have to be actively renewed in short intervals if we are to serve our system superiority. We can face the future without fear, however, for

progress made in automation during the '70s has already shown us that the conventional skepticism concerning the readiness of staff to accept change and the challenges of retraining was unfounded.

The following interest groups are among those with a stake in Company operations and progress: society, personnel, Company shareholders and customers. Meeting the expectations of these groups calls for successful, profit-making operations on the part of the Company.

Life in the next few years for the company will not be easier, either. One need only look at how the demands and regulations of the society have developed. If achievement of consensus within the Company has been simple after a long and confidence-inspiring effort, the same cannot be said about the implementation of society demands. A good example in our case is the Sanomala Sanomaprint commercial printing plant project; progress has been hindered by complaints and substantial financial losses have already been sustained. This is also the only major disappointment of the year under review. But events of this kind must be accepted as part of our democratic system and of the operating environment, which is more difficult for the Company to influence than other aspects of our society. We must adapt, and only successful operations will provide us with the necessary time to adjust ourselves and the opportunity for participation in development of society through taxation, for instance. Grumbling and accusations will not lead anywhere here.

Sanoma Corporation has been considered, and in my view quite rightly, a secure employer by the personnel. Since the Company's average personnel figure (excluding newspaper delivery staff and agents) has grown from 2362 to 2557 between 1974 and 1983, we can see that the dramatic increase in automation we have experienced has not only had a positive impact on growth in job securi-

ty but also on the number of jobs. With some simplification, one could claim that control of Finland's unemployment situation is mainly in the hands of successful private enterprise. Job satisfaction, which is influenced by so many factors, is something I do not wish to assess on behalf of others. But I strongly believe that the labor-management cooperation scheme and decentralization of the Company organization have certainly helped to create the foundation for its existence and development.

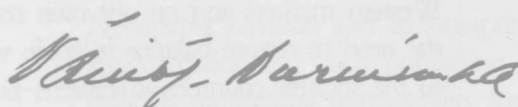
The third mentioned group interested in Company operations comprises our shareholders. The reasonableness, indeed, the outright modesty, of the expectations of this group, has made the successful development of our Company and its subsidiaries possible in the past, and I expect this development will continue.

The most important interest group for the future of both the parent Company and our subsidiaries continues to be our customers. Without customers, readers, subscribers and advertisers there can be no business operations.

The demands made by our customers will con-

tinue to expand, partly in line with the spread of new communication media. We ourselves are learning to use these new media in what is becoming an increasingly liberal communications environment. But as has been pointed out so many times before, the age of traditional printed media is by no means over, nor have its prospects for further development been exhausted.

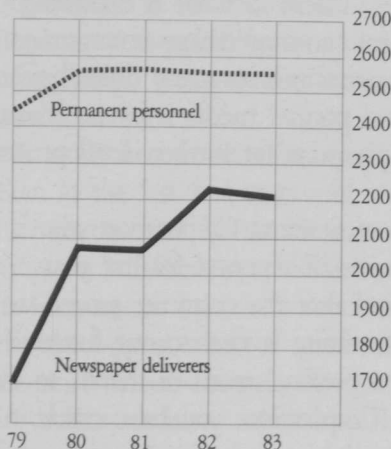
Every employee at Sanoma Corporation who is today proud of the result reported for last year should keep in mind that the customer service we provide to the community is vital to our future. I would like to say a personal word of thanks to everyone at Sanoma Corporation: you have made it possible for me to experience the joy of work, and I sincerely hope this same experience will be yours in the future. I wish to thank our shareholders for work that has offered constant challenges and for the trust and support that has made it so much easier. A transition stage of a kind involving organization and systematization is flexibly evolving into an increasingly well-defined service in the field of free communication.



Väinö J. Nurmimaa

Report by the Board of Directors on Sanoma Corporation operations for 1983

Sanoma Corporation
personnel in 1979–1983



General economic survey

The world economy recovered from the 1980–1982 recession. Economic developments in the United States were very favorable, much more so than in Europe, where the unemployment rate exceeded ten percent. The exchange rate for the US dollar set new records; the causes included the high level of real interest and the flow of funds into expanding new sectors of technology in the United States.

The rate of inflation in the OECD countries slowed down to a level of about five percentage points. Despite efforts to curb inflation, the rate in Finland was far higher, at 8.6 %, than in the OECD countries. On the other hand, the increase in consumer prices in the European OECD countries – 8.4 % – was almost on a par with that reported for Finland. The Finnish GNP grew by 3.5 %.

The different sectors of the economy got off to highly varied starts in 1983. For the forest products industry the beginning of the year was difficult, although there was an overall turn for the better later in the year. The high rate for the dollar contributed to greater profitability in the sector. Total goods exports rose by 1.5 % last year, and the growth forecast for the current year is about 4 %. Growth was fastest in the paper and basic metal industries. The sharp drop in exports to the socialist countries in Eastern Europe hit the food, textile, clothing and chemical industries most. In the next few years economic growth in Finland will depend primarily on recovery in Western markets and on our own competitive efficiency. Owing to the need to restore balance in trade with the Soviet Union, exports to the socialist countries in Eastern Europe may decline again this year.

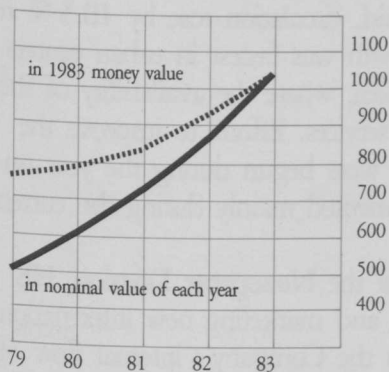
Despite business fluctuations, the year was marked by fairly slow, though steady growth in the Finnish economy. Growth is likely to continue this year, too, at roughly the same pace.

Money market stringency increased sharply during the latter half of the year and both the basic rate of interest and the call money rate charged by the Bank of Finland rose. Higher interest rates will undoubtedly have an impact on corporate investment decisions.

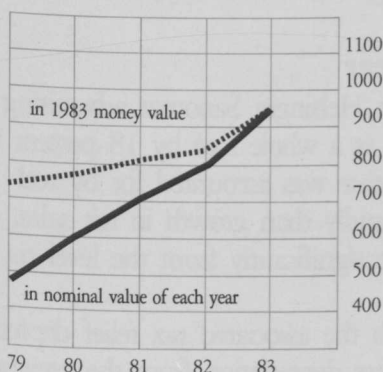
The printing industry

In the last few years the printing industry has been subject to strong pressure for change. Production technology in the industry has ad-

Sanoma Group Turnover
in 1979-1983



Sanoma Corporation Turnover
in 1979-1983



vanced rapidly, and this has forced companies to launch massive investment programs.

Growth in the Finnish printing industry, which averaged 4.5 % per annum during the 1970s, has been more rapid than in any other OECD country over the corresponding period. The impact of the business cycle on developments has been negligible, and this applies equally to 1983.

Net sales by the printing industry rose by 13.1 %. Newspaper circulation grew by 1.8 %, as it had during the previous year. The papers in the Finnish Newspaper Publishers Association reported 9.9 % growth in advertising volume. At the first of the year the annual subscription for seven-day papers averaged 414 Finnish marks. This represented an increase of 11.9 % from the previous year.

Printing industry payroll costs rose by about 11 %. The producer price index for the industry was up by 9.3 %. The corresponding increase for industry as a whole was 6.9 %. Unit costs in the industry increased more rapidly than those for industry generally, as in previous years.

In view of the fact that newspaper consumption in Finland constitutes a record in relation to number of inhabitants, demand is likely to reach a ceiling during the current decade. Newspaper circulation will also be influenced by developments on the electronic media front. It is thought, however, that the position held by newspapers will not be affected to any great degree until the next decade.

On the magazine front, developments will be affected by technical advances in communications and by the competitive efficiency of magazines in relation to newspapers.

SANOMA CORPORATION IN 1983

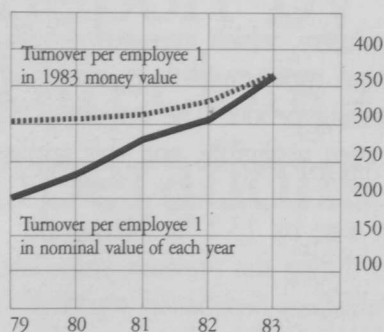
Organization

Efforts to reorganize the Company and its operations, launched in 1982, were continued and the first encouraging results were already visible. The operational independence of the two profit centers, the Newspaper Division and Sanomaprint, the commercial printing plant and magazine and book publishing division, was increased substantially by transferring responsibility for several administrative and financial functions to the profit centers.

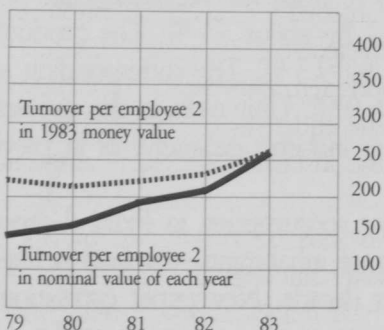
Products

As in previous years, the year was a success for Helsingin Sanomat, the Company's main product and Finland's biggest daily newspaper. The paper reported an average weekday circulation of 420,038 and a Sunday circulation of 491,170. Weekday circulation was up by 2.1 % and that on Sundays by 3.2 %. Average circulation growth for Finnish dailies came to 0.7 %. Helsingin Sanomat advertising volume set a new record with an increase of 10.4 % from the previous year. The largest increase, 22.5 %, was reported in jobs advertising. In addition to the upturn in business conditions so clearly re-

Sanoma Corporation Turnover in 1983



Sanoma Corporation Turnover in 1983



Turnover per employee 1 = turnover divided by average number of personnel at company locations

Turnover per employee 2 = turnover as above added with one half of average number of newspaper distributors

flected in this figure, growth in advertising sales owed a great deal to determined research, development and sales promotion efforts.

Ilta-Sanomat, the afternoon tabloid, circulation rose by 10.5 % to an average figure of 148,990. Growth was fastest in urban centers outside the Helsinki Metropolitan area, where the availability of the paper improved thanks to new air services. Efforts to improve the content and layout of Ilta-Sanomat were begun during the year under review and these will be implemented mainly during the current year.

The third main product group of the Newspaper Division, HS data services, focused on producing and marketing new information and communication services and on the Company's internal flow of information.

Sanomaprint's main product groups – magazines, books, corporate publications and commercial printing – showed a favorable trend compared with the previous year.

The financial result for the year

Owing to the substantial increase in Helsingin Sanomat advertising volume, net sales for the Company as a whole rose by 18 percent to 945.9 million marks. Half the increase was accounted for by real growth. Since costs increased less rapidly than growth in net sales, the Company's operating profit rose significantly from the level reported for the previous year.

Massive investment, coupled with the associated tax relief depreciation, cut earnings on operations after depreciation from the previous years level, though comparable profitability showed an improvement from the previous year. This is shown in the income statement and the notes to financial statements.

Investment

Company investment totalled FIM 214 million. The printing plant constructed for and leased to Hufvudstadsbladet Ab, publisher of the main Swedish language newspaper in the country, was completed toward the end of the year. An additional floor was added to the mailing section of the Newspaper Division's printing plant at Sanomala. The project was completed in October. Spring witnessed a start to construction work on an office building at Sanomala in Vantaa, 10 miles north of downtown Helsinki. The building will be completed in March 1984 and will house the EDP operations, newspaper marketing and subscription services.

Investment for the current year will be higher than in 1983. The main investment projects are the extension to the newspaper printing plant, initiated at Sanomala in September of the year under review, and the production plant to be constructed at Sanomala for Sanomaprint.

Other current investment projects include renovation of the buildings on Ludviginkatu and at Erottajankatu 11, downtown Helsinki, begun during the year under review.

Subsidiaries

The year under review was successful for Lehtikuva Oy, the international newpicture agency. The Company improved its services in both quantitative and qualitative terms. One example here involved doubling of the number of telephoto lines and setting up a permanent 24-hour line network to the editorial offices of client papers located in various parts of the country.

The year was satisfactory for Oy Linguaphone Ab, a marketing company for language courses. The range of courses was expanded to take in more than 30 languages. The selection offered is the widest in the country. The BL-2000 seminar for commercial English was developed during the year to cater to business clients.

Helsinki Televisio Oy, Cable TV company, operations improved further, and at a faster rate than anticipated. The company's net sales were up by 46 % and operations returned a profit for the first time in the company's history. At the end of 1983 the HTV network covered 84,678 homes, and the installation backlog amounted to over 10,000 households.

Oy Lippupalvelu – Biljettjänst Ab, box office acquired by the Company in 1982, developed its ticket sales services rapidly. The Ticketmaster system was joined by new major users, including several theaters in the Helsinki Metropolitan Area. Despite expanding sales the financial result for 1983 showed a loss owing to the basic investment carried out.

The New York-based subsidiary group – Sanoma, Inc. and Crafton Graphic Company, Inc. commercial printing plant – were more successful than expected. Operations returned a profit and represented a substantial improvement from the previous year.

Tecnopress Oy, which publishes Hifi, Proessori and Tietokone magazines covering the fields of consumer electronics and personal computing, was acquired by Sanoma Corporation on January 20, 1984. The company's operations will be linked closely to those of Sanomaprint.

In 1983 Sanoma Corporation subscribed to 20 % of the shares of N.A.B. Nordic Investors Limited, a specialized venture capital fund. The objective of the Fund is to identify and invest in U.S. enterprises with exceptional growth potential and investigate opportunities for direct investment by the shareholders. The investment advisor of the Fund is Nordic American Banking Corporation.

Summary

1983 was a successful year for the Group with regard to both development of operations and the financial result. The predicted decline in growth and rising capital-intensiveness in the printing industry require that attention be focused on constant improvement in productivity. The profitability and financial standing already achieved provide a firm basis for steady development.

Consolidated Income Statement

1 January to 31 December 1983

		FIM 1983		1982
Sales proceeds	(FIM 1,000, USD 1,000)	1,353,744		1,130,735
Adjustments for gross sales to				
Discounts	68,215		56,286	
Credit losses	3,096		3,138	
Purchase tax	41,190		32,472	
Commissions and advertising agency fees	113,813		93,289	
Other adjustments items	88,905	-315,219	74,097	-259,282
Turnover		1,038,525		871,453
Variable expenditures				
Materials	218,440		239,876	
Variable wages, salaries and fees	278,677		240,689	
Other variable expenditures	81,938		71,780	
- change in stock	+33,231	-612,286	-17,289	-535,056
Gross margin		426,239		336,397
Fixed expenditures				
Fixed wages, salaries and fees	92,727		81,315	
Rents	16,217		13,427	
Other fixed expenditures	130,444	-239,388	115,782	-210,524
Profit on operations before depreciations		186,851		125,873
Depreciations				
Buildings	44,320		3,398	
Machinery and equipment	110,984		25,841	
Immaterial rights	846		358	
Other outlays with long-term return	4,463		3,879	
Additional depreciations of the Group	2,825	-163,438	3,708	-37,184
Profit on operations after depreciations		23,413		88,689
Other revenues and expenditures				
Interest revenues	36,268		25,359	
Dividend revenues	2,599		2,114	
Other revenues	6,481		5,428	
Other expenditures	-3,716	+ 41,632	- 2,107	+ 30,794
		65,045		119,483
Change in reserves				
Stock reserve	+19,811		+ 440	
Investment reserve	- 2,683		-29,975	
Other reserves	-23,894	- 6,766	-44,025	- 73,560
Interest expenditures		- 21,090		- 18,229
Taxes	17,320		16,634	
From the operating fund	-15,209	- 2,111	-16,689	+ 55
Minority share of the profit of the subsidiaries		- 3		+ 790
Profit for the year		FIM 35,075		FIM 28,539

USD 1983		1982	
233,324		194,887	
11,757		9,701	
534		541	
7,099		5,597	
19,617		16,079	
15,323	- 54,330	12,770	- 44,688
178,994		150,199	
37,649		41,343	
48,031		41,484	
14,122		12,372	
+ 5,728	- 105,530	- 2,980	- 92,219
73,464		57,980	
15,982		14,015	
2,795		2,314	
22,483	- 41,260	19,956	- 36,285
32,204		21,695	
7,639		586	
19,128		4,454	
146		62	
769		668	
487	- 28,169	639	- 6,409
4,035		15,286	
6,250		4,371	
448		364	
1,117		935	
- 640	+ 7,175	- 363	+ 5,307
11,210		20,593	
+ 3,415		+ 76	
- 463		- 5,166	
- 4,118	- 1,166	- 7,588	- 12,678
	- 3,635		- 3,142
2,985		2,867	
- 2,621	- 364	- 2,877	+ 10
	-		+ 136
USD 6,045		USD 4,919	

Consolidated Balance Sheet

31 December 1983

ASSETS	(FIM 1,000, USD 1,000)	FIM 1983	1982	
Financial assets				
Cash in hand and in banks	55,129		29,606	
Accounts receivable	205,809		156,655	
Loans receivable	145,134		137,232	
Advance payments	948		834	
Deferred assets	22,266		19,758	
Other financial assets	49,773	479,059	34,273	378,358
Inventories				
Materials	45,645		81,199	
Products (finished and in process)	7,461		7,752	
Other inventories	3,731	56,837	865	89,816
Fixed assets and other long-term expenditures				
Land areas	28,697		28,123	
Buildings	37,415		45,134	
Machinery and equipment	149,265		134,741	
Other material goods	6,799		6,076	
Shares and holdings	37,348		28,329	
Immaterial rights	5,571		1,532	
Other long-term expenditures from balance sheets of the companies	17,579	282,674	15,889	259,824
Corporation intangibles		7,169		9,371
Appreciation items		167		176
		FIM 825,906		FIM 737,545

USD 1983

1982

9,502		5,103	
35,472		27,000	
25,014		23,653	
163		144	
3,838		3,405	
8,579	82,568	5,907	65,212

7,867		13,995	
1,286		1,336	
643	9,796	149	15,480

4,946		4,847	
6,449		7,779	
25,726		23,223	
1,172		1,047	
6,437		4,883	
960		264	
3,030	48,720	2,739	44,782

	1,236		1,615
	29		30
USD 142,349		USD 127,119	

<i>LIABILITIES (FIM 1,000, USD 1,000)</i>	<i>FIM 1983</i>	<i>1982</i>		
Outside liabilities				
Short-term				
Accounts payable	80,298		46,910	
Advance payments	145,707		123,044	
Deferred liabilities	96,982		76,000	
Other short-term debts	23,101	346,088	20,939	266,893
Long-term				
Pension loans	196,294		181,504	
Other long-term debts	43,647	239,941	43,157	224,661
Reserves				
Inventory reserve	14,111		33,922	
Investment reserve	67,193		96,693	
Other reserves	72,822	154,126	48,920	179,535
Minority share		2,748		2,332
Shareholders' equity				
Bound capital	15,601		17,209	
Free capital	32,327		18,376	
Profit for the year	35,075	83,003	28,539	64,124
		FIM 825,906		FIM 737,545

USD 1983

1982

13,840		8,085	
25,113		21,207	
16,715		13,099	
3,982	59,650	3,609	46,000

33,832		31,283	
7,523	41,355	7,438	38,721

2,432		5,847	
11,581		16,665	
12,551	26,564	8,432	30,944

	474		402
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2,689		2,966	
5,572		3,167	
6,045	14,306	4,919	11,052

USD 142,349		USD 127,119	
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Notes to Consolidated Financial Statements as of 31 December 1983

(values in FIM)

1. Companies in the Group

The Group includes the parent company, the Sanoma Corporation, and the following subsidiaries: Lehtikuva Oy, Oy Lingua-
phone Ab, Simonpaino Oy, Helsinki Televisio Oy, Oy Lippupalvelu-Biljettjänst Ab, and Sanoma, Inc. and Crafton Graphic
Company, Inc.

2. Elimination

Duplication of ownership has been eliminated by the procurement method.

Internal business actions, internal receivables and payables as well as internal profit sharing in the Group have been eliminated.

3. Changes in shareholders' equity

Bound shareholders' equity

Share capital 1 January 1983

K-shares

7.100.760,00

E-shares

7.100.760,00

14.201.520,00

Value adjustment fund

1.399.240,00

15.600.760,00

Helsinki Televisio Oy, reserve fund, share of the Group 1 January 1983

1.608.099,57

Covered losses from previous years

-1.608.099,57

-

31 December 1983

15.600.760,00

Free shareholders' equity

1 January 1983

46.915.114,70

Dividend distributed

- 2.406.202,20

Donations made

- 250.000,00

Taxes paid

-15.209.477,79

Transferred from the reserve fund

+ 1.608.099,57

Minority share of the sold Group shares in free shareholders' equity

+ 46.035,44

Difference in exchange rate

+ 1.623.684,84

Profit for the year

32.327.254,56

35.075.154,43

31 December 1983

67.402.408,99

4. Securities given as collateral against debt	23.129.882,95
Mortgages given as collateral against debt	78.000.000,00
Guarantees	3.509.851,61
5. Taxation values of fixed assets	
Land areas	15.277.202
Buildings	64.888.269
Shares and holdings	43.276.439
6. Liability deficit of the Pension Fund	15.293.490,48
7. Expenditures in fixed assets	
Other activated expenditures on top of acquisition Helsinki Televisio Oy	1.104.519,35
8. Sanoma Corporation shares owned by Lehtikuva Oy, 27.791, nominal value	833.730,00
9. Information on the Group shares is given in Notes to Financial Statements of Sanoma Corporation.	

Sanoma Corporation Income Statement from 1 January to 31 December 1983

(FIM 1,000, USD 1,000)	FIM 1983		1982
Sales proceeds	1,256,988		1,058,805
Adjustments to gross sales			
Discounts	67,528	56,075	
Credit losses	3,040	2,984	
Purchase tax	38,832	30,745	
Commissions and advertising agency fees	113,794	93,257	
Transport costs for newspapers and magazines	77,788	64,542	
Other adjustments to gross sales	10,947	9,492	-257,095
Turnover (1)	945,059		801,710
Variable expenditures			
Materials	182,950	212,116	
Variable wages, salaries and fees (2)	256,259	223,092	
Other variable expenditures	84,134	73,361	
Change in stock	+35,433	-558,776	-16,292
Gross margin (3)	386,283		309,433
Fixed expenditures			
Wages, salaries and fees (2)	84,516	73,733	
Rents	14,263	12,108	
Other fixed expenditures (4)	118,805	-217,584	106,438
Profit on operations before depreciation (5)	168,699		117,154
Depreciation (6)			
Buildings	43,858	2,995	
Machinery and equipment	107,806	23,145	
Immaterial rights	818	333	
Other outlays with long-term return	2,517	-154,999	2,100
Profit on operations after depreciation	13,700		88,581
Other revenues and expenditures			
Interest revenues (7)	37,788	26,339	
Dividend revenues	2,599	2,114	
Dividend revenues from subsidiaries	125	125	
Other revenues	2,845	3,053	
Other expenditures	-1,019	+ 42,338	- 303
	56,038		+ 31,328
Increase in reserves (8)			
Inventory reserve, decrease	+19,882	+ 216	
Investment reserve, increase		-28,500	
Other reserves, increase	-23,117	- 3,235	-43,407
Interest expenditures		- 18,791	- 15,703
Direct taxes	13,626	-	15,898
- Out of the Operating Funds	-13,626	-	-15,898
Profit for the year	FIM 34,012		FIM 32,515

Figures in parenthesis refer to "Notes to Financial Statements".

USD 1983		1982	
216,647		182,489	
11,638		9,665	
524		514	
6,693		5,299	
19,613		16,073	
13,407		11,124	
1,887	- 53,762	1,636	- 44,311
162,885		138,178	
31,532		36,559	
44,167		38,451	
14,501		12,644	
+ 6,107	- 96,307	- 2,808	- 84,846
66,578		53,332	
14,567		12,708	
2,458		2,087	
20,477	- 37,502	18,345	- 33,140
29,076		20,192	
7,559		516	
18,581		3,989	
141		58	
434	- 26,715	362	- 4,925
2,361		15,267	
6,513		4,540	
448		364	
22		22	
490		526	
- 176	+ 7,297	- 52	+ 5,400
9,658		20,667	
+ 3,427		+ 37	
-		- 4,912	
- 3,984	- 557	- 7,481	- 12,356
	- 3,239		- 2,706
2,348	-	2,740	
- 2,348	-	- 2,740	-
USD 5,862		USD 5,605	

Sanoma Corporation

Balance Sheet as of 31 December 1983

ASSETS (FIM 1,000, USD 1,000)	FIM 1983		1982	
Financial assets				
Cash in hand and in banks	53,785		27,688	
Accounts receivable	180,381		142,337	
Loans receivable (9)	160,901		147,740	
Advance payments	762		598	
Deferred assets	22,723		18,893	
Other financial assets	47,627	466,179	33,364	370,620
Inventories				
Materials	40,931		78,117	
Products (finished and in process)	7,256	48,187	5,503	83,620
Fixed assets and other long-term expenditures (10)				
Land areas	22,083		22,101	
Buildings	25,947		34,321	
Machinery and equipment	80,335		93,337	
Advance payments, machinery	50,723		24,632	
Shares and stock	36,009		26,999	
Shares and stock, subsidiaries	33,054		32,744	
Immaterial rights	5,365		1,333	
Other long-term expenditures	11,825	265,341	10,166	245,633
		FIM 779,707		FIM 699,873

USD 1983

1982

9,270		4,772	
31,089		24,532	
27,732		25,464	
132		103	
3,916		3,256	
8,209	80,348	5,751	63,878

7,055		13,464	
1,250	8,305	948	14,412

3,806		3,809	
4,472		5,915	
13,846		16,087	
8,742		4,246	
6,207		4,653	
5,697		5,644	
925		230	
2,038	45,733	1,752	42,336
	USD 134,386		USD 120,626

<i>LIABILITIES</i> (FIM 1,000, USD 1,000)	<i>FIM 1983</i>		<i>1982</i>	
Outside liabilities				
Short-term				
Accounts payable	70,256		40,406	
Advance payments (11)	145,480		122,373	
Deferred liabilities (12)	89,686		71,266	
Other short-term debts	26,825	332,247	21,630	255,675
Long-term (13)				
Pension loans	193,603		178,836	
Other loans	10,231	203,834	10,368	189,204
Reserves				
Inventory reserve	13,565		33,447	
Investment reserves	63,036		95,218	
Other reserves (14)	70,584	147,185	47,468	176,133
Shareholders' equity				
Bound				
Share capital	14,202		14,202	
Value adjustment reserve fund	1,399	15,601	1,399	15,601
Free				
Operating funds	40,527		24,153	
Profit from previous years	6,301		6,592	
Profit for the year	34,012	80,840	32,515	63,260
		FIM 779,707		FIM 699,873

USD 1983

1982

12,109

6,964

25,074

21,092

15,458

12,283

4,623

57,264

3,728

44,067

33,368

30,823

1,764

35,132

1,787

32,610

2,338

5,765

10,865

16,411

12,165

25,368

8,181

30,357

2,448

2,448

241

2,689

241

2,689

6,985

4,162

1,086

1,136

5,862

13,933

5,605

10,903

USD 134,386

USD 120,626

Notes to Financial Statements

(values in FIM)

1. Changes in shareholders' equity

Operating funds

1 Jan. 1983	24,153,158.76
Transferred from retained earnings	+30,000,000.00
Taxes paid from fund	-13,626,273.40
Balance 31 Dec. 1983	40,526,885.36

Reserve for donations

1 Jan. 1983	-
Transferred from retained earnings	250,000.00
Donations made	- 250,000.00
Balance 31 Dec. 1983	-

Retained earnings

1 Jan. 1983	39,107,365.53
Dividends distributed	- 2,556,273.60
Transferred to operating funds	-30,000,000.00
Transferred to reserve for donations	- 250,000.00
	6,301,091.93
Profit for the year	34,012,252.06
Balance 31 Dec. 1983	40,313,343.99

2. Securities given as collateral against debt	21,991,671.95
Mortgages given as collateral against debt	73,000,000.00
Guarantees	3,347,337.07
Guarantees on behalf of the subsidiaries	19,098,231.21

3. Receivables from subsidiaries	18,208,703.34
Debts to subsidiaries	20,250,136.18

4. Taxation values of fixed assets

Land areas	15,277,202.00
Buildings	64,888,269.00
Shares and holdings	42,547,352.00
Shares and holdings, subsidiaries	14,451,755.00

5. Liability deficit of the Pension

Fund	15,293,490.48
------	---------------

6. Holdings by the Sanoma Corporation in other companies as of 31 December 1983

	Number	Changes from previous year	Per- centage of all shares	Nominal value	Book value	Changes from previous year
Subsidiaries						
Erikoislehdet Oy (Dormant)	100	—	100	5,000.00	5,000.00	—
Helsinki Televisio Oy	3,303	-291	72.2	3,633,300.00	3,633,300.00	-320,100.00
Kodin Kuvalehti — Terve Lapsi Oy (Dormant)	10	—	100	100.00	100.00	—
Lehtikuva Oy	75,000	—	100	750,000.00	1,025,400.45	—
Oy Lippupalvelu — Biljettjänst Ab	3,000	2,250	100	120,000.00	831,200.00	630,000.00
Oy Linguaphone Ab	25,000	—	100	250,000.00	461,320.00	—
Sanoma, Inc.	200	—	100	200 USD	6,603,480.00	—
Simonpaino Oy	1,000	—	100	1,000,000.00	20,493,782.50	—
Subsidiaries, total					33,053,582.95	
Other Companies						
Enso-Gutzeit Oy	12,967	—	0.02	129,670.00	112,579.14	—
Finnair Oy	277,331	—	1.15	1,386,655.00	1,275,809.81	—
Helsingin Telset Oy	50	10	33.34	500,000.00	600,000.00	200,000.00
Kansallis-Osake-Pankki	11,050	7,404	0.02	221,000.00	291,877.23	197,947.95
Oy Kaukas Ab	1,759	—	0.13	175,900.00	279,081.25	—
Kymi Kymmene Oy	62,310	—	1.05	3,115,500.00	5,037,290.48	—
Metsäliiton Teollisuus Oy	8,000	—	1.05	400,000.00	405,176.80	—
Oy Nokia Ab	980	—	0.03	98,000.00	217,070.31	—
Nordic Investors Limited	100	100	20.00	USD 10,000	5,630,750.00	5,630,750.00
Rauma-Repola Oy	15,666	—	0.02	156,660.00	239,778.95	—
Rautakirja Oy	20,023	—	16.68	10,011,500.00	1,642,655.12	—
Others					1,405,640.33	232,941.00
Other companies, total					17,137,709.42	—
Housing and real estate corporations					18,871,074.27	2,748,297.86
Grand total				FIM	69,062,366.64	9,319,836.81

Income Statement Information

USD, in millions (*)

	1979	1980	1981	1982	1983
Income before depreciation and adjustments to untaxed reserves and income tax expense	13,4	17,4	23,0	24,0	33,3
Depreciation	- 4,9	- 2,8	- 5,9	- 4,9	-11,2
Income before additional depreciation, adjustments to untaxed reserves and income tax expense (**)	+8,5	+14,6	+17,1	+19,1	+22,1
Additional depreciation allowed by special tax relief legislation	- 6,9	-	-	-	-15,4
Adjustments to untaxed reserves	- 0,4	-11,1	-12,2	-13,5	- 0,8
Income before income tax expense	+ 1,2	+ 3,5	+ 4,9	+ 5,6	+ 5,9
Income tax expense (***)	-	- 0,8	-	-	-
Statutory net income	+ 1,2	+ 2,7	+ 4,9	+ 5,6	+ 5,9

* The exchange rate as of 31 December 1983, quoted by the Bank of Finland was 5,802 FIM per USD.

** For Finnish tax purposes companies are allowed to claim various tax deductions principally by charging income for adjustments to untaxed reserves and accumulating these charges on the balance sheet in accounts entitled "Untaxed reserves". These adjustments must also be reflected in the financial statements. Earnings per share calculations are based on income exclusive of untaxed reserves.

*** Income tax expense for the year ended December 31, 1980 which is currently payable, amounted to 0,8 million. As permitted under Finnish accounting practice, in 1979, 1981, 1982, 1983 the Company reduced income tax expense by: NIL; 3,1; 2,7; 2,3 respectively and reflected such an amount as a reduction of retained earnings.

Net Income Information

USD, in millions,
except per share data (*)

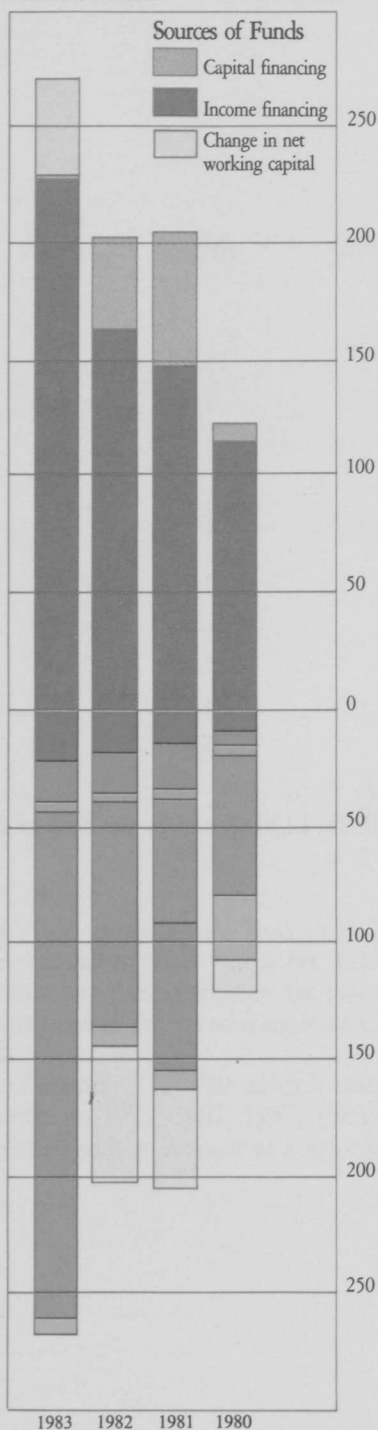
	1979	1980	1981	1982	1983
Income before depreciation and adjustments to untaxed reserves and income tax expense	13,4	17,4	23,0	24,0	33,3
Pension expense (Pension Fund)	- 1,0	- 1,1	- 1,3	- 1,4	- 1,5
Depreciation (based upon useful remaining lifetime and replacement value)	- 3,4	- 6,7	- 7,5	- 9,2	-10,7
Adjusted income before income tax expense	+ 9,0	+ 9,6	+14,2	+13,4	+21,1
Income tax expense	-	- 0,8	- 3,1	- 2,8	- 2,3
Deferred income tax expense	- 4,7	- 4,1	- 5,5	- 4,6	- 9,0
Net income	4,3	4,7	5,6	- 6,0	9,8
Earnings per share \$	9,2	9,8	11,9	12,8	20,6

* The exchange rate as of 31 December 1983, 12,31 quoted by the Bank of Finland was 5,802 FIM per USD.

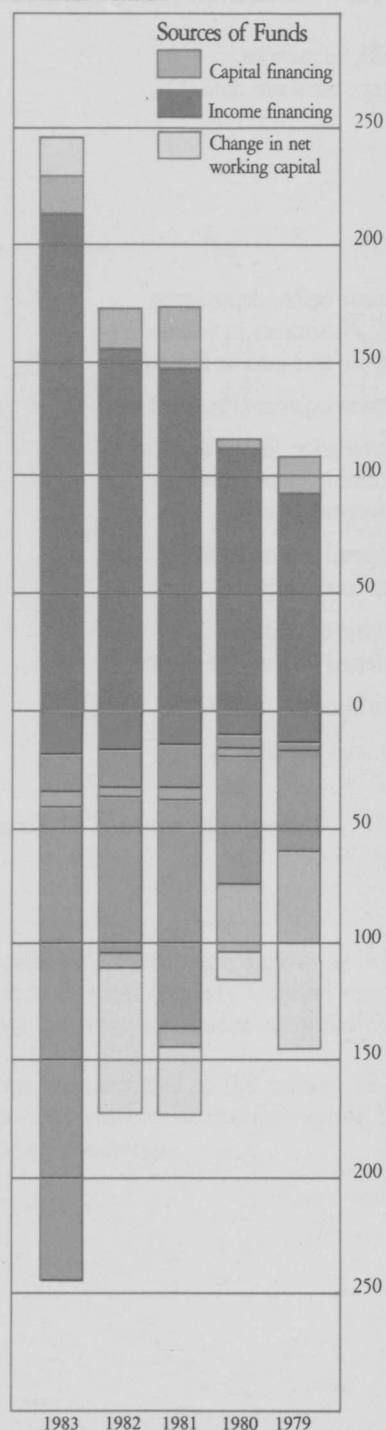
Changes in Financial Position 1979-1983

(see page 31 for figures)

Consolidated Changes in Financial Position



Sanoma Corporation Changes in Financial Position



Changes in Financial Position 1981-1983

(FIM m.)

	CONSOLIDATED			SANOMA CORPORATION		
	1983	1982	1981	1983	1982	1981
Sources of Funds						
Income financing						
Operating Profit	187,0	132,9	124,9	168,7	123,6	122,0
Interest, dividend and other financial income	38,9	27,5	21,9	40,5	28,6	22,7
Income on fixed assets	0,2	0,4	0,2	0,2	0,4	0,2
Other income financing (net)	+ 2,6	+ 2,9	+ 1,8	+ 1,6	+ 2,3	+ 2,1
Capital financing						
Increase in long-term outside liabilities	-	33,1	52,2	15,2	16,9	25,6
Increase in minority share	0,3	-	-	-	-	-
Difference in exchange rate	1,7	3,2	-	-	-	-
Total (A)	230,7	200,0	201,0	226,2	171,8	172,6
Use of Funds						
Distribution of profit						
Interest on outside liabilities	21,1	18,2	14,6	18,8	15,7	13,7
Taxes	17,3	16,6	19,0	13,6	15,9	17,8
Dividends	2,4	2,0	2,0	2,5	2,1	2,1
Other distribution of profit	0,2	0,2	0,2	0,2	0,2	0,2
Investments						
Investments in fixed assets	216,3	97,5	115,6	206,9	65,0	99,0
Transfer to the Pension Fund	0,1	7,0	8,2	-	6,4	8,2
Return of capital						
Decrease in long-term outside liabilities	20,2	-	-	-	-	-
Total (B)	277,6	141,5	159,6	242,0	105,3	141,0
Change in Net Working Capital						
Increase in financial assets	+100,7	+61,0	+56,1	+95,6	+59,1	+51,1
Fixed assets: increase +, decrease -	- 33,0	+19,9	+30,5	-35,4	+16,3	+28,7
Increase in short-term outside liabilities	-114,6	-22,4	-45,2	-76,0	- 8,9	-48,2
Grand Total (A-B)	- 46,9	+58,5	+41,4	-15,8	+66,5	+31,6

Board of Directors

	elected for
Aatos Erkko, Chairman	1981-1983
Teo Mertanen, Vice Chairman	1983-1985
Aarne Castrén	1982-1984
Pentti J. K. Kouri	1983-1985
Väinö J. Nurmimaa	1981-1983
Jaakko Rauramo	1983-1985
Patricia Seppälä	1982-1984

Auditors

Mr Aimo Autio, Certified Auditor, and Mr Antti Helenius, Certified Auditor, have acted as Auditors, with Mrs Johanna Perälä, Certified Auditor, and Mr Aunus Salmi, Certified Auditor, as their Deputies.

Proposal for Distribution of the Profit

The Profit for the financial year totals FIM 34.012.252,06. FIM 6.301.091,93 of profit was retained from the previous year. Hence a total of FIM 40.313.343,99 is at the disposal of the Annual General Meeting.

The Board of Directors proposes that,
from the above mentioned sum of

FIM
40.313.343,99

– a dividend of FIM 5,40 should
be paid for each share

2.556.273,60

– a sum should be transferred to
the operations fund

30.000.000,00

– a sum should be transferred to the
reserve for charitable purposes for the
discretion of the Board

250.000,00

– giving a balance of

7.507.070,39

The balance is left on the Profit and Loss Account, and the Board of Directors is entitled to use it for payment of taxes in 1984.

Provided the Annual General Meeting adopts the above proposal, the Corporation's own fund will be as follows:

Share Capital	14.201.520,00
Value Adjustment Reserve	1.399.240,00
Operating Fund	70.526.885,36
Reserve for Donations	250.000,00
Undisposed profit	7.507.070,39

The investment reserve comes to FIM 63.036.000,00, and the inventory reserve to FIM 13.565.000,00, the credit loss reserve to FIM 5.411.000,00 and the operational reserve to FIM 65.173.000,00.

Helsinki, 26 March 1984

Aatos Erkko

Teo Mertanen

Patricia Seppälä

Väinö J. Nurmimaa

Aarne Castrén

Jaakko Rauramo

Pentti J. K. Kouri

Notes to the Income Statement and Balance Sheet for 1983

SANOMA CORPORATION

Income statement

1. Net sales rose by 17.9 % from the previous year. If net sales for 1982 are expressed in the value of money for 1983 using the banks' 'money value coefficient', real growth amounts to 11.2 %. The biggest contribution to net sales growth was made by Helsingin Sanomat advertising sales.
2. Variable payroll costs rose by 14.9 %, fixed by 4.6 %. The vacation and sick leave payroll costs included in the total payroll cost figures were equivalent to 25.7 % of the payroll costs for actual working hours.
3. The gross margin rose by 24.8 % and, converted into real growth, by 17.7 %. The gross margin percentage was 40.9, as against 38.6 the previous year.
4. Other fixed expenses rose by 18.8 %, when no account is taken of the transfer to the Pension Fund in 1982. No transfers to the Pension Fund were made in 1983 to cover the unfunded liability, which now stands at 15.3 million marks.
5. Earnings on operations before depreciation amount to 17.9 % of net sales. The comparable percentage for 1982 was 15.4.
6. Depreciation is substantially higher than in the previous year. In addition to the maximum depreciation allowed under the Business Taxation Act, 89.8 million marks in tax relief depreciation was made.
7. Interest revenues rose by 11.4 million marks, a consequence of rising liquidity and market interest rates.

The figure includes the interest on the investment deposit drawn during the year.

8. The inventory reserve was reduced by 19.9 million marks, while the full allowable credit loss and operating reserves were made.

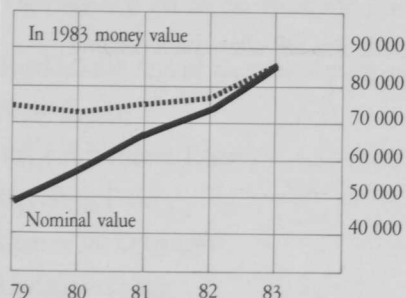
Balance sheet

9. 16.9 million marks of the loans receivable were from subsidiaries and the rest from outside parties.
10. In 1983 investment in fixed assets amounted to 206.9 million marks, with 32.2 million marks of the investment reserve having been used to cover the outlay thereon.
11. Advance payments constitute a liability on subscribed, undelivered papers. 98.0 million marks of this item are also included under accounts receivable.
12. The largest items under deferred liabilities are 48.4 million marks in annual vacation liabilities, 6.0 million marks in payroll costs, 7.3 million marks in interest expenses and 5.5 million marks in product freights.
13. Of the long-term loans, 103.3. million marks consist of reborrowed pension premiums and 90.3 million marks of loans extended by the Company's Pension Fund. Loans from subsidiaries amount to 10.2 million marks.
14. Other reserves include the full allowable operating and credit loss reserves.

Wages, salaries and social security payments (FIM) of Sanoma Corporation

	1983	1982
Wages and salaries paid to personnel for hours worked	261.414.415,59	230.100.049,59
Pay for sickness and maternity leave	7.854.209,42	6.936.994,33
Annual holiday pay, including change in reserve	59.382.300,33	49.862.956,99
Wages and salaries and similar items	328.650.925,34	286.900.000,91
Employer's social security payments	20.785.043,66	17.944.350,64
Social insurance payments	34.131.981,80	31.859.736,20
Other statutory fringe benefits	6.450.744,50	3.889.999,75
Total	61.367.769,96	53.694.086,59
Non-statutory fringe benefits	9.674.451,52	9.348.633,52
Transfer to Pension Fund	—	6.414.286,06
Total	9.674.451,52	15.762.919,58
Wages and salaries to nonmembers of personnel	12.292.956,55	10.030.539,69
Grand total	411.986.103,37	366.387.546,77

Wages, Salaries and Social Security Payments per Employee

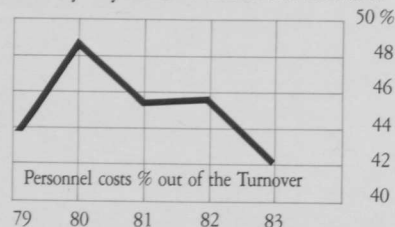


Social security payments do not include rents on premises, equipment etc., or other internal charges.

The above figures for 1983 include salaries and fees totalling FIM 2,744,518.06 paid to the members of the Board and the President.

Salaries and fees paid by the Group were FIM 358,369,735.58 including a sum of FIM 4,273,718.54 to the members of the Board and the President.

Wages, Salaries and Social Security Payments % out of the Turnover



Auditors' report

We have inspected the financial statements, accounting and Group auditing, as well as the company administration, of the Sanoma Corporation for 1983 to the extent laid down for good auditing practice.

The auditing bureau Aimo Autio Ky acted as the Company's supervisory auditor during the financial year.

Parent company

The Balance Sheet has been drawn up according to regulations currently in force. The Income Statement shows a profit for the financial year of FIM 34.012.252,06.

We propose that

- the Income Statement and Balance Sheet be approved,
- the Members of the Board and President be absolved of responsibility for 1983,
- and the Profit shown in the Balance Sheet be distributed in the manner proposed by the Board of Directors.

Group

The Balance Sheet of the Group has been drawn up according to regulations currently in force. The Group Balance Sheet shows free shareholders' equity amounting to FIM 67.402.000,00.

We propose that

- the Income Statement for the Group and the Balance Sheet for the Group be approved.

Helsinki, 6 April 1984

Aimo Autio
Certified Auditor

Antti Helenius
Certified Auditor

New Dimensions in Publishing

Jaakko Rauramo

Ninety-eight news papers are currently published in Finland. Some 1,200 magazines are printed in the country, as are about 7,000 new book titles every year. We can also buy several hundred foreign newspapers and magazines as well as books locally. The present situation is considered a national asset rather than anything else.

Newspapers, magazines and books provide us with news, information and entertainment, often interlaced with advertising. Some of this will assume electronic form in the future, and this has led to unprecedented public discussion and debate about the electronic media 50 years after invention of the television. Printing technology is unlikely ever to have been as widely discussed during its history as was electronic media technology last year. Political and ideological debate have been at least as widespread and heated and, most of the time, as irrelevant. The trend often blinds people and the means becomes an end.

I will not go into the electronic media generally, but will instead take a look at technological innovation, the information society and the electronic media from Sanoma Corporation's point of view. My approach is that of a firm engaged in the printing industry, as it seeks to chart its own progress and future.

The information society

The information society is the environment in which we will have to operate in the future.

The evolution of all modern industrialized nations began with the natural economy, which, passing through an agrarian stage, gave rise to industrialized society. Economist Kenneth Galbraith introduced the concept of the post-industrial society. He meant a society in which more than half the people

were employed in the services. These definitions and systematization of the past have obscured what has really taken place. We should perhaps speak of the 'information society' rather than of post-industrial society.

According to one view this situation is reached when at least half a society's working age population are employed in information occupations. The United States and Japan have already evolved into information societies. In the United States two-thirds of the labor force were employed in information occupations in 1981. The corresponding figure for Finland today is a little more than a third.

What consequences do these developments hold for us? The pessimistic view is that human labor will have to give way to robots and computers capable of optimal levels of performance.

In the optimistic view, technology creates new jobs in the branches of industry engaged in applying it faster than jobs are lost to automation.

I personally believe that information technology modifies the S curve that depicts economic development. Up till the present most development theoreticians have believed that the industrialized world is reaching the top of the S curve and that growth in productivity is slowing down all the time, as it has throughout the period following the economic golden age of the '50s and '60s.

I believe that information technology will steepen the S curve and that productivity growth will regain speed. The consequences of the new technologies will already be felt halfway through the current decade and will have a particularly strong impact during the latter half of the decade. Access by consumers, politicians, trade and industry to better information will improve the standard of decision-making and the utilization of all resources.

The greater control and optimization of processes permitted by computers contribute toward the same result.

The mutual adaptation of traditional production labor and the know-how required by the new information occupations remains the real problem. Countries like Finland, which, globally speaking, boasts excellent educational systems, can solve this problem efficiently and thus benefit from developments disproportionately. This presupposes that we spot the new opportunities in time and exploit them to the full. The Finnish educational system and research and development efforts thus face the biggest challenge.

Technological innovation

Information technology has been discussed widely and in detail. Its central elements are the progress of microelectronics and data communications technology.

The performance of microprocessors is improving all the time and their prices are coming down. They are being used increasingly for various administration and production tasks. Advancing technology also permits the recording of larger amounts of information. The development of data communications and the improvement in external and especially internal corporate data communications networks will lead to a situation in which computer systems can communicate with one another to a greater extent than hitherto.

Internationally this has involved the development of satellite communications, and nationally the development of the telephone and data communications networks as well as the setting up of cable television networks. Toward the end of the current millenium fiber optics are likely to bring all these

functions together in one vast data communications network.

These developments mean that the production technology for printed and electronic media will combine as digitalization proceeds. Input can then be published in various forms, adapted to the best properties of each particular medium.

New dimensions

I will now turn to the fresh opportunities we see the future bringing our own company

Cable television, for instance, permits us to publish an electronic newspaper, a complement and extension to the newspaper of today. In terms of content, the electronic newspaper recalls its printed model in many respects, though it quite naturally reflects the limitations and advantages accompanying the medium. As regards advertising information, the electronic newspaper will also complement the services offered by the newspaper of today. The HS cable news has pioneered the electronic newspaper in Finland.

In our opinion, the cable is a remarkable way to transmit also sports, culture and entertainment. According to the viewer's interest it will be possible to subscribe to and pay for these programs separately in the Pay-TV system.

In addition to the cable network, the telephone network offers a useful communication channel. This network provides a good basis for data bank publishing operations, a field which we have already entered. Our first real product is a data bank aimed at companies, which includes basic information on one thousand Finnish companies supplemented by summarized news items and articles published about the companies.

On the consumer market, data bank users will

be the owners of home computers equipped with data communication facilities, capable of increasingly keeping in touch with the various data banks.

I will not go into the subject of conventional public television and radio broadcasting, though both are electronic media. Any change in today's situation is a political rather than a technological issue.

It is important to secure for all information producers fair operating opportunities in electronic media. Traditional publishers should not be placed on an unequal footing in relation to other information producers, nor should natural trends be blocked from traditional publishing operations simply because they happen to be novel.

Electronic data transmission, whether by cable or satellite, or any combination thereof, is of interest to us in the same way that our present production and printing operations are. Printing operations are undertaken when they yield a better result for the paper and its readership than acquisition of the service elsewhere would.

With the electronic media, however, it should be recalled that the reader, viewer and listener is the one for whom we are producing our paper or message. When he wishes to obtain news, information or entertainment the recipient is not really interested in the form of transmission, as long as he is not prevented from obtaining them optimally with regard to his time allocation and resources.

The traditional media

Information technology does not involve merely the development of new media, but also the development of newspapers and magazines, books and other printed matter. New opportunities will open

especially in editorial work, to which I will return later.

Technology also makes the printing processes more controllable, raises productivity, cuts waste and improves quality. The trend is similar in the bindery and distribution. Digital technology in turn substantially reduces the costs of page production.

Productivity will rise generally, specialization will increase and the economy of small editions will improve. This permits readers to satisfy their own special needs and opens interesting prospects for expanding publishing operations into many new fields.

Editorial potential

Used properly, information technology frees the editor from the burdens of paper and routine and allows editors to concentrate on their actual work.

Technology provides editorial work with obvious time gains. Today the editor can already feed his text straight into a computer through a display terminal. The text is printed out from the computer and made up by joining headings, text, pictures and other graphics.

In the future the whole of this process can be handled electronically with display terminals, which means that the progress of work and the final result are visible to the editorial staff all the time before being transferred into the production process.

The computer handles the editorial routines, such as tabulation, alphabetization, preparation of various lists, automatic calls and so on.

Utilization of the editorial files becomes possible on an entirely new level. The editor can study the paper's files or other data banks with his own display terminal.

A challenge to management

Information technology makes new demands of corporate management. The demands involve corporate management's understanding of what the information society is all about and what this means for the future of their own company. Both in theory and in practice corporate management must be able to grasp the significance of system management.

In the future a company's big investment items will consist of computers, display terminals, memories and data communications networks. Used properly, the systems represent a substantial improvement in operating efficiency and standards. Failure in development work will lead to a sharp deterioration in a firm's competitive position. I might point out here that Sanoma Corporation today has 26 computer units and some 500 display terminals.

Management is required to have an overall grasp of the information units in the firm and create a workable, comprehensive system of people, hardware and software that is excellent in relation to the alternatives.

The human factor

Here I am not referring so much to readers, viewers and listeners. As I pointed out at the outset, I am not concerned about them, for the electronic media are still far more modest in impact and vol-

ume than the printed word. I am instead referring to the personnel employed by our company, who have had to and will have to employ the new technology in their day-to-day work. The introduction of new technology will succeed when the following central principles are kept in mind and applied in practice:

It is important that people are informed in detail and well in advance of any plans affecting their day-to-day work. The kind of changes that are on the way and when these might be expected.

In carrying out the changes, those concerned should be allowed to take part in both planning and implementation. Those taking part in projects should be allowed equal opportunity to familiarize themselves with the various alternatives before any final decisions are made.

The provision of adequate training is also of central importance. This requires sound planning and frequently a very open mind. Technological innovation will be accompanied by more complex and longer training, especially when an existing occupation evolves into a completely new one.

Continuity and security require that, if necessary, very wideranging retraining and supplementary training programs be carried out within the firm.

I believe that we have the resources, competence and will to make use of the exciting and interesting opportunities generated by the future and information technology.



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