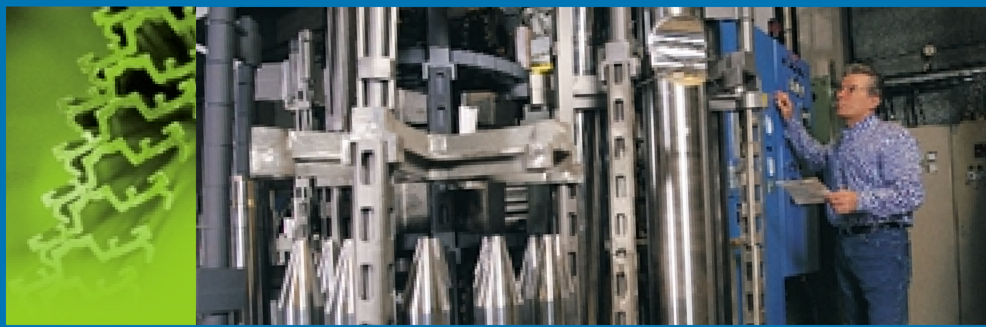
Annual Report 2000



onninen

Contents

Onninen engages in technical wholesale in the markets of the Baltic rim.

Through ongoing improvement in its services, expertise and product range, Onninen generates added value for its customers.

All the company's business sectors make joint use of logistics and information technology systems in all the market areas, and they employ similar marketing and sales concepts.

Onninen's customers include contractors in the electrical, heating & plumbing, air conditioning and refrigeration businesses, distributors, industry, energy utilities and other public organisations.

Business Organisation

President
Timo Peltola

Administration
Heikki Ala-Ilkka

Logistics
Jussi Toppari

Building Services
Tapio Simos
Executive Vice President

Industry and Infrastructure
Tuomo Väänänen

Onninen AB
Mikael Falk

Wholesale International
Arto Kumpulainen

Business Units

Sales Districts

Central Warehouses **Logistics Centres**

Cash and Carry Services

2000 in Brief, Outlook for 2001 and Key Figures

2000 in Brief

• Onninen took over Elef's electrical wholesale interests in Sweden
• Onninen acquired four electrical wholesale dealers in Poland
• new name for cash-and-carry: Onninen Express
• Internet-based e-commerce started in Finland
• turnover up by 18.3%
• profitability improved, operating profit EUR 21.4 million

Outlook for 2001

• growth of the market in Finland is levelling out
• demand will continue to grow in Sweden
• trend favourable in Estonia, Latvia and Russia, uncertain in Poland
• the takeovers already effected will further boost turnover
• continuing good profits in Finland, Onninen AB's net profit will improve
• a major challenge will be to streamline operations in Poland

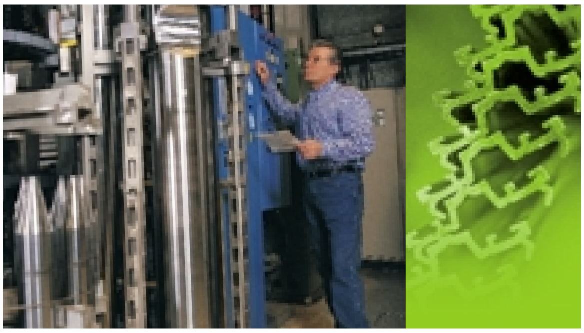
Key Figures

		2000	1999		**2000**	1999
Turnover	MEUR	**710**	601	MFIM	**4,224**	3,570
- growth	%	**18.3**	4.2	%	**18.3**	4.2
Turnover of international activities	MEUR	**245**	174	MFIM	**1,458**	1,037
- growth	%	**40.6**	19.6	%	**40.6**	19.6
- precentage of turnover	%	**34.5**	29.0	%	**34.5**	29.0
Operating profit	MEUR	**21**	19	MFIM	**127**	115
- precentage of turnover	%	**3.0**	3.2	%	**3.0**	3.2
Profit before extraordinary items	MEUR	**21**	19	MFIM	**124**	114
Return on investment (ROI)	%	**19.7**	19.8	%	**19.7**	19.8
Return on equity (ROE)	%	**16.6**	16.7	%	**16.6**	16.7
Equity ratio	%	**42.7**	48.5	%	**42.7**	48.5
Total assets	MEUR	**215**	162	MFIM	**1,279**	961
Total investments	MEUR	**15**	6	MFIM	**92**	35
Personnel at year-end		**2,029**	1,651		**2,029**	1,651

Divisions in Brief

Building Services

- new organisation facilitated total service in building services
- e-commerce website gave e-commerce business a boost
- sales of Onninen's own-brand products on the increase
- sales EUR 291 million (FIM 1,730 million), up by 7%
- profitability remained good



Industry and Infrastructure

- capital spending and exports fuelled demand
- demand for full services in materials supply on the increase
- efforts deployed in electrical grid products
- sales EUR million 173 (FIM 1,028 million), up by 11%
- financial result again good

Onninen AB

- Elef AB's electrical wholesale acquired by Onninen
- new central warehouse in service in Örebro
- two new business locations for the Express chain
- sales up substantially, to EUR 149 million (FIM 888 million), up by 52%

Wholesale International

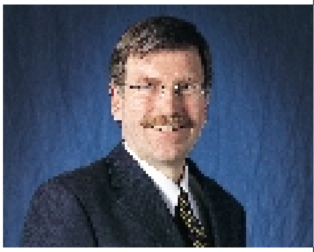
- four electrical wholesale dealers in Poland acquired by Onninen
- markets in Estonia, Latvia and Russia bottomed out
- polish market declined by 15%
- regional organisation replaced by line organisation in Russia and the Baltic states
- sales EUR 100 million (FIM 596 million), up by 25%

Board of Directors and Management

Board of Directors

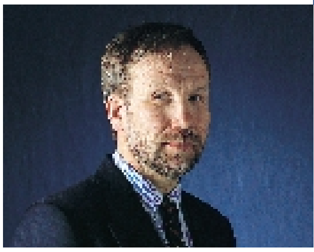
Maarit Toivanen-Koivisto
Chairman
M. Sc. (Econ.)
Board member since 1998

Matti Elovaara
M. Sc. (Econ.)
Board member since 1997



Markku Waltari
LL. M.
Board member since 2000

Tapio Hintikka
M. Sc. (Eng.)
Board member since 2000

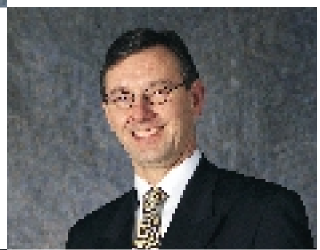


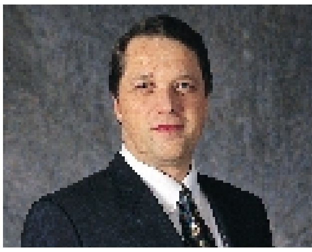
Eero Eloranta
Professor
D. Sc. (Tech.)
Board member since 2000

Management

Timo Peltola
born 1940
President
M. Sc. (Econ.)
with Onninen since 1990

Tapio Simos
born 1950
Executive Vice President
Director in Building Services
M. Sc. (Econ.)
with Onninen since 1997



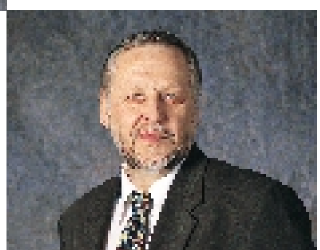


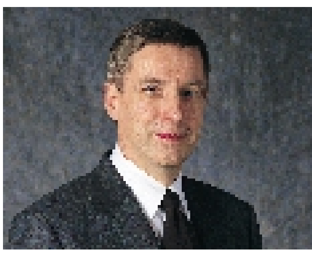
Tuomo Väänänen
born 1956
Director in Industry
and Infrastructure
M. Sc. (Eng.)
with Onninen since 1997

Mikael Falk
born 1965
Managing Director
in Onninen AB
with Onninen since 2000

Arto Kumpulainen
born 1952
Director in Wholesale
International
M. Sc. (Eng.)
with Onninen since 1994

Jussi Toppari
born 1941
Logistics Director
Technician, EMLog.
with Onninen since 1984





Heikki Ala-Ilkka
born 1952
Chief Financial Officer
M. Sc. (Econ.)
with Onninen since 1996

President's Review

Onninen enjoyed good rates of growth and profitability in 2000. The Group's turnover was EUR 710 million (FIM 4,224 million) up by 18% on 1999. About half of the increase was due to organic growth in the Finnish and international divisions and the other half was due to acquisitions. Operating profit was up on the previous year, reaching EUR 21 million (FIM 127 million). Return on investment remained at the favourable level of 20%.

In accordance with its growth strategy, Onninen beefed up its international electrical wholesale. The electrical wholesale company Elef AB, which was owned by Swedish electricity and energy utilities, became part of Onninen AB on 1 September 2000. Elef, which supplies electrical, telecom and piping fittings for grid construction to electricity and energy utilities, is the market leader in its field in Sweden.

In Poland Onninen Oy acquired four electrical wholesale companies, either wholly or through majority shareholdings. It also acquired a majority holding in Glob96, a purchasing company owned by eight Polish electrical wholesalers. The acquisitions double the annual volume of the Group's Electrical Wholesale Trade.

Integrating the new units into the Group will demand effort, particularly in the areas of data management and logistics. The process continues in the 2001 financial year. The acquisitions increased the Group's personnel by 368 employees. At year-end, the Group employed 2,029 people, slightly more than half of whom were outside Finland. At the end of the year there were 102 business locations, which 11 were new ones in Sweden and 15 were new locations in Poland.

The Building Services Division's regular customer service and cash-and-carry services were upgraded. The new name adopted for cash-and-carry services in Finland, Sweden and Estonia was the Express Chain. Comprehensive materials supply for industrial and infrastructure customers was improved by expanding the range and adding new services for customers.

E-commerce has become part of technical wholesale. Onninen has engaged in various forms of electronic commerce for almost a decade. In Finland the Internet trading site Onninen Webshop and the product information service Onninen Webinfo were started in summer 2000.

Customers are able to order and receive information 24 hours a day on prices, availability and technical information for 37,000 products. Roughly 12% of Onninen Oy's sales in Finland was purchased electronically, in terms of volume. About half of the delivery lines are purchased electronically. E-commerce is improving in cost-effectiveness all the time and it makes it easier to access information, thus enabling the wholesaler to concentrate on core functions: a wide product range, efficient logistics, and technical and commercial expertise.

The goal of the new economy is to increase the dynamic efficiency of the corporate sector through inter-company networking.

New information technologies are supporting the development of this networking, the Internet in particular. In addition to these technical tools, effective partnering requires openness and trust.

The efficient networking of technical wholesale with partners, suppliers and customers requires a higher level of mutual trust, especially with respect to sector pricing issues. In order to effectively capitalise on modern IT, business partners must have confidence in the fairness and stability of contract pricing. It is therefore imperative for the development of the sector to initiate collaboration to change the pricing culture of our industry branch.

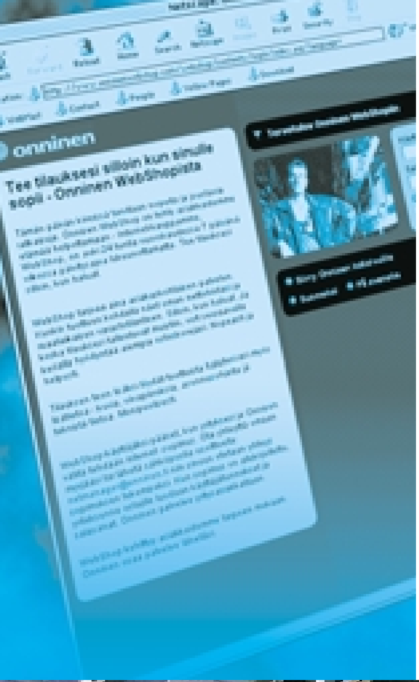
Onninen's personnel have gone the extra mile to enhance their own performance and to implement internationalisation. It has taken effort on the part of everyone to get a more customer-specific organisation up and running in Finland. I would like to thank everyone at Onninen for the good work they have put in. The confidence of the customers and suppliers and the employees' excellent team spirit provided a strong foundation for the efforts.

The outlook for 2001 is reasonable. However, the strong growth of the market is slowing. Onninen's sales and net profit are expected to continue to make good progress.

Vantaa, February 14, 2001
Timo Peltola
President

The Onninen Group's longtime President and Board chairman E.J. Toivanen died on 27 July 2000. For nearly 50 years he piloted Onninen Oy through both good and bad times and nurtured a medium-sized heating and plumbing company into the biggest technical wholesaler in the country and one of the top companies of its kind in the Nordic region. E.J. Toivanen's success was built on his personal abilities and his far-sighted decisions. Successful cooperation between personnel, customers and suppliers was important to him. E.J. Toivanen valued the enterprising people around him. His way of doing things is well described by the expression he used – "you can't do well on your own". His work will continue to have a beneficial effect on Onninen Oy's business for a long time to come.

Timo Peltola



Building Services

The Building Services Division creates added value for its customers and suppliers by competitively supplying materials for the electrical, heating & plumbing, air conditioning and refrigeration materials and products, primarily to meet the needs of the construction industry. The division's customers are contractors and distributors.

Since the reorganisation which came into effect in the beginning of 2000, the division procures, sells and delivers to its customers products for the electrical, heating & plumbing, air conditioning and refrigeration sectors. Management of the entire product range for building services greatly enhances services for contractor customers.

Total service launched in the new organisation

A new organisational structure has facilitated total service for the Building Services Division's contractor and distributor customers. The division's sales amounted to EUR 291 million (FIM 1,730 million), up by more than seven per cent on the previous year. E-commerce accounted for a larger proportion of sales after Internet trading sites were opened.

An increase in the number of registered regular customers, targeted marketing for regular customers, and enhanced logistical collaboration with customers and suppliers were the key goals for improvement during the financial year.

Construction output was up by roughly six per cent. Building construction continued to grow. Renovation grew more slowly than new construction. The regional differences in construction were large, with the Helsinki Metropolitan Area growing more strongly than the rest of the country. The scarcity of skilled labour in the urban growth centres threatened to act as a brake on market growth.

Division's profitability improved

The division's profitability improved according to plan, although the competitive situation continued to be intense. Market shares were virtually unchanged. Capital tied up was made more efficient, for example by improving the stock turnover time in warehouses.

Onninen opened an Internet-based e-commerce website called the Webshop and an electronic product information bank called Webinfo. This greatly stimulated electronic trading. The Onninen range of products was expanded. Sales of Onninen products increased in all wholesale sectors.

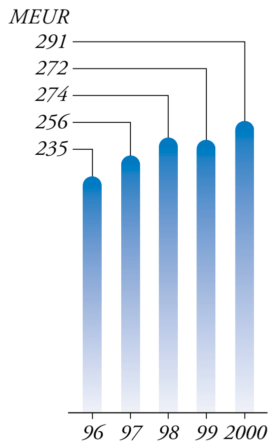
The new organisational structure enables Onninen to provide a broad-based total service in the area of building services for contractors and distributor customers. The goal was, once again, improved customer services and faster availability of Onninen sales staff.

The Building Services Division's marketing to regular customers was upgraded and the number of registered regular customers was successfully increased during the year. Regular customer status became an important part of the division's overall marketing. Marketing events were held at, for example, the Finnbuild trade fair in Helsinki and the Electricity and Telecom fair in Jyväskylä.

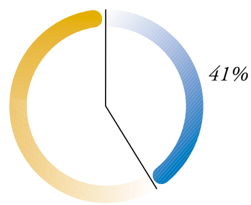
Collaboration on logistics and a division of work between suppliers, customers and Onninen improved the cost-effectiveness of all parties.

The Pikaonninen Chain was renamed Onninen Express in all the countries in which Onninen does business. The visual image of the chain was also revamped and customer service was improved. Every unit now offers customers in-store Webshop access and a recycling centre.

Development of sales



Share of the Group sales



Electrical wholesale reorganised

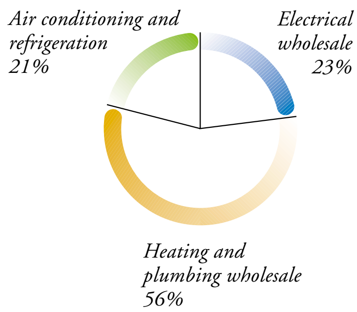
The electrical wholesale market continued to grow in 2000. Growth was concentrated in the Helsinki Metropolitan Area and the regions of Tampere and Oulu. Prices for electrical accessories went up by an average of four per cent during the year.

Onninen retained its position in the extremely intense competition between wholesale dealers. Price competition was heavy, particularly for cables and fittings.

The aim of the reorganisation of electrical wholesale trade, which came into effect in the beginning of 2000, is an operating model that is more plainly customer-specific. A good start was made during the past year on the utilisation of building services as an integral unit and the attainment of synergy benefits.

In marketing, building services expertise was employed, but the unique stamp of the Electrical wholesale unit was retained. Regular customer operations were expanded and developed jointly with the other building services units.

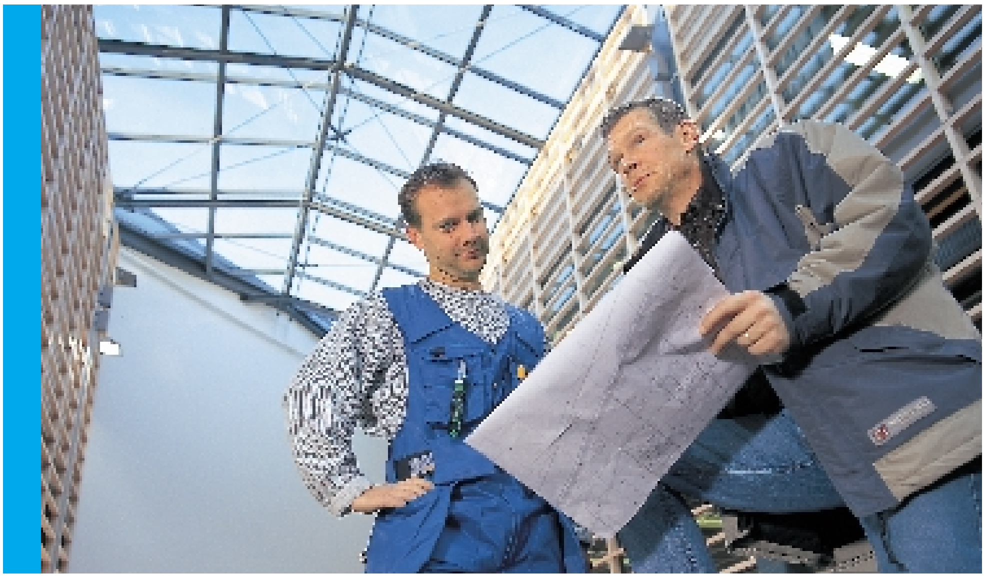
Share of the Division sales



Site logistics and targeted deliveries as development projects

The market for heating & plumbing products grew by slightly less than ten per cent in cash terms. Growth in sales corresponded to the overall trend in the sector and was at its strongest in the Helsinki Metropolitan Area. The profitability of heating & plumbing wholesale improved. The price of heating & plumbing products increased by about four per cent in 2000. Price rises tended to take place towards the end of the year. Wholesalers' market shares held steady.

Services were profiled for particular customer segments. The main development projects for contracting sales were site logistics and targeted delivery. The chain marketing and ranges of the Hanakat marketing chain were standardised.



Wholesale delivery reliability is essential for the successful completion of a construction project. Customer satisfaction surveys have always awarded Onninen a good grade for its reliable deliveries.

The customer base and range of the Kätevä ("Handy") self-service products were expanded. New premises boosted the efficiency of the packaging plant. Registered regular customer status and its advantages were extended to cover the entire palette of warehouse sales services.

Air conditioning and Refrigeration wholesale expanded its product services

The Air conditioning and refrigeration wholesale unit's market grew at roughly seven per cent. Onninen increased its market share to a small degree. Prices rose at an annualised figure of roughly three per cent, and it took place towards the end of the year. There was no significant change in the competitive situation since the previous year.

The amount of warehouse trading was increased. In the air conditioning procurement service, the range of air conditioning refrigeration products was expanded and the number of agencies was increased. At the same time, the marketing of these products was stepped up. Among the ways customer service was improved were improving sales staff availability, product training, and recruiting staff skilled in related technology.

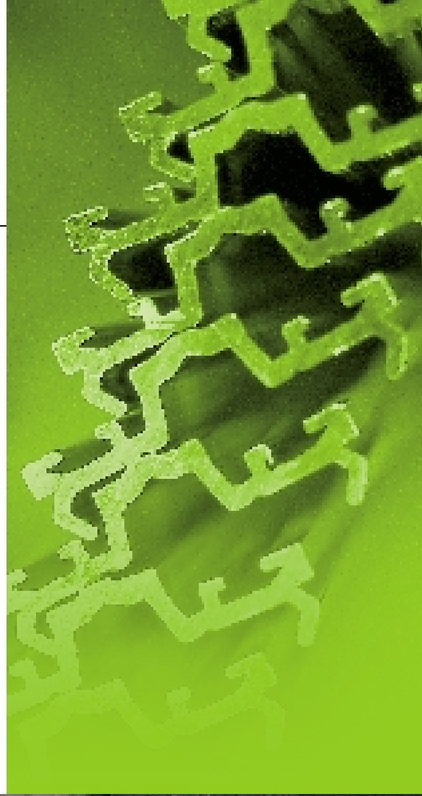
Profitability to be retained in the future

In 2001, construction will continue to be at a high level. The market will grow particularly in the Helsinki Metropolitan Area and the other centres of growth. Growth in the market for the Building Services Division is forecast at roughly four per cent. The division's profitability will continue to be good.

The division concentrates in particular on augmenting logistical collaboration together with the customers and suppliers. A clear distribution of work facilitates greater efficiency for the entire distribution system. This assures various customer segments of more appropriate wholesale services.

Changing distribution routines into electronic formats – for example, using e-commerce and electronic product information – will also help to streamline the time use of all parties' personnel.

Industry and Infrastructure



The Industry and Infrastructure Division underpins its customers' competitiveness by offering them total solutions for materials supply. The customer base is comprised mainly of organisations in the metals industry, machine engineering and process engineering, energy utilities and public sector organisations. The division's main products are industrial piping and parts, industrial valves, structural profiles, electrical components and automation products, and products for electricity utilities, water supply and district heating.

Deliveries of speciality steels to various industrial customers are constantly on the increase. Excellent warehouses and pretreatment facilities facilitate good customer service. During the year under review a new record was set for steel deliveries.

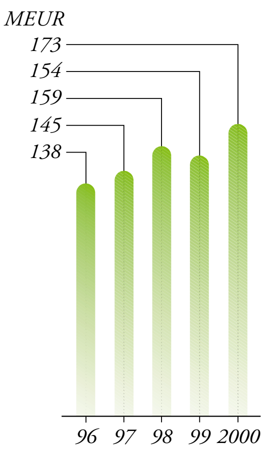
Industry and public administration optimised their materials supply

The Industry and Infrastructure Division is evolving from a traditional wholesale dealer with a narrow range into a full-service materials supply optimiser for the customer. It is becoming increasingly common for customers to have in-house service warehouses, pretreatment services, new logistics solutions and automated ordering systems.

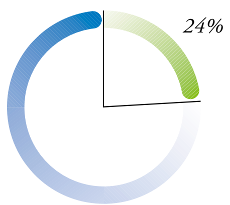
Industry and public administration are aiming to cut costs in connection with materials operations: for example, by reducing the number of suppliers and by outsourcing materials operations.

Onninen's competitive advantages are the widest range of products and services on the market, and broad-based resources sufficient even for large-scale development projects on the overall optimisation of materials supply.

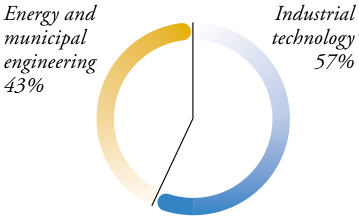
Development of sales



Share of the Group sales



Share of the Division sales



Industrial output expanded, capital investments increased

Expectations for the trend in demand in 2000 were entirely fulfilled. Industry's capacity utilization rate was extremely high throughout the year and industrial output was up by nine per cent. Confidence in the continuity of the upbeat trend in the years ahead boosted investment both by industry and by public administration.

The main factors reinforcing demand were capital investment by the forest sector, a rise in public investment arising from growth in the tax yield, and an upswing in exporting.

A rise in the prices of materials also had a positive effect throughout the year. The prices of refined steel rose particularly strongly, but topped out in the autumn.

Fluctuations in the price of oil were reflected in the prices of plastic-based products.

Reorganisation and investments in personnel and steel warehouse well-timed

Measures related to the reorganisation prepared for in 1999 and which came into effect in the beginning of 2000 were mostly implemented just before a rapid upswing in demand.

Investments in the piping and speciality steel warehouses and in increasing the sawing plant capacity at the Hyvinkää central warehouse also proved timely, and they made it possible to increase sales of steel and profiles aggressively.

In view of the rise in demand during the year, the personnel resources could have been beefed up earlier, but the reinforcements were sufficient to ensure the expansion of the product range simultaneously with the increase in the volume of trade. In all, the year turned out to be very hectic and full of work for the personnel.

Grid construction products as a subject for development

As part of Onninen's heavy commitment in general to trade in electrical products, the Industry and Infrastructure Division developed business operations related to products for electrical grid construction.

A contract was signed in the beginning of September by which the business interests of the Swedish market leader for electricity utility business, Elef AB, were transferred to Onninen. This transaction will greatly underpin Onninen's position on the electrical wholesale market in the Nordic region.

The transaction is expected to confer considerable synergy benefits not only in Sweden but also in Finland: Elef's expertise with service and products, its links with suppliers, and its purchasing volume will be utilised in developing this business in Finland. Plenty of personnel resources were recruited to enhance sales of grid construction products. The warehouse product programme was also considerably expanded.

A year of growth

The division's sales in Finland increased to EUR 173 million (FIM 1,028 million). The Industry business unit's turnover rose from the previous year's figure by nearly 20% and its share of the division's sales were 57%.

The sales of the Energy and municipal engineering business unit grew by more than ten per cent and its share of total sales was 43%. The sector's profitability was good and was an improvement on the previous year.

The acquisition Elef AB boosted sales to industrial and infrastructure customers in Sweden to approximately EUR 90 million (FIM 535 million) a year.

Lighting is part of a good landscaping plan. The poles and luminaires needed for street and road lighting are part of the division's product range.

In the other countries in which Onninen operates, sales to industrial and infrastructure customers are still relatively small although distinctly on the increase. Efforts were expended on the market in 2000, particularly in Poland, and results are expected during 2001.

Uncertainty increasing in the marketplace

The division's prospects for growth in 2001 are not as good as last year. Large investment projects are not in the offing to the same extent. In the main export markets for Finnish industry, expectations are to some degree uncertain for reasons such as the outlook for the US economy. Demand is forecast to be on a par with 2000.

The trend in material prices will vary between different product groups. With demand and material prices remaining on average on the same level as last year, growth in the division's sales in Finland has been calculated to depend mainly on new product groups.

The main expansions in product areas will be grid products and pumping plants for water supply and wastewater treatment, the market launch of these was prepared in 2000.

For these product areas and others, the customers have noticeable expectations for improvements in either products or services, and the division's turnover for these products is expected to grow markedly in 2001.

Now that the volume of speciality steels delivered has grown vigorously, investments will be made in increasing the capacity of sawing and other pretreatment equipment and in reducing throughput times.

Other investments will mainly concern linking customers with Onninen's data systems in order to automate ordering routines. Electronic, automated trading is expected to grow substantially in the next two years.

The division's market share is still low outside Finland. Resources will be stepped up, particularly in Sweden and Poland.

Onninen AB

Onninen AB's customer base is comprised of heating & plumbing, and refrigeration contractors, energy utilities, public organisations, and industry. An important new venture is deliveries of products for electricity grids and data communication networks. The company also has access to the parent company's entire product range. Onninen AB has 28 business locations.

Following the acquisition of Elef AB's electrical wholesale interests, products for building and maintaining electricity distribution grids are now part of the Onninen electricity utility sector's basic product range. The Elef deal strengthens Onninen's position in the electricity utility business, not only in Finland but also in the rest of the Baltic rim.

Onninen AB expands its operations into electrical wholesale sector

For Onninen AB 2000 was a major milestone. The state-of-the-art central warehouse in Örebro came into service. In June Onninen AB expanded into a new sector of business with the acquisition of Elef AB's electricity grid wholesale interests.

Onninen AB's turnover was EUR 146 million (FIM 883 million), an increase on the previous year of approximately 53%. The increase net of electrical wholesale was 14%. The company's combined market share for heating and plumbing, municipal engineering and industrial sales rose by a good percentage point to 13%.

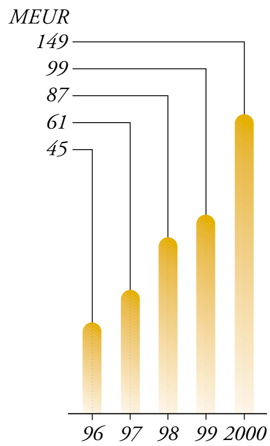
The company's profitability trend was not satisfactory. The level of margin could not be boosted as planned. The start-up of the Örebro–Pilängen central warehouse was a key focus of efforts in 2000. Running in the operation turned out to be a more challenging job than expected. To maintain reliable functioning, it was necessary to compromise on the cost targets. In all, the company's financial result was slightly better than that of 1999.

In the course of the year two new Express outlets were started in addition to the existing 10. The new Express outlets were in Stockholm Metropolitan Area.

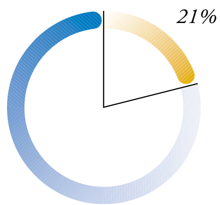
In training, the main emphasis was on the training of sales staff. The number of people trained was 80, each of whom received an average of a two-day course.

In April 2000 Mikael Falk was appointed Managing Director of Onninen AB.

Development of sales



Share of the Group sales



Heating and plumbing unit grew faster than the market

The Heating and plumbing unit's market in Sweden grew by about seven per cent compared to the previous year's prices. In terms of volume, however, growth was close to zero. Growth in construction favoured the major centres of Stockholm, Gothenburg and Malmö. The Refrigeration wholesale unit's market declined by approximately three per cent on the previous year.

The Heating and plumbing business unit boosted its sales by 15% and got close to its target for volume. The unit increased its share as a supplier of nationwide HEPAC contractors. Collaboration with REKO contractors was improved. The Bad&Värme chain went into business as a new partner with Onninen.

The best performance in the Heating and plumbing business unit was by Onniflex, which specialises in HEPAC packages for prefabricated houses and sales to distributors. The biggest individual deal was a delivery of HEPAC material worth about EUR two million (FIM 12 million) for the Zenit project, the restoration of the old "Postgirot" building in Stockholm city centre.

The Refrigeration wholesale unit suffered from an overall downbeat trend in its sector as well as from the slow start-up of the new warehouse operation. However, Onninen AB's market share began to rise in the closing half of the year.

Position in municipal engineering improved, electrical wholesale exceeded expectations

The Municipal engineering business unit's sales expanded, exceeding the targets set for volume. There was a substantial increase in the number of contracts made with local authorities. The unit's profitability was good. Industrial sales fell short of the planned figure and were on a par with the previous year.

The business interests acquired from Elef AB were reorganised into the Elef and Telecom business units, which went into business on 1 September 2000. The annual volume of the new business units is roughly EUR 73 million (FIM 430 million). About 110 staff are engaged in this business. The units have their headquarters in Sundbyberg to the north of Stockholm, and its central warehouse is in Karlskoga.

The cash-and-carry locations in Finland, Sweden and Estonia were renamed Onninen Express in the autumn. In the same connection, the outlets were also given a facelift and customer service was improved. Two new Express outlets were opened in Stockholm, Sweden.

The start-up of the Elef–Telecom business units went quite smoothly as they formed a single operational unit, including separate logistics.

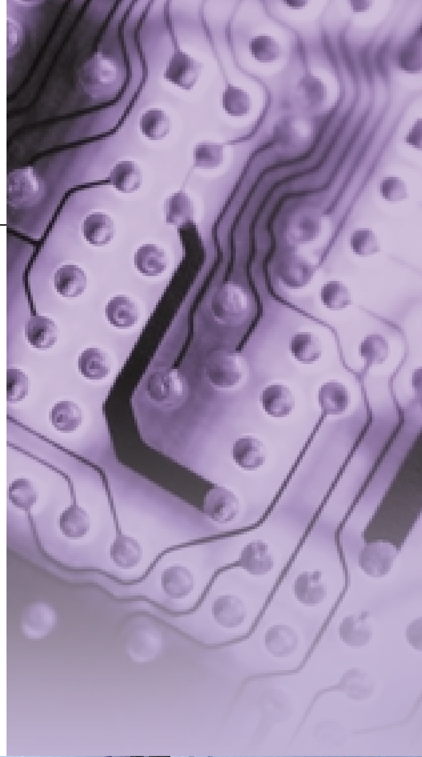
The units' combined volume of operations was greater than forecast. Demand for telecom products was particularly good. The units enjoyed satisfactory profitability. The Elef acquisition brought with it seven new business locations.

Growth through Elef

The market trend in 2001 is continuing to be favourable for the most part, although the competitive situation is still very intense.

The factor threatening growth in the construction industry is unrest in the world of finance, which is causing pressure for higher interest rates.

Onninen AB's volume of business will increase significantly, particularly due to the Elef and Telecom business units. Turnover will continue to grow strongly. The priorities in operations are to step up logistical reliability and general cost-effectiveness. Sales efficiency will be increased by expanding electronic connections.



Wholesale International

Wholesale International operates in Poland, Russia and the Baltic states. The Project Export unit in Finland exports products, particularly to the regions of Russia bordering Finland. The range includes an increasing amount of local products in addition to the parent company's HEPAC supplies. The division's growth has been particularly rapid in Poland, where the Onninen Group now has 27 business locations.

Growth continued and productivity improved

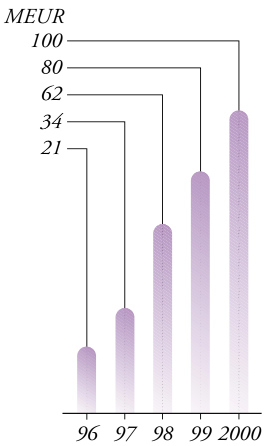
Wholesale International's operations expanded dynamically, although the state of the market in the various countries in which it operates varied greatly. Sales were boosted particularly by takeovers in Poland, which greatly strengthened Onninen's position on the Polish market.

Onninen is the biggest technical wholesale company operating on the market comprising Russia, the Baltic states and Poland. Although consolidation has been underway in recent years, even the largest company's market share is approximately a mere seven per cent.

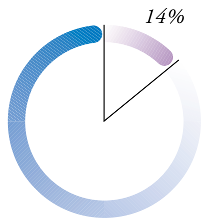
High interest rates in Poland acted as a brake on investment in buildings, and the market for building services declined by about 15% in comparison with the previous year. At the same time, the competitive situation intensified, particularly in the market for heating & plumbing materials. By contrast, in Estonia, Latvia and Russia, the market actually grew exceptionally rapidly.

During the year under review, the construction of the new data system was started in Poland. In the course of the year, there was also significant expansion in electrical wholesale there. Onninen now has a total of 33 business locations in Russia, the Baltic states and Poland.

Development of sales



Share of the Group sales



The number of personnel increased greatly due to the acquisitions.

Wholesale International's sales increased by 25% to EUR 100 million (FIM 596 million). The division's net profit fell slightly short of target, but it was better than in the previous year.

Progress made in Polish electrical wholesale through acquisitions

The heating & plumbing wholesale continued its regional expansion when Hydrokan Winkiel S.A. established new business locations in Radom and Czestochowa. A decision was made on the acquisition of a new data system in the summer and the project was started towards the end of the year. The new system will go into service in stages during 2001. Onninen increased its holding in the company from 51% to 78%.

A major move was made in electrical wholesale in the early summer when Onninen acquired a 70% holding in Felis S.A., a company operating in the south-west of the country. In the second half of the year, 70% holdings were also acquired in two companies operating in southern Poland, Elmetal Sp. z o.o. and Elektrohurt Sp. z o.o., as well as the entire issued stock of Alinex Sp. z o.o. in Warsaw. All four of these companies are shareholders in Glob96 S.A., a company in the purchasing, logistics and marketing business. The aim is for the electrical companies to collaborate more closely and to introduce a common data system by the end of 2001.

Construction output as a whole declined markedly. A shakeout and consolidation in the market continued. The penetration of large German and French building material chains into Poland intensified competition, particularly for HEPAC materials. Major contractors were taken over by foreign owners,

In building services wholesale, Onninen's European competitors bought out smaller companies and streamlined their corporate structures. In both the electrical and the heating & plumbing sectors, the leading companies improved their standard of services by adopting new information technology and new warehouse facilities.

Onninen's oldest subsidiary in Poland, Hydrokan Winkiel S.A., is based in Poznan, a city of 600,000 people. The company has rapidly expanded its operations to cover almost the entire country.

Estonia and Latvia forging ahead, Lithuania recovering slowly

Estonia recovered from the previous year's recession faster than the other Baltic states. Demand grew faster than expected and the action taken on improvements boosted profitability.

In Latvia too demand exceeded expectations. Profitability remained at a healthy level. The intractable state of demand in Lithuania led to retrenchment measures which began to yield results at the end of the year.

At the end of the year, the sales organisation was changed. The country-specific organisations were replaced with a line organisation covering the entire Baltic states region. The goal is to standardise operating models, to focus volume purchasing better, and to make the transfer of skills more effective.

St Petersburg Russia's centre of growth

In Russia, demand did not yet go properly into upswing. Wariness on the part of foreign investors caused Finnish building contractors and others to cut back on their operations.

Sales by subsidiaries and project business were on the whole roughly on a par with the previous year. In St Petersburg, however, the volume of business grew to such an extent that the warehouse was operating at close to peak capacity.

Action was initiated to merge the subsidiaries operating in Russia and the sales organisation was altered in the same way as in the Baltic states, as referred to above. The profitability of operations in Russia remained good.

Attention focused on the organisation and data systems

The Polish market in 2001 is forecast to remain on the level of 2000 or to decline again slightly. In Poland, Onninen will concentrate, after the acquisitions, to tightening up its organisation and to bringing its new data system online. These measures will tie up a great deal of mental and physical resources.

In the Baltic states, demand is forecast to continue to be good in Estonia and Latvia and to pick up also in Lithuania. In spite of the encouraging figures for the economy, there are no clear signs in Russia of an increase in domestic investment or particularly foreign investment, so no significant increase in the level of construction be expected.

Personnel, Information Technology and Logistics

Customers take part in formulating service sales concept

The Organisation 2000 operating method was run in during 2000 in Finland. Regional and business location managers were given training. A new personnel satisfaction survey provided a basis for improving the work of the Group companies, divisions and teams. On the basis of the survey, a concept of interviews to establish targets and identify areas of improvement was initiated with the personnel together with a revamp of the induction programme.

The creation and implementation of management development programmes continued in 2000. The international Networker 2 programme and the Finnish Connector 1 programme for middle management were completed. Planning began of the international Connector programme. The Explorer 1 programme for new supervisors and specialists was launched in autumn 2000. The best practices are being sought for the entire Group by means of mentoring and working teams.

Onninen wants to be an actor that is favourable to development, in control of its processes and its quality. Ready-made programmes provide assistance for continuing learning and for updating skills. In addition to vocational training, sales training was also held. The customers are also involved in developing the service sales concept. The process also led to the production of a manual for Onninen's service sales. Planning for the Pilot project, which is concerned with a customer management system, was started in the autumn.

During 2000, a purchasing certificate training programme was completed with the aim of developing purchasing functions as well as purchasing logistics. Planning was started for a survey of skills among the Express Chain's personnel and a development programme. In Sweden, the main emphasis was on training related to sales and the data system, while in the Baltic states and Russia the main thrust was on purchasing and product training.

In order to ensure the quality and availability of personnel, collaboration was continued with institutes of education and apprenticeship training was expanded. A programme based on this will start up in spring 2001.

Expansion in international operations opens up opportunities to enhance the personnel's international experience and expertise. The Group has an internationalisation policy and international training and mentoring programmes. An Audit Management programme related to the reorganisation was carried out in the Baltic states, Russia and Poland.

Self-management programmes launched in 2000 are being continued, as are theme events aimed at maintaining physical and mental fitness and wellbeing. New forms of incentives and motivation are being sought. More active personal management will be a great challenge in the future.

At year-end, the Group had 2,029 employees.

Internet-based e-commerce started

The development and utilisation of electronic tools supporting operations continued in 2000. The Webshop e-commerce site previously opened in Sweden and the product information system Webinfo were introduced in Finland with new and improved attributes.

New features was added to the system in autumn 2000. Elements serving the customers will be added to the e-commerce site at regular intervals.

As a result of corporate acquisitions, the number of users of Onninen's OMA wholesale system is on the increase. Other major projects were the completion of the new central warehouse for Sweden and the changeover of warehouse picking in Finland to wireless picking terminals.

As a result of constant expansion and progress in data communications, the basic solutions for Onninen's workstation network were upgraded. An experiment was initiated in the network with wireless workstations. The mainframe capacity was upgraded to ensure the Webshop's customer services.

Most of the debit card terminals in Onninen Express locations were upgraded, as was the telephone switchboard at several locations. The CallCenter solution linked sales teams working in different places together.

Electronic transfer of transport operators' messages was initiated after Onninen and the operators opened up EDI connections with each other. The connection and the barcode attached to a despatch enable some despatches to be monitored through the Internet.

In warehouse operations, a new production control system came online. The system now enables warehouse employees to select orders which are logically compatible with the order of work in real time.

Demand for Logistics' value-added services growing

The latest time for placing an order for next-day delivery was made later. The number of weekly deliveries was also increased.

Site containers and shelving service grew in popularity. An annual record was made in the production of steel pretreatment and cut-to-length services. One important cooperation project was the transfer of Isku Oy's cutting of furniture tubes to Onninen Oy's steel treatment facility.

A new, in-house service price list was brought in to augment the previous application calculating logistical costs at the time of ordering. The price list covers all logistical services. It facilitates transparent, comparable cost structures. The system users can affect the costs arising on an order. The function will markedly increase the organisation's cost-consciousness.

Onninen's purchasing logistics and suppliers developed the control of material flows. Product throughput time was shortened by improving the flow of information, by speeding up the processing times for high-volume products, and by increasing terminal functions in our own facilities and those of transport operators. These actions improved overall cost optimisation and the goods turnover.

Merger of logistics organisations at Onninen AB and Elef

The consolidation of operations at the new central warehouse for Sweden was brought to a conclusion. In the beginning of August, the logistics organisation of Onninen AB was merged with that of the acquired electrical wholesale dealer Elef. Preparations began at the same time for the integration of data and transport systems.

A survey was made of a future operating model for logistics in Poland. Preparations were started for a joint data system for the acquired companies' logistical operations. A 10 hectare plot of land in Lodz was purchased for a central warehouse. The Warsaw regional warehouse moved into new premises.

Plastic packaging materials are a large part of the packaging waste sent for recycling or energy generation.

Recycling rate for packaging waste 70%, conservation of building energy a new goal

Functions included in the environmental system were increased in October when Lloyds granted ISO 14001 environmental certification and ISO 9002 quality certification for steel pretreatment services.

In accordance with the targets set, the Hyvinkää central warehouse and the logistics centres in Vantaa, Tampere, Lahti and Oulu sorted their packaging waste. The reusable material was sent for recycling.

In 2000, the quantity of waste material recovered for recycling or sent for energy generation amounted to 381 tonnes. The recycling rate for packaging was 70%.

In cooperation between the plastics industry and other wholesalers, a plastic pipe waste collection system was started in which the plastic waste from installation work is recovered and recycled.

The Express chain outlets expanded their waste recovery system. They provide facilities for customers to return hazardous waste such as batteries and fluorescent tubes.

A recycling system was built for the lubrication fluid used on the saws for cutting steel, in which the fluid is repeatedly treated and reused.

A new environmental target chosen was energy conservation in buildings. Building-specific targets are used to systematically reduce the consumption of heating energy and electricity.

Report by the Board of Directors 1 January – 31 December 2000

Market trend

In Finland the construction market continued to grow. The amount of construction output grew by roughly 6%. The market for building services products expanded by about 10%.

In industry, the capacity utilisation rate was very high throughout the year and industrial output rose. Confidence that the favourable economic situation would continue for years to come boosted investment both by industry and by the public administration. These factors kept demand for industrial and infrastructure products high.

In Sweden, construction grew and the HEPAC market made a clear recovery in the second half of the year. The increase in the market was approximately 7%. During the year, the electricity utility market bottomed out after a trough that had lasted for many years, and demand went into an upswing towards the end of the year.

In spite of the continued economic growth – albeit markedly slowed – there was a slight decline in construction output and a marked downturn in demand for building services products. In Russia, Estonia and Latvia the economic trend was upbeat. The trend in Lithuania was modest.

Major events of the financial year

In March, a letter of intent was signed, followed in June by a final contract for the acquisition from the Swedish company Elef AB of its electrical wholesale interests. Elef is the market leader in electrical utility business in Sweden and its annual turnover is approximately EUR 75 million. The transfer of the business interests to Onninen AB took place on 1 September 2000.

In accordance with the strategy drawn up in 1997, companies engaging in electrical wholesale were also sought in Poland as potential acquisitions. Negotiations led to results with three electrical wholesalers operating in southern Poland – Felis, Elmetal and Elektrohurt, and with Warsaw-based Alinex. Onninen acquired a 70% stake in the first three of these, with the former owners remaining as managers and minority shareholders. Onninen acquired the entire issued stock of Alinex. These companies, together with four others, own the Glob96 company specialising in purchasing, logistics and marketing. Onninen Polska, which had already sold its HEPAC wholesale interests to Hydrokan Winkiel the previous year, sold its electrical wholesale business to Felis in June. In addition, after the end of the financial year Onninen signed a letter of intent for the acquisition of the Lodz-based electrical wholesaler ABC. This company is another part-owner of Glob96. Onninen's electrical wholesale turnover in Poland is now roughly EUR 40 million a year.

Hydrokan Winkiel started two new business locations during the year. Onninen expanded its holdings in the company to 78%.

Preparations were started for logistics and data system services embracing all the Polish companies, and at the same time planning for a more compact organisational structure got underway.

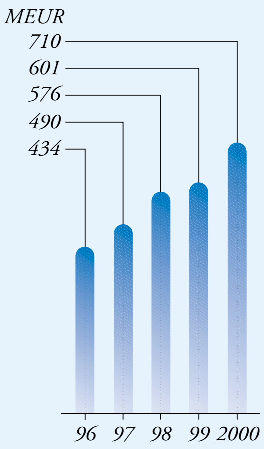
A decision was made on purchasing a new data system and the project was launched. Preparations began for establishing a central warehouse in Lodz and Onvest Polska purchased a ten-hectare plot of land there.

The new central warehouse in Sweden came into service in the beginning of the year. Products for heating and plumbing wholesale as well as for refrigeration wholesale were consolidated there.

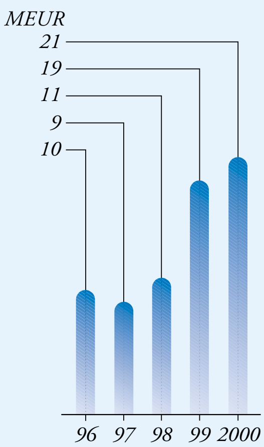
The cash-and-carry chain's marketing and look were updated and in autumn the chain was renamed Onninen Express. Two new cash-and-carry outlets were opened in Stockholm and a decision was made to open one in Oulu.

In all, the Onninen Group's business locations increased in number by 26 during the year thanks to takeovers and newly established units. The total number of locations is now 102.

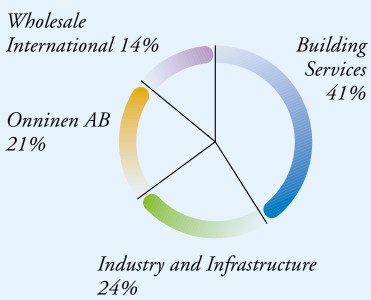
Turnover



Operating profit



Share of the Group turnover



E-commerce through the Internet opened in Finland through the Onninen Webshop in May. A trading website has been established in Sweden half a year before. The electronic trading post now also has a comprehensive product information service, Onninen Webinfo.

Personnel development programmes were carried out energetically. Training programmes were in progress for management, specialists, and sales and procurement staff. Programmes in support of physical fitness on the job were a major focus of attention.

The quality and environmental programmes were maintained and improved in accordance with targets.

In Finland, a reorganisation took effect in the beginning of the year. The new divisions are Building Services, which serves contractors and distributors, and Industry and Infrastructure, which serves industrial customers and customers in the fields of energy and infrastructure. A similar organisational model was also put in place at Onninen AB after the acquisition of Elef brought in a considerable addition to infrastructure business in particular. It was also decided to go over to a similar line organisation, replacing country- and city-specific organisations, in both the Baltic states and Russia.

Group structure

Onninen Oy's wholly owned international subsidiaries are Onninen AB in Sweden, ZAO Onninen SPb and ZAO Tec Optom Onninen in Russia, AS Onninen in Estonia, SIA Onninen LAT in Latvia, UAB Onninen LIT in Lithuania, and in Poland Onninen Polska Sp. z o.o. and (acquired in December) Alinex Sp. z o.o.

In Poland, Onninen Oy owns a company called Hydrokan Winkiel S.A. jointly with Winkiel Sp. z o.o. and four other small shareholders. Onninen Oy's stake in the company rose, after transactions effected and an increase in the share capital during the year, from 51% to 78%.

During the year, Onninen Oy acquired a 70% stake in three Polish electrical wholesalers. These are Felis S.A., Elmetal Sp. z o.o. and Elektrohurt Sp. z o.o. These, together with the above-mentioned Alinex Sp. z o.o., own 56% (63% of voting rights) in the purchasing company Glob96 S.A.

In Finland, Onninen Oy's wholly owned Profelco Oy sold its business interests bearing the brand name Moeller and Felten&Guilleaume to Moeller Electric Oy as of 1 March 2000. Profelco thereafter had no business interests.

In September, Onninen Oy sold all its shares in Putkiyhtymä Oy to the company's Managing Director, Jan Olof Grönlund.

Turnover

The Group's turnover was EUR 710.3 million, compared with EUR 600.5 million in 1999. The increase in turnover was 18.3%. About half of the increase was due to takeovers.

In Finland, the Building Services Division's turnover grew by 7.0% to EUR 290.2 million. The Industry and Infrastructure Division's turnover grew by 13.0% to EUR 175.0 million.

The Swedish operation increased its turnover by 53.0% to EUR 145.8 million. A contributory factor in this growth was the addition of Elef business interests to Onninen AB's operations on 1 September 2000.

Wholesale International's turnover was up by 25.5%, reaching EUR 99.3 million. The growth took place primarily in Poland, where turnover was boosted by the electrical wholesalers taken over during the year, in addition to Hydrokan Winkiel's growth.

The proportion of international business in the Group's turnover continued to grow. It reached 34.5%, compared to 29% in 1999.

Financial result

The Group's operating profit was EUR 21.4 million (EUR 19.3 million). Operating profit as a percentage of turnover was 3.0% (3.2%). Depreciation on goodwill for acquisitions exerted a drag on operating profit. Goodwill and goodwill on consolidation are depreciated in accordance with Group conventions over five year.

Profit before extraordinary items was EUR 20.8 million (EUR 19.2 million). Group profit for the year was EUR 13.8 million (EUR 6.4 million). Earnings per shares were EUR 1.39 (EUR 1.18). Return on investment was 19.7% (19.8%).

The Finnish division maintained a good financial result and all units posted better profits than in the previous year. On the operating profit level, both Onninen AB and Wholesale International were in the black.

Financing

The Group's equity ratio was 42.7% (48.5%). The total of interest-bearing liabilities was EUR 34.9 million, an increase during the year of EUR 13.5 million. Of the interest-bearing liabilities EUR 8.5 million is internal financing by the Onvest Group and EUR 26.4 million is non-Group financing, primarily from banks. Bank financing is used mainly to balance the currency positions of foreign subsidiaries. In Sweden, a new loan of SEK 60 million was taken in connection with the Elef acquisition, and EEK 10 million was paid off a bank loan in Estonia.

The terms of the Onvest Group's financing are market-based. The interest rate of Group loans has been based on the four-month Euribor rate plus an agreed margin. Correspondingly, agreement has been reached on the interest paid on Onvest Oy's Group deposits.

Onninen Oy has had the readiness to invoice to and process purchasing invoices in euros since 1 January 1999. The euro will be adopted as the currency of accounting on 1 May 2001.

Capital expenditure

The Group's capital expenditure amounted to EUR 15.4 million (EUR 5.9 million). The main items of investment were the purchase of Elef's warehouse building and other fixed assets combined with the acquisition of electrical wholesalers in Poland (the Group's investments have been calculated to include the increase in fixed assets and long-term expenses). Other investments include the fittings for the new central warehouse in Örebro, computer hardware and software, and facelifts for the business locations in Finland.

Premises

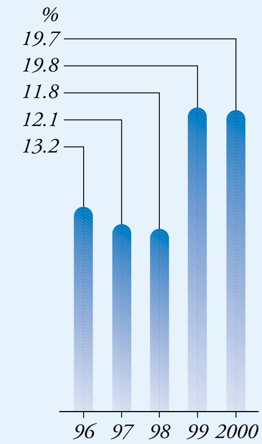
The company operates mainly in rented premises. More than 90% of the premises used by Onninen in Finland have been leased from Onvest Oy. In Poland, Hydrokan Winkiel has leased from Onvest Polska the warehouse building in Poznan which was completed in autumn 1999. Onninen AB's office and central warehouse building in Örebro was sold to Onvest Sverige in January 2000. The central warehouse operations in Sweden were transferred to a new building commissioned by Onvest Sverige.

The leases with Onvest are market-based and 3–10 years in duration.

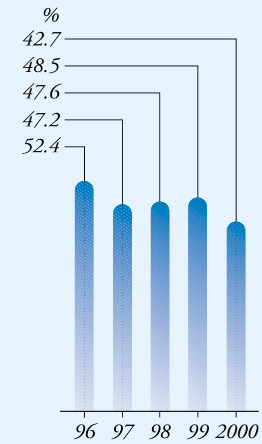
As part of the acquisition of Elef's business interests, Onninen AB acquired a warehouse building in Karlskoga. The Onninen Group also owns AS Onninen's office and warehouse facility in Tallinn.

The other business premises in Finland and abroad have been leased from non-Group parties on normal lease agreements.

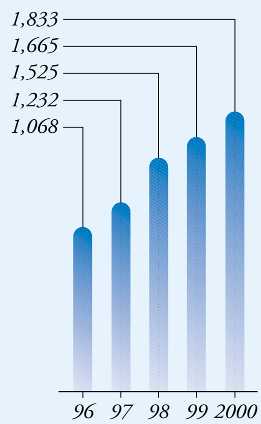
Return on investment



Equity ratio



Average personnel



Personnel

At year-end, the Group had 2,029 employees, an increase of 378 since the beginning of the year. The principal increases were due to the acquisition of Elef and the electrical wholesale dealers in Poland. The companies outside Finland had a total of 1,051 employees at year-end, which constitutes more than half of the Group's payroll.

The Group's personnel averaged 1,833 (1,665) and the parent company had an average of 972 (947) employees.

Corporate governance

The Chairman of the company's Board of Directors, E.J. Toivanen, died on 27 July 2000. The new Chairman elected to head the Board was Maarit Toivanen-Koivisto. The other members of the Board were Matti Elovaara, Matti Aura until 31 May 2000, Raimo Hertto until 18 August 2000, Tapio Hintikka as of 18 August 2000, Markku Waltari as of 18 August 2000, and Eero Eloranta as of 22 September 2000.

Timo Peltola, M. Sc. (Econ.), serves as the company's President.

The company's auditors are Pekka Nikula, Authorised Public Accountant, and SVH Pricewaterhouse Coopers Oy, an APA firm with Göran Lindell, APA, as the auditor in charge.

Share capital and shareholders

At the annual general meeting of 27 March 2000, a resolution was passed to alter the denomination of the company's share capital to euros. It was resolved to increase the share capital by EUR 3,181,207.35 by raising the par value of shares from EUR 1.68 to EUR 2. The increase in the share capital took the form of a bonus issue and it was entered in the Trade Register on 31 August 2000. The new share capital is EUR 20.0 million. The company has 10,000,000 shares, all of which are held by Onvest Oy.

Outlook for 2001

In Finland, the dynamic growth in the market will level out appreciably in 2001. However, an increase of roughly 3% in volume is still expected in the Building Services Division. Demand for the Industry and Infrastructure Division will hold steady at last year's level.

Marked growth in demand on the construction and HEPAC market in Sweden, which got underway in autumn 2000, will continue in 2001 at least. Volume is expected to rise by about 5%. In the traditional electricity utility market as well, there will be a small increase in demand and the construction of optical fibre networks will continue dynamically.

In Poland the volume of construction went into a clear decline in 2000. In 2001, demand is expect to hold steady on the 2000 level. However, there is a possibility that the recession will deepen. The volume of construction in Estonia, Latvia and Russia will probably increase by 5%. In Lithuania, demand is likely to remain at a low level.

The acquisitions made by Electrical Wholesale in 2000 of business interests in Sweden and takeovers in Poland will boost turnover in 2001. These, combined with the expected growth in the various market regions, are forecast to increase the Group's turnover by at least 15%.

The aim in 2001 is to maintain the favourable level of profits in Finland and to improve financial results in Sweden and by Wholesale International.

Consolidated Profit and Loss Account

EUR million	Note	Jan. 1 - Dec. 31, 2000		%	Jan. 1 - Dec. 31, 1999		%
TURNOVER	2.1.		**710.3**	**100.0**		600.5	100.0
Other operating income			**1.7**			1.0	
Materials and services	2.2.		**578.1**			488.9	
Personnel expenses	2.3.		**57.0**			48.4	
Depreciation			**6.1**			5.4	
Other operating expenses	2.4.		**49.4**			39.5	
OPERATING PROFIT			**21.4**	**3.0**		19.3	3.2
Financial income and expenses	2.5.						
Interest and similar income							
From Group companies		**0.1**			0.0		
From others		**0.8**			0.9		
Interest and similar expenses							
To Group companies		**-0.1**			-0.2		
To others		**-1.4**	**-0.6**		-0.8	-0.1	
PROFIT BEFORE EXTRAORDINARY ITEMS			**20.8**	**2.9**		19.2	3.2
Extraordinary items	2.6.					-7.6	
PROFIT BEFORE TAXES			**20.8**	**2.9**		11.6	1.9
Direct taxes	2.8.		**-6.7**			-4.6	
Minority interest			**-0.2**			-0.6	
GROUP PROFIT FOR THE YEAR			**13.9**	**2.0**		6.4	1.1

Consolidated Balance Sheet

EUR million	Note	Dec. 31, 2000		Dec. 31, 1999	
ASSETS					
FIXED AND OTHER LONG-TERM ASSETS	3.1.				
Intangible assets					
Intangible rights		**0.9**		0.8	
Goodwill		**3.1**		1.4	
Group goodwill		**4.1**		1.5	
Other long-term assets		**1.1**	**9.2**	0.6	4.3
Tangible assets					
Land		**0.1**		0.1	
Buildings		**4.1**		3.8	
Machinery and equipment		**13.5**	**17.7**	12.7	16.6
Financial investments					
Other shares and holdings			**0.3**		0.2
CURRENT ASSETS					
Inventories					
Goods in stock			**86.2**		65.6
Receivables	3.2.				
Long-term					
Loans receivable			**0.1**		0.0
Short-term					
Accounts receivable		**77.0**		53.6	
Receivables from Group companies		**0.8**		4.8	
Loans receivable		**0.1**		0.1	
Other receivables		**3.3**		1.9	
Deferred receivables		**12.6**	**93.8**	11.5	71.9
Cash and bank deposits			**7.9**		3.1
			215.2		161.7

EUR million	Note	Dec. 31, 2000		Dec. 31, 1999	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	3.3.				
Share capital		**20.0**		16.8	
Contingency fund		**35.2**		38.5	
Retained earnings		**19.9**		13.6	
Profit for the year		**13.9**	**89.0**	6.4	75.3
MINORITY INTEREST			**2.6**		2.7
LIABILITIES					
Long-term liabilities	3.4.				
Loans from financial institutions		**18.7**		17.5	
Loans from Group companies				0.2	
Nominal tax liability		**0.3**		0.8	
Other long-term liabilities		**0.6**	**19.6**	0.7	19.2
Short-term liabilities	3.5.				
Loans from financial institutions		**7.7**		1.9	
Advances received		**0.7**		0.8	
Accounts payable		**60.4**		43.3	
Payables to Group companies		**8.7**		1.3	
Other short-term liabilities		**10.1**		8.0	
Deferred payables		**16.4**	**104.0**	9.2	64.5
			215.2		161.7

Cash Flow Statements

EUR million	GROUP 2000	GROUP 1999	PARENT COMPANY 2000	PARENT COMPANY 1999
CASH FLOW FROM OPERATIONS				
Operating profit	**21.4**	19.3	**19.0**	17.1
Depreciation	**6.1**	5.4	**3.0**	2.9
Other adjustments	**-0.1**	-0.8	**-0.1**	-0.8
Cash flow before change in working capital	**27.4**	23.9	**21.9**	19.2
Change in working capital:				
Change in non-interest-bearing receivables	**-27.1**	-6.6	**-6.2**	-1.8
Change in inventories	**-20.6**	-1.3	**-6.2**	0.8
Change in non-interest-bearing liabilities	**23.7**	18.4	**3.8**	13.1
Cash flow before financial items and taxes	**3.4**	34.4	**13.3**	31.3
Cash flow from financial expenses	**-1.3**	-1.0	**-0.1**	-0.1
Dividends received	**0.0**	0.0	**0.3**	0.0
Cash flow from financial income	**0.8**	0.9	**0.5**	0.4
Tax payments	**-2.6**	-5.4	**-2.1**	-4.2
TOTAL CASH FLOW FROM OPERATIONS (A)	**0.3**	28.9	**11.9**	27.4
CASH FLOW FROM INVESTMENTS				
Fixed asset investments	**-15.4**	-5.9	**-21.2**	-7.7
Sales in fixed assets	**3.2**	1.0	**0.4**	1.0
Change in loans receivable	**3.9**	-3.9	**-0.7**	-4.3
TOTAL CASH FLOW FROM INVESTMENTS (B)	**-8.3**	-8.8	**-21.5**	-11.0
CASH FLOW FROM FINANCING				
Change in short-term loans	**12.5**	-6.3	**8.8**	-6.8
Change in long-term loans	**1.0**	-6.6		-2.4
Dividends		-0.0		
Group contribution (net)		-7.6	**1.3**	-7.2
Others	**-0.7**	0.4		
TOTAL CASH FLOW FROM FINANCING (C)	**12.8**	-20.1	**10.1**	-16.4
CHANGE IN LIQUID FUNDS (A+B+C)	**4.8**	0.0	**0.5**	0.0
Liquid funds Jan. 1	**3.1**	3.1	**0.8**	0.8
Liquid funds Dec. 31	**7.9**	3.1	**1.3**	0.8

Parent Company Profit and Loss Account

EUR million	Note		**Jan. 1 - Dec. 31, 2000**	**%**		Jan. 1 - Dec. 31, 1999	%
TURNOVER	2.1.		**482.1**	**100.0**		438.1	100.0
Other operating income			**0.3**			0.9	
Materials and services	2.2.		**395.0**			361.5	
Personnel expenses	2.3.		**37.1**			32.7	
Depreciation			**3.0**			2.9	
Other operating expenses	2.4.		**28.3**			24.8	
OPERATING PROFIT			**19.0**	**3.9**		17.1	3.9
Financial income and expenses	2.5.						
Income from financial investments							
From Group companies		**0.3**			0.0		
Interest and similar income							
From Group companies		**0.1**			0.0		
From others		**0.5**			0.4		
Write-downs of financial investments					-0.4		
Interest and similar expenses							
To Group companies		**-0.1**			-0.1		
To others		**-0.0**	**0.8**		-0.0	-0.1	
PROFIT BEFORE EXTRAORDINARY ITEMS			**19.8**	**4.1**		17.0	3.9
Extraordinary items	2.6.		**1.3**			-7.2	
PROFIT BEFORE APPROPRIATIONS AND TAXES			**21.1**	**4.4**		9.8	2.2
Appropriations	2.7.		**0.6**			0.9	
Direct taxes	2.8.		**-6.4**			-4.0	
PROFIT FOR THE YEAR			**15.3**	**3.2**		6.7	1.5

Parent Company Balance Sheet

EUR million	Note	Dec. 31, 2000		Dec. 31, 1999	
ASSETS					
FIXED AND OTHER					
LONG-TERM ASSETS	3.1.				
Intangible assets					
Intangible rights		**0.8**		0.7	
Other long-term assets		**0.8**	**1.6**	0.2	0.9
Tangible assets					
Machinery and equipment			**7.7**		8.0
Financial investments					
Shares in Group companies		**32.3**		14.8	
Other shares and holdings		**0.2**	**32.5**	0.2	15.0
CURRENT ASSETS					
Inventories					
Goods in stock			**47.7**		41.6
Receivables	3.2.				
Long-term					
Receivables from Group companies		**3.8**			
Loans receivable		**0.0**	**3.8**	0.0	0.0
Short-term					
Accounts receivable		**39.5**		34.7	
Receivables from Group companies		**4.1**		7.0	
Loans receivable		**0.1**		0.0	
Other receivables		**1.2**		1.0	
Deferred receivables		**8.9**	**53.8**	9.1	51.8
Cash and bank deposits			**1.3**		0.8
			148.4		118.1

EUR million	Note	Dec. 31, 2000		Dec. 31, 1999	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	3.3.				
Share capital		**20.0**		16.8	
Contingency fund		**35.1**		38.3	
Retained earnings		**16.0**		9.3	
Profit for the year		**15.3**	**86.4**	6.7	71.1
ACCUMULATED EXCESS DEPRECIATION			**2.7**		3.4
LIABILITIES					
Long-term liabilities	3.4.				
Other long-term liabilities			**0.6**		0.6
Short-term liabilities	3.5.				
Advances received		**0.2**		0.4	
Accounts payable		**30.4**		29.4	
Payables to Group companies		**9.0**		0.6	
Other short-term liabilities		**7.8**		6.6	
Deferred payables		**11.3**	**58.7**	6.0	43.0
			148.4		118.1

1. ACCOUNTING POLICIES

1.1 Introduction

The company belongs to the Onvest Group. The Onvest Group's parent company is Onvest Oy, domiciled in Helsinki. A copy of the Onvest Group's consolidated financial statements is available at the Onvest Group's head office, Mittalinja 1, FIN-01260 Vantaa, Finland.

The consolidated and parent company financial statements have been drawn up in Finnish currency. The financial statements are shown translated into euros at the rate EUR 1 = FIM 5.94573.

1.2. Valuation policies

1.2.1. Valuation of fixed assets

Fixed assets have been capitalised at the immediate acquisition cost. Depreciation according to plan is based on the probable economic life of the asset and has been calculated using the straight-line method.

The depreciation periods are as follows:

Intangible rights	5 years
Goodwill	5 years
Group goodwill	5 years
Other long-term investments	3-5 years
Buildings	10-25 years
Machinery and equipment	3-12 years

1.2.2. Valuation of inventories

Inventories have been valued on the FIFO principle at the direct acquisition cost or the probable selling price, whichever is the lower.

1.2.3. Accrual of pension expenses

Pension expenses have been presented in accordance with the legislation in each country in which the Group operates. Insurance has been arranged with pension insurance companies. Direct liabilities for pensions are included in the liabilities in the balance sheet.

1.3. The mode of presentation of the profit and loss account and balance sheet and their comparability with the previous financial year

Sold and acquired subsidiaries are included in the profit and loss account for the financial year for the period of ownership. The financial year's other earnings from business operations include a non-recurring income item from the sale of business interests. The previous financial year's earnings from business operations include non-recurring capital gains on sales of shares in telecom operators.

1.4. Consolidated financial statements

The consolidated financial statements have been prepared according to the acquisition cost method. They include the parent company and all its subsidiaries.

The difference between the acquisition cost of subsidiaries and the acquired holding in shareholders' equity is presented as Group goodwill.

Internal Group transactions, margins, receivables and debts have been eliminated, as have internal dividends paid. Minority interests have been separated from the Group's shareholders' equity and net profit, and they are given as a separate item.

The financial statements of the foreign subsidiaries have been translated and grouped to meet the requirements of Finnish accounting legislation. The profit and loss accounts of foreign subsidiaries have been translated into Finnish currency at the average for the financial year, at a monthly average for some subsidiaries. The balance sheets have been translated at the year-end rate. The translation adjustments arising from this, like the translation adjustments arising from shareholders' equity, are presented in the item for retained profits from previous years.

1.5. Deferred tax liability and credits

In the consolidated financial statements, the accumulated depreciation difference has been divided between deferred taxes and shareholders' equity.

There are no significant deferred tax liabilities due to matching differences or other causes. No potential deferred taxes have been figured in if they are considered unlikely to fall due in the next few years.

2. NOTES TO THE PROFIT AND LOSS ACCOUNT (EUR million)

	GROUP		PARENT COMPANY	
	2000	1999	**2000**	1999
2.1. Turnover				
Turnover total	**710.3**	600.5	**482.1**	438.1
Sales to Group companies	**10.9**	9.0	**24.8**	21.6
Turnover by divisions				
Building Services	**290.2**	271.2	**289.9**	270.7
Industry and Infrastructure	**175.0**	154.9	**173.6**	150.5
Swedish Wholesale	**145.8**	95.3		
Wholesale International	**99.3**	79.1	**4.4**	3.9
Intra-Group sales			**14.2**	13.0
	710.3	600.5	**482.1**	438.1
2.2. Materials and services				
Materials				
Purchases during the year	**598.7**	490.2	**401.2**	360.7
Change in inventories	**-20.6**	-1.3	**-6.2**	0.8
	578.1	488.9	**395.0**	361.5
2.3. Personnel expenses and average personnel				
Personnel expenses				
Wages and salaries	**43.9**	37.3	**29.2**	25.8
Pension expenses	**7.3**	6.0	**5.7**	4.8
Other personnel expenses	**5.8**	5.1	**2.2**	2.1
	57.0	48.4	**37.1**	32.7
Compensation to the Managing Directors and Board Members				
Salaries	**0.8**	0.6	**0.2**	0.2
Bonuses	**0.1**	0.0	**0.1**	
	0.9	0.6	**0.3**	0.2
Average personnel				
Building Services	**466**	461	**462**	452
Industry and Infrastructure	**161**	159	**161**	149
Swedish Wholesale	**301**	242		
Wholesale International	**575**	483	**19**	26
Logistics and administration	**330**	320	**330**	320
	1,833	1,665	**972**	947

Pension benefits for management
The parent company's Managing Director has the right to retire at the age of 62 if he so desires.

	GROUP		PARENT COMPANY	
	2000	1999	**2000**	1999
2.4. Other operating expenses				
Property-related costs	**12.6**	10.5	**7.4**	7.0
Delivery and transport costs	**15.6**	11.2	**7.3**	6.5
Administrative expenses	**12.7**	10.9	**7.6**	6.6
Other opertating expenses	**8.5**	6.9	**6.0**	4.7
	49.4	39.5	**28.3**	24.8
2.5. Financial income and expenses				
Interest and similar income from others includes exchange rate gains (net)		0.3	**0.0**	0.0
Interest and similar expenses to others includes exchange rate losses (net)	**-0.2**			
2.6. Extraordinary items				
Group contribution received			**1.3**	0.4
Group contribution granted		-7.6		-7.6
		-7.6	**1.3**	-7.2
2.7. Appropriations				
Excess depreciation (tax-based depreciation – planned depreciation)			**0.6**	0.9
2.8. Direct taxes				
Income taxes on extraordinary items		2.1	**-0.4**	2.0
Coprorate income tax	**-7.0**	-6.2	**-6.0**	-5.1
Tax refunds		-0.9		-0.9
Change in nominal tax liability	**0.3**	0.4		
	-6.7	-4.6	**-6.4**	-4.0

3. NOTES TO THE BALANCE SHEET (EUR million)

3.1. Fixed and other long-term assets

Group	Intangible assets Intangible rights	Goodwill	Group goodwill	Other long-term assets	Total
Acquisition cost Jan. 1, 2000	1.5	2.3	2.1	1.4	7.3
Currency-related conversions	0.0	-0.1		0.1	0.0
Increase	0.4	2.2	3.4	0.8	6.8
Decrease	-0.1			-0.1	-0.2
Acquisition cost Dec. 31, 2000	1.8	4.4	5.5	2.2	13.9
Accumulated depreciation Jan. 1, 2000	0.7	0.8	0.6	0.8	2.9
Currency-related conversions	-0.1	-0.0		-0.0	-0.1
Accumulated depreciation on deductions	-0.0				-0.0
Depreciation from the period	0.3	0.5	0.8	0.3	1.9
Accumulated depreciation Dec. 31, 2000	0.9	1.3	1.4	1.1	4.7
Book value Dec. 31, 2000	0.9	3.1	4.1	1.1	9.2

Group	Tangible assets Land	Buildings	Machinery and equipment	Total
Acquisition cost Jan. 1, 2000	0.1	4.5	26.5	31.1
Currency-related conversions		-0.1	-0.0	-0.1
Increase		3.0	5.5	8.5
Decrease		-3.0	-2.2	-5.2
Acquisition cost Dec. 31, 2000	0.1	4.4	29.8	34.3
Accumulated depreciation Jan. 1, 2000		0.7	13.9	14.6
Currency-related conversions		0.0	0.0	0.0
Accumulated depreciation on deductions		-0.5	-1.7	-2.2
Depreciation from the period		0.1	4.1	4.2
Accumulated depreciation Dec. 31, 2000		0.3	16.3	16.6
Book value Dec. 31, 2000	0.1	4.1	13.5	17.7

Parent company

	Intangible assets			Tangible assets	
	Intangible rights	Other long-term assets	Total	Machinery and equipment	Total
Acquisition cost Jan. 1, 2000	1.3	0.2	1.5	18.7	18.7
Increase	0.3	0.8	1.1	2.3	2.3
Decrease				-1.5	-1.5
Acquisition cost Dec. 31, 2000	1.6	1.0	2.6	19.5	19.5
Accumulated depreciation Jan. 1, 2000	0.6	0.1	0.7	10.6	10.6
Accumulated depreciation on deductions				-1.4	-1.4
Depreciation from the period	0.2	0.1	0.3	2.6	2.6
Accumulated depreciation Dec. 31, 2000	0.8	0.2	1.0	11.8	11.8
Book value Dec. 31, 2000	0.8	0.8	1.6	7.7	7.7

Financial investments

Group

	Other shares and holdings	Total
Acquisition cost Jan. 1, 2000	0.2	0.2
Currency-related conversions	0.0	0.0
Increase	0.1	0.1
Acquisition cost Dec. 31, 2000	0.3	0.3
Book value Dec. 31, 2000	0.3	0.3

Parent company

	Shares in Group companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2000	14.8	0.2	15.0
Increase	17.7		17.7
Decrease	-0.2		-0.2
Acquisition cost Dec. 31, 2000	32.3	0.2	32.5
Book value Dec. 31, 2000	32.3	0.2	32.5

Group companies

	Group's Holdings, %	Parent Company's Holdings, %
Owned by Parent Company:		
Profelco Oy, Helsinki	100	100
Onninen AB, Örebro	100	100
AS Onninen, Tallinn	100	100
ZAO Onninen SPb, St Petersburg	100	100
ZAO Tec Optom Onninen, Moscow	100	100
SIA Onninen LAT, Riga	100	100
UAB Onninen LIT, Vilnius	100	100
Onninen Polska Sp. z o.o., Warsaw	100	100
Hydrokan Winkiel S.A., Poznan	77.6	77.6
Felis S.A., Wroclaw	70.0	70.0
Elmetal Sp. z o.o., Opole	70.0	70.0
Elektrohurt Sp. z o.o., Gliwice	70.4	70.4
Alinex Sp. z o.o., Warsaw	100	100
Dormant companies	100	100

Affiliated companies

Suomen LVIS-tietoverkko Oy, Helsinki	20	20
Glob96 S.A., Lodz	43.1	

The effect of the affiliated companies on the Group's net profit and its shareholders' equity is so slight that the effect was not figured into the consolidated profit and loss account or balance sheet.

	GROUP		PARENT COMPANY	
	2000	1999	**2000**	1999
3.2. Receivables				
Long-term receivables				
Receivables from Group companies				
Loans receivable			**3.8**	
Short-term receivables				
Receivables from Group companies				
Accounts receivable	**0.8**	0.8	**2.7**	2.5
Loans receivable	**0.0**	4.0	**1.4**	4.5
	0.8	4.8	**4.1**	7.0
Deferred receivables				
Annual discount receivables	**10.8**	9.1	**8.4**	7.6
Others	**1.8**	2.4	**0.5**	1.5
	12.6	11.5	**8.9**	9.1

	GROUP		PARENT COMPANY	
	2000	1999	**2000**	1999
3.3. Shareholders' equity				
Share capital Jan. 1	**16.8**	16.8	**16.8**	16.8
Increase in share capital from contingency fund	**3.2**		**3.2**	
Share capital Dec. 31	**20.0**	16.8	**20.0**	16.8
Contingency fund Jan. 1	**38.5**	38.4	**38.3**	38.3
Increase in share capital from contingency fund	**-3.2**		**-3.2**	
Retained earnings transfered to contingency fund		0.1		
Exchange rate difference	**-0.1**	0.0		
Contingency fund Dec. 31	**35.2**	38.5	**35.1**	38.3
Retained earnings Jan. 1	**20.0**	12.9	**16.0**	9.3
Transfer of profit to contingency fund		-0.1		
Conversions and other adjustments	**-0.1**	0.8		
Retainned earnings Dec. 31	**19.9**	13.6	**16.0**	9.3
Profit for the year	**13.9**	6.4	**15.3**	6.7
Shareholders' equity total	**89.0**	75.3	**86.4**	71.1
Distributable earnings Dec. 31				
Retained earnings	**19.9**	13.6	**16.0**	9.3
Profit for the year	**13.9**	6.4	**15.3**	6.7
Share of accumulated excess depreciation held in equity account	**-2.0**	-2.4		
	31.8	17.6	**31.3**	16.0
3.4. Long-term liabilities				
Loans from Group companies		0.2		
Nominal tax liability				
Nominal tax liability from appropriations	**0.8**	1.0		
Nominal tax receivables from allocations	**-0.5**	-0.2		
	0.3	0.8		
Liabilities due after five years or longer				
Long-term liabilities				
Other long-term liabilities	**0.4**	0.4	**0.4**	0.4
	0.4	0.4	**0.4**	0.4

	GROUP		PARENT COMPANY	
	2000	1999	**2000**	1999
3.5. Short-term liabilities				
Payables to Group companies				
Advances received			**0.1**	0.3
Accounts payable	**0.1**	0.0	**0.0**	0.2
Other short-term liabilities	**8.6**	1.3	**8.9**	0.1
	8.7	1.3	**9.0**	0.6
Deferred payables				
Personnel-related expenses	**10.5**	7.1	**7.7**	5.4
Others	**5.9**	2.1	**3.6**	0.6
	16.4	9.2	**11.3**	6.0
3.6. Leasing liabilities and contingent liabilities				
Leasing liabilities				
Due in current period	**0.6**	0.4	**0.2**	0.3
Due later	**0.7**	0.3	**0.3**	0.2
	1.3	0.7	**0.5**	0.5
Contingent liabilities				
Guarantees and securities given on behalf of Group companies			**19.3**	15.3
Guarantees and securities given on behalf of others	**0.2**	0.1	**0.2**	0.1

Formulas for the indicators

Return on investement (ROI), %

$$\frac{\text{(Profit before extraordinary items + financial expenses)}}{\text{Total assets - interest-free liabilities (average)}} \times 100$$

Return on equity (ROE), %

$$\frac{\text{(Profit before extraordinary items - adjusted taxes)}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

Equity ratio, %

$$\frac{\text{(Shareholders' equity + minority interest)}}{\text{Total assets - advances received}} \times 100$$

Interest-bearing net liabilities: Interest-bearing liabilities - cash and bank deposits

Earnings per share, EUR

$$\frac{\text{Profit before extraordinary items - adjusted taxes +/- minority interest}}{\text{Number of shares}}$$

Proposal for the Disposal of Profit

Proposal by the Board of Directors for the disposal of profit

The Group's distributable assets are EUR 31.8 million. The parent company's distributable assets are EUR 31.3 million, of which the net profit for the financial year is EUR 15.3 million.

The Board of Directors propose that EUR 0.70 per share be paid in dividend, totalling EUR 7,000,000.00. After the payment of dividend, EUR 24,270,533.44 will be left in the parent company's retained earnings account.

Vantaa, February 28, 2001

Maarit Toivanen-Koivisto *Matti Elovaara*

Tapio Hintikka *Markku Waltari*

Eero Eloranta *Timo Peltola*
Managing Director

Auditor's Report

To the shareholders of Onninen Oy

We have audited the accounting, the financial statements and the corporate governance of Onninen Oy for the period January 1 - December 31, 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets 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 corporate governance.

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 corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally 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 by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Helsinki, February 28, 2001

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Pekka Nikula
Authorised Public Accountant

Göran Lindell
Authorised Public Accountant

Five-year Review

	2000	1999	1998	1997	1996
Turnover, EUR million	**710**	601	576	490	434
growth, %	**18.3**	4.2	17.6	12.8	11.7
Turnover of international activities, EUR million	**245**	174	146	96	64
growth, %	**40.6**	19.6	52.4	49.7	65.5
precentage of turnover, %	**34.5**	29.0	25.3	19.5	14.7
Operating profit, EUR million	**21**	19	11	9	10
precentage of turnover, %	**3.0**	3.2	1.9	1.9	2.3
Net from financing, EUR million	**-1**	0	-3	0	0
precentage of turnover, %	**0.0**	0.0	-0.6	-0.1	-0.1
Profit before extraordinary items, EUR million	**21**	19	8	9	10
precentage of turnover, %	**2.9**	3.2	1.4	1.9	2.2
Profit before taxes, EUR million	**21**	12	8	9	10
precentage of turnover, %	**2.9**	1.9	1.4	1.9	2.2
Group profit for the year, EUR million	**14**	6	9	5	7
precentage of turnover, %	**2.0**	1.1	1.5	1.0	1.6
Return on investment (ROI), %	**19.7**	19.8	11.8	12.1	13.2
Return on equity (ROE), %	**16.6**	16.7	13.3	7.8	11.7
Equity ratio, %	**42.7**	48.5	47.6	47.1	52.4
Interest-bearing net liabilities, EUR million	**27**	18	31	24	16
Total assets, EUR million	**215**	162	149	137	113
Total investments, EUR million	**15**	6	11	8	4
Average personnel	**1,833**	1,665	1,525	1,232	1,068
Personnel at year-end	**2,029**	1,651	1,630	1,302	1,118

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