

SanomaWSOY Corp. Release Aug. 4, 2005 at 12:15

SANOMAWSOY'S SUCCESS CONTINUED

– SanomaWSOY performed well in the first half of the year, once again outperforming its targets. Strong development continued both in Finland and in our international units, says Hannu Syrjänen, President & COO, commenting on the Group's result for January–June 2005.

SanomaWSOY's operating profit grew by 16.5% in January–June. Result improved especially due to WSOY's new educational publishing operations. Result excluding the most substantial non-recurring gains on the sales of assets grew by 15.5% and earnings per share rose by 4.5%.

Strong Internationalisation continued in Russia and the Baltic Region

Russian's leading magazine publisher, Independent Media Holding, was consolidated with Sanoma Magazines International at the beginning of March, after the necessary approvals for the deal. In June, Presseexpo, a press distributor owned by Independent Media, was transferred to Rautakirja. – Press distribution is one of SanomaWSOY Group's three areas of internationalisation. Presseexpo has a market share of around 15% in modern single copy press distribution in the Moscow area. We want to be Russia's leading magazine publisher and press distributor, says Syrjänen.

In May, Rautakirja acquired Lithuania's leading kiosk chain, Lietuvos Spauda, with 540 kiosk outlets and net sales of around EUR 17 million in 2004. This acquisition is subject to the approval of the Lithuanian competition authorities. – The deal will make Rautakirja a market leader in all three Baltic countries in kiosk operations and press distribution as well as in movie theatres, states Syrjänen.

Growth continued in Finland

In April, SanomaWSOY executed its strategy of operating widely in all fields of the Finnish media, when Helsingin Sanomat acquired the operations of Radio Helsinki, a local radio station operating in the Helsinki metropolitan area. – In effect, radio is the only Finnish medium in which we have not been actively involved until now. Radio Helsinki is an attractive opening on this front, Syrjänen explains. – In addition, the new distribution agreements of Sanoma Kaupunkilehdet business unit for

free sheets and the acquisition of Nöjesguiden sheet will strengthen our position in the Helsinki metropolitan area's free sheet market, Syrjänen adds.

WSOY's general literature, particularly children's and juvenile books, as well as translated fiction, continued to sell well. – In 2004, Finnish publishers also began publishing new titles for the summer season increasing sales. Our sales to bookstores and other dealers grew by almost 20% in January–June, Syrjänen continues.

TV channel Nelonen also continued its strong growth. In January–June, the channel's share in TV advertising grew to more than 31%, and it achieved an all time high market share of 34.8% in June.

The Importance of Central Eastern Europe and Russia grows

– At the moment around 12% of our net sales come from Russia and Central Eastern Europe. We aim to maintain our strong market position in these markets, while concentrating for the time being on magazines and press distribution. In the near future, we want to increase these regions' share of our net sales clearly, Syrjänen says.

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