

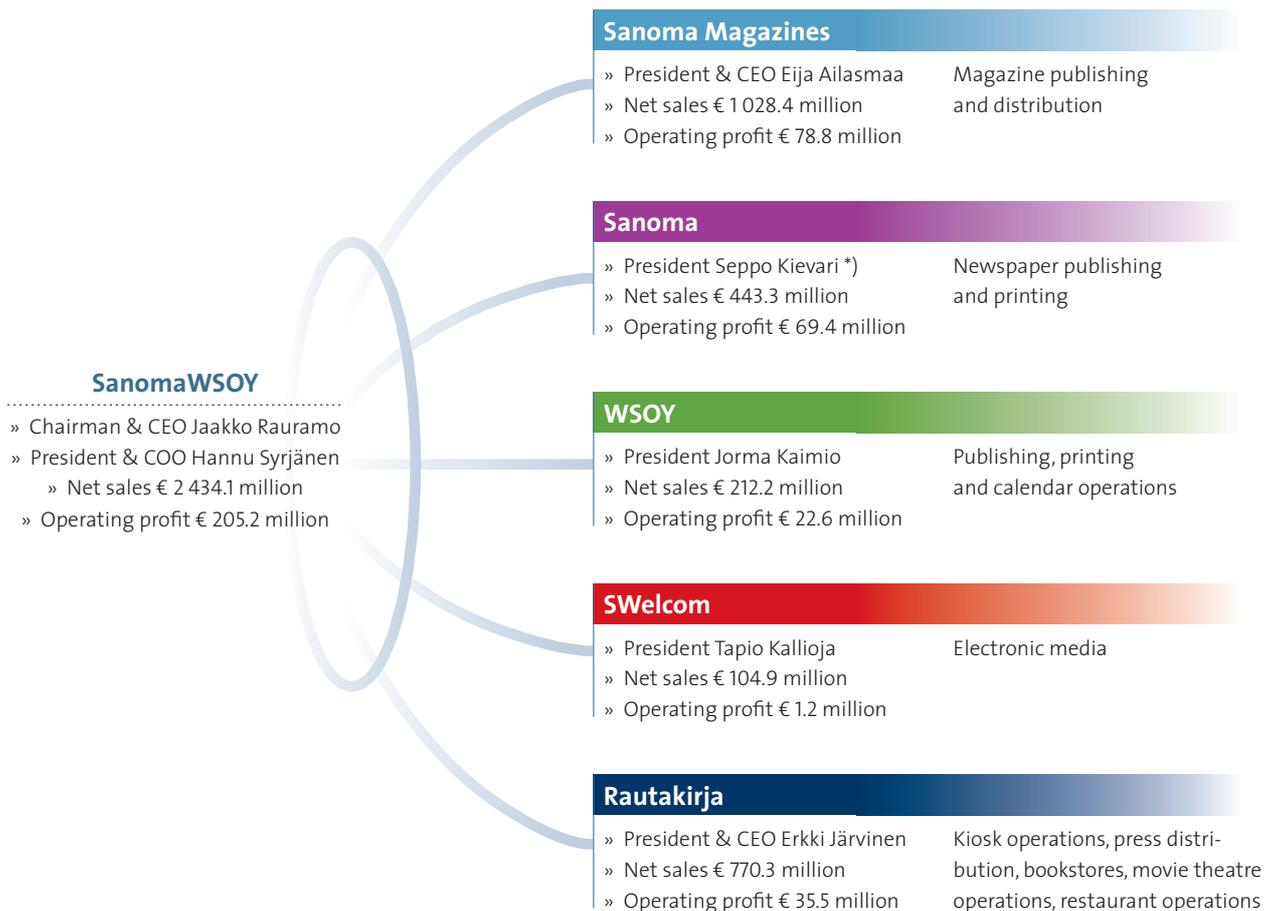
Saima WSOY

A N N U A L R E P O R T 2 0 0 3

Contents

SanomaWSOY	2
Mission, vision, values, objectives	4
Management review	6
Key figures 2003	8
Releases 2003	10
Sanoma Magazines	12
Sanoma	17
WSOY	21
SWelcom	25
Rautakirja	28
Corporate governance	32
Personnel	36
Environment	38
Board of Directors	40
Management Group	42
Financials	
Key indicators 2003	1
Board of Directors' Report	4
Financial Statements	10
Shares and shareholders	40
Auditors' report	46
Investing in SanomaWSOY	47

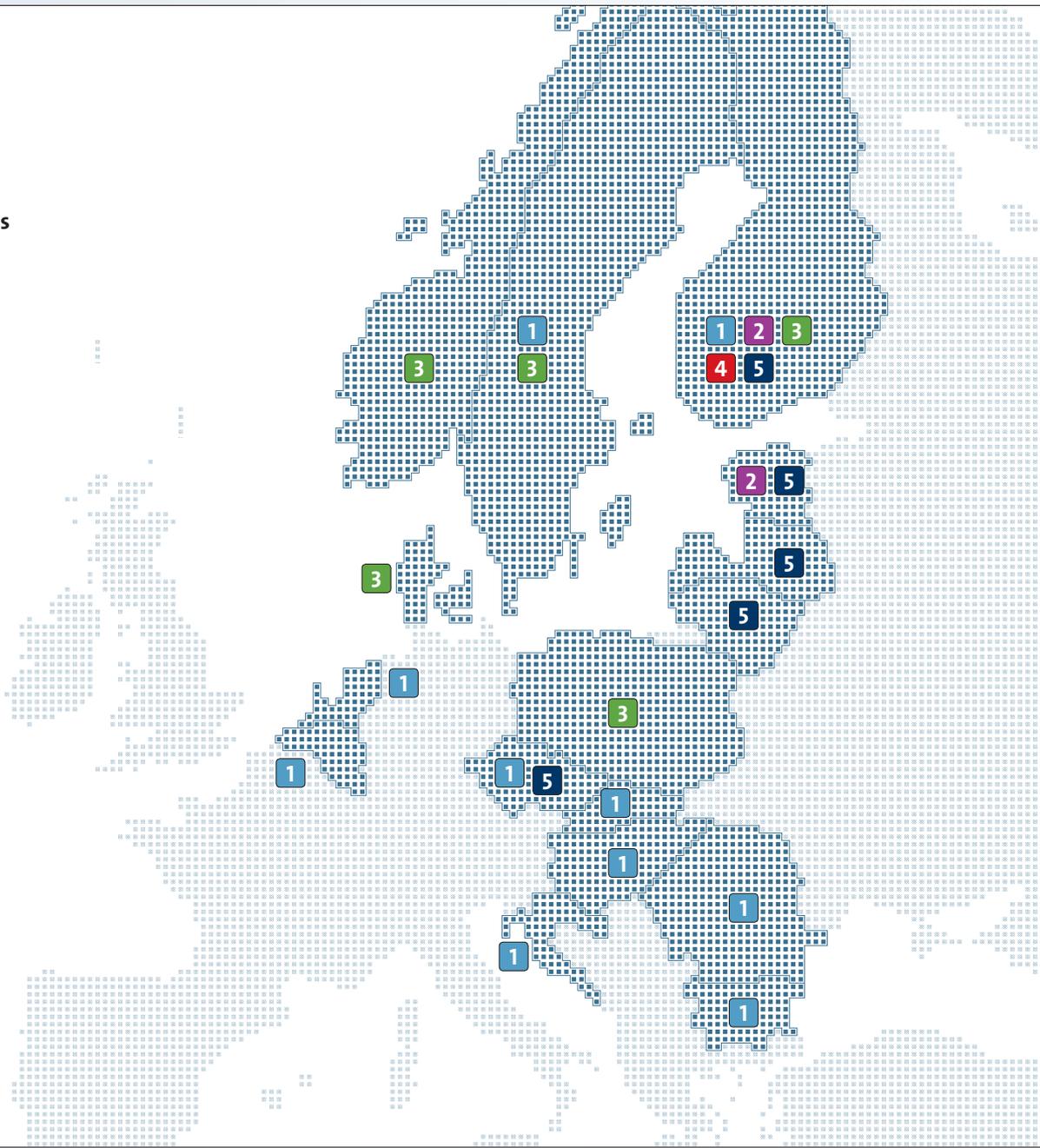
SanomaWSOY



*) Mikael Pentikäinen as of 1 April 2004

SanomaWSOY is the leading media group in the Nordic region and a strong player on the European arena. The Group comprises five divisions. Sanoma Magazines is one of the five largest magazine publishers in Europe, Sanoma is Finland's leading newspaper publisher, WSOY is Finland's largest book publisher, SWelcom focuses on electronic media, and Rautakirja is the market leader in press distribution and specialised retailing. SanomaWSOY operates in 16 European countries.

- 1** Sanoma Magazines
- 2** Sanoma
- 3** WSOY
- 4** SWelcom
- 5** Rautakirja



- **Sanoma Magazines** - Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Slovakia, Sweden
- **Sanoma** - Estonia, Finland ■ **WSOY** - Denmark, Finland, Norway, Poland, Sweden ■ **SWelcom** - Finland
- **Rautakirja** - the Czech Republic, Estonia, Finland, Latvia, Lithuania

A media company of opportunities and operational excellence



Mission

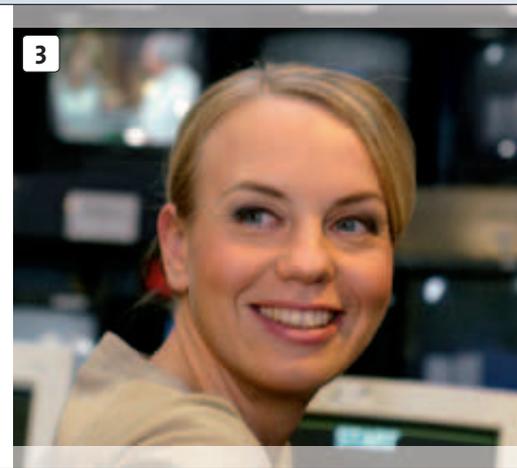
SanomaWSOY's mission is to be the media company of opportunities and operational excellence.



Vision

SanomaWSOY's aim is to be the leading media company in our chosen markets by offering

- » the most wanted and valued products and services and
- » the best level of sustainable profitability and growth.

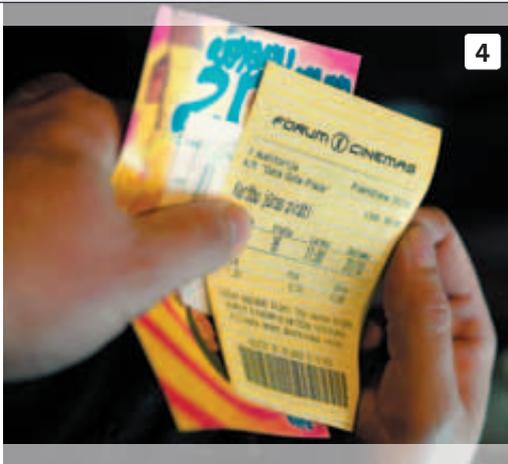


Values

Our values are creativity, reliability and dynamism.

Creative work is the essence of communications, creativity and reliability form the basis of all our activities. Dynamic people are essential to our success.

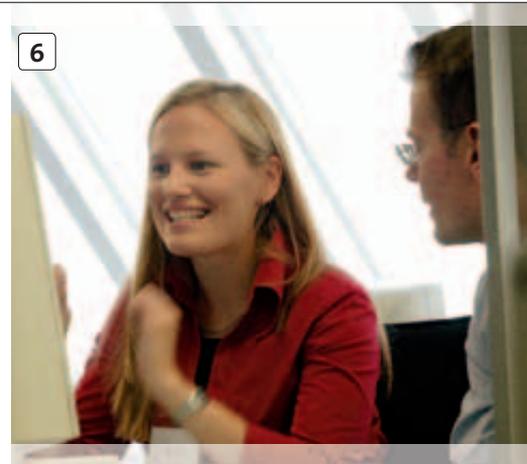
1. Sanoma Magazines has successfully extended a number of its magazine brands into other areas, such as events. Margriet's November Winterfair attracted 79,000 visitors.
2. Taloussanommat increased its overall circulation in 2003. The paper was read at the AGM.
3. Advertising sales at TV channel Nelonen were up by almost 15%. News anchor Baba Lybeck.
4. Rautakirja's Finnkino opened four new multiplex movie theatres.
5. WSOY published 714 new books in 2003.
6. Sales teams from across the Group took part in a Sales Challenge simulation game in September. Johanna Laurila and Mikael Gardberg from WSOY Business Publications were among the participants.



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Strategic objectives

SanomaWSOY's strategic aim is:

- » To build a balanced business and market portfolio, that ensures sustainable growth and profitability
- » To be a market leader and successfully leverage that leadership in our chosen businesses and markets
- » To be a leading European magazine publisher
- » To internationalise 1–2 additional businesses step by step
- » To develop profitable new products and services; including those that can be successfully expanded crossmedia and/or internationally
- » To increase the profitability of our present businesses and improve efficiency
- » To continuously promote best management practices
- » To divest non-core assets and businesses

Strategic financial targets

Strategic financial targets are defined as operating profit (EBIT) of net sales, %

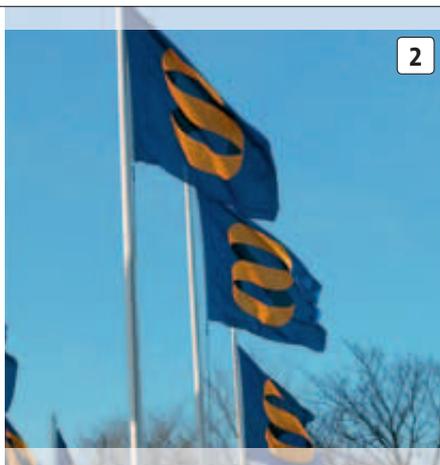
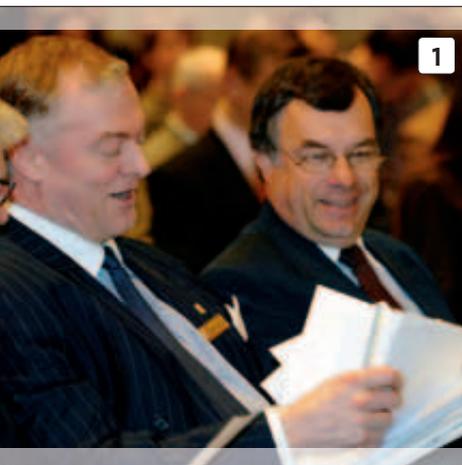
» Sanoma Magazines	9.0%
» Sanoma	12.5%
» WSOY	12.0%
» SWelcom	7.5%
» Rautakirja	6.0%
» SanomaWSOY Group	9.0%

Capex yearly basic level under € 100 million.
Equity ratio approximately 50%.

SanomaWSOY distributes at least one-third of the Group's cash flow from operations in the form of a dividend.

International responsibilities

Management review



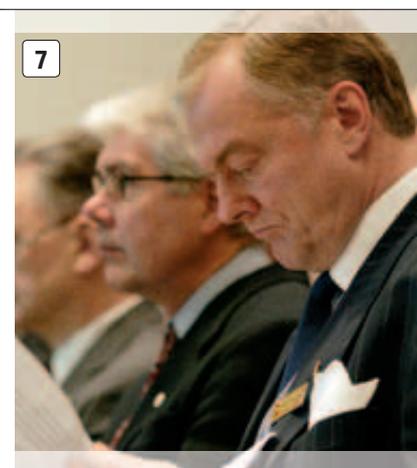
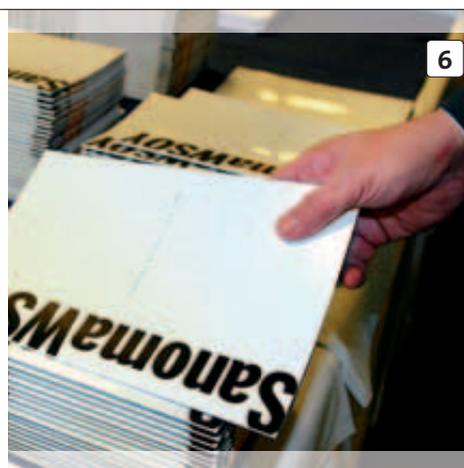
SanomaWSOY is the first Finnish media company to be genuinely international and large enough to be internationally competitive. International expansion has had a strong impact on our approach, as we must understand the cultures, languages and national values of many different countries in today's SanomaWSOY. More is expected of us in terms of management capabilities and operational excellence as well, and we are now benchmarked both internally and externally against much tougher criteria than purely Finnish companies. This international dimension has enhanced our dynamism and given us added inspiration. The success of our international expansion has clearly contributed to the Group's competitiveness.

Our social responsibility does not only concern Finland and our Finnish personnel, but all the countries where we operate and all the people employed by the Group. All of our personnel have the right to expect

respect and fair and impartial treatment. Our international expansion has not only expanded our range of operations, it has also significantly extended the Group's intellectual capital and talent potential.

There has been much debate lately about corporate social responsibility and management bonuses. We think that a company best lives up to its social responsibility by managing its operations in a way that enables the company to grow, develop, and be profitable. Thus it can take care of its personnel, be a good taxpayer, look after the environment, and yield a good profit for its owners. Gestures of social responsibility cannot compensate for bad business. One of the requirements for good business is good management. Everybody suffers if management is inadequate: the company and its personnel, first and foremost, but also its owners and society at large. We should first look at operations and profitability and then evaluate whether these are in conflict with management

1.–7. SanomaWSOY's Annual General Meeting 2003 was held in April. In picture 1, Chairman & CEO Jaakko Rauramo (left) and President & COO Hannu Syrjänen at the AGM.



salaries and bonuses. International dimension also sets its own requirements for competitive salary systems.

Failures in management accounting and control have been a central factor in many recent corporate scandals. High-quality accounting is an important prerequisite for international business. Even the best management accounting and control, however, are no substitute for morals and business ethics. One of management's basic tasks should always be to monitor corporate morals and set an example.

The business environment has weakened recently, both in Finland and in Europe as a whole. National laws and EU directives regarding business activity rarely improve corporate competitiveness – often the opposite. It is sometimes hard for representatives of industry and commerce to understand and accept this undermining of private enterprise. It is probably a matter of different

perceptions. People think, either knowingly or unknowingly, that prosperity comes from the actions of government. Private enterprise, however, plays an essential role in generating prosperity. Entrepreneurship should be promoted, supported, and encouraged in every way.

Individual enterprise and creativity are essential prerequisites for the future of SanomaWSOY. In that respect, we look forward to the future with confidence. We have excellent personnel, whom we would like to thank for a job well done. We believe that we can respond to future challenges and ensure that our readers and customers can continue to enjoy our products and rely on us in the future as they do today. We are very grateful for this trust.

Jaakko Rauramo
Chairman & CEO

Hannu Syrjänen
President & COO

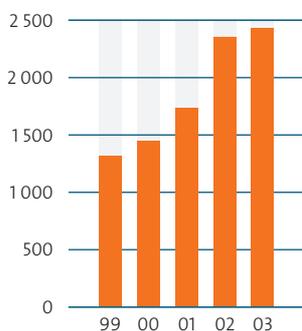
Key figures

Key indicators, € million

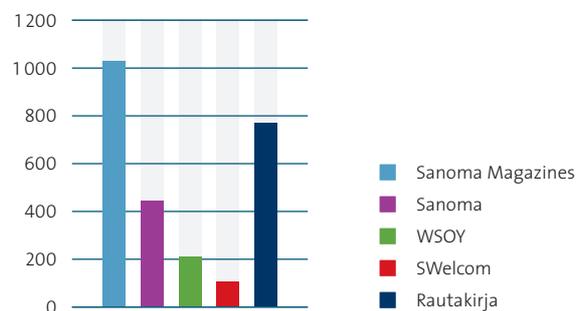
	31.12.2003	31.12.2002
Net sales	2 434.1	2 357.8
Operating profit before amortisation	334.1	269.2
Operating profit	205.2	134.4
Profit before extraordinary items	163.1	106.7
Balance sheet total	2 453.0	2 592.5
Gross investments	94.8	113.5
Equity ratio, %	40.3	36.9
Equity ratio, % *)	47.6	45.2
Gearing, %	72.9	96.1
Gearing, % *)	46.4	60.0
Interest-bearing liabilities	819.4	1 006.2

*) Capital notes included in equity

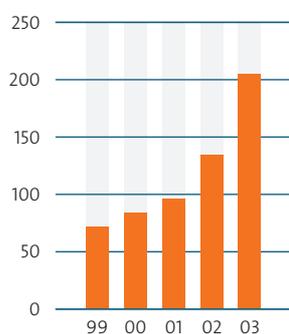
Net sales, € million



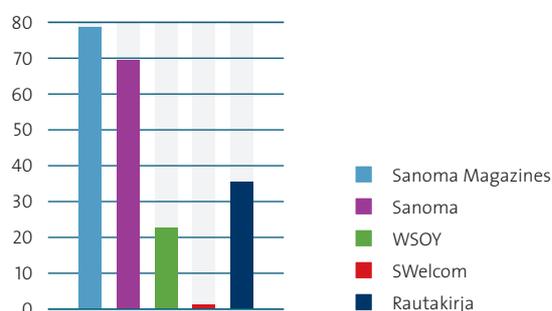
Net sales by division, € million



Operating profit, € million



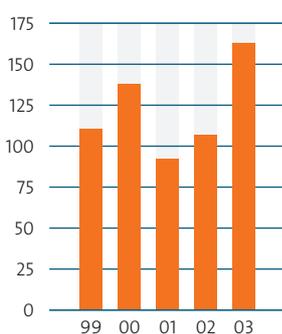
Operating profit by division, € million



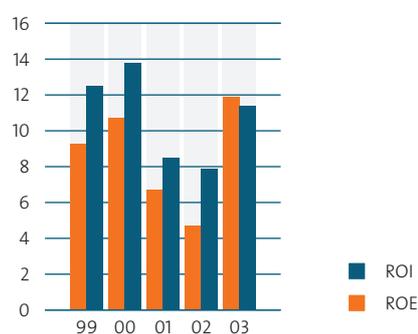
Divisions, € million

	Net sales		Operating profit before amortisation (EBITA)				Operating profit (EBIT)			
	2003	2002	2003	%	2002	%	2003	%	2002	%
Sanoma Magazines	1 028.4	1 008.1	159.1	15.5%	147.7	14.6%	78.8	7.7%	58.2	5.8%
Sanoma	443.3	438.1	77.5	17.5%	49.0	11.2%	69.4	15.6%	41.9	9.6%
WSOY	212.2	215.9	28.0	13.2%	26.4	12.2%	22.6	10.6%	20.5	9.5%
SWelcom	104.9	86.1	29.6	28.3%	9.0	10.5%	1.2	1.1%	-18.0	-20.9%
Rautakirja	770.3	726.5	41.4	5.4%	42.4	5.8%	35.5	4.6%	38.0	5.2%
SanomaWSOY	2 434.1	2 357.8	334.1	13.7%	269.2	11.4%	205.2	8.4%	134.4	5.7%

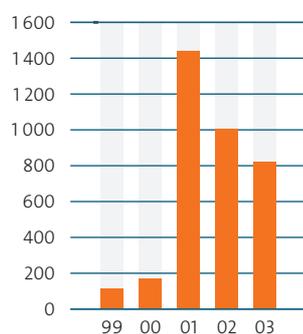
Profit before extraordinary items, € million



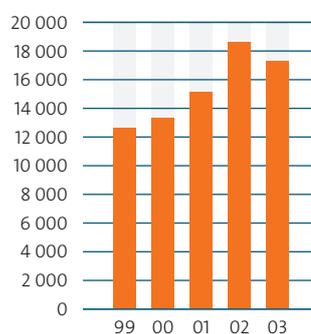
ROI and ROE, %



Interest-bearing liabilities, € million



Personnel under employment contract, average



Year 2003

Stock Exchange Releases, Releases and Stock Exchange Announcements



1

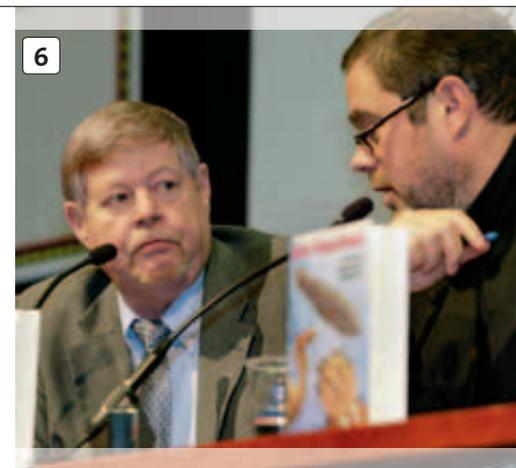
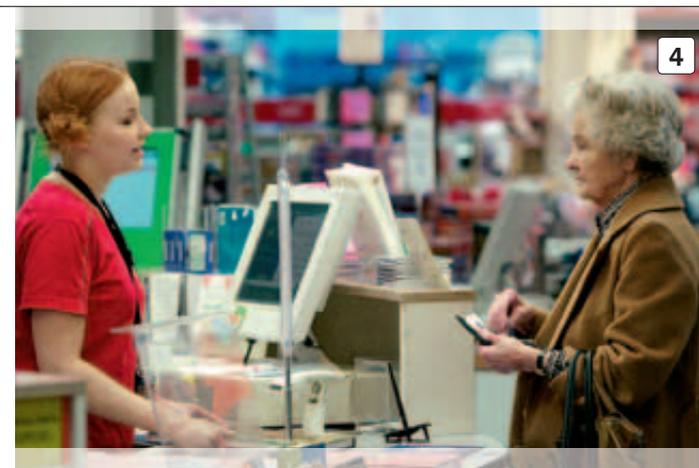


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|---|---|
| <p>11.2 SanomaWSOY's operating profit better than estimated</p> <p>20.2 Year-End Statement 2002</p> <p>20.2 Eija Ailasmaa appointed President & CEO of Sanoma Magazines</p> <p>24.2 Rautakirja's merger into SanomaWSOY in force on 1 March 2003</p> <p>3.3 Rautakirja's merger into SanomaWSOY registered</p> <p>10.3 Notice of SanomaWSOY's Annual General Meeting</p> <p>1.4 SanomaWSOY's Annual General Meeting</p> <p>7.4 Rautakirja's financial statement before the merger into SanomaWSOY</p> <p>23.4 Sanoma sold its delivery company Leijonajakelu to Finland Post</p> <p>30.4 Decrease of SanomaWSOY's share capital entered into the Trade Register</p> | <p>8.5 Interim Report Q1</p> <p>8.5 SanomaWSOY improved its operating profit in the first quarter</p> <p>15.5 SanomaWSOY's shareholders' agreement expired</p> <p>23.5 The Finnish Competition Authority continues to examine Leijonajakelu deal</p> <p>20.6 SanomaWSOY divests its holding in A-Pressen ASA</p> <p>30.6 A-Pressen ASA divestment completed</p> <p>7.8 Interim Report Q2</p> <p>7.8 Improved result for SanomaWSOY despite difficult market conditions</p> <p>12.8 Flagging announcement of selling Janton Oyj shares</p> <p>20.8 SanomaWSOY added to Dow Jones STOXX Indexes</p> |
|---|---|

1. Sanoma Magazines International launched National Geographic successfully in three countries. The Romanian launch was held at the Presidential Palace in Bucharest.
2. Libelle's summer event in August in Belgium was attended by 40,000 visitors.
3. The IS Business Unit extended the paper's product family in 2003. Sales Directors Liisa Kotilainen and Salla Vainio, and Controller Titta Halme.
4. Following further expansion at the beginning of 2004, the Suomalainen Kirjakauppa bookstore chain now has 59 outlets in Finland, including this bookstore at the Iso Omena shopping mall in Espoo.
5. HTV's cable TV operations grew at a record rate in 2003, and digital TV subscriptions now outnumber analogue ones.
6. Finnish fiction flourished in 2003. Author Arto Paasilinna can be seen here being interviewed by Petteri Väänänen at the Helsinki Book Fair.



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| <p>22.8 The Finnish Competition Authority approved Sanoma's Leijonajakelu deal</p> <p>30.10 Interim Report Q3</p> <p>30.10 The development in SanomaWSOY's results continued to be excellent</p> <p>31.10 Flagging announcement of selling Ilkka-Yhtymä shares</p> <p>3.11 SanomaWSOY redeemed convertible capital notes</p> <p>17.11 Helsinki Court of Appeal dismissed Nostokonepalvelu Oy's case against Sanoma Corporation</p> <p>21.11 Pre-conditions of Janton deal fulfilled</p> <p>21.11 and 28.11 SanomaWSOY redeemed convertible capital notes</p> | <p>10.12 Mikael Pentikäinen appointed President of Sanoma Corporation as of 1 April 2004</p> <p>10.12 SanomaWSOY to operate in 15 countries – Sanoma Magazines International to start operations in Bulgaria</p> <p>11.12 The Finnish Competition Authority approved Janton deal</p> <p>15.12 SanomaWSOY's financial reporting during 2004</p> <p>18.12 WSOY to sell Genimap</p> <p>19.12 SanomaWSOY to distribute the third block of warrants</p> <p>22.12 Janton deal completed</p> |
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SanomaMagazines

Sanoma Magazines is a major European magazine publisher.

The division publishes some 230 magazines in Belgium, Bulgaria, Croatia, the Czech Republic, Finland, Hungary, the Netherlands, Romania, Slovakia, and Sweden.



Sanoma Magazines
Magazine publishing and distribution

Sanoma Uitgevers, the Netherlands

- » Women's magazines
- » Men's magazines
- » Home interest magazines
- » Children's and youth publishing
- » Custom publishing
- » Other operations
 - ilse Media Groep
 - RCV Entertainment

Sanoma Magazines Belgium

- » Women's magazines
- » TV magazines
- » Home interest magazines
- » Custom publishing

Sanoma Magazines Finland

- » Women's magazines
- » Children's and youth publishing
- » Special interest magazines
- » Custom publishing

Sanoma Magazines International

- | | | |
|--|----------------------|------------|
| » Consumer magazines and Custom publishing | » Bulgaria | » Hungary |
| | » Croatia | » Romania |
| | » the Czech Republic | » Slovakia |

Aldipress, the Netherlands

- » Magazine distribution

Leadership in chosen markets

“Sanoma Magazines is among the five largest magazine publishers in Europe and the market leader in five countries. Our main goal is profitable growth, and expansion especially in small and medium-sized markets across Europe.

“Defending and underpinning our leading market position is also a key goal. Leadership calls for the ability to see where our markets are going, develop our strong existing magazine brands, and launch new ones.”

Eija Ailasmaa, President & CEO of Sanoma Magazines

large-circulation titles include the women’s weekly Margriet, Disney’s Donald Duck, the weekly Story, men’s weekly Panorama, and VT Wonen, a home interest magazine. In all, Sanoma Uitgevers in Hoofddorp publishes 104 magazines.

Many of Sanoma Uitgevers’ magazine brands have expanded into special editions, books and a variety of consumer goods. Popular public events have included Libelle magazine’s large outdoor event, Zomerweek, Margriet’s Winterfair and Young Family Fair. Sanoma Uitgevers’ subsidiary ilse Media Groep is the Netherlands’ leading consumer internet portal both in traffic and revenues. Sanoma Magazines has increased its stake in ilse Media Groep to 74%.



Successful integration, a strong year

Sanoma Magazines was created in 2001 when Sanoma-WSOY acquired the consumer magazines business of Dutch-based VNU, and merged the operations of Helsinki Media with it to form a new division. The integration process has been very successful. Several programmes for enhancing operational efficiency, leveraging synergies, sharing best practices, and investing in the dynamic development of both personnel and business operations have produced good results in a short time.

For Sanoma Magazines, the market in 2003 was mixed: the advertising market was down, but the division’s magazines performed well among readers. In a challenging market situation, Sanoma Magazines turned in a very strong result. Eight new titles were launched successfully during the year.

Sanoma Magazines’ business activities will be further developed in 2004: new magazines will be launched and existing brands will be further reinforced. Operations will be expanded into new areas, and presence in Sanoma Magazines’ main market regions strengthened.

Sanoma Uitgevers boosting efficiency

Sanoma Uitgevers is the leading publisher in the Netherlands in almost all magazine segments, and it is Sanoma Magazines’ largest unit. Libelle is SanomaWSOY largest magazine, with a circulation of almost 600,000. Other

1. Flair is one of the most growing women’s magazines in the Netherlands, with a circulation of about 110,500.
2. Sanoma Magazines has licensed seven internationally renowned brands, including Marie Claire, which it publishes in Belgium and the Netherlands.
3. A conference of FIPP, the international federation of the Periodical Press, was held at Sanoma Uitgevers’ head office in Hoofddorp in November. From the right: President Eija Ailasmaa, director Helga Bouwman, and publisher Henk Roelofs.
4. The launch of TV Story magazine in Croatia was backed by the Story Supernova Show song contest, which was arranged with a TV channel and enjoyed great success. The finalists’ Christmas CD was bundled with the magazine.
5. As Editor-in-Chief for more than three decades, Guy Mortier made Humo a Flemish institution. In March 2003, over 12,000 people came to the Antwerp Sportpaleis to say farewell. His message for the future: “The Humo Show goes on!”
6. Editors staged a surprise for participants at a Sanoma Magazines Finland’s marketing event by taking to the catwalk. Gloria magazines’ Editor-in-Chief, Riitta Lindegren.

In 2003, Sanoma Uitgevers launched two new magazines: Zapp & Zo, a TV-guide aimed at youngsters, and a magazine built around the TV celebrity Linda de Mol, with its associated company Mood for Magazines. A new unit, Custom Publishing, was established and several customer magazines launched. Sanoma Uitgevers expanded into homeshopping with the launch of Thuisboetiek catalogue.

Particular success in circulation was achieved by Donald Duck, which was named 'magazine of the year' in the Netherlands, and the weekly Flair, which was launched in 2002.

A reorganisation at Sanoma Uitgevers aimed at upgrading operational efficiency was successfully con-

7. The World Festival organised by Feeling in Belgium combines music and cuisine.
8. Tinadag, arranged by the Dutch-based weekly Tina, brought together 11,000 girls in an outdoor music event.
9. Sanoma Magazines Praha's Sestra (Nurse) magazine holds the Nurse of the Year competition.



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cluded in 2003. As result of it e.g. all the division's men's magazines, which were published by three companies, will now be brought together to form Sanoma Men's Magazines. A dedicated unit for developing products for the fast-growing 50+ market will be established in early 2004 as well.

In 2004, Sanoma Uitgevers plans to launch a number of new titles and initiate several new media activities to strengthen its position as market leader in the Netherlands.

Sanoma Magazines Belgium looking for growth

Sanoma Magazines Belgium is the largest publisher of consumer magazines in Belgium – and publishes 16 titles in the French- and Flemish-speaking regions of the country, and is the market leader in women's and TV magazines. Among the unit's biggest magazines are radio and TV magazine Humo, the women's magazine Libelle, and the TV magazine TeVe-Blad.

In 2003, Sanoma Magazines Belgium expanded its operations to include custom publishing. The new Sqills unit began operations in the spring, developing Gezonde Tips van Vips magazine for a Belgian cancer organisation. In June, the company acquired Loving You magazines, whose publications include a brides' magazine, a guide for party venues, and the Loving You Fashion magazine. The pocket-sized women's magazine, Glam*O powered by Flair, was launched in the autumn.

The local advertising market is growing slightly, and Sanoma Magazines Belgium will focus on strengthening its market leadership in 2004 by developing its magazine portfolio and actively looking for growth opportunities.

Sanoma Magazines Finland was successful

Sanoma Magazines Finland is Finland's largest magazine publisher and the market leader in women's magazines and juvenile publications. The unit also has a strong position in IT magazines and in custom publishing. Sanoma Magazines Finland publishes around 40 titles, of which Aku Ankka (Donald Duck), ET-lehti targeted for 50+ readers and women's bimonthly Kodin Kuvalehti have the largest circulations.

Sanoma Magazines Finland had a successful year in 2003, and its comparable operating profit almost doubled compared to 2002.

The unit will launch two new magazines in spring 2004. Auto Bild Suomi will be based on Axel Springer AG's successful international magazine concept, adapted for Finnish readers. Meidän Perhe will be a new type of magazine for parents bringing up children.

Sanoma Magazines International is expanding

Sanoma Magazines International is the magazine market leader in Hungary and the Czech Republic. The unit has a strong footing in Croatia and Romania, and also operates in Slovakia, as well as Bulgaria from the begin-

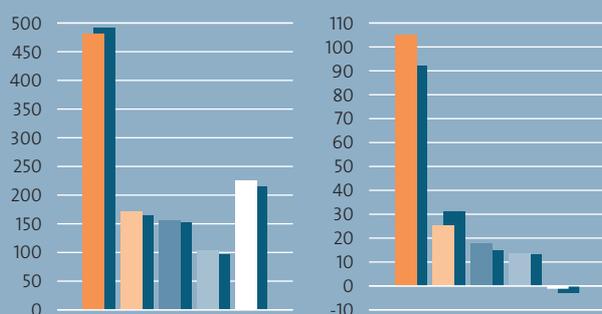
Subsidiaries

- Sanoma Magazines International B.V.
- » Sanoma Budapest Kiadó Rt.
 - » Sanoma Hearst Romania s.r.l. (65%)
 - » Sanoma Magazines Zagreb d.o.o.
 - » Sanoma Magazines Slovakia s.r.o.
 - » Sanoma Magazines Praha s.r.o.
 - » Sanoma Hearst Prague B.V. (60%)
- Sanoma Uitgevers B.V.
- » Jonge Gezinnen B.V.
 - » H.P.R. Holding B.V.
 - » ilse Media Groep B.V. (74%)
 - » Uitgeverij Veldhuis B.V. (as of January 15, 2004 Sanoma Men's Magazines B.V.)

Management Board of Sanoma Magazines

- Eija Ailasmaa**, President & CEO,
Sanoma Magazines B.V. (chairman)
- Koos Guis**, CEO,
Sanoma Magazines International B.V.
- Edo Meerloo**, CEO, B.V. Aldipress
- Raili Mäkinen**, CEO, Sanoma Magazines Finland Oy
- Walter van der Schaaff**, CFO, Sanoma Magazines B.V.
- Dirk Van den Bossche**, CEO,
Sanoma Magazines Belgium N.V.
- Pim de Wit**, CEO, Sanoma Uitgevers B.V.
- Paul van Driessen**, Secretary to the Management Board,
Chief Legal Officer and Company Secretary,
Sanoma Magazines B.V.

Net sales and EBITA by business, € million



Gross investments, € million



Subsidiaries

- » Uitgeverij Woudestein B.V.
 - » Sportweek Media B.V.
 - » Top Santé V.O.F. (60%)
- R.C.V. Entertainment B.V.
B.V. Aldipress
- Sanoma Magazines Belgium N.V.
- » Uitgevers Maatschappij N.V.
- Sanoma Magazines Finland Oy (directly owned by SanomaWSOY Corporation)

Associated companies

- Sanoma Magazines International B.V.
- » Hearst-Sanoma Budapest Kft. (50%)
 - » Sanoma Blisak Bulgaria AD (50%) (as of 2004)
- Sanoma Uitgevers B.V.
- » Geillustreerde Pers/MC V.O.F. (50%)
 - » Mood for Magazines B.V. (35%)
 - » B.V. Programmabladen AKN (25%)
- Sanoma Magazines Finland Oy
- » Hansaprint Oy (40%)
 - » Egmont Kustannus Oy Ab (50%)
- Sanoma Magazines Belgium N.V.
- » S.B.P.P. N.V. (50%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	1 028.4	1 008.1
Operating profit before amortisation	159.1	147.7
% of net sales	15.5	14.6
Operating profit	78.8	58.2
% of net sales	7.7	5.8
Operating profit excl. associated companies	67.2	42.4
% of net sales	6.5	4.2
Balance sheet total	1 504.7	1 654.5
Gross investments	18.4	18.7
Return on investment, % (ROI)	6.9	5.1
Personnel under employment contract, average	4 421	4 835
Personnel, average (full-time equivalents)	3 879	4 228

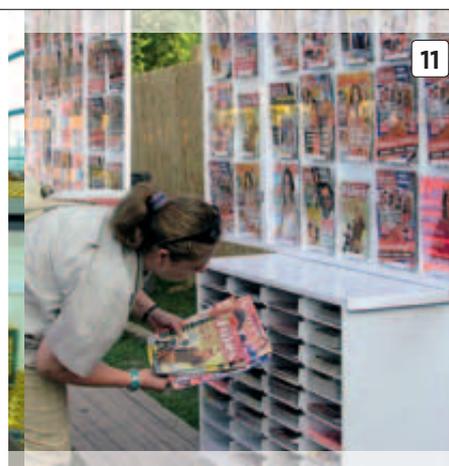
Operational indicators, 1.1 – 31.12.

	2003	2002
Number of copies sold (press distribution / Aldipress), thousands	115 124	123 901
Number of magazines published	232	221
Magazine copies sold, thousands	411 421	420 762
Number of advertising pages sold	47 122	49 144

ning of 2004. The unit has operated in the Eastern Central European market since 1992, and aims to achieve a leading position in all the countries in which it operates. Sanoma Magazines International's largest units are Sanoma Magazines Budapest, with large-circulation titles such as the weekly Story, and the radio and TV magazine szines RTV; and Sanoma Magazines Praha, with the women's weekly Vlasta, and the family weekly Kvety.

Sanoma Magazines International developed dynamically in 2003. The company acquired the rest of the shares in its Croatian company, Sanoma Magazines Zagreb. The deal gave Sanoma Magazines International even better opportunities to expand. Sanoma Magazines Zagreb now publishes a total of six titles. Three of these

10. Aldipress also now distributes videos.
11. Sanoma Budapest is one of the sponsors of the Sziget 2003 Music Festival. Its magazines were present during the festival.
12. Signing for a new joint venture, Sanoma Bliask Bulgaria. From the right: Sanoma Magazines International's CEO Koos Guis, Sanoma Magazines' Chief Legal Officer Paul van Driessen, and Bliask Media AD's President Dimitar Drumev.



were launched in 2003: the twenty-fifth language version of the popular monthly, National Geographic, the new family-oriented weekly, TV Story, and Elle Dekor, the Croatian version of the international interior design magazine, Elle Decoration. TV Story and Elle Dekor were launched in cooperation with a TV channel.

Sanoma Hearst Romania and Sanoma Budapest also successfully launched new national versions of National Geographic. In December, Sanoma Magazines Praha launched a new kind of TV magazine, TV Duel, and started the Citigroup customer publishing unit.

Sanoma Magazines International and the Bulgarian magazine publisher, Bliask Media OOD, started a joint venture, Sanoma Bliask Bulgaria AD, at the beginning of 2004. The company publishes Bliask, Maximum, and Sudbi&Dom, some of the largest-circulation magazines in the country. The first issue of the Bulgarian edition of Cosmopolitan will appear in spring 2004.

In 2004, Sanoma Magazines International will focus on growth and development. A number of magazine launches are to be expected during the course of the year.

Aldipress received a number of awards

Aldipress is the largest newsstand distributor of magazines in the Netherlands, distributing more than 700 magazines to 9,000 outlets. The company's distribution

centre operates in Duiven.

In 2003, Aldipress made a significant effort to boost and expand its operations. It started distributing home entertainment products for a Dutch retailer and won important new customers. Aldipress and five of its partners received a national Packaging Award for their unique partnership in the distribution chain. The Aldipress Magazine Crate packaging system received an award as the best innovation in packaging, particularly because of its convenient movability.

In 2004, Aldipress aims to strengthen its market leadership in publication distribution and develop its chain optimization in the retail area in terms of logistical, financial, and information flows. Internally, Aldipress will continue to improve efficiency of its processes and will merge its Amsterdam return center with the Duiven plant.

Outlook for 2004

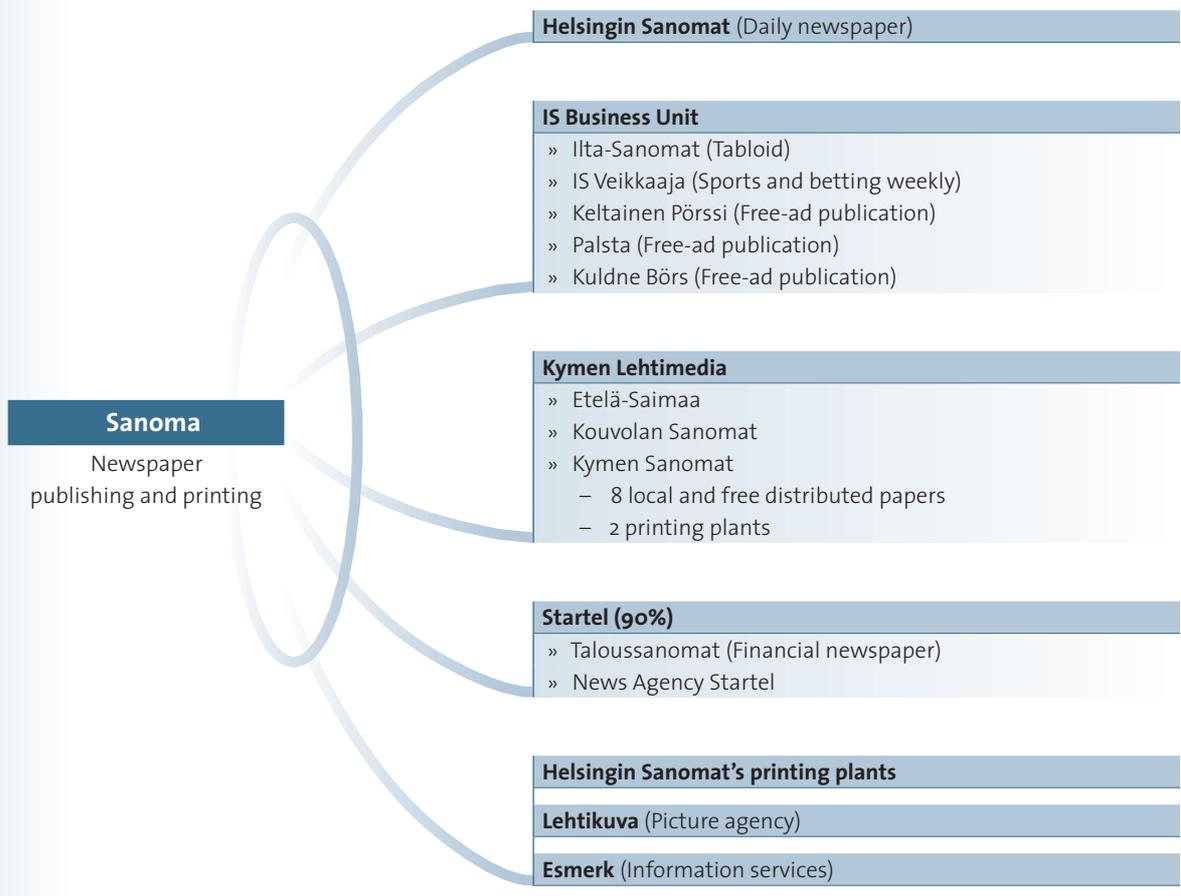
In 2004, the net sales of Sanoma Magazines are expected to grow, partly due to the new accounting principles. EBIT is expected to be on the same level as in 2003 despite heavy investments in growth in all major markets.

See also Financials, p. 6.



Sanoma publishes and prints Helsingin Sanomat, the largest subscription-based newspaper in the Nordic region, and Ilta-Sanomat, Finland's second-largest newspaper. Sanoma's other national papers include the business daily Taloussanomat, a sports and sport betting weekly, and two free-ad publications. Sanoma's titles also include three regional papers, as well as several local papers in Southeastern Finland.

Sanoma's titles also include three regional papers, as well as several local papers in Southeastern Finland.



Sanoma
Newspaper publishing and printing

Helsingin Sanomat (Daily newspaper)

IS Business Unit

- » Ilta-Sanomat (Tabloid)
- » IS Veikkaaja (Sports and betting weekly)
- » Keltainen Pörssi (Free-ad publication)
- » Palsta (Free-ad publication)
- » Kuldne Börs (Free-ad publication)

Kymen Lehtimedia

- » Etelä-Saimaa
- » Kouvolan Sanomat
- » Kymen Sanomat
 - 8 local and free distributed papers
 - 2 printing plants

Startel (90%)

- » Taloussanomat (Financial newspaper)
- » News Agency Startel

Helsingin Sanomat's printing plants

Lehtikuva (Picture agency)

Esmerk (Information services)

Most profitable and dynamic in the Nordic region

“Sanoma’s goal is to be the most profitable and dynamic newspaper publisher in the Nordic region. Quality journalism must be independent, and this is only possible when profitability is secured and the organisation is committed to developing its operations and its products.”

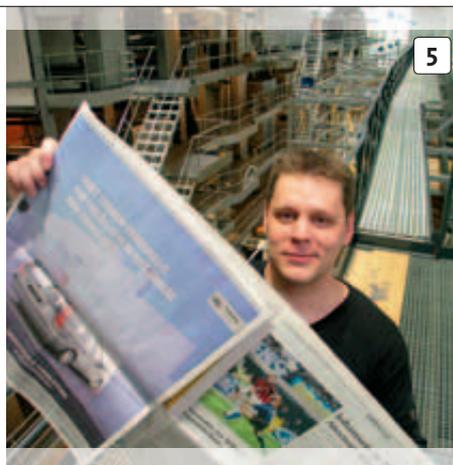
Seppo Kievari, President of Sanoma Corporation

for classified ads, also increased. In November, for example, the site had half a million visitors.

In 2004, Helsingin Sanomat will continue to enhance the efficiency of its operations. The aim is to boost the newspaper’s share of the media market and continue the favourable growth in circulation that began in autumn of 2003.

Multichannels for the IS family

The main brands of the IS Business Unit – the tabloid, Ilta-Sanomat, the IS product family for sports and sport betting, and the free-ad publication, Keltainen Pörssi, with their supplements and web services – are all market leaders in their own areas.



Profitability and operational enhancements

In 2003, Sanoma focused on improving its profitability and implemented a number of major operational enhancements. The distribution company, Leijonajakelu, was sold to Finland Post, and a new four-colour printing press was commissioned at Helsingin Sanomat’s Sanomala printing plant. The high-points of the year in terms of journalism included the Finnish general elections and the Iraq war, as well as the related aftertalks.

In 2004, Sanoma will focus on growth, while consolidating its strong editorial content.

Helsingin Sanomat revamped

The Helsingin Sanomat product family includes the core daily paper, the weekly supplement, Nyt, the monthly magazine, Kuukausiliite, and online products: Verkkoliite, the On line news service, and Nyt.fi.

The introduction of the new four-colour printing press allowed an editorial redesign of Helsingin Sanomat’s structure. The result is a modern newspaper that meets readers’ expectations better than ever. Verkkoliite, which publishes the contents of the print daily in full on the Web, was also revamped and became a chargeable service.

The circulation of Helsingin Sanomat started to rise in August. The number of visitors at Oikotie, a web site

1. Ilta-Sanomat has strengthened its position as one of Finland’s leading news media. Senior Editor-in-Chief, A-P Pietilä, and News Editor, Riika Kuuskoski.
2. A revamp of Helsingin Sanomat included the launch of a new Home & Style section. Producer Juha Sainio, design editor Heikki Hankimo, and assistant editors Raija Forsström and Suvi Ahola, were all involved in the revamp.
3. Taloussanomat produces the content for TV channel Nelonen’s business news. Newscasters Niina Hyrsky and Petri Korhonen and cameraman Esa Selin.
4. Helsingin Sanomat was the only representative of the Finnish media with US troops during the Iraq war. Journalist Sami Sillanpää.
5. Sanomala’s new SanoMan printing press offers exciting four-colour opportunities for advertisers. Maintenance engineer Janne Rähkä.
6. Lehtikuva now offers customers video news images together with still photos. Picture editor Kalle Parkkinen.

Subsidiaries

Infosto Oy
 Kymen Lehtimedia Oy
 » Baltic Media Oy (89%)
 » Etelä-Karjalan Jakelu Oy
 » Etelä-Saimaan Sanomalehti Oy
 » Kymen Sanomalehti Oy
 » Kymen Viestintä Oy
 » Lehtikanta Oy
 » Saimaan Lehtipaino Oy
 » Uutisvuoksi Oy
 Lehtikuva Oy
 Startel Oy (90%)
 Esmerk Group (90%)

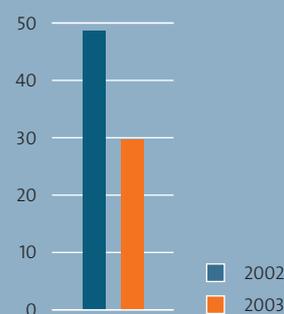
Management Group of Sanoma

Seppo Kievari, President (until 31 March 2004),
 Sanoma Corporation (chairman)
Mikael Pentikäinen, President (as of 1 April 2004),
 Sanoma Corporation (chairman)
Veli-Pekka Elonen, Vice President, Administration, Sanoma Corporation
Pekka Harju, Vice President, Marketing, Ilta-Sanomat
Kari Kivelä, Managing Director, Startel Oy
Antti Kivimaa, Vice President, Development, Sanoma Corporation
Antti Mäkelä, President, Kymen Lehtimedia Oy
Eija Rinta, Vice President, Finance (CFO), Sanoma Corporation
Pekka Soini, Vice President, Marketing, Helsingin Sanomat
Jarkko Kyttänen, Secretary to the Management Group,
 Business Development Manager, Helsingin Sanomat

Net sales and EBITA by business, € million



Gross investments, € million



Associated companies

Anjalankosken Painotalo Oy (48.22%)
 NetWheels Oy (20.06%)
 Suomen Tietotoimisto Oy (22.14%)
 ZAO Smena (30%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	443.3	438.1
Operating profit before amortisation	77.5	49.0
% of net sales	17.5	11.2
Operating profit	69.4	41.9
% of net sales	15.6	9.6
Operating profit excl. associated companies	67.3	36.2
% of net sales	15.2	8.3
Balance sheet total	447.7	508.5
Gross investments	29.7	48.6
Return on investment, % (ROI)	23.5	13.3
Personnel under employment contract, average	4 027	4 944
Personnel, average (full-time equivalents)	3 041	3 578

Operational indicators, 1.1 – 31.12.

	2003	2002
Helsingin Sanomat		
Weekday circulation, copies *)	429 244	431 262
Sunday circulation, copies *)	500 269	500 150
Advertising volume (column metres)	42 359	42 834
Ilta-Sanomat		
Circulation, copies *)	198 693	204 820
Advertising volume (column metres)	7 036	7 036
Taloussanomat		
Circulation, copies *)	34 784	32 513
Advertising volume (column metres)	2 393	2 747
Other daily papers		
Total circulation, copies *)	88 715	89 718
Advertising volume (column metres)	21 967	21 092
Local newspapers		
Total circulation, copies	33 100	33 407
Advertising volume (column metres)	8 179	8 501
Paper consumption, tonnes	99 724	94 993

*) Audited circulation figures

2003 was a good year in journalistic terms for Ilta-Sanomat, with features on issues such as the Iraq information leak, which caused a lot of concern in Finnish domestic politics. Veikkaaja magazine became IS Veikkaaja, and IS Urheilulehti and IS Veikkaaja expanded their cooperation. The free-ad publications, Keltainen Pörssi and Palsta, and their web services, were also renewed.

In 2004, Ilta-Sanomat's weekly supplement, Plussa, will be switched from tabloid to magazine format. The IS product group for sports and sport betting centred on IS Urheilu and IS Veikkaaja will be developed. Ilta-Sanomat's sport editors and TV channel Nelonen's Sport News will combine their efforts to provide IS Sports News, which will be broadcast on Nelonen.

7. The launch of Helsingin Sanomat's revamp made a splash in Helsinki city centre. Editor-in-Chief Heleena Savela.
8. The Parliamentary elections were a major feature of the news year. Ilta-Sanomat's newsroom at 1.30 a.m. on election night. From the left: Managing Editor Tapio Sadeoja and Chief of the Political Affairs Desk Pekka Ervasti, with News Editor Ulla Appelsin in the foreground.
9. The Crown Princess of Sweden visited Sanoma House during her state visit to Finland. From the right: journalist Jukka Kajava, Crown Princess Victoria, Senior Editor-in-Chief Janne Virkkunen, and Editor-in-Chief Reetta Meriläinen.



Kymen Lehtimedia develops internal cooperation

Kymen Lehtimedia publishes and prints dailies and local newspapers. Its titles include the regional newspapers, Etelä-Saimaa, Kouvolan Sanomat, and Kymen Sanomat, as well as six local and two free distributed papers in Southeastern Finland.

Kymen Lehtimedia extended its internal cooperation within the Group in 2003. Editorial cooperation between its dailies increased, and advertisement production and some administrative activities were centralised.

In 2004, Kymen Lehtimedia will further enhance the efficiency of its operations. Digital advertising material, for example, will be concentrated in a single access point. At the beginning of the year, Kymen Lehtimedia sold its majority shareholding in its Russian agent, Baltic Media Oy.

Progress for Taloussanomat, more visibility for Lehtikuva

Startel publishes Taloussanomat, provides news agency services, and supplies financial information. In 2003, the new theme supplements of Taloussanomat and the revamping of its Saturday issue were received positively. Advertising and circulation sales moved up during the

latter part of the year and profitability improved. In 2004, Startel will continue to develop Taloussanomat into a strong finance media for corporate decision-makers, and invest in new digital solutions for financial information.

Lehtikuva is Finland's leading picture agency. In 2003, it concentrated on enhancing its visibility and developing its image search capabilities. Foreign demand for images for illustration needs grew significantly. In 2004, Lehtikuva's largest project will be the Olympic Games in Athens.

The Sanoma Group also includes Esmerk, which provides customised news analysis and summary services.

Outlook for 2004

In 2004, Sanoma's comparable net sales are expected to grow in line with the general trend in the media market. The profit from basic business operations is expected to improve more than net sales, due to long-term development measures. The division's operating profit will fall short of the previous year's figure, as non-recurring gains on the sales of assets are not expected to reach the previous year's level in 2004.

See also Financials, p. 6–7.



WSOY

WSOY is Finland's largest book publisher and the market leader in general literature, educational materials, and several special publications. WSOY is also one of the largest book printers and the leading calendar publisher in the Nordic region.



WSOY

Publishing,
printing,
calendar operations

Publishing

- » WSOY General Literature
- » WSOY Educational Publications
- » eWSOY
 - Young Digital Poland (49%)
- » WSOY Business Information
 - Docendo Group
 - Everscreen Oy (64%)
 - Everscreen Ab
- » Weilin+Göös Oy
 - Bertmark Media AB

Printing

- » WS Bookwell Oy
- » Lönnberg Painot Oy
- » Dark Oy

Calendar operations

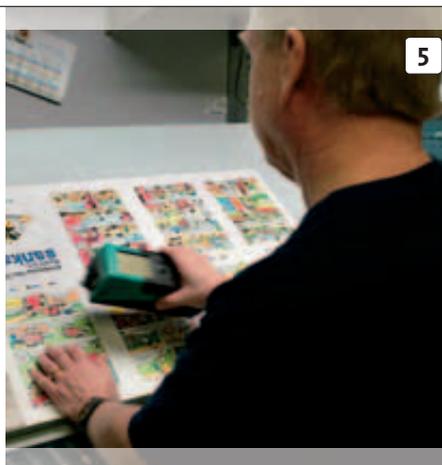
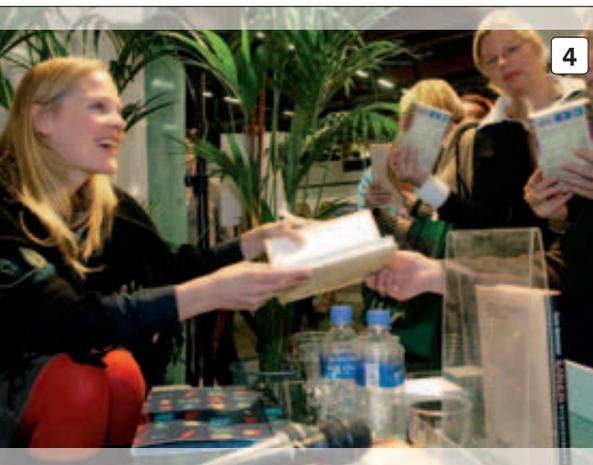
- » Ajasto Osakeyhtiö
 - Almanacksförlaget AB
 - Emil Moestue AS

Market leader in printed and digital publications

“WSOY’s goal is to be the market leader in both printed and digital publications.

“Although our main focus continues to be in Finland, our target is to become a European publishing house, and we are actively looking for opportunities to expand outside Finland.”

Jorma Kaimio, President of WSOY



125 years in publishing

WSOY celebrated its 125th anniversary in 2003. WSOY’s consumer products sold well during the year, but the market for business products continued to be weakened by the downturn in business activities. In 2004, WSOY will focus on its strategy and seek new opportunities for expanding in Europe.

Finnish fiction on the rise

WSOY’s General Literature unit is the market leader in Finland, and aims to be the forerunner and promoter of creative literature in Finland. WSOY Educational Materials is the market leader in all forms of education and related product groups, and WSOY Business Information offers products and services targeted at corporate customers. eWSOY focuses on e-learning, developing the internet-based Opit service for schools. Weilin+Göös publishes multi-volume books, and Bertmark publishes and markets annual books and multi-volume books across the Nordic region.

2003 was a particularly good year for Finnish fiction. Both the Finlandia Prize for fiction and the Tieto-Finlandia Prize for non-fiction were awarded to books published by WSOY. The Finlandia Prize went to Pirkko Saisio’s Punainen erokirja (‘The Red Book about Separation’) and the Tieto-Finlandia Prize to Elina Sana’s Luovutetut (‘The Extradited’).

1. Elina Sana’s book about the wartime deportation of Jews from Finland, ‘Luovutetut’, attracted a great deal of attention in the Finnish and international media, and was awarded the Tieto-Finlandia Prize.
2. Weilin+Göös’ sales panel develops and tests new product ideas.
3. WSOY will arrange more than 1,000 school visits and events for teachers during spring 2004 to present its new educational materials. Field Manager Erja Hautakoski presenting books at Pajjala comprehensive school in Tuusula.
4. ‘The Bookseller of Kabul’ by Åsne Seierstad, seen here at the Helsinki Book Fair, was one of the most talked-about books of 2003.
5. A Donald Duck book in production at WS Bookwell.
6. WSOY Educational Materials’ customer service department takes up to 3,000 phone calls a month. Maija Luoto, Marjo Kanerva, and Anna Block.

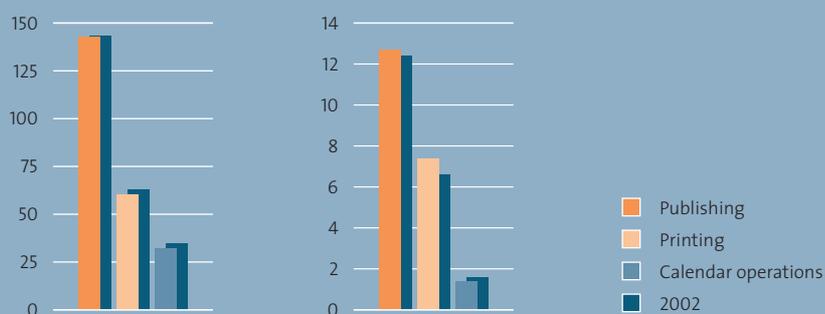
Subsidiaries

Ajasto Osakeyhtiö
 » Almanacksförlaget AB
 » Emil Moestue AS
 Dark Oy
 Docendo Finland Oy
 » Docendo Sverige AB
 Everscreen Oy (64%)
 » Everscreen AB
 Lönnberg Painot Oy
 Weilin+Göös Oy
 » Bertmark Media AB
 » Kustannusperintä Oy
 WS Bookwell Oy

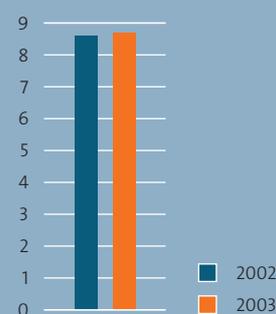
Management Group of WSOY

Jorma Kaimio, President, WSOY (chairman)
Jyri Ahti, Senior Vice President, Business Development, WSOY
Yrjö Franssila, President, Ajasto Osakeyhtiö
Jaana Korpi, Managing Director, Weilin+Göös Oy
Mikko Laine, Senior Vice President, eWSOY
Hannu Laukkanen, Senior Vice President, WSOY Educational Materials
Jorma Mikkonen, Senior Vice President, Finance and Corporate Services, WSOY
Pekka Pätynen, Senior Vice President, Printing operations
Tuomo Räsänen, Senior Vice President, WSOY Business Information
Touko Siltala, Literary Director, General Literature, WSOY
Katja Vuorialho, Secretary to the Management Group, Senior Counsel, WSOY

Net sales and EBITA by business, € million



Gross investments, € million



Associated companies

Taskukirja Loisto Oy (25%)
 Young Digital Poland S.A. (49%)

Key indicators, € million

	31.12.2003	31.12.2002
Net sales	212.2	215.9
Operating profit before amortisation	28.0	26.4
% of net sales	13.2	12.2
Operating profit	22.6	20.5
% of net sales	10.6	9.5
Operating profit excl. associated companies	21.0	12.4
% of net sales	9.9	5.7
Balance sheet total	203.8	280.8
Gross investments	8.7	8.6
Return on investment, % (ROI)	17.8	9.7
Personnel under employment contract, average	1 933	1 937
Personnel, average (full-time equivalents)	1 859	1 836

Operational indicators, 1.1 – 31.12.

	2003	2002
Number of new titles published		
Books	714	681
Electronic products	105	116
Number of reprints published		
Books	1 168	1 251
Electronic products	202	279
Books printed, millions	21	22
Paper consumption, tonnes	12 828	12 952

Other Finnish fiction did well as well: Many of WSOY's Finnish authors broke sales records in 2003. The popularity of translated fiction, however, declined. Weilin+Göös decided to publish the first Finnish multi-volume encyclopedia for many years. The first two volumes of the Factum series were published in 2003 and had a positive reception.

The Opit learning portal has about 75,000 users. Long-term, large-scale user agreements were made with the cities of Tampere and Espoo. Both cities decided to introduce the Opit service for all their schoolchildren.

7. The 'Tavaton kiire–Deadline' exhibition of illustrations was held at the Design Museum in Helsinki to mark the 125th anniversary of the founding of WSOY. President Jorma Kaimio can be seen here at the opening.
8. WSOY's Calendar business combines expertise in content, production, and distribution.
9. Many favourite Finnish authors sold well in 2003. Raket Liehu's Runeberg prize-winning 'Helene' was one of the year's success stories.



WSOY has an interesting publishing programme for 2004, which is expected to be a good year for books. The operations of the Educational Materials unit will be affected by the decade's largest curriculum change, which will affect materials at all school levels and poses inspiring challenges for development.

Printing operations enhance production

WSOY's printing company, WS Bookwell, is one of the largest book printers in the Nordic region, and 50% of its production is exported. Lönnberg Painot Oy specialises in printing advertising material, annual reports, in-store displays, and gift packaging. Dark Oy is a digital printer.

In 2003, WS Bookwell developed its bindery lines and enhanced its operating efficiency. Dark invested in printing multi-colour manuals, which strengthened its position as Finland's leading digital printer. The first year of operation at its new Sanomala premises also improved Dark's productivity. F.G. Lönnberg was nominated the best printing house in Finland for the sixth time.

Competition in the printing business is expected to continue to be intense in 2004. Printing Operations aim to retain its market share by developing customer service and improving the profitability of investments.

Calendar operations focus on profitability

WSOY's Calendar Operations unit, Ajasto, is the leading Nordic time management company, with operations in Finland, Sweden, and Norway.

Calendar Operations reduced its fixed expenses and made production more cost-efficient during 2003. The market for consumer calendars remained stable in Finland, and the company's position on the market was strengthened.

In 2004, Calendar Operations will streamline its structure. As the market leader, the unit aims to maximise economies of scale and improve profitability.

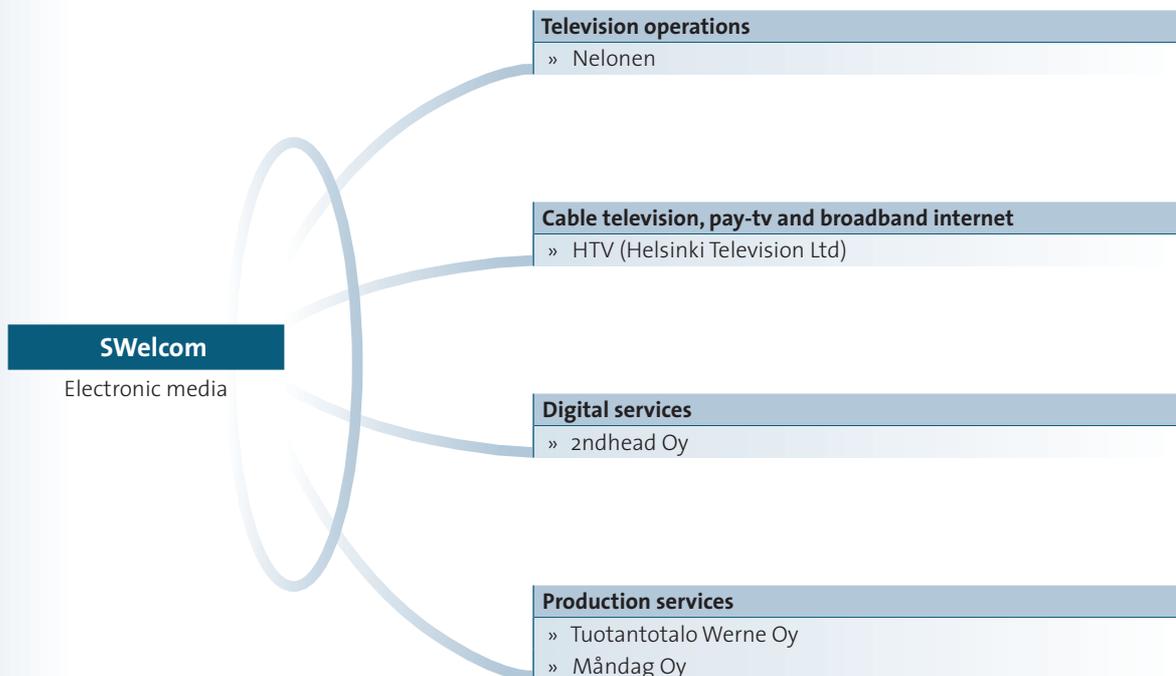
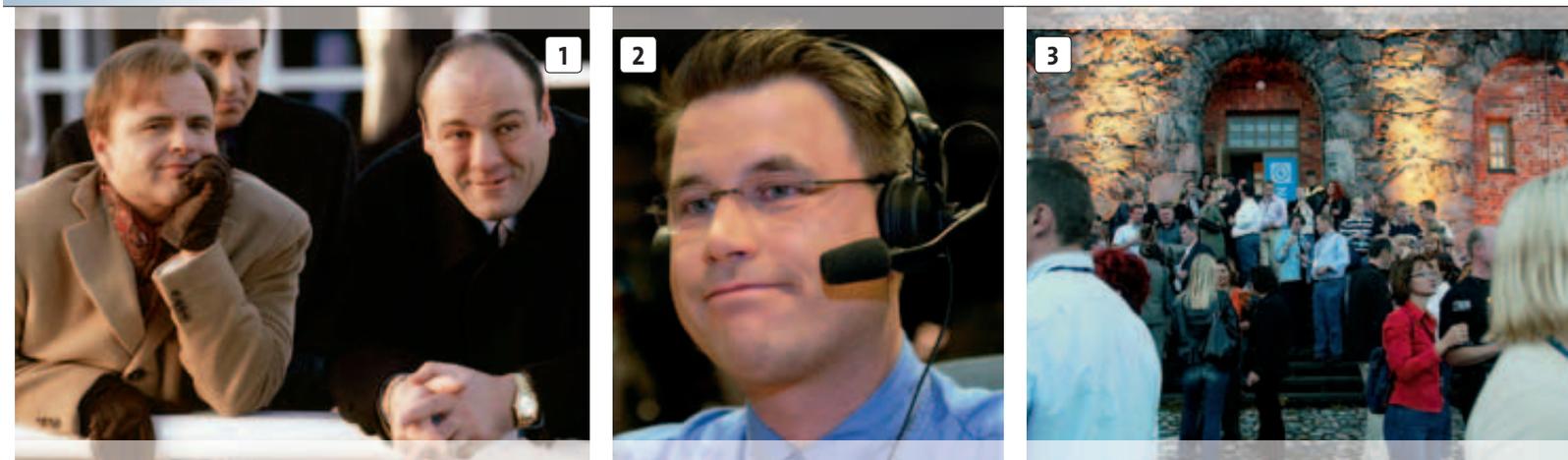
Outlook for 2004

WSOY's net sales for 2004 are expected to grow from previous year in line with the improving operating environment. Growth in results will also continue – solid market positions and profitability improvement measures will enhance the increase.

See also Financials, p. 7.

swelcom^e

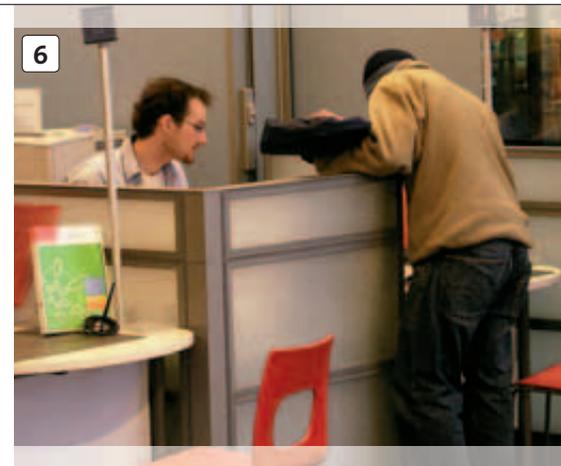
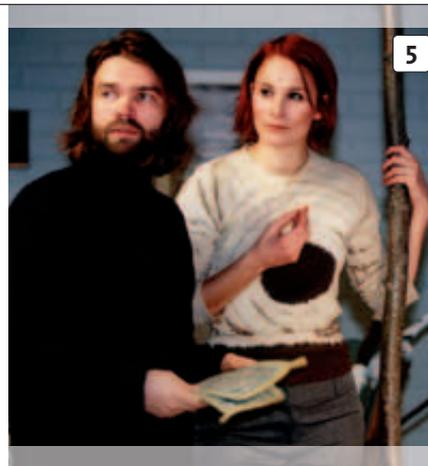
SWelcom is SanomaWSOY's electronic media division. The division includes Finland's third most important advertising media, the Nelonen TV channel, and the country's biggest cable TV company, HTV (Helsinki Television).



A significant player in electronic media

"We are a serious challenger on the electronic media market, in both television and broadband internet. Our goal is to be the number-one choice for our target groups and an important player in the field of electronic media at the national level."

Tapio Kallioja, President of SWelcom



Year of success

In addition to the TV channel, Nelonen, and the cable TV company, HTV, SWelcom's units include Werne, Måndag, and 2ndhead, which provide electronic media production services.

For SWelcom, 2003 was an excellent year. The division improved its financial performance considerably and posted a profit. Nelonen increased its share of the advertising market and became the second most viewed channel among viewers aged between 10 and 44. For HTV, the year was also successful, with a substantial increase in the number of connections and the number of broadband internet subscriptions.

In 2004, Nelonen's broadcasts will expand to cover almost all of Finland. The company's positive result in 2003 will help investments in digital TV and programming. HTV's profitable growth will continue and the company will focus on starting new services for its broadband customers.

Outlook for 2004

In 2004, SWelcom's net sales are expected to grow substantially due to the increase in Nelonen's advertising sales, sales of HTV's connections and the popularity of the broadband services. Operating profit is expected to improve further despite growing investments.

1. The popularity of TV channel Nelonen continued to grow in 2003 among the channel's key target audiences. 'The Sopranos' won numerous awards in 2003.
2. Nelonen's news cameramen have won a number of top Finnish awards. Mikko Hirvonen is one of the news anchors.
3. The Finnish firework championships held by Nelonen is Finland's largest public event. Nelonen arranges a customer event during the championships.
4. HTV and Welho were profiled on Helsinki's city bikes during the summer.
5. Nelonen's programmes received four Venla awards in 2003. 'Irtiottoja' received an award as the best drama series.
6. HTV's broadband network already has more than 260,000 households as customers. A HTV shop in Sanoma House.

See also Financials, p. 7–8.

Subsidiaries

2ndhead Oy
 Helsinki Televisio Oy
 Oy Ruutunelonen Ab (90.55%)
 » Oy Suomen Medianeelon Ab
 Tuotantotalo Werne Oy
 » Måndag Oy

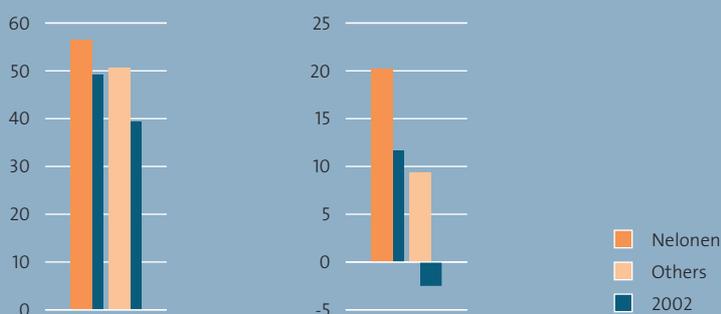
Associated companies

Maxisat Oy (46.21%)
 Platco Oy (33.33%)
 Suomen Urheiluradio Oy (23.25%)

Management Group of SWelcom

Tapio Kallioja, President, SWelcom Oy (chairman)
Pekka Jaakola, Senior Vice President,
 Technology, SWelcom Oy
Pirkko Jokinen, President, 2ndhead Oy
Juha-Pekka Louhelainen, President, Oy Ruutunelonen Ab
Marja-Leena Tuomola, Vice President,
 Administration, SWelcom Oy
Markku Tuomola, President, Helsinki Television Ltd.
Pia Huhdanmäki, Secretary to the Management Group,
 Senior Counsel, SWelcom Oy

Net sales and EBITA by business, € million



Gross investments, € million

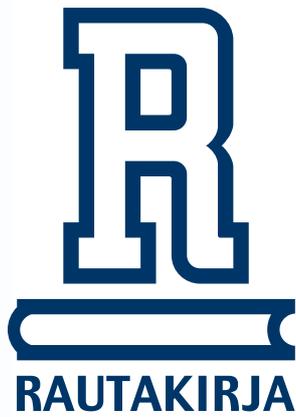


Key indicators, € million

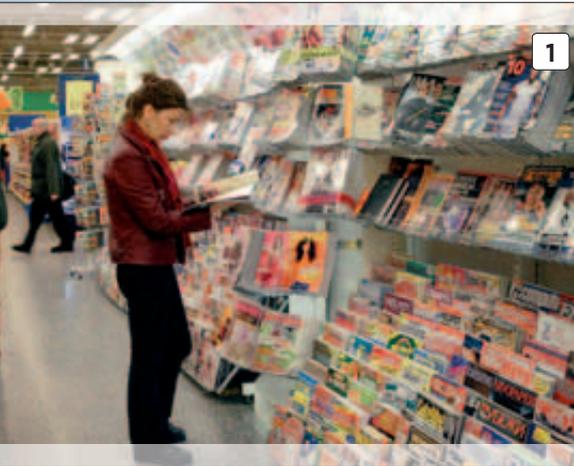
	31.12.2003	31.12.2002
Net sales	104.9	86.1
Operating profit before amortisation	29.6	9.0
% of net sales	28.3	10.5
Operating profit	1.2	-18.0
% of net sales	1.1	-20.9
Operating profit excl. associated companies	1.0	-15.6
% of net sales	1.0	-18.1
Balance sheet total	142.3	138.2
Gross investments	8.9	8.1
Return on investment, % (ROI)	1.5	-16.8
Personnel under employment contract, average	416	413
Personnel, average (full-time equivalents)	392	384

Operational indicators, 1.1 – 31.12.

	2003	2002
Nelonen's share of Finnish TV advertising	27.3%	24.7%
Nelonen's daily coverage	41%	43%
Nelonen's national commercial viewing share	22.0%	23.4%
Nelonen's national viewing share	11.4%	11.6%
Number of connected households, thousands (31.12.)	257	237
Number of pay-TV subscriptions, thousands (31.12.)	33	36
Number of broadband internet connections, thousands (31.12.)	43	31



Rautakirja operates in the Czech Republic, Estonia, Finland, Latvia, and Lithuania. The division consists of Finland's leading chain of convenience outlets (R-kiosks), the country's principal press distributor (Lehtipiste), Finland's most extensive bookstore chain (Suomalainen Kirjakauppa), and Finland's largest movie theatre chain (Finnkino).



Rautakirja
Kiosk operations, press distribution, bookstores, movie theatre operations and restaurant operations

Kiosk operations

- » R-kiosks
- » Veikkausrasti
- » R-Kiosk Eesti AS (Estonia)
- » Narvesen Baltija SIA (Latvia)
- » CZ Retail a.s. (the Czech Republic)

Press distribution

- » Lehtipiste
- » AS Lehepunkt (Estonia)
- » SIA Preses Serviss (Latvia)

Bookstores

- » Suomalainen Kirjakauppa Oy
- » Yliopistokirjakauppa
- » Lukiolaisten Kirjakauppa
- » Reader's
- » Apollo Raamatud AS (Estonia)

Entertainment

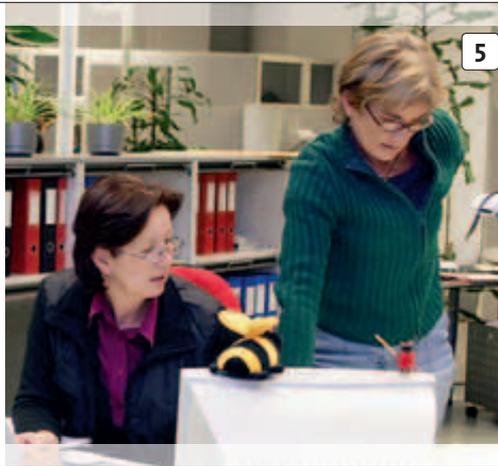
- | | |
|--|---|
| <ul style="list-style-type: none"> » Movie theatre operations <ul style="list-style-type: none"> – Finnkino Oy – AS MPDE (Estonia) – Baltic Cinema SIA (Latvia) – UAB Vingio kino teatras (Lithuania) – Interprint Oy | <ul style="list-style-type: none"> » Restaurant operations <ul style="list-style-type: none"> – Eurostrada Oy – Foodstop Oy/Motorest – Pizza Hut |
|--|---|

Growth from international expansion

“Rautakirja’s goal is to grow faster than the overall retail and wholesale market. Truly nationwide operations and a strong market position are our other key elements.

“An important share of Rautakirja’s future growth will come from outside Finland. The Baltic countries are already part of our domestic market. In the future, we will focus increasingly on the developing markets of Eastern Europe.”

Erkki Järvinen, President & CEO of Rautakirja



A wholly owned subsidiary

Rautakirja was merged into SanomaWSOY on 1 March 2003, after which Rautakirja shares were delisted from the Helsinki Exchanges. Rautakirja continues its operations as before, as an independent division within the Group.

Kiosk operations meet challenges

Rautakirja has kiosk operations in the Czech Republic, Estonia, Finland, and Latvia. In Finland, there are 713 R-Kiosks and 35 Veikkausrasti outlets specialising in gaming products. R-kiosks form one of Finland’s leading chains of convenience outlets. There are 199 R-kiosks in Estonia and 431 kiosks in Latvia, jointly owned with a Norwegian company.

Operations in the Czech Republic were launched in the beginning of 2003 in collaboration with French-based Hachette Distribution Services SA. The first year of operation saw the establishment of 137 kiosks.

The wholesale and retail business became more competitive in 2003 due to both domestic and international activities. Rautakirja met the challenge by systematically developing its versatile range, one that differs from those offered by other wholesale and retail business.

In 2004, kiosk operations are set to forcefully develop their systems. The whole business concept will be refined and the service range expanded.

1. Sales of magazines devoted to the home, cars, youth culture, and music all increased in 2003. A Lehtipiste outlet at the K-Supermarket Jättijako in Vantaa.
2. Lehtipiste’s dispatch department is located in Vantaa.
3. The number of Finns reading books has grown. Suomalainen Kirjakauppa’s bookstore at the Iso Omena mall in Espoo.
4. R-kiosks are ideal for quick-impulse purchases. Veli Kojo at the new R-kiosk at Helsinki Station Square.
5. Most of Rautakirja’s Finnish finance functions have been concentrated at the company’s new financial service centre. Tarja Åberg and Kirsi Vartiainen.
6. Finnkino is the leading movie theatre chain in the Baltic region. A new multiplex was opened in Riga in Latvia in November.

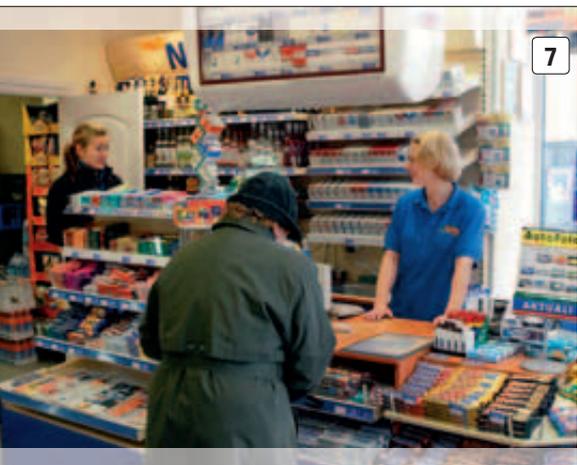
Good prospects for press distribution

Lehtipiste operates in Estonia, Finland, and Latvia as a marketing and newsstand distribution organisation of newspapers and magazines. Lehtipiste offers an interesting product range and has extensive expertise in distribution and promotion.

2003 was a successful year for newsstand sales, thanks to the launch of several new general interest magazines. Sales of tabloids declined slightly. In Estonia and Latvia, operations were developed further and market positions were strengthened.

The prospects are good for all three countries, due both to publishers' efforts and Lehtipiste's own development work.

7. A Finnish-Norwegian partnership kiosk in Riga.
8. Finnkino is the market leader in all the countries where it operates, such as Latvia.
9. The number of Eurostrada outlets is not expected to grow significantly. The Eurostrada service area in Keimola.



Bookstores refine portfolio management

Suomalainen Kirjakauppa is a nationwide bookstore chain and the market leader in its field in Finland, with 59 Suomalainen Kirjakauppa outlets and four Yliopistokirjakauppa bookstores, two Reader's paperback bookstores, and the Lukiolaisten Kirjakauppa bookstore. In addition, the company has a strong direct sales unit and online webstores that support all sales channels. In Estonia, the company operates three Apollo bookstores.

2003 was a good year for book sales, especially for the sales of non-fiction and fiction. Finnish and foreign fiction, as well as children's and juvenile books, sold well. The market position of Suomalainen Kirjakauppa was strengthened by the acquisition of both the Lukiolaisten Kirjakauppa business and the Academic Bookstore's press subscription operations. The look and operations of stores were developed during the year in line with a new concept.

In 2004, Suomalainen Kirjakauppa will seek growth by enhancing the efficiency of its operations and investing in portfolio management and further developing its chain concept.

Expansion of movie theatre operations

Finnkino specialises in movie theatre operations and film distribution activities, and has operations in Estonia, Finland, Latvia and Lithuania.

Finnkino opened two new multiplex movie theatres in Lithuania in 2003, one in Latvia, and one in Finland. The construction of another multiplex was started in Oulu. Finnkino's Kinolippu and Lippupalvelu ticket services began collaboration in the summer. In Finland, the number of movie theatre visits were on the same level as in previous year. Finnish movies had a good year.

Finnkino's new multiplex movie theatres will strengthen Finnkino's position as the market leader in all the countries where it operates, and the chain will continue its expansion by establishing new units.

Restaurant operations

Rautakirja's restaurant operations consist of two business lines in Finland: highway service areas and Pizza Hut restaurants. Eurostrada's Motorest chain has been expanded over the last few years, as agreed with Neste Marketing.

Outlook for 2004

Year 2004 will be a challenging year for trade, and growth is likely to be smaller than in previous years. Rautakirja's comparable net sales are expected to grow more than wholesale and retail business in general. Operating profit is expected to improve.

See also Financials, p. 8.

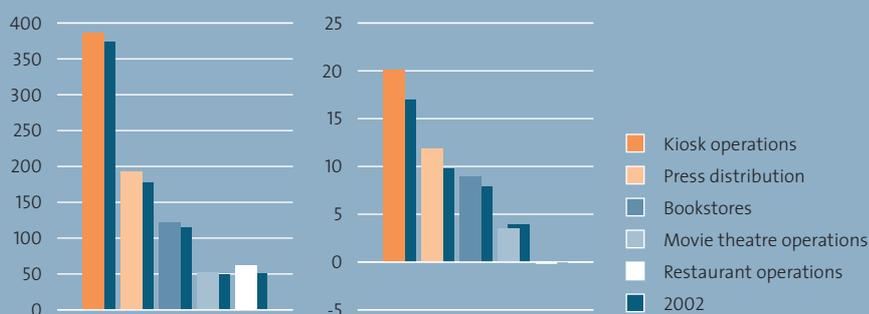
Subsidiaries

AS Lehepunkt
 Eurostrada Oy
 » Foodstop Oy (99%)
 Finnino Oy
 » AS MPDE
 » Baltic Cinema SIA (90%)
 » Interprint Oy
 » UAB Vingio kino teatras (90%)
 R-Kiosk Eesti AS
 Suomalainen Kirjakauppa Oy
 » Apollo Raamatud AS

Associated companies

Baltlab OÜ (33.33%)
 CZ Retail a.s. (50%)
 » M-Trafik s.r.o.
 » Amadeo s.r.o.
 JHC Arena Holding (30%)
 Jokerit HC Oy (36.43%)
 Kirjavälitys Oy (20.05%)
 Narvesen Baltija SIA (50%)
 » a/s Preses Apvieniba (96.95%)
 » SIA Preses Serviss
 SIA Stockmann Centrs (37%)

Net sales and EBITA by business, € million



Gross investments, € million



Key indicators, € million

	31.12.2003	31.12.2002
Net sales	770.3	726.5
Operating profit before amortisation	41.4	42.4
% of net sales	5.4	5.8
Operating profit	35.5	38.0
% of net sales	4.6	5.2
Operating profit excl. associated companies	41.3	39.5
% of net sales	5.4	5.4
Balance sheet total	348.6	410.4
Gross investments	28.7	27.8
Return on investment, % (ROI)	18.1	15.0
Personnel under employment contract, average	6 458	6 453
Personnel, average (full-time equivalents)	4 962	5 110

Operational indicators, 1.1 – 31.12. *)

	2003	2002
Customer volume in kiosk operations, thousands	119 380	122 126
Customer volume in bookstore operations, thousands	6 316	6 460
Customer volume in movie theatres, thousands	3 599	3 591
Number of copies sold (press distribution), thousands	127 562	126 017

*) Units in Finland

Executive Board of Rautakirja

Erkki Järvinen, President & CEO, Rautakirja Corporation (chairman)
Raimo Kurri, Senior Vice President, Bookstores
Markus Miettinen, Senior Vice President, Press Distribution
Timo Mänty, Senior Vice President, Entertainment
Markku Pelkonen, Senior Vice President, Kiosk Operations
Matti Salmi, Senior Vice President, CFO (until 31 March 2004)
Hellevi Kekäläinen, Senior Vice President, CFO (as of 1 April 2004)

Corporate governance

The SanomaWSOY Group is organised into five fully owned divisions: Sanoma Magazines, Sanoma, WSOY, SWelcom and Rautakirja. Rautakirja, in which the Group had a 57% shareholding, was merged into SanomaWSOY on 1 March 2003.

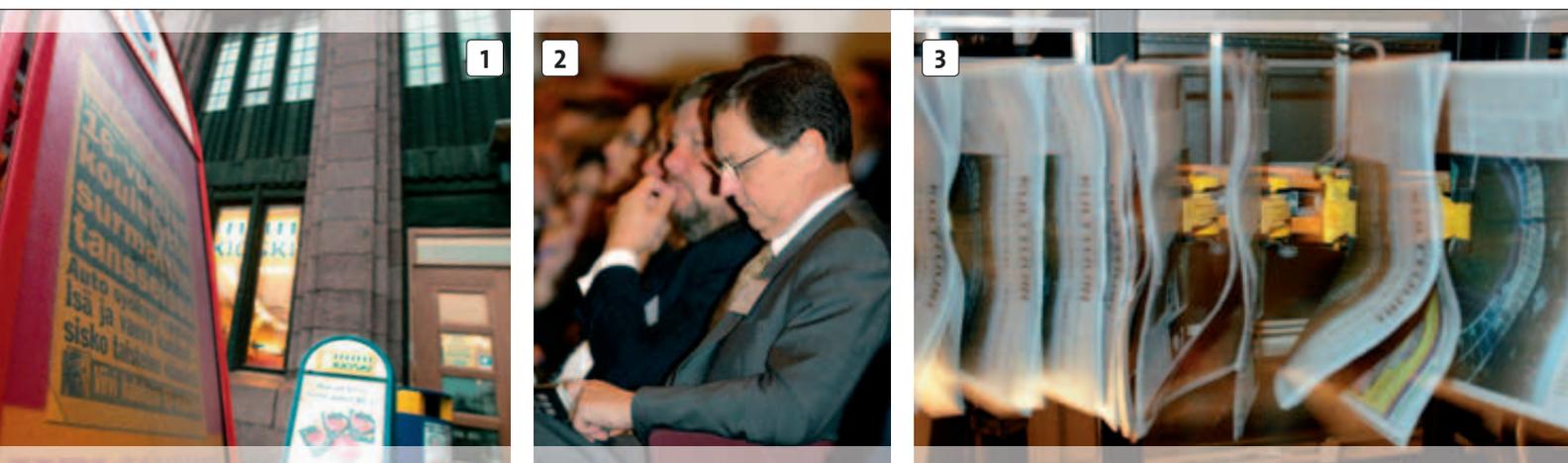
SanomaWSOY's divisions operate independently within the agreed goals and operational principles. The

Board of Directors

The Annual General Meeting elects the members of the Board of Directors, the Chairman, and his deputy. The number of Board members can vary between five and eleven. In addition, a maximum of two personnel representatives can be elected to the Board.

The term of office of the Board member begins at the close of the AGM and expires after the third AGM following their election. If a Board member's seat becomes vacant before the end of this three-year period, a new member is elected for the remainder of the term. The Articles of Association stipulate that no person aged 75, or who will reach the age of 75 during his term in office, can be elected to the Board.

The new principles of corporate governance issued



parent company, SanomaWSOY Corporation, is responsible for strategic control and administration of the Group. The management of the Group and the Group's businesses is based on a clear organisational structure, defined areas of authority and responsibility, common planning and reporting systems, and Group policies.

SanomaWSOY's Board of Directors confirms the principles of the Group's corporate governance, which have been drawn up according to the principles concerning the governance of public companies recommended by the Helsinki Exchanges, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. The valid corporate governance principles can be found on the Group's website at www.sanomawsoy.fi.

The Group's administrative bodies are the Board of Directors and the President & Chief Operating Officer (COO). Their duties essentially reflect those laid down by the Finnish Companies Act. SanomaWSOY's Management Group prepares matters to be discussed at the meetings of the Board of Directors and coordinates the management of the Group. The Management Group is not a formal decision-making body. Matters of principle reviewed and recommended by the Management Group are approved legally by SanomaWSOY's Board of Directors or those of its subsidiaries, or are implemented by authority of the President & COO.

by the Helsinki Exchanges recommend that the term of office of Board members be one year. At SanomaWSOY, the term of office of Board members is three years. The Group believes that the nature of its business activities makes it necessary for Board members to have a longer period to familiarise themselves with and commit themselves to the Group's operations. The terms of office of Board members have, however, been arranged so that about one-third of the members are elected annually.

The current Board has 10 members. Of these, Kyösti Järvinen, Seppo Kievari and Hannu Syrjänen are vacating their seats at the AGM in 2004, Paavo Hohti, Robert Castrén, Jane Erko and Robin Langenskiöld at the AGM in 2005, and Sari Baldauf, Jaakko Rauramo and Sakari Tamminen at the AGM in 2006.

The full-time Chairman & CEO of the Board is Jaakko Rauramo. Board members also employed by the Group are Hannu Syrjänen, President & COO, and Seppo Kievari, President of Sanoma Corporation, who will retire on 1 April 2004. Half of the Board members are independent in the manner stipulated in the new principles of corporate governance issued by the Helsinki Exchanges: Sari Baldauf, Robert Castrén, Paavo Hohti, Kyösti Järvinen and Sakari Tamminen.

SanomaWSOY's Board of Directors is responsible for the overall management of the Group and for organising its administration in accordance with the Finnish Companies Act. The Board appoints SanomaWSOY's President & COO, his deputy and the parent company ex-

executives who sit on SanomaWSOY's Management Group, approves the nominations of the Presidents of the divisions, their deputies and the Senior Editors-in-Chief of Helsingin Sanomat and Ilta-Sanomat, and decides on the remuneration of senior management.

In 2003, the Board of Directors convened six times. On average, 89% of Board members attended the meetings.

Board Committees

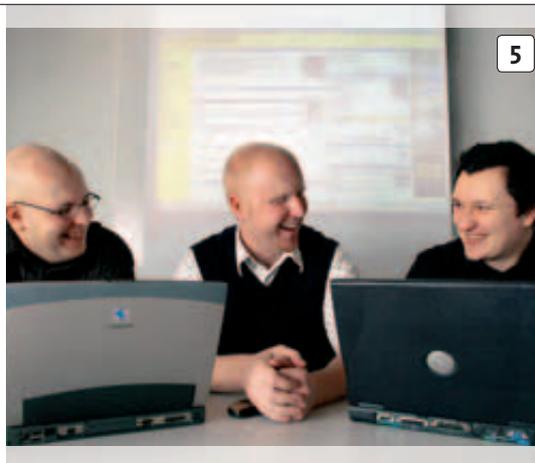
Matters to be presented to the Board are prepared, in accordance with the Articles of Association, by the Executive Committee, which consists of Jaakko Rauramo, Chairman & CEO, Paavo Hohti, Vice Chairman, and Hannu Syrjänen, President & COO. The Executive

and strategic HR matters. In addition, he is responsible for handling a broad range of the Group's external relations together with the President & COO.

The Chairman & CEO does not usually take part in the operational management of the Group. In preagreed cases, however, the Chairman & CEO can participate in operational management, particularly in respect of growth and international expansion projects. In 2003, Jaakko Rauramo served as full-time Chairman & CEO.

President & COO

The President & COO is independently responsible for the Group's operations, in line with strategic plans and budgets approved by the Board of Directors and in accordance with general principles approved by the Board



Committee convened five times during the year, and all the Committee members attended all the meetings. The Board is empowered to establish other committees as appropriate. A Compensation Committee and an Audit Committee operated during 2003.

The Compensation Committee prepares matters regarding the management's remuneration and the Group's remuneration policy. The Compensation Committee's members at year's end were Paavo Hohti (Chairman), Sari Baldauf (Vice Chairman), Jane Erkko and Seppo Kievari. During 2003 the Compensation Committee convened twice, and all its members attended the meetings.

The Audit Committee develops and controls the Group's financial reporting procedures, the auditors' work and the reliability of internal control. At the end of 2003, the Audit Committee comprised Kyösti Järvinen (Chairman), Robert Castrén (Vice Chairman), Robin Langenskiöld and Sakari Tamminen. The Committee convened four times during 2003. On average, 94% of its members attended the meetings.

Full-time Chairman & CEO

The Board has a full-time Chairman & CEO who is responsible, in cooperation with the President & COO, for preparing the matters brought to the Board of Directors and for chairing Board and Executive Committee meetings. The Chairman & CEO's specific area of responsibility lies with the Group's strategic decisions and positions,

of Directors. The President & COO is responsible for day-to-day management of the Group, for the preparation of matters brought to the Board and for presenting these matters to the Board and its Committees. The President & COO also acts as Chairman of both SanomaWSOY's

1. and 3. The IS and the HS Business Unit had both a good year in 2003 despite the challenging market situation.
2. 2003 was an excellent year for SWelcom. The electronic media division improved its financial performance considerably. SWelcom's President, Tapio Kallioja, with Vice President Pekka Salmén of Helsingin Sanomat's Printing Plant.
4. Lehtipiste collected and distributed 40,000 magazines for Finland's National Schools' Magazine Day. A lesson under way at a comprehensive school in Helsinki.
5. Helsingin Sanomat's online edition was revamped in autumn 2003. The key people behind the revamp: Pekka Pekkala, Aki Nykänen, and Mikko Hämäläinen.
6. Helsingin Sanomat's monthly supplement had its 20th anniversary in 2003.

Management Group and the Boards of Directors of SanomaWSOY's divisions, unless otherwise agreed. In 2003, Hannu Syrjänen served as President & COO of SanomaWSOY.

Remuneration and incentives

The Board of Directors approves the employment terms of the President & COO and the other members of senior management, based on the proposal prepared by the Compensation Committee. The compensation paid to the Board of Directors is subject to approval by the AGM. The members of the Board of Directors are paid the following monthly compensations: EUR 5,000 to the Chairman, EUR 4,500 to the Vice Chairman and EUR 3,500 to members. A sum of EUR 200 is paid for attending

of 60, unless otherwise agreed, and his pension will be approximately 60% of his salary. The period of notice of the President & COO is six months and severance pay in the case of termination corresponds to 18 months' salary. The severance pay includes a fixed term non-competition clause. Syrjänen holds 50,000 2001A warrants, 50,000 2001B warrants and 50,000 2001C warrants.

The retirement age for the other members of SanomaWSOY's Management Group is 60 years, and their pension is approximately 60% of their salary. Their period of notice is six months and severance pay in the case of termination corresponds to 12 months' salary. The severance pay includes a fixed term non-competition clause.

To promote the achievement of challenging financial targets, all SanomaWSOY's divisions operate incentive



the meetings. Of the Board Members, Jaakko Rauramo, Chairman & CEO, Hannu Syrjänen, President & COO, and Seppo Kievari are included in the scope of SanomaWSOY's warrant system.

Remuneration and other benefits paid to SanomaWSOY's management in 2003 totalled EUR 8.0 (8.5) million. In this respect, management includes members of the Board of Directors of SanomaWSOY, the President & COO, the Presidents of the Group's divisions as well as their deputies, if any. This sum only covers the remuneration and benefits paid to the persons for these positions during the financial year.

Jaakko Rauramo, the full-time Chairman & CEO, was paid remuneration, bonuses, and other benefits totalling some EUR 732,600 in 2003 (in 2002 some EUR 903,100, including bonuses relating to the magazine acquisitions in 2001). Rauramo is entitled to retire after the age of 60 on a pension of 60% of his salary when he or the Company so wishes under the provisions of Sanoma Corporation's pension fund. The contract of employment of the Chairman & CEO is valid for the duration of his term of office, unless otherwise agreed with or decided by the AGM. Rauramo holds 100,000 2001B warrants and 100,000 2001C warrants.

Hannu Syrjänen, President & COO, was paid in total approximately EUR 656,700 in remuneration and benefits in 2003 (some EUR 568,100 in 2002). According to his employment contract, Syrjänen will retire at the age

systems designed to foster the personnel's commitment to business goals, and to reward people for good performance and results. In addition to skill-, responsibility- and performance-based salary, the personnel receive one-off bonuses. Divisions also operate short-term incentive systems tied to their particular businesses. The general principles of incentive systems are confirmed by SanomaWSOY's Board of Directors. The criteria for setting incentives are the previous year's development, the competitive situation, the lifecycle of the business, action plans, etc. Sanoma and Sanoma Magazines Finland also maintain a personnel fund for profit sharing. Annual payments from this fund are harmonised with the bonus of the short-term incentive scheme. The Group also has a warrant scheme, which is described in more detail on page 43 of the Financials.

SanomaWSOY's chartered public accountant in charge is PricewaterhouseCoopers Oy.

System of control and risk management

SanomaWSOY's Board of Directors has approved the Group's risk management policy. In addition to this, other risk management tools include the Group's, divisions' and business units' policies and guidelines.

The Board of Directors is responsible for monitoring the Group's asset management. The President & COO is responsible for arranging the appropriate accounting and control mechanisms. The Group's financial perform-

ance is monitored on a monthly basis using a group-wide operational planning and reporting system. The system includes data on the actual income statement, balance sheet figures and main key figures, up-to-date estimates for the current year, and rolling estimates for the next 12 months.

The Board of Directors selects an Audit Committee from among its members annually. The Audit Committee prepares, steers and evaluates the Group's risk management, internal control procedures, financial reporting, auditing and internal auditing in accordance with the policy confirmed by the Board of Directors.

At the end of 2003, the members of SanomaWSOY's four-person Audit Committee were independent in the manner stipulated in the new principles of corporate

the Group's net sales are derived from media advertising, which reacts quickly to changes in GDP. New products, acquisitions and product development involve more risks than normal business. The geographic distribution of risks varies according to division.

Financial risk management is described in more detail in note 22 on page 39 of the Financials.

Intellectual property rights

SanomaWSOY's most important intellectual property rights in respect of the Group's products and services are copyrights, publishing rights, trademarks, business names, domains, and know-how possessed or licensed by the Group. Intellectual property rights are an essential part of the Group's identifiable intellectual capital, and



9



10



11

governance issued by the Helsinki Exchanges, with the exception of Robin Langenskiöld. All Board members are entitled to attend the meetings of the Committee. Depending on the issue it is addressing, the Audit Committee invites experts to attend its meetings, such as President & COO, Senior Vice President, Finance and Administration, Internal Audit Director, or the auditors.

SanomaWSOY's internal auditing is handled by the Group's Internal Auditing Department. Internal Auditing is carried out in collaboration with SanomaWSOY's Management Group, the Audit Committee, and the Group's auditors in accordance with the Group's corporate governance principles and the policy for internal auditing given by the Audit Committee.

Authority issues regarding approval of investments and HR related matters have been clearly defined in SanomaWSOY's corporate governance principles. Investments are considered as part of the review of strategies, action plans and budgets carried out by various administrative bodies across the Group. All investment decisions are taken on the basis of a separate investment proposal, in accordance with the authority to approve investments. For decision-making and monitoring purposes, an investment proposal, which covers the bases for the investment, including financial calculations, is made for all major investments.

SanomaWSOY's business risks are first and foremost related to the operating environment. About one-fifth of

the principles regarding their management have been approved by SanomaWSOY's Management Group.

The Group aims to gain competitive advantage by acquiring intellectual property rights as cost-effectively as possible.

7. The Group's fifth Vision Day looked at stakeholder expectations. Christina von Wackerbarth from Sanoma Magazines Belgium, Vice President of the European Investment Bank Sauli Niinistö, and Chairman & CEO Jaakko Rauramo.
8. Mickey Mouse celebrated his 75th anniversary in 2003, and Donald Duck will turn 70 in 2004. Sanoma Magazines holds the Disney licenses in Finland and the Netherlands.
9. Group teams have been actively developing operational guidelines for finance, planning, personnel administration, and legal affairs. Juha Jaskara, Kerstin Rinne, Jussi Vuorinen, and Gerard Moussault in a Planning team meeting.
10. Dutch-based Libelle is SanomaWSOY's largest-circulation magazine.
11. On the way to Sanoma Uitgevers' Strategy Day.

Personnel

1. A business simulation at SanomaWSOY's JET seminar. Lassi Tolonen, Hannele Seppä, and Tiina Taos.
2. Sanoma Magazines Budapest's advertising team at an in-house training event.
3. The Sales Challenge competition between the Group's sales teams.



SanomaWSOY has a group-wide personnel policy, which is further clarified by division-specific objectives. The Parent Company's personnel team develops Group HR procedures and services in collaboration with division's HR experts and management.

The focus during 2004 will be on developing strategic personnel management and identifying common tools for assessing individual competence and the requirements of different job positions.

In-house training

SanomaWSOY launched two Group-wide training schemes in 2001. The SanomaWSOY Executive Program, SWEP, focuses on developing strategic thinking and management, and is headed by prominent business experts. SanomaWSOY's special professional Management Training Program, JET, offers practical tools for business development. As of the end of 2003, 125 Group employees had participated in SWEP and 142 in JET.

An in-house training course for supervisors, *Esimiehen työkalupakki* (Supervisor's Toolkit), was launched in 2003 in collaboration with WSOY Business Training. The Group has also had a Media Trainee Program since 1999;

as of the end of 2003, 18 trainees had participated in the program. Each division also provides its own training specifically aimed at improving professional skills.

All training programs will be continued and developed further in 2004.

Bonus scheme

All SanomaWSOY employees are covered by annual incentive systems. The general principles followed in these are established on a Group-wide level and confirmed by SanomaWSOY's Board of Directors. Further information about remuneration can be found under Corporate Governance on page 34.

Internal mobility

SanomaWSOY aims to increase the internal mobility of its personnel over the next few years. After the number of employees wishing to participate in job rotation have been ascertained, these people will form a skills reserve for future needs. Greater internal mobility will help SanomaWSOY achieve its goals and accelerate changes in operations and structures.

Personnel

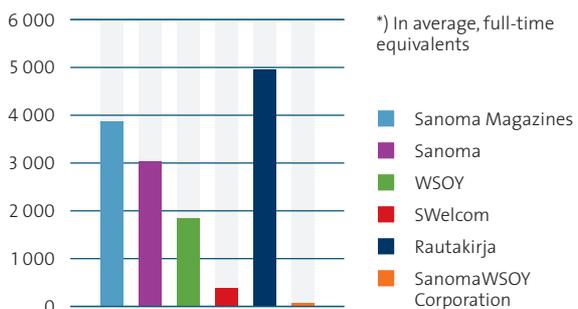
	2003	2002	2001	2000
Personnel under employment contract, average	17 330	18 657	15 129	13 364
Personnel, average (full-time equivalents)	14 207	15 210	12 077	10 350
Net sales per employee *) , € 1,000	171.3	155.0	143.6	140.0

*) Calculated from the figure for personnel in average, converted to full-time equivalents.

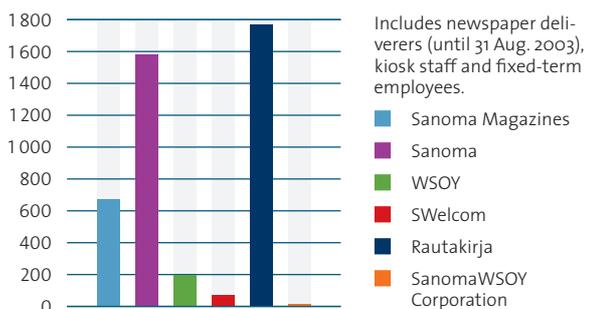
Personnel by country 31 Dec. 2003

Finland	9 387	Czech Republic	313	United Kingdom	59	Germany	12
Netherlands	2 207	Sweden	173	Slovakia	53	USA	5
Estonia	873	Norway	136	Malaysia	20	Singapore	4
Latvia	643	Croatia	77	Denmark	18	China	3
Belgium	524	Lithuania	72	Russia	14		
Hungary	389	Romania	72	France	13		

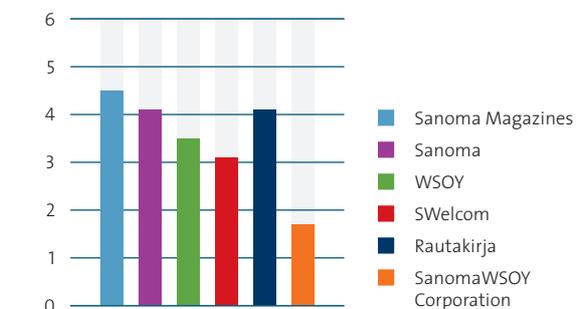
Personnel by division *)



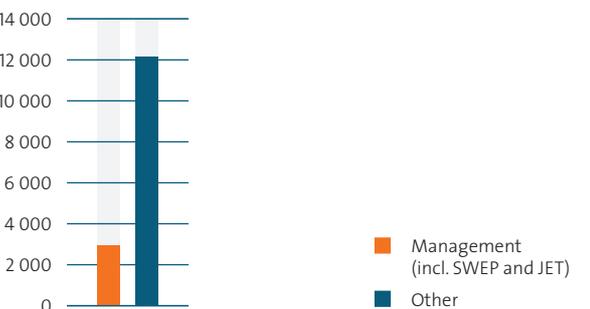
Turnover of personnel by division



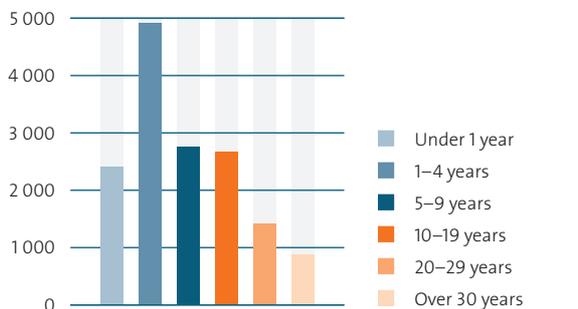
Sick day percentage



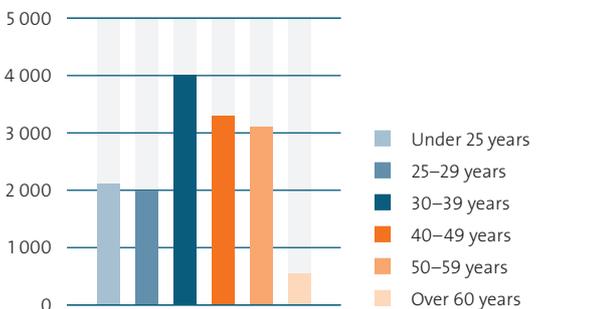
Training days



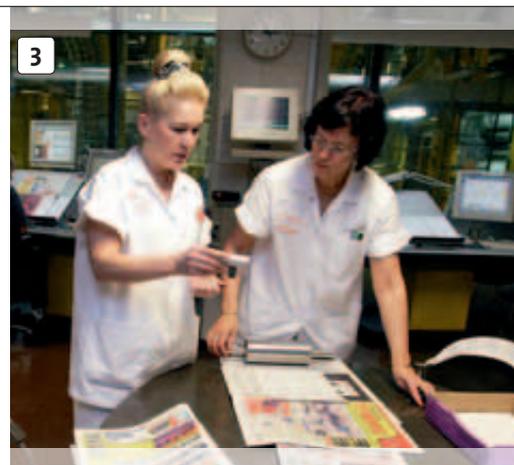
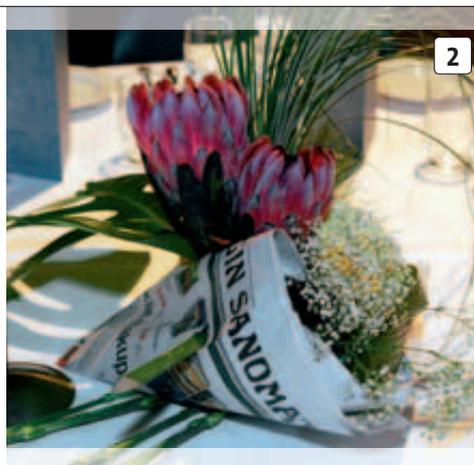
Work experience at SanomaWSOY



Age distribution



Environment



Environmental strategies

Operations in the media business do not involve any major environmental impact. Each of SanomaWSOY's divisions is independently responsible for its environmental strategies, as the environmental impact and follow-up targets of SanomaWSOY's businesses vary greatly. A group-wide environmental team began operations in 2003 to promote the sharing of best environmental practices.

Logistics

SanomaWSOY's main providers and users of logistics services are Sanoma, Sanoma Magazines, and Rautakirja. Sanoma's largest provider of logistics services is Finland Post. Aldipress is the largest distributor of newsstand copies of magazines in the Netherlands, and also handles logistics of Sanoma Uitgevers' products. In the other countries where Sanoma Magazines operates, deliveries of newsstand copies of magazines are handled jointly with other publishers. Rautakirja's Lehtipiste handles joint deliveries of newsstand copies of magazines and tabloids in Finland.

Sanoma's printing plants are situated at five different locations in Finland (Vantaa, Forssa, Varkaus, Kouvola, and

Lappeenranta). Ilta-Sanomat is partly printed in Oulu.

Deliveries of WSOY books to dealers and bookstores are handled jointly with other book publishers.

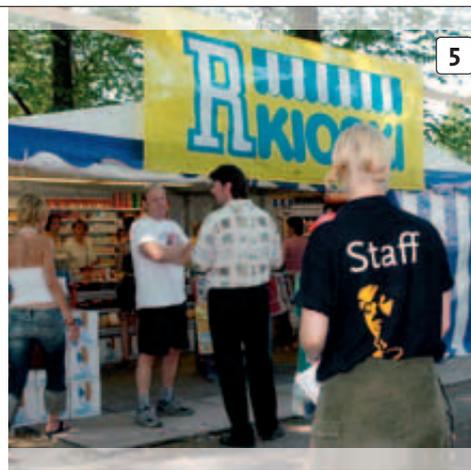
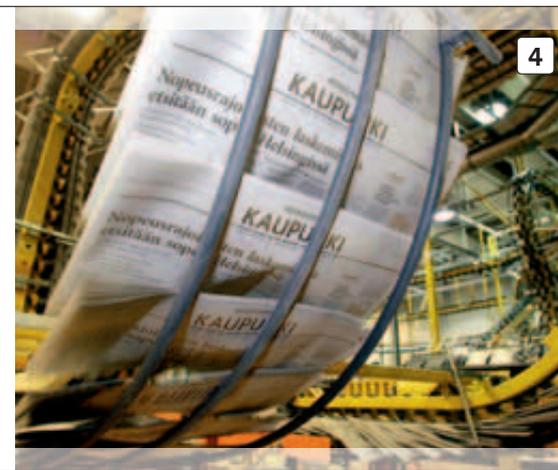
Recycling

Printing plates used in printing plants and waste paper are sorted and recycled for re-use as an industrial raw material. Printing inks are sent to waste disposal plants. Waste paper produced in printing processes is recycled, and constant efforts are made to reduce such wastage.

Rautakirja's Lehtipiste collects and recycles unsold copies of newspapers and magazines.

In Finland, Rautakirja, Sanoma, and WSOY are members of the Environmental Register of Packaging, PYR Oy. PYR assists member firms and public authorities in meeting the requirements of the EU Directive on Packaging and Packaging Waste, and corresponding Finnish legislation, as economically and effectively as possible. In the Netherlands, a joint agreement between industry and the state aims to reduce the usage of packaging materials and encourage the recycling of paper and other materials.

1. Quality standards help guarantee environmentally benign operations. WS Bookwell's production facilities.
2. Newsprint is mostly made from spruce thinnings.
3. Sanoma develops paper and printing quality in partnership with Stora Enso. Merja Laamanen and Arja Tiainen from Stora Enso carrying out quality checks at Sanoma's Varkaus printing plant.
4. Recycled pulp is used in Sanoma's newsprint.
5. Freon-free refrigerating equipment used in R-kiosks is pro-environmental. R-kiosk was to the fore at Pori Jazz in 2003.
6. Unsold copies of newspapers and magazines are collected from outlets and recycled at locations such as Aldipress distribution centre in Duiven in the Netherlands.



SanomaWSOY's paper usage *)

Paper usage, Tonnes	2003	2002	2001
Newsprint	99 500	97 000	109 000
Magazine paper	104 000	94 000	100 000
Fine and book paper and board	17 000	17 500	17 000
Bookbinding board	1 000	1 000	1 000
Total	221 500	208 500	227 000

*) Includes both the paper used in the Group's own printing plants and the paper acquired for products printed elsewhere.

SanomaWSOY's consumption of electrical energy in Finland *)

Consumption of electrical energy, MWh	2003	2002	2001
	131 054	132 335	121 132

*) Consumption sites changed to some extent in 2001 and 2002.

Board of Directors

Jaakko Rauramo, born 1941, M.Sc. (Eng),
Chairman & CEO of SanomaWSOY Corporation
President & CEO of SanomaWSOY between 1999 and 2001. Served as President of Sanoma Corporation between 1984 and the creation of SanomaWSOY in 1999. Joined Sanoma in 1966, elected to the Board in 1979, and served as General Manager at Sanomaprint, General Manager of the Newspaper Division, and as Sanoma's Executive Vice President.

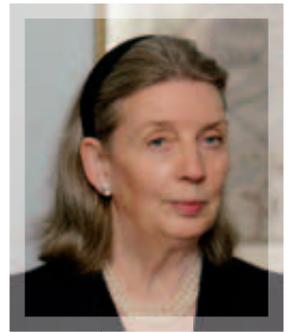
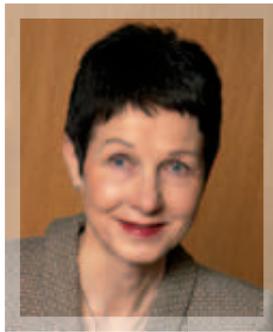
Scientific Information (Finland) (chairman).
Owns 824 SanomaWSOY Series B shares.
Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Sari Baldauf, born in 1955, M.Sc. (Business Administration)
Serves as Executive Vice President and General Manager of Networks, Nokia Corporation and a member of the Nokia Group Executive Board. Previously served as Executive Vice President of Nokia APAC, President of Nokia Telecommunications, Cellular Systems and Vice President of Business Development of Telenokia.

Board memberships: Foundation for Economic Education and International Youth Foundation.

Owns 7,000 SanomaWSOY Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 2003.



Board memberships: Metso Corporation (Finland), Stiftelsen Svenska Dagbladet (Sweden), the Scandinavian International Management Institute Foundation (Denmark), the European Publishers Council, Reuters Founders Share Company Limited (United Kingdom) (trustee), Helsingin Sanomat Centennial Foundation and Jane and Aatos Erkkö Foundation (Finland). Also a member of the Delegation of the Finnish Central Chamber of Commerce (Finland), the Helsinki Chamber of Commerce (Finland), the Honorary Delegation of the Student's Union of the Helsinki University of Technology (Finland) and the International Council of the Museum of Television & Radio (New York) (International Councilor).

Owns 2,452 SanomaWSOY Series A shares and 42,449 Series B shares, 10 note units of SanomaWSOY's Convertible Capital Notes 2001, 100,000 2001B and 100,000 2001C warrants.

Member of the Board of Directors of SanomaWSOY Corporation since 1999, chairman since 2001.

Paavo Hohti, born 1944, Ph.D., Professor,
Vice Chairman of the Board

Serves the Finnish Cultural Foundation. Served as Vice Chairman of WSOY's Supervisory Board between 1994 and 1999 and a member between 1991 and 1994.

Board memberships: The Tapio Wirkkala – Rut Bryk Foundation (Finland) (chairman), Huhtamäki Corporation (Finland) (vice chairman), Werner Söderström Corporation's Literature Foundation (Finland) (chairman), the Foundation for the Finnish Institute in Athens (Finland), the Foundation of the Finnish Institute in Rome (Finland) (chairman), the Valamo Foundation (Finland), and the Finnish Society for

Robert Castrén, born 1957, B.Sc. (Econ)

Serves as Sales & Marketing Director at UPM-Kymmene Corporation. Held various marketing positions with UPM-Kymmene Corporation and its predecessor, Kymmene Oy, since 1991. Prior to that, he worked for Finnmap and Lamco Paper Sales. Served at Sanoma Corporation's Board as a member between 1994 and 1999 and as Vice Chairman between 1999 and 2002.

Owns 7,040 SanomaWSOY Series A shares and 13,172 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 2001.

Jane Erkkö, born 1936

Served on the Board of Sanoma Corporation between 1990 and 1999 and on that of Helsinki Media Company Oy as Vice Chairman between 1995 and 1999.

Board memberships: American Scandinavian Foundation (USA) (overseas trustee), and Jane and Aatos Erkkö Foundation (Finland) (vice chairman).

Owns 43,808 SanomaWSOY Series A shares and 200,024 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Kyösti Järvinen, born 1933, B.Sc. (Econ)

Served in various positions in Kansallis Banking Group's and Merita Bank Plc's domestic and international operations between 1956 and 1996.

Board memberships: The Kalevala Society (Finland).

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Seppo Kievari, born 1943, *President, Sanoma Corporation and Publisher, Helsingin Sanomat until 31 March 2004*
Served Sanoma since 1966 e.g. as Senior Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, publisher of Sanoma's newspapers.

Board memberships: Sanoma Corporation (Finland), Lehtikuva Oy (Finland) (chairman), Startel Oy (Finland) (chairman), the Finnish News Agency (Finland) (chairman), the Finnish Newspapers' Association (Finland) (chairman), Kymen Lehtimedia Oy (Finland) (chairman), WAN (World Association of Newspapers), Federation of the Finnish Media Industry (Finland), Hämeen Sanomat Oy (Finland), ENPA (European Newspaper Publishers' Association), the Helsingin Sanomat Centennial Foundation (Finland) (chairman), and the Päivälehti Archives Foundation (Finland) (vice chairman).

Owens 5,000 SanomaWSOY Series B shares, 30,000

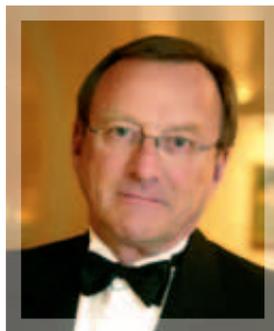
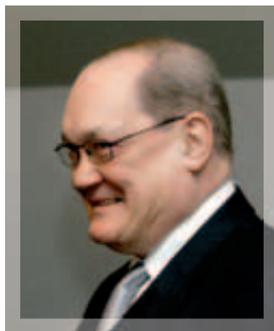
(Finland), Finnish Scouts Foundation (Finland) (member of the Supervisory Board). Also a member of the council of National Voluntary Defence Support Association (Finland), Research Foundation of the University of Helsinki (Finland), the Helsinki Chamber of Commerce (Finland), Foundation Institutum Romanum Finlandiae (Finland), and Value Creating Management of Media Companies-program/INSEAD (member of Advisory Board).

Owens 20,000 SanomaWSOY Series B shares, 5 note units of SanomaWSOY's Convertible Capital Notes 2001, 50,000 2001A, 50,000 2001B and 50,000 2001C warrants.

Member of the Board of Directors of SanomaWSOY Corporation since 2001.

Sakari Tamminen, Born 1953, *M.Sc. (Econ)*

Served Metso since 1999 first as Senior Vice President and CFO and later as Executive Vice President and CFO and



2001A, 30,000 2001B and 20,000 2001C warrants.

Member of the Board of Directors of SanomaWSOY Corporation since 2003.

Robin Langenskiöld, born 1946, *B.Sc. (Econ)*

Served as a member of Sanoma Corporation's Board of Directors between 1990 and 1999 and that of Helsinki Media Company Oy between 1995 and 1999.

Board memberships: Pentra Oy (Finland).

Owens 1,119,604 SanomaWSOY Series A shares and 6,577,712 Series B shares.

Member of the Board of Directors of SanomaWSOY Corporation since 1999.

Hannu Syrjänen, born 1951, *B.Sc. (Econ), Master of Laws, President & COO, SanomaWSOY Corporation*

Served Rautakirja from 1989 as Vice President and Executive Vice President & Deputy CEO before being appointed President & CEO in 1998. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships: Sanoma Corporation (Finland) (chairman), SWelcom Oy (Finland) (chairman), Werner Söderström Corporation (Finland) (chairman), Rautakirja Oy (Finland) (chairman), Federation of the Finnish Media Industry (Finland) (chairman), Ilmarinen Mutual Pension Insurance Company (Finland) (chairman), The Confederation of Finnish Industry and Employers (Finland), District International AB (Sweden) (chairman), Indoor Group Oy (Finland), Pro Kirja Oy (Finland), the National Board of Economic Defence (Finland), the Graphic Industry Pool (Finland) (chairman), Foundation for Economic Education

Deputy to the President and CEO. Began at Rautaruukki as Senior Executive Vice President and Deputy to the President on 22 April 2003 and as President on 1 January 2004.

Previously served as Executive Vice President & CFO and Senior Vice President and Chief Financial and Accounting Officer of Rauma, as Vice President, Finance of Rauma-Repola Engineering Industry and as Financial Manager of Rosenlew.

Board memberships: Lemminkäinen Corporation (Finland), Kuusakoski Oy (Finland), the Finnish Foundation for Share Promotion, Association of Finnish Steel and Metal Producers, Confederation of Finnish Industry and Employers (since 2004) and Sampo Life Insurance Company Limited (Finland) (member of the Supervisory Board). Also a member of the delegation of Foundation of the Finland-France Institution (Finland), the consultative committee of the major customers of Pohjola Group (Finland), the Advisory Council of the Major Customers, Finland-function of Nordea Bank, and Vuorimiesyhdistys – Bergsmannaföreningen ry (Miner Association).

Member of the Board of Directors of SanomaWSOY Corporation since 2003.

The share ownership information shown on pages 40–41 refers to 31 January 2004.

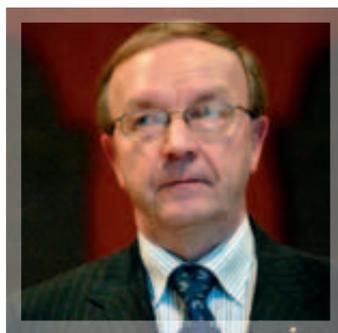
A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi. Further information about Board of Directors can be found on pages 32–35, Corporate governance.

Management Group

Owns 80 SanomaWSOY Series A shares, 6,000 series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

Aarno Heinonen, born 1944, M.Sc. (Econ), Senior Vice President, Administration and Finance, SanomaWSOY Corporation, until 31 March 2004. Served as CFO and Executive Vice President of Werner Söderström Corporation between 1987 and 1999. Previously served as CFO of Veitsiluoto Oy and as Auditing Manager and CFO at the Huhtamäki Group.

Board memberships: All SanomaWSOY's Real Estate Companies (chairman), Werner Söderström Corporation (Finland), Sanoma Corporation (Finland), the Media Employers Association (Finland), the Finnish Employers Manage-



Hannu Syrjänen, born 1951, B.Sc. (Econ), Master of Laws, President & COO, SanomaWSOY Corporation. Served Rautakirja from 1989 as Vice President and Executive Vice President & Deputy CEO before being appointed President & CEO in 1998. Previously served as Vice President at the TS Group, Vice President at Wihuri Oy and Managing Director of Finnish Lawyers' Publishing Oy.

Board memberships: See entry on pages 40–41.

Owns 20,000 SanomaWSOY Series B shares, 5 note units of SanomaWSOY's Convertible Capital Notes 2001, 50,000 2001A, 50,000 2001B and 50,000 2001C warrants.

Eija Ailasmaa, born 1950, M.Pol.Sc., President & CEO, Sanoma Magazines B.V.

Served as President of Sanoma Magazines Finland Oy and Helsinki Media Oy between 2000 and 2002, as Executive Vice President and General Manager, Magazines at Helsinki Media Company Oy between 1998 and 2000. Previously served as Vice President, Publishing at Sanoma Corporation's Sanomaprint and Helsinki Media Company Oy, as Editor-in-Chief of the family magazine Kodin Kuvaletti, and in various editorial positions at Ilta-Sanomat.

Board memberships: Sanoma Magazines B.V. (the Netherlands) (chairman of the Management Board), Sanoma Magazines Finland Corporation (chairman of the Board), Hansaprint Oy (Finland), R.C.V. Entertainment B.V., Sanoma Budapest Kiadóí Részvénytársaság, Sanoma Magazines Belgium N.V. and Uitgevers Maatschappij N.V.

ment Development Institute (Finland), Vapo Oy (Finland) (chairman), and the Economic Research Foundation of the Communication Industry (Finland) (vice chairman).

Owns 200 SanomaWSOY Series A shares, 5,040 Series B shares, 30,000 2001A, 30,000 2001B and 10,000 2001C warrants.

Nils Ittonen, born 1954, B.Sc. (Econ), Senior Vice President, Group Treasury and Asset Management, SanomaWSOY Corporation

Joined Sanoma in 1977 and served in various positions, including as Vice President, Asset Management at Sanoma Corporation and as CFO of Sanoma Inc. (USA), and Crafton Graphic Co (USA).

Board memberships: Rautakirja Oy (Finland) (vice chairman), SWelcom Oy (Finland), Sanoma Magazines Finland Corporation (Finland), Oy Asipex Ab (Finland), and Jane and Aatos Erkko Foundation (Finland).

Owns 50,000 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B warrants and 30,000 2001C warrants.

Erkki Järvinen, born 1960, M.Sc. (Econ), President & CEO, Rautakirja Oy

Served Rautakirja as Senior Vice President, Kiosk Operations since 1997. Previously served as Marketing Manager and Head of Marketing at Vaasamills and as Managing Director of Siljans Knäcke AB in Sweden when they were part of the Cultor Group, and as Product and Marketing Manager for

Oy Karl Fazer Ab's Fazer Bakeries.

Board memberships: Rautakirja Oy (Finland), Rautakirja's Pension Foundation (Finland) (chairman), Finnkino Oy (Finland) (chairman), Suomalainen Kirjakauppa (Finland) (chairman), JHC Arena Holding Oy (Finland), IBA (International Book and Press Retailers Association), Narvesen Baltija SIA (Latvia), Baltic Cinema SIA (Latvia) (chairman of the Supervisory Board), AS MPDE (Estonia) (chairman of the Supervisory Board), UAB Vingio kino teatras (Lithuania) (chairman of the Supervisory Board), R-Kiosk Eesti AS (Estonia) (chairman of the Supervisory Board), AS Lehepunkt (Estonia) (chairman of the Supervisory Board), Jokerit HC Oyj (Finland), Confederation of Service Industries, and the Helsinki Chamber of Commerce (Vantaa section) (Finland).

Owns 30,000 2001B and 30,000 2001C warrants.

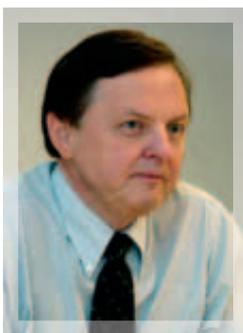
(Finland) (chairman), 2ndhead Oy (Finland) (chairman), Suomen Urheilutelevisio Oy (Finland), the Association of Commercial Television of Finland (Finland) (chairman), and SSH Communications Security Oyj (Finland).

Owns 1,600 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

Seppo Kievari, born 1943, *President, Sanoma Corporation and Publisher, Helsingin Sanomat until 31 March 2004*
Served Sanoma since 1966 e.g. as Senior Editor-in-Chief of Helsingin Sanomat, Executive Vice President of Sanoma Corporation, and the Publisher of Sanoma's newspapers.

Board memberships: See entry on pages 40–41.

Owns 5,000 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 20,000 2001C warrants.



Jorma Kaimio, born 1946, *Ph.D., Docent in Classical Philology at the Universities of Helsinki and Turku, President, Werner Söderström Corporation*

Served as WSOY's Literary Director and Deputy President between 1991 and September 2000. Prior to joining WSOY, he served as Managing Director of the Academic Bookstore, and as a Research Fellow and Lecturer at the University of Helsinki.

Board memberships: Werner Söderström Corporation (Finland), Ajasto Osakeyhtiö (Finland) (chairman), Weilin+Göös Oy (Finland) (chairman), Bertmark Media AB (Sweden) (chairman), Helsingin yliopiston Holding Oy (Finland), Licentia Oy (Finland) (chairman), the WSOY Literary Foundation (Finland) (secretary), the Lauri Jäntti Foundation (Finland), The Finnish Book Publishers Association (Finland) (deputy chairman), and the delegation of the Valamo Foundation (Finland).

Owns 14,480 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

Tapio Kallioja, born 1948, *M.Sc. (Eng), President, SWelcom Oy*

Joined Sanoma in 1984. Served as Vice President of Sanoma's Eurocable Group and New Media Group and President of Helsinki Telset Oy and Helsinki Television Ltd., and as President of Helsinki Media Company Oy.

Board memberships: SWelcom Oy (Finland), Helsinki Television Ltd. (Finland) (chairman), Oy Ruutunelonen Ab

Kerstin Rinne, born 1950, *LL.B., Master of Laws (trained on the bench), Senior Vice President, Group Legal Affairs and Planning, SanomaWSOY Corporation*

Joined Sanoma in 1980. Served as Vice President, Legal Affairs between 1984 and 1999. In addition to Legal Affairs, Rinne has been responsible for e.g. corporate planning, information services, and administration at various points. Previously worked e.g. as Attorney for the law offices Silkko & Ståhlberg, H. Hedman, and Rinne & Talikka.

Board memberships: Sanoma Corporation (Finland) (vice chairman), Werner Söderström Corporation (Finland), SWelcom Oy (Finland) (vice chairman), Sanoma Finance AG (Switzerland) (chairman), the HYY Group (HYY Group Ltd, Kaivopiha Ltd, HYY Real Estate Division) (Finland). Also a member of the Delegation of the Nordic Lawyers Meetings, the Information Society Council and the Corporate Affairs Group of the European Publishers Council.

Owns 1,199 SanomaWSOY Series B shares, 30,000 2001A, 30,000 2001B and 30,000 2001C warrants.

New Management Group members as of 1 April 2004 on the next page.

Mikael Pentikäinen, born 1964, M.Sc. (Agriculture and Forestry), President, Sanoma Corporation as of 1 April 2004. Served Finnish News Agency as Editor-in-Chief and President since 1999. Previously served as Editor-in-Chief of Etelä-Saimaa between 1996 and 1999 and as editor in political news of Helsingin Sanomat between 1992 and 1996.

Board of memberships: Sanoma Corporation as of 1 April 2004.

Owns 30,000 2001C warrants.

Matti Salmi, born in 1950, M.Sc. (Econ.), Senior Vice President, Finance and Administration, SanomaWSOY Corporation as of 1 April 2004

Served Rautakirja since 1988 as Senior Vice President,



Corporate Finance and Administration. Previously served as Vice President, Finance at Suomen Tupakka Oy and as Controller at British American Tobacco Ltd.

Board memberships: Commercial Employers Association KTL (Finland), Narvesen Baltija SIA (Latvia), Baltic Cinema SIA (Latvia), Finnkino Oy (Finland), Eurostrada Oy (Finland), Suomalainen Kirjakauppa Oy (Finland), AS MPDE (Estonia), AS Megapanus (Estonia), Foodstop Oy (Finland), UAB Vingio kino teatras (Lithuania), AS Lehepunkt (Estonia), R-Kiosk Eesti AS (Estonia), Jokerit HC Oy (Finland). Also a member of the consultative committee of KTL/Federation of Finnish Commerce and Trade KKL and the Association of Pension Foundations in Finland ESY.

Owns 12,000 2001B and 30,000 2001C warrants.

The share ownership information shown on pages 42–44 refers to 31 January 2004. A complete list of SanomaWSOY's insider holdings, updated monthly, can be found at www.sanomawsoy.fi.

Pictures

Lehtikuva: Marja Airio, Jaakko Avikainen, Matti Björkman, Sari Gustafsson, Martti Kainulainen, Kimmo Mäntylä, Jussi Nukari, Pekka Sakki, Heikki Saukkomaa, Markku Ulander, Niina Vuorinen, Tor Wennström

Radim Beznoska, Juhani Niiranen, Samuli Pulkkinen

Contact information

SanomaWSOY Corporation

Chairman & CEO, Jaakko Rauramo
President & COO, Hannu Syrjänen

Administration and Finance

Senior Vice President, Aarno Heinonen
As of 1 April 2004 Matti Salmi

Group Legal Affairs and Planning

Senior Vice President, Kerstin Rinne

Group Treasury and Asset Management

Senior Vice President, Nils Ittonen

Investor Relations and Group Communications

Vice President, Raija Kariola

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