

markkinointi viherjuuri
annual report 1997 english summary

Total investments in marketing communications in Finland during the year under review were approximately FIM 11 billion. Media advertising accounted for approximately FIM 5.1 billion out of this total. Ad spend was up 9% from the previous year, and similar growth is expected for the marketing communications business on the whole. Within the business, direct marketing, graphic design and net communications were on the rise. The growth of media advertising is declining, which in the long term indicates a shift towards other forms of marketing communications.

Viherjuuri Group is one of the two significant groups of companies in Finnish marketing communications. Both of them provide a full spectrum of integrated communications services. Additionally, a significant number of companies offer specialist services in more defined areas of marketing communications.

Markkinointi Viherjuuri

Markkinointi Viherjuuri is a marketing communications company that offers expert services to its clients chiefly through its subsidiaries. Advertising, graphic design, direct marketing, PR and communications as well as net communications are its key focus areas.

The Group's business idea is to enhance its clients' competitiveness by means of total communication. For the Group, this means



providing and developing a range of services that fulfills the clients' total communications needs.

During the year, three business units were started organically and two acquired externally. These measures reinforced the Group's potential in advertising, net communications and graphic design and added promotional activities to its range of services.

*Development of business activities
and financial result*

Viherjuuri Group showed a profit of FIM 6.5 million before taxes and extraordinary items (FIM 8.9 million in the year before). Turnover amounted to FIM 269.9 million, up 0.7% from the previous year's FIM 267.8 million. Gross income rose to FIM 81.0 million, an increase of 9.1% from FIM 74.2 million the year before.

Gross income and breakdown of the shares of the Group's focus areas: advertising FIM 38.2 million (47% of the total), graphic design FIM 12.9 million (16%), direct marketing FIM 4.3 million (5%), PR and communications FIM 4.2 million (5%), net communications FIM 2.1 million (3%).

Media brokerage accounted for FIM 157.2 million in turnover and FIM 7.2 million in gross income.

The Group's operating profit was FIM 10.5 million (FIM 12.8 million). Earnings per share were FIM 1.39 (FIM 2.63). Equity calculated from the balance sheet, added with reserves, amounted to FIM 15.13 per share (FIM 14.75 per share).

Staff

Personnel costs account for 60% of all operating costs. Staff totalled 164 in the beginning of the year and 197 at year-end, a net increase of 33 persons. The average number of staff during the year under review was 177.

Financing

Interest-bearing debts of the Group amounted to FIM 11.1 million at year-end (FIM 13.4 million). Liquid assets were FIM 9.6 million (FIM 8.3 million). Equity, reserves and the current year's financial result totalled FIM 38.0 million (FIM 37.6 million). The Group's solvency ratio was 49.5% (48.8%).

OTC sale of shares

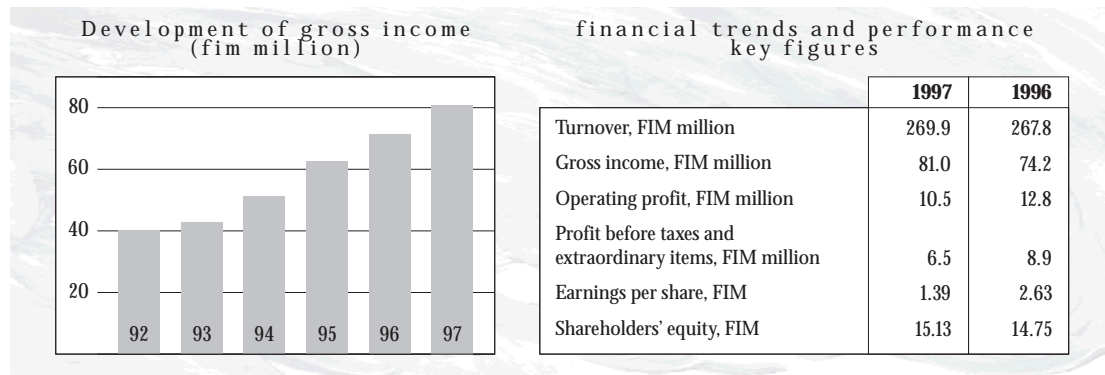
The OTC list operated by the Helsinki Stock Exchange saw 661,773 shares of Markkinointi

Viherjuuri Oy, equalling 26.7% of the total stock, change ownership in 1997. The total value of the transactions was FIM 16.3 million. The lowest share price, FIM 19.50, was recorded in January, and the highest, FIM 28.80, in February. The total number of shareholders in the shareholder register on 31 December 1997 was 293.

Outlook

National economy parameters that have a bearing on marketing communications continue to point to a positive future. The GNP is expected to grow by 4.0%, indicating an increase of 6.0% in investments in marketing communications. Growth is expected in media advertising, graphic design, net communications and direct marketing.

The development of Viherjuuri Group is expected to continue steadily. The main objectives are above-average growth in focus areas, a dividend level at or above the present and enhancing the Group's image as a marketing communications group.



VIHERJUURI GROUP - KEY FIGURES 1993 - 1997

key figures 1993-1997 (fim million)	1993	1994	1995	1996	1997
Turnover	138.6	182.4	242.5	267.8	269.9
Growth %	-20.0	31.5	33.0	10.4	0.7
Gross income	43.6	52.3	63.7	74.2	81.0
Growth %	9.0	20.0	21.7	16.6	9.1
Operating profit	5.8	5.1	10.9	12.8	10.5
% of turnover	4.2	2.8	4.5	4.8	3.8
% of gross income	13.3	9.7	17.1	17.2	12.9
Depreciations	1.3	1.9	3.0	3.1	3.3
Financial items (net)	-0.8	-1.0	-0.5	-0.8	-0.7
Profit before taxes and extraordinary items	3.8	2.2	7.4	8.9	6.5
Taxes	0.1	0.3	2.4	2.5	3.0
Profit before extraordinary items	3.6	1.9	5.0	6.4	3.5
Extraordinary items	0.0	-1.5	-0.9	0.0	0.0
Profit before appropriations	3.6	0.4	4.1	6.4	3.5
Net investment	1.0	13.0	3.4	2.3	3.6
Return on investment %	10.8	8.0	19.2	20.9	15.0
Solvency ratio %	60.0	44.2	44.2	48.8	49.5
Personnel on 31 December	108	146	148	164	197

balance sheet development 1993 - 1997	1993	1994	1995	1996	1997
assets (fim million)					
Fixed assets	30.4	40.5	40.6	39.8	40.0
Inventories and current assets	19.4	28.7	35.6	35.3	35.8
Total	49.8	69.2	76.2	75.1	75.8
liabilities and shareholders' equity (fim million)					
Shareholders' equity	27.5	27.6	31.0	34.2	36.1
Minority interest		0.1		0.1	
Reserves	2.6	3.2	2.6	3.3	1.9
Interest-free liabilities	11.4	21.1	32.5	24.1	26.7
Interest-bearing liabilities	8.3	17.2	10.1	13.4	11.1
Total	49.8	69.2	76.2	75.1	75.8



VIHERJUURI GROUP

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