Annual Report 2004

onninen

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First choice in
materials services integration

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Working together,
Respecting people,
Better than before

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Onninen in brief

Onninen is an expert in comprehensive materials services

It serves its customers, representing contractors, industry, public organisations and retailers, in Finland, Sweden, Norway, Poland, Russia, Estonia, Latvia and Lithuania. The goal is to grow profitably and to reach and keep the position of first choice as partner for our major customers and suppliers.

In 2004, the company's turnover was 1.2 billion euros, and at year-end the company had 2,652 employees.

Key figures

		2004	2003
Turnover	MEUR	**1,150.2**	1.066.4
– growth	%	**7.9**	14.6
Operating profit before amortisation of goodwill (EBITA)	MEUR	**38.0**	28.1
– percentage of turnover	%	**3.3**	2.6
Operating profit (EBIT)	MEUR	**33.3**	17.9
– percentage of turnover	%	**2.9**	1.7
Profit before taxes (EBT)	MEUR	**30.2**	12.2
Return on investment (ROI)	%	**15.4**	8.1
Return on equity (ROE)	%	**14.6**	9.0
Equity ratio	%	**33.4**	31.5
Balance sheet total	MEUR	**352.2**	334.2
Investments	MEUR	**15.2**	4.8
Personnel at year end		**2,652**	2,643

Group structure

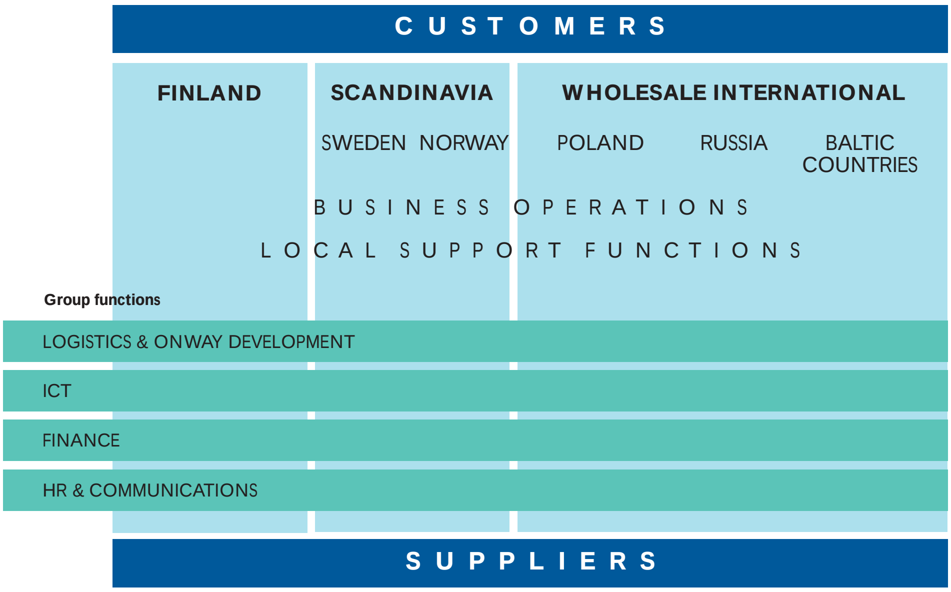
Onninen's Group structure and business model are based on three divisions and four Group functions. The divisions are responsible for business operation and the Group functions have responsibility for developing the function in question on a Group-wide basis.

The divisions are

- Onninen Finland, which is in charge of business in Finland.
- Onninen Scandinavia, which is in charge of business in Sweden and Norway.
- Onninen Wholesale International, which is in charge of business in Poland, Russia and the Baltic countries (Estonia, Latvia and Lithuania).

The Group functions are

- Logistics & OnWay Development. Group Logistics is in charge of the logistical strategy and related development and improvement. OnWay Development is responsible for the co-ordination and usability of Onninen's shared processes and concepts.
- ICT, which is responsible for the ICT strategy, solutions and services as well as for developing and enhancing these on a Group-wide basis.
- Finance, which is responsible for the Group's finance administration, controller functions, financing and risk management, as well as development and streamlining related to its sphere of responsibility on a Group-wide basis.
- HR and Communications, which is in charge of co-ordinating and developing human resource issues and communications on a Group-wide basis.



Events in 2004

In accordance with its strategy, Onninen continued in 2004 to upgrade its competitiveness by harmonising and streamlining its operations and by expanding its business, particularly in its growth regions in Poland, Russia and the Baltic countries.

In 2004, the Group theme was “Onninen Way”. Events during the year include:

- Working methods were harmonised Group-wide in accordance with the theme for 2004, the “Onninen Way”. The goal has been to harness core expertise and best practices across national and unit borders. In all, 250 managers and supervisors from different Group units took part in the year-long Onninen Way Leader Program training scheme, which was carried out electronically.

OnWay is an Onninen tool that enables us to serve customers even better.

- The construction of the Group-wide business development and ERP system OnWay continued. It is intended to launch the system first in Norway during spring 2005.

- The new Group-wide distribution centre model was developed and its implementation was started in Sweden and Finland. Related construction work on an extension to the Hyvinkää distribution centre in Finland was started.

Work on the extension to the distribution centre in Hyvinkää, which acts as the central warehouse for Finland, was completed in December 2004.

- The first outlet in accordance with Onninen’s Mega Express concept was opened in Finland.

Onninen’s first shop based on the Mega Express concept was opened in Helsinki in August.

- Business operations and service for the customer group of retailers was expanded with the acquisition in Finland of the electrical accessories interests of Sähkötalo Harju Oy.

- In Poland a distribution centre model serving the entire country was introduced.

The opening of the new Polish distribution centre was held in May 2004.

- New branches were opened in the growth regions of Russia and the Baltic countries. In Russia, Express outlets were opened in St Petersburg and Ryazan, in Estonia an Express outlet was opened in Johvi and in Latvia a new distribution centre and Express outlet were opened in Riga.

Opened in September, this outlet in Johvi is Onninen’s third Express outlet in Estonia.

- The provision of products and information was diversified in Poland by augmenting the product range and by introducing the Onninen Express concept.

The Onninen Express sign indicates an outlet operating on Onninen’s self-service and cash-and-carry principle.

- The harmonisation of support functions and operations in Sweden and Norway continued. In the beginning of 2005, the previously separate divisions for Sweden and Norway were merged into the Onninen Scandinavia division.

Challenges for 2005

In accordance with its strategy of profitable growth, Onninen will continue to harmonise and develop its operations to seek growth in selected geographical and business areas, and to apply and develop its core expertise.

Onninen's core operations are product, information and materials services for contractors, industrial companies, energy plants, public organisations and retailers of technical products. The company's core competences are related to the selection, marketing and selling of technical products as well as to ensuring the availability of technical products, materials and related information.

The main challenges for 2005 include:

- Improving competitiveness.

- The successful introduction of the Group-wide business development and ERP system OnWay and its related e-commerce solution OnnShop in Norway and Sweden.

The e-commerce outlet Onninen OnnShop is part of the new enterprise resource planning system.

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- Success in the introduction of a Group-wide standardised working method. During the year, training in managing the change will be held in several Group countries, particularly for supervisors.

- The analysis of the results of the Group-wide employee satisfaction survey, which will be carried out in March and initiating the necessary action.

- Expanding operations geographically with the opening of planned new outlets in Sweden, Norway, Russia, Estonia, Latvia and Lithuania.

- A smooth transition to the single distribution centre business model in Finland.

- Diversifying the customer structure in Norway, where Onninen currently serves particularly large electrical contractors and energy plants.

The picture shows the new Sunnalsöra aluminium mill of Norsk Hydro, one of Onninen´s customers in Norway.

- The opening of new Mega Express outlets in Finland (Oulu and Tampere) and the introduction of a new showroom concept at a Mega Express in Helsinki to serve contractors and suppliers.

Lighting products are brought out brilliantly by the Street of Lights product display. Streets of Lights can be found in Finland at Onninen's Express outlets in Espoo and the Hermanni district of Helsinki.

Strategic success is our goal

Onninen's strategy is profitable growth. Achieving this is based on targeted efforts, expertise and efficient business models.

The company's ability to achieve and even exceed its customers' and owners' expectations is called strategic success. Long-term success of this kind requires the company to have a clear and visionary strategy and the ability to efficiently transform it into practical action.

Profitable growth is Onninen's long-term strategy. Success in it is based on efficient operations and on the skills and commitment of everyone who works for the company. Everyone's contribution and the various stages of the work are important as in the final analysis, from the perspective of the customer and supplier, Onninen either keeps its promises or doesn't.

Onninen is a family-owned company and it has the same challenges as other enterprises, whatever their form of ownership. However, the money of entrepreneur-owners can also be patient when necessary. If the financial realities permit, entrepreneurs prefer to develop the company in the long term and to build towards sustainable business and with due consideration for the next generation.

The facility for long-term action is one of the hallmarks of a family company also at Onninen and a direct advantage. We have a good basis for improving our operating methods and our customer service.

From the owners' viewpoint, one of the most important goals for Onninen is to keep this company – now in its fourth generation of family ownership – financially sound and competitive. This cannot be done unless the company recognises the needs for change, both outside the company and within it. The world tomorrow will not be the same as it was yesterday.

With the strategic and tactical decisions we make today, we are building a future for ourselves and for our sector of business. This work needs a foundation of the humility to recognise the need for self-development and the desire to learn new things. Also needed are boldness and the sense of success.

Lifelong learning, which ensures the future of both individuals and companies, is important to owners and employees alike. An achieved position and experience will not guarantee future success. When competitive scenarios change and companies change their products and orientation ever faster, the personnel's skills also have to change. In fact, the only thing that is permanent is the need for constant development.

I would like to thank the employees of the Onninen Group for their successful work in 2004. I would also like to express my thanks and greetings to the company's customers, suppliers and other important stakeholders. My hope for each and all is continuing successful partnership in 2005.

Vantaa, 18 February 2005

Maarit Toivanen-Koivisto

We improve our own and our customers' competitiveness

We are expanding our operations and harmonising our operating methods to ensure our competitiveness.

Ten years ago, internationalism for many companies still meant an export department separated from domestic business, and attending seminars abroad. Today, international operations are an essential part of everyday life for management and the company alike in an increasing number of enterprises.

Internationalisation has long been a part of Onninen's growth strategy. Expansion into new market regions to engage in business based on core competences affords an opportunity for profitable growth. In Onninen's case, it also creates a framework for applying the economics of scale which is an essential aspect of the wholesale business.

International collaboration has transformed corporate business and is continuing to do so. In different parts of the world, companies and societies are required to have more and more transparency, and foreign competition is also a factor in what were once closed national markets.

Great changes are happening fast and they are hard to anticipate. The main prerequisites emerging for the preservation of competitiveness are the ability to envision the business environment and the ability to change the company's working methods rapidly when required. To succeed in a global economy, one must specialise, boost expertise in one's core competences, and focus on those functions with which one's customers' competitiveness can be augmented.

The competitive environment is changing

Onninen's competitive environment is also changing, on the basis of both our own actions and of the market trends.

Changes are visible as a result of the harmonisation of product standards and also among the players in technical wholesale. Borderlines between suppliers and the wholesalers they deal with are becoming blurred as global suppliers enter the European technical wholesale and retail business. Consolidation is on the increase, and the ownership structures of big international corporate groups are changing the geographical competitive scenario.

Onninen has participated in these changes, for example, in Finland, Sweden, Norway and Poland.

Action to enhance competitiveness

A couple of years ago, we set becoming the first choice in materials services for our leading customers and suppliers in our main markets as our goal. We defined profitable growth as our strategy. Last year, we continued to develop our operations on this basis.

Our major projects, such as the Group-wide ERP system and distribution centre concept which are under construction, the expansion of operations in Russia and the Baltic countries, promoting the availability of a diverse product range in Poland, and improving our profitability in the Swedish market, have made progress in accordance with our plans. The aim of these projects is to enhance our own competitiveness. At the same time, we also create the conditions for increasing our customers' competitiveness by providing them with comprehensive materials services availability and promote our suppliers' competitiveness by offering them an efficient distribution network for products and product information.

Boosting cost-effectiveness and productivity is always linked with the times. Information and expertise today play an increasingly central role, and the growth prospects that can be achieved with them in corporate business are greater than before. The solutions have to be made on the basis of new technologies and new knowledge, and ways of working have to be adapted to the existing and future framework. Only the underlying logic of economics is the same as it always was: profitability demands income to be greater than expenses.

Increased turnover and better profitability

In 2004, demand in the market varied in the eight countries in which we do business and in different product sectors, ranging from unexpectedly good to fairly steady or even negative. An added dash of colour was added by radical price rises in certain important raw materials.

In these still inconsistent markets, we achieved the highest turnover and profitability in our history.

Thank you!

I would like to thank the personnel of the Onninen Group for our results in 2004. I would also like to thank all our customers, suppliers and other partners for the confidence they have shown in us.

Vantaa, 18 February 2005

Petteri Walldén

Onninen Finland

Onninen is one of Finland's leading companies supplying its customers with one-stop materials services. Among the main projects in 2004 were an extension to the central warehouse in Hyvinkää, the opening of the first Mega-Express outlet, and strengthening services for retailers of technical products.

Tuomo Väänänen:
We want to serve as a developer of materials services for construction and industry as well as technical product distribution. Our goal is to enhance our customers' competitiveness by providing broad-based materials services solutions as well as product and information services. We constantly improve our operations to ensure our expertise and a broad-spectrum offering of products and information.

Onninen Finland's turnover grew by 11.4 per cent in 2004 and was MEUR 570.0 (MEUR 511.8 in 2003). Operational profitability stayed at a good level in spite of an increase in investments in major development projects. This was influenced particularly by a better market demand than had been forecast and the broad reach of the product range.

At year-end Onninen had 41 outlets in Finland and the Onninen Finland division together with Logistics had 933 employees (920 at the end of 2003).

Stronger market position

The market situation in Finland in 2004 was marked by a good level of house building, vibrant renovation, and increased demand from industry, although investment in this sector did not yet take off. On the other hand, business was affected by numerous price rises, as several important raw materials like copper, plastic and steel went up in price.

Our market position strengthened, particularly in our newer business areas and in air conditioning products. Steel business, which was reinforced with a business interest acquisition that took place in autumn 2003, exceeded expectations. We strengthened our position as one of the main players in electricity grid construction materials services. We underpinned our operations serving technical product distributors by acquiring Sähkötalo Harju Oy's electrical accessory business interests.

We created a lot of solutions aimed at better customer service and we succeeded well in achieving our aim of improving the availability of our products. We opened the first Mega-Express outlet, in Helsinki, with a range of almost 10,000 product items and broad-spectrum services, offering a new kind of service for the entire Helsinki Metropolitan Area. The large exhibition area to be opened in the Hermanni Mega-Express in 2005 is a new concept in supporting marketing, particularly for our contractor customers.

Early in 2004, we began the simplification of the logistics system and its changeover to the single distribution centre (DC) business model. The model improves product availability and cuts down on interim unloading and loading in the transport chain. Consolidating warehousing simultaneously improves both the standard of service and the warehouse turnaround time and creates a framework for further developing our cash-and-carry concept.

In connection with the centralised warehousing model, we are extending the Hyvinkää DC´s indoor storage facilities by 10,000 square metres to a total of roughly 33,000 square metres and its outdoor storage space by three hectares to a total of roughly 15 hectares. The reasons behind the need for extra space are the broadening of the product range stored and an increase in the quantities delivered. Construction work began in May and the new indoor and outdoor storage facilities began to be in operation in January 2005.

In summer 2004, we went over to an external service provider to supply a new telephone exchange service as the old ones reached the end of their life cycle, and we re-

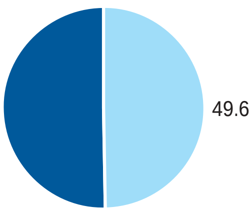
Onninen's outlets in Finland at the beginning of 2005:

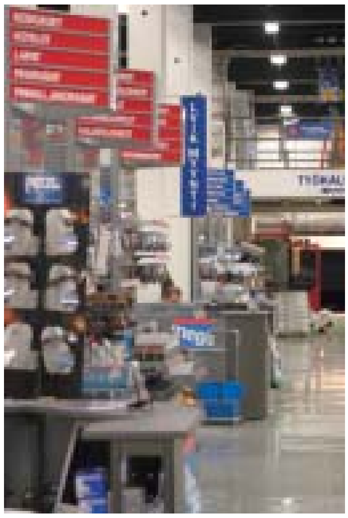
- Onninen has a total of 41 outlets in 35 cities in Finland.
- Onninen has one or more outlets in the following cities: Espoo, Forssa, Helsinki, Hyvinkää, Hämeenlinna, Imatra, Joensuu, Jyväskylä, Kajaani, Kokkola, Kotka, Kouvola, Kuopio, Lahti, Lappeenranta, Lohja, Mariehamn, Mikkeli, Mäntsälä, Oulu, Pori, Raahe, Raisio, Rauma, Rovaniemi, Salo, Savonlinna, Seinäjoki, Tampere, Tornio, Turku, Vaasa, Vantaa, Varkaus, Ylivieska.
- There are a total of 38 Express outlets in 34 cities.
- The Finnish DC operates in Hyvinkää.
- The head office functions of the Onninen Group, the Onninen Finland division and the Onninen Wholesale International division are in Vantaa.

Onninen Finland

Turnover, MEUR

Share of Group's turnover, %





Onninen's first Mega Express was opened in Helsinki in August 2004. Its product range embraces nearly 10,000 items.

placed obsolete phones with handsets representing state-of-the-art mobile phone technology. The aim was particularly to increase the availability of our personnel working in customer service duties. However, the upgrade has involved some teething troubles. We continue our efforts to stabilise the viability of our new telephony system.

New organisation model
In 2004, we continued to enhance the organisational structure to serve all four of our customer segments better. They are contractors, industry, infrastructure and distributors.

As of the beginning of 2005, the structure of the Onninen Finland division has been based on six SBUs responsible for business operations and eight functions supporting them. The SBUs are Electricity, HEPAC, Refrigeration, Industry, Infra and Retailers. The functions are Logistics, Sourcing Development, Marketing, HR, Quality, Finance, Controller Operations, and ICT.

Electricity
The SBU's turnover grew by 6.0 per cent and was MEUR 85.3 (MEUR 80.5 in 2003).

We considerably expanded our in-stock range of electrical products during the year to enable us to serve our customers' increasingly varied needs even better. At the same time, we improved the availability of our products, both for deliveries from the distribution centre and for the cash-and-carry range at Express outlets. To improve customer service, we continued training for our sales staff, particularly in more demanding product sectors such as telecoms, data products and lighting.

We intensified collaboration with our suppliers during the year. Our aim is further to enhance networking with our partners who provide materials service solutions.

In public lighting projects, we achieved important successes with our customers. During the year, we carried out new kinds of lighting solutions together with our customers, electrical and lighting designers, and suppliers. At several of our Express outlets we opened a special "Street of Lights" to showcase various lighting-related products.

We boosted our expertise in telecoms and data products, and we continued to arrange our telecom days, which have received favourable feedback, for our customers and suppliers.

It's easy to compare lamps on the Street of Lights. In 2004, Streets of Lights were built at the Express outlets in Espoo and the Hermanni district of Helsinki.

HEPAC and Refrigeration
We reorganised our business operations serving heating, plumbing, air conditioning and refrigeration sector contractors into two SBUs at the beginning of 2005. These are HEPAC and Refrigeration. The main purpose of the reorganisation is to improve customer service.

The HEPAC SBU's turnover grew by 9.7 per cent by comparable figures and was MEUR 234.5 (MEUR 213.8 in 2003).

The Refrigeration SBU's turnover grew by 6.7 per cent and was MEUR 12.7 (MEUR 11.9 in 2003).

Precision deliveries of heating and plumbing products to large construction and renovation sites for offices, hotels and other buildings increased during the year. Room-specific product packs and delivery according to an agreed timetable when necessary to the door of the room, speed up construction and boost the contract's overall efficiency. We predict that this kind of precision deliveries requiring project planning will attract more and more construction contractors in the future.

In February, the customer marketing tour "Air Road-Show" proved itself a successful concept. The nationwide tour of 18 cities took 10 days. It is intended to utilise this new marketing concept, which was carried out in 2004 with eight suppliers, also in the future.

Air conditioned cooling is catching on fast in Finland. Including mechanical cooling in new construction projects is beginning to become more widespread, not only in industrial and office building but also in low-rise construction. Demand for air heat pumps has been particularly boosted by the rising price of electricity. However, growth is limited by the fact that the sector is beginning to suffer from a shortage of refrigeration and cooling equipment fitters qualified and registered according to EU regulations.

We will continue to invest in securing the specialised expertise required by the brands we represent, for example, by collaborating with equipment manufacturers, distributors, and fitters and maintenance personnel.

Industry

The SBU's turnover grew by 22.8 per cent and was MEUR 119.4 (MEUR 97.2 in 2003).

In 2004, we continued to extend the product programme aimed at our industrial customers. It now includes a diverse and wide range of raw materials, maintenance materials and investment items. Thanks to its product offering, its volume of deliveries, and particularly its materials services, Onninen has become one of the most outstanding materials suppliers to industry in Finland.

The structural steel business interests transferred in 2003 to Onninen from Algol Oy were integrated successfully during 2004 to become part of our Industry SBU serving industrial customers.

A series of price rises in rapid succession for steel, combined with occasional deterioration in its availability in the global marketplace, kept the entire steel business exceptionally busy. However, we managed very well to secure uninterrupted materials services in steel products for our customers. It is believed that steel prices will stabilise and availability will normalise in 2005.

Onninen´s Hyvinkää distribution centre has the premises and equipment to handle even large and heavy steel products for industrial applications. Ari Kukkamäki works at the Hyvinkää steel warehouse.

Onninen is one of the main materials suppliers for electrical grid construction in Finland.

Infra

The SBU's turnover grew by 7.3 per cent and was MEUR 95.4 (MEUR 88.9 in 2003).

Infra serves associations and organisations which are responsible for the condition and improvement of society's infrastructural systems and structures. The customers include the technical units of public organisations and contractor firms operating in this sector. We frequently provide our customers with a broad-based and when necessary cross-border network of material supply for project-type needs, complete with logistics and warehousing services.

The Infra SBU's chief product lines are products for water supply, district heating, earthmoving and pumping stations as well as outdoor lighting, electrical and telecom network products.

During the year, we carried out a campaign to make environmentally friendly ester transformers known to Finnish electricity utilities. The first transformers with this new technology were installed in locations in the Finnish Lake Country which are important for groundwater conservation.

The Water Treatment Act and the related new Wastewater Decree which came into effect in 2004 stimulated demand for the Infra sector's HEPAC products. We extended our water treatment product range, which now has more than 2,000 items constantly available. In addition to ready solutions, we also offer packages of products and equipment which we plan together. We carried out a number of projects based on customised solutions together with water cooperatives on water treatment projects for thinly populated areas.

Among the main customer partnership projects in 2004 were service agreements for the outsourcing of materials supply made with several local authorities and plants. In October, a continuation agreement was signed with the Air Force Signal Material Depot for collaboration on warehousing of electrical products. This goods supply agreement, which runs until 2006, can also be used by other units of the armed forces.

Onninen's services are showcased at many events and exhibitions. The picture was taken at the FinnBuild 2004 fair held in Helsinki in September-October.

Opal is an Onninen trademark, used on products mainly marketed to retailers. The picture shows Katja Oinonen and Jussi Paalanen from RTV-Yhtymä Oy getting acquainted with the Opal products.

Retailers

The SBU's turnover grew by 16.4 per cent and was MEUR 22.7 (MEUR 19.5 in 2003).

The Retailers SBU´s customers are all of Finland's leading retail chains and technical product distributors.

The transfer of Sähkötalo Harju Oy's electrical accessory business interests to Onninen that boosts the unit's turnover annually by roughly five million euros made Onninen the Finnish market leader for self-service packaged electrical, HEPAC and refrigeration accessories. The expanded product range offers our customers new opportunities to develop their business.

The brands of our self-service packaged products are OPAL and Harju. OPAL is in use in all eight countries in which the Onninen Group does business and Harju is in use in Finland. We substantially beefed up importing during the year, particularly from Europe and Asia, and we extended our product range. The packaging capacity for specially packed self-service products for the needs of distributor customers was increased significantly by the opening of the second packaging unit in April.

Technical product distributors' use of e-commerce from order transmission to order confirmation and electronic invoicing is increasing rapidly. At its most efficient, the order is transferred according to sales demand from the retailer's check-out system directly to Onninen's systems.

Outlook for 2005

We expect demand to remain good also during the current year. In the construction industry, renovation will continue to grow in terms of percentage of business, and in industry we foresee investment recovering at last. We also expect a little growth in infrastructural construction in spite of the poor economic situation of local authorities. We expect product prices to rise only slightly during the current year.

We expect the competitive scenario in Finland to continue to change as Onninen increasingly changes over from traditional wholesale to being a provider of materials services embracing broad-spectrum total solutions. This trend is moving ahead fast, although we estimate that traditional wholesale will still make up most of our total volume of business for the next few years. Competition is likely to continue to be intense in spite of good demand, and we do not forecast any significant changes in present market shares in 2005.

During 2005 we will pay particularly close attention to cost-effectiveness and to the capital tied up in business. Particular challenges will be the preparations for the introduction of the new ERP in 2006 and the changeover to the centralised distribution centre model. We will carry out the consolidation of warehousing in Hyvinkää during the summer in partnership with our suppliers.

Alterations to our operating methods set challenges for change management and for supervisors' work in particular. All of Onninen's supervisors who work in Finland will take part in training during 2005 to strengthen our consistent management model and to improve our ability to change rapidly when the situation demands.

Onninen Scandinavia

As of 1 January 2005, we merged our Swedish and Norwegian operations into the Onninen Scandinavia division. The key aim is to improve operational efficiency by harmonising and standardising organisation and processes.

Helge Saethershagen:
In 2005, we will be the first in the Onninen Group to adopt the new ERP (enterprise resource planning) system, OnWay. Our aim is to improve customer services and to achieve a more efficient working model. An essential driver for success is that we take advantage of all Onninen Group-wide resources in the forthcoming implementation of the system in Norway and Sweden. Our intent is to grow with the market together with our strategic customers and suppliers.

Onninen Scandinavia serves four customer segments including contractors, infrastructure, industry and retail. In Norway Onninen is the market leader in the electrical materials market. In Sweden, our main operations are related to HEPAC contractors, infrastructure (utility) and retailer services..

Onninen Scandinavia's turnover increased in comparable terms by 2.0 per cent and it was MEUR 445.2 in 2004 (MEUR 436.5 in 2003). The profitability of business operations improved in Norway and especially in Sweden. Operational efficiency improved in both countries.

At year-end, Onninen had a total of 43 outlets in Sweden and Norway, and Onninen Scandinavia had 768 employees (807 at the end of 2003).

Onninen Scandinavia - harmonising operations

Since the beginning of 2004, Onninen Norway and Onninen Sweden have had shared Management Team and organisation including Sourcing, Logistics, ICT, HR and Communications. We have also leveraged internal cooperation regarding back-office processes to accomplish efficiency and cost savings. Another important purpose was to share information, competence and tools to further improve our services according to local customer demands.

In 2004, our focus was on the consolidation and stabilisation of the new operational models, and during the year, the new organisation has settled well. The merging of Onninen Sweden and Onninen Norway into Onninen Scandinavia in January 2005 was the next strategic step.

In the autumn, we introduced a common PC platform, including both hardware and software, for all Onninen employees in Sweden and Norway. In connection to this, basic IT services and support functions were outsourced to the Norwegian company EDB Business Partner ASA. The combination of using advanced technology and user-friendly administrative tools has resulted in increased transparency, as well as more flexible working models.

During the year, we launched several projects to deepen customer partnership with the intention of contributing added value to the overall profitability and competitiveness to the business of our customers and suppliers. Our goal is to constantly improve customer satisfaction in both our Swedish and our Norwegian operations.

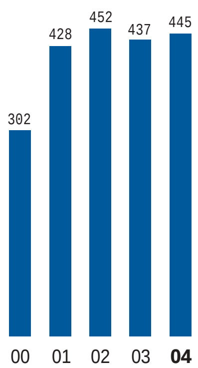
OnWay implementation in 2005

One of the major challenges during 2004 was the planning and preparations for the implementation of the Group-wide business development ERP system OnWay. In the last quarter of 2004, the development of the system moved from the phase of defining the global solution to make the system operational in Norway and Sweden. The OnWay environment will be implemented in Norway by the summer and in Sweden later in 2005.

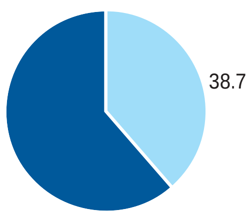
The OnWay development process has been a challenge, especially for the Onninen organisation in Norway. At the same time, the project has showed that, by working together as a single Onninen across functional, process and geographical borders, we can implement the system successfully in 2005.

Onninen Scandinavia

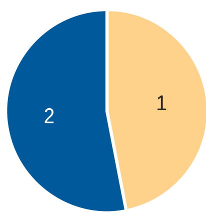
Turnover, MEUR



Share of Group's turnover, %



Distribution of turnover



1 Sweden, 47%
2 Norway, 53%

Outlook for 2005

We expect the positive trend on the market to continue in Sweden and we anticipate a few percent points of growth in the market for HEPAC products. In Norway, the market is likely to continue at its present level, and our target is to increase our market share to at least to the level it was in 2003.

Our goal is to grow in line with the market development or faster. In 2005, we focus on optimising our customer portfolio. We will, for example, establish new Express outlets at strategic locations in both Sweden and Norway. Internally, the successful introduction of the Onninen Group's new common ERP system OnWay, first in Norway and then in Sweden, is a great challenge for 2005.

We will also continue to develop our product and service concepts. Our goal is to constantly enhance our market, product, technology and service expertise in providing our customers with the best products and services on the market.

● *The Express outlet in Täby has some of the smaller storage space in Sweden. The accurately chosen product range guarantees customer satisfaction. Express salesman Göran Pagard (left) is helping Peter Fröling to find the right products.*

SWEDEN

The profitability of business operations in Sweden improved markedly. Turnover in Sweden increased by 1.1 per cent and it was MEUR 211.1 in 2004 (MEUR 208.8 in 2003). At year-end, Onninen had 401 employees in Sweden (428 at the end of 2003).

Positive development in Sweden

Onninen is the Swedish market leader in products for electricity utilities and the third biggest player in the HEPAC market. The market developed positively in 2004, and the outlook for 2005 is positive. However, we faced a slight drop in market share in the HEPAC sector although we succeeded in improving profitability and volumes. Our Onniflex product concept was a success.

Internally our focus was primarily on consolidating the organisation, logistics operations and transports in order to enhance our service quality towards our customers. We continued our investments in new hardware and automated picking carousels at the Örebro (Pilängen) distribution centre (DC). We also streamlined the product range in our Swedish DCs by moving the assembly of heating products from Örebro to Karlskoga. The move released storage space for other purposes in Örebro and speeded up the reception and dispatch of goods.

In 2004, the business centre in Sundbyberg near Stockholm was moved to the neighbouring municipality of Solna to more functional and flexible premises that are better suited to our needs. We also changed address in Örebro where the sales office moved closer to the customers, into the local Onninen Express outlet premises.

Products destined for the same customer are packed in the smallest possible number of crates. The product list shows what is included in the batch. Paola Knutsson works at the Pilängen distribution centre in Örebro, which serves as the central warehouse for Sweden.

Onninen outlets in Sweden in the beginning of 2005

- In Sweden, Onninen has its head office in Örebro, a sales office in Solna and in Växjö, a DC in Örebro and in Karlskoga, a product assembly site at Mjölby and 14 Express outlets.
- The Swedish Express outlets are located in Göteborg (2), Helsingborg, Kristianstad, Linköping, Malmö, Stockholm (4), Sundsvall, Umeå, Västerås and Örebro.

NORWAY

The profitability of business operations in Norway increased from the previous year and was on a quite satisfactory level, due to successful cost savings and increased efficiency. The turnover increased by 2.8 per cent and was MEUR 234.1 in 2004 (MEUR 227.7 in 2003). At year-end, Onninen had 367 employees in Norway (379 at the end of 2003).

A good year in Norway

Onninen is the market leader for electrical wholesale in Norway. In electricity we serve contractors and other players in the sector such as the utility, offshore and shipbuilding industry.

The Norwegian economy was strong 2004, as in the previous year. However, there were significant signs of oversupply fuelling price competition in the electrical products market. While a downturn in orders from the shipbuilding industry affected the market during the first three quarters of the year, there were clear signs of recovery towards the end of the year.

The Elfag concept of serving the contractors belonging the Elfag Chain continued to be a success but on the whole we lost some degree of our market share in the early months of 2004 and were unable to fully regain our position by the end of the year. Our outlook for 2005 is optimistic.

The Norwegian distribution centre and head office are in Gjelleråsen, outside Oslo. In addition we have 23 Onninen Express outlets in Norway.

The first edition of the new Norwegian customer magazine came out in autumn 2004.

Onninen outlets in Norway in the beginning of 2005

- In Norway, Onninen has its head office and DC in Gjelleråsen and 23 Express outlets around the country.
- The Norwegian outlets are located in Arendal, Bærum, Bergen, Bodø, Drammen, Ensjø, Florø, Fredrikstad, Hamar, Haugesund, Kjeller, Kristiansand, Larvik, Nesttun, Odda, Porsgrunn, Skien, Stavanger, Stord, Tromsø, Trondheim, Tønsberg and Åsane.

Onninen has a wide product range to cover the needs of its different customer segments. The picture shows the new Sunnalsöra aluminium mill of Norsk Hydro, one of the industrial customers in Norway.

Onninen Wholesale International

Onninen Group's strategy is profitable growth. Growth in business operations is expected to continue and to be particularly rapid this year in Poland, Russia and all three Baltic countries.

Jacek Ratajczak:
We utilise our local and Group-wide expertise in products and technology as well as our service models in our high-growth regions - Poland, Russia, Estonia, Latvia and Lithuania. We have made good progress in these countries in establishing a position as a partner providing modern and broad-spectrum materials services.

The Onninen Wholesale International division is responsible for business operations in Poland, Russia and the Baltic countries. The division also includes the Project Sales unit operating in Finland, which exports goods mostly to Russia.

The division's turnover grew by 14.3 per cent and was MEUR 135.0 in 2004 (MEUR 118.1 in 2003). The division posted a net loss. Especially the weaker than expected demand in Poland and the costs related to developing and expanding the division's business continued to affect profitability.

At the end of 2004, Onninen had a total of 45 outlets in Poland, Russia and the Baltic countries (42 at the end of 2003), and the division had a total of 900 employees (864 at the end of 2003).

POLAND

Jussi Piipponen:
We continue to improve our services for the installation and contracting business, for industry and energy utilities, and for retailers of technical products. At the end of the year, market statistics showed that Onninen was Poland's fourth biggest operator in both the heating & plumbing and the electrical sector trade.

Onninen's turnover grew by 10.6 per cent in Poland in 2004, reaching MEUR 75.4 (MEUR 68.1 in 2003). Onninen Poland posted a net loss, mainly due to investments in a wider product range for the outlets and the conversion of outlets according to the Onninen Express concept.

At the end of 2004, Onninen had 32 business locations in Poland (32 at the end of 2003), of which 15 operated on the Onninen Express concept offering both HEPAC and electrical products on a self-service and cash-and-carry basis, and 15 were other sales outlets.

Onninen had 576 employees in Poland at the end of the year (594 at the end of 2003).

Turnaround in the market failed to take off

The construction market, which is close to Onninen's customer base, continued to decline for the fifth consecutive year. However, there were signs of a more positive trend during the year.

Heavy price competition continued in the fragmented technical wholesale market.

Operations expanded

Onninen's intent to be the first choice in materials services means at this stage in Poland underpinning the customer-centred business model and harmonising operations both nationwide in Poland and within the Onninen Group.

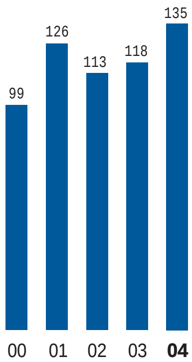
In 2004, we introduced the centralised distribution centre model based on the national central warehouse role of our new distribution centre (DC) in Lódz, which was completed at the end of 2003.

We expanded our operations serving industrial and infrastructure customers and started services for ventilation and refrigeration contractors. As part of the nationwide and Group-wide alignment of our operations, we harmonised the operations of the purchasing units and created a coherent sourcing organisation. At the same time, we organised the fulfilment process to be part of logistics.

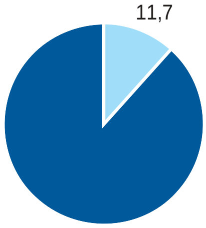
To improve customer service, we converted six outlets

Onninen Wholesale International

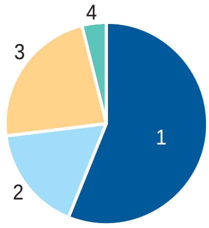
Turnover, MEUR



Share of Group's turnover, %



Distribution of turnover



1 Poland, 56%
2 Russia, 17%
3 The Baltic countries, 23%
4 Project sales, 4%

The opening of Onninen's new distribution centre in Lódz, which serves the whole of Poland, was held in May 2004.

Onninen outlets in Poland in the beginning of 2005

- Onninen has a total of 32 business locations in 23 cities in Poland.
- There are one or more outlets in the following cities: Bialystok, Bydgoszcz, Czestochowa, Gdansk, Gliwice, Gorzow, Grodzisk Maz., Katowice, Koszalin, Cracow, Legnica, Leszno, Lódz, Lubin, Lublin, Opole, Ozarow Maz., Piaseczno, Poznan, Radom, Szczecin, Warsaw and Wroclaw.
- The distributor outlet is in Ozarow Mazowieck.
- The Polish DC operates in Lódz.

to Onninen Express concept and expanded their product range to include both HEPAC and electrical products. These Express outlets are situated in Bialystok, Bydgoszcz, Gdansk, Koszalin, Lódz and Piaseczno. We also opened a new Express outlet in Poznan, and the outlet in Opole was converted to operate on the Express concept at a new address.

At the end of 2004, Onninen had in Poland a total of 15 Express outlets serving both HEPAC and electrical sector customers and 15 traditional outlets serving either HEPAC or the electrical sector.

During 2004, we closed the regional distribution centre in Poznan. In the future, the national distribution centre in Lódz will serve all Onninen outlets throughout Poland.

Outlook for 2005 in Poland

Poland's accession to the EU opened up new business opportunities even in 2004, and we forecast that this trend will continue. However, we do not expect a major change in the demand for the technical products, the knowledge of products and technology or services that we represent in the course of 2005.

Our expectations for growth are associated with the retailer markets for industrial, infrastructural and technical products. We also expect the shakeout in technical wholesale to continue.

RUSSIA

Sergey Grigoriev:
Our goal is to serve better both our existing customer base and new customers. We carried out a number of actions aimed at this in 2004. We boosted our market share and grew faster than the overall market growth in the sector, and are seeking to do the same in 2005.

Onninen's turnover in Russia grew in 2004 by 31.0 per cent and was MEUR 22.7 (MEUR 17.3 in 2003). The market grew and the operational result was good.

At the end of 2004, Onninen had six business locations in Russia (5 at the end of 2003), of which four are Express or other outlets and two are distribution centres. The number of employees at the end of the year was 153 (121 at the end of 2003).

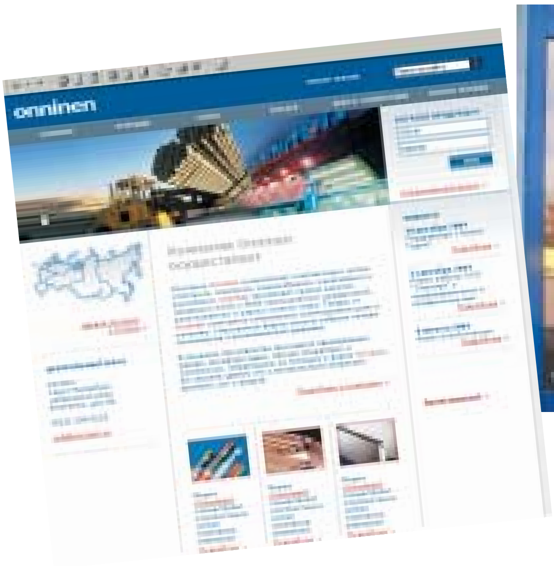
The range of products and services was expanded

We expanded our product range and adopted the Onninen Express concept also in Russia. During the year, we opened Express outlets in St Petersburg and Ryazan, which is about 200 kilometres southeast of Moscow. At the same time, we created a model which we will employ in planning the operations of all Onninen outlets to be opened in Russia.

In St Petersburg, we started the planning of a new, modern and more extensive distribution centre (DC).

During the year we specified the service concept for customers serving industry, established a sales unit specialising in serving these customers and developed our Russian-language website to better serve all our customer groups.

We also streamlined our operating methods nationwide. Within HR management we determined the personnel requirement according to the new business model and job descriptions for the sales personnel. The goal is more efficient operations and active usage of new business opportunities.



Onninen has two outlets in Russia which operate under the new Express concept. The www.onninen.ru website, which was updated in autumn 2004, has information on products and services for Russian-speaking customers.

Onninen outlets in Russia in the beginning of 2005

- Onninen has a total of six business locations in four cities in Russia.
- St Petersburg: a DC serving Northern and Western Russia, an adjacent outlet plus a separate Express outlet, a sales office and head office
- Moscow: a regional DC serving Central Russia
- Ryazan: an Express outlet
- Yekaterinburg: a retail location and a regional DC serving the Urals region
- Onninen plans to open its new DC in St Petersburg as well as new Express outlets in various parts of Russia in 2005.

Competition intensifying

In Russia, technical products and related product information and services are still supplied mainly by Russian companies operating locally. Many of them are currently building their regional product distribution networks and regional warehouses. In addition, internationally operating companies' self-service outlets have entered the market particularly in the DIY sector.

Onninen serves in Russia HEPAC and electrical sector installation firms and contractors, industry, and technical product retailers. During 2004 our business expanded also into services for the DIY sector, particularly in the newly opened Express outlets.

Outlook for 2005 in Russia

The outlook for the market in Russia creates a basis for attaining substantial growth also in 2005.
Investments will be made within construction and renovation as well as within streamlining and expanding industrial operations. We also forecast growth in infrastructure-building.

We plan to open new Express outlets in Russia in 2005 to serve both our heating & plumbing and the electrical sector customers. We also forecast that our operations serving industry will expand significantly during 2005.

The opening of the new DC in St Petersburg and the expansion of operations at the Yekaterinburg DC will support growth in our business, particularly in Northern and Western Russia.

THE BALTIC COUNTRIES

Peeter Matt:
We serve HEPAC and electrical contractors and installation firms, industry, and retailers of technical products in the Baltic countries. Demand for materials, information and services increased markedly in the course of 2004 and we also won new customers. We are continuing to expand and develop our service network in Estonia, Latvia and Lithuania in 2005.

Turnover grew in the Baltic countries by 12.1 per cent in 2004 and was MEUR 31.4 (MEUR 28.0 in 2003). Operational profitability was affected by investments particularly to Latvia's new distribution centre (DC) and Estonia's new Express outlets as well as by a rise in receivables to some extent. The result was slightly negative.

At the end of 2004, Onninen had a total of seven business locations in the Baltic countries (5 at the end of 2003), of which four are Express or other sales outlets and three are distribution centres. The number of personnel at the end of the year was 156 (134 at the end of 2003).

Onninen's outlets in the Baltic countries in the beginning of 2005

- Onninen has a total of seven outlets in the Baltic countries, of which four are in Estonia, two in Latvia and one in Lithuania.
- Estonia: a DC and a sales outlet and a separate Express outlet in Tallinn, Express outlets in Johvi and Tartu
- Latvia: a DC and a sales outlet as well as a separate Express outlet in Riga
- Lithuania: a DC and a sales outlet in Vilnius

Sales grew particularly rapidly in the early months

There was no radical change in the state of the market in the Baltic countries during 2004. However, the accession of Estonia, Latvia and Lithuania to the European Union made itself felt in very rapid growth in demand for technical products, particularly in the early months of the year. Although no reliable statistics are available, we assume Onninen's business to have grown faster than the market in the sector.

While product deliveries increased and strained our logistics, we were able to achieve better delivery lead times than before. Factors affecting this were the development of distribution operations throughout the Baltic countries and particularly the start-up of the new distribution centre in Latvia in May. We also opened a new Express outlet in Estonia during the year, which expanded our customer base in the Northeast Estonia region in particular.

Outlook for 2005 in the Baltic countries

We forecast accelerated sales growth in the Baltic countries in 2005. Expectations for growth are focused particularly on Lithuania, but our business in Latvia is also expanding rapidly.

We will continue to improve our customer service and our efforts to win new customers in all Baltic countries. We have plans to open at least two new outlets in the Baltic countries during 2005.

Estonia

At the end of 2004, Onninen had four outlets at three locations in Estonia - Johvi, Tallinn and Tartu. Onninen's Estonian operation had 76 employees at the end of the year (61 at the end of 2003).

The Express outlet in Johvi opened its doors in September 2004. Onninen now has three Express outlets in Estonia.

In 2004, we opened a new Express outlet in the city of Johvi in Northeast Estonia, with products covering the needs of the HEPAC, refrigeration and electrical sector as well as industry.

Our main customer groups in Estonia are HEPAC, refrigeration and electrical contractors, industry, building maintenance firms, and increasingly also technical product retailers.

Latvia

At the end of 2004, Onninen had two outlets in Latvia, both in Riga, and the company had 45 employees (37 at the end of 2003).

In May, we opened a new distribution centre (DC) in Riga to provide nationwide service. A cash-and-carry outlet operates at the DC. We also signed a contract for the construction of a new Onninen Express outlet, scheduled to open in summer 2005. The introduction of the Express concept also in Latvia gives us more opportunities to serve our customers better than before also for varied and rapid goods deliveries.

Sales and marketing of technical refrigeration products, which we had planned for start-up in 2004, were rescheduled for 2005. We forecast good demand for this product area.

Our main customer group in Latvia consists of HEPAC and electrical contractors, building maintenance firms, and to a growing extent also refrigeration contractors, industry, and technical product retailers.

Lithuania

Onninen had one business location in Vilnius, Lithuania at the end of 2004, and the company had 35 employees (36 at the end of 2003).

We signed a contract for the construction of a new Lithuanian distribution centre (DC) in Kaunas and we made plans for the opening of an outlet in Klaipeda in 2005. The new DC is scheduled to be on line before the end of 2005.

In the course of 2004, we launched sales and marketing of technical refrigeration products also in Lithuania according to plan. We forecast growing demand for this product area in 2005.

In Lithuania, Onninen serves its customers by phone, fax and internet as well as through the outlet at the Vilnius distribution centre (photo) and the Express outlet which opened in Klaipeda in February 2005.

Our main customer groups in Lithuania are HEPAC and electrical contractors, building maintenance firms, and increasingly also refrigeration contractors and organisations in the public sector.

PROJECT SALES

The turnover of the Project Sales unit, which is part of the Onninen Wholesale International division, grew by 18.7 per cent and was MEUR 5.5 in 2004 (MEUR 4.6 in 2003).

At the end of 2004, the Project Sales unit had 5 employees (6 at the end of 2003).

Project Sales supplies packages of heating & plumbing and electrical materials to its customers, particularly in Russia. Special products, like the OnHeat boiler plants, are marketed to Russia and other countries on a turnkey basis.

Among the major deliveries of 2004 were deliveries of steel piping to a wastewater treatment plant in St Petersburg, and supplying materials to a Norwegian customer for use at pumping stations in the oilfields of Kazakhstan.

Logistics

Logistics & OnWay Development, which is one of Onninen's four Group functions, has Group-wide responsibility for the strategy, development and streamlining of logistics as well as for the coordination and integrity of Onninen's common processes and concepts.

Anne Kariniemi:
Ilt is our goal to constantly develop Onninen's offering of products and information and its availability. Our strategy focuses on a demand-driven and efficient distribution network and business models and processes which are common to the entire Onninen Group. Our customers and suppliers will have the use of several different service models related to the sourcing, distribution, collection and buying of products and information.

In the beginning of 2005, the Group's Logistics & OnWay Development function had four employees and the logistics functions in different countries had a total of 703 employees.

Continuing to consolidate logistics operations

During 2004, we continued the structural consolidation of logistics operations in Finland and Poland in accordance with our strategy. To ensure the efficiency of distribution, we opened new regional distribution centres in Russia and the Baltic countries.

In Finland in spring 2004, we started the design and construction work on an extension to the Hyvinkää distribution centre (DC). The extension of the indoor storage facilities in Hyvinkää, amounting to some 10,000 square metres, was completed in December 2004.

The transfer of warehouse products started in January 2005, and according to plan the changeover to the single DC business model in Finland will take place in May 2005. The project also covers the planning of the new Express outlets to be opened in Finland in 2005 as well as logistics personnel and matters concerning new customer promises.

We also went over to a consolidated logistics service model in Poland. We closed the regional DC in Poznan and the nationwide DC in Lódz now serves the Onninen's outlets all over Poland.

A better standard of service and a better warehouse turnover time

The consolidation of our logistics operations is driven by the demands set for a modern materials service company. For example, efficient project deliveries require the consolidation of operations in addition to a wide product range.

At the same time, the more consolidated business model simplifies the Onninen Express chain's materials supply by reducing intermediate unloading and loading in the transport chain, and it opens up an opportunity to develop our cash-and-carry concept. On the product level, the consolidation of warehousing simultaneously improves both the standard of service and the warehouse turnover time.

The Lódz distribution centre serves as Onninen's central warehouse for Poland.

We develop our warehousing concept

During 2004, we piloted our new DC concept with success at the Örebro DC in Sweden. The concept is based on best practices found around the Onninen Group and technically advanced tools.

The concept will next be introduced in Finland as part of the expanded Hyvinkää DC's business model in spring 2005. The aim of the new DC concept to be introduced in all parts of the Group is to do "the right things right first time".

Work on the extension to the Hyvinkää distribution centre, which started in May 2004, was completed in December 2004. The Hyvinkää distribution centre serves as Onninen's central warehouse for Finland and it now has more than 33,000 square metres of indoor storage facilities and 17 hectares of outdoor storage area.

Outlook for 2005

We will continue the development of our logistics service models and their start-up in the various Group countries in 2005. We will also intensify collaboration with our customers and suppliers to enable us in the future to adjust our offering of products and services ever faster and more efficiently in accordance with their needs.

Internally we will improve operational quality, for example, by using the ABC concept and a demand-based warehouse management system.

During 2005 the main focus in the OnWay solution development is to support the first OnWay deployments to Norway and Sweden as well as to establish a new Group-level development model. As a part of OnWay deployments, we will open our new OnnShop e-commerce channel, first in Norway and then in Sweden. We are also planning later to open other applicable parts of the OnWay system to our customers and suppliers as well as to other major partners.

Logistics operations

- Logistics operations are responsible for the smooth running of Onninen's fulfilment process, which includes the purchasing, storage and transport of products in accordance with procurement contracts
- Logistics services are defined as four main groups:
  – Basic services (basic process, no customer-specific special solutions)
  – Order-based special services
  – Special services as per agreement
  – Contract-based special services (customised service model in accordance with a customer-specific contract)
- More than 700 employees Group-wide

Distribution centres

In the beginning of 2005, Onninen had a total of 14 distribution centres (DC) in eight countries:

- Finland: Hyvinkää,
  Oulu (to be changed to a Mega-Express in 2005),
  Tampere (to be changed to a Mega-Express in 2005) and
  Vantaa (to be made part of the Hyvinkää DC in 2005)
- Sweden: Örebro (Pilängen) and
  Karlskoga
- Norway: Gjelleråsen
- Poland: Lódz
- Russia: St Petersburg, (regional DC),
  Moscow (regional DC),
  Yekaterinburg (regional DC)
- Estonia: Tallinn
- Latvia: Riga
- Lithuania: Vilnius

Data systems

ICT, which is one of Onninen's four Group functions, is responsible for the Group's data systems and for development work related to information technology and data communications.

Karola Söderman:
Our intent to be first choice in materials services requires us to have practicable and efficient data systems which also take into account the data and communication needs of our customers and suppliers. We will start to introduce our new OnWay solution in 2005.

During 2004, we formulated the Onninen Group's ICT strategy and prepared a matrix-type organisation structure founded on it. Towards the end of the year, we carried out the recruitment for the new operating model. The new organisational model came into effect in the beginning of 2005.

In the beginning of 2005, Group ICT had 14 employees and the ICT units in different countries had a total of 29 employees.

Progress made in the design and construction of OnWay

ICT personnel from the various parts of the Group took part during 2004 in the design and construction project for Onninen's new Group-wide ERP solution (OnWay). The OnWay solution will embrace all the data systems required for Onninen's business processes, finance and HR management.

The work of designing OnWay became more ICT-centred as the project moved ahead and approached deployment. The transfer of the project office to Oslo in the spring meant both moving hardware and setting up the necessary connections.

The negotiations on outsourcing and service agreements related to the OnWay solution in 2004 covered, among other things, the specifications of needs for the new solution environment, such as the hardware environment and operating systems, service providers and the necessary contracts. We chose the Norwegian company EDB Business Partner ASA (EDB) as the Group-wide partner for the outsourcing of the centralised operation control system. A contract was signed with the service provider in December 2004.

Basic IT outsourced in Norway and Sweden

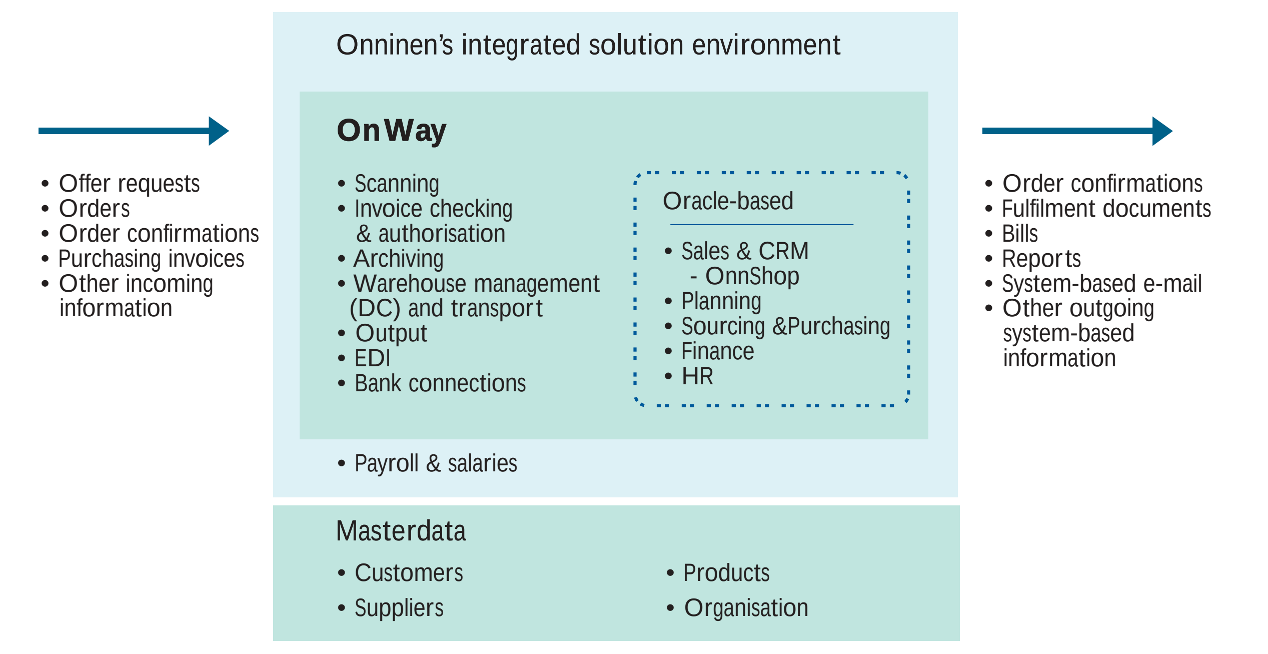
In Norway, we introduced the Arena service offering provided by EDB in the early autumn.

Also in Sweden, we made a contract for outsourcing basic IT services with EDB. In Finland, basic IT was outsourced in 2003 to Fujitsu Services Oy.

New phone and network solutions around the Group

In Finland, we made a decision in the spring on a new telephony solution and in June we adopted an operating model based on wireless communication provided by TeliaSonera. At the same time, Onninen gave up using wired phones and eliminated in-house switchboards. TeliaSonera provides an all-embracing service including

Onninen Group ITC architecture



handsets, network management and switchboard handling services. However, the operating model based on new technology was still causing some problems at the end of the year, with business being affected by malfunctions. A new centralised switchboard service provided by Telenor was taken into use in Norway.

In Finland, a forklift truck terminal solution based on a WLAN was introduced at the Vantaa distribution centre (DC) during the year. The turnkey service provider, TeliaSonera, provides not only the data communications network but also the handsets, special printers, the necessary programming work, maintenance, backup hardware, and ongoing support. The intention is to adopt this solution also at the modernised and expanded Hyvinkää DC in early 2005. The plans also allow for the possibility of applying the solution also in other Onninen Group countries.

In Poland, the terminal room and information technology services were moved to premises in the new DC in Lódz. The solution meant relocating some IT staff from Poznan to Lódz. Planning for a changeover to a new ERP system was also started in Poland in 2004

In 2004, ICT was kept busy by the opening of new outlets in Russia and the Baltic countries and the acquisition of Sähkötalo Harju Oy´s electrical accessory business interests and the adopting of the new distribution centre model in Finland as well as the opening of the Mega Express outlet in Helsinki.

A forklift truck terminal solution based on a WLAN is in use in Finland. Jarno Ellin works at the Hyvinkää distribution centre.

Outlook for 2005

The smooth start-up of the software packages in the OnWay solution and their compatibility with other special software continuing in use or being introduced in the various Group countries will mean a great challenge for ICT in 2005 and 2006. According to the plans, the OnWay will go online first in Norway during early summer 2005.

In January 2005, we started the design and building of the Onninen Group's portal solution in partnership with HR and Communications. The aim is to open the first intranet sites created on the Group-wide model during the spring.

During 2005, we will continue to link Onninen's data networks throughout the Group and we will extend the use of the Citrix platform. Onninen is already using the Citrix Metaframe XP Presentation Server software package in several countries. In this software environment, different applications are used to browse through intranet or internet connections. The solution means not only savings on costs as desired applications are issued to users from a server but also smoother software updates as updating can be performed centrally at a single location.

OnWay

OnWay is the Onninen Group's integrated enterprise resource planning- and development environment. The solution is based on Oracle E-Business Suite and other software and systems. OnWay solution deployments will start in 2005.

The working premises for the OnWay project were moved from Sweden to Norway in spring 2004. The picture shows Onninen employees who take part in the project with consultants from Oracle and BearingPoint in January 2005.

The OnWay solution embraces all of the data systems required for Onninen's business processes, financial management and human resource management.

Roughly fifty Onninen employees representing different parts of the organisation from various sections of the Group took part in the project to design and build OnWay, the new Group-wide enterprise resource planning (ERP) and development environment.

OnWay is designed to provide Onninen with a tool that is based on common processes. It will help to foster a united corporate culture and permit us to better use the volume of the entire Group's operations. The introduction of OnWay will underpin our expertise in the control of demand and the implementation of orders. The solution is intended to improve operational flexibility and balance in customer service in a profitable way. The aim is to succeed increasingly often in exceeding our customers' expectations of us.

We launched the OnWay project in January 2003 and according to plan we will go over to the business model required by the OnWay structure in all the present Onninen countries.

Design and building continued

The OnWay project took up the full-time work of an average of 60 people during 2004, of whom approximately half were Onninen employees. In the spring the project office was moved from Stockholm to Oslo.

The work on the OnWay project during the year included the planning of the necessary data system and use modes, system coding, and testing software packages and their components. Training in the OnWay environment and solutions was started up for those involved in the project and also more broadly in Norway. In the autumn, the main thrust in the project moved from the Group perspective to deployment in Norway. The main aim is to ensure readiness to go over to the OnWay-based business model according to plan.

The development of OnWay

The development of the OnWay environment will begin immediately after we have taken OnWay into use for the first time in Norway in early summer 2005. We will develop the system already during the deployment phase in the next Group countries and thus make sure that the various countries have the necessary compatible software interfaces.

From the beginning of 2005, development work on the OnWay system will take place under the supervision of the Logistics & OnWay Development function.

OnWay

Quality

The aim of our quality operations is to ensure that business operations run smoothly and Onninen provides its customers and suppliers with the best possible service in all countries.

Onninen is committed to financially, environmentally and socially responsible action. Our quality philosophy is based on the constant improvement of operations and on ISO 9001:2000 and ISO 14001 classifications.

We recognise the need for the constant development of social responsibility and we monitor our success in this with the results of satisfaction surveys of employees, customers and suppliers, with quality certification, and with feedback from employees and the surrounding community.

Towards Group-wide quality-awareness

During 2004, Onninen received ISO 9001:2000 quality system certification for its Polish operations. We operate on a quality system philosophy in all Onninen countries and we have a certified quality system in Finland, Sweden, Norway and Poland.

In June, we set up a Group-wide quality team with the aim of harmonising Onninen's quality system thinking. We are going over to a Group-wide, common quality philosophy and it is our aim to choose a single party certifying quality systems for the entire Group during 2005.

The construction of a Group-wide quality management system is closely tied to the OnWay project, which is preparing the Group's enterprise resource planning (ERP) and development system. This will help to make sure that it will be possible, in all the Group countries, to go over to operating in line with the agreed, standardised structures and processes also in respect of quality.

We have pledged ourselves to protecting the environment in line with the principle of sustainable development. This means respecting environmental matters in all everyday work. At present, Onninen has ISO 14001 classification for the certification of its environmental operations in Finland and Sweden.

Outlook for 2005

During 2005, we will make a contract for Onninen Group-wide collaboration with a single company classifying and certifying quality and environment systems. The intention is to harmonise the quality philosophy and related operations in all eight countries in which we operate before the end of 2005.

The Onninen Group's quality systems in 2004

Country	Auditor	Certification	Certification since	Certification valid till
Finland	Lloyd's Registered Quality Assurance	ISO 9001:2000 - entire organisation	1996	2007
		ISO 14001 - technical wholesale distribution and warehousing, steel pretreatment	1998	2007
Sweden	SEMCO-Dekra Certification AB	ISO 9001:2000 - entire organisation	2002	2007
		ISO 14001 - entire organisation	2002	2007
Norway	Det Norske Veritas	ISO 9001:2000 - entire organisation	1995	2007
Poland	Kema Registered Quality	ISO 9001:2000, Iqnet - head office, distribution centre, Warsaw outlet	2001	2007

Personnel

The expertise of the personnel and their commitment to achieving the company's goals are the most important prerequisite to Onninen's success in business.

Marja-Terttu Verho:
We constantly improve our operations and augment our expertise. The aim is to ensure business success as well as to maintain and improve the personnel's wellbeing on the job.

At the end of 2004, Onninen had a total of 2,652 employees in the eight countries in which it operates (2,643 at the end of 2003).

Success demands flexibility

Success demands that we are able to serve our customers, suppliers and other major stakeholders competitively. Our ability to serve depends on the personnel's skills and motivation.

We carried out a number of development projects in 2004 based on the employee satisfaction survey of 2003. We also made plans for a Group-wide training framework. The aim is to ensure that the provision of both Group-wide and country-specific training matches the personnel's needs in the best possible way, at the same time clarifying the skills required for progress in their careers.

During the year, we compared and recorded the best practices in HR in the various countries in which Onninen operates. We recorded the results of this work at the end of 2004 in the Onninen Group's HR policy. This will serve as the baseline for the agreements and documentation needed in the various countries to guide personnel policy in more detail.

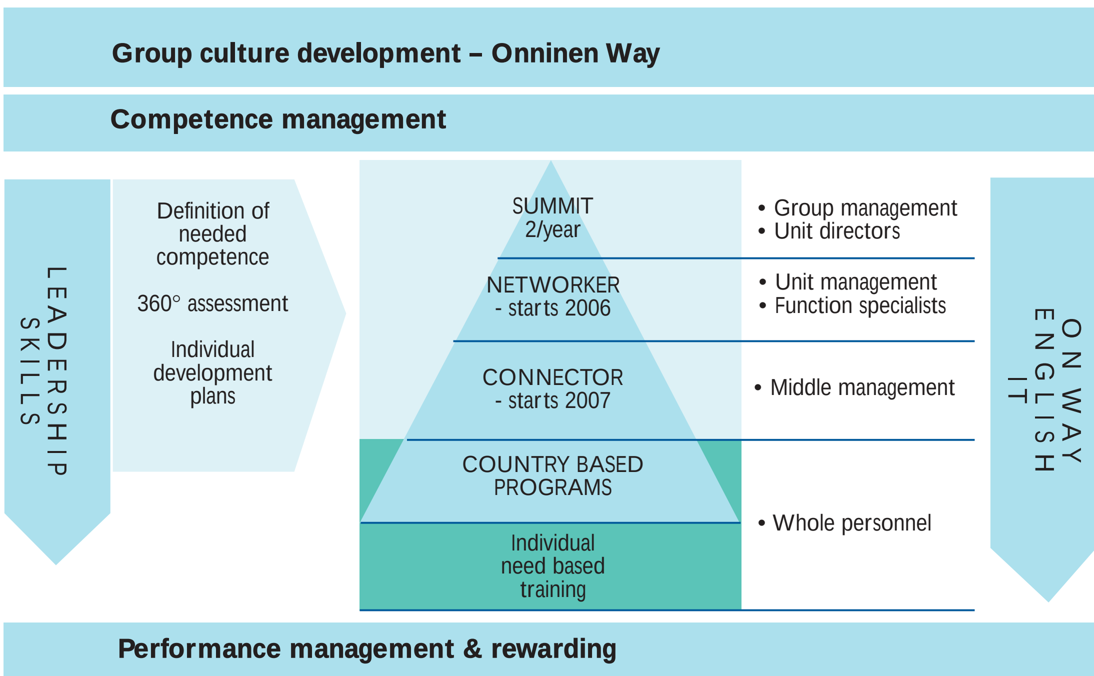
In the spring, we embarked on the planning and building of an HR management system related to the Group-wide ERP (enterprise resource planning) system. The OnWay HRMS is intended to go online first in Norway and thereafter in Sweden in 2005.

Learning begins with the desire to change and to accept training

The training for our staff and other personnel development are based on our Group values, on the Onninen Way, and on our intent and strategies. However, in order to develop and learn, it is always essential for the personnel themselves to engage actively in developing their skills. Each person should also be an active group member and maintain and improve his or her working environment.

In the beginning of 2004, we launched a debate throughout the Group on the meaning of the Onninen Way. This began with the distribution of Onninen Way brochures and discussions based on them, and it continued at the briefing and discussion sessions for the Onninen Way and the 2003 financial statements in the spring, as well as in other ways. In Finland, for example, between one and three of these sessions were held at almost each of the 41 outlets, amounting in all to nearly 100.

Group HRD priorities 2005 – 2007



During the year, we also carried out a Group-wide internet-based training scheme. The first part of this began in February and the fourth ended in December. Using ballots and written tasks for the participants, the Onninen Way Leader Program dealt with Onninen's values, intent, strategy process, projects for change, and various situations related to a supervisor's job, such as holding development discussions.

A total of 250 employees in supervisory jobs from Group countries took part in the Onninen Way Leader Program. The aim of the scheme was to give the participants a unified vision of the Onninen Way and to disseminate the best models of management and other supervisory work into the general consciousness. The programme received very positive feedback.

Training available on various levels

The training provided by Onninen is divided into training based on individual, unit- and country-specific needs plus Group-wide training.

One form of Group-wide training is the twice-yearly Summit event for management as well as the Onninen Networker programme scheduled to begin in 2006 and the Onninen Connector programme beginning in 2007.

Plans for country-, unit- and individual-specific training are made as part of the operational planning of different units. Each Onninen employee can express his or her willingness and needs in respect of training at, for example, annual development discussions or other discussions with a supervisor. The HR administration takes part in planning the provision of training and in the practical implementation of training, both in-house and when necessary bought in from external specialists.

Outlook for 2005

We will continue personnel development and the enhancement of HR management procedures, both throughout the Group and in each Onninen country. The prime target of the HR strategy confirmed for the period 2005 - 2007 is to safeguard the expertise and on-the-job wellbeing of Onninen's personnel while ensuring that the company has the resources to succeed in its in-house and external recruitment.

During 2005, the priorities in training in all Onninen countries are the new Group-wide OnWay solution, computer skills, and the English language.

In March we will carry out another Group-wide employee satisfaction survey. We will measure personnel satisfaction and trends in it against the results obtained in 2003. The aim is also to bring out procedures in different countries which the personnel sees as our strong points so that we can exploit them on a Group-wide basis, and to check out what needs corrective action. The results of the survey will be examined during the spring, and strategic projects based on the most important results will be included in the action plans for 2006.

In January, we started the design and construction of a Group-wide intranet. The objective is to open an intranet site based on a Group-wide model in Sweden and Norway during the spring and later in 2005 in Finland, followed in 2006 by Poland, Russia, Estonia, Latvia and Lithuania. A Group-wide intranet will create a basis for things like standardised document handling as well as a synchronised materials publication and management system. This will improve operational quality and it will both simplify and speed up in-house data flows within the Group.

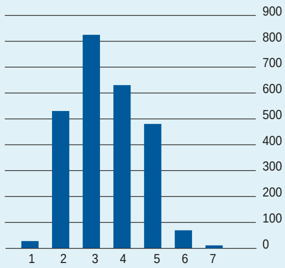
Onninen provides its personnel with extensive training. The picture was taken at a forklift training course at Hyvinkää DC in January 2005.

Number of personnel, 31 Dec.	2004	2003
• Number of personnel	2,652	2,643

Personnel by countries, 31 Dec.		
• Finland	999	987
• Sweden	401	428
• Norway	367	379
• Poland	576	594
• Russia	153	121
• Estonia	76	61
• Latvia	45	37
• Lithuania	35	36

Age breakdown of personnel, 31 Dec. 2004

1 under 20 years
2 20–29 years
3 30–39 years
4 40–49 years
5 50–59 years
6 60–64 years
7 65 years and over



Distribution of personnel by gender, 31.12.2004
- of total, men 79.5% and women 20.5%

Educational background of personnel, 31.12.2004	
• Lower secondary	27%
• Upper secondary	56%
• University	17%

Personnel expenses, 2004, MEUR	
• Salaries and emoluments	73.0
• Pension expenses	9.9
• Other personnel expences	10.3

Report by the Board of Directors 1 January – 31 December 2004

Market trend

In Finland, the amount of construction output grew on the previous year. Low-rise construction was vibrant, as was renovation. The wholesale market for heating and plumbing grew more than 5%, the wholesale market for air conditioning products by roughly 10% and the electrical wholesale by just under 5%. Infrastructural construction was also buoyant. Demand for industrial products picked up markedly, although investment in this sector has still not taken off. Business was also affected by rises in the price of many key raw materials.

In Sweden, the market trend was favourable. HEPAC demand grew on the previous year by roughly 10%. Demand for electrical products grew more than 6%, with particularly strong growth for energy plant products, at over 20%.

In Norway, the overall economic trend continued to be fairly strong. The electrical wholesale market grew particularly strongly in the fourth quarter, and the growth rate for the whole year was over 10%.

In Poland, the construction market services continued to decline. Demand for the product areas represented by Onninen was uneven and declined relative to the previous year.

In Russia, economic growth continued, although at a slightly slower rate than in the previous year. Demand for building services products remained good.

The market also continued to take a positive track in the Baltic countries. Demand for technical products grew vigorously, particularly in the first half of the year.

Events in the financial year

The Onninen Group's biggest internal development scheme during the year was the project to introduce the new enterprise resource planning (ERP) system (OnWay). The first step was to specify a common business model for the Group, after which the system, which is based on Oracle software, was configured and tested accordingly. The system will first be introduced in Norway in May 2005. A considerable number of Onninen employees in various Group countries have worked on the project in addition to staff from the system supplier, Oracle, and from BearingPoint, a design and start-up consultancy.

In Finland, a decision was made to consolidate logistical operations in the hands of the Hyvinkää distribution centre. The necessary extensions to the indoor and outdoor storage facilities were started in the spring. The extension to the distribution centre, with an area of roughly 10,000 square metres, was completed ahead of time in December 2004. In addition to consolidating storage, the reasons behind the need for additional space include the expansion of the product range to be stored and growth in quantities delivered.

In the Hermanni district of Helsinki, a large new cash-and-carry and self-service outlet, Mega-Express, was opened. At the same time, the nearby Express outlet in Vallila was wound up. With the consolidation of logistical operations, the distribution centres in Oulu and Tampere will wind up in spring 2005. There are plans to open cash-and-carry and self-service outlets operating on the Onninen Mega Express concept in these locations in the course of 2005.

The phone system and its operation in Finland were transferred to TeliaSonera in June.

In July, an agreement was signed for the acquisition of Sähkötalo Harju's electrical accessory business interests. The transaction means boosting Onninen Finland's Retailers SBU's turnover by roughly MEUR 5. The business interests were transferred to Onninen in the beginning of October.

In Sweden, Onninen's Stockholm office moved to new business premises in Solna, and the operations of outlets in Borås, Falkenberg, Habo, Karlstad, Norrköping, Skellefteå and Värnamo were transferred to outlets in other towns. In Örebro, the Express outlets and office functions were also moved to new in January 2005.

In Norway and subsequently also in Sweden, Onninen signed a contract with the Norwegian company EDB Business Partner for outsourcing basic IT. A Group-wide agreement was also made with EDB for the administration and maintenance of the enterprise resource planning (ERP) (OnWay) for the next five years. The maintenance and support of the stock control system Astro was also transferred to EDB in Norway.

In Poland, operations in line with the centralised logistical model were introduced and the Poznan regional warehouse was closed. To improve customer service, during the year six outlets were changed over to operations in line with the Onninen Express concept and their product range was expanded to include both HEPAC and electrical products. These Express outlets are in the following cities: Bialystok, Bydgoszcz, Gdansk, Koszalin, Lódz and Piaseczno. A new Express outlet was also opened in Poznan (Baltycka) and the outlet in Opole was converted to the Express concept at a new address. At the end of 2004, Onninen in Poland had a total of 15 outlets operating on the Express concept serving both HEPAC and electrical customers and 15 traditional outlets serving either HEPAC or the electrical sector.

In Russia, new Express outlets were opened in St Petersburg and Ryazan. An agreement on principles was signed for the construction and leasing of a new distribution centre in St Petersburg, and preparations for construction made progress.

In Estonia, the third Express outlet in the country was opened in Johvi. In Latvia, a new distribution centre in Riga was completed and it entered service in the beginning of May. Letters of intent were signed with the landlords of the Express outlets in Riga and in Klaipeda, Lithuania. Contracts were signed for the construction and leasing of the future Lithuanian distribution centre in Kaunas.

It was decided to streamline the Group operational structure by specifying the distribution of work between the Group functions and the divisions from the start of 2005. In accordance with the new structure and the matrix reporting model, the divisions have overall responsibility for the financial result of business in the geographical areas they cover and the Group functions have responsibility on a Group-wide basis for upgrading and developing the functions of the subsections they cover.

Group structure

There were no changes in the Group structure during the year.

Onninen Oy's wholly owned subsidiaries in operation are Onninen AB in Sweden, Onninen AS in Norway, Onninen Sp. z o.o in Poland, OOO Onninen in Russia, AS Onninen in Estonia, SIA Onninen in Latvia and UAB Onninen LIT in Lithuania. Onninen AS has a wholly owned subsidiary, Sörmaskin SWT AS.

Turnover

The Group's turnover was MEUR 1,150.2 (MEUR 1,066.4 in 2003). Turnover grew 7.9%.

Onninen Finland's turnover grew 11.4% and was MEUR 570.0 (MEUR 511.8 in 2003).

Onninen Sweden's turnover grew 1.1% and was MEUR 211.1 (MEUR 208.8 in 2003). The growth in turnover was also 1.1% in Swedish currency.

Onninen Norway's turnover grew 2.8% and was MEUR 234.1 (MEUR 227.7 in 2003). The growth in turnover was 7.6% in Norwegian currency.

Onninen Wholesale International's turnover grew 14.3% and was MEUR 135.0 (MEUR 118.1 in 2003).

International operations accounted for 50.4% of the Group's turnover (52.0% in 2003).

Financial result

The Group's operating profit was MEUR 33.3 (MEUR 17.9 in 2003). Operating profit relative to turnover was 2.9% (1.7% in 2003). In the 2003 financial statements, operating profit was reduced by MEUR 3.5 in accelerated depreciation of Polish goodwill. The Group's operating profit before amortisation of goodwill (EBITA) was MEUR 38.0 (MEUR 28.1 in 2003). In proportion to turnover, this was 3.3% (2.6% in 2003).

Profit before taxes was MEUR 30.2 (MEUR 12.2 in 2003). Profit after taxes was MEUR 16.3 (MEUR 9.2 in 2003). Return on investment was 15.4% (8.1% in 2003).

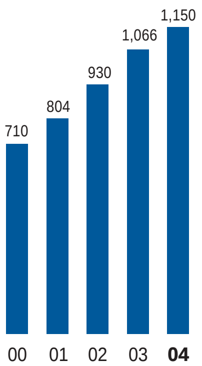
Onninen Finland continued to post good profits due to the good level of demand.

Onninen Sweden's results were an improvement on the previous year's and it posted a net profit. The long loss-making trend was turned around by consolidating operations and by improving cost-effectiveness.

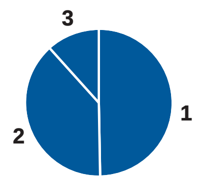
Onninen Norway's results were an improvement on the previous year's and were very satisfactory. This improvement was particularly influenced by a good trend in business during the fourth quarter.

Onninen Wholesale International's results were on a par with the previous year's, and it again posted a net loss. A drag on profits was exerted in particular once again by the state of the Polish market, which was weaker than forecast, and by the costs of development and expansion projects. The Baltic operation posted a small loss. On the other hand, the Russian operation posted a very good result.

Turnover, EUR million

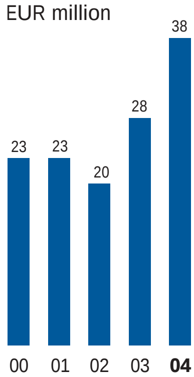


Distribution of turnover, %

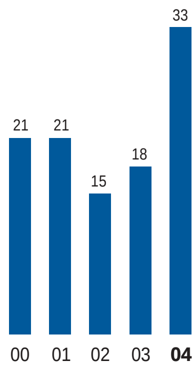


1	Finland	49.6
2	Scandinavia	38.7
3	Wholesale International	11.7

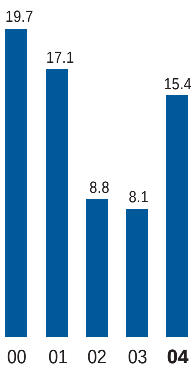
Operating profit before amortisation of goodwill (EBITA), EUR million



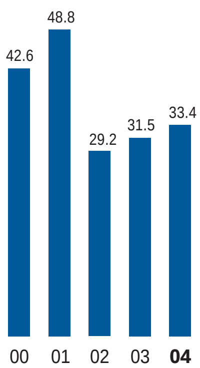
Operating profit (EBIT), EUR million



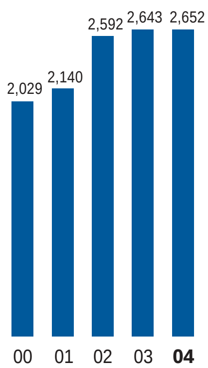
Return on investment (ROI), %



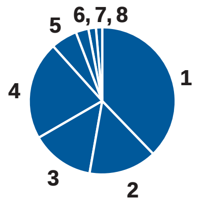
Equity ratio, %



Personnel at end of year



Personnel by country at end of year 2004



1	Finland	999
2	Sweden	401
3	Norway	367
4	Poland	576
5	Russia	153
6	Estonia	76
7	Latvia	45
8	Lithuania	35

Finances

The Group's equity ratio was 33.4% (31.5% in 2003). Net financing expenses were MEUR 3.1 (MEUR 5.7 in 2003).

The total of interest-bearing liabilities was MEUR 110.8, a decrease during the year of MEUR 17.1. Due to a good cash flow, loan instalments were repaid ahead of schedule both in Sweden and in Norway. In Finland, instalments were paid on a loan taken from the Onvest Group in 2002 for the acquisition of the issued stock of Onninen AS. A new bank loan was taken for the Polish subsidiary.

Of the Group's interest-bearing liabilities, MEUR 29.7 is internal financing by the Onvest Group and MEUR 81.1 is non-Group financing from banks. The terms of the Onvest Group's financing are market-based. The interest rate of Group loans is based on the Euribor rate plus an agreed margin. Correspondingly, agreement has been reached on the interest paid on Onvest Oy's Group deposits.

Onninen Oy's loans are denominated in euros. The foreign subsidiaries' loans have mostly been taken in local currency. Of the Group's loans, 54.8% are in Norwegian currency, 20.8% in euros, 18.1% in Swedish and 6.3% in Polish currency.

Each of the eight countries in which the Group does business has its own currency. Due to the nature of the sector, the Group companies' business operations are mostly local. A currency risk may arise from the mutual debts of Group companies as well as from currency payments for goods imports. There is relatively little trading between Group companies, as a result of which there is little mutual debt. Currency payments for goods imports are fairly small as a considerable portion of the imports is paid for in the local currency of the Group company in question.

Investments

The Group's investments were MEUR 15.9 (MEUR 5.6 in 2003). The biggest investment was the development of the Group's new enterprise resource planning (ERP) system (OnWay). Other investments mainly concerned revamping the network of warehouses and cash-and-carry outlets as well as the expansion of the Retailers SBU in Finland.

Premises

The Group companies operate mainly in rented premises. The Onninen Group owns only four buildings. These are outside Finland and have mostly come into the possession of the Group through corporate acquisitions.

Most of the premises used by Onninen in Finland have been leased from Onvest Oy. In Sweden, Onninen AB has leased the distribution centre building in Örebro from Onvest Sverige. In Poland, Onninen Sp. z o.o has leased a distribution centre in Lódz owned by Onvest Polska. The Onvest Polska-owned distribution centre building in Poznan formerly used by Onninen was no longer needed after spring 2004 and Onvest leased it to a non-Group party.

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

In Norway, the lease on the distribution centre and office premises in Gjelleråsen which was made as part of the acquisition of the shares in Onninen AS, lasts until 2007 and the lease on nine warehouse and office facilities in various parts of Norway lasts until 2014.

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

Personnel

At year-end, the Group had 2,652 employees, an increase of 9 since the beginning of the year. The number of personnel in Finland was 999, in Sweden 401, in Norway 367 and in Poland, Russia and the Baltic countries a total of 885.

The Group's personnel averaged 2,652 (2,616) and the parent company had an average of 1,020 (991) employees.

Corporate governance

The company's Board of Directors is chaired by Maarit Toivanen-Koivisto. The other members of the Board are Eero Eloranta, Tapio Hintikka and Karsten Slotte.

The company's President and CEO is Petteri Walldén, M.Sc. (Eng.).

The company's auditors are Göran Lindell, Authorised Public Accountant, and PricewaterhouseCoopers Oy, an APA firm, whose designated auditor in charge is Kaija Leppinen, APA.

Share capital and shareholders

Onninen Oy's share capital is MEUR 20.0. The company has 10,000,000 shares, all of which are held by Onvest Oy.

Outlook for 2005

Forecasts for the volume of construction in Finland are still relatively optimistic. We forecast that demand in 2005 will continue to be good and will at least be on a par with last year's level. The proportion of renovation will continue to grow in the construction sector. We forecast that investment will also recover in industry. We expect demand for infrastructural products to continue to be good.

In Sweden, we expect the upbeat market trend to continue. Particularly strong growth in Sweden is forecast for building construction. We forecast growth in demand in all the product areas that we represent.

In Norway, the economy is forecast to continue to be good and we estimate that demand in the electrical accessory market will hold steady at least at its present level.

Poland's access to the EU opened up new business opportunities even in 2004, and we forecast that this trend will continue. According to our estimates, demand for construction installation products will go into a cautious upswing.

In Russia, dynamic economic growth is forecast to continue. Deployments are being made there in both construction and renovation as well as in streamlining and expanding industrial activities. We forecast that infrastructure building will also increase.

All the Baltic countries' economies are expected to continue growing in 2005. Demand for technical products is forecast to remain good.

We forecast that Onninen's turnover will grow, particularly in Poland, Russia and the Baltic countries. Particular factors in this are the expansion of the Group's network of outlets and its product offering, but the favourable trend in the market will also contribute. In Finland, Sweden and Norway, the growth targets are fairly modest.

The entire Group's turnover is forecast to grow by at least 5%. The Group's net profit is expected to be roughly on a par with the 2004 level.

Consolidated Profit and Loss Account

EUR million	Note		Jan. 1 – Dec. 31, 2004	%		Jan. 1 – Dec. 31, 2003	%
TURNOVER	2.1.		1,150.2	100.0		1,066.4	100.0
Other operating income			0.5				1.1
Materials and services	2.2.		920.3			853.4	
Personnel expenses	2.3.		93.2			89.6	
Depreciation			11.2			17.2	
Other operating expenses	2.4.		92.7			89.4	
OPERATING PROFIT			33.3	2.9		17.9	1.7
Financial income and expenses	2.5.						
Interest and similar income							
From Group companies		0.3			0.2		
From others		1.8			1.2		
Interest and similar expenses							
To Group companies		–0.9			–1.2		
To others		–4.3	–3.1		–5.9	–5.7	
PROFIT BEFORE TAXES			30.2	2.6		12.2	1.1
Direct taxes	2.7.		–13.9			–3.0	
GROUP PROFIT FOR THE YEAR			16.3	1.4		9.2	0.9

Consolidated Balance Sheet

EUR million	Note	Dec. 31, 2004		Dec. 31, 2003	
ASSETS					
FIXED AND OTHER LONG-TERM ASSETS	3.1.				
Intangible assets					
Intangible rights		0.8		0.7	
Goodwill		1.5		0.2	
Group goodwill		29.9		34.3	
Other long-term assets		3.0		3.8	
Advance payments		8.1	43.3	0.6	39.6
Tangible assets					
Land		0.8		0.8	
Buildings		3.3		3.5	
Machinery and equipment		11.6		12.4	
Advance payments and construction in progress		1.9	17.6		16.7
Financial investments					
Other shares and holdings			0.7		0.8
CURRENT ASSETS					
Inventories					
Goods in stock			140.5		122.6
Receivables	3.2.				
Long-term					
Loans receivable			1.7		3.3
Deferred tax receivable			0.1		1.7
Short-term					
Accounts receivable		123.8		103.7	
Receivables from Group companies		1.9		8.2	
Loans receivable		0.1		0.4	
Other receivables		2.4		4.3	
Deferred receivables		18.0	146.2	20.8	137.4
Cash and bank deposits			2.1		12.1
			352.2		334.2

EUR million	Note	Dec. 31, 2004		Dec. 31, 2003	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	3.3.				
Share capital		20.0		20.0	
Share premium account		35.1		35.1	
Other reserves		0.2		0.2	
Retained earnings		45.8		40.4	
Profit for the year		16.3	117.4	9.2	104.9
STATUTORY PROVISIONS	3.4.		1.7		0.8
LIABILITIES	3.5.				
Deferred tax liability			0.1		0.3
Long-term liabilities					
Loans from financial institutions		59.0		76.9	
Payables to Group companies		29.7		36.1	
Other long-term liabilities		8.4	97.1	8.6	121.6
Short-term liabilities	3.6.				
Loans from financial institutions		13.8		6.3	
Advances received		0.9		0.6	
Accounts payable		84.0		69.7	
Payables to Group companies		0.1		0.0	
Other short-term liabilities		12.8		11.3	
Deferred payables		24.3	135.9	18.7	106.6
			352.2		334.2

Cash Flow Statements

	GROUP		PARENT COMPANY	
EUR million	2004	2003	2004	2003
CASH FLOW FROM OPERATIONS				
Operating profit	33.3	17.9	23.1	22.5
Depreciation	11.2	17.2	2.6	2.6
Other adjustments	–0.4	–0.1	–0.4	–0.1
Cash flow before change in working capital	44.1	35.0	25.3	25.0
Change in working capital:				
Change in non-interest-bearing receivables	–17.7	–3.4	–8.3	–2.9
Change in inventories	–15.7	–9.5	–11.8	–8.1
Change in non-interest-bearing liabilities	19.0	6.1	19.7	–2.0
Cash flow before financial items and taxes	29.7	28.2	24.9	12.0
Cash flow from financial expenses	–5.5	–6.2	–0.8	–0.9
Dividends received	0.0	0.0	0.0	0.0
Cash flow from financial income	2.1	1.5	1.2	0.7
Tax payments	–7.0	–6.4	–6.6	–6.1
TOTAL CASH FLOW FROM OPERATIONS (A)	19.3	17.1	18.7	5.7
CASH FLOW FROM INVESTMENTS				
Fixed asset investments	–15.2	–4.8	–16.3	–1.2
Sales in fixed assets	1.0	0.6	0.5	0.1
Change in loans receivable	8.8	–5.6	7.6	–7.2
TOTAL CASH FLOW FROM INVESTMENTS (B)	–5.4	–9.8	–8.2	–8.3
CASH FLOW FROM FINANCING				
Change in short-term loans	7.2	–6.0	0.0	0.0
Change in long-term loans	–26.8	2.2	–6.5	3.1
Dividends paid	–4.5		–4.5	
Others	0.2	–1.1		
TOTAL CASH FLOW FROM FINANCING (C)	–23.9	–4.9	–11.0	3.1
CHANGE IN LIQUID FUNDS (A+B+C)	–10.0	2.4	–0.5	0.5
Liquid funds Jan. 1	12.1	9.7	1.0	0.5
Liquid funds Dec. 31	2.1	12.1	0.5	1.0

Parent Company Profit and Loss Account

EUR million	Note		Jan. 1 – Dec. 31, 2004	%		Jan. 1 – Dec. 31, 2003	%
TURNOVER	2.1.		588.7	100.0		530.2	100.0
Other operating income			0.5			0.1	
Materials and services	2.2.		478.0			431.1	
Personnel expenses	2.3.		43.9			39.2	
Depreciation			2.6			2.6	
Other operating expenses	2.4.		41.6			34.9	
OPERATING PROFIT			23.1	3.9		22.5	4.2
Financial income and expenses	2.5.						
Interest and similar income							
From Group companies		0.3			0.2		
From others		0.9			0.4		
Write-down of financial investments					–16.9		
Interest and similar expenses							
To Group companies		–0.7			–0.9		
To others		–0.1	0.4		–0.1	–17.3	
PROFIT BEFORE APPROPRIATIONS AND TAXES			23.5	4.0		5.2	1.0
Appropriations	2.6.		0.4			0.5	
Direct taxes	2.7.		–12.1			–1.8	
PROFIT FOR THE YEAR			11.8	2.0		3.9	0.7

Parent Company Balance Sheet

EUR million	Note	Dec. 31, 2004		Dec. 31, 2003	
ASSETS					
FIXED AND OTHER LONG-TERM ASSETS	3.1.				
Intangible assets					
Intangible rights		0.4		0.7	
Goodwill		1.4			
Other long-term assets		0.3		0.6	
Advance payments		8.0	10.1	0.5	1.8
Tangible assets					
Buildings		0.2		0.2	
Machinery and equipment		4.2		4.4	
Advance payments and construction in progress		1.8	6.2		4.6
Financial investments					
Shares in Group companies		55.0		51.3	
Other shares and holdings		0.1	55.1	0.1	51.4
CURRENT ASSETS					
Inventories					
Goods in stock			72.0		60.1
Receivables	3.2.				
Long-term					
Receivables from Group companies		1.8		1.6	
Loans receivable		0.0	1.8	0.0	1.6
Short-term					
Accounts receivable		44.7		38.2	
Receivables from Group companies		8.0		14.3	
Other receivables		1.2		2.3	
Deferred receivables		4.6	58.5	7.4	62.2
Cash and bank deposits			0.5		1.0
			204.2		182.7

EUR million	Note	Dec. 31, 2004		Dec. 31, 2003	
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	3.3.				
Share capital		20.0		20.0	
Share premium account		35.1		35.1	
Retained earnings		52.2		52.8	
Profit for the year		11.8	119.1	3.9	111.8
ACCUMULATED EXCESS DEPRECIATION			0.6		0.9
STATUTORY PROVISIONS	3.4.		1.1		0.8
LIABILITIES					
Long-term liabilities	3.5.				
Payables to Group companies			23.0		29.5
Short-term liabilities	3.6.				
Advances received		0.2		0.0	
Accounts payable		39.9		23.9	
Payables to Group companies		0.2		0.3	
Other short-term liabilities		8.2		7.3	
Deferred payables		11.9	60.4	8.2	39.7
			204.2		182.7

Notes to the Financial Statements

1. NOTES TO THE FINANCIAL STATEMENTS

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.

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 economic life of the asset and has been calculated using the straight-line method.

Depreciation periods:

Intangible rights	5 years
Goodwill	5 years
Group goodwill	10 years
Other long-term expenditure	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 acquisition cost or the repurchase price or probable selling price, whichever is the lower.

1.2.3. Accrual of pension expenses

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

1.3. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.4. Consolidated financial statements

The consolidated financial statements have been prepared according to the acquisition cost method. The consolidated financial statements 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

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 euros at the average for the financial year. 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 assets and liabilities

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

There are no deferred tax liabilities due to matching differences. Tax assets arising from matching differences have been included as deferred tax assets. Those tax assets arising from tax losses which are not considered likely to fall due in the next few years have not been included.

1.6. Group's cash flow statement

Exchange differences arising from translation of each item in the cash flow statement are included in the respective item.

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

	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
2.1. Turnover				
Turnover total	1,150.2	1,066.4	588.7	530.2
Sales to Group companies	12.3	10.1	24.5	23.1
Turnover by divisions				
Onninen Finland	570.0	511.8	570.0	511.8
Onninen Sweden	211.1	208.8		
Onninen Norway	234.1	227.7		
Onninen Wholesale International	135.0	118.1	5.5	4.6
Intra-Group sales			13.2	13.8
	1,150.2	1,066.4	588.7	530.2
2.2. Materials and services				
Materials				
Purchases during the year	936.0	862.9	489.9	439.2
Change in inventories	–15.7	–9.5	–11.9	–8.1
	920.3	853.4	478.0	431.1
2.3. Personnel expenses and average personnel				
Personnel expenses				
Wages and salaries	73.0	70.5	35.7	32.1
Pension expenses	9.9	8.7	6.1	5.4
Other personnel expenses	10.3	10.4	2.1	1.7
	93.2	89.6	43.9	39.2
Salaries and bonuses to the Managing Directors and Board Members	1.0	0.7	0.4	0.3
Average personnel				
Finland	1,020	991	1,020	991
Sweden	403	446		
Norway	366	386		
Wholesale International countries	863	793		
	2,652	2,616	1,020	991
Personnel at year-end				
Finland	999	987	999	987
Sweden	401	428		
Norway	367	379		
Wholesale International countries	885	849		
	2,652	2,643	999	987

Notes to the Financial Accounts

	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
2.4. Other operating expenses				
Property-related costs	23.5	21.6	9.6	8.2
Delivery and transport costs	29.0	29.7	12.1	9.9
Administrative expenses	25.0	22.5	12.0	9.8
Other operating expenses	15.2	15.6	7.9	7.0
	92.7	89.4	41.6	34.9
2.5. Financial income and expenses				
Interest and similar income from others				
includes exchange rate gains (net)	0.4		0.4	
Interest and similar expenses to others				
includes exchange rate losses (net)		–0.3		–0.1
2.6. Appropriations				
Excess depreciation (tax-based depreciation -				
planned depreciation)			0.4	0.5
2.7. Direct taxes				
Coprorate income tax	–12.5	–2.1	–12.1	–1.8
Change in deferred tax liability	–1.4	–0.9		
	–13.9	–3.0	–12.1	–1.8

The item for corporate income tax in 2004 includes MEUR 4.9 in taxes for 2003 in the figures of both the Onninen Group and the parent company.The item concerns a write-down on shares which has not yet been accepted in taxation.

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	Advance payments	Total
Acquisition cost Jan. 1, 2004	2.1	4.4	49.5	7.4	0.6	64.0
Currency-related conversions	0.0	0.0	0.7	0.3	–0.0	1.0
Increase	0.4	1.8		0.5	7.7	10.4
Decrease	–0.0	–1.6	–0.7	–0.1	–0.2	–2.6
Acquisition cost Dec. 31, 2004	2.5	4.6	49.5	8.1	8.1	72.8
Accumulated depreciation Jan. 1, 2004	1.4	4.2	15.2	3.6		24.4
Currency-related conversions	–0.0	0.0	0.2	0.1		0.3
Accumulated depreciation on						
deductions and transfers	–0.0	–1.6		–0.0		–1.6
Depreciation from the period	0.3	0.5	4.2	1.4		6.4
Accumulated depreciation						
Dec. 31, 2004	1.7	3.1	19.6	5.1		29.5
Book value Dec. 31, 2004	0.8	1.5	29.9	3.0	8.1	43.3

Group	Tangible assets Land	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost Jan. 1, 2004	0.8	4.4	34.6		39.8
Currency-related conversions	0.0	0.1	0.7		0.8
Increase		0.0	3.8	1.9	5.7
Decrease			–3.2		–3.2
Acquisition cost Dec. 31, 2004	0.8	4.5	35.9	1.9	43.1
Accumulated depreciation Jan. 1, 2004		0.9	22.2		23.1
Currency-related conversions		0.0	0.4		0.4
Accumulated depreciation on					
deductions and transfers			–2.8		–2.8
Depreciation from the period		0.3	4.5		4.8
Accumulated depreciation					
Dec. 31, 2004		1.2	24.3		25.5
Book value Dec. 31, 2004	0.8	3.3	11.6	1.9	17.6

Notes to the Financial Accounts

Parent company	Intangible assets Intangible rights	Goodwill	Other long-term assets	Advance payments	Total
Acquisition cost Jan. 1, 2004	1.6		2.1	0.5	4.2
Increase	0.0	1.8		7.5	9.3
Decrease			–0.0		–0.0
Acquisition cost Dec. 31, 2004	1.6	1.8	2.1	8.0	13.5
Accumulated depreciation Jan. 1, 2004	0.9		1.5		2.4
Accumulated depreciation on deductions and transfers			–0.0		–0.0
Depreciation from the period	0.3	0.4	0.3		1.0
Accumulated depreciation Dec. 31, 2004	1.2	0.4	1.8	0.0	3.4
Book value Dec. 31, 2004	0.4	1.4	0.3	8.0	10.1

Parent company	Tangible assets Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost Jan. 1, 2004	0.3	16.9		17.2
Increase		1.4	1.8	3.2
Decrease		–1.7		–1.7
Acquisition cost Dec. 31, 2004	0.3	16.6	1.8	18.7
Accumulated depreciation Jan. 1, 2004	0.1	12.5		12.6
Accumulated depreciation on deductions and transfers		–1.7		–1.7
Depreciation from the period	0.0	1.6		1.6
Accumulated depreciation Dec. 31, 2004	0.1	12.4		12.5
Book value Dec. 31, 2004	0.2	4.2	1.8	6.2

Financial investments

Group	Other shares and holdings Shares in affiliated companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2004	0.6	0.2	0.8
Currency-related conversions	0.0	0.0	0.0
Increase	0.1		0.1
Decrease	–0.2	–0.0	–0.2
Acquisition cost Dec. 31, 2004	0.5	0.2	0.7
Book value Dec. 31, 2004	0.5	0.2	0.7

Financial investments

Parent company	Shares in Group companies	Other shares and holdings Shares in affiliated companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2004	51.3	0.0	0.1	0.1
Increase	4.4			
Decrease	–0.7		–0.0	–0.0
Acquisition cost Dec. 31, 2004	55.0	0.0	0.1	0.1
Book value Dec. 31, 2004	55.0	0.0	0.1	0.1

Group companies

	Group's holdings %	Parent company's holdings %
Onninen AB, Örebro	100.0	100.0
AS Onninen, Tallinn	100.0	100.0
OOO Onninen, St Petersburg	100.0	100.0
SIA Onninen, Riga	100.0	100.0
UAB Onninen LIT, Vilnius	100.0	100.0
Onninen Sp. z o.o., Warsaw	100.0	100.0
Onninen AS, Nittedal	100.0	100.0
Eilag Teknikk AS, Nittedal	100.0	
Sörmaskin SWT AS, Kristiansand	100.0	
Dormant companies	100.0	100.0
Affiliated companies		
Suomen LVIS-Tietoverkko Oy, Vantaa	20.0	20.0
Dyrud Elektro AS, Seljord	34.0	
Eltron AS, Tynset	34.0	

All associated companies outside Finland have been consolidated using the equity method. Financial income includes EUR 0.1 million as the share in associated companies' profits.

The effect of the associated companies owned by the parent company on the Group's net profit and' shareholders' equity is so small that it has not been included in the consolidated profit and loss account and balance sheet.

Notes to the Financial Accounts

	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
3.2. Receivables				
Long-term receivables				
Receivables from Group companies				
Loans receivable			1.8	1.6
Deferred tax receivable				
From allocations	0.1	1.7		
Short-term receivables				
Receivables from Group companies				
Accounts receivable	1.3	0.7	7.2	5.7
Loans receivable	0.6	7.5	0.8	8.6
	1.9	8.2	8.0	14.3
Deferred receivables				
Annual discount receivables	15.1	14.0	3.8	2.9
Tax receivable		4.2		4.2
Others	2.9	2.6	0.8	0.3
	18.0	20.8	4.6	7.4
3.3. Shareholders' equity				
Share capital Jan. 1	20.0	20.0	20.0	20.0
Share capital Dec. 31	20.0	20.0	20.0	20.0
Share premium account Jan. 1	35.1	35.1	35.1	35.1
Share premium account Dec. 31	35.1	35.1	35.1	35.1
Other reserves Jan. 1	0.2	0.2		
Exchange difference	–0.0	–0.0		
Other reserves Dec. 31	0.2	0.2		
Retained earnings Jan. 1	49.6	44.3	56.7	52.8
Dividends paid	–4.5		–4.5	
Conversions and other adjustments	0.7	–3.9		
Retained earnings Dec. 31	45.8	40.4	52.2	52.8
Profit for the year	16.3	9.2	11.8	3.9
Shareholders' equity total	117.4	104.9	119.1	111.8
Distributable earnings				
Retained earnings	45.8	40.4	52.2	52.8
Profit for the year	16.3	9.2	11.8	3.9
Share of accumulated excess				
depreciation held in equity account	–0.4	–0.6		
	61.7	49.0	64.1	56.7

	GROUP		PARENT COMPANY	
	2004	2003	2004	2003
3.4. Statutory provisions				
Pension liablility provision	1.2	0.8	0.8	0.8
Other provisions	0.5		0.3	
	1.7	0.8	1.1	0.8
3.5. Long-term liabilities				
Deferred tax liability				
From appropriations	0.1	0.3		
Payables to Group companies				
Long-term liabilities	29.7	36.1	23.0	29.5
3.6. Short-term liabilities				
Payables to Group companies				
Accounts payable	0.1	0.0	0.1	0.2
Other short-term liabilities			0.1	0.1
	0.1	0.0	0.2	0.3
Deferred payables				
Personnel-related expenses	16.4	13.0	9.9	7.2
Others	7.9	5.7	2.0	1.0
	24.3	18.7	11.9	8.2
3.7. Leasing liabilities and contingent liabilities				
Leasing liabilities				
Due in current period	2.0	1.9	0.9	0.7
Due later	1.6	2.0	0.9	0.7
	3.6	3.9	1.8	1.4
Contingent liabilities				
Guarantees and securities given on behalf of Group companies			89.7	93.7
Guarantees and securities given on behalf of others	0.3	0.4	0.3	0.4
Rental liabilities	24.3	23.0	2.7	1.8

In respect of non-Group long-term leases, an amount equivalent to a maximum of three years' rent has been included as rental liabilities. This is based on the assumption that if the premises are left vacant, the maximum expense to the Group will be this amount.

The Board's Proposal for the Disposal of Profits

The Group's distributable earnings are EUR 61.7 million. The parent company's distributable earnings are EUR 64.1 million, of which the profit for the year is EUR 11.8 million.

The Board of Directors propose that a dividend of EUR 0.80 per share be paid, being a total of EUR 8.0 million. After the dividend payment, EUR 56.1 million will be left in the parent company's retained earnings account.

Vantaa, 18 February, 2005

Maarit Toivanen-Koivisto
Chair of the Board

Eero Eloranta

Tapio Hintikka

Karsten Slotte

Petteri Walldén
President and CEO

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 1.1. - 31.12.2004. 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 President. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

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 President of the parent company 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 President 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.

Vantaa, 18 February 2005

PricewaterhouseCoopers Oy
Authorised Public Accountants

Göran Lindell
Authorised Public Accountant

Kaija Leppinen
Authorised Public Accountant

Five-year Review

	2004	2003	2002	2001	2000
Turnover, EUR million	1,150	1,066	930	804	710
growth, %	7.9	14.6	15.7	13.2	18.3
Turnover of international operations, EUR million	580	555	446	323	245
growth, %	4.6	24.4	37.8	31.9	40.6
percentage of turnover, %	50.4	52.0	47.9	40.2	34.5
Operating profit before amortisation					
of goodwill (EBITA), EUR million	38	28	20	23	23
percentage of turnover, %	3.3	2.6	2.1	2.8	3.2
Operating profit (EBIT), EUR million	33	18	15	21	21
percentage of turnover, %	2.9	1.7	1.6	2.6	3.0
Net from financing, EUR million	–3	–6	–3	–1	–1
percentage of turnover, %	–0.3	–0.5	–0.3	–0.1	–0.1
Profit before taxes (EBT), EUR million	30	12	11	20	21
percentage of turnover, %	2.6	1.1	1.2	2.4	2.9
Group profit for the year, EUR million	16	9	6	13	14
percentage of turnover, %	1.4	0.9	0.6	1.6	2.0
Return on investment (ROI), %	15.4	8.1	8.8	17.1	19.7
Return on equity (ROE), %	14.6	9.0	5.6	14.0	16.6
Equity ratio, %	33.4	31.5	29.2	48.8	42.6
Interest-bearing net liabilities, EUR million	109	116	134	24	27
Balance sheet total, EUR million	352	334	343	204	216
Investments, EUR million	15	5	63	7	15
Average personnel	2,652	2,616	2,416	2,150	1,833
Personnel at year-end	2,652	2,643	2,592	2,140	2,029

Formulas for the Indicators

Return on investment (ROI), %	(Profit before extraordinary items + interest and similar expenses) / Total assets – interest-free liabilities (average for the beginning and end of the financial year)	x 100
Return on equity (ROE), %	(Profit before extraordinary items – taxes) / Shareholders' equity + minority interest (average for the beginning and end of financial year)	x 100
Equity ratio, %	(Shareholders' equity + minority interest) / Total assets – advances received	x 100
Interest-bearing net liabilities	Interest-bearing liabilities – cash and bank deposits	

Board of Directors 18 February 2005

The annual general meeting of Onninen Oy elects a Board of Directors each year and appoints a chairman of the Board. According to the articles of association, the Board of Directors is comprised of 3–6 ordinary members. In 2004, the Board of Directors was comprised of four members and it was chaired by Maarit Toivanen-Koivisto. During the year, a self-assessment system was adopted for the Board of Directors. Its intention is to improve the framework for the continual improvement of the Board's work. The Board of Directors convened nine times in 2004.

Chair
Maarit Toivanen-Koivisto
born 1954, M.Sc. (Econ.),
member of the Board since 1998,
has chaired the Board since 2000
Managing Director of Onvest

Eero Eloranta
born 1950, D.Sc. (Tech.),
member of the Board since 2000
Professor of the Helsinki University of Technology
Department of Manufacturing Economics

Tapio Hintikka
born 1942, M.Sc. (Eng.),
member of the Board since 2000

Karsten Slotte
born 1953, M.Sc. (Econ.),
member of the Board since 2001
President and CEO of Cloetta Fazer AB

Onninen's Board of Directors. From left: Eero Eloranta, Tapio Hintikka, Karsten Slotte and Maarit Toivanen-Koivisto.

Group Management Team 18 February 2005

Onninen Oy´s Group Management Team is comprised of the President Petteri Walldén plus the Directors in charge of the company´s three divisions, the four Group-wide functions and business development. The purpose of the Team is to assist the President in decision-making.

Onninen's Group Management Team. From left: Jacek Ratajczak, Karola Söderman, Petteri Walldén, Tuomo Väänänen, Seppo Ojaluoma, Anne Kariniemi, Heikki Ala-Ilkka, Marja-Terttu Verho and Helge Sæthershagen.

Chairman
Petteri Walldén
born 1948, M.Sc. (Eng.)
President & CEO
Has served Onninen since 2001

Heikki Ala-Ilkka
born 1952, M.Sc. (Econ.)
CFO
Group Finance
Has served Onninen since 1996

Anne Kariniemi
born 1970, M.Sc. (Eng.)
Senior Vice President
Group Logistics & OnWay Development
Has served Onninen since 2002

Seppo Ojaluoma
born 1947, Graduate Engineer
Senior Vice President
Group Business Development
Has served Onninen since 2002

Jacek Ratajczak
born 1960, M.Sc. (Eng.)
Group Executive Vice President
President, Onninen Wholesale International
Has served Onninen since 2004

Helge Sæthershagen
born 1955, M.Sc. (Econ.)
Group Executive Vice President
President, Onninen Scandinavia
Has served Onninen since 2002

Karola Söderman
born 1956, M.Sc. (Econ.)
CIO
Group ICT
Has served Onninen since 2002

Marja-Terttu Verho
born 1947, M.Sc. (Social Sciences)
Senior Vice President
Group HR & Communications
Has served Onninen since 2002

Tuomo Väänänen
born 1956, M.Sc. (Eng.)
Group Executive Vice President,
President, Onninen Finland
Has served Onninen since 1997

Onninen Group outlets

Finland
Onninen Oy
Mittalinja 1,
FI-01260 VANTAA
PL 109, FI-01301 VANTAA
Tel. +358 (0)204 85 5111
Fax +358 (0)204 85 5500
www.onninen.fi

Norway
Onninen AS
Stamveien 1
Gjelleråsen Naeringspark
Postbox 70
N-1483 SKYTTA
Tel. +47 67 06 44 00
Fax. +47 67 06 44 17
www.onninen.no

Russia
OOO Onninen
Nab. Reki Fontaki 50
191002 St PETERSBURG
Russia
Tel. +7 812 103 0123
Fax +7 812 315 0415
www.onninen.ru

Latvia
SIA Onninen
Dzelzavas iela 124
LV-1021 RIGA
Tel. +371 78 196 00
Fax +371 78 196 10
www.onninen.lv

Sweden
Onninen AB
Stubbengatan 2
SE-703 44 ÖREBRO
Box 1602
SE-701 16 ÖREBRO
Tel. +46 19 603 3000
Fax +46 19 603 3008
www.onninen.se

Poland
Onninen Sp. z.o.o.
ul. Emaliowa 28
PL-02-295 WARSZAWA
Tel. +48 22 56 79 000
Fax +48 22 56 79 009
www.onninen.pl

Estonia
AS Onninen
Betooni 14
EE-11415 TALLINN
Tel. +372 6 105 500
Fax +372 6 105 515
www.onninen.ee

Lithuania
UAB Onninen LIT
Savanoriu pr. 187
LT-2053 VILNIUS
Tel. +370 5 23 22 240
Fax +370 5 23 22 207
www.onninen.lt

Brands

We use a number of registered logos and insignias to raise the profile of Onninen Oy and the services that the company provides.

Some of Onninen's logos and insignias are used Group-wide and some are national or belong to a particular market area. The main ones in Group-wide use are Onninen, Onninen Express, Onninen OnnShop, Onnline and Opal.

Onninen

The Onninen logo is used when the operations or services of the Onninen Group or a Group company are concerned. The logo points to Onninen as a one-stop materials service expert.

Onninen Express

Onninen Express logo is used when Onninen's Express service concept is concerned. The concept means an outlet operating on a cash-and-carry, service and self-service basis, offering electrical, HEPAC and refrigeration sector products and other technical items.

Onninen OnnShop

The Onninen OnnShop logo is used for Onninen's new e-commerce service. A service operating with the OnnShop logo will be introduced in connection with the rollout of the new, Group-wide ERP system.

Onnline

The Onnline logo is used on electrical, HEPAC and refrigeration sector products and other technical items which have been produced for Onninen and are chosen and packed by Onninen. Onnline products are aimed at Onninen's contractor and industrial customers as well as the company's customers representing public organisations.

Opal

The Opal logo is used on self-service packaged products which have been produced for Onninen, are chosen and packed by Onninen and are mostly marketed to the company's retailer customers.

Onninen's customers

Contractors Industry

Infra/Institutions Retailers

onninen

Mittalinja 1
FI-01260 VANTAA, FINLAND
Phone +358 204 85 5111
Fax +358 204 85 5500

www.onninen.com