

Sanoma Group
Annual Report
1990



Sanoma Group

For Sanoma Corporation, 1991 is the start of the 102nd year of operations. The establishment of a new daily newspaper, Päivälehti, in 1889 marked the birth of the company. Päivälehti was the predecessor of Helsingin Sanomat, which today is the largest morning newspaper in Scandinavia.

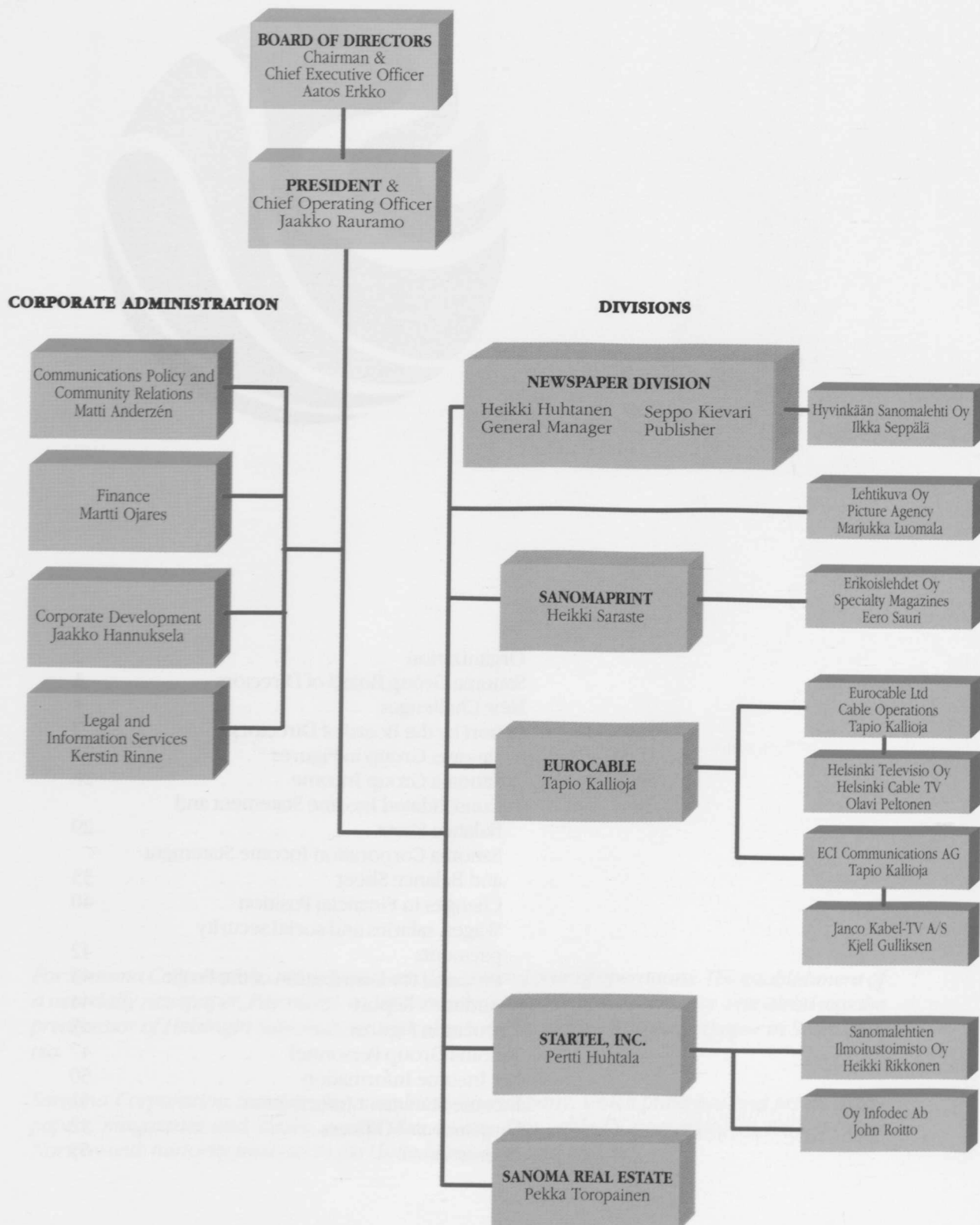
Sanoma Corporation is a European multimedia company, which publishes and prints newspapers, magazines and books, and is also engaged in cable-TV operations in Finland and Norway with minority interests in the United Kingdom and Ireland.

Contents



Organization	2
Sanoma Group Board of Directors	3
New Challenges	4
Report by the Board of Directors	7
Sanoma Group in Figures	27
Sanoma Group Income	28
Consolidated Income Statement and Balance Sheet	29
Sanoma Corporation Income Statement and Balance Sheet	35
Changes in Financial Position	40
Wages, salaries and social security payments	42
Proposal for Distribution of the Profit	43
Auditor's Report	44
Circulation Figures	45
Sanoma Group Personnel	47
Net Income Information	50
Income Statement Information	51
Directors and Officers	52
Addresses	55

Sanoma Group



Sanoma Group Board of Directors



Sitting from the left Mr Aarne Castrén, Mr Heikki Tikkanen, Mr Aatos Erkko, Mrs Patricia Seppälä and Mr Teo Mertanen. Standing from the left Mr Väinö J. Nurmimaa, Mr Kalle Salonen, Ms Merja Helle, Mr Jaakko Rauramo, Mrs Jane Erkko, Mr L. J. Joubki and Mr Robin Langenskiöld.

Aatos Erkko, Chairman	for the term until 1993
Heikki Tikkanen, Vice Chairman	1992
Aarne Castrén	1991
Jane Erkko	1991
Merja Helle	1993
L. J. Joubki	1993
Robin Langenskiöld	1992
Teo Mertanen	1993
Väinö J. Nurmimaa	1991
Jaakko Rauramo	1992
Kalle Salonen	1993
Patricia Seppälä	1991

Auditors

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

New Challenges

Finland's long-standing economic growth has rapidly turned into a recession affecting all sectors of the Finnish economy. The operations of the Sanoma Group will also have to be adjusted to the new economic situation. An example of the dramatic change in the economy is the advertising volume of Helsingin Sanomat, our main source of income; the volume dropped more than 10 % in 1990. The Group 1991 budget is based on another 10 % lower figure.

In times of economic growth, increases in personnel, wages and other expenses can be justified to meet the objectives. Low or non-existent growth, however, does not present the same advantages; instead, operations and expenses have to be adjusted to the lower income. In years past, we at the Sanoma Group have invested heavily in our operations by developing our activities, by training our personnel and by acquiring new production machinery, operating facilities and new systems. All this has given us a strong base to meet also economically strenuous periods.

In spite of our strong position in the market, we must continue to be very attentive to the prevailing economic trends. However, this has to be done without any dramatization. It is now time for us to take full advantage of our corporate structure, which we have built with a strong emphasis on cooperation and on open information. An economic downtrend can also bring great opportunities. Through careful strategic planning, we can strengthen our position in the field and further develop our operations, skills

and productivity. It is our firm belief that our second satellite printing plant will make it possible for us to make the most of the cyclical upturn. This plant is in Forssa, 70 miles northwest of Helsinki, and it is due for completion in mid-1992.

During 1991 Finland will have to decide which stand it will take on the European integration. For the media industry, these decisions will be of utmost importance even though this industry has been relatively unhampered by the many commercial restrictions in Western Europe. Future directives by either the European Community or officials presiding over the European Economic Space will probably have the strongest effect on the electronic media. To safeguard our national heritage, printed media should be preferred to electronic media.

In Finland, communication in the printed media has always been in our own language. In addition, printed media are produced using mainly Finnish raw materials and Finnish labor. The printed media are, as it were, the backbone of Finnish culture. As European integration proceeds, it is imperative that restrictions and taxation on Finnish printed media be made competitive with those of other countries. In addition, we feel that it would not be wrong to give the Finnish media, the printing industry and perhaps also other areas of the Finnish industry, a competitive advantage compared to those of other countries.

One central issue on the integration process is the ownership of companies. Until now, Finns have been able to acquire com-

panies in Scandinavia as well as in Western Europe. To demand that reciprocity should not be observed in this respect would be unfair. We feel that restrictions on foreign ownership are not needed in publishing. However, the period of transition should be made long enough. The Finnish communications industry is competitive and its structure is in good shape.

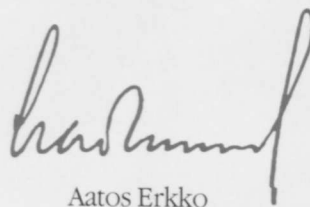
Finnish companies are rather small by European standards and foreign ownership may involve pressure to centralize operations. To counterbalance this possibility, it will be necessary to lift restrictions on imports and competition.

Finnish labor market policy is a major factor restricting competition and efficiency in our country at present. For a sustainable development of Finnish society, it is vital that our labor market system renew itself through evolution. This change will be inevitable when Finland enters the European integration process. We hope that the labor market parties as well as the government will be capable, without any prejudice, of evaluating and of drawing the right conclusions from the changing environment. We will have to re-evaluate present labor market values and vested interests, which in some instances have been considered sacred. Some of these values and advantages will have to be abandoned or at least largely reshaped.

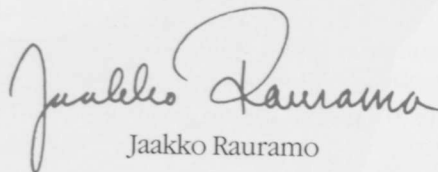
We feel that the Sanoma Employee Profit-Sharing Fund, founded in 1989, as well as Employee Representation on the Board of Directors have further contributed to the

motivation of our people to work for the success of our Group. We would like to take this opportunity to thank our personnel for the excellent work that has been done in the past year.

In the current year, we will do our best to serve our readers and our customers even better. In addition, we will pay further attention to improving the welfare of our employees. In doing so we shall work purposefully toward our goals and seek to be a successful corporation in 1991 as in the past.



Aatos Erkko



Jaakko Rauramo



Report by the Board of Directors on Sanoma Group Operations in 1990

Economic trends in Finland

The Finnish economy has developed very favorably during the past few years. However, the growth of total output came to a halt in 1990. The annual growth level was still 1 % due to the effect of the preceding year. The prolonged economic expansion has eclipsed problems relating to the production structure which will be reflected in terms of decreased profitability in the next few years.

The weakening GNP growth was mainly caused by the slackening growth rate in domestic demand. Exports to the USSR plummeted, and the basis for increased exports to the Western market deteriorated as price competitiveness continuously weakened. The growth of industrial output came to a halt, and it is forecast to move downward during the current year. In 1990 output grew only in service, construction and agriculture sectors. The downturn in demand and profitability curbed corporate capital expenditure. The tighter financial markets and weakening purchasing power decreased households' spending on consumer durables and housing. These factors contributed to reduced imports already in 1990. The trend will continue and become even more pronounced this year.

A slight improvement is expected in the trade balance, but the current account is strained by the weakened balance in services and by the increasing interest payments on foreign debts. The current account deficit in 1990 was FIM 24 billion, or 4.6 % of GNP. Although the economic recession is expected to continue in the next few years, the current account deficit will improve very slowly.

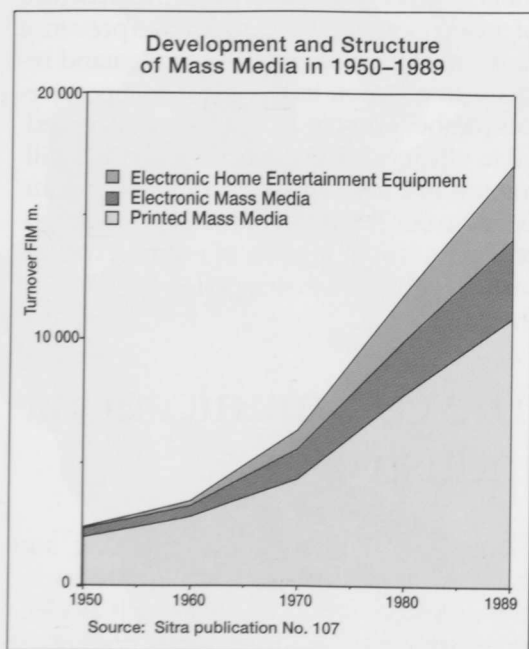
The Finnish economy will face many years of slow growth. The change in the payment system for trade between Finland and the Soviet Union will move the point when a balance in trade is re-established further into the future. It is obvious that traditional measures for the regulation of demand will no longer suffice. Steps to change the structure of the economy will be required to prevent a new imbalance when domestic demand revives. In addition to the price competitiveness of the industry, increases are also needed in efficiency and the private sector's willingness to invest. Further problem that hampers the development of the Finnish economy is the strong growth of public expenditure, which has outstripped the growth of the economy.

The communications industry

In addition to traditional printing and publishing, the communications industry includes telecommunications as well as electronic mass media. The strong technological

development has led to new products and distribution systems within the communications industry. The most significant change has taken place in the growth of the sales of electronic entertainment. The total development and structure of the mass media, starting from the year 1950, is presented in the following table. In spite of the growth of new media, the share of printed mass media well exceeds 50 %.

The printing and publishing industry, which is mainly a home market industry, succeeded in keeping its profitability relatively satisfactory in the 1980s. The share of advertising grew as a result of good economic development. Increased expenses were absorbed in prices, and the level of indebtedness in the printing and publishing industry has remained lower than in other main industries. In the spring of 1990, Finland's economic growth came to a halt, and a downward trend in advertising volumes set in after many years of sustained growth. During the fall of 1990, the decrease in the volume of advertising became more pronounced. The steepest decline took place in job vacancies, and it was especially marked in the Helsinki Metropolitan area.



The prevailing economic recession will lower the demand for graphic products. The rising costs cannot be covered by price increases as previously. As a result, the profitability of the printing and publishing industry will decline. During the recession, it will be difficult to make cost adjustments because of the rather rigid cost structure. The printing and publishing industry has traditionally looked after job security, and this will cut into corporate profitability. In addition to declining market expectations, capital expenditures are strained by the prevailing high interest rates.

According to advance information, sales of the printing and publishing industry were FIM 16.7 billion, a rise of 4.9 % over the previous year. The number of personnel presently employed by the industry has remained practically unchanged during the past few years, 37,800, with a decline of 0.4 % last year.

In 1990, the total circulation of newspapers and afternoon papers which are published 3-7 times a week was 3,295,890, a rise of 0.07 % on the previous year. The circulation of the afternoon papers increased by approximately 6.7 %.

The volume of advertising in the Finnish Newspaper Publishers Association member papers totaled 462.462 column meters, a decrease of 3.6 %. The annual average subscription price for daily newspapers was 489 marks, a rise of 8.1 % over the previous year. The magazine circulation continued to show a favorable trend in 1990. There was increased circulation in general-interest, women's and specialty magazines, as well as comic magazines.

There was an increase in magazine subscriptions, since the copy sales of domestic magazines decreased 1.7 %. The growth of copy sales in sales revenues remained at only 3.9 %.

With the weakening economic situation, magazine advertising revenues developed slower than in the previous year. According to advance information based on list prices, the magazine advertising totaled FIM 686.3

million, up 2.5 % from 1989. Magazines accounted for 8.2 % of all media advertising, 0.5 percentage units less than in the previous year.

The percentage of TV advertising in the total for the advertising media was 11.6 %, a growth of 8.9 % in real terms. The corresponding share of radio advertising was 2.0 %, a rise of 7.4 % over the previous year.

Operating environment of Sanoma Group

The Sanoma Group operations are divided into five strategic business units - the Newspaper Division, Sanomaprint, Eurocable, Startel and Sanoma Real Estate. In 1990, operations were based largely on the same activities and products as in 1989.

During 1990, two Sanoma subsidiaries Hyvinkään Kirjapaino Oy, the printing facility of Hyvinkään Sanomat, and Oy Lippupalvelu-Biljettjänst Ab were sold.

At the 1990 shareholders' meeting, two representatives of the personnel were elected to the Board of Sanoma Corporation. The Sanoma Employee Profit-Sharing Fund went into operation as of the beginning of 1990. In accordance with the regulations governing the Fund, the amount of profit-related compensation to be paid for 1990 will be FIM 14.2 million.

Within capital expenditures, the most significant project was the starting of the construction of the Forssa Plant. The project is scheduled for completion by the end of 1992.

Several appointments were made by the Sanoma Corporation Board of Directors in December 1990. Mr Janne Virkkunen, Editor in Chief, News, was appointed the new Senior Editor in Chief of Helsingin Sanomat, the morning newspaper. Mr Virkkunen succeeded Mr Heikki Tikkanen, who retired on December 31, 1990. Mr Tikkanen will con-

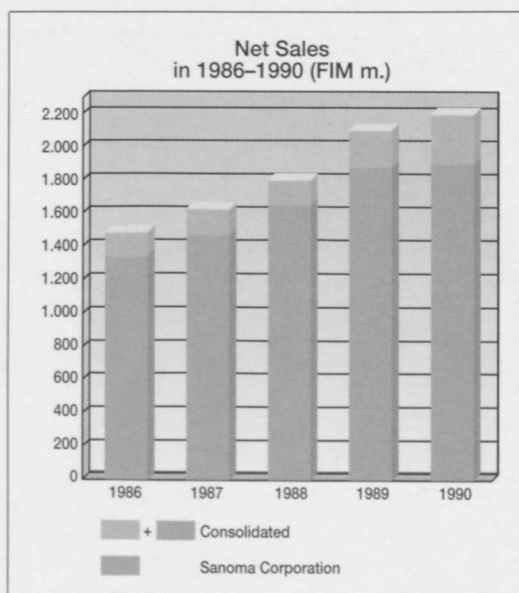
tinue as Vice Chairman of the Sanoma Corporation Board of Directors.

In addition, the following appointments were made at Helsingin Sanomat: Ms Reetta Meriläinen, Dean of the Sanoma School of Journalism, was appointed Editor in Chief, News. Mr Keijo K. Kulha will continue in his position of Editor in Chief, Editorials, and substitute for the Senior Editor in Chief. Mr Simopekka Nortamo will continue as Editor in Chief, Special Projects.

Mr Seppo Kievari, Publisher, was appointed Executive Vice President of the Sanoma Group. This appointment serves to emphasize the publishing aspect of the Sanoma Group. Mr Martti Ojares, Vice President, Finance, was also appointed Executive Vice President of the Sanoma Group. In addition to his duties as Vice President, Finance, he also stands in for the President of the Group along with Executive Vice Presidents Heikki Huhtanen and Matti Anderzén.

The editorial staff of Ilta=Sanomat, the afternoon paper, was also reorganized. Mr Hannu Savola was appointed Editor in Chief, News. He also substitutes for the Senior Editor in Chief, Mr Vesa-Pekka Koljonen.

All the above-mentioned appointments became effective on January 1, 1991.



Suomi uudistaa Pariisin rauhansopimuksen tulkintaa

Rauhansopimukseen sisältyviä sotilasrajoituksia kumotaan, yya-sopimuksesta poistetaan viittaus Saksan hyökkäykseen

Suomen ulkopoliittinen johto, presidentti Mauno Koivisto ja hallitus, uudisti perustamaa rauhansopimusta.

Uudistus, että Pariisin rauhansopimusta koskevat sotilasrajoitukset poistetaan.



Mikhail Gorbachev

Kreml valmis poikkeus-toimiin

Moskova
Helsingin Sanomat
Kyösti Karvonen

Neuvostoliiton presidentti Mihail Gorbatsšov välytti perustamaa, että Kemi on tarpeen vastustaa valmiin perustamaa presidentin villan pohjaksi onni Neuvostoliiton ja lopettamaan paikallisten hallinto-ohjeen, esimerkiksi parlamenttien, toiminnan. "Tilanne on tullut siihen pisteeseen, että jos sitä tarvitaan, meidän on tehtävä", Gorbatsšov sanoi. Hän mainitsi "työväen Liigan".

HELSINGIN SANOMAT

Perustettu vuonna 1825
Kustantaja: Helsingin Sanomien Kirjasto Oy
Päätoimittaja: Kyösti Karvonen
Toimitus: Helsingin Sanomien Kirjasto Oy
Keskustelu: Helsingin Sanomien Kirjasto Oy
Kustannus: Helsingin Sanomien Kirjasto Oy

ANTELL & SODERBERG

Asiainjohtaja ja kirjastojohtaja
Kustantaja: Helsingin Sanomien Kirjasto Oy
Päätoimittaja: Kyösti Karvonen
Toimitus: Helsingin Sanomien Kirjasto Oy
Keskustelu: Helsingin Sanomien Kirjasto Oy
Kustannus: Helsingin Sanomien Kirjasto Oy



Newspapers

Helsingin Sanomat

The great upheavals that shook Europe in 1990 were widely covered in Helsingin Sanomat. The main topics were the Soviet Union's increasingly acute internal situation, the drive for independence in the Baltic states, the collapse of communism in Europe's other socialist countries, as well as the unification of the two Germanies.

The biggest news in Western Europe was the negotiations between the European Community (EC) and the European Free Trade Association (Efta) for the creation of the European Economic Space (EES). These negotiations were closely followed. The effects of the integration process on citizens' daily lives were extensively covered in the newspaper.

The development of Europe's new security policy around the European Community on the one hand, and around the Conference on Security and Cooperation in Europe (CSCE) on the other, formed another important news topic on the lively international scene. The role of the United Nations in solving international conflicts was further emphasized in the Persian Gulf crisis. This difficult international crisis was also on the meeting agenda of the presidents of the United States and the Soviet Union, George Bush and Mikhail Gorbachev, who attended a summit meeting in Helsinki in September.

This meeting became the main domestic news event in 1990.

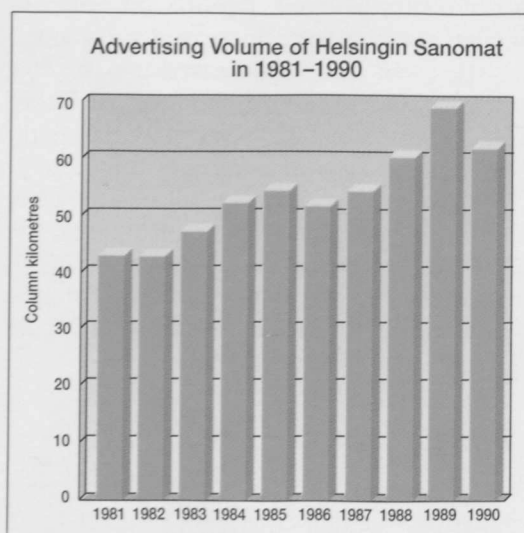
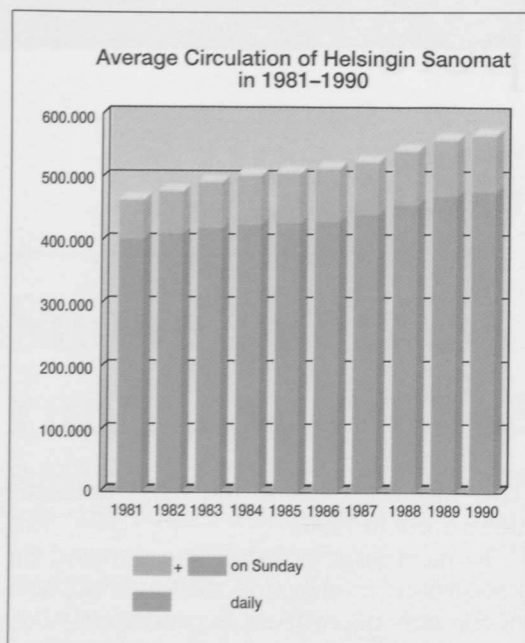
To meet an ever-increasing demand for background information, the financial pages of the newspaper were expanded. In addition, the news coverage on the Helsinki Metropolitan area and on cultural events was further strengthened. Reports on environmental subjects were increased substantially. The focus on the increased use of news graphics was continued, and four colors became a permanent daily feature of Helsingin Sanomat.

Helsingin Sanomat published special theme tabloid supplements on boating, the World Cup Football, Ruotsinsalmi, the 200th Anniversary of the Battle between Sweden and Russia, motoring and traffic. In all, 29 supplements were published.

Marketing

The average circulation of Helsingin Sanomat on weekdays was 478,087, an increase of 7,379 copies, up 1.6 %. The corresponding figures for Sundays were 566,109, an increase of 8,275, up 1.5 %. The average circulation increase of all newspapers in the country was 1.9 % and that of the morning papers 1.2 %.

Production at the new Varkaus satellite printing plant, about 200 miles northeast of Helsinki, was successful as anticipated. The major distribution program between Helsingin Sanomat, the leading regional newspa-



pers and the Post Office proved to be successful as well. This program is in charge of early morning delivery in northeastern and northern Finland. As a result, the work-load at the Sanomala printing plant in Vantaa eased considerably, which reflected favorably on the distribution service within the

Helsinki Metropolitan area and the rest of Uusimaa Province.

New decisions were made in order to plan early morning delivery for newspapers originating from the Forssa satellite printing plant as well as for other newspapers in the region.

The circulation marketing personnel of Helsingin Sanomat also participated in the circulation campaign of Hyvinkään Sanomat. The circulation system of Helsingin Sanomat was implemented at Hyvinkään Sanomat as a PC-version.

The annual subscription price of the daily Helsingin Sanomat was raised from 699 marks to 744 marks on July 1. Correspondingly, the Sunday issue rose from 325 marks to 346 marks on July 1. The newsstand copy price was raised from 5 marks to 6 marks on weekdays and from 7 marks to 8 marks on Sundays.

Helsingin Sanomat continued to sponsor mainly youth sports activities. Major events were the Hopeasompa Junior Ski Competition and the Helsinki Cup Junior Soccer Tournament. The men's Jukola and the ladies' Venlat Orienteering Competition Relays and the Helsinki City Marathon were key events for more mature sports enthusiasts.

In advertising marketing, the slowdown of economic growth had a pronounced impact on the job vacancies section, which decreased in volume by 28.5 %. Since the advertising budgets of many other fields were also trimmed, the advertising volume dropped by 10.3 %, corresponding to 61,815 column meters. The number of advertisements fell by only 3.9 %.

Apart from the job market, the downward economic trend was reflected in decreased advertising by banks, companies in the data technology field, and the used car business. Nonetheless, the annual advertising volume was the second largest in the history of Helsingin Sanomat.

The advertising volume in the magazine supplement hit a record high of 840 pages, 2.5 % more than in the previous year. Also, the number of inserts in Helsingin Sanomat totaled a record high of 99 copies. For many

advertisers, the inserts have replaced regional direct advertising.

Starting of May 1990, job vacancies were classified by a new system of job categories. In addition, the content structure of the newspaper was further strengthened.

To combat the incipient recession, and parallel with aggressive sales efforts, a large-scale organizational development project was implemented. This project was aimed at increasing personnel's motivations at all levels.

Ilta=Sanomat

Efforts centered mainly on strengthening the news reporting in all sections of the paper. The abundance and variety of the news was further expanded to gain more news competitiveness. Additional attention was focused on the appearance of the paper through continuous planning and training of personnel, and especially by focusing on graphics and four-color pictures.

The supplement program of Ilta=Sanomat, which had been initiated in the previous year, was completed during 1990. The newspaper carries each weekday an extensive special supplement: on Mondays the subject is sport, on Tuesdays games and puzzles, on Wednesdays a Helsinki special, on Thursdays a TV guide, on Fridays a women's special and on Saturdays a special weekend edition. In addition, the Friday calendar section was reshaped with more emphasis on cultural news. A column "Letters to the Editor" was also added to the section. The supplements are 8 to 16 pages separately stapled tabloids.

On completion of the supplement program the paper was divided into the news section and the supplement section.

Marketing

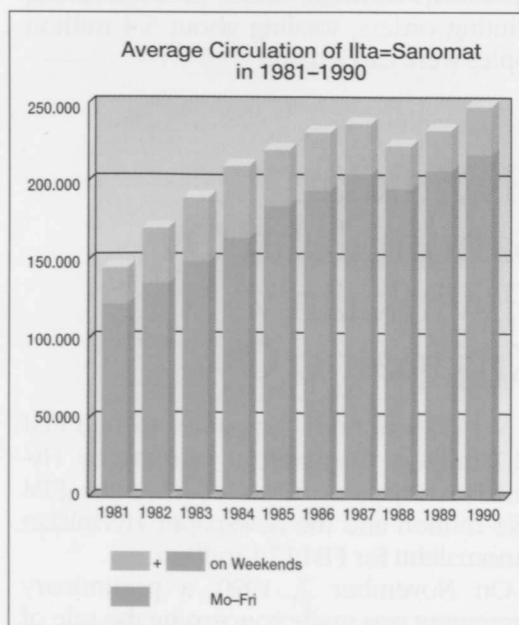
The circulation of Ilta=Sanomat continued to grow and reached an all-time high. The average circulation in 1990 was 215,354 copies, an increase of 4.1 % over the previ-

ous year. The paper's market share in the Helsinki Metropolitan area showed a slight increase, and its share of the afternoon paper market in the whole country was 70 %.

A reorganization of the circulation marketing personnel was carried out at the beginning of the year with the aim of decentralizing decision making and increasing target awareness.

The copy price was raised to 5 marks also on weekdays, which together with the growing circulation considerably improved profitability.

Advertising marketing also reached an all-time high, although the approaching recession exerted a drag on it during the latter part of the year. The advertising volume of Ilta=Sanomat increased by 5.4 % in comparison with the previous year. Among the high-circulation papers, Ilta=Sanomat was the only one which was able to increase its advertising volume compared with the previous year. Due to the continuous increase in circulation, a corresponding increase occurred in the advertising of brand-name products and particularly advertising for automobiles. However, travel and sales promotion ads appearing in magazines and newspapers continued to top the list.



Production and investments

The Varkaus satellite printing plant has been in operation for over a year. The plant has met the requirements. Higher accuracy in keeping to schedules and improved production quality have been achieved.

In Forssa, construction works on the site of our second satellite printing plant were started in January 1990. In November the company signed the main building contract with Puolimatka-yhtymä Oy, a major Finnish construction company. Additional construction agreements were signed also in the fall. The total floor area will cover 25,000 sq.m. and the volume 180,000 cu.m.

The printing presses as well as the mail-room equipment for Forssa will be delivered by the same Swiss companies as provided equipment for our Varkaus plant.

All purchase contracts for major machinery and systems were signed during 1990. Also, personnel training was started. At year end, the staff of the Forssa plant included 17 persons.

During 1990, 13 regularly published newspapers were printed for contract customers. In addition, about 30 commercial printing orders, totaling about 5.4 million copies were carried out.

Hyvinkään Sanomalehti Oy Hyvinkään Kirjapaino Oy

Net sales of both companies totaled FIM 52.7 million. Commercial printing by Hyvinkään Kirjapaino Oy accounted for FIM 35.6 million and the newspaper Hyvinkään Sanomalehti for FIM 17.1 million.

On November 7, 1990, a preliminary agreement was made concerning the sale of

the commercial printing plant Hyvinkään Kirjapaino Oy to Algraphics Oy as of the beginning of 1991.

In the beginning of February 1990, changes were carried out in the appearance, structure and contents of Hyvinkään Sanomat. At the same time, efforts were made to emphasize local news. A new editorial system was also adopted in February.

In October-December, a circulation campaign was carried out in cooperation with the circulation marketing personnel of Helsingin Sanomat. The campaign was beamed at various parts of Hyvinkään Sanomat's circulation area during alternate weeks. The campaign efforts resulted in new subscribers who mostly opted for an automatic renewal-type subscription. At the end of 1990, the circulation was 15,200.

In September 1990, a contract was signed for starting printing of the newspaper at the printing plant of Riihimäen Kirjapaino as of the beginning of 1991.

Oy Lippupalvelu - Biljettjänst Ab

Box Office Agency

On November 21, 1990, Oy Lippupalvelu-Biljettjänst Ab was sold to three member associations of the Finnish Central Sports Federation SVUL and the Basketball Foundation, which became the majority shareholder. The three member associations are the Finnish Amateur Athletic Association, the Finnish Ice Hockey Association, and the Finnish Baseball Association.

Newspaper Division Personnel

An average of 2,017 persons worked for the Newspaper Division in permanent and

fixed-term positions. 1,849 were employed by the newspapers: 496 journalists, 663 other salaried personnel, and 690 wage-earning printing workers. On average 2,178 newspaper deliverers were employed. In 1990, Hyvinkään Sanomalehti Oy and Hyvinkään Kirjapaino Oy had a total staff of 155 persons. Oy Lippupalvelu-Biljettjänst Ab employed 13 persons.

Lehtikuva Oy

International Picture Agency

From the stand-point of international news events, 1990 was an exceptionally important year. The political developments in the East bloc countries of Europe, and the Persian Gulf crisis were the top news events of the year.

In addition to covering the 1990 World Cup finals and other world and European championship events in sports, Lehtikuva's own photographers followed closely the events in the Baltic countries and in the Persian Gulf. There were more than fifty over-

seas photographing assignments, which is a new record.

In connection with the renewed layouts of the newspapers, the use of color photographs has increased appreciably. This area is becoming increasingly important in photography as well.

The Helsinki Summit between Presidents George Bush and Mikhail Gorbachev was the most important domestic news event. During the Summit-90 weekend, Lehtikuva's facilities and offices were shared by Novosti, Izvestia, Pressens Bild, Reuters, Tass and United Press International, totaling 18 extra persons. The editorial systems of the customer papers of Lehtikuva Oy and their capabilities to receive digitally transmitted pictures were under special study during the year.

The most recent expansion of Lehtikuva Oy's picture services are the internationally renowned, high-quality stock-image pictures delivered by Superstock Inc. The material is intended primarily for use in advertising.

In order to be able to give better customer service to advertising agencies, a sales office was opened on the street floor at the beginning of June. The office specializes in top-quality domestic and foreign color pictures.



Magazines and commercial printing of books

The Sanomaprint Division is in charge of publishing magazines, children's magazines, books and business publications, and it is also engaged in commercial printing.

In 1990, the circulation and advertising sales of Sanomaprint magazines increased favorably. As many as 19 out of the 28 magazines included in the publication program showed increased circulation. Total circulation grew from 1,284,703 to 1,345,528 copies, or 4.7 %. The most dramatic growth took place in the senior citizens' magazine, *et-lehti*, and in *Eläinmaailma*, Animal World. In addition to the circulation increase, the circulation structure of the Sanomaprint magazines continued to show a marked improvement due to the rapid growth of the automatic renewals and the change-over to longer subscription periods.

Magazines

The mark amount of advertising sales of the Sanomaprint magazines increased, but due to the downward trend in the economy remained clearly below the target. The number of advertising pages totaled 2,344, a decrease of 3.9 % over the previous year.

In *Me Naiset*, a women's weekly magazine, special emphasis was laid on the contents of

the magazine in order to gain more renewal subscriptions. The printing paper was changed to better quality, the appearance was completely modernized, and the number of editorial pages was increased. The contents of the magazine were clearly directed toward the traditional areas of women's magazines, yet were adapted to today's way of thinking. According to reader polls taken in the course of the year, the image of *Me Naiset* clearly developed in a favorable direction.

Kodin Kuvalehti, a family bi-weekly, continued to strengthen its position as market leader in its own target group, both in circulation and advertising. Emphasis on editorial material was continued throughout the year and the topical consumer interest areas were widely covered. The 1990 circulation of *Kodin Kuvalehti* totaled 177,371.

et-lehti, a senior citizens' magazine, continued to record another successful year by achieving the largest circulation increase among all magazines, 16,171 copies, which raised the 1990 circulation to 170,400. In addition to focusing on developing the magazine's contents, the appearance and logo were modernized, thereby enhancing the colorful and elegant appearance. *et-lehti* invited advertising companies and advertisers to enter the contest "The Experience of the Year" with the idea of bringing the fast-grow-

ing over-fifty age group into the spotlight. An art contest, open to all amateur painters among the magazine's readers, and an art exhibition held in conjunction with it, aroused wide interest.

Suuri Käsityökerho, a handicraft magazine, further strengthened its position as market leader in spite of the new competition situation. The magazine was successfully marketed through all sales channels, and the circulation increase of 4,369 copies raised the average annual circulation to 112,313 copies. The circulation structure is for the most part based on automatic renewals and the reader loyalty.

During its third full year of publication, Gloria, a women's monthly, came up to expectations. The circulation grew from the previous year's level raising the average circulation to 50,906 copies. Advertising sales continued to increase, too. Although sales targets were not quite reached, Gloria's frontrunner position as a brand-name advertising medium continued to strengthen.

Tiede 2000, Science, celebrated its Tenth Anniversary in 1990. To commemorate the event, a special jubilee issue was published and distributed to all of Finland's undergraduate students. In addition, a science picture photo contest was arranged.

Terveys 2000, Health, celebrated its Fifth Anniversary in the fall. The magazine has developed as planned, and the circulation is now almost 40,000.

Eläinmaailma, Animal World, underwent modernization of its contents and appearance in 1988, the year in which its special target group was also redefined. These efforts have produced good results. 1990 will be a year of strong and steady growth in circulation as well as profitability for Eläinmaailma.

Children's magazines and books

The six children's magazines published by Sanomaprint strengthened their strong

market share. The circulation of the traditionally popular, weekly Aku Ankka, Donald Duck, continued to increase and reached an all time high since its previous peak in 1975. The appearance and layout of the monthly Nalle Puh, Winnie-the-Pooh, were modernized. The launch of a new comic book, the monthly Ressu, Snoopy, of the famous Peanuts series coincided with the 40th Anniversary of the Peanuts.

The publishing of books for children totaled 155 titles, of which 40 were reprints. The main part of the publishing program consisted of Disney comic books and fairy tales.

The Guinness Book of Records was published for the 14th time in Finnish and the Guinness Book of Inventions for the 6th time. In conjunction with the 350th Anniversary of the Helsinki University the book University Architecture was published.

The most important distribution channels of the Sanomaprint books are the newsstand chain Rautakirja Oy and direct sale book clubs. Membership in the Children's Own Book Club has increased significantly.

Erikoislehdet Oy

Specialty magazines

The publishing program of Erikoislehdet Oy comprised 13 magazines and 14 business publications. During the year, a contract was signed for the publication Tuottavuus, Productivity, which will be published by Erikoislehdet five times annually. Tuottavuus is the first publication of a new product group consisting of professional publications.

The Tecnopress group of magazines showed particularly good circulation figures. Tietokone, a computer magazine, exceeded 21,000, and the circulation of Mikro-Bitti, Microbyte, began to move upward again.

The focal point of the Sport unit was directed to improve both editorially and financially the new magazines acquired in 1990.

The strategic goal at Business Publications has been to improve the standard of quality. Kirkko ja Kaupunki, Church News, increased its circulation to 172,816 and Telelinkki to 97,190.

A special issue to celebrate the 10th Anniversary of Utemagasinet was published by the Swedish subsidiary of Erikoislehdet, Milvus Förlags Ab. In 1990, Erikoislehdet acquired full stock ownership in the subsidiary.

Sanomapaino

For the Sanomapaino printing plant, 1990 meant a period of stability after many years of investments and the move to Martinlaakso. The sales and production of the Sanomapaino printing plant remained at the level of the preceding year.

Profitability, however, was much better than in earlier years, mainly thanks to new machinery and equipment, which made operations possible with smaller personnel. An important contributing factor was nightshift production with three offset presses throughout the year, excluding only the summer vacation period. These factors led to excellent performance in meeting delivery dates and quality requirements.

There continued to be strong price competition in the industry, and all production expenses could not be recouped in the form of higher prices. Almost throughout the year there was full work load, except for early fall and the last few weeks of the year. Sanomapaino's exports were directed toward the Soviet Union and the Scandinavian countries.

Slightly over 50 % of the total production consisted of magazines and other printed products published by the Sanoma Group. Less than half of the capacity was sold to outside customers. Most of this commercial printing consisted of magazines and catalogues printed on a contract basis.

Technical development mainly focused on the introduction of EDP-based systems for the processing of texts and pictures, and on preparing for the future electronic layout of the magazines. To an increasing extent, the material came to the printing plant in digital form.

Personnel

Sanomaprint employed an average of 803 persons: 129 journalists, 282 other salaried personnel and 342 wage-earning printing workers. In addition, an average of 50 persons worked in fixed-term jobs.



Satellite and Cable-TV operations

The Eurocable Division is in charge of the satellite and cable-TV operations of the Sanoma Group. In Finland, it comprises Eurocable Ltd and Helsinki Televisio Oy, Helsinki Cable Television Ltd, HTV. Its foreign operations include ECI Communications AG in Switzerland and Janco Kabel-TV A/S in Oslo, Norway.

Sales rose 26% in comparison with the previous year. The increase in sales and the decreased investments due to the gradual completion of HTV's cable-network contributed to the good financial result of the division.

The Eurocable Division employed an average of 167 persons of whom 21 were employed by Eurocable Ltd, 72 by Helsinki Cable Television Ltd and 74 by Janco Kabel-TV A/S.

Eurocable Ltd

Eurocable Ltd is the central body in charge of the development of the division's other units. In addition to providing administrative services, it coordinates acquisitions of programs and technical equipment while keeping up with developments in new technology. It also supplies TV program services, such as Entertainment Channel and FilmNet, to cable-TV companies.

In 1990, special attention was paid to the newest technology. A special focus was on optical fibre technology and pay-TV, new

transmission standards, and high definition television.

The Entertainment Channel was transmitted not only over the HTV network but over the cable-TV networks in Tampere, Turku and Lahti where its subscribers totaled 19,164. The most important cooperation agreement in 1990 was concluded with Swedish Television and covered programs for the Entertainment Channel and the Finnish Local TV Channels Ltd, PTV. The subtitling of TV programs was modernized. In addition, program transfers and copying were ratified.

The FilmNet movie channel was distributed by Eurocable Ltd. The number of subscribers to FilmNet increased by 45% and totaled 33,312 at year end. The growth was made possible by the increased number of reception areas and the increased recognition of the channel. At year end, FilmNet movies were distributed over the cable networks and master antenna systems in 77 regions. Also, individual reception antennas of private homes increased considerably in 1990.

The sales increase of 44% was mainly due to the great increase in the FilmNet service volume.

Helsinki Cable Television Ltd, HTV

During 1990, 12,802 new households were connected to HTV's cable network, the

biggest rise in 5 years. At the close of the year, the total number of households connected to HTV in the Metropolitan area covering the cities of Helsinki, Espoo, Vantaa and Kauniainen was 161,737.

In 1990, HTV's services consisted of 23 TV program services and 9 radio channels. Moscow's channel 1 was added to the network in June, and the German 3sat was the seventh channel to be added to the PlusSat pay-TV package in October. Newsroom, a new educational service for classroom instruction was launched in cooperation with the National Board of Education and CNN.

The total number of subscribers to HTV's pay-channels was 38,252, up 18% from the previous year. The pay-channels are FilmNet, Entertainment Channel, PlusSat and Moscow TV 1, which also is a pay service due to copyright payments.

HTV-Production sells video production services to outside program producers. The main emphasis is on multicamera productions and editing services. The volume of the productions has increased considerably. The 1990 new production services included the daily program Local Quarter for the Finnish Local TV Channels Ltd, PTV.

HTV's net sales grew by 14% during the year, which was mainly due to the increase in the pay-TV viewers and the number of households connected to the cable network.

ECI Communications AG

The Swiss company ECI Communications AG, which is part of the Eurocable Division, controls the administration and financing of the Eurocable Division's foreign operations and their development. In 1990, ECI Communications AG was the sole owner of Janco Kabel-TV A/S and a minority shareholder in the London-based Westminster Cable Com-

pany Limited and in the Irish company Cork Communications Limited.

Janco Kabel-TV A/S

At the end of 1990, 153,946 households were connected to Janco Kabel-TV A/S. During the year, the number of subscribers increased by 4,491, which was substantially more than in the previous year. As of the beginning of 1990, the construction and modernization of the cable network has been carried out using a technique which makes possible the transmission of 44 TV channels.

During 1990, two new Scandinavian channels were launched: TV4 and Nordic Channel. Distribution of the British news channel, Sky News, was launched on a trial basis. At year end, the cable program services transmitted over Janco's cable network consisted of 24 TV program services and 18 radio channels. Of the TV channels, 8 were pay-TV channels representing 11,883 subscribers at the end of the year.

In 1990, Janco and the Oslo Municipality reached an agreement according to which Janco will receive digitalized maps and real estate registration data directly from the municipal databases. For Janco, the contract means greater efficiency in network planning and construction projects and better maintenance capabilities for the households connected to the network.

The increase in the number of households and in the pay-TV subscribers as well as the upgrading of the TV-antenna networks contributed to the increased sales, which rose by 20% from the previous year.

Due to regulations on foreign ownership in Norwegian cable-TV companies, the Sanoma Group had been requested to give up its majority holding in Janco by August 1990. Based on a Sanoma Group application, the Norwegian authorities gave an extension until August 1992. The decision was justified by possible future relaxation of restrictions on ownership as a result of European integration.

Information Services

The Startel Division produces and markets information services. The division comprises Startel, Inc. and the subsidiaries Sanomalehtien Ilmoitustoimisto Oy, SITA and Oy Infodec Ab.

In 1990, Startel's functions were divided into three business areas: Business and financial information services, Marketing services, and Media monitoring services.

Both Startel, Inc. and the subsidiary Oy Infodec Ab operate in the business and financial information area. Startel offers a vast amount of electronic information through the largest Business Information Databank in Finland. Using a microcomputer, a user of the service can retrieve information from over 900 Finnish and international online databases.

Startel also provides electronic data feeds on quotations and news services which are used in the software applications developed and marketed by Infodec. This company also develops software applications for portfolio management and other back office applications.

Startel's marketing services unit compiles corporate databases, which are developed into products for different target groups. The focus is on the development of company information and database services, reference sources, business and product directories.

The Media Monitoring Services provided by SITA consist of press clipping services, radio and TV monitoring and reporting, as well as acting as an intermediary for advertisements to newspapers.

In March 1990, Startel became a majority shareholder of Infodec. The company produces microcomputer and network application systems for the trading in stocks and options, the money market and the foreign ex-

change market. During 1990, the contents and technology of the online databank were further developed.

In addition to quotes from the Helsinki Stock Exchange, Startel provides realtime data on options trading as well as numerical information on the money and currency markets. Marketing of the international financial service, MoneyCenter, was started in the fall. This service is produced by the Knight-Ridder Business Information Services Group.

Startel Express, a realtime financial news service, provides a quick source for following up news on the business scene.

After the organizational changes made in September, Startel's marketing services include not only the publishing of business directories but also database marketing systems and mailing list services. The services are based on Startel's register of companies.

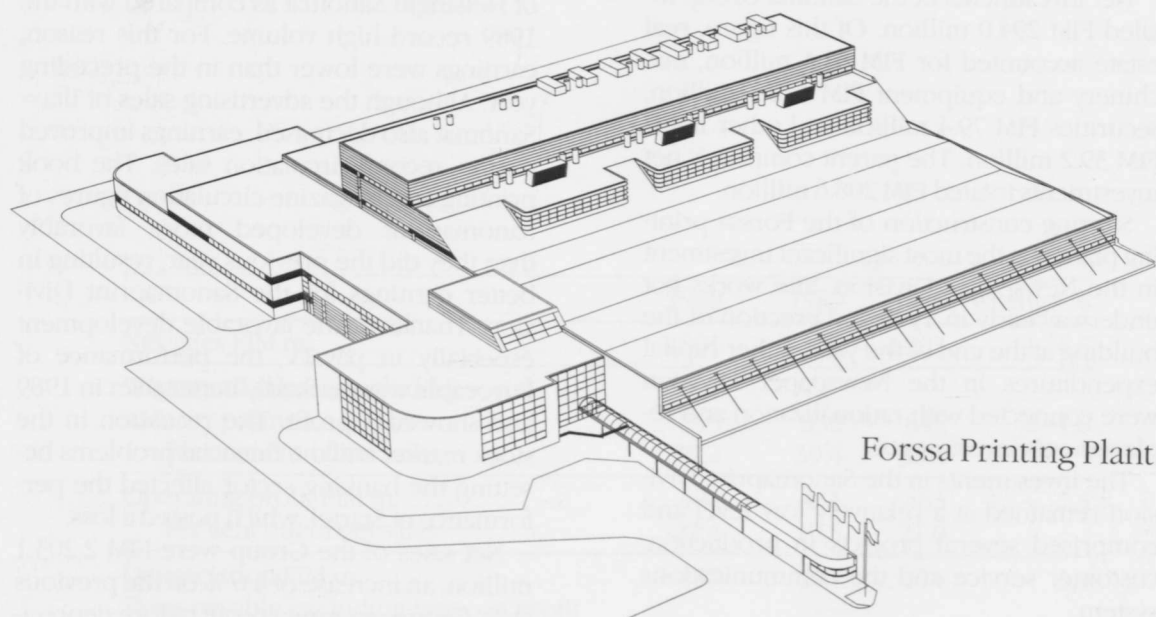
The following business directories were published in 1990: Blue Book XXII, Finland's most comprehensive Company Register, Financial summaries of leading Finnish enterprises and Hot Lines 1991, a corporate phone book.

The SalesPower Database Marketing System was finalized in the course of the year. The marketing of the new version started in early September. A project was started to develop new support software for the sale of mailing lists.

SITA moved to new offices at Lönnrotinkatu 13 at the beginning of June. An EDP system was adopted for SITA's radio and TV monitoring services. Videotaping was implemented in both sound and picture recording. A project was also started for changing over to an integrated EDP system within the press clipping services.



Sanoma Real Estate



Forssa Printing Plant

The Sanoma Group's newest business division, Sanoma Real Estate, was founded on January 1, 1990 to handle the development and management of the real estate assets at the Group level.

The Sanoma Real Estate strengthened its organization during the first year of operation. In addition to the 31 persons who are permanently employed in the unit, outside consultation and expert services are used for projects.

The Sanoma Group Real Estate is in charge of eight real estate units and four apartment units. The majority of the real estate holdings have been transferred to these companies.

In 1990, the largest construction project was the Forssa printing plant. During the first part of the year, the on-site construction works and the foundation works were completed. In November, the main building con-

tract was signed with the construction company A. Puolimatka Oy and the construction got underway immediately. The printing plant is scheduled for completion in 1992.

In June 1990, Sanoma Corporation together with three other corporations reached a cooperation agreement with the city of Vantaa for the planning and creation of infrastructure for a new suburban area for approximately 30,000 people in Western Vantaa, including the construction of a railway commuter line. To coordinate and develop the project, a separate company, Marja-Vantaa Oy, was founded, in which one of the partners is Sanoma Corporation. The planning and development of the Sanomala Center was continued to create office and business facilities in conjunction with the commuter station. The favorable location of the area will facilitate the Sanoma Real Estate to realize these plans.

Sanoma Group Investments

Net investments of the Sanoma Group totaled FIM 294.0 million. Of this figure, real estate accounted for FIM 53.1 million, machinery and equipment FIM 122.3 million, securities FIM 79.4 million and other items FIM 39.2 million. The parent company's net investments totaled FIM 208.6 million.

Starting construction of the Forssa printing plant was the most significant investment in the Newspaper Division. Site works got underway early in 1990 and erection of the building at the end of the year. Other capital expenditures in the Newspaper Division were connected with rationalization and replacements investments.

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

Investments in cable-TV totaled FIM 39.0 million, including the construction of the network, FIM 18.1 million for Helsinki Cable Television Ltd and FIM 9.3 million for Janco Kabel-TV A/S.

The most significant investment in securities was the founding of a holding company together with Turun Sanomat Oy, the third largest newspaper publishing company in Finland. The holding company has a five per cent ownership in Aamulehti Oy, the second largest newspaper publishing company.

Financial Summary

The financial performance of the Sanoma Group continued to be good. The comparative year 1989 had absorbed costs for the centenary celebration and the jubilee bonus paid to the staff. Taking this into consider-

ation, profitability for 1990 showed a slight decrease.

Growth of the Finnish economy came to a virtual standstill in the spring of 1990 and had a severe impact on the advertising sales of Helsingin Sanomat as compared with the 1989 record high volume. For this reason, earnings were lower than in the preceding year. Although the advertising sales of Ilta-Sanomat also decreased, earnings improved due to record circulation sales. The book printing and magazine circulation figures of Sanomaprint developed more favorably than they did the previous year, resulting in better earnings for the Sanomaprint Division. Thanks to the favorable development especially in pay-TV, the performance of Eurocable was markedly better than in 1989 and showed a profit. The recession in the stock market and the financial problems besetting the banking sector affected the performance of Startel, which posted a loss.

Net sales of the Group were FIM 2,203.1 million, an increase of 4.6 % on the previous year. Group operating profit before depreciation totaled FIM 463.0 million, or 21.0 % of net sales. The corresponding figure for the previous year was FIM 430.6 million, representing 20.5 % of net sales. The parent company's net sales were FIM 1,905.7 million, an increase of 1.2 %.

The depreciation entries recorded in the Consolidated Financial Statements represent the maximum allowed under the Business Taxation Act. Depreciation booked for the Group, based on the estimated useful lifetime and replacement value of assets, were FIM 191.3 million, an increase of 3 % on the previous year. Profit before extraordinary items, profit-related pay, adjustments to untaxed reserves, income taxes and after internal depreciation entries based on the estimated useful lifetime and replacement value of assets amounted to FIM 283.5 million compared to FIM 287.4 million in the preceding year. Net liabilities of the Group were 8.3 % of net sales, as against 11.3 % in 1989.

Sanoma Group in Figures

	1988	1989	1990	Change %
Net sales FIM m.	1.801	2.106	2.203	+ 4,6
Wages and salaries including social security payments FIM m.	705	830	845	+ 1,8
Per cent out of net sales	39,2	39,4	38,4	
Operating profit FIM m.	404	431	463	+ 7,5
Per cent out of net sales	22,4	20,5	21,0	
Depreciation FIM m.	157	181	174	- 3,9
Taxes payable excluding taxes on profit on sales FIM m.	53	84	71	- 15,5
Dividends FIM m.	4	8	4	- 50,0
Investments FIM m.	343	358	385	+ 7,5
Shareholders' equity including untaxed reserves FIM m.	1.486	1.599	1.714	+ 7,2
Per cent out of Balance Sheet Grand Total subscription liability excluded .	58,1	57,0	58,5	
Balance Sheet Grand total FIM m.	2.756	3.012	3.150	+ 4,6
Financial assets compared with outside liabilities without interest	1,9	1,9	2,0	
Net debt	190	237	182	- 23,2
Per cent out of net sales	10,6	11,3	8,3	
Personnel in average	2.988	3.179	3.367	+ 5,9
newspaper deliverers	2.106	2.035	2.178	+ 7,0

Sanoma Group Income in Percentage of Net Sales

	1986 %	1987 %	1988 %	1989 %	1990 %
Sales proceeds	134,6	135,6	137,6	136,5	134,2
Adjustments to gross sales	<u>- 34,6</u>	<u>- 35,6</u>	<u>- 37,6</u>	<u>- 36,5</u>	<u>- 34,2</u>
Net sales	100,0	100,0	100,0	100,0	100,0
Leasing income	+ 0,6	+ 0,8	+ 0,9	+ 0,6	+ 0,6
Material expenditures	- 24,3	- 23,0	- 23,0	- 22,5	- 22,1
Staff related expenses	- 34,3	- 33,6	- 32,1	- 32,7	- 32,3
Other expenditures	<u>- 24,4</u>	<u>- 24,4</u>	<u>- 23,4</u>	<u>- 25,0</u>	<u>- 25,2</u>
Profit on operations before depreciation	17,6	19,8	22,4	20,4	21,0
Net interest	- 0,2	+ 0,1	- 0,3	+ 1,9	+ 0,5
Taxes paid	- 1,9	- 2,9	- 3,0	- 4,0	- 3,2
Other revenues and expenditures ...	<u>+ 0,9</u>	<u>+ 0,5</u>	<u>+ 0,1</u>	<u>- 0,7</u>	<u>- 2,8</u>
Income finance	16,4	17,5	19,2	17,6	15,5
Depreciation	<u>- 8,7</u>	<u>- 10,0</u>	<u>- 9,5</u>	<u>- 8,7</u>	<u>- 8,7</u>
Profit before reserves	7,7	7,5	9,7	8,9	6,8

Consolidated Income Statement

(FIM 1.000)	1. 1.—31. 12. 1990	1. 1.—31. 12. 1989
Sales proceeds	2.956.553	2.876.154
Adjustments to gross sales		
Discounts	186.578	190.688
Credit losses	11.199	8.086
Purchase tax	92.975	88.321
Commissions and advertising agency fees	251.243	235.815
Other adjustment items	211.490 - 753.485	246.860 - 769.770
Net sales	2.203.068	2.106.384
Leasing income	+ 14.077	+ 13.199
Variable expenditures		
Materials	479.459	493.532
Variable wages, salaries and fees (1) ..	509.455	460.712
Other variable expenditures	192.286	164.939
Change in stock	6.603 -1.187.803	- 16.767 -1.102.416
Gross margin	1.029.342	1.017.167
Fixed expenditures		
Fixed wages, salaries and fees (1)	202.743	229.331
Rents	40.047	33.833
Other fixed expenditures (2)	323.528 - 566.318	323.375 - 586.539
Profit on operations before depreciations	463.024	430.628
Depreciations (3)		
Buildings	38.008	47.356
Machinery and equipment	95.501	148.231
Other material goods	10.597	10.019
Immaterial rights	3.290	678
Other outlays with long-term return ..	19.388	17.855
Additional depreciations of the Group	7.058 - 173.842	6.889 - 231.028
Profit on operations after depreciations ..	289.182	199.600
Financial revenues and expenditures		
Interest revenues	76.006	97.975
Dividend revenues	14.025	8.948
Other financial revenues	6.372	4.505
Interest expenditures	- 73.058	- 66.613
Other financial expenditures (4)	- 11.529 + 11.816	- 4.279 + 40.536
Other revenues and expenditures (5)	300.998	240.136
Revenues	26.829	4.099
Expenditures	- 75.851 - 49.022	- 19.438 - 15.339
Pay-out to the Employee Profit-Sharing Fund	- 14.162	0
Profit before reserves and taxes	237.814	224.797
Changes in reserves		
Inventory reserve	237	2.218
Investment reserve	42.915	42.211
Other reserves (6)	16.169 - 59.321	25.754 - 70.183
Direct taxes	- 70.888	- 83.942
Minority share of the profit of the subsidiaries	- 362	+ 1.062
Profit for the year	107.243	71.734

Figures in parenthesis refer to "Appended Information on Consolidated Income Statement and Balance Sheet" on page 34.

Consolidated Balance Sheet

Assets

(FIM 1.000)	31. 12. 1990		31. 12. 1989	
Financial assets				
Cash in hand and in banks	83.676		88.442	
Accounts receivable (7)	311.407		307.938	
Loans receivable	559.183		564.093	
Advance payments	5.681		8.346	
Deferred assets	129.572		73.733	
Other financial assets (8)	<u>140.219</u>	1.229.738	<u>113.351</u>	1.155.903
Inventories				
Materials	62.901		59.641	
Other inventories	<u>12.838</u>	75.739	<u>22.941</u>	82.582
Fixed assets and other long-term expenditures				
Land areas	352.626		353.685	
Buildings	613.687		604.338	
Machinery and equipment	341.736		318.651	
Other material goods	40.859		38.325	
Shares and holdings	362.601		330.197	
Immaterial rights	4.129		1.993	
Other long-term expenditures	<u>85.842</u>	1.801.480	<u>82.791</u>	1.729.980
Corporation intangibles,		43.176		43.084
		<u>3.150.133</u>		<u>3.011.549</u>

Liabilities

(1.000 mk)	31. 12. 1990	31. 12. 1989
Outside liabilities		
Short-term		
Accounts payable	70.227	77.332
Advance payments (7)	235.163	219.409
Deferred liabilities	237.065	270.276
Other short-term debts	<u>179.075</u>	<u>119.003</u>
	721.530	686.020
Long-term		
Loans from financial institutions	175.364	266.275
Pension loans (9)	502.151	440.688
Other loans	<u>13.092</u>	<u>0</u>
	690.607	706.963
Reserves		
Stock reserve	21.048	20.799
Investment reserve	247.358	204.630
Other reserves	<u>227.700</u>	<u>211.039</u>
	496.106	436.468
Minority share	24.080	19.598
Shareholders' equity		
Bound capital	743.250	743.250
Free capital	367.317	347.516
Profit for the year	<u>107.243</u>	<u>71.734</u>
	1.217.810	1.162.500
	<u>3.150.133</u>	<u>3.011.549</u>

Notes to Consolidated Financial Statements

(FIM 1,000)	31. 12. 1990
1. Bound shareholders' equity	15.490
Appreciation equivalent to the profit on sale of properties assigned to housing and real estate companies founded	<u>727.760</u>
	743.250
2. Free shareholders' equity	
As of 1 January 1990	419.250
Dividends distributed	- 3.542
Donations made	- 2.641
Redemption of shares	- 63.037
Connection fees to Helsinki Cable Television Ltd	+ 18.111
Decrease in exchange rate	- 824
	<u>367.317</u>
Profit for the year	+ 107.243
	<u>474.560</u>
3. Securities given as collateral against debt	97.114
Mortgages given as collateral against debt	154.800
Guarantees	6.607
4. Taxation values of fixed assets	
Land areas	90.603
Buildings	211.003
Shares and holdings	261.759
5. Liability deficit of the Sanoma Pension Fund	28.711

6. Holdings by the Group

	Number	Percentage	Nominal value (FIM 1,000)	Book value (FIM 1,000)
Sanoma Corporation				
Other companies				
Holdings by the subsidiaries				
MXS-Satellittipalvelu Oy	1.042	20,00	104	4.064
Päijät-Visio Oy	404	20,25	2.020	2.021
Kotkan Tietoruutu Oy	970	20,21	970	970
Suomen Paikallis-tv- kanava Oy	1.700	33,34	1.700	1.700
Helsinki Satelliitti TV Oy	2.500	50,00	250	250
Keski-Uusimaa Oy	15.108	12,50	30	2.438
Suomen Asiakastieto Oy	10	2,70	1	156
Telebase Systems, Inc.	625.000	7,80	—	3.626
Westminster Cable Company Ltd.	33.448	10,00	GBP 33.448,00	5.483
Cork Communications Ltd.	4.010.154	33,40	IEP 3.650.507,68	22.603
Other companies, total				620
Housing				149.390
				<u>362.601</u>

Appended Information on Consolidated Income Statement and Balance Sheet

Income Statement

1. After the deduction of the 1989 centennial bonus, FIM 37.4 million, from fixed wages and salaries, the increase in wages and salaries comes to 8.7 %.
2. Other fixed expenditures include a transfer of FIM 17.8 million to the Pension Fund corresponding to the increase in liability, compared with FIM 7.9 million the previous year. The increase in liability was based on a precise mathematical pension insurance calculation. In the previous two accounting periods, the increase in liability was based on an approximate calculation.
3. Maximum depreciation under the Business Taxation Act.
4. Other financial expenditures include FIM 8.6 million in exchange rate losses arising from sales of bonds and debentures.
5. Losses on the sale of stock amounting to FIM 49.9 million net were booked under extraordinary items.
6. The item for changes in other reserves includes an increase of FIM 15.8 million in the operating reserve and an increase of FIM 0.3 million in the credit loss reserve.

Balance Sheet

7. Accounts receivable include subscription receivables FIM 121.2 million. Advance payments for undelivered subscriptions FIM 222.1 million is included in advance payments as a liability.
8. Other financial assets include FIM 98.0 million investment deposit.
9. Pension loans include a loan from the Sanoma Pension Fund FIM 180.6 million.

Sanoma Corporation

Income Statement

(FIM 1.000)	1. 1.—31. 12. 1990	1. 1.—31. 12. 1989
Sales proceeds	2.629.078	2.581.492
Adjustments to gross sales		
Discounts	183.629	187.994
Credit losses	8.850	6.783
Purchase tax	84.785	83.032
Commissions and advertising agency fees	238.945	228.303
Transport costs for newspapers and magazines	186.407	171.422
Other adjustments to gross sales	20.786	21.182
	- 723.402	- 698.716
Net sales	1.905.676	1.882.776
Leasing income	+ 18.610	+ 17.171
Variable expenditures		
Materials	396.962	432.669
Variable wages, salaries and fees	443.625	414.439
Other variable expenditures	181.565	164.632
Change in inventory	5.004	- 15.670
	- 1.027.156	- 996.070
Gross margin	897.130	903.877
Fixed expenditures		
Wages, salaries and fees	169.520	191.636
Rents	105.818	106.802
Other fixed expenditures	265.392	271.513
	- 540.730	- 569.951
Profit on operations before depreciation	356.400	333.926
Depreciation		
Buildings	3.547	6.265
Machinery and equipment	62.664	116.183
Immaterial rights	1.510	491
Other outlays with long-term return ..	9.269	7.684
	- 76.990	- 130.623
Profit on operations after depreciation ...	279.410	203.303
Financial revenues and expenditures		
Interest revenues	113.793	133.238
Dividend revenues	14.022	8.818
Dividend revenues from subsidiaries	0	6.612
Other revenues	6.326	4.385
Interest expenditures	- 74.763	- 70.220
Other financial expenditures	- 11.321	- 3.833
	+ 48.057	+ 79.000
	327.467	282.303
Other revenues and expenditures		
Revenues	24.963	+ 5.374
Group subsidy	- 48.393	- 36.900
Other expenditures	- 75.636	- 18.186
	- 99.066	- 49.712
Pay-out to the Employee Profit-Sharing Fund	- 12.983	
Profit before reserves and taxes	215.418	232.591
Changes in reserves		
Inventory reserve, increase-/decrease+	+ 1.501	- 2.137
Investment reserve, increase	- 42.915	- 41.481
Other reserves, increase	- 2.340	- 23.044
	- 43.754	- 66.662
Direct taxes	- 63.556	- 75.305
Profit for the year	108.108	90.624
	35	

Sanoma Corporation

Balance Sheet

Assets

(FIM 1.000)	31. 12. 1990		31. 12. 1989	
Financial assets				
Cash in hand and in banks	14.005		17.722	
Accounts receivable	244.085		258.055	
Loans receivable	1.104.397		1.165.776	
Advance payments	1.761		1.094	
Deferred assets	131.916		72.656	
Other financial assets	<u>133.984</u>	1.630.148	<u>106.904</u>	1.622.207
Inventories				
Materials	50.748		57.108	
Products (finished and in process)	<u>11.193</u>	61.941	<u>9.837</u>	66.945
Fixed assets and other long-term expenditures				
Land areas	54.358		55.574	
Buildings	91.819		44.507	
Machinery and equipment	152.450		151.997	
Advance payments, machinery	115.767		80.057	
Shares and stock	169.280		164.381	
Shares and stock, subsidiaries	621.378		631.856	
Immaterial rights	1.005		1.496	
Other long-term expenditures	<u>32.983</u>	1.239.040	<u>29.541</u>	1.159.409
		<u>2.931.129</u>		<u>2.848.561</u>

Liabilities

(FIM 1.000)	1990	1989
Outside liabilities		
Short-term		
Accounts payable	57.763	57.649
Advance payments	206.974	196.216
Deferred liabilities	212.416	250.687
Other short-term debts	<u>130.110</u>	<u>91.816</u>
	607.263	596.368
Long-term		
Loans from financial institutions	152.968	236.035
Pension loans	475.947	416.848
Other debts	<u>18.031</u>	<u>5.031</u>
	646.946	657.914
Reserves		
Inventory reserve	18.582	20.083
Investment reserves	235.373	192.458
Other reserves	<u>207.525</u>	<u>205.185</u>
	461.480	417.726
Shareholders' equity		
Bound		
Share capital	14.202	14.202
Value adjustment reserve fund ...	<u>1.288</u>	<u>1.288</u>
	15.490	15.490
Free		
Operating fund	1.080.472	1.060.631
Reserve for donations	0	20
Profit from previous years	11.370	9.788
Profit for the year	<u>108.108</u>	<u>90.624</u>
	<u>1.199.950</u>	<u>1.161.063</u>
	<u>2.931.129</u>	<u>2.848.561</u>

Notes to Sanoma Corporation Financial Statements

(FIM 1,000)	31. 12. 1990
1. Shareholders' equity	
K-series shares	7.101
E-series shares	7.101
of which, redeemed:	
3.826 K-series shares	115
5.423 E-series shares	163
2. Changes in shareholders' equity	
Operations fund	
As of 1 January 1990	1.060.631
Transferred from retained earnings	+ 85.000
Donations on the Centenary, November 16, 1989	- 2.121
Redeemed own shares	- 63.037
Balance as of 31 December 1990	1.080.473
Reserve for donations	
As of 1 January 1990	+ 20
Transferred from retained earnings	+ 500
Donations made	- 520
Balance as of 31 December 1990	0
Retained earnings	
As of 1 January 1990	100.412
Dividends distributed	- 3.550
Transferred to operations fund	- 85.000
Transferred to donations	- 500
Non-withdrawn dividends refunded	+ 8
Profit for the year	11.370
Balance as of 31 December 1990	108.108
3. Securities given as collateral against debt	119.478
Mortgages given as collateral against debt	1.041
Guarantees	142.800
Guarantees on behalf of the subsidiaries	4.317
Guarantees for Group company checking account credit balances	20.453
4. Receivables from subsidiaries	26.068
Debts to subsidiaries	565.353
5. Taxation values of fixed assets	24.015
Land areas (1988)	53.552
Buildings (1988)	59.069
Shares and holdings	216.244
Shares and holdings, subsidiaries	429.513
Book values have been applied to those shares for which there is no confirmed taxable value: shares FIM 29.857.224,47 and subsidiary shares FIM 16.610.796,10	
6. Appreciation of fixed assets	
As of 1 January 1990	
Land areas	5.000
Shares	3.390
Balance as of 31 December 1990	8.390
7. Liability deficit of the Sanoma Pension Fund	27.742
8. Liability from pension commitments	1.045

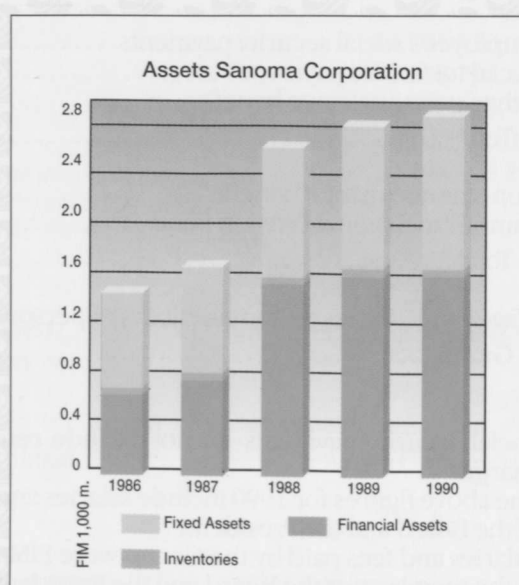
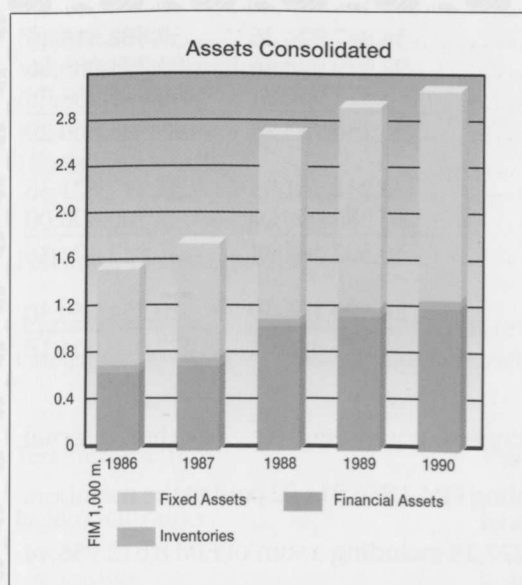
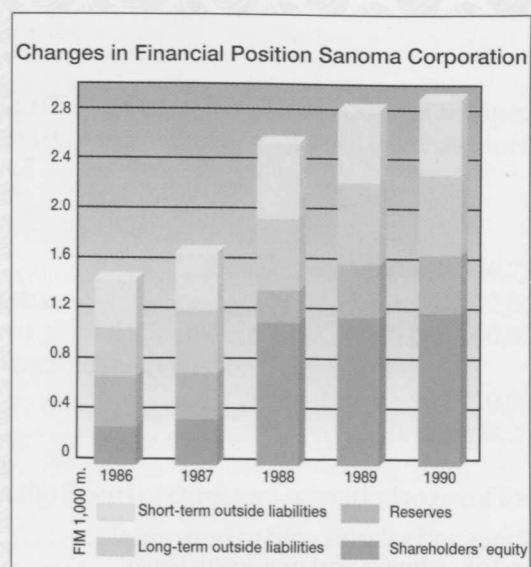
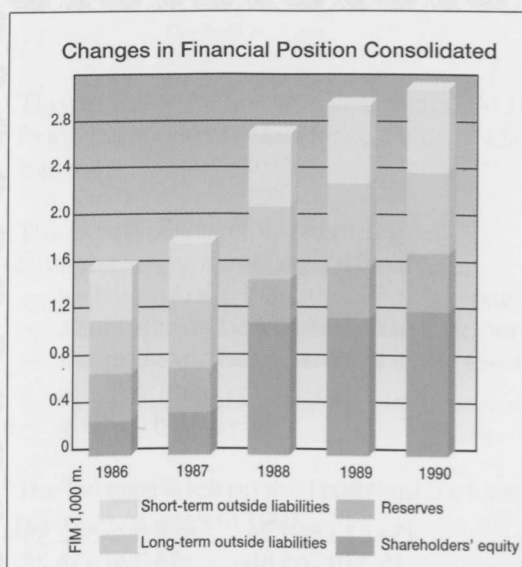
9. Holdings by the Sanoma Corporation in other companies as of 31 December 1990

	Number	Percentage	Nominal value	Book value (FIM 1,000)
Subsidiaries				
ECI Communications AG	39.000	100,00	CHF3.900.000,00	11.668
Erikoislehdet Oy	1.050	100,00	10.500.000,00	14.000
Eurocable Ltd	10.000	100,00	10.000.000,00	10.000
Lehtikuva Oy	75.000	100,00	750.000,00	1.025
Sanem Oy	100	100,00	15.000,00	15
Sanomain Huoneisto ja Kiinteistöholding Oy	11.400	95,00	11.400.000,00	11.400
Simonpaino Oy	1.000	100,00	1.000.000,00	20.494
Startel, Inc.	141.355	85,00	14.135.500,00	34.958
Real estate and apartment corporations				512.860
Non-operative				4.958
Subsidiaries, total				621.378
Other companies				
Aamukaste Oy	972.975	50,00	9.729.750,00	19.452
Finnair Oy	713.732	1,45	3.568.600,00	11.197
Kansallis-Osake-Pankki	267.262	0,15	5.345.240,00	10.523
Kirjalito Oy	20.000	50,00	2.000.000,00	1.842
Kymen Viestintä Oy	49.979	23,30	4.497.900,00	9.992
Kymmene Oy	1.195.871	1,77	23.917.420,00	58.869
Oy Radio Ykkönen — Radio Ettan Ab	14	18,2	140.000,00	284
Rautakirja Oy	1.076.979	16,62	21.539.580,00	20.178
Vakuutusosakeyhtiö Sampo	19.917	0,21	398.340,00	4.084
Savon Sanomat Oy	109.585	5,17	1.095.850,00	1.096
Suomen Tietotoimisto Oy	31.663	20,78	94.989,00	134
STS-pankki Oy	45.000	0,13	450.000,00	990
Oy Suomen Yhdyspankki Ab ...	460.311	0,01	4.603.110,00	12.751
Others				3.073
Real estate and apartment corporations				14.815
Other companies, total				169.280
Group companies owned by subsidiaries to Sanoma Corporation				
	Group ownership %			
Helsinki Cable Television Ltd ..	91,24			40.245
Hyvinkään Kirjapaino Oy	100,00			12.581
Hyvinkään Sanomalehti Oy	100,00			17.252
Oy Infodec Ab	49,55			7.874
Janco Kabel-TV A/S	100,00			14.471
Milvus Förlags Ab	100,00			912
Sanomalehtien Ilmoitustoimisto Oy, SITA	83,13			7.735

The figures for companies not specified here are given in the official financial statements.

Changes in Financial Position

Consolidated			Sanoma Corporation		
		(FIM m.)			(FIM m.)
Sources of Funds	1990	1989	Sources of Funds	1990	1989
Income financing			Income financing		
Operating profit	463,0	430,6	Operating profit	356,4	333,9
Financial revenues and expenditures	11,8	37,5	Financial revenues and expenditures	48,1	76,0
Other income financing (net)	0,3	-14,2	Other income financing (net)	- 0,7	-13,6
Income on fixed assets ...	97,9	21,6	Income on fixed assets ...	106,9	53,6
Sale on subsidiary shares	2,0	3,7	Taxes	-63,6	-75,3
Taxes	-70,9	-83,9	Capital financing		
Capital financing			Increase in long-term outside liabilities	21,9	83,9
Increase in long-term outside liabilities	-18,8	109,4	Total	469,0	458,5
Connection fees to Helsinki Cable Television	19,8	18,8			
Total	505,1	523,5			
Change in minority interest	1,4	3,7			
	506,5	527,2			
Use of Funds			Use of Funds		
Distribution of profit			Distribution of profit		
Dividends	3,6	8,5	Dividends	3,6	8,3
Other distribution of profit	2,6	40,9	Other distribution of profit	2,6	40,9
Pay-out to the Employee Profit-Sharing Fund	14,2	—	Pay-out to the Employee Profit-Sharing Fund	13,0	—
Redemption of shares	63,0	—	Redemption of shares	63,0	—
Investments			Investments		
Investment in fixed assets	385,0	357,5	Investments in fixed assets	315,5	282,0
Donation on the Centenary	- 2,1	382,9	Donation on the Centenary	- 2,1	313,4
Subsidiary shares acquisition	8,9	31,6	Group subsidy	48,4	36,9
Difference in exchange rate	0,8	0,9	Total	444,0	348,2
Total	476,0	419,5			
Change in Net Working Capital			Change in Net Working Capital		
Financial assets:			Financial assets:		
increase+/-decrease-	+47,9	+ 90,8	increase+/-decrease-	+ 8,0	+66,0
Fixed assets:			Fixed assets:		
increase+/-decrease-	- 6,9	+15,7	increase+/-decrease-	- 5,0	+15,6
Short-term outside liabilities:			Short-term outside liabilities:		
increase-/decrease+	-10,5	+ 1,2	increase-/decrease+	+22,0	+28,7
Total	30,5	107,7	Total	25,0	110,3



Wages, salaries and social security payments of Sanoma Corporation

	1990	1989
Wages and salaries paid to personnel	454.614.864,24	468.998.342,35
Pay for sickness and maternity leave	15.410.765,86	13.724.433,25
Annual holiday pay, including change in reserve	112.991.178,37	102.797.647,63
Wages and salaries and similar items	583.016.808,47	585.520.423,23
Employer's social security payments	34.847.924,26	37.582.513,45
Social insurance payments	92.929.923,46	83.793.083,06
Other statutory fringe benefits	8.378.936,21	8.410.203,78
Total	136.156.783,93	129.785.800,29
Non-statutory fringe benefits	23.232.161,03	34.117.671,36
Transfer to Sanoma Pension Fund	17.350.000,00	7.700.000,00
Total	40.582.161,03	41.817.671,36
Wages and salaries to non-members of personnel	24.520.106,49	20.554.769,30
Grand total	784.275.859,92	777.678.664,18

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

The above figures for 1990 include salaries and fees totaling FIM 4.836.914,02 paid to the members of the Board and the President.

Salaries and fees paid by the Group were FIM 687.532.227,25 including a sum of FIM 8.612.956,44 to the members of the Board and the Presidents.

Proposal for Distribution of the Profit

The profit for the financial year totals FIM 108.107.731,00. FIM 11.369.779,75 of profit was retained from the previous year. Hence a total of FIM 119.477.510,75 is at the disposal of the General Meeting.

The Board of Directors proposes that,

from the above mentioned sum of	119.477.510,75
— a dividend of 7,50 marks should be paid for each share	3.481.012,50
— a sum should be transferred to the operations fund	105.000.000,00
— a sum should be transferred to the reserve for charitable purposes for the discretion of the Board	500.000,00
— giving a balance of	10.496.498,25

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 1991.

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	1.185.472.695,70
Reserve for Donations	500.000,00
Undisposed Profit	10.496.498,25

Helsinki, 15 February 1991

Aatos Erkko
Chairman

Heikki Tikkanen
Vice Chairman

Patricia Seppälä

Teo Mertanen

Väinö J. Nurmimaa

Aarne Castrén

Jaakko Rauramo

Jane Erkko

Merja Helle

L. J. Jouhki

Robin Langenskiöld

Kalle Salonen

Auditors' Report

We have examined the accounting records, the annual report and the administration of Sanoma Corporation for the year ended 31 December, 1990. 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, 1990 is FIM 108.107.731,00.

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 1990,
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 474.560.000,00.

We recommend that

the Consolidated Income Statement and the Consolidated Balance Sheet are adopted.

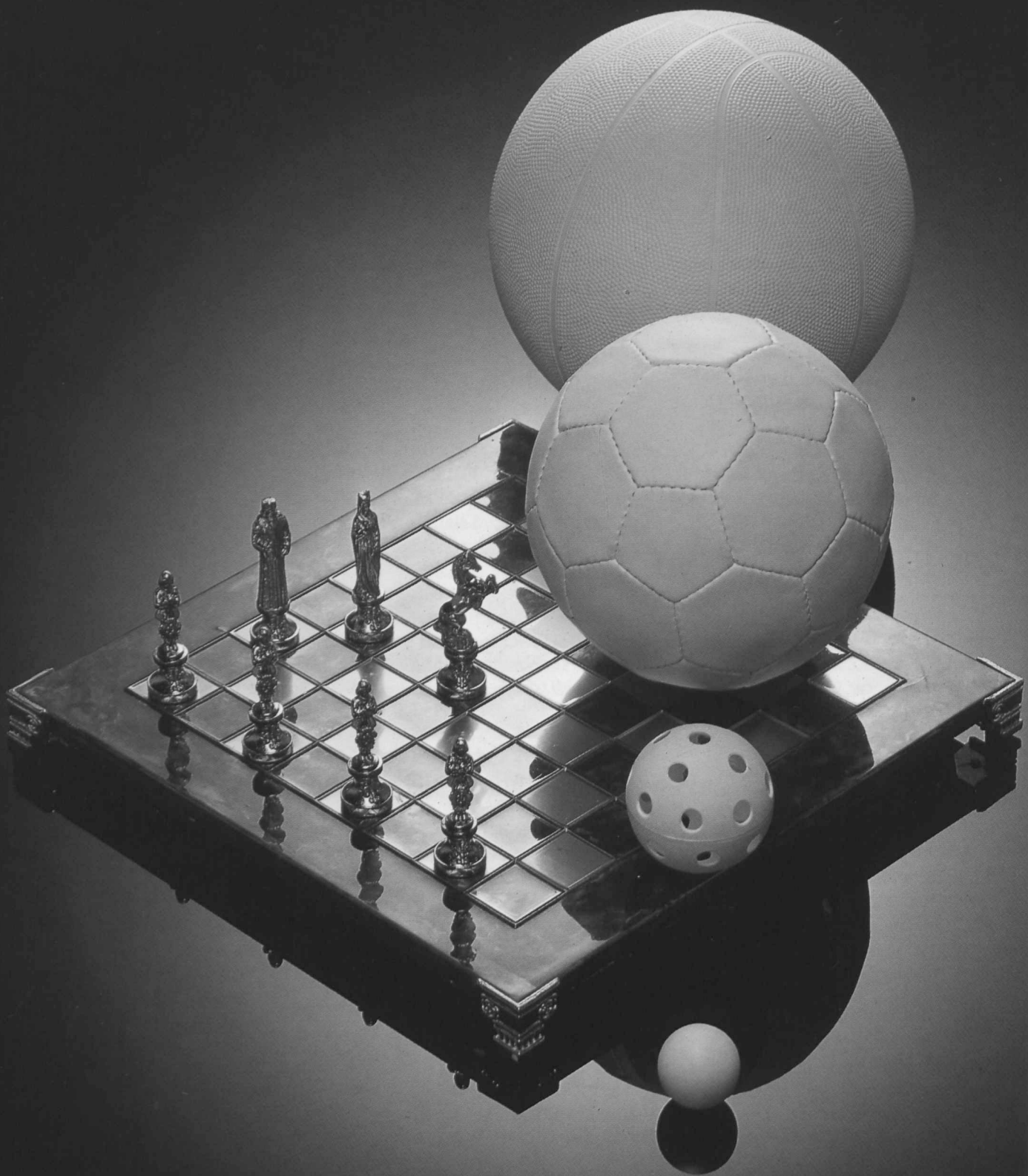
Helsinki, 1 March 1991

Aimo Autio
Authorised Public Accountant

Antti Helenius
Authorised Public Accountant

Circulation Figures

Newspapers	1986	1987	1988	1989	1990
Helsingin Sanomat, daily	430.251	441.735	457.068	470.708	478.087
HS-Sunday edition	512.401	524.109	541.299	557.834	566.109
Ilta=Sanomat, afternoon paper	193.971	204.470	195.279	206.934	217.048
I=S-weekend edition	230.772	236.260	222.748	232.407	247.734
Hyvinkään Sanomat, daily	—	—	—	—	15.004
Sanomaprint magazines					
Me naiset, women's weekly	101.886	97.491	99.165	102.054	102.350
Gloria, women's monthly	—	42.827	46.620	48.421	50.906
Kodin Kuvalehti, family bi-weekly	162.133	165.008	167.321	171.841	177.371
Suuri Käsityökerho, handicraft	98.373	110.130	110.469	107.944	112.313
Sandra, handicraft	—	12.941	17.074	29.413	23.788
et, for senior citizens	113.271	128.079	138.688	154.229	170.400
Eläinmaailma, Animal World	38.286	36.227	37.100	41.809	48.186
Tiede 2000, Science	31.067	33.684	37.574	41.259	43.364
Terveys 2000, Health	18.391	23.046	27.509	32.908	38.657
Specialty magazines					
MikroBitti, Microbyte	42.793	41.513	38.872	37.576	39.214
Tietokone, Computer	9.652	11.735	14.866	18.137	21.074
C=lehti, for commodore users	—	13.432	16.066	17.141	17.684
Proessori, Processor	5.795	5.956	6.710	7.362	7.579
Hifi	13.465	13.488	13.253	13.376	13.412
Skimbaaja, skiing	13.719	13.215	13.947	14.566	14.664
Valmennus & Kunto, training and conditioning	—	—	—	6.571	9.099
Street & Race, hot rod	—	—	—	6.505	8.811
Venemaailma, boating	—	—	—	—	9.400
Tennismaailma, TennisWorld	—	—	—	—	4.600
Macmaailma, MacWorld	—	—	—	—	3.800
Tuottavuus, Productivity	—	—	—	—	3.100
Utemagasinet, outdoor life	—	—	—	—	15.200
Children's magazines					
Aku Ankka, Donald Duck	279.957	286.760	291.331	304.671	310.646
Roope-setä, Uncle-Scrooge	49.772	49.025	52.726	52.577	53.235
Nalle Puh, Winnie the Pooh	47.572	44.664	40.196	38.065	37.308
Majja Mehiläinen, Maja the Bee	29.705	16.957	14.703	11.278	8.655
Ressu, Snoopy	—	—	—	—	9.143



Sanoma Group Personnel

The Sanoma Group employed an average of 5,545 persons, including 2,178 part-time personnel who worked as newspaper deliverers. Compared to 1989, there was an increase of 188 persons in total personnel, excluding delivery employees. The number of delivery personnel rose by 143 persons.

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

	1990	1989
Sanoma Corporation		
-excluding delivery personnel	2,666	2,586
- newspaper deliverers	2,178	2,035
Lehtikuva Oy	80	80
Oy Lippupalvelu-Biljettjänst Ab	13	15
Hyvinkään Sanomalehti Oy	44	23
Hyvinkään Kirjapaino Oy	111	72
Erikoislehdet Oy	102	84
Startel, Inc.	82	76
Sanomalehtien Ilmoitus-toimisto Oy, SITA	63	55
Oy Infodec Ab	17	-
Eurocable Ltd	22	20
Helsinki Cable Television Ltd	93	98
Janco Kabel-TV A/S	74	70
Total	5,545	5,214

A new subsidiary, Oy Infodec Ab, became part of the Startel unit in March 1990.

Gross turnover of personnel excluding delivery personnel totaled 6.2 % within Sanoma Corporation and 8.6 % within the entire Sanoma Group in Finland. Delivery personnel turnover was 15.3 %. The number of personnel filling in for annual vacations excluding delivery personnel totaled 415 in Sanoma Corporation.

Salaries and wages

Salaries and wages formed the largest share of the expenditures of the Group, i.e. 38,4 % including social security payments.

Employer-employee cooperation

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

The project team which had been appointed by the Sanoma Corporation Advisory Committee prepared a group level agreement on employer-employee cooperation

in the Sanoma Group. According to the agreement, the Sanoma Corporation Advisory Committee was to be discontinued. Instead, the Sanoma Group Advisory Committee began to meet in January 1991. The rest of the advisory committees will continue as before.

According to the principles established by the Sanoma Corporation Advisory Committee, company-owned apartments were offered for sale primarily to Sanoma employees starting from the end of the year.

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

The staff representatives in the Board of Directors: the chief shop steward of the editorial staff, Merja Helle, and the chief shop steward of the printing workers, Kalle Salonen, began their 3-year term in April.

1990 was the first year of operation of the Employee Profit-Sharing Fund. During the year, the Board of Directors of the Fund started to organize the activities of the Fund, and elected a supervisor for the administration of the Fund.

Pensioners

75 persons retired during 1990. At the end of the year, the number of pensioners totaled 1,277. There were 879 persons who received old age pensions, 237 who received disability pensions and 161 who were eligible for a survivor's pension.

At the end of 1990, 2,255 Group employees were covered by the Sanoma Pension Fund, and 3,216 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 Sano-

main Seniorit, an organization of retired Sanoma personnel.

Personnel development

Personnel development focuses on unit-level targets which are based on the budgeted Group targets. Personnel's skills are of the utmost importance in reaching over targets. The need for development is seen more and more at the level of the individual, and the employee's own opinions and assessments are taken into consideration in planning the training. In addition to actual training courses, also other personnel development projects are carried out.

The personnel development program mainly took the form of internal courses arranged by the Sanoma vocational school. However, some trainees participated in external training courses. The content of the training was planned according to the needs identified at various expert group meetings where also the trainees were represented. The results of the training were supervised and monitored by training committees appointed by the personnel groups within each business unit.

Computer technology continued to be the main subject of the training courses. However, there was a greatly increased interest in language courses showing a sign of internationalization. The training of the printing personnel for the Forssa printing plant started in October. In December, 20 graduates finished the 12th course in journalism at the Sanoma School of Journalism. A total of 3,504 persons participated in the training courses, or 63 % of the total personnel. There were 410 internal training courses. Average training time per person was 3 days. Training costs including salaries were 0.64 % of net sales and 2.05 % of the salaries paid.

Staff health service

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

Special attention was paid to ergonomics, and 170 persons participated in ergonomics training. Many of the leisure time activities which are offered through the Sanomain Kerho r.y. club include activities that contribute to the personnel's good health. Group rehabilitation sessions were arranged for those who suffered from back pain. Research into work-related stress continued. In keep with the established tradition, 117 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 in-house magazine, HESA, came out eight times in 1990. The magazine provided extensive coverage of the start-up of the Employee Profit-Sharing Fund, and reported about the staff participation on the Board. All new Board members were introduced in feature articles. Three of the HESA issues had more pages than normally. The circulation was 7,500. The Sanomia in-house bulletin came out 54 times. Two of the issues were devoted to the profit-related pay every four months. This information was based on the report given by the Employee Profit-Sharing Fund Board of Directors on the achievement of targets levels in both the Group and the

business units. The circulation of the in-house bulletin was 6,300.

Recreation

Sanoma Corporation supported staff hobbies and recreational activities through the corporate personnel club. Thirty sections of the club were in operation in 1990. The club arranged traditional winter and spring day gatherings, an All Saints' Day party, and a fall celebration. A 4-member team of the bowling section participated in the European Championship in company bowling, which was held in The Hague, Holland.

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.

Net Income Information 1986—1990

USD in millions, except EPS (1)	1986	1987	1988	1989	1990
Net sales	408.2	448.6	496.7	580.9	607.6
Operating profit	71.7	88.9	111.3	118.8	127.7
Interest income, net	- 0.7	0.2	- 1.6	8.7	0.8
Extraordinary items	3.7	- 2.2	0.7	- 1.7	-11.1
Profit share					<u>- 3.9</u>
Income before depreciation and taxes	74.7	87.0	110.4	125.7	113.5
Depreciation (2)	<u>-34.7</u>	<u>-45.0</u>	<u>-47.1</u>	<u>-50.7</u>	<u>-52.8</u>
Income before taxes	40.0	42.0	63.2	75.0	60.8
Income tax paid	- 8.1	-12.9	-14.7	-23.1	-19.6
Deferred income tax expense	<u>-11.5</u>	<u>- 7.7</u>	<u>-16.3</u>	<u>-13.6</u>	<u>-10.2</u>
Net income before minority share	20.4	21.4	32.2	38.3	31.0
Minority share of the profit of subsidiaries	<u>- 0.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.3</u>	<u>- 0.1</u>
Net income	20.2	21.6	32.4	38.6	30.9
Earnings per share USD	42.5	45.2	68.2	81.1	66.5

1) The exchange rate as of December 31, 1990, quoted by the Bank of Finland was 3.626 FIM per USD.

2) Based upon remaining useful lifetime and replacement value.

Income Statement Information 1986—1990

USD, in millions (1)	1986	1987	1988	1989	1990
Income before depreciation and taxes	74.7	87.0	110.4	125.7	113.5
Depreciation according to Finnish Tax Act	-38.5	-36.8	-43.1	-53.0	-47.9
Additional depreciation allowed by special tax relief legislation	-	-	-30.8	-10.7	-
Adjustments to untaxed reserves (2)	<u>-21.1</u>	<u>-19.3</u>	<u>- 5.2</u>	<u>-19.1</u>	<u>-16.5</u>
Income before income tax paid	15.1	30.9	31.2	42.9	49.1
Income tax paid	<u>- 0.6</u>	<u>-12.9</u>	<u>-14.7</u>	<u>-23.1</u>	<u>-19.6</u>
Statutory net income	14.5	18.1	16.5	19.8	29.6

- 1) The exchange rate as of December 31, 1990, quoted by the Bank of Finland was 3.626 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.

Directors and Officers

Board of Directors

Aatos Erkko, Chairman
Heikki Tikkanen, Vice Chairman
Aarne Castrén
Jane Erkko
Merja Helle, Representative of the Personnel
L. J. Jouhki
Robin Langenskiöld
Teo Mertanen
Väinö J. Nurmimaa
Jaakko Rauramo
Kalle Salonen, Representative of the Personnel
Patricia Seppälä

Executive Committee

Aatos Erkko, Chairman
Jaakko Rauramo
Heikki Tikkanen

Compensation 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
Martti Ojares, Executive Vice President, Finance
Jaakko Hannuksela, Vice President, Development
Pertti Huhtala, Vice President and General Manager, Startel, Inc.
Tapio Kallioja, Vice President and General Manager, Eurocable Ltd
Kerstin Rinne, Vice President, Legal and Information Services
Heikki Saraste, Vice President and General Manager, Sanomaprint
Pekka Toropainen, Vice President, Sanoma Real Estate
Nils Ittonen, Vice President, Portfolio Management

Newspaper Division

Heikki Huhtanen, General Manager, Executive Vice President
Seppo Kievari, Publisher, Executive Vice President
Sakari Almi, Vice President, Marketing, Ilta=Sanomat
Matti Huopaniemi, Vice President, Marketing, Helsingin Sanomat
Klaus Hämäläinen, Manager, Varkaus Printing Plant
Tuula Kallio, Sales Director, Helsingin Sanomat Advertising Sales
Tapani Kivelä, Vice President, Administration and Finance
Martti Koski, Manager, Forssa Printing Plant
Raija Liuhola-Lassuri, Sales Director, Helsingin Sanomat Advertising Sales
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
Ilkka Seppälä, Vice President, Development
Pekka Soini, Sales Director, Helsingin Sanomat Advertising Sales

Helsingin Sanomat

Janne Virkkunen, Senior Editor in Chief
Keijo K. Kulha, Editor in Chief
Reetta Meriläinen, Editor in Chief
Simopekka Nortamo, Editor in Chief

Ilta=Sanomat

Vesa-Pekka Koljonen, Senior Editor in Chief
Hannu Savola, Editor in Chief

Hyvinkään Sanomalehti Oy

Ilkka Seppälä, Managing Director

Hyvinkään Sanomat

Pentti Kiiski, Editor in Chief

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

Lars Krogell, Production Manager

Esa Malm, Advertising Sales Manager

Marit Oksanen, Vice President, Administration

Eero Sauri, Managing Director, Erikoislehdet Oy

Anne Valsta, Vice President, Publishing

Antero Väisänen, Vice President, Fulfilment

Magazines

Maija Alftan, Editor in Chief, Kodin Kuvalehti,
family bi-weekly

Kaisa Larmela, Editor in Chief, et, for senior citizens
Riitta Lindegren, Editor in Chief, Gloria, women's
monthly

Ulla-Maija Paavilainen, Editor in Chief, Me naiset,
women's weekly

Jali Ruuskanen, Editor in Chief, Tiede 2000, science

Tina Tötterman, Editor in Chief, Suuri Käsityökerho,
handicraft; Sandra, handicraft

Erikoislehdet Oy

Eero Sauri, Managing Director

Nella Ginman, Vice President, Marketing

Harri Roschier, Vice President, Marketing

Hannu Ryyhälä, Vice President, Marketing

Esa Sairio, Sales Manager

Eurocable Division

Eurocable Ltd

Tapio Kallioja, Managing Director

Pekka Jaakola, Vice President, Development

Sirkka Tarkiainen, Vice President, Programming

Helsinki Cable Television Ltd

Olavi Peltonen, Managing Director

Heikki Hänninen, Vice President, Pay-TV Products

Janco Kabel-TV A/S

Kjell Gulliksen, Managing Director

ECI Communications AG

Tapio Kallioja, Managing Director

Startel Division

Pertti Huhtala, Managing Director

Ole Bärlund, Vice President, Development

Asta Hyvärinen, Vice President, Publishing

Tauno Kara, Vice President, Marketing

Reino Lantto, Editor in Chief

Sanomalehtien Ilmoitustoimisto Oy

Heikki Rikkinen, Managing Director

Oy Infodec Ab

John Roitto, Managing Director

Sanoma Real Estate

Pekka Toropainen, Vice President, Real Estate

* *

Lehtikuva Oy

Marjukka Luomala, Managing Director

Simonpaino Oy

Nils Ittonen, Managing Director

Sanoma, Inc.

Aatos Erkko, President



Addresses

Sanoma Corporation Corporate Office

Olavinkatu 1 B
Helsinki
POB 1059
SF-00101 Helsinki
Tel. +358-0-122 4661
Telex 122657 sanoy sf
Telefax +358-0-122 4659

Sanoma Corporation Office of the Chairman

Eröttäjankatu 11 A
Helsinki
POB 144
SF-00101 Helsinki
Tel. +358-0-122 4661
Telefax +358-0-122 4606

Helsingin Sanomat — Ilta=Sanomat

Korkeavuorenkatu 32
Helsinki
POB 240
SF-00101 Helsinki
Tel. +358-0-1221
Telex 126130 strav sf
Telefax +358-0-122 2013

Sanomala Printing Plant

Martinkyläntie 9
Vantaa
POB 240
SF-00101 Helsinki
Tel. +358-0-1221
Telefax +358-0-122 3919

Varkaus Printing Plant

Taipaleentie 17
SF-78250 Varkaus
Tel. +358-72-250
Telefax +358-72-278 21

Hyvinkään Sanomalehti Oy

Niinistönkatu 1
Hyvinkää
POB 106
SF-05801 Hyvinkää
Tel. +358-14-86 000
Telefax +358-14-86 776

Sanomaprint

Höyläämötie 1 A
Helsinki
POB 107
SF-00381 Helsinki
Tel. +358-0-1201
Telefax +358-0-120 5569

Erikoislehdet Oy

Kornetintie 8
Helsinki
POB 16
SF-00381 Helsinki
Tel. +358-0-120 5911
Telex 121324 erile sf
Telefax +358-0-120 5959

Sanomapaino

Martinkyläntie 17
Vantaa
POB 1
SF-01771 Vantaa
Tel. +358-0-1201
Telefax +358-0-120 5380

Eurocable Ltd

Olavinkatu 1 B
Helsinki
POB 21
SF-00101 Helsinki
Tel. +358-0-122 4221
Telex 121165 euca sf
Telefax +358-0-693 1326

Helsinki Cable Television Ltd

Opastinsilta 8 B
Helsinki
POB 82
SF-00521 Helsinki
Tel. +358-0-15 651
Telefax +358-0-149 6920

Janco Kabel-TV A/S

Ensjöveien 7
N-0608 Oslo 6
Norway
Tel. +47-2-682 300
Telefax +47-2-688 894

Startel, Inc.

Uudenmaankatu 16—20 B
Helsinki
POB 382
SF-00121 Helsinki
Tel. +358-0-122 3311
Telex 125368 sinfo sf
Telefax +358-0-601 875

Sanomalehtien Ilmoitustoimisto Oy

Lönnrotinkatu 13
Helsinki
POB 187
SF-00121 Helsinki
Tel. +358-0-602 611
Telefax +358-0-602 092

Oy Infodec Ab

Satamakatu 4
SF-00160 Helsinki
Tel. +358-0-170 499
Telefax +358-0-175 857

Sanoma Real Estate

Olavinkatu 1 B
Helsinki
POB 1059
SF-00101 Helsinki
Tel. +358-0-122 4661
Telefax +358-0-122 4659

Lehtikuva Oy

Eröttäjankatu 9 B
Helsinki
POB 406
SF-00101 Helsinki
Tel. +358-0-1221
Telex 124774 lkuva sf
Telefax +358-0-612 1571



SANOMAPRINT ✱ VANTAA 1991
FINLAND

