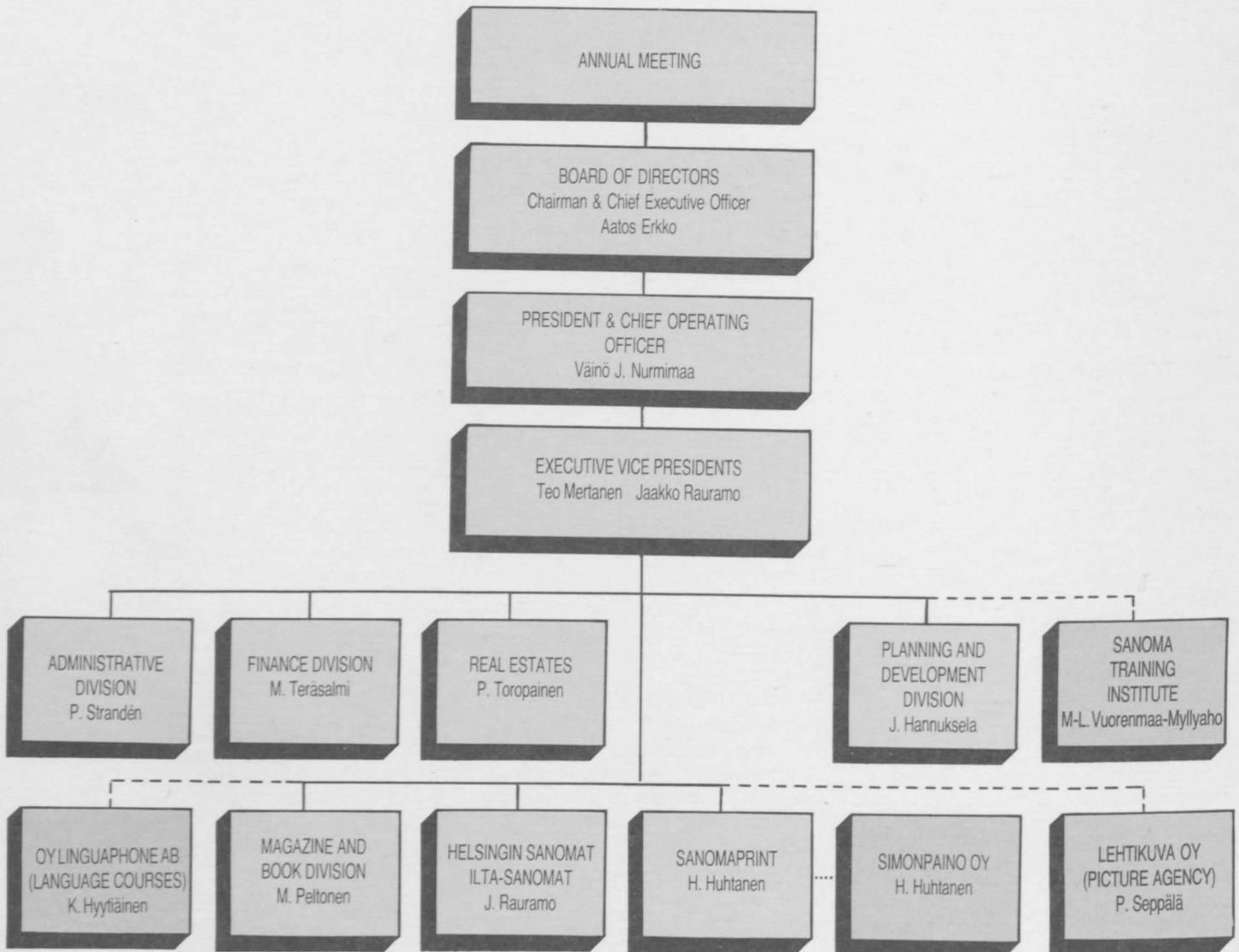




The establishment of a new daily newspaper PÄIVÄLEHTI (The Daily Paper) in 1889 was the start of the present-day Sanoma Publishing Company (Sanoma Osakeyhtiö). The company bye-laws state that the purpose of the Sanoma Publishing Company is to publish newspapers and magazines and other publications involving associated areas of interest like printing as well as other industrial and commercial activities.

## Sanoma Publishing Company 1980



## Board of Directors

Aatos Erkkö, Chairman  
 Teo Mertanen, Vice-Chairman  
 Arne Castrén  
 Väinö J. Nurmimaa  
 Jaakko Rauramo  
 Patricia Seppälä

Sanoma Publishing Company

Board of Directors 1889  1979

# SANOMA PUBLISHING COMPANY

## Annual Report 1979

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## Sanoma Publishing Company in figures

|  | 1979         |                | 1978         |                |
|--|--------------|----------------|--------------|----------------|
| Turnover   | 492.4 m. FIM | 132.4 m. US \$ | 409.1 m. FIM | 110.0 m. US \$ |
| Result   | 6.6 m. FIM   | 1.8 m. US \$   | 2.9 m. FIM   | 0.8 m. US \$   |
| Wages and Salaries (without anniversary bonuses) | 167.7 m. FIM | 45.1 m. US \$  | 151.1 m. FIM | 40.6 m. US \$  |
| Balance Sheet                                    | 353.5 m. FIM | 95.0 m. US \$  | 320.4 m. FIM | 86.1 m. US \$  |
| Share Capital                                    | 7.1 m. FIM   | 1.9 m. US \$   | 7.1 m. FIM   | 1.9 m. US \$   |
| Personnel  | 2450 persons |                | 2430 persons |                |
| Newspaper Distributors                           | 1655 persons |                | 1688 persons |                |
| Sales Agents                                     | 3095 persons |                | 3357 persons |                |
| Consumption of Paper                             | 54.1 m. kg   |                | 48.4 m. kg   |                |
| Consumption of Printer's Ink                     | 0.69 m. kg   |                | 0.75 m. kg   |                |

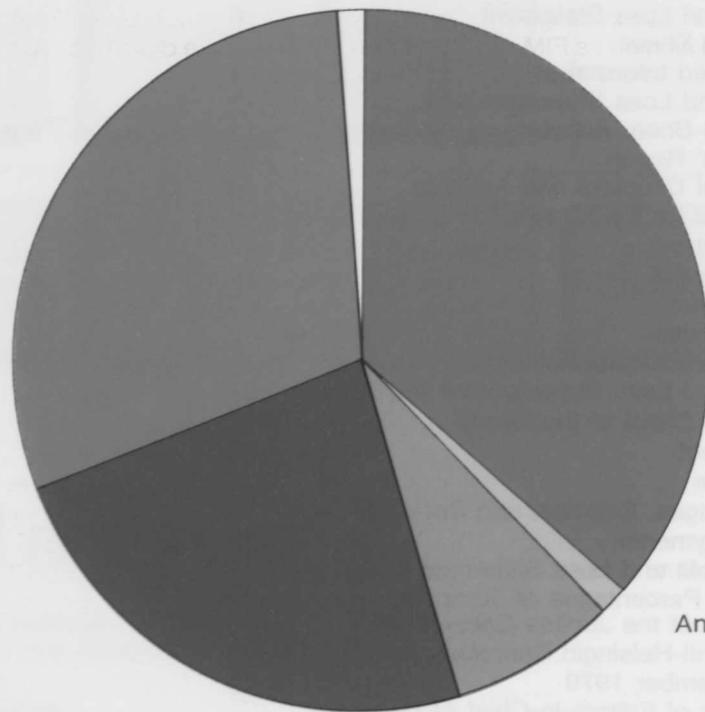
Rate of exchange 1 US \$ = 3.72 FIM

### Distribution of the Company's turnover, 492,373,618.93 FIM 132,358,499.71 US \$

Other expenditures 29.7 %

Profit 1.3 %

Wages, salaries and fees 36.3 %



Anniversary bonus 1.3 %

Raw materials 23.7 %

Social security payments 7.7 %

# Sanoma Publishing Company

## Board of Directors'

### Annual Report 1979



Forecasts made at the end of 1978 showed cautious optimism about prospects for the Finnish economy in 1979. A growth of 3 % in Gross National Product was considered probable, and some projections made early in 1979 were still more optimistic.

But the reality exceeded expectations. All predictions proved pessimistic, and the growth rate accelerated so much towards the end of the year that there were fears of overheating. Although the rate evened off at the very end of the year, GNP grew by about 7 %. Imports grew in volume by 18 % and exports by 10 %; in the wood processing industry above all, capacity was fully utilized. Unemployment figures showed a distinct fall, but nevertheless remained at a disturbingly high level, with 141,000 out of work at the end of 1979.

The money market eased considerably at the beginning of the year. During the summer the exchange reserves of the Bank of Finland stood as high as FIM 8 billion, and the banks' debt to the Central Bank dwindled to negligible proportions. This was partly due to speculation prompted by rumours that the Finnmark would be revalued. When this actually happened in the autumn, the exchange reserves dropped rapidly to almost half their peak value. Since investment picked up at the same time, and high interest rates did not make foreign currency loans attractive, the money market became much tighter in the autumn. The increase in Finnish interest rates that came into force in November was so slight that it had no noteworthy effect on the money market.

The value of money remained fairly stable in 1979. The inflation rate from the beginning to the end of the year was a little over 7 %. This was below the rate in most other industrialized countries, meaning something of an improvement in Finland's international competitive position.

The prices of oil, gold and silver rose sharply during the year. The fall in the value of the US dollar caused difficulties in the foreign exchange market.

There were political upheavals as well. The Middle East was still marked by unrest, with the focus now on the revolution in Iran and the conflicts that arose in

the subsequent chaos, with its global repercussions. The events in Afghanistan at the turn of 1979—80 strained great power relations to an extent not experienced since the cold war in the 1950's.

Thus 1979 was characterized by sharp fluctuations, rapid growth, and much uncertainty. The prospects for 1980 are not encouraging.

1979 was the Sanoma Company's 90th year of operation, starting from the first issue of "Päivälehti" on 16 November 1889. In honour of the anniversary "open houses" were arranged in the spring to introduce the new Sanomala printing plant, to the public. On the anniversary day of 16 November there was a jubilee concert for invited guests at the Finlandia Hall, followed by a reception. The occasion was honoured by the presence of the President of Finland, Dr. Urho Kekkonen, and among more than 1,000 invited guests were representatives of foreign news agencies and the press, the diplomatic corps, administration and the arts.

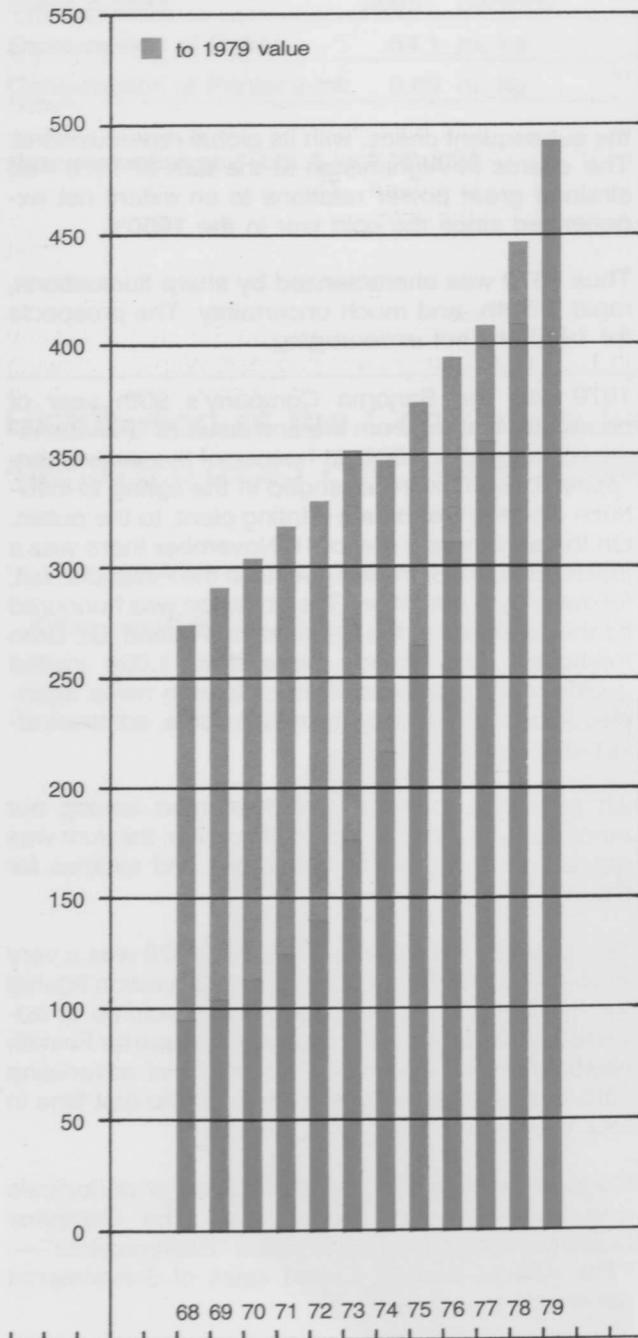
An anniversary bonus was distributed among our employees in terms of years of service; the sum was equivalent to 4.4 % of total wages and salaries for the whole year.

The financial statements show that 1979 was a very successful year for the Company. Circulation figures for the Company's newspapers and volume of advertising increased more than the average for Finnish newspapers as a whole. The volume of advertising calculated in column space grew for the first time in four years.

Contract printing and the publication of periodicals and books also developed well. The Company launched a new magazine called "Eläinmaailma" — "The Animal World". Export sales of Sanomaprint continued to increase.

The rapid expansion in technical production capacity in recent years has helped to create a new foundation for present growth. This made possible the printing and distribution of the record, 104-page "Helsingin Sanomat" of 10 February 1980. Four-colour newspaper advertising began during the year with con-

Turnover of Sanoma Publishing Company  
(m. FIM)



siderable success, facilitated by new equipment. These investments were well-timed in view of the demand, financing facilities and business trends.

Investments covered mainly final payments on earlier large acquisitions and supplementary work. The largest new investment comprised six additional units from the USA for rotation printing. After final instalments in 1982, the Sanomala printing press will deploy the originally planned 42 units.

The new machinery at Sanomala will also make it possible to print still more newspapers.

Extremely significant investments have also been made in automation. The new TEXT II system made it possible at one go to use the full computerized typesetting capacity and the handling of advertisements and technical and administrative matters. The use of computer capacity for commercial and administrative purposes was doubled. This afforded the opportunity to increase considerably the degree of automation in Company's accounting.

A co-operation agreement was signed with the "Financial Times", for which "Helsingin Sanomat" will act as sales representative in Finland.

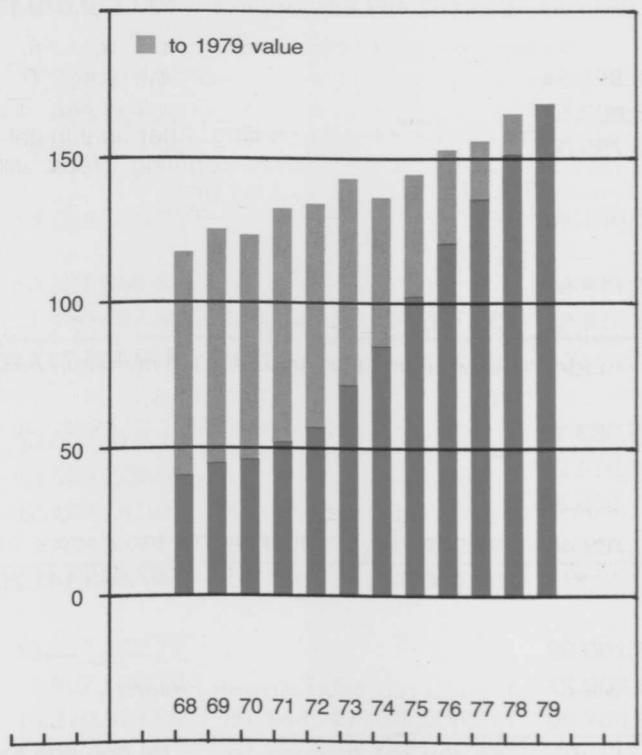
In mid-1979 an Industrial Co-operation Act superseding previous legislation on production committees came into force. For two years Sanomaprint had already been experimenting in developing co-operation within the printing industry. Since the Company had in any case progressed further in this field than required law, there was no problem in applying the new Act and the requisite organizational measures were introduced without difficulty.

An important financial and operational step was the purchase of the Simonpaino Company. With the deal the printing of "Maaseudun Tulevaisuus" was shifted to Sanomala. Simonpaino's contract printing work continued in Espoo, until the responsibility for these operations was taken over by Sanomaprint on 1 July 1979.

Of the other subsidiaries, the picture agency Lehtikuva Oy continued to grow, though the financial result was offset by preparations for the 1980 Olympics. The Linguaphone Company did not do well, mainly because of an intensified marketing drive, the final results of which will only be seen in the future. Finnvisuals saw its last year; on 1 January 1980 it was merged with the Sanoma Company, which will keep up the lucrative of its operations.

(Figures in parentheses are explained on page 13 in Profit and Loss Statement and Balance Sheet Addenda.)

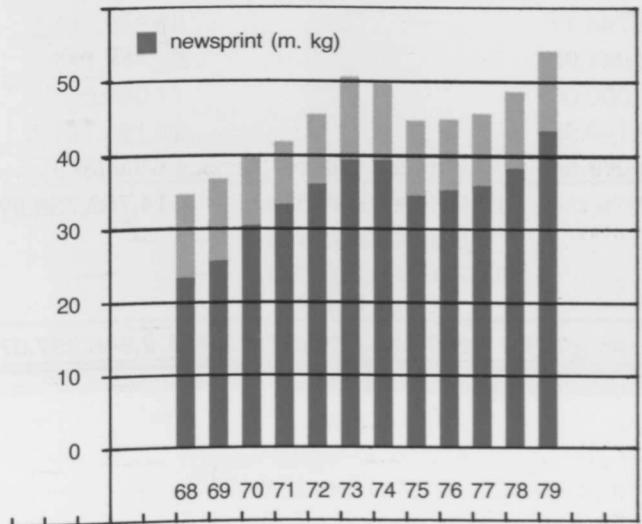
**Wages and salaries paid by the Sanoma Company (m. FIM)**



The Sanoma Company's turnover grew by 20.4 % over the previous year — clearly above the inflation rate. The operating margin increased by 17.8 %. Thus it was possible to carry out full depreciations, taking advantage of extraordinary depreciations allowed under the Tax Exemption Act. Buildings and machinery at Sanomala could thus be depreciated in full. The total balance sheet showed an increase of 22.8 %. All figures for liquidity and financial standing clearly improved. The dollar loan of US \$ 10,500,000, the interest on which was extremely high, was paid off at the beginning of 1980 at almost the same rate of exchange as when it was taken up.

To sum up, the operations of the Sanoma Company in 1979 were marked with success. With the upswing in the Finnish economy, the Company proved both technically and operationally prepared to profit from the situation, and this was evident from the results. For this, thanks are due to all who worked for the Company during the year.

**Paper consumption by the Sanoma Company**



# Profit and Loss Statement from 1 January to 31 December 1979

(Figures in parenthesis are explained on page 13 in "Profit and Loss Statement and Balance Sheet Addenda".)

|   | FIM 1979                | 1978                    |
|---|-------------------------|-------------------------|
| Sales proceeds                                  | 646,102,487.52          | 530,770,079.13          |
| Adjustment to gross sales                       |                         |                         |
| Discounts                                       | 26,809,355.34           |                         |
| Credit losses (1)                               | 1,573,899.57            |                         |
| Purchase tax (2)                                | 18,009,755.00           |                         |
| Commissions and advertising<br>agency fees      | 63,593,621.45           |                         |
| Transport costs for newspapers<br>and magazines | 38,396,718.58           |                         |
| Other adjustment to gross sales (3)             | 5,345,518.65            |                         |
|   | <u>153,728,868.59</u>   |                         |
| Turnover  | 492,373,618.93          | 409,135,717.20          |
| Variable expenditures                           |                         |                         |
| Materials (4)                                   | 119,235,363.10          |                         |
| Variable wages, salaries and fees (5)           | 135,931,514.21          |                         |
| Other variable expenditures (6)                 | 45,131,565.30           |                         |
| — stock increase                                | — 2,355,703.44          |                         |
|   | <u>297,942,739.17</u>   |                         |
| Gross margin                                    | 194,430,879.76          | 167,643,141.20          |
| Fixed expenditures                              |                         |                         |
| Wages, salaries and fees (7)                    | 49,168,180.32           |                         |
| Rents   | 6,724,200.27            |                         |
| Other fixed expenditures                        | 60,708,067.90           |                         |
|   | <u>116,600,448.49</u>   |                         |
| Profit on operations before depreciations       | 77,830,431.27           | 68,999,990.67           |
| Depreciations (8)                               |                         |                         |
| Buildings                                       | 1,612,072.24            |                         |
| Machinery and equipment                         | 66,932,570.87           |                         |
| Other outlays with long-term return             | 394,844.56              |                         |
|   | <u>68,939,487.67</u>    |                         |
| Profit on operations after depreciations        | 8,890,943.60            | 8,075,303.79            |
| Other revenues and expenditures                 |                         |                         |
| Interest revenues                               | 9,042,794.17            |                         |
| Dividend revenues                               | 682,041.90              |                         |
| Dividend revenues from subsidiaries             | 76,000.00               |                         |
| Other revenues                                  | 4,209,149.95            |                         |
| Other expenditures                              | — 73,063.54             |                         |
|   | <u>13,936,922.48</u>    |                         |
|   | 22,827,866.08           | 14,793,738.97           |
| Increase in reserves                            | 2,518,000.00            |                         |
| Interest expenditures                           | 13,746,603.30           |                         |
| Direct taxes                                    | 5,724.31                |                         |
| Profit for the year                             | <u>FIM 6,557,538.47</u> | <u>FIM 2,946,237.07</u> |

| US \$ 1979                | 1978                    | ASSETS                           |
|---------------------------|-------------------------|----------------------------------|
| 173,683,464.38            | 142,680,128.79          |                                  |
| 7,206,815.95              |                         | Current assets                   |
| 423,091.28                |                         | Cash in hand and in banks        |
| 4,841,331.99              |                         | Accounts receivable              |
|                           |                         | Loans receivable (1)             |
|                           |                         | Advance payments                 |
|                           |                         | Deferred taxes                   |
|                           |                         | Other financial assets           |
| 17,095,059.53             |                         | Investments (1)                  |
|                           |                         | Miscellaneous                    |
| 10,321,698.54             |                         | Products finished and in process |
| 1,436,967.38              | 41,324,964.67           | Fixed assets and other long-term |
| <u>132,358,499.71</u>     | <u>109,982,719.67</u>   | Land and buildings               |
|                           |                         | Acquisition                      |
| 32,052,516.96             |                         | Buildings                        |
| 36,540,729.63             |                         | Acquisition                      |
| 12,132,141.21             |                         | Depreciation                     |
| - 633,253.61              | 80,092,134.19           | Factory and equipment            |
|                           | <u>52,266,365.52</u>    | Acquisition                      |
|                           |                         | Depreciation                     |
| 13,217,252.77             | 45,065,360.53           | Other long-term investments      |
| 1,807,580.72              |                         | Acquisition                      |
| 16,319,373.09             | 31,344,206.58           | Depreciation                     |
| <u>20,922,158.94</u>      | <u>18,548,384.58</u>    | Other                            |
|                           |                         | Advance payments                 |
| 433,352.75                |                         | Bonds and stock (1)              |
| 17,992,626.58             |                         | Acquisition                      |
| 106,141.01                | 18,532,120.34           | Production                       |
|                           | <u>2,390,038.60</u>     | Bonds and stock, subsidiaries    |
|                           |                         | Acquisition                      |
| 2,430,858.65              |                         | Other long-term expenses (1)     |
| 183,344.59                |                         | Acquisition                      |
| 20,430.11                 |                         | Depreciation                     |
| 1,131,491.92              |                         | Other                            |
| - 19,640.74               | 3,746,484.53            | Depreciation                     |
|                           | <u>6,136,523.13</u>     | Other                            |
|                           |                         | Depreciation                     |
|                           | 676,881.72              | Other                            |
|                           | 3,695,323.46            | Other                            |
|                           | 1,538.79                | Other                            |
| <u>US \$ 1,762,779.16</u> | <u>US \$ 791,999.21</u> |                                  |

# Balance Sheet as of 31 December 1979

1 January to 31 December 1979

(Figures in thousands and rounded off to the nearest million and less than one thousand are shown in thousands)

## ASSETS

### Financial assets

|                           |  |                   |                |                |
|---------------------------|--|-------------------|----------------|----------------|
| Cash in hand and in banks |  | 19,946,494.71     |                |                |
| Accounts receivable       |  | 129,683,326.59    |                |                |
| Loans receivable (9)      |  | 61,507,831.28     |                |                |
| Advance payments          |  | 477,583.78        |                |                |
| Deferred assets           |  | 5,097,233.07      |                |                |
| Other financial assets    |  | <u>649,614.92</u> | 217,362,084.35 | 160,455,588.52 |

### Inventories (10)

|                                    |  |                     |               |               |
|------------------------------------|--|---------------------|---------------|---------------|
| Materials                          |  | 22,573,789.85       |               |               |
| Products (finished and in process) |  | <u>6,507,269.61</u> | 29,081,059.46 | 26,725,356.02 |

### Fixed assets and other long-term expenditures

|                                   |                      |               |                |                |
|-----------------------------------|----------------------|---------------|----------------|----------------|
| Land areas                        | 22,020,952.95        |               |                |                |
| Acquisition                       | <u>4,163.16</u>      | 22,025,116.11 |                |                |
| Buildings                         | 13,393,493.58        |               |                |                |
| Acquisition                       | <u>1,975,637.57</u>  |               |                |                |
|                                   | 15,369,131.15        |               |                |                |
| Depreciation                      | <u>1,612,072.24</u>  | 13,757,058.91 |                |                |
| Machinery and equipment           | 79,438,362.61        |               |                |                |
| Acquisition                       | 12,478,528.36        |               |                |                |
| Reduction                         | <u>492,632.34</u>    |               |                |                |
|                                   | 91,424,258.63        |               |                |                |
| Depreciation                      | <u>66,932,570.87</u> |               |                |                |
|                                   | 24,491,687.76        |               |                |                |
| Advance payments                  | <u>4,952,469.70</u>  | 29,444,157.46 |                |                |
| Shares and stock (11)             | 15,776,811.91        |               |                |                |
| Acquisition                       | 2,755,434.41         |               |                |                |
| Reduction                         | <u>612.00</u>        | 18,531,634.32 |                |                |
| Shares and stock, subsidiaries    | 1,310,170.45         |               |                |                |
| Acquisition                       | <u>20,774,582.50</u> | 22,084,752.95 |                |                |
| Other long-term expenditures (12) | 1,286,203.37         |               |                |                |
| Acquisition                       | <u>297,018.81</u>    |               |                |                |
|                                   | 1,583,222.18         |               |                |                |
| Depreciation                      | <u>394,844.56</u>    | 1,188,377.62  | 107,031,097.37 | 133,225,994.87 |

FIM 353,474,241.18 FIM 320,406,939.41

|                      | <b>US \$ 1979</b>          |               | <b>1978</b>                |
|----------------------|----------------------------|---------------|----------------------------|
|                      | 5,361,960.94               |               |                            |
|                      | 34,861,109.30              |               |                            |
|                      | 16,534,363.25              |               |                            |
|                      | 128,382.74                 |               |                            |
|                      | 1,370,223.94               |               |                            |
|                      | <u>174,627.67</u>          | 58,430,667.84 | 43,133,222.72              |
|                      | 6,068,223.08               |               |                            |
|                      | <u>1,749,266.02</u>        | 7,817,489.10  | 7,184,235.49               |
| 5,919,611.01         |                            |               |                            |
| <u>1,119.13</u>      | 5,920,730.14               |               |                            |
| 3,600,401.50         |                            |               |                            |
| <u>531,085.37</u>    |                            |               |                            |
| 4,131,486.87         |                            |               |                            |
| <u>433,352.75</u>    | 3,698,134.12               |               |                            |
| 21,354,398.55        |                            |               |                            |
| 3,354,443.11         |                            |               |                            |
| <u>132,428.05</u>    |                            |               |                            |
| 24,576,413.61        |                            |               |                            |
| <u>17,992,626.58</u> |                            |               |                            |
| 6,583,787.03         |                            |               |                            |
| <u>1,331,309.06</u>  | 7,915,096.09               |               |                            |
| 4,241,078.47         |                            |               |                            |
| 740,708.18           |                            |               |                            |
| <u>164.52</u>        | 4,981,622.13               |               |                            |
| 352,196.35           |                            |               |                            |
| <u>5,584,565.19</u>  | 5,936,761.54               |               |                            |
| 345,753.59           |                            |               |                            |
| <u>79,843.77</u>     |                            |               |                            |
| 425,597.36           |                            |               |                            |
| <u>106,141.01</u>    | 319,456.35                 | 28,771,800.37 | 35,813,439.48              |
|                      | <u>US \$ 95,019,957.31</u> |               | <u>US \$ 86,130,897.69</u> |

# Balance Sheet as of 31 December 1979

## LIABILITIES

### Outside liabilities

#### Short-term

|                             |                      |                |                |
|-----------------------------|----------------------|----------------|----------------|
| Accounts payable            | 16,799,250.82        |                |                |
| Advance payments (13)       | 95,669,484.02        |                |                |
| Deferred liabilities (14)   | 32,349,568.47        |                |                |
| Other short-term debts (15) | <u>10,423,567.10</u> | 155,241,870.41 | 143,292,448.27 |

#### Long-term

|                    |                      |                |                |
|--------------------|----------------------|----------------|----------------|
| Pension loans (16) | 101,075,905.93       |                |                |
| Other loans (17)   | <u>47,561,123.33</u> | 148,637,029.26 | 135,257,498.50 |

### Reserves (18)

|                     |                     |              |              |
|---------------------|---------------------|--------------|--------------|
| Investment reserves | 4,018,000.00        |              |              |
| Other reserves      | <u>2,780,000.00</u> | 6,798,000.00 | 4,280,000.00 |

### Shareholders' equity

#### Bound

|                          |                     |               |  |
|--------------------------|---------------------|---------------|--|
| Share capital            | 7,100,760.00        |               |  |
| Value adjustment reserve | <u>8,500,000.00</u> | 15,600,760.00 |  |

#### Free

|                            |                     |                      |                      |
|----------------------------|---------------------|----------------------|----------------------|
| Operating funds            | 17,867,447.81       |                      |                      |
| Profit from previous years | 2,771,595.23        |                      |                      |
| Profit for the year        | <u>6,557,538.47</u> | <u>27,196,581.51</u> | <u>42,797,341.51</u> |

|  |                                  |                                  |
|--|----------------------------------|----------------------------------|
|  | <u><u>FIM 353,474,241.18</u></u> | <u><u>FIM 320,406,939.41</u></u> |
|--|----------------------------------|----------------------------------|

# Profit and Loss Statement and Balance Sheet

## Profit and Loss Statement

| US \$ 1979                 | 1978                       |
|----------------------------|----------------------------|
| 4,515,927.64               |                            |
| 25,717,603.23              |                            |
| 8,696,120.55               |                            |
| <u>2,802,034.17</u>        | 38,519,475.34              |
| 27,170,942.45              |                            |
| <u>12,785,248.21</u>       | 36,359,542.61              |
| 1,080,107.53               |                            |
| <u>747,311.83</u>          | 1,150,537.63               |
| 1,908,806.45               |                            |
| <u>2,284,946.24</u>        | 4,193,752.69               |
| 4,803,077.37               |                            |
| 745,052.48                 |                            |
| <u>1,762,779.16</u>        | <u>10,101,342.11</u>       |
| 7,310,909.01               | 11,504,661.70              |
| <u>US \$ 95,019,957.31</u> | <u>US \$ 86,130,897.69</u> |

# Appended Information as of December 31, 1979

## 31 December 1979

|                              |                     |                                    |               |
|------------------------------|---------------------|------------------------------------|---------------|
| 1. Changes in equity         |                     | 3. Securities given as collateral  |               |
| <b>Reserve for donations</b> |                     | against debt                       | 13,276,312.54 |
| 1 Jan. 1979                  | 1,068.00            | Mortgages given as collateral      | 61,000,000.00 |
| Transferred from retained    |                     | against debt                       | 1,616,149.56  |
| earnings                     | 200,000.00          | Guarantees                         | 249,651.88    |
| Donations made               | <u>201,068.00</u>   | Guarantees on behalf of            |               |
|                              |                     | subsidiaries                       |               |
| <b>Retained earnings</b>     |                     | 4. Receivables from subsidiaries   | 817,573.79    |
| 1 Jan. 1979                  | 4,107,716.83        | Debts to subsidiaries              | 8,400,004.98  |
| Dividends distributed        | -1,136,121.60       | 5. Taxation values of fixed assets |               |
| Transferred to reserve       |                     | Land areas                         | 13,812,125    |
| for donations                | <u>- 200,000.00</u> | Buildings                          | 34,426,327    |
|                              | 2,771,595.23        | Shares and stock                   | 19,207,940    |
|                              |                     | Shares and stock, subsidiaries     | 2,994,580     |
| 2. Pension Fund liability    |                     |                                    |               |
| deficit                      | 20,546,612.47       |                                    |               |

### 6. Sanoma holdings in other companies

| Company                              | Number | Percentage of<br>all shares | Nominal value | Book value    |
|--------------------------------------|--------|-----------------------------|---------------|---------------|
| Finnvisuals Oy                       | 20,000 | 100.00                      | 200,000.00    | 64,770.00     |
| Kodin Kuvalehti — Terve Lapsi Oy     | 10     | 100.00                      | 100.00        | —             |
| Lehtikuva Oy                         | 75,000 | 100.00                      | 750,000.00    | 1,025,400.45  |
| Oy Linguaphone Ab                    | 25,000 | 100.00                      | 250,000.00    | 461,320.00    |
| Sanoma Inc.                          | 100    | 100.00                      | 100.00 US \$  | 39,480.00     |
| Simonpaino Oy                        | 1,000  | 100.00                      | 1,000,000.00  | 20,493,782.50 |
| Other companies                      |        |                             |               |               |
| Enso-Gutzeit Oy                      | 12,967 | 0.02                        | 129,670.00    | 112,579.14    |
| Finlands Printers Ltd                | 1      | 5.00                        | 1 £           | 8.14          |
| Finnair Oy                           | 20,000 | 0.11                        | 100,000.00    | 98,891.81     |
| Helsingin Tennisstadion Oy           | 8      | 0.26                        | 8,000.00      | 8,000.00      |
| Jokioisten Museorautatie Oy          | 250    | 0.83                        | 2,500.00      | 3,000.00      |
| Kansallis-Osake-Pankki               | 500    | 0.05                        | 10,000.00     | 12,514.26     |
| Kirjateollisuusosioimisto Oy         | 5,219  | 1.74                        | 20,876.00     | 85,171.92     |
| Kymi Kymmene Oy                      | 38,052 | 0.96                        | 1,902,600.00  | 4,075,164.13  |
| Levikintarkastus Oy                  | 79     | 9.87                        | 7,900.00      | 7,500.01      |
| Liikkeenjohdon Koulutuskeskus Oy     | 2      | 1.33                        | 100,000.00    | 50,000.00     |
| Metsäliiton Teollisuus Oy            | 3,991  | 0.29                        | 199,550.00    | 202,514.05    |
| Oy Nokia Ab                          | 500    | 0.02                        | 50,000.00     | 187,943.11    |
| Nord-Video Aktiebolag                | 25     | 25.00                       | 2,500 SEK     | 2,261.00      |
| Oy Partek Ab                         | 113    | 0.02                        | 100.00        | 9,316.64      |
| Rautakirja Oy                        | 20,023 | 16.68                       | 5,005,750.00  | 1,642,655.12  |
| Sanomalehtien Ilmoitustoimisto Oy    | 1,692  | 23.50                       | 33,840.00     | 755.50        |
| Oy Suomen Ongelmajäte —              |        |                             |               |               |
| Finlands Problemavfall Ab            | 20     | 0.95                        | 40,000.00     | 40,000.00     |
| Suomen Tietotoimisto Oy              | 11,556 | 25.68                       | 34,668.00     | 23,112.01     |
| Oy Suomen Yhdyspankki Ab             | 4,167  | 0.01                        | 41,670.00     | 48,805.68     |
| Ab Sydvästkusten                     | 850    | 35.41                       | 42,500.00     | 42,500.00     |
| Oy Yleisradio Ab                     | 40     | 0.00                        | 400.00        | 0.01          |
| Cooperative organizations            |        |                             |               | 446,599.89    |
| Housing and real-estate corporations |        |                             |               | 11,432,341.90 |

# Profit and Loss Statement and Balance Sheet Addenda

## Profit and Loss Statement

- Credit losses, down by 7.0 % on the previous year, came to 0.31 % of gross sales. As before, they include subscription fees for copies delivered but not paid for.
  - The growth of turnover tax — 71.2 % on the previous year — is partly accounted for by the fact that in 1978 a new tax law was valid for the latter half of the year only.
  - Includes royalties and commissions on advertisements passed on to other publishers.
  - Paper consumption rose 11.8 % in volume and 23.2 % in value compared with 1978. There was also a very sharp rise in the price of ink.
  - Includes wages and salaries paid to journalists, printers and deliverers, itemized in accordance with common practice in the publishing sector.
- Including 90th anniversary bonuses, this marked an 18.7 % increase on 1978.
- The rapid upsurge on the previous year is mainly due to the stock of spare parts acquired to service the new machinery. This raised variable production expenses by 38.9 %.
  - Fixed wages and salaries (including social security) grew 17.9 %, anniversary bonuses included. The major items are for clerical and technical staff.
  - Besides the maximum permitted depreciations under the Business Tax Act (m. FIM 26.9), m. US \$ 7.2, a supplementary depreciation of m. FIM 40.0, m. US \$ 10.8, was made on Sanomala machines, as allowed by special tax relief legislation.

| Sources of funds (m. FIM)   | 1979         | 1978         | 1977         |
|---|--------------|--------------|--------------|
| Income financing  |              |              |              |
| Profit before transfers from the closing of the accounts and taxes          | 49.1         | 13.9         | 12.5         |
| Taxes   | - 0.0        | - 0.2        | - 5.9        |
| Depreciations (without tax concession depreciations)                        | <u>+28.9</u> | <u>+42.6</u> | <u>+32.9</u> |
|   | 78.0         | 56.3         | 39.5         |
| Additions to loans (without deducting part payments for the following year) | + 6.8        | +11.5        | +15.3        |
| Loan from Simonpaino Oy   | <u>+ 7.5</u> | <u>—</u>     | <u>—</u>     |
|   | <u>92.3</u>  | <u>67.8</u>  | <u>54.8</u>  |

## Use of funds

|                                   |              |              |              |
|-----------------------------------|--------------|--------------|--------------|
| Investments in fixed assets       | 42.7         | 49.1         | 89.3         |
| Dividends distributed + donations | <u>+ 1.3</u> | <u>+ 1.0</u> | <u>+ 1.0</u> |
|                                   | 44.0         | 50.1         | 90.3         |
| Increase of net working capital   | <u>+48.3</u> | <u>+17.7</u> | <u>-35.5</u> |
|                                   | <u>92.3</u>  | <u>67.8</u>  | <u>54.8</u>  |

## Change in net working capital

|  |              |              |              |
|--|--------------|--------------|--------------|
| Financing assets, increase +, decrease -                           | +56.9        | +17.6        | -20.5        |
| Inventories, increase +, decrease - (before non-current deduction) | + 2.4        | - 6.7        | - 8.7        |
| Short-term liabilities increase -, decrease +                      | <u>-11.0</u> | <u>+ 6.8</u> | <u>- 6.3</u> |
|  | <u>+48.3</u> | <u>+17.7</u> | <u>-35.5</u> |

## Balance Sheet

9. This sum includes receivables of about m. FIM 0.1, US \$ 26,882, from staff, m. FIM 0.4, US \$ 107,527, from subsidiaries, and the remainder from external sources.
10. Inventories are entered at acquisition value.
11. In 1979 the company bought the entire stock of Simonpaino Oy, and took part in all the share issues of companies in which it was already a shareholder.
12. Payments for computerised advertisement-handling system.
13. Advance payments include m. FIM 95.6, m. US \$ 25.7, for copies paid for (through subscription) in advance of delivery. Of this, m. FIM 69.5, m. US \$ 17.8, is sales receivables.
14. Unpaid holiday money accounts for m. FIM 17.7., m. US \$ 4.8, of the deferred liabilities.
15. Includes m. FIM 4.2, US \$ 1.1, of instalments due in 1980 on long-term debts.
16. Pension loans consist of a m. FIM 50.1, m. US \$ 13.5, repayment from the Ilmarinen Insurance Company, and items from our own pension fund.
17. Other long-term loans include a dollar loan of m. US \$ 10.5, which is entered at its Finnish value, m. FIM 39.06, in the balance sheet. It was paid off on 17 January 1980.
18. FIM 2,518,000, US \$ 676,882, were transferred to the investment reserve. "Other reserves" covers a credit loss reserve, unchanged from the previous year.

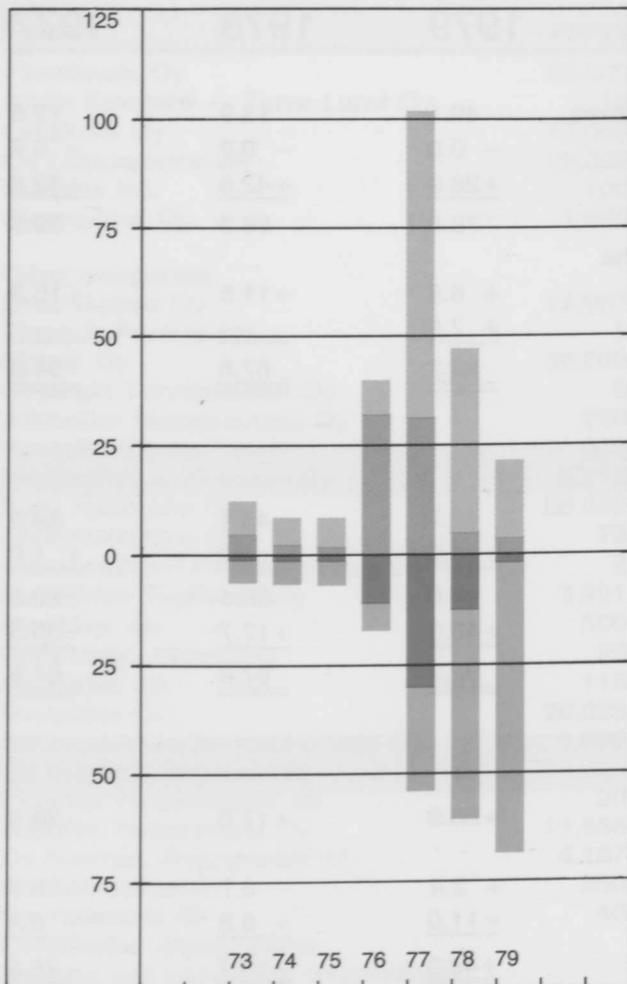
## Investments and depreciations

### Investments

- Buildings and land
- Machinery and equipment

### Depreciations

- Buildings
- Machinery and equipment



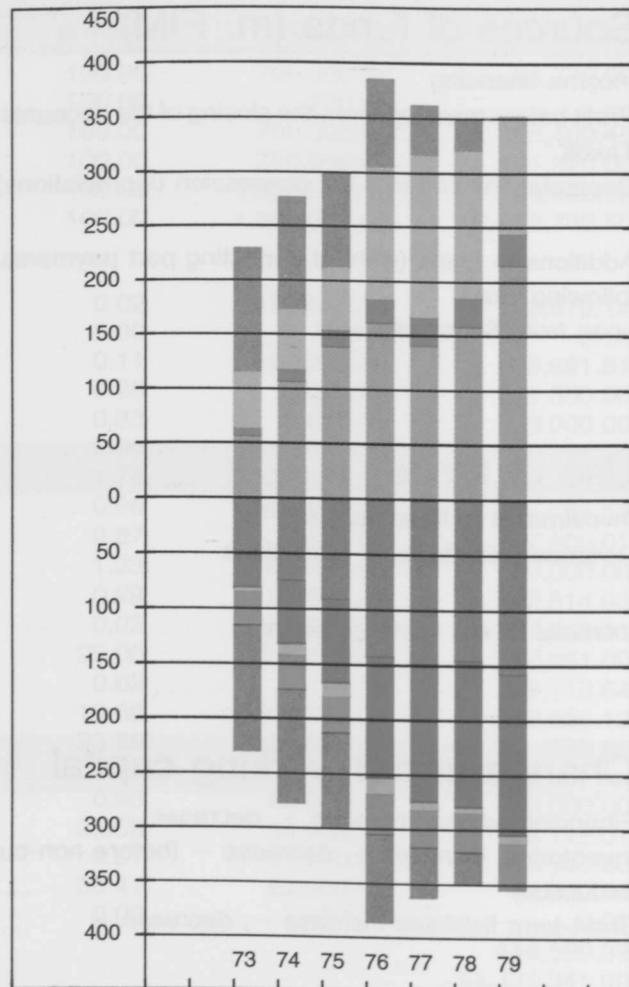
## Balance Sheets, 1973—79 (m. FIM)

### Assets

- Financial assets
- Inventories
- Fixed assets

### Liabilities

- Short-term debts
- Long-term debts
- Reserves
- Shareholders' Equity
- Total adjustments to 1979 value



# Auditors' Report

Appointed auditors at the annual general meeting of the Sanoma Company, we have inspected the Company's financial statements and accounting, as well as the Company administration, for 1979 to the extent laid down by good auditing practice.

The undersigned Autio has acted as the Company's supervisory auditor.

The Profit and Loss Statement and the Balance Sheet have been drawn up according to regulations currently in force. The Audit shows a profit for the financial year of FIM 6,557,538.47, US \$ 1,762,779.16.

We propose that

- the Profit and Loss Statement and the Balance Sheet be approved,
- the Members of the Company's Board of Directors be absolved from responsibility for 1979,
- and the Profit shown in the Balance Sheet be distributed in the manner proposed by the Board of Directors.

Helsinki, 21 March 1980

Aimo Autio  
Auditor approved by the  
Central Chamber of Commerce

Antti Helenius  
Auditor approved by the  
Central Chamber of Commerce

# Board of Directors and Auditors

|                             |             |           |
|-----------------------------|-------------|-----------|
| Aatos Erkko, Chairman       | elected for | 1978—1980 |
| Teo Mertanen, Vice-Chairman | „           | 1977—1979 |
| Aarne Castrén               | „           | 1979—1981 |
| Väinö J. Nurmimaa           | „           | 1978—1980 |
| Jaakko Rauramo              | „           | 1979      |
| Patricia Seppälä            | „           | 1979—1981 |

Teo Mertanen, Vice-Chairman, and Jaakko Rauramo are due to retire.

Aimo Autio, Auditor approved by the Central Chamber of Commerce, and Antti Helenius, Auditor approved by the Central Chamber of Commerce, have acted as Auditors with Mrs. Ritva Harli and Aunus Salmi, Auditor approved by the Central Chamber of Commerce, as their Deputies.

## Proposal for the Distribution of the Profit

The profit for the financial year totals FIM 6,557,538.47, US \$ 1,762,779.16. FIM 2,771,595.23, US \$ 745,052.48, of profit was retained from the previous year. Hence, a total of FIM 9,329,133.70, US \$ 2,507,831.64, is at the disposal of the Annual General Meeting.

|  |                  |                    |
|--|------------------|--------------------|
| The Board of Directors proposes that, from the above mentioned sum of                  | FIM 9,329,133.70 | US \$ 2,507,831.64 |
| — a dividend of FIM 5.40 should be paid on each share                                  | 1,278,136.80     | 343,585.16         |
| — FIM 1.20 per share should be distributed in the form of a 90th anniversary bonus     | 284,030.40       | 76,352.26          |
| — a sum should be transferred to the donation reserve, for the discretion of the Board | 200,000.00       | 53,763.44          |
| — giving a balance   | 7,566,966.50     | 2,034,130.78       |

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 1980.

Provided the Annual General Meeting adopts this proposal, the Company's own funds will be as follows:

|                          |                  |                    |
|--------------------------|------------------|--------------------|
| Share capital            | FIM 7,100,760.00 | US \$ 1,908,806.45 |
| Value adjustment reserve | 8,500,000.00     | 2,284,946.24       |
| Operating fund           | 17,867,447.81    | 4,803,077.37       |
| Reserve for donations    | 200,000.00       | 53,763.44          |
| Undisposed profit        | 7,566,966.50     | 2,034,130.78       |

The investment reserve comes to FIM 4,018,000.00, US \$ 1,080,107.53, and the credit loss reserve to FIM 2,780,000.00, US \$ 747,311.83.

Helsinki, 18 March 1980

Aatos Erkko

Teo Mertanen

Aarne Castrén

Väinö J. Nurmimaa

Jaakko Rauramo

Patricia Seppälä

# Newspapers

# HS



## Helsingin Sanomat

The contents of Helsingin Sanomat reflected the gradual deterioration in the international situation towards the end of 1979. China's attack on Vietnam, the revolution in Iran, the dispute over Euro-missiles and the occupation of Afghanistan were the big foreign news items. In the world economy, the availability and price of oil were outstanding stories, along with the risks connected with nuclear power stations.

The chief news stories in Finland were the general elections, the collapse of the Government-sponsored Valco TV-tube company, and numerous trials prompted by financial scandals.

Helsingin Sanomat published four special supplements: a tax guide, and special numbers on Sanomala, the 750th anniversary of the city of Turku, and the 200th anniversary of the city of Tampere.

To mark the 90th anniversary of the newspaper, an extensive series of articles on the future of Finnish science was published in November.

After considerable planning, the daily printing system was reorganized in January, the printing of four-colour news pictures was started in May, and the paper's lay-out was modernized by using a new typeface and other innovations in the latter months of the year.

The circulation of Helsingin Sanomat continued to grow. The average circulation for the year was 379,753 copies on weekdays and 438,820 on Sundays. The increase over the previous year was 11,402 (3.1%) on weekdays and 18,757 (4.5%) on Sundays. The average growth in circulation for Finnish newspapers as a whole was 2%. Advertisements published ran to 36,165 column meters, an increase over the previous year of 3,200 column meters (9.6%). The average growth in volume of advertisements in Finnish newspapers was 8.8%.

One of the chief events, in the sale of advertising space was the inception of four-colour advertising at the beginning of February. This new service for advertisers was implemented partly in co-operation with Aamulehti and Turun Sanomat. A total of 467 four-colour advertisements appeared in Helsingin Sanomat. Another important change was the adoption of a new processing technique for advertisements. Since the beginning of March the text and consumer data of classified advertisements taken over the phone has been fed as it comes in through a visual display unit to the computer system, both for printing and for invoicing and other administrative processing.

newspaper for the sale of advertising space, was begun. Among several surveys for advertisers, the most extensive was a study on the effectiveness of four-colour advertising in Helsingin Sanomat.

The implementing of a weekly day-off for newspaper deliverers in 1980 helped to accelerate the development of a joint distribution system.

Helsingin Sanomat continued to sponsor various sports events: the Hopeasompa ski-race, the Jukolan Viesti orienteering contest, the Siniviittauinnit swimming championship, the Finnish Championship for Optimist yachtsmen, the Nappula junior football championship, and the Kaivopuisto Marathon. In all, half a million people competed in these events.

## Ilta-Sanomat

Special efforts were made to improve the contents, lay-out and pictures in Ilta-Sanomat.

The paper has attempted to create its own line in dealing with events. Examples were reports on the journeys of its own correspondents through the Middle East and Vietnam, instant reporting of accidents in Finland, the paper's exclusive reports on sport and the arts, phone-ins by readers, a competition for the Finn of the Year, and a new format for regular columns.

Special efforts were made to improve the availability of Ilta-Sanomat. From the beginning of the year the printing schedule was brought forward by about an hour, and from the start of September a daily freight flight to Eastern Finland was inaugurated. The slight drop in circulation in the previous year due to technical production difficulties was transformed into a rise, with the average net circulation for the year at 119,818 copies — an increase of 1,755 (1.5%) over the previous year.

Ilta-Sanomat contained 3,562 column meters of advertisements, 6.6% more than in the previous year. Advertising rates remained unchanged throughout the year, but the cover price was raised from FIM 1.50 to FIM 2.00 on 1 August 1979. This makes the increase in circulation even more impressive. Owing to the increased cover charge, a drop in the proportion of returned copies, increased circulation, and higher sales of advertising space, the profitability of the paper improved.

Ilta-Sanomat continued to sponsor sport through the Ilta-rastit orienteering contest and the Kultakiekko ice-hockey tournament for the youth of Vantaa, near Helsinki.



## Printing technology

In March all text production in the composing room in Ludviginkatu, Helsinki was shifted to the new TEXT II system. The technically obsolescent Linotron 505 photosetting machinery was replaced by the new Linotron 404. The process engraving department, renamed Repro, started to use a HELL DC 300 B laser scanner for colour separation in March. With all these measures a striking increase in production was registered in the composing room.

1979 was the first calendar year in which the printing of newspapers was completely performed with the Sanomala offset technique. By the end of the year production was on a comparatively stable basis, as the staff had learned to handle the new technology and the equipment provided fewer snags.

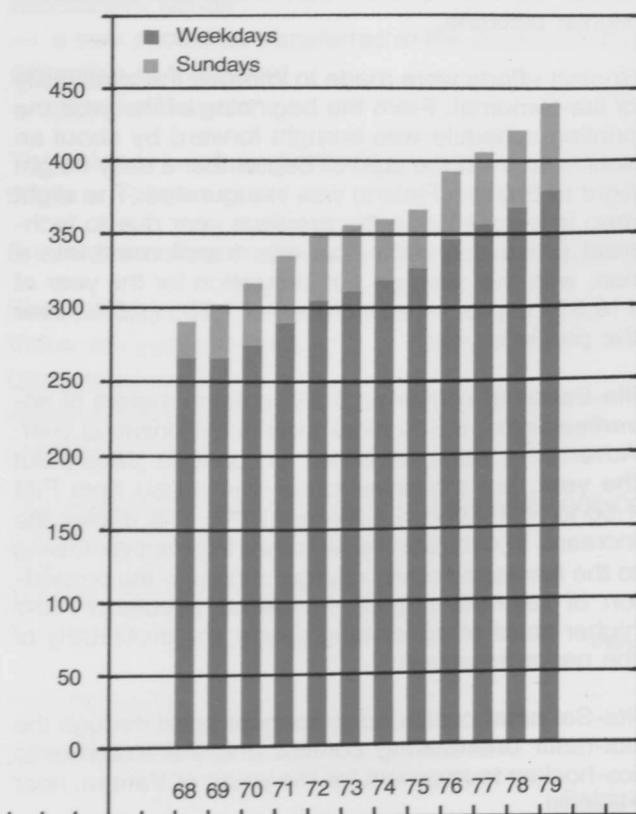
During 1979 consumption of newsprint totalled 43,251 tons, and of printers' ink 506 tons.

## Contract sales

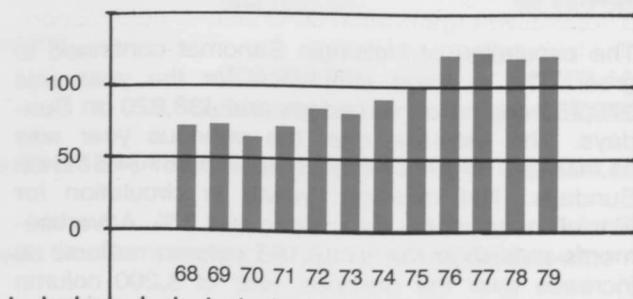
Sales of Sanomala's printing capacity were stepped up by increasing sales personnel. A significant increase in sales occurred with the transfer of the printing and mailing production of Maaseudun Tulevaisuus to Sanomala on 13 August 1979. An evening shift was then introduced at Sanomala, involving 47 workers transferred from the Simonpaino Company.

Invoicing totalled FIM 7.5 million — an increase of 400 % over the previous year. At the end of the year the following regular publications were printed at Sanomala: Auto ja Liikenne, Hevosurheilu, Landsbygdens Folk, Maaseudun Tulevaisuus, Metsälehti, Sana, and Sotaveteraani. In addition Sanomala printed diverse advertising material.

Helsingin Sanomat: Average circulation



Ilta-Sanomat: Average circulation



# Sanomaprint

As generally happens during a period of uncertain business conditions, the upswing only slowly affected the market for contract printing.

During 1979 the employment situation at Sanomaprint was nevertheless satisfactory. Against an average 2% growth in production volume, the value of total sales increased by only 8%, roughly equivalent to the rate of inflation. Sales volume remained distinctly below the target set. However, relative profitability was satisfactory, and the result was almost on target.

Sanomaprint continued to concentrate on special periodicals, sales catalogues, and the sale of printed products and services for direct marketing and sales promotion.

Marketing was backed up by several campaigns, aimed at making Sanomaprint better known as a printer for special target groups. Thanks to active sales promotion based on customer requirements, several new contracts were won during the year.

Progress was also achieved in export sales; invoicing was worth 5.6 million Finnish marks. The Finnprint co-operative organization continued to hold responsibility for export marketing.

Sanomaprint's biggest customers, besides the Company itself, were the Anttila chain stores and mail-order business, the wholesalers' Tukkukauppojen Oy and Oy Valitut Palat — Reader's Digest Ab. As in previous years, almost half of total sales was accounted for by outside customers.

Of the chief cost factors, wages and salaries rose slightly faster than the inflation rate. The development in fringe benefits compared with previous years helped, along with other government measures, to revive the economy, to curb the rise in wage costs. Paper price rises — totalling 13% — considerably outstripped the inflation rate. The same trend was seen in other, oil-based raw materials.

Structural changes in production occurred in line with our objectives. The amount of composed marks increased by 11%. The production volume of 4-colour reproduction grew a little more slowly — 3%. The volume of rotary press production increased by 10%, while that of sheet-fed machinery dropped by 23%. With the fall in the volume of production of sheet-fed machinery, the production results of the post-processing departments fell as well by an average 4%.

The chief investments were directed towards improving the ability to handle special products by rotary press, and stepping up the 4-colour reproduction capacity.

Crucial to the progress of Sanomaprint was the combining of operations by Simonpaino at Tapiola with those by Sanomaprint. This pooling of resources improved our capacity to meet demand especially in rotary printing.

Active measures to improve working conditions were continued. During the year an extensive noise abatement programme for the offset rotary presses was implemented.

The Sanoma co-operation committee was in operation for its second year in 1979. At the end of the agreed trial period the development of co-operation is being continued in certain key areas under the guidance of the department groups already formed and the standing co-operation committee.



# Magazines

## Printing technology

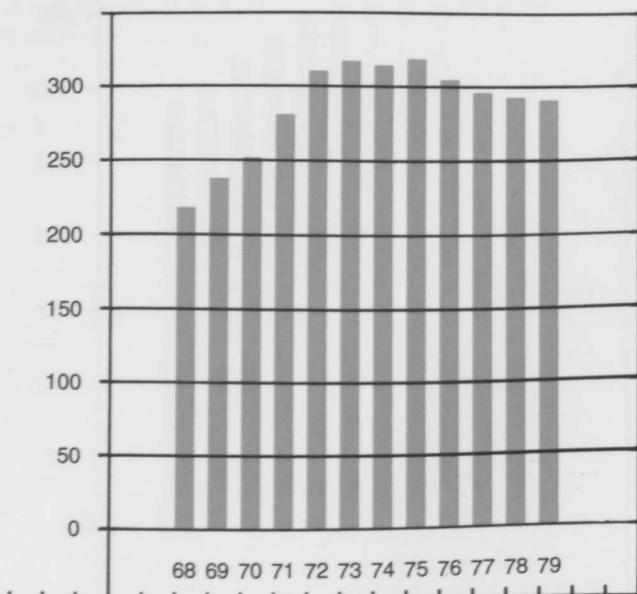
Competition in the magazines market continued to be extremely keen, especially for general and women's magazines. Some magazines had to be discontinued, but new ones were also launched.

The Sanoma Company's magazines successfully faced the challenge. During the year one new special-interest magazine, *Eläinmaailma* (Animal World), was launched.

*Kodin Kuvalehti* (Home Pictorial) continued to develop very well. In the second half of the year, the circulation increased for the ninth 6-month period running to 195,482 copies. This was an increase of 23,765 copies on the same period in the previous year. The average circulation for the whole year was 184,449, — 26,208 more than in 1979. Sales of advertising space also increased, rising from 593 pages in 1978 to 654 in 1979. The total number of pages printed for the whole year was 3,092 — an increase of 188 pages.

*Me naiset* (We women) managed in the face of keen competition to retain a circulation of over 130,000. The average circulation for the whole year, 132,423, was in fact 1,196 down on the previous year, but the magazine managed to maintain its position, gained in the second half of 1978, as the biggest women's weekly in Finland — well ahead of other magazines in the field. Sales of advertising space rose from

*Aku Ankka* (Donald Duck): Circulation



599 pages in 1978 to 646 in 1979. The total number of pages printed was 5,056 — 368 up on the previous year.

*Suuri Käsityökerho* (for handicraft enthusiasts) was still by far the biggest magazine in its field in Finland. The average circulation for 1979 was 116,261 — an increase of 3,000 from 1978. The addition of 16 extra pages made it possible to include more advertisements than before. The number of advertising pages was 80 — an increase of 14.

*Aku Ankka* (Donald Duck) and *Kansa taisteli — miehet kertovat* (war memories) showed no marked changes in circulation or market share. The circulation of *Aku Ankka* was 290,109 and of *Kansa taisteli — miehet kertovat* 41,516.

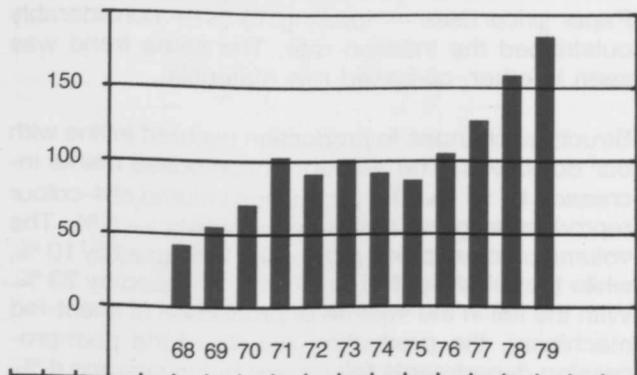
The new monthly *Eläinmaailma*, which was launched in March, had a good reception. The average circulation over 10 months was 43,544.

## Books

Our book division continued to concentrate on children's literature. The chief lines were cartoon books and the *Lasten Oma Kirjakerho* (Children's Own Book Club). Sales of both went well. The most popular cartoon books were Walt Disney paperbacks and Peanuts.

The membership of *Lasten Oma Kirjakerho* at the end of the year was 34,346; this was 5,941 (21 %) more than at the end of 1978.

*Kodin Kuvalehti* (fortnightly): Circulation



Besides children's books, other practical and informative literature was published, including Apua, älä hätäännä (Help, Don't Panic), Helsingin Vanha Kaupahalli (Helsinki Indoor Market), Taistelu syöpää vastaan (The Fight Against Cancer), Kevyttä Kotiruokaa (Light Home Cooking) and Perheen parhaat asusteet (household appliances) — a special publication of the Suuri Käsityökerho.

In all 43 books and 4 new impressions were published. Total sales ran to 2,430,493 books — 169,618 up on the previous year.

### Special products

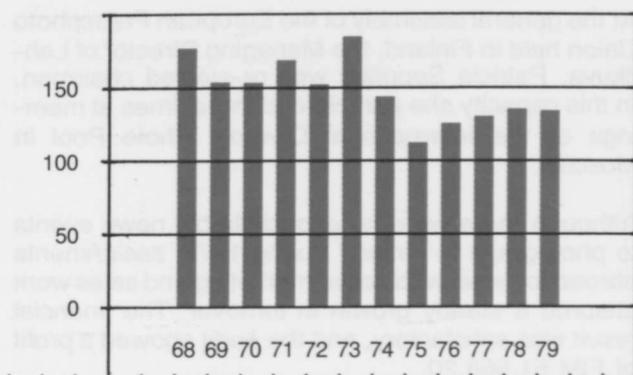
Special printed products were the recipe series, Kotikeittiön parhaat (Home Cooking) and a children's hobby and learning package, Onnimannin Oppileikit (Learn and Play). The number of orders for each publication dropped considerably once subscribers had collected the complete series.

Sales did not change much in volume, but rose substantially in value thanks to certain relatively expensive products. A total of 71,369 items was sold, most of them (59,400) special offers advertised in our newspapers and periodicals.

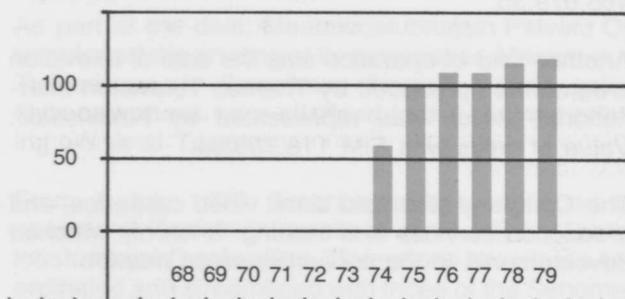
Total value of sales of periodicals, books and special products broke down as follows:

|   |        |
|---|--------|
| Subscriptions to periodicals, single copies and other sales | 67.6 % |
| Advertisements  | 11.4 % |
| Books   | 15.7 % |
| Special products  | 5.3 %  |

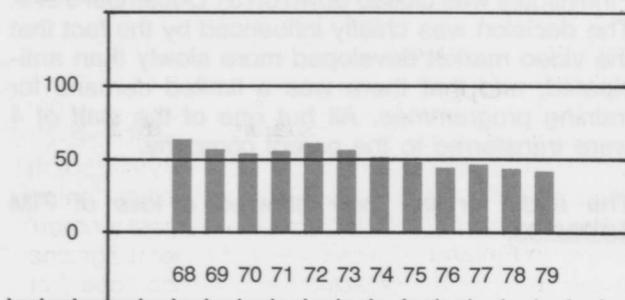
### Me naiset (We women): Circulation



### Suuri Käsityökerho (handwork club magazine): Circulation



### Kansa taisteli — miehet kertovat (war memoirs monthly): Circulation



# Subsidiaries

## Finnvisuals Company

The marketing of educational programmes continued to be the company's chief area of operation. 41 programmes were offered in Finnish and 14 in other languages. Programmes outside the catalogue were also sold. The total value of rentals and sales of educational programmes in 1979 was FIM 468,679.35.

Another field of operation was the sale of television programmes produced by Thames Television International, which was represented by Finnvisuals. Value of sales was FIM 118,750.94.

The Company also sold blank video cassettes, and production services and training. It keenly watched developments in the consumer video market.

In November 1979 educational programmes and representation arrangements were transferred to the Insinööritieto Company, the marketing organization of the Training Centre for Engineer Associations (INSKO).

Finnvisuals was closed down on 31 December 1979. The decision was chiefly influenced by the fact that the video market developed more slowly than anticipated, and that there was a limited demand for training programmes. All but one of the staff of 4 were transferred to the parent company.

The audit for the year showed a loss of FIM 46,982.53.

## Picture Agency Lehtikuva Oy

During the year the company made vigorous efforts to strengthen its resources of personnel, premises and equipment. The number of personnel was increased by 6, to 59. The archives were moved to new premises in May. This made it possible to store all pictorial material in one place, and improved both the handling of pictorial material and customer service. The extension of the colour laboratory and the capacity-boosting purchase of a new colour-developing machine were necessitated by the constant growth in sales of colour photography and colour photos. The new machinery was inaugurated at the end of September.

Photographic assignments abroad formed an important part of operations. Many were sports events like the pre-Olympic winter games at Lake Placid, the Spartakiad in Moscow, the European indoor athletics championship in Vienna, the world ice-hockey championships in Moscow and the Baltic Regatta in Tallinn. Lehtikuva photographers also covered the earthquake in Yugoslavia, a hotel fire in Spain, President Kekkonen's state visit to West-Germany, and the critical events in Iran and Cambodia.

Lehtikuva photographers participated in photography competitions both in Finland and abroad with great success. Juha Jormanainen won the Green Camera contest ("Farming in Bavaria") sponsored by the European Pressphoto Union and West-Germany, and Heikki Kotilainen was named Finland's press photographer of the year for his series "Women of Iran".

The work of the commercial department and the studio advanced well, especially in the first half of the year, maintaining the momentum set in 1978. Both units concentrated on their strongpoints.

Among the biggest photographic operations were the Finlandia skiing event, and one of the biggest multi-visio projects in the country for the Neste oil-refinery company, produced in conjunction with Avset Ky.

At the general assembly of the European Pressphoto Union held in Finland, the Managing Director of Lehtikuva, Patricia Seppälä, was re-elected chairman. In this capacity she participated three times at meetings of the International Olympic Photo Pool in Moscow.

Although there were no especially big news events to photograph in Finland during 1979, assignments abroad together with active marketing and sales work ensured a steady growth in turnover. The financial result was satisfactory, and the audit showed a profit of FIM 51,568.20.

# Oy Linguaphone Ab

# Simonpaino Company

## Profit and Loss Statement for the Group from 1 January to 31 December 1979

The Linguaphone Company marketed its language courses for three target groups: adults; children and young people; and companies and organizations.

The range covered 34 languages and 244 language courses. During the year the Minilab product was developed by incorporating a teacher-monitored oral test. A novelty in the market was Junior English for children and young people; it was launched six months late because of supply difficulties encountered by the Linguaphone Institute Ltd. Another innovation was the Audio Active language course for adults.

Marketing of the ABC drawing school associated with the Linguaphone Company was discontinued last year.

A staff of ten language teachers were responsible for liaison with students.

The Company's financial targets were not reached. This was mainly because the Junior English language course was delayed by six months, and partly for this reason the marketing input of new products did not yield an adequate return. A loss of FIM 8,839.06 was recorded.

At the end of the year the Company employed 10 people.

In summer 1979 the Sanoma Company bought the entire stock in Simonpaino Oy, from a group of farmers' and forest-owners' associations, Maataloustuottajain keskusliitto, Maataloustuottajain keskusliiton säätiö, Metsäliiton Teollisuus Oy, and Maataloustuottajain eläkesäätiö.

As part of the deal, Maataloustuottajain Palvelu Oy transferred the printing of its newspaper, Maaseudun Tulevaisuus, to Sanomala; thereafter Simonpaino Oy's operations were confined to the contract printing works at Tapiola.

From 1 July 1979 Simonpaino has continued to operate at Tapiola in premises rented from Maataloustuottajain keskusliitto. Operations have been coordinated and streamlined with those of the Sanoma-print rotation printing works.

At the end of the year Simonpaino had 49 employees. Prior to the deal, the staff was reduced from 187 to 49 by offering redundant employees suitable work either in Maataloustuottajain Palvelu or the Sanoma Company.

|                     | 1979    | 1978    | 1977    |
|---------------------|---------|---------|---------|
| Revenue             | 1,000.0 | 1,000.0 | 1,000.0 |
| Cost of sales       | (500.0) | (500.0) | (500.0) |
| Other revenue       | 100.0   | 100.0   | 100.0   |
| Other expenses      | (100.0) | (100.0) | (100.0) |
| Profit before tax   | 500.0   | 500.0   | 500.0   |
| Tax                 | (500.0) | (500.0) | (500.0) |
| Profit for the year | 0.0     | 0.0     | 0.0     |

# Sanoma Training Institute

Sanoma Training Institute continued to operate in three main sectors: the Printing School, the School of Journalism and the Office Staff School, whose functions include personnel and management training and general courses. The work has been in the form of refresher and follow-up teaching, and the re-training required for various assignments inside the Company. Basic training as such has been given in the School of Journalism only.

During the year the Printing School organized 112 training sessions, involving 927 participants.

In May 1979 16 students started the ninth basic course at the School of Journalism. In the field of journalism 38 follow-up sessions were organized, with a total of 524 participants.

The Office Staff School arranged 48 training sessions for 1,314 employees.

There were 27 management training sessions, with 351 participants. The number of general courses was 125, attended by 1,136 participants. In all, 200 training sessions were run by the Office Staff School, with 2,801 participants.

During the year the principal of Sanoma Training Institute was Maija-Liisa Vuorenmaa-Myllyaho, the vice-principal Antero Okkonen, and the training manager at the Printing was Matti Launonen. At the end of the year there were 9 permanent staff.

The syllabus has been planned by printers, journalists and an office staff training committee, along with the numerous working parties they have established.

The Group includes Sanoma Osakeyhtiö (the parent company) and the following subsidiaries: Lehtikuva Oy, Finnvisuals Oy, Oy Linguaphone Ab and Simonpaino Oy. The figures for the last mentioned are included only for the latter half of the year. The eliminating of mutual share-holding has been performed by the acquisition outlay method.

# Profit and Loss Statement for the Group from 1 January to 31 December 1979

(Figures in FIM 1000)

|   | FIM       |                    | US \$    |                      |
|---|-----------|--------------------|----------|----------------------|
| Sales proceeds                            |           | 658,150.3          |          | 176,922.1            |
| Adjustment to gross sales                 |           |                    |          |                      |
| Discounts                                 | 26,887.6  |                    | 7,227.8  |                      |
| Credit losses                             | 1,580.1   |                    | 424.8    |                      |
| Purchase tax                              | 19,592.8  |                    | 5,266.9  |                      |
| Commissions and advertising agency fees   | 63,653.8  |                    | 17,111.2 |                      |
| Other adjustment items                    | 44,015.3  | 155,729.6          | 11,832.1 | 41,862.8             |
| Turnover                                  |           | 502,420.7          |          | 135,059.3            |
| Variable expenditures                     |           |                    |          |                      |
| Materials                                 | 122,737.7 |                    | 32,994.0 |                      |
| Variable wages, salaries and fees         | 141,709.0 |                    | 38,093.8 |                      |
| Other variable expenditures               | 42,772.4  |                    | 11,498.0 |                      |
| Change in stock                           | - 2,780.9 | 304,438.2          | - 747.6  | 81,838.2             |
| Gross margin                              |           | 197,982.5          |          | 53,221.1             |
| Fixed expenditures                        |           |                    |          |                      |
| Fixed wages, salaries and fees            | 50,727.3  |                    | 13,636.3 |                      |
| Rents                                     | 7,491.6   |                    | 2,013.9  |                      |
| Other fixed expenditures                  | 62,138.5  | 120,357.4          | 16,703.9 | 32,354.1             |
| Profit on operations before depreciations |           | 77,625.1           |          | 20,867.0             |
| Depreciations                             |           |                    |          |                      |
| Buildings                                 | 1,612.1   |                    | 433.3    |                      |
| Machinery and equipment                   | 67,795.8  |                    | 18,224.7 |                      |
| Other outlays with long-term return       | 467.3     |                    | 125.6    |                      |
| Additional depreciations of the Group     | 890.1     | 70,765.3           | 239.3    | 19,022.9             |
| Profit on operations after depreciations  |           | 6,859.8            |          | 1,844.1              |
| Other revenues and expenditures           |           |                    |          |                      |
| Interest revenues                         | 8,995.3   |                    | 2,418.1  |                      |
| Dividend revenues                         | 682.0     |                    | 183.3    |                      |
| Other revenues                            | 4,060.0   |                    | 1,091.4  |                      |
| Other expenditures                        | - 80.6    | 13,656.7           | - 21.7   | 3,671.1              |
|   |           | 20,516.5           |          | 5,515.2              |
| Change in reserves                        |           |                    |          |                      |
| Credit loss reserve                       | 2.8       |                    | 0.8      |                      |
| Investment reserve                        | 2,518.0   |                    | 676.9    |                      |
| Stock reserve                             | - 246.4   | - 2,274.4          | - 66.3   | - 611.4              |
| Interest expenditures                     |           | -13,617.3          |          | - 3,660.6            |
| Direct taxes                              |           | - 101.1            |          | - 27.2               |
| Profit for the year                       |           | <u>FIM 4,523.7</u> |          | <u>US \$ 1,216.0</u> |

# Balance Sheet of the Group as of 31 December 1979

(Figures in FIM 1000)

| Assets   | FIM            |                      | US \$          |                       |
|--|----------------|----------------------|----------------|-----------------------|
| <b>Financial assets</b>                              |                |                      |                |                       |
| Cash in hand and in banks                            | 20,300.2       |                      | 5,457.0        |                       |
| Accounts receivable                                  | 132,138.0      |                      | 35,521.0       |                       |
| Loans receivable                                     | 61,087.5       |                      | 16,421.4       |                       |
| Advance payments                                     | 562.7          |                      | 151.3          |                       |
| Deferred assets                                      | 5,229.6        |                      | 1,405.8        |                       |
| Other financial assets                               | <u>649.6</u>   | 219,967.6            | <u>174.6</u>   | 59,131.1              |
| <b>Inventories</b>                                   |                |                      |                |                       |
| Materials  | 24,914.6       |                      | 6,697.4        |                       |
| Products (finished and in process)                   | <u>6,543.1</u> | 31,457.7             | <u>1,758.9</u> | 8,456.3               |
| <b>Fixed assets and other long-term expenditures</b> |                |                      |                |                       |
| Land areas   | 22,025.1       |                      | 5,920.7        |                       |
| Buildings  | 13,757.1       |                      | 3,698.2        |                       |
| Machinery and equipment                              | 26,528.3       |                      | 7,131.3        |                       |
| Machinery and equipment,<br>advance payments         | 6,070.3        |                      | 1,631.8        |                       |
| Shares and stock                                     | 18,607.5       |                      | 5,002.0        |                       |
| Other long-term expenditures                         |                |                      |                |                       |
| From balance sheets<br>of the companies              | 1,350.7        |                      | 363.1          |                       |
| From balance sheet of the Group                      | <u>7,767.1</u> | 96,106.1             | <u>2,087.9</u> | 25,835.0              |
|  |                | <u>FIM 347,531.4</u> |                | <u>US \$ 93,422.4</u> |

**Liabilities**

**FIM**

**US \$**

**Outside liabilities**

Short-term

|                        |                 |           |                |          |
|------------------------|-----------------|-----------|----------------|----------|
| Accounts payable       | 17,587.6        |           | 4,727.9        |          |
| Advance payments       | 95,669.5        |           | 25,717.6       |          |
| Deferred liabilities   | 33,795.3        |           | 9,084.8        |          |
| Other short-term debts | <u>10,719.7</u> | 157,772.1 | <u>2,881.6</u> | 42,411.9 |

Long-term

|               |                 |           |                 |          |
|---------------|-----------------|-----------|-----------------|----------|
| Pension loans | 101,529.0       |           | 27,292.7        |          |
| Other loans   | <u>40,238.8</u> | 141,767.8 | <u>10,816.9</u> | 38,109.6 |

**Reserves**

|                    |                |         |              |         |
|--------------------|----------------|---------|--------------|---------|
| Stock reserve      | 922.7          |         | 248.0        |         |
| Investment reserve | 4,018.0        |         | 1,080.1      |         |
| Other reserves     | <u>2,934.4</u> | 7,875.1 | <u>788.8</u> | 2,116.9 |

**Shareholders' equity**

|                     |                |          |                |          |
|---------------------|----------------|----------|----------------|----------|
| Tied capital        | 15,600.8       |          | 4,193.8        |          |
| Untied capital      | 19,991.9       |          | 5,374.2        |          |
| Profit for the year | <u>4,523.7</u> | 40,116.4 | <u>1,216.0</u> | 10,784.0 |

FIM 347,531.4

US \$ 93,422.4

# Personnel

## Size and turnover

Previous annual reports have set out the number of permanent employees working for the Company on the last day of the year. In this year's breakdown the personnel has been calculated as an average of the final figures for each quarter, including temporary staff, but excluding employees with leave of absence (e.g. those doing military service or on maternity leave), who are generally substituted by stand-ins. The figures in parentheses are the corresponding ones for 1978. For reasons explained, they diverge somewhat from the 1978 annual report.

The Average number of employees was 2,450 (2,430). Of these, office staff accounted for 813 (811), sales staff 21 (24), journalists 457 (445), and workers 1,159 (1,151). In addition there were 1,655 (1,685) newspaper deliverers and 3,095 (3,357) agents not on the Company's fulltime staff.

Another breakdown shows that 1,351 (1,332) worked for the newspaper division, along with all the deliverers and agents mentioned above. Sanomaprint accounted for 594 (586), and the magazine and book division 107 (97). The administrative division employed 229 (219), the finance division 118 (115), and the planning and development division 14 (12). 14 (27) were engaged in the highest levels of management and special assignments.

The turnover percentage was 4.9 (5.4). However, for deliverers the figure increased to 25.5 (24.5), and for agents even more sharply — 19.8 (7.1). The absenteeism percentage was 4.88 (4.74).

Marking the 90th anniversary, 118 employees were awarded with the Central Chamber of Commerce medal, for long service. Of these, 5 had completed 40 years' service; 7, 35 years; 13, 30 years; 40, 25 years; and 53, 20 years.

## Health and work safety

During the year our nursing staff treated 15,541 (14,258) patients, while a further 5,313 (4,608), attended doctor's surgery. 752 people went through medical check-ups.

Blood was donated by 291 employees.

Combined work safety efforts by the employer and various personnel groups aimed at reducing the danger of accidents and occupational diseases, and making our premises healthier and pleasanter to work in. The most important organ involved remains the work safety committee, which we established as early as 1967. During the year the committee con-

## Wages, Salaries and Social Security Payments

|  | 1979                  | 1978                  |
|--|-----------------------|-----------------------|
| Wages and salaries paid                        | 167,737,006.57        | 151,100,231.22        |
| 90th anniversary bonuses                       | 6,500,826.87          | —                     |
|  | <u>174,237,833.44</u> | <u>151,100,231.22</u> |
| Sick and maternity leave pay included in above | 4,031,805.81          | 3,545,382.57          |
| Annual holiday pay                             | <u>21,784,667.57</u>  | <u>19,519,811.74</u>  |
|  | 25,816,473.38         | 23,065,194.31         |
| Employer's social security payments            | 13,196,445.45         | 12,594,453.86         |
| Social insurance payments                      | 18,508,612.00         | 11,432,255.00         |
| Accident and unemployment payments             | 3,120,641.70          | 2,627,887.21          |
| Transport services for staff                   | 272,876.39            | 372,534.44            |
| Clothing                                       | 148,849.12            | 111,666.97            |
| Other charges                                  | <u>2,758,669.24</u>   | <u>1,814,140.05</u>   |
|  | 38,006,093.90         | 28,952,937.53         |
| Wages and salaries for work done               | 141,920,533.19        | 128,035,036.91        |
| 90th anniversary bonuses                       | 6,500,826.87          | —                     |
| Social expenses                                | <u>63,822,567.28</u>  | <u>52,018,131.84</u>  |
|  | 212,243,927.34        | 180,053,168.75        |

The above figures for 1979 include salaries and fees totalling FIM 1,375,611.54 paid to the members of the Board and the managing director.

vened and inspected the premises seven times. The ergonomic group, drawn from the staff, met four times.

The following conditions were measured to check hygiene standards: infra-red radiation, ultra-violet radiation, humidity, temperature, draught, solvent vapours, printing ink mist, oil mist, Benzapyrene, noise, and lighting.

Numerous improvements in work safety were made. They encompassed noise abatement, machine safety, air-conditioning, lighting, chemicals, work with visual display units, and ergonomics. Wide-ranging work safety training was continued through courses in work safety, fire precautions, and first aid.

## Internal information

Sanoma Company's staff magazine, HESA, appeared 7 times during the year, and the Sanomia information bulletin 49 times.

## Leisure

Once again, it was a busy year for the Sanomain

Kerho club, which enjoyed extensive financial support from the Company.

The Jalassaari holiday centre at Lohja, 60 kms west of Helsinki, and the hostel at Ruka in north-central Finland were once again available for our employees. Jalassaari was used by 6,264 employees, with over 4,000 staying more than one night. There were 119 visitors to Ruka. The Company also purchased shares in a row-house at a holiday centre adjacent to the Bomba building, a showpiece of Karelian traditions at Nurmes, eastern Finland.

## Retired employees

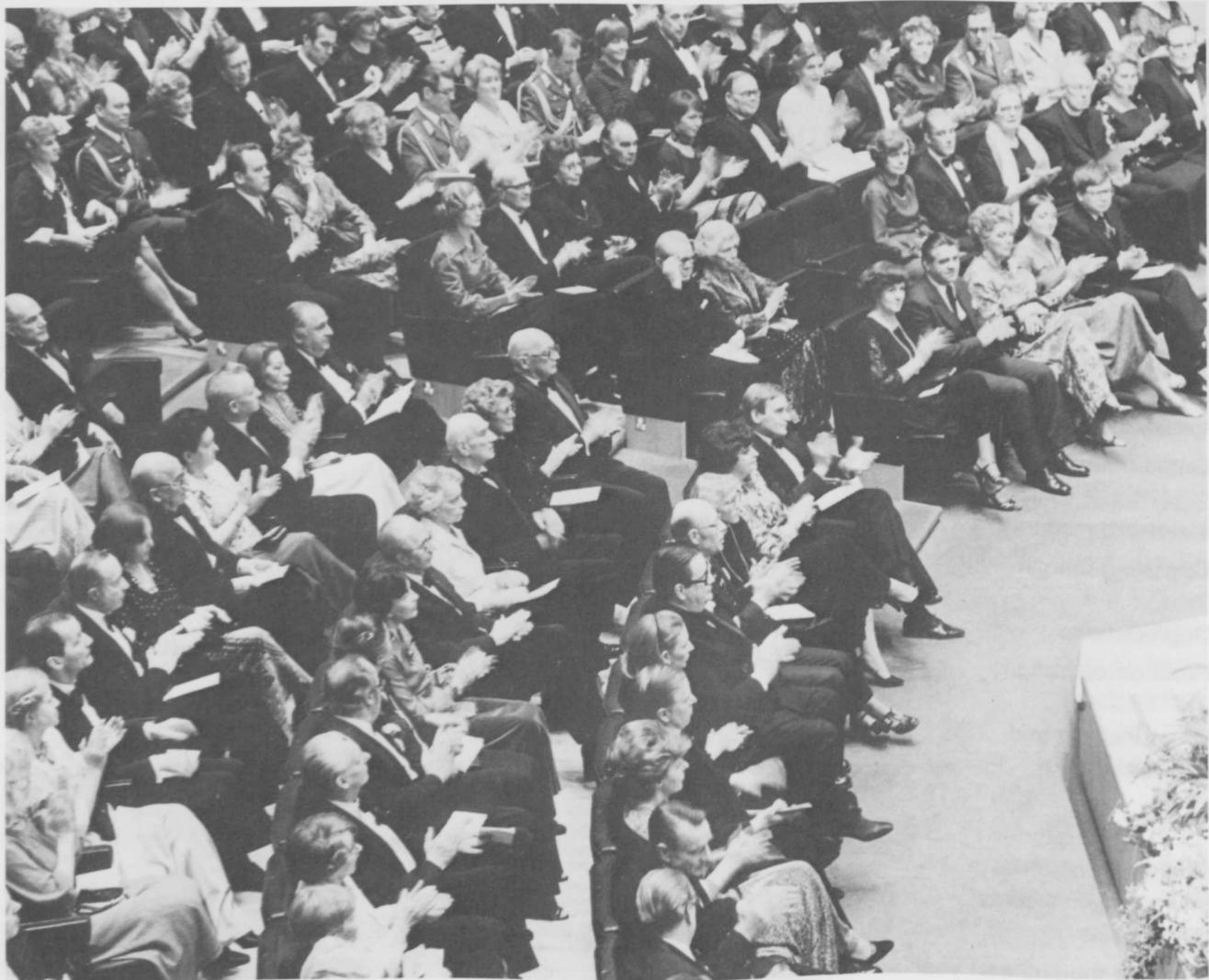
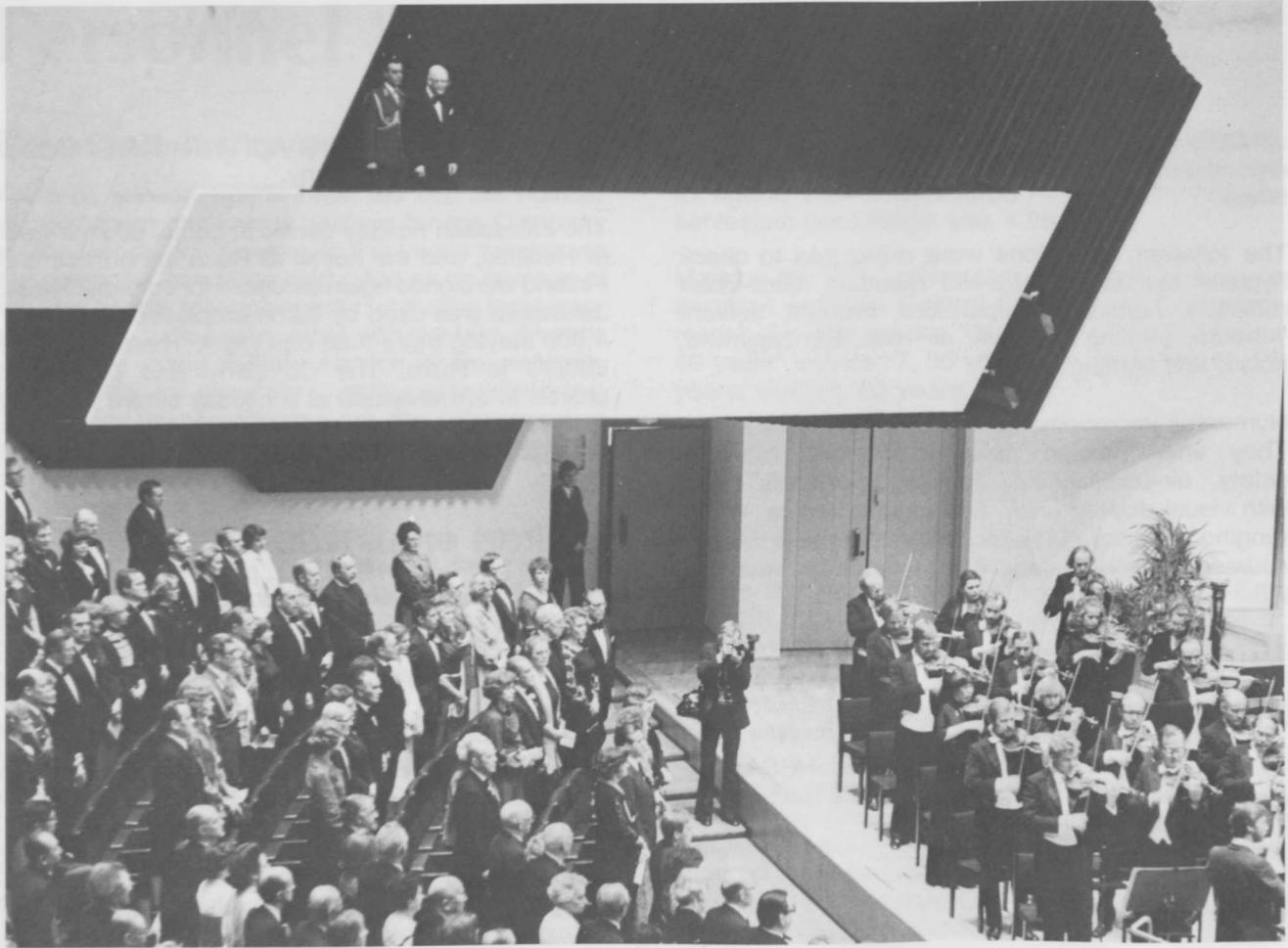
687 retired employees were covered by the Sanoma Company.

## Pension Fund at the end of 1979

The Fund's Board met four times. An extensive leisure-time programme for retired staff was organized by the Sanomain Seniorit, which enjoyed Company support. The Seniorit arranged excursions, culture and entertainment.

## Profit and Loss Statement expressed as Percentages of Turnover

|                               | 1973   | 1974   | 1975   | 1976   | 1977   | 1978   | 1979   |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Sales proceeds                | 122.8  | 122.8  | 122.5  | 124.9  | 127.7  | 129.7  | 131.2  |
| Sales adjustment items        | - 22.8 | - 22.8 | - 22.5 | - 24.9 | - 27.7 | - 29.7 | - 31.2 |
| Turnover                      | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  |
| Variable expenditures         | - 67.1 | - 66.2 | - 67.3 | - 65.5 | - 58.5 | - 59.0 | - 60.5 |
| Gross margin                  | 32.9   | 33.8   | 32.7   | 34.5   | 41.5   | 41.0   | 39.5   |
| Fixed expenditures            | - 27.8 | - 27.0 | - 28.3 | - 25.4 | - 24.8 | - 24.1 | - 23.7 |
| Operating margin              | 5.1    | 6.8    | 4.4    | 9.1    | 16.7   | 16.9   | 15.8   |
| Depreciations                 | - 3.7  | - 3.0  | - 2.5  | - 5.5  | - 15.2 | - 14.9 | - 14.0 |
| Profit on operations          | 1.4    | 3.8    | 1.9    | 3.6    | 1.5    | 2.0    | 1.8    |
| Other income and expenditures | + 1.4  | + 2.9  | + 3.0  | + 3.0  | + 2.5  | + 1.6  | + 2.8  |
|                               | 2.8    | 6.7    | 4.9    | 6.6    | 4.0    | 3.6    | 4.6    |
| Change in reserves            | - 0.7  | - 3.3  | - 1.1  | - 0.7  | -      | -      | - 0.5  |
| Interest expenditures         | - 1.0  | - 1.4  | - 1.6  | - 2.4  | - 2.8  | - 2.8  | - 2.8  |
| Direct taxes                  | -      | -      | -      | - 1.7  | - 0.6  | - 0.1  | -      |
| Profit for the financial year | 1.1    | 2.0    | 2.2    | 1.8    | 0.6    | 0.7    | 1.3    |



Portraits of the editors-in-chief of Helsingin Sanomat, painted by Kari Suomalainen and unveiled on 16 November 1979. Top left — Heikki Tikkanen, top right — Teo Mertanen, bottom left — Keijo Kylävaara, bottom right — Simopekka Nortamo.



Portrait of Professor Erik Tawaststjerna, by the English portrait painter Geoffrey Rawlins

# Management on 31 December 1979

**Aatos Erkko**, Chairman and Chief Executive Officer

**Väinö J Nurmimaa**, President and Chief Operating Officer

**Teo Mertanen**, Administrative Editor-in-Chief and Executive Vice President

**Jaakko Rauramo**, General Manager of Newspaper Division and Executive Vice President

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**Jaakko Hannuksela**, Vice President, Planning

**Heikki Huhtanen**, Vice President and General Manager, Sanomaprint

**Matti Peltonen**, Vice President, Magazines and Books

**Paul Strandén**, Vice President, Administration

**Martti Teräsalmi**, Vice President, Finance

**Pekka Toropainen**, Vice President, Real Estates (from 1 Jan. 1980)

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**Sakari Almi**, Marketing Director, Ilta-Sanomat

**Pertti Huhtala**, Advertisement Director, Helsingin Sanomat

**Matti Huopaniemi**, Marketing Director, Helsingin Sanomat

**Hannu Kilttilä**, Production Manager, Sanomala

**Jouko Nurmela**, Production Manager, Pre-press

**Pertti Puolakka**, Planning Manager, Sanomaprint

**Tuomo Saarinen**, Production Manager, Sanomaprint

**Aleksis Stenvall**, Marketing Manager, Sanomaprint

## Editors-in-Chief

### Newspapers

Teo Mertanen, Administrative Editor-in-Chief

### Helsingin Sanomat

Heikki Tikkanen, Senior  
Keijo Kylävaara  
Simopekka Nortamo

### Ilta-Sanomat

Martti Huhtamäki, Senior  
Heikki Aarnio

### Kodin Kuvalehti

Suuri Käsityökerho  
Maire Varhela

### Me naiset

Kerttu Saarela

### Aku Ankka

Kirsti Toppari

### Roope-sedän Taskulehti

Mary A. Wuorio

### Eläinmaailma

Ilkka Koivisto

## Managing Directors of Subsidiaries

### Finnvisuals Oy

Ilkka A. Pulkkinen (up to 31 December 1979)

### Lehtikuva Oy

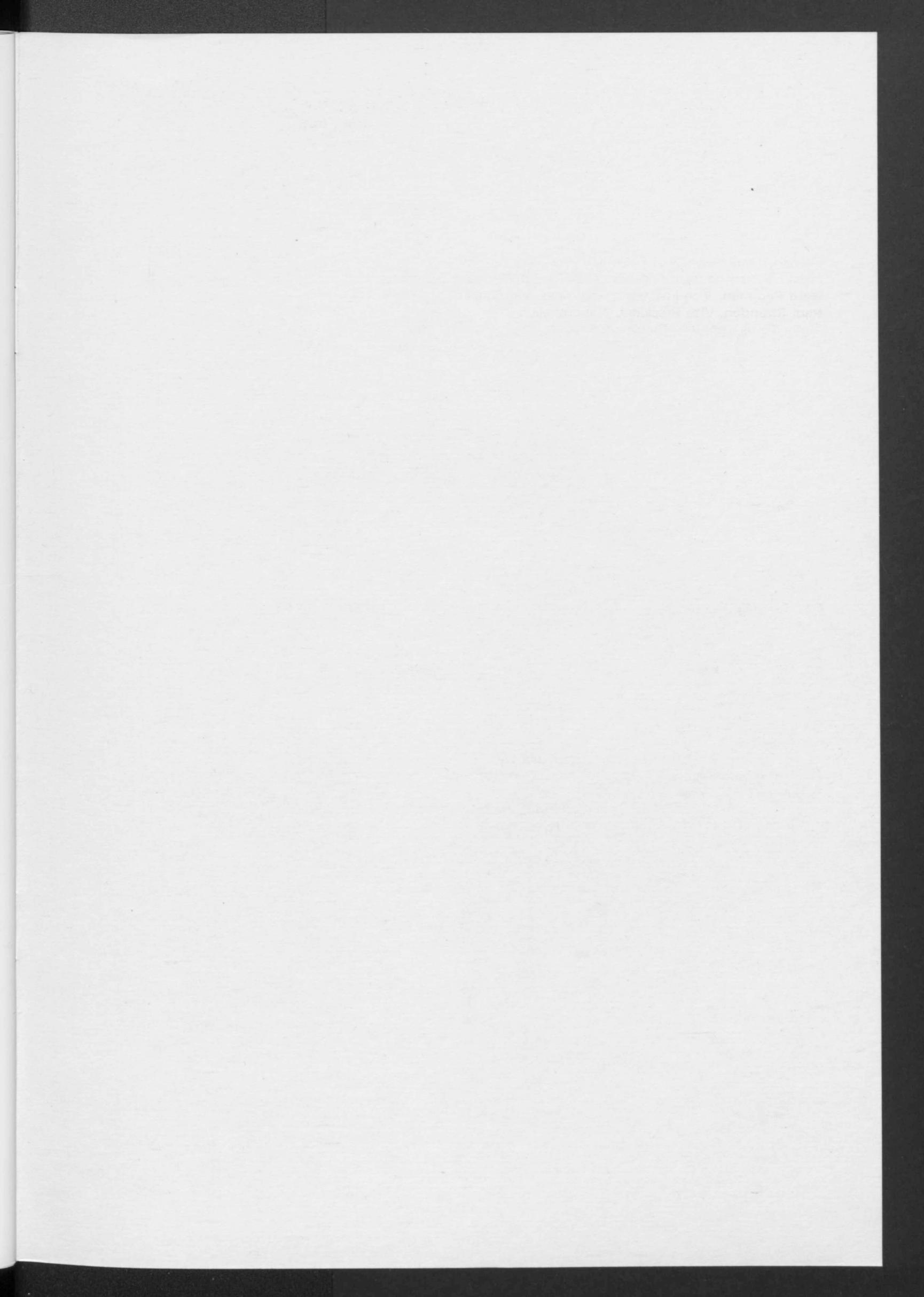
Patricia Seppälä

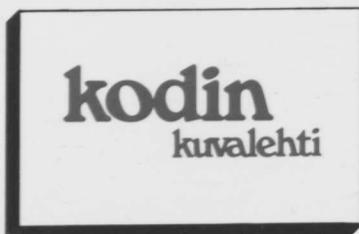
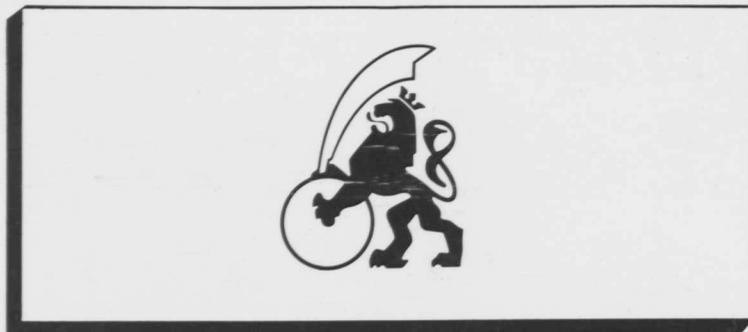
### Oy Linguaphone Ab

Kari Hyytiäinen

### Simonpaino Oy

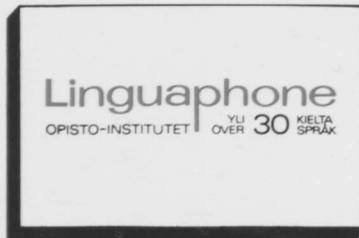
Heikki Huhtanen





Sanomaprint

Lehtikuva Oy



Oy Linguaphone Ab