



Ilkka-Yhtymä Oy

2004
INTERIM REPORT *Jan.-Mar.*

Ilkka-Yhtymä Oyj's Interim Report I January – 31 March 2004

Financial results

The Group's net sales decreased during January-March by 23 per cent year-on-year, amounting to EUR 14.1 million (EUR 18.3 million in 2003). This was attributable to a fall in the net sales of securities trading and graphics businesses. External net sales from the graphics businesses fell by EUR 1.2 million due to the intensifying competition caused by an increase in domestic capacity coupled with the stronger euro that contracted exports. Net sales from trading in securities fell by EUR 3.1 million. Net sales from publishing operations remained at the previous year's level. Other operating income totalled EUR 0.3 million, including capital gains of EUR 0.17 million on fixed assets.

January-March operating expenses of EUR 10.9 million (EUR 15.8 million) fell by 31 per cent on a year earlier, due to securities trading and lower volumes of our graphics businesses. Depreciation reported for the period totalled EUR 0.8 million (EUR 0.8 million).

Consolidated operating profit came to EUR 2.6 million (EUR 1.9 million), which is 18.6 per cent of net sales. Operating profit of the Group's core businesses was EUR 1.9 million (EUR 1.9 million), and those of securities trading EUR 0.6 million (EUR 0.0 million). Net financial income amounted to EUR 0.3 million (EUR 0.2 million). Pre-tax profits were EUR 2.9 million (EUR 2.0 million). Direct taxes for the period amounted to EUR 0.8 million. Net profits for the period totalled EUR 2.1 million (EUR 1.4 million). The consolidated balance sheet total was EUR 76.7 million.

Capital expenditure

The Group's gross capital expenditure for the period January to March totalled EUR 1.8 million. The most significant investment were the new offices for Pohjalainen in Vaasa, the construction of which Ilkka-Yhtymä Oyj has ordered. The facilities will be ready for use at the beginning of the summer.

Financial position

The Group's liquidity remained solid. Its equity ratio was 80.6 per cent (82.0 per cent).

Shares

The Series II shares of Ilkka-Yhtymä Oyj were listed on the main list of the Helsinki Exchanges as of 10

June 2002. The company's Series I shares are listed on the I listing of the Helsinki Exchanges.

The number of Series I shares of Ilkka-Yhtymä Oyj traded on the Investors' List during the period January to March was 7,574. Their trading value was EUR 0.2 million. The number of Series II shares traded on the main list was 428,043. Their trading value was EUR 13.3 million. During the period under review, the lowest quotation for a Series I share of Ilkka-Yhtymä Oyj was EUR 29.26 and the highest EUR 36.00. The lowest quotation for a Series II share was EUR 29.36 and the highest EUR 33.00.

Events after Q1/ 2004

The Annual General Meeting (AGM) of 26 April 2004 approved the financial statements, discharged the members of the Supervisory Board and the Board of Directors as well as the Managing Director of any liability, and decided to distribute a dividend of EUR 4.00 per share.

The AGM authorised the Board of Directors to decide, within twelve months from the date of the meeting, to increase share capital as opposed to the shareholders' subscription privileges, if required, by a maximum of EUR 651,793 and/or to issue convertible bonds and/or stock options.

The AGM decided to alter Article 2 of the Articles of Association. The AGM decided also that, in order to increase the number of company shares (split shares), the nominal value of the share, EUR 1.00, will be divided by four, resulting in a new nominal value of EUR 0.25 per share, the number of shares totalling 13,036,296. The number of Series I and II shares after the split is fourfold in both series compared to the current figure.

Of the members of the Supervisory Board whose terms of service had come to an end, the AGM re-elected the following members: Vesa-Pekka Kangaskorpi, Aarno Puumala, Matti Ritamäki and Jyrki Viitala. Jarmo Rinta-Jouppi and Kimmo Simberg were elected as new members of the Supervisory Board.

Ernst & Young Oy, Authorised Public Accountants with Tomi Englund, Authorised Public Accountant, M.Sc.(Econ.), LL.M. and Pekka Kiljunen, Authorised Public Accountant, were elected as regular auditors. Päivi Virtanen, Authorised Public Accountant, and Johanna Winqvist-Ilkka, Authorised Public Accountant, were elected as deputy auditors.

Group net sales by operating sector (1000 EUR)

| | Jan.-Mar. 2004 | Jan.-Mar. 2003 | Change | Jan.-Dec. 2003 |
|--------------------|----------------|----------------|--------------|----------------|
| Publishing | 9,675 | 9,675 | 0 % | 39,125 |
| Graphics sector | 5,214 | 6,489 | -20 % | 24,577 |
| Rentals | 75 | 72 | 4 % | 296 |
| Other sales | 499 | 464 | 8 % | 1,839 |
| Securities trading | 1,618 | 4,700 | -66 % | 12,618 |
| Internal sales | -3,023 | -3,087 | -2 % | -12,419 |
| Total | 14,056 | 18,312 | -23 % | 66,036 |

Group net sales by market area (1000 EUR)

| | Jan.-Mar. 2004 | Jan.-Mar. 2003 | Change | Jan.-Dec. 2003 |
|------------------------|----------------|----------------|--------------|----------------|
| Finland | 13,620 | 17,457 | -22 % | 63,803 |
| Other Nordic countries | 436 | 855 | -49 % | 2,233 |
| Total | 14,056 | 18,312 | -23 % | 66,036 |

Group income statement (1000 EUR)

| | Jan.-Mar. 2004 | Jan.-Mar. 2003 | Change | Jan.-Dec. 2003 |
|---|----------------|----------------|--------------|----------------|
| Net sales | 14,056 | 18,312 | -23 % | 66,036 |
| Other operating income | 263 | 108 | 144 % | 2,815 |
| Expences | 10,946 | 15,792 | -31 % | 54,318 |
| Depreciation | 761 | 778 | -2 % | 3,108 |
| Operating profit | 2,612 | 1,850 | 41 % | 11,425 |
| Financial income and expences | 286 | 173 | 65 % | 2,314 |
| Profit before taxes | 2,898 | 2,023 | 43 % | 13,739 |
| Taxes | -823 | -587 | 40 % | -3,956 |
| Profit for the period under review | 2,074 | 1,437 | 44 % | 9,783 |

Group balance sheet (1000 EUR)

| | 31 Mar. 2004 | 31 Mar. 2003 | Change | 31 Dec. 2003 |
|---|---------------|---------------|------------|---------------|
| Assets | | | | |
| Intangible assets | 525 | 521 | 1 % | 486 |
| Tangible assets | 24,109 | 23,536 | 2 % | 23,195 |
| Investments | 6,696 | 8,896 | -25 % | 6,673 |
| Inventories | 6,052 | 8,873 | -32 % | 5,667 |
| Receivables | 38,829 | 27,290 | 42 % | 28,042 |
| Cash and bank deposits | 480 | 3,716 | -87 % | 4,563 |
| Assets total | 76,691 | 72,832 | 5 % | 68,626 |
| Liabilities and shareholder's equity | | | | |
| Shareholders' equity | 56,574 | 54,393 | 4 % | 54,499 |
| Group reserve | 129 | 301 | -57 % | 172 |
| Deferred tax liability | 3,150 | 3,347 | -6 % | 3,187 |
| Non-current liabilities | 315 | 441 | -29 % | 315 |
| Current liabilities | 16,522 | 14,349 | 15 % | 10,452 |
| Liabilities total | 76,691 | 72,832 | 5 % | 68,626 |

Group operating profit by operating sector (1000 EUR)

| | Jan.-Mar. 2004 | Jan.-Mar. 2003 | Change | Jan.-Dec. 2003 |
|--------------------------|----------------|----------------|-------------|----------------|
| Publishing | 1,584 | 1,497 | 6 % | 6,318 |
| Graphics sector | 594 | 498 | 19 % | 2,159 |
| Rentals | 38 | 41 | -7 % | 151 |
| Other sales | -204 | -232 | -12 % | 1,497 |
| Securities trading | 566 | 19 | 2803 % | 1,194 |
| Inter-group transactions | 34 | 27 | 24 % | 107 |
| Total | 2,612 | 1,850 | 41 % | 11,425 |

Group cash flow statement (1000 EUR)

| | Jan.-Mar. 2004 | Jan.-Mar. 2003 | Jan.-Dec. 2003 |
|---|----------------|----------------|----------------|
| Cash flow from operations | | | |
| Profit before extraordinary items | 2,877 | 2,023 | 13,739 |
| Adjustments | 188 | -1,087 | -3,899 |
| Change in working capital | 2,078 | -1,182 | -323 |
| Financial income and expences | 145 | 652 | 3,974 |
| Direct taxes paid | 16 | -117 | -2,382 |
| Cash flow from operations | 5,304 | 289 | 11,109 |
| Cash flow from investments | | | |
| Investments in tangible and intangible assets, net | -1,591 | -393 | -2,546 |
| Other investments, net | -2 | -190 | 4,400 |
| Dividends received from investments | 0 | 0 | 1,187 |
| Cash flow from investments | -1,593 | -583 | 3,042 |
| Cash flow before financing items | 3,711 | -294 | 14,151 |
| Cash flow from financing | | | |
| Change in non-current loans | | | -126 |
| Change in current receivables | | 9 | 21 |
| Dividends paid and other profit distribution | -5 | -3 | -8,038 |
| Cash flow from financing | -5 | 6 | -8,143 |
| Increase (+) or decrease (-) in financial assets | 3,706 | -288 | 6,008 |
| Liquid assets at the beginning of the financial period | 23,024 | 17,015 | 17,015 |
| Liquid assets at the end of the financial period | 26,730 | 16,727 | 23,024 |

Group key figures

| | 31 Mar. 2004 | 31 Mar. 2003 | 31 Dec. 2003 |
|----------------------------------|--------------|--------------|--------------|
| Earnings/share (EUR) | 0.63 | 0.44 | 3.00 |
| Shareholders' equity/share (EUR) | 17.36 | 16.69 | 16.72 |
| Average number of personnel | 422 | 439 | 446 |
| Investments (1000 EUR) | 1,815 | 609 | 4,083 |
| Interest-bearing debt (1000 EUR) | 441 | 568 | 441 |
| Equity ratio, % | 80.6 | 82.0 | 81.0 |

Taxes included in the income statement are taxes corresponding to the result for the period under review. The deferred tax liability included in voluntary provisions and depreciation difference have been taken into account when calculating the ratios.

Group contingent liabilities (1000 EUR)

| | 31 Mar. 2004 | 31 Mar. 2003 | 31 Dec. 2003 |
|-----------------------------|--------------|--------------|--------------|
| For own debt | | | |
| Mortgages on company assets | 1,245 | 1,245 | 1,245 |
| Other liabilities | | | |
| Mortgages on real estates | 168 | 168 | 168 |
| For others | | | |
| Guarantees | 145 | 818 | 145 |

The figures have not been audited.

Outlook for the year-end

Private consumption is estimated to develop favourably in Finland in 2004, which should increase consumer-targeted advertising. The growth in the export industry will slow down as a result of subdued demand and a weakening competitiveness in the export industry.

Consolidated net sales of the core business of Ilkka-Yhtymä, i.e. publishing and printing, are estimated to decrease slightly on the year before, due to intensified competition in the printing industry. Net sales from the publishing business are expected to increase slightly, unless significant changes take place in the economic development of the circulation ar-

reas of the Group's newspapers. The Group's total net sales are expected to remain almost unchanged, as the volume of securities' trading after the report period has been realised almost to the levels of the entire year 2003.

The relative operating profit of the Group's core businesses is estimated to remain almost at the same level as the previous year. The results for the full financial year are estimated to fall due to the capital gains from the sale of Janton Oyj's fixed-asset shares, dividends in 2003 and a slight fall in the profitability of the Group's core business.

Seinäjoki, April 2004

ILKKA-YHTYMÄ OYJ

Board of Directors

Matti Korkiatupa
Managing Director



Ilkka-Yhtymä Oyj

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