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SANOMAWSOY'S GOOD PROFIT PERFORMANCE CONTINUED

SanomaWSOY continued its good profit performance during the third quarter.

– Once again, we were able to outperform our targets. We were successful in integrating and streamlining our operations, states Hannu Syrjänen President & COO of SanomaWSOY, commenting on the January–September result.

SanomaWSOY improved its January–September operating profit by 15.8%, due especially to WSOY's new educational publishing operations and a good performance shown by Sanoma's daily newspaper Helsingin Sanomat. Result excluding the most substantial non-recurring gains on sales of assets rose by 9.2%.

Strong Development in Newspapers and Electronic Media

– Helsingin Sanomat's third quarter advertising sales developed well while the Sanoma Kaupunkilehdet business unit for free sheets continued to strengthen its position in the Helsinki Metropolitan Area's free sheet market, says Syrjänen. Newspaper revamp projects in Sanoma went ahead, with improved Taloussanomat and Uutislehti 100 already on the market and the improved Helsingin Sanomat to be launched in November.

In the review period, Helsingin Sanomat and Ilta-Sanomat set up a joint online music store operating on their websites. Ilta-Sanomat acquired an online auction service, Huuto.net, making Sanoma Finland's largest online service for classified ads, measured by the number of visitors.

In 2005, SWelcom's TV channel Nelonen invested in programmes especially on autumn. Women aged 25–44 in particular, the most important target group for advertising sales, showed interest in new programmes, and the channel increased its viewing share among this group. HTV's pay TV and broadband subscriptions continued to sell well, but price competition remained keen in the broadband services market.

Successful Press Distribution

Rautakirja's Suomalainen Kirjakauppa continued to expand its network of bookstores housed in shopping centres by opening a new outlet in the Sello shopping centre, Espoo, in September, followed by the opening in October of new outlets in Raisio and Tartu, Estonia.

Press distribution's newsstand sales developed favourably in Finland. Operations in Estonia and Latvia, as well as those of the press distribution companies in Lithuania, Romania, and Russia consolidated with Rautakirja during this year, made good progress.

Magazine Portfolio expanded Further

Sanoma Magazines continued to integrate the operations of Independent Media, Russia's leading magazine publisher, as part of its operations. Further investments in widening the product portfolio in Central Eastern Europe were also made. Elle was successfully launched in Bulgaria and Story was launched in Serbia and Montenegro. Sanoma Magazines acquired a home and deco magazine publisher Peloton in the Czech Republic and launched, after the review period, a new food magazine Žena & Kuchyně.

– We will continue to invest in magazine product development and new products. Also the potential of electronic media is continuously analysed, states Syrjänen. In September, Sanoma Magazines acquired Zappybaby.be internet portal in Belgium and after the review period the leading job portal, Profession.hu, in Hungary.

WSOY focuses on Its Core Business

WSOY divested Dark, a digital printer, in August and the Ajasto diary group in September. After the review period, in October, it sold Lönnerberg Painot, a printing house specialising in high-quality materials.

– These divestments are in line with WSOY's strategy of focusing on educational materials in Europe and the publishing business in the Nordic countries, says Syrjänen. Educational publishing proved successful in both Finland and elsewhere in Europe. Within publishing operations, general literature in particular continued its favourable development in Finland.

Meeting Targets during the Rest of the Year

– The Finnish advertising market looks favourable for the rest of the year. For example, Helsingin Sanomat's job advertising continues to show good growth figures. However, the situation is still challenging in the Netherlands. Although the downturn plagued by the advertising market for years has come to an end, there are no clear signs of growth yet, says Syrjänen.

– During the rest of the year, we will continue to make dedicated efforts to develop and expand our operations in all our main lines of business and key market areas. I think that our forecast for 2005 operating profit is rather realistic, that is, operating profit excluding the most substantial non-recurring gains on the sales of assets is expected to be at the previous year's good level, Syrjänen sums up.

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

SANOMAWSOY CORPORATION

Matti Salmi
Senior Vice President
Finance and Administration

DISTRIBUTION
Helsinki Stock Exchange
Principal media