

Summary of the Report of the Sanoma Publishing Company Board of Directors on Operations in 1974

The 1974 fiscal year was the Publishing Company's 85th year of Operations.

The rapid inflatory trend that characterized the Finnish economy was also felt in the activities of the Company, whereas the slow-down of the economy at the end of the year did not yet affect the Company's result to any noteworthy extent. Generally speaking, economic fluctuations do not affect this branch until much later. The set-back mainly affected the operations of the Magazine Division and Sanomaprint.

During the fiscal year, the turnover of Sanoma Publishing Company exceeded the two hundred million marks limit for the first time. The rise was close to 30 per cent and thus more rapid than inflation. All costs also increased greatly, and e.g. wages and salaries including social costs exceeded the one hundred million limit, also for the first time.

Newspaper Division

The general objective of operations was to strengthen the financial basis for the major investments needed for the new newspaper office planned for Helsingin Sanomat, the largest daily in Finland and for Ilta-Sanomat, the biggest afternoon paper and, as a short-term programme, to keep the capacity of the existing production plant abreast with the demand for increasing production volume.

Total result of this division was good, mainly due to the consistent advertisement revenue for the daily Helsingin Sanomat. The number of advertisements increased by 3.5 per cent in comparison with the previous year.

The average net circulation of Helsingin Sanomat was 318,953 on weekdays (an increase of 2.4 per cent) and 359,130 on Sundays (an increase of 1.1 per cent). The average net circulation of the evening paper Ilta-Sanomat was 89,778 (an increase of 12.2 per cent). The dailies used close to 40,000 tons of paper. During the year, the Division began to use lighter qualities of paper, i.e. 48.8 and 45 g/sqm.

Magazine and Book Division

The keen competition that had existed for years in the magazine field still continued. There were too many magazines on the small Finnish market to make profitable operations possible. The Company's share in the circulation of the approx. 150 magazines on sale amounted to c. 15 per cent.

Sanoma published eight magazines in the fiscal year, two of them for only part of the year. In general, the circulation of our periodicals decreased during the year, but the sales figures expressed in Finnish marks increased. The total number of magazine pages published was 16,236.

The book publishing sector concentrated on low-priced cartoons, informative books for the whole family, and large-sized cartoon books suitable as gifts. A total of 34 new books and 5 re-prints were published, the total edition being 1,773,000.

Sanomaprint

The operations of the commercial printing division, Sanomaprint, were negatively affected by the fast increase in the prices of raw materials at the end of 1973. In addition, there was an occasional shortage of printing paper.

The change-over from letterpress to offset was completed during the year. In this connection, a four-colour MAN VII sheet-fed press was installed at the Strömbergintie-plant.

The proportion of outside work increased from 47 to 53 per cent during the fiscal year.

Other operating divisions

Under the direction of the business planning division complete operational plans and budgets for the first five years were prepared for the whole company. In addition, the division started to map out the outside information needed for longterm planning, and to ensure the supply of this information.

The financing and administrative divisions continued to work in the traditional manner. The change-over from the computer system IBM s 360/40 to IBM s 370/135 was completed.

The Sanoma School of Journalism continued its basic training program for journalists in the frame work of the Sanoma Vocational School, which also undertook comprehensive training program for all the departments of the company.

Result

As appears from the accompanying statement of profit and loss, the profit of the financial year amounted to 4,382,980.00 Finnish marks. After the distribution of the dividend of Fmk 3.60 on every share, of nominal value of 30 marks, as proposed by the Board of Directors, and after the transfers made at the closing of the books, the Company's net worth is:

Share Capital	mk 7,100,760.00
Contingency Reserve	mk 20,922,713.08
Investment Reserve	mk 7,403,000.00
Donation Reservation	mk 38,668.00
Undisposed Profits	mk <u>3,520,889.68</u>
	mk <u>38,986,030.76</u>

Helsinki, March 18, 1975

SANOMA OSAKEYHTIÖ Board of Directors

Aatos Erkko
Patricia Seppälä
Risto Kavanne
Teo Mertanen
Väinö J. Nurmimaa
Aarne F. Castrén

Chairman of the Board and president
Mr Aatos Erkko

Vice-chairman of the Board and Editor-in-chief,
Helsingin Sanomat
Mr Teo Mertanen

Executive Vice-President and General Manager of the
Newspaper Division
Mr Väinö J. Nurmimaa