SanomaWSOY

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SanomaWSOY's earnings per share totalled EUR 0.21 (0.22) in the first quarter. The Group's net sales grew to EUR 612.5 (582.1) million. Operating profit was EUR 45.6 (48.9) million and the major non-recurring capital gains were EUR 1.7 (4.0) million.

KEY INDICATORS, EUR million	**1–3/2006**	1–3/2005	Change, %	1–12/2005
Net sales	**612.5**	582.1	5.2	2,622.3
Operating profit	**45.6**	48.9	-6.8	301.3
% of net sales	**7.4**	8.4		11.5
Operating profit excluding major non-recurring capital gains	**43.9**	44.9	-2.1	269.1
% of net sales	**7.2**	7.7		10.3
Balance sheet total	**2,984.7**	2,930.8	1.8	2,972.0
Capital expenditure	**15.3**	15.9	-3.8	93.8
% of net sales	**2.5**	2.7		3.6
Equity ratio, %	**42.7**	36.8		41.3
Gearing, %	**71.7**	99.1		72.8
Interest-bearing liabilities	**920.5**	1,061.3	-13.3	928.7
Net debt	**851.6**	1,002.2	-15.0	843.8
Personnel under employment contract, average	**17,613**	16,149	9.1	16,885
Personnel, average (full-time equivalents)	**15,124**	13,626	11.0	14,256
Earnings/share, EUR	**0.21**	0.22	-8.0	1.45
Earnings/share, diluted, EUR	**0.21**	0.22	-6.6	1.42
Cash flow from operations/share, EUR	**-0.02**	0.11		1.69
Equity/share, EUR *	**7.49**	6.56	14.2	7.28
Market capitalisation	**3,519.1**	2,959.7	18.9	3,121.5

* Excluding minority interests

OUTLOOK FOR 2006

In 2006, SanomaWSOY's net sales are projected to increase by around 4% and operating profit, excluding the major non-recurring capital gains, is expected to improve. In 2005, operating profit excluding these capital gains totalled EUR 269.1 million.

SanomaWSOY's estimates on net sales and operating profits in 2006 are based on assumed organic growth and minor acquisitions. In 2005, SanomaWSOY's net sales, adjusted for changes in the Group structure, improved by 1.9% and total net sales growth amounted to 4.7%. Growth in net sales and operating profit are affected by the Group's own business activities and development projects as well as general economic trends, such as growth in media markets and private consumption in the Group's operating countries.

European economies are projected to grow in 2006. Research firms predict that GDP will grow by 2.3% in the Netherlands, 2.1% in Belgium, 3.8% in Finland, 4.4% in Hungary, 5.5% in the Czech Republic, and 6.0% in Russia. Media advertising usually grows faster than GDP. In 2006, private consumption is estimated to increase by 3.7% in Finland, 2.2% in Belgium, 4.7% in Hungary, 2.9% in the Czech Republic, and 10.3% in Russia, but only 1.3% in the Netherlands.

Key events and targets

During January–March 2006, the SanomaWSOY Group developed its product and service portfolio, as well as continued to expand internationally.

WSOY reinforced and internationalised its competencies in educational publishing and training services. In February, the Division acquired a 51% shareholding in AAC Global which provides services such as language training and translation in Finland and Sweden. In March, WSOY acquired a majority in Láng Kiadó és Holding, the leading Hungarian educational publishing and training company. The deal is subject to the approval of the Hungarian competition authorities.

In February, SanomaWSOY divested its minority holding in the media, IT, and telecommunications company Aina Group.

After the review period, the Annual General Meeting decided to combine the Company's two share series. The combination will improve the Company's position in the financial market.

SanomaWSOY will continue to expand into new markets for magazines, educational publishing, and press distribution in a manner that creates added value. The international focus of operations is in Russia and CEE countries. The Group seeks to be a market leader in the areas in which it operates, with the financial target of increasing net sales at a rate outperforming GDP growth in its main operating countries.

SanomaWSOY aims to increase the profitability of its current businesses and divest any non-core assets and businesses. The Group's strategic operating profit target is 12%. These targets are based on the assumption that business environment trends will remain stable.

Seasonal fluctuation

Developments in media advertising have an impact on the net sales and results of Sanoma Magazines, Sanoma, and SWelcom. Advertising sales are influenced e.g. by the number of newspaper and magazine issues published during each quarter, which varies yearly. TV advertising in Finland is usually strongest in the second and fourth quarters.

A major proportion of net sales and results in publishing and trade, for example, is generated in the last quarter, particularly from Christmas sales, while educational publishing records most of its net sales and results during the second and third quarters.

Seasonal fluctuations in Group businesses influence net sales and operating profit, the first quarter traditionally showing the weakest and the fourth quarter the strongest performance.

Operating environment

In January–March, media advertising in Finland grew by 5% according to TNS Gallup Adex. Advertising in newspapers rose by 3%. Job advertising increased by 17%, while magazine advertising grew by 9% and TV advertising by 4%. According to ZenithOptimedia's advance information, magazine advertising in 2006 is expected to grow by 1% in the Netherlands, 2% in Belgium, 6% in Hungary, and 13% in the Czech Republic. Advertising in printed media in Russia is expected to grow by 18% in 2006.

According to the Finnish Food Marketing Association, Finnish sales of daily consumer goods grew by 4% in January–March.

Net sales

SanomaWSOY's net sales for the period under review rose by 5.2%, totalling EUR 612.5 (582.1) million, with all divisions recording net sales improvements, excluding WSOY. Most growth originated in new operations in e.g. Russia. WSOY's net sales decreased due to the divestment of diaries and printing operations in late 2005. Net sales adjusted for changes in the Group structure grew by 3.2%.

Advertising sales accounted for 24% (22%) of Group total net sales. In geographic terms, Finland accounted for 53% (55%) of net sales, other EU countries 41% (43%), and other countries 5% (2%).

Result

The Group's operating profit was EUR 45.6 (48.9) million or 7.4% (8.4%) of net sales. The major non-recurring capital gains totalled EUR 1.7 (4.0) million. Excluding these gains, operating profit came to EUR 43.9 (44.9) million. Sanoma, SWelcom, and WSOY improved their results; in the latter, the divestment of diaries reduced the operating loss for the first quarter. Sanoma Magazines' results decreased mainly due to distribution problems in Belgium. Rautakirja's comparable earnings were at the previous year's level.

SanomaWSOY's net financial items totalled EUR -6.2 (-6.1) million. Financial income consisted mostly of interest income and amounted to EUR 3.4 (2.6) million. Financial expenses amounted to EUR 9.7 (8.8) million, mainly consisting of interest expenses on interest-bearing liabilities of EUR 6.9 (7.6) million.

Result before taxes decreased to EUR 41.3 (46.0) million, while earnings per share stood at EUR 0.21 (0.22).

Balance sheet and financial position

The consolidated balance sheet totalled EUR 2,984.7 (2,930.8) million at the end of March. Cash flow from operations was EUR -2.5 (16.9) million. Consolidated cash flow was particularly weakened by temporary effect on the working capital of the Belgian distribution problems and the seasonal fluctuations in the working capital. Cash flow per share amounted to EUR -0.02 (0.11). SanomaWSOY's equity ratio increased to 42.7% (36.8%), while gearing was 71.7% (99.1%). Shareholders' equity increased to EUR 1,187.8 (1,010.9) million. Among other things, the conversion of stock options and convertible capital notes into shares increases shareholders' equity and improves the equity ratio. Interest-bearing liabilities decreased to EUR 920.5 (1,061.3) million and net debt to EUR 851.6 (1,002.2) million. There were no major acquisitions during the first quarter. The Group's cash and cash equivalents totalled EUR 68.9 (59.1) million at the end of March.

Capital expenditure

The level of SanomaWSOY's investments in January–March was moderate. Capital expenditure amounted to EUR 15.3 (15.9) million. This consisted mainly of replacement investments. There were no major acquisitions during the period under review. The most significant acquisition in the comparable period was Independent Media, a magazine publisher operating in Russia and the Ukraine. EUR 2.6 (4.3) million of R&D expenditure was recorded as expenses.

Administration

The AGM of April 3, 2006 set the number of SanomaWSOY's Board members at ten. Those at the end of their membership term were re-elected and the Board of Directors of SanomaWSOY consists of: Jaakko Rauramo, Chairman, Sari Baldauf, Vice Chairman, and Robert Castrén, Jane Erkko, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari, Robin Langenskiöld, Hannu Syrjänen, and Sakari Tamminen as members.

The AGM elected as the Company auditors Mr Pekka Pajamo, Authorised Public Accountant, with Mr Sixten Nyman, Authorised Public Accountant, as his deputy, alongside KPMG Oy Ab with Mr Kai Salli, Authorised Public Accountant, as auditor in charge.

Combination of share series and directed issue of shares

After the review period, the AGM of April 3, 2006 decided on the combination of SanomaWSOY's share series, on a related directed issue to the holders of Series A shares, and on amendments to the Articles of Association.

The combination of share series was accomplished by amending the Articles of Association to remove the differences between share classes, among others. The new Articles of Association were entered into the Trade Register on April 7, 2006, SanomaWSOY's Series A and B shares being combined into one share series in the book-entry securities system on April 7, 2006, and trading with the new share began on the Main List of the Helsinki Stock Exchange on April 10, 2006.

In order to compensate for the decrease in the voting rights of Series A shareholders, the AGM decided to increase the Company's share capital by directing a share issue at holders of Series A shares. A maximum of 2,312,731 new shares corresponding to Series B shares will be issued in the share issue at a book counter-value of EUR 0.43. As a result, the Company's share capital will increase by a maximum of EUR 994,474.33.

Subscription rights received in the share issue entitle their holder to subscribe for one new share equivalent to the previous Series B share for each ten Series A shares he/she held on the record date of April 6, 2006. The subscription price of the new share equals its book counter-value, EUR 0.43. The share subscription period is April 11–May 10, 2006.

Trading with interim shares subscribed for the share issue will begin on May 11, 2006. The new shares will be combined with ordinary shares in the book-entry securities system on or around May 17, 2006 and trading with the one share will begin on the Main List of the Helsinki Stock Exchange on or around May 18, 2006. New shares subscribed for the issue will entitle their holders to a dividend and other shareholder rights when the increase in share capital has been entered into the Trade Register.

Shares and holdings

Trading with SanomaWSOY shares was lively in January–March, share turnover totalling EUR 425.2 (638.6) million. Most shares traded were Series B, with the trading volume totalling 20.2 million shares. The price of Series A shares averaged EUR 24.16, varying from a EUR 21.88 low to a EUR 26.30 high, while that of Series B shares averaged EUR 20.87, varying from a EUR 19.63 low to a EUR 22.45 high. SanomaWSOY's market capitalisation at the end of March was EUR 3,519.1 (2,959.7) million and the Company did not hold any own shares (treasury shares).

The two share series were combined after the review period and trading with the new shares, which are similar to the old Series B shares, began on the Helsinki Stock Exchange on April 10, 2006.

No convertible capital notes were converted into shares during the first quarter. The outstanding loan capital totalled EUR 90.3 million at the end of March.

One flagging announcement regarding SanomaWSOY shares was made during the period under review. One of SanomaWSOY's largest shareholders, the estate of Patricia Seppälä, was dissolved on March 3, 2006. The estate held a total of 8,696,400 shares which were equally distributed between the parties to the estate, Robin Langenskiöld and Rafaela Seppälä, resulting in their shares of the company's share capital and votes exceeding one twentieth (1/20).

After the review period, SanomaWSOY issued a flagging announcement with regard to changes in the proportional holdings of Aatos Erkko and the bodies he controls, the Alfred Kordelin Foundation, and the Finnish Cultural Foundation due to the combination of share series and the directed issue of shares. Assuming that the issue will be subscribed in full and the shareholders concerned will exercise all of their subscription rights, Aatos Erkko's combined share of SanomaWSOY's votes will decrease below one fourth (1/4), and his personal share of votes will decrease below one fifth (1/5). The Alfred Kordelin Foundation's and the Finnish Cultural Foundation's share of the Company votes will decrease below one twentieth (1/20).

Dividend

In line with the AGM's decision, SanomaWSOY paid out a per-share dividend of EUR 0.90 (0.80) for 2005. The record date for dividend payment was April 6, 2006 and the dividend payment date was April 19, 2006. SanomaWSOY conducts an active dividend policy and primarily pays out over half of the Group result after taxes in dividends.

Board authorisations

The AGM of April 3, 2006 authorised the Board to decide, within one year of the AGM, on an increase in share capital by one or more rights issues, issuance of one or more convertible capital notes and/or option rights. The new shares issued shall be Series B or similar, and their aggregate number may not exceed 31,397,736 shares. The total increase in share capital may not exceed EUR 13,501,026.48. According to the Board's proposal, this authorisation excludes the employee incentives.

Authorisations granted by the AGM of 2005 to increase the share capital or acquire own shares were not exercised. These authorisations ended on April 12, 2006.

Sanoma Magazines

Sanoma Magazines is one of Europe's five largest consumer magazine publishers. The Division operates in twelve countries. In addition to publishing its strong portfolio of magazine brands for various reader communities, Sanoma Magazines is expanding its business to other media platforms, with a strong focus on interactivity.

KEY INDICATORS

EUR million	**1–3/2006**	1–3/2005	Change, %	1–12/2005
Net sales	**278.2**	259.5	7.2	1,181.9
Operating profit	**23.5**	25.5	-7.6	129.1
% of net sales	**8.5**	9.8		10.9
Operating profit excluding major non-recurring capital gains	**23.5**	25.5	-7.6	129.1
% of net sales	**8.5**	9.8		10.9
Balance sheet total	**1,764.5**	1,622.3	8.8	1,752.5
Capital expenditure	**4.3**	2.3	83.7	36.6
Personnel under employment contract, average	**5,377**	4,774	12.6	5,275
Personnel, average (full-time equivalents)	**4,902**	4,247	15.4	4,716

OPERATIONAL INDICATORS *	**1–3/2006**	1–3/2005
Number of copies sold (press distribution / Aldipress), thousands	**25,905**	27,476
Number of magazines published	**232**	224
Magazine copies sold, thousands	**107,328**	103,901
Number of advertising pages sold	**12,082**	11,296

* Including joint ventures

Method of calculating number of magazines published has changed. Comparative data has been adjusted accordingly.

Sanoma Magazines' net sales in January–March rose to EUR 278.2 (259.5) million. The net sales in the Dutch-based Sanoma Magazines Netherlands (formerly Sanoma Uitgevers) totalled EUR 116.7 (117.8) million, while Sanoma Magazines International's net sales increased to EUR 58.1 (39.7) million. Net sales grew in almost all operating countries but most growth came from the new operations in Russia and the Ukraine which were consolidated with the business as of March 2005. Net sales at Sanoma Magazines Finland grew to EUR 45.8 (41.4) million mainly due to a different number of issues than in the comparable period. Sanoma Magazines Belgium's net sales decreased to EUR 44.7 (47.3) million due to problems related to a new distribution partner. Aldipress' net sales were at EUR 26.4

(28.0) million. Adjusted for changes in the Group structure, Sanoma Magazines' net sales increased by 1.3%.

Most net sales growth came from increased advertising sales, especially in new markets, e.g. Russia and the Ukraine, as well as growing online advertising. Advertising sales grew by 27% and represented 26% (22%) of the Division's net sales. The general economic climate in the Netherlands is showing some positive signs, but the pressure on advertising remains. Online advertising sales in the Netherlands continued to develop well. Markets developed favourably in Sanoma Magazines International's countries and advertising sales grew in all operating countries, especially in Russia, the Ukraine, and Hungary. In Sanoma Magazines Belgium and Sanoma Magazines Finland, the advertising sales also increased.

Circulation sales increased by 3% and accounted for 58% (60%) of total net sales. This growth came mainly from Sanoma Magazines International, where single copy sales were successful, especially in Russia and Bulgaria. Circulation sales in Sanoma Magazines Netherlands suffered still from a decline in the single copy sales. Circulation sales deteriorated also in Belgium where the new distribution partner was unable to perform properly at the beginning of the year. Sanoma Magazines Belgium has now changed partner and distribution problems are solved. Sanoma Magazines Finland's circulation sales were in line with the previous year. Low levels of private consumption in the Netherlands also affected the single copy distribution operations of Aldipress.

Sanoma Magazines' operating profit decreased to EUR 23.5 (25.5) million. The result improved due to EUR 2.4 million adjustment related to acquisition in 2001 and the terms and conditions of the agreement. Sanoma Magazines Netherlands's operating profit was approximately at the previous year's level and the business launched three new titles in the first quarter. Sanoma Magazines Belgium's result decreased mainly due to distribution problems. Despite heavy investments in new launches, Sanoma Magazines International results remained at the previous year's level. Sanoma Magazines International made two major magazine launches during the first quarter, while the test launch of a Russian women's weekly, Gloria, is an important step towards securing future growth. The operating profit in Sanoma Magazines Finland increased slightly and Aldipress' result were at the previous year's level.

After the review period, Dick Molman was appointed President of Sanoma Magazines' Dutch business Sanoma Uitgevers.

Sanoma Magazines continues to invest in growth, especially in Russia and CEE countries. Also the development of online businesses continues. Intense competition both in advertising and readers' markets in the Netherlands is expected to continue. In 2006, Sanoma Magazines' net sales are estimated to grow and operating profit is expected to be at the previous year's level.

Sanoma

Sanoma is Finland's leading newspaper publisher. In addition to Helsingin Sanomat, the largest subscription-based daily in the Nordic region, the Division publishes national and regional daily newspapers, local papers, and free sheets, as well as related online editions and services.

KEY INDICATORS EUR million	**1–3/2006**	1–3/2005	Change, %	1–12/2005
Net sales	**112.6**	108.6	3.7	446.4
Operating profit	**16.1**	13.9	15.8	59.1
% of net sales	**14.3**	12.8		13.2
Operating profit excluding major non-recurring capital gains	**14.5**	13.9	3.9	58.1
% of net sales	**12.8**	12.8		13.0
Balance sheet total	**489.5**	459.1	6.6	471.6
Capital expenditure	**4.0**	6.9	-42.9	21.9
Personnel under employment contract, average	**2,598**	2,730	-4.8	2,782
Personnel, average (full-time equivalents)	**2,298**	2,313	-0.7	2,388

OPERATIONAL INDICATORS	**1–3/2006**	1–3/2005
Advertising volume (column km)		
Helsingin Sanomat	**10.4**	10.1
Ilta-Sanomat	**1.7**	1.6
Free sheets	**7.6**	2.9
Distribution, free sheets, million copies	**25.3**	7.5

Audited circulation	1–12/2005	1–12/2004
Helsingin Sanomat	430,785	434,472
Ilta-Sanomat	195,673	201,281

Sanoma's net sales in January–March increased to EUR 112.6 (108.6) million. Attributable to growth both in advertising and circulation sales, Helsingin Sanomat's net sales increased to EUR 66.8 (64.6) million. Ilta-Sanomat's advertising sales increased, and net sales improved to EUR 22.3 (22.1) million.

Sanoma Lehtimedia's net sales decreased to EUR 11.0 (11.7) million due to a decline in advertising sales. The decrease in advertising sales was mostly attributable to the transfer of free sheets Kaupunkilehti Seiska and Lappeenrantalainen to the Sanoma Kaupunkilehdet business unit for free sheets. Division's advertising sales were affected by the timing of Easter, which in 2005 was on the first quarter.

The Division reported a 6% improvement in advertising sales which accounted for 52% (50%) of net sales. Sources of growth included Helsingin Sanomat, Ilta-Sanomat, and Sanoma Kaupunkilehdet. Particularly strong growth was seen in Sanoma Kaupunkilehdet, as well as in the online advertising sales of Oikotie, which is part of the Helsingin Sanomat business unit. Job advertising in the Helsingin Sanomat business unit increased by 13%.

Sanoma's circulation sales remained at the previous year's level, accounting for 41% (43%) of net sales. There was a slight increase of circulation sales in Helsingin Sanomat. Sanoma Lehtimedia's circulation sales were on a par with the comparison period. A continued fall in newsstand sales decreased Ilta-Sanomat's circulation sales, and the paper had a 59.3% (60.4%) share of the quality tabloid market. Despite decreases in circulation, the readership of Sanoma's newspapers remained at the previous year's level. However, strong growth in the number of online users has substantially increased the overall number of readers. Taloussanomat's weekday circulation increased and distribution volumes of free sheets increased markedly, due to distribution agreements made in mid-2005 and the launch of new titles, among others.

Sanoma's operating profit in January–March increased to EUR 16.1 (13.9) million, and operating profit excluding the major non-recurring capital gains increased to EUR 14.5 (13.9) million. Results were improved by Helsingin Sanomat's good performance and cost-saving measures. The results of Sanoma Business Services improved as well. However, the investments in the development of free sheets decreased the operating profit. For example, Sanoma Kaupunkilehdet launched a free sheet called V aimed at young people in the Helsinki metropolitan area. Results also decreased in the Ilta-Sanomat business unit. The major non-recurring capital gains amounted to EUR 1.7 (0.0) million, consisting of a sales gain on Aina Group Oyj shares divested by Sanoma Lehtimedia in February.

Sanoma's 2006 net sales are expected to increase, particularly due to a sustained, favourable development of media advertising and the Division's new operations. Operating profit is projected to improve slightly, as a result of greater operational efficiency and higher net sales.

WSOY

WSOY is Finland's leading book publisher and a significant European educational publisher with operations in Belgium, the Netherlands, Poland, and Finland.

KEY INDICATORS EUR million	1–3/2006	1–3/2005	Change, %	1–12/2005
Net sales	**45.4**	48.3	-6.0	294.4
Operating profit	**-4.3**	-7.1	-39.0	55.8
% of net sales	**-9.5**	-14.6		19.0
Operating profit excluding major non-recurring capital gains	**-4.3**	-7.1	-39.0	39.3
% of net sales	**-9.5**	-14.6		13.4
Balance sheet total	**484.3**	478.3	1.3	485.0
Capital expenditure	**1.7**	2.1	-19.2	8.1
Personnel under employment contract, average	**2,039**	2,368	-13.9	2,311
Personnel, average (full-time equivalents)	**1,854**	2,185	-15.2	2,123

OPERATIONAL INDICATORS	1–3/2006	1–3/2005
Educational		
Number of new titles published, books	**177**	218
Number of new titles published, electronic products	**39**	65
Publishing		
Number of new titles published, books	**151**	142
Number of new titles published, electronic products	**50**	14
Books sold, million copies	**1.4**	1.5

WSOY's net sales in January–March were EUR 45.4 (48.3) million. Both educational and general publishing performed well but net sales decreased, since WSOY divested its diaries and part of its printing operations in late 2005. Net sales adjusted for changes in the Group structure improved by 5.3%.

Educational publishing increased its net sales to EUR 15.3 (12.8) million. The market for educational publishing developed favourably in all of the countries in which SanomaWSOY Education operates, and the order stock for 2006 is good. Reforms of curricula in Finland have improved the sales of upper secondary school materials, among others. Market shares in primary school materials in the

Netherlands are developing favourably. The electronic educational materials of Young Digital Planet (YDP) were particularly successful.

Publishing generated net sales of EUR 24.1 (23.4) million. Sales of Finnish fiction and non-fiction books increased but those of children's and juvenile books and translated fiction fell short of the comparison period. Overall sales to bookstores and other retail outlets decreased by 8% in the first quarter. Sales of WSOYpro, provider of up-to-date b-to-b information services, developed well.

Net sales from other operations amounted to EUR 10.3 (16.0) million, most of which originated from printing books. The operations of the book printer WS Bookwell developed favourably in the first quarter. Net sales in the comparable period include the printing operations and diaries divested in 2005.

WSOY's operating profit was EUR -4.3 (-7.1) million, both educational publishing and publishing improving their operating results. The operating loss in the first quarter was also reduced by the divestment of the diaries, the entire operating profit for diaries traditionally having been generated during the fourth quarter. Thus, these divestments have slightly changed the seasonality of WSOY's business. Educational publishing generates most of its net sales and results in the second and third quarters, while the peak for general publishing is the fourth quarter.

In March, WSOY acquired a majority in Láng Kiadó és Holding Zrt, the leading Hungarian educational publishing and training company. Láng had pro forma consolidated net sales of EUR 27.5 million in 2005 and it employs some 300 persons. The deal is subject to the approval of the Hungarian competition authorities.

The organisation of the publishing business was also developed in the first quarter. In January Everscreen, a provider of electronic services, as well as Docendo, a publisher of IT books, were transferred to the WSOYpro business unit. In February, WSOYpro acquired AAC Global, a provider of language training services.

Due to divestments in 2005, WSOY's net sales for 2006 are expected to decrease. Operating profit, excluding the major non-recurring capital gains, is projected to be at the 2005 level. This estimate does not include the effects of the Hungarian operations.

SWelcom

TV channel Nelonen is Finland's third largest medium in terms of advertising sales, while Welho (formerly Helsinki Television, or HTV) is the largest cable television company and a major provider of broadband services in Finland.

KEY INDICATORS

EUR million	**1–3/2006**	1–3/2005	Change, %	1–12/2005
Net sales	**33.3**	29.8	11.8	122.5
Operating profit	**3.2**	2.7	19.4	9.6
% of net sales	**9.7**	9.1		7.8
Operating profit excluding major non-recurring capital gains	**3.2**	2.7	19.4	9.6
% of net sales	**9.7**	9.1		7.8
Balance sheet total	**150.4**	142.5	5.6	143.5
Capital expenditure	**1.4**	2.2	-35.5	10.1
Personnel under employment contract, average	**435**	415	4.8	425
Personnel, average (full-time equivalents)	**393**	377	4.2	385

OPERATIONAL INDICATORS	**1–3/2006**	1–3/2005
Nelonen's share of Finnish TV advertising	**32.0%**	29.7%
Nelonen's daily coverage	**45%**	44%
Nelonen's national commercial viewing share	**23.6%**	22.0%
Nelonen's national viewing share	**10.8%**	11.1%
Number of connected households, thousands (31.3)	**295**	284
Number of pay TV subscriptions, thousands (31.3)	**46**	36
Number of broadband internet connections, thousands (31.3)	**72**	56

In January–March, SWelcom’s net sales increased markedly to EUR 33.3 (29.8) million, particularly due to growth in Nelonen’s TV advertising sales. Advertising sales represented 58% (58%) of SWelcom’s net sales.

Nelonen’s net sales during the first three months increased to EUR 19.2 (17.2) million. The channel’s share of all TV advertising grew markedly to 32.0% (29.7%). Nelonen’s national commercial viewing share increased in all age groups, the greatest growth being among women aged 25 to 44 years old, an important group for advertising sales. The TV series Lost, started in January, achieved the largest audience in the history of the channel's imported series, 733,000 viewers. The Finnish version of the Block (Unelmakämppä) and a home video show Funny Home Videos (Hauskat kotivideot) are examples of programmes implementing Nelonen's cross-media strategy. After the review period, Nelonen exclusively screened the playoffs and finals of the Finnish National Ice Hockey League. From the beginning of April, Nelonen's entire offering can be viewed on 3G mobile TV.

Welho's net sales increased due to good growth figures in pay-TV and broadband subscriptions and sales of digital set-top boxes. The competitive situation in broadband services remained intense. In late March, Welho launched an online music store offering discounts to Welho Broadband customers.

SWelcom's operating profit increased to EUR 3.2 (2.7) million. Nelonen's operating profit improved even though this year's investments in programmes are focused on the spring season. Welho's results were on a par with the comparison period, despite price competition in broadband subscriptions.

SWelcom is applying for a commercial radio licence. The current Finnish radio licences will expire at the end of the year, and the Government is expected to grant new licences during the spring. SWelcom is primarily applying for a nationwide licence and secondarily for two parallel licences covering parts of the country. Also the newspaper division Sanoma is applying a local license for its radio station Radio Helsinki. SWelcom has also announced that it will participate in the application round for digital TV programming licences starting in May.

In 2006, SWelcom's net sales and operating profit are expected to grow markedly.

Rautakirja

Rautakirja is the market leader in kiosk operations, press distribution, and movie theatres in Finland and the Baltic countries. It is also the Finnish market leader in bookstores. Its press distribution business has expanded into the Russian and Romanian markets and its bookstore operations into the Estonian market.

KEY INDICATORS

EUR million	1–3/2006	1–3/2005	Change, %	1–12/2005
Net sales	**154.3**	148.6	3.9	635.9
Operating profit	**10.1**	13.8	-26.7	51.2
% of net sales	**6.6**	9.3		8.0
Operating profit excluding major non-recurring capital gains	**10.1**	9.8	3.1	42.3
% of net sales	**6.6**	6.6		6.6
Balance sheet total	**389.7**	438.9	-11.2	397.0
Capital expenditure	**3.9**	2.7	46.9	16.6
Personnel under employment contract, average	**7,092**	5,793	22.4	6,023
Personnel, average (full-time equivalents)	**5,607**	4,439	26.3	4,577

OPERATIONAL INDICATORS	1–3/2006	1–3/2005
Customer volume in kiosk operations, thousands *	**26,642**	27,477
Customer volume in bookstore operations, thousands *	**1,569**	1,433
Customer volume in movie theatres, thousands	**2,041**	1,719
Number of copies sold (press distribution), thousands	**66,490**	57,911

* Units in Finland

Rautakirja generated net sales of EUR 154.3 (148.6) million in the first quarter, all business operations improving their net sales. 20% (15%) of net sales came from outside Finland. Net sales adjusted for changes in the Group structure improved by 2.8%.

Kiosk operations' net sales rose to EUR 82.3 (81.9) million. Net sales declined slightly in Finland but grew in other countries. In the comparable period, net sales included kiosk operations in the Czech Republic, which were divested in late 2005. Also, net sales in the first quarter of 2005 were increased by Easter. The takeover of the Lietuvos Spauda kiosk chain was initiated soon after the competition authorities approved the deal in December 2005, and the Lithuanian operations have been consolidated with kiosk operations since the beginning of 2006. The installation of a new point-of-sale (POS) system for all Finnish R-kiosk outlets was completed in April. This system enables nationwide sales, agency, and marketing of new types of products. National train tickets can be collected and paid in all R-kiosks from mid-May.

Expansion of press distribution in Lithuania and Russia increased the business' net sales to EUR 24.4 (22.7) million. Net sales in Finland fell slightly compared to January–March 2005 because cover-price sales of single copies decreased by almost 3%, sales there falling for both newspapers and magazines. Net sales increased markedly in other countries.

Bookstores' net sales grew to EUR 30.2 (27.9) million. Sales in Finland were boosted by the successful clearance sales in January and the publication of the latest Harry Potter novel in Finnish. Sales at the new outlets opened in the second half of 2005 have developed favourably and net sales in Estonia grew well.

The entertainment business comprises movie theatres in Finland and the Baltic countries, and a multi-purpose arena in Hamburg. The unit generated net sales of EUR 20.1 (16.2) million. Movie audiences increased markedly in Finland and throughout the Baltic countries. In Finland, domestic films fuelled substantial growth in the entire industry and attracted more than one half of the first quarter's audiences, clearly outperforming the 2005 total. In January, Finnkino signed a lease on a six-theatre cinema centre to be constructed in the extension of the Jumbo shopping centre in Vantaa, scheduled to open in early 2008.

Rautakirja's operating profit in January–March was EUR 10.1 (13.8) million. Kiosk operations' operating profit decreased due to the introduction of the new POS system. Results from bookstores and press distribution were at the previous year's level, the latter being affected by decreased newsstand sales in Finland. The entertainment business clearly improved its operating profit. Growth was particularly attributable to the success of domestic films in Finland. Operating profit excluding the major non-recurring capital gains improved, with earnings for the comparable period including EUR 4.0 million of sales gain on the divestment of restaurant operations.

Rautakirja's lines of business will face intensifying competition in all operating countries. Rautakirja will continue to ensure its expansion and success through continuous development, internationalisation, and acquisitions, with Russia and the emerging CEE economies serving as the target countries for expansion. Rautakirja's 2006 net sales are projected to increase and operating profit, excluding the major non-recurring capital gains, to improve.

This report is unaudited and has been prepared in accordance with the principles of IAS 34 Interim Financial Reporting.

Helsinki

Board of Directors
SanomaWSOY Corporation

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

CONSOLIDATED INCOME STATEMENT

EUR million	1–3/2006	1–3/2005	Change, %	1–12/2005
Net sales	**612.5**	582.1	5.2	2,622.3
Other operating income	**15.4**	14.5	6.4	80.7
Materials and services	**280.9**	263.6	6.6	1,177.8
Personnel expenses	**145.6**	143.0	1.8	574.7
Other operating expenses	**124.8**	111.7	11.8	518.6
Depreciation and impairment losses	**30.9**	29.4	5.0	130.6
Operating profit	**45.6**	48.9	-6.8	301.3
Share of result of associated companies	**1.9**	3.3	-41.7	9.8
Financial items	**-6.2**	-6.1	1.4	-25.1
Result before taxes	**41.3**	46.0	-10.3	286.0
Income taxes	**-12.4**	-12.0	3.2	-57.6
Result for the period	**28.9**	34.0	-15.1	228.4
Attributable to:				
Equity holders of the Parent Company	**32.5**	34.4	-5.7	224.0
Minority interest	**-3.6**	-0.4	810.3	4.4
Earnings per share for result attributable to the equity holders of the Parent Company:				
Earnings per share, EUR	**0.21**	0.22	-8.0	1.45
Diluted earnings per share, EUR	**0.21**	0.22	-6.6	1.42

CONSOLIDATED BALANCE SHEET

EUR million	31.3.2006	31.3.2005	Change, %	31.12.2005
ASSETS				
Non-current assets				
Tangible assets	**562.2**	569.0	-1.2	566.5
Investment property	**10.9**	25.9	-57.8	12.1
Goodwill	**1,335.0**	1,317.6	1.3	1,329.3
Other intangible assets	**312.6**	282.0	10.9	313.0
Interest in associated companies	**62.5**	63.7	-1.8	61.0
Available-for-sale financial assets	**16.6**	21.9	-24.4	22.8
Deferred tax receivables	**53.3**	61.9	-13.9	53.2
Other receivables	**35.1**	40.9	-14.2	37.7
Non-current assets, total	**2,388.3**	2,383.0	0.2	2,395.6

Current assets				
Inventories	**145.8**	148.1	-1.6	144.0
Receivables	**381.7**	340.1	12.2	347.0
Available-for-sale financial assets	**0.0**	0.5	-96.8	0.5
Cash and cash equivalents	**68.9**	59.1	16.6	84.9
Current assets, total	**596.4**	547.8	8.9	576.4
Assets, total	**2,984.7**	2,930.8	1.8	2,972.0

EQUITY AND LIABILITIES

Equity				
Equity attributable to the equity holders of the Parent Company				
Share capital	**67.5**	65.8	2.5	67.5
Other equity	**1,107.9**	938.3	18.1	1,075.3
	1,175.5	1,004.2	17.1	1,142.8
Minority interest	**12.3**	6.7	83.4	16.3
Equity, total	**1,187.8**	1,010.9	17.5	1,159.1
Non-current liabilities				
Deferred tax liabilities	**90.4**	101.3	-10.8	90.4
Pension obligations	**64.8**	60.6	7.0	64.8
Provisions	**10.9**	16.6	-34.5	12.3
Interest-bearing liabilities	**129.6**	362.2	-64.2	132.0
Other liabilities	**24.5**	30.1	-18.5	24.2
Current liabilities				
Provisions	**10.4**	13.7	-24.6	9.9
Interest-bearing liabilities	**790.9**	699.1	13.1	796.8
Other liabilities	**675.5**	636.4	6.2	682.8
Liabilities, total	**1,797.0**	1,919.9	-6.4	1,813.0
Equity and liabilities, total	**2,984.7**	2,930.8	1.8	2,972.0

CHANGES IN CONSOLIDATED EQUITY

EUR million	Share capital (Equity attributable to the equity holders of the Parent Company)	Other equity (Equity attributable to the equity holders of the Parent Company)	Minority interest	Equity, total
Equity at Dec. 31, 2004	**65.8**	**904.9**	**15.3**	**986.0**
Impact of implementing IAS 32 and 39, derivatives		-1.2		-1.2
Impact of implementing IAS 32 and 39, convertible capital note		-0.9		-0.9
Equity at Jan. 1, 2005, adjusted	**65.8**	**902.8**	**15.3**	**983.9**
Change in translation differences		-0.1	0.0	-0.1
Other items		-0.1		-0.1
Items recognised directly in equity, total		-0.2	0.0	-0.2
Profit for the period		34.4	-0.4	34.0
Total recognised income and expenses		**34.2**	**-0.3**	**33.8**
Conversion of capital notes	0.0	0.1		0.1
Usage of share options				
Expense recognition of granted options		1.2		1.2
Dividends paid			0.0	0.0
Change in minority interests			-8.2	-8.2
Equity at March 31, 2005	**65.8**	**938.3**	**6.7**	**1,010.9**
Equity at Jan. 1, 2006	**67.5**	**1,075.3**	**16.3**	**1,159.1**
Change in translation differences		-1.5	0.0	-1.4
Other items		-0.3		-0.3
Items recognised directly in equity, total		-1.8	0.0	-1.8
Profit for the period		32.5	-3.6	28.9
Total recognised income and expenses		**30.7**	**-3.5**	**27.1**
Conversion of capital notes				
Usage of share options	0.0	0.6		0.6
Expense recognition of granted options		1.3		1.3
Dividends paid			-0.6	-0.6
Change in minority interests			0.2	0.2
Equity at March 31, 2006	**67.5**	**1,107.9**	**12.3**	**1,187.8**

CONSOLIDATED CASH FLOW STATEMENT

EUR million	1–3/2006	1–3/2005	Change, %	1–12/2005
Result for the period	**28.9**	34.0	-15.1	228.4
Adjustments	**36.0**	26.7	35.2	121.2
Change in working capital	**-50.3**	-30.2	66.8	2.0
Financial items and taxes	**-17.1**	-13.6	25.8	-90.7
Cash flow from operations	**-2.5**	16.9		260.9
Cash flow from investments	**-3.8**	-140.9	-97.3	-164.7
Cash flow before financing	**-6.3**	-124.0	-94.9	96.2
Cash flow from financing	**-15.0**	93.4		-93.8
Change in cash and cash equivalents according to the cash flow statement	**-21.3**	-30.6	-30.5	2.4
Exchange rate differences under cash and cash equivalents	**-1.2**	0.2		-1.1
Net change in cash and cash equivalents	**-22.5**	-30.4	-25.9	1.3
Cash and cash equivalents at Jan. 1	**84.9**	83.6	1.6	83.6
Cash and cash equivalents at March 31 / Dec. 31	**62.4**	53.2	17.3	84.9

ACCOUNTING POLICIES

SanomaWSOY has prepared its interim report in accordance with IAS 34 standard while adhering to related standards, effective at March 31, 2006, and interpretations.

SanomaWSOY applies all the standards, amendments to standards, and interpretations, that took effect at January 1, 2006. These have no material effect on consolidated financial statements.

NET SALES BY BUSINESS **EUR million**	**1–3/ 2006**	**1–3/ 2005**	4–6/ 2005	7–9/ 2005	10–12/ 2005	1–12/ 2005
Sanoma Magazines						
Sanoma Magazines Netherlands	**116.7**	**117.8**	134.7	123.4	165.4	541.2
Sanoma Magazines International	**58.1**	**39.7**	53.1	50.8	68.8	212.4
Sanoma Magazines Belgium	**44.7**	**47.3**	46.0	43.1	48.0	184.4
Sanoma Magazines Finland	**45.8**	**41.4**	46.5	43.9	52.6	184.3
Aldipress	**26.4**	**28.0**	29.8	29.0	31.7	118.6
Eliminations	**-13.4**	**-14.7**	-14.3	-15.2	-14.9	-59.0
Total	**278.2**	**259.5**	295.8	275.0	351.6	1,181.9

Sanoma						
Helsingin Sanomat	**66.8**	**64.6**	66.2	61.6	68.6	261.1
Ilta-Sanomat	**22.3**	**22.1**	24.2	24.5	22.9	93.7
Sanoma Lehtimedia	**11.0**	**11.7**	12.7	11.3	12.3	48.0
Others	**47.4**	**42.2**	44.1	42.0	47.0	175.2
Eliminations	**-34.9**	**-32.0**	-32.8	-31.6	-35.2	-131.6
Total	**112.6**	**108.6**	114.4	107.8	115.6	446.4
WSOY						
Educational publishing	**15.3**	**12.8**	61.3	47.8	29.3	151.2
Publishing	**24.1**	**23.4**	19.9	16.2	27.7	87.2
Others	**10.3**	**16.0**	17.4	27.4	12.3	73.0
Eliminations	**-4.4**	**-3.9**	-4.7	-4.3	-4.1	-17.1
Total	**45.4**	**48.3**	93.9	87.0	65.2	294.4
SWelcom						
Nelonen	**19.2**	**17.2**	18.9	13.9	21.6	71.5
Others	**14.3**	**13.0**	12.6	12.9	14.2	52.6
Eliminations	**-0.2**	**-0.4**	-0.3	-0.4	-0.5	-1.6
Total	**33.3**	**29.8**	31.1	26.3	35.3	122.5
Rautakirja						
Kiosk operations	**82.3**	**81.9**	86.7	85.6	91.7	345.8
Press distribution	**24.4**	**22.7**	24.4	25.6	25.8	98.5
Bookstores	**30.2**	**27.9**	22.6	35.8	49.1	135.3
Entertainment	**20.1**	**16.2**	13.7	14.1	21.1	65.0
Others	**0.0**	**2.5**	0.0	0.0	0.0	2.6
Eliminations	**-2.6**	**-2.6**	-2.9	-2.5	-3.3	-11.3
Total	**154.3**	**148.6**	144.5	158.5	184.4	635.9
Other companies and eliminations	**-11.3**	**-12.5**	-12.2	-17.0	-17.1	-58.8
Total	**612.5**	**582.1**	667.5	637.7	735.0	2,622.3

OPERATING PROFIT BY DIVISION EUR million	**1–3/ 2006**	**1–3/ 2005**	4–6/ 2005	7–9/ 2005	10–12/ 2005	1–12/ 2005
Sanoma Magazines	**23.5**	**25.5**	40.3	23.9	39.4	129.1
Sanoma	**16.1**	**13.9**	16.6	16.4	12.2	59.1
WSOY	**-4.3**	**-7.1**	28.1	30.1	4.7	55.8
SWelcom	**3.2**	**2.7**	2.1	1.0	3.8	9.6
Rautakirja	**10.1**	**13.8**	4.0	10.3	23.0	51.2
Other companies and eliminations	**-3.1**	**0.0**	-1.9	1.8	-3.5	-3.5
Total	**45.6**	**48.9**	89.2	83.5	79.6	301.3

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	31.3.2006	31.3.2005	Change, %	31.12.2005
Carrying amount at Jan. 1	**566.5**	496.7	14.1	496.7
Increases	**10.4**	10.3	1.2	67.6
Acquisition of operations	**1.2**	77.9	-98.5	81.7
Decreases	**-0.3**	-1.9	-81.6	-4.5
Disposals of operations	**0.0**	-2.8	-99.8	-18.6
Depreciation for the period	**-15.4**	-15.6	-1.2	-62.2
Impairment losses for the period	**0.0**	0.0	-35.2	-0.1
Exchange rate differences and other changes	**0.0**	4.5	-100.7	5.9
Carrying amount at March 31 / Dec. 31	**562.2**	569.0	-1.2	566.5

CONTINGENT LIABILITIES

EUR million	31.3.2006	31.3.2005	Change, %	31.12.2005
Contingencies for own commitments				
Mortgages	**9.7**	6.6	47.0	7.3
Pledges	**10.8**	15.2	-28.7	10.8
Other items	**1.0**	0.1	1,642.2	1.6
Total	**21.5**	21.9	-1.6	19.8
Contingencies given on behalf of associated companies				
Guarantees	**7.9**	13.6	-41.7	7.9
Total	**7.9**	13.6	-41.7	7.9
Contingencies given on behalf of other companies				
Guarantees	**0.2**	1.1	-85.8	0.2
Total	**0.2**	1.1	-85.8	0.2
Other commitments				
Operating lease liabilities	**234.0**	278.4	-15.9	225.6
Royalties	**20.3**	26.2	-22.6	19.2
Commitments for acquisition of intangible assets (incl. film rights)	**22.0**	21.6	2.1	23.5
Commitments for acquisition of tangible assets	**7.8**			7.8
Other	**43.7**	47.3	-7.6	49.6
Total	**327.8**	373.5	-12.2	325.6
Contingent liabilities, total	**357.4**	410.1	-12.8	353.4

DERIVATIVE INSTRUMENTS

NOMINAL VALUES

EUR million	31.3.2006	31.3.2005	Change, %	31.12.2005
Interest rate derivatives				
Options				
Purchased	**100.0**	100.0		100.0
Written	**54.8**	54.8		54.8
Interest rate swaps		20.0	-100.0	
Total	**154.8**	174.8	-11.4	154.8
Currency derivatives				
Forward contracts		5.6	-100.0	
Total		5.6	-100.0	
Total	**154.8**	180.3	-14.2	154.8

FAIR VALUES

EUR million	31.3.2006	31.3.2005	Change, %	31.12.2005
Interest rate derivatives				
Options				
Purchased		0.0	-100.0	0.0
Written	**-0.1**	-0.6	-82.7	-0.2
Interest rate swaps		-0.1	-100.0	
Total	**-0.1**	-0.6	-84.6	-0.2
Currency derivatives				
Forward contracts		-0.0	-100.0	
Total		-0.0	-100.0	
Total	**-0.1**	-0.7	-85.5	-0.2

CONSOLIDATED INCOME STATEMENT BY QUARTER EUR million	1–3/ 2006	1–3/ 2005	4–6/ 2005	7–9/ 2005	10–12/ 2005	1–12/ 2005
Net sales	**612.5**	**582.1**	667.5	637.7	735.0	2,622.3
Other operating income	**15.4**	**14.5**	12.5	28.1	25.6	80.7
Materials and services	**280.9**	**263.6**	284.7	292.2	337.4	1,177.8
Personnel expenses	**145.6**	**143.0**	147.3	137.2	147.2	574.7
Other operating expenses	**124.8**	**111.7**	125.8	124.1	157.0	518.6
Depreciation and impairment losses	**30.9**	**29.4**	33.0	28.8	39.4	130.6
Operating profit	**45.6**	**48.9**	89.2	83.5	79.6	301.3
Share of result of associated companies	**1.9**	**3.3**	2.5	3.2	0.8	9.8
Financial items	**-6.2**	**-6.1**	-8.6	-4.6	-5.8	-25.1
Result before taxes	**41.3**	**46.0**	83.1	82.2	74.7	286.0
Income taxes	**-12.4**	**-12.0**	-28.7	-15.8	-1.1	-57.6
Result for the period	**28.9**	**34.0**	54.4	66.4	73.6	228.4
Attributable to:						
Equity holders of the Parent Company	**32.5**	**34.4**	52.2	66.3	71.1	224.0
Minority interest	**-3.6**	**-0.4**	2.2	0.1	2.5	4.4

Press Conference

Press and analyst meeting in Finnish will be held by Mr Hannu Syrjänen, President and CEO of SanomaWSOY at 1:30 p.m. (Finnish time) at the Sanoma House, Töölönlahdenkatu 2, Helsinki.

The conference call in English for analysts and investors will be arranged at 4:00 p.m. (Finnish time). Mr Matti Salmi, CFO of SanomaWSOY, will present the Q1 result. To join the conference, please dial +44 (0) 20 7162 0125. The code for the call is SanomaWSOY.
The event can also be followed on web at www.sanomawsoy.fi either live or later on as on demand.

The presentation material of the press and analyst meeting as well as the slides used in the conference call will be available on SanomaWSOY's website after the press and analyst meeting has started.

SanomaWSOY will publish its next Interim Report January 1 - June 30, 2006 on August 3, 2006 at approximately 11:30 a.m. Finnish time.

Further information: SanomaWSOY's IR & Group Communications, tel. +385 105 19 5062 or ir@sanomawsoy.fi

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