

Board of Directors' Report

SanomaWSOY

Operating environment

Economic growth continued to be slow in 2003 in most of the countries where SanomaWSOY operates. According to the estimates of national research institutions, GDP grew in Finland by 1.3% and in Belgium by 0.7%. In the Netherlands, GDP was down by 0.3%. Private consumption was up in Finland by 3.1% during the year. Consumers had strong confidence in their own economy. According to Statistics Finland, the unemployment rate was on a par with the previous year and was 8.2% in December. The average inflation rate for the year was 0.9%.

According to TNS Gallup Adex, media advertising grew in Finland by 2.5%. Without election advertising, the growth rate was 1.7%. EUR 1,079 million was spent on media advertising, of which newspapers and free distributed papers accounted for 55%, television for 19% and magazines for 17%. Media advertising developed in the different media as follows:

- Advertising in newspapers and free distributed papers grew in Finland by 3%
- TV advertising increased in Finland by 3%
- Magazine advertising declined in Finland by 0.3%, but advertising in general magazines, women's magazines and special interest publications grew by almost 1%, and in customer magazines by 8%. Advertising in professional publications was down by 3%.
- According to advance information from ZenithOptimedia, magazine advertising declined in the Netherlands by 10% and in Belgium by 1%. According to advance information, magazine advertising was up in Hungary by 10% and in the Czech Republic by 6%.
- Job advertising declined in Finland by 14%; in newspapers by 13%.

According to advance information from the Finnish Book Publishers Association, book sales grew slightly in 2003. Publishers' retail sales to bookstores and other retail outlets grew by 2%. Book clubs' sales declined by 1%. Sales of general literature grew by 0.5% and that of multi-volume books by almost 8%. Sales of educational materials declined by 1%.

According to advance information from Statistics Finland, sales by the retail trade were up by 4.1% in January-November 2003.

Net sales

SanomaWSOY's net sales grew by 3% and amounted to EUR 2,434.1 (2,357.8) million in 2003. Growth was generated particularly in Rautakirja and SWelcom. After adjustment for changes in the Group structure, the comparable net sales grew by 3%. Advertising sales represented 21% (21%) of the Group's total net sales.

Result

The Group's development in results was excellent: SanomaWSOY's operating profit increased by 53% and reached EUR 205.2 (134.4) million. Operating profit grew in all divisions excluding Rautakirja. The most substantial non-recurring gains on the sales of assets totalled EUR 43.4 (34.9) million. EBITA (operating profit before

amortisation of goodwill, consolidated goodwill and immaterial rights) rose by 24% to EUR 334.1 (269.2) million.

Result before extraordinary items increased to EUR 163.1 (106.7) million and earnings per share rose to EUR 0.69 (0.22). Cash flow from operations totalled EUR 248.1 (187.3) million and cash flow per share was EUR 1.65 (1.33).

Balance sheet and financial position

SanomaWSOY's consolidated balance sheet total continued to decrease according to plan also during the last quarter of the year and amounted to EUR 2,453.0 (2,592.5) million at the end of December. The Group's financial position improved significantly compared to the previous year as a result of strong cash flow and sales of non-core assets. The equity ratio was 40.3% (36.9%) and, including capital notes, 47.6% (45.2%). Shareholders' equity, excluding capital notes, amounted to EUR 931.2 (788.9) million. Interest-bearing liabilities, including capital notes, decreased to EUR 819.4 (1,006.2) million and net debt declined to EUR 690.6 (883.8) million.

The book value of securities and cash was EUR 128.8 (122.4) million and their market value was EUR 136.9 (123.2) million at the end of 2003. The book value of investments in shares was EUR 25.3 (42.7) million and their market value was EUR 31.3 (43.3) million.

SanomaWSOY's financial income decreased markedly during the year to EUR 21.5 (70.8) million as there were no substantial gains on sales from realising the share portfolio this year. Financial income comprised mainly of dividends, interest income, exchange rate gains, and gains on the sale of shares. Financial expenses decreased to EUR 63.6 (98.5) million during the year due to lower interest expenses, EUR 42.9 (62.2) million, and unrealised losses on securities, EUR 0.4 (20.6) million. Financial expenses include expenses amounting to EUR 10.9 million due to redemption of convertible capital notes, restructuring of financing and interest hedges and write-downs of real estate shares.

Investments

SanomaWSOY's investments in 2003 were moderate and totalled EUR 94.8 (113.5) million. The major investments were related to the renewal of Sanomala's printing plant and the expansion of Rautakirja's international operations. R&D expenditure recorded as expenses totalled EUR 8.8 (17.8) million.

Key events

Rautakirja, in which SanomaWSOY previously had a 57% holding, was merged into SanomaWSOY on 1 March 2003. Rautakirja shareholders received a merger consideration of 5.3 new SanomaWSOY Series B shares for each Rautakirja Series A or B share. At the time of the merger, Rautakirja Oyj was de-listed by the Helsinki Exchanges and Rautakirja's business operations were incorporated into the new Rautakirja Corporation, which continues in business as before. The merger improved SanomaWSOY's earnings per share already in 2003.

SanomaWSOY continued its strategy of divesting its non-core assets and holdings during 2003.

- In June, SanomaWSOY sold its entire 29.47% holding in the Norwegian media company A-pressen ASA. Using the exchange rate of the selling date, the selling price was EUR 49.1 million.
- Sanoma divested the operations of its distribution company Leijonajakelu Oy to Finland Post Corporation. The transaction came into effect in the beginning of September. As a result of the divestment, about 1,900 employees of Leijonajakelu were transferred to Finland Post. Leijonajakelu's net sales in 2002 totalled EUR 69.7 million, most of which were internal Sanoma sales.
- Sanoma reduced its holding in Ilkka-Yhtymä during the year. At year-end Arnedo Oy, a subsidiary of Sanoma, held 19.43% of the shares and 6.21% of the votes.
- In December, Sanoma sold its entire holding, 21.37%, in Janton Oyj. The selling price was EUR 27.1 million.
- In December, WSOY sold 90% of the map and location company Genimap to venture capital company and to the operating management. The final value of the transaction was approximately EUR 9.5 million.
- SanomaWSOY continued to realise its real estates and securities.

Administration

SanomaWSOY's Annual General Meeting of 1 April 2003 elected ten members to the company's new Board of Directors. The new members elected to the Board were Sari Baldauf, President of Nokia Networks, Seppo Kievari, President of Sanoma Corporation, and Sakari Tamminen, President and CEO of Rautaruukki Corporation. The members re-elected were Jaakko Rauramo (Chairman of the Board), Paavo Hohti (Vice Chairman), and Robert Castrén, Jane Erkkö, Kyösti Järvinen, Robin Langenskiöld and Hannu Syrjänen as ordinary members. Aatos Erkkö, Esko Koivusalo, Marjukka af Heurlin, and Rafaela Seppälä resigned from the Board.

Eija Ailasmaa, acting President of Sanoma Magazines B.V., was appointed President and CEO of the company as of 1 March 2003. Mikael Pentikäinen, Editor-in-Chief and President of Finnish News Agency, was appointed President of Sanoma Corporation and member of the SanomaWSOY's Management Group as of 1 April 2004, when the present President, Seppo Kievari, is to retire as planned. After the review period, Matti Salmi, Senior Vice President, Corporate Finance and Administration of Rautakirja, was appointed Senior Vice President, Finance and Administration (CFO) of SanomaWSOY and member of the Management Group as of 1 April 2004. Present Senior Vice President, Administration and Finance, Aarno Heinonen, will retire as planned in spring 2004.

SanomaWSOY's Management Group in 2003 comprised Hannu Syrjänen as chairman and Eija Ailasmaa, Aarno Heinonen, Nils Ittonen, Erkki Järvinen, Jorma Kaimio, Tapio Kallioja, Seppo Kievari, Kerstin Rinne and Pim de Wit (until 1 March 2003) as members.

The company's auditors were Pekka Nikula, Authorised Public Accountant, and PricewaterhouseCoopers Oy, with Johanna Perälä, Authorised Public Accountant, as the auditor in charge.

Personnel

The average number of persons under employment contract totalled 17,330 (18,657) in 2003. Translated into full-time positions, the average number of personnel totalled 14,207 (15,210). Sanoma Magazines employed an average of 4,421 (4,835) people, Sanoma 4,027 (4,944), WSOY 1,933 (1,937), SWelcom 416 (413) and Rautakirja 6,458 (6,453). The Group's parent company employed an average of 75 (75) people. Sanoma's average number of employees declined when Leijonajakelu's employees were transferred to Finland Post as from September 2003. Sanoma Magazines' personnel declined in number as a result of a reorganisation project started during 2002.

Dividend and dividend policy

In accordance with a decision of the AGM on 1 April 2003, SanomaWSOY distributed a dividend of EUR 0.40 per share for 2002. The record date for the dividend payment was 4 April 2003, and the dividend was paid on 10 April 2003. SanomaWSOY pursues an active dividend policy, based on the principle of distributing at least one third of the Group's cash flow from operations in the form of a dividend. The Board of Directors proposes a dividend of EUR 1.00 (0.40) per share for 2003.

IAS/IFRS reporting

SanomaWSOY will start reporting according to IAS/IFRS in 2005. The new accounting principles have an impact on the Group's net sales and the most important changes relating to net sales will take place already in 2004 as the changes are possible also under Finnish Accounting Standards. The most significant modifications relate to press distribution, which will under IAS be treated as commission sales, and to harmonising the accounting practice regarding granted discounts and purchased services.

According to preliminary, unaudited figures, SanomaWSOY's net sales will decrease as a result of the changes by some EUR 40 million compared to the 2003 level. The net sales of Sanoma Magazines will increase by approximately EUR 15 million and the changes within the division will be significant: the net sales of magazine operations will increase by some EUR 80 million whereas the net sales of press distribution will decrease by approximately EUR 110 million. Sanoma's net sales will decrease by some EUR 20 million and Rautakirja's by some EUR 100 million. The changes will not affect the net sales of WSOY and SWelcom.

The IFRS standards are still changing and the interpretations of the standards will be further clarified, for instance, in respect of the Finnish pension system (TEL) and the treatment of goodwill. These changes may have an impact on the income statement or the balance sheet.

Outlook for 2004

The economy within the Euro area will grow faster in 2004 than in the previous year. Research institutions estimate that the GDP will grow in the Netherlands by roughly 1%, in Belgium by almost 2% and in Finland by over 3%. Media advertising traditionally grows more than GDP.

SanomaWSOY's net sales are expected to increase slightly compared to the previous year despite the changes in accounting principles. Comparable profitability continues to improve. In 2003, operating profit included some EUR 43 million of non-recurring gains on the sales of assets. In 2004, the non-recurring gains on the sales of assets may remain below that.

Sanoma Magazines

Magazine publishing and distribution

In 2003, Sanoma Magazines' net sales amounted to EUR 1,028.4 (1,008.1) million despite the difficult market situation in most of the countries where Sanoma Magazines operates. Advertising sales were some 23% (24%) of Sanoma Magazines' net sales. Advertising sales decreased by 4% compared to 2002. Circulation sales developed well in all countries and increased by 2%.

Sanoma Magazines' operating profit improved considerably and amounted to EUR 78.8 (58.2) million. EBITA in 2003 increased to EUR 159.1 (147.7) million. The result was boosted by favourable development of key titles combined with efficient cost control, lower paper and printing costs as well as new business activities. EBITA in 2002 included the gains on the sales of the British crossword-publishing unit BEAP and Sanoma Magazines Finland's business unit Blue Book.

Investments totalled EUR 18.4 (18.7) million and were mostly related to acquisitions and Sanoma Uitgevers' ICT projects.

The Dutch-based Sanoma Uitgevers' net sales amounted to EUR 482.2 (491.1) million. The business was affected by a difficult market situation with a decreasing GDP and high pressure on advertising income. Advertising sales declined by 11% and totalled 22% of the net sales. In advertising sales almost all titles suffered from the declining market, especially home decorating, men's and parenting magazines. The tobacco advertising ban, effective as of 1 January 2003, had a great impact on the advertising sales of men's magazines. Internet advertising sales, however, improved in 2003. Circulation sales grew by 1%. Sanoma Uitgevers' EBITA amounts to EUR 105.1 (92.1) million. Cost savings, lower print and paper costs and reduced personnel costs as a result of finalising the reorganisation project had a positive impact on the result. However, the result in 2002 included non-recurring restructuring costs amounting to some EUR 13 million.

The net sales of Sanoma Magazines Finland increased in 2003 to EUR 171.2 (164.8) million. Advertising sales decreased slightly and represented 18% of net sales. Circulation sales increased by 7%. Both the subscription market and newsstand sales developed well. Circulation sales increased in most of the titles. EBITA totalled EUR 25.4 (31.1) million. Excluding the gains on the sale of Blue Book in 2002 and the share of the result of associated companies, EBITA grew by 89%. An increase in net sales and efficient cost control improved the result in 2003.

Sanoma Magazines Belgium's net sales increased to EUR 156.2 (152.2) million partly because of new businesses such as the start-up of custom publishing. Advertising

sales remained stable, reflecting a market recovery in the second part of the year. Advertising sales represented 33% of net sales. Circulation sales increased by 1%. Sales of the magazines published for the French-speaking region declined whereas in the north, the circulation of the most important titles was slightly positive. EBITA in Sanoma Magazines Belgium increased to EUR 17.7 (14.9) million. Increased circulation sales, new businesses and lower costs, especially personnel costs, contributed to this development.

Net sales at Sanoma Magazines International grew to EUR 103.6 (95.9) million despite the divestment of BEAP in April 2002. Revenues improved in most of the countries. Net sales in Hungary increased by 10% despite the significantly weaker local currency and lower than expected growth in GDP. Both advertising sales and circulation sales were up due to growth in existing titles and new launches. Net sales in the Czech Republic increased by 13% despite increasing pressure from competition. EBITA in Sanoma Magazines International increased to EUR 13.4 (13.2) million. Sanoma Magazines International entered into Bulgaria by starting a 50/50 joint venture, Sanoma Bliask Bulgaria AD, which began operations on 1 January 2004.

Net sales at Aldipress totalled EUR 224.6 (215.0) million. New distribution products increased net sales. Sales of the magazine distribution remained at the 2002 level despite intense competition. Aldipress' EBITA increased and amounted to EUR -1.2 (-3.0) million, including costs for the closure of the returns centre in Amsterdam. The Amsterdam site will be integrated into the new distribution centre in Duiven.

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.

Sanoma

Newspaper publishing and printing

Sanoma's net sales increased to EUR 443.3 (438.1) million in 2003. Most growth was generated by the Helsingin Sanomat and IS Business Units.

After two years of decline, Sanoma's advertising sales grew 3% compared to year 2002. Election advertising and the growth in media advertising boosted advertising sales. Advertising sales accounted for 50% (49%) of Sanoma's net sales.

Circulation sales also grew by 2%, partly due to IS Veikkaaja. Most of the newspapers' circulations declined somewhat compared to the previous year, but Helsingin Sanomat's circulation began to grow slightly in the early autumn. Distribution sales decreased compared to the previous year as Leijonajakelu's operations were divested to Finland Post in the beginning of September. Comparable net sales after adjustment for changes in the Group structure grew by 2%.

Operating profit was good and grew substantially more than net sales, reaching EUR 69.4 (41.9) million. In addition to increased net sales, operating profit was improved by gains on the sales of assets, e.g. of Janton, and the moderate cost development due to long-term development

measures. Personnel expenses decreased as a result of the divestment of Leijonajakelu, but purchased services grew correspondingly. Paper costs decreased from the previous year. Result was weakened by a decrease in share of associated companies' profits. The share of the associated company Rautakirja's result, EUR 1.0 (6.2) million, was included in the operating profit only in January–February in 2003. Operating profit from Sanoma's own operations improved to EUR 67.3 (36.2) million. Operating profit includes a EUR 1.0 million non-recurring goodwill amortisation. EUR 3.1 (2.5) million was recorded as pension fund support payments. Pension liabilities have been covered by internal fund transfers totalling EUR 1.6 (0.7) million. Sanoma's EBITA was EUR 77.5 (49.0) million.

Sanoma's total investments amounted to EUR 29.7 (48.6) million, most of which related to the new Sanomala printing plant, which came fully on stream in autumn.

The Helsingin Sanomat Business Unit's net sales grew to EUR 258.9 (254.4) million. The business unit's profitability improved and EBITA grew to EUR 30.4 (28.5) million. Job advertising declined further by 13%. However, the newspaper's other advertising grew more than the overall market trend. Four-colour and text advertising grew markedly after a revamp of the newspaper carried out in the autumn. Helsingin Sanomat's circulation also started to increase in August, but the overall circulation fell slightly short of the 2002 level.

The IS Business Unit posted an excellent result for the third consecutive year. Net sales rose to EUR 95.5 (92.1) million and EBITA improved to EUR 17.5 (15.7) million. In spite of a sluggish trend on the media market, advertising sales grew by 7%. Especially the advertising sales of the free-ad publication Keltainen Pörssi were successful. The market share of Ilta-Sanomata's newsstand sales was 61.6% (61.5%). Newsstand sales rose by a little less than one per cent, although the newsstand market declined as in year 2002.

Net sales at Kymen Lehtimedia increased to EUR 52.7 (51.7) million and EBITA was EUR 8.1 (8.1) million. Advertising sales grew, partly due to election advertising and the effect of the free distributed paper acquired in 2002. Daily newspapers' circulation sales also grew and their readership remained steady, although circulations declined slightly. Comparable printing exports to Russia grew slightly, but intensified competition for printing sales weakened profitability. At Lehtikanta Oy, consultative procedures were conducted in January 2004 due to the downturn in printing operations for Russia. As a result of the procedures, five people left the company.

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.

WSOY

Publishing, printing and calendar operations

WSOY's net sales totalled EUR 212.2 (215.9) million in 2003. Publishing was the most successful business, although Christmas sales did not reach the record level of 2002. Printing and calendar operations fell short of the previous year as business-to-business sales declined.

WSOY's operating profit improved compared to the previous year in spite of the downturn in sales, and was EUR 22.6 (20.5) million. The growth was generated in all businesses. Operating profit includes EUR 1.4 (8.4) million share of the associated company Rautakirja's result, which was included only in January–February in 2003. Operating profit from WSOY's own operations grew to EUR 21.0 (12.4) million. The growth was partly due to non-recurring capital gains. WSOY sold 90% of the map and location company Genimap in December. Division's EBITA was EUR 28.0 (26.4) million.

WSOY's investments totalled EUR 8.7 (8.6) million. The biggest investments were replacement investments of printing machines. In April, WSOY acquired the remaining minority interest, 10%, in the digital printer Dark.

Net sales in publishing fell slightly short of the previous year amounting to EUR 142.6 (143.5) million. Sales grew particularly in Finnish fiction and non-fiction. In total, sales to bookstores declined, and sales through book clubs were also down compared to the previous year. Weilin+Göös's orders for multi-volume books continued to grow. Annual books also sold well in Scandinavia.

In educational books, the cost-cutting programmes at the local government level reduced sales of textbooks for comprehensive schools, but sales of books for vocational education increased. WSOY retained its clear market leadership in the school textbook market. The Opit e-learning environment, which was developed for comprehensive schools, doubled its number of users. The associated company Young Digital Poland, which supplies multimedia products for the Eastern Central European market, enjoyed a successful year. In the first half of 2004, WSOY will exercise its option to increase its holding in Young Digital Poland and it will become a subsidiary of WSOY.

Publishing's EBITA grew to EUR 12.7 (12.4) million. The result was improved by cost-cutting measures and the reduced losses from electronic publishing. Profitability remained good in traditional book publishing.

Net sales in printing declined to EUR 60.2 (62.7) million, mainly due to poor demand for printed advertising material. All units improved their results and printing's EBITA rose to EUR 7.4 (6.6) million.

Calendar operations generated net sales of EUR 32.1 (34.5) million. Net sales were reduced by a downturn in sales of promotional gift calendars and deterioration in exchange rates. The calendar unit's EBITA declined to EUR 1.4 (1.6) million as a result of the decreased sales.

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.

SWelcom

Electronic media

SWelcom's net sales grew strongly in 2003, reaching EUR 104.9 (86.1) million. There was growth both at Nelonen and at HTV. Advertising sales amounted to 54% (55%) of SWelcom's net sales.

SWelcom's development in results was also excellent: operating profit amounted to EUR 1.2 (-18.0) million. Both HTV and Nelonen improved their results considerably. The inclusion of HTV's connection fees in the income statement from the beginning of the year and a reduction in the ownership of Suomen Urheilutelevisio (Finnish sports channel) contributed to the improved financial performance. Nelonen's operating licence fee was halved in July 2002, which improved the operating profit also in the first half of 2003. SWelcom's EBITA was EUR 29.6 (9.0) million.

SWelcom's investments amounted to EUR 8.9 (8.1) million. The investments were mainly related to the development of HTV's cable network and to broadband operations.

Nelonen's net sales rose to EUR 56.5 (49.3) million, and the channel's position as Finland's third-biggest advertising medium strengthened. Nelonen's advertising sales grew by almost 15%, considerably faster than TV advertising in general. Nelonen invested a lot of effort in programmes and advertising towards the end of the year, and the channel became the second most-watched among viewers aged 10–44. Nelonen's market share of TV advertising rose to 27.3% (24.7%). Nelonen's EBITA totalled EUR 20.2 (11.6) million.

HTV's growth was mainly driven by the success of broadband connections, and its net sales increased substantially. Almost 257,000 households were connected to HTV's cable network at year-end. Nearly 20,000 of these were new subscribers connected during the year. The number of broadband internet connections increased by 40% during the year, and at year-end about 43,000 customers had these connections.

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.

Rautakirja

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

Rautakirja was merged with SanomaWSOY on 1 March 2003, after which Rautakirja shares were no longer listed by the Helsinki Exchanges. Rautakirja's business operations were incorporated into the new Rautakirja Corporation, which continues in business as before.

Rautakirja's net sales grew to EUR 770.3 (726.5) million in 2003. Net sales increased in all operations and 40% of the growth was generated outside Finland. The comparable net sales grew by 4%. Finland accounted for 90% of the division's net sales.

Operating profit totalled EUR 35.5 (38.0) million. Result improved in kiosk operations, press distribution and bookstores. Movie theatre and restaurant operations posted de-

clining results, and especially the result of other operations declined. Rautakirja's EBITA was EUR 41.4 (42.4) million.

Rautakirja's investments totalled EUR 28.7 (27.8) million. The biggest individual investments were the start-up of kiosk operations in the Czech Republic, investments in movie theatre operations in Latvia and Lithuania, and the acquisitions by Suomalainen Kirjakauppa.

Kiosk operations generated net sales of EUR 387.0 (373.6) million and there was growth in all four countries. The relative growth was biggest in Latvia and the Czech Republic, where operations started in the beginning of 2003 when a joint venture of Rautakirja and the French company Hachette Distribution Services went into business. Kiosk operations' EBITA grew to EUR 20.1 (17.0) million. The result was improved by cost control in both Finland and Estonia. In Latvia, the result was weakened by the costs of developing the chain and in the Czech Republic by start-up costs.

Net sales from press distribution grew to EUR 193.0 (177.3) million. There was growth in all three countries. In the Baltic countries, net sales grew faster than in Finland, due to established and more efficient operations. In Finland, newsstand sales of both newspapers and magazines grew, by a total of 4.7%. Press distribution's EBITA was EUR 11.9 (9.8) million. The result improved in all units.

Net sales from bookstores were EUR 121.8 (115.2) million. Net sales grew in both Finland and Estonia. Suomalainen Kirjakauppa acquired the remaining 40% of its subsidiary in Estonia, which changed its name to Apollo Raamatud at the end of the year, and in Finland Suomalainen Kirjakauppa acquired both Lukiolaisten Kirjakauppa and the Academic Bookstore's press subscription business. More than half of the growth in Finland came from the acquisitions. Book sales grew markedly, and also subscription sales took a favourable trend. Bookstores' EBITA grew to EUR 8.9 (7.9) million. Result was weakened by a downturn in the share of the result of an associated company Kirjavälitys Oy.

Net sales from movie theatre operations were EUR 52.8 (49.6) million. Finnkinö opened two new multiplex movie theatres in Vilnius, Lithuania, one in Riga, Latvia, and one in Finland. Movie theatre operations' EBITA declined to EUR 3.5 (3.9) million, mainly due to the difficult market situation in Lithuania.

Net sales from restaurant operations grew to EUR 62.6 (50.2) million. The growth was mainly a result of the newly integrated Motores units and the development of the chain concept. Restaurant operations' EBITA was EUR -0.2 (-0.1) million. The result was weakened by the integration of new units and investments in the chain identity as well as the non-recurring costs of closures of Pizza Hut restaurants.

Rautakirja's result is also affected by the result of the real estate unit and the associated company Jokerit HC Oy among others. The real estate unit's result declined since real estate held as an investment was transferred to SanomaWSOY Corporation in connection with the merger.

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.