



MARKKINOINTI VIHHERJUURI

ANNUAL REPORT 1998 ENGLISH SUMMARY

English Summary 1998

Total investments in marketing communications in 1998 will be known in April–May 1999. They will probably rise to slightly over 12 billion Finnmarks. This figure does not include graphic design, public relations or digital communications. Media advertising accounted for FIM 5.7 billion, up 11% from the year before. Other areas of total communications are expected to have had similar growth, with the exception of digital communications where growth is substantially faster.

Viherjuuri Group

Viherjuuri Group's business idea is to enhance its clients' competitiveness by means of total communications. According to the business idea, total communications is the key competitive factor. The Group's core competences include strategic planning of total communications, content planning and project management. Key issues in total communications, and simultaneously, the Group's chief business areas are advertising, graphic design, digital communications, direct marketing and public relations.

In Viherjuuri's vision, the Group is seen as the leading total communications enterprise in Finland. The criteria for a leading

position have been determined in terms of skills, identity, image, awareness, market position, profitability and pioneer status.

The Group's strategy is based on tightening and renewing its organizational structure in a way that improves the results of total communications, strengthens the Group's competitive position, enhances the efficiency of operation and improves the possibilities to reach a profitable business result.

Measures taken in 1998 and early 1999 supported this strategy. As a result, Viherjuuri companies with a strong market position and company image are now operating in all five key business areas. They base their operations on both their special skills and the total communications concept.

International co-operation was strengthened by the advertising agency Komeetta Oy and the media agency Pyramid Oy entering into franchising-type co-operation agreements with the worldwide Saatchi & Saatchi advertising chain and Zenith Median media agency chain, respectively.

During the year under review, an advertising agency and a digital communications unit were established in Turku, Finland.

The year 2000 will not have a significant impact on the Group. The change of the millennium is generally expected to increase the volume of all communications, including marketing communications and total communications, which will improve the situation of companies in this business. Consumer behaviour is more difficult to predict. At the attitude level, the change of the millennium is a significant factor which may bring new, unforeseen features in consumer behaviour.

Development of Business Activities and Financial Result

Viherjuuri Group showed a profit of FIM 2.5 million before taxes and extraordinary items (FIM 6.5 million in the year before). The previous year's profit included profits from the sale of the shareholding in the television company MTV Oy. Viherjuuren Verkkoviestintä, the Group's digital communication company, brought the Group result down by FIM 3.9 million. Turnover amounted to FIM 306.6 million, up 13.6% from the previous year's turnover of FIM 269.9 million. Gross income rose to FIM 95.7 million, an increase of 18.1% from FIM 81.0 million the year before. This increase clearly exceeds total markets average growth.

**BREAKDOWN OF GROSS INCOME
BY GROUP BUSINESS AREA**

	FIM million	%
Advertising	61.9	65
Graphic design	14.7	15
PR and communications	6.7	7
Direct marketing	5.5	6
Digital communications	2.6	3
Other services supporting total communications	4.3	4

The Group's operating profit was FIM 6.9 million (FIM 10.5 million). Earnings per share were FIM 0.50 (FIM 1.39). Equity calculated from the balance sheet, added with reserves, amounted to FIM 14.32 per share (FIM 15.13 per share).

Staff

Personnel costs account for 61% of all operating costs. Staff totalled 197 in the beginning of the year and 236 at year-end, a net increase of 39 persons.

Financing

Interest-bearing debts of the Group totalled FIM 13.5 million at year-end (FIM 11.1 million). Liquid assets were FIM 1.3 million (FIM 9.6 million). Equity, reserves and the current year's financial result totalled FIM 36.1 million (FIM 38.0 million). The Group's solvency ratio was 45.0% (49.5%).

Shares

On the I list operated by the Helsinki Stock Exchange, 332,477 shares of Markkinointi Viherjuuri Oyj, equalling 13.4% of the total stock, changed ownership in 1998. The total value of the transactions was FIM 8.5 million, the average share price being FIM 25.61. The lowest share price, FIM 18.00, was recorded in October, November and December, and the highest, FIM 30.00, in March and April. The total number of shareholders in the shareholder register on 31 December 1998 was 340.

The Annual General Meeting authorised the Board of Directors to buy the company's own shares in accordance with the law. The Board, however, has not used this authorisation.

*Events after
the Closing of the Books*

The advertising and graphic design businesses of the Group were strengthened by transferring the business operations of the advertising agency Mainostoimisto Vera Oy and the planning department of Markkinointi Viherjuuri Oyj to Viherjuuren Mainostoimisto Oy on 8 January, 1999. The business operations of Varis & Ojala Oy were transferred to Viherjuuren Ilme Oy on 5 February, 1999.

Outlook 1999

Private consumption and people's faith in the positive development of their personal economy will keep marketing communications investments on an upward curve. Total investments are expected to rise to approximately FIM 13 billion. The greatest growth potential is believed to exist in advertising, graphic design and digital communications.

Viherjuuri Group's most important objective is to improve profitability and dividend-paying capability by strengthening the Group's market position and by increasing operational efficiency within the framework of the present Group structure. The objective is based on the positive growth potential in key areas of total communications, on the Group's improved competitiveness in these areas and on its improving image as a total communications expert.

Viherjuuri Group - Key Figures

KEY FIGURES

1989 - 1998 (FIM million)	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Turnover	126.4	113.9	85.9	173.3	138.6	182.4	242.5	267.8	269.9	306.6
Growth %	15.4	-9.9	-24.6	101.6	-20.0	31.5	33.0	10.4	0.7	13.6
Gross income	34.9	36.7	30.3	40.0	43.6	52.3	63.7	74.2	81.0	95.7
Growth %	6.7	5.1	-17.6	32.2	9.0	20.0	21.7	16.6	9.0	18.1
Operating profit	1.4	-1.8	-0.2	1.6	5.8	5.1	10.9	12.8	10.5	6.9
% of turnover	1.1	-1.6	-0.3	0.9	4.2	2.8	4.5	4.8	3.8	2.2
% of gross income	3.9	-4.9	-0.8	4.1	13.3	9.7	17.1	17.2	12.9	7.2
Depreciations	1.3	1.6	1.7	2.3	1.3	1.9	3.0	3.1	3.3	3.5
Financial items (net)	0.7	-0.5	-0.8	-1.2	-0.8	-1.0	-0.5	-0.8	-0.7	-0.9
Profit before taxes and extraordinary items	0.8	-3.9	-2.7	-1.9	3.8	2.2	7.4	8.9	6.5	2.5
Taxes	0.5	0.0	0.2	0.0	0.1	0.3	2.4	2.5	3.0	1.2
Minority interest	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before extraordinary items	0.4	-3.9	-3.0	-1.9	3.6	1.9	5.0	6.4	3.5	1.3
Extraordinary items	-0.3	0.0	0.3	0.0	0.0	-1.5	-0.9	0.0	0.0	-0.6
Profit before appropriations	0.1	-3.9	-2.7	-1.9	3.6	0.4	4.1	6.4	3.5	0.7
Net investment	5.7	1.6	0.8	3.9	1.0	13.0	3.4	2.3	3.6	3.0
Return on investment %	4.0	-5.8	-3.7	-1.2	10.8	8.0	19.2	20.9	14.9	6.9
Solvency ratio %	66.6	60.4	60.9	54.7	60.0	44.2	44.2	48.8	49.5	45.0
Personnel on 31 December	107	90	75	112	108	146	148	164	197	236

BALANCE SHEET DEVELOPMENT

1989-1998 (FIM million)	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Assets										
Fixed assets	29.9	29.9	29.1	30.7	30.4	40.5	40.6	39.8	40.0	39.5
Inventories and current assets	25.0	21.8	18.0	17.8	19.4	28.7	35.6	35.3	35.8	39.3
Total	54.9	51.7	47.1	48.5	49.8	69.2	76.2	75.1	75.8	78.8
Liabilities and shareholders' equity										
Shareholders' equity	31.6	28.2	26.2	24.2	27.5	27.6	31.0	34.2	36.1	33.8
Minority interest						0.1		0.1		
Reserves	5.0	3.0	2.5	2.4	2.6	3.2	2.6	3.3	1.9	2.3
Interest-free liabilities	8.5	9.5	7.9	12.7	11.4	21.1	32.5	24.1	26.7	29.2
Interest-bearing liabilities	9.8	11.0	10.5	9.2	8.3	17.2	10.1	13.4	11.1	13.5
Total	54.9	51.7	47.1	48.5	49.8	69.2	76.2	75.1	75.8	78.8



VIHERJUURI • GROUP

www.viherjuuri.fi

Markkinointi Viherjuuri Oyj

Group parent company

International affiliation: Worldwide Partners Inc.

CEO Arto Liinpää

phone +358-9-12 551, fax +358-9-1255 2260

e-mail arto.liinpaa@viherjuuri.fi



Viherjuuren Turku Oy

Advertising agency

International affiliation: Saatchi & Saatchi.

Managing Director Tapani Hyysalo

phone +358-2-283 733, fax+358-2-2511 316

e-mail tapani.hyysalo@viherjuuri.fi



Viherjuuren Viestintätoimisto Oy

Public Relations agency

International affiliation: Edelman

Public Relations Worldwide

Managing Director Marjatta Virtanen

phone +358-9-1255 400, fax +358-9-1255 2444

e-mail marjatta.virtanen@viherjuuri.fi



Viherjuuren Verkkoviestintä Oy

Digital marketing communication agency

Managing Director Iiro Pohjanoksa

phone +358-9-12 551, fax +358-9-1255 2070

e-mail iiro.pohjanoksa@viherjuuri.fi



Pyramid Zenith Media Oy

Media agency

Managing Director Hannu Heikkinen

phone +358-9-6858 661, fax +358-9-6858 6600

e-mail hannu.heikkinen@viherjuuri.fi



Viherjuuren Mainostoimisto Oy

Advertising agency

International affiliation: Worldwide Partners Inc.

Managing Director Hannu Tarsaranta

phone +358-9-1255 455, fax +358-9-680 1299

e-mail hannu.tarsaranta@viherjuuri.fi

Viherjuuren Ilme Oy

Graphic design agency

International affiliation: Henrion, Ludlow & Schmidt

Managing Director Riitta Mutikainen

phone +358-9-12 551, fax +358-9-641 743

e-mail riitta.mutikainen@viherjuuri.fi

Viherjuuren Suora Oy

Direct marketing agency

International affiliation: InterDirect Network

Managing Director Tarja Lento

phone +358-9-1255 355, fax +358-9-1255 2242

e-mail tarja.lento@viherjuuri.fi

Komeetta Saatchi & Saatchi Oy

Advertising agency

Managing Director Leena Artimo

phone +358-9-6858 621, fax +358-9-6858 6729

e-mail leena.artimo@viherjuuri.fi