

Sanoma Group Annual Report 1989



Sanoma Group in Figures

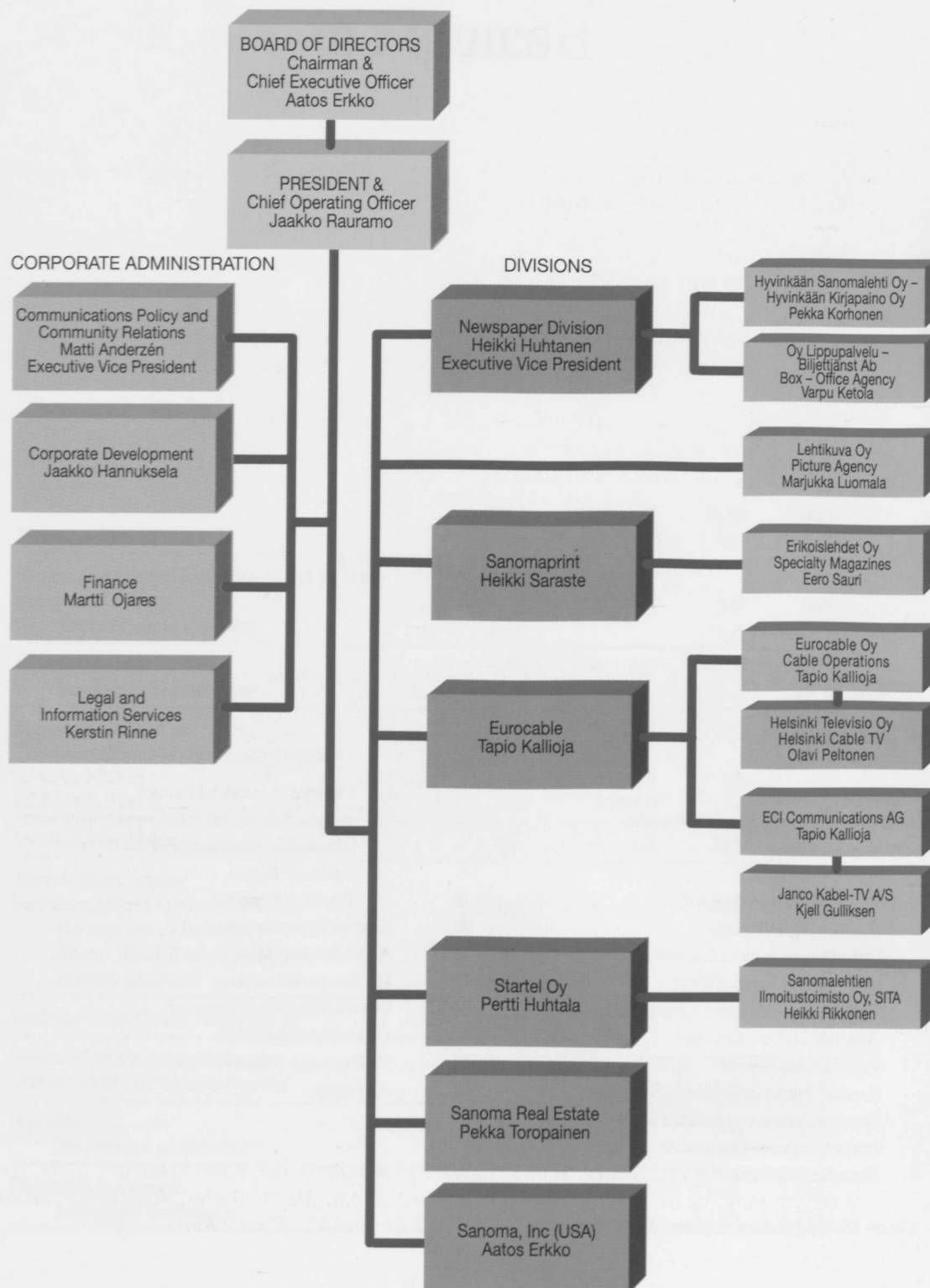
	1989	Change %	1988	1987
Net sales FIM m.	2.106	+ 16,9	1.801	1.627
Wages and salaries including social security payments FIM m.	830	+ 17,7	705	669
Per cent out of net sales	39,4		39,2	41,1
Operating profit FIM m.	431	+ 6,7	404	322
Per cent out of net sales	20,5		22,4	19,8
Depreciation FIM m.	181	+ 15,3	157	133
Taxes payable excluding taxes on profit on sales FIM m.	84	+158,5	53	47
Dividends FIM m.	8	+100,0	4	3
Investments FIM m.	358	+ 4,4	343	363
Shareholders' equity including untaxed reserves FIM m.	1.599	+ 7,6	1.486	738
Per cent out of Balance Sheet Grand Total subscription liability excluded	57,0		58,1	45,4
Balance Sheet Grand Total FIM m.	3.012	+ 9,3	2.756	1.818
Financial assets compared with outside liabilities without interest	1,9		1,9	1,6
Net debt	237	+ 24,7	190	337
Per cent out of net sales	11,3		10,6	20,7
Personnel in average	3.179	+ 6,4	2.988	3.001
newspaper deliverers	2.035	-3,4	2.106	2.271

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Cover: The new trademark of the Sanoma Group.

Sanoma Group



Sanoma Corporation Board of Directors

Aatos Erkko, Chairman	for the term until	1990
Heikki Tikkanen, Vice Chairman		1992
Aarne Castrén		1991
Teo Mertanen		1990
Väinö J. Nurmimaa		1991
Jaakko Rauramo		1992
Patricia Seppälä		1991

Auditors

Mr Aimo Autio, Authorised Public Accountant, and Mr Antti Helenius, Authorised Public Accountant, have acted as Auditors, with Mrs Johanna Perälä, Authorised Public Accountant, and Mr Aunus Salmi, Authorised Public Accountant.

Sanoma Group Management



Sitting from the left: Messrs. Matti Anderzén, Jaakko Rauramo, Aatos Erkko and Heikki Huhtanen. Standing from the left: Messrs. Tapio Kallioja, Martti Ojares, Jaakko Hannuksela, Pekka Toropainen, Pertti Huhtala, Heikki Saraste and Ms. Kerstin Rinne.

A New Centennial

In 1989 we celebrated the Hundredth Anniversary of Päivälehti, the predecessor of Helsingin Sanomat. Ahead of us is not only everyday work, but also an exciting and interesting future. We hope that the centenary has given us both incentives and high spirits as well as new standpoints to help meet the challenges of the future.

The surprising and dramatic events which took place in Europe in 1989 brought back memories of the period when Päivälehti was founded. As today, the media played an important role in the course of events a hundred years ago. Also in those days democracy, liberty and national values were aspired to. We believe that the relationship between these values and free media will be durable and necessary in years to come. And we feel that we can look forward to this future with confidence.

The Sanoma Group has defined its position in this environment as follows: we are an internationally recognized producer and medium of professionally edited high-quality information, news and entertainment and lead the field in Finland. Our basic social commitment is to champion democracy, to promote social justice and freedom of opinion, progress and welfare. Our operations are based on the best journalistic traditions and on strong professional expertise. We carry out our vision and our commitment by conveying reliable and diversified information as well as high-quality entertainment.

In order to develop, produce and transmit high-quality products and to maintain our editorial independence and a humane, challenging and rewarding working atmosphere as well as our methods of operation, we must have as a basic principle that all business operations in the Group are profitable in the long term. Bearing these principles in mind, we look forward to opportunities of success in the 90s and in the next millennium.

In developing our operations and organization, a major aim has been to fulfill the expectations that people place on their work. This has also required the courage to take original steps such as founding a Profit Sharing and Employee Investment Fund.

A whole is greater than the sum of its parts; this is a principle that has been applied to both in our operational functions and in our personnel policy. We hope that our staff finds the whole — the Group — both necessary and valuable.

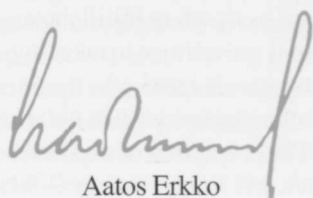
1989 was an eventful year both in Finland and abroad in regard to the ownership of media companies. The Sanoma Group has been purposefully expanding its activities from a newspaper company to a multimedia corporation. In these terms, we have sought growth and will go on to seek international partnerships. At the same time, we will keep both the structure and the size of the Group as competitive as possible in order to safeguard the expectations of our customers and our personnel in the future.

However, there are some ground rules for internationalization and growth in our Group. Our operations must be responsibly carried out in accordance with the basic principles of the Group as part of Finnish society. In addition, international activities must not jeopardize what we already have. Growth in itself is not worthwhile, but must develop and strengthen both our operations and the structure of our company.

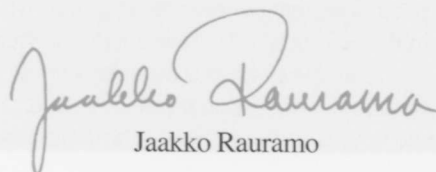
Favorable exterior circumstances, successful long-term development and hard work have all contributed to the excellent results the Group achieved in 1989, creating a strong basis for the 90s.

Our results have been achieved by investing in the future, not by sacrificing it. Our efforts have positively been responded to by our customers, to whom we are most grateful.

Finally, we would like to express our warm thanks to our personnel for the past year. We would also like to encourage and support our personnel to meet the great challenges and changes that will take place in the 90s.



Aatos Erkko



Jaakko Rauramo

Report by the Board of Directors on Sanoma Group Operations in 1989

Economic trends in Finland

As in other Western industrial countries, the economic boom continued in Finland to be stronger than expected. Exports remained at the same level as in 1988 but imports increased by as much as 10 %. Growth in Western exports exceeded that of total exports whereas exports to the East bloc market decreased further. Export prices rose by 8 % and import prices slightly less, i.e. by 4 %. In the forest industries, the upward trend of paper prices had already slowed down by the end of 1989. The change was caused by decelerated economic growth in the U.S.A. and by increased paper production in most paper producing countries. The strong boom which has prevailed for a long time in the forest industry showed signs of grinding to a halt.

The rapid growth of consumption and investments contributed to a substantial increase in imports for the second successive year. Thus, the current account deficit totaled FIM 21 billion in 1989 and the estimated figure for 1990 is even higher.

Total output in Finland increased by 5 % in 1989 compared to 3.5 % in the OECD countries. The economic boom is almost over. Economic growth in 1990 is expected to remain at about 2 % because domestic demand is forecast to tail off substantially. Also, declining cost competitiveness will curtail prospects for exports.

The overheated economy in 1989 was most obvious in consumption and housing construction. In real terms, the incomes of households increased by 3% in spite of rapid growth in consumer prices. The 5 % increase in private sector consumption had a further erosive effect on savings.

Although housing prices, which had contributed greatly to rising costs, started to show a downward trend at the end of the year, there was no easing up in the price and cost pressures. At year end, 1989, the inflation in consumer prices was 6 %. It is estimated that the same inflation rate will continue in 1990. The upward trend of the cost level will depend decisively on the situation for wages and salaries. With the prevailing current account situation, it will be of utmost importance to keep inflation low to safeguard the competitiveness of our exports.



Communications industry

In addition to the traditional printing and publishing, the communications industry includes communications in electronic form. Electronic media, also called new media, have secured their position alongside the printed media and they will have an increasing impact, for example, on newspaper advertising revenue.

In all European countries, the traditional printing and publishing industry has been a home market industry. The proportion of exports for instance in Great Britain and France is only 2 % and in the

German Federal Republic 10 %. The proportion of imports in Great Britain and France is 10 %, in the GFR and Italy 5 %. In Finland, exports and imports are almost equal, about 5 % of the total gross volume. Few printing and publishing companies have subsidiaries abroad.

If European economic integration of 1992 materializes, the communications industry, printing and publishing industries will face a great challenge. Although the language barrier will prevent



drastic changes, especially in Finland, the intensifying competition will undoubtedly lead to the restructuring of companies, also creating pressure for specialization. If, as is forecast, economic integration will benefit overall economic growth, there will also be an increased demand for printed product. The key word at that stage will be competitiveness.

In spite of the highly advanced technological level of the printing and publishing industry, the total profitability of the field has grown more slowly than in other main industries. This may be due to low capacity utilization and the capital intensiveness of the field. Profitability has been maintained by raising the price of the product. The high level of labor costs in Finland compared with, for instance, Italy and Spain, will damage our competitiveness and lead to complex problems. For several reasons, there were many reorganizations in the ownership of newspapers during 1989.

As the result of increased sales, the profitability of the printing and publishing industry improved for the second consecutive year, although the trend was not uniform throughout the field. Newspa-

pers, book publishers and manufacturers of printed advertising material showed the greatest profits. Profitability was lowest in magazine publishing, which remained at the same level as in the previous year.

According to advance information, sales of the printing and publishing industry were FIM 15,8 billion, a rise of 10.7 % over the previous year. The number of personnel presently employed by this field is at about the same level as in 1988, 38,000.

In 1989, the circulation of morning papers including afternoon papers published 3—7 times a week was 3,293,706 copies, a rise of 0.6 % on the previous year. The circulation of the afternoon papers increased by 11.1 %.

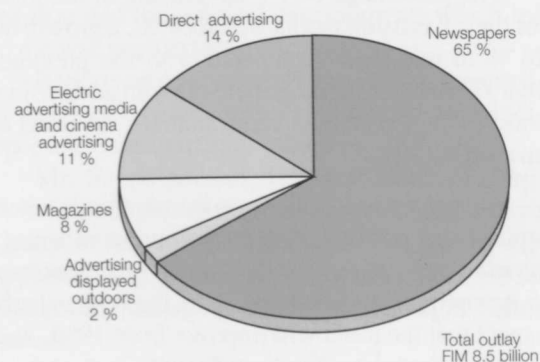
The volume of advertising in the Finnish Newspaper Publishers Association member papers totaled 480,258 column meters, up 8.1 %. The annual average subscription price for daily newspapers was 656 marks, a rise of 11 % over the previous year.

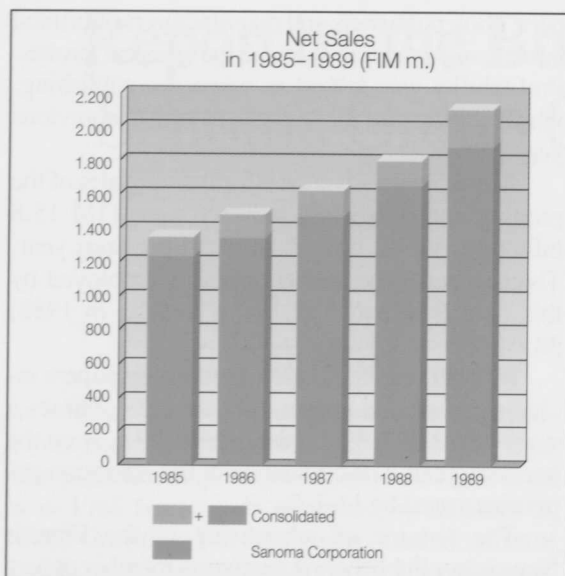
As in the previous years, the circulation of magazines continued to rise in 1989.

General interest magazines showed a decreased circulation but, on the other hand, women's magazines increased their circulation by almost 4 %. Specialty magazines showed the largest circulation growth, which is in keeping with the trend of the last few years.

Magazine copy sales, which had shown a clear downward trend in the 1980s, grew by 5,8 % in 1989. One reason for the growth was widely used special low newsstand prices. Consequently, the

ESTIMATED ADVERTISING OUTLAY 1989





sales of general interest magazines in mark terms remained approximately at the 1988 level in spite of the volume increase in copy sales.

The favorable overall economic situation was also reflected in magazine advertising. According to advance information, magazine advertising volume totaled FIM 711,8 million, up 13 % over the previous year. In spite of the significant increase in advertising, its proportional share of the total advertising media outlay was smaller than in the previous year.

The percentage of TV advertising in the total for the advertising media was 10.9 %, a growth of 24 % in real terms compared with the previous year. The corresponding share of radio advertising was 1.6 %. Due to new radio stations, the trend is upward.

According to a poll on economic trends taken among the printing and publishing companies, general expectations for the current year continue to be optimistic. About 50 % of the respondents expect that the trend will improve from 1989, and only 5 % forecast a downward trend.

Operating environment of Sanoma Group

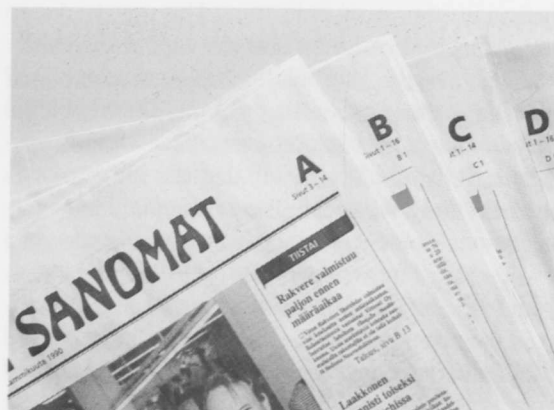
The Sanoma Group continued to be engaged in the same activities as in the previous year.

In addition to the four strategic business units of the Group — Newspaper Division, Sanomaprint, Eurocable and Startel — the Sanoma real estate properties was turned into a business unit as of January 1, 1990.

Through an acquisition signed on June 2, 1989, Hyvinkään Sanomalehti Oy and Hyvinkään Kirjapaino Oy became part of the Sanoma Group. This new subsidiary is situated in Hyvinkää, a town about 31 miles north of Helsinki. Hyvinkään Sanomalehti Oy publishes Hyvinkään Sanomat, a morning paper coming out six days a week.

Sanomalehtien Ilmoitustoimisto Oy, a company specialized in media monitoring and clipping services, which was acquired at the end of 1988, became a subsidiary of Startel Oy in the spring. Within the Sanomaprint Division, Tecnopress Oy was merged with Erikoislehdet Oy including also business publications. During 1989, Erikoislehdet Oy acquired a majority holding in Utemagasinet magazine, published by a Swedish publishing company, Milvus Förlags Ab.

1989 was a jubilee for the Sanoma Group. Päivälehti — Helsingin Sanomat celebrated its 100th year on November 16, 1989. The event was celebrated in many ways. The structural change in Helsingin Sanomat also took place on the same date. On the centenary, the Board of Directors



made a decision to implement a Profit Sharing and Employee Investment Fund as of the beginning of 1990. This decision was confirmed by the extraordinary shareholders' meeting on November 29, 1989. It was also decided that two representatives of personnel be elected to the Board of Directors of Sanoma Corporation. During 1989, new trademarks and logos for Sanoma Corporation and Helsingin Sanomat were adopted.

For the newspapers, the most important event was the inauguration of our new satellite printing plant, the Varkaus plant, in northeastern Finland. Of major significance was the decision to build another satellite printing plant in Forssa to serve the readers in the western part of the country.

Newspaper Division

Helsingin Sanomat Editorial Offices

The structure and editorial appearance as well as layout of Helsingin Sanomat on weekdays was drastically changed on the centenary of the news-



paper. The new appearance was the result of thorough planning throughout the year.

The editorial material is now divided also on weekdays into four sections. On Sundays, the paper's structure has remained basically unchanged.

To meet the requirements of the new layout of the paper, necessary changes were made in the organization.

Events relating to the centennial celebration were extensively reported on the pages of Helsingin

Sanomat. In the spring, an advertisement exhibition was arranged as well as a historic news picture exhibition in cooperation with Lehtikuva Oy. Fall events included The Builders of the Future exhibition and the Centenary Seminar for invited participants.

A separate magazine supplement about the history of Päivälehti — Helsingin Sanomat was published in the spring.

During the year, two books about the history of Päivälehti — Helsingin Sanomat were published, one by Dr. Marja Niiniluoto, *Events in the Era of Päivälehti*, and the other by Dr. Keijo K. Kulha, *Fencing with Words and Striving for Conciliation*, describing the editorial policies in the 20s and 30s.

The inauguration of the Varkaus printing plant took place on August 23, 1989, in the presence of President and Mrs. Mauno Koivisto. A highly distinguished group of Finnish and foreign guests also attended the ceremonies.

The main news events focused particularly on the internal process of perestroika in the neighboring Soviet Union — and especially on the events in the Baltic countries south of the boarder — together with its revolutionary impact on the other socialist countries in Eastern Europe.

Another extensively covered subject was European integration and Finland's role within it.

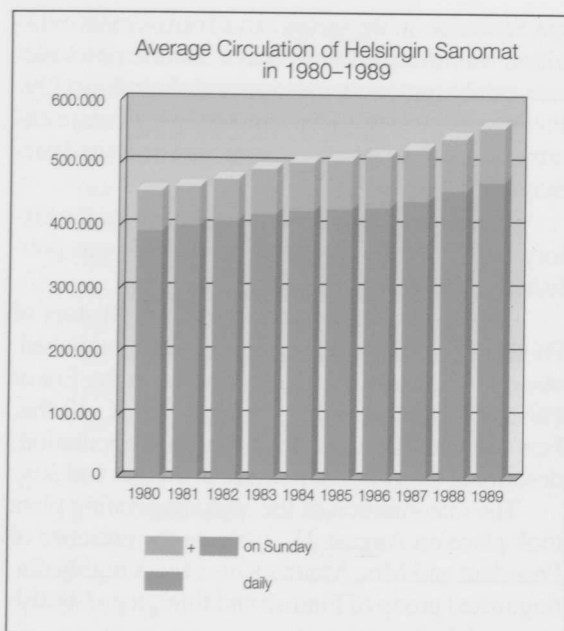
On the home front, the importance of the paper's independent news gathering was further emphasized with regard to the accelerating imbalance of the Finnish economy including the financial problems of Wärtsilä Marine. The state visit of the Soviet President Mr. Mikhail Gorbachev was one of the highlights of the fall.

In November, the 50th anniversary of the Winter War and the political developments which led to the war were extensively reported.

Reports on consumer affairs, such as the quality and price of food, grew in importance as did science and environmental subjects.

Mr. Seppo Kievari, Editor in Chief, was appointed publisher of the newspapers of the Sanoma Group on July 1, 1989. Mr. Janne Virkkunen was appointed Editor in Chief, news, and Mr. Pekka Kukkonen Managing Editor of Helsingin Sanomat.

Ms. Reetta Meriläinen became Director of the



Sanoma School of Journalism on April 1, 1989.

The 12th course in journalism, which will last 16 months, started in the fall. Of 1,972 applicants, 20 students were admitted.

Marketing

Average circulation of Helsingin Sanomat on weekdays was 470,708, an increase of 13,640 copies, up 3.0 %. The corresponding figures for Sundays are 557,834, an increase of 16,535, up 3.1 %. The total average circulation increase of newspapers in the country was 0.6 %.

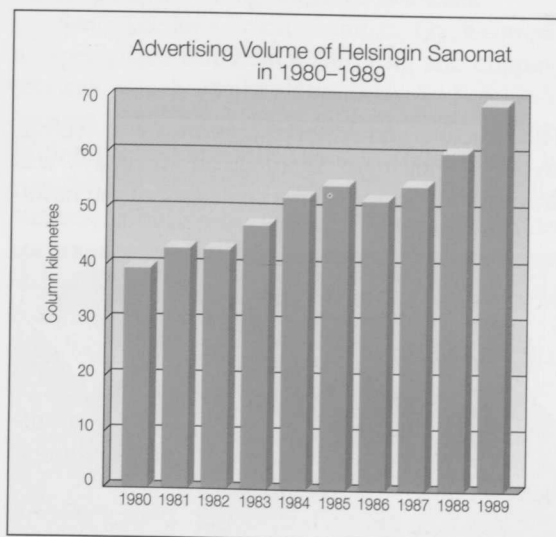
The magazine supplement was published 25 times, including a special centenary issue which came out in May.

When the printing of Helsingin Sanomat commenced at Varkaus in the beginning of August, the changeover to the new delivery and distribution systems took place in seven phases over five weeks. The average 1989 circulation of Helsingin Sanomat printed at Varkaus on weekdays was 80,000 and on Sundays 110,000 copies. Within the Varkaus circulation area, distribution is handled in cooperation with regional newspapers in eastern and central Finland. In the districts of Kymenlaakso and Pohjanmaa, the newspapers are distributed in collaboration with the post. In the

provinces of Oulu and Lappi, the subscribers mainly receive Helsingin Sanomat by mail during the day. The start-up of the new delivery and distribution systems was carried out smoothly and successfully.

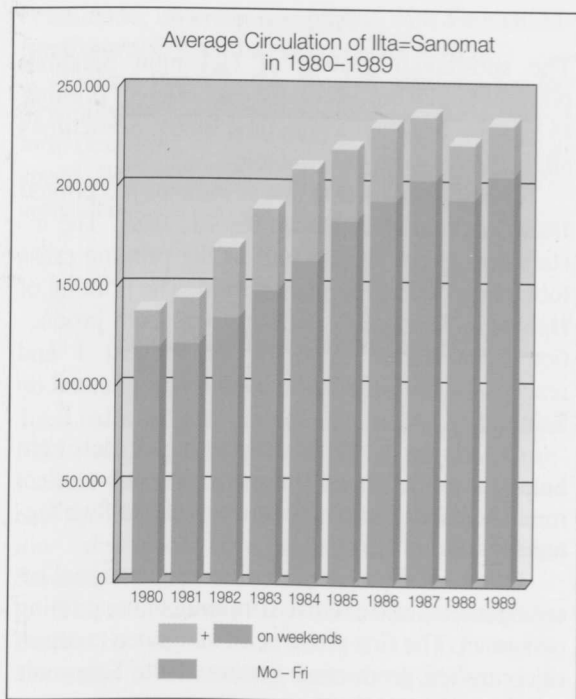
In 1989, distribution within Uusimaa Province was further developed. The entire province is served by the early morning distribution system, which is now available to all newspapers. In addition to Finnish newspapers, the early morning distribution is also available to the Stockholm-based Svenska Dagbladet and Dagens Industri. A special service in the Metropolitan Area is weekend delivery of leading regional morning papers published outside Helsinki.

Negotiations were continued to revise the National Early Newspaper Delivery Agreement



(SAVA) between the newspapers and the postal system. The hoped for changes could not be carried out, contrary to expectations, due to considerable cuts in the SAVA appropriation in the state budget.

The annual subscription price of the daily Helsingin Sanomat was raised from 640 marks to 660 marks in February and to 699 marks on July 1. Correspondingly, the Sunday issue rose from 298 marks to 307 marks in February and to 325 marks on July 1. The newsstand copy prices remained the same throughout the year: 5 marks on weekdays and 7 marks on Sundays.



The Helsingin Sanomat sponsorship of sports continued to focus on youth sport activities. Major events were the Hopeasompa Ski Competition, the Helsinki Cup football tournament, the men's Jukola and the ladies' Venlat Orienteering Competition relays and the Helsinki City Marathon.

In 1989, Helsingin Sanomat reached an all-time high advertising volume of 68,915.7 column meters, up 14.3 % over the previous year.

Growth in the economy and active marketing efforts by the company contributed to increased advertising, especially on the jobs market. On August 9, 1989 a separate weekly insert of job vacancies was launched. The insert is published on Wednesdays. The Apartments for Sale section showed an above-average increase.

The advertising volume in the magazine supplement hit a record high of 820.6 pages, 15.3 % higher than in the previous year. Also, the number of inserts in Helsingin Sanomat totaled a record high of 85 copies.

An advertisement exhibition relating to the centennial events was arranged at the art gallery of Helsingin Sanomat, the Galleria Diana, in the

spring. The exhibition, From Velocipede to Video, featured advertisements in Helsingin Sanomat during the past hundred years. The material for the exhibition consisted of over 600 advertisements selected according to the theme and period from over 30 million advertisements published over a century.



Ilta=Sanomat Editorial Offices

The main emphasis was on strengthening the quality of the news content. In addition, measures were taken to further increase the abundance of news which has proven to be the most important weapon in gaining competitive edge. The news criterion was also applied when reporting on recreational activities and sports.

Special attention was paid to subjects of general interest in the daily life of citizens. One such topic, the price of food, was discussed in a lively way in the summer, and the discussion later spread to the other media.

The layout of Ilta=Sanomat was further enhanced. To carry out the plans, new personnel specialized in layout was hired. In addition, continual and extensive training was arranged for the personnel in charge of the layout and paste-up of pages.

The monthly special feature supplements were replaced by a Monthly Paper, which covers a variety of subjects. Tuesday's Quiz Section and Thursday's TV Guide were continued.

Investments made at the Sanomala printing plant during the latter part of 1989 made it possible to staple the paper and to insert a stapled four-color supplement.



Marketing

The circulation of Ilta=Sanomat again showed an upward trend after a slight fall in the previous year.

The average circulation on weekdays was 206,934 and on weekends 232,407, an increase of 6 % over the previous year. The circulation was the highest in the history of the paper.

Ilta=Sanomat is the second-largest newspaper in the country. It is sold all over Finland at over 8,500 sales outlets. The afternoon paper market share of Ilta-Sanomat is 70 % and the circulation increase was especially strong during the latter part of the year. The circulation was 213,017 copies, an increase of 15,000 over the previous year. Advertising sales also reached an all-time high figure. The advertising volume was 4,806 column meters.

Ilta=Sanomat is also printed at the new Varkaus plant. At the year end, about 100,000 copies of the paper's total circulation on weekdays and 120,000 weekend copies were printed in Varkaus.

Sanomala Sales

Sanomala Sales is a department of the Newspaper Division responsible for the marketing of excess prepress, plate making and printing capacity as well as mailing services at the Sanomala printing plant.

During 1989, thirteen regularly published newspapers were printed for customers. In addition, 38 individual printing assignments involving large editions, a total of 6.8 million copies, were printed.

Production

The substantial growth of Helsingin Sanomat placed a heavy burden on the execution of printing in existing facilities within time limits. Sometimes slight delays were unavoidable.

The first production line at Varkaus has printed Ilta=Sanomat since December 15, 1988. The installation of the second half of the printing press took place during the same period. The printing of Helsingin Sanomat at Varkaus with both production lines started gradually on August 1 and reached its full production capacity as planned on September 5.

On August 1, 1989, the printing of Helsingin Sanomat was changed from straight run to collect run. The paper could now be divided into four sections instead of two.

Other focal points were the organizational rearrangements and extensive training of the printing personnel. The first phase of an integrated computer-controlled production system at the Sanomala printing plant was implemented.

The differentiation of the two papers in the prepress organization was completed after Ilta=Sanomat got its own four-color system, Scitex, at the end of the year. In addition, a new display ad production system, Camex, for high quality, complex advertisements was acquired.

The Forssa Plant

The decision to build a second satellite printing plant in Forssa, a city 70 miles northwest of Helsinki, was approved by the Sanoma Board of Directors in the beginning of June. Immediately thereafter the final negotiations for the purchase of the site were started. The contract, concerning an area of 88 acres in the city of Forssa, was signed with the Forssa township on August 7, 1989. The printing plant area is located on the Helsinki—Pori highway, about one mile from the center of Forssa.

At the end of August, a contract was signed to order printing presses from Wifag AG of Switzerland. The machinery will be of the same type as at the Varkaus plant but there will be more printing units. After the decision on the printing presses had

been made, an order was placed with Finnish Altim Control Oy for the press control system.

During the fall, the process planning for the new printing plant was continued and the architectural designing of the building commenced at full speed. Before the year end, the construction works were started on the site.

Hyvinkään Sanomalehti Oy and Hyvinkään Kirjapaino Oy

Total sales of both companies increased by over FIM 1 million to FIM 49.3 million in 1989. Commercial printing accounted for FIM 39.4 million and the newspaper for FIM 17.2 million. Due to low sales prices, the profitability of Hyvinkään Sanomalehti was unsatisfactory.

The circulation of Hyvinkään Sanomalehti for the first half of 1989 was verified as 15,023 copies. The sales of advertising space and efforts to increase the circulation were hampered by unsound competition among newspapers at Hyvinkää.

In commercial printing, the export of comics in real terms has continued at the same level as in previous years. All significant export contracts were renewed for 1990. Due to the changes in the production flow, the printing of forms was discontinued at the end of the year.

Oy Lippupalvelu-Biljettjänst Ab Box Office Agency

The performance of Oy Lippupalvelu — Biljettjänst Ab has continued to be steady. A new local area network program for computerized ticket sales is being developed, and this is expected to be finished early in 1990. The system will be marketed to ticket agencies outside Helsinki.

Newspaper Division personnel

An average of 1,884 persons worked for the Newspaper Division in permanent and fixed-term posi-

tions. 1,774 were employed by the newspapers: 465 journalists, 622 other salaried personnel, 687 wage-earning printing workers. On average 2,035 newspaper deliverers were employed. Hyvinkään Sanomalehti Oy and Hyvinkään Kirjapaino Oy, which became a part of the Newspaper Division at the beginning of June, had a staff of 160 persons. Oy Lippupalvelu-Biljettjänst Ab employed 15 persons.

Lehtikuva Oy International Picture Agency

For Lehtikuva Oy, 1989 was the news picture year of the decade. Major political events, economic news and many catastrophes overshadowed sports, which have traditionally played an important role in the company's activities.

Lehtikuva Oy's own photographers covered international events in the Baltic countries, Poland, the German Democratic Republic, Czechoslovakia and Namibia. The pictures taken were transmitted not only to domestic papers but also to international picture agencies and newspapers.

In Finland, the main events were the visit of President and Mrs. Gorbachev and the World Cross Country Ski Championships in Lahti. Other important events were the centenary celebration of Helsingin Sanomat and an exhibition entitled A Hundred Years of News Pictures.

As of the beginning of the year, the European Pressphoto Agency has sent its pictures by satellite directly to the offices of Lehtikuva Oy. More sophisticated technology has considerably improved



the quality of the pictures transmitted. Digital transmission was almost entirely used in the picture traffic between Lehtikuva's own photographers and the home office. Color negative films were increasingly used in our own picture production. The emphasis in acquisitions for laboratory and telephoto equipment was mainly on this area.

In spite of a substantial increase in the work load, no new personnel was hired. Profitability improved considerably over the previous year.

Mrs. Patricia Seppälä, President of Lehtikuva Oy, retired on December 31, 1989.

Throughout Lehtikuva Oy's history, Mrs. Seppälä's strong personality has been instrumental in developing the company from a six-person office into an internationally recognized and respected picture agency. Mrs. Seppälä has held various positions within the company since its establishment in 1952. She has been Chairman of the Board 1966—1977, member of the Board 1977- and President of Lehtikuva Oy since May 2, 1977.

Mrs. Seppälä has been especially valuable as the initiator and developer of cooperation between the largest and best-known picture agencies in the world and Lehtikuva Oy. One of the positions she has held was the chairmanship of the European Pressphoto Union.

Mrs. Seppälä's other important accomplishments have been her contributions at international events in which Lehtikuva has participated, such as the Olympic Games since 1952, as well as her important work at national and international level in increasing appreciation of news pictures. Mrs. Seppälä was the chief judge at World Press Photo 1982—1983.

Ms. Marjukka Luomala was appointed President of Lehtikuva Oy as of January 1, 1990.

Sanomaprint Division

The Sanomaprint Division publishes magazines, children's magazines, books and business publications. It is also engaged in commercial printing.

In 1989, the circulation and advertising sales of Sanomaprint magazines increased favorably. 19 of the 25 magazines included in the publication program showed increased circulation. Total cir-

culation grew from 1,184,192 to 1,284,703 copies, i.e. 8.5 %. The sharpest growth took place in *Aku Ankka*, *Donald Duck*, and in the senior citizens' magazine, *et-lehti*. In addition to the circulation increase, the circulation structure of the Sanomaprint magazines also improved markedly, mainly as a result of the rapid growth of the automatic renewal subscription service.

The organization of the Sanomaprint magazine publishing activities was altered to a product line organization by dividing the publishing of the Sa-



nomaprint magazines into two product lines on August 1, 1989. Ms. Eija Ailasmaa and Ms. Anne Valsta were appointed Vice Presidents, Publishing, for these product lines.

Favorable economic conditions and the successful organization of advertising sales increased the advertising revenues of the Sanomaprint magazines. 2,531 advertising pages were published in these magazines, up 35.4 % over 1988.

In the reader coverage of the main target group for women, the bi-monthly *Kodin Kuva* strengthened its position as market leader. Constant efforts to enhance the contents of the magazine together with long-term image campaigns contributed to this favorable result. Ms. Maija Alf-tan was appointed Editor in Chief of *Kodin Kuva* in August. *Me Naiset* changed its editorial style from the fast reporting of weekly news to a more traditional women's weekly. The content variety was increased by introducing special issues on fashion, food and beauty. *Et-lehti* strengthened its position as the only specialist magazine for its

target group, senior citizens. Ms. Kaisa Larmela was appointed Editor in Chief of *et-lehti* in October. During its second full year of publishing, *Gloria* secured a strong foothold in the advertising market. It strengthened its position as a specialty magazine for its own target group. *Suuri Käsityökerho*, handicraft, retained its market leader position in spite of strong competition from foreign handicraft magazines. The focal points of *Eläinmaailma*, fauna, were clearly aimed at schoolchildren. *Tiede 2000*, science, concentrated on a greater variety of high-quality articles in cooperation with the scientific community in Finland. Thanks to reader fidelity, the magazine was doing well. The contents of *Terveys 2000*, health, were developed to respond better to the desires of the reading public.

The Sanomaprint children's magazines retained their strong market share. Although the children's age group is getting smaller, the circula-



tion of the traditionally popular *Aku Ankka*, Donald Duck, increased. According to *Aku Ankka* readership research, there were 992,000 over 12-year-old readers among the total of 1,500,000 readers of the magazine.

Sanomaprint's book publishing continued to focus on Walt Disney fairy tales and comic books. The most important distribution channels of the books were *Rautakirja*, newsstand chain, and Sanomaprint's Children's Own Book Club. Other books included in publishing were the *Guinness Book of Records* and *The Book of Inventions*. All in all, 159 titles were printed of which 27 were reprints.

The long-standing cooperation between Sanomaprint and the Danish company Gutenberghus was expanded. Sanomaprint agreed to acquire from Gutenberghus its 50 % ownership in *Oy Kirjalito Ab*, which specializes in children's books and games.

The publishing program of *Erikoislehdet Oy* comprised eleven of its own specialty magazines, seventeen business publications and the *Business Finland* yearbook. The activities of *Erikoislehdet Oy* were organized into three product groups: the *Tecnopress Magazines*, the *Sport Group* and *Business Publications*.

The number of magazines published by *Erikoislehdet Oy* increased by five through acquisitions and new launches. New launches were *MacWorld* and *Tennis World*. Three magazines, *Street & Race*, hot rod magazine, *VK-lehti*, training and conditioning, and *Boat World*, were acquired. The number of business publications remained unchanged.

The printing operations of Sanomaprint were consolidated at *Martinlaakso* after the printing unit at *Tapiola* was closed in the summer of 1989. Centralized printing became possible when, after long negotiations, a contract on night shifts was signed and weekly operating hours could be raised to 135. The centralization of printing contributed substantially to efficiency and improved profitability as planned.

Despite having fewer presses, the total output of the Sanomapaino printing plant has somewhat increased due to reorganized production. In 1989, there was full employment and the capacity utilization was high at the printing plant. The share of exports of the total production amounted to 10 %, mainly to the Scandinavian countries and to the Soviet Union.

1989 was a very successful year for Sanomaprint, both functionally and economically. Despite emphasis on development operations, the profitability of Sanomaprint was better than in previous years.

Sanomaprint employed an average of 754 persons: 124 journalists, 273 other salaried personnel and 357 wage-earning printing workers. In addition, an average of 29 persons worked in fixed-term jobs.



Eurocable Division

The Eurocable Division is in charge of the satellite and cable TV operations of the Sanoma Group. The operations are divided into two units. Eurocable Oy, with its subsidiaries and minority shareholdings in domestic companies, is responsible for operations in Finland. Foreign operations are controlled by ECI Communications AG, a Swiss holding company.

The Eurocable Division employed an average of 164 persons, of whom 20 were employed by Eurocable Oy, 74 by Helsinki Televisio Oy (HTV) — Helsinki Cable Television and 70 by Janco Kabel-TV A/S.

Eurocable Oy

Eurocable Oy was responsible for the administrative services for the division's other units, and it also supplied programs to cable TV companies.

Eurocable Oy and Helsinki Televisio Oy (HTV) became shareholders in Suomen Paikallis-TV-Kanavat Oy (PTV) — Finnish Local TV Channels Ltd., which produces programs and sells advertising time both to HTV and local cable TV networks in Tampere, Turku and other cities. In addition, Eurocable Oy increased its shareholdings in a Kotka-based cable TV company, Kotkan Tietoruutu Oy.

The program department of Eurocable Oy focused particularly on purchasing new, successful mini series for the Entertainment Channel. Several

new, long-running series were acquired for PTV. New programs totaled about 1,500 hours.

In addition to the mini series, the Entertainment Channel programs included feature films as well as situation comedies and action series. At the year end, the Entertainment Channel subscribers in five cable networks totaled 21,045. Total number of program hours was about 1,750.

The FilmNet movie channel distributed by Eurocable Oy was transmitted in twenty-two cable networks and in many master antenna systems by the year end. During 1989, the FilmNet service expanded to include hotels and homes with satellite antennas of their own. In addition to efforts aimed at increasing the number of reception areas, FilmNet's marketing focused on promoting the channel all over the country. At the year end, the number of FilmNet pay subscribers totalled 23,047, an increase of 81 % over 1988.

Helsinki Televisio Oy Helsinki Cable Television

There were 148,935 households connected to the HTV's cable network at the year end. During the year 12,289 new households were connected, 25 % more than in the previous year.

During 1989, transmission was started from the new sub-head ends in two eastern suburbs, Vuosaari and Herttoniemi. At the year end, there were 20 sub-head ends in operation. In addition, the cable TV networks of Helsinki Telephone Company in Kerava and Järvenpää were linked to the head end by optical fiber cable.

As a new basic service, the Eurosport sports



channel was launched in April. Transmission of the satellite program Sky One terminated in October. The number of program services transmitted to households connected to the HTV network totaled 20: 12 were free basic services and 8 were pay-TV programs. In addition, 9 radio program services were transmitted over the cable network at the year end.

In November, a new attractively priced pay-TV package, PlusSat, was launched. The package consists of six satellite channels: Cable News Network, The Children's Channel, Screen-Sport, BBC TV Europe, Discovery and Lifestyle. The last three are new program services offered in the HTV networks. The number of pay subscriptions totalled 33,081 at the end of the year.

The technical services offered by HTV Production, marketing production services, were improved with the construction of a new editing unit. A new service offered was the production, filming and transmission of HIFK Ice Hockey Club home games on the Helsinki channel.

The increase in both the number of households connected to the network and the volume growth of pay-TV operation raised HTV's net sales by 14 %. However, the investments caused by the expansion of the network continue to exert a drag on the financial performance, which showed a loss.

ECI Communications AG

In addition to the Swiss ECI Communications AG, the Eurocable Division's foreign operations include Janco Kabel-TV A/S in Oslo and minority holdings in the London-based Westminster Cable Company Limited and Cork Communications Limited in Ireland.

Janco Kabel-TV A/S

At the end of 1989, 149,455 households were connected to the cable network of Janco-Kabel-TV A/S. The number of households remained at the level of the previous year because the Janco network already covers most of the city of Oslo.

At the end of 1989, the number of cable program services transmitted in Janco's cable network totaled 19. In addition to the Norwegian and

Swedish public broadcasting programs and local programs, Janco's basic services include the European satellite programs Eurosport, Super Channel, Music Television, TV5 Europe and World Net as well as the Scandinavian satellite channels Nor Net and TV3.

In February 1989, Janco started pay-TV services by launching the 24-hour FilmNet movie channel. In May, a pay-TV program package was launched, consisting of the following satellite programs: BBC TV Europe, Cable News Network, The Children's Channel, Discovery, Lifestyle and Screensport. In addition, the pay-TV channel TV-1000 was launched in August. Janco's pay-TV subscribers totaled 7,166 at the year end.

During 1989, the extensive construction work of a fiber optic super trunk was finalized. The super trunk makes possible transmission of 24 TV channels and it can be expanded to 48 channels.

The sales of Janco-Kabel-TV A/S rose 15 % over the previous year. In spite of investments and non-recurring costs caused by the launching of pay-TV and the upgrading of the cable network, the result of the company continued to be good.

Due to regulations on foreign ownership in Norwegian cable TV companies, Sanoma Corporation will have to give up its majority holdings in Janco by August 1990.



Startel Division

Startel Division comprised Startel Inc. and Sanomalehtien Ilmoitustoimisto Oy, SITA, a fully owned subsidiary since March of 1989.

Startel Inc. specializes in electronic information services, business directories and database marketing services to corporate users. SITA provides media monitoring services ranging from traditional press clipping services to computer aided sponsor exposure measurement services.

The operations of Startel Division in 1989 developed favorably in many areas and its position as a leading domestic information vendor was further strengthened.

Startel Inc. did not have a profitable operational year due to the cost of developing new products such as Kompas Finland and also to the rescheduling of some planned product roll outs caused by the late deployment of new EDP systems. SITA's strong performance continued in 1989 and the profitability of the company improved further.

Startel Inc.

In the field of electronic information services, the main focus was on the development of financial information and news services.

Financial information services

A new real-time financial news service — Startel Express — was launched in May. The service, which is produced by Startel's own desk, reports all news and company announcements that are of value in interpreting market behavior. The service can be delivered directly to the clients' terminals or front end systems. The coverage of Startel's quote service was further increased by the addition of real-time OTC and options trading data.

At the end of the year, Startel Inc. signed an agreement with Knight-Ridder Unicom regarding the marketing of their MoneyCenter service in Finland. MoneyCenter is a sophisticated real-time quotes, news and graphics system operating 24 hours a day.

Startel published a reference book — the Ownership of the Finnish Public Companies. Also the newsletter "Market Week" was continued.

Startel's other retrieval systems consisted of both Finnish company and news databases and the international EasyNet, Global Report and Affärsdata services.

Business Directories

Startel Inc. published the following Business Directories in 1989: Blue Book XXI, Finland's most comprehensive Company Register; Taseet ja Taustat, financial summaries of the 3,000 leading Finnish business enterprises; and Hot Lines, a corporate phone book. In addition, the first Finnish edition of the Kompas catalogue was distributed by Startel.

Marketing Services

In the field of marketing services, the sales volume of mailing lists and address label services experienced favorable growth. The development of microcomputer SalesPower Database Marketing Systems continued during 1989, and in December these operations were organized into a new Startel profit center — Startel System Services.

SITA Media Monitoring Services

During the year under review, SITA provided press clipping services, TV and radio monitoring reports, new legislation document delivery services and advertisement intermediation for Finnish and international newspapers.

Information from 1,500 domestic publications and 50,000 papers throughout the world can be obtained for different customized reports and analyses.

TV and radio surveillance is a growing SITA service. By ordering in advance, a customer can be provided with information on programs matching his interest profile.

A new computer aided Sponsor Exposure Measurement System was developed in cooperation with the Graphic Laboratory of the Technical Research Center VTT. The System, which is unique in Finland, is capable of providing accurate ratings on the publicity the client gets in both electronic and print media.

A project aimed at developing an integrated EDP system for the company was implemented.

During the year, the operations of the company developed favorably, profitability improved and the company achieved its target.

Sanoma Group Personnel

The Sanoma Group employed an average of 5,214 persons in permanent and fixed-term positions, an increase of 122 on 1988. The number of newspaper deliverers totaled 2,035 and subscription agents 2,293. Wages and salaries including social security payments were 39.4 % of the Group's net sales. The Sanoma Pension Fund paid out FIM 13,052,822.07 in pensions. The Group subsidiaries employed an average of 600 people.

Investments

Net investments of the Sanoma Group totaled FIM 363.8 million. Of this figure, real estate accounted for FIM 43.8 million, machinery and equipment FIM 218.5 million, securities FIM 69.2 million, and other items FIM 32.3 million. Publicly traded securities were acquired in the amount of FIM 30.8 million. The parent company's net investments totaled FIM 228.4 million.

The completion of the Varkaus satellite printing plant was the most significant investment in the Newspaper Division. A Scitex four-color system was installed for the page make-up of Ilta-Sanomat. An advance payment of FIM 70 million was made for the second satellite printing plant to be built at Forssa.

The investments in Sanomaprint remained at a relatively low level and comprised several projects in production, customer service and communications systems.

Investments in cable TV totaled FIM 52.0 million, including investment in the network construction, FIM 24.8 million for Helsinki Televisio Oy and FIM 9.8 million for Janco Kabel-TV A/S.

Major real estate investments included the completion of renovation of premises at Erottajankatu 9-11 and Strömbergintie 4.

Financial Summary

Financial performance of the Sanoma Group was excellent and profitability was better than during the previous year, even including the costs of the centenary celebration and the jubilee bonus paid to the staff. The continuing economic boom in Finland, more strongly than expected, was reflected in the advertising sales of Helsingin Sanomat, which reached a record high. Book printing and advertising sales of Sanomaprint showed a more favorable trend than estimated, which resulted in good earnings for the Sanomaprint Division. The figures for Eurocable and Startel indicated a small loss.

Net sales of the Group were FIM 2,106.4 million, an increase of 16.9 % on the previous year. The profit of the Group on operations before depreciation totaled FIM 430.6 million, 20.4 % of the net sales. The corresponding figure for the previous year was FIM 403.6 million representing 22.4 % of the net sales. The parent company's net sales were FIM 1,882.8 million, an increase of 13.8 %.

The depreciations reflected in the Consolidated Financial Statements represent the maximum allowed under the Business Taxation Act. The depreciations include the increased development zone allowances of FIM 39 million for the Varkaus printing plant. Depreciations of the Group, based on the estimated useful lifetime and replacement value, were FIM 183.8 million, an increase of 7 % on the previous year. Profit before extraordinary items, adjustments to untaxed reserves and after internal depreciations based on the estimated useful lifetime and replacement value amounted to FIM 284.3, an increase of 19.6 % on the previous year. Net liabilities of the Group were 11.3 % of net sales, as against 10.5 % in 1988.

Sanoma Group Income in Percentage of Net Sales

	1989	1988	1987	1986	1985
	%	%	%	%	%
Sales proceeds	136,5	137,6	135,6	134,6	134,7
Adjustments to gross sales	- 36,5	- 37,6	- 35,6	- 34,6	- 34,7
Net sales	100,0	100,0	100,0	100,0	100,0
Leasing income	+ 0,6	+ 0,9	+ 0,8	+ 0,6	+ 0,9
Material expenditures	- 22,5	- 23,0	- 23,0	- 24,3	- 23,7
Staff related expences (1)	- 32,7	- 32,1	- 33,6	- 34,3	- 34,6
Other expenditures (1)	- 25,0	- 23,4	- 24,4	- 24,4	- 24,4
Profit on operations before depreciation	20,4	22,4	19,8	17,6	18,2
Net interest	+ 1,5	- 0,3	0,1	- 0,2	- 0,2
Taxes paid (2)	- 4,0	- 3,0	- 2,9	- 1,9	- 1,8
Other revenues and expenditures	- 0,3	+ 0,1	+ 0,5	+ 0,9	+ 0,7
Income finance	17,6	19,2	17,5	16,4	16,9
Unfunded pension liability +/ funded pension liability -	-	-	2,8	+ 0,6	+ 0,5
Depreciation under Business Taxation Act (3)	- 9,1	- 8,7	- 8,2	- 9,4	- 9,6
Profit of the year	8,5	10,5	6,5	7,6	7,8

1) Includes exceptional expences caused by the centenary.

2) Taxes paid in year 1988 include operational taxes only.

3) Depreciations made 1988, 1989 do not include additional depreciations.

Consolidated Income Statement

1 January to 31 December 1989

(FIM 1,000)		1989		1988
Sales proceeds		2.876.154		2.477.976
Adjustments to gross sales				
Discounts	190.688		157.009	
Credit losses	8.086		4.751	
Purchase tax	88.321		81.780	
Commissions and advertising agency fees	235.815		219.716	
Other adjustment items	246.860	- 769.770	213.584	- 676.840
Net sales (1)		2.106.384		1.801.136
Leasing income		+ 13.199		+ 15.992
Variable expenditures				
Materials	493.532		408.803	
Variable wages, salaries and fees	460.713		411.576	
Other variable expenditures	164.939		148.292	
Change in stock	- 16.768	- 1.102.416	4.609	- 973.280
Gross margin		1.017.167		843.848
Fixed expenditures				
Fixed wages, salaries and fees	229.331		166.257	
Rents	33.833		31.040	
Other fixed expenditures (2)	323.375	- 586.539	242.977	- 440.274
Profit on operations before depreciations		430.628		403.574
Depreciations (3)				
Buildings	47.356		74.797	
Machinery and equipment	158.250		174.427	
Immaterial rights	678		987	
Other outlays with long-term return	17.855		13.468	
Additional depreciations of the Group	6.889	- 231.028	4.357	- 268.036
Profit on operations after depreciations		199.600		135.538
Financial revenues and expenditures				
Interest revenues (4)	97.975		45.249	
Dividend revenues	8.948		9.910	
Other financial revenues	4.505		5.650	
Interest expenditures	- 66.612		- 51.179	
Other expenditures on outside liabilities	- 7.279	+ 37.537	- 5.451	+ 4.179
		237.137		139.717
Other revenues and expenditures				
Revenues	+ 4.098		-	
Expenditures (5)	- 16.438	- 12.340	- 7.626	- 7.626
Profit before reserve and taxes		224.797		132.091
Changes in reserves				
Inventory reserve	- 42.211		- 1.329	
Investment reserve	- 2.218		3.273	
Other reserves (6)	- 25.754	- 70.183	- 21.374	- 19.430
Direct taxes	83.942		105.331	
— from the operating fund	-	- 83.942	- 51.918	- 53.413
Minority share of the profit of the subsidiaries		+ 1.062		+ 605
Profit for the year		FIM 71.734		FIM 59.853

Figures in parenthesis refer to "Appended Information on Consolidated Income Statement and Balance Sheet" on page 26.

Consolidated Balance Sheet

31 December 1989

Assets

(FIM 1,000)		1989		1988
Financial assets				
Cash in hand and in banks	88.442		77.203	
Accounts receivable (7)	307.938		283.241	
Loans receivable	564.093		561.586	
Advance payments	8.346		6.963	
Deferred assets	73.733		58.155	
Other financial assets (8)	<u>113.351</u>	1.155.903	<u>86.087</u>	1.073.235
Inventories				
Materials	59.641		44.808	
Products (finished and in process)	<u>22.941</u>	82.582	<u>19.141</u>	63.949
Fixed assets and other long-term expenditures				
Land areas	353.685		343.684	
Building	604.338		612.041	
Machinery and equipment	336.798		245.115	
Other material goods	20.178		33.620	
Shares and holdings	330.197		288.641	
Immaterial rights	1.993		4.722	
Other long-term expenditures	<u>82.791</u>	1.729.980	<u>65.494</u>	1.593.317
Corporation intangibles		<u>43.084</u>		<u>25.987</u>
		<u>FIM 3.011.549</u>		<u>FIM 2.756.488</u>

Liabilities

(FIM 1,000)		1989		1988
Outside liabilities				
Short-term				
Accounts payable	77.332		77.270	
Advance payments (7)	219.409		203.822	
Deferred liabilities	270.276		265.440	
Other short-term debts	<u>119.003</u>	686.020	<u>94.215</u>	640.747
Long-term				
Loans from financial institutions	266.275		235.393	
Pension loans (9)	<u>440.688</u>	706.963	<u>386.491</u>	621.884
Reserves				
Stock reserve	20.799		18.601	
Investment reserve	204.630		162.462	
Other reserves	<u>211.039</u>	436.468	<u>185.199</u>	366.262
Minority share		19.598		7.881
Shareholders' equity				
Bound capital	743.250		743.250	
Free capital	347.516		316.611	
Profit for the year	<u>71.734</u>	<u>1.162.500</u>	<u>59.853</u>	<u>1.119.714</u>
		<u>FIM 3.011.549</u>		<u>FIM 2.756.488</u>

Notes to Consolidated Financial Statements

as of 31 December 1989

1. Companies in the Group

The Group includes the parent company, Sanoma Corporation, and the following subsidiaries: the sub-group of Erikoislehdet, ECI Communications AG, Eurocable Oy, Helsinki Televisio Oy, Hyvinkään Kirjapaino Oy, Hyvinkään Sanomalehti Oy, the sub-group of Janco Kabel-TV A/S, Lehtikuva Oy, Oy Lippupalvelu — Biljettjänst Ab, Simonpaino Oy, the sub-group of Startel Oy, Helsingin Päivälehti Oy, Kodin Kuvalehti — Terve Lapsi Oy, Sanem Oy and Sanoma Inc., and the following apartment corporations: Asunto-osakeyhtiö Ilkantie 13, Asunto-osakeyhtiö Laajavuorenkuja 3, Asunto-osakeyhtiö Vellikkellonkuja, Asunto-osakeyhtiö Vihdintie 4, and the real estate corporations: Kiinteistöosakeyhtiö Erottajankatu 9—11, Kiinteistöosakeyhtiö Erottajankatu 15—17, Kiinteistöosakeyhtiö Korkeavuorenkatu 30, Kiinteistöosakeyhtiö Miekkakala, Kiinteistö Oy Myllymäenpolku, Kiinteistö Oy Myllymäentie, Kiinteistöosakeyhtiö Sanomalan Keskusalue, Kiinteistö Oy Vantaan Valtatie 3 and Sanomain Huoneisto ja Kiinteistöholding Oy.

2. Bound shareholders' equity

As of 1 January 1989	15.490.315,48
Appreciation equivalent to the profit on sale of properties assigned to housing and real estate companies founded	727.759.793,66
As of 31 December 1989	<u>743.250.109,14</u>

3. Free shareholders' equity

As of 1 January 1989	376.464.079,78
Dividends distributed	— 8.284.220,00
Donations made	— 37.308.413,16
Connection fees to Helsinki Televisio Oy	+ 17.057.077,70
Decrease in exchange rate	— 413.071,80
As of 31 December 1989	<u>347.515.452,52</u>

4. Securities given as collateral against debt	96.823.161,16
Mortgages given as collateral against dept	153.300.000,00
Guarantees	13.348.811,16
Conditional liability	700.000,00
5. Taxation values of fixed assets	
Land areas	90.572.898,00
Buildings	218.272.910,00
Shares and holdings	477.845.364,00
6. Liability deficit of the Sanoma Pension Fund	28.376.306,90
7. Depreciation includes the following development	
area depreciation:	
Buildings	975.958,24
Machinery and equipment	37.568.468,42
	<u>38.544.426,66</u>

8. Holding by the Group

	Number	Percentage	Nominal value	Book value
<i>Sanoma Corporation</i>				
Other companies				152.986.914,94
Housing				11.393.951,87
<i>Holdings by the subsidiaries</i>				
MXS-Satelliitti-				
palvelu Oy	1.042	20,00	104.200,00	4.063.998,00
Päijät-Visio Oy	404	20,25	2.020.000,00	2.020.563,85
Kotkan Tieto-				
ruutu Oy	970	20,21	970.000,00	970.323,20
Suomen				
Paikallis-				
tv-kanava Oy	1.700	33,34	1.700.000,00	1.700.000,00
Helsinki				
Satelliitti TV Oy	2.500	50,00	250.000,00	250.000,00
Keski-				
Uusimaa Oy	15.108	12,50	30.216,00	2.438.400,00
Asiakastieto	10	2,70	1.000,00	156.400,00
Telebase				
Systems, Inc.	625.000	7,80	—	4.051.000,00
Westminster				
Cable				
Company Ltd.	33.448	10,00	GBP 33.448,00	5.078.575,00
Cork Communi-				
cations Ltd.	3.538.689	31,00	IEP 1.769.344,50	19.068.220,63
Other companies,				
total				670.652,29
Housing				<u>125.327.782,41</u>
				<u>330.176.782,19</u>

Appended Information on Consolidated Income Statement and Balance Sheet

Income Statement

1. The growth in the figures for net sales includes the net sales of Hyvinkään Sanomalehti Oy and Hyvinkään Kirjapaino Oy as well as that of Sanomalehtien Ilmoitustoimisto Oy totaling FIM 42.5 million.
2. Other fixed expenditures include transfer to the Pension Fund to equal increased liability of FIM 7.9 million, as against FIM 7.3 million the previous year.
3. Maximum depreciation under the Business Taxation Act. Depreciation include development area depreciations FIM 38.5 million.
4. Interest income includes FIM 10.6 million for accrued interest on unwithdrawn investment reserve deposits.
5. The largest item booked as an extraordinary item was the accrued portion of pension insurance for previous years taken out during the accounting period, being FIM 14.5 million.
6. The item for changes in other reserves includes an increase of FIM 24.8 million in the operating reserve and an increase of FIM 0.9 million in the credit loss reserve.

Balance Sheet

7. Accounts receivable include subscription receivables FIM 65.8 million. Advance payments for undelivered subscriptions FIM 207.8 million is included in advance payments as a liability.
8. Other financial assets include FIM 76.9 million investment deposit.
9. Pension loans include a loan from the Sanoma Pension Fund 162.8 million.

Sanoma Corporation Income Statement

1 January to 31 December 1989

(FIM 1,000)		1989		1988
Sales proceeds		2.581.492		2.268.303
Adjustments to gross sales				
Discounts	187.994		154.057	
Credit losses	6.783		4.348	
Purchase tax	83.032		76.338	
Commissions and advertising agency fees	228.303		214.825	
Transport costs for newspapers and magazines	171.422		147.497	
Other adjustments to gross sales	21.182	- 698.716	17.259	- 614.324
Net sales		1.882.776		1.653.979
Leasing income		+ 17.171		+ 17.036
Variable expenditures				
Materials	432.669		368.834	
Variable wages, salaries and fees	414.439		388.440	
Other variable expenditures	164.632		152.201	
Change in inventory	- 15.670	- 996.070	+ 8.312	- 917.787
Gross margin		903.877		753.228
Fixed expenditures				
Wages, salaries and fees	191.636		138.278	
Rents	106.802		59.975	
Other fixed expenditures	271.513	- 569.951	211.488	- 409.741
Profit on operations before depreciation		333.926		343.487
Depreciation				
Buildings	6.265		59.752	
Machinery and equipment	116.183		156.007	
Immaterial rights	491		777	
Other outlays with long-term return	7.684	- 130.623	6.304	- 222.840
Profit on operations after depreciation		203.303		120.647
Financial revenues and expenditures				
Interest revenues	133.238		58.595	
Dividend revenues	8.818		9.910	
Dividend revenues from subsidiaries	6.612		2.500	
Other financial revenues	4.385		5.640	
Interest expenditures	- 70.220		- 50.731	
Other expenditures on outside liabilities	- 6.833	+ 76.000	- 5.422	+ 20.492
		279.303		141.139
Other revenues and expenditures				
Revenues	+ 5.374		174	
Group subsidy	- 36.900		-	
Other expenditures	- 15.186	- 46.712	- 201	- 27
Profit before reserves and taxes		232.591		141.112
Changes in reserves				
Inventory reserve, increase-/decrease +	- 2.137		+ 2.909	
Investment reserve, increase	- 41.481		-	
Other reserves, increase	- 23.044	- 66.662	- 24.575	- 21.666
Direct taxes	- 75.305		102.451	
Out of the operating fund	-	- 75.305	- 51.918	- 50.533
Profit for the year	27	<u>FIM 90.624</u>		<u>FIM 68.913</u>

Sanoma Corporation Balance Sheet as of 31 December 1989

Assets

(FIM 1,000)	1989		1988	
Financial assets				
Cash in hand and in banks	17.722		15.871	
Accounts receivable	258.055		257.410	
Loans receivable	1.165.776		1.141.491	
Advance payments	1.094		2.672	
Deferred assets	72.656		58.020	
Other financial assets	106.904	1.622.207	80.856	1.556.320
Inventories				
Material	57.108		40.966	
Products (finished and in process)	9.837	66.945	10.310	51.276
Fixed assets and other long-term expenditures				
Land areas	55.574		53.580	
Buildings	44.507		36.728	
Machinery and equipment	151.997		154.826	
Advance payments, machinery	80.057		18.417	
Shares and stock	164.381		129.906	
Shares and stock, subsidiaries	631.856		643.929	
Immaterial rights	1.496		3.987	
Other long-term expenditures	29.541	1.159.409	25.571	1.066.944
		<u>FIM 2.848.561</u>		<u>FIM 2.674.540</u>

Liabilities

(FIM 1,000)	1989	1988
Outside liabilities		
Short-term		
Accounts payable	57.649	61.872
Advance payments	196.216	188.449
Deferred liabilities	250.687	262.293
Other short-term debts	<u>91.816</u>	<u>99.137</u>
	596.368	611.751
Long-term		
Loans from financial institutions	236.035	199.407
Pension loans	416.848	372.197
Other long-term debts	<u>5.031</u>	<u>5.031</u>
	657.914	576.635
Reserves		
Inventory reserve	20.083	17.946
Investment reserves	192.458	150.977
Other reserves	<u>205.185</u>	<u>182.141</u>
	417.726	351.064
Shareholders' equity		
Bound		
Share capital	14.201	14.202
Value adjustment reserve fund	<u>1.289</u>	<u>1.288</u>
	15.490	15.490
Free		
Operating fund	1.060.631	1.040.522
Reserve for donations	20	5
Profit from previous years	9.788	10.160
Profit for the year	<u>90.624</u>	<u>68.913</u>
	1.161.063	1.119.600
	<u>FIM 2.848.561</u>	<u>FIM 2.674.540</u>

Notes to Sanoma Corporation

Financial Statements as of 31 December 1989

1. Shareholders' equity	
K-series shares	7.100.760,00
E-series shares	7.100.760,00
2. Changes in shareholders' equity	
<i>Operations fund</i>	
As of 1 January 1989	1.040.522.389,81
Transferred from retained earnings	+ 60.000.000,00
Donations on the Centenary, November 16 1989	- 39.891.664,17
Balance of 31 December 1989	1.060.630.725,64
<i>Reserve for donations</i>	
As of 1 January 1989	5.000,00
Transferred from retained earnings	+ 1.000.000,00
Donations made	- 985.000,00
Balance as of 31 December 1989	20.000,00
<i>Retained earnings</i>	
As of 1 January 1989	79.072.405,28
Dividends distributed	- 8.284.220,00
Transferred to operations fund	- 60.000.000,00
Transferred to donations	- 1.000.000,00
	9.788.185,28
Profit for the year	90.623.939,15
Balance as of 31 December 1989	100.412.124,43
3. Securities given as collateral against debt	1.223.556,30
Mortgages given as collateral against debt	130.800.000,00
Guarantees	12.089.741,41
Guarantees on behalf of the subsidiaries	12.722.260,31
Guarantees for Group company checking	
account credit balances	17.042.990,24
4. Receivables from subsidiaries	588.297.462,73
Debts to subsidiaries	24.451.004,62
5. Taxation values of fixed assets	
Land areas	53.552.247,00
Buildings	59.069.378,00
Shares and holdings	438.740.495,37
Shares and holdings, subsidiaries	443.033.822,80
6. Appreciation of fixed assets	
As of 1 January 1989	
Land areas	5.000.000,00
Shares	3.389.555,48
Balance as of 31 December 1989	8.389.555,48
7. Liability deficit of the Sanoma Pension Fund	27.846.631,69
8. Liability from pension commitments	1.097.814,00
9. Depreciation includes the following	
development area depreciation:	
Buildings	975.958,24
Machinery and equipment	37.568.468,42

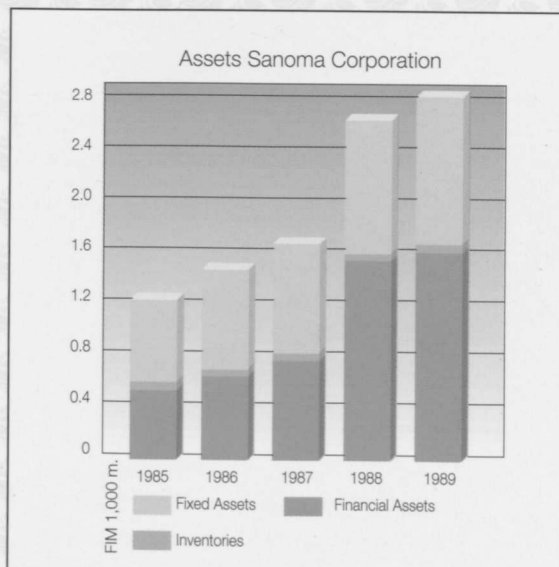
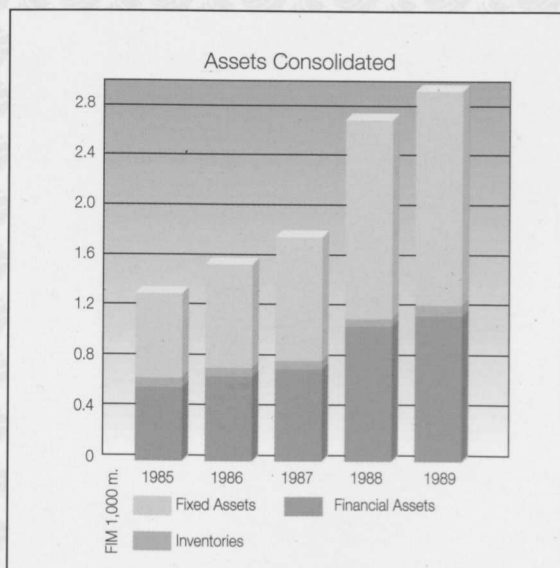
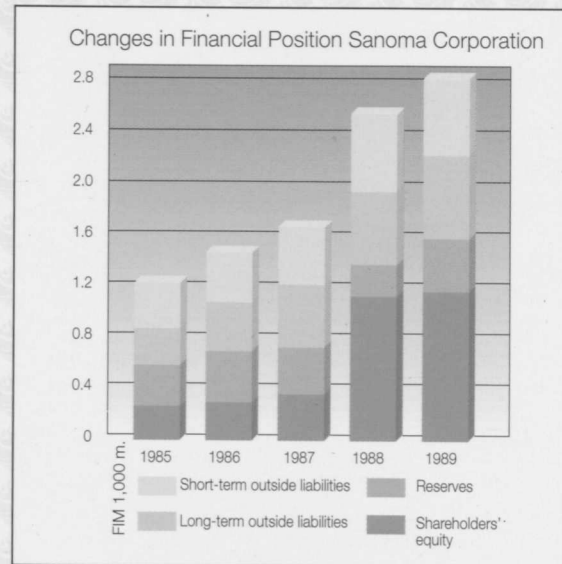
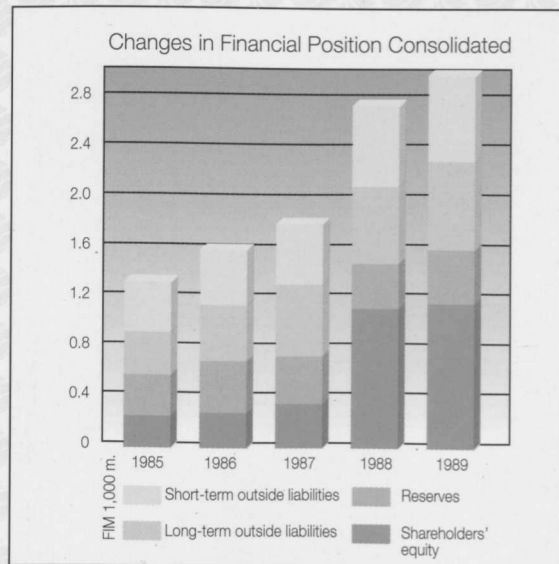
10. Holdings by the Sanoma Corporation in other companies as of 31 December 1989

	Number	Percentage	Nominal value	Book- value
<i>Subsidiaries</i>				
As. Oy Ilkantie 13	1.207	100,00	6.493.660,00	6.493.660,00
As. Oy Laajavuoreнкуja 3	14.902	100,00	30.549.100,00	30.549.100,00
As. Oy Vellikellonkuja	100	100,00	120.000,00	120.000,00
Asunto-Osakeyhtiö Vihdintie 4	4 365	100,00	2.400.750,00	2.400.750,00
ECI Communications AG	39.000	100,00	CHF 3.900.000,00	11.668.200,00
Erikoislehdet Oy	1.050	100,00	10.500.000,00	14.000.000,00
Eurocable Oy	10.000	100,00	10.000.000,00	10.000.000,00
Helsinki Televisio Oy	8.299	90,7*	9.128.900,00	17.385.300,00
Kiinteistöosakeyhtiö				
Erntajankatu 9—11	3.289	89,42	328.900,00	52.219.027,57
Kiinteistöosakeyhtiö				
Erntajankatu 15—17	7.596	100,00	37.980.000,00	37.980.000,00
Kiinteistöosakeyhtiö				
Korkeavuoreнкуja 30	4.468	96,21	11.549.780,00	11.549.780,00
Kiinteistöosakeyhtiö Miekkakala	15.866	97,84	63.464.000,00	74.570.200,00
Kiinteistö Oy Myllymäenpolku	46.500	100,00	29.574.000,00	29.574.000,00
Kiinteistö Oy Myllymäentie	34.215	100,00	66.000.735,00	66.000.735,00
Kiinteistöosakeyhtiö				
Sanomalan Keskusalue	69.940	100,00	159.001.596,00	159.001.596,00
Kiinteistö Oy Vantaan Valtatie 3	68.500	100,00	42.401.500,00	42.401.500,00
Helsingin Päivälehti Oy	15	100,00	15.000,00	15.000,00
Kodin Kuvallehti — Terve Lapsi Oy	10	100,00	100,00	100,00
Lehtikuva Oy	75.000	100,00	750.000,00	1.025.400,45
Oy Lippupalvelu-Biljettjänst Ab	3.000	100,00	120.000,00	831.200,00
Sanem Oy	100	100,00	15.000,00	15.000,00
Sanoma, Inc.	100	100,00	USD 100,00	4.853.906,80
Sanomain Huoneisto ja				
Kiinteistöholding Oy	11.400	95,00	11.400.000,00	11.400.000,00
Simonpaino Oy	1.000	100,00	1.000.000,00	20.493.782,50
Startel Oy	133.705	100,00	13.370.500,00	27.307.925,30
Subsidiaries, total				631.856.163,62
<i>Other companies:</i>				
Oy Ekokem Ab	90	0,66	180.000,00	180.000,00
Enso-Gutzeit Oy	22.983	0,02	229.830,00	234.553,79
Finnair Oy	713.732	1,45	3.568.600,00	11.197.186,51
Helsingin Telset Oy	50	33,34	50.000,00	150.000,00
Kansallis-Osake-Pankki	267.262	0,15	5.345.240,00	10.523.254,57
Keimola Golf Club Oy	2	0,18	60,00	124.545,00
Kiinteistöosakeyhtiö				
Tommolankatu 20	23.333	23,30	233.330,00	233.330,00
Kymen Viestintä Oy	49.979	23,30	4.497.900,00	9.991.667,90
Kymmene Oy	1.195.871	1,77	23.917.420,00	58.869.840,33
Metsä-Serla Oy	72.293	0,47	3.614.650,00	5.345.904,70
Nordic Investors Limited	100	20,00	USD 10.000,00	2.367.420,00
Pro Lehdistö Oy — Pro Pressen Ab	88.788	8,89	8.878.800,00	8.878.800,00
Oy Radio Ykkönen — Radio Ettan Ab	14	18,20	140.000,00	365.557,00
Rauma-Repola Oy	26.321	0,02	263.210,00	389.130,80
Rautakirja Oy	1.057.314	16,32	21.146.280,00	13.972.128,73
Vakuutusosakeyhtiö Sampo	19.917	0,21	398.340,00	4.083.808,10
Suomen Tietotoimisto Oy	31.663	20,78	94.989,00	134.230,01
Oy Suomen Yhdyspankki Ab	460.311	0,01	4.603.110,00	12.750.982,13
Yhtyneet Paperitehtaat Oy	124.404	0,29	2.488.000,00	11.277.378,75
Others				1.917.196,62
Other companies, total				152.986.914,94
Housing				11.393.951,87
Grand total				FIM 796.237.030,43

* Including shares owned by Eurocable Oy

Changes in Financial Position 1987—1989

Sources of Funds (FIM m.)	Consolidated			Sanoma Corporation		
	1989	1988	1987	1989	1988	1987
Income financing						
Operating profit	438,5	410,6	335,3	341,6	350,5	306,0
Financial revenues and expenditures	37,5	1,4	3,1	76,0	17,8	11,9
Other income financing (net)	- 14,2	- 7,6	1,9	- 13,6	-	- 1,6
Income on fixed assets	21,6	139,2	10,9	53,6	988,0	11,5
Sale of subsidiary shares	3,7	11,8	1,4			
Taxes	- 83,9	- 105,3	- 46,8	- 75,3	- 102,5	- 44,2
Capital financing						
Increase in long-term outside liabilities	109,4	67,3	134,0	83,9	83,0	118,6
Connections fees to Helsinki Televisio Oy	18,8	14,4	9,7			
Decrease in appreciation items	-	-	0,1			
Difference in exchange rate	-	-	3,0			
Total (A)	531,4	531,8	452,6	466,2	1.336,8	402,2
Change in minority interest	3,7	-	-			
	535,1	531,8	452,6			
Use of Funds						
Distribution of profit						
Dividends	8,5	3,6	2,8	8,3	3,6	2,8
Other distribution of profit	40,9	0,5	0,5	40,9	0,5	0,5
Transfer to the Sanoma Pension Fund	7,9	7,0	58,1	7,7	7,0	57,8
Investments						
Investments in fixed assets	357,5			282,0		
Donations of fixed assets	- 19,9			- 19,9		
	337,6	342,7	362,8	262,1	695,4	274,6
Subsidiary shares acquisition	31,6	4,2	0,1			
Group subsidy				36,9	-	3,5
Difference in exchange rate	0,9	0,5	-			
Total (B)	427,4	358,5	424,3	355,9	706,5	339,2
Change in Net Working Capital						
Financial assets:						
increase+/-decrease-	+ 90,8	+ 339,6	+ 63,8	+ 66,0	+ 786,7	+ 121,5
Fixed assets:						
increase+/-decrease-	+ 15,7	- 4,5	+ 3,5	+ 15,6	- 8,3	+ 5,3
Short-term outside liabilities:						
increase-/decrease+	+ 1,2	- 161,8	- 39,0	+ 28,7	- 148,1	- 63,8
Grand Total (A-B)	107,7	173,3	28,3	110,3	630,3	63,0



Wages, salaries and social security payments of Sanoma Corporation

	1989	1988
Wages and salaries paid to personnel	468.998.342,35	405.199.184,29
Pay for sickness and maternity leave	13.724.433,25	12.624.459,70
Annual holiday pay, including change in reserve	102.797.647,63	93.628.797,91
Wages and salaries and similar items	585.520.423,23	511.452.441,90
Employer's social security payments	37.582.513,45	31.659.070,35
Social insurance payments	83.793.083,06	70.657.345,60
Other statutory fringe benefits	8.410.203,78	9.592.315,95
Total	129.785.800,29	111.908.731,90
Non-statutory fringe benefits	34.117.671,36	17.243.008,22
Transfer to Sanoma Pension Fund	7.700.000,00	7.000.000,00
Total	41.817.671,36	24.243.008,22
Wages and salaries to non-members of personnel	20.554.769,30	18.816.512,73
Grand total	777.678.664,18	666.420.694,75

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

The above figures for 1989 include salaries and fees totaling FIM 4.176.070,30 paid to the members of the Board and the President.

Salaries and fees paid by the Group were FIM 684.665.050,82 including a sum of FIM 7.752.241,75 to the members of the Board and the Presidents.

Proposal for Distribution of the Profit

The profit for the financial year totals FIM 90.623.939,15. FIM 9.788.185,28 of profit was retained from the previous year. Hence a total of FIM 100.412.124,43 is at the disposal of the General Meeting.

The Board of Directors proposes that, from the above mentioned sum of	100.412.124,43
— a dividend of 7.50 marks should be paid for each share	3.550.380,00
— a sum should be transferred to the operations fund	85.000.000,00
— a sum should be transferred to the reserve for charitable purposes for the discretion of the Board	500.000,00
— giving a balance of	11.361.744,43

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 1990.

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	1.288.795,48
Operating Fund	1.145.630.725,64
Reserve for Donations	520.000,00
Undisposed Profit	11.361.744,43

Helsinki, 15 February 1990

Heikki Tikkanen

Väinö J. Nurmimaa

Aarne Castrén

Aatos Erkko

Teo Mertanen

Patricia Seppälä

Jaakko Rauramo

Auditors' Report

We have examined the accounting records, the annual report and the administration of Sanoma Corporation for the year ended 31 December, 1989. Our examination was made in accordance with generally accepted auditing standards.

Salmi, Virkkunen & Helenius Oy, Authorised Public Accountants have performed the supervisory audit during the financial year.

Parent Company

The Annual Report has been prepared in accordance with prevailing legislation. The profit for the year ended December 31, 1989 is FIM 90.623.939,15.

We recommend that
the Income Statement and the Balance Sheet are adopted,
the members of the Board of Directors and the President are discharged
of responsibility for the year 1989,
the profit is dealt with in accordance with the proposal in the Annual Report.

Consolidated Financial Statements

The Consolidated Financial Statements of the Group have been prepared in accordance with prevailing legislation. The free shareholders' equity amounts to FIM 419.250.000.

We recommend that
the Consolidated Income Statement and the Consolidated Balance Sheet
are adopted.

Helsinki, 2 March 1990

Aimo Autio
Authorised Public Accountant

Antti Helenius
Authorised Public Accountant

Circulation Figures

Newspaper Division	1985	1986	1987	1988	1989
Helsingin Sanomat (daily)	427.614	430.251	441.735	457.068	470.708
HS-Sunday edition	505.471	512.401	524.109	541.299	557.834
Ilta=Sanomat (afternoon paper) . .	184.151	193.971	204.470	195.279	206.934
I=S-weekend edition	220.027	230.772	236.260	222.748	232.407
Sanomaprint magazines					
Me naiset, women's weekly	122.672	101.886	97.491	99.165	102.054
Gloria, women's monthly	—	—	42.827	46.620	48.421
Kodin Kuvalehti, family bi-weekly	171.011	162.133	165.008	167.321	171.841
Suuri Käsityökerho, handicraft . .	102.035	98.373	110.130	110.469	107.944
Sandra	—	—	12.941	17.074	29.413
Specialty magazines					
et, for senior citizens	95.687	113.271	128.079	138.688	154.229
Eläinmaailma, fauna	42.166	38.286	36.227	37.100	41.809
Kansa Taisteli, war memoirs	30.545	28.178	—	—	—
Tiede 2000, science	25.855	31.067	33.684	37.574	41.259
Terveys 2000, health	—	18.391	23.046	27.509	32.908
MikroBitti, microbyte	43.676	42.793	41.513	38.872	37.576
C=magazine	—	—	13.432	16.066	17.141
Hifi, hifi	13.046	13.465	13.488	13.253	13.376
Tietokone, computer	10.350	9.652	11.735	14.866	18.137
Proessori, processor	6.037	5.795	5.956	6.710	7.362
Skimbaaja, skiing	—	13.719	13.215	13.947	14.567
Street and Race, car magazine . . .	—	—	—	—	6.571
VK-lehti, training and conditioning	—	—	—	—	6.505
Children's magazines					
Aku Ankka, Donald Duck	281.244	279.957	286.760	291.331	304.671
Roope-setä, Uncle-Scrooge	56.071	49.772	49.025	52.726	52.577
Nalle Puh, Winnie the Pooh	53.075	47.572	44.664	40.196	38.065
Liisa Ihmemaassa,					
Alice in Wonderland	20.897	13.410	—	—	—
Maija Mehiläinen, Maja the Bee . .	—	29.705	16.957	14.703	11.278

Given figures show the average officially inspected circulation for each newspaper and magazine.

Sanoma Group Personnel

Personnel

The Sanoma Group employed an average of 5,214 persons including 2,035 part-time personnel who worked as newspaper deliverers. Compared to 1988, there was an increase of 191 in total personnel excluding delivery employees, and a decrease of 71 in delivery personnel.



The number of employees in the various companies of the Group was as follows:

	1989	1988
Sanoma Corporation		
— excluding delivery personnel	2.586	2.601
— newspaper deliverers	2.035	2.106
Lehtikuva Oy	80	82
Oy Lippupalvelu —		
Biljettjänst Ab	15	13
Hyvinkään Sanomalehti Oy	23	-
Hyvinkään Kirjapaino Oy	72	-
Erikoislehdet Oy	84	8
Tecnopress Oy	-	30
Startel Oy	76	75
Sanomalehtien Ilmoitus-		
toimisto Oy, SITA	55	-
Eurocable Oy	20	19
Helsinki Televisio Oy	98	97
Janco Kabel-TV A/S	70	63
Total	5.214	5.094

During 1989, two new subsidiaries, Hyvinkään Sanomalehti Oy and Hyvinkään Kirjapaino Oy were acquired by the Sanoma Group. Sanomalehtien Ilmoitustoimisto SITA had become part of the Group during the previous year. Tecnopress merged with Erikoislehdet Oy.

Gross turnover of personnel excluding delivery personnel totaled 6,2 % within Sanoma Corporation and 8,9 % within the entire Sanoma Group in Finland. Delivery personnel turnover was 7,3 %. The number of personnel filling in for annual vacations totaled 442 in Sanoma Corporation and the substitutes for delivery personnel 858.

Salaries and wages

Salaries and wages formed the largest share of the expenditures of the Group, i.e. 39.4 % including social security payments.

Employer—employee cooperation

There were six advisory committees within the following units: Sanoma Corporation, Newspaper Division, Sanomaprint, Erikoislehdet Oy, Helsinki Televisio Oy and Lehtikuva Oy. Special attention was paid to further development of cooperation.

The project team which had been appointed by the Sanoma joint advisory committee to plan a Profit Sharing and Employee Investment Fund system completed its work in November.

Personnel's administrative participation and the Profit Sharing and Employee Investment Fund

At an extraordinary meeting of shareholders on November 29, 1989, a decision was made that the

personnel could elect two of its members to the Board of Sanoma Corporation. The Articles of Incorporation were amended accordingly.

At the extraordinary meeting of shareholders of Sanoma Corporation and in the meetings of the boards of subsidiaries, an agreement was made to establish a profit sharing system in connection with the employee investment fund. The supervisory board of the employee investment fund held its first meeting on December 15, 1989. At this meeting, the supervisory board elected by the personnel approved the by-laws of the investment fund and appointed a board of directors for the fund.

Pensioners

Eighty-seven persons retired during 1989. At the end of the year, the number of pensioners totaled 1,246. There were 858 recipients of old age pensions, 224 of disability pensions, 5 of veteran's pensions and 159 of survivor's pensions. At the end of 1989, 2,392 Group employees were covered by the pension fund and 2,752 solely by the Employees' Pension Act TEL.

Pensioners form an active group, and maintain the Sanoma spirit and the corporation's traditions.



Large numbers of them participated in excursions as well as in cultural events and entertainment arranged by Sanomain Seniorit, an organization of retired Sanoma personnel.

Nearly 600 persons attended the centenary festivities arranged for the retired employees of the Sanoma Group on September 29, 1989.



Personnel development

The training of employees is based on personnel development plans produced by departments. Training was planned at various expert group meetings where the trainers were also represented. Training committees appointed by the personnel groups in the business units supervise and control the plans for training. Some trainees participated in external training courses, but the personnel development program mainly took the form of internal courses arranged by the Sanoma vocational school, which has been in operation for 21 years.

The main subjects of the training courses arranged for all personnel groups were computer technology and questions of quality. Extensive training of the printing personnel at the Varkaus plant continued in cooperation with the Varkaus vocational training center.

A total of 1,993 persons participated in the training courses, i.e. 64 % of the total personnel. Internal training courses were arranged and totaled 4,462 training hours. Average training time per person was 3 days. Training costs, excluding salaries, were 0.4 % of net sales and including salaries 0.5 % of net sales.

Staff health service

The clinics provided occupational health, nursing and general health services.

Special attention was paid to ergonomics and to encouraging the taking of exercise as a step towards good health. A total of 260 persons participated in ergonomics training. Research into work-related stress continued. Following tradition, 138 Sanoma employees donated blood. The percentage of absenteeism due to ill health was 3.3 % calculated on the basis of regular working hours.

Internal information

The HESA personnel magazine came out eight times in 1989. HESA reported events related to the centenary celebration of Helsingin Sanomat. Four issues had an above-average number of pages. The personnel of Sanoma Group had increased, and HESA's circulation rose to 7,500 in the fall. The Sanomia in-house bulletin came out 51 times, with the circulation increasing to 6,300 in the fall. Sanomia jakajillemme, the delivery personnel magazine, was published twice in 1989.

Recreation

Sanoma Corporation supported staff hobbies and recreational activities through the corporate personnel club's 31 sections. The club arranged tradi-



tional winter and spring gatherings at Jalassaari and a fall gathering in Helsinki.

The corporate personnel club invited the Group personnel to celebrate the centenary of Päivälehti — Helsingin Sanomat at Dipoli on November 3 and 4, 1989. Several sections gave an example of their activities by arranging exhibitions. There was a photo exhibition covering the club activities during its 43 years of existence. The club's activities were also shown in a video program made in the course of 1989. A total of 2,600 persons participated in these festivities arranged for the personnel.

Sanoma day-care center

The Sanoma day-care center for the children of employees is run by the Sanoma Day Care Association. There are 40 places for children between the ages of three and six.

The association has been subsidized by the local authorities of Vantaa, Helsinki and Espoo. The community of Vihti also participates in the subsidies. Sanoma Corporation provides financial support for the day-care center.

Cooperation between the parents and the day-care center personnel has been active. The day-care center has eight employees.

A LOOK INTO THE 90s

The Sanoma Group has aimed at developing its staff and personnel policy progressively, with impartial trust in people. This principle has been successful during our century of history. It is time to take a look into the 90s and beyond. The Group has prepared for the future by initiating two landmark decisions concerning the employees.

The first of these is the Profit Sharing and Employee Investment Fund which was set up at the beginning of the year. The fund is managed by the Group's personnel through a supervisory board and a board of directors elected by the supervisory board. A joint agreement has been made that a representative of the employer is also appointed to the board. The assets of the fund are derived from two different sources. Part of the profit-related pay is based on the financial earnings of the Group. This profit-related pay is to be divided equally among all the members. The maximum percentage of profit-related pay to be allocated on the basis of the Group's profitability can total 3% of total regular wages and salaries for working hours. The rest of the assets originate from business units which have met their budgeted target. This share is divided proportionately according to regular wages and salaries and cannot exceed 4% of these. It is further expected that the operation of the business unit has shown a profit in the internal accounts of the Group.

The maximum amount of the total profit-related pay is thus 7% of regular wages and salaries. An important guideline has been to proportion the profit-related pay at a significant level but, on the other hand, to leave possibilities for other bonus systems, too. The basic idea is to leave as many tools as possible available for various situations.

An important aspect in the profit-related pay system has been the emphasis placed on the Group. This is opposite of the general trend to establish separate companies which is now much prevalent in the business world. The system levels out the differences and the fluctuations in profit-

ability between the separate business units. It makes working meaningful also in those units which are at an early stage of their development and profitability, and in which major investments have been made.

An important principle in the pay system based on the profitability of a business unit is to connect earnings with the budgeted target. This means that budget preparation has become a much more important process than previously. Within the Group, it requires, for example, that the staff is kept well-informed of the contents and structure of the budget and of the factors affecting it. The availability of open information on the details and the contents of the budget will create a feeling of security among the staff, since the budget targets have a common base to which commitments have been made on an all-group level. The budget makes it possible to take into consideration economic fluctuations more efficiently than in a bonus system based only on the overall result. Most often, exceptionally demanding efforts are necessary in an economic downswing rather than during a boom.

In principle, the profit-related pay system is very significant, as it enables the staff to participate in corporate profit sharing. The importance of this is illustrated by comparing the profit-related pay with dividends paid. If maximum profit-related payments were to be made for the current year, they would equal the total of the dividends paid for the last five years. On the other hand, this also indicates that in a family-owned company the principal owners have traditionally allocated profits into the development of the company.

The new law stipulates that assets cannot be withdrawn immediately but must be placed in the fund for a minimum of 10 years. This is of major importance, since the motivating boost of the fund will tend to increase with time as money accumulates in the fund. In my opinion, when the staff can follow the development of their own profit-related pay share, their motivation will greatly increase as

time goes by. If profit-related payments were to be made annually, the motivation level would rise quickly and within a short time, even steeply, but this boost would also decrease quickly. It is in my view that the main benefit of the Employee Investment Fund lies in the opportunities that are opened up for genuine cooperation and which thus will improve the operational quality, productivity and profitability of the Group.

Assets in the Employee Investment Fund are built up annually through profit-sharing transfers and from the yield on invested assets. In my opinion, the investment activities of the fund as such involve a great insight. For an individual employee it is usually very difficult to be active on the stock exchange and money markets due to his or her limited capacity in taking and dispersing risks. On the other hand, the board of the fund can take advantage of operating on a large scale and of the versatile alternatives offered by the stock exchange and money markets.

Simultaneously with the decision to establish the Employee Investment Fund, the question of employee representation in the administration of the Group was also established. The decision was taken to elect two representatives of the personnel to the Board of Sanoma Corporation. The decision differs substantially from the general trend of restricting personnel representation to the business unit level.

The above solution is based on the fact that the supreme power within the Group is in the hands of the Sanoma Corporation Board of Directors. The authorized representatives of the personnel also exercise full responsibility as members of the Board. In my view, this is the correct principle and the right direction.

The Employee Investment Fund and personnel participation emphasize the importance of the enterprise for the corporate personnel. The general development on the Finnish labor market is following these lines. According to my assessment,

developments within individual corporations and the old centralized labor market system will drift into conflict. My own assessment is that the enterprise unit will become more important than the corporative system. This development will take some time. But when personnel participation has been fully implemented and an increasing number of companies have established Employee Investment Funds, a situation will arise in which the interests of the personnel and the enterprise have become closer to each other. At that time, emphasis will unavoidably be on thinking in terms of a strong enterprise unit. This line is in accordance with a changing and more deregulated world as well as European integration.

My assessment is that in the future the central labor market organizations will play a very different and probably much less important role than today.

As I see it, one possible new element in the Finnish labor market could be a new job classification system covering the whole field. The fair handling of this would not be easy. The present classification is largely based on historical development, competitiveness, the power of the trade union movement, and demand and supply. However, it should be noted that a reclassification of jobs as such will not automatically resolve the question of the wage level for every individual. But the classification would help to point out wage structure distortions which could be corrected without disrupting the equilibrium of the entire labor market. Such reviews should be carried out at five-year intervals.

Remuneration should also be examined in its entirety, so that all benefits connected with employment are monitored and that job continuity and security are taken into consideration. The importance of these has not, in my opinion, been taken into consideration sufficiently when comparing remuneration in the private and public sectors. When the basis for the pay system has been cor-

rected, collective bargaining negotiations would always be carried out initially in the private sector. The wage solutions adopted by the open private sector would be followed by the closed private and public sectors. In addition, when determining salary increases, attention should also be paid to changes in productivity. The change in productivity would be a factor affecting pay rises upwards or downwards. For instance, if the productivity in the private sector increases by 4% and in the public sector by only 2%, the salary increase in the public sector would be 2 percentage points smaller.

Based on our long tradition in cooperation, together with profit sharing, the Employee Investment Fund and the new system of personnel representation, the Sanoma Group is prepared to meet the challenges of the 90s, including a single-company collective agreement. There is still much work to be done in personnel matters. Some of it may be mentioned here. Although our training system is under constant development, it also requires continual attention, development and action on the part of various groups of employees. It is important to continue to focus attention on the working environment, working premises and occupational safety and health. In the 1990s, workplaces will be designed to be motivating and challenging both physically and mentally.

Now that we have implemented the Employee

Investment Fund and Personnel Representation, we must again turn our attention to the various forms of cooperation in the Group. In my opinion, we must focus on a form of cooperation which adheres to the structures of the Group and is efficient and streamlined. Overlapping and parallel meetings must be avoided. In this respect, neither legislation on cooperation nor collective agreements are up to date. They do not take into account the existence of personnel representation or Employee Investment Funds. We must be prepared to create our own original models, which can also serve as examples for others. We must also strive to simplify the internal norms of the Group and the provisions of collective agreements. This means releasing energy for work and improved productivity. Territorial thinking and the protection of norms is over.

It is my view that we have excellent qualifications for the development that I have described above. The Group is in very good shape, and the personnel is motivated to work towards our mutual goal. Once again, I would like to state that the Profit Sharing and the Employee Investment Fund as well as employee participation in the decision making process on the Board of Directors will contribute positively to our success.

Jaakko Rauramo
President

Net Income Information

1985—1989

USD, in millions, except EPS (1)	1985	1986	1987	1988	1989
Net sales	333.4	365.3	401.5	444.6	520.0
Operating profit	57.5	64.2	79.6	99.6	106.3
Interest income, net	- 0.7	- 0.6	- 0.2	- 1.5	- 7.8
Extraordinary items	2.7	3.3	- 1.9	0.6	- 1.5
Income before depreciation and taxes	59.4	66.8	77.9	98.8	112.5
Depreciation (2)	- 25.2	- 31.1	- 40.3	- 42.2	- 45.4
Income before taxes	34.2	35.8	37.6	56.6	67.1
Income tax paid	- 6.1	- 7.2	- 11.6	- 13.2	- 20.7
Deferred income tax expense	- 10.7	- 10.3	- 6.9	- 14.6	- 12.2
Net income before minority share	17.5	18.2	19.2	28.9	34.2
Minority share of the profit of subsidiaries	0.1	- 0.1	0.1	- 0.1	- 0.3
Net income	17.6	18.1	19.3	29.0	34.5
Earnings per share USD	37.0	38.0	40.5	61.0	72.6

1) The exchange rate as of December 31, 1989, quoted by the Bank of Finland was 4.051 FIM per USD.

2) Based upon remaining useful lifetime and replacement value.

Income Statement Information

1985—1989

USD, in millions (1)	1985	1986	1987	1988	1989
Income before depreciation and taxes	59.4	66.8	77.9	98.8	112.5
Depreciation according to Finnish Tax Act	- 32.2	- 34.5	- 32.9	- 38.6	- 47.5
Additional depreciation allowed by special tax relief legislation	-	-	-	- 27.6	- 17.1
Adjustments to untaxed reserves (2)	- 17.5	- 18.9	- 17.3	- 4.7	- 17.1
Income before income tax paid . .	9.8	13.5	27.7	28.0	38.4
Income tax paid (3)	- 0.3	- 0.5	- 11.5	- 13.2	- 20.7
Statutory net income	9.4	13.0	16.2	14.8	17.7

- 1) The exchange rate as of December 31, 1989, quoted by the Bank of Finland was 4.051 FIM per USD.
- 2) 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. These adjustments must also be reflected in the financial statements. Earnings per share calculations are based on net income after taxes net exclusive of untaxed reserves.
- 3) As permitted under Finnish accounting practice the company reduced income tax expense by USD 5,7; 6,6 millions in 1985, 1986 respectively and reflected such an amount as a reduction of retained earnings.



1889 1989

PÄIVÄLEHTI — HELSINGIN SANOMAT

On November 16, 1989, Helsingin Sanomat celebrated the Centenary of its predecessor, Päivälehti. The bygone memorable year called to mind the early stages of the newspaper. After a difficult beginning and through many colorful passages we have reached the road we now find ourselves on. Today, Helsingin Sanomat is the largest daily newspaper in the country.

The centennial celebrations started with the adoption of new emblems for Helsingin Sanomat and Sanoma Corporation. A number of events were arranged in the course of the year, aimed at

important interest groups such as readers, customers, decision makers and, of course, our own personnel. In honor of the centenary, three exhibitions were arranged at the Galleria Diana and three books were published in a special program.

Events

The centenary events started on January 6, 1989, when the Advisory Committee of the corporation met at a banquet.

In honor of the jubilee, the delivery personnel were invited to an Easter Cruise to Stockholm. The

cruise was divided into two parts, one leaving from Helsinki and the other from Turku. A total of 1,123 deliverers from the Helsinki and Uusimaa region started out on the cruise from Helsinki. After the official welcoming ceremonies at Dipoli, the guests were entertained by Tapani Kansa, a popular Finnish vocalist, and his orchestra. On Easter Sunday, the passengers enjoyed a festive luncheon at the famous Grand Hotel in Stockholm.

560 persons embarked for Stockholm from Turku. The next day's program included a visit to the Kolmården zoological garden and late afternoon entertainment at the Grand Hotel. The music was provided by artist Vieno Kekkonen and her accompanists.

On May 11, 1989, a festive dinner was arranged for the major advertisers. 320 guests invited by Advertising Sales of Helsingin Sanomat attended.

The inauguration of the Varkaus printing plant took place on August 23, 1989. President Mauno Koivisto attended the inauguration and unveiled the black granite monument supporting a steel cylinder symbolizing the movement of a rotary press.

Besides the presidential couple, almost 400 invited guests attended the inauguration of the plant where Helsingin Sanomat and Ilta-Sanomat are printed. The guests included representatives of the management of New York Times and the Madison Paper Company. Among other foreign guests were Switzerland's Charge d'Affaires and representatives of the Swiss companies Wifag AG and Ferag AG, manufacturers of the rotary press and the mail room equipment.

The inauguration ceremony was preceded by a cruise on the veteran steamship s/s Paul Wahl. This vessel, which is owned by the city of Varkaus and named for one of the city's industrial founders, took the presidential couple and their party on a sunny cruise with musical accompaniment. Another two steamships with distinguished guests joined the cruise, as did a vessel for the press. After the cruise, the party attended the inauguration ceremonies, which took place in a huge tent set up on the printing plant site. Mr. Aatos Erkko, Chairman of the Board, gave the welcoming address. Foreign Minister, Mr. Pertti Paasio and Mr. Jaakko Rauramo, President of the Corporation, also made



Newspaper deliverers on a Stockholm cruise, March 1989.



Mr. Aatos Erkko, Chairman of the Board, gave a speech at the inauguration of the Varkaus printing plant on August 23, 1989.



President Mauno Koivisto has just unveiled the granite monument at the inauguration.

speeches. Music was provided by the Kontiolahti Garrison Band as well as the Varkaus Chamber Choir. A Swiss family, the Zobrists, brought greetings from the Alps with the powerful sound of their Alpenhorns.

On the Sunday following the inauguration, there was an open house at the Varkaus printing plant. About 1000 persons living in the Varkaus area came to take a look at the plant.

About 600 persons attended a celebration dinner for retired employees, held on September 29, 1989. Between the speeches and the dinner, there were lively discussions of the old days by the guests, a number of whom had many years of service for the company behind them. Entertainment and dance music was provided by prominent Finnish artists. As a souvenir every guest received a unique coffee cup.

The Helsingin Sanomat Centenary Seminar was arranged on October 4, 1989. The theme chosen for the seminar was The World and Finland in the Year 2000. The distinguished guest speakers included Rudi Dornbusch, Professor of Economics at the Massachusetts Institute of Technology;

John Naisbitt, a famous American futurologist and researcher of organizations; Rupert Murdoch, Australian publisher and world-famous communications entrepreneur; and Olof Ljunggren, Executive Chairman of the Board of Svenska Dagbladet. Characteristic of all the speeches was a strong belief that the economy will continue to flourish. The Finnish speakers analyzed some of the future challenges in the areas of the economy, culture and science.

The most important event for the personnel was the party arranged by the corporate personnel club. Company flags with the lion emblem fluttered in the wind, welcoming the guests arriving on Friday, November 3, and Saturday, November 4, 1989. The Dipoli congress center had been selected the scene of the celebrations to make room to all the staff. Even so, the party had to be divided between two days.

The guests on Friday totalled about 1000, comprising employees of Corporate Administration, Sanomaprint and the subsidiaries. Those invited on Saturday amounted to 1600, comprising employees of the Newspaper Division. The festive



Mr Rupert Murdoch at the Helsingin Sanomat Centenary Seminar in October 1989.



Sanoma Group personnel celebrating the centenary at Dipoli congress center, November 1989.



As many as 140 members of the Sanoma Group were granted decorations, merit plaques and freedom of speech medals.



Päivälehti — Helsingin Sanomat merit plaque, which was presented to 29 staff members.

atmosphere was heightened by several entertainers and especially by the Tapani Kansa Show, which featured special music and news slides which had carefully been selected to present a cross-section of the past decades.

A special exhibition had been arranged by various sections of the corporate personnel club to present their activities. In addition, a non-stop video program of staff hobbies and recreational activities was shown. There was also a photo exhibition of club activities.

The Chairman of the Board announced at the party that the employees would receive a bonus in honor of the centenary. Naturally, the announcement was received with enthusiastic cheering.

On November 4, 1989, in connection with the Sanoma Group's personnel parties, the decorations granted by the President of the Republic in honor of the centenary on November 16, 1989, as well as the plaques of merit and freedom of speech medals granted by Päivälehti—Helsingin Sanomat, were presented by the Chairman. In honor of the centenary, 90 decorations, 29 merit plaques and 21 freedom of speech medals were granted —

more than in ordinary years.

On the morning of the centenary, November 16, wreaths were laid at graves in various parts of Finland to honor those whose lifework had been closely connected with the paper. At the Hietaniemi cemetery in Helsinki, wreaths were laid on the graves of Eero Erkko, the founder of Päivälehti, Eljas Erkko, Santeri Ivalo, Heikki Renvall, Kaarlo Castrén, Paavo Warén, E. O. Sjöberg, Yrjö Niiniluoto, Risto Kavanne, Einari Teräskivi, J. H. Erkko, W. W. Tuomioja, Zachris Castrén, Erkki Reijonen, and Aarne Castrén as well as at the monument erected for those who died in the war. Wreaths were also laid on the graves of Juhani Aho at the Iisalmi old cemetery; of Arvid Järnefelt at Lohja; and of Severi Nuormaa in Turku.

The Board of Sanoma Corporation held a festive meeting on the centenary day, November 16, 1989. At this meeting, a decision was made to launch a Profit Sharing and Employee Investment Fund for the Sanoma Group as from the beginning of 1990.

The Helsingin Sanomat centenary medal was issued on November 16, 1989. The tripartite med-



The Board of Directors at the centenary meeting on November 16, 1989. From left Mr Heikki Tikkanen, Mr Aatos Erkko, Mrs Patricia Seppälä, Mr Teo Mertanen, Mr Jaakko Rauramo, Mr Aarne Castrén and Mr Väinö J. Nurmimaa.



Mr Jaakko Rauramo is laying a wreath on the grave of Eero Erkko, founder of Päivälehti.



Sculptor Kari Juva presenting the centenary medal, November 16 1989.

al was designed by sculptor Kari Juva. The horse and the rider in the left-hand section illustrate the birth of Päävälehti and simultaneously also the symbolic birth of the news. The hammering blacksmiths in the central part symbolize today's newspaper and the making of it. According to the artist, the equestrian figure on the right symbolizes the future as well as the reader of the newspaper. The ribbon connecting all the three parts of the medal symbolizes the web of newsprint in the rotary press.

The centenary medal was struck in 400 bronze copies and 30 silver copies. The first silver medal trio has been presented to President Mauno Koivisto.

Exhibitions

A series of centenary exhibitions started in March. The first, the advertisement exhibition, "From Velocipede to Video", which featured advertisements from Helsingin Sanomat over the past hundred years, was open to the public at the art gallery of Helsingin Sanomat, Galleria Diana, from March 1 to April 4, 1989.

Newspaper advertisements are as old as news-

papers themselves. Finland's first newspapers in the 1770s already included advertisements. Advertisements are the mirror of life and report matters which are of social importance at that particular point in time. Events from everyday life to festive occasions, from shortages to conspicuous consumption are reflected in ads.

Helsingin Sanomat reaches more than one million readers daily. At present, the paper publishes over 800,000 advertisements per year. The advertising volume has grown over almost one hundred years from a few thousand column meters annually to sixty thousand column meters in 1989. The aim of the advertisement exhibition was to portray the progress that has taken place in advertisements over the last century. The subjects of the advertisements on display varied from travel to fashion, from recreational electronics to movies. As long ago as 1917, the readers were reminded that a true patriot will only buy domestic products — slogan still valid today. Today, the post-war housing shortage is again topical. Advertising thus reveals how history repeats itself. The exhibition was visited by 12,600 persons.



News picture exhibition at the Galleria Diana.

Helsingin Sanomat and Lehtikuva Oy jointly arranged an exhibition entitled "A Hundred Years of News Pictures" from May 5 to June 11, 1989. The purpose of the exhibition was to illustrate the value of news pictures as evidence of topical matters and, simultaneously, to give the visitor information on the work of a newspaper photographer. The year 1989 was a celebration year also for photography, which was 150 years old.

The first photograph was published in Helsingin Sanomat in 1904. Four one-column portraits belonged to the series "Our Heads of State". As technology developed, photos on more recent news could also be published in the newspaper. Besides, providing nostalgia for the olden days, the photos on display portrayed dramatic events. Photographers as well as newspaper readers have always been interested in wars, accidents and natural catastrophes.

The exhibition was divided into four sections. The historical section consisted of news pictures. Three panels illustrated the course of news events from the point of view of the photographer and the newspaper. The photographers' section consisted

of the best photographs, selected by Helsingin Sanomat and by the photographers themselves. Photographic equipment in use during the past hundred years was also on display.

The exhibition was supplemented by a handout program featuring photographers and their work. The exhibition attracted 10,600 visitors.

"A Hundred Years of News Pictures" was also shown as a visiting exhibition at the grand opening of Valokuvakeskus Nykyaika at Tampere in October—November, 1989.

The "Builders of the Future" exhibition, which opened on November 16, 1989, tackled questions such as: What is happening in the world? How am I going to cope with life? How are my children and grandchildren going to manage? What kind of philosophy and outlook on life should we try to teach our children and young people so they could meet the challenges of life? The same questions are asked by every generation. In arranging this exhibition, we have wanted to give one answer to many questions.

The project on the future had been started in the beginning of the year. A group of fifth-grade

youngsters at the Mäntymäki School in Kauniai-nen in the Metropolitan Helsinki Area and students from the Kontiolahti High School and Junior High School from southeastern Finland participated in the project. The Deincourt School from England provided foreign liaison. The children designed and planned the school of the future to fulfill their wishes and it was then built at the art gallery of Helsingin Sanomat, Galleria Diana. The exhibition presented one viewpoint of children's working methods in the school of the future and of the kind of projects they will be working on. As a result this project, a special supplement of Helsingin Sanomat was printed and distributed to all readers.

In connection with the exhibition, various lectures and seminars were arranged. The exhibition attracted over 4,000 visitors.

Centennial book series

A book entitled "Events in the Era of Päivälehti", written by Dr. Marja Niiniluoto, was launched on May 22, 1989. This book was the third in a series with which the hundred-year old Päivälehti-Helsingin Sanomat seeks to pay tribute to the history

of the press in Finland. The book consists of a series of historical essays on the cultural scene in our country.

Besides the newspaper world, the book reports on theater, the changes in women's roles, and events during the years of oppression which culminated in the murder of Governor General Bobrikoff and the suppression of Päivälehti in 1904.

A book by Dr. Keijo K. Kulha, "Fencing with Words and Striving for Conciliation", was launched on October 30, 1989. The book deals with the political stance of Helsingin Sanomat in the 1920s and the 1930s. The author outlines the general policy of Helsingin Sanomat during the period from independence to the Winter War. The book adds to the rich and multifaceted history of the press in Finland.

A jubilee album, entitled "A Hundred Years of Hot and Cold Communication", which tells about the history of Päivälehti — Helsingin Sanomat, was distributed to present and former staff members of the Group. The book was edited by Matti Almila and Petri Enarvi, both members of Helsingin Sanomat.



Directors and Officers

Board of Directors

Aatos Erkko, Chairman
Heikki Tikkanen, Vice President
Aarne Castrén
Teo Mertanen
Väinö J. Nurmimaa
Jaakko Rauramo
Patricia Seppälä

Executive Committee

Aatos Erkko, Chairman
Jaakko Rauramo
Heikki Tikkanen

Remuneration Committee

Aarne Castrén, Chairman
Teo Mertanen
Väinö J. Nurmimaa

Media Policy Committee

Teo Mertanen, Chairman
Aatos Erkko
Jaakko Rauramo
Heikki Tikkanen

Corporate Administration

Aatos Erkko, Chairman and Chief Executive Officer
Jaakko Rauramo, President and Chief Operating Officer
Heikki Huhtanen, Executive Vice President and General Manager, Newspaper Division
Matti Anderzén, Executive Vice President, Communications Policy and Community Relations
Jaakko Hannuksela, Vice President, Corporate Development
Pertti Huhtala, Vice President and General Manager, Startel Oy
Tapio Kallioja, Vice President and General Manager, Eurocable Division
Martti Ojares, Vice President, Finance
Kerstin Rinne, Vice President, Legal and Information Services
Heikki Saraste, Vice President and General Manager, Sanomaprint
Pekka Toropainen, Vice President, Sanoma Real Estate

Newspaper Division

Heikki Huhtanen, General Manager
Seppo Kievari, Deputy General Manager and Publisher

Matti Huopaniemi, Vice President, Marketing, Helsingin Sanomat
Sakari Almi, Vice President, Marketing, Ilta=Sanomat
Tapani Kivelä, Vice President, Administration and Finance
Pertti Metsähuone, Vice President, Advertising Sales, Helsingin Sanomat
Jouko Nurmela, Vice President, Production
Sulo Nuutinen, Vice President, Production, Prepress
Pertti Puolakka, Vice President, Logistics
Pekka Salmén, Vice President, Production, Sanomala Printing Plant
Martti Koski, Manager, Varkaus Printing Plant, until Febr. 28, 1990, Forssa Printing Plant from March 1, 1990
Klaus Hämäläinen, Manager, Varkaus Printing Plant, from March 1, 1990

Helsingin Sanomat

Heikki Tikkanen, Senior Editor in Chief
Keijo K. Kulha, Editor in Chief
Simopekka Nortamo, Editor in Chief
Janne Virkkunen, Editor in Chief

Ilta=Sanomat

Vesa-Pekka Koljonen, Senior Editor in Chief

Hyvinkään Sanomalehti Oy

— *Hyvinkään Kirjapaino Oy*
Pekka Korhonen, Managing Director

Oy Lippupalvelu — Biljettjänst Ab

Varpu Ketola, Managing Director

Sanomaprint Division

Heikki Saraste, General Manager
Eija Ailasmaa, Vice President, Publishing
Pirkko Huottilainen, Vice President, Children's Magazines and Books
Hannu Kilttilä, Vice President, Commercial Printing
Esa Malm, Vice President, Advertising Sales
Marit Oksanen, Vice President, Administration
Eero Sauri, Managing Director
Anne Valsta, Vice President, Publishing
Antero Väisänen, Vice President, Fulfillment

Erikoislehdet Oy

Eero Sauri, Managing Director
Nella Ginman, Vice President, Marketing
Harri Roschier, Vice President, Marketing
Hannu Ryyndälä, Vice President, Marketing

Eurocable Division

Eurocable Oy

Tapio Kallioja, Managing Director
Pekka Jaakola, Vice President, Development
Sirkka Tarkiainen, Vice President, Programming

Helsinki Televisio Oy

Olavi Peltonen, Managing Director
Heikki Hänninen, Vice President, Pay-TV-Products
Lennart Wasström, Technical Director, until Jan. 19, 1990

Janco Kabel-TV A/S

Kjell Gulliksen, Managing Director

ECI Communications AG

Tapio Kallioja, Managing Director

Startel Oy

Pertti Huhtala, Managing Director
Ole Bärlund, Vice President, Development
Asta Hyvärinen, Vice President, Publishing
Tauno Kara, Vice President, Marketing
Reino Lantto, Editor in Chief
Klaus Lehmuskallio, Vice President, Marketing

Sanomalehtien Ilmoitustoimisto Oy

Heikki Rikkinen, Managing Director

Sanoma Real Estate

Pekka Toropainen, Vice President, Real Estate

* *

Lehtikuva Oy

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