# ANNUAL REPORT 1996

HARTWALL

## Contents



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1873
LAPIN
KULTA
SPECIAL
LAPIN
KULTA


HARTWALL
JAFFA
APELSINDRYCK
SOFT DRINK

# Hartwall's core values

Hartwall's business operations and the work of every Hartwall employee are driven by five core values: consumer orientation, customer focus, good profitability, belief in the individual, and responsibility.

### Consumer orientation

Consumer orientation means that we are proactive in meeting consumer needs thanks to our innovative product and packaging development. Our sales and distribution see to it that our products are conveniently available to consumers to the full extent of our product range. Our production makes sure of the continuing high quality of our beverage brands.

### Customer focus

The focal point of a customer-centred approach is the development of ways of working and forms of co-operation that increase our customers' own sales. It is a fundamental component of value added that we offer to our customers in the retail, restaurant and service sectors.

### Good profitability

Good profitability underpins all business operations. That is why ensuring profitability is the responsibility of each and every Hartwall employee. It is the task of our sales and marketing to realise the profit targets we have defined. Our production and distribution must strive for optimal cost-effectiveness.

### Belief in the individual

We believe in the ability and desire of each member of the Hartwall team to achieve their own and the company's objectives both as individuals and as members of groups. Each Hartwall employee has a job description that is tailored to the individual or a group. The annual achievement of the goals is evaluated in regular feedback and development discussions.

### Responsibility

Responsibility is an integral part of our company's history and corporate culture. In all our dealings, we observe good business practices and ethics, and as a company we bear our own social responsibility and honour our commitment to environmental protection.

# Hartwall 1836-1996

Oy Hartwall Ab's official birthday is 2 February 1836. Aleksis Kivi was born two years earlier and a year had passed since the publication of the first printing of the Kalevala. This was the year that regular steamship lines began operating between Finland and Sweden. A year later, Samuel Morse gave the alphabet a new look.

The Senate's Finance Department granted Commercial Commissar Victor Hartwall, PhD, a licence to set up in business. "Commercial Commissar" is an honorary title given to a captain of industry by the president. Hartwall's knowledge of the field made him the ideal person to found what was to be the oldest operating mineral water factory in Scandinavia. The subject of his doctoral dissertation was mineralogy.

Hartwall started his business in the Sederholm House, which is located on the corner of Senate Square in the centre of Helsinki. It is the oldest residential building in metropolitan Helsinki as well as the first privately-owned stone building.


**Socialites relaxed at Wesilä**

The first decades of Hartwall's business operations centred on mineral water. At that time, mineral waters were associated with spas, establishments devoted to rest and recuperation through hydrotherapy. One was established in Helsinki in 1838. At first it was known as Wesilä, and from the end of the 19th century as Kaivohuone.

During fifteen years, Kaivohuone was frequented by cultivated members of high society. Russian and Baltic courtiers and officials, soldiers and businessmen were among the regulars who spent a few summer weeks there.

**Life was sweet at Espa's kiosks**

Sweet soft drinks made their breakthrough in the 1860s. It was then that Hartwall took its mineral waters and soft drinks to the streets. The first kiosks were placed on Helsinki's Esplanadi street and these slowly became a part of the ordinary city scene.

As the turn of the century approached, the third generation of the founding family began to change their hand-labour workshop into an industrial factory. In keeping with its role as an innovator, Hartwall was the first in the field - in the 1870s - to put a steam engine into use. The first bubbles of the traditional Hartwall Vichy bubbled in 1892.

**The popularity of soft drinks increased during the war years**

World War Two of course meant hard times when it came to the production and distribution of soft drinks. The war years did not have a negative impact on actual sales. Their effect was quite the opposite, in fact. Because the production of beer had been restricted and there was a shortage of coffee and tea, new records were set in sales of soft drinks.

The success of Hartwall Jaffa started in peacetime in 1949. In the 1950s we said goodbye to patent corks and welcomed the new modern age and Coca-Cola. In honour of the Olympics, Gin and Brandy Long Drinks were also launched.

**Big investments in Konala**

In addition to the actual establishment of Hartwall, one of the company's big moments was the building of a new factory in Konala at the beginning of the 1960s.

The amount to be invested was roughly equivalent to the company's yearly net sales. Hartwall nevertheless went ahead with the project and took great pains in carrying out the preparatory work. On 15 May 1962, everything was in readiness for the Konala factory to go into operation.

**Beer: Hartwall's key to the future**

Until the mid-1960s, Hartwall was the only major soft drink company that did not produce beer. Beer, and particularly its production, was the key to Hartwall's survival and success in the future. Customers wanted to buy both beer and soft drinks from the same supplier.

At the beginning of its career in beer, Hartwall was responsible for the sales and distribution of beer brewed by other companies. It was in this way that the joint success story of Hartwall and Lapin Kulta began in 1965. However, these solutions to the problem were only temporary ones. Hartwall needed its own brewery.

This problem was solved in 1966 when Hartwall was offered the opportunity to buy the brewery in Lappeenranta-Lauritsala. The brewery's most familiar brand name even then, and increasingly as the years went by, was Karjala.

**Ambassador's faux pas spurs Karjala's sales**

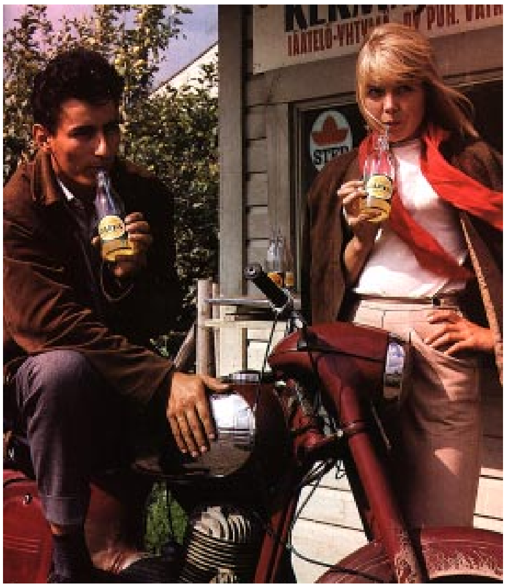
The next decade is still a part of the folklore of Finland's beverage sales. The Russian ambassador unintentionally launched one of the greatest promotional campaigns in the history of our beers by commenting that the swords on Karjala beer's label were in somewhat questionable taste. A few years later, Karjala was Finland's most popular beer.

**The successful alliance of a brewery and a mining company**

In 1980, Hartwall bought Tornio Olut Oy, a beer company, and Lapin Kulta Oy, whose gold prospecting rights were left unused. Instead, Hartwall panned for success by merging these two companies: the result was Finland's most popular beer, which has later gone on to win acclaim beyond our national borders as well.

**A listing on the stock exchange**

In 1988, Hartwall expanded significantly by acquiring Oy Mallasjuoma, after which Hartwall was ready for a listing on the stock exchange and the OTC list. In 1994, Hartwall's Series A share moved on to the Helsinki Stock Exchange.



At the beginning of the 1990s, Hartwall began to expand its international operations energetically by establishing Baltic Beverages Holding AB with its Swedish co-operation partner Pripps. This newly-established associated company brews in the Baltic states, Russia and Ukraine, and now operates seven breweries in all.

# Summary

## Financial performance

- Net sales grew to FIM 2,000 million (+16%).
- Operating profit was FIM 238 million (+179%).
- Profit after financial items rose to FIM 207.5 million (+354%).
- Earnings per share improved to FIM 8.40 (1995: FIM 0.52).
- Return on investment increased to 20.6% (1995: 8.7%).
- The equity ratio rose to 44.9% (1995: 32.4%).
- The gearing ratio fell to 0.52 (1995: 1.02).

## Hartwall's sales and market position

| Sales volumes, million litres | 1996 | 1995 | Change |
|---|---|---|---|
| Total domestic sales | **374.7** | 368.1 | +1.8% |
| Export and duty free | **39.6** | 42.1 | -5.9% |
| Baltic Beverages Holding (50%) | **159.1** | 101.0 | +57.5% |
| Cool Drinks International (50%) | **6.6** | 3.8 | +73.7% |
| Total [1] | **579.3** | 514.5 | +12.6% |

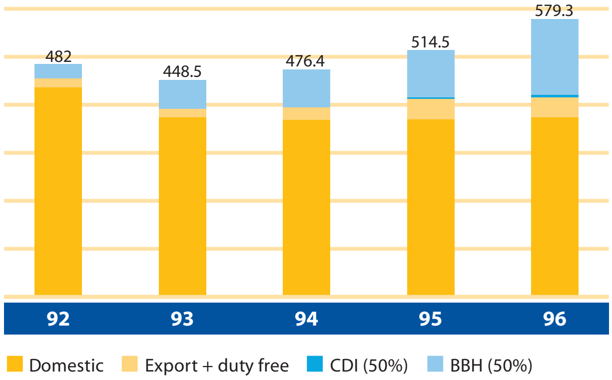
| Market shares in Finland, % | 1996 | 1995 | Change |
|---|---|---|---|
| Beers | **52.3** | 51.0 | +1.3% pctg.pt. |
| Soft drinks | **57.8** | 59.0 | -1.2% pctg.pt. |
| Mineral waters | **46.3** | 44.8 | +1.5% pctg.pt. |
| Total market | **54.0** | 53.5 | +0.5% pctg.pt. |

[1] Divergences in the total volumes compared with the sum totals and figures reported in the previous year are due to a) the consolidation of CDI, b) the inclusion of other beverages in addition to beers in BBH's volumes and c) the elimination of Hartwall's internal sales.

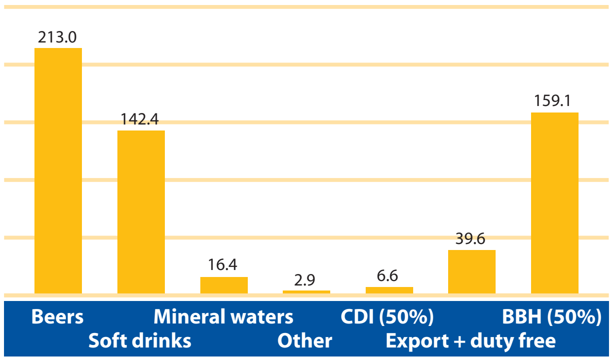
## Operations

- The number of BBH's breweries grew from four to seven
- The number of plants in Finland was reduced to three
- The number of warehouses in Finland was reduced to seven
- The construction works on the newest distribution centre, Lahdenhovi, were seen to completion
- 1.8 million new Series A shares were sold through a directed issue. The share price rose from FIM 80 at the beginning of the year to FIM 202 at the end.
- New products brought out on the market were a 0.5 litre beer bottle and Hartwall 1836 Classic beer.
- The company's corporate identity was renewed to coincide with its 160th anniversary on 2 February 1996
- The company became the principal partner in an international multipurpose sports facility, Hartwall Areena

**Trend in aggregate sales volumes of the Hartwall Group (million litres)**




**Breakdown of the Hartwall Group's sales volumes 1996 [1] (million litres)**




[1] The first four columns represent Hartwall's domestic sales, totalling 374.7 million litres

**Key figures 1995-1996**

| FIM million | 1996 | 1995 | change |
|---|---|---|---|
| Aggregate sales volume, million litres | **579.3** | 514.5 | +12.6% |
| Net sales | **2,000.2** | 1,723.1 | +16.1% |
| Operating profit | **238.0** | 85.2 | +179.3% |
| % of net sales | **11.9** | 4.9 | +7.0%-pts. |
| Profit after financial items | **207.5** | 45.7 | +354.0% |
| % of net sales | **10.4** | 2.7 | +7.7%-pts. |
| Earnings/share, FIM | **8.40** | 0.52 | +7.88 FIM |
| Total assets | **1,953.9** | 1,601.2 | +22.0% |
| Return on investment, % | **20.6** | 8.7 | +136.8% |
| Capital expenditures | **289.0** | 184.4 | +56.7% |
| Personnel, average (including BBH 100%) | **3,671** | 3,294 | +11.5% |

# A pivotal year in Hartwall's history

1996 can with good reason be considered a pivotal year in Hartwall's history. The structural change launched in Finland at the beginning of the decade reached the home stretch. Concurrently, our international operations in the name of the associated company Baltic Beverages Holding AB (BBH) grew with the acquisition of two breweries in Russia and one in Ukraine.

The strengthening of our Group's position in both the domestic and international markets is showing up as planned in our company's financial performance and market position. The trend is also reflected in the rising stock market price of our company's shares.

**Objective and strategy**

Our strategy has been to concentrate on strengthening our competitiveness in Finland at the same time as we have sought growth in the international market. 1996 brought us a long stride closer to our objective:

**to be Finland's best beer and soft drinks company as well as the leading brewery in the Baltic countries, Russia and other selected market areas in Eastern Europe through our associated company BBH.**

Two years ago we formulated four qualitative and four quantitative benchmarks that enable us to track our progress towards the objective set.

Our qualitative benchmarks are:

- the leading product brands,
- the highest degree of innovation,
- a position as the most sought-after co-operation partner and
- the best corporate image in the field.

In my opinion we have reached these goals. All our main brands - Lapin Kulta, Karjala and the Hartwall Jaffa and Hartwall Vichy product families - have strengthened their positions. Good indications of our innovative ability are the 0.5 litre beer bottle which we brought out on the market and Hartwall 1836 Classic beer, both of which were well received. Apart from gains in market share, our corporate image has also developed in a positive direction.

We set the following as our financial benchmarks:

- operating profit in excess of 10% of net sales,
- strong growth internationally, and in Finland at least matching the average growth in the industry,
- return on investment of at least 15% and
- the equity ratio over 40%.

Also viewed in the light of economic indicators, Hartwall's development has been gratifying. Our operating profit last year was 11.9% of net sales. Outside Finland we achieved growth of 84.8% in net sales terms. In the home market the growth in our sales volumes was double that of the industry. Our return on investment rose to 20.6% and our equity ratio to 44.9%.

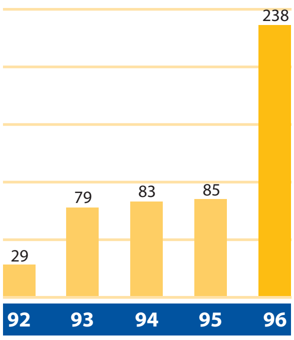
**Development in Finland**

In the present decade our development in Finland has been characterised by a structural change that has reshaped the company. As a consequence of the purchases of breweries that started in the mid-1960s, the number of our factories rose to eight by 1991. We embarked on scaling down the accumulated overcapacity and cost structure in 1992. Today Hartwall is down to three production facilities in Finland: Helsinki, Lahti and Tornio.

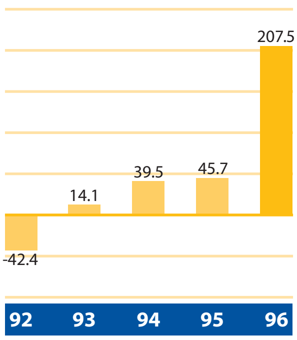
Our warehousing and distribution operations have gone through a significant strategic overhaul, too. We still had more than 60 warehouses at the beginning of the decade. By September of this year, the number of distribution centres is down to three: Helsinki, Lahdenhovi and Oulu.

As a consequence of Finland's membership of the EU, dramatic changes in our operating environment will continue, and that is why it is essential constantly to track and to enhance competitiveness and cost-effectiveness. The position of Finland's best beer and soft drinks company means that we must have the most efficient production and distribution in the industry and back it up with the most skilful sales and marketing.

**Operating profit trend (FIM million)**




**Profit after financial items (FIM million)**




(The net profit for the years 1993-95 was burdened by non-recurring costs due to the structural change that was carried out in Finland.)

## Beer tax and private imports

Finland's alcohol tax is the highest in the European Union, more than fifteen-fold compared with Germany's, for example. When Finland joined the EU, at the same time it undertook to abide by the fundamental principles of the single market, which include the free mobility of goods and the harmonisation of competitive prerequisites. Owing to the extended transitional period, alcohol import quotas in Finland will not reach full EU limits until 2004, by which time taxes must also be lowered.

Owing to the high alcohol tax, Finnish consumers make an ever growing proportion of their beer purchases in foreign and tax-free shops. The aggregate consumption of beer has indeed grown in Finland, but at the same time the aggregate sales volume reflected in statistics has fallen year by year since 1992, declining by nearly a tenth. Concurrently, the state's alcohol tax revenues have fallen from FIM 8.7 billion at the beginning of the decade to FIM 7 billion last year. The excessively high tax level and long transition period will increase the temptation to engage in bootlegging. It is already difficult to control imports by private persons, and the remainder of the border formalities will disappear when the Schengen agreement comes into effect in 1999.

The only lasting and well-grounded solution to the alcohol tax problem is to harmonise the tax closer to the EU level. This is also the only way to safeguard the state's alcohol tax revenues. We thus call upon the public authorities to undertake immediate actions to remedy the situation and to minimise its detrimental effects.

## Co-operation with Coca-Cola

Co-operation between Hartwall and the Coca-Cola Company began in 1957. Today Coca-Cola products represent about 20 per cent of our domestic sales volume and about ten per cent of our income in Finland. Our present five-year agreement on the manufacture, sale, distribution and marketing of Coca-Cola products in Finland continued up to March 15. As this goes to press, negotiations on the future co-operation between Hartwall and Coca-Cola are still in progress.

## Going international

The development of our associated company BBH has been remarkable, whether measured in terms of sales, profits or structure. The company began operations in 1991 by obtaining a shareholding in the Saku brewery of Estonia. Last year BBH concluded agreements on acquiring holdings in two new breweries in Russia (Yarpivo and Taopin) and one in Ukraine (Slavutich). At present the company has seven breweries in all: three in the Baltic countries, three in Russia and one in Ukraine.

The combined aggregate sales volumes of BBH's breweries reached 459 million litres last year. This already far exceeds aggregate beer sales in the entire Finnish market. We have nevertheless booked 318 million litres as BBH's aggregate sales volume for last year because Yarpivo and Slavutich were acquired in mid-year. BBH's holding in Taopin is pending legal approval sometime in 1997.

## The shape of Hartwall in coming years

I estimate that the aggregate sales of the brewing and soft drinks industry in Finland will reach about 800 million litres by the year 2000. Hartwall's objective is to be the undisputed market leader in Finland at that time as in the past.

In order to gain the market shares we have targeted, we are continuing our purposeful efforts aimed at optimising our product portfolio and strengthening our brands. We shall also enhance further the availability and visibility of our products in all the distribution channels.

We will build our main brand, Lapin Kulta beer, into a strong Scandinavian brand that has a leading position not only in Finland but a major market share in Sweden and Norway as well. In these markets we are working together with Pripps Ringnes. In addition, the sales and distribution organisations of BBH's breweries will to a growing extent be involved in exporting Lapin Kulta beer to the Baltic area and to Russia.

As I see it, by the turn of the millennium, more than half of the aggregate sales volume and net sales of the Hartwall Group will come from its international operations. BBH's growth potential is extremely attractive. Here in Finland we have a population of about five million, and we drink about 90 litres of beer per person annually. In BBH's market area there are about 200 million people, who consume only 10 - 30 litres of beer a year per person. I thus believe that BBH's aggregate sales figures and net sales for last year will double or treble in the near future.

We are reinforcing BBH's position by investing in the production capacity of both the company's new and existing breweries and in developing the distribution systems. For example, the capacity of Baltika in St Petersburg will be increased to about 300 million litres over the next couple of years. It is not excluded that new units will be added to BBH's operations, either.

In assessing the trend in the business operations and earnings of the Hartwall Group and BBH, it is nevertheless worth bearing in mind the economic and political factors of uncertainty that are inherent in BBH's area of operations.

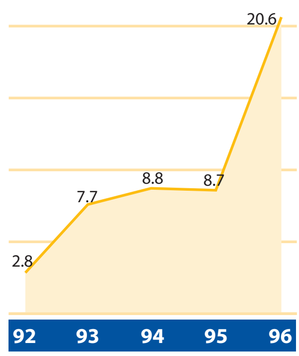
Dear shareholders, I want to thank you for the confidence you have shown in Hartwall and for your support. I am convinced that Hartwall is able to offer you an even and sure dividend yield as well as a steady rise in share value in future years. We at Hartwall will do our utmost to see to it that our company will remain an attractive and profitable long-term investment.

Dear partners and customers: my best thanks to you too for your good and constructive co-operation during the past year. We shall continue along the same lines in order to build our joint success.

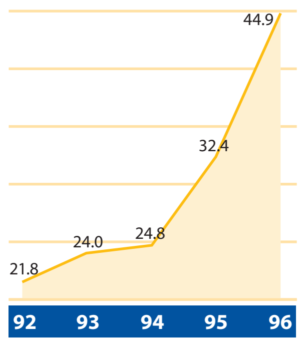
My warmest gratitude also goes to all of you, dear members of the Hartwall and BBH teams. The work contribution of each of you will be of decisive significance for Hartwall's future success.

**Jussi Länsiö**
Managing Director

**Return on investment (%)**




**Equity ratio (%)**




## Hartwall yesterday, today and tomorrow

Victor Hartwall set up in business in 1836 in the Sederholm House on Helsinki's Senate Square. The company first produced mineral waters, and at the turn of the century it expanded its operations to soft drinks and from the early 1960s to brewing. Today, 161 years after the founding of our company, we are Finland's leading company in the beverage industry - a company with a strong international orientation.

### Our objective

Our objective is to be Finland's best beer and soft drinks company as well as the leading brewery in the Baltic countries, Russia and other selected market areas in Eastern Europe through our associated company BBH.

### Our strategy

**Domestic:**
to strengthen competitiveness

**International:**
to seek growth

### Our operational concept

Our operational concept is to manufacture and market high-quality beers, soft drinks, mineral waters and other beverages for various enjoyment situations. Our main brands are Lapin Kulta, Karjala, Hartwall 1836 Classic, Coca-Cola, Hartwall Jaffa and Hartwall Vichy.

### Our values

Consumer orientation

Customer focus

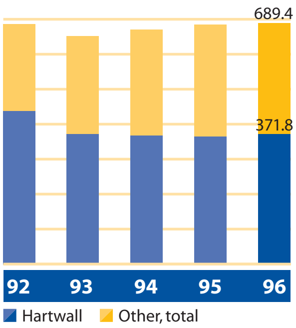
Good profitability

Responsibility

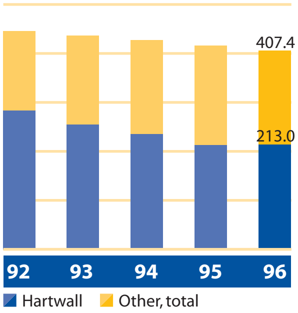
Belief in the individual

# Slight domestic growth in the field

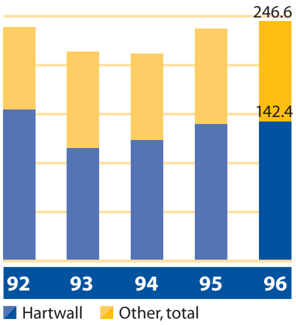
**Aggregate sales volume in Finland (million litres)**
(beers, soft drinks and mineral waters)



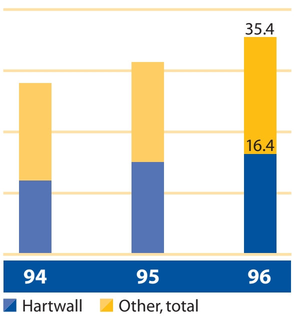

**Trend in beer sales in Finland (million litres)**




**Trend in soft drink sales in Finland (million litres)**
(includes mineral waters in 1992-93)




**Trend in mineral water sales in Finland (million litres)**
(separate statistics from 1994 onward)




Aggregate sales of the brewing and soft drinks industry in Finland grew by 0.8% to 689.4 million litres in 1996. Growth by beverage groups, however, was unsteady. Beer sales dropped 1.9% to 407.4 million litres, whereas sales of soft drinks grew by 4.0% to 246.6 million litres and sales of mineral waters by 13.1% to 35.4 million litres.

Statistics indicate that the consumption of beer was 80 litres per person. The official statistics show that the consumption of beer has already dropped by eight litres from 1992. However, the statistics do not present an accurate picture. Tourist imports of beer have continuously risen and it is estimated that a third of the total consumption of beer falls outside the statistics.

### The fate of the beer tax will be a determining factor

The most important reason for the growth in consumption outside the range of official statistics is Finland's excise tax, which in the case of beer is the highest in the EU countries. Unless the Finnish government authorities harmonise excise taxes to levels agreed upon with the EU, the upshot will be the conscious inducement of consumers to make their purchases of beer and other alcoholic beverages abroad, out of the range of taxes and statistics.

Sweden lowered its beer tax by 38% at the beginning of this year, after which our country's beer tax is 70% higher than theirs. Even if our current tax were halved, Finland would still have the third highest beer tax in the EU countries. The government's upcoming decisions will have a significant effect not only on the domestic brewing industry but also on the future prospects of industries which work in close co-operation with it, such as the retail trade, licensed restaurants, agriculture, transport and packaging.

### Medium-strength beers reinforce their position

The drop in beer sales was least felt by medium-strength beers (-0.7%). Sales of medium-strength beers at service stations and kiosks even grew. Aggregate sales of strong beers slid by 10.0%, the greatest part of the loss being incurred in sales through Alko's stores. On the whole, the market share of medium-strength beers in the Finnish beer market was reinforced even more than before.

In the licensed sales trade, beer was locked in tighter competition with spirits, which have become cheaper of late, as well as increasingly popular long drinks and ciders. Restaurants were only able to keep their terraces open for business for a short period of time due to the cold summer, and this cut 6.8% per cent off the licensed sales of beer.

### More variety in the range of beer containers

The Finnish beer trade moved closer to continental European forms in its types of containers: package variety diversified and demand became oriented towards larger containers than before. The new entry in the field, the 0.5 litre bottle that Hartwall brought out on the market, achieved an eight per cent market share in medium-strength beers by the end of the year.

Beer sales in one litre bottles made up 9.6% of the year's aggregate beer sales. The popularity of beverage cans rose after they became recyclable, but they still account for a meagre 4.2% of aggregate beer sales. The 0.33 litre basic bottle suffered the most from the greater variety of containers.

### Sales of soft drinks and mineral waters hit a record high

Sales of soft drinks rose to record levels in spite of the early summer's inclement weather. The popularity order of different flavours was reshuffled as cola drinks rose to the number one spot, overtaking orange soft drinks, which are a big favourite with Finns.

This trend has been essentially supported by the growing popularity of fast food outlets, in which the demand for cola drinks is overwhelming compared with other flavours.

The most positive trend has been achieved by mineral waters. Their strong growth is an indication that this beverage group is gradually positioning itself as a viable alternative to tap water and traditional dairy products.

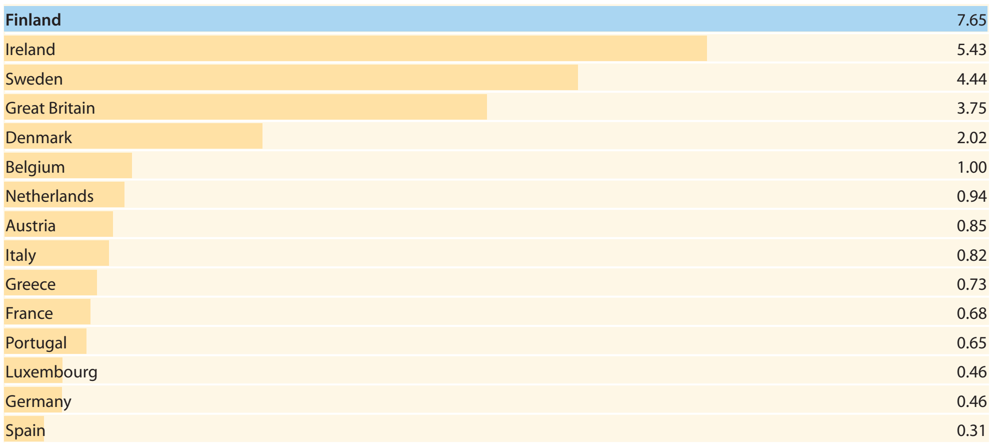
### Large container sizes become more popular with consumers

Of soft drinks and mineral water containers, the 1.5 litre bottle achieved the strongest increase in sales. Its market share of the aggregate sales of the aforementioned product groups was already 35.6%. The second most popular is the 1.0 litre container, 34.6%, even though sales of this container size dropped slightly.

In spite of the domestic success of soft drinks and mineral waters, Finland is not one of the top countries in sales. The consumption of soft drinks is 48 litres per person and that of mineral waters is

**Beer tax in the EU countries in 1997, FIM/litre**

(4.5 vol.%, exchange rate on 17 December 1996)




7 litres. The average European consumption is 70 litres of soft drinks and 50 litres of mineral waters.

## Hartwall was the only company to increase sales in all product groups

Hartwall's aggregate domestic sales were 374.7 million litres. Sales grew by 1.8%. Growth was achieved in all product groups. In the beer trade, Hartwall was the only domestic brewery to top its previous year's sales.

In all, the company sold 213.0 million litres of beer, registering growth of 0.5%, 142.4 million litres of soft drinks, up 1.7%, and 16.4 million litres of mineral waters, an increase of 16.9%.

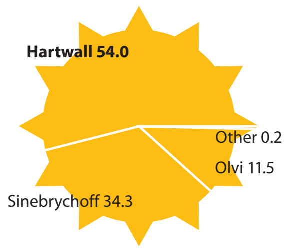
## Focusing on strong brands brings results

Marketing continued to streamline the product range, focusing on strong brands. The solutions led to results, as is clearly indicated by the increase in total market share to 54.0 per cent, a gain of 0.5 percentage point. Hartwall improved its market share in both beers and mineral waters. In the market for soft drinks, the company refrained from unhealthy price competition, which led to a slight decrease in market share.

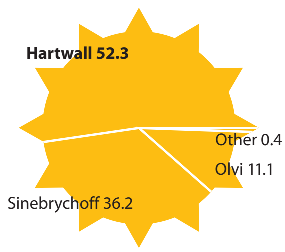
**Sales of the brewing and soft drinks industries in Finland 1996**

| | Beverage group, million litres | Change | Hartwall, million litres | Change | Hartwall's market share | Change, percentage points |
|---|---|---|---|---|---|---|
| Beers | 407.4 | -1.9% | 213.0 | +0.5% | 52.3% | +1.3 |
| Soft drinks | 246.6 | +4.0% | 142.4 | +1.7% | 57.8% | -1.2 |
| Mineral waters | 35.4 | +13.1% | 16.4 | +16.9% | 46.3% | +1.5 |
| Total | 689.4 | +0.8% | 371.8 | +1.6% | 54.0% | +0.5 |
| Other drinks | | | 2.9 | +20.8% | | |
| Total | | | 374.7 | +1.8% | | |

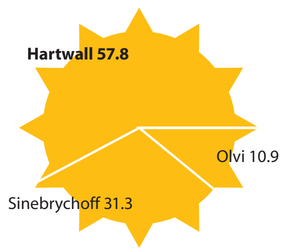
**Total market positions in Finland in 1996**



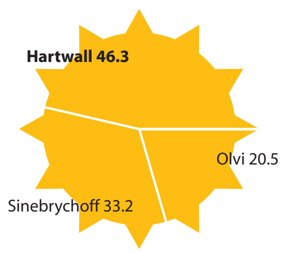

**Beer market positions in Finland in 1996**




**Soft drink market positions in Finland in 1996**




**Mineral water market positions in Finland in 1996**



# Finland's leading beer and soft drinks company


Hartwall's focus on marketing even fewer brand names than before led to the growth of both sales and overall market share in 1996. Within beers, Hartwall's most successful main brands are Lapin Kulta, Karjala and Hartwall 1836 Classic, which was launched in the autumn. The range of brands also includes ErikoisOlut and Sininen.

Of Hartwall's soft drinks, the Hartwall Jaffa family of brands and the Aurinko line of products enjoyed good popularity. Their market shares increased, especially during the end of the year. Coca-Cola products enjoyed particularly strong sales growth last year.

Hartwall's main brands of mineral water, Hartwall Vichy Original, Hartwall Vichy Novelle and Hartwall Vichy Citronelle all increased their market shares during the previous year. The range of brands is complemented by Lahden Vichy and Ramlösa.

**Lapin Kulta and Karjala – a successful pair**

Lapin Kulta maintained its clear leadership of the beer market in 1996. The rise in its sales by eight per cent was partially speeded along by a bigger number of container options. Lapin Kulta was the first beer in Finland to be marketed in a new 0.5 litre container. Additionally, a 1.0 litre container was offered. The brand leader's market share of sales in daily convenience goods stores rose to 35.5% (source: A.C. Nielsen). Sales of the company's other main name brand beer, the increasingly popular Karjala, were up by 45.2%. In the daily convenience goods trade, the market share of our country's fourth most popular brand of beer was 11.2%.

The year's most important new beer was Hartwall 1836 Classic, which was brought out on the market in October. This is the first time the company's name has been used in a beer's brand name. The same additional prestige which the use of the company's name has given to soft drinks and mineral waters has shown its effectiveness in beers as well. In the first two weeks alone this full malt beer garnered a six per cent share of the market, a figure which has since levelled off at four to five per cent.

**Coca-Cola's number one position gains in strength**

Within soft drinks, Coca-Cola strengthened its position as the leading brand. In the daily convenience goods trade, its market share grew to 18.2%. Of the four most popular soft drink brands, three belong to Hartwall's range of brands.

Vichy Novelle was Hartwall's most successful mineral water.

**Long drinks and ciders become more popular**

The market for long drinks, which contain over 2.8% by volume of alcohol, grew from 12.2 million to 19.8 million litres. The popularity of this beverage group was significantly increased by the new brands Special Grape Long Drink and Special Orange Long Drink. Their alcohol content is the result of a natural fermentation process rather than – like the long drinks which have been on the market for years – the result of an addition of distilled spirits. In this product sector Hartwall works through a company it co-owns with Primalco Oy: Cool Drinks International Ltd. Oy. The company's market share climbed to 70% by the end of the year.

Furthermore, the aggregate market for ciders containing over 2.8% alcohol by volume rose from 17.1 million to 19.5 million litres. Woodpecker Cider, represented by Hartwall, achieved a 17% market share, an increase of four percentage points. At the end of the year a new sweet Woodpecker was introduced on the market.

### Hartwall's brand name policy

Brand names are the daily consumer goods trade's most valuable asset. All the value added that a company can offer to a consumer is encapsulated in a brand name. The building of a brand name entails pre-planned, systematic and sustained effort as well as an understanding of consumers' needs. Many studies show that consumers' impressions of Hartwall's brand names have evolved in an even more positive direction.

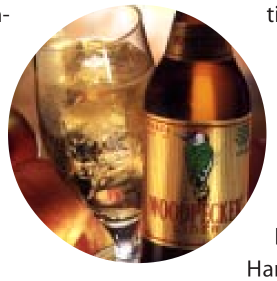
Hartwall's decision to concentrate on three main brands of beer has turned out to be the right one. In mineral waters, concentrating on three Hartwall brand names has also worked well.

Within soft drinks, Hartwall's brand names can be divided into two groups: Hartwall products and products made in co-operation with Coca-Cola. Marketing muscle is concentrated on the Hartwall Jaffa family of products. In the case of ciders and long drink beverages, the brand name policy is focused in the same way. This policy will be followed in the future.

Hartwall's decision to become the main strategic partner in the building of a multi-purpose complex to be opened in Helsinki in April 1997 has already, in its building phase, brought considerable positive publicity to the company. As the main strategic partner, Hartwall has been allowed to name the complex Hartwall Areena for ten years. The agreement includes the option to extend this by a further ten years.

### Coca-Cola Cold Drink

Coca-Cola Cold Drink (CCCD) is a subsidiary in which Hartwall has a 75% holding. Its operational concept is to create refreshing experiences for consumers in restaurants, cafes, schools, offices and in all varieties of enjoyment situations. CCCD concentrates on increasing the sales of soft drinks and mineral waters via drink dispensers and vending machines.

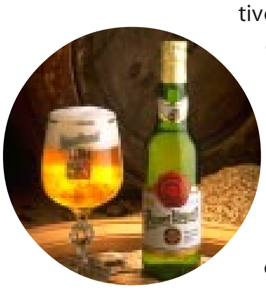


The beverages sold by CCCD represent an approximately eight per cent share of the aggregate market for soft drinks. In three years the sales of CCCD's drinks have doubled to 21.4 million litres (in 1995: 17.7 million litres).

The manufacture, storage and distribution of the products sold by CCCD is carried out by Hartwall. CCCD's range of brands includes not only the Coca-Cola Company's trademarks, but also Schweppes' beverages and Hartwall Vichy Novelle.

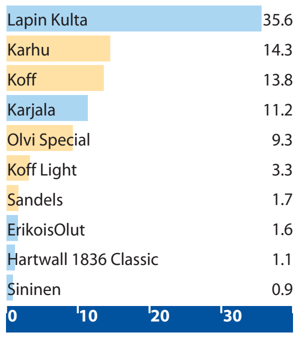
### Hartwa-Trade

Hartwa-Trade, a subsidiary wholly owned by Hartwall, imports foreign brands of beer. Guinness, Kilkenny, Pilsner Urquell and Sol, beers imported by the company, were very successful in the imported beers market. Some 200 to 300 foreign brands of beer vie for consumers' favour in this market. As a whole, however, they only account for approximately two per cent of aggregate sales of beer in Finland.

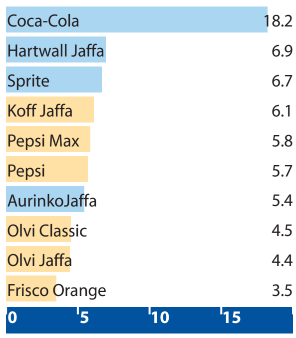


Hartwa-Trade's concentration on imported brands that complement customers' selection has proved to be a viable alternative. Guinness and Kilkenny are an integral part of the beer selection in all Irish-style pubs. Pilsner Urquell is appreciated by Czechoslovakian-European restaurants of quality. Tex-Mex style restaurants are not complete unless Mexican Sol beer is available. With these brands, Hartwall controls around 30% of the aggregate market for imported beers.

**Finnish Beers Top Ten 1996**

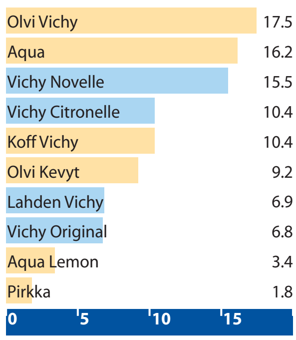



**Finnish Soft Drinks Top Ten 1996**




Includes Light versions

**Finnish Mineral Waters Top Ten 1996**




The shares of daily convenience goods stores in all of Finland. Source: A.C.Nielsen

# Baltic Beverages Holding AB

Hartwall owns 50% of the associated company Baltic Beverages Holding AB (BBH) . The other half is owned by the Swedish-Norwegian company Pripps Ringnes AB. BBH in turn has a majority or a 50 per cent stake in a total of seven breweries in Russia, the Baltic countries and Ukraine.

BBH is registered in Sweden, but its management is spread out across its key cities: Helsinki, Stockholm, Oslo and Tallinn. BBH's managing director is Henrik Therman, who is based at the headquarters of Oy Hartwall Ab in the Konala district of Helsinki.

**BBH's strategy**

BBH's strategy is to acquire a majority shareholding in presently operating breweries, to invest technology and know-how in them to boost quality and volume as well as to strengthen the sales and marketing systems.

The breweries themselves operate as local companies with local management and personnel. The brands also retain their local character. After BBH's initial capital expenditures, the local breweries handle their own investments from their cash flow.

All of BBH's breweries are clearly profitable. The bulk of the net profit goes towards further development of the company. BBH strives to ensure that shareholders receive a reasonable dividend from the breweries.

In making brewery acquisitions, the objective is to obtain a holding through a public offering in which the proceeds of the offering are used to develop the operations and products of the breweries.

**Financial performance**

BBH's net sales and production enjoyed buoyant growth in 1996, spurred by acquisitions and capital spending on plant and equipment. BBH increased the number of its jointly owned breweries from four to seven by acquiring a 50 per cent stake in the Ukranian Slavutich brewery and in the Yarpivo brewery in Russia. The 50% shareholding that has been agreed with the owners of the Russian Taopin brewery is pending approval by the authorities during the current year.

BBH's breweries sold an aggregate volume of 459 million litres of beverages in 1996 (202 million litres in 1995, of which 96% were beers). BBH's consolidated sales volume was 318 million litres. The company's consolidated net sales were 1,245 million Swedish kronor (615 million Swedish kronor in 1995). Hartwall's share of all of BBH's figures is half in accordance with its shareholding.

BBH's operating profit was 382 million Swedish kronor, of which Hartwall's share was half (FIM 131 million). The operating profit improved markedly on the previous year.

**Russia**

The development of the Russian economy was spotty in 1996. The country's gross domestic product fell, but this was somewhat offset by the significant decrease in the rate of inflation. The economic trend did not have an essential impact on BBH's breweries.

Russia is a fast growing market for the brewing industry as for many other branches. The company has broad leeway for growth, and a significant portion of the increase in sales can be achieved by gaining larger market shares.

BBH's operations in Russia are concentrated in the vicinity of St Petersburg and Moscow. Baltika, which is located in St Petersburg, grew strongly in

1996. The 14 million dollar investment programme aiming at raising the beer brewing capacity was seen to completion. In step with it, Baltika's sales rose to 179 million litres (1995: 121 million litres). Baltika's profitability improved markedly on the previous year. Baltika is Russia's largest brewery, the next largest coming up to only half of Baltika's production figures.

Last year BBH signed agreements on acquiring two holdings in breweries within the Moscow economic area. The Yarpivo brewery is located in the town of Yaroslavl, 250 kilometres to the North-east of Moscow, and the home of the Taopin brewery is in the town of Tula, 200 kilometres to the south of Moscow. BBH will invest about 10 million dollars in the Yarpivo and Taopin breweries in 1997. Yarpivo's annual aggregate sales volume is 75 million litres and Taopin's about 58 million litres.

Moscow is Russia's most important market area. It is 2 to 3 times larger in population than the St Petersburg economic area, and the consumption of beer in Moscow per head of population is 2.5 times greater than the country's average.

All BBH's breweries are now represented in Moscow. A fifth of Baltika's production, a quarter of Yarpivo's production and about half of Taopin's production are exported to the Moscow area. Five breweries operate in the Moscow area and the competition is tough. BBH's breweries are seeking to increase their market shares in Russia's principal cities by means of high quality and efficient marketing.

In their own areas, all three of BBH's Russian breweries mentioned here are market leaders.

## Estonia

Estonia has made great strides towards a market economy and at the same time competition for market shares has become tougher. Above all, the entry of foreign brands in the comparatively small market of 1.5 million people has changed the competitive situation significantly. Foreign beers now account for about 10% of Estonia's beer sales.

The Saku brewery in Tallinn has retained its market leadership (55% of domestic production in 1996) but its profitability has declined in the face of stiff price competition. The company's net profit was weaker than in 1995 but was still moderately good.

Saku is making increased outlays on marketing and sales, and is likely at least to retain its present market position. Saku's sales in 1996 amounted to 27 million litres.

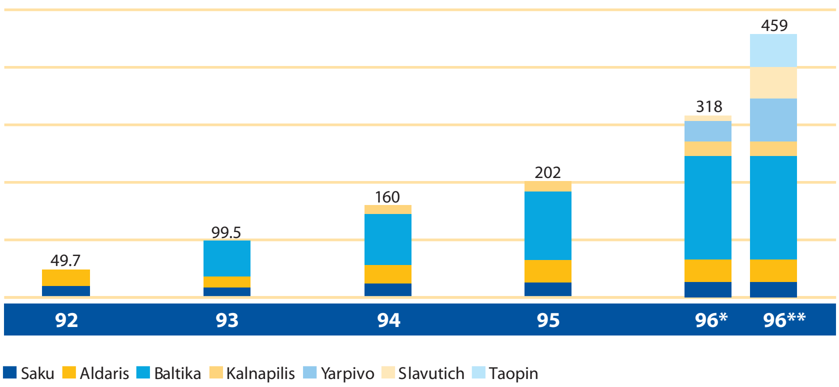
Estonia's economic situation is overshadowed by concerns about inflation. With prices rising at a rate of about 15% a year and the currency tied to the German mark, part of the competitive advantages of trading in the market are weakened.

## Latvia

Latvia is likewise menaced by inflation. So far, the LAT has been a stable currency. Another significant circumstance for the Aldaris brewery has been that beer will probably be subject to a tax, albeit a moderate one.

Aldaris has carried out its production investments. The brewery's market share in Latvia is about 60%. Aldaris is now making outlays on improving the efficiency of its sales, marketing and distribution.

**BBH's brewery acquisitions and trend in aggregate sales volume (million litres)**




* Consolidated (100%) **Full year

During the year under review the brewery brought out on the market a Vichy mineral water that will support the marketing effort, particularly amongst adult consumers.

Aldaris has annual sales of 40 million litres. The brewery's profitability has remained good. The brewery has made investments in improving quality, increasing capacity and enhancing marketing.

**Lithuania**

Lithuania's economy is growing at a slow pace and inflation has come down to the level of the other Baltic countries.

The Kalnapilis brewery was the country's fourth largest when it was purchased by BBH in 1994. In two years the brewery's market share rose from 13% to 21%, and it is now without a doubt the country's second largest producer of beer (the market share of the largest brewery is about 35%). Unlike the market leader, Kalnapilis does not produce all types of beer.

Capital expenditure programmes at Kalnapilis were seen to completion in 1996, significantly increasing the brewery's capacity and also the quality of the beers. The brewery clearly increased its net profit on the previous year.

Kalnapilis's market share in bottled beers is 29% (major competitor: 35%). Kalnapilis is the only one of BBH's breweries that is not the market leader in its own area. The brewery's objective is to attain the leading position on the bottled beer market in Lithuania. Aggregate sales in 1996 amounted to 25 million litres.

**Ukraine**

In terms of population and surface area, Ukraine is a state the size of France, and its progress towards a market economy has gone well. It is to be expected that in 4 to 5 years the country's economy will develop at a fast rate.

The Slavutich brewery is located in the city of Zaporozhye, in the eastern part of the country. Half of Ukraine's population of 52 million live within a 300 kilometre radius of Slavutich. The brewery's sphere of influence, eastern and southern Ukraine, is a predominantly industrial area that has very good growth potential.

With its 54 million litres sales volume, Slavutich is one of Ukraine's largest breweries. It is the market leader in its own business area. The 10 million dollars worth of investments in upgrading production will be seen to completion during 1997, doubling the brewery's capacity.

**Outlook**

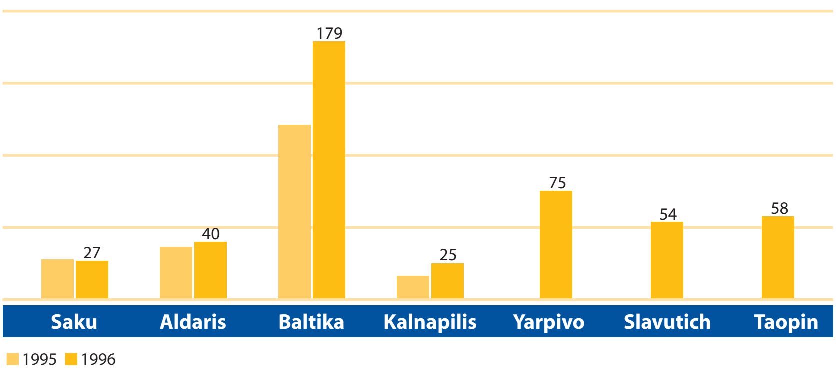
The main near-term objective of BBH and its breweries is to develop and safeguard their regional market leadership. Now that the capital expenditures aimed at boosting quality and capacity have been seen to completion, the breweries are concentrating on raising the efficiency of their sales and marketing.

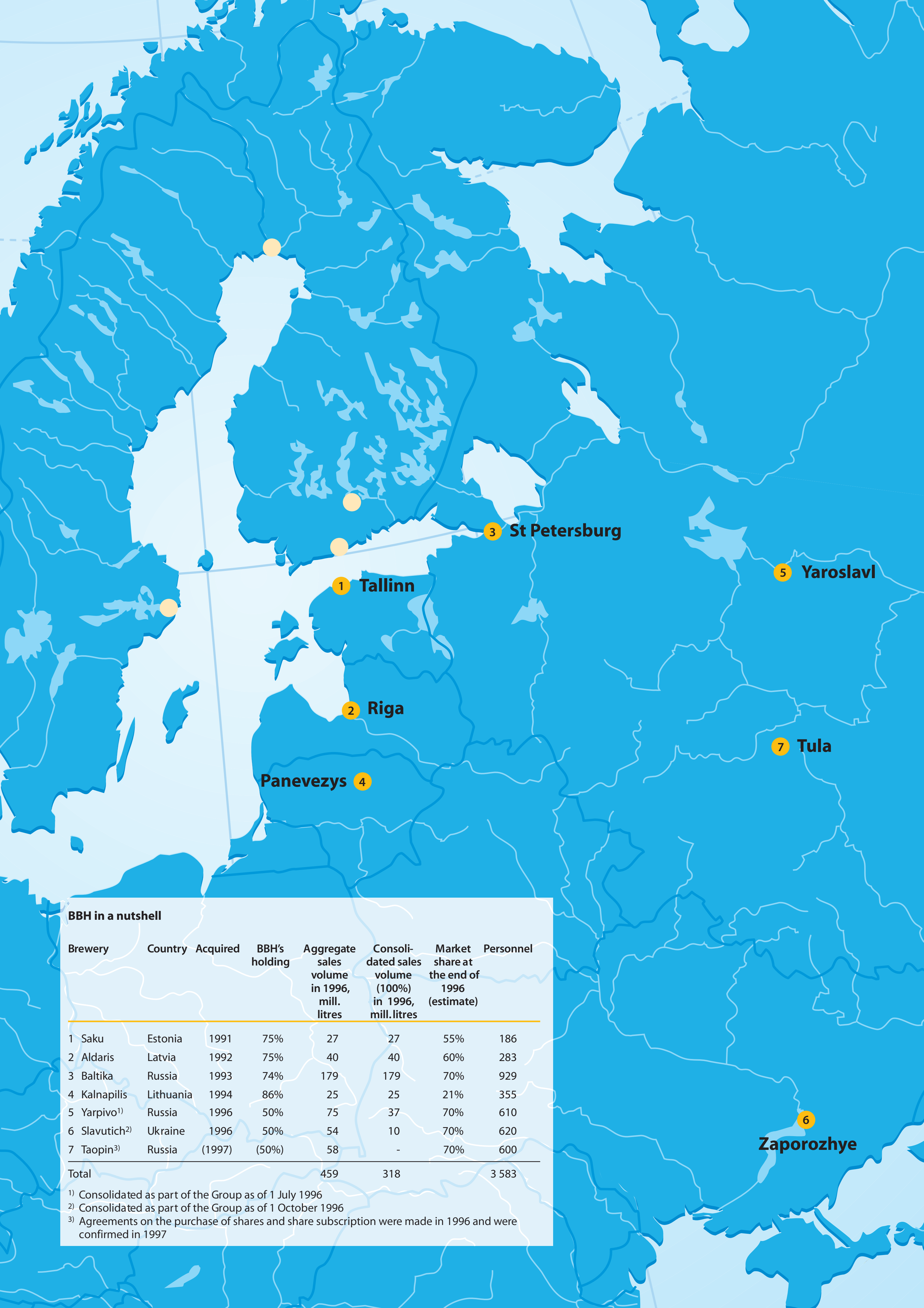
In the longer term, the increase in beer consumption will open up significant growth opportunities for BBH's breweries. Particularly in Russia, consumption is anticipated to swing to moderately brisk growth. The consumption of beer per head of population in Russia has dropped by half in ten years. A change in the situation is expected as the country's economic situation stabilises. Consumption in Ukraine and the Baltic countries is also low. There is evident potential for increasing sales if the consumption is compared with the average of the European countries.

The countries in the area where BBH operates share in common the feature that all of them are heading towards a firmly established market economy. BBH's business risks linked to the political and economic situation of its areas of operations will decline as development moves ahead. The most significant economic trend is receding inflation in all the countries where BBH operates.

BBH's net profit in 1997 is likely to remain at a good level.

**Aggregate sales volumes of BBH's breweries 1995-96 (million litres)**





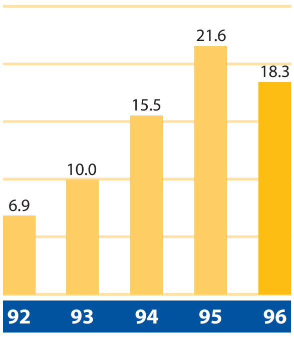

**BBH in a nutshell**

| Brewery | Country | Acquired | BBH's holding | Aggregate sales volume in 1996, mill. litres | Consoli-dated sales volume (100%) in 1996, mill. litres | Market share at the end of 1996 (estimate) | Personnel |
|---|---|---|---|---|---|---|---|
| 1 Saku | Estonia | 1991 | 75% | 27 | 27 | 55% | 186 |
| 2 Aldaris | Latvia | 1992 | 75% | 40 | 40 | 60% | 283 |
| 3 Baltika | Russia | 1993 | 74% | 179 | 179 | 70% | 929 |
| 4 Kalnapilis | Lithuania | 1994 | 86% | 25 | 25 | 21% | 355 |
| 5 Yarpivo[1] | Russia | 1996 | 50% | 75 | 37 | 70% | 610 |
| 6 Slavutich[2] | Ukraine | 1996 | 50% | 54 | 10 | 70% | 620 |
| 7 Taopin[3] | Russia | (1997) | (50%) | 58 | - | 70% | 600 |
| Total | | | | 459 | 318 | | 3 583 |

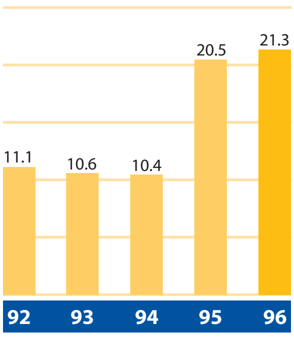
[1] Consolidated as part of the Group as of 1 July 1996
[2] Consolidated as part of the Group as of 1 October 1996
[3] Agreements on the purchase of shares and share subscription were made in 1996 and were confirmed in 1997

# Exports and duty free sales

**The trend in Hartwall's exports (million litres)**




**The trend in Hartwall's duty free sales (million litres)**




Apart from BBH, Hartwall's international operations are mainly focused on the export of Lapin Kulta beer to Finland's nearby market areas and to Europe as well on duty free sales on Baltic ferries.

## Exports

Hartwall's exports in 1996 totalled FIM 73.1 million, as against FIM 80.7 million a year earlier. The aggregate volume of exports was 18.3 million litres (21.6 million litres). The fall in exports was mainly due to restrictions on border trade with Russia that went into effect during the year. Exports to Russia declined by 2 million litres. Estonia's new tax laws also reduced Hartwall's exports by about 10%. Exports to Sweden fell by about five per cent, but the country's total market contracted by about 10%, which means that Lapin Kulta increased its market share.

Of the target countries for Lapin Kulta exports, Russia and Sweden have a total share of more than 90%. During the year Hartwall made a decision to expand the geographical coverage of its exports. The export of Lapin Kulta was started in Norway in partnership with Ringnes, and in Germany via an importer in Hamburg.

Hartwall's export prospects for 1997 do not differ essentially from the level in 1996. Growth will take place mainly in new market areas, such as Germany and Norway. The reduction in Sweden's beer tax will help sales of Lapin Kulta to some extent. In Russia, Hartwall's main objective is to maintain its good market position in border trade.

During 1997 Hartwall will implement a significant new product in the export of Lapin Kulta, inaugurating the launch of a second generation export concept. The campaign will give Lapin Kulta a new overall look in the export markets.

## Duty free

Hartwall's share of duty free sales grew from FIM 74.4 million to FIM 78.7 million. The volume of tariff-free sales grew from 20.5 million litres to 21.3 million litres. Total sales growth was slowed down by the tighter import restrictions on traffic between Estonia and Finland, thus cutting into Lapin Kulta's sales on these ships by about two million litres annually. Over 90% of Hartwall's duty free sales consists of sales on board ships in the Baltic area.

The growth in duty free sales is due to the increased ferry tourism mainly between Finland and Sweden. Hartwall's market share of the sales of beer and soft drinks on the ferries grew when Karjala beer was included in the product portfolio in the spring. Karjala's sales on Baltic ships are likely to grow strongly in 1997. At the turn of the year it had a one tenth share of the duty free sales volume of Lapin Kulta. New regulations concerning the Åland Islands, which will bring the island province within the tax-free sphere, will probably increase the sale of beer on ships.

Hartwall's duty free sales are expected to grow at the same five per cent rate in 1997 as they did a year earlier. This is likely to be spurred by the anticipated growth in Karjala's sales coupled with increasing numbers of tourists.

# Information for shareholders

**Financial information in 1997**

- Advance information on Oy Hartwall Ab's financial statements for 1996 was published on 14 February 1997.
- The financial statement bulletin was published on 27 February 1997.
- The complete annual accounts are published as part of this annual report.

Two interim reports are published:

- the interim report for the period from January to April will be published on 5 June 1997.
- the interim report for the period from January to August will be published on 30 September 1997.

All the publications mentioned are available in Finnish, Swedish and English. The Finnish and English can be accessed on Hartwall's Internet pages at the address http://www.hartwall.fi. The pages include, among other things, all of Hartwall's stock exchange bulletins since 1994.

**Annual General Meeting**

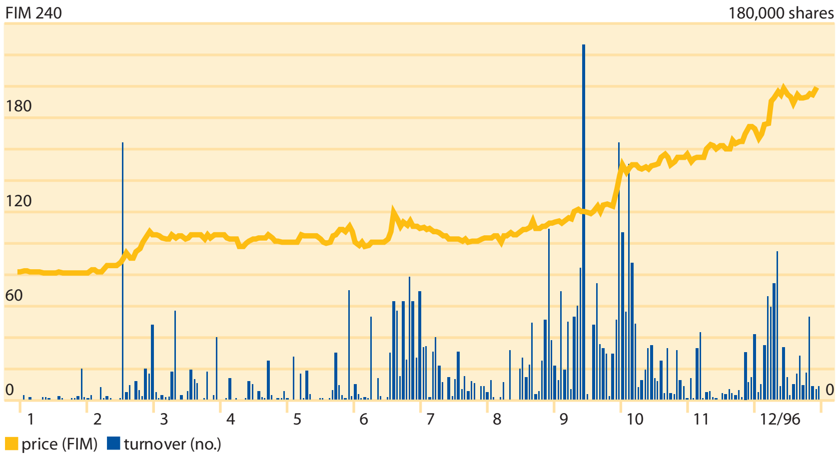
The Annual General Meeting of Oy Hartwall Ab will be held on 22 April 1997 beginning at 4.00 p.m. at the Helsinki Fair Centre's auditorium C1. The address is Rautatieläisenkatu 3, Itä-Pasila, Helsinki.

**Dividend payment**

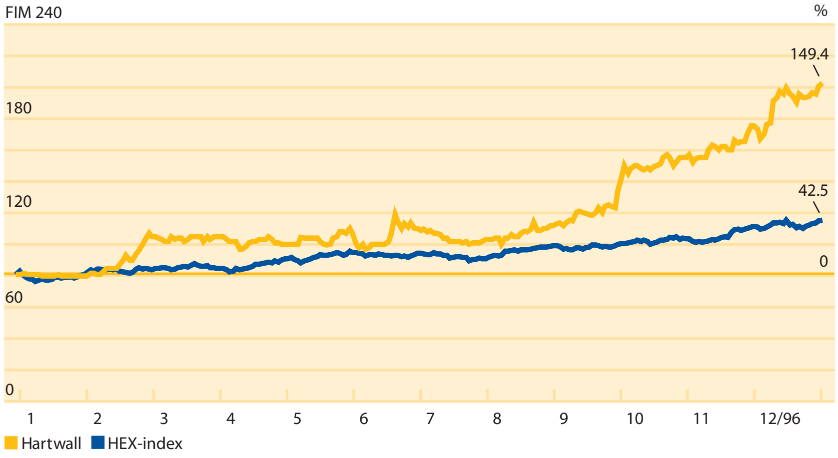
The Board of Directors will propose to the Annual General Meeting that a dividend of FIM 2.00 be paid on the Series A share and a dividend of FIM 1.90 on the Series K share. The record date is 25 April 1997. The dividend will be paid on 30 April 1997, provided that the Annual General Meeting approves the Board's proposal. To be eligible to receive a dividend and exercise subscription rights, shareholders must have their shares registered within the book-entry system.

Hartwall's Shareholder Register is maintained within the Book-Entry register of Finnish Central Securities Depository Ltd.

**Hartwall's share price and daily turnover in 1996**

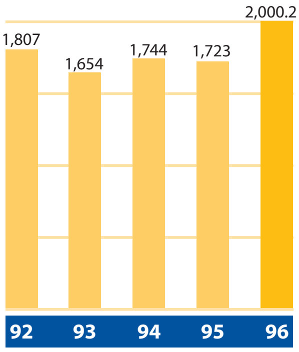



**Trend in Hartwall's share price in 1996**

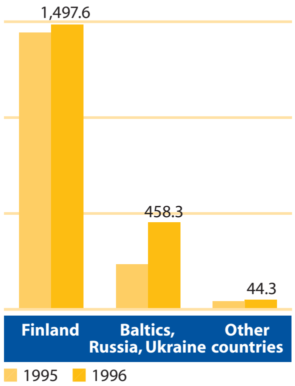


# Board of Directors' Report of Operations 1996

**Trend in consolidated net sales (FIM million)**




**Net sales by country 1995-96 (FIM million)**




The trend in the domestic operations of the Hartwall Group was affected by the cold weather that prevailed in the entire first part of the year, culminating in the coldest June ever. Another factor which led to a contraction in the total market for beer for the fourth year in succession was the increased import of beer by private persons.

During the year there was a wide-ranging dialogue on the fundamental right of Finnish citizens, in accordance with the EU treaty, to buy reasonably priced alcohol products either on the home market or to bring them into Finland from other EU countries. According to the treaty between the government of Finland and the EU concerning a transitional period, full EU quotas must be brought into effect by the end of the year 2003.

The uncertainty created by Russia's political situation has not had a detrimental effect on the expansion of the business activities of Hartwall's 50%-owned associated company Baltic Beverages Holding AB (BBH) in Russia.

Implementation of the Hartwall Group's business strategy went ahead according to plan. The change in the production and logistics structure, which will improve competitiveness in the home market, was in practice seen to completion when the Lahdenhovi distribution centre went into operation at the end of the year. The product strategy aiming at a reduced number of brands and products strengthened the company's market position in Finland. BBH increased its sales significantly both through natural growth in market share and via acquisitions. During the year BBH expanded its operations to new market areas by agreeing, all in all, on the purchase of three 50% holdings in breweries: two in Russia, and one in Ukraine.

Consolidated operating profit rose to FIM 238.0 million, or 11.9% of net sales (1995: 4.9%). The operational profit objective in domestic business was nevertheless not reached to the full extent, mainly due to the tougher price competition in a domestic beer market that had contracted. BBH's favourable earnings trend is largely based on the good demand for the products of the Baltika brewery, which is reflected both as a growth in net sales and as an improvement in margins.

In order to gain greater financial leeway and to strengthen the equity ratio, in June the company carried out a share issue directed at investors, the public and the personnel. The original issue of 1.4 million new Series A shares was oversubscribed seven-fold. Owing to the wide interest, the Board of Directors exercised its share issue authorisation to the full extent and set the final amount of the issue at 1.8 million new Series A shares. The increase in the number of Series A shares improved their liquidity and thus gave them more genuine value creation potential than previously. The price trend of the share outperformed the HEX index of the Helsinki Stock Exchange. The share price on the last day of the year was FIM 202 (1995: FIM 81).

Earnings per share were FIM 8.40 (FIM 0.52), the equity ratio was 44.9 % (32.4 %) and the gearing ratio was 0.52 (1.02).

## Net sales

The Group's net sales grew by 16.1% to FIM 2,000 million (1,723 million). Domestic sales (including duty free sales) accounted for 74.9% of net sales, growing by 3.2% to FIM 1,498 million. Net sales were increased by both the growth in sales volumes and the changes that took place in the structure of sales, in which the more expensive canned and long drink beverages represented an increased share.

The share of international operations in the Group's net sales was 25.1%, growing by 84.8% to FIM 502 million. The bulk of the international net sales comes from the operations of Hartwall's 50 per cent owned associated company Baltic Beverages Holding AB (BBH), whose net sales grew by 126.2%.

**Breakdown of net sales by market area, FIM million**

| | **1996** | 1995 | change |
|---|---|---|---|
| Finland (including tax-free sales) | **1,497.6** | 1,451.1 | +3.2% |
| Baltic countries, Russia and Ukraine | **458.3** | 231.1 | +98.3% |
| Other countries | **44.3** | 40.9 | +8.3% |
| Total | **2,000.2** | 1,723.1 | +16.1% |

## Financial result

The Hartwall Group's operating profit rose to FIM 238.0 million (85.2 million). As a proportion of net sales, the figure increased from 4.9% to 11.9%.

Hartwall's operating profit net of BBH rose to FIM 106.7 million (35.7 million). Non-recurring costs which were due to changes in the production and distribution structure and burdened the result last year no longer arose to any significant extent. It was possible to enter the fairly small non-recurring costs booked for the year under review against non-recurring income items.

The cost savings objectives of the structural change in Finland have been realised according to plan. They nevertheless did not fully suffice to cover factors that reduced earnings. Uppermost amongst these was the fall in the brewery prices of beer, which was a consequence of tougher price competition in a beer market that had contracted.

BBH's operating profit (50%) increased to FIM 131.0 million (49.3 million). Its earnings trend was affected essentially by the extra capacity that was put into use at the Baltika brewery in St Petersburg in mid-1995. Thanks to the good demand situation, it was possible to utilise all the extra capacity. It was also possible to increase brewery prices in excess of cost inflation.

**Breakdown of the Hartwall Group's operating profit,**

| FIM million | 1996 | 1995 | change |
|---|---|---|---|
| Hartwall | **106.7** | 35.7 | 198.9% |
| BBH (50%) | **131.0** | 49.3 | 165.7% |
| Total | **237.7** | 85.0 | 179.6% |
| Eliminations | **0.3** | 0.2 | |
| Group, total | **238.0** | 85.2 | 179.3% |

Net financial costs fell to 1.5% (2.3%) of net sales thanks to both a lower level of interest rates and the reduced amount of net debt. Profit after financial items rose to FIM 207.5 million (45,7 million), i.e. 10.4% of net sales (2.7%).

Taxes booked for the financial year totalled FIM 78.7 million (26.6 million). Taxes for the financial year have been calculated on an accrual basis according to the tax rates in force. The growth in taxes for the financial year was affected significantly by the earnings trend of the breweries operating in Russia.

Net profit was FIM 95.2 million (4.8 million), or FIM 8.40 per share (0.52). Return on investment (ROI) rose to 20.6% (8.7%) and return on equity was 18.5% (4.1%).

## Capital expenditures

The Group's gross capital expenditures on fixed assets and acquisitions totalled FIM 289.0 million. Of this amount, Hartwall's share was FIM 183.2 million and BBH's was FIM 105.8 million. The largest single expenditure items in Finland were the Lahdenhovi distribution centre that was completed at the end of the year and is in the breaking-in phase. BBH's largest outlays went for modernisation of the production processes at Baltika and Kalnapilis as well as the acquisitions of the breweries in Russia and Ukraine.

## Financial position

The Group's cash flow from operations amounted to FIM 153.9 million (118.3 million), or 7.7% of net sales (6.9%). The result of operations in Finland was nevertheless burdened by the growth in stocks as a consequence of the new packaging solutions that were introduced. This was mainly reflected as a slowdown in the rate of turnover of bottles and cans. Owing to the sizeable capital expenditure programme, cash flow before financial items was FIM 112.5 million negative (-25.5 million). The financing requirement was covered by means of the share issue that was carried out in June. Net debt decreased to FIM 393.7 million (512.8 million). BBH has financed the expansion investments carried out during the year from its cash flow.

The gearing ratio decreased from the previous year's 1.0 to 0.5, and the equity ratio rose from 32.4% to 44.9%.

## Trend in Group sales and marketing

The Hartwall Group's aggregate sales volume grew by 12.6% to 579.3 million litres (514.5 million litres). Hartwall's own share of the sales, i.e. domestic sales, exports and duty free sales, amounted to 414.3 million of the aggregate sales figure, the share of BBH's sales being 159.1 million litres and the share of the associated company Cool Drinks International Ltd. Oy (CDI) 6.6 million litres.

Hartwall's sales volumes in Finland grew in all product groups, also achieving growth of 0.5% in beers, contrary to the industry trend and reached 213.0 million litres. Hartwall's growth in the sales of soft drinks was 1.7%, rising to 142.4 million litres, in mineral waters 16.9%, rising to 16.4 million litres and in other beverages 20.8%, rising to 2.9 million litres.

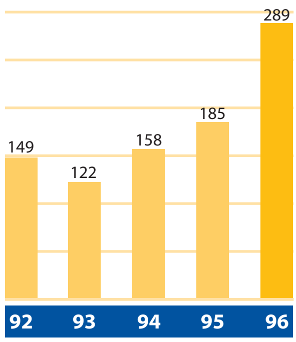
The industry's aggregate sales volumes of beers, soft drinks and mineral waters grew by 0.8%. Beer sales have declined for the fourth year in succession. Last year they shrank by 1.9% because of Finland's higher beer tax than in the other EU countries which means that an increasing proportion of beer is imported into the country by private persons. The industry's sales of soft drinks were 4.0% more than the previous year, and mineral waters were up by 13.1%.

BBH's total sales volume grew by 57.5% to 318.2 million litres, in which acquisitions represented a share of 47 million litres. By far the strongest growth was achieved by the St Petersburg Baltika brewery, whose total sales increased from 121 million litres to 179 million litres.

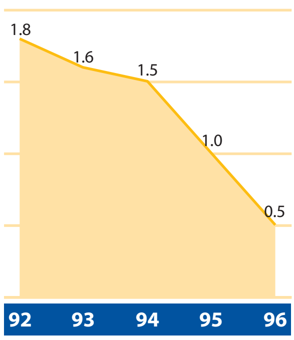
## Shares

On 19 June 1996, the Board of Directors of Oy Hartwall Ab increased the share capital by FIM 9.0 million on the basis of an authorisation granted to the Board by the meeting of shareholders on 6 April 1995. The increase in share capital was carried out by way of a directed tender issue of 1.8 million new Series A shares having a par value of 5 marks each. The issue was mainly subscribed by institutional investors and did not have a material effect on the company's proportional ownership and voting rights. The Board of Directors set the subscription price of the new shares at FIM 100 per share. As a consequence of the issue, the total amount of Hart-

**Trend in gross capital expenditures (FIM million)**




**Gearing ratio (%)**



wall's shares rose to 12,060,000 shares. Quotation of the new Series A shares on the Helsinki Stock Exchange began on 28 June 1996. The new shares entitle their holders to a full dividend for 1996.

The Board of Directors has a valid authorisation granted to it by the Annual General Meeting on 28 March 1996 to increase the share capital through a directed issue by a maximum amount of FIM 10.0 million by issuing a maximum of 2.0 million new Series A shares having a par value of 5 marks each. This unexcercised authorisation will remain in effect until 1 July 1997.

The turnover of Hartwall's Series A shares in 1996 was a total of 3,530,278 shares, or an aggregate turnover of about FIM 456 million. The turnover represented 35.9% of the total amount of Series A shares outstanding. The average price of the shares was FIM 129.18, the lowest being FIM 80 in January and the highest FIM 202 in December. The share price on 31 December 1996 was FIM 202. According to the Share Register, there were 2,798 shareholders on the last day of December (3,180).

## Group structure

During the report year, BBH agreed on acquiring 50% holdings - via share issues directed at the company - in the Yarpivo and Taopin breweries in Russia and in the Slavutich brewery in Ukraine. Yarpivo is located in Yaroslavl, to the Northeast of Moscow, and the home of Taopin is the City of Tula, south of Moscow. Slavutich is located in Zaporozhy, Ukraine. The annual accounts of the Hartwall Group include the figures for Yarpivo as from 1 July 1996 and the figures for Slavutich as from 1 October 1996. BBH's holding in Taopin is pending approval by the authorities this year.

| Brewery | Country | Acquired | BBH's holding |
|---|---|---|---|
| Saku | Estonia | 1991 | 75% |
| Aldaris | Latvia | 1992 | 75% |
| Baltika | Russia | 1993 | 74% |
| Kalnapilis | Lithuania | 1994 | 86% |
| Yarpivo | Russia | 1996 | 50% |
| Slavutich | Ukraine | 1996 | 50% |
| Taopin | Russia | (1997) | (50%) |

The share capital of Hartwa-Trade Oy Ab, which is engaged in agency trade in alcoholic beverages, was transferred in its entirety to the ownership of the parent company Oy Hartwall Ab. Hartwall's previous holding in Hartwa-Trade was 80%.

## Personnel

The Hartwall Group employed an average of 3,671 people (3,294). Hartwall's share of this figure, net of BBH, was 1,469 people (1,675).

**Breakdown in the number of personnel**

| | **31.12.1996** | 31.12.1995 | change |
|---|---|---|---|
| Hartwall | **1,321** | 1,457 | -136 |
| BBH (100%) | **2,975** | 1,669 | +1,306 |
| Total | **4,296** | 3,126 | +1,170 |

## Salaries and wages

Salaries, wages and compensation paid by the Hartwall Group including BBH in 1996 were as follows:

| | The Group | | Parent company | |
|---|---|---|---|---|
| FIM million | **1996** | 1995 | **1996** | 1995 |
| Managing directors and members of the Board of Directors | **3,876** | 3,223 | **1,757** | 1,475 |
| Others | **254,716** | 275,249 | **215,697** | 251,643 |

## Board of Directors, managing director and auditors

At the annual General Meeting held on 28 March 1996 the present Board of Directors was re-elected, its members being Gustav von Hertzen, Chairman, Erik Hartwall, Vice Chairman, Paul Bergqvist, Curt Lindbom and Rafael Wolontis as well as personnel representatives Pertti Hernesniemi and Erkki Kilpinen. The managing director for the entire financial period has been Jussi Länsiö. Ralf Hollmén was appointed deputy managing director effective 1 March 1996.

The elected auditors were Sixten Nyman, Authorised Public Accountant, and the firm of public accountants KPMG Wideri Oy Ab.

## Outlook for the future

We believe that the sales volumes of soft drinks and mineral waters in Finland will continue their growth. The total consumption of beer per head of population has also risen, but the sales trend of the product group according to statistics is the reverse, owing to Finland's excessively high beer tax. We expect measures by the authorities to lower the beer tax in the very near future because this would mean that a significant proportion of the beer that is presently imported by private tourists would be bought in Finland instead.

Hartwall's present five-year agreement concerning the manufacture, distribution, sale and marketing of Coca-Cola products in Finland will continue up to 15 March. Negotiations on continuing the co-operation are still in progress.

The Hartwall Group's international growth prospects are promising. There are more than 200 million consumers in BBH's area of operations and the amount of beer consumed per head of population is still very low there. Thanks to the increase in sales brought by BBH's new breweries as well as the increases in capacity of the existing breweries, the company's aggregate sales volume is likely to approach 500 million litres in the current year. The capital spending on plant and equipment to increase the capacity of the new breweries will not be seen in sales volumes to the full extent until 1998. We also consider that Lapin Kulta beer has promising export potential, particularly in Sweden and Norway.

We estimate that the profitability of the Hartwall Group will continue its present positive trend.

Helsinki 27.2.1997

**Oy Hartwall Ab**
**Board of Directors**

# Profit and loss account

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | FIM million | **1.1. - 31.12.1996** | 1.1. - 31.12.1995 | **1.1. - 31.12.1996** | 1.1. - 31.12.1995 |
| 1) | NET SALES | **2,000.2** | 1,723.1 | **1,536.3** | 1,497.0 |
| | Change in stock of finished products | **8.0** | -39.5 | **0.9** | -42.9 |
| | Other operating income | **10.3** | 14.3 | **12.6** | 13.1 |
| | Operating costs | | | | |
| | Materials, supplies and goods | | | | |
| | Purchases during the financial period | **685.0** | 492.4 | **546.5** | 425.6 |
| | Change in stocks | **-80.0** | -14.4 | **-41.6** | -0.4 |
| | External services | **246.3** | 220.3 | **233.1** | 216.9 |
| 2) | Staff costs | **342.9** | 357.2 | **300.4** | 328.4 |
| | Rents | **48.9** | 59.5 | **47.7** | 89.6 |
| | Other operating costs | **411.4** | 349.2 | **297.9** | 285.6 |
| | Operating costs, total | **1,654.5** | 1,464.2 | **1,384.0** | 1,345.6 |
| 3) | Depreciation on fixed assets and other capitalised expenditure | **126.0** | 148.4 | **100.1** | 109.8 |
| | OPERATING PROFIT | **238.0** | 85.2 | **65.6** | 11.8 |
| | | **11.9%** | 4.9% | **4.3%** | 0.8% |
| 4) | Financial income and expenses | | | | |
| 7) | Share in associated companies' profits/losses | **-** | -0.6 | **-** | - |
| | Dividend income | **0.4** | 2.7 | **5.4** | 8.5 |
| | Interest income from current investments | **7.9** | 2.6 | **1.8** | 3.1 |
| | Exchange rate differences | **-1.6** | -0.3 | **-0.1** | 0.2 |
| | Interest expenses | **-29.9** | -40.2 | **-27.3** | -40.5 |
| | Other financial expenses | **-7.4** | -3.7 | **-7.4** | -3.5 |
| | Depreciation on shares included in fixed assets | **-** | - | **-** | -1.0 |
| | Financial income and expenses, total | **-30.6** | -39.5 | **-27.6** | -33.3 |
| | PROFIT/LOSS AFTER FINANCIAL ITEMS | **207.5** | 45.7 | **38.0** | -21.6 |
| | | **10.4%** | 2.7% | **2.5%** | -1.4% |
| 5) | Other income and expenses | | | | |
| | Other expenses | **-** | - | **-** | -62.0 |
| | PROFIT/LOSS BEFORE PROVISIONS | **207.5** | 45.7 | **38.0** | -83.6 |
| | | **10.4%** | 2.7% | **2.5%** | -5.6% |
| 3) | Increase (-) or decrease (+) in accelerated depreciation | **-** | - | **-70.4** | 18.1 |
| | Increase (-) or decrease (+) in voluntary provisions | **-** | - | **62.6** | 35.0 |
| | Direct taxes | | | | |
| | For the financial period | **-69.7** | -23.8 | **-19.3** | -4.8 |
| | For previous financial periods | **-5.5** | -5.5 | **-5.6** | -5.5 |
| | Change in imputed tax liability | **-3.4** | 2.7 | **-** | - |
| | Minority interests | **-33.6** | -14.2 | **-** | - |
| | NET PROFIT FOR THE YEAR | **95.2** | 4.8 | **5.2** | -40.8 |
| | | **4.8%** | 0.3% | **0.3%** | -2.7% |

# Balance sheet

| | Group | | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|---|
| **ASSETS**<br>FIM million | **31.12.1996** | | 31.12.1995 | | **31.12.1996** | | 31.12.1995 | |
| 9) FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS | | | | | | | | |
| Intangible assets | | | | | | | | |
| Goodwill | **14.9** | | 28.3 | | **-** | | - | |
| Other capitalised expenditure | **48.2** | | 34.0 | | **87.5** | | 93.2 | |
| | **63.1** | | 62.3 | | **87.5** | | 93.2 | |
| Tangible assets | | | | | | | | |
| Land and water | **132.9** | | 135.3 | | **110.0** | | 109.2 | |
| Buildings and structures | **397.7** | | 345.6 | | **317.8** | | 302.2 | |
| Machinery and equipment | **472.6** | | 392.5 | | **318.8** | | 284.0 | |
| Advance payments and incomplete acquisitions | **65.9** | | 56.2 | | **23.4** | | 29.2 | |
| | **1,069.0** | | 929.6 | | **770.0** | | 724.6 | |
| Securities included in fixed assets and other non-current investments | | | | | | | | |
| 8) Shares in subsidiaries | **-** | | - | | **41.0** | | 40.4 | |
| 8) Shares in associated companies | **3.1** | | - | | **142.3** | | 139.2 | |
| 8) Other shares and participations | **8.9** | | 11.8 | | **8.5** | | 11.8 | |
| | **12.0** | | 11.8 | | **191.8** | | 191.4 | |
| | **1,144.1** | **58.6%** | 1,003.7 | 62.7% | **1,049.3** | **62.1%** | 1,009.2 | 65.6% |
| STOCKS AND CURRENT ASSETS | | | | | | | | |
| Stocks | | | | | | | | |
| Raw materials and consumables | **319.5** | | 239.5 | | **253.6** | | 212.1 | |
| Products in progress | **19.0** | | 14.1 | | **9.1** | | 9.1 | |
| Finished goods | **45.9** | | 42.8 | | **41.0** | | 40.0 | |
| | **384.4** | **19.7%** | 296.4 | 18.5% | **303.7** | **18.0%** | 261.2 | 17.0% |
| 11) Receivables | | | | | | | | |
| Trade receivables | **310.8** | | 246.5 | | **306.9** | | 242.1 | |
| Loan receivables | **1.9** | | 2.1 | | **1.0** | | 1.4 | |
| Prepaid expenses and accrued income | **32.4** | | 26.5 | | **13.9** | | 13.4 | |
| Other receivables | **15.3** | | 10.8 | | **7.9** | | 8.7 | |
| | **360.3** | **18.4%** | 285.9 | 17.9% | **329.7** | **19.5%** | 265.6 | 17.3% |
| Cash in hand and at banks | **65.1** | **3.3%** | 15.2 | 1,0% | **7.4** | **0.4%** | 3.5 | 0.2% |
| | **809.8** | **41.4%** | 597.5 | 37.3% | **640.8** | **37.9%** | 530.3 | 34.4% |
| | **1,953.9** | **100%** | 1,601.2 | 100% | **1,690.1** | **100%** | 1, 539.5 | 100% |

| LIABILITIES FIM million | Group 31.12.1996 | | 31.12.1995 | | Parent Company 31.12.1996 | | 31.12.1995 | |
|---|---|---|---|---|---|---|---|---|
| 13) CAPITAL AND RESERVES | | | | | | | | |
| Restricted equity | | | | | | | | |
| Share capital | **60.3** | | 51.3 | | **60.3** | | 51.3 | |
| Other restricted equity | **357.3** | | 186.4 | | **357.3** | | 186.4 | |
| | **417.6** | **21.4%** | 237.7 | 14.9% | **417.6** | **24.7%** | 237.7 | 15.4% |
| Non-restricted equity | | | | | | | | |
| Retained earnings | **212.0** | | 218.5 | | **36.4** | | 92.1 | |
| Net profit for the period | **95.2** | | 4.8 | | **5.2** | | -40.8 | |
| | **307.2** | **15.7%** | 223.3 | 14.0% | **41.6** | **2.5%** | 51.2 | 3.3% |
| MINORITY INTEREST | **150.4** | **7.7%** | 57.3 | 3.6% | **-** | **0.0%** | - | 0.0% |
| PROVISIONS | | | | | | | | |
| Accelerated depreciation | **-** | | - | | **263.7** | **15.6%** | 193.3 | 12.6% |
| Voluntary provisions | | | | | | | | |
| Other provisions | **-** | | - | | **35.8** | **2.1%** | 98.4 | 6.4% |
| 14) Obligatory provisions | **25.4** | **1.3%** | 41.3 | 2.6% | **24.4** | **1.4%** | 24.2 | 1.6% |
| CREDITORS | | | | | | | | |
| 15) Non-current | | | | | | | | |
| Bonds and notes | **-** | | 1.7 | | **-** | | 1.7 | |
| Convertible bonds | **0.1** | | 0.1 | | **0.1** | | 0.1 | |
| Loans from financial institutions | **33.7** | | 26.6 | | **33.7** | | 26.6 | |
| Loans from pension institutions | **111.7** | | 243.4 | | **110.6** | | 242.2 | |
| Imputed deferred taxes | **88.2** | | 84.8 | | **-** | | - | |
| Other long-term loans | **39.4** | | - | | **39.4** | | - | |
| | **273.1** | **14.0%** | 356.6 | 22.3% | **183.8** | **10.9%** | 270.6 | 17.6% |
| 11) Current | | | | | | | | |
| Bonds and notes | **1.7** | | 1.7 | | **1.7** | | 1.7 | |
| Loans from financial institutions | **12.9** | | 12.6 | | **12.9** | | 12.6 | |
| Loans from pension institutions | **22.8** | | 18.6 | | **22.7** | | 18.5 | |
| Advances received | **2.5** | | 0.6 | | **-** | | - | |
| Trade payables | **87.2** | | 84.3 | | **70.3** | | 77.8 | |
| Accrued liabilities and prepaid income | **398.5** | | 332.7 | | **387.3** | | 316.4 | |
| Other current non-interest-bearing liabilities | **18.0** | | 11.2 | | **3.9** | | 8.3 | |
| Other current interest-bearing liabilities | **236.5** | | 223.4 | | **224.2** | | 228.8 | |
| | **780.2** | **39.9%** | 685.0 | 42.8% | **723.1** | **42.8%** | 664.2 | 43.1% |
| | **1,953.9** | **100%** | 1,601.2 | 100% | **1,690.1** | **100%** | 1,539.5 | 100% |

# Statement of changes in financial position

| | Group | | Parent company | |
|---|---|---|---|---|
| FIM million | **1996** | 1995 | **1996** | 1995 |
| BUSINESS OPERATIONS | | | | |
| Funds generated from operations | | | | |
| Operating profit | **238.0** | 85.2 | **65.6** | 11.8 |
| Depreciation | **126.0** | 148.4 | **100.1** | 109.8 |
| Write-offs on investments | **-** | - | **-** | 1.0 |
| Financial income and expenses | **-30.6** | -39.0 | **-27.6** | -33.3 |
| Taxes | **-78.7** | -26.6 | **-24.9** | -10.4 |
| | **254.8** | 168.1 | **113.2** | 78.9 |
| CHANGE IN WORKING CAPITAL | | | | |
| Stocks, increase (-), decrease (+) | **-88.0** | 25.1 | **-42.5** | 42.5 |
| Current trade receivables, increase (-), decrease (+) | **-74.4** | 9.3 | **-64.1** | 64.4 |
| Non-interest-bearing current liabilities, increase (+), decrease (-) | **61.6** | -84.2 | **59.3** | -98.7 |
| | **-100.9** | -49.8 | **-47.3** | 8.2 |
| Operating cash flow | **153.9** | 118.3 | **65.9** | 87.1 |
| CAPITAL EXPENDITURES | | | | |
| Capital expenditures on fixed assets | **-289.0** | -184.4 | **-165.2** | -148.2 |
| Capital gains on fixed assets | **22.6** | 40.6 | **25.0** | 36.9 |
| | **-266.5** | -143.8 | **-140.2** | -111.3 |
| Cash flow before financing | **-112.5** | -25.5 | **-74.3** | -24.2 |
| FINANCING | | | | |
| Increase in long-term loans | **71.8** | 24.9 | **68.3** | 23.5 |
| Repayments on loans | **-141.7** | -128.4 | **-141.7** | -118.9 |
| Increase (+), decrease (-) in short-term loans | **4.2** | 32.1 | **-13.5** | 9.3 |
| Dividend | **-14.8** | -11.6 | **-14.8** | -11.6 |
| Share issue | **179.9** | 119.7 | **179.9** | 119.7 |
| Minority interest | **59.6** | -16.9 | **-** | - |
| Other financial items | **-0.1** | -0.1 | **-0.1** | -0.1 |
| | **158.8** | 19.7 | **78.2** | 21.9 |
| Increase (+), decrease (-) in liquid assets according to the statement | **46.3** | -5.8 | **3.9** | -2.3 |
| Adjustment items | **3.6** | -2.7 | **-** | - |
| Increase (+), decrease (-) in liquid assets according to balance sheet | **49.9** | -8.5 | **3.9** | -2.3 |

# Financing risks and their management

**Objective**

The Group has a financing policy that is approved by the Board of Directors and defines the accountability and authorisations in financing tasks as well as the principles to be observed in managing financial risks. In addition, the subgroup formed by BBH has a foreign exchange policy that is approved by its Board of Directors and takes into account the special features of the operating environment. The goal of financing policy is to hedge financing risks in such a way that the Group's liquidity, net profit and solvency are not jeopardised. Central objectives in this respect are:

- safeguarding the Group's liquidity
- maintaining the agreed balance sheet structure/solvency
- managing interest cover
- managing foreign exchange and interest rate risk
- maintaining a good corporate image in the financial markets

The following principles are observed in managing the most important financing risks.

**Accountability**

The principle underlying the sharing of operational responsibility for financing is to plan operations so that the capital tied up in fixed assets and working capital is optimal from the standpoint of costs and the flexibility of operations as well as to define the short-term financing requirement for operations or the financing surplus they generate. The task of finance is to satisfy the financing requirement of business operations via an optimal risk/cost ratio or to invest the surplus in liquid and secure instruments.

**Interest rate risk**

The interest rate risk position is defined on the basis of the average maturity of net debt. On this basis risk limits are also set for the net risk positions of individual maturities. In analysing interest rate risk, financial leasing is also treated as a financing arrangement. The sought-for interval of the maturity has been set at 6 to 12 months. Net debt according to the above definition as at 31 December 1996 was FIM 652 million and the average interest rate maturity made use of the present short-term rates.

**Foreign exchange risk**

Foreign exchange risk is examined separately as a transaction risk and as a translation risk. Because the business is centred in domestic markets, the significance of translation risks is fairly minor. The main currencies used in business dealings are the Swedish krona (SEK) and the Deutsche mark (DEM). The translation risk, on the other hand, is more significant since BBH operates mainly in national economies where the trend in inflation is strong and the financial markets are in their infancy. In these conditions, the use of financial risk management instruments is limited or expensive. Accordingly, BBH's translation risk is managed by applying the so-called monetary–non-monetary method in the consolidated annual accounts and by employing operational means to bring financial assets and liabilities into balance.

**Liquidity risk**

To ensure liquidity also in exceptional circumstances, the Group must have a sufficient liquidity reserve consisting of cash funds, revolving credit facilities and loan commitments which cover any liquidity requirements, including those in unexpected situations.

**Credit risk**

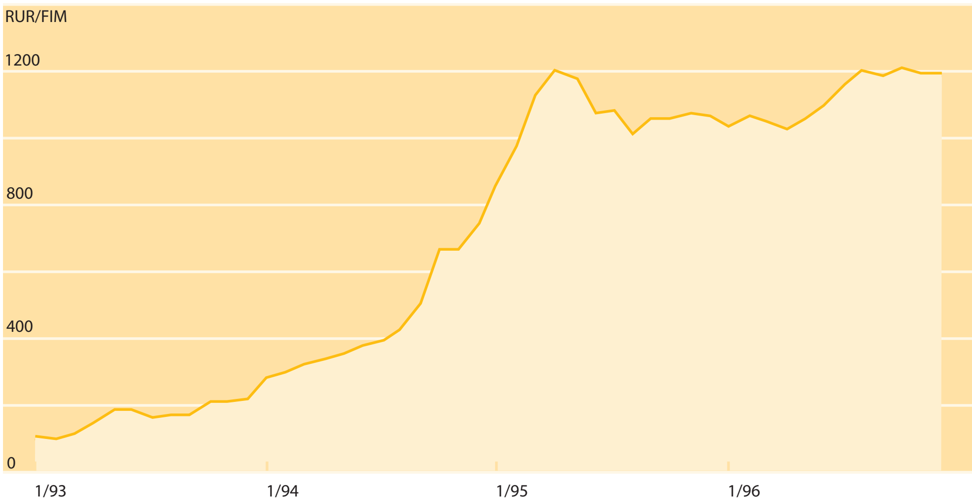
A special feature of the brewing industry is the large proportion of excise taxes in the taxable invoicing. Unlike value added tax (VAT), the excise tax included in any credit loss must be borne by the brewery. The principle observed in sales on credit is to define customer-specific credit limits and to require security for the receivable.

**Counterparty risk**

Investments and derivative contracts can be made only with separately defined counterparties within separately agreed limits.

### Foreign currency rates

The trend of the exchange rate of the Russian rouble, BBH's most important foreign currency, against the Finnish markka has been the following during 1993-1996:




In preparing the consolidated annual accounts, the following FIM exchange rates have been used in consolidating BBH and its subsidiaries:

| Foreign currency | Average exchange rate **1996** | 1995 | change (%) | Rate on balance sheet date **31 Dec. 96** | 31 Dec. 95 | change (%) |
|---|---|---|---|---|---|---|
| EEK/FIM | **0.379** | 0.383 | -1.0 | **0.374** | 0.378 | -1.3 |
| LTL/FIM | **1.145** | 1.091 | +5.0 | **1.162** | 1.065 | +9.1 |
| LVL/FIM | **8.318** | 8.326 | -0.1 | **8.423** | 8.091 | +4.1 |
| FIM/RUR | **1126.0** | 1052.3 | -6.6 | **1201.2** | 1058.4 | -11.9 |
| SEK/FIM | **0.686** | 0.614 | +11.8 | **0.6762** | 0.6546 | +3.3 |
| FIM/UAH | **394.1** | n/a | n/a | **410.8** | n/a | n/a |

# Accounting policy

**Accounting policy and extent of the consolidation**

The Hartwall Group's annual accounts have been prepared in accordance with the relevant Finnish acts. The consolidated accounts comprise the parent company together with the subsidiaries of Oy Hartwall Ab (voting rights > 50%) as well as all the associated companies of Oy Hartwall Ab (voting rights 20-50%). The associated company Baltic Beverages Holding AB agreed towards the end of the year on acquiring a 50% holding in the Taopin brewery in 1997. The consolidated annual accounts have been prepared in accordance with the acquisition cost method. In eliminating intra-Group share ownership, the shareholders' equity of subsidiaries is considered to be the shareholders' equity and untaxed provisions on the acquisition date less imputed deferred taxes. Similarly, the share of imputed deferred taxes has been booked under other liabilities.

The difference arising on elimination is allocated to fixed assets to the extent that the going value of a subsidiary's fixed assets exceeds the book value on the acquisition date. In the Consolidated Balance Sheet the remainder of the acquisition cost of the shares is allocated to the goodwill of the subsidiaries. The portion allocated to fixed assets has been amortised according to the depreciation plan for the underlying asset. For companies in Finland, the consolidated goodwill values have been amortised in their entirety. On the goodwill arising from the acquisition of subsidiaries owned by Baltic Beverages Holding AB, straight-line amortisation has been entered in the consolidated accounts and is periodised over the probable period of economic effect, but nevertheless for a maximum of ten years. The goodwill amortisation periods of the Russian breweries were changed in 1996 from 10 years to 5 years and the periods of the other BBH breweries from 20 years to 10 years. The effect of the change, FIM 10.6 million, has been charged to earnings for the financial period.

Internal transactions and margins as well as internal distributions of profits have been eliminated.

Minority interests have been stated separately in the profit and loss account as a share of the net profit for the year and in the balance sheet as a share of the equity.

Of the associated companies, Baltic Beverages Holding AB and Cool Drinks International Ltd. Oy, which are half-owned, have been consolidated using the proportionate method, whereby the consolidation has involved the inclusion of 50% of BBH on all the lines of the profit and loss account and the balance sheet of the companies in question. The portion of intra-Group transactions corresponding to the shareholding has been eliminated. Proportionate consolidation has been applied to the accounts of Cool Drinks International Ltd. Oy following a change in accounting policy made during 1996. The comparison figures have been changed to correspond to the new practice.

The other associated companies have been consolidated according to the equity method, whereby the share represented by the associated company has been calculated from the owned company's net profit and net assets as an amount corresponding to the holding, also taking into account the margins on internal transactions.

The profit and loss account of the associated company BBH has been translated into Finnish markka amounts using the average exchange rate during the financial period, whereas the balance sheet items, with the exception of the net profit, have been translated using the exchange rate on the closing day of the financial period. Changes due to exchange rate fluctuations have been booked directly to shareholders' equity.

Since 1996 the associated company BBH has gone over to using the so-called monetary–non-monetary method in consolidating all its foreign subsidiaries because they operate in countries where high inflation prevails and where the financial markets are in an early state of development. According to this method, the financial assets and creditors in the balance sheet are translated at the exchange rate on the closing day of the financial period, and other balance sheet items are translated at the exchange rate on the transaction date of these items. Items in the profit and loss account are translated at the average exchange rate during the financial period, except for depreciation and the change in stocks, which are translated at the exchange rate on the transaction date of the specific acquisition costs. Translation differences are booked as a credit or charge to earnings for the financial period. Previously this method was used only for the Russian breweries.

**Net sales**

Net sales include the prices of products sold less discounts. Credit losses also reduce sales revenues.

**Receivables and liabilities denominated in foreign currency**

Receivables and liabilities denominated in foreign currency are valued in the balance sheet at the exchange rate on the closing day of the financial period. Exchange rate differences are credited or charged to the net profit for the period.

**R&D expenditure**

R&D expenditure has been expensed in the financial year when the outlay has occurred.

**Stocks**

Stocks have been valued at the acquisition cost or the probable market value, whichever is lower. The acquisition cost of manufactured stocks includes not only direct costs but also a portion of the indirect costs of acquisition and production.

**Fixed assets**

Fixed assets are valued in the balance sheet at the direct acquisition cost less depreciation according to plan. In addition, the balance sheet value includes revaluations - which are itemised in the Notes to the annual accounts - on certain land areas and buildings. Revaluations that are written off are subtracted directly from shareholders' equity in the balance sheet.

**Leasing**

Leasing charges are treated as rental expense. Leasing charges for future years in accordance with the commitments of leasing agreements are listed under contingent liabilities.

**Periodisation of pension expenses**

The retirement plans of employees of the parent company and subsidiaries are handled through outside pension insurance companies. The pension insurance payments are periodised to correspond to the wage and salary accruals in the annual accounts.

**Appropriations**

Appropriations include changes in voluntary provisions and changes in the difference between financial and fiscal depreciation. In the consolidated financial statements, voluntary provisions and the depreciation difference have been entered in shareholders' equity after deduction of the imputed deferred tax liability.

**Obligatory provisions**

Obligatory provisions are balance sheet items representing contractual or other commitments that have not yet been realised, such as rental commitments. Changes in obligatory provisions are included on the relevant lines of the profit and loss account.

**Direct taxes**

In the profit and loss account, taxes for the financial period are stated separately from taxes for previous financial periods. Taxes are calculated on an accrual basis. The change in imputed deferred taxes is also included in taxes. The imputed tax credit based on the Group's internal distribution of dividends has been eliminated in the Consolidated Profit and Loss Account by treating it as a deduction from direct taxes.

# Notes to the annual accounts

## 1. Net sales by market area

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Finland | **1,497,657** | 1,451,134 | **1,463,125** | 1,416,315 |
| Sweden | **41,202** | 38,770 | **41,202** | 38,770 |
| Baltic countries and Russia | **458,319** | 231,100 | **28,866** | 39,849 |
| Others | **3,068** | 2,100 | **3,068** | 2,100 |
| Total | **2,000,246** | 1,723,104 | **1,536,261** | 1,497,034 |

## 2. Personnel costs and fringe benefits

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Wages and salaries | **253,572** | 257,421 | **212,896** | 232,394 |
| Fringe benefits | **4,441** | 4,842 | **3,947** | 4,419 |
| Pension expenses | **38,679** | 51,548 | **52,941** | 54,528 |
| Other salary-related expenses | **50,498** | 48,253 | **34,532** | 41,465 |
| Total | **347,190** | 362,064 | **304,316** | 332,806 |

During the year, bonuses were not paid to members of the Board of Directors and the managing director.

## 3. Depreciation

Depreciation according to plan

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Goodwill | **13,396** | 1,753 | **-** | - |
| Other capitalised expenditure | **8,395** | 16,444 | **27,455** | 11,117 |
| Land | **3,212** | 8,000 | **-** | - |
| Buildings and structures | **19,839** | 36,964 | **12,679** | 33,351 |
| Machinery and equipment | **81,191** | 85,286 | **60,004** | 65,350 |
| Total | **126,032** | 148,446 | **100,138** | 109,818 |
| Change in difference between financial and fiscal depreciation: | | | | |
| Other capitalised expenditure | **-789** | -1,090 | **-793** | -825 |
| Buildings and structures | **-5,950** | -15,742 | **-5,950** | -15,722 |
| Machinery and equipment | **-2,827** | -8,893 | **-757** | -1,651 |
| Group elimination | **-** | 2,331 | **-** | - |
| Coverage from transitional reserve | **-62,524** | - | **-62,524** | - |
| Depreciation difference on sale of fixed assets | **-664** | 1,954 | **-397** | 54 |
| Total | **-72,754** | -21,440 | **-70,421** | -18,144 |

In the consolidated accounts, depreciation according to plan has been calculated on a consistent basis as straight-line depreciation on the original acquisition cost in accordance with the economic life of the fixed assets.

The planned depreciation periods are:

| | |
|---|---|
| Goodwill | 5-10 years |
| Other capitalised expenditure | 2-20 years |
| Buildings | 20-40 years |
| Structures | 5-20 years |
| Machinery and equipment | 3-15 years |

## 4. Group financial income and expenses

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Exchange rate differences | | | | |
| Gains on foreign exchange | **5,046** | 1,613 | **-** | 198 |
| Losses on foreign exchange | **-6,622** | -1,929 | **-119** | - |
| | **-1,576** | -316 | **-119** | 198 |
| Intra-group financial income and expenses | | | | |
| Financial income from Group companies | | | | |
| Dividend income | | | **4,997** | 5,819 |
| Interest income | | | **48** | 1,839 |
| Financial expenses incurred for Group companies | | | | |
| Interest expenses | | | **1,059** | 2,550 |

## 5. Extraordinary income and expenses

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Loss on merger | **-** | - | **-** | -62,036 |

## 6. Change in obligatory provisions

increase (+), decrease (-)

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Rents | **10,222** | 7,000 | **9,222** | 7,000 |
| Personnel expenses | **-26,146** | 9,781 | **-8,966** | 14,046 |
| Total | **-15,924** | 16,781 | **256** | 21,046 |

## 7. Associated companies (excluding BBH and CDI)

| FIM 1,000 | Group 1996 | Group 1995 |
|---|---|---|
| Share of net profit | **-** | -561 |
| Share of equity | **3,104** | - |
| Book value of shares | **3,104** | - |

## 8. Shares and participations

| GROUP COMPANIES * FIM 1,000 | Group's holding % | Group's share of equity | Shares owned by parent company No. | Par value | Book value | Profit/loss in most recent financial statements |
|---|---|---|---|---|---|---|
| Hartwall-Juomat Oy | 100 | 7,309 | 10,000 | 10,000 | 10,008 | 151 |
| Hartwa-Trade Oy | 100 | 1,960 | 4,050 | 3 | 2,032 | 513 |
| Helepark Oy | 100 | 39 | 402 | 40 | 42 | 0 |
| Oy CC Cold Drink Ab | 75 | 30,112 | 1,077,366 | 26,934 | 27,786 | 3,011 |
| Lapin Kulta Oy | 100 | 121 | 100 | 100 | 100 | 4 |
| Frixos Oy | 100 | 21 | 220 | 22 | 22 | 0 |
| Kiinteistö Oy Ristipellontie 13 (Real-estate corporation) | 100 | 27 | 1,908 | 10 | 1,020 | -3 |
| Total | - | 39,589 | - | 37,109 | 41,010 | 3,676 |

| ASSOCIATED COMPANIES* FIM 1,000 | Group's holding % | Group's share of equity | Shares owned by parent company No. | Par value | Book value | Profit/loss in most recent financial statements |
|---|---|---|---|---|---|---|
| Baltic Beverages Holding AB | 50 | 217,580 | 10,000 | SEK 1 000 | 138,162 | 99,208 |
| Cool Drinks International Ltd. Oy | 50 | 2,798 | 10,000 | 1 000 | 1,000 | 3,376 |
| Asunto Oy Ankkurisaarentie | 50 | 3,104 | 750 | 8 | 3,104 | 0 |
| Lappeenrannan Panimo Oy | 25 | 0 | 100,000 | 0 | 0 | 0 |
| Total | - | 223,482 | - | - | 142,266 | 102,584 |

SUBSIDIARIES OF BALTIC BEVERAGES HOLDING AB*

| | BBH's holding% | Group's holding% | Book value of BBH (SEK 1,000) |
|---|---|---|---|
| Saku, Estonia | 75 | 38 | 82,060 |
| Aldaris, Latvia | 75 | 38 | 108,271 |
| Baltika, Russia | 74 | 37 | 180,236 |
| Kalnapilis, Lithuania | 86 | 43 | 76,155 |
| Yarpivo, Russia | 50 | 25 | 70,546 |
| Slavutich, Ukraine | 50 | 25 | 70,943 |
| BBT, Lithuania | 100 | 50 | 385 |
| BBE, Estonia | 100 | 50 | 252 |
| Total | | | 588,848 |

OTHER SHARES AND PARTICIPATIONS

| | Holding (No.) | Par value | Book value: Parent company's direct ownership | Indirect ownership via a subsidiary |
|---|---|---|---|---|
| Helsinki Halli Oy, series A | 24 | 240 | 2,400 | - |
| Helsinki Halli Oy, series A | 200 | 2,000 | 2,000 | - |
| Oy Navarino Ab | 19,256 | 1,926 | 1,445 | - |
| As Oy Joutiainen | 180 | 455 | 455 | - |
| Suomen Palautuspakkaus Oy | 200 | 200 | 201 | - |
| Lahden Seurahuoneen Kiint Oy | 4 | 200 | 200 | - |
| Oy Nordgolf | 4 | 100 | 120 | - |
| Other shares and participations | - | - | 1,689 | 357 |
| Total | - | - | 8,510 | 357 |

*)The financial period of all the companies ended on 31 Dec. 1996

## 9. Fixed assets

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Goodwill | | | | |
| Opening balance 1 Jan. | **34,465** | 28,440 | **-** | - |
| Increases 1 Jan.-31 Dec. | **8** | 6,025 | **-** | - |
| Decreases 1 Jan.-31 Dec. | **0** | 0 | **-** | - |
| Closing balance, 31 Dec. | **34,473** | 34,465 | **-** | - |
| Accumulated planned depreciation, 31 Dec. | **-19,599** | -6,203 | **-** | - |
| Book value, 31 Dec. | **14,874** | 28,262 | **-** | - |
| Other capitalised expenditure | | | | |
| Opening balance, 1 Jan. | **144,555** | 141,631 | **202,770** | 136,966 |
| Increases, 1 Jan.-31 Dec. | **23,564** | 11,553 | **22,482** | 69,439 |
| Decreases, 1 Jan.-31 Dec. | **-1,184** | -8,323 | **-1,271** | -7,325 |
| Merger, increases | **0** | 0 | **-** | 3,690 |
| Closing balance, 31 Dec. | **166,934** | 144,861 | **223,981** | 202,770 |
| Accumulated planned depreciation, 31 Dec. | **-118,705** | -110,844 | **-136,474** | -109,589 |
| Book value, 31 Dec. | **48,229** | 34,017 | **87,507** | 93,181 |
| Accumulated difference between total and planned depreciation, 1 Jan. | **1,595** | 2,880 | **1,202** | 2,443 |
| Increase in depreciation, difference 1 Jan.-31 Dec. | **3,294** | 0 | **2,967** | 0 |
| Decrease in depreciation, difference 1 Jan.-31 Dec. | **0** | -1,285 | **0** | -1,241 |
| Accumulated difference between total and planned depreciation, 31 Dec. | **4,889** | 1,595 | **4,169** | 1,202 |

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Land and water | | | | |
| Opening balance 1 Jan. | **152,672** | 144,267 | **109,205** | 62,953 |
| Increases Jan.1-31 Dec. | **1,421** | 9,131 | **1,421** | 6,630 |
| Decreases Jan.1-31 Dec. | **-622** | -726 | **-623** | 0 |
| Merger, increases | **0** | 0 | **-** | 39,622 |
| Closing balance, 31 Dec. | **153,471** | 152,672 | **110,003** | 109,205 |
| Accumulated planned depreciation, 31 Dec. | **-20,613** | -17,401 | **-** | - |
| Book value, 31 Dec. | **132,858** | 135,271 | **110,003** | 109,205 |
| Revaluations included in the acquisition cost of land and water areas | | | | |
| Revaluations, 1 Jan. | **20,500** | 20,500 | **20,500** | 4,500 |
| Merger, increases | **-** | - | **-** | 16,000 |
| Revaluations, 31 Dec. | **20,500** | 20,500 | **20,500** | 20,500 |
| Buildings and structures | | | | |
| Opening balance, 1 Jan. | **566,052** | 531,058 | **499,828** | 326,290 |
| Increases 1 Jan.-31 Dec. | **76,846** | 37,056 | **33,190** | 19,912 |
| Decreases 1 Jan.-31 Dec. | **-9,559** | -2,062 | **-9,559** | -759 |
| Merger, increases | **0** | 0 | **-** | 154,385 |
| Closing balance, 31 Dec. | **633,339** | 566,052 | **523,459** | 499,828 |
| Accumulated planned depreciation, 31 Dec. | **-235,674** | -220,416 | **-205,687** | -197,591 |
| Book value, 31 Dec. | **397,665** | 345,637 | **317,772** | 302,237 |
| Accumulated difference between total and planned depreciation, 1 Jan. | **39,974** | 49,965 | **56,688** | 49,946 |
| Increase in depreciation difference, 1 Jan.-31 Dec. | **42,463** | 0 | **25,749** | 14,513 |
| Decrease in depreciation difference, 1 Jan.-31 Dec. | **0** | -9,991 | **-** | -7,771 |
| Accumulated difference between total and planned depreciation, 31 Dec. | **82,437** | 39,974 | **82,437** | 56,688 |
| Revaluations included in the acquisition cost of buildings | | | | |
| Revaluations, 1 Jan. | **44,450** | 52,450 | **44,450** | 8,000 |
| Decrease,1.1.-31.12. | **-** | -8,000 | **-** | -8,000 |
| Merger, increases | **-** | - | **-** | 44,450 |
| Revaluations, 31 Dec. | **44,450** | 44,450 | **44,450** | 44,450 |
| Machinery and equipment | | | | |
| Opening balance, 1 Jan. | **1,117,200** | 974,028 | **963,471** | 646,427 |
| Increases, 1 Jan.-31 Dec. | **191,365** | 154,184 | **106,076** | 78,740 |
| Decreases 1 Jan.-31 Dec. | **-33,858** | -11,012 | **-36,189** | -8,550 |
| Merger, increases | **0** | 0 | **-** | 246,854 |
| Closing balance, 31 Dec. | **1,274,707** | 1,117,200 | **1,033,358** | 963,471 |
| Accumulated planned depreciation, 31 Dec. | **-802,136** | -724,724 | **-714,510** | -679,471 |
| Book value, 31 Dec. | **472,571** | 392,476 | **318,848** | 284,000 |
| Accumulated difference between total and planned depreciation, 1 Jan. | **103,491** | 105,650 | **135,369** | 104,015 |
| Increase in depreciation difference, 1 Jan.-31 Dec. | **78,754** | 1,126 | **41,705** | 32,486 |
| Decrease in depreciation difference, 1 Jan.-31 Dec. | **-20** | -3,285 | **-** | -1,132 |
| Accumulated difference between total and planned depreciation, 31 Dec. | **182,225** | 103,491 | **177,074** | 135,369 |

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Advance payments and incomplete acquisitions | | | | |
| Opening balance, 1 Jan. | **56,208** | 84,625 | **29,199** | 20,084 |
| Increases, 1 Jan.-31 Dec. | **55,724** | 39,618 | **22,772** | 28,944 |
| Decreases, 1 Jan.-31 Dec. | **-45,984** | -68,035 | **-28,608** | -19,829 |
| Book value, 31 Dec. | **65,948** | 56,208 | **23,363** | 29,199 |
| Shares and participations | | | | |
| Opening balance, 1 Jan. | **10,812** | 39,450 | **191,378** | 424,395 |
| Increases, 1 Jan.-31 Dec. | **8,611** | 1,904 | **7,859** | 27,642 |
| Decreases, 1 Jan.-31 Dec. | **-7,452** | -29,543 | **-7,452** | -30,354 |
| Merger, increases | **0** | 0 | **-** | -234,584 |
| Merger, decreases | **0** | 0 | **-** | 4,279 |
| Book value, 31 Dec. | **11,971** | 11,811 | **191,785** | 191,378 |
| for production machinery and equipment | **408,941** | 333,233 | **275,538** | 235,585 |

## 10. Taxation values of fixed assets

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Land | **18,665** | 18,494 | **18,665** | 7,917 |
| Buildings | **302,878** | 249,460 | **222,984** | 143,545 |
| Shares and participations | **9,701** | 11,318 | **187,650** | 187,229 |

If a tax value was not available, the book value is given

## 11. Financial assets

| FIM 1,000 | Parent company 1996 | Parent company 1995 |
|---|---|---|
| Trade receivables, Group companies | **9,785** | 5,978 |
| Trade receivables, associated companies | **32,186** | 17,305 |
| Prepaid expenses and accrued income, Group companies | **1,927** | 833 |
| Prepaid expenses and accrued income, associated companies | **674** | 156 |
| Other receivables, Group companies | **722** | 2,336 |
| | **33** | - |
| Trade payables, Group companies | **526** | 529 |
| Trade payables, associated companies | **122** | 418 |
| Accrued liabilities and deferred income, Group companies | **1,110** | 948 |
| Accrued liabilities and deferred income, associated companies | **713** | 981 |
| Other non-interest-bearing liabilities, Group companies | **1,153** | 1,756 |
| Other non-interest-bearing liabilities, associated companies | **975** | 641 |
| Other interest-bearing liabilities, Group companies | **19,170** | 28,367 |

Receivables falling due in one year or more were as follows:

| FIM 1,000 | Group 1996 | Group 1995 | Parent company 1996 | Parent company 1995 |
|---|---|---|---|---|
| Trade receivables | **233** | 3,601 | **233** | 3,601 |
| Loan receivables | **1,008** | 1,008 | **1,008** | 1,008 |
| Total | **1,241** | 4,609 | **1,241** | 4,609 |

There were no loan receivables from members of the Board of Directors or the managing directors

## 12. Pension commitments to management

The retirement age of managing directors of Group companies has been set at 60-65 years. The retirement age of the parent company's managing director is 60 years.

## 13. Shareholders' equity

| | Group | | Parent company | |
|---|---|---|---|---|
| FIM 1,000 | **1996** | 1995 | **1996** | 1995 |
| Share capital, 1 Jan. | **51,300** | 45,000 | **51,300** | 45,000 |
| Share issue | **9,000** | 6,300 | **9,000** | 6,300 |
| Share capital, 31 Dec. | **60,300** | 51,300 | **60,300** | 51,300 |
| Issue premium, 1 Jan. | **186,400** | 73,000 | **186,400** | 73,000 |
| Share issue | **170,943** | 113,400 | **170,943** | 113,400 |
| Issue premium, 31 Dec. | **357,343** | 186,400 | **357,343** | 186,400 |
| Restricted equity total, 31 Dec. | **417,643** | 237,700 | **417,643** | 237,700 |
| Non-restricted equity, 1 Jan. | **223,302** | 232,902 | **51,241** | 111,770 |
| Dividend paid | **-14,798** | -11,600 | **-14,798** | -11,600 |
| Donations | **-92** | -107 | **-92** | -107 |
| Change in revaluations | **-** | - | **-** | -8,000 |
| Translation difference | **3,565** | -2,740 | **-** | - |
| Net profit for the financial period | **95,174** | 4,847 | **5,247** | -40,822 |
| Non-restricted equity, 31 Dec. | **307,151** | 223,302 | **41,598** | 51,241 |
| Voluntary provisions and depreciation difference | **-304,152** | -231,725 | **-** | - |
| Imputed deferred taxes | **85,163** | 64,883 | **-** | - |
| Distributable funds | **88,162** | 56,460 | **41,598** | 51,241 |

The parent company's share capital is divided by share classes as follows:

| | **1996** | | 1995 | |
|---|---|---|---|---|
| | No. | FIM 1,000 | No. | FIM 1,000 |
| Series A (1 vote/share) | **10,580,000** | **52,900** | 8,780,000 | 43,900 |
| Series K (20 votes/share) | **1,480,000** | **7,400** | 1,480,000 | 7,400 |

## 14. Provisions

Obligatory provisions

| | Group | | Parent company | |
|---|---|---|---|---|
| FIM 1,000 | **1996** | 1995 | **1996** | 1995 |
| Personnel expenses | **5,080** | 31,226 | **5,080** | 14,046 |
| Rents | **20,341** | 10,119 | **19,341** | 10,119 |
| Total | **25,421** | 41,345 | **24,421** | 24,165 |

## 15. Creditors

Liabilities falling due in five years or more

| | Group | | Parent company | |
|---|---|---|---|---|
| FIM 1,000 | **1996** | 1995 | **1996** | 1995 |
| Loans from financial institutions | **14,259** | 14,284 | **14,259** | 14,284 |
| Pension loans | **83,552** | 179,373 | **82,753** | 178,515 |
| | **8,927** | - | **8,927** | - |
| Total | **106,738** | 193,657 | **105,939** | 192,799 |

The 1994 issue of bonds with warrants FIM 50,000 has not been paid up. The subscription periods of the warrants are as follows:

| | Subscription period |
|---|---|
| Litt.A,4* 6250 Series A shares | 1 Sept.1998-31 Jan.1999 |
| Litt.B,4* 6250 Series A shares | 1 Sept.1999-31 Jan.2000 |
| Litt.C,4* 6250 Series A shares | 1 Sept.2000-31 Jan.2001 |
| Litt.D,4* 6250 Series A shares | 1 Sept.2001-31 Jan.2002 |

The subscription price is FIM 82/share

Bonds and notes

| | Group | | Parent company | |
|---|---|---|---|---|
| FIM 1,000 | **1996** | 1995 | **1996** | 1995 |
| Bond issue 1988-1997, 10% | **-** | 1,714 | **-** | 1,714 |
| - annual repayment | **1,714** | 1,714 | **1,714** | 1,714 |
| Total | **1,714** | 3,428 | **1,714** | 3,428 |

## 16. Contingent liabilities

| | Group | | Parent company | |
|---|---|---|---|---|
| FIM 1,000 | **1996** | 1995 | **1996** | 1995 |
| Pledges and contingent liabilities granted | | | | |
| a) For own liabilities | | | | |
| Mortgages on land areas and buildings | **277,230** | 278,961 | **277,230** | 278,961 |
| Corporate mortgages | **120,000** | 120,000 | **120,000** | 120,000 |
| b) On behalf of management | | | | |
| Guarantees | **113** | 35 | **113** | 35 |
| c) On behalf of shareholders | | | | |
| Guarantees | **563** | 1,127 | **563** | 1,127 |
| d) On behalf of others | | | | |
| Guarantees | **23,214** | 56,032 | **23,214** | 56,032 |
| Repurchase commitments | **19,437** | - | **19,437** | - |
| e) Other own commitments | | | | |
| Leasing commitments | | | | |
| Real-estate leasing | | | | |
| next year | **9,380** | 12,000 | **9,380** | 12,000 |
| remaining commitment | **56,283** | 84,000 | **56,283** | 84,000 |
| Other leasing commitments | | | | |
| next year | **32,563** | 32,393 | **31,609** | 31,708 |
| remaining commitment | **58,003** | 54,212 | **57,417** | 52,648 |
| Repurchase commitments | **8,550** | 7,443 | **8,550** | 7,443 |
| Pension liabilities | **-** | - | **-** | 17,180 |
| f) Total | | | | |
| Mortgages on land and buildings | **277,230** | 278,961 | **277,230** | 278,961 |
| Corporate mortgages | **120,000** | 120,000 | **120,000** | 120,000 |
| Guarantees | **23,890** | 57,194 | **23,890** | 57,194 |
| Pension liabilities | **-** | - | **-** | 17,180 |
| Other liabilities | **184,216** | 190,048 | **182,676** | 187,799 |

There are no liabilities concerning associated companies.
There are no derivative liabilities.

# Key indicators for the Group

| | | 1992 | 1993 | 1994 | 1995 | **1996** |
|---|---|---|---|---|---|---|
| **Profit and loss account** | | | | | | |
| Net sales | FIM million | 1,807.1 | 1,654.4 | 1,744.4 | 1,723.1 | **2,000.2** |
| Change | % | -0.1 | -8.5 | 5.4 | -1.2 | **16.1** |
| Operating profit | FIM million | 29.3 | 78.7 | 83.3 | 85.2 | **238.0** |
| percentage of net sales | % | 1.6 | 4.8 | 4.8 | 4.9 | **11.9** |
| Profit/loss after financial items | FIM million | -42.4 | 14.1 | 39.5 | 45.7 | **207.5** |
| percentage of net sales | % | -2.3 | 0.9 | 2.3 | 2.7 | **10.4** |
| Profit/loss after financial items less taxes for the period | FIM million | -25.8 | 9.8 | 29.1 | 19.1 | **128.8** |
| percentage of net sales | % | -1.4 | 0.6 | 1.7 | 1.1 | **6.4** |
| Net profit | FIM million | -24.2 | 9.3 | 18.0 | 4.8 | **95.2** |
| percentage of net sales | % | -1.3 | 0.6 | 1.0 | 0.3 | **4.8** |
| **Balance sheet** | | | | | | |
| Fixed assets | FIM million | 990.9 | 978.8 | 1,007.9 | 1,003.7 | **1,144.1** |
| Stocks | FIM million | 321.6 | 338.9 | 321.5 | 296.4 | **384.4** |
| Receivables | FIM million | 390.0 | 307.7 | 303.2 | 285.9 | **360.3** |
| Cash in hand and at banks | FIM million | 35.9 | 16.1 | 23.8 | 15.2 | **65.1** |
| Shareholders' equity | FIM million | 338.7 | 348.6 | 350.9 | 461.0 | **724.8** |
| Minority interest | FIM million | 40.5 | 43.9 | 59.9 | 57.3 | **150.4** |
| Obligatory provisions | FIM million | 24.0 | 23.2 | 24.6 | 41.3 | **25.4** |
| Non-current creditors | FIM million | 551.0 | 522.4 | 443.0 | 356.6 | **273.1** |
| Current creditors | FIM million | 784.1 | 703.4 | 778.0 | 685.0 | **780.2** |
| Total assets | FIM million | 1,738.3 | 1,641.5 | 1,656.4 | 1,601.2 | **1,953.9** |
| Interest-bearing borrowed capital | FIM million | 686.9 | 620.3 | 596.7 | 528.1 | **458.8** |
| Non-interest-bearing borrowed capital | FIM million | 648.2 | 605.5 | 624.3 | 513.5 | **594.5** |
| **Key ratios** | | | | | | |
| Return on equity (ROE) | % | -6.7 | 2.5 | 7.2 | 4.1 | **18.5** |
| Return on investment (ROI) | % | 2.8 | 7.7 | 8.8 | 8.7 | **20.6** |
| Interest cover | | 2.1 | 3.1 | 4.1 | 5.4 | **9.9** |
| Equity ratio | % | 21.8 | 24.0 | 24.8 | 32.4 | **44.9** |
| Gearing ratio | | 1.8 | 1.6 | 1.5 | 1.0 | **0.5** |
| Gross capital expenditures on fixed assets | FIM million | 148.7 | 121.5 | 157.8 | 184.4 | **289.0** |
| proportion of net sales | % | 8.2 | 7.3 | 9.0 | 10.7 | **14.4** |
| R&D expenditure | FIM million | 7.4 | 6.6 | 5.9 | 6.1 | **6.4** |
| proportion of net sales | % | 0.4 | 0.4 | 0.3 | 0.4 | **0.3** |
| Personnel, average | | 3,201 | 3,395 | 3,108 | 3,294 | **3,671** |
| Hartwall | | 2,385 | 2,168 | 1,897 | 1,675 | **1,469** |
| BBH (100%) | | 816 | 1,227 | 1,211 | 1,619 | **2,202** |

**Formulas for the indicators**

Return on equity, ROE

$$\frac{\text{profit/loss after financial items less taxes}}{\text{shareholders' equity + minority interest, average for the accounting period}}$$

Return on investment, ROI

$$\frac{\text{profit/loss after financial items + interest and other financing expenses}}{\text{balance sheet total less non-interest-bearing liabilities less obligatory provisions (average for accounting period)}}$$

Interest cover

$$\frac{\text{profit/loss after financial items + depreciation + interest and other financing expenses}}{\text{interest and other financing expenses}}$$

Equity ratio

$$\frac{\text{shareholders' equity + minority interest}}{\text{balance sheet total less prepayments}}$$

Debt-to-equity ratio

$$\frac{\text{interest-bearing liabilities}}{\text{shareholders' equity + minority interest}}$$

Personnel, average: The average end-of-month number of personnel

# Share-issue adjusted indicators

| | | 1992 | 1993 | 1994 | 1995 | **1996** |
|---|---|---|---|---|---|---|
| Earnings per share (EPS) | FIM | -2.69 | 1.04 | 2.00 | 0.52 | **8.40** |
| Equity per share | FIM | 37.64 | 38.73 | 38.62 | 44.50 | **59.60** |
| Dividend per share | | | | | | |
| Series A | FIM | 1.00 | 1.15 | 1.40 | 1.50 | **2.00** *) |
| Series K | FIM | 0.65 | 0.65 | 0.90 | 1.10 | **1.90** *) |
| Dividend payout ratio | % | -34.3 | 100.3 | 64.3 | 305.3 | **25.2** |
| Series A | | | | | | |
| Effective dividend yield | % | 2.2 | 1.5 | 2.1 | 1.9 | **1.0** |
| P/E ratio | | -16.54 | 73.58 | 32.21 | 155.77 | **23.81** |
| Adjusted share prices | | | | | | |
| Average | FIM | 61.43 | 57.94 | 80.20 | 71.22 | **129.18** |
| Low | FIM | 40.00 | 40.00 | 62.00 | 55.00 | **80.00** |
| High | FIM | 78.70 | 80.00 | 91.00 | 83.00 | **202.00** |
| Year-end price | FIM | 44.50 | 78.00 | 67.00 | 81.00 | **202.00** |
| Average price Dec. 30. | FIM | | | | | **200.03** |
| Trading volume | 1,000 shares | 142 | 316 | 623 | 680 | **3,530** |
| Series A, total | % | 2.0 | 4.5 | 8.9 | 7.7 | **35.9** |
| Market capitalisation at year-end | | | | | | |
| Series A | FIM million | 312 | 546 | 469 | 711 | **2,116** |
| Series K | FIM million | 89 | 156 | 134 | 120 | **296** |
| Total | FIM million | 401 | 702 | 603 | 831 | **2,412** |
| Adjusted average number of shares | | | | | | |
| Series A | 1,000 shares | 7,000 | 7,000 | 7,025 | 7,481 | **9,844** |
| Total | 1,000 shares | 9,000 | 9,000 | 9,025 | 9,352 | **11,324** |
| Adjusted average number of shares at year-end | | | | | | |
| Series A | 1,000 shares | 7,000 | 7,000 | 7,100 | 8,880 | **10,680** |
| Total | 1,000 shares | 9,000 | 9,000 | 9,100 | 10,360 | **12,160** |

* Proposal of the Board of Directors

**Formulas for the indicators**

Earnings per share (EPS) $= \dfrac{\text{profit/loss after financial items less taxes, less minority interest}}{\text{adjusted average number of shares for the year}}$

Equity per share $= \dfrac{\text{adjusted shareholders' equity}}{\text{adjusted number of shares at year-end}}$

Dividend per share $= \dfrac{\text{dividend paid}}{\text{adjusted number of shares at year-end}}$

Dividend payout ratio $= \dfrac{\text{dividend paid}}{\text{profit/loss after financial items less taxes, less minority interest}}$

Effective dividend yield $= \dfrac{\text{dividend per share}}{\text{adjusted share price at year-end}}$

P/E ratio $= \dfrac{\text{adjusted share price at year-end}}{\text{EPS}}$

Market capitalisation: number of shares at year-end times the share price on the same date

# Information on Oy Hartwall Ab shares

**Directed tender issue**

On 19 June 1996, the Board of Directors of Oy Hartwall Ab increased the share capital by FIM 9.0 million through a directed tender issue from 10 to 18 June 1996. In the issue, 1.8 million new Series A shares having a nominal value of FIM five each were subscribed, which increased the total number of Hartwall's shares to 12 060 000 shares and the company's share capital to FIM 60.3 million. The Board of Directors set the subscription price of the shares at FIM 100 each.

**Share turnover in 1996**

The turnover of Hartwall's Series A shares was a total of 3 530 278 shares, for a total amount of about FIM 456 million. The turnover amounted to 35.9% of the Series A shares outstanding.

The share price was at its highest on the last trading day on the stock exchange, i.e. FIM 202. The lowest share price was FIM 80, registered in January and February. The average price during the year was FIM 129.18. There were 2 798 shareholders at the end of the year.

The Board of Directors has a valid authorisation, granted by the Annual General Meeting on 28 March 1996, to increase the share capital by FIM 10 million by issuing 2 000 000 new Series A shares with a nominal value of FIM five. The subscription can also be carried out by way of a payment in kind.

**Structure of the share capital, 31 December 1996**

| | Number of shares | Percentage holding | Percentage of voting rights |
|---|---|---|---|
| Series K shares | 1,480,000 | 12.3% | 73.7% |
| Series A shares | 10,580,000 | 87.7% | 26.3% |
| Total | 12,060,000 | 100.0% | 100.0% |

**Ownership structure as at 31 December 1996**

| | Number of owners | Number of shares | Voting rights |
|---|---|---|---|
| Households and private individuals | 2,625 | 5,413,574 | 5,413,574 |
| Private companies | 122 | 1,671,538 | 24,091,538 |
| Financial institutions and insurance companies, pension insurance institutions | 27 | 2,484,357 | 2,484,357 |
| Non-profit bodies | 12 | 7,573 | 7,573 |
| Foreigners (EU Member States) | 7 | 2,470,035 | 8,170,035 |
| | 2,793 | 12,047,077 | 40,167,077 |
| of which, nominee-registered shares | 5 | 1,723,038 | 1,723,038 |
| | 2,798 | | |

**Shareholders according to holdings as at 31 December 1996**

| Number of shares/ shareholder | Shares | Percentage | Number of shares | Percentage of holding |
|---|---|---|---|---|
| 1-99 | 1,345 | 48.1 | 43,908 | 0.4 |
| 100-999 | 1,303 | 46.6 | 222,591 | 1.9 |
| 1,000 - 9,999 | 86 | 3.1 | 261,995 | 2.2 |
| 10,000- 99,999 | 46 | 1.6 | 1,570,739 | 13.0 |
| 100,000 - 999,999 | 14 | 0.5 | 3,558,836 | 29.5 |
| over 1,000,000 | 4 | 0.1 | 6,389,008 | 53.0 |
| | 2,798 | 100% | 12,047,077 | 100% |

**Management's shareholding**

| | |
|---|---|
| Percentage of shares | 3.6% |
| Percentage of warrants | 100% |
| Percentage of voting rights | 1.1% |
| Voting rights which management can obtain on the basis of warrants | 0.2% |

**The 20 largest shareholders as at 31 December 1996 according to the Shareholders' Register**

| | Number of shares | % of holding | % of voting rights |
|---|---|---|---|
| Hartwall-Yhtiöt Oy | | | |
| - Series K shares | 1,180,000 | 9.8 | 58.7 |
| - Series A shares | 46,720 | 0.4 | 0.1 |
| | 1,226,720 | 10.2 | 58.9 |
| Pripps Ringnes AB | | | |
| - Series K shares | 300,000 | 2.5 | 14.9 |
| - Series A shares | 2,168,500 | 18.0 | 5.4 |
| | 2,468,500 | 20.5 | 20.3 |
| Hartwall P-G estate | 1,061,000 | 8.8 | 2.6 |
| Hartwall John | 449,960 | 3.7 | 1.1 |
| Hartwall Erik | 372,610 | 3.1 | 0.9 |
| Hartwall K Ky | 353,415 | 2.9 | 0.9 |
| Hartwall Gösta estate | 335,520 | 2.8 | 0.8 |
| Therman Robert | 332,028 | 2.8 | 0.8 |
| Therman Henrik | 285,868 | 2.4 | 0.7 |

| | Number of shares | % of holding | % of voting rights |
|---|---|---|---|
| Local Government Pensions Institution | 268,833 | 2.2 | 0.7 |
| Therman Mattias | 235,000 | 1.9 | 0.6 |
| Tallqvist Gustav | 211,227 | 1.8 | 0.5 |
| Hartwall Peter | 176,930 | 1.5 | 0.4 |
| Therman Anna | 173,880 | 1.4 | 0.4 |
| Hartwall Helmi estate | 130,320 | 1.1 | 0.3 |
| Pension Varma Mutual Insurance Company | 129,235 | 1.1 | 0.3 |
| Tallqvist Anders | 104,010 | 0.9 | 0.3 |
| Tallqvist Johan | 85,305 | 0.7 | 0.2 |
| Tallqvist Niklas | 81,745 | 0.7 | 0.2 |
| Roos Katarina | 80,585 | 0.7 | 0.2 |
| 20 largest, total | 8,562,691 | 71.0 | 91.3 |
| Nominee-reg., total | 1,723,038 | 14.3 | 4.3 |
| Board members and managing director*) | 436,160 | 3.6 | 1.1 |

*) The ownership percentage of warrants is 100%. The voting rights they confer is 0.2%.

# Proposal for the distribution of profit

On 31 December 1996, the Group's non-restricted equity totals FIM 307,151,036.72 of which distributable funds amount to FIM 88,161,500.80. The parent company's non-restricted equity according to the balance sheet as at 31 December 1996 is as follows:

| | | |
|---|---|---|
| retained earnings | FIM | 36,351,540.69 |
| profit/loss for the financial period | FIM | 5,247,164.98 |
| | FIM | 41,598,705.67 |

The number of shares entitled to a dividend is 12,060,000.

The Board of Directors proposes that the non-restricted equity be disposed of in the following manner:

| | | |
|---|---|---|
| Payment to shareholders of a dividend for 1996 of | | |
| FIM 2.00 on the Series A share | FIM | 21,160,000.00 |
| FIM 1.90 on the Series K share | FIM | 2,812,000.00 |
| | FIM | 23,972,000.00 |
| to be set aside for benevolent purposes at the discretion of the Board of Directors | FIM | 200,000.00 |
| remainder transferred to retained earnings | FIM | 17,426,705.67 |

Helsinki, 27 February 1997

Gustav von Hertzen  Erik Hartwall

Paul Bergqvist  Pertti Hernesniemi  Erkki Kilpinen

Curt Lindbom  Rafael Wolontis

Jussi Länsiö
Managing Director

# Auditors' Report

**to the shareholders of Oy Hartwall Ab**

We have audited the accounting records, the accounts and the administration of Oy Hartwall Ab for the year 1996. The accounts prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these accounts and the company´s administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The accounts can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

We have acquainted ourselves with the interim reports made public by the company during the year. It is our understanding that the interim reports have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Helsinki, 13 March 1997

KPMG WIDERI OY AB

Sixten Nyman
Authorized Public Accountant

Rolf Stubbe
Authorized Public Accountant

# Oy Hartwall Ab's administration and organisation

Oy Hartwall Ab Board of Directors, from the bottom left: Erik Hartwall, Gustav von Hertzen, Jussi Länsiö (managing director, not a member of the Board); from the top left: Erkki Kilpinen, Pertti Hernesniemi, Rafael Wolontis, Curt Lindbom and Paul Bergqvist.

## Board of Directors

**Gustav von Hertzen**, 66
Chairman of the Board since 1982

**Erik Hartwall**, 55
Managing Director, Hartwall-Yhtiöt Oy,
deputy chairman of the Board since 1989

**Paul Bergqvist**, 51
Chief Executive, Pripps Ringnes AB,
Board member since 1993

**Curt Lindbom**, 54
Board member since 1995

**Rafael Wolontis**, 63
Board member 1981-1988 and since 1995

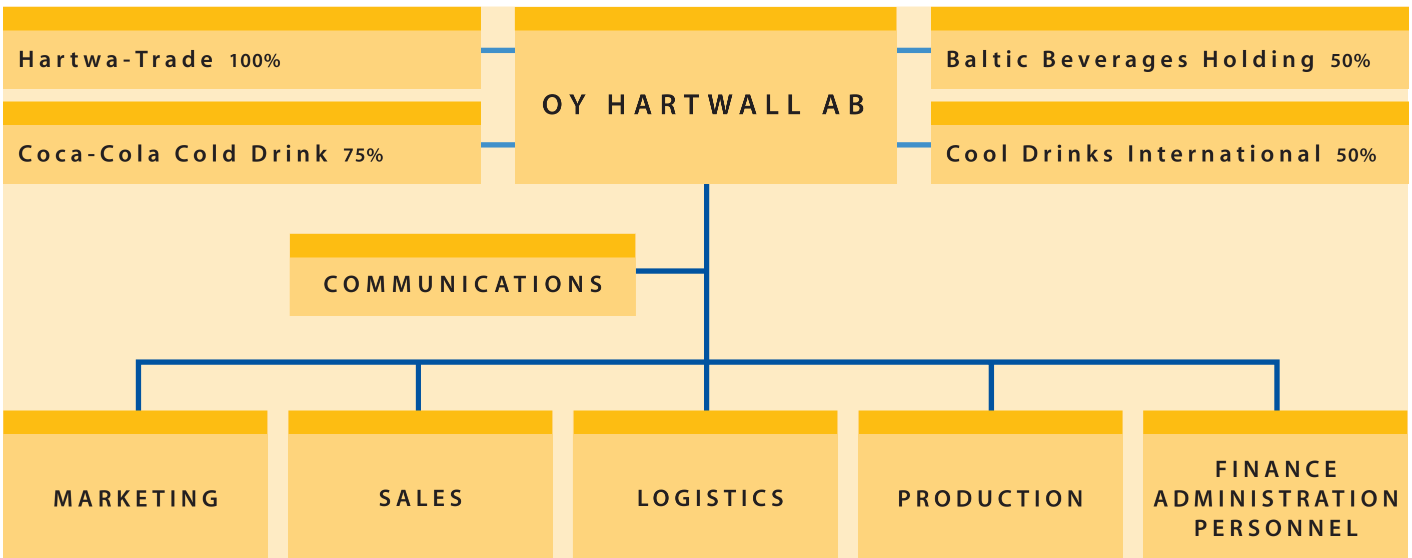
**Pertti Hernesniemi**, 40
Hartwall's employee representative
Board member since 1995

**Erkki Kilpinen**, 48
Hartwall's employee representative
Board member since 1995

## Auditors

**Sixten Nyman**,
Authorised Public Accountant

KPMG Wideri Oy Ab,
Authorised Public Accountants



# Executive Committee of Oy Hartwall Ab

**Jussi Länsiö**, 45
Managing Director,
with the company
since 1994

**Ralf Hollmén**, 48
Sales and Logistics
Director,
Deputy Managing
Director,
with the company
since 1985

**Markku Sirén**, 49
Finance Director,
with the company
since 1994

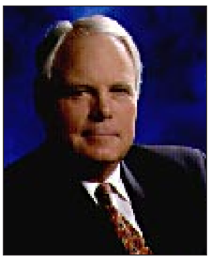
**Rolf Therman**, 53
Technical Director,
with the company
since 1992

**Markku Tolonen**, 53
Director, business
development and
public affairs,
with the company
since 1992

**Esa Rautalinko**, 34
Marketing Director,
with the company
since 1996

**Tapio Hedman**, 34
Corporate
Communications
Manager,
with the company
since 1992

# Parent company, subsidiaries and associated companies and their management



**Erik Hartwall**, 55
Managing Director, Hartwall-Yhtiöt Oy

**Hartwall-Yhtiöt Oy** is a holding company that was established in 1988 and is the parent company of Oy Hartwall Ab. The owners of Hartwall-Yhtiöt Oy are all direct descendants of the founder, Victor Hartwall.

**Henrik Therman**, 59
Managing Director, Baltic Beverages Holding AB

**Baltic Beverages Holding AB** (BBH) was established in 1991. It is an associated company that is owned half by Hartwall and half by the Swedish-Norwegian company Pripps Ringnes AB. BBH is engaged in brewing operations in the Baltic countries, Russia and Ukraine.

**Ahti Mattila**, 52
Managing Director, Hartwa-Trade Oy Ab

**Hartwa-Trade Oy Ab** is an alcohol agency company that is owned by Hartwall. The company acts as the representative in Finland of a number of world-renowned beers, wines and strong alcoholic beverages. Sales of foreign beers are made through the Hartwall organisation.

**Torkel Tallqvist**, 33
Managing Director, Oy Coca-Cola Cold Drink Ab

**Coca-Cola Cold Drink** is Hartwall's 75 per cent-owned subsidiary. The Coca-Cola Company has a 25 per cent stake. CCCD's business idea is to develop the sales of soft drinks via vending machines and equipment. The company was established in 1993.

**Cool Drinks International Ltd. Oy** is a company, owned by Hartwall and Primalco Oy on a fifty-fifty basis, which manufactures, markets and sells low-alcohol mixed drinks, such as long drinks. (Jussi Länsiö is the acting managing director.)

# Contact information


## Oy Hartwall Ab

| | street address<br>telephone | mailing address<br>fax |
|---|---|---|
| **Group management** | | |
| | Ristipellontie 4 | PO Box 31, 00391 Helsinki |
| | (+358-9) 54021 | (+358-9) 5402 453 |
| | | (+358-9) 5402 528 |
| | | (Communications) |
| **Hartwa-Trade Oy Ab** | | |
| | Konalantie 47 C | PO Box 23, 00391 Helsinki |
| | (+358-9) 54021 | (+358-9) 5402 526 |
| **Oy CC Cold Drink Ab** | | |
| | Konalantie 47 A | PO Box 84, 00391 Helsinki |
| | (+358-9) 5402 300 | (+358-9) 5402 597 |
| **Production plants** | | |
| Helsinki | Ristipellontie 4 | PO Box 31, 00391 Helsinki |
| | (+358-9) 54021 | (+358-9) 5402 453 |
| Lahti | Kolkankatu 17 | PO Box 44, 15101 Lahti |
| | (+358-3) 86211 | (+358-3) 7521 552 |
| Tornio | Lapinkullantie 1 | PO Box 33, 95401 Tornio |
| | (+358-16) 43366 | (+358-16) 433 601 |
| **Sales** | | |
| Nationwide orders centre | | |
| | 9800 - 52332 | (+358-9) 5402 512 |
| Southern Finland | | |
| | Ristipellontie 4 | PO Box 31, 00391 Helsinki |
| | (+358-9) 54021 | (+358-9) 5402 273 |
| Southwest Finland | | |
| | Pereentie 155 | 33950 Pirkkala |
| | (+358-3) 3693 111 | (+358-3) 3693 240 |
| Southeast and Eastern Finland | | |
| | Kasaajankatu 13 | 15520 Lahti |
| | (+358-3) 86211 | (+358-3) 7822 233 |
| Western and Northern Finland | | |
| | Korsholmanpuistikko 42 | 65100 Vaasa |
| | (+358-6) 2134 411 | (+358-6) 2134 408 |

HARTWALL online

www.hartwall.fi

## Baltic Beverages Holding AB

| | address | telephone<br>fax |
|---|---|---|
| **Head office** | | |
| Finland: | Ristipellontie 4 | (+358-9) 54021 |
| | PO Box 31, 00391 Helsinki | (+358-9) 5402 514 |
| Sweden: | Bryggerivägen 10-12 | +46 (8) 7577 000 |
| | S-16186 Bromma, Sweden | +46 (8) 291 303 |
| **Saku Brewery** | | |
| | EE - 3400 Saku, Harju, | +372 6 508 400 |
| | Estonia | +372 6 508 401 |
| **Aldaris Brewery** | | |
| | 44 Twaika Str. | +371 7023 201 |
| | LV - 1005 Riga, Latvia | +371 7023 224 |
| **Kalnapilis Brewery** | | |
| | Taikos al. 1 | +370 54 61645 |
| | LT - 5319 Panevezys, | +370 54 64667 |
| | Lithuania | |

| | address | telephone<br>fax |
|---|---|---|
| **Baltika Brewery** | | |
| | 6 Proezd, 9 kvartal | +7 812 3299 100 |
| | Promzona, "Parnas-4" | +7 812 3299 148 |
| | 194292, St. Petersburg, | |
| | Russia | |
| **Yarpivo Brewery** | | |
| | 63, Pazharskogo Ulitsa | +7 0852 442 508 |
| | 150030 Yaroslavl, | +7 0852 442 500 |
| | Russia | |
| **Taopin Brewery** | | |
| | 85, Shossejnaya Str. | +7 0872 397 577 |
| | Tula, 300036 | +7 0872 397 384 |
| | Russia | |
| **Slavutich Brewery** | | |
| | Zapozhnik Str. | +380 612 412 042 |
| | 330076 Zaporozhy, | +380 612 425 744 |
| | Ukraine | |


HARTWALL
1836
VICHY
ORIGINAL
HARTWALL
1836
VICHY
Novelle
HARTWALL
1836
VICHY
Citronelle
Ei sisällä suolaa (NaCl)
matalahiilihappoinen
1,5 l


HARTWALL
1836
Classic
HARTWALL
1836
Classic
HARTWALL
1836
Classic

HARTWALL