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SANOMAWSOY CONTINUED INTERNATIONAL EXPANSION

In January–March 2006, SanomaWSOY continued to develop its product and service portfolio and expand to new markets. Almost half of Group’s net sales already come from outside Finland. – The international share of net sales will continue to grow due, for example, to magazine operations in Russia and a new educational publishing unit in Hungary, says Hannu Syrjänen, President and CEO of SanomaWSOY.

SanomaWSOY improved its first-quarter net sales by 5.2% to EUR 612.5 million and its operating profit excluding the major non-recurring capital gains remained at the previous year’s level, and was EUR 43.9 million. – The first quarter has always been a challenging period for us. However, due to the nature of our business, it does not have a strong effect on our full-year results, states Syrjänen.

Educational publishing’s entry into Hungary

During the review period, WSOY’s educational publishing expanded its operations. In March, WSOY acquired a majority holding in Láng Kiadó és Holding Zrt, the leading Hungarian educational publishing and training group, and bought a 51% share in AAC Global, a provider of language training and translation services in Finland and Sweden.

– These acquisitions are very well in line with our strategy according to which educational publishing forms one of our focus areas in our internationalisation and growth, in addition to magazine publishing and press distribution, says Syrjänen.

Successful products go cross-media

One of SanomaWSOY’s strategic goals is to develop profitable products and services in such a way that they can successfully be internationalised and expanded to be cross-media.

– Media use is going towards cross-media. We are continuously analysing new opportunities to exploit interesting content and our renowned brands, as well as leverage the economies of scale generated by the size of the Group, says Syrjänen.

During the first quarter, Sanoma Magazines launched several new magazines, such as SmartMoney, a business weekly, in Russia. The range of magazines in Russia will become wider also through the launch of Gloria, a women's weekly. – We will also continue to actively develop electronic business. Sanoma Magazines' titles include numerous brands that can be distributed also digitally, explains Syrjänen.

In the first quarter, the Sanoma Kaupunkilehdet business unit for free sheets supplemented its product range with V, a new free sheet for young adults, and Uutislehti 100 became the most read free sheet for commuters in the Helsinki metropolitan area. – Helsingin Sanomat also continued to make good progress. In addition, the newspaper's upgraded website has been successful in reaching its target audience while stimulating discussion around the news content, states Syrjänen.

The TV channel Nelonen within the electronic media division SWelcom increased its viewing share in all age groups and also raised its share of TV advertising. Nelonen's programme content can also be used in the form of internet content, by-products, and magazines, as evidenced by a magazine related to the popular Unelmäkämpä programme (the Finnish version of The Block), produced through Group co-operation.

Rautakirja completed the adoption of a new point-of-sale (POS) system for its R-kiosks. This new system will provide kiosk operations with new business opportunities; for example, a service allowing customers to pay and collect national train tickets from R-kiosks.

Bright outlook for 2006

In line with its strategy, SanomaWSOY will continue to internationalise its magazine, educational publishing, and press distribution operations. – We aim to be market leaders in areas in which we operate, says Syrjänen.

– SanomaWSOY's prospects for 2006 still look good, states Syrjänen. – We will focus on strengthening our product range and developing electronic solutions related to our core businesses, while maintaining our good profitability.

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