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## RAUTAKIRJA

Rautakirja was founded in 1910 and is today a large Finnish wholesale and retail concern, listed on the Helsinki Stock Exchange since 1988. Together with its subsidiaries, it forms the Rautakirja Group, whose operations are divided among two strategic trading sectors, namely wholesale and retail sales of newspapers and magazines and specialized retail trade based on centrally-administered chain operations.

# Group Management

## *Rautakirja Supervisory Board*

### **Jaakko Rauramo**

1995-1998  
*chairman,*  
*Managing Dir.,*  
*Sanoma Osaakeyhtiö*  
1977\*

### **Antero Siljola**

1994-1997  
*vice-chairman,*  
*Chairman,*  
*Werner Söderström Osaakeyhtiö*  
1988\*

### **Felix Björklund**

1996-1999  
*Managing Dir.,*  
*Oy Karl Fazer Ab*  
1993\*

### **Olli Reenpää**

1995-1998  
*Managing Dir.,*  
*Kustannusosakeyhtiö Otava*  
1980\*

### **Jukka Rantala**

1995-1998  
*Managing Dir.,*  
*Pohjola Insurance Company*  
1995\*

\**Joined Rautakirja Supervisory Board*



*Rautakirja's Executive Board from left to right: Markus Miettinen, Hannu Syrjänen, Raimo Hertto, Matti Salmi and Erkki Järvinen.*

## *The Rautakirja Group Executive Board*

**Raimo Hertto, 59, President, CEO**  
1987\*\*

**Hannu Syrjänen, 45, Executive Vice President,**  
*Special Trade Division*  
1989\*\*

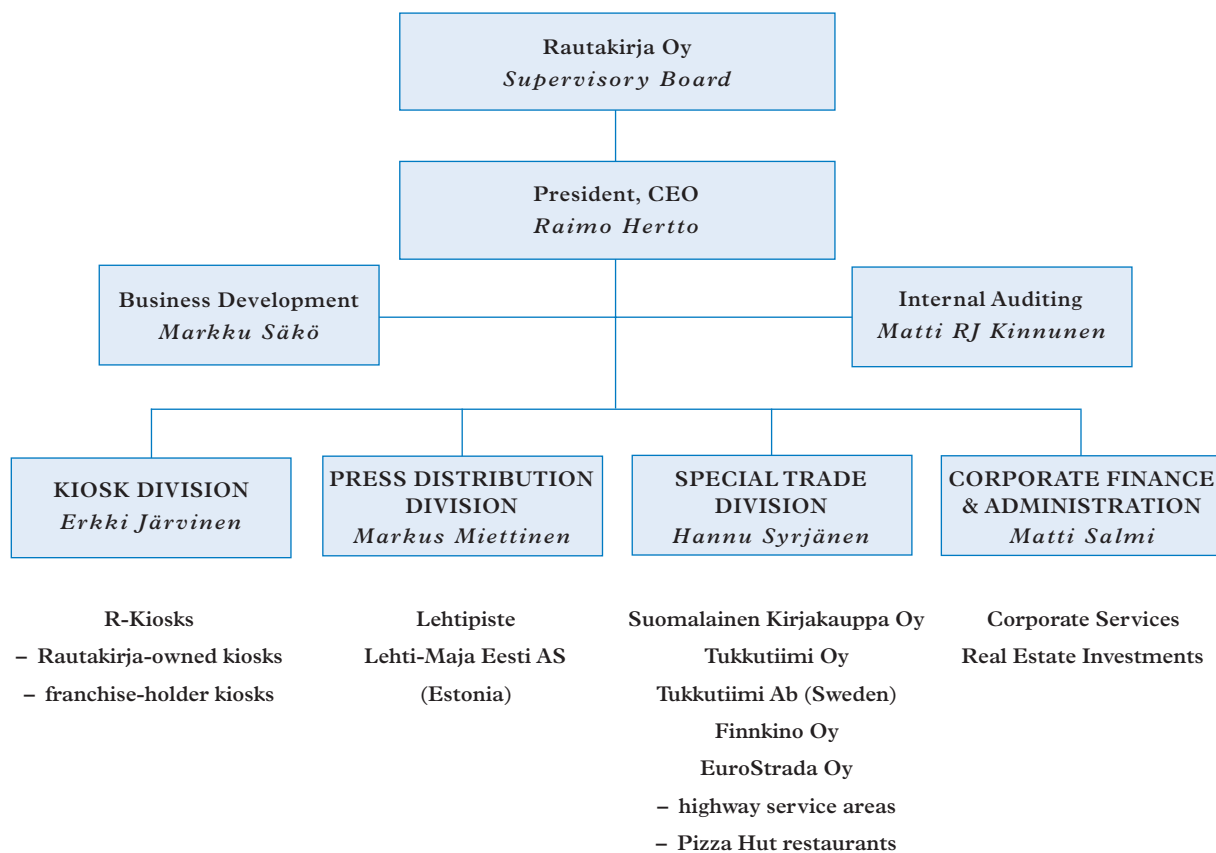
**Erkki Järvinen, 37, Senior Vice President, Kiosk Division**  
1997\*\*

**Markus Miettinen, 48, Senior Vice President, Press Distribution Division**  
1974\*\*

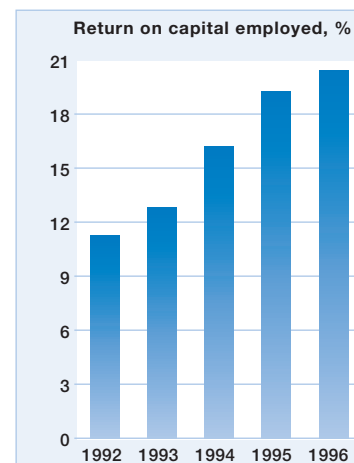
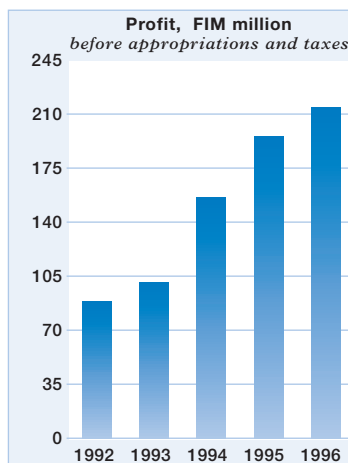
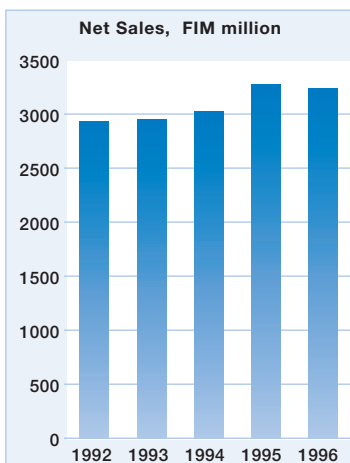
**Matti Salmi, 47, Senior Vice President, Corporate Finance & Administration**  
1988\*\*

\*\**Joined Rautakirja Group*

# Organization 1.4.1997



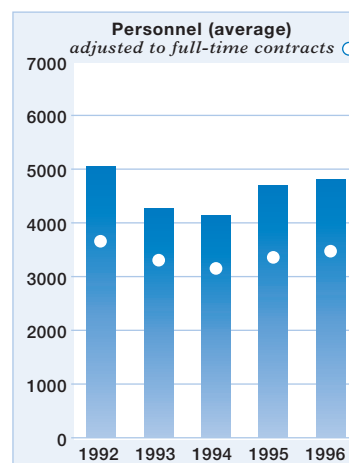
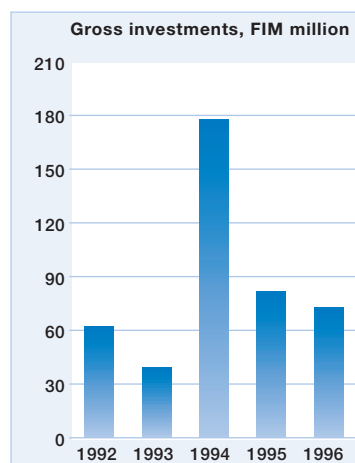
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## Group Performance Indicators

	1996	1995	1994	1993	1992
Net sales, FIM million	3,237.0	3,281.4	3,057.1	2,923.8	2,922.9
Change, %	-1.4	7.3	4.6	0.0	4.8
Operating margin, FIM million	267.3	256.3	218.1	166.2	171.2
As % of Net sales	8.3	7.8	7.1	5.7	5.9
Trading profit, FIM million	197.6	184.9	153.1	87.7	88.1
As % of Net sales	6.1	5.6	5.0	3.0	3.0
Profit before taxes and appropriations, FIM million	214.8	195.3	156.0	101.3	89.8
As % of Net sales	6.6	6.0	5.1	3.5	3.1
Profit before taxes, FIM million	234.0	195.3	156.1	104.2	107.8
As % of Net sales	7.2	6.0	5.1	3.6	3.7
Balance Sheet total, FIM million	1,712.9	1,842.9	1,850.8	1,764.7	1,701.0
Fixed assets & other long-term expenditure	860.8	871.6	863.1	773.7	842.2
Inventories	267.3	285.0	266.4	282.9	266.3
Financial assets	584.8	686.3	721.4	708.1	592.5
Equity	942.8	839.8	760.3	686.8	368.3
Minority interests	1.5	1.7	1.4	0.7	0.9
Reserves *)	-	-	-	-	392.1
Interest-bearing liabilities	184.5	263.6	372.8	399.1	376.0
Non interest-bearing liabilities	584.0	737.8	716.3	678.0	563.8
Return on equity, % *)	17.2	16.4	15.3	10.0	5.7
Return on capital employed, % *)	20.4	19.3	16.2	12.9	11.2
Gearing ratio, %	-19.4	-19.2	-9.7	-8.5	-1.6
Current ratio	1.5	1.3	1.4	1.6	1.4
Gross investment, FIM million	72.8	81.7	178.2	39.9	62.1
As % of Net sales	2.3	2.5	5.8	1.4	2.1
Personnel (average)	4,760	4,680	4,201	4,400	5,084
Adjusted to full-time contracts by hours worked	3,439	3,397	3,100	3,247	3,660

\*) In the figures from 1992 no account is taken of the calculated deferred tax liability arising out of accrued depreciation and reserves.



# Stock market performance 1996

## Shares and shareholders

Rautakirja Oy's share capital is FIM 129.6 million, and the nominal value of shares is FIM 20. There are a total of 5,400,000 Series A shares, and 1,080,000 Series B shares. Series A and Series B shares differ from one another in terms of the voting rights they carry – Series A shares carry 20 votes and Series B shares 1 vote at the Annual General Meeting. The two series of shares entitle the bearer to equal rights to dividends.

## Development of share prices

The year to December 31, 1996 was an exceptionally good one for investors in shares. In spite of the slight dip in economic growth noted during the summer, the increase in prices on the Helsinki Stock Exchange was among the most dramatic in the world. The HEX Index rose by as much as 46.5% on the year, although it must be noted that there were substantial differences in the

development between industrial sectors. The powerful bull market was influenced by the favourable development in American shares, buoyed by several years of steady progress in the United States economy. Finnish shares were also pushed upwards by reduced interest levels, a very modest rate of inflation, and growing optimism on corporate earnings.

The progress of Rautakirja's Series A and Series B shares followed the general trend in prices during 1996. Series A shares, which began the year at FIM 215, rose by year's end to FIM 311, an increase of 44.7%. The lowest price recorded was FIM 215, and the high on the year was FIM 325. Series B shares rose from FIM 205 to FIM 305, an increase of 48.8%, with a low of FIM 197 and a high of FIM 310.

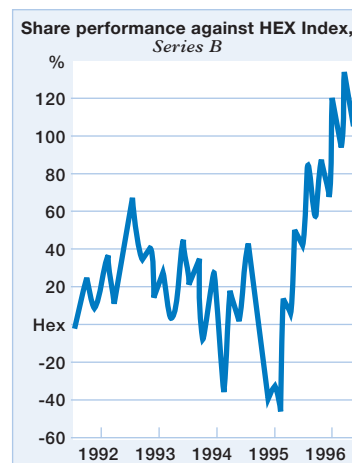
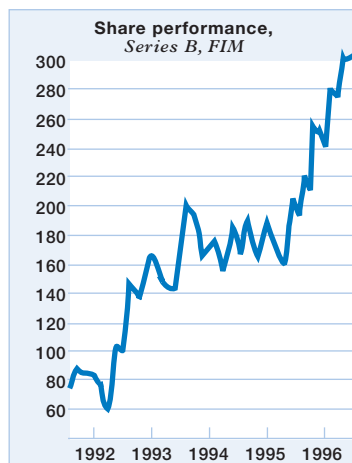
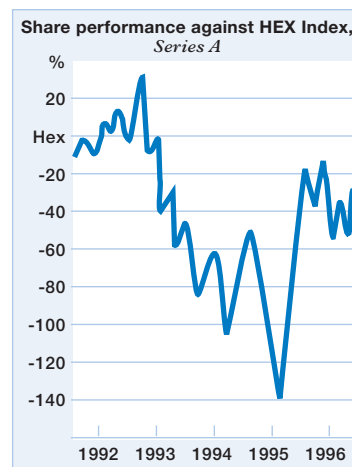
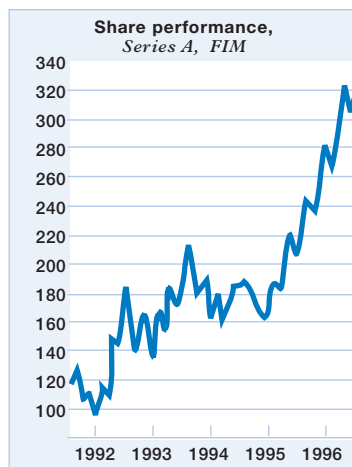
The market value of Rautakirja's share capital at year's end was FIM 2,009 million. The corresponding figure

for 1995 was FIM 1,454 million.

Trading in Rautakirja shares during 1996 was less active than over the previous period. Turnover in Series A shares totalled 9,286 shares to a value of FIM 2.4 million, as against 1995 figures of 28,166 shares and FIM 5.4 million. Trading in Series B shares was closer to the level of 1995, with 160,040 shares changing hands to a value of FIM 38.0 million, compared with 180,298 shares and FIM 33.0 million in the previous period. Trading during the year amounted to some 0.2% of Series A shares and to 14.8% of Series B shares.

## Shareholders

According to the register of shares, at the end of 1996 Rautakirja Oy had 770 shareholders. The ten largest shareholders accounted for 90.39% of the total shares and 94.13% of voting rights.



# Rautakirja Oy Shares – Statistics and Indicators

	1996	1995	1994	1993	1992	
Earnings / share, FIM *)	23.76	20.24	17.14	10.44	6.54	
Equity / share, FIM *)	145.50	129.60	117.33	106.00	117.34	
Nominal dividend / share, FIM						
Series A & B	12.00 **)	10.00	8.00	4.80	4.80	
Dividend / earnings, % *)	50.5	49.4	46.7	46.0	73.4	
Effective dividend yield (year-end), %						
Series A	3.9	4.3	4.3	2.7	3.2	
Series B	3.9	5.1	4.6	3.2	4.2	
P/E ratio *)						
Series A	13.1	11.4	10.8	17.3	22.9	
Series B	12.8	9.7	10.2	14.5	17.6	
Share performance, FIM						
Series A	Low	215	166	161	137	101
	High	325	230	215	190	150
	Year-end price	311	230	185	181	150
Series B	Low	197	160	149	115	60
	High	310	210	203	165	115
	Year-end price	305	196	175	151	115
Market value of shares, FIM million						
Series A	2,009	1,454	1,188	1,140	934	
Series B	1,679	1,242	999	977	810	
Series B	329	212	189	163	124	
Trading in shares						
Series A	9,286	28,166	433,797	23,343	40,325	
Series A, %	0.2	0.5	8.0	0.4	0.7	
Series B	160,040	180,298	283,311	313,860	142,210	
Series B, %	14.8	16.7	26.2	29.1	13.2	
Number of shares (million)						
Series A (20 votes)	6.48	6.48	6.48	6.48	6.48	
Series B (1 vote)	5.40	5.40	5.40	5.40	5.40	
Series B (1 vote)	1.08	1.08	1.08	1.08	1.08	
Number of shareholders at 31.12						
	770	845	893	1,094	1,090	
Share capital (FIM million)						
	129.6	129.6	129.6	129.6	129.6	

\*) In the figures from 1992 no account is taken of the calculated deferred tax liability arising out of accrued depreciation and reserves.

\*\*\*) Proposal by Supervisory Board.

## Rautakirja Oy – Shareholders according to the Share Register at 13.3.1997

	Series A	Series B	% holding	% voting rights
Werner Söderström Osakeyhtiö	1,690,256	321,309	31.04	31.29
Sanoma Osakeyhtiö	903,082	174,017	16.62	16.72
Oy Karl Fazer Ab	628,481	119,718	11.55	11.63
Pohjola Insurance Company	577,415	19,400	9.21	10.60
Kustannusosakeyhtiö Otava	547,056	851	8.46	10.03
Else Branders	197,700	35,000	3.59	3.66
Merita Bank	182,866	51,515	3.62	3.40
Suomi Mutual Life Insurance	150,000	-	2.31	2.75
Oy Karl Fazer Invest Ab	132,690	20,138	2.36	2.45
Suomalaisen Kirjallisuuden Seura	86,045	19,609	1.63	1.60
Ten largest shareholders, total	5,095,591	761,557	90.39	94.13
Nominee-registered shares	350	10,020	0.16	0.02
Other shareholders, total	303,392	308,195	9.44	5.85
Shares not yet transferred to book entry system	667	228	0.01	0.01
Total	5,400,000	1,080,000	100.00	100.00

# Rautakirja Group Operations in Brief, 1996

Growth in the Finnish economy picked up towards the end of the year. Annual GDP growth stood at slightly more than 3%, while inflation remained at just over 1%.

Growth in domestic consumer demand remained subdued, partly in response to the country's high level of unemployment and the sluggish growth in real incomes. This was reflected in very uneven development within the retail and wholesale trade. The value of retail sales as a whole grew by some 4.8%, with the most powerful growth recorded in sectors outside Rautakirja's main trading areas. In Rautakirja's most significant trading branch – the kiosk trade – the value of sales fell by 0.3%. The value of wholesale sales grew by some 3.7% on the year.

## Turnover and net sales

Aggregate Group turnover, including commission sales but before the addition of indirect taxes, fell by some 14.5% from the 1995 level to stand at FIM 5,332.2 million. The aggregate Group turnover figures for 1995 contained roughly FIM 1,000 million deriving from the sale via R-Kiosks of motor vehicle tax stamps. The absence of this item in 1996 had no great influence on the net sales figure, since such commission sales (also including lottery tickets, pools betting coupons and bus tickets) are included in net sales only in respect of the commission paid.

Group net sales stood at FIM 3,237.0 million, down by 1.4% from 1995. The decline was due to the sale at the beginning of the financial year of Merkur Cash and Carry. If the relevant adjustments are made to previous figures, net sales showed an increase of 2%.

## Financial performance

In spite of the slight decline in net sales, the margin on sales grew by 1.6% on the previous year. The favourable trend was promoted by a relatively better than average development recorded in those units enjoying a higher margin on sales.

The number of personnel grew, but payroll costs remained at the 1995 level. At the same time, other operating costs showed only modest increases. Group operating margin improved by 4.3% to FIM 267.3 million, and represented 8.3% of net sales.

Trading profit for the financial year was FIM 197.6 million, a growth of 6.8% on 1995.

Profits from kiosk operations remained at the previous year's level, while the Press Distribution Division showed improved performance. The Special Trade Division units Suomalainen Kirjakauppa, TukkuTiimi in Finland and Sweden, and EuroStrada all recorded progress on the year. Finnkinö's result was weaker in 1996 and continued to show a loss on the year. Finnkinö's losses were attributable in part to low cinema audience figures and overly large purchasing agreements. The Real Estate Investments unit showed improved profitability.

Repayment of interest-bearing liabilities was accelerated. Together with the benefits accruing from lower interest rates, this measure helped to reduce interest expenditure by some 40.5% compared with the previous year. Interest income remained at almost the same level as in 1995, largely in response to favourable developments in the bond and securities markets. Financial items showed a net surplus of FIM 17.2 million, up by FIM 6.8 million from 1995.

The Rautakirja Group's result on the year was good. The Group recorded a profit before taxes and appropriations of FIM 214.8 million, an improvement of 9.9% on the previous year. The "Other income and expenditure" item shows profits from sales of Tuko shares and Merkur Cash and Carry commercial operations of FIM 19.2 million. Profit before taxes therefore swelled to FIM 234.0 million, and after the payment of direct taxes, net profit for the year was FIM 167.8 million.

Earnings per share improved from FIM 20.24 in 1995 to FIM 23.76. Return on capital employed stood at 20.4%, up from 19.3% in 1995. Equity /share improved from FIM 129.60 to FIM 145.50.

## Investments

Group gross investments totalled FIM 72.8 million. In the previous period the figure was FIM 81.7 million. Investments were directed primarily towards the renovation of sales outlets, to furnishing and equipment investments in these, and to systems investments for various units.

## Financing

Liquidity and financial position remained good. Interest-bearing liabilities were reduced by FIM 85.6 million to stand at FIM 184.5 million at year's end. The ratio of equity and reserves to total assets moved ahead again from 45.7% to 55.3%. Group liquid funds at year's end totalled FIM 368.1 million. Gearing was negative at -19.4%, and at the same level as in 1995.

## Personnel

The Rautakirja Group employed 4,648 persons at the end of 1996 (1995:

Turnover and net sales by trading division (FIM million)

	1996	1995	Change, %
Kiosk Division	1,511.2	1,516.2	-0.3
Special Trade Division	1,126.7	1,075.3	4.8
Press Distribution Division	753.4	742.4	1.5
Merkur Cash and Carry	38.6	166.7	-76.8
Less Internal sales	-193.0	-219.1	-12.0
Total Group net sales	3,237.0	3,281.4	-1.4
Commission sales	2,095.2	2,958.4	-29.2
Group sales less tax	5,332.2	6,239.8	-14.5

Trading profit by division (FIM million)

	1996	1995
Kiosk Division	67.6	68.1
Special Trade Division	51.8	46.9
Press Distribution Division	55.1	47.6
Merkur Cash and Carry	-0.1	2.5
Real Estate	23.1	19.9
Group Total	197.6	184.9



4,670). Of these, 204 (1995: 166) were employed by Group units and subsidiaries operating abroad. The number of person-hours worked increased by 1.2%.

The average number of persons employed during the year grew by 80 from 1995, to 4,760 persons. If the figures are adjusted such that staff on temporary and part-time contracts are converted into full-time employees, the Group employed an average of 3,439 persons during 1996, up by 42 from the previous year. Once again, the Rautakirja Group placed great emphasis on staff training in all units, with the accent on customer service- and team training for sales personnel.

### Outlook for 1997

The outlook for private consumption in the year now under way continues to be favourable. Growth is forecast to be around 3%, although within the Rautakirja Group's specific trading areas the expectations have been set somewhat lower. Net sales are expected to increase during 1997 by around 1–2%.

Investments during 1997 will be at a markedly higher level than in the previous year, roughly doubling from 1996. The increased level of investment and diminishing financial items income suggest that the Group result will fall slightly short of that recorded in 1996. The Group's financial position will remain strong.

<i>Group Income Statement</i> (FIM million)	1996	1995
Net Sales	3,237.0	3,281.4
Operating margin	267.3	256.3
Depreciation	69.7	71.4
Trading profit	197.6	184.9
Financial items (net)	17.2	10.4
Profit before appropriations and taxes	214.8	195.3
Other income and expenditure	19.2	–
Profit before taxes	234.0	195.3
Direct taxes	–66.2	–64.2
<b>Net profit for the year</b>	<b>167.8</b>	<b>131.1</b>

<i>Group Balance Sheet</i> (FIM million)	1996	1995
<b>Assets</b>		
Fixed assets and other long-term expenditure		
Goodwill & intangible assets	123.8	133.1
Fixed assets	318.8	314.0
Shares and holdings and other long-term expenditure	418.2	424.5
<b>Total</b>	<b>860.8</b>	<b>871.6</b>
<b>Inventories and financial assets</b>		
Inventories	267.3	285.0
Receivables	216.7	261.4
Bonds and securities	70.2	144.4
Other short-term deposits	221.3	160.4
Cash	76.7	120.1
<b>Total</b>	<b>852.1</b>	<b>971.3</b>
	1,712.9	1,842.9
<b>Liabilities and equity</b>		
<b>Equity</b>		
Restricted equity	134.1	134.1
Unrestricted equity	808.7	705.7
<b>Total equity</b>	<b>942.8</b>	<b>839.8</b>
Minority interests	1.5	1.7
<b>Liabilities</b>		
Interest-free	584.0	737.8
Interest-bearing	184.5	263.6
<b>Total liabilities</b>	<b>768.5</b>	<b>1,001.5</b>
<b>Total</b>	<b>1,712.9</b>	<b>1,842.9</b>

<i>Group Funds Flow Statement</i> (FIM million)	1996	1995
<b>Sources of funds</b>		
From operations	213.3	205.5
Change in net working capital	–83.5	8.6
Investments in fixed assets	–72.8	–81.7
Sales of fixed assets	29.9	5.8
Cash flow before financing	86.8	138.2
<b>Financing</b>		
Increase in long-term loans	6.5	1.6
Reduction in long-term loans	–85.5	–110.6
Dividends	–64.8	–51.8
Other items	0.3	0.4
<b>Change in liquid funds</b>	<b>–56.7</b>	<b>–22.2</b>



## Reports from Profit Centres

### R-KIOSKS



The R-Kiosks form a nationwide, centrally-administered kiosk chain, offering consumers entertainment, excitement and pleasure from morning until evening.

While the value of retail trade for the country as a whole grew by 4.8% during 1996, kiosk sales declined by 0.6%. R-Kiosk net sales declined by the same amount. Positive developments on the sales front were in sales of medium-strength beer, video rentals, and sales of foodstuffs. Sales of instant lottery tickets declined by 6.7%. Within commission sales, sales of lottery and pools coupons increased by rather more than 9%.

Throughout the year, work was continued on the systematic development of the R-chain concept and on renewing kiosk outlets in line with these principles. The development of kiosks was seen as an increasingly important measure as more and more service stations added foodstuffs sales to their assortment, and given the climate of freer opening hours for the retail trade. The aim is to strengthen the profile of the R-Kiosks as outlets for consumers to stock up on foodstuffs and other items, in response to the shrinking supply of current consumer goods stores in built-

up areas as the retail trade becomes more centralized in large markets. In the autumn an experimental programme was launched in three R-Kiosks, involving expansion of the fast food product assortment.

The importance of the location of the R-Kiosks as a competitive factor has been reinforced in recent years. Proximity to consumers and ease of access were both emphasized in revamped advertising campaigns during 1996. Radio commercials were introduced as a new advertising medium, while local advertising was increased along with events-related marketing. The role of the R-Kiosks themselves as an important part of the media environment was also stressed.

In the course of the year the Kiosk Division launched one of the largest information systems projects in the Rautakirja Group's history, with the intention of constructing an electronic cash register system for all kiosk operations, which will embrace the entire chain over the next two or three years.

At the end of 1996 there were 752 R-Kiosks (1995: 759). Of these, 485 were owned and operated by Rautakirja

*The latest addition to the Ärrä product family.*



and 267 were in the hands of franchise-holders. Convenience store walk-in kiosks (642 at year's end) now account for the great majority, with the remaining 110 as the traditional counter-window kiosks.

Aggregate R-Kiosk sales reached FIM 3,581.6 million. Net sales for R-Kiosks, which include only the retailer's commission component of commission sales, totalled FIM 1,503.2 million, a decline of 0.6% from 1995.

The Kiosk Division employed an average of 2,545 persons in 1996, 49 fewer than in the previous year. From the beginning of 1997 the profit-centre has been headed by Erkki Järvinen.



## LEHTI-MAJA EESTI AS



Lehti-Maja Eesti AS is engaged in kiosk trade and wholesale sales of newspapers and magazines in Estonia. At the end of 1996 there were ten R-Kiosks in the Tallinn area, one of them a convenience store walk-in kiosk. The number of outlets increased during the year by four.

In October Lehti-Maja Eesti AS opened its own newspaper dispatching depot in Tallinn and collaboration was

launched with local publishers. Previously the company has served only as a distribution point for foreign newspapers and journals.

Net sales in 1996 totalled FIM 8.0 million, doubling from the previous year. The company employed an average of 48 persons, an increase of 25 persons on the year. Lehti-Maja Eesti AS is headed by Managing Director Kalvar Kase.

In January 1997 Lehti-Maja Eesti AS acquired Pärnu Ajakirjanduslevi AS, a company engaged in kiosk and newspaper sales trade in Pärnu and environs, with a total of 22 kiosks in that area. These kiosks have combined annual net sales of around EEK 10 million, and the company employs 40 persons. The newly acquired kiosks will be joined to the R-Kiosk chain and redecorated in line with the chain concept. The purchase of Pärnu Ajakirjanduslevi AS will strengthen the position of Lehti-Maja Eesti AS in the Estonian kiosk trade and further its expansion into a nationwide chain in the country.

## PRESS DISTRIBUTION DIVISION – LEHTIPISTE



Rautakirja's Lehtipiste operations are centred on wholesale sales of Finnish and foreign newspapers and magazines. The profit-centre provides a nationwide distribution system for newsstand copies of magazines and newspapers.

The aggregate value of newsstand sales fell marginally to FIM 1,138.9 million. This represented a decline of 0.3% at cover prices on the previous year's record figures.

Sales of newspapers totalled FIM 553.1 million, down by 3.7% on 1995. Sales volume grew slightly, by 0.4%, to reach 94.3 million copies.

Magazine sales moved ahead by 3.1% to FIM 585.8 million. Overall sales volume was down slightly, totalling 31.7 million copies.

Sales of foreign periodicals and magazines increased by 1.4% at cover prices to FIM 82.4 million, although the volume of sales remained at the 1995 level. Sales of foreign newspapers on the

other hand slipped back somewhat (0.9%) to stand at FIM 7.7 million.

Newsstand sales grew most strongly in large-scale current consumer goods outlets such as large supermarkets and hypermarkets, a trend that was also furthered by the structural changes taking place in the retail trade.

Over the year, Lehtipiste invested strongly in enhancing displays at supermarket check-outs, in expanding and improving the visibility of primary newspaper display racks, and in active sales promotion campaigns to increase sales of domestic magazines and periodicals.

Net sales for the profit-centre stood at FIM 753.4 million, up by 1.5% from 1995.

The Press Distribution Division employed an average of 204 persons during the year, and the division was headed by Markus Miettinen.



## SUOMALAINEN KIRJAKAUPPA OY



Suomalainen Kirjakauppa is Finland's largest nationwide bookstore chain. The unit's aim is to be a speciality bookstore chain combining a wide assortment and a high degree of professional skill.

Retail sales via the Suomalainen Kirjakauppa outlets grew more rapidly than in the bookstore trade as a whole. The growth in sales was fuelled in particular by successful marketing campaigns towards the end of the year and by brisk Christmas business. Growth was recorded in all product

categories, but the most favourable results were achieved in sales of textbooks and CD-ROM products. CD-ROM sales increased threefold on the figures for 1995.

In the course of the year Suomalainen Kirjakauppa acquired new outlets and at the end of 1996 the chain comprised 48 stores. The autumn saw the introduction of plans to establish a specialized multimedia store in the Finnish capital. This materialized in January 1997, when Finland's first

multimedia store – named Dose – opened in downtown Helsinki.

The company recorded aggregate net sales (including retail and direct sales) of FIM 451.3 million, a growth of 7.1% from the figure for 1995.

Suomalainen Kirjakauppa Oy employed an average of 492 persons during the financial year, an increase of 26 on the previous year. The unit was headed by Raimo Kurri as Managing Director.

**dose**<sup>®</sup>  
multimediakauppa



## TUKKUTIIMI OY

Tukkutiimi is engaged in retail trade in gift items, stationery, and fancy goods through the nationwide chain of Tiimari stores.

Within Tukkutiimi the year under review was to a great extent spent in the exploitation of work carried out earlier on the marketing and chain operations fronts. The most significant decisions to be made were in the re-directing of the Tiimari product range back towards the traditional basic assortment, which had become somewhat blurred in the recessionary years of the early 1990s. The new Tiimari product assortment shifts the emphasis once more in the direction of pleasure items and fancy articles, and this work will continue into the year now in progress.

The Tiimari chain was developed through the acquisition of better locations and premises for stores, and by establishing new outlets. At the end of 1996 there were 133 Tiimari outlets, five more than in the previous year. Of these, 55 were wholly-owned and 78 in the hands of franchised shopkeepers.

Tukkutiimi Oy recorded net sales of FIM 290.3 million, an increase of 7.8% on the 1995 figure.

During the year, the company employed an average of 454 persons (1995: 397) under Managing Director Kiia Enqvist.



## TUKKUTIIMI AB

Tukkutiimi Ab carries on Tiimari trade via a chain of stores in Sweden.

Following several years spent in building up the basic elements of the Tiimari formula, Tukkutiimi Ab launched operations in 1996 on a fully-fledged chain store basis. At the same time it was possible to increase further the number of outlets to 14 (1995: 12), in line with a 1995 decision to build a nationwide network of Tiimari stores in Sweden, just as in Finland. The company also embarked on a search for new potential locations in municipalities with over 30,000 inhabitants.

In the course of the year the logistical operating model of the company was altered through the winding-up of warehousing operations in Sweden, such that deliveries are now made directly from the Tukkutiimi Oy dispatching centre and warehouse in Lahti.

Net sales totalled FIM 38.0 million after currency conversions, recording growth on the year of 30.0% in Finnish markka.

Tukkutiimi Ab employed an average of 91 persons during the year, up by 13 from the 1995 figure. The company was led by Managing Director Jarkko Kaalikoski.

## EUROSTRADA OY

EuroStrada Oy is engaged in café-, restaurant-, and service station operations, with a total of 8 outlets located primarily on busy road sections or by major highways and operated jointly with different oil companies.

While motor fuel sales across the country were down by around 3% from the 1995 level, EuroStrada recorded a modest 0.7% growth in sales. EuroStrada restaurant sales moved ahead strongly, recording an increase of 16%.

EuroStrada's net sales stood at FIM 123.9 million, an increase of 12% on 1995 figures.

The company employed an average of 255 persons during the year, 26 more than in the previous period. EuroStrada was headed by Managing Director Seppo Soini.

The company's aim is to seek growth over the next few years in urban areas as well as alongside highways. At the beginning of 1997 EuroStrada

Euro  Strada



acquired from Sentra Oy 10 Pizza Hut restaurants, which passed into EuroStrada's hands from 1.2.1997. At the same time EuroStrada entered into cooperation with the American company PepsiCo Restaurants International on the rapid expansion of Pizza Hut operations in Finland, with several new units to be added each year. The ten Pizza Hut restaurants involved in the deal with Sentra Oy have an aggregate annual turnover of around FIM 50 million, and employ some 200 persons.



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## FINNKINO OY



FINN  
KINO

Finnkino is engaged in cinema operations in its own movie theatres and film distribution through its own and other theatres and to TV-stations. In addition, the company imports films and other programme products for resale to video retailers and video rentals outlets. At the end of 1996 Finnkino had 30 cinemas in 9 cities, with a total of 81 screens. In the course of the year the company sold off its 17 Kotikatsomo video rental outlets, thereby withdrawing from direct video rentals operations to consumers.

Alongside its operations in the domestic market, Finnkino has a majority holding in Baltic Cinema AS, which owns two cinemas in Latvia. The company also engages in film distribution operations within its own market area. Finnkino has a further Finnish subsidiary, Interpret Oy, which oversees subtitling of foreign films for screening in Finland.

Aggregate cinema attendances in Finland totalled roughly 5.5 million, recording a modest growth of 3.0% on the 1995 figure. Finnkino cinemas saw attendances increasing by the same amount.

The market for rental videos grew by some 7.5%, while video sales increased during 1996 by 15.7%. Finnkino's market share of video sales declined when the company's distribution agreement with Disney came to an end in August. On the video rentals front, Finnkino's market share increased slightly.

In the course of 1996 Finnkino took a close look at its main priorities, resolving in future to concentrate increasingly on cinema operations. With this in mind, Finnkino launched plans together with the City of Helsinki for the creation of a 15-screen cinema complex in the very heart of Helsinki. Similar plans for multi-screen "studio" cinema complexes have also been set in motion in three other locations.

Finnkino posted net sales for the year of FIM 240.2 million, a reduction of 8.8% on the 1995 figures.

An average of 524 persons were employed during the year (1995: 519). From the beginning of July 1996 the company has been led by Managing Director Timo Mänty.



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