HARTWALL

ANNUAL REPORT

1999

Hartwall's financial bulletins year 2000

Oyj Hartwall Abp will continue to report year 2000 tertially. The annual accounts were announced on 10 February 2000. The Annual Report will be published in week 12 and the Annual General Meeting will be held on 29 March 2000 in Helsinki. Two interim reports will be published: the January–April Interim Report will come out on 30 May 2000 and the January–August Interim Report on 28 September 2000.

Contents

Annual General Meeting

The Annual General Meeting, held in accordance with the Articles of Association, will convene on 29 March 2000 at the Hartwall Areena in Helsinki, starting at 17:00. At the venue, the names of those who registered for the Annual General Meeting will be recorded starting at 16:00, and ballots will be distributed.

The actual Notice of Annual General Meeting will be published as an advertisement in the Helsingin Sanomat and Hufvudstadsbladet newspapers. In addition, Hartwall Plc will send a written invitation to each shareholder who is registered in the Shareholder Register. The invitations will be sent to the addresses provided by the shareholders.

Shareholders who have been registered by 24 March 2000 at the latest in the company's Shareholder Register, which is kept by Finnish Central Securities Depository Ltd, have the right to attend the Annual General Meeting. Shareholders who wish to attend the Annual General Meeting must inform the company of their intention to do so in advance in the manner indicated in the Notice of Annual General Meeting and by the deadline specified therein.

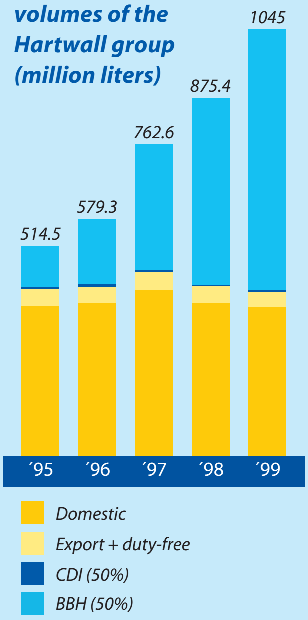
The matters indicated in Article 11 of the Articles of Association will be dealt with at the Annual General Meeting, along with the other matters specified in the Notice of Annual General Meeting.

The documents pertaining to the annual accounts and the proposals of the Board of Directors will be made available for inspection by shareholders at the company's main office one week before the Annual General Meeting. Copies will be sent to shareholders upon request.

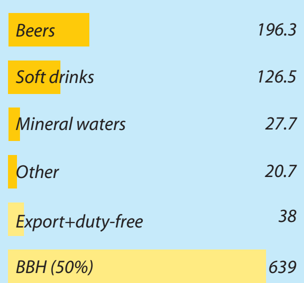
The Board of Directors proposes that the dividend to be paid for 1999 be EUR 0.1682 (FIM 1.00) on the Series A Share and EUR 0.1648 (FIM 0.98) on the Series K Share. The dividend will be paid to shareholders who are registered, on the record date of 3 April 2000, in the Shareholder Register kept by Finnish Central Securities Depository Ltd. The dividend payout date is 10 April 2000.

Summary of operations in 1999

Aggregate sales volumes of the Hartwall group (million liters)



Breakdown of the Hartwall Group's sales volumes 1999 (million liters)



* The first four columns represent Hartwall's domestic sales, totalling 371.2 million liters.

Key Figures 1998-1999

MEUR	1999	1998	Change
Net sales	**467.0**	486.7	-4.0%
Operating profit	**76.6**	94.3	-18.8%
% of net sales	**16.4**	19.4	-3.0% -pts.
Profit before extraordinary items	**73.1**	80.7	-9.4%
% of net sales	**15.7**	16.6	-0.9% -pts.
Earnings/share, EUR	**0.76**	0.72	+5.6%
Total assets	**614.4**	486.6	+26.3%
Return on investment, %	**19.7**	29.2	-32.5%
Return on equity, %	**21.4**	24.4	-12.3%
Capital expenditures	**125.2**	102.8	+21.8%
Personnel, average (incl. BBH 100 %)	**7 919**	5 608	+41.2%
Aggregate sales volume, million litres	**1 045.0**	875.4	+19.4%

Operations

- The Hartwall Group's aggregate sales rose by 19.4% from 875.4 million litres to 1,045.0 million litres.
- The company's aggregate domestic sales volume was 371.2 million litres (380.4 million litres).
- Co-operation with PepsiCo Inc. in the cola and lemon-lime segment, which got under way at the beginning of the year, outperformed expectations.
- Market growth was strong in BBH's entire area of operations.
- The growth in BBH's volume continued buoyantly, up 40% to 1,278 million litres (913 million litres).
- The number of BBH breweries rose to 12.
- The nominal value of Hartwall's shares was discontinued and the share capital was redenominated to euros.
- The highest share price was EUR 15.95 and the lowest EUR 10.00.

The Hartwall Group in brief

- Established in 1836.
- Finland's leading manufacturer of brewery and soft drink products.
- The associated company Baltic Beverages Holding AB (BBH) was set up in 1991. BBH is jointly owned by Hartwall and Pripps Ringnes.
- Hartwall was listed on the Helsinki Exchanges on 1 July 1994.
- Three factories in Finland (Helsinki, Lahti, Tornio) and one spring water bottling plant (Karijoki).
- BBH has four breweries in the Baltic countries, six in Russia and two in Ukraine.
- BBH is the market leader in the Baltic countries and Russia. In the Ukraine, BBH holds a 15% market share.
- Hartwall exports Lapin Kulta beer to Scandinavia, Europe, the Baltic countries, Russia and elsewhere.


LAPIN KULTA
HARTWALL
1836
Classic
LEGENDA
LEGENDA
LAPIN KULTA
1873
LAPIN KULTA
SPECIAL
KARJALA

Stock Exchange Bulletins

Harwall maintains its position as Finland's leading supplier of beverages

(21 January 1999) Oyj Hartwall Abp maintained its position as the market leader in 1998. The company's total market share was 50.6 per cent (beers, soft drinks, mineral water). The volume declined 8.2 per cent on the previous year's figure, mainly due to the sale of the company's Coca-Cola Cold Drink business to Coca-Cola Juomat. Hartwall's share of the soft drinks market was 53%. In the mineral waters segment, Hartwall consolidated its position as the market leader, growing to 49.4 per cent. In the beer segment, Hartwall did not reach its goals but maintained its position as Finland's leading brewer with its 49.2 per cent market share. Hartwall had a 16% market share in the cider market, which is still growing buoyantly. In the long drink market Hartwall had a market share of 60 per cent, maintaining its position as the market leader.

BBH expands with acquisition of fifth brewery in Russia

(29 January 1999) Baltic Beverages Holding (BBH) acquired today a 20% share in the Chelyabinsk Pivo Brewery situated in Chelyabinsk, a city in the Urals. At the same time, a directed share issue was agreed that would increase BBH's ownership to 75%. Chelyabinsk Pivo is the leading brewery in the area.

Hartwall reached a good result despite of weakening rubel

(12 February 1999) Hartwall's net sales in 1998 rose to FIM 2,893.5 million (+9.3%). Operating profit remained on the same level as the previous year, FIM 560.8 million (567.6 million). The result before extraordinary items was FIM 479.7 million (FIM 562.1 million). The profit for the year was FIM 271.7 million (FIM 313.3 million). Earnings per share was FIM 4.30 (FIM 5.33). The Board of Directors proposes that a dividend of FIM 0.90 (FIM 0.80) be paid on the Series A and a dividends of FIM 0.88 (FIM 0.78) on the Series K.

Hartwall enters spring water market

(19 February 1999) Oyj Hartwall Abp has on this day acquired, in their entirety, the business operations of southern Ostrobothnia-based Polar Water Oy from the bankruptcy estates of Polar Water Oy and SER Water Invest Ltd. Polar Water Oy bottles Aqua Fennica spring water from the Fennica natural source located in Karijoki. Natural spring water supplements Hartwall's range of waters and strengthens the Group's market position.

The decisions at Oyj Hartwall Abp's Annual General Meeting

(27 April 1999) Oyj Hartwall Abp's Annual General Meeting of 27 April 1999 adopted the company's financial statements for 1998, and the members of the Board of Directors and the managing director were discharged from liability. It was decided that for 1998 a dividend of FIM 0.90 be paid on the Series A share and a dividend of FIM 0.88 on the Series K share. The Annual General Meeting decided to redenominate Oyj Hartwall Abp's share capital to euros and discontinue the par value of shares. At the same time, the Meeting approved the proposal of the Board of Directors to raise the share capital by means of a bonus issue without changing the number of shares.

Oyj Hartwall Abp's Interim Report January-April 1999

(4 June 1999) The Hartwall Group's net sales in the period from January to April declined by 16.1 per cent compared with the corresponding period of the previous year, and amounted to EUR 122.0 million. Devaluation of currencies lead to lower earnings. The operating profit in the January to April period was EUR 10.8 million (EUR 25.2 million) and profit before extra-ordinary items and taxes EUR 9.8 million (EUR 24.2 million).

BBH increases ownership in Kolos brewery

(15 June 1999) Baltic Beverages Holding (BBH) has by buying 18,000 more shares in the Ukrainian Kolos brewery increased its ownership from 41.56% to 50.35%. At the same time BBH has undertaken to further increase its ownership up to 92.3% during the coming months by redeeming shares from the other owners. This acquisition helps BBH to strengthen its market position in Ukraine.

Hartwall and Pripps Ringnes to strengthen BBH co-operation

(24 June 1999) Oyj Hartwall Abp and Pripps Ringnes AB have revised their shareholders' agreement regarding Baltic Beverages Holding AB, a company owned by the parties on a 50/50 basis. The agreement is in effect on a fixed-term basis until 31 December 2050 with subsequent five year extension and a notice period of two years. With this agreement the parties wish to strengthen their intent to co-operate over the long-term with the aim of developing the company. BBH owns breweries in Russia, Ukraine and the Baltic countries.

Hartwall to team up with IT service provider ICL

(30 June 1999) Oyj Hartwall Abp has signed an agreement transferring the provision of Hartwall's IT services to ICL. According to the agreement, ICL will be responsible for providing all the IT services required by Hartwall. The agreement will come into effect in December 1999 and is valid for three years, after which it will be extended one year at a time.

Hartwa-Trade to be UDV's new partner in Finland

(23 August 1999) Hartwa-Trade, a company owned by Oyj Hartwall Abp which imports, distributes, markets and sells alcoholic beverages has signed an agreement to be United Distillers and Vintners (UDV) new partner in Finland. UDV is part of Diageo, the world's largest company in the alcohol business, and its range of brands includes well-known alcoholic drinks. All in all, more than 20 of UDV's leading alcohol brands will be included in Hartwa-Trade's product range. The agreement will become effective immediately.

Subscribing Oyj Hartwall Abp's shares on the basis of an issue of bonds with warrants floated in 1994

(9 September 1999) Today, 125,000 new Series A shares in Oyj Hartwall Abp have been subscribed on the basis of an issue of bonds with warrants that was floated by the company in 1994. The company has accepted payment for all the subscribed shares. The accounting countervalue of each subscribed share is 0.20 euros and the share capital will be raised by 25,000

euros as a result of the subscription. The company will take steps to register the increase in share capital and to have the additional lot of 125,000 Series A shares corresponding to the increase accepted for public trading during September 1999.

Increase in the share capital of Oyj Hartwall Abp on the basis of the issue bonds with warrants floated in 1994

(20 September 1999) The EUR 25,000 increase in share capital based on Oyj Hartwall Abp's 1994 issue of bonds with warrants has today been entered in the Trade Register. The additional lot of 125,000 Series A shares corresponding to the value of the increase in the share capital and having a countervalue of EUR 0.20 will be made available for trading on HEX Helsinki Exchanges on 21 September 1999. The shares were subscribed for on 9 September 1999 at a subscription price of EUR 2.76. Following the increase, the share capital of Oyj Hartwall Abp amounts to EUR 12,110,000, being divided into 60,550,000 shares having a countervalue of EUR 0.20.

Oyj Hartwall Abp's Interim Report January-August 1999

(1 October 1999) Net sales in the January-August period declined to EUR 316.6 million (EUR 355.8 million) because of the collapse in the value of the Russian rouble and the Ukranian hrivna. From the beginning of the year operating profit totalled EUR 58.8 million (EUR 77.3 million). The profit before extraordinary items and taxes was EUR 56.7 million (EUR 66.4 million).

Hartwall plans to centralise its Southern Finland production and warehousing functions in Lahti

(4 October 1999) Oyj Hartwall Abp has initiated a planning process to ensure the company's operational prerequisites and competitiveness in the future. According to Hartwall's plan, the company's southern Finland production and warehousing functions will be centralised within Hartwall' s Logistics Centre in Lahti. The total value of the capital expenditure is estimated to be about FIM 500 million. The project is to be carried out during 2000-2003. The operational savings obtainable by centralising functions at Hartwall Lahti are estimated to be about FIM 80 million a year.

Rectification of information given in Interim Report 1-8/99

(8 October 1999) Oyj Hartwall Abp hereby rectifies an error which occurred in the Interim Report published on 1 October 1999, in which the number of BBH's full-time personnel at the end of August 1999 and 1998 was stated incorrectly in the table. The Hartwall Group employed an average of 5,042 people (3,868). The figure includes 50% of BBH's personnel. Hartwall's share of this figure, excluding BHH, was 1,406 people (1,399). BBH employed (100%) an average of 7,271 people (4,938).

BBH to be a majority shareholder in a Siberian brewery

(15 October 1999) Baltic Beverages Holding (BBH) has signed a letter of intent concerning the acquisition of a majority holding in the Pikra brewery, which is located in Krasnoyarsk. After a directed share issue, BBH will own 50.1 per cent of the shares. The rest of the shares in the brewery are owned by local shareholders. The anti-monopoly authorities are expected to grant permission for the planned acquisition by the middle of December.

BBH to partner up with Pepsi in the Baltic countries

(20 October 1999) Baltic Beverages Holding (BBH) has reached a preliminary agreement with PepsiCo Inc. to manufacture and sell soft drink brands in the Baltic countries. Simultaneously, an agreement in principle has been reached to transfer operations from the the current bottler of PepsiCo products to BBH from the beginning of next year.

BBH'S holding in Utenos Alus is now 95%

(21 October 1999) Baltic Beverages Holding AB (BBH) previously owned 50% of the Utenos Alus brewery in Lithuania. BBH has been granted permission to increase its holding by the competition authorities, and it has now acquired 95% of the brewery's shares. In addition, BBH has committed itself to redeeming the rest of the brewery's shares.

Hartwall's financial bulletins year 2000

(4 November 1999) Oyj Hartwall Abp will continue to report year 2000 tertially. The annual accounts will be announced on 10 February 2000. The Annual Report will be published in week 12 and the Annual General Meeting will be held on 29 March 2000 in Helsinki. Two interim reports will be published: the January–April Interim Report will come out on 30 May 2000 and the January–August Interim Report on 28 September 2000.

BBH makes investments and boosts operational efficiency in Russia

(5 November 1999) Baltic Beverages Holding (BBH) is consolidating its operations in Russia by reorganising its ownership stake in the Tulskoye Pivo brewery, which is located close to Moscow. The brewery's capacity will be increased to 250 million litres. The reorganisation was financed through a USD 20 million share issue directed at the Baltika brewery, which is a subsidiary of BBH. After the share issue, the Baltika brewery has a 50.01% holding in Tulskoye Pivo, whereas BBH's direct shareholding is 34.29%.

General Meeting to ratify BBH's ownership in Siberian brewery

(15 December 1999) The shareholder's general meeting at the Pikra brewery located in Krasnoyarsk in Siberia ratified today a directed share issue to Baltic Beverages Holding (BBH), the associated company owned by Oyj Hartwall Abp and the Swedish-Norwegian company Pripps Ringnes. Now, BBH owns 50.0 per cent of the shares. The rest of the shares in the brewery are owned by local shareholders. The anti-monopoly authorities have not yet granted permission for the acquisition.

Hartwall sells its Kaarina property

(28 December 1999) Oyj Hartwall Abp has sold its Kaarina factory and warehouse property, including the land, to Varma-Sampo Mutual Pension Insurance Company and YIT Corporation. The selling price is FIM 52.5 million.

A challenging year with success stories

The Group's sales volume grew by almost 20 per cent and the company's financial result was good. Our aim is to be the best beer and soft drinks company in Finland and, through our associated company BBH, the leading brewing company in the Baltic countries, Russia and Ukraine.

The Group outperformed our expectations in 1999. At the beginning of the year, the dramatic weakening of the external value of the Russian rouble was fresh in our memories and the company's earnings outlook was cautious. Our competitive situation in Finland was changing following the structural reorganisation of our industry in the Nordic countries. As the year progressed, our outlook for the future became more positive, and today we can state that the year turned out to be much more positive than had been forecast. The Hartwall Group's sales volume grew by 20% and the company's financial result was good.

Per capita consumption of beer in the area of operations of our associated company Baltic Beverages Holding (BBH) increased buoyantly and the company's production volume grew by as much as 40%. BBH's market position strengthened in Russia and the Baltic countries, and development was also positive in Ukraine. The considerable weakening of the Russian rouble and the Ukrainian hrivna during the report year meant that our euro-denominated net sales and operating profit fell somewhat short of 1998.

In Finland, a new two-front competitive situation emerged. In beers and ciders, our main competitor is Carlsberg/Sinebrychoff. In non-alcoholic products, we go head-to-head with Coca-Cola. We succeeded well in the new competitive situation for soft drinks and mineral waters. In beers we are concerned about the fact that the growth of aggregate consumption has come to a halt – a concern that is shared by the entire industry. In Finland, we slightly underperformed the targets we had set for net sales and earnings.

Hartwall's objective and key figures

Our objective is to be Finland's best beer and soft drinks company, and the leading brewery in the Baltic countries, Russia and Ukraine through our associated company BBH. In accordance with our business strategy, we concentrate on strengthening competitiveness and cost-effectiveness in Finland. We are seeking strong growth in international markets through BBH and growing exports of Lapin Kulta beer.

The Hartwall Group's operations are guided by the following long-term objectives. In Finland, we are to grow as fast as the industry in general. In BBH's territory, we seek fast growth. Our operating profit objective for the Group level is no less than 15% of net sales, breaking down as 10% of net sales in Finland and 20% in BBH's business area. Return on shareholders' equity and borrowed capital should be at least 15% and the equity ratio should be 50% at the Group level. Our gearing ratio must not exceed 60%.

Our company has also set qualitative objectives for itself and has thoroughly discussed not only its values but also its success factors. We lay the foundation for success by concentrating on our strong branded products and by offering the best possible price/quality ratio in our products. Our success factors are the high quality of our customer service, consumer-focused and innovative products and operating procedures, our firm grasp of distribution channels and an efficient cost structure in production and logistics alike. Our upgraded information systems and enterprise resource management system set the stage for efficient and high-performance business.

Soft drinks in Finland see the greatest growth

With its market share of 44.7%, Hartwall is Finland's leading brewing and soft drinks company. We focus on consolidating our strong range of brands. In the autumn we launched the well-received Legenda beer to stand beside our main brands, the Lapin Kulta and Karjala beers. Our goal is for Hartwall to have brewed every other liter of beer consumed in Finland.

The changeover to PepsiCo as our soft drinks partner succeeded well in excess of our targets. Hartwall's own soft drinks also fared very successfully, with Hartwall Jaffa leading the pack. The goal we have set for ourselves is to be the largest soft drinks company in Finland.

In the rapidly-growing cider market, our co-operation with the international cider brand did not meet the targets we set for it, and thus we launched our own cider, Hartwall Upcider, at the turn of the year. Our objective is to claim a third of the Finnish cider market for Upcider even before its first year is through.

During the year now ended, our company has not only carried out a business function development programme, but has also made intellectual and monetary outlays on the development of IT systems and the implementation of a new enterprise resource management system. To ensure our competitiveness and market position in Finland, we continued to boost the efficiency of our production and distribution structure.

1999 saw Hartwa-Trade, which imports and markets wines and strong alcoholic drinks, in the stage of starting up its operations; we can expect its operations to start generating results in 2000.

Baltic Beverages Holding

During the report year, the total number of BBH breweries grew to twelve. Today, the farthest flung BBH brewery can be found in Krasnoyarsk, Siberia, over 5,000 kilometres east of Helsinki. BBH's aggregate sales volume in the growing beer market of its business area is 1,278 million liters, or three times the amount of beer consumed in Finland each year.

BBH has successfully increased its market shares in spite of tighter national and international competition. The modernisation of production at newly-acquired breweries has been started up and production capacity and productivity have been stepped up considerably at existing breweries. The active product development of the breweries has resulted in new product and packaging solutions, and investments geared towards consolidating its strong brands continued. Distribution systems were set up in BBH's area of operations.

The reform of the excise tax of beer is not making headway

The reduction of the excise tax of beer demanded by the brewing industry and alcohol-selling businesses in Finland has still not been carried out. By dawdling, the government is in fact losing, on average, half a billion in tax revenues each year because the dynamic effects of a tax cut would lead to an increase in other tax revenues and a reduction in unemployment expenses, thereby more than compensating for the lower influx of alcohol tax revenues into the State's coffers. Even now, the losses of alcohol tax revenues due to tourism to foreign destinations amount to about two billion when accounting not only for the alcohol brought into the country by travellers on their return but also for alcohol consumption abroad and large-scale smuggling. The excise tax is now an even more current issue, as the EU Commission must submit to the European Parliament and the Council of Ministers its proposal on the gradual relaxation of current limits on imports by tourists by 30 June 2000 at the latest.

Recycled bottles are environmentally friendly

Recently, the brewing and soft drinks industry has come under public criticism for its returnable packaging system. All studies bear witness to the current returnable bottle system's benefits to the environment. Studies likewise indicate that consumers' attitudes are in favour of refillable bottles and the payment of a deposit. The recycled bottle system is logistically efficient thanks to the use of uniform packaging. The changeover to plastic bottles has clearly increased sales of soft drinks and mineral waters, which has benefited all economic operators who have something to do with the field.

Outlook for the future

The Hartwall Group's business environment in Finland and in BBH's area of operations is increasingly marked by tightening international competition, where the ranks of suppliers are thinning out, leaving only the players with the largest resources to go head-to-head. The Hartwall Group is seeking rapid growth, and BBH's territory is where we can find it.

In beers, our goal is to consolidate our market leadership in Russia and the Baltic countries and to achieve rapid growth in Ukraine in order to strengthen our market position. In the Baltic countries, where we already deal in beers and mineral waters, we will introduce soft drinks to achieve a critical mass. BBH's investment level will remain high to increase capacity, and we do not discount acquisitions as an option.

In Finland, we believe that there will be growth in the consumption of soft drinks, mineral waters and ciders in particular. We will build Hartwa-Trade into a significant player in the alcoholic products trade.

As competition keeps on heating up, one of the key areas in our operations is an up-to-date production and logistics structure that provides cost-efficiency and flexibility. In order to ensure the company's future success, we have decided to build a new production plant and logistics centre in Lahti. The upshot of the decision is that our company's production and storage functions in southern Finland will be centralised at Hartwall's logistics centre in Lahti by the end of 2003. By centralising functions, we can achieve greater flexibility in production and better cost-efficiency, and be able to offer a more diverse range of products and packagings to customers.

One of the most important tasks of our company's management is to safeguard the Group's financial mobility in order to ensure the rapid growth of BBH and to centralise the production and logistics structure in Finland. The Hartwall Group aims to achieve brisk growth in net sales and sales volume in 2000, and a good financial result.

I would like to thank our shareholders, partners, and all Hartwall and BBH employees for 1999. Your efforts on the job and your commitment to our Group have been of crucial importance in allowing us to reach our goals. I wish you luck and success as we set out to make the Hartwall Group even stronger.

Jussi Länsiö
Managing Director

Hartwall's vision and mission

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, Ukraine and other selected market areas in Eastern Europe, through our associated company Baltic Beverages Holding. Our operations aim to produce financial value added for our stakeholders and to increase the value of our company.

Strategy

Domestic:	**International:**
competitiveness, innovations	**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 values

Consumer orientation

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

Customer focus

We develop ways of working and forms of co-operation that increase our customers' own sales.

Good profitability

Ensuring profitability is the responsibility of each and every Hartwall employee and it underpins all our business operations. It is the task of our sales and marketing to realise the yield 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. Each Hartwall employee has a job description that is tailored to the individual or group. Achievement of the goals is evaluated in regular feedback and development discussions.

Responsibility

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.

BBH's operational concept

Our objective

Baltic Beverages Holding (BBH) seeks to be the leading brewery in its business territories in Russia, the Baltic countries and Ukraine. BBH's operations aim to produce financial value added for its stakeholders with high-quality products and operating methods as well as by engaging in financially profitable business operations.

Strategy

BBH's strategy is based on acquiring breweries on the growing markets of Russia, the Baltic countries and Ukraine, investing technology and know-how in them, and strengthening their sales, marketing and distribution systems. BBH's beers are well-known market leaders at the national and regional level alike. Special attention is paid to the quality of the beer, which now meets Western standards.

BBH's objective is to acquire a majority stake in breweries, but to maintain the management of the breweries in the hands of responsible locals. The brewery employees are all natives of their country. The breweries operate quite independently in their own market areas and, after their initial capital expenditures have been made, they mainly handle their own financing needs from their cash flow. The bulk of the breweries' earnings go towards their further development. BBH strives to pay a reasonable dividend to its shareholders.

Consumers' tastes guide our development. We keep a step ahead of trends with innovative products and packaging as well as by ensuring high quality in our production, sales and distribution. The major new beer in Finland is Legenda, which was launched during early autumn.

Hartwall's cider sales grew by 70%, or over twice as much as the industry average. For this rapid success, we can thank the introduction of the market's first 0.5 litre plastic bottle and the new Hartwall Upcider product family, which was launched towards the end of the year. The next objective is to claim at least a third of the cider market.

Business developments home and abroad

Entire domestic industry

- An all-time sales record powered by non-alcoholic beverages and cider.
- Cola beverages held almost half of the aggregate soft drink market; the share of mineral waters is still growing.
- Finland rose to the ranks of the countries with the highest cider consumption.

Hartwall in Finland

- Hartwall was still the market leader in both alcoholic and non-alcoholic beverages.
- Lapin Kulta was the most popular beer for the tenth year in a row; Legenda was the most important new beer on the market.
- Co-operation with Pepsi got under way with a 20-year agreement and growth that exceeded expectations.
- The undisputed leader in mineral waters and long drinks.
- The company launched Hartwall Upcider.

Environmental matters

- Hartwall complies with the entire industry's mutual environmental policy.
- Environmental responsibility comprises part of the quality system.
- Technical solutions reduced the amount of goods transported and packaging wastes as well as the consumption of water and heat.

Exports and tax free sales

- International operations are burdened both by the collapse of the Russian rouble and the varying customs and import regulations in duty-free sales. Positive results in other markets could not compensate for these factors.
- Lapin Kulta is the reigning champion in exports. In Sweden, it is the most sold foreign beer and its breakthrough in Germany will help its sales take off in other European countries, too.
- Tax free sales continue on the Baltic Sea on routes where duty-free sales are still allowed.

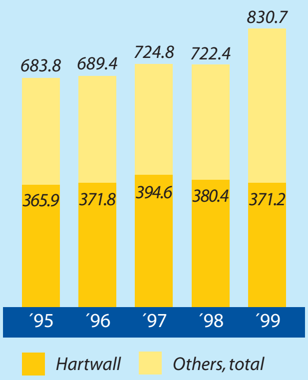
Baltic Beverages Holding (BBH)

- Volume continued to grow buoyantly (+40%).
- A new volume record: 1,278 million litres (913 million litres).
- The number of BBH breweries rose to 12.
- Market shares are on the rise.
- The consumption of beer grew strongly on BBH's markets.
- Net sales amounted to SEK 3,347 million.
- Operational result was SEK 888 million.

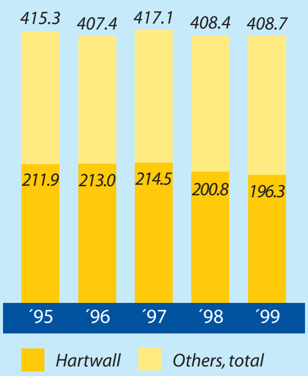
Non-alcoholic beverages spearhead an all-time sales record

The industry made an all-time sales record. Sales of non-alcoholic beverages grew faster than sales of alcoholic beverages. The consumption of soft drinks increased by leaps and bounds. The salient feature of the beer market was the popularity of multipackages, and the new returnable 0.5 litre plastic bottles achieved especial success in sales of soft drinks.

Aggregate sales volume in Finland 1995 - 1999 (million liters)



Trend in beer sales in Finland 1995 - 1999 (million liters)



The industry achieved record sales of 830.7 million liters (722.4 million liters), up 7.6%. Sales of non-alcoholic beverages, which still have the greatest potential for growth, grew by 16.0% while sales of alcoholic beverages were up 2.0%. Examined by product group, medium-strength ciders containing a maximum of 4.7% alcohol by volume fared the best, with sales increasing 31.5%. The fallout from the growth in cider sales is most evident in sales of medium-strength long drinks, which declined 15.5%. The aggregate consumption of beers remained at the previous year's level.

The share boasted by medium-strength beers, 43.9%, was by far the most significant slice of the field's aggregate volume. The second-largest product group, soft drinks, claimed 36.0% of the aggregate market and the third-ranking group, mineral waters, held 7.0%.

One-third of beers are sold in multipackages

The aggregate market of beer, 408.7 million, exceeded last year's level by a close margin (408.4 million litres). The actual aggregate consumption of beer was about 450 million litres, when accounting for the 40 million litres of beer that were not included in official statistics (source: Suomen Gallup Oy) – consumption that is the result of the country's beer tax, which is the highest in the EU countries. The share of consumption accounted for by imports of beer and home brewing, both of which fall outside the scope of statistics, was thus about 10%. According to the statistics, beer consumption was 79.1 litres per capita (79).

The event of the year in the beer business was the buoyant increase in the popularity of multipackages. Their share of beer sales in the daily consumer goods trade doubled to about 30%, which for its own part helped make this the most successful sales channel for the beer trade, up 2.2%.

Changes in the competitive situation stimulate the soft drinks market

There was a considerable increase, or 16.4%, in the volume of the soft drinks business. This was based on the changes in the company's international cola drinks partnership, the more active marketing that was employed after the change and the introduction of the new 0.5 litre returnable plastic bottle. The per capita consumption of soft drinks rose from 49.8 litres to 57.8 litres.

The largest flavour segment in soft drinks was cola drinks, which held a 45.5% share of the aggregate market of 298.8 million litres (256.8 million litres). The popularity of light beverages increased further, but sugar-containing beverages still dominated the market with their 77.6% share.

The share of sales accounted for by flavoured mineral waters is rising

Sales of mineral waters have increased since 1993, and this trend continued in the report year. The aggregate market rose to 58.2 million litres, up 14.2%. The increase in sales in this product group was based primarily on the popularity of flavoured mineral waters. In five years, their share of the market has more than tripled, and now accounted for a third of total mineral water sales. Finns consumed 11.3 litres (10) of mineral waters per capita.

The mineral waters product group did not receive much public attention, but was 30% larger than the aggregate market for ciders, for example.

Finland is one of the top countries in cider consumption

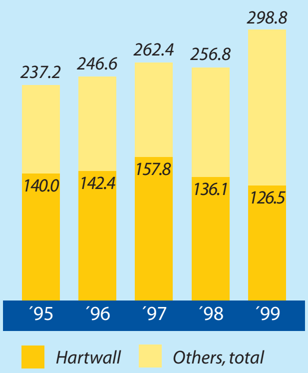
The strongest growth in the field was seen in ciders, up 31.5%. Aggregate sales of the product group were 45.8 million litres (34.8 million litres). If the imported ciders that are not accounted for in the statistics of the Finnish Food and Drink Industries' Federation are added to this figure, the aggregate market grows to about 54 million litres. Calculated from the latter figure for aggregate litres, cider consumption per capita was about 10 litres per capita, or at the same level as in Ireland, the country with the highest cider consumption. The most popular flavour was pear, which accounted for almost half of the aggregate market. The best sales trend in ciders, +40.4%, was achieved in the daily consumer goods trade, where the product group won over sales litres at the expense of long drinks in particular.

Strong long drinks enjoy greater stability

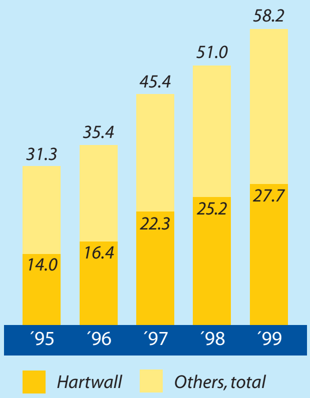
The aggregate market for long drinks was 19.2 million litres, down 10.2%. In spite of the fact that the consumption of this beverage group declined for the second year in a row, average consumption per capita was still almost double that of consumption in the mid-90s, for example, riding at 3.7 litres per head.

In the case of sales to restaurants and bars and Alko stores, sales of long drinks contracted markedly less than the demand for medium-strength long drinks sold through daily consumer goods stores.

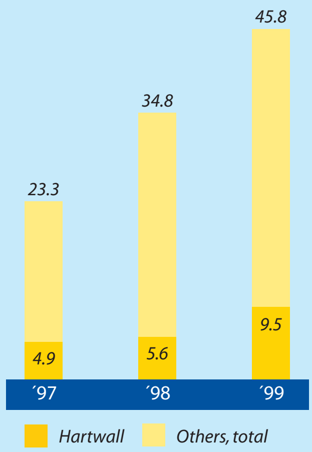
Trend in soft drink sales in Finland 1995 - 1999 (million litres)



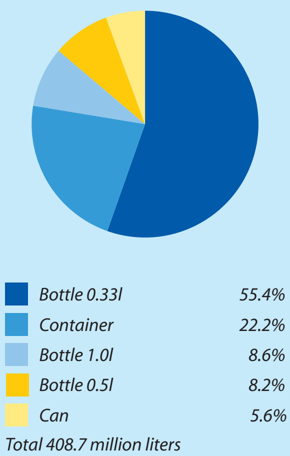
Trend in mineral water sales in Finland 1995 - 1999 (million liters)



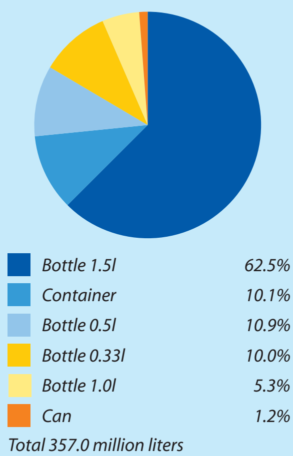
Trend in cider sales in Finland (million liters)



Beer sales in Finland by container type, 1999



Soft drinks and mineral water sales in Finland by container type, 1999



Source: The Finnish Federation of the Brewing and Soft Drinks Industry

Strong in Finland, too. Hartwall remains the leading player in the beer market with its 48.0% share. The number one brand of beer in Finland was Lapin Kulta, while Karjala ranked fourth.

A particularly brisk year in soft drinks

The new competitive situation in soft drinks was ushered in with large outlays. The availability of cold drinks was taken to a new level. The Pepsi product family began to take off, achieving the highest growth figures in its segment. Consumers also got into the spirit of Hartwall Jaffa's jubilee year. The major new products that were launched were Legenda beer and Hartwall Upcider.

The company retained its position as the largest company in the field with its 44.7% aggregate market share. Hartwall's domestic aggregate sales volume hit 371.2 million litres (380.4 million litres), including CDI's long drinks. The decline in sales volume that was expected due to the change of partners in soft drinks was smaller than anticipated. In spite of the change in the competitive situation, Hartwall was the market leader in both alcoholic (45.8% market share) and non-alcoholic beverages (43.2% market share).

Lapin Kulta celebrates a decade of success

Beers accounted for over half of domestic sales. Hartwall retained its position as market leader as beer sales amounted to 196.3 million litres (200.8 million litres), representing a market share of 48.0%. Although the carefully considered decision to focus marketing outlays on the main brands decreased the aggregate share by 1.2 percentage points, towards the end of the year this push raised the company's three most important brands into the category of the eight most sold brands.

Lapin Kulta celebrated a milestone in its success story. Lapin Kulta became Finland's best-selling beer in 1989 and has been number one for ten years in a row. Karjala claimed the fourth place. Legenda, which was launched in the autumn, is a full-bodied lager beer brewed at Hartwall's Lapin Kulta brewery. In addition, a strong Legenda beer was launched at the end of the year. With 8.3 per cent by volume of alcohol, strong Legenda claimed the title of the strongest domestic beer on the market. Established habits once again stamped the domestic beer market. Although at least 500 brands of beer competed for the favour of consumers, the top ten list of beers sold by daily convenience goods stores featured, at the annual level, the very same brands as last year and in the same order, with the sole exception of Legenda.
The ten most popular brands of beer still held over 96% of the market.

Starting up co-operation with Pepsi

Hartwall's first year of Pepsi product co-operation got under way in the soft drinks sector. To show that the partners are committed to their partnership and marketing in the long term, 20 years was selected as the length of the very first agreement. The Pepsi product family comprises Pepsi, Pepsi Max and 7UP.

Due to the change of principal in cola drinks, the company's year in soft drinks began at a lower sales volume level than in the comparison year. In spite of growth that exceeded its targets and was considerably faster than that of the market as a whole, Hartwall's sales of soft drinks, which amounted to 126.5 million litres, fell 7% short of the previous year (136.1 million litres).

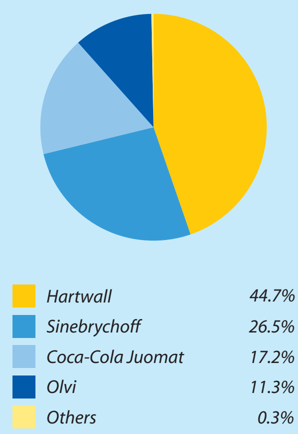
Strong outlays on cold drink services

All in all, the largest financial outlays were made on cold drink services. After having sold its holding in the company that had previously been responsible for postmix and vending functions, Hartwall began to build these functions from the ground up. During the first year of operations, the company installed a total of about 6,000 new units of cold drink equipment, including bottle coolers.

Pepsi enjoys the fastest growth in the market

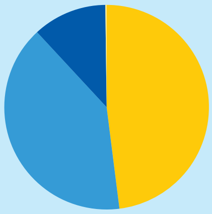
There were very good reasons for setting up comprehensive cold drink services, particularly the fact that the company's product range now features Pepsi products. Investments in the infrastructure of the distribution channels served as outlays on the product family's long-term visibility in the postmix and vending sectors, where Pepsi products were previously under-represented.

Total market positions in Finland in 1999



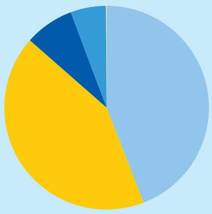
Domestic business

Beer market positions in Finland in 1999



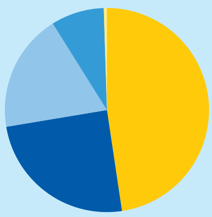
Hartwall	48.0%
Sinebrychoff	40.1%
Olvi	11.7%
Others	0.2%

Soft drink market positions in Finland in 1999



Coca-Cola Juomat	44.1%
Hartwall	42.4%
Olvi	7.8%
Sinebrychoff	5.6%
Others	0.1%

Mineral water market positions in Finland in 1999



Hartwall	47.6%
Olvi	24.7%
Coca-Cola Juomat	18.7%
Sinebrychoff	8.4%
Others	0.5%

The company's first year of co-operation with Pepsi and its product family was very successful. The target that was set was to achieve the fastest growth in the soft drinks market – and this target was exceeded by a good margin. While the aggregate market for cola beverages grew by 16.4%, Pepsi's cola drinks increased their sales by 50.0%. Last year, the Pepsi product family had a market share of 14.6%, whereas now it was 19.3%.

Hartwall Jaffa enjoys a successful jubilee year

As the aggregate market for soft drinks grew by 42 million litres, the Pepsi product family successfully claimed 48% of the growth in the entire field and the Hartwall product family took 25%. Success in the fast food sector was one of the reasons behind the large growth figures in both product families.

Moreover, the Hartwall product family outperformed the aggregate market. Sales of the entire product family increased by 18.2% and that of the Hartwall Jaffa family, which celebrated its 50th anniversary, shot up 32%. Hartwall Jaffa's share of the aggregate market for yellow orange drinks was 41.8%. The second-largest competing product only enjoyed half of the popularity of Hartwall Jaffa.

Towards the end of the year, the Hartwall Jaffa product family was rounded out by launching Hartwall BlackCurrant. At the very beginning of 2000, Hartwall launched the pear-flavoured Hartwall Päärynälimonadi and raspberry-flavoured Hartwall Vadelmalimonadi to join the apple-flavoured Hartwall Omenalimonadi, and introduced 7UP Light into the Pepsi product family.

The new half-litre plastic bottle finds success

To streamline the packaging policy of its soft drinks and mineral waters, the company unveiled a returnable and refillable half-litre plastic bottle and removed half-litre glass bottles and one-litre plastic bottles from its selection.

The new packaging alternative found favour among consumers during its first year and its share of Hartwall's sales of soft drinks and mineral waters was 10.5%. The major advantages of this bottle are its unbreakability, its closeable plastic screw cap and its lightness: the discontinued half-litre glass bottle weighed 387 grams when empty, while the plastic bottle weighs only 52 grams.

The indisputable market leader in mineral waters

Sales of mineral waters manufactured by Hartwall rose by 10.1% to 27.7 million litres (25.2 million litres). Hartwall's market share declined by 1.8 percentage points. The company retained its position as the undisputed market leader with its share of 47.6% in spite of the complete reshuffling of the market in this beverage group – as in soft drinks – when one new competitor joined the competition for market shares.

Towards the end of the year, the company's main brand was given a new look. Hartwall Vichy Novelle, the popular mineral water, was renamed Hartwall Novelle. In addition, the product family includes Hartwall Novelle Citronelle, Hartwall Novelle Grape and, as of the beginning of the new millennium, the apple-flavoured Hartwall Novelle Apple. The marketing concepts of the water products manufactured and marketed by Hartwall were clarified.

Water has become a trendy beverage

Water, the most natural of beverages, has become an enduringly trendy beverage in Finland, too. Finland's spring water market lacked a strong expert player in the beverage business. Hartwall expanded its business prospects by acquiring a natural spring in Karijoki and a plant that bottles the spring's water.

In the autumn, a bottled spring water named Hartwall Solina was launched. This is the only spring water on the market that is available in returnable and refillable bottles. The alternative sizes of the plastic bottles are 0.5 and 1.5 litres.

Hartwall Upcider is seeking further growth

In the cider business, Hartwall achieved a new volume record, 9.5 million litres (5.6 million litres), representing a whopping growth of 69.9%. Hartwall's success was partially based on the new 0.5 litre plastic bottle, which was first introduced by the company.

In spite of the fact that cider sales grew twice as fast as the average in the field, the company did not reach the position of market leader in this product group. In order to achieve this ambitious goal, the new Hartwall Upcider product family was launched at the turn of the millennium. The product family includes four flavours: dry apple, sweet apple, pear and light pear. All flavours come in both 0.33 litre glass and 0.5 litre plastic bottles. As part of its new cider strategy, Hartwall abandoned its co-operation with Bulmer's.

A solid market leader in long drinks

In step with the trend in the aggregate market for the product group, sales of the long drinks sold by Hartwall declined to 11.2 million litres (12,7 million litres). Hartwall's share of sales by the industry was 58.3%. In the sale of strong long drinks, which also fared relatively better in terms of aggregate demand, the company's share grew and was 70.0%.

For most of the year, three flavours were available in this beverage group: medium-strength Cool Grape Long Drink and Cool Orange Long Drink and the strong Original Gin Long Drink.

Hartwa-Trade's first year of operations

Oy Hartwa-Trade Ab's first year under a new business concept was characterised by solutions related to the starting up of operations, such as the development of its product range, the building and training of its organisation as well as the launching of storage and distribution systems. The company is fully-owned by Hartwall and focuses on importing, distributing, marketing and selling alcoholic beverages.

The company offers the restaurant and bar sector in Finland the opportunity to receive all their major beverages with one order and as one delivery. The company relies on Hartwall's functions in its order and distribution routines. Together with the parent company, the company has set up a logistics system that allows customers to get the bulk of their total beverages from one supplier.

At the end of the year, Hartwa-Trade had a total of 16 principals and its catalogue included over 200 products. In the future, the company intends to round out its portfolio, especially with new wines, so that the number of product items will total about 300.

The Alko chain of stores, which represents over 80% of the total volume, is the company's other major distribution channel. Alko's product range lists about 80 products imported by Hartwa-Trade.

The most important co-operation agreement of the year was made with United Distillers and Vintners (UDV), which is part of Diageo, the world's largest company in the alcohol business. UDV's range includes products such as Smirnoff Vodka, Johnnie Walker and Bell's whiskeys, Gordon's Gin and Bailey's and Malibu liqueurs.

In 2000, Hartwa-Trade aims to double its total sales and establish itself as one of the largest companies in its field.

The shares of daily convenience goods store in all Finland (vol.).

Finnish Beers Top Ten 1999

Lapin Kulta	32.2
Karhu	22.2
Koff 3	13.5
Karjala	9.8
Olvi Special	7.6
Olvi CXX	3.9
Olvi Sandels	2.2
Legenda	2.1
Hartwall Classic	1.5
Koff Light Beer	1.0

Legenda has been available only since Week 37. The Koff 3 brand also comprises the Koff Jouluolut Christmas beer. Hartwall's and Olvi's Christmas beers are sold under their own brands.

Finnish Soft Drinks Top Ten 1999

Coca-Cola	21.8
Pepsi	16.6
Hartwall Jaffa	13.6
Sprite	7.6
Fanta	5.2
Frisco	4.2
Seven Up	4.0
Olvi Classic Cola	3.6
Koff Jaffa	3.1
Olvi Jaffa	2.9

Frisco is a CC trademark.
Koff Frisco was a different product.

Finnish Mineral Waters Top Ten 1999

Olvi Kevytolo	20.8
Vichy Novelle	18.8
Aqua	17.8
Vichy Citronelle	10.7
Olvi vichy	9.9
Hartwall Vichy	5.4
Koff Special Vichy	4.6
Vichy Grape	4.3
Lahden Vichy	2.0
Hartwall Cassis	1.9

Source: A.C. Nielsen

Nature and environmental issues are a hot topic. The new Hartwall Solina is the only spring water on the market that is packaged in recyclable and refillable plastic bottles. The company also shifted over to the use of unbreakable and light plastic bottles in the packaging of mineral waters and soft drinks. They became immediately popular among consumers.

Green money comes back home

It is not mutually contradictory to respect environmental values while increasing the general efficiency of operations. Money invested in environmental considerations finds its way back into the investors' pockets. The principle of continuous improvement can also be applied to environmental considerations.

In its operations, Hartwall has committed itself to complying with the environmental policy jointly agreed upon by the entire industry. In addition, the company bases its operations on its published values, in which environmental responsibility forms part of the company's quality system.

The industry's environmental impacts mainly occur during the initial phase of the life cycle of products, such as in the production of raw materials as well as the energy consumption and emissions resulting from washing and transport. Because the environmental impacts of the production of raw materials and packaging are not within the industry's direct sphere of influence, the industry attempts to minimise these impacts by selecting partners in co-operation that respect environmental considerations.

Out with wasteful water consumption

The basic ingredient used in beverages is clean water. Only two decades ago, the volume of water used during beer manufacture at the Tornio and Lahti breweries, where Hartwall beer is now brewed, was almost double the amount used these days, compared with the volume of beer produced. Most of the water is used for washing. Currently, washing water and detergents are recycled through the process and the washing solution is neutralised before it is discharged into the municipal waste water treatment plant.

It has been possible to reduce the amount of thermal energy required in production by recovering heat during the cooling of the wort and then reusing it in the hot and warm water systems. Mash and yeast, two of the by-products of brewing, are fully used as fodder while the kieselguhr is mainly used as a soil conditioner. The carbon dioxide formed during fermentation is primarily used in the carbonation of soft drinks and mineral waters.

Cutting down on packaging materials

The joint objective of the entire industry is to minimise packaging wastes. This has been achieved by introducing returnable packaging for which a deposit must be paid. Of the entire brewing and soft drinks industry's products, these days only the soft drink syrup that is used in postmix equipment and delivered to dispensing locations is packaged in deposit-free packaging: as a result, 95.7 per cent of the entire industry's sales in Finland were supplied in return deposit packaging in 1999.

About 290 million bottles circulate in the industry's packaging system. If the industry were to change over to disposable packaging, over a billion bottles would become waste each year. This would create 220,000 tonnes of glass waste and over 20,000 tonnes of plastic waste annually. It would not be possible to find useful applications for such a large amount of waste.

Consumers support the current system

Ninety-three per cent of Finnish consumers want to buy their soft drinks in refillable bottles (source: Suomen Gallup Oy). Public opinion is also evident in practice, as the return rate of bottles is almost one hundred per cent. In addition, the return rate of deposit cans has already risen to 82 per cent.

Ordinary bottles and crates are returned to the breweries through about 20,000 points of sale. Of these, about 8,000 accept returns from consumers. There are about 5,600 return points for cans in Finland. The recovery of cans began in March 1996 and by now 250 million cans have been collected, or approximately 4 million kilos of aluminium.

Almost all of the packaging materials that are withdrawn from use by the industry can be recycled. Glass bottles, plastic corks and crates are all delivered for use in the manufacture of recycled raw materials. Withdrawn plastic bottles are delivered to the energy industry for use as support fuel.

Fewer kilometres on the road

The environmental impacts of transport are mainly caused by exhaust emissions. Hartwall has boosted the efficiency of its distribution system, leading to a reduction of 55 per cent in vehicles and 20 per cent in kilometres driven since 1990. These results are the outcome of the development of load and route planning systems.

In spite of the growth in the aggregate volume of the company's beverage sales, the company has managed to reduce the amount of product kilos transported each day by about 300 tonnes over the past ten years. In addition to the replacement of the transport fleet and the use of more environmentally friendly fuels, emissions have been reduced by employing railway transport more frequently. At present, about 40 per cent of the Tornio factory's product transport is now handled by rail.

Grants with a green theme

Because the Tornio brewery has been the pioneer of environmental issues at Hartwall, and its best-known product Lapin Kulta has always been associated with the pure environment of Finland, the company has bestowed special Lapin Kulta grants since 1998. These grants, handed out in association with the Union of Finnish Polytechnic Students, are meant to enable young polytechnic students to study abroad and to support on-the-job training. The recipients' studies or on-the-job training must relate to an environmental theme.

Lapin Kulta is the reigning champion in exports. It is the best-selling imported beer in Sweden and by far the most popular brand in Hartwall's duty-free sales. Sales are expected to surge further thanks to the use of long-neck bottles – which promote brand awareness – now that exports to the Netherlands, Belgium and Portugal are starting up.

New export markets open for Lapin Kulta beer

The collapse of the rouble burdened exports to Russia. Success in other markets did not compensate for this. Exports mainly go to Scandinavia, Russia and Estonia, while goal-directed brand building efforts are ongoing in the rest of Europe. Duty-free sales are still focused on the Baltic Sea.

Exports

Oyj Hartwall Abp's international operations mainly consist of the export of Lapin Kulta beer to Scandinavia and the chosen European markets as well as tax-free sales onboard passenger ships in the Baltic area.

Hartwall's exports in 1999 amounted to FIM 70.1 million, down FIM 7.7 million on the previous year. The main reason for the decline was the collapse of the rouble, which made it considerably more difficult to export Lapin Kulta beer to Russia. Although the trends have been positive in other markets, the liters lost in Russia could not be compensated for. The aggregate volume of exports in 1999 was 18.2 million liters (19.4 million litres).

In 1999, the objective was to consolidate the position of Lapin Kulta Premium Imported beer as the leading brand in each market area, and the company enjoyed good success in Sweden and Russia. The introduction of revamped packaging has supported these operations and the long-neck bottle has been particularly well received.

The main market areas for Lapin Kulta beer are Sweden, Russia and Estonia. Sweden is the number one country for Lapin Kulta exports, and the beer improved its market situation significantly, with the aggregate sales volume rising from 12.8 million to 13.8 million litres. Awareness of the Lapin Kulta brand has improved considerably and it is the best-selling foreign brand of beer in Sweden. Export volumes to Estonia have remained at the same level as last year. In Estonia, price competition has led a situation where there is no market for Premium beers.

The profile of Lapin Kulta beer has increased as expected in all the main market areas. On the other hand, price competition has increased in all markets. In Sweden, breweries have launched new cheap beers, in Russia price competition has become keener since the nosedive of the rouble and in Estonia in general competition has depressed prices to such an extent that a Premium beer segment no longer exists. With the aid of the new long-neck bottle, exports of Lapin Kulta have been started up to the Netherlands, Belgium and Portugal. Sales of Lapin Kulta in Germany, France and Switzerland have developed favourably, although sales volumes have still been small.

Goal-directed brand building is beginning to show results. These efforts have been successful in the Swedish and Russian markets. However, sales volume targets were not met due to the conditions in the target country. In spite of this, the company has been able to maintain the position of the Lapin Kulta brand on the major export markets.

In 2000, the objective in Sweden, the main market area, is to strengthen further the position of Lapin Kulta as the market's leading Premium Imported beer. In addition, a new long-neck multipackage will be launched to raise the profile of the product in the retail trade and other areas. Investments to increase brand awareness will be continued; the main media will be billboards and other forms of outdoor advertising, which have been found to be effective.

The Russian market will no doubt return to normal in the future and the objective is to establish it in the St. Petersburg region as well. In Estonia, the company will focus on improving distribution volume and quality, with Tallinn as the main market area.

Lapin Kulta has made its first breakthrough in Germany. The product is an excellent match for the new consumption habits of the Germans; the packaging is considered to be very fine and the revamped image employed in communications is both engaging and attractive to Germans. Although sales volumes are still low in Germany, expectations for the present year are riding high. In the rest of Europe, the company engages in long-term efforts to improve the position of Lapin Kulta on selected markets.

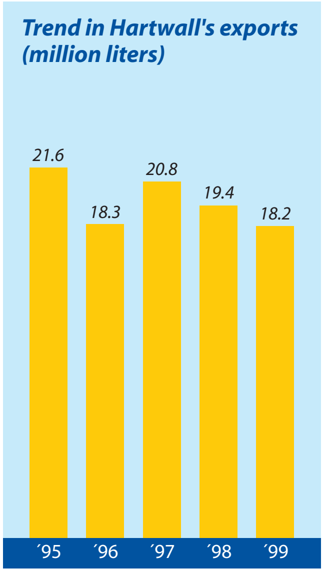
Duty-free sales

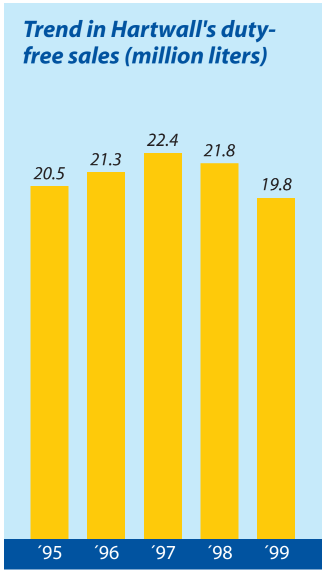
In 1999, duty-free sales amounted to FIM 74.4 million, declining from last year's value of FIM 80.4 million. The total sales volume in duty-free sales was 19.8 million litres, which is 2 million litres less than a year ago.

Duty-free sales include tax-free sales in stores as well as sales on aeroplanes and in the restaurants and bars of passenger ships. Lapin Kulta is by far the largest brand in Hartwall's duty-free sales with its 90% share. The other branded products are Karjala and Legenda beers, Hartwall Upcider and long drinks.

The decline in duty-free litres sold was mainly the result of the changing customs and import regulations affecting passenger ship traffic. Sales on board passenger ships accounted for 94% of Hartwall's duty-free sales in 1999.

The abolition of duty-free sales within the EU has only a minimal effect on Hartwall's own sales in this segment, as passenger ships use routes on which duty-free sales are allowed; e.g. sailing via Maarianhamina and Tallinn.





More growth in 1999

Baltic Beverages Holding AB (BBH) is owned on a 50-50 basis by Hartwall and the Swedish-Norwegian company Pripps Ringnes AB. Hartwall consolidates 50% of all the figures in BBH's Balance Sheet and Profit and Loss Account in its own Profit and Loss Account and Balance Sheet. Last year, the volume of BBH's beer production increased by 40%, establishing a new record: 1,278 million litres. BBH is the leader in the beer markets of Russia and the Baltic countries. In Ukraine, the company is competing for second place. BBH has rebounded quickly from the Russian economic crisis, and is claiming higher market shares in the rapidly growing beer market.

Baltic Beverages Holding AB was established in 1991. The company attends to Hartwall's and Pripps Ringnes' operations on the Eastern European market. BBH is owned on a 50-50 basis by Hartwall and the Swedish-Norwegian company Pripps-Ringnes AB.

BBH now has a total of 12 breweries and eight malt houses in Russia, Ukraine, Estonia, Latvia and Lithuania. The company is the market leader in the beer markets of Russia and the Baltic countries. In the Ukrainian market, BBH is competing for second place.

Hartwall consolidates 50% of all of BBH's Balance Sheet and Profit and Loss Account in its own Profit and Loss Account and Balance Sheet.

BBH is registered in Sweden, but its management is spread out across Helsinki, Stockholm and Tallinn. BBH's managing director is Christian Ramm-Schmidt.

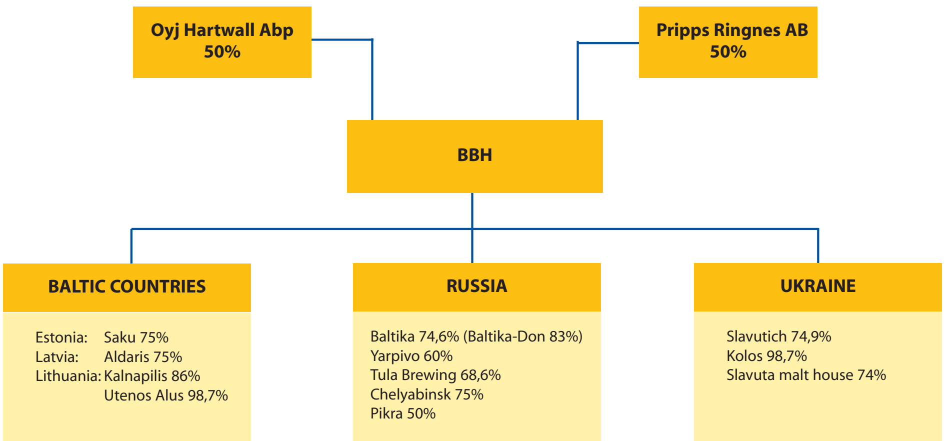
BBH's strategy

BBH's strategy is based on acquiring breweries on the growing markets of Russia, the Baltic countries and Ukraine, investing technology and know-how in them, and strengthening their sales, marketing and distribution systems. Special attention is paid to the quality of the beer, which is being raised to a Western standard through product development. BBH's beers are well-known market leaders at the national and regional level alike.

BBH's objective is to acquire a majority stake in breweries, but to maintain the management of the breweries in the hands of responsible locals, who often also own part of these companies. Although the breweries' decision-making is co-ordinated in the case of central issues, they operate quite independently in their own market areas and, after their initial capital expenditures have been made, they handle their own financing needs from their cash flow.

The bulk of the breweries' earnings go towards their further development. BBH strives to ensure that the shareholders receive a reasonable dividend from the breweries.

Ownership structure



Map of business area

BBH IN A NUTSHELL, 1999

Country	Brewery	Acquired	BBH's holding, 31 Dec. 1999	Sales volume, million litres	Consolidated sales volume, million litres	Growth in volume, %	Market share in 1999 %	Personnel, 31 Dec. 1999
Russia	Baltika	1993	74.6%	663	663	34	15%	2 829
	Yarpivo	1996	60%	165	165	26	4%	673
	Tula Brewing	1997	68.6%	100	100	20	2%	614
	Baltika-Don [1]	1997	83%	-	-	-	-	-
	Chelyabinskpivo [2]	1999	75%	61	48	-	1%	596
	Pikra [3]	1999	50%	67	-	-	1%	700
Ukraine	Slavutich	1996	74.9%	109	109	40	13%	674
	Kolos [4]	1998	98.7%	16	8	-	2%	605
Estonia	Saku	1991	75%	52	52	25	50%	256
Latvia	Aldaris	1992	75%	60	60	23	48%	429
Lithuania	Kalnapilis	1994	86%	44	44	-5	20%	228
	Utenos Alus [5]	1997	98.7%	42	42	-	21%	372
	Internal sales			-13	-13			
Total				1,366	1,278			

[1] Baltika's subsidiary. Its sales figures and personnel are included in Baltika's figures.
[2] Chelyabinskpivo has been consolidated since 1 May 1999.
[3] Pikra will be consolidated on 1 April 2000.
[4] Kolos has been consolidated since 1 September 1999.
[5] Utenos Alus has been consolidated since 1 January 1999.

BBH in 1999

The aftershocks of the Russian economic crisis, which started in August 1998, impacted operations in 1999. The further devaluations of the Russian rouble and Ukrainian hrivna are ample evidence of the instability prevailing on BBH's main markets. In spite of the unstable business climate, BBH managed to eliminate, by and large, most of the effects of the crisis.

Production volume continued to soar: growth amounted to 40%. The total volume for the year was 1,278 million litres (913 million litres in 1998). To this figure must be added the unconsolidated annual volume of 88 million litres from the breweries acquired during the financial year.

BBH's consolidated net sales were SEK 3,347 million (SEK 3,605 million) and its operating profit before translation differences was SEK 888 million (SEK 1,293 million). Profit after taxes and minority interest was SEK 442 million, while it had been SEK 355 million in the previous year. Investments in production and distribution plants amounted to SEK 1,153 million (SEK 1,561 million). The number of employees was 7,923 on average. Hartwall consolidates 50% of the figures in its own financial statements.

In spite of tighter competition, BBH increased its market shares in Russia, Ukraine, Estonia and Lithuania. BBH's market share in Lithuania remained at last year's level.

The consumption of beer rose dramatically in all of BBH's markets due to the warm summer, the decline in the real price of beer in Russia and Ukraine and an increase in the activity of the market players. In addition, the quality of beer has improved in general and a trend towards milder alcoholic beverages can be discerned in the market. Consumption habits are becoming more Western.

BBH's malt houses

Country	Malt house	Owner	Capacity, tonnes/year
Lithuania	Litmalt	Lahden Polttimo 50 / BBH 50	10,000
	Utenos	Utenos Alus	15,000
Russia	Yarpivo	Yarpivo	15,000
	Tula	Tula Brewing	15,000
	Baltika (will be completed in 2000)	Soufflet 70 / Baltika 30	105,000
	Chelyabinskpivo	Chelyabinskpivo	12,000
Ukraine	Slavuta Malt House	BBH 74%	90,000
	Kolos	Kolos	6,000
Total			268,000 tonnes/year

BBH is continuing with its long-term expansion strategy. In 1999, the company acquired a 75% stake in the Chelyabinskpivo brewery, which is located in Chelyabinsk in the Ural area. This company has been consolidated since 1 May 1999. In addition, BBH increased its holding in the Kolos brewery in Ukraine from 24% to 98.7%. The company has been consolidated since 1 September 1999. Technical improvements have been started up at both breweries. In Lithuania, BBH was given permission by the authorities to increase its holding in the Utenos Alus brewery, and consequently BBH's stake grew from 19.5% to 98.7%.

To ensure an optimal logistics structure on the Russian market, BBH acquired 50% of the Pikra brewery in December 1999. The brewery is located in the city of Krasnoyarsk in Siberia. The intended date of consolidation is 1 April 2000.

In addition, BBH raised its holding in the Baltika, Yarpivo, Slavutich and Slavuta Malt House companies. After a directed share issue, Baltika became a majority shareholder in the Tula Brewing brewery (formerly Taopin and Tulskoye Pivo). The aim is to create a stronger corporate structure that facilitates the co-ordination of the various companies in Russia.

BBH's taxes were exceptionally low in 1999. The Russian authorities granted tax breaks to the company due to its investments in Baltika. Moreover, the corporate tax level was lowered. Both of these served to improve BBH's net profits.

In 1999, BBH made an agreement on the distribution of PepsiCo's products in the Baltic countries. Co-operation got under way on 1 January 2000.

Beer consumption per capita – trend by country, liters

	1990	1994	1997	1998	1999	Growth (%)
Estonia	47	33	41	47	**61**	+29%
Latvia	31	24	29	31	**39**	+27%
Lithuania	55	31	41	47 [1]	**54**	+15%
Russia	23	16	19	23	**30**	+27%
Ukraine	28	17	11	13 [2]	**16**	+17%

[1] As from the beginning of 1999, the official figures include all the breweries and beer imports. The figures for 1998 have been adjusted correspondingly.
[2] The official figure for consumption has been adjusted during the report year.

Russia

Contrary to most forecasts, many segments of the Russian economy began to recover. GNP grew for the second time in the history of "the new Russia", this time by over 3%. Industrial production rose by 7%. The trade account showed a clear surplus. This was partially due to the increase in the price of oil and partially due to the low level of exports.

Disposable income grew: real disposable income was up almost 20%. In January 1999, the income level was about 30% lower than the average income level a year earlier, but now it has almost returned to its former level. The Russian rouble was devalued yet again, by a total of 31% against the US dollar, during the financial year. As inflation during the same period was 37%, the real value of the rouble became approximately 5% stronger compared with the US dollar. The authorities were far more successful in their tax collection efforts than expected and unemployment declined. However, the Russian economy still remains weak in many respects. The country's infrastructure is in bad shape, few investments are being made and legislative work is progressing slowly. The recovery of the economy calls for political stability and the resolution of the Chechnian situation.

In January 1999, all the relevant authorities approved the amendments to the Alcohol Act that had been prepared in the autumn 1998. The amendments concerned improving the supervision of the manufacture and sale of beverages. Beer was left outside the scope of the amendment. The excise tax on beer remained at RUB 0.72 per litre during the entire year.

Beer consumption rose dramatically for the third year in a row, and at the same time the consumption of strong alcoholic drinks continued to decline. The beer market grew by 27% and consumption per capita rose from 23 litres to 30 litres. The reasons behind this trend were the further changes in consumers' consumption habits, tighter competition and the higher activity level of the players in the market, the higher quality of the beer and the exceptionally warm summer.

The production volume of BBH's Russian breweries increased by 36% during the financial year. Growth picked up speed towards the end of the year. All in all, BBH's breweries in Russia brewed about 970 million litres of beer.

With its 22.8% market share, BBH is the largest player on the Russian beer market. Baltika is the only nationwide brand of beer in the market. It has a 14.8% market share. Baltika enjoys an especially strong position in Moscow and St. Petersburg, the largest cities in the country.

After the economic crisis hit in August 1998, the profitability of BBH's breweries in Russia improved quickly. The reorganisation of the cost structure, which was susceptible to exchange rate swings, was decisive in this respect. These days, imported raw materials and supplies are more frequently replaced with products from local suppliers. These products are selected in accordance with strict quality standards. Improved cost-efficiency and the benefits imparted by large-scale production also had a positive effect on profitability.

The recovery of BBH's profitability was for its own part facilitated significantly by a successful pricing policy. Instead of resorting to large one-time increases, small but frequent price increases were carried out. The better quality of the beer was one factor that made this possible.
All in all, BBH's breweries have increased their prices by 17-81%.

The competitive situation on the Russian market changed radically in 1999. In spite of the crisis, many multinational companies entered the beer market, and they have, as a rule, priced their products high. Consequently there is a new premium beer segment emerging in the market, but it is narrow for the time being. Compared with international prices, beer is very cheap in Russia.

The new partnership of Interbrew and the SUN Group increased their joint market share to slightly more than 16%, making them the second-largest player after BBH. At the same time, a few Russian breweries have strengthened their positions, and now the grouping of the four largest breweries holds over 50% of the Russian beer market. Imported beers account for around 3% of aggregate consumption, and their share of the market has not returned to its previous level after the crisis.

BBH continued to implement its expansion strategy in line with plans. In 1999, the company acquired two breweries in strategically important areas. They are the Chelyabinskpivo brewery, which is located in Chelyabinsk in the Ural economic area, and the Pikra brewery in Krasnoyarsk, Siberia.

Baltika

The extensive projects to raise capacity and improve quality that were launched in 1998 were seen to completion in spring 1999. The capacity of the brewery in St. Petersburg now amounts to about 600 million litres and the capacity of Baltika-Don, a subsidiary located in Rostov, is approximately 100 million litres. Considered as a single production plant, the St. Petersburg brewery is now one of Europe's largest breweries.

After somewhat weak performance in the first half of the year, Baltika increased its aggregate sales by 34% and the brewery's market share rose to 14.8%. Profitability remained good in spite of the crisis.

The brewery's own distribution network, including terminals in 11 large cities, was completed during the financial year. At present, the distribution network covers about 30% of the products that are sold. Baltika has gradually consolidated its position in all the key areas of the country. At the moment, Baltika is the only brand of beer sold nationwide in Russia.

In autumn 1999, Baltika responded to the rapidly tightening competitive situation in PET beers by launching Medovoe beer, which is sold in PET bottles. At present, Baltika's market share in this segment is about 20%. PET beers account for 14% of the aggregate market. Their price level is roughly equivalent to that of beers sold in glass bottles. Plastic bottles seem to have become trendy among consumers, in whose view plastic bottles have advantages over glass bottles.

In November, BBH transferred a majority holding in the Tula Brewing brewery (formerly Taopin and Tulskoye Pivo) into the ownership of Baltika by means of a directed share issue in which the total value of the shares was USD 20 million. This was done to improve the wherewithal to co-ordinate the breweries in Russia. In addition, this manoeuvre allows for a significant increase in the capacity of the Tula brewery, from 120 million litres to 250 million litres. After the share issue, which will be registered in spring 2000, Baltika owns 50.01% of the Tula brewery, with 34.29% in the direct ownership of BBH. In addition to the popular local beer TP, the brewery means to brew Baltika beer, which is sold primarily in the Moscow economic area. These changes in the ownership structure aim to consolidate BBH's position on the rapidly-growing Russian market, strengthen the position of the Baltika brand in the populous and hence significant Moscow area and boost the usage efficiency of Baltika's distribution, logistics and purchasing system.

Baltika will construct Russia's largest malt house next to its brewery in association with the French company Soufflet in order to replace imported malts with high-quality domestic malts. Baltika will have a 30% stake in the malt house. The malt house project has been delayed, but the plant is scheduled to be ready for use before summer 2000, after which time imported malts will be gradually replaced with domestic malts.

The operations of the Rostov-based Baltika-Don brewery (formerly Don Pivo) were developed in accordance with plans. The brewery makes both Baltika beer and the local brand Don. These two beers strengthened their positions further in the market of Southern Russia.

In order to finance Baltika's expansion plans, the brewery negotiated a loan of USD 40 million with the European Bank for Reconstruction and Development (EBRD). Baltika was the first Russian company to which EBRD granted a loan after the economic crisis hit. The loan had not been drawn yet at the end of the year.

Tula Brewing

The first stage of the investment plan, which involved the raising of the brewery's capacity to 120 million litres, was seen to completion in summer 1999. At that time, the brewery launched a new beer, TP. Sales developed very favourably and the brewery used 100% of its capacity until the autumn, when the high capacity utilisation rate led to problems with quality. Volume grew by 20% during the financial year. In spring 2000, following the USD 20 million share issue directed at Baltika, Tula Brewing will become Baltika's subsidiary. This will turn the Tula brewery, which is located 160 km south of Moscow, into a major player on the large market of Moscow, where there is plenty of disposable income.

Baltika is the only brand of beer sold nationwide in Russia. Last year, its aggregate sales grew by 34% and the Baltika brewery's share of the beer market rose to 14.8%. Baltika was the first Russian company that was granted credit by the European Bank for Reconstruction and Development (EBRD) after the economic crisis hit. The loan had not been drawn yet at the end of the year.

Yarpivo

The Yarpivo brewery is located in Jaroslav, about 200 km north-east of Moscow. Yarpivo retained its market position and is now the fifth-largest brewery in Russia. The brewery raised its market share, especially in the Moscow area. Production capacity was stepped up from 120 million litres to 165 million litres.

Yarpivo brewery's capacity utilisation rate was close to 100% and its operations were upgraded according to plans. BBH increased its holding in the brewery from 50% to 60%.

Chelyabinskpivo

The brewery is located in Chelyabinsk in the Ural economic area. The city has 20 million inhabitants and it is Russia's second-largest population centre. From the viewpoint of BBH's expansion plans, Chelyabinskpivo is in an optimal location as far as efficient logistics are concerned.

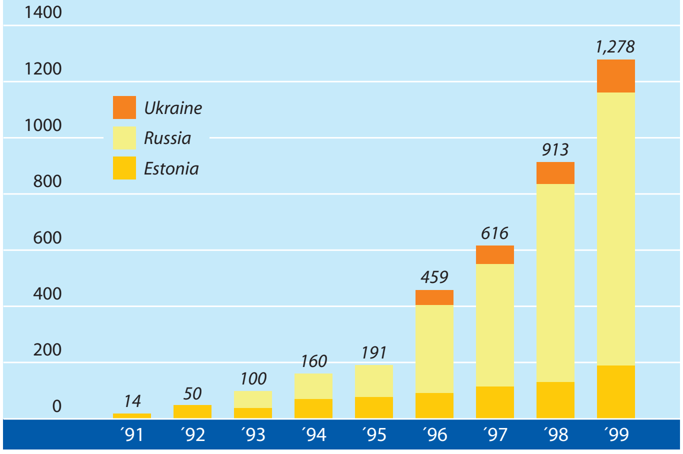
BBH acquired a 75% ownership stake in the brewery through a directed share issue. Technical improvements were started up in January. The quality of the beer had been improved by summer, when sales began to rise.

The brewery's sales rose by 36% during the report year and its profitability improved. The first stage of the investment programme is slated for completion well before summer 2000.

Pikra

After establishing itself in the Ural economic area, BBH began to expand its operations into the next key region: Siberia. In December, the company acquired a 50% holding in the Pikra brewery in Krasnoyarsk. Pikra dominates the beer markets of central and eastern Siberia. Technical upgrades were initiated immediately. It is intended for the brewery to be formally consolidated in April 2000.

Production volumes by area (million liters)



Ukraine

The country's economic crisis continued and the economy weakened in many respects. GNP declined by 0.4%. The hrivna was devalued further by 52%. Inflation was only 19%. Disposable income weakened. For this reason, it was impossible to increase beer prices in the local currency. The new government has promised to boost its programme of economic reforms.

Beer consumption rose by 17% in Ukraine. Beer consumption per capita increased from 13 to 16 litres, which is still a low figure. This means that there is good potential for growth.

BBH's sales in Ukraine grew by 51%. This increase was partially the result of the acquisition of the Kolos brewery. Kolos has been consolidated since 1 September 1999. The market share rose to 15%.

Slavutich

Although business was subdued in the first part of the year, volume grew by 40% during the financial year. The rate of growth was especially high towards the end of the year.

In order to be able to compete in the low-cost beer segment, Slavutich introduced Eagle beer. In autumn, the brewery tested out the launch of a PET beer. In addition, the Slavutich Extra beer was brought to market in the premium beer segment.

Slavutich has gradually begun to make use of the nationwide distribution network that was set up during the past two years. The goal is for the same organisation to be able to handle the sales and distribution of Kolos beer as well. Slavutich is the only brewery that currently has its own distribution company. Mainly for this reason, Slavutich can be considered Ukraine's only nationwide brand of beer.

Kolos

During the financial year, BBH increased its ownership stake in the Kolos brewery from 24% to 98.7% and began to implement technical upgrades at the brewery, aiming to make it possible to brew high-quality beer starting in summer 2000. At the same time, the brewery's production capacity is being stepped up.

Kolos is located in Lvov in western Ukraine, thereby rounding out BBH's geographical coverage very well. The co-ordination of the breweries in Ukraine lays a solid foundation for strengthening BBH's position in the Ukrainian market.

Slavuta Malt House

Slavuta is Ukraine's largest malt house, with a production capacity of 90,000 tonnes. The malt house's problem this far has been the scarcity of raw materials, which continued in 1999. The production volume was 30,000 in the financial year. The largest problems are related to Ukrainian bureaucracy as well as the weak financial situation and deficiencies in the expertise of the local agricultural operators. The malt house has commenced contract cultivation with selected farms, but the results will be evident only at a later date. BBH considers the availability of high-quality malt one of its key success factors, and for this reason the company has stepped up its outlays on malt.

The Baltic countries

The Russian crisis had a negative impact on the economic development of the Baltic countries. During the beginning of the year, the trend was markedly negative, but began to improve significantly in the autumn. This positive trend is expected to continue in 2000. GNP contracted during the report year both in Estonia (-0.5%) and Lithuania (-4.0%). Moreover, the growth in GNP in Latvia was so low as to be insignificant (+0.5%). Inflation remained low and the jobless count rose higher than ever in the 90s in all of the countries. Generally speaking, the business climate was considered to be stable in spite of this. The relatively high interest rate in Lithuania points to a certain nervousness in financial circles.

In spite of smallish markets, the brewing industries of all the Baltic countries have attracted foreign investors. All the large breweries are now in foreign ownership. The competitive situation is very similar to the one in Western Europe. The consumption of beer has also increased at a fast rate in recent years and consumption habits now largely match Western habits.

In order to be able to utilise its large-scale distribution system, BBH made an agreement with PepsiCo in the latter part of the year concerning the manufacture and sale of Pepsi's soft drinks in the Baltic countries. Co-operation got under way on 1 January 2000. The Pepsi products will be manufactured at the Aldaris production plant in Riga. This partnership serves to consolidate further BBH's position as the leading supplier of beverages in the region.

Estonia

The market grew dramatically (+29%) and consumption per capita amounted to 61 litres. Saku beer increased its market share slightly, reaching about 50%. The strong growth in consumption is the result of factors such as changed consumption habits, competitors' activities and an exceptionally warm summer.

Saku's competitiveness evolved well during the financial year and it enjoyed good earnings. The launch of the new "Saku on Ice" beer was successful.

The special characteristic of the Estonian market is that strong beer (about 8%) boasts a share of the beer market that is as high as 30-35%.

Unlike the other Baltic countries, beer in plastic bottles has not become popular in Estonia. The share held by imported beers has declined.

Latvia

Beer consumption also increased buoyantly in Latvia, with a rise of about 27%. Consumption per capita is now riding at 39 litres. All in all, Aldaris retained its market share (48%), although the share of sales accounted for by beer in glass bottles has declined significantly. Aldaris now dominates the market in the premium segment (72%).

The share of the market claimed by PET beers has risen at a rapid clip and is now 28%. Aldaris launched its own PET beer in April, and it took a 25% share of this market. Beer is not sold under the name of Aldaris. Aldaris enjoyed good profitability.

Lithuania

The Lithuanian market grew by 15% and beer consumption per capita was 54 litres at year's end.

Utenos Alus was consolidated into BBH's accounting at the beginning of the year. After receiving permission from the competition authorities, BBH increased its shareholding in the brewery to 98.7%. The technical upgrades of the brewery were seen to completion in April, after which the brewery launched a new high-quality beer. Consequently Utenos Alus rapidly increased its market share from 13% to 21%.

In accordance with BBH's brand strategy, the Kalnapilis brand was transferred to a higher quality and price class. On the other hand, brand building gave Utenos Alus beer the image of a regular beer. As a result, Kalnapilis' share of the aggregate market has declined somewhat and that of Utenos Alus has increased. The trend was also affected by the weaker level of disposable income and the lower price level of beer.

Utenos Alus is now the country's leading brewery with a market share of 21%. Kalnapilis ranks second with its 20% market share.

After the competition authorities granted BBH permission to co-ordinate the operations of the Utenos Alus and Kalnapilis breweries, a company named Jungtinis Alous Centras (JAC) was set up in June. This company has the task of attending to the sale, distribution and marketing of products as well as administration.

Macroeconomic development by country

	Estonia %	Latvia %	Lithuania %	Russia %	Ukraine %
Inflation: December 1998 – December 1999	3	2	1	37	19
GNP	-1	+1	-4	+3	-1

Source: SEB, CAIB, Goskomstat

In BBH's territory, the future is looking brighter than at the beginning of 1999. A major trend in the beer market is growing consumption, although this growth is expected to fall short of last year. However, large and established breweries are consolidating their positions. In this competition, it is BBH's goal to grow at a faster rate than the market in general.

Outlook for the future

The Russian presidential elections in March 2000 will have a major impact on the country's future development. Improving political stability will usher in economic reforms and more effective legislation. The Chechnian war is, however, a risk factor that may have an effect on the readiness of Western countries to give financial support to Russia. Inflation is slowing down and the devaluation risk of the currency is improving. The Russian rouble is becoming stronger slowly. All in all, the outlook for the future is far more upbeat than at the beginning of 1999.

The Ukrainian economy remains weak, although there are signs that the macroeconomic conditions are stabilising slowly. The new government has promised to institute reforms that will stabilise the economy and increase the disposable income available to citizens.

The financial situation of the Baltic countries is expected to remain stable. Financial growth is forecast to remain relatively strong and inflation low.

Beer consumption is anticipated to rise further in BBH's markets in 2000, although less than in 1999. The highest growth is forecast for Russia, where the evident trends are expected to continue: trend-conscious, urban young adults in particular are changing over from strong alcoholic drinks to beer. The Baltic countries will most likely see the lowest growth in consumption, as the growth curve is levelling off and aligning itself closer to European consumption. In Ukraine, the growth of the market will be largely dependent on the country's economic situation.

Competition is expected to tighten in all of BBH's markets because there are more international and domestic players in the market, and they are now more active than before. A reduction in the number of small, independent breweries is forecast. Large and established breweries will consolidate their positions further. BBH's objective is to consolidate its position and to grow at a faster rate than the market in general. BBH's long-term strategy will remain unchanged.

BBH intends to grow primarily by continuing to develop its existing breweries and by bolstering their marketing and distribution. The sales volumes of BBH's breweries are expected to grow, although this growth will probably fall short of the previous two years. The company anticipates that it will remain ahead of its competitors. The co-ordination of breweries is being increased. This leads to cost savings and higher efficiency in operations. New brewery acquisitions are an option.

The Group racked up better earnings than expected, and net profit was higher than last year. 1999 strengthened our belief that we have selected the right long-term business strategies. The Finnish market was characterised by the change and polarisation of the competitive situation. The salient feature of the operations of the associated company Baltic Beverages Holding was the buoyant growth of the aggregate market. BBH consolidated its position as a major brewer.

The Financial Statement

The financial result in a nutshell

- Net sales: EUR 467.0 million (EUR 486.7 million).
- Operating profit: EUR 76.6 million (EUR 94.3 million).
- Profit before extraordinary items and taxes: EUR 73.1 million (EUR 80.7 million).
- Net profit for the financial period: EUR 46.0 million (EUR 45.7 million).
- Earnings per share EUR 0.76 (EUR 0.72).
- Proposed dividends: Series A Share, EUR 0.1682 (EUR 0.1514), or FIM 1.00 (FIM 0.90), Series K Share, EUR 0.1648 (EUR 0.1480), or FIM 0.98 (0.88).
- The Group's sales volume: 1,045.0 million litres (874.5 million litres).

Hartwall Group

- The Group enjoyed strong volume growth: +19.4%.
- Net sales and operating profit fell slightly short of the previous year's level.
- Net profit was better than last year (BBH's tax breaks).
- High level of investments EUR 125.2 million (102.8).
- The equity ratio remained strong: 49.0 % (49,2).
- BBH's main currencies weakened:
  EUR/RUB -67%
  EUR/UAH -32%.

Outlook for 2000

- In Finland, the dual trend in the alcoholic and non-alcoholic product segments is continuing.
- Consumption of soft drinks, mineral waters and ciders is still rising.
- Hartwa-Trade's objective is to achieve rapid growth and a prominent position in the Finnish alcohol trade.
- BBH's aggregate market is expected to keep growing, with the strongest growth taking place in Russia, as before, but at a slower rate than in the report year.
- BBH's objective is to grow faster than the market in general in order to consolidate its market position.
- The Group's profit before extraordinary items and taxes is expected to be at the same level as in the report year provided that the main currencies do not weaken significantly.
- Investments will remain at a high level.
- The Board of Directors will request the Annual General Meeting for authorisation to carry out an equity financing arrangement.

Hartwall enjoys a better year than expected

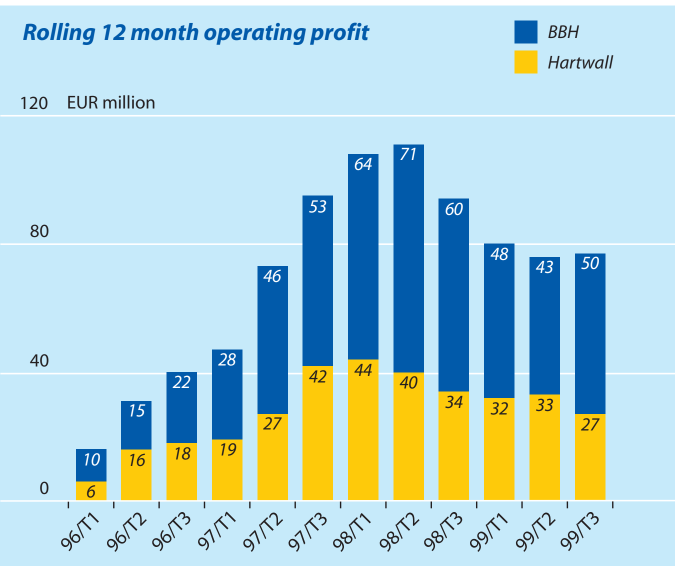
The Hartwall Group's earnings for 1999 turned out to be better than expected, exceeding the earnings target that was set for the year. In the last four-month period of the year, the growth of the sales volume continued as it had at the beginning of the year and the trend in net sales also became positive, although full-year net sales fell short of the previous year due to the weakening of currencies and the lower sales volume in Finland. Net sales were EUR 467.0 million (486.7). Operating profit was EUR 76.6 million (94.3), or 16.4% (19.4) of net sales. Profit before extraordinary items and taxes amounted to EUR 73.1 million (80.7), representing 15.7% (16.6) of net sales. The net profit for 1999 exceeded last year's level.

Domestic full-year operating profit before non-recurring items remained slightly under last year's figure. The reasons behind this trend are the lower soft drink sales volume due to the changes in the brand portfolio and the costs of launching new products and of the reorganisation of information technology in the September-December period. The changeover to a new international soft drinks partner went better than expected.

The growth in the sales volume of Baltic Beverages Holding (BBH) remained strong during the entire year, being higher than average in the September-December period. Although net sales fell short of last year in the report year due to lower exchange rates, in spite of the buoyant growth in sales volume, the figure for the last four-month period was considerably higher than in the corresponding period of the previous year. Operating profit after translation differences in the September-December period doubled compared with the previous year, but in full-year terms remained lower than last year due to the weakening of currencies. BBH's net profit grew thanks to tax breaks received for investments carried out in Russia and the lower corporate tax base in Russia, and was 25% higher than net profit a year earlier.

Investments in growth and the consolidation of market position continued during the last four-month period, both in Finland and BBH's area of operations. The funding required for investments increased net debt and at the same time increased the gearing ratio while capital adequacy remained at the previous year's level.

The results for the report year strengthen the company's belief in the viability of its selected long-term business strategies.



Operating environment

Tighter competition in Finland as well

The Finnish national economy continued to grow buoyantly as measured with all benchmarks. In spite of the growth in consumers' disposable income and purchasing power, and the favourable weather conditions of the summer season, the trend in sales of the brewing and soft drinks industry's products went two ways. Non-alcoholic products (soft drinks, mineral waters) grew vigorously, whereas in the case of alcoholic products only sales of cider grew, with beer sales remaining at their previous level and the sale of long drinks declining. Consequently the growth of the alcoholic beverage segment was modest.

The alcohol tax was not changed, riding at the highest level in the EU countries; for example, the beer tax on medium-strength beer was 15 times higher than in Germany. Thus alcohol tax and VAT account for as much as two-thirds of retail selling prices. This led to an increase in the amount of alcohol that is brought into the country both legally and illegally. According to estimates, about 30% of alcohol consumption in Finland falls outside the scope of statistics.

At the beginning of the report year, the competitive situation was altered when Coca-Cola Juomat Oy (CCJ) started up its own operations. As a result, the competitive situation has become polarised in such a way that the major players in the non-alcoholic segment are Hartwall and CCJ and in the alcoholic segment they are Hartwall and Oy Sinebrychoff Ab, which is fully-owned by Carlsberg.

BBH's business environment is stabilising

The salient feature of all BBH's territories was strong market growth, which was affected by new, high quality products, a greater variety of packaging alternatives, more marketing measures and the increased availability of products.

In Russia, political uncertainty declined towards the end of the year when the results of the Duma election and President Yeltsin's resignation had a favourable effect on the political and economic climate. The growth of GNP is expected to be slightly positive. Political events did not, however, have an effect on BBH's operations. Higher real incomes after the decline of inflation and changing consumption habits leading consumers to change from vodka to beer have for their own part propped up the growth of the field.

The problem with Ukraine has been that economic reforms have been slow in coming. It is expected that co-operation between the newly elected president and the new government will speed up reforms. The growth of Ukraine's GNP is also expected to reach zero at the same time as inflation shows signs of easing up. No significant changes took place in the national economies of the Baltic countries.

The Group's sales volume

The Hartwall Group's aggregate sales volume was 1,045.0 million litres (874.5 million litres), up 19.4%.

Trend in the Group's aggregate sales volume, 1999

	million litres	Change, %
Finland	368.2	-2.6%
Exports and duty free	38.0	-7.3%
BBH (50%)	638.8	+40.0%
Total	1,045.0	+19.4%

Growth in soft drinks in Finland

In Finland, Hartwall held on to its position as market leader in spite of tight competition. With its sales volume of 371.2 million litres (380.4), inclusive of CDI's products, the company achieved a 44.7% market share (49.3%). Aggregate sales by the brewing and soft drinks industry grew by 7.6% to 830.7 million litres, a record for the industry. The growth in litres sold came largely from soft drinks. Sales by the brewing industry were stimulated by the long, hot summer.

Hartwall consolidated its position, particularly in soft drinks. In 1999, the aggregate market share of the soft drinks represented by the company was 42.4%. Co-operation with PepsiCo Inc. in the cola and lemon-lime segment, which got under way at the beginning of 1999, outperformed expectations as Pepsi products increased their sales from 37.5 million to 57.8 million litres, attaining a 19.3% share of the soft drinks market.

In addition, sales of Hartwall's own soft drink brands rose by 18% to 68.8 million litres (market share 23.0%). Last year, the soft drinks market grew by 16% to almost 300 million litres. Of this annual increase of 42 million litres, 30.8 million litres (73%) were beverages manufactured and marketed by Hartwall.

In the mineral waters segment, Hartwall retained its position as market leader with its market share of 47.6% as the product group grew by 14%. The company manufactured 27.7 million litres (25.2) of mineral waters. In autumn, Hartwall honed the strategy of its water product group and revamped the Hartwall Novelle line of mineral waters. In September, the company launched a spring water bottled at the company's bottling facility in Karijoki: Hartwall Solina. It is the first spring water in Finland that is bottled in a returnable and refillable industry-standard plastic bottle.

Hartwall was reasonably successful in the alcoholic product groups. In beers, Hartwall lost 1.2 percentage points of its market share but held on to its position as Finland's largest brewer. Beer consumption remained unchanged. The most significant newcomer in beers was Legenda, introduced in early autumn.

The Finnish cider market grew by 31.5% last year. Sales of ciders manufactured and marketed by Hartwall were up 70% and the company had a market share of 20.6%. In December, Hartwall abandoned its co-operation with Bulmer's and launched its own brand of cider: Hartwall Upcider. This product is expected to become a major player on the Finnish cider market.

The long drink market declined in Finland as the segment contracted by 10%. Hartwall retained its market leadership in this product group with its 58.3% market share.

The year saw Hartwa-Trade, which imports and markets wines and strong alcoholic drinks, in the stage of starting up its operations. During the report year, Hartwa-Trade's product portfolio was strengthened significantly when the company made a partnership agreement with United Distillers & Vintners (UDV), which is owned by Diageo, the most prominent global player in the field.

BBH's sales volume up 40%

Market trends were extremely favourable in BBH's area of operations and the breweries ran at full capacity long into the autumn. In Russia, Estonia and Latvia, the markets grew by as much as 27%, while growth remained at 20% in Lithuania and 17% in Ukraine. BBH's aggregate sales volume rose by 40% to 1,277.6 million litres (912.7), of which beers account for 1250.5 million litres and mineral waters for 27.1 million litres. The number of BBH breweries increased to 12 during the report year.

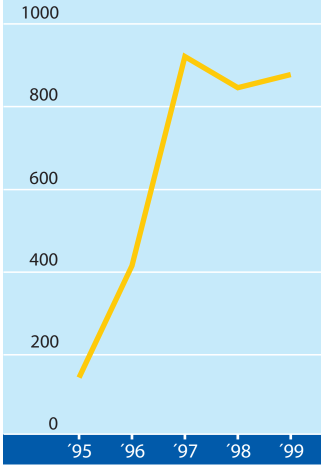
Trend in BBH's sales, million litres

	1999	1998	Change, %
Baltic countries	**190.3**	130.7	+45.6%
Russia	**969.8**	704.0	+37.8%
Ukraine	**117.4**	78.0	+50.0%
Total	**1,277.6**	912.7	+40.0%

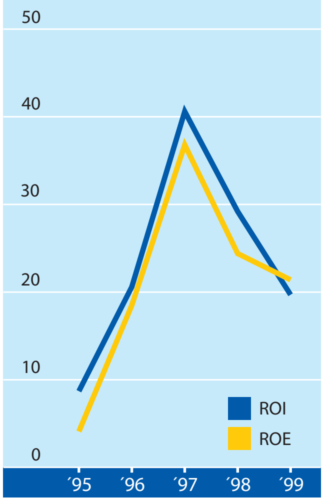
In Russia, BBH's largest market area, the consumption of beer per capita increased from 23 to 30 litres. The aggregate sales volume of BBH's breweries rose from 704.0 million litres to 969.8 million litres. BBH has a 22.8% market share in Russia. Baltika still holds the title of Russia's largest brewery and the Baltika brand is the only nationwide brand of beer. The brewery has a market share of about 15%.

BBH's sales in Ukraine increased by 50% to 117.4 million litres, while the aggregate market rose by 17%. The company's market share is now 15%. The previously low level of beer consumption in Ukraine, 13 litres per head, grew to 16 litres.

Market capitalisation of the shares outstanding at the end of the financial year (EUR million)



Return on investment and return on equity



BBH's Saku brewery in Estonia retained its position as the country's major brewery. The company boasted a market share of 50% and sales rose by 25.2% to 51.6 million litres. The Aldaris brewery in Latvia brewed 46.3 million litres of beer (37.2) and 14.2 million litres of mineral waters (12.0). The brewery had a 47.8% market share in beers (50). BBH's two breweries in Lithuania achieved combined sales of 85.0 million litres (46.2). BBH's market share in Lithuania was 41.4% (35.0). Per capita consumption of beer in Estonia was 61 litres (47), 39 litres (31) in Latvia and 56 litres (47) in Lithuania.

In October, BBH made a partnership agreement with PepsiCo Inc. on the manufacture and sale of soft drinks in the Baltic countries. Operations will start in spring 2000.

Net sales grow in the last four-month period

The Group's sales volume grew by 23% in the September-December period and by 19.4% in the report year compared with the corresponding period of the previous year. Net sales in turn rose by 14.9% in the last four-month period, climbing to EUR 467.0 million (486.7) for the entire year, although net sales were 4% lower than in the previous year. The reasons for the decline in the Group's net sales were the nosedive in the value of the Russian rouble and Ukrainian hrivna and the consequent further decline in the value of these currencies.

Hartwall's net sales in 1999 were EUR 276.4 million (283.1), or 2.4% less than last year. The change of international soft drinks partners had less of an effect on net sales than expected. Hartwa-Trade's growing wine and alcohol business accounted for 1.4% of the Group's net sales.

BBH's sales volumes in the September-December period were 48% higher than in the previous year and likewise 40% larger for the entire report year, of which 10 percentage points were contributed by the units that were acquired during the year. Net sales in the September-December period were EUR 64.0 million (40.9), or 56.5% higher than a year earlier. In addition to the growth in the sales volume, the favourable trend was influenced by the price increases that were made during the review period. Net sales for 1999 were EUR 190.6 million (203.6), falling short of the previous year due to the weakening of currencies (- 6.4%).

Breakdown of net sales, EUR million

	1999	1998	Change, %
Hartwall	**276.4**	283.1	-2.4%
BBH (50 %)	**190.6**	203.6	-6.4%
Total	**467.0**	486.7	-4.1%

Higher earnings than in the previous year

The Group's operating profit was EUR 76.6 million (94.3), or 16.4% (19.4) of net sales. In 1999, a total of EUR 1.0 million (EUR 14.3 million) in translation differences on foreign currencies that reduced operating profit were recorded, of which EUR 0.7 million (6.7) fell on the last four-month period.

In the January-December period, Hartwall racked up operating profit of EUR 27.0 million (34.1), representing 9.8% (12.0) of net sales. Hartwall's operating profit for the September-December period was burdened not only by the lower sales volume, but also by the decline in non-recurring income, expenses related to the launch of Legenda beer and Hartwall Upcider, and information technology costs related to a change in the IT service provider, Y2K projects and the implementation of a new enterprise management system. In addition, operating profit includes an allocation for a profit bonus that will be paid into the profit-sharing fund. Hartwa-Trade's result remained in the red due to the costs of starting up new business operations.

In the report year, BBH operating profit came in at EUR 49.6 million (60.2), representing 26.0% (29.6) of net sales. In spite of measures that improved profitability, this is 17.6% less than a year earlier due to the weakening of exchange rates.

BBH's operating profit for the last four-month period after currency translation differences grew by 118% compared with the corresponding period of the previous year, reaching EUR 12.6 million (5.8), or 19.6% of net sales (14.1).

Net financial expenses during the report year were EUR 3.5 million (EUR 13.6 million), representing 0.8% (2.8%) of net sales. Financial expenses in the year 1998 include higher translation differences due to devaluation of currencies. In addition, financial income increased during the report year thanks to interest income on foreign currency-denominated short-term loans and exchange rate gains, which decreased net financial expenses. Profit before extraordinary items and taxes rose to EUR 73.1 million (80.7), and was now only 9.4% lower than in the previous year.

The Group's taxes remained low during the report year due to the tax breaks granted to BBH's Baltika brewery because of its investments and the lowering of the corporate tax base in Russia on 1 April 1999. Thus net profit after taxes and minority interest rose to EUR 46.0 million (45.7), or 9.8% (9.4) of net sales, up 0.6% on the previous year in euro terms and up 0.4 percentage points in relative terms. Earnings per share were EUR 0.76 (0.72), or 4.5% higher than last year.

Breakdown of operating profit, EUR million

	1999	1998	Change, %
Hartwall	**27.0**	34.1	-20.9%
BBH (50 %)	**49.6**	60.2	-17.6%
Total	**76.6**	94.3	-18.8%

More investments in growth

Investments in growth and the consolidation of market position continued in the report year, with gross capital expenditures rising to EUR 125.2 million (EUR 102.8 million). Hartwall accounts for EUR 57.9 million (EUR 16.5 million) of this figure, while BBH correspondingly accounts for EUR 67.3 million (EUR 86.3 million). Hartwall's major investments were a 0.5 liter plastic bottle line in Helsinki, drink dispensers and vending machines, the expansion of the logistics centre in Lahti, the replacement of information systems and a spring water production plant. Of BBH's capital expenditures, EUR 42.2 million went for operational sites and acquisitions and EUR 25.1 million for raising ownership stakes. The most significant operational investments were the raising of the capacity of Baltika's distribution and warehouse system and brewery in St. Petersburg to 600 million litres, the first stage of the modernisation of the Chelyabinskpivo brewery, the expansion of the tank capacity of the Yarpivo brewery and the development of the production and distribution structure in Lithuania. In addition, the production capacity of other breweries was expanded.

Financial position and balance sheet structure remain strong

In spite of the vigorous investment programme, the Group's liquidity remained good and its balance sheet structure stayed strong. The equity ratio remained at the previous year's level at 49.0% (49.2). In order to fund investments and the growth of working capital, net debt rose by EUR 47.7 million to EUR 141.9 million during the report year, thereby increasing the gearing ratio to 47.2%, while it had been 39.4% at the end of the previous year.

Group structure

During the report year, BBH acquired two new breweries in Russia: in January, the Chelyabinskpivo brewery in Chelyabinsk and, in December, the Pikra brewery in Krasnoyarsk, Siberia. BBH's shareholding in Chelyabinskpivo rose from 20% at the beginning of the year to 75%. BBH's stake in Pikra will be 50% once the authorities confirm in 2000 the share issue directed at BBH.

BBH increased its shareholdings in many breweries: in the Russian Yarpivo brewery to 60% (53), the Ukrainian Kolos brewery to 98.7% (24), the Slavutich brewery to 75% (70), as well as to 74% (66) in the Slavuta malt house. BBH's holding in the Utenos Alus brewery in Lithuania has risen to 98.7% (19.5).

In November, BBH decided to centralise and boost the efficiency of its operations in Russia by reorganising its ownership stake in the Tula Brewing brewery. Following a share issue directed at the Baltika brewery, Baltika now owns 50.01%, with BBH's direct holding being 34.29%. The changes in ownership structure aim to consolidate the entire BBH Group's position on the rapidly-growing beer market of Russia and to utilise Baltika's warehouse and logistics systems more efficiently.

In Lithuania, BBH established a company named JAC to handle the sales, distribution and administration of two of its breweries.

In addition, Oyj Hartwall Abp and Pripps Ringnes AB have renewed their shareholders' agreement pertaining to Baltic Beverages Holding AB (BBH), which the two parties own on a 50-50 basis. The agreement is valid until 31 December 2050, after which it will be extended for five years at a time with a two-year period of notice. By means of this agreement, the two parties wish to confirm their intention to engage in long-term co-operation with the aim of developing the company.

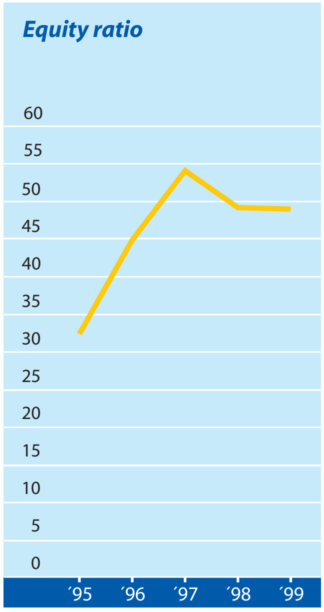
Share capital and owners

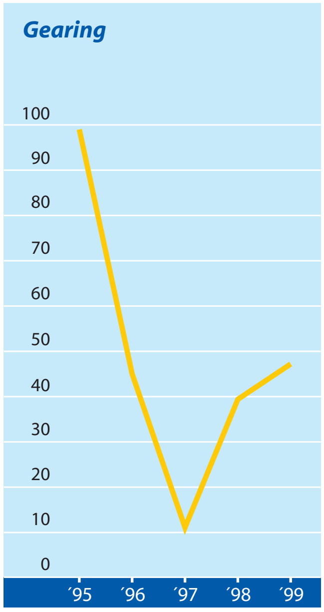
Oyj Hartwall Abp's Annual General Meeting, which convened on 27 April 1999, resolved to discontinue the par value of shares, to redenominate the share capital to euros and, at the same time, to raise the share capital by means of a bonus issue amounting to EUR 1,922,245 without changing the number of shares; after the issue, the accounting countervalue of the shares is EUR 0.20. At the same time, the Articles of Association were amended to the effect that the minimum share capital shall be EUR 12,085,000 and the maximum share capital EUR 48,340,000. The total number of Series A and K Shares shall be a minimum of 60,425,000 shares and a maximum of 241,700,000 shares; the maximum number of Series K Shares shall be 29,600,000 and that of Series A Shares 241,700,000.

In accordance with the subscription terms, a total of 125,000 Series A Shares were subscribed with warrants from the issue of bonds with warrants that was floated in 1994. The subscription raised the company's share capital to EUR 12,110,000 as the number of Series A Shares rose to 53,150,000.

Turnover of the company's Series A Shares during the review period amounted to 10,966,779 shares with a value of EUR 135.8 million, representing 20.7% of the total amount of Series A Shares. The share price fluctuated strongly during the year, hitting a low of EUR 10.00 on 29 January and 8 February and a high of EUR 15.95 on 22 February 1999. The average share price was EUR 12.39 and the final share price in trading on 31 December 1999 was EUR 14.40. There were 7,608 shareholders at the end of the report year (8,521), with foreign ownership being 33.1% of Series A Shares at year's end (32.4).

Helsinki Exchanges' insider regulations will come into force on 1 March 2000, and a decision on how to apply them will be made in 2000.





Personnel

Breakdown in the number of personnel

	31.12.1999	31.12.1998	Change
Hartwall	**1,323**	1,315	+8
BBH (100 %)	**7,923**	5,842	+2,081

Oyj Hartwall Abp's profit-sharing fund, whose members are employees of Hartwall and its Finnish subsidiaries, was instituted at the beginning of 1999. Hartwall pays an annual profit bonus into the fund when a pre-determined profit threshold is crossed. The profit bonus to be paid for 1999 is EUR 0.9 million. BBH's breweries employ their own incentive systems.

Board of directors, managing director and auditors

All the members of the Board of Directors – Gustav v. Hertzen (Chairman), Erik Hartwall (Vice Chairman), Paul Bergqvist, L.J. Jouhki, Henrik Therman – and personnel representatives Pertti Hernesniemi and Erkki Kilpinen stayed on in their positions after the Annual General Meeting. The managing director for the entire financial period has been Jussi Länsiö.

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

Events after the date of closing

The Hartwall Group avoided Y2K problems at the turn of the millennium thanks to exhaustive preparations long before the fact.

In the autumn the company published a plan to centralise Hartwall's production and storage functions in southern Finland at the Lahti logistics centre. From October to January, negotiations concerning the plan were held in accordance with the Law on Co-operation within Enterprises.

In their meeting in February 2000, the Board of Directors decided to implement the plan. The total value of the development investment is about FIM 500 million. In addition, the company will spend a considerable share of its normal annual replacement and development investment allocations on the project. The project will be carried out during 2000-2003. The operational savings resulting from centralisation are evaluated to amount to about FIM 80 million per year. According to the plan, the personnel impacts in 2002 and 2003 will apply to about 250 people.

Outlook for 2000

It is believed that the dual trends in the alcoholic (beers, ciders, long drinks) and non-alcoholic (soft drinks, mineral waters) product segments, which manifested themselves in Finland during the report year, will continue in the future. Following the change in the competitive situation, increased market activity is expected to raise the consumption of soft drinks and mineral waters further. Likewise, in the alcoholic product segment the consumption of cider is continuing to rise. On the other hand, the consumption of beers and long drinks will most likely remain at their current level. The company's objective is to at least maintain its market leadership in both product segments and to strengthen it in ciders and beers. The consumption of wines is expected to grow. Hartwa-Trade's goal is to achieve rapid growth and a strong position in the Finnish alcohol trade.

BBH's aggregate market is forecast to keep growing, with growth being the strongest in Russia, but at a slower rate than in the report year. BBH aims to grow faster than the market in general so as to strengthen its market position.

The Group's profit before extraordinary items and taxes for 2000 is expected to be at the same level as in 1999 provided that the major currencies do not weaken significantly. Capital expenditures will remain at a high level to ensure BBH's growth and because of the centralisation of production and warehouse functions in southern Finland. In order to ensure the Hartwall Group's financial strength and to increase share turnover, the Board of Directors is preparing a request the Annual General Meeting for authorisation to carry out a share issue.

EUR million		Group		Parent company	
		1.1.-31.12.1999	1.1.-31.12.1998	**1.1.-31.12.1999**	1.1.-31.12.1998
1)	**Net sales**	**467.0**	486.7	**270.0**	282.8
	Change in stock of finished goods and work in progress +/-	**-3.1**	9.5	**-5.5**	9.5
2)	Other operating income	**6.5**	15.6	**7.6**	16.3
3)	Materials and services	**-190.5**	-206.8	**-115.9**	-149.5
4)	Staff costs	**-67.8**	-68.8	**-48.3**	-47.7
7)	Depreciations and write-downs	**-39.5**	-27.8	**-15.8**	-19.0
	Other operating costs	**-96.0**	-114.1	**-64.8**	-59.6
		-393.8	-417.5	**-244.8**	-275.8
	Operating profit	**76.6**	94.3	**27.3**	32.8
		16.4 %	19.4 %	**10.1 %**	11.6 %
8)	Financial income and expenses	**-3.5**	-13.6	**5.2**	1.5
	Profit after financial items	**73.1**	80.7	**32.5**	34.3
		15.7 %	16.6 %	**12.0 %**	12.1 %
9)	Extraordinary items	**–**	1.7	**-1.1**	1.6
	Profit before closing entries and taxes	**73.1**	82.4	**31.3**	36.0
10)	Closing entries	**–**	–	**-0.7**	4.1
11)	Direct taxes	**-15.4**	-25.8	**-6.8**	-10.0
	Minority interests	**-11.8**	-10.9	**–**	–
	Net profit for the year	**46.0**	45.7	**23.8**	30.1
		9.8 %	9.4 %	**8.8 %**	10.6 %

Balance sheet

EUR million		Group		Parent company	
	Assets	**1.1.-31.12.1999**	1.1.-31.12.1998	**1.1.-31.12.1999**	1.1.-31.12.1998
	Fixed assets				
12)	Intangible assets	**29.4**	11.7	**14.1**	10.3
13)	Tangible assets	**360.9**	288.8	**133.6**	118.0
14.3)	Investments	**1.4**	4.9	**1.4**	1.8
14.1,14.2)	Shares in Group's companies	**1.7**	2.6	**62.1**	59.6
		393.4	308.0	**211.3**	189.6
	Current assets				
18)	Stocks	**77.5**	68.6	**45.4**	49.0
19)	Non-current receivables	**1.1**	2.1	**1.0**	0.9
20,21)	Current receivables	**116.9**	94.5	**114.8**	78.6
22)	Deferred tax	**2.5**	3.7	**1.8**	3.0
	Current deposits	**0.8**	0.0	**–**	–
	Cash in hand and at the banks	**22.2**	9.7	**14.0**	3.5
		221.0	178.6	**177.0**	135.0
		614.4	486.6	**388.3**	324.6
	Liabilities				
23, 24)	**Capital and reserves**				
	Share capital	**12.1**	10.2	**12.1**	10.2
	Above par value fund	**58.8**	60.4	**58.8**	60.4
	Other funds	**36.4**	28.2	**–**	–
	Net profit for previous years	**91.8**	52.3	**37.3**	17.0
	Net profit for the year	**46.0**	45.7	**23.8**	30.1
	Capital and reserves total	**245.1**	196.7	**132.0**	117.7
	Miniority interests	**55.4**	42.3	**–**	–
25)	**Accelerated closing entries**	**–**	–	**44.2**	43.5
26)	**Obligatory provisions**	**5.9**	10.5	**5.9**	10.5
	Creditors				
27)	Deferred tax	**16.0**	15.8	**3.0**	3.1
28, 29,30)	Non-current creditors	**63.0**	31.1	**42.7**	20.3
31, 32)	Current creditors	**229.0**	190.2	**160.5**	129.5
		308.0	237.1	**206.2**	152.9
				–	
		614.4	486.6	**388.3**	324.6

Statement of changes in financial position

EUR million	Group		Parent company	
	1.1.-31.12.1999	1.1.-31.12.1998	**1.1.-31.12.1999**	1.1.-31.12.1998
Cash flow from operations				
Operating profit	**76.6**	94.3	**27.3**	32.8
Adjustments to operating profit	**30.8**	27.1	**11.0**	18.3
Change in working capital	**-11.8**	-47.7	**-9.6**	-23.0
Paid interest and payments	**-5.8**	-4.2	**-2.9**	-2.4
Dividends received	**0.1**	0.0	**3.2**	3.4
Interest received	**0.7**	2.0	**0.4**	0.2
Taxes paid	**-18.2**	-33.7	**-10.8**	-16.7
Cash flow from operations	**72.4**	37.8	**18.6**	12.6
Cash flow from investments				
Investments in Group companies	**-29.2**	-5.4	**-3.0**	-20.6
Capital expenditure on tangible and intangible assets	**-92.4**	-101.8	**-38.7**	-15.2
Capital gains on tangible and intangible assets	**12.5**	3.4	**10.1**	2.1
Capital expenditure on other investments	**0.0**	-0.8	**0.0**	-0.8
Capital gains on other investments	**0.9**	0.0	**0.9**	0.0
Loan receivables from associated companies	**-4.9**	-1.2	**-9.9**	-2.4
Interest received from investments	**–**	–	**0.2**	–
Cash flow from investments	**-113.2**	-105.8	**-40.4**	-36.8
Cash flow before financing	**-40.8**	-68.0	**-21.8**	-24.2
Cash flow from financing				
Long-term loans drawn down	**48.8**	–	**31.9**	–
Long-term loans repaid	**-13.1**	-6.0	**-7.0**	-5.8
Change in long-term receivables	**-0.2**	-0.1	**-0.2**	-0.1
Change in short-term loans	**28.2**	72.7	**17.1**	32.1
Dividends paid	**-10.2**	-12.0	**-9.1**	-8.1
Group contributions received and paid			**-0.6**	0.6
Rights issue	**0.3**	0.3	**0.3**	0.3
Other	**0.0**	0.0	**0.0**	0.0
Cash flow from financing	**53.9**	55.0	**32.4**	19.0
Change in financial assets	**13.1**	-13.0	**10.6**	-5.2
Financial assets, 1 Jan.	**9.8**	22.8	**3.5**	8.7
Financial assets, 31 Dec.	**22.9**	9.8	**14.0**	3.5

Financing risks and their management

Objective

The Group has a financing policy that is approved by the Board of Directors and which defines accountability, authorisations in financing tasks and 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.

Spreading risk

The principle underlying the sharing of operational responsibility for financing is the planning of 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, and the definition of 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 and interest rate-linked lease agreements are also considered as interest rate risks. The sought-for interval of the maturity has been set at 6 to 12 months.

Foreign exchange risk

Foreign exchange risk is examined as both a transaction risk and a translation risk. The significance of translation risks is fairly minor because the business is centred in domestic markets and Finland has joined the EMU. On the other hand, the translation risk, which is managed with the aim of hedging the Group's shareholders' equity and reserves, 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. An allocation was made in BBH's previous annual accounts as a provision against weakening currencies in national economies in which the rates of inflation deviate significantly from those in Western economies, and whose currencies are subject to political regulation. This allocation was discharged as a result of the devaluation of the Russian rouble and Ukrainian hrivna.

Liquidity risk

To ensure liquidity in exceptional circumstances, the Group must have a sufficient liquidity reserve, consisting of cash funds, revolving credit facilities and loan commitments, to 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 risks and to require security for the receivable.

Counterparty risk

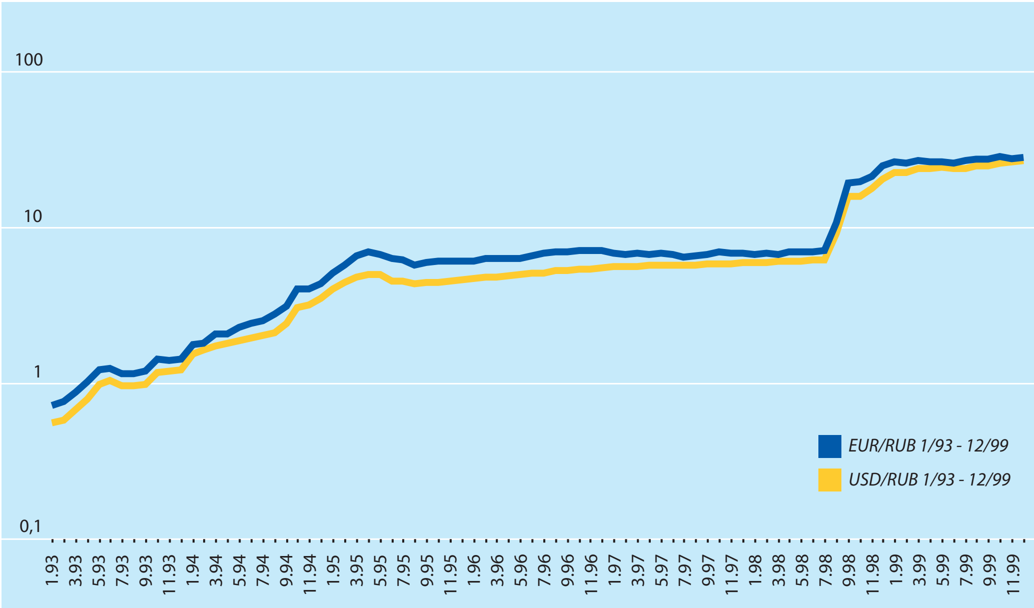
Investments and derivative contracts can be made only with separately defined counterparties, within separately agreed limits.

Euro

Due to the structure of the clientele, the euro will be adopted as a home currency at as late a date as possible, but no later than 1 January 2002. The company is prepared to change over to the euro earlier if the business environment so requires.

Foreign currency rates

The trend of the exchange rate of the Russian rouble, BBH's most important foreign currency, against the US dollar and euro, has been the following during 1993 - 1999:



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

Official exchange rates

Foreign currency	Average exchange rate			Rate on balance sheet date		
	1999	1998	change (%)	**31.12.99**	31.12.98	change (%)
EUR/EEK	**15.184**	15.647	3.0	**15.671**	15.647	-0.2
EUR/LTL	**4.139**	4.450	7.5	**4.011**	4.667	16.4
EUR/LVL	**0.606**	0.654	7.9	**0.587**	0.655	11.6
EUR/RUB	**25.340**	8.398	-66.9	**27.071**	26.309	-2.8
EUR/SEK	**8.562**	8.852	3.4	**8.777**	9.487	8.1
EUR/UAH	**4.228**	2.882	-31.8	**5.361**	3.998	-25.4

EUR million

1 Net sales by market area

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Finland	**264.7**	270.4	**258.1**	269.7
Sweden	**8.8**	8.4	**8.8**	8.4
Russia, the Baltic countries, Ukraine	**193.0**	207.3	**2.6**	4.2
Other	**0.6**	0.5	**0.6**	0.5
Total	**467.0**	486.7	**270.0**	282.8

2 Other income from operations

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Capital gains from sales of fixed assets	**5.0**	0.6	**4.8**	0.6
Coca-Cola contractual compensation	**–**	12.8	**–**	12.8
Other	**1.6**	2.3	**2.7**	2.9
Total	**6.5**	15.6	**7.6**	16.3

3 Materials and services

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Materials and supplies				
Purchases during the financial period	**147.7**	146.2	**72.4**	95.9
Change in stock	**-12.0**	6.9	**-1.8**	7.4
	135.7	153.0	**70.6**	103.4
External services purchased	**54.8**	53.8	**45.3**	46.1
Total	**190.5**	206.8	**115.9**	149.5

4 Personnel costs

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Wages, salaries and bonuses	**51.3**	51.4	**36.9**	36.1
Pension expenses	**6.4**	6.5	**6.0**	6.3
Other salary-related expenses	**10.1**	10.9	**5.4**	5.3
Total	**67.8**	68.8	**48.3**	47.7

5 Wages and salaries paid

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Managing Director and members of the Board	**1.1**	0.9	**0.4**	0.3
Others	**51.2**	51.1	**37.4**	36.3
Total	**52.3**	51.9	**37.8**	36.6

The retirement age of managing directors of companies belonging to the Group has been set at 60-65 years.
The retirement age of the managing director of the parent company is 60 years.
There were no loan receivables from members of the Board of Directors or the managing directors.

6 Average personnel

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Salaried employees	**586**	541	**562**	525
Employees	**795**	820	**795**	820
Finland, total	**1,381**	1,361	**1,357**	1,345
BBH (100 %)	**7,919**	5,608		

7 Depreciation and write-downs

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Goodwill	**1.1**	0.4	**–**	–
Other capitalised expenditure	**2.4**	2.0	**1.9**	5.2
Land	**–**	1.8	**–**	–
Buildings and structures	**4.3**	6.0	**2.7**	3.5
Machinery and equipment	**31.7**	17.7	**11.2**	10.3
Total	**39.5**	27.8	**15.8**	19.0

8 Financial income and expenses

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Income from long-term investments				
Share of the results of associated companies	**-0.1**	0.0	**–**	–
Dividend income				
From the same Group's companies	**–**	–	**–**	–
From associated companies	**–**	–	**3.1**	3.4
From others	**0.1**	0.0	**0.1**	0.0
Total	**0.0**	0.1	**3.2**	3.4
Other interest and financial income				
From the same Group's companies	**–**	–	**0.1**	0,0
From associated companies	**2.3**	–	**4.7**	–
From others	**6.8**	2.1	**0.4**	0.4
Total	**9.1**	2.1	**5.1**	0.4
Write-downs on investments				
Write-downs on liquid securities	**–**	-0.8	**–**	–
Interest expenses and other financial expenses				
Incurred for the same Group's companies	**–**	–	**–**	–
Incurred for others	**-12.6**	-15.1	**-3.1**	-2.3
Total	**-12.6**	-15.1	**-3.1**	-2.3
Financial income and expenses, total	**-3.5**	-13.6	**5.2**	1.5
Financial income and expenses include exchange rate differencies, net	**2.8**	-11.3	**3.2**	-0.2

9 Extraordinary items

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Group contributions received	–	–	**-1.1**	-0.6
Imputed tax assets from previous years	–	2.2	–	2.2
Imputed deferred taxes from previous years	–	-0.5	–	–
Total		1.7	**-1.1**	1.6

10 Appropriations

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Difference between depreciation according to plan and depreciation in taxation	–	–	**-0.7**	4.1
Total			**-0.7**	4.1

11 Direct taxes

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Income taxes on extraordinary items	–	–	**0.3**	0.2
Income taxes on actual operations	**-14.0**	-28.8	**-6.0**	-11.0
Change in imputed deferred tax	**-1.3**	3.0	**-1.1**	0.8
Total	**-15.4**	-25.8	**-6.8**	-10.0

Change in fixed assets
12 Intangible assets

12.1 Other capitalised expenditure

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**34.0**	31.9	**43.4**	41.4
Translation difference	**0.1**	0.0	–	–
Increases	**7.6**	2.2	**5.9**	2.0
Decreases	**-0.6**	–	**-0.6**	–
Appropriations between items	–	–	–	–
Closing balance, 31 Dec.	**41.0**	34.0	**48.7**	43.4
Accumulated depreciation,1 Jan.	**-23.4**	-21.5	**-33.1**	-28.0
Translation difference	**0.0**	0.0	–	–
Accumulated depreciation on decreases and appropriations	**0.5**	–	**0.5**	–
Depreciation during financial period	**-2.4**	-2.0	**-1.9**	-5.2
Write-downs				
Accumulated depreciation, 31 Dec.	**-25.4**	-23.4	**-34.5**	-33.1
Revaluations	–	–	–	–
Book value, 31 Dec.	**15.7**	10.6	**14.1**	10.3

12.2 Group goodwill

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**5.4**	6.1		
Translation difference	**0.6**	-0.6		
Increases	**13.6**	–		
Decreases	–	-0.2		
Appropriations between items	–	–		
Closing balance, 31 Dec.	**19.6**	5.4		
Accumulated depreciation, 1 Jan.	**-4.2**	-4.3		
Translation difference	**-0.5**	0.4		
Accumulated depreciation on decreases and appropriations	–	–		
Depreciation during financial period	**-1.1**	-0.4		
Write-downs	–	–		
Accumulated depreciation, 31 Dec.	**-5.8**	-4.2		
Revaluations	–	–		
Book value, 31 Dec.	**13.8**	1.2		

12.3 Intangible assets, total

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**39.4**	38.0	**43.4**	41.4
Translation difference	**0.6**	-0.6	–	–
Increases	**21.2**	2.2	**5.9**	2.0
Decreases	**-0.6**	-0.2	**-0.6**	–
Appropriations between items	–	–	–	–
Closing balance, 31 Dec.	**60.6**	39.4	**48.7**	43.4
Accumulated depreciation, 1 Jan.	**-27.6**	-25.7	**-33.1**	-28.0
Translation difference	**-0.5**	0.5	–	–
Accumulated depreciation on decreases and appropriations	**0.5**	–	**0.5**	–
Depreciation during financial period	**-3.5**	-2.3	**-1.9**	-5.2
Write-downs	–	–	–	–
Accumulated depreciation, 31 Dec.	**-31.1**	-27.6	**-34.5**	-33.1
Revaluations	–	–	–	–
Book value, 31 Dec.	**29.4**	11.7	**14.1**	10.3

EUR million

13 Tangible assets

13.1 Land and water

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**23.5**	22.6	**15.7**	15.3
Translation difference	**0.0**	–	**–**	–
Increases	**1.8**	1.0	**1.8**	0.4
Decreases	**-1.6**	-0.1	**-1.1**	-0.1
Appropriations between items	**–**	–	**–**	–
Closing balance, 31 Dec.	**23.8**	23.5	**16.4**	15.7
Accumulated depreciation, 1 Jan.	**-7.0**	-5.2	**–**	–
Translation difference	**–**	–	**–**	–
Accumulated depreciation on decreases and appropriations	**–**	–	**–**	–
Depreciation during financial period	**–**	-1.8	**–**	–
Write-downs	**–**	–	**–**	–
Accumulated depreciation, 31 Dec.	**-7.0**	-7.0	**–**	–
Revaluations	**2.8**	3.4	**2.8**	3.4
Book value, 31 Dec.	**19.6**	20.0	**19.2**	19.1

13.2 Buildings and structures

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**127.0**	111.6	**82.5**	81.6
Translation difference	**4.5**	1.0	**–**	–
Increases	**29.8**	15.5	**10.7**	2.4
Decreases	**-16.2**	-1.6	**-14.1**	-1.5
Appropriations between items	**1.0**	0.5	**1.0**	–
Closing balance, 31 Dec.	**146.1**	127.0	**80.0**	82.5
Accumulated depreciation, 1 Jan.	**-52.1**	-44.2	**-39.5**	-36.9
Translation difference	**-1.0**	-2.8	**–**	–
Accumulated depreciation on decreases and appropriations	**11.0**	0.9	**10.5**	0.9
Depreciation during financial period	**-4.3**	-6.0	**-2.7**	-3.5
Write-downs	**–**	–	**–**	–
Accumulated depreciation, 31 Dec.	**-46.5**	-52.1	**-31.8**	-39.5
Revaluations	**7.5**	7.5	**7.5**	7.5
Book value, 31 Dec.	**107.1**	82.4	**55.7**	50.4

13.3 Machinery and equipment

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**296.9**	232.6	**179.1**	176.2
Translation difference	**10.9**	-2.2	**–**	–
Increases	**92.2**	73.2	**18.6**	5.9
Decreases	**-6.0**	-7.3	**-3.0**	-3.6
Appropriations between items	**3.6**	0.6	**3.6**	0.6
Closing balance, 31 Dec.	**397.6**	296.9	**198.4**	179.1
Accumulated depreciation, 1 Jan.	**-159.7**	-146.3	**-135.3**	-127.8
Translation difference	**-2.8**	-0.7	**–**	–
Accumulated depreciation on decreases and appropriations	**3.5**	4.9	**1.7**	2.7
Depreciation during financial period	**-31.7**	-17.7	**-11.2**	-10.3
Write-downs	**–**	–	**–**	–
Accumulated depreciation, 31 Dec.	**-190.8**	-159.7	**-144.8**	-135.3
Revaluations	**–**	–	**–**	–
Book value, 31 Dec.	**206.8**	137.1	**53.6**	43.8

13.4 Advance payments and incomplete acquisitions

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**49.3**	31.3	**4.7**	0.7
Translation difference	**4.8**	-2.7	**–**	–
Increases	**-21.4**	21.3	**5.7**	4.6
Decreases	**-0.7**	–	**-0.7**	–
Appropriations between items	**-4.6**	-0.6	**-4.6**	-0.6
Closing balance, 31 Dec.	**27.4**	49.3	**5.2**	4.7

13.5 Tangible assets, total

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**496.7**	398.1	**282.0**	273.8
Translation difference	**20.2**	-3.9	**–**	–
Increases	**102.5**	110.9	**36.8**	13.3
Decreases	**-24.5**	-9.0	**-18.9**	-5.1
Appropriations between items	**–**	0.5	**–**	–
Closing balance, 31 Dec.	**594.9**	496.7	**300.0**	282.0
Accumulated depreciation,1 Jan.	**-218.9**	-195.7	**-174.9**	-164.7
Translation difference	**-3.8**	-3.5	**–**	–
Accumulated depreciation on decreases and appropriations	**14.5**	5.8	**12.2**	3.6
Depreciation during financial period	**-36.0**	-25.5	**-13.9**	-13.8
Write-downs	**–**	–	**–**	–
Accumulated depreciation, 31 Dec.	**-244.2**	-218.8	**-176.6**	-174.9
Revaluations	**10.3**	10.9	**10.3**	10.9
Book value, 31 Dec.	**360.9**	288.8	**133.6**	118.0

14 Investments

14.1 Shares in subsidiaries

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.			**1.7**	0.5
Increases			**–**	0.6
Decreases			**-0.5**	–
Appropriations between items			**-0.5**	0.5
Closing balance, 31 Dec.			**0.7**	1.7

14.2 Shares in associated companies

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**2.6**	1.7	**57.9**	38.0
Translation difference	**0.3**	-0.1	**–**	–
Increases	**1.5**	1.5	**3.0**	20.4
Decreases	**-3.2**	–	**–**	–
Appropriations between items	**0.5**	-0.5	**0.5**	-0.5
Closing balance, 31 Dec.	**1.7**	2.6	**61.4**	57.9

14.3 Other shares

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**4.9**	2.4	**1.8**	1.4
Translation difference	**0.3**	-0.1	**–**	–
Increases	**0.0**	2.8	**0.0**	0.3
Decreases	**-3.8**	-0.2	**-0.4**	–
Appropriations between items	**–**	–	**–**	–
Closing balance, 31 Dec.	**1.4**	4.9	**1.4**	1.8

14.4 Investments, total

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Opening balance, 1 Jan.	**7.5**	4.1	**61.3**	39.9
Translation difference	**0.6**	-0.2	**–**	–
Increases	**1.5**	4.3	**3.0**	21.4
Decreases	**-7.0**	-0.2	**-0.9**	–
Appropriations between items	**0.5**	-0.5	**–**	–
Closing balance, 31 Dec.	**3.1**	7.5	**63.5**	61.3

15 Carrying value of production machinery and equipment

Group 1999	Group 1998	Parent company 1999	Parent company 1998
180.2	116.8	**47.9**	38.4

16 Revaluations

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Land and water, 1 Jan.	**3.4**	3.4	**3.4**	3.4
Buildings and structures, 1 Jan.	**7.5**	7.5	**7.5**	7.5
Deduction of land areas	**-0.7**	–	**-0.7**	–
Land and water, 31 Dec.	**2.8**	3.4	**2.8**	3.4
Buildings and structures, 31 Dec.	**7.5**	7.5	**7.5**	7.5

17 Shares and participations

	Number of shares	Holding, % Parent company	Holding, % Group	Par value of shares	Book value of shares
Group companies owned directly by the parent company				FIM 1,000	EUR 1,000
Hartwa-Trade Oy Ab	23,807	100.00	100.00	1,190	508
Lapin Kulta Oy	100	100.00	100.00	100	17
Helepark Oy	402	100.00	100.00	40	7
Kehitys Oy Piispantorni	220	100.00	100.00	22	4
Kiinteistö Oy Ristipellontie 13	1,908	100.00	100.00	10	172
Total					707
Associated companies					
Asunto Oy Ankkurisaarentie 22	750	50.00	50.00	15	522
Baltic Beverages Holding AB	500,000	50.00	50.00	50,000 SEK	57,693
Baltika, Russia	10,007	0.66	0.66	800 RUB	3,020
Cool Drinks International Oy Ab	10,000	50.00	50.00	1000	168
Total					61,404

Baltic Beverages Holding AB's subsidiaries

	Holding, % BBH	Holding, % Group	BBH's book value 1,000 SEK
Saku, Estonia	75.00	37.50	82,059
Aldaris, Latvia	75.00	37.50	108,271
Kalnapilis, Lithuania	86.00	43.00	76,155
Utenos Gerimai, Lithuania	97.45	48.73	103,623
Utenos Alus, Lithuania	50.00	25.00	132,007
JAC, Lithuania	100.00	50.00	155
Baltika, Russia	74.5	37.28	208,317
Yarpivo, Russia	60.00	30.00	132,965
Tula Brewing, Russia	68.56	34.28	207,486
Chelyabinsk, Russia	70.35	35.18	111,418
Slavutich, Ukraine	74.17	37.09	175,879
Slavuta, Ukraine	49.88	24.94	19,256
Kolos, Ukraine	98.65	49.33	151,132
BBE, Estonia	100.00	50.00	252
Total			1,508,975

Baltic Beverages Holding AB's associated companies

	Holding, % BBH	Holding, % Group	BBH's book value 1,000 SEK	Group's book value EUR 1,000
Litmalt, Lithuania	50.0	25.0	19,745	1,153
Total			19,745	1,153

Book value

	Number of shares	Par value of shares	Parent company's direct ownership	Indirect owner-ship
Other shares and participations				EUR 1,000
Helsinki-Halli Oy, Series A Shares	24	240	404	
Jokerit HC Oy	101,000	1,010	336	
Oy Navarino Ab	19,256	1,926	243	
Hex Oy, Helsinki Exchanges	24,400	244	50	
Suomen Palautuspakkaus Oy	200	200	34	
Other shares and participations			316	34
Total			1,383	34

18 Stocks

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Raw materials and consumables	**48.6**	55.3	**22.5**	39.4
Products in progress	**3.8**	2.8	**1.4**	1.4
Finished goods	**25.1**	10.5	**21.4**	8.2
Total	**77.5**	68.6	**45.4**	49.0

EUR million

19 Non-current receivables

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Loan receivables	**1.1**	2.1	**1.0**	0.9

20 Current receivables

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Trade receivables	**76.3**	59.8	**68.7**	52.6
Receivables from the same Group's companies				
Trade receivables			**0.1**	0.0
Other receivables			**0.1**	0.1
Prepaid expenses and accrued income			**0.1**	0.0
			0.3	0.2
Receivables from associated companies				
Trade receivables	**2.9**	1.0	**5.9**	2.0
Loan receivables	**16.0**	9.6	**32.0**	19.2
Other receivables	**–**	0.1	**–**	0.2
Prepaid expenses and accrued income	**–**	0.2	**–**	0.5
	19.0	11.0	**37.9**	21.9
Other receivables	**5.0**	11.9	**1.6**	2.0
Prepaid expenses and accrued income	**16.7**	11.9	**6.2**	1.9
	21.6	23.7	**7.8**	4.0
Current receivables, total	**116.9**	94.5	**114.8**	78.6

21 Prepaid expenses and accrued income

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Advance payments to suppliers	**1.1**	2.4	**–**	–
VAT and customs receivables	**2.3**	2.7	**–**	–
Tax assets	**5.4**	1.6	**4.7**	–
Other prepaid expenses and accrued income	**7.9**	5.4	**1.5**	2.5
Total at the end of the period	**16.7**	12.1	**6.3**	2.5

22 Imputed tax assets

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Tax assets due to timing differences	**2.5**	3.7	**1.8**	3.0

23 Shareholders' equity

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Share capital, 1 Jan.	**10.2**	10.1	**10.2**	10.1
Redenomination of the share capital to euro	**1.9**	–	**1.9**	–
Rights issue	**0.0**	0.0	**0.0**	0.0
Share capital, 31 Dec.	**12.1**	10.2	**12.1**	10.2
Premium on share issue fund, 1 Jan.	**60.4**	60.1	**60.4**	60.1
Redenomination of the share capital to euro	**-1.9**	–	**-1.9**	–
Issue premium	**0.3**	0.3	**0.3**	0.3
Premium on share issue fund, 31 Dec.	**58.8**	60.4	**58.8**	60.4
Other funds, 1 Jan.	**28.2**	–		
Transferred from profits	**8.3**	28.2		
Other funds, 31 Dec.	**36.4**	28.2		
Retained earnings, 1 Jan.	**98.0**	101.5	**47.1**	28.2
Dividend paid	**-9.1**	-8.1	**-9.1**	-8.1
Donations	**0.0**	0.0	**0.0**	0.0
Revaluations	**-0.7**	–	**-0.7**	–
Tax liabilities on revaluations	**–**	-3.1	**–**	-3.1
Translation difference	**11.9**	-9.9		
Transfers to other funds	**-8.3**	-28.2		
Retained earnings, 31 Dec.	**91.8**	52.3	**37.3**	17.0
Net profit for the financial period	**46.0**	45.7	**23.8**	30.1

24 Distributable funds, 31 Dec.

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Retained earnings	**91.8**	52.3	**37.3**	17.0
Net profit for the financial period	**46.0**	45.7	**23.8**	30.1
Share of accumulated depreciation difference	**-31.5**	-31.4	**–**	–
Distributable funds, 31 Dec.	**106.3**	66.6	**61.1**	47.1

25 Accumulated appropriations

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Accumulated depreciation difference, 1 Jan.			**43.5**	47.6
Change in depreciation difference 1999			**0.7**	-4.1
Accumulated depreciation difference, 31 Dec.			**44.3**	43.5

26 Obligatory provisions

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Product, can and bottle costs	**5.2**	8.8	**5.2**	8.8
Rents and real-estate costs	**–**	0.8	**–**	0.8
Personnel expenses	**–**	0.2	**–**	0.2
Other	**0.7**	0.7	**0.7**	0.7
Total	**5.9**	10.5	**5.9**	10.5

27 Imputed deferred tax

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Deferred taxes on depreciation difference and voluntary reserves	**12.8**	12.2	**–**	–
Deferred taxes on revaluations	**3.0**	3.1	**3.0**	3.1
Deferred taxes from timing difference	**0.2**	0.5	**–**	–
Deferred taxes on consolidation procedures	**0.1**	0.0	**–**	–
Total	**16.0**	15.8	**3.0**	3.1

28 Non-current creditors

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Loans from financial institutions	**15.9**	15.3	**15.9**	15.3
Pension loans	**14.3**	–	**14.3**	–
Other non-current loans	**18.8**	6.2	**12.5**	5.0
Leasing loans	**13.9**	9.5	**–**	–
Total	**63.0**	31.1	**42.7**	20.3

29 Liabilities falling due after five years

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Loans from financial institutions	**14.2**	1.5	**14.2**	1.5
Other non-current loans	**9.3**	0.1	**9.3**	0.1
Total	**23.5**	1.7	**23.5**	1.7

30 Issue of bonds with warrants

EUR 4.2 thousand remains to be paid on the 1994 issue of bonds with warrants. The subscription periods of the warrants are as follows:

Litt.C 4* 31,250 Series A shares 1 Sept. 2000-31 Jan. 2001
Litt.D 4* 31,250 Series A shares 1 Sept. 2001-31 Jan. 2002
The subscription price is EUR 2.76 per share.

31 Current creditors

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Loans from financial institutions	**4.7**	4.7	**4.7**	4.7
Pension loans	**1.7**	–	**1.7**	–
Advances received	**1.1**	0.6	**–**	–
Trade payables	**34.5**	37.2	**19.6**	19.0
Next year's leasing payments	**6.7**	5.1	**–**	–
	48.7	47.6	**26.0**	23.7
Debts to the same Group's companies				
Trade payables				
Other liabilities			**1.1**	0.7
Accrued liabilities and prepaid income			**6.1**	–
			7.2	0.7
Debts to associated companies				
Trade payables	**0.0**	0.0	**–**	–
Other liabilities	**1.4**	0.1	**2.8**	0.1
Accrued liabilities and prepaid income	**0.1**	–	**0.1**	–
	1.5	0.1	**2.8**	0.1
Debts to others				
Other liabilities	**90.3**	67.8	**52.9**	38.0
Accrued liabilities and prepaid income	**88.5**	74.8	**71.5**	67.0
	178.7	142.5	**124.4**	105.1
Current creditors, total	**229.0**	190.2	**160.5**	129.5

EUR million

32 Accrued liabilities and prepaid income

	Group		Parent company	
	1999	1998	**1999**	1998
VAT liabilities	**14.7**	13.9	**13.1**	13.5
Excise tax liabilities	**31.3**	28.0	**28.5**	26.4
Tax liabilities	**2.4**	0.9	**–**	0.4
Wages, salaries and social expenses	**8.6**	11.0	**8.2**	10.8
Other periodisations	**31.6**	21.0	**28.0**	16.1
Total	**88.6**	74.8	**77.7**	67.0

33 Contingent liabilities

	Group		Parent company	
	1999	1998	**1999**	1998
Mortgages as collateral for own commitments				
Mortgages on real-estate	**53.7**	39.1	**51.0**	39.1
Rental rights	**2.4**	2.4	**2.4**	2.4
Machinery	**45.8**	4.3	**–**	–
Stocks	**0.9**	0.1	**–**	–
Deposits	**0.5**	–	**–**	–
Corporate mortgage	**25.2**	20.2	**25.2**	20.2
Total	**128.5**	66.0	**78.6**	61.7
Guarantees as collateral for other commitments				
Guarantees				
on behalf of management	**–**	–	**–**	–
on behalf of shareholders	**0.0**	0.0	**0.0**	0.0
Group's companies	**–**	–	**2.2**	1.7
associated companies	**6.4**	2.1	**–**	–
other	**2.0**	2.2	**2.0**	2.2
Repurchase commitments	**1.9**	2.6	**1.9**	2.6
Total	**10.3**	7.0	**6.1**	6.6

	Group		Parent company	
	1999	1998	**1999**	1998
Leasing commitments				
Real-estate leasing commitments				
Leasing rents to be paid in the 2000 financial year	**1.6**	1.7	**1.6**	1.7
Leasing rents to be paid later	**4.3**	6.4	**4.3**	6.4
Other leasing commitments *)				
Leasing rents to be paid in the 2000 financial year	**7.6**	5.5	**7.5**	5.5
Leasing rents to be paid later	**16.5**	10.1	**16.4**	10.0
Repurchase commitments	**1.3**	1.3	**1.3**	1.3
	31.3	25.0	**31.0**	24.8
Total	**170.0**	98.0	**115.8**	93.1

*) Other leasing commitments are included in the debts in the Group's Balance sheet.

Derivative agreements 31 December 1999.

There are no derivative agreements.

	Group		Parent company	
	1999	1998	**1999**	1998
Loans with guarantees				
Loans with mortgages as collateral				
Loans from financial institutions	**42.7**	21.3	**36.4**	20.1
Other current loans	**1.7**	3.1	**–**	–
Credit limits	**41.0**	37.8	**37.8**	37.8
of which used on 31 Dec.	**35.9**	20.5	**33.6**	19.3
Loans, total	**80.4**	44.9	**70.0**	39.4
Mortgages as collateral, total	**128.5**	66.0	**78.6**	61.7
Loans with guarantees as collateral				
Trade payables	**3.2**	2.1		
Guarantees on behalf of associated companies, total	**6.4**	2.1		

The Hartwall Group's annual accounts have been prepared in accordance with the Finnish accounting regulations that came into force on 31 December 1997. The annual accounts that will be submitted to the Trade Register have been drawn up in Finnish marks.

Consolidation policy

The consolidated accounts comprise the parent company together with all the subsidiaries of Oyj Hartwall Abp (voting rights > 50%) as well as all the associated companies of Oyj Hartwall Abp (voting rights 20-50%). The acquired subsidiaries and associated companies are included in the consolidated annual accounts as from the date of acquisition. 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. 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.

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

Minority interests have been separated from the Group's shareholders' equity and net profit, and are stated as a separate item.

Of the associated companies, Baltic Beverages Holding AB and Cool Drinks International Oy, which are half-owned, have been consolidated using the proportionate method, whereby the consolidation has involved the inclusion of 50% of the companies in question on all the lines of the profit and loss account and the balance sheet. The portion of intra-Group transactions corresponding to the shareholding has been eliminated.

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 in the financial period 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 marks 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.

The associated company BBH has used the so-called monetary–non-monetary method in consolidating all its 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 stocks, current assets and creditors in the balance sheet are translated at the exchange rate on the day when the financial period ends, or at a lower exchange rate on the date of closing, while the other items in the balance sheet 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. In addition, retained earnings reported by BBH's subsidiaries have been translated using the exchange rates in the aforementioned annual accounts, and the difference has been transferred from retained earnings to non-distributable funds.

Net sales

Indirect taxes, discounts granted and exchange rate differences have been subtracted from sales revenues when calculating net sales.

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.

Accounting policy

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. Revaluations are based on the values prevailing at the time of revaluation.

Fixed assets are depreciated according to plan using straight-line depreciation on their estimated economic life. The Group's guideline values for the economic life of fixed assets, as used in depreciation, are:

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

Leasing

Goods rented under financial leasing agreements have been transferred to fixed assets in the consolidated annual accounts, and contractual obligations to interest-bearing creditors. Rental liabilities on real-estate are presented in the notes to the annual accounts, and the rents are presented in rent costs.

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.

Extraordinary income and expenses

The impacts of the changes in accounting policy on previous financial years and other significant items that do not comprise part of business operations have been recorded in extraordinary income and expenses. The tax liability calculated from revaluations carried out in previous years has been recorded directly as a decrease in retained earnings.

Appropriations

Appropriations include changes in the difference between financial and fiscal depreciation. In the consolidated balance sheet, the amount of accrued appropriations has been divided between shareholders' equity and the imputed tax liability. The changes in appropriations over the financial period have, correspondingly, been divided between the net profit for the year and the change in the imputed tax liability in the profit and loss account.

Obligatory provisions

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

Direct taxes

In the profit and loss account, recorded as income taxes are those taxes which have been calculated, on the basis of local tax legislation, from the results of the Group companies during the financial year, corrections of taxes from earlier financial periods and imputed taxes.

The imputed tax liability or asset is calculated for the periodisation differences between taxation and the annual accounts, using the tax base confirmed for the following years at the date of closing. The balance sheet includes the imputed tax liability in its entirety, and the imputed tax asset is included as an estimate of the probable tax benefit.

Dividends

The annual accounts do not record the dividend proposed to the Annual General Meeting by the Board of Directors. Rather, the dividends will be taken into account only on the basis of a decision taken by the Annual General Meeting.

Key indicators for the Group

Profit and loss account		1995	1996	1997	1998	**1999**
Net sales	EUR million	289.8	336.4	445.3	486.7	**467.0**
Change, %	%	-1.2	16.1	32.4	9.3	**-4.0**
Operating profit	EUR million	14.3	40.0	95.5	94.3	**76.6**
percentage of net sales	%	4.9	11.9	21.4	19.4	**16.4**
Profit/loss after financial items	EUR million	7.7	34.9	94.5	80.7	**73.1**
percentage of net sales	%	2.7	10.4	21.2	16.6	**15.7**
Profit before taxes	EUR million	7.7	34.9	92.7	82.4	**73.1**
percentage of net sales	%	2.7	10.4	20.8	16.9	**15.7**
Net profit for the year	EUR million	0.8	16.0	52.7	45.7	**46.0**
percentage of net sales	%	0.3	4.8	11.8	9.4	**9.8**

Balance sheet						
Fixed assets	EUR million	168.8	192.4	229.7	308.0	**393.4**
Stocks	EUR million	49.9	64.7	65.9	68.6	**77.5**
Receivables	EUR million	48.1	60.6	77.3	100.2	**120.5**
Current deposits	EUR million	–	–	9.8	0.0	**0.8**
Cash in hand and at the banks	EUR million	2.6	10.9	12.9	9.7	**22.2**
Shareholders' equity	EUR million	77.5	121.9	171.7	196.7	**245.1**
Minority interest	EUR million	9.6	25.3	39.5	42.2	**55.4**
Obligatory provisions	EUR million	6.9	4.3	7.7	10.5	**5.9**
Deferred tax	EUR million	14.3	14.8	13.9	15.8	**16.0**
Non-current creditors	EUR million	45.7	31.1	28.6	31.1	**63.0**
Current creditors	EUR million	115.2	131.2	134.3	190.2	**229.0**
Total assets	EUR million	269.3	328.6	395.7	486.6	**614.4**
Interest-bearing borrowed capital	EUR million	88.8	77.2	46.2	104.0	**164.8**
Non-interest-bearing borrowed capital	EUR million	86.4	100.0	130.6	133.2	**143.2**

Key ratios						
Return on equity (ROE)	%	4.1	18.5	36.8	24.4	**21.4**
Return on investment (ROI)	%	8.7	20.6	40.6	29.2	**19.7**
Interest cover		5.4	9.9	38.0	24.8	**15.7**
Equity ratio	%	32.4	44.9	54.1	49.2	**49.0**
Gearing ratio	%	99.0	45.0	11.1	39.4	**47.2**
Gross capital expenditures on fixed assets	EUR million	31.0	48.6	68.7	102.8	**125.2**
percentage of net sales	%	10.7	14.4	15.4	21.1	**26.8**
R&D expenditure	EUR million	1.0	1.1	1.4	1.4	**1.8**
percentage of net sales	%	0.4	0.3	0.3	0.3	**0.4**
Personnel, average		2,484	2,570	3,422	4,165	**5,341**
Hartwall		1,675	1,469	1,393	1,361	**1,381**
BBH (100%)		1,619	2,202	4,057	5,608	**7,919**

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

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

Equity ratio

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

Gearing

$$\frac{\text{interest-bearing liabilities less cash and bank}}{\text{shareholders' equity + minority interest}}$$

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

Share-issue adjusted indicators

		1995	1996	1997	1998	**1999**
Earnings per share (EPS)	euro	0.02	0.28	0.90	0.72	**0.76**
Equity per share	euro	1.51	2.01	2.83	3.24	**4.03**
Dividend per share						
Series A	euro	0.0505	0.0673	0.1346	0.1514	**0.1682** *)
Series K	euro	0.0370	0.0639	0.1312	0.1480	**0.1648** *)
Dividend payout ratio	%	305.3	25.2	14.8	20.7	**22.1**
Series A						
Effective dividend yield	%	1.9	1.0	0.9	1.1	**1.2**
P/E ratio		155.77	23.91	16.85	19.16	**19.03**
Adjusted share price						
Average	euro	2.40	4.35	10.46	18.31	**12.39**
Low	euro	1.85	2.69	6.69	7.67	**10.00**
High	euro	2.79	6.79	16.31	35.20	**15.95**
Year-end price	euro	2.72	6.79	15.14	13.88	**14.40**
Trading volume	1,000 shares	3,400	17,650	13,805	17,332	**10,967**
Series A, total	%	7.7	35.9	26.1	32.7	**20.7**
Market capitalisation at year-end						
Series A	EUR million	119.6	360.7	806.3	740.2	**768.2**
Series K	EUR million	20.2	50.3	112.0	102.7	**106.6**
Total	EUR million	139.8	411.0	918.3	842.8	**874.7**
Adjusted average number of shares						
Series A	1,000 shares	36,905	48,903	53,268	53,344	**53,344**
Total	1,000 shares	46,260	56,303	60,668	60,744	**60,744**
Adjuted average number of shares at year-end						
Series A	1,000 shares	43,900	53,083	53,268	53,344	**53,344**
Total	1,000 shares	51,300	60,483	60,668	60,744	**60,744**

* Proposal of the Board of Directors

Formulas for the indicators

Earnings per share (EPS)

$$\frac{\text{profit/loss after financial items less taxes less minority interest}}{\text{adjusted average number of shares for the year}}$$

Equity per share

$$\frac{\text{adjusted shareholders' equity}}{\text{adjusted number of shares at year-end}}$$

Dividend per share

$$\frac{\text{dividend paid}}{\text{adjusted number of shares at year-end}}$$

Dividend payout ratio

$$\frac{\text{dividend paid}}{\text{profit/loss after financial items less taxes less minority interest}}$$

Effective dividend yield

$$\frac{\text{dividend per share}}{\text{adjusted share price at year-end}}$$

P/E-ratio

$$\frac{\text{adjusted share price at year-end}}{\text{EPS}}$$

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

Proposal for the distribution of profit

On 31 December 1999, the Group's non-restricted equity according to the consolidated balance sheet amounts to EUR 137,751,725.83, of which distributable funds amount to EUR 106,278,569.47.

The parent company's non-restricted equity according to the balance sheet as at 31 December 1999 is as follows:

retained earnings	EUR	37,319,772.47
profit/loss for the financial period	EUR	23,761,892.35
	EUR	61,081,664.82

The number of shares entitled to a dividend is 60,550,000.

The Board of Directors proposes that the distributable funds be disposed of in the following manner:

payment to shareholders of a dividend for 1999 of:		
EUR 0.1682 (FIM 1.00) on the Series A share	EUR	8,939,188.29
EUR 0.1648 (FIM 0.98) on the Series K share	EUR	1,219,698.84
	EUR	10,158,887.13
to be set aside for benevolent purposes at the discretion of the Board of Directors	EUR	33,637.59
remainder transferred to retained earnings	EUR	50,889,140.10

Helsinki, 9 February 2000

Gustav von Hertzen	Paul Bergqvist	L. J. Jouhki	Pertti Hernesniemi
Erik Hartwall	Jussi Länsiö Managing Director	Henrik Therman	Erkki Kilpinen

Auditor's report

To the shareholders of Hartwall Plc

We have audited the accounting, the financial statements and the administration of Hartwall Plc for the year ended 31 December 1999. The financial statements, which 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, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on administration.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit 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 administration is to examine that the Board of Directors and the Managing Director have complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations, as well as of the financial position. The financial statements with the consolidated financial statements 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 profit for the period is in compliance with the Companies Act.

Helsinki, 2 March 2000

KPMG WIDERI OY AB

Sixten Nyman Authorised Public Accountant	Lasse Holopainen Authorised Public Accountant

Information on Oyj Hartwall Abp's shares

Share capital

Oyj Hartwall Abp's share capital was EUR 12,110,000 at the end of 1999. In accordance with the subscription terms, 125,000 Series A shares were subscribed on the basis of warrants from the issue of bonds with warrants that was floated in 1994. The Annual General Meeting of 27 April 1999 decided to redenominate Oyj Hartwall Abp's share capital to euros and to discontinue the par value of shares at the same time. The Board of Directors' proposal to raise the share capital from its current sum of FIM 60,425,000 – which is equivalent to EUR 10,162,755 – to EUR 12,085,000 by means of a bonus issue amounting to EUR 1,922,245 was also approved at the meeting. The bonus issue was carried out in such a way that the aforementioned amount was transferred from the share premium fund to the share capital account without floating new shares, leading to an accounting countervalue of EUR 0.20/share.

Oyj Hartwall Abp's shares outstanding at the end of 1999 number 60,550,000 in all, of which 7,400,000 are Series K shares and 53,150,000 are Series A shares. The latter have been quoted on HEX Helsinki Exchanges as of 1 July 1994.

Each Series A share confers to the holder the right to one vote at a meeting of shareholders and each Series K share confers 20 votes. Series A shares entitle the holder to a dividend of no less than two percentage points higher than Series K shares.

Share turnover 1999

The turnover of Hartwall's Series A shares amounted to EUR 135,824,786.18 in 1999, representing 20.7% (32.7 %) of the total amount of Series A shares. There were 7,608 (8,521) shareholders at the end of 1999. Of the A series shares, 33.1 % (32.4 %) were in foreign ownership. The turnover and prices of Series A shares were as follows:

Turnover and prices of Series A shares, 1 Jan.- 31 Dec. 1999, in euros

Turnover	135,824,786.18	10,966,779 shares
Lowest price (29 Jan. and 8 Feb. 1999)	10.00	
Highest price (22 Dec. 1999)	15.95	
Average price	12.39	
Closing quotation on 31 Dec. 1999	14.40	

Structure of the share capital

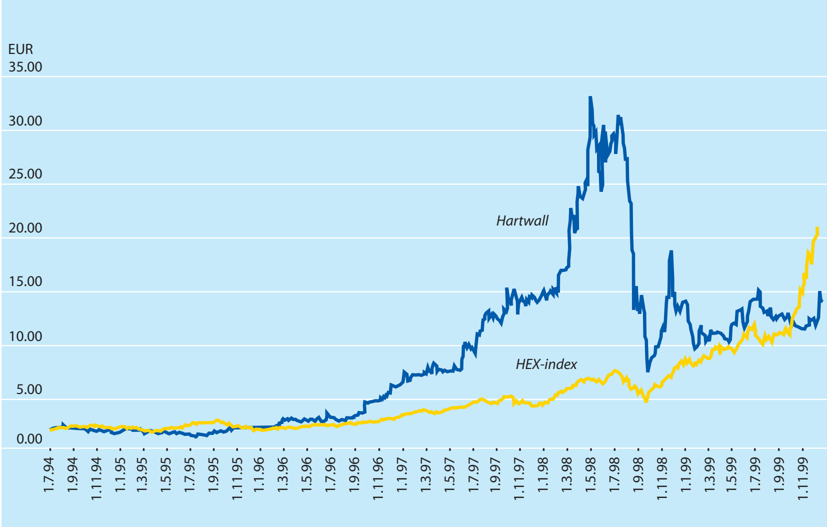
	1 Jan. 1999		31 Dec. 1999*)	
	Number of shares	Votes	Number of shares	Votes
Series K shares	7,400 00	148,000,000	7,400,000	148,000,000
Series A shares	53, 025, 000	53,025,000	53,150,000	53,150,000
Total	60,425,000	201,025,000	60,550,000	201,150,000

*) issue of bonds with warrants '94 / after the litt. B subscription on 20 September 1999

Ownership structure, 31 Dec. 1999

	Number of owners	Number of shares	Voting rights
Households and private individuals	6,926	28,255,197	28,255,197
Companies	514	8,738,376	120,838,376
Financial institutions and insurance companies	48	1,787,844	1,787,844
Public sector entities	18	2,368,740	2,368,740
Non-profit bodies	54	288,685	288,685
	7,560	41,438,842	153,538,842
Foreigners, total *)	48	19,091,403	47,591,403
	7,608	60,530,245	201,130,245
*) of which nominee-registered shares	11	6,673,586	6,673,586

Hartwall's share monitor 1.7.94 - 31.12.99



Breakdown of ownership, 31 Dec. 1999

Number of shares/shareholder	Shareholders	Percentage	Number of shares	Percentage of holding
1 - 99	1,158	15.2	44,950	0.08
100 - 999	5,273	69.3	1,558,638	2.57
1,000 – 9,999	1,039	13.7	2,076,718	3.43
10,000 – 99,999	86	1.1	2,869,608	4.74
100,000 – 999,999	40	0.5	12,921,785	21.34
over 1,000,000	12	0.2	41,058,546	67.81
	7,608	100 %	60,530, 245	99.97%
On the grand total account				
(= not converted to book-entry units)			19,755	0.03
Number outstanding			60,550,000	100%

Management's shareholding, 31 Dec. 1999

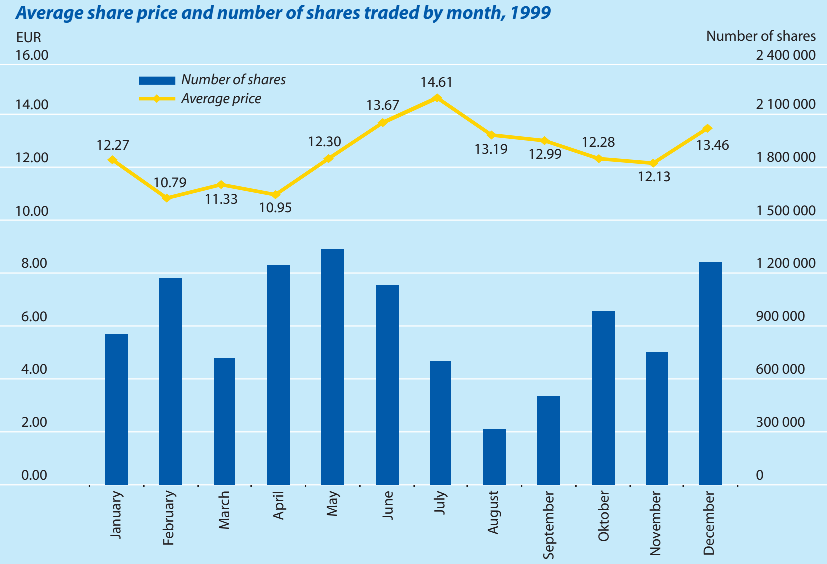
(Board of Directors, Managing Director, Deputy Managing Director)

- percentage of shares	4.3%
- percentage of warrants	100%
- percentage of voting rights	1.3%
- voting rights which management can obtain on the basis of warrants	0.1%

20 largest shareholders, 31 Dec. 1999

	Number of shares	% of holding	% of voting rights
Hartwall Yhtiöt Oy			
- Series K shares	5, 900,000	9.7	58.7
- Series A shares	361,600	0.6	0.2
	6, 261,600	10.3	58.9
Pripps Ringnes AB			
- Series K shares	1,500,000	2.5	14.9
- Series A shares	10,842,500	17.9	5.4
	12,342,500	20.4	20.3
Hartwall P-G,estate	5,306,000	8.8	2.6
K. Hartwall Oy Ab	1,767,075	2.9	0.9
Hartwall Gösta, estate	1,677, 600	2.8	0.8
Therman Robert	1,500,140	2.5	0.7
Local Government Pensions Institution	1,403,165	2.3	0.7
Therman Mattias	1,325,000	2.2	0.7
Hartwall Erik	1,258,050	2.0	0.6
Hartwall John	1,249,800	2.1	0.6
Therman Henrik	1,006,090	1.7	0.5
Tallqvist Gustav	900,635	1.5	0.4
Therman Anna	719,400	1.2	0.4
Hartwall Helmi, estate	651,600	1.1	0.3
Hartwall Peter	634,150	1.0	0.3
Roos Katarina	561,900	0.9	0.3
Tallqvist Niklas	539,700	0.9	0.3
Ilmarinen Mutual Pension Insurance Company	525,050	0.9	0.3
Hartwall Victor	521,500	0.9	0.3
Hartwall Kaj-Erik	518,000	0.8	0.2
20 largest, total	40,668,955	67.2	90.1

Average share price and number of shares traded by month, 1999



Oyj Hartwall Abp's Articles of Association

Article 1 The company's business name is Oyj Hartwall Abp and it is domiciled in Helsinki. The company's business name in English is Hartwall plc.

Article 2 The company's field of business is to engage in the manufacture and sale of mineral waters, juices, malt beverages and soft drinks as well as related activities, and also in the manufacture and sale of other food industry -related products. The company also rents real-estate and apartments or office suites, and carries out other types of leasing activities. The company may also engage in these activities through subsidiaries and/or associated companies. The company provides these companies with the Group's joint financing, administration and planning services as well as guides the Group's joint planning.

Article 3 The minimum share capital of the company shall be twelve million eighty-five thousand euros (EUR 12,085,000) and the maximum share capital forty-eight million three hundred and forty thousand euros (EUR 48,340,000), within which limits the share capital may be raised or lowered without amending these Articles of Association.

The company's shares belong to the book-entry system.

Article 4 The company shall have two series of shares: one series of K-shares and one series of A-shares; in all, a minimum of 60,425,000 shares and a maximum of 241,700,000 shares. The number of Series K shares can be a maximum of 29,600,000 and the number of Series A shares a maximum of 241,700,000.

In connection with an increase in the share capital where both Series K and Series A shares are issued, holders of Series K shares shall have a pre-emptive right to subscribe for new Series K shares and holders of Series A shares shall have a pre-emptive right to subscribe for new Series A shares.

In the event that the increase in the share capital is made by issuing Series K shares alone, holders of Series K shares shall have a pre-emptive right to subscribe for the new shares. If the increase in share capital is made by issuing Series A shares alone, all the shareholders shall have an equal right to subscribe for the new shares.

At a General Meeting each Series K share shall carry twenty (20) votes and each Series A share one (1) vote.

When an Annual General Meeting resolves to pay a dividend, the dividend paid on Series A shares shall be at least two (2) percentage points higher than the dividend on Series K shares.

After the registration date, the right to obtain funds distributed by the company as well as a subscription right in connection with an increase in the share capital shall be limited to:

1) a shareholder registered in the Shareholder Register on the record date;

2) a holder of the right to payment who is registered, on the record date, in the book-entry account of a registered shareholder and in the Shareholder Register; or

3) if a share has been nominee-registered, a shareholder in whose book-entry account the share is registered on the record date and whose custodian is registered as the administrator of the share in the Shareholder Register on the record date.

After an offer by the Board of Directors, an owner of Series K shares shall have the right to demand that the Series K shares he owns be converted to Series A shares in the proportion 1:1. The demand for conversion must be made in writing to the company's Board of Directors. The demand must contain information on the shares that the shareholder wants to be converted. The Board of Directors must, after the expiry of the offer date, implement without delay the changes in the demand for conversion. The conversion must thereafter be filed without delay with the Trade Register for registration. When the registration has been carried out, the conversion shall enter into effect.

Article 5 The company shall have a Board of Directors consisting of a minimum of three (3) and a maximum of ten (10) members, who shall be elected at the Annual General Meeting to a term of office that shall expire at the end of the next Annual General Meeting following their election.

The Annual General Meeting shall also elect the Chairman and Vice Chairman of the Board of Directors.

The Board of Directors shall convene at the call of its Chairman. Each member of the Board of Directors and the Managing Director have the right to request that a meeting be called. The Board of Directors shall have a quorum when more than half of its members are present. A simple majority shall determine the outcome of voting. If voting ends in a tie, the Chairman shall have the casting vote.

Each member of the Board of Directors shall have the right to have his dissenting opinion recorded in the minutes.

The notice of meeting must be delivered to each member of the Board of Directors.

At the proposal of the Chairman, the Board of Directors can take decisions in writing without convening if the members of the Board of Directors are unanimous on the decision and sign it.

■ **Article 6** The Board of Directors shall attend to the administration of the company and the appropriate organisation of its activities.

The Board of Directors shall appoint a Managing Director for the company.

The Managing Director shall attend to the day-to-day administration of the company in accordance with the instructions and orders issued by the Board of Directors.

■ **Article 7** The company's business name shall be signed by the Chairman of the Board of Directors and the Managing Director, both alone.

The Board of Directors can grant one or more persons the right to sign the company's business name either alone or jointly with another person authorised to sign for the company.

The Board of Directors shall also decide on the granting of rights of procuration.

■ **Article 8** The financial year of the company shall be the calendar year. The annual accounts and related documents must be submitted to the company's auditors for auditing by 31 March at the latest. The auditors must submit their auditors' report within a month.

■ **Article 9** The company shall have two to four auditors, at least one of whom shall be a firm of independent public accountants authorised by the Central Chamber of Commerce. The auditors shall be elected annually at the Annual General Meeting and their term of office shall expire at the end of the next Annual General Meeting following their election.

■ **Article 10** The Annual General Meeting shall be held each year before the end of June in Helsinki, Espoo or Vantaa.

The Board of Directors shall convene a meeting of shareholders by publishing a notice of meeting in at least one of the daily newspapers which comes out in Helsinki, as specified by the Board, or by sending a notice of meeting by registered mail to each shareholder who is entered in the Shareholder Register, at the address given, no less than twelve (12) days and no more than two months before the day designated for the meeting of shareholders. A shareholder who wishes to participate in a meeting of shareholders must register in advance no later than at the place and day specified in the notice of meeting, which can be five days before the meeting at the earliest.

A shareholder who wishes that a certain matter be dealt with at a General Meeting must inform the Board of Directors of this matter in writing early enough to allow the matter to be included in the notice of meeting.

■ **Article 11** The business of the Annual General Meeting shall include:

Presentation of:

1. the annual accounts for the past financial year, comprising the Profit and Loss Account, Balance Sheet and the Report of Operations,
2. the Auditors' Report,

Decision on:

3. approval of the Profit and Loss Account and Balance Sheet,
4. any measures which may be occasioned by the profit or loss shown in the approved Balance Sheet,
5. granting of release from liability to the members of the Board of Directors and the Managing Director,
6. any measures which may be occasioned by the reports of the Board of Directors and the auditors,
7. the payment of a dividend,
8. the number of members of the Board of Directors and the number of auditors,
9. the remunerations of the Board of Directors and the auditors,

Election of:

10. the members of the Board of Directors, and the Chairman and Vice Chairman of the Board,
11. the auditors,

and dealing with:

12. any other matters mentioned in the notice of meeting.

Oyj Hartwall Abp's administration and organisation

Board of Directors

The Board of Directors from left Erkki Kilpinen, Pertti Hernesniemi, Erik Hartwall, Henrik Therman, Gustav von Hertzen, L.J.Jouhki, Jussi Länsiö (Managing Director, not a member of the Board) and Paul Bergqvist.

Gustav von Hertzen, born 1930
mining counsellor,
Chairman of the Board since 1982

Erik Hartwall, born 1941
Managing Director, Hartwall-Yhtiöt Oy
deputy chairman of the Board
since 1989

Paul Bergqvist, born 1946
Chief Executive, Pripps Ringnes AB
Board member since 1993

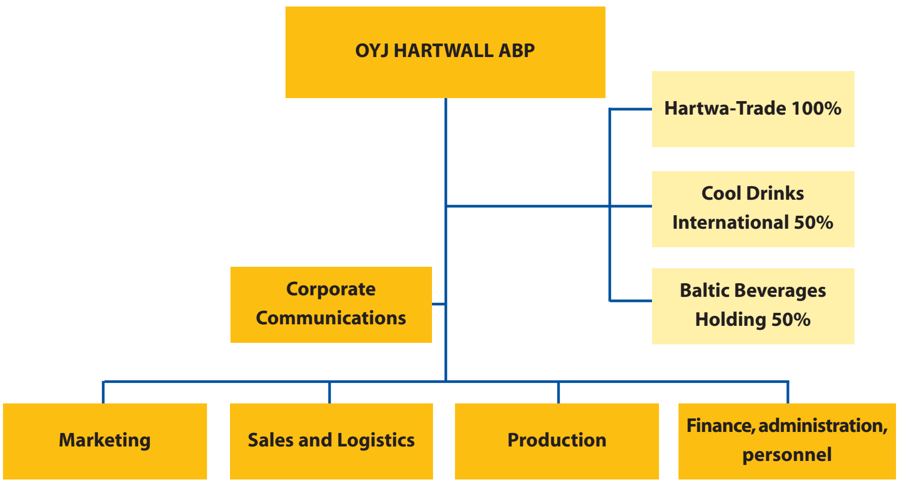
L.J. Jouhki, born 1944
Chairman of the Board,
Thominvest Oy
Board member since 1997

Henrik Therman, born 1937
M. Sc. (Eng.)
Board member since 1997

Pertti Hernesniemi, born 1956
Hartwall's employee
representative
Board member since 1995

Erkki Kilpinen, born 1948
Hartwall's employee
representative
Board member since 1995

Auditors
Sixten Nyman, Authorised Public Accountant
KPMG Wideri Oy Ab



Executive Committee of Oyj Hartwall Abp

Jussi Länsiö, born 1952
Managing Director
with the company since 1994

Ralf Hollmén, born 1948
Sales and Logistics director,
Deputy Managing Director
with the company since 1985

Markku Sirén, born 1948
Finance Director, Secretary of the Board
with the company since 1994

Rolf Therman, born 1943
Technical Director
with the company since 1992

Esa Rautalinko, born 1962
Marketing Director
with the company since 1996

From left
Rolf Therman, Ralf Hollmén,
Esa Rautalinko, Jussi Länsiö
and Markku Sirén.

Parent company, subsidiaries and associated companies and their management

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.
Managing Director: **Christian Ramm-Schmidt**, born 1946

Hartwall-Yhtiöt Oy is a holding company that was established in 1988 and is the parent company of Oyj Hartwall Abp. The owners of Hartwall-Yhtiöt Oy are all direct descendants of the founder, Victor Hartwall.
Managing Director: **Erik Hartwall**, born 1941

Hartwa-Trade Oy Ab is an importer and wholesaler of wines and alcoholic beverages in Finland.
Managing Director: **Markku Tolonen**, born 1943

Cool Drinks International Oy is a company owned by Hartwall and Primalco Oy on a fifty-fifty basis, which manufactures, markets and sells low-alcohol ready-to-drink beverages. **Jussi Länsiö** is the acting managing director.

From left
Christian Ramm-Schmidt,
Erik Hartwall and
Markku Tolonen

Contact information

www.hartwall.fi

Oyj Hartwall Abp

Group management
Ristipellontie 4,
PO Box 31, 00391 Helsinki
Tel. +358 9 54021
Fax +358 9 540 2453
+358 9 540 2528 (Communications)

Production plants
Helsinki
Ristipellontie 4
PO Box 31, 00391 Helsinki
Tel. +358 9 54021
Fax +358 9 540 2453
Karijoki
Marttusentie 100, 64350 Karijoki
Tel. +358 6 268 0088
Fax +358 6 268 0078
Lahti
Kolkankatu 17, PO Box 44, 15101 Lahti
Tel. +358 3 86211
Faksi +358 3 752 1552
Tornio
Lapinkullankatu 1, PO Box 33, 95401 Tornio
Tel. +358 16 43366
Fax +358 16 433 601

Sales
Retail Channel
Ristipellontie 4, PO Box 31, 00391 Helsinki
Tel. 9800-52332
Fax +358 9 540 2271
+358 9 540 2512
Restaurant Channel
Ristipellontie 4, PO Box 31, 00391 Helsinki
Tel. 08001-58662
Fax +358 9 540 2271
Service Channel
Ristipellontie 4, PO Box 31, 00391 Helsinki
Tel. 9800-52332
Fax +358 9 540 2271

Hartwa-Trade Oy Ab
Konalantie 47 A, PO Box 23, 00391 Helsinki
Tel. +358 9 54021
Fax +358 9 540 2526

Baltic Beverages Holding AB

Head office
Finland:
Ristipellontie 4,
PO Box 31, 00391 Helsinki
Tel. +358 9 54021
Fax +358 9 540 2514
Sweden:
Masungsvägen 28, Box 20182
S-16102 Bromma
Tel. +46 8 799 8400
Fax +46 8 291 303

Saku Brewery
Tallinna mnt
EE – 3400 Saku, Harju,
Estonia
Tel. +372 6 508 400
Fax +372 6 508 401

Aldaris Brewery
44 Twaika Str.
LV – 1005 Riga, Latvia
Tel. +371 7023 200
Fax +371 7023 224

Kalnapilis Brewery
Taikos al. 1,
LT – 5319 Panevezys, Lithuania
Tel. +370 54 61645
Fax +370 54 64667

Utenos Alus Brewery
Pramones str. 12,
LT – 4910 Utena, Lithuania
Tel. +370 39 69023
Fakx +370 39 69047

Baltika Brewery
6 Proezd, 9 kvartal
Promzona, "Parnas-4"
194292, St. Peterburg, Russia
Tel. +7 812 3299 100
Fax +7 812 3266 677

Yarpivo Brewery
63, Pazharskogo Ulitsa
150030 Yaroslavl, Russia
Tel. +7 0852 442 508
Fax +7 0852 441 568

Tula Brewing
85, Shossejnaya Str.
Tula, 300036 Russia
Tel. +7 0872 397 577
Fax +7 0872 397 384

Slavutich Brewery
3 Zapozhnik Str.
330076 Zaporozhy, Ukraine
Tel. +380 612 412 042
Fax +380 612 425 744

Baltika-Don Brewery
146 Dovator Str.
Rostov-Na-Don,
344000 Russia
Tel. +7 8632 22 27 90
Fax +7 8632 42 52 54

Kolos Brewery
18 Kleparivska Rd.
Lviv, 290007 Ukraine
Tel. +380 322 333 100
Fax +380 322 333 461

A.O.Chelyabinskpivo Brewery
Ryleeva st. 16
454087 Chelyabinsk, Russia
Tel. +7 3512 62 51 00
Fax +7 3512 62 51 12

Pikra Brewery
Ul. 60 let Oktyabrya D 90
Krasnoyarsk, 660079 Russia
Tel. +7 3912 610 440
Fax +7 3912 614 888

Analyst contacts

According to the information received by us, the banking companies and investment analysis firms listed below keep track of Oyj Hartwall Abp's financial performance of their own accord. The list might be incomplete. Updates to the list will be posted on our site at www.hartwall.fi. Oyj Hartwall Abp is not responsible for any opinions these companies put forth concerning the company.

Alfred Berg Finland Oy Ab, Helsinki
Tia Lehto, tel. +358 9 228 321

ABG Securities Ltd, London
Ben Wärn, tel. +44 171 905 5630

Aros Securities Oy, Helsinki
Timo Syrjälä, tel. +358 9 173 371

Cazenove & Co, London
Jonas Pålsson, tel. +44 171 214 7596

Cheuvreux Nordic, London
Frans Hoyer, tel. +44 171 621 5172

Conventum Securities Ltd, Helsinki
Ritva Ojala, tel. +358 9 549 930

Danske Securities, Copenhagen
Peter Kondrup, tel. +45 33 44 0730

D. Carnegie Ab Finland, Helsinki
Anna Hakkarainen, tel. +358 9 6187 1230

Deutsche Bank, London
Kingsmill Bond, tel. +44 171 545 8000

Enskilda Securities, Helsinki
Tommy Ilmoni, tel. +358 9 6162 8700

FIM Pankkiiriliike Oy, Helsinki
Kim Gorschelnik, tel. +358 9 613 4600

Handelsbanken Markets, Helsinki
Karita Meling, tel. +358 10 44 411

Impivaara Securities Ltd, London
Jeffery Roberts, tel. +44 171 284 3937

Merita Securities Ltd, Helsinki
Ville Kivelä, tel. +358 9 123 404 35

Opstock Securities Ltd, Helsinki
Rami Kinnala, tel. +358 9 404 2669

Evli Securities Plc, Helsinki
Outi Bengs, tel. +358 9 476 690

Hartwall centralises its production and storage functions in Lahti

Over the next few years, Hartwall will centralise its production and storage functions in Southern Finland at its current logistics centre in Lahti. By centralising these functions, the company will ensure that it will remain competitive and have the wherewithal to operate in Finland in the future. In addition to Lahti, the company will have production operations in Tornio, where Lapin Kulta beer is brewed, and in Karijoki, where spring water is bottled. The production plant will be completed by summer 2003.

The tightening competition in the soft drinks and brewing industry calls for new packaging solutions and a competitive, diverse product range to meet the new needs of consumers. By centralising production and storage functions in Lahti in an industrial zone that occupies a key location in terms of geography and logistics, the company will achieve greater flexibility in production and improved cost-efficiency.

The storage facilities that will be completed first

Different types of storage premises and facilities for related functions will be erected on about half of the surface area of the production plant. These premises will be used for such functions as receiving bottles and cans, collecting loads and sending loads.

Collection, distribution, automated warehouse, office, social and technical storage premises were erected on the plot from 1992 to 1997, along with lightweight structure halls for empty bottles and cans. During the spring, facilities for the treatment, repackaging and sorting of bottles and cans will be completed.

Next, the company will expand the premises in which product storage and the production plant's internal logistics are handled. At a production plant of this size, the material flows are large. For this reason, the design of the plant pays especial attention to internal logistics and their efficiency. Plans call for these premises to be put into operation in autumn 2001.

Factory construction to begin next spring

The construction of the factory – that is, the actual production premises – will begin next spring.

The first stage of the construction of production facilities comprises the transfer of the existing Lahti factory's packing plant and soft drink manufacture functions into new premises. The new premises are scheduled for completion in spring 2002.

Production, storage and distribution functions will be transferred from Helsinki to the new building following the transfer of the Lahti factory's packaging plant and soft drink manufacturing functions. According to plans, this stage will be seen through to completion by spring 2003.

The brewery functions of the present Lahti factory will be the last to be transferred into new premises, which will also be completed in spring 2003.

A large and challenging project

On the whole, the Hartwall Lahti project is both large and challenging. The new production plant must be capable of meeting the beverage field's future challenges in terms of efficiency, flexibility and pleasant working conditions alike. Naturally enough, Hartwall's corporate image and its demands on the project must be taken into consideration in the design of the production plant. Attending to environmental issues is also a key issue in the design of the new production plant.

HARTWALL

www.hartwall.fi